ZITAPLUS
WEEKLY BULLETIN

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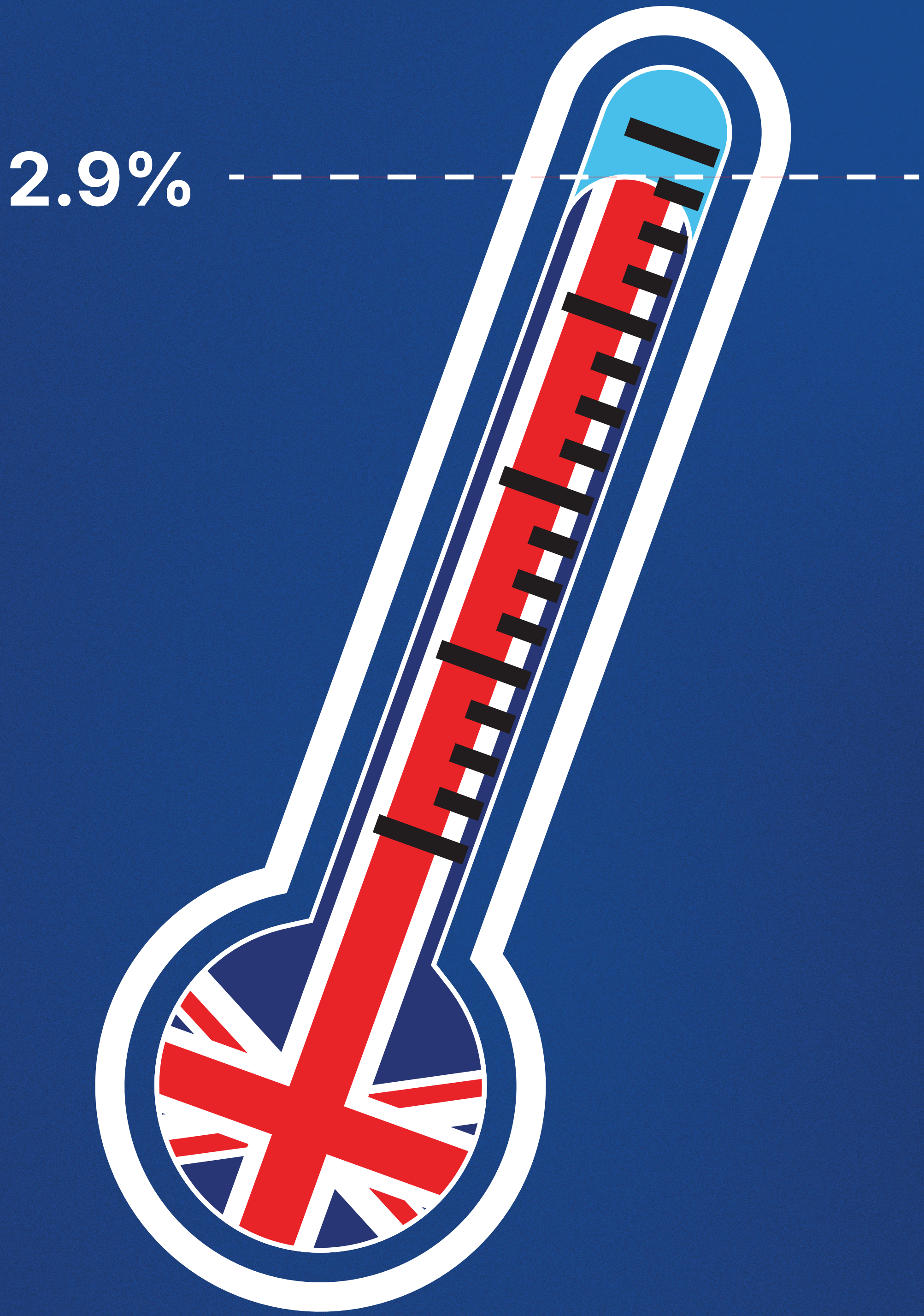
UK INFLATION HEATS UP AGAIN IN JULY



ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
EUROZONE INFLATION RISES TO 2.9%
US-CANADA TARIFF TENSIONS RISE • AND MORE...

