

# ZITAPLUS

## WEEKLY BULLETIN












22 — 26 SEP 2025  
NO: 9

# FED BALANCES POLITICS WITH A MODERATE CUT



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TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, SEPTEMBER 23				
ALL DAY		Holiday - Autumun Equinox		
17:45		S&P Global Manufacturing PMI (Sep)	51.8	53.0
17:45		S&P Global Services PMI (Sep)	53.8	54.5
20:35		Fed Chair Powell Speaks		
WEDNESDAY, SEPTEMBER 24				
18:00		New Home Sales (Aug)	651K	652K
THURSDAY, SEPTEMBER 25				
16:30		Durable Good Orders (MoM) (Aug)	-0.4%	-2.8%
16:30		GDP (QoQ) (Q2)	3.3%	3.3%
16:30		Initial Jobless Calims	235K	231K
18:00		Existing Home Sales (Aug)	3.96M	4.01M
FRIDAY, SEPTEMBER 26				
16:30		Core PCE Price Index (MoM) (Aug)	0.2%	0.3%
16:30		Core PCE Price Index (YoY) (Aug)		2.9%

## THE FED'S BALANCING ACT AMID POLITICAL AND ECONOMIC PRESSURES



The Federal Reserve delivered a measured 25 basis point interest rate cut at its latest policy meeting, resisting calls for a more aggressive move despite heightened political pressure. Chair Jerome Powell emphasized that labor market conditions have softened but inflation remains “somewhat elevated,” underscoring the Fed’s intention to proceed cautiously rather than rush into an easing cycle.

### UPDATED ECONOMIC PROJECTIONS

The Fed’s new forecasts reflect a careful balancing act:

- **Inflation:** Expected to hover around 3% through year-end.
- **Unemployment:** Projected to rise modestly toward 4.5% in 2025 and 2026.
- **Growth:** Upgraded slightly, with GDP forecast at 1.6% in 2025 and 1.8% in 2026.

These projections suggest that while policymakers see risks to the labor market, they remain confident in the resilience of the broader economy.

### MARKET RESPONSE

Financial markets reacted with uncertainty. The dollar index rebounded from multi-year lows, while Treasury yields faced selling pressure as investors weighed whether the modest cut would be sufficient. U.S. equities were volatile, reflecting both relief over the move and concern that the Fed is signaling stagflation risks.

### POLICY OUTLOOK

Powell stressed that future decisions will remain data-driven, leaving no commitment to a prolonged cycle of cuts. Analysts noted that the move reinforces the Fed’s cautious stance, prioritizing credibility over political demands. However, with inflation still sticky and growth slowing, risks of stagflation remain.





## EURUSD

### EUR/USD FALLS AS DOLLAR

The EUR/USD pair fell for a fourth straight session, trading near 1.1730 in Monday's Asian session. The U.S. Dollar strengthened after last week's Fed rate cut, as policymakers signaled they are in no hurry to pursue aggressive easing. This cautious stance continues to weigh on the euro. Key events to watch this week include Eurozone Consumer Confidence data and comments from Fed officials.

- **Bias remains bearish below 1.1780**
- **Support:** 1.1690 and 1.1625
- **Resistance:** A break above 1.1780 could open the way towards 1.1825



## XAUUSD

### GOLD HOLDS STEADY, TRADERS EYE KEY LEVELS

Gold (XAU/USD) recovered modestly as safe-haven demand stayed firm on concerns over fiat currencies, rising fiscal deficits, and prospects of further rate cuts. After testing \$3,707, prices retreated to \$3,630 on profit-taking following Powell's remarks, before closing the week at \$3,683.

A clear break above \$3,770 could extend the bullish momentum, while \$3,670 remains the immediate downside level to watch.

#### KEY LEVELS:

- **Resistance:** \$3,730
- **Support:** \$3,670



## BRENT OIL

### BRENT OIL UNDER PRESSURE AS GEOPOLITICAL RISKS LOOM

Brent crude futures slipped to around \$66.20 per barrel on Monday, reversing earlier gains as markets balanced geopolitical tensions with concerns over tariffs and slowing global demand. Failure to hold above \$66 could trigger renewed selling toward the \$64–\$65 zone.

Geopolitical uncertainty remains elevated after Russian airstrikes near the Polish border, airspace violations over Estonia, and a military aircraft entering Baltic neutral airspace, raising fresh concerns for global energy markets.

