

ZITAPLUS

WEEKLY BULLETIN


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BOJ RAISES RATES TO 1%



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TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, JUN 23				
17:45		S&P Global Services PMI (Jun)	-	50.7
17:45		S&P Global Manufacturing PMI (Jun)	-	55.1
WEDNESDAY, JUN 24				
18:00		New Home Sales (May)	640K	622K
18:30		Crude Oil Inventories	-	-8.263M
THURSDAY, JUN 25				
16:30		Core PCE Price Index (YoY) (May)	-	3.3%
16:30		Core PCE Price Index (MoM) (May)	-	0,2%
16:30		GDP (QoQ) (Q1)	1.6%	1.6%
16:30		Durable Goods Orders (MoM) (May)	-	8.0%
16:30		Initial Jobless Claims	-	226K

BOJ RAISES RATES TO 1%



Image Credit: Bloomberg

The Bank of Japan lifted its key short-term interest rate by 25 basis points to 1.0% during its June meeting, marking the highest policy rate since September 1995. The 7-1 majority decision matched market expectations and represents the central bank's first rate increase since December.

Policymakers implemented the hike to address concerns that the energy shock from the recent Iran conflict could spark broader inflationary pressures. Rising energy costs have complicated Japan's economic outlook, and the central bank warned that underlying inflation could breach its 2% target if price pressures continue to diffuse through the domestic economy.

DECISIONS IN THE POLICY STATEMENT

Key takeaways from the policy statement include:

- **Accommodative Stance:** The BOJ emphasized that overall financial conditions will remain supportive to anchor inflation risks without choking off real economic activity.
- **Internal Dissent:** Board member Asada Toichiro cast the lone dissenting vote, arguing that downside risks to economic growth and employment outweighed potential upside price pressures.
- **Forward Guidance:** The bank signaled that additional rate hikes remain on the table if economic, price, and financial data justify further normalization.

Asada's opposition underscores the delicate balancing act facing the central bank as it attempts to support the yen and curb energy-driven inflation without disrupting Japan's fragile recovery. Going forward, market participants will closely monitor Middle East geopolitical developments, global energy markets, and currency fluctuations, as these factors are expected to heavily dictate the trajectory and timing of the BOJ's next monetary policy steps.



インフレ

エネルギー価格上昇

OIL

ガソリン

¥185円



電気代

¥9,876円



食料品

¥648円



灯油

¥1,276円



商品価格

値上げ中

ラーメン

¥950円

¥1,100円



\$ DXY

DOLLAR HOLDS ABOVE 100.50

The dollar remains firm, with the DXY holding above the key 100.50 level as the Fed's cautious stance on inflation continues to support the currency.

The strong dollar narrative might lose momentum if oil prices continue to fall and diplomatic progress persists. As long as the DXY remains above 101, the 102 level stands out as the next key resistance.



🔥 BRENT OIL

OIL RETREATS AS DEAL EXPECTATIONS IMPROVE

Brent crude fell toward \$77.60 as concerns over a full closure of the Strait of Hormuz eased and expectations grew that Iranian oil exports could receive exemptions under a potential agreement.

Tensions between Israel and Lebanon, weak vessel traffic through Hormuz, and tough rhetoric from Trump suggest that a lasting resolution is still far from certain. If a US-Iran agreement is reached, Brent could move lower toward the \$60-\$65 range.



XAUUSD

GOLD SLIPS AS FED OUTLOOK WEIGHS

Gold remains under pressure from expectations that US interest rates could stay higher for longer, with prices unable to hold above the \$4,200 level. In the near term, the \$4,125–\$4,220/30 region remains an important support zone. Holding above this area could open the door to a recovery attempt.

A move back above \$4,220/30 may allow gold to test \$4,280. In the medium term, prices continue to trade within a broader \$4,020–\$4,380 range. As long as \$4,380 remains intact, upside potential may stay limited, while \$4,020 continues to serve as the key support level.



XAGUSD

SILVER STABILIZES NEAR \$65.30

Silver is attempting to regain ground around the \$65.30 level as optimism surrounding diplomatic developments is balanced against a stronger dollar supported by expectations of higher US interest rates.