Contents

TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, AUG 25				
10:00		German GDP (QoQ) (Q2)	0.2%	0.2%
18:00		CB Consumer Confidence (Aug)	90.3	90.8
18:00		New Home Sales (Jul)	620K	628K
WEDNESDAY, AUG 26				
16:30		Core PCE Price Index (YoY) (Jul)	3.3%	3.3%
16:30		Core PCE Price Index (MoM) (Jul)	0.2%	0.1%
16:30		GDP (QoQ) (Q2)	1.5%	1.5%
16:30		Durable Goods Orders (MoM) (Jul)	0.5%	0.5%
18:30		Crude Oil Inventories	-	4.405M
THURSDAY, AUG 27				
16:30		Initial Jobless Claims	208K	206K
FRIDAY, AUG 28				
17:45		Chicago PMI	57.8	57.6

GMT+4 DUBAI TIME

UK INFLATION HEATS UP AGAIN IN JULY

UK inflation accelerated in July as higher household energy costs pushed consumer prices higher. The increase was concentrated in several key categories, while food and transport inflation eased and factory-gate price growth slowed.

ENERGY DRIVES CPI HIGHER

Annual inflation rose to 2.9% in July from 2.6% in June, reaching a four-month high and matching expectations. Monthly CPI increased 0.3%, also in line with forecasts.

Other categories offered some relief:

- **Transport inflation:** 3.6%, down from 5.7%, helped by lower diesel prices
- **Food inflation:** 1.3%, down from 1.7%
- **Goods inflation:** 2.2%, up from 1.7%
- **Services inflation:** 3.4%, down from 3.6%

Housing and household services provided the biggest upward push, rising 4.1% year-on-year as gas and electricity costs increased. Furniture, household goods, and clothing prices also rebounded.

CORE INFLATION STAYS FIRM, PRODUCER PRICES COOL

Core inflation held at 2.6% for a third straight month, its highest since March and slightly above the 2.5% forecast. On a monthly basis, core prices rose just 0.2%, the smallest increase since January.

Producer prices told a softer story. Factory-gate inflation slowed to 3.1% year-on-year, a four-month low, from 3.5% in June and below the 3.2% forecast. Monthly prices rose 0.2%, matching expectations.

Coke and refined petroleum products remained the largest upward contributor, rising 30.1%, but slowed sharply from 41.3% in June. Motor vehicles and transport equipment fell 1.6%, providing the biggest downward contribution.

July’s figures leave the UK with stronger headline inflation but softer services and producer price growth, adding another layer to the Bank of England’s rate outlook.


2.9%

DXY

DOLLAR SLIDES AS FED HIKE BETS FADE

The US dollar remains under pressure as expectations grow that the Federal Reserve will keep interest rates unchanged in September.

The US Dollar Index (DXY) has slipped toward 98.85, reflecting weaker demand for the currency as expectations for another near-term rate hike fade.

If the decline continues, the 95.00–95.60 region becomes an important support zone. Holding above this area could support a technical recovery.

However, a sustained break below 95.00 would strengthen the bearish outlook and could bring further selling pressure on the dollar.

EURUSD

EUR/USD TARGETS 1.1800 RESISTANCE

EUR/USD maintains a constructive short-term outlook, with a sustained move above 1.1710 potentially opening the path toward the 1.1795-1.1800 resistance zone.

The 1.1800 level remains a key technical barrier. A decisive breakout above this area could reinforce bullish momentum and support further gains.

From a medium-term view, the divergence between Fed and ECB policy expectations remains an important factor. A more hawkish ECB alongside a cautious Fed could continue to favor the euro.

If this policy gap persists, EUR/USD could eventually build enough momentum to challenge the psychological 1.2000 level.

XAUUSD

GOLD BREAKS MAJOR DOWNTREND

Gold's technical outlook has improved after breaking above the descending trendline from the February peak. The next major target is $4,772, the 50% Fibonacci retracement between the $5,600 high and $3,492 low.

A sustained move above $4,575 would strengthen the breakout. Resistance stands at $4,770-$4,775, followed by the 61.8% Fibonacci level at $4,966 and the psychological $5,000 mark.

On the downside, $4,575 is now the key support. A break below could expose $4,510, $4,450, and eventually the $4,320-$4,300 area near the 200-day EMA.

