

# ZITAPLUS

## WEEKLY BULLETIN

25 — 29 AUG 2025

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ECONOMIC CALENDER

WEEKLY HIGHLIGHTS

TECHNICAL ANALYSIS

TRUMP, ZELENSKY, PUTIN: TRILATERAL TALKS?


FED MINUTES SHOW DEEPER SPLIT

POWELL HINTS AT SEPTEMBER CUT

MARKET ROUNDUP

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, AUGUST 25				
ALL DAY		United Kingdom - Bank Holiday		
14:00		New Home Sales (Jul)	635K	627K
TUESDAY, AUGUST 26				
12:30		Durable Goods Orders (MoM) (Jul)	-4.0%	-9.4%
14:00		CB Consumer Confidence (Aug)	96.3	97.2
WEDNESDAY, AUGUST 27				
14:30		Crude Oil Inventories		-6.014M
THURSDAY, AUGUST 28				
12:30		GDP (QoQ) (Q2)	3.0%	-0.5%
12:30		Initial Jobless Claims	231K	235K
FRIDAY, AUGUST 29				
12:30		German CPI (MoM) (Aug)	0.0%	0.3%
12:30		Core PCE Price Index (MoM) (Jul)	0.3%	0.3%
12:30		Core PCE Price Index (YoY) (Jul)		2.8%
13:45		Chicago PMI (Aug)	45.3	47.1

# Weekly Highlights

25-29 AUG 2025

## WALL STREET'S "CATCH-UP" STORY FADES AS S&P SPLIT WIDENS

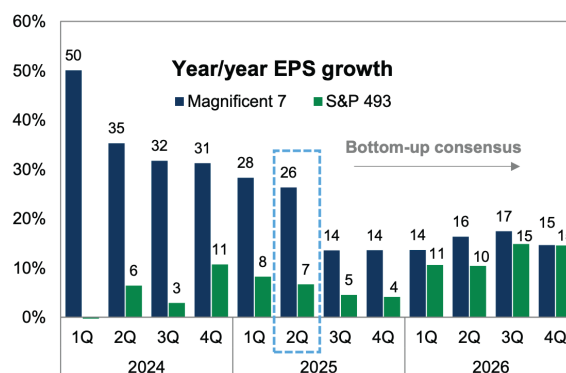
For more than a year, Wall Street has speculated about a long-awaited "catch-up" between the S&P 500's mega-cap tech giants and the rest of the index. The thought was simple: as the Magnificent 7's explosive earnings growth cooled, the other 493 companies would gradually close the gap, paving the way for a more balanced and sustainable rally.

That scenario has yet to materialize. Instead, the gap has widened as Q2 earnings growth for the Magnificent 7 beat the rest of the index by 19 points, after a 20-point lead in Q1. The split is now projected to persist into 2026, with the 2025 gap revised from 3 points to nearly 13, showing how concentrated market leadership remains.

Analyst revisions reinforce this reality. Since the start of Q2 earnings season, 2026 EPS growth expectations for the Magnificent 7 have been revised sharply higher, projecting even stronger performance ahead. In contrast, forecasts for the other 493 companies have been cut, with profit growth for next year trimmed by about 4%. The chart evidence is clear: rather than convergence, expectations are moving further apart.

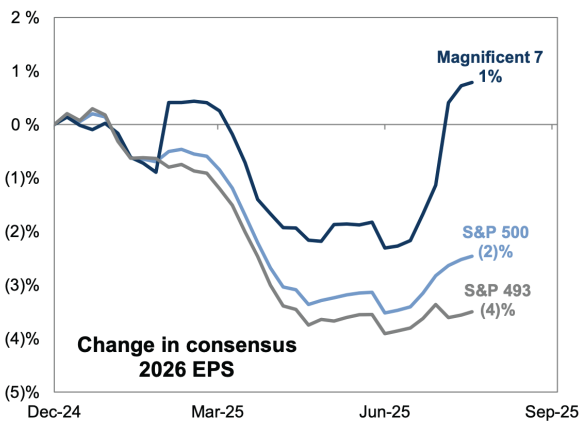
The largest firms continue to benefit from unmatched scale, innovation, and market dominance, while the rest struggle to keep pace. For investors, the "catch-up" thesis looks increasingly like a hopeful narrative rather than an unfolding trend, leaving the market more dependent than ever on a handful of dominant players to drive returns.

