ZITAPLUS
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FED PRESSURE BUILDS BENEATH THE SURFACE

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
U.S. ISSUES JONES ACT WAIVER TO STABILIZE ENERGY
CENTRAL BANK DECISIONS SHAPE THE ECONOMY • AND MORE...

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DAY	TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, MARCH 23	13:30	US	U.S. President Trump Speaks	-	-
TUESDAY, MARCH 24	13:45	US	S&P Global Manufacturing PMI (Mar)	51.0	51.6
TUESDAY, MARCH 24	13:45	US	S&P Global Services PMI (Mar)	51.7	51.7
WEDNESDAY, MARCH 25	07:00	UK	CPI (YoY) (Feb)	3.0%	3.0%
WEDNESDAY, MARCH 25	14:30	US	Crude Oil Inventories	-	6.156M
THURSDAY, MARCH 26	12:30	US	Initial Jobless Claims	211K	205K

GMT+4 DUBAI TIME

FED PRESSURE BUILDS BENEATH THE SURFACE

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2026

Percent

Variable	Median[1]				Central Tendency[2]				Range[3]			
	2026	2027	2028	Longer run	2026	2027	2028	Longer run	2026	2027	2028	Longer run
Change in real GDP	2.4	2.3	2.1	2.0	2.2–2.5	2.0–2.4	2.0–2.3	1.8–2.0	2.1–2.7	2.0–2.7	1.8–2.7	1.7–2.5
December projection	2.3	2.0	1.9	1.8	2.1–2.5	1.9–2.3	1.8–2.1	1.8–2.0	2.0–2.6	1.8–2.6	1.7–2.6	1.7–2.5
Unemployment rate	4.4	4.3	4.2	4.2	4.3–4.5	4.2–4.4	4.0–4.4	4.0–4.3	4.3–4.6	4.0–4.5	4.0–4.5	3.8–4.5
December projection	4.4	4.2	4.2	4.2	4.3–4.4	4.2–4.3	4.0–4.3	4.0–4.3	4.2–4.6	4.0–4.5	4.0–4.5	3.8–4.5
PCE inflation	2.7	2.2	2.0	2.0	2.6–3.1	2.0–2.3	2.0	2.0	2.3–3.3	1.8–2.4	1.9–2.2	2.0
December projection	2.4	2.1	2.0	2.0	2.3–2.5	2.0–2.2	2.0	2.0	2.2–2.7	2.0–2.3	2.0	2.0
Core PCE inflation[4]	2.7	2.2	2.0		2.5–2.8	2.0–2.4	2.0		2.2–3.0	2.0–2.5	2.0–2.2	
December projection	2.5	2.1	2.0		2.4–2.6	2.0–2.2	2.0		2.2–2.7	2.0–2.5	2.0	
Memo: Projected appropriate policy path												
Federal funds rate	3.4	3.1	3.1	3.1	3.1–3.6	2.9–3.6	2.9–3.6	2.9–3.5	2.6–3.6	2.4–3.9	2.6–3.9	2.6–3.9
December projection	3.4	3.1	3.1	3.0	2.9–3.6	2.9–3.6	2.8–3.6	2.8–3.5	2.1–3.9	2.4–3.9	2.6–3.9	2.6–3.9

The Federal Reserve left its policy rate unchanged at 3.50%-3.75% following its March 17-18 meeting, matching expectations. This is the second decision of the year, with policymakers being measured in their approach following the rate cut in December. Despite earlier easing, borrowing costs remain at their lowest levels since late 2022, reflecting a careful balance between supporting growth and keeping inflation in check.

STEADY ECONOMY VERSUS STUBBORN PRICE PRESSURE

Recent data points to a stable environment. Activity continues at a measured pace, the labor market remains resilient, and unemployment has shown little movement. Consumer spending still supports growth. Inflation, however, continues to run above target. The disinflation trend has lost momentum, suggesting that price pressures may take longer to ease than previously expected.

ENERGY RISK REDEFINES FUTURE SCENARIOS

Developments in the Middle East have introduced a new source of uncertainty. While the full impact is still unfolding, energy markets have already reacted, with higher oil prices feeding into inflation concerns. This situation complicates the policy outlook, compelling the Fed to take external shocks into account alongside domestic data.

ONE DISSENT, A WIDER DEBATE

The decision saw strong consensus, with 11 members backing the hold. One policymaker called for a 25 basis point cut, pointing to an ongoing debate over how quickly policy should adjust. The split is limited, but it signals that not all views within the Fed are fully aligned.