#### KEY LEVELS:

- **Support:** \$67.30
- **Resistance:** \$64–\$65



## BTCUSD

### CRYPTO MARKET UPDATE: BITCOIN HOLDS KEY LEVELS

Crypto markets closed the week steady, with Bitcoin trading in a tight range supported by Nasdaq's strength. Altcoins gained momentum as ETH, SOL, and the newly launched XRP & DOGE ETFs attracted inflows.

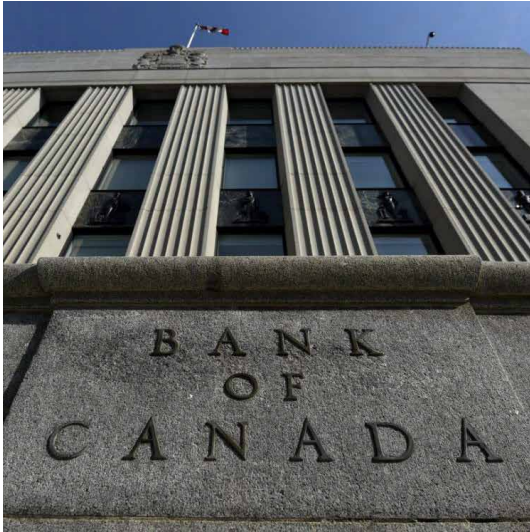
#### TECHNICAL LEVELS:

- **Support:** 112,000. A break lower may target 107,300.
- **Resistance:** 115,500. A breakout could open the way toward 120,000.





## THE WEEK OF CENTRAL BANKS



### CANADA LOWERS RATES TO 2.5%

The Bank of Canada (BoC) lowered its policy rate by 25 basis points to 2.5%, citing the drag from global trade tensions and slowing domestic growth. The move leaves the overnight rate at 2.50%, the bank rate at 2.75%, and the deposit rate at 2.45%.

In its policy statement, the BoC noted that job losses have been concentrated in trade-sensitive industries, while GDP shrank by about 1.5% in Q2. Inflation trends remain mixed: core inflation has hovered near 3%, but headline inflation eased to 1.9% in August. Governor Tiff Macklem stated that while supporting growth is necessary, price stability remains the central bank's top priority.



### BOE HOLDS AT 4%, SLOWS QT

The Bank of England (BoE) voted 7-2 to keep its Bank Rate at 4%, with two members preferring a cut to 3.75%. The Monetary Policy Committee also voted 7-2 to reduce the pace of quantitative tightening (QT), planning to cut gilt holdings by £70 billion over the next year, leaving them at £488 billion.

Policymakers noted that restrictive policy has lowered inflation, but it remains above target. CPI stood at 3.8% in August, expected to rise slightly in September before trending down. Wage growth is easing, while services inflation remains stable.



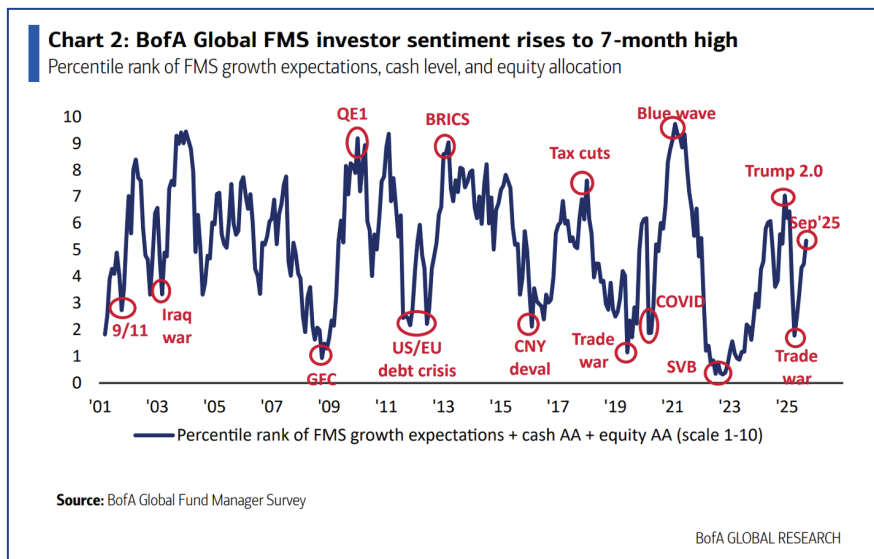
### BOJ MAINTAINS 0.5% RATE

The Bank of Japan kept its benchmark short-term interest rate at 0.5% in September, the highest since 2008. The 7-2 vote matched expectations, coming with domestic political uncertainty and U.S. tariffs, and followed the Federal Reserve's first rate cut since December, highlighting policy divergence.