Exhibit 13: Magnificent 7 and S&P 493 earnings growth



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 14: Bottom-up consensus revision to 2026 S&P 500 EPS YTD



Source: Factset, Goldman Sachs Global Investment Research



## GERMANY FACES WEAK DEMAND IN 30-YEAR BUND SALE

DATE	BOND	COUPON	MATURITY SEGMENT	LOWEST ACCEPTED PRICE	AVERAGE PRICE	AVERAGE YIELD
20.08.2025	Bund (R) <a href="#">DE000BU2D004</a>	2.50%	30 Y	85.55	85.61	3.28%
Competitive bids   Non-competitive bids:				485 € mn	703 € mn	
Overall bids:				1,188 € mn		
Issuance volume:				1,500 € mn		
Allotted volume   Retention quote:				1,149.88 € mn	350.12 € mn	
Bid-to-Cover ratio:				1.0		
Bid-to-Offer ratio:				0.8		
<a href="#">^ Details</a>						

Germany's latest 30-year Bund auction showed how high borrowing costs are straining Europe's largest economy. To place the bonds, the government was forced to offer an average yield of 3.28%, the highest since 2011. Even so, demand proved weak, with a bid-to-cover ratio of just 1.0, indicating limited investor appetite despite the attractive yield.

Total bids reached only €1.19 billion, falling short of the €1.5 billion issuance target. Ultimately, around €1.15 billion was allotted, while the Bundesbank retained €350 million. The lowest accepted price came in at 85.55, with an average price of 85.61, reflecting investors' insistence on higher returns for holding long-dated German debt.

The results emphasize the challenges governments face in today's "higher-for-longer" rate environment. For Berlin, this suggests that even traditionally safe-haven Bunds now come with a higher cost, as investors consider ongoing inflation risks, uncertainties in growth, and the fiscal outlook of the Eurozone.

## EURUSD

### EURO STEADY ABOVE 1.17 ON PMI STRENGTH

The euro held firm above 1.1700 this week, supported by stronger Eurozone PMI data and a weaker U.S. dollar. The latest survey pointed to the fastest pace of economic growth in 15 months, caused by rising new orders and mounting price pressures.

Market sentiment is also being influenced by ongoing EU-US trade discussions, while a softer dollar index is lending short-term support to the EUR/USD pair. Investors remain focused on upcoming Eurozone data releases and global policy signals for further direction.

#### KEY LEVELS:

- **Narrow Range:** 1.1620 - 1.1740/50
- **Broad Range:** 1.1580 - 1.1830



## XAUUSD

### GOLD HOLDS NEAR \$3,370 ON FED SIGNALS

Gold eased below \$3,370 on Monday, paring back part of Friday's sharp rebound as profit-taking emerged. The move followed heightened volatility after Fed Chair Jerome Powell's dovish remarks at Jackson Hole, which pushed expectations for a September rate cut from 75% to 88%. The prospect of looser Fed policy and a weaker U.S. dollar continues to underpin demand for non-yielding assets like gold.

Despite the pullback, downside risks remain limited, with markets still pricing in policy easing and softer dollar conditions.

#### KEY LEVELS:

- **Support:** \$3,357 (first) / \$3,343 (critical)
- **Narrow Range:** \$3,379 (previous high) / \$3,414-3,420 (upper band)



## BRENT OIL

### BRENT STEADY NEAR \$68 ON SUPPLY RISKS

Brent crude traded close to \$68 per barrel, extending last week's gains as markets weighed supply disruptions alongside U.S. policy signals. Drone attacks in Russia over the weekend struck a nuclear plant and key fuel facilities, including the Ust-Luga terminal and Novoshakhtinsk refinery, heightening concerns about export flows.

Trump warned of new sanctions if the Ukraine peace talks collapse and threatened to double tariffs on Indian imports of Russian oil. Powell's September rate cut talks increased risk appetite and supported expectations for stronger oil demand, aided by a softer dollar.

#### KEY LEVELS:

- **Support:** \$66.80 / \$65.00
- **Resistance:** \$69.50 / \$71.20



## BTCUSD

### BITCOIN HOLDS NEAR \$112K AFTER POWELL REMARKS

Bitcoin surged from \$112,000 to \$117,000 on Friday after Fed Chair Jerome Powell signaled that rate cuts could be on the horizon during the Jackson Hole conference, fueling optimism across crypto markets.

Despite the sharp move higher, overall sentiment in digital assets remains neutral, with traders cautious about the sustainability of the rally. By Monday, Bitcoin had eased back and was trading close to \$112,000.

#### KEY LEVELS:

- **Support:** \$110,500 / \$108,000
- **Resistance:** \$117,000 / \$125,000



## TRUMP, ZELENSKY, PUTIN: CAN A TRILATERAL HAPPEN?



Source: reuters.com

Zelensky's second 2025 meeting with Donald Trump was markedly calmer than their exchange in February, when Trump openly humiliated him and cast doubt on U.S. support for NATO and Ukraine. This time, the atmosphere was more constructive, with European leaders including Macron, Merz, Starmer, and von der Leyen joining the talks in Washington. Their arrival came just days after Trump's Alaska summit with Vladimir Putin, which ended without a ceasefire.

Despite speculation, there was no sweeping deal. Trump downplayed the need for a ceasefire, insisting a final settlement could be reached without one and calling the disputes "not overly complex." European leaders were unconvinced. Merz bluntly warned, "I can't imagine that the next meeting would take place without a ceasefire," reflecting the European view that a pause in fighting is essential. Zelensky, notably, avoided repeating his earlier demand for one, hinting at a tactical shift.

Trump later revealed that he had spoken by phone with Putin for 40 minutes to discuss arranging a long-elusive meeting with Zelensky, which he said could eventually expand into a trilateral including himself. A hot mic also caught Trump telling Macron that Putin "wants to make a deal for me," highlighting how much Trump sees his personal role as central to any outcome.

Security guarantees were another key point. Trump promised the U.S. would "be involved," without ruling out a military role, while Zelensky said negotiations would likely be finalized within 10 days. He announced plans for a \$90bn U.S. arms package including advanced aviation and anti-missile systems, alongside U.S. purchases of Ukrainian drones to support Kyiv's defense industry.

The main outcome from Washington was the prospect of a trilateral meeting between Trump, Zelensky, and Putin. While this possibility raises cautious hope, doubts remain over whether such a summit could move beyond symbolism. Putin continues to demand concessions on Donetsk and Crimea, Ukraine refuses to yield on sovereignty, and security guarantees remain vague. For now, Zelensky leaves Washington without concrete breakthroughs but with political space to keep Ukraine in the diplomatic spotlight, and the faint possibility of a historic first meeting with Putin.







## FED MINUTES REVEAL DEEPENING SPLIT ON RATE PATH



The Federal Reserve's latest meeting minutes emphasized inflation as the dominant risk to the U.S. economy, even as cracks appeared within the Committee over the policy path ahead. While some officials stressed that price pressures remain stubborn, others flagged early signs of labor market cooling, a divide that suggests growing tension in the Fed's actions.

For the first time in years, conflict surfaced inside the Fed. Governors Christopher Waller and Michelle Bowman broke ranks, openly pushing for a rate cut. Their stance showed rising concern that slowing job growth could tip the economy further toward weakness, even as inflation lingers above target. The dissent marked a rare moment of public disagreement and signaled that the debate over timing rate adjustments is intensifying.

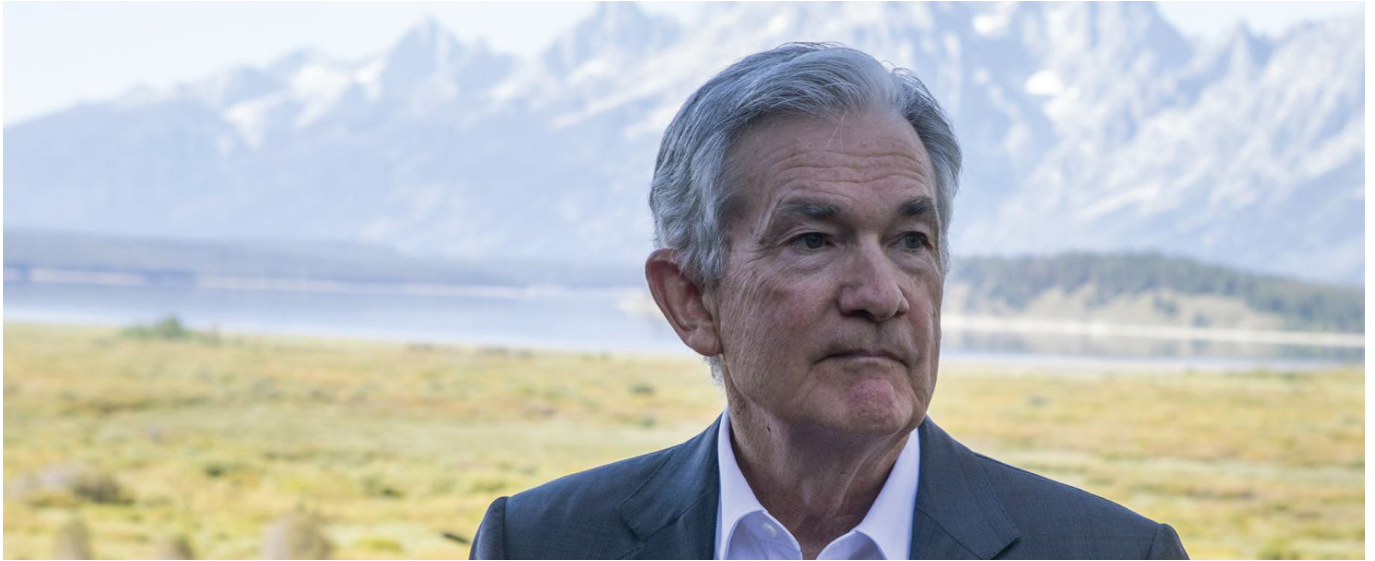
The minutes revealed that policymakers remain wary of moving too quickly. A premature rate cut, they warned, risks reigniting inflationary momentum. On the other hand, keeping rates steady for too long may deepen labor market strains. That delicate trade-off has now become the centerpiece of policy discussions, with analysts noting that uncertainty itself is emerging as the Fed's biggest challenge.

For markets, the takeaway was clear: volatility remains anchored to the Fed's next move. Investors are mindful that a central bank split over inflation versus employment could dictate the tone of trading in the weeks ahead. The minutes reinforced that inflation control remains at the heart of Fed strategy, even as disagreement grows over how and when to pivot.





## POWELL SIGNALS SEPTEMBER CUT IN DOVISH TURN AT JACKSON HOLE



Source: Amber Baesler/AP

Federal Reserve Chair Jerome Powell struck a cautiously dovish tone at the Jackson Hole Symposium, signaling that a September interest rate cut is firmly on the table. Powell highlighted rising risks in the labor market, noting that July's employment data revealed weaker hiring than previously reported. He warned that if conditions worsen, layoffs could accelerate quickly, creating downside risks to growth the Fed cannot ignore.

On inflation, Powell admitted the picture remains complicated. While price pressures have moderated compared to last year, tariffs imposed by the Trump administration threaten to keep inflation sticky, leaving the Fed caught between its dual mandates of supporting employment and ensuring price stability. He emphasized that monetary policy remains restrictive but hinted that adjustments may be warranted if risks tilt more clearly toward the labor side.