XAGUSD

SILVER BUILDS TOWARD $72

Silver's technical setup remains positive, with $72 as the first key target. The 200-day moving average also sits near this level, making it an important resistance area.

A clear break above $72 could push silver toward $75, followed by the psychological $80 level if buying continues.

On the downside, $65.50 is the main support. A break below could bring the $63.95–$64.00 zone into play.

EUROZONE INFLATION RISES TO 2.9%

Eurozone inflation accelerated in July, with final figures confirming that renewed energy pressures pushed price growth further above the European Central Bank's target. Annual inflation rose to 2.9% in July 2026, matching the flash estimate and up from 2.8% in June. The reading remained well above the ECB's 2.0% target.

ENERGY LEADS THE INCREASE

The latest rise was largely driven by energy prices after hostilities between the US and Iran intensified again. Energy inflation jumped to 10.3% from 8.5%, while underlying price pressures also strengthened.

The July breakdown showed:

- **Energy:** 10.3%, up from 8.5%
- **Services:** 3.3%, up from 3.2%
- **Non-energy industrial goods:** 0.9%, up from 0.7%
- **Food, alcohol and tobacco:** 1.2%, down from 1.5%
- **Core inflation:** 2.5%, up from 2.4%

Food, alcohol and tobacco provided the only notable relief, while the increase in core inflation showed that price pressures were not limited to energy.

ENERGY LEADS THE INCREASE

Most of the Eurozone's largest economies also recorded faster inflation in July:

- **Germany:** 2.8%, up from 2.4%
- **France:** 2.4%, up from 2.0%
- **Spain:** 3.9%, up from 3.6%
- **Netherlands:** 3.0%, up from 2.5%
- **Italy:** 2.9%, down slightly from 3.0%

With headline and core inflation both moving higher, July's figures add to the ECB's inflation challenge as energy costs feed back into consumer prices.

US-CANADA TARIFF TENSIONS RISE

Trade tensions between the United States and Canada are increasing as negotiations struggle to produce an agreement. Washington continues to threaten higher tariffs, while Ottawa is showing little willingness to make major concessions in strategically important sectors.

Canadian Prime Minister Mark Carney has adopted a firmer position toward US trade demands, raising the possibility of another round of retaliatory measures if Washington moves ahead with additional tariffs.

TARIFFS RAISE INFLATION RISKS

The Trump administration continues to use tariffs as a negotiating tool with major trading partners. Canada, however, has proven more resistant to US pressure, and stalled negotiations have increased the risk that tariffs could be expanded to a broader range of goods.

The economic consequences could extend beyond Canadian exporters. Higher import duties may also increase costs for US companies that rely on Canadian products and materials. Businesses could then pass some of those additional costs on to consumers, adding to inflation at a time when price pressures remain an important concern for households and the Federal Reserve.

POLITICAL PRESSURE ALSO BUILDS

The dispute could also carry political consequences. Public confidence in President Trump's handling of inflation and the broader economy has weakened, according to the article. Another escalation in tariffs could add to that pressure if it contributes to higher consumer prices.

With the US midterm elections approaching, the domestic political impact of trade policy is becoming increasingly important.

The US-Canada dispute therefore extends beyond bilateral trade. Further tariffs could influence inflation, corporate costs, economic growth, and political sentiment. Attention will now turn to whether Washington and Ottawa can restart negotiations before the dispute develops into a wider trade confrontation.

FED MINUTES: HIKES AREN'T OFF THE TABLE

The latest FOMC minutes revealed that several Fed officials favored raising interest rates, arguing that moving earlier could reduce the need for more hikes later. For these policymakers, timing was key to keeping the Fed flexible if inflation proved difficult to control.

THE CASE FOR AN EARLIER HIKE

Several officials linked tight financial conditions to strong economic growth and expectations for a more restrictive Fed stance. Inflation also remained a concern, with many participants noting that last year's price increases were broad-based across both goods and services. Nearly all participants backed keeping the Fed's commitment to "provide price stability."