From a technical perspective, silver is likely to remain range-bound in the near term, with the \$63.30–\$68.50 area continuing to define the broader trading range.



WARSH'S FIRST PRIORITY ISN'T RATES



Image Credit: REUTERS/Eric Lee

Kevin Warsh's first major appearance as Federal Reserve Chair revealed something unexpected: the focus is not only on interest rates. Instead of providing detailed guidance about future policy moves, Warsh signaled that the Fed is taking a step back to examine how it operates, communicates, and evaluates the economy. Before making long-term commitments, the institution wants to reassess the framework behind its decisions.

A REVIEW FROM THE INSIDE OUT

One of the most notable announcements was the creation of several internal task forces. These groups will review areas ranging from communication strategy and balance sheet policy to labor market dynamics, productivity trends, data analysis, and the broader monetary policy framework. The effort suggests that the new chair is looking beyond immediate policies and is instead focused on the broader methods the Fed employs in its approach. For an institution that shapes the direction of the global economy, that is a significant shift.

FEWER CLUES FOR MARKETS

The Powell era was defined by extensive communication and detailed guidance designed to reduce uncertainty. Warsh appears to be moving in a different direction. He openly questioned the value of treating forecasts as promises and argued that economic conditions can change too quickly for policymakers to lock themselves into predetermined paths. His decision not to submit a dot plot projection reinforced that philosophy. The result is a Federal Reserve that may become less predictable, but potentially more flexible.

THE RETURN OF DATA-DRIVEN TRADING

With fewer signals coming directly from policymakers, economic data could carry greater weight than before. Inflation reports, labor market figures, productivity trends, and consumer spending data may become the primary drivers of policy expectations. Each release could have a larger impact on currencies, bonds, equities, and commodities as markets attempt to fill the information gap. In effect, the focus may shift away from interpreting Fed guidance and toward interpreting the economy itself.

FLEXIBILITY COMES AT A COST

The new approach offers clear advantages for policymakers. Less guidance allows the Fed to respond more freely to changing conditions and reduces the risk of being tied to outdated forecasts. The trade-off is uncertainty. Financial markets have spent years relying on central bank communication as a roadmap. A Fed that offers fewer clues may create larger swings in asset prices as traders adjust to a policy framework that places greater emphasis on flexibility than predictability. The first Warsh-era message focused on how the Federal Reserve will make decisions going forward, rather than where interest rates are heading next.

US-IRAN DEAL CALMS OIL MARKETS



An interim agreement between the United States and Iran has delivered immediate breathing room to global energy markets, sending Brent crude prices sharply lower. Investors rapidly priced out a substantial portion of the geopolitical risk premium after weeks of severe maritime disruptions and intense supply anxieties. The core of this breakthrough hinges on reopening the critical Strait of Hormuz, a development that promises to unlock delayed oil flows from vital Persian Gulf producers, including Saudi Arabia, the UAE, Iraq, and Iran.

RESOLVING THE UNDERLYING CONFLICT

Rather than a comprehensive peace treaty, the current framework serves primarily as a diplomatic bridge. It establishes a strict 60-day negotiation window intended to address complex, long-standing issues such as Iran's nuclear capabilities, international sanctions relief, and broader Middle Eastern security parameters. While the symbolic progress is clear, the most contentious geopolitical disputes remain entirely unresolved, leaving the long-term outlook highly speculative.

CENTRAL BANKS AND MARKET FRAGILITY

Beyond the physical oil market, the drop in crude prices offers a secondary benefit by potentially dampening global inflationary pressures. This cooling effect could provide major central banks with the flexibility to ease off aggressive monetary tightening schedules. However, this stabilization remains exceptionally fragile. Because deep-seated regional friction and unresolved military posturing persist, any breach of the interim terms could instantaneously revive maritime vulnerabilities, sending risk premiums and energy prices surging backward. The upcoming two months of concrete negotiations will ultimately determine if this is a permanent shift or a temporary pause.