Markets interpreted Powell's remarks as dovish, though carefully hedged. Fed funds futures now imply a 75% chance of a September cut, even as Powell avoided making an explicit commitment. His call for flexibility reflects both economic uncertainty and the political backdrop, as the central bank works to preserve independence while responding to signs of slowing momentum.

The immediate market reaction was decisive. Treasury yields moved lower, equities rallied sharply, and the dollar weakened, emphasizing investor sensitivity to Fed signals. On Wall Street, the Dow surged 846 points to close at a record high of 45,631.74, its first all-time high since December 4. The S&P 500 gained 1.52%, its best day since May, while the Nasdaq Composite rose 1.88%, snapping a five-day losing streak. The rally broadened out across sectors, marking a recovery for the Dow, which had fallen as much as 16% earlier this year before clawing back its losses.

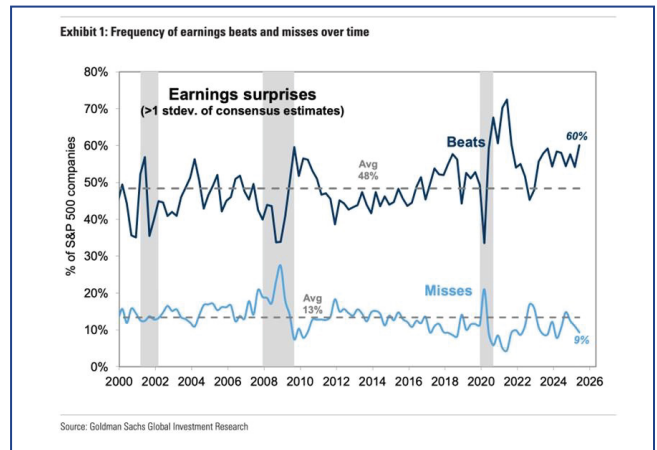
Bond markets also rallied, with the Treasury yields dropping as investors rushed to lock in higher returns ahead of a potential Fed cut. Traders are now pricing in an 83% probability of a September rate cut, up from 75% before Powell's remarks. Meanwhile, the CBOE Volatility Index sank 13.8%, signaling calm in markets, and the US dollar index fell 0.9% on rate-cut expectations and weaker growth signals. The economy still looks resilient, but leading indicators are weakening, highlighting the tough choices ahead for the Fed.



# Market Roundup

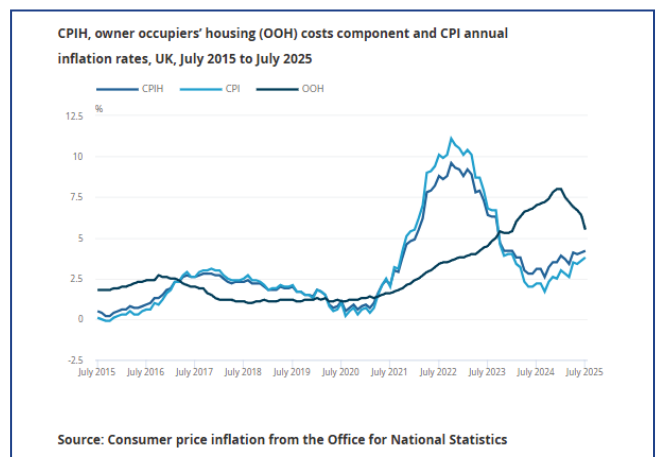
## WALL STREET'S BRIGHTEST QUARTER IN 20 YEARS

Q2 2025 marked one of the strongest US earnings seasons in over two decades. Over 60% of S&P 500 companies beat forecasts, the highest since the post-crisis rebound, with EPS growth at 11% versus 4% expected. Six in ten firms lifted full-year guidance, while just 14% revised lower. Early tariff concerns had set expectations low, but even adjusting for that, the backdrop is among the most optimistic in years.