WARSH FLOATS A SIX-MEETING FED

Warsh introduced another notable idea: reducing the calendar to six meetings per year, roughly one every two months. His argument was simple: more time between meetings would allow more economic data to build up before each decision. The proposal did not receive approval, however, and the 2026 meeting schedule remains unchanged.

SAME INFLATION PROBLEM, SOFTER GROWTH PICTURE

The Fed's staff left its inflation outlook largely unchanged from June, but became somewhat less optimistic about the economy. Officials also said the ample reserves regime helped keep financial conditions orderly during brief payment disruptions. The minutes ultimately revealed the tension facing the Fed: inflation has not improved enough to close the door on another hike, but the growth outlook is becoming less convincing. That leaves policymakers with less room for error as they decide how much further tightening the economy can absorb.

RISING TREASURY YIELDS PRESSURE US STOCKS

Image Source: William Thomas Cain/Getty Images

US equities fell to two-week lows as renewed pressure in the Treasury market weighed on risk appetite. The 10-year Treasury yield traded near 4.70%, while the 30-year yield reached 5.244%, increasing concerns over borrowing costs and equity valuations.

Additional pressure came from higher oil prices and renewed US-Iran tensions. Walmart also weighed on sentiment, with shares falling roughly 9% after quarterly comparable-store sales missed expectations.

TREASURY BUYBACKS PROVIDE RELIEF

Markets recovered on Wednesday after US Treasury officials announced plans to increase buybacks of longer-dated government bonds to help ease borrowing costs. The announcement triggered several notable market moves:

- **The 30-year Treasury yield fell 10 basis points to 5.18%.**
- **The US dollar dropped to a three-month low.**
- **The Nasdaq Composite gained around 0.2%, ending a three-session losing streak.**

Moderna was another major mover, surging 176% following positive results from its advanced-stage melanoma vaccine developed with Merck.

FED KEEPS TIGHTENING OPTION OPEN

The July FOMC minutes showed that many policymakers believed additional monetary tightening could become necessary if inflation failed to moderate, keeping interest-rate risks in focus.

US Treasury Secretary Scott Bessent said officials would continue monitoring market conditions before deciding whether further action was required. He indicated that the bond buyback program could exceed $4 billion, adding that the initiative was partly intended to send a signal to investors that current yields do not reflect underlying economic fundamentals.

Market Roundup

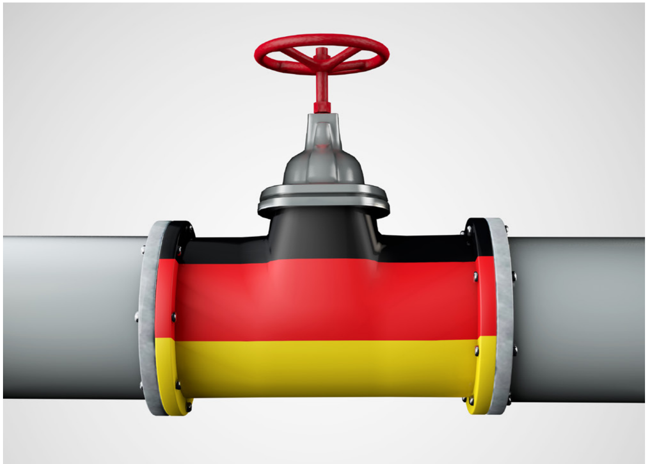
EUROZONE DATA IMPROVES

Eurozone economic data came in stronger than expectations. The manufacturing PMI rose to 52.8, its highest in more than four years, while new orders grew at the fastest pace in 40 months. Export orders increased for the first time since February 2022, while price pressures continued to ease.

Consumer confidence also improved more than forecast. However, energy costs, geopolitical tensions, and new trade barriers remain important risks to growth and inflation.

GERMANY FACES WINTER GAS RISKS

Germany's gas storage levels remain near 50%, raising concerns ahead of winter. Higher gas prices linked to disruptions in the Strait of Hormuz are discouraging inventory building and could leave the country more dependent on expensive imports later in the year.