The bank took modest steps toward normalization, planning to sell about JPY 330 billion of ETFs annually and cut REIT holdings by JPY 5 billion per year, showing a gradual retreat. Employment and income gains supported consumption, but sentiment weakened, while exports and industrial output suffered from China's slowdown and U.S. trade pressures. Inflation stayed in the 2.5%-3.0% range, driven by food costs, especially rice.



# THE SMART MONEY'S BULLISH STREAK THIS YEAR



Professional investors, often regarded as the “smart money,” have displayed an unusual bullish streak through 2025. After months of caution, September’s BofA Fund Manager Survey showed sentiment climbing to levels rarely observed all year. Optimism on equities and risk assets is now at its highest since February, despite ongoing macroeconomic and geopolitical uncertainty.

## WHAT'S DRIVING OPTIMISM

The survey suggests this shift reflects a blend of supportive monetary policy, improving earnings expectations, and hopes for steadier global growth. The result is a market environment where professional managers are leaning into risk at a time when broader narratives remain cautious.

- **Equity exposure has risen to multi-month highs.**
- **Cash positions have been reduced as confidence grows.**
- **Risk appetite is at its strongest since February.**

## A CONTRADICTION WITH HEADLINES

While mainstream commentary often emphasizes caution, the survey reveals professional managers are actively reallocating capital. This divergence highlights a key dynamic: institutional investors are finding opportunity in conditions that many retail traders still perceive as risky.