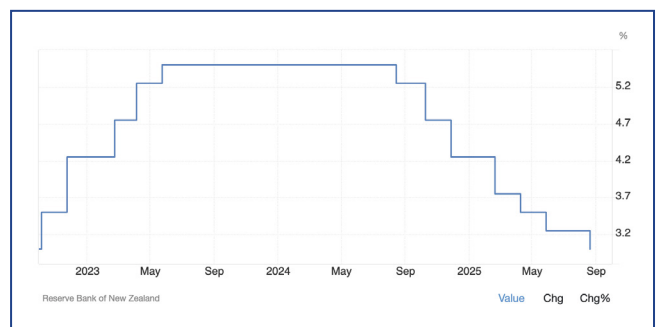
## RISING AIRFARES PUSH UK INFLATION HIGHER

UK inflation rose to 3.8% in July, the highest level since January 2024 and just above the 3.7% forecast. The surge was driven mainly by transport, with airfares jumping 30% during the summer holidays. Rising food, hotel, and fuel prices added pressure, partly offset by easing housing costs. Core inflation also ticked up to 3.8% from 3.7%, reinforcing the Bank of England's caution on rate cuts.



## RBNZ EASES POLICY AS GROWTH STALLS

The Reserve Bank of New Zealand cut its cash rate by 25 bps to 3% in August, the lowest level since 2022. Inflation stood at 2.7% in Q2 and is expected to reach 3% in Q3, mainly due to food and administered prices, though still within the 1-3% target range. GDP Q1 shrank by 0.7% and contracted again in Q2 with a rebound projected for Q3. Policymakers also flagged risks from new US tariffs on New Zealand exports, warning of pressure on key industries.



# The Week Ahead

Global interest rate expectations will dominate as investors weigh the Federal Reserve's dovish signals from Jackson Hole against a busy data calendar. In the U.S., the focus will be on the Personal Income and Outlays report for July, with income forecast to rise 0.4%, spending 0.5%, and both headline and core PCE inflation advancing 0.3%. The second estimate of Q2 GDP follows the initial 3% annualized rebound. Durable goods orders are expected to drop 4%, though ex-transportation should remain steady. Housing indicators (new home sales, S&P/Case-Shiller, pending sales), consumer sentiment surveys, and regional Fed indexes will provide additional insight.

Corporate earnings will also be in focus, led by Nvidia, whose results may shape sentiment in AI and semiconductors. With shares up 31% this year, the company is expected to report a 47% profit surge and update guidance on chip demand, datacenter capacity, and the impact of U.S.-China trade restrictions. In North America, Canada reports Q2 GDP and its current account balance, while Mexico releases trade data and Brazil updates labor statistics.

In Europe, attention turns to the ECB's July minutes for clues on whether its eight rate cuts, which pushed borrowing costs to their lowest since 2022, have marked the end of the easing cycle. Inflation data will be closely watched, with Germany's CPI projected at 2.1%, Spain's at 2.8%, Italy's at 1.7%, and France steady at 1%. Germany will also publish the GfK consumer climate, expected to improve, and the Ifo business climate, seen slipping to a three-month low. The unemployment rate is forecast at 6.3%, with joblessness nearing three million, while retail sales likely to extend their rebound. Other releases include Eurozone-wide surveys and auto registrations, French jobless claims, Swiss Q2 GDP, the KOF leading indicator, Turkish unemployment, and in the U.K., the CBI distributive trades survey and Nationwide housing prices.

In Asia, China will release its official August PMI and industrial profits, offering clues on capacity cuts. Japan faces a heavy week with data on industrial production, retail sales, unemployment, consumer confidence, and Tokyo inflation. India reports Q2 GDP, industrial output, and budget updates, while Australia publishes RBA minutes, monthly CPI, and capex data, with expectations for a rate cut next month. Elsewhere, central banks in South Korea and the Philippines are expected to hold rates steady, Singapore will publish its inflation report, and Hong Kong, Thailand, and the Philippines will release trade statistics.









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