NO RUSH TO CUT: POWELL DRAWS THE LINE

Chair Jerome Powell made it clear that policy will remain guided by incoming data. Inflation is still high, and rate cuts are not being considered without clear progress. He also flagged rising short-term inflation expectations, driven in part by higher energy costs, with potential spillover into broader price trends. Stable growth and a strong labor market offer some flexibility, but persistent inflation and external risks, especially from energy markets, keep policy constrained. Although rates may currently be stable, the future direction remains open.


BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

XAUUSD

STRIKE PAUSE CALMS GOLD

Gold recovered to trade above $4,480 per ounce on Monday after early sharp losses, following Trump's announcement of a five-day pause in planned strikes on Iranian energy infrastructure. The metal had earlier fallen to its lowest level since January as rising oil prices and firm central bank signals raised stagflation concerns. It later rebounded as easing tensions reduced pressure from rising Treasury yields on non-yielding assets. Despite Iran denying meaningful negotiations, demand was supported by uncertainty surrounding the Strait of Hormuz and the possibility of shared control over the route.

Key Levels

- **Resistance:** 4,500 – 4,640
- **Support:** 4,320 – 4,180

XAUXAG

SILVER HOLDS NEAR DECEMBER LOWS

Silver rebounded to around $67 per ounce on Monday after trimming earlier losses following Trump's decision to delay planned strikes on Iran for five days. Iran denied any negotiations, indicating the pause was tied to threats against regional power infrastructure. Despite the recovery, silver remained near its lowest level since December, after dropping more than 15% last week as markets priced in prolonged monetary tightening, including a possible Federal Reserve rate hike by year-end, while the ECB, BoE, and BoJ signaled further tightening could follow.

Key Levels

- **Resistance:** 70.60 – 73.80
- **Support:** 66.00 – 61.50

U.S. ISSUES JONES ACT WAIVER TO STABILIZE ENERGY

The White House has implemented a temporary policy shift to support energy security amid mounting global volatility. Press Secretary Karoline Leavitt confirmed a 60-day waiver of the Jones Act, a move specifically designed to alleviate short-term disruptions in the oil and fuel markets. This strategic intervention comes as domestic supply chains face intensifying pressure from geopolitical friction and operational bottlenecks.

BYPASSING MARITIME RESTRICTIONS

The Jones Act, officially the Merchant Marine Act of 1920, mandates that all goods transported between U.S. ports be carried on vessels that are American-built, U.S.-flagged, and operated by domestic crews. While the law is a cornerstone of national security and the domestic shipping industry, its rigid requirements can limit logistical flexibility during periods of acute crisis. By suspending these rules for two months, the government is allowing foreign vessels to assist in domestic transport, effectively expanding the fleet capacity available to move critical resources.

SECURING CRITICAL RESOURCE FLOW

According to the administration, the waiver aims to streamline the delivery of several essential commodities across U.S. ports, including:

- **Crude oil and refined petroleum products**
- **Natural gas**
- **Coal and energy-related fertilizers**

The timing is vital as energy markets react to escalating tensions in the Middle East. By proactively increasing transport options, the administration hopes to prevent logistical "choke points" from turning into full-scale shortages.

PRECEDENT AND MARKET OUTLOOK

Temporary waivers are typically reserved for extreme scenarios, such as major hurricanes or wartime supply shocks. In this instance, the decision reflects a proactive effort to manage supply-side risks before they trigger significant price spikes at the pump or in the utility sector.

While the 60-day window offers immediate relief, market analysts suggest the move also highlights the underlying fragility of current energy logistics. Traders remain focused on whether this logistical effect will be sufficient to contain volatility or if further federal interventions will be necessary as military and strategic developments continue to unfold.

CENTRAL BANK DECISIONS SHAPE THE ECONOMY

Global central banks are regaining their influence over the pace of economic activity.

Changes in interest rates are becoming one of the main drivers behind growth and inflation trends.