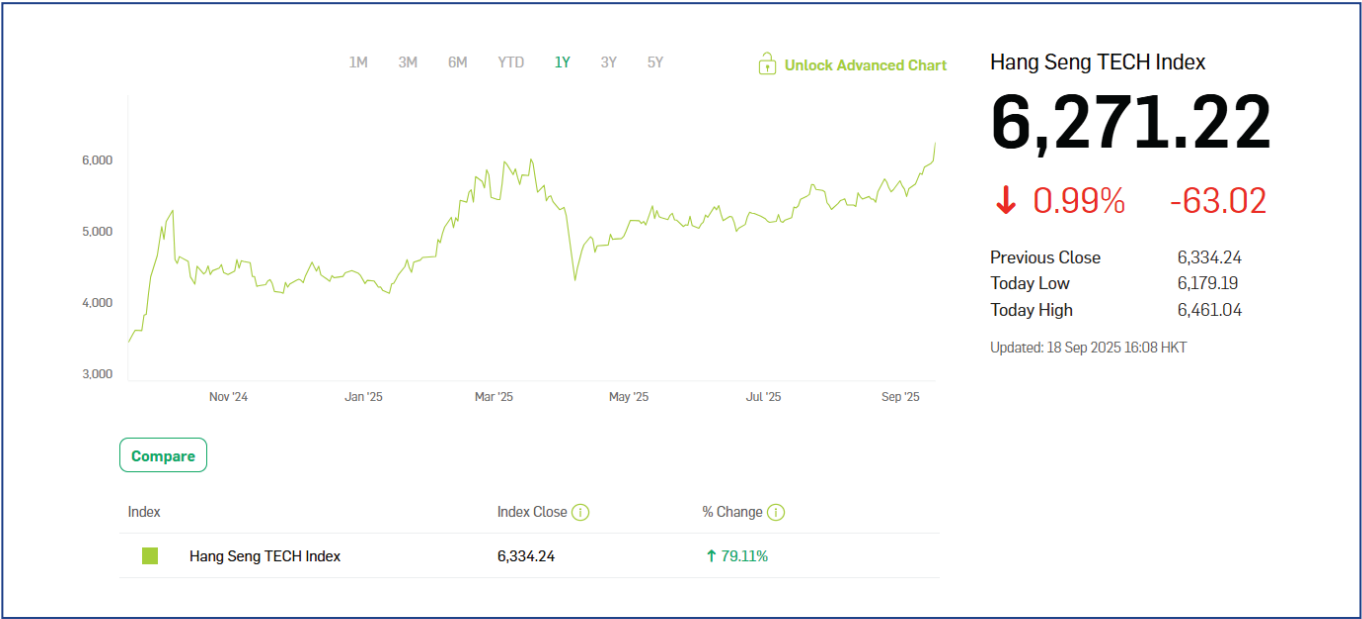
## A MEASURED APPROACH

The bullish stance is not reckless. Fund managers continue to balance allocations across sectors, weigh risk versus reward, and factor in both historical patterns and present economic indicators. Charts of equity allocation and risk sentiment underscore that this optimism is calculated, not euphoric.

## TAKEAWAY FOR MARKET PARTICIPANTS

This rare level of bullishness provides insight into the psychology of professional investors: cautiously confident, opportunistic, and forward-looking. For traders and observers, the message is twofold: sentiment could drive markets higher in the months ahead, but even the “smart money” is acting with careful calibration.

# CHINA BANS NVIDIA AI CHIPS



China's ban on Nvidia's AI chips has caused disruption in global technology markets and sparked a strong rally in local tech shares. The decision shows Beijing's determination to cut reliance on U.S. hardware and strengthen its domestic AI ecosystem, even at the cost of losing access to leading-edge chip technology.

## LOCAL MARKET REACTION

Investors favored Chinese semiconductor and AI-related firms. Shares of companies engaged in chip design, cloud computing, and AI infrastructure surged, with Chinese tech indices now marking their seventh weekly gain in a row. The rally reflects expectations of stronger government support and rising demand for homegrown alternatives.

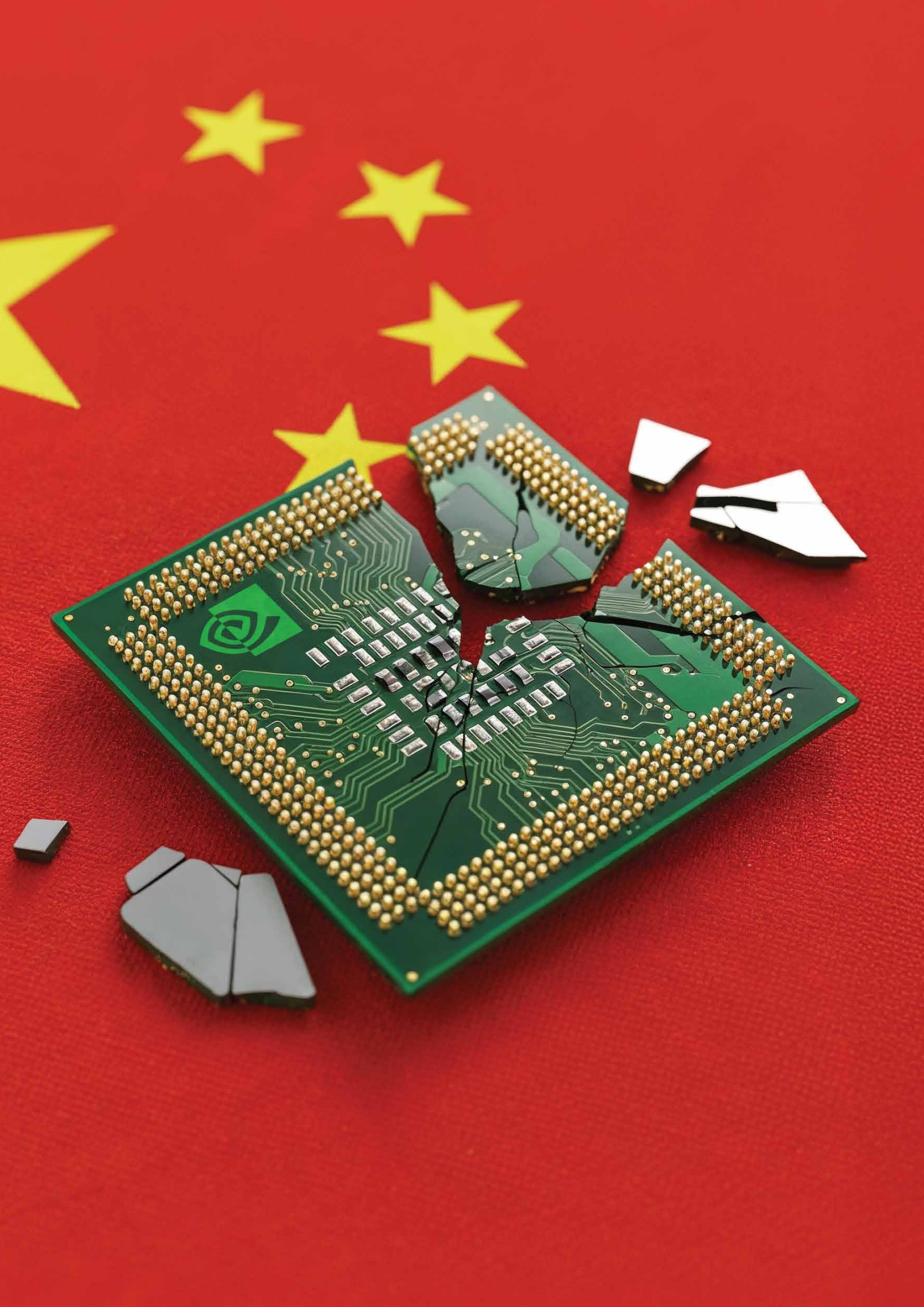
- **Chip design firms advanced on optimism over new contracts and subsidies.**
- **Cloud computing providers gained as local companies prepared to fill gaps in data processing.**
- **AI infrastructure developers saw increased flows as the government signals broader investment.**