ENERGY SHOCK LINGERS AS BOE KEEPS RATES AT 3.75%



The Bank of England left its benchmark interest rate unchanged at 3.75%, choosing patience over action as policymakers assess the economic fallout from renewed tensions in global energy markets. While inflation has cooled significantly from previous highs, the Monetary Policy Committee signaled that the fight against rising prices is far from over. The latest challenge comes from higher energy costs, which have re-emerged as a potential threat to price stability following disruptions linked to the conflict in the Middle East.

THE RISK OF PERSISTENT PRICE PRESSURES

The conflict has disrupted the flow of energy supplies, driving up costs for fuel, electricity and household utilities. Although prices have retreated from their initial surge, uncertainty remains elevated and policymakers believe the effects could continue to ripple through the economy for months. Higher energy costs often extend beyond household bills. Businesses facing rising operating expenses may pass those costs on to consumers, while workers may seek higher wages to offset the impact on living standards. Together, these factors can create broader inflationary pressure even after the original shock begins to fade.

INFLATION IS LOWER, THE JOURNEY ISN'T OVER

Inflation has fallen to 2.8%, moving closer to the Bank's 2% target. However, officials expect price growth to pick up again as the recent increase in energy costs works its way through the economy. The central bank's concern is not the initial rise in energy prices itself, but the possibility that it triggers a wider cycle of higher prices and wages. Preventing that outcome remains a key priority for policymakers.

COOLING LABOUR MARKET OFFERS SOME RELIEF

One factor helping contain inflation risks is a labour market that appears to be losing momentum. Demand for workers has softened, reducing the likelihood of rapid wage growth that could fuel further price increases. At the same time, interest rates remain well above pre-conflict levels, continuing to weigh on demand and helping limit the risk that temporary cost pressures become embedded in the economy.

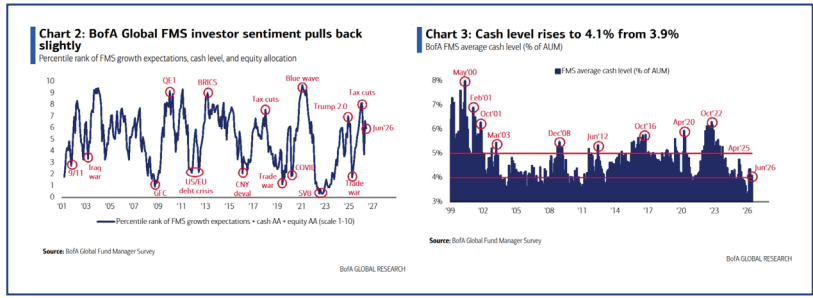
WAITING FOR CLARITY

For now, the Bank of England is holding its position. Policymakers acknowledge that monetary policy cannot influence global energy prices or geopolitical developments. Instead, their focus is on ensuring that external shocks do not translate into a prolonged period of elevated inflation. With energy markets still sensitive to developments in the Middle East, the Bank appears willing to wait for clearer evidence before making its next move. Until then, returning inflation sustainably to target remains the guiding objective.

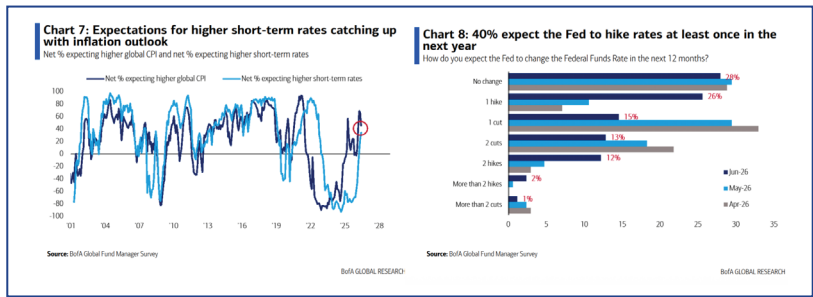
THE BULL MARKET GETS FRAGILE

Global fund managers are keeping their optimistic outlook alive despite a noticeable pickup in market volatility. According to Bank of America’s June Global Fund Manager Survey, institutional investors are still heavily positioned for growth and leaning into risk assets.

