

# ZITAPLUS

27 APR — 1 MAY 2026

NO: 38

## WEEKLY BULLETIN




























# UAE SETS A CLEAR COURSE TOWARD AI-DRIVEN GOVERNMENT



ECONOMIC CALENDAR • TECHNICAL ANALYSIS  
EQUITY RALLY FACES UNDERLYING RISKS  
WARSH SIGNALS FED REFORM • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
<b>TUESDAY, APRIL 28</b>				
07:00		BoJ Interest Rate Decision	0.75%	0.75%
18:00		CB Consumer Confidence (Apr)	89.4	91.8
<b>WEDNESDAY, APRIL 29</b>				
ALL DAY		Shōwa Day Holiday	-	-
16:00		German CPI (MoM) (Apr)	0.7%	1.1%
16:30		Durable Goods Orders (MoM) (Mar)	0.5%	-1.4%
17:45		BoC Interest Rate Decision	2.25%	2.25%
18:30		Crude Oil Inventories	-	1.925M
22:00		Fed Interest Rate Decision	3.75%	3.75%
22:00		FOMC Statement	-	-
22:30		FOMC Press Conference	-	-
<b>THURSDAY, APRIL 30</b>				
05:30		Manufacturing PMI (Apr)	50.2	50.4
12:00		German GDP (QoQ) (Q1)	0.1%	0.3%
13:00		CPI (YoY) (Apr)	3.0%	2.6%
15:00		BoE Interest Rate Decision (Apr)	3.75%	3.75%
16:15		ECB Interest Rate Decision (Apr)	2.15%	2.15%
16:15		Deposit Facility Rate (Apr)	2.00%	2.00%
16:30		GDP (QoQ) (Q1)	2.2%	0.5%
16:30		Core PCE Price Index (YoY) (Mar)	-	3.0%
16:30		Core PCE Price Index	0.3%	0.4%
16:30		Initial Jobless Claims	212K	214K
16:45		ECB Press Conference	-	-
17:45		Chicago (PMI) (Apr)	55.3	52.8
<b>FRIDAY, MAY 1</b>				
ALL DAY		Labor Day Holiday	-	-
ALL DAY		Labor Day Holiday	-	-
17:45		S&P Global Manufacturing PMI (Apr)	54.0	54.0
18:00		ISM Manufacturing PMI (Apr)	53.2	52.7
18:00		ISM Manufacturing Prices (Apr)	80.0	78.3

# UAE SETS A CLEAR COURSE TOWARD AI-DRIVEN GOVERNMENT



Image Credit: Sheikh Mohammed/ X

The United Arab Emirates is preparing for a significant shift in how public services are managed. A new national initiative aims to transition 50% of government operations and services to Agentic AI systems within the next two years, placing the country among the most ambitious adopters of large-scale automation in the public sector. The plan shows efforts to modernize administrative systems and deliver faster, more responsive services across federal institutions.

## AI STEPS INTO AN OPERATIONAL ROLE

Artificial intelligence is being positioned beyond routine support functions. Under the new framework, AI systems will be capable of analyzing data, executing workflows, and adjusting processes as conditions change. The aim is to build systems that can operate continuously, reduce delays, and handle complex administrative tasks with greater consistency.

## CLEAR TARGETS AND MEASURABLE BENCHMARKS

The rollout will follow a structured timeline supported by performance metrics. Government entities will be evaluated on how effectively they adopt AI, integrate it into core operations, and improve service delivery standards. Technology adoption will be matched by a nationwide training effort for federal employees. Programs are being introduced to strengthen AI literacy and technical skills, ensuring staff can operate confidently within new digital systems.

## LEADERSHIP OVERSIGHT ANCHORS THE STRATEGY

Oversight of the initiative will be led by Mansour bin Zayed Al Nahyan, while execution will be coordinated by a task force chaired by Mohammad Al Gergawi. Their involvement places the transformation firmly within the country's long-term governance and innovation agenda.