US-IRAN TENSIONS STAY ELEVATED

President Trump emphasized the role of economic sanctions while keeping military options on the table. Meanwhile, Iran reportedly allowed some Iraqi vessels to pass through the Strait of Hormuz, offering a limited sign of flexibility

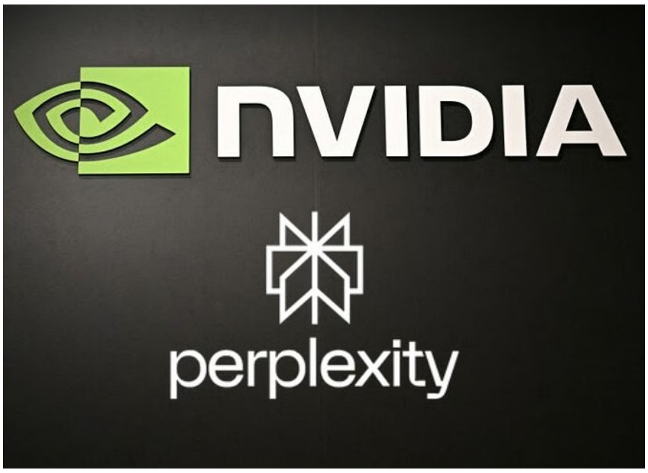
Market Roundup

US-CANADA TRADE DISPUTE CONTINUES

US-Canada trade negotiations remain stalled, with Canada preparing retaliatory tariffs from September 8. The measures are expected to target steel, dairy products, electronics, appliances, and agricultural equipment.

AI INVESTMENT REMAINS STRONG

Nvidia is reportedly considering an investment in Perplexity AI as part of a new funding round that could value the AI company at more than $30 billion.



BANGLADESH LOOKS TO BUY MORE LNG

Bangladesh plans to buy three more liquefied natural gas (LNG) shipments for September, after seeking five last week, as the Iran war disrupts supplies through the Strait of Hormuz. The country bought over 60% of its LNG from Qatar last year, while spot prices have more than doubled since the war began to around $23.7/MMBtu.

The Week Ahead

Global rates and sovereign yields will remain in focus as markets weigh high energy prices, rising deficits, and heavy corporate credit issuance. Fed signals from the Jackson Hole Symposium will be closely watched, while Nvidia earnings will test confidence in AI infrastructure spending. Key US releases include July PCE inflation, personal income and spending, durable goods, and payroll revisions. Europe awaits ECB meeting accounts and inflation data, while several Asian central banks announce rate decisions.

AMERICAS

Fed Chair Kevin Warsh's Jackson Hole address will be the week's main event, with markets looking for guidance on financial conditions and long-term yields following recent Treasury intervention and increased corporate borrowing. Nvidia earnings will provide another test for the AI trade, alongside results from Palo Alto Networks, Intuit, CrowdStrike, and Salesforce.

July personal spending is forecast to rise 0.2% and income 0.3%. Headline PCE is expected to increase 0.1%, with core PCE up 0.2% and the annual rate holding at 3.3%. The second Q2 GDP estimate follows an initial 1.5% annualized reading, while durable goods orders are forecast to rise 0.7%. Markets will also watch annual payroll revisions, new home sales, home prices, inventories, and a goods trade deficit near $100 billion. Canada reports Q2 GDP and major bank earnings, while Brazil releases unemployment and Mexico publishes economic activity data.

EUROPE

The ECB will publish accounts from its July meeting, when rates were held steady following June's 25-basis-point hike, its first increase in three years. Germany's Ifo Business Climate Index is expected to reach its highest since February, while GfK consumer confidence may improve slightly.

France and Spain release preliminary August inflation figures. French CPI is expected to rise 0.6% monthly, potentially lifting annual inflation to 2.3%. Germany and France also publish updated Q2 GDP figures. Other releases include unemployment, regional confidence surveys, UK housing and retail indicators, and Switzerland's KOF leading index.

ASIA-PACIFIC

China's NPC Standing Committee meets from August 25-28, potentially signaling further economic support. July industrial profits are also due.

Japan releases unemployment, consumer confidence, and Tokyo CPI. Australia publishes RBA minutes after rates were held at 4.35%, alongside inflation, Q2 capital expenditure, and household spending.

Thailand and South Korea are expected to keep rates at 1% and 2.75%, respectively. The Philippines could raise rates by 25 basis points to 5% amid elevated food and energy prices. Singapore reports inflation, while regional trade and labor data are also due.

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