## STRATEGIC IMPLICATIONS

Analysts emphasize that the ban goes beyond limiting U.S. technology. By closing the door to Nvidia, Beijing is deliberately creating space for its domestic players to dominate the AI supply chain. While the immediate effect may be a short-term technology gap, the long-term strategy aims at accelerating innovation and achieving greater independence.

## GLOBAL INVESTOR PERSPECTIVE

Nvidia risks losing one of its largest growth markets, while Chinese companies may gain an unprecedented opening. The question remains whether domestic firms can scale to match Nvidia's expertise. Still, sentiment in China reflects strong faith in state-backed support for its domestic champions.





# Market Roundup



## EU PLANS NEW RESTRICTIONS ON TECH GIANTS

The European Union is preparing new financial market access rules to curb the influence of major technology firms such as Apple, Google, and Amazon. The proposed measures aim to restrict certain data-sharing systems, ensuring smaller firms can compete more effectively without being overshadowed by dominant players.

## GOLDMAN SACHS RAISES YEAR-END S&P 500 TARGET

Goldman Sachs increased its year-end target for the S&P 500 from 6,600 to 6,800, reflecting a 2.04% potential upside from the last close. The revision is supported by the Federal Reserve's dovish stance and strong corporate earnings. Forecasts for 6- and 12-month returns were also raised to 5% and 8%, with projections suggesting the index could reach 7,000–7,200 in the months ahead.

## CYBERATTACKS DISRUPT EUROPEAN AIRPORTS

A wave of cyberattacks caused check-in and boarding disruptions across several European airports, leading to delays and cancellations. The incidents began in Belgium and spread to other countries. London's Heathrow Airport reported 29 flight cancellations due to system failures linked to the attacks.

## TIKTOK AND BYTEDANCE UPDATE ON U.S. OPERATIONS

ByteDance, parent company of TikTok, announced progress on a "China-law-compliant" agreement to secure the platform's U.S. operations. The plan, discussed in a call between President Trump and President Xi Jinping, includes oversight by a seven-member board, six of whom will be American. TikTok spokesperson Karoline Leavitt confirmed the structure as part of the compliance strategy.

## U.S. INCREASES H-1B VISA FEE

The White House confirmed that the H-1B visa application fee has been raised to \$100,000. This one-time fee applies only to new applications, not renewals. The measure is intended to attract highly skilled workers while addressing prior abuses that impacted the U.S. economy and security. India's Foreign Ministry voiced concerns over humanitarian and logistical effects, noting Indian nationals made up 71% of H-1B approvals last year.