## XAUUSD

### GOLD'S NEXT MOVE HINGES ON \$4,675

Gold has moved back above \$4,700, supported in the short term by Iran's proposal regarding the Strait of Hormuz. Still, the broader environment remains challenging, as persistent inflation and expectations for higher interest rates continue to pressure non-yielding assets.

From a technical perspective, \$4,675 remains the key pivot. A drop below this level could drive selling pressure toward the \$4,590–4,600 support zone. On the upside, a break above \$4,740 would clear the way for a test of the \$4,780 resistance level.



## XAGUSD

### SILVER NEARS BREAKOUT ZONE

Silver has climbed back above \$76, yet the fundamental landscape remains challenging. The persistent energy shock in the Middle East is fueling inflation, sustaining the case for higher interest rates and limiting the metal's upside.

Technically, \$74.75 serves as the vital pivot point; falling below this could spark a decline toward \$72.70 support. However, clearing the \$76.70 level would signal strength, shifting the focus toward the \$78.30 to \$78.50 resistance range.





## EURUSD TESTS THE CEILING AT 1.1760

A softer dollar is supporting bullish momentum in EURUSD, with buyers stepping in as the DXY weakens. Still, this upward push remains fragile. Any escalation in tensions between the US and Iran could quickly shift sentiment and strengthen the dollar again.

The 1.1740–1.1760 zone stands out as the key resistance area, while 1.1670 remains the nearest support to watch. Price behavior around these levels is likely to guide the next move.




## YEN NEARS 160 DANGER ZONE

The Japanese yen is holding near 159.3 as investors await the upcoming Bank of Japan meeting. While rates will likely remain steady, surging energy costs and a slowing growth outlook keep the currency under heavy pressure.

The psychological 160 level remains the primary focus for traders, as this threshold carries a high risk of official intervention. Market action in this zone is critical, given that authorities have a history of stepping in at these levels to curb excessive weakness.



## EQUITY RALLY FACES UNDERLYING RISKS

Equity markets have maintained an upward trajectory in recent months, fueled by strong corporate earnings and resilient economic indicators. While headline indices remain near record highs and investor sentiment appears stable, a closer look at the underlying data reveals a more cautious environment. The primary concern lies in the growing disconnect between price action and market health.



### FRAGILITY BENEATH THE SURFACE

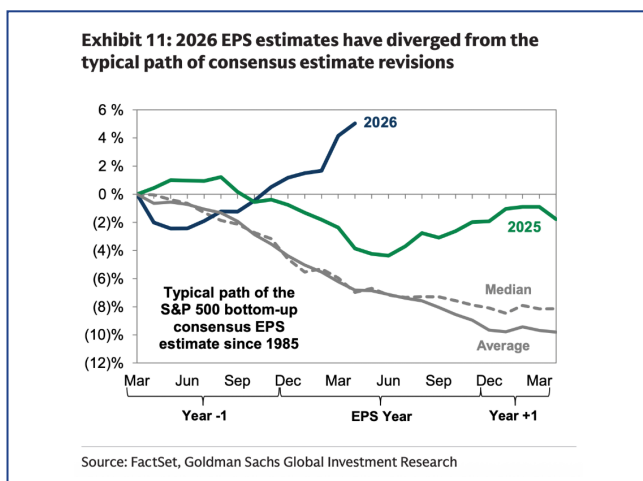
Despite the strength of major indices, market participation is notably thinning. This lack of breadth suggests that the current rally is increasingly reliant on a limited cluster of large-cap stocks rather than a broad-based recovery. Key observations include:

- **Narrowing Participation:** Fewer individual stocks are contributing to the upward move, a trend that historically points to increased market fragility.
- **Vulnerability to Shocks:** A rally dependent on a handful of names is more susceptible to sudden reversals if those specific leaders falter.