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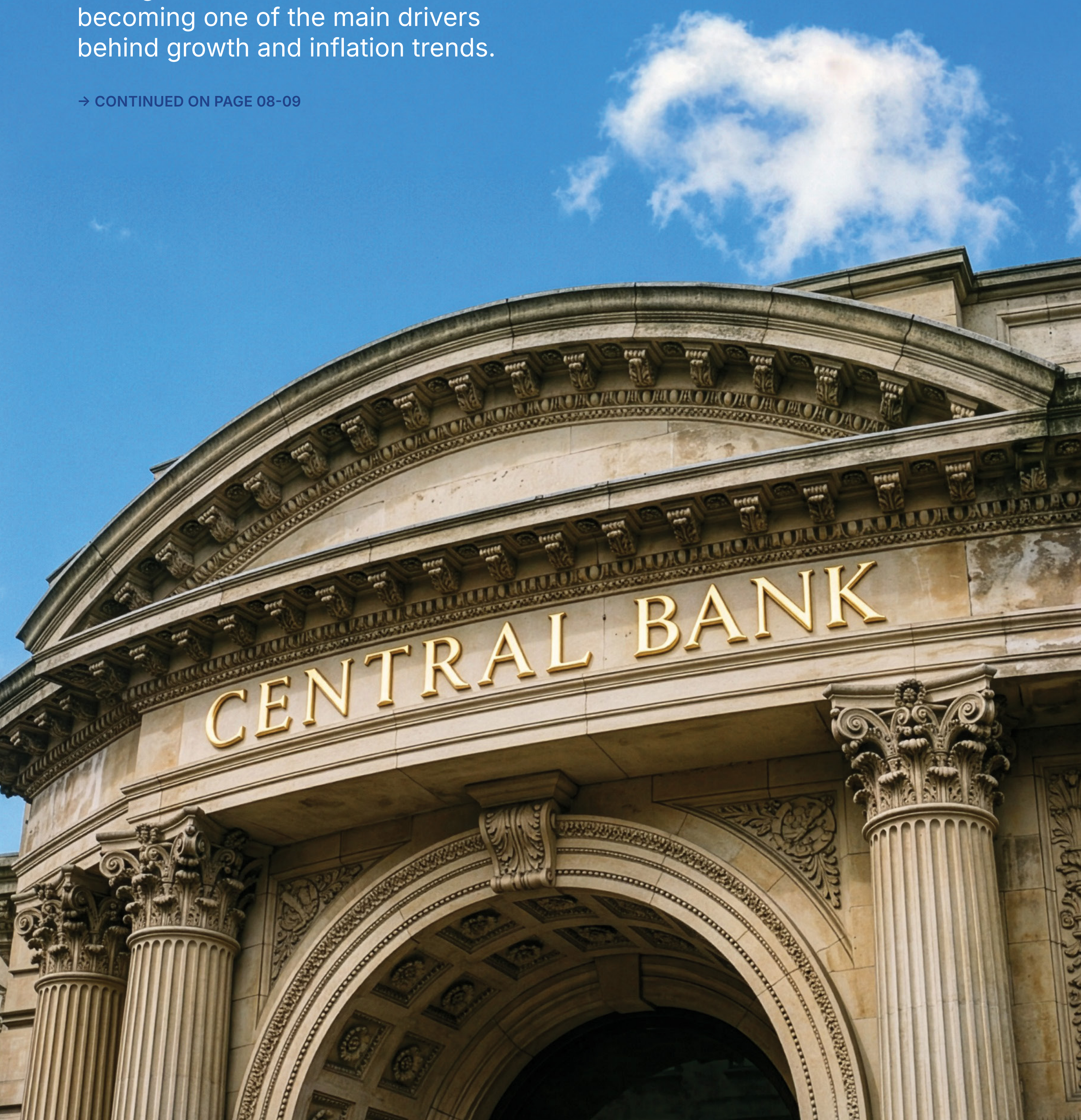

ECB MAINTAINS RATES WITH INFLATION FORECASTS

The European Central Bank (ECB) opted for stability at its March 2026 meeting, holding interest rates steady as widely anticipated by global markets. The policy rate remains at 2.15%, the deposit rate at 2.00%, and the marginal lending rate at 2.40%. Despite the pause, the Governing Council reaffirmed its commitment to the 2% medium-term target, adopting a cautious stance as geopolitical volatility reshapes the Eurozone's economic landscape.

INFLATIONARY PRESSURES AND GEOPOLITICAL HEADWINDS

A primary driver of the ECB’s current caution is the rising conflict in the Middle East. Bank officials noted that the war has introduced significant uncertainty, specifically through a spike in energy prices that is exerting upward pressure on consumer costs. This "energy shock" complicates the bank’s mandate, as it must now combat rising prices while the broader economy faces intensifying downside risks.

Updated projections reveal a more difficult path toward price stability:

- **Headline Inflation:** Now expected to reach 2.6% in 2026, up from previous estimates.
- **Long-term Outlook:** Forecasts suggest a stabilization at 2.0% in 2027 and 2.1% in 2028.
- **Core Inflation:** Underlying price growth has also been revised upward, suggesting that the fight against inflation will be more protracted than initially hoped.

STAGNATING GROWTH AND MARKET UNCERTAINTY

While inflation remains "sticky," the outlook for Eurozone growth is weakening. The ECB lowered its GDP forecasts, citing the war’s negative impact on commodity prices, household purchasing power, and overall economic confidence. The economy is now projected to grow by a modest 0.9% in 2026, with slight recoveries to 1.3% in 2027 and 1.4% in 2028.

The ECB now faces a classic "double-edged sword" scenario where high energy costs drive inflation higher while simultaneously dampening economic activity. By sticking to a data-driven, meeting-by-meeting approach, the central bank signals that it is not yet ready to commit to a specific easing or tightening path, leaving market participants to brace for continued uncertainty.

BOE HITS PAUSE AS COSTS KEEP CLIMBING

The Bank of England kept its policy rate at 3.75% in March, with a unanimous vote that reflected consensus, but not comfort. Beneath the unchanged decision, the outlook is becoming more complex as energy markets reshape the inflation path.

ENERGY MOVES FROM BACKGROUND TO DRIVER

What was once a supporting factor is now at the center of the story. Rising energy and commodity prices are feeding directly into household bills and business costs, tightening conditions across the economy and reshaping expectations for the months ahead.

WHEN COSTS START SPREADING

The focus has shifted toward how these increases travel through the system. The risk lies in costs extending beyond energy into wages and pricing behavior, creating a broader and more persistent inflation cycle. If this chain reaction takes hold, inflation becomes less about a single shock and more about a sustained process.

SOFT DATA, STRONGER SIGNALS AHEAD

February's headline inflation came in at just 0.1%, offering a brief sense of calm. Yet the forward view tells a different story. The BoE expects inflation to move back toward the 3%-3.5% range in the coming quarters, as higher energy costs gradually filter into consumer prices.

GROWTH CAUGHT IN THE MIDDLE

Higher costs weigh on activity. Households face reduced purchasing power, while businesses navigate tighter margins. This creates a push-and-pull dynamic: inflation edges higher as growth momentum softens. The Bank is left managing a fragile balance. Move too quickly, and growth takes a hit. Move too slowly, and inflation risks embedding itself more deeply. For now, the approach remains measured, with each decision shaped by incoming data and the evolving path of energy prices.

The Week Ahead

AMERICAS

The situation involving the US, Israel, and Iran is likely to remain the main driver of market sentiment, keeping energy prices and inflation risks in focus. The US economic calendar is relatively light, with highlights including the flash S&P Global PMI for March and February foreign trade prices, where import prices are expected to rise 0.2%, matching January. Additional releases include the fourth-quarter current account balance, construction spending, the Chicago Fed National Activity Index, and manufacturing surveys from the Richmond and Kansas City Federal Reserve banks, alongside final data on Q4 productivity and labor costs. The final reading of the University of Michigan consumer sentiment index for March will also draw attention after preliminary data pointed to early pressure linked to Middle East developments. In the region, Mexico's central bank is set to release its latest policy decision, along with updated trade figures and mid-month inflation data. In Brazil, markets will focus on mid-month inflation and trade statistics.

EUROPE

Flash PMI data will be released for key European economies, including the Euro Area, Germany, France, and the UK. Manufacturing activity is expected to return to contraction in Germany, France, and the wider Euro Area, while slowing in the UK. In services, contraction is projected to continue in France, with growth easing across Germany, the Euro Area, and the UK. In Germany, sentiment indicators are expected to weaken further, with the GfK Consumer Climate Index projected to fall to a two-year low and the Ifo Business Climate Index likely to decline to its lowest level in nearly a year, reflecting the economic impact of the Middle East conflict. Flash consumer confidence across the Eurozone is also forecast to deteriorate, signaling broader weakness in regional sentiment. Spain will release preliminary inflation data for March, with the headline rate expected to edge up slightly to 2.4%. In the UK, inflation is projected to remain at 3% in February, while core inflation holds at 3.1%. Retail sales will also be closely watched, with a monthly decline expected after two consecutive increases. Norway's central bank is scheduled to announce its latest rate decision following a series of rate holds across the region, where policymakers cited the Iran conflict as an additional source of inflation uncertainty. Politically, attention will shift to Denmark's snap parliamentary election, where Prime Minister Mette Frederiksen and her Social Democrats are expected to post their weakest result in more than a century, though she is still likely to remain in power after an election shaped by renewed pressure from US President Donald Trump over Greenland.

ASIA PACIFIC

The economic calendar is relatively quiet in China, with February industrial profits standing out as the main release. In Japan, focus will center on February inflation data, where annual core inflation is expected to ease to 1.7% from 2%. Markets will also review minutes from the central bank's January meeting, along with March PMI data, where manufacturing activity is expected to show only a modest slowdown. March PMI readings will also be published for India and Australia. In Australia, February inflation will be closely monitored after the Reserve Bank of Australia delivered its second consecutive rate increase, with the headline rate expected to remain at 3.8%. Singapore will release inflation data, while trade figures are due from Thailand, Saudi Arabia, Hong Kong, and the Philippines. In South Korea, producer price data will be released alongside consumer and business confidence indicators.

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