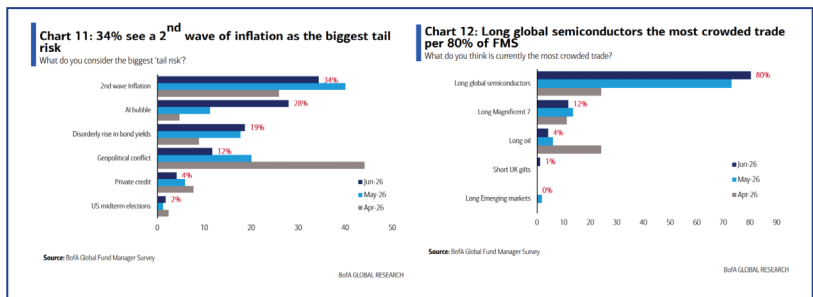
A key indicator of this optimism is that cash reserves remain exceptionally low. Rather than stepping to the sidelines, pros are choosing to stay fully invested. However, this lack of cash safety nets means the broader market is now highly sensitive to sudden bad news.



One of the biggest shifts in the data centers around interest rates. A growing number of investors now expect short-term rates to stay elevated for longer. This suggests central banks are still finding the final stretch of their fight against inflation to be incredibly sticky.



Meanwhile, anxiety over an “AI bubble” is mounting quickly. The explosive run in artificial intelligence stocks is no longer viewed as a pure growth play; it is increasingly flagged as an overcrowded and high-risk trade. Semiconductor stocks, specifically, are drawing intense scrutiny as the market’s most concentrated bet.



The takeaway is a paradox: Wall Street remains structurally bullish, but low cash buffers, higher-for-longer interest rate risks, and crowded tech allocations are making the market fragile. Moving forward, direction will depend heavily on central bank signaling, upcoming inflation data, and whether tech stocks can justify their pricing.

Market Roundup

ENERGY MARKETS FACE FRAGILE OUTLOOK

The IEA cut its 2026 global oil demand forecast, citing high prices and an energy supply shock from the Iran conflict. While the U.S.–Iran agreement and reopening of the Strait of Hormuz could spark a supply rebound by 2027, the agency warned that damaged infrastructure, logistical hurdles, and low inventories will delay full normalization. Meanwhile, oil markets face immediate vulnerabilities despite medium term risks of oversupply.



UK TIGHTENS BIG TECH OVERSIGHT

The UK Competition and Markets Authority introduced strict rules targeting Google’s search services under its strategic market status framework. Aimed at curbing tech dominance and fostering digital competition, these measures enforce search ranking transparency. The framework also lets users migrate search data to third party platforms and gives publishers more control over how their content is used in AI features.



Image Source: Alamy/PA

EUROPE ACCELERATES DEFENSE STRATEGY

Amid geopolitical friction, EU Commissioner Andrius Kubilius urged building a coordinated defense industrial base in response to the Russia–Ukraine war. Central to this is the EU’s €150 billion SAFE mechanism, including a €15 billion loan package for France to expand production scale, innovation, and cross border collaboration. Kubilius argued that consolidating Europe’s fragmented defense market will improve efficiency and help scale specialized startups.



Image Source: Emmi Korhonen/Lehtikuva via AP

BBC IMPLEMENTS MAJOR JOB CUTS

The BBC launched the first phase of a cost cutting initiative, cutting 550 immediate jobs. This restructuring is part of a £500 million savings strategy to stabilize finances amid shrinking license fee revenues. Total headcount reductions are projected to reach 1,800 to 2,000 roles over the next two years as management is streamlined and news, television, radio, and regional divisions reorganize.



Market Roundup

UK SOCIAL MEDIA RESTRICTIONS

Prime Minister Keir Starmer announced plans to prohibit social media use for children under the age of 16, with enforcement slated to begin early next year. The initiative is designed to shield minors from addictive design features, harmful digital content, and associated psychological risks. While tech conglomerates will bear the primary responsibility for enforcing these age restrictions, educational and child-centric platforms like Google Classroom and YouTube Kids are expected to be exempt.



Image Source: Carlos Jasso/POOL AFP via AP

IMF ON GLOBAL RESILIENCE

IMF Managing Director Kristalina Georgieva noted that the global economy has maintained its resilience despite pressures stemming from the Middle East conflict, elevated commodity prices, and restrictive financial conditions. However, she cautioned that significant hazards persist, particularly regarding energy supply vulnerabilities and potential disruptions within the Strait of Hormuz. While welcoming recent ceasefire progress, the IMF urged global policymakers to maintain strict discipline and macroeconomic flexibility.



Image Source: Kent NISHIMURA / AFP

DOLLAR RESILIENCE AND FX OUTLOOK

According to ING strategists, while optimism surrounding diplomatic negotiations has lifted broader risk appetite, the U.S. dollar is poised to maintain its underlying strength. Sticky inflation, a strong domestic labor market, and the lingering possibility of additional Federal Reserve tightening continue to anchor the dollar. ING highlights a near-term risk that the EURUSD pair could retreat into the 1.13–1.14 range, even as the European Central Bank contemplates its own rate hikes.



Image Source: Justin Sullivan/Getty Images

ENERGY AND EQUITY CATALYSTS

JPMorgan strategists suggest that tangible progress toward a formalized U.S.–Iran accord and diminishing energy supply anxieties could drive crude prices lower. They project that Brent crude could descend toward \$70 per barrel in the coming weeks if supply disruptions fail to materialize. Retracting energy costs could systematically cool inflationary pressures, offer central banks greater latitude for future interest rate cuts, and serve as a favorable tailwind for global equity markets.



Image Source: Michael Nagle/Bloomberg

The Week Ahead

Attention next week will focus on tanker shipments through the Strait of Hormuz after the US and Iran agreed to remove naval restrictions in the region. Key US releases include personal income and spending figures, the PCE inflation gauge, durable goods orders, S&P PMI data, the University of Michigan consumer sentiment index, and regional Federal Reserve surveys. PMI reports are also due from Australia, Japan, India, France, Germany, the Eurozone, and the UK. In Germany, the GfK Consumer Climate and Ifo Business Climate indices will offer additional insight into economic conditions.

AMERICAS

The spotlight will be on May's personal income and spending data, with the PCE price index in the US. Personal spending is expected to rise 0.6% after a 0.5% increase in April, while personal income is forecast to grow 0.4% following a flat reading. Core PCE is projected to increase 0.3% month-on-month, up from 0.2%, keeping inflation in focus after the Fed raised its 2026 inflation forecasts. Durable goods orders are expected to fall 4.7% after April's 7.9% jump. Preliminary June S&P Global PMIs, new home sales, the final Q1 GDP estimate, consumer sentiment, corporate profits, trade data, wholesale inventories, and regional manufacturing surveys are also on the calendar. The Fed's 2026 bank stress test results will show how major banks perform under severe economic and financial conditions. Canada releases May inflation data, Brazil publishes unemployment and inflation figures, Mexico reports trade balance data, and the Bank of Mexico announces its latest policy decision.

EUROPE

It will be a lighter week for European data, with preliminary June PMIs taking center stage. Eurozone manufacturing is expected to soften further, while services activity may show modest improvement. In Germany, the GfK Consumer Climate and Ifo Business Climate indices are expected to point to stronger confidence. In the UK, attention will be on CBI surveys and June PMI data, where services activity is seen holding steady while manufacturing growth eases. Political developments remain in focus following Andy Burnham's Makerfield by-election victory and Prime Minister Keir Starmer's decision to remain in office. Additional releases include Eurozone car registrations, confidence indicators from France and Italy, French unemployment figures, and Spain's final Q1 GDP reading.

ASIA-PACIFIC

China's central bank is expected to leave its one-year and five-year loan prime rates unchanged at 3.0% and 3.5%, while industrial profits data will also be released. In Japan, attention will turn to preliminary June PMIs, Tokyo CPI figures, and the Bank of Japan's Summary of Opinions following June's 25-basis-point rate increase to 1.0%. India will publish flash June PMIs and May infrastructure output. In Australia, annual inflation is expected to edge up to 4.3% from 4.2%, alongside employment, household spending, and PMI data. Thailand, Hong Kong, and Saudi Arabia will release trade figures, while Singapore, Hong Kong, and Taiwan publish inflation data. The Bank of Thailand is also expected to leave interest rates unchanged.





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