### REVISIONS AND FUNDAMENTAL SHIFTS

The narrative is further complicated by a shift in analyst outlooks. The aggressive optimism that defined early-year earnings forecasts has begun to cool, replaced by more conservative projections. This suggests that initial expectations for corporate profitability and economic growth may have been overly ambitious.

This divergence, where price momentum continues despite moderating fundamentals, is mostly characteristic of late-stage market cycles. The current environment is defined by a tension between strong liquidity and weakening internal dynamics.



A sustainable long-term rally generally demands two critical components:

- **Broad Participation:** Healthy involvement from various sectors and market caps.
- **Consistent Earnings Growth:** Fundamental support that matches price appreciation.

Without these elements, the current trend faces heightened risks, especially if the macroeconomic backdrop becomes less favorable. Investors may find it increasingly necessary to monitor these internal signals rather than relying on headline index performance alone.

# WARSH SIGNALS FED REFORM



Image Credit: Andrew Harnik/Getty Images

Kevin Warsh's recent Senate testimony sent a definitive message to global markets: a new era of Federal Reserve policy may be approaching. If confirmed, Warsh intends to prioritize institutional credibility while safeguarding the central bank's independence against growing political influence. He argued that monetary policy must remain insulated from short-term interests to maintain its foundational authority.

## A CHALLENGE TO CURRENT FRAMEWORKS

Warsh did not shy away from criticizing the Fed's recent handling of inflation. His remarks suggest that existing policy frameworks are increasingly outdated and may require a complete overhaul. Key takeaways from his structural critique include:

- **Institutional Accountability:** A focus on restoring public and market trust through more rigorous policy standards.
- **Revised Inflation Metrics:** Potential shifts in how the Fed measures and reacts to price volatility.
- **Toolkit Reassessment:** A comprehensive evaluation of balance sheet management and liquidity strategies rather than just adjusting interest rates.

## LONG-TERM STRATEGY OVER SHORT-TERM FIXES

For investors, Warsh's stance introduces a layer of deliberate caution. While the market craves explicit signals regarding rate cuts or easing cycles, his testimony favored structural reform over immediate adjustments. He appears willing to reshape the underlying logic of the Fed's decision-making process, even if it results in less predictability in the near term.

This approach signals a move away from reactive policy and toward a framework grounded in long-term economic stability. For global markets, this transition means preparing for a Fed that is less focused on "quick fixes" and more committed to fundamental reform. As the central bank potentially pivots, how markets interpret economic data and Fed communications will likely undergo a significant transformation.

# EUROZONE ACTIVITY CONTRACTS, SERVICES LOSE MOMENTUM



The Eurozone economy began the second quarter on a weaker note, with April's flash PMI figures pointing to a renewed contraction after more than a year of expansion. The shift reflects a clear slowdown in activity, driven largely by softer demand in the services sector and rising cost pressures across the region.

## COMPOSITE INDEX FALLS TO A 17-MONTH LOW

According to S&P Global, the Eurozone Composite PMI declined to 48.6, slipping below the 50 threshold that separates growth from contraction. This marks the lowest reading in 17 months, signaling that economic momentum has turned negative as the quarter gets underway, suggesting that the recovery seen over the past year is losing strength, with both businesses and consumers facing a more challenging environment.

## SERVICES SECTOR SHOWS THE SHARPEST WEAKNESS

The main source of pressure came from services. The Services PMI fell to 47.4, reaching its lowest level in more than five years. This development carries particular significance because services have been the primary engine of growth across the Eurozone in recent quarters. The sudden decline indicates that internal demand is weakening under current economic conditions.

## MANUFACTURING EXPANDS, SIGNALS REMAIN MIXED

In contrast, the manufacturing sector showed relative resilience. The Manufacturing PMI rose to 52.2, reaching a multi-year high and indicating continued expansion in output. However, the strength appears to be partly linked to inventory building rather than stronger demand. Many companies are increasing production as a precaution, responding to concerns about future supply disruptions and higher costs.