# Market Roundup



## GOLD AND SILVER OUTLOOK

Deutsche Bank has lifted its 2026 gold forecast from \$3,700 to \$4,000 per ounce, pointing to expectations of Fed rate cuts, persistent geopolitical risks, and strong central bank buying. The People's Bank of China is projected to purchase about 900 tons of gold next year, a move expected to reinforce momentum. Gold has already surged nearly 40% in 2025. Silver's 2026 outlook was also raised, from \$40 to \$45 per ounce, reflecting broader confidence in precious metals.

## EU ENERGY POLICY AND SANCTIONS

European Commission President Ursula von der Leyen announced that the EU will accelerate its phase-out of Russian fossil fuels after a meeting with U.S. President Donald Trump. She confirmed that a 19th sanctions package will soon target crypto, banking, and energy sectors. The proposals also call for stricter measures to reduce imports of Russian energy, intensifying economic pressure on Moscow.

## CHINA'S MONETARY POLICY

The People's Bank of China kept its seven-day reverse repo rate unchanged at 1.40% while pushing 487 billion yuan of liquidity into the market. Solid export performance and the strength of the Shanghai Composite Index give policymakers room to diverge from the Fed's easing trajectory. This proves a careful yet independent stance in managing domestic financial conditions.

## WTO REPORT ON AI AND TRADE

The WTO's 2025 report highlighted AI's growing role in global trade, projecting it will cut compliance costs, lower barriers, and increase productivity, especially in digital services. AI-related goods already made up \$2.3 trillion in trade in 2023, and wider adoption could expand global trade by 37% by 2040. The WTO warned that unequal investment and weak policies risk deepening divides, with Director-General Ngozi Okonjo-Iweala urging stronger international cooperation to share AI's benefits.

## MICROSOFT'S UK AI INVESTMENT

Microsoft announced a record \$30 billion investment in the UK to expand AI infrastructure by 2028. The plan includes \$15 billion in capital spending to build out cloud and AI systems, supported by a partnership with Nscale to develop the UK's largest supercomputer, equipped with over 23,000 GPUs. Vice Chairman Brad Smith noted that this is Microsoft's largest financial commitment in the UK to date and aims to establish the country as a global AI hub. The announcement came before Trump's state visit, hosted by King Charles III.

# The Week Ahead

Global markets will remain centered on interest rate expectations next week, with speeches from Federal Reserve officials, including Chair Powell, providing further guidance after the recent rate cut. Key data in the US include PCE inflation, personal income and spending, and the updated Q2 GDP estimate. Other releases feature durable goods orders, PMIs, housing data, and trade reports. Globally, PMIs will be in focus across major economies, while China publishes industrial profit figures. Monetary policy decisions are expected from China, Switzerland, Sweden, and Mexico. At the same time, world leaders will meet in New York for the UN General Assembly.

## AMERICAS

In the US, traders will track Powell's remarks and comments from other Fed officials for clues on the policy path. Economic releases include the PCE price index, personal spending and income, durable goods, and PMI surveys. Consumer spending is expected to rise 0.5% and income 0.3% for August, while durable goods orders are projected to fall 0.4%. Housing data may show further weakness, with existing and new home sales forecast to decline. Final Q2 GDP revision, current account, trade balance, inventories, and consumer sentiment are due in the US. Canada will release GDP and producer prices, while Mexico reports its policy decision and trade balance.

## EUROPE

Attention will be on flash PMIs for the Eurozone, Germany, and France, along with sentiment surveys such as Germany's Ifo and GfK indexes. Factory activity in Germany may show early signs of stabilization, while services continue to contract at a slower pace. Broader European data include Eurozone industrial production, CPI confirmation, car registrations, and French unemployment. Switzerland's current account will also be released. The Swiss National Bank and Sweden's Riksbank are expected to keep rates unchanged. In the UK, flash PMIs and CBI surveys should show modest services growth but continued manufacturing weakness.

## ASIA-PACIFIC

China is set to release industrial production, retail sales, investment, housing, and unemployment figures. The People's Bank of China is expected to keep its one- and five-year loan prime rates unchanged. In Japan, PMIs, Tokyo CPI, and BoJ minutes will be closely watched, with core inflation likely rising to 2.8%. India will publish PMI data, while Australia releases PMIs and its monthly CPI. Elsewhere, inflation data are due from Hong Kong, Malaysia, and Singapore, while trade figures will come from Hong Kong and Thailand. South Korea will publish producer prices, consumer sentiment, and business confidence.









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