

# ZITAPLUS

## WEEKLY BULLETIN

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# DENMARK'S "DE-DOLLARIZATION" SIGNAL TO WASHINGTON



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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, JANUARY 26				
17:30		Durable Goods Orders (MoM) (Nov)	3.1%	-2.2%
TUESDAY, JANUARY 27				
19:00		CB Consumer Confidence (Jan)	90.1	89.1
WEDNESDAY, JANUARY 28				
17:30		U.S. President Trump Speaks	-	-
18:45		BoC Interest Rate Decision	2.25%	2.25%
23:00		Fed Interest Rate Decision	3.75%	3.75%
23:00		FOMC Statement	-	2.25%
23:00		FMOG Press Conference	-	2.25%
THURSDAY, JANUARY 29				
17:30		Initial Jobless Claims	202K	200K
FRIDAY, JANUARY 30				
13:00		German GDP (QoQ) (Q4)	0.2%	0.0%
17:00		German CPI (MoM) (Jan)	-	0.0%
17:30		PPI (MoM) (Dec)	0.2%	0.2%
18:45		Chicago PMI (Jan)	43.3	42.7
SATURDAY, JANUARY 31				
17:30		Manufacturing PMI (Jan)	50.2	50.1

# DENMARK'S "DE-DOLLARIZATION" SIGNAL TO WASHINGTON



AkademikerPension has placed Denmark at the center of the growing debate around reduced reliance on US assets after confirming a step back from US Treasuries. The move comes as political friction between Washington and Europe resurfaces, following President Donald Trump's renewed Greenland focus and tariff threats. While the fund framed the decision as investment-led rather than political, the market reaction was swift: confidence in US government debt is no longer being taken for granted.

## POLITICS TURNS INTO PORTFOLIO RISK

According to the fund's leadership, the decision was not about reacting to headlines, but about responding when political direction starts to create measurable risk. Concerns were raised over the longer-term outlook for US governance and fiscal discipline, particularly as debt levels climb and policy signals grow less predictable. That distinction matters. Pension funds are built around capital preservation, not tactical positioning, and changes in their allocation rules tend to reflect deep structural reassessments rather than short-term views.

## WHY THE MESSAGE MATTERS

The importance of the move lies less in volume and more in symbolism. Even a limited reduction sends a clear signal: a European institutional investor is willing to cut exposure to US government debt due to governance and policy risk, not because yields are unattractive. That kind of decision can travel quietly across the institutional terrain. Once one large fund adjusts its framework, others often revisit their own assumptions about what still qualifies as a default safe asset.

## A SLOW SHIFT WITH LONG-TERM CONSEQUENCES

Europe holds a substantial share of US bonds and equities, which means changes in institutional behavior can eventually influence US funding conditions. A gradual easing in demand would not destabilize Treasuries overnight, but it could support structurally higher yields over time, especially alongside heavy US borrowing needs. In this context, the debate is not just about replacing the dollar, but about dialing back automatic dependence on US assets as the primary anchor of safety.

## MARKET TALK TO INSTITUTIONAL REALITY

Portfolio construction is increasingly shaped by political direction and cross-border tension as well as macro data. Gold, defensive segments, and selective non-US assets often attract attention during such phases. Whether Denmark's move remains isolated or becomes a reference point for other European institutions is still unclear. What is clear is that the "sell America" narrative has moved beyond trading desks and into the risk discussions of long-term capital.



DEPARTMENT OF THE TREASURY

**EURUSD**

**EURO RETREATS AFTER OPENING GAP**

The EUR/USD pair gave back early gains to trade near 1.1860 on Monday. S&P Global data revealed a slight miss in January Eurozone private sector growth, as a cooling services sector overshadowed a modest recovery in manufacturing. Technically, 1.1830 serves as immediate support, with 1.1800 being a critical floor. To the upside, resistance is noted between 1.1890 and 1.1895.

**Key Levels**

- **Narrow Range:** 1.1830–1.1910
- **Wide Range:** 1.1745–1.1950



**XAUUSD**

**GOLD BREAKS RECORDS AS RISK DEMAND BUILDS**

Gold climbed nearly 3%, moving above \$5,110 per ounce, as demand for defensive assets strengthened. Partial government shutdown risks increased in the US after Senate Democrats signaled they may block a key budget bill following a deadly incident in Minneapolis. Canadian Prime Minister Mark Carney stated that Canada has no plans for a broad free trade deal with China, noting that existing agreements only reduce tariffs on selected products.

The \$5,110 area marks near-term resistance, while \$5,000 is the key psychological level and \$4,930-4,940 provides short-term support.

**Key Levels**

- **Narrow Range:** \$5,000 – \$5,110
- **Wide Range:** \$4,940 – \$5,225



**XAGUSD**

**SILVER BREAKS \$109 AMID SUPPLY CRUNCH**

Silver surged over 4% Monday, surpassing \$109 to hit fresh record highs. Intense safe haven demand and physical supply deficits continue to fuel the rally. In China and India, retail interest is shifting heavily toward 1-kilogram bars, prompting Chinese producers to pivot from jewelry to investment bullion.

Technically, a break above \$111 targets the \$113/\$115 zone.

**Key Levels**

- **Narrow Range:** \$108.50 – \$116.50
- **Wider Range:** \$103.70 – \$119/\$120



**BTCUSD**

**BITCOIN STALLS AS DOWNSIDE RISKS LINGER**

Bitcoin remains indecisive, struggling to break away from the \$88K-\$90K range. The lack of upside follow-through, alongside shifting interest toward precious metals, keeps downside risks in focus. The chart structure also leaves room for a potential Head & Shoulders setup, which warrants close attention.

**Key Levels**

- **Resistance:** \$88K-\$90K
- **Support:** \$81K-\$85K



# JAPAN'S INFLATION HITS LOWEST SINCE 2022

Latest indicators	
<ul style="list-style-type: none"> <li><b>Preliminary counts of population of Japan</b> <b>12,295</b> ten thousand (January 1, 2026)</li> </ul>	<ul style="list-style-type: none"> <li><b>Unemployment rate</b> <b>2.6 %</b> (November 2025 seasonally adjusted)</li> </ul>
<ul style="list-style-type: none"> <li><b>Consumer Price Index</b> <b>2.1 %</b> (December 2025/ change over the year)</li> </ul>	<ul style="list-style-type: none"> <li><b>Consumption expenditures</b> <b>2.9 %</b> (November 2025 Two-or-more-person Households/ change over the year (in real terms))</li> </ul>

Japan's annual inflation rate slowed significantly in December 2025, falling to 2.1% from 2.9% in the previous month. This represents the lowest reading in nearly four years, suggesting that price pressures are retreating across much of the economy. The shift brings headline inflation closer to the Bank of Japan's (BOJ) 2% target, potentially altering the timeline for future interest rate hikes.

## SUBSIDIES AND FOOD COSTS LEAD DECLINE

The cooling trend was primarily driven by a sharp reversal in energy costs and moderating food prices. Notable data points include:

- Energy Prices:** Electricity costs fell 2.3%, and gas prices dropped 2.1% as government subsidies took effect. Gasoline prices also shed 7.1% from a year ago.
- Food Costs:** Food inflation hit a 13-month low of 5.1%. Rice prices, while still high, rose at their slowest pace in 16 months at 34.4%, down from over 37% in November.
- Other Sectors:** Price growth also eased in transportation (1.9%), clothing (2.0%), and healthcare (0.7%).

This cooling helped the Consumer Price Index (CPI) record a monthly decline of 0.1%, marking the first month over month drop since early 2025.

## UNDERLYING INFLATION REMAINS RESILIENT

Despite the headline drop, core inflation figures suggest that price setting behavior is still firm. The core index, which strips out both fresh food and energy, climbed 2.9% in December. This indicates that domestic demand and service sector costs are still supporting prices.

The core CPI (excluding fresh food only) rose 2.4%, staying above the BOJ's 2% target for the 45th consecutive month. While overall costs are softening, the central bank noted that the mechanism of wages and prices rising in tandem appears to be intact.

## POLICY AND ELECTION OUTLOOK

The Bank of Japan held its key interest rate at 0.75% this week following a hike in December. Governor Kazuo Ueda indicated that while uncertainty remains, the likelihood of hitting the 2% price stability target is increasing. However, the path ahead is complicated by a snap election on February 8. Prime Minister Sanae Takaichi has proposed cutting the 8% food sales tax, a move that could significantly reduce future inflation but further strain Japan's fiscal health.

# JAPAN HOLDS THE LINE AT A 30-YEAR RATE PEAK



The Bank of Japan began 2026 by keeping its short-term policy rate unchanged at 0.75%, the highest borrowing cost since September 1995. The decision, expected by many, arrives just weeks before February's snap election, reinforcing the sense that policy is now moving carefully through a more complex economic and political landscape.

## ONE DISSENT, MANY CONDITIONS

The vote passed 8-1, with Hajime Takata as the sole member calling for another hike. The rest of the board judged risks to growth and inflation as broadly balanced. While the BOJ reiterated that further rate increases remain possible, it tied any move firmly to data, underlining that normalization will continue, but without haste. In its updated outlook, the BOJ raised its FY2025 GDP forecast to 0.9% from 0.7%, pointing to support from a U.S.-Japan trade agreement and a sizable fiscal package. Measures include energy bill subsidies, expanded grants to local governments, and a sharp rise in defense spending, all aimed at stabilizing real incomes and supporting domestic demand.

## INFLATION NEAR TARGET, NOT OVER IT

FY2026 GDP growth was revised up to 1.0%, while core inflation for the same year edged higher to 1.9%, just below the BOJ's 2% goal. The projections suggest steady momentum, with price pressures present but not running out of control. BOJ struck a cautiously optimistic tone considering the current politics across countries. Markets now turn to Governor Kazuo Ueda's press conference, where any hint about the post-election policy path could clear expectations for Japan's next move.

## FED CHAIR SPECULATION RETURNS TO THE MARKET RADAR



Speculation over the next Federal Reserve chair resurfaced after fresh signals from Donald Trump. Recent remarks suggest Trump may be stepping back from Kevin Hassett as a leading candidate, despite earlier market positioning that treated Hassett as the front-runner. Betting markets, which had leaned heavily in his favor, adjusted rapidly as expectations shifted.

### WARSH MOVES INTO THE LEAD

Attention has now turned toward Kevin Warsh, who is increasingly viewed as the top contender. Market-based odds have swung decisively, with some betting platforms assigning Warsh close to a 60% probability. The repricing reflects both changing political signals and heightened sensitivity to any hint that the Fed's leadership path could pivot.

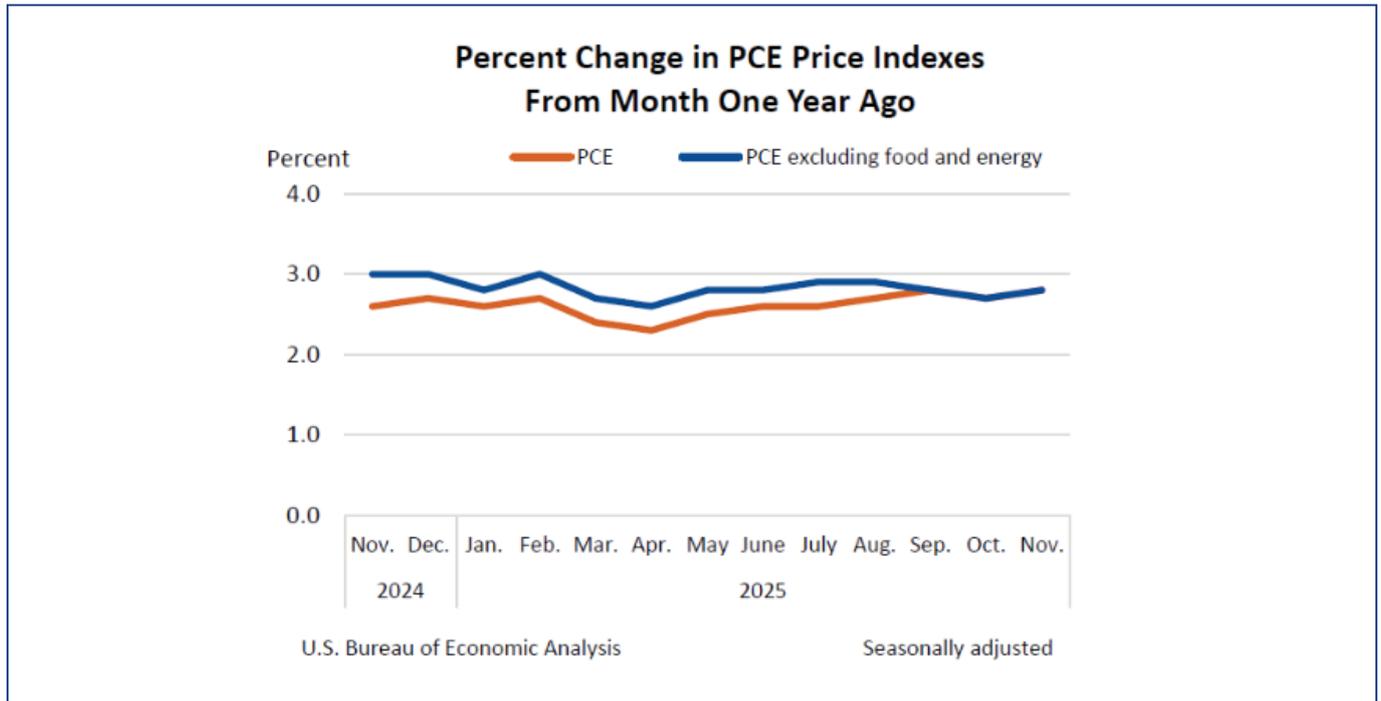
### WHY MARKETS CARE ABOUT THE CHAIR

The Fed Chair narrative carries real weight for traders. Leadership expectations shape rate assumptions, influence bond yields, and feed directly into dollar positioning. A chair seen as more hawkish tends to lift yields and support the dollar, while a more dovish profile can tilt pricing toward quicker easing. That sensitivity explains why even informal political comments can trigger immediate market reactions.

### FAST MOVES, FRAGILE CONVICTION

Analysts warn that changes driven by headlines can reverse just as swiftly. The nomination process remains complex, shaped by internal administration relations, Senate approval, and shifting political priorities. Still, once probabilities start clustering around a single name, market positioning can become increasingly one-directional. For now, the message is clear: Fed leadership speculation is back in play. Each comment from Trump has the potential to stir volatility, keeping headlines and betting odds firmly in focus until a clearer nomination path takes shape.

## CORE PCE STEADY, DATA GAPS PERSIST



The Federal Reserve's preferred inflation gauge remained subdued through October and November 2025, even as data disruptions raised questions about how much confidence policymakers should place in the figures. Core PCE inflation came in at 0.208% in October and 0.168% in November, suggesting continued disinflation. However, October's reading was not seen directly in the data.

### INFLATION BY ESTIMATION

Because a federal government shutdown delayed price collection, the Bureau of Economic Analysis relied on statistical estimates for October. The agency filled the gap by:

- Using the geometric average of September and November prices
- Applying seasonal adjustment factors from the previous year

As a result, part of the recent inflation narrative is built on inference rather than observed price surveys, a nuance that markets are closely watching.

### POLICY AND POLITICAL IMPLICATIONS

Despite the caveat, the estimated figures reinforced the view that underlying inflation pressures remain contained. That interpretation supports arguments for a pause in rate hikes and keeps the door open to future easing, a backdrop that carries added sensitivity in an election year marked by debates over economic performance.

### CONSUMPTION HOLDS UP

On the activity side, real consumer spending rose 0.3% in November, led by steady demand for services. Broader GDP revisions for the fourth quarter of 2025 showed firmer real final sales to private domestic purchasers, pointing to resilient household demand despite lingering inflation concerns.

### WHY CAUTION STILL MATTERS

While the headline message suggests stable inflation, the reliance on estimated data means the picture is less solid than it appears. For both policymakers and investors, the takeaway is clear: the disinflation trend looks intact, but confidence should be tempered until fully observed data replaces statistical assumptions.

# Market Roundup

## LEADERSHIP RESET FOR JAPAN

Japan enters a new political phase as Sanae Takaichi announced plans to dissolve parliament on January 23 and seek a renewed mandate at the polls. After succeeding Shigeru Ishiba, she secured 237 votes in the 465-seat lower house, becoming Japan's first female prime minister and setting the stage for an early electoral test of her leadership.



Image Source: Yuichi Yamazaki/AP

## UAE FAVORS DIVERSIFICATION AS A SHIELD

Speaking at the World Economic Forum, Abdulla Bin Touq Al Marri outlined how the UAE is countering rising protectionism through broader diversification and stronger international engagement. With non-oil activities now accounting for nearly 75% of GDP, the economy has built a wider base that helps smooth external shocks.



Image Source: Flickr/World Economic Forum

## THE REAL BILL BEHIND U.S. TARIFFS

A new study by the Kiel Institute for the World Economy suggests U.S. tariffs have largely failed to pressure foreign exporters into lowering prices. Instead, roughly 96% of the cost is absorbed domestically, effectively turning tariffs into a consumption tax paid by U.S. buyers rather than a levy on overseas producers.



## DEMOGRAPHIC DRAG OF CHINA

Fresh data shows China's mainland population fell again in 2025 to 1.4049 billion, a decline of 3.39 million from the year before. The trend, which began in 2022, points to a sustained demographic slowdown that adds a long-term structural challenge to the country's economic stance.



# Market Roundup

## INFLATION PUSHES BACK

The UK's December CPI surprised slightly to the upside at 3.4% YoY, edging past expectations. The Office for National Statistics pointed to higher tobacco taxes and airfares as the main drivers. Core inflation cooled to 3.2%, easing pressure beneath the surface, while services inflation stayed sticky at 4.5%, keeping policy discussions alive.



## TARIFFS, RECAST AS FOREIGN-POLICY TOOLS

At the World Economic Forum, Georgetown's Kathleen Claussen argued that tariffs have moved beyond trade mechanics and are now used as instruments of diplomatic pressure. This shift, she noted, forces governments into tighter cross-ministry coordination, blurring the boundary between economic policy and foreign affairs.



Image Source: Bloomberg

## ENERGY COOLS, COPPER HEATS UP

International Energy Agency head Fatih Birol stated that oil and natural gas prices declined through 2025, with oil down roughly 25%. Copper experienced a substantial increase of approximately 45%, caused by strong demand linked to electric vehicles and investment in renewable energy.



## STEEL SIGNALS STRUCTURAL STRAIN

Germany's steel sector flashed another warning sign in 2025. Crude steel output fell 8.6% to 34.1 million tonnes, the weakest level since 2009. Production has now stayed below the critical 40-million-tonne mark for four straight years, while capacity use slipped under 70%, highlighting ongoing pressure on the industry.



# The Week Ahead

The final week of January brings heavy earnings, key central bank decisions, and major data releases. The Federal Reserve delivers its first policy decision of the year amid diverging FOMC views, while earnings from Apple, Meta, and Microsoft will offer insight into AI demand and datacenter spending. US durable goods orders and PPI headline the data calendar. GDP figures are due from the Eurozone and Canada, inflation data from Germany, Spain, and Australia, and official PMIs from China. Rate decisions are expected in Canada, Brazil, and Sweden, and the Bank of Japan releases meeting minutes.

## AMERICAS

Earnings accelerate with reports from Apple, Meta Platforms, Microsoft, IBM, Tesla, Boeing, General Motors, UnitedHealth Group, AT&T, ADP, GE Vernova, Starbucks, Blackstone, Caterpillar, Mastercard, Takeda Pharmaceutical, Visa, American Express, Verizon Communications, The Walt Disney Company, Chevron, and Exxon Mobil. The Federal Reserve is expected to hold rates at 3.5%–3.75% after December's cut. Treasury Secretary Scott Bessent said a nominee to replace Jerome Powell, whose term ends in May, could be named as soon as next week. Durable goods orders are forecast to rise 0.5% after October's 2.2% drop. PPI is seen up 0.2%, with core PPI rising 0.3%. Other releases include trade, factory orders, November Case-Shiller home prices, the Chicago Fed National Activity Index, Dallas Fed Manufacturing Index, Chicago PMI, and Conference Board consumer confidence. The Bank of Canada and Brazil's central bank announce policy decisions, with Canada expected to hold. GDP and trade data are due from Canada and Mexico, alongside Brazil's labor report.

## EUROPE

Flash Q4 GDP data is due across the region. The Eurozone is expected to grow 0.3% q/q, with Spain at 0.6% and Germany, France, and Italy at 0.2% each. Preliminary January inflation readings from Germany and Spain are in focus, with German inflation seen at 2.2% (from 1.8%). Germany's Ifo Business Climate and GfK Consumer Climate are expected to improve. Unemployment and confidence data follow across the Euro Area, alongside Switzerland's KOF indicators. UK data is limited to mortgage approvals and Nationwide house prices. Turkey releases unemployment and trade balance figures. The Swedish Riksbank is expected to keep rates unchanged.

## ASIA PACIFIC

China releases December industrial profits and January NBS Manufacturing and Non-Manufacturing PMIs, with modest manufacturing improvement expected. Japan publishes BoJ December meeting minutes following the hike to 0.75%. Tokyo core inflation is seen easing to 2.2% from 2.3%, while industrial production is forecast to fall 0.4% and housing starts 4.1%. Australia's CPI is expected to rise to 3.6% from 3.4%, alongside business confidence and Q4 producer inflation. Elsewhere, industrial production data is due from India, Singapore, and South Korea. Singapore releases unemployment figures, South Korea reports business confidence and retail sales, trade data comes from the Philippines, Hong Kong, New Zealand, Armenia, and Macau, and GDP is released by the Philippines and Taiwan.







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