## SUPPLY DELAYS ADD TO THE STRAIN

Ongoing tensions in the Middle East continue to influence energy markets, pushing input costs higher and intensifying inflation pressures. The latest data shows the fastest increase in price pressures in more than three years. Supply chain disruptions have also become more pronounced, with delivery times lengthening to levels not seen since 2022, creating additional operational challenges for businesses across the Eurozone.

## OUTLOOK SOFTENS AS CONFIDENCE DECLINES

Business confidence has weakened noticeably, falling to its lowest level since late 2022. Employment levels have remained relatively stable for now, yet the broader outlook has become less certain. This leaves the European Central Bank facing a difficult dilemma. Slowing economic activity increases the case for policy support, while persistent inflation risks limit the room for action. The coming months will be key in determining whether the slowdown deepens or begins to stabilize.

## ENERGY AS STRATEGIC LEVERAGE



The global energy landscape is undergoing a fundamental transformation. Resources once viewed as simple commodities are now being treated as vital pillars of national security and geopolitical strength. Recent data illustrate a widening gap in how major world powers manage their energy resilience, making storage capacity a definitive measure of global influence.

### GLOBAL DISPARITIES IN RESOURCE SECURITY

Energy power is currently distributed unevenly across the globe. China has amassed approximately 1.4 billion barrels of oil, providing a strategic buffer of 90 to 115 days of import coverage. This stockpile serves as a deliberate shield against supply chain disruptions and external shocks. Other nations show varying levels of preparedness:

- **Japan:** Maintains a dominant defensive stance with over 200 days of coverage.
- **United States:** Benefits from a combination of domestic production and strategic reserves, totaling about 135 days.
- **Europe:** Many European nations remain below the 90-day threshold, leaving their economies vulnerable to rapid price spikes and industrial slowdowns.

### THE NEW GEOPOLITICAL CURRENCY

These reserves do more than just power factories; they dictate how nations respond to international crises. Countries with strong stockpiles possess the flexibility to absorb shocks and stabilize domestic markets. However, those with limited coverage face a faster transmission of risk, where energy volatility quickly translates into runaway inflation and economic stress.

The shift is permanent. Energy security is now a core factor shaping international alliances and policy decisions. In this evolving environment, the capacity to secure and manage resources is no longer a matter of trade efficiency. It is the primary defining factor of economic resilience and strategic power on the world stage.

# Market Roundup

## ONE TWEET, CHAIN REACTION

Goldman Sachs CEO David Solomon captured today's reality in a line: recession risk can change with a single tweet. That sensitivity was on full display after Trump stated that Iran would keep the Strait of Hormuz open; equities found support, while oil stepped back. Goldman currently places recession risk near 20%, slightly above its baseline, and sees oil trading in the \$80-\$100 range, with the potential to climb toward \$170 if supply disruptions intensify.



Image Source: Elizabeth Frantz/REUTERS

## GERMANY'S MOOD TURNS COLDER

Germany's ZEW expectations index slid to -17.2, far below forecasts and a clear sign that confidence is fading. Current conditions also weakened more than projected. Officials point to energy uncertainty and conflict-related pressures, while companies continue to delay major spending decisions as long-term supply concerns remain unresolved.



## AI TALKS TAKE A DIFFERENT TONE

Trump struck a more measured note toward AI firm Anthropic, calling recent discussions "productive" despite earlier friction. Differences still exist, yet the direction appears to be shifting toward cooperation, especially in sectors where technological strength carries strategic value.



## FUEL PRICES TEST THEIR LIMITS

US Energy Secretary Chris Wright signaled that gasoline prices may have already reached their peak following the sharp surge tied to the conflict. Prices have cooled from recent highs, though they remain well above pre-war levels. Current projections suggest fuel could hold near \$3+ per gallon into next year, keeping household budgets under steady pressure.



Image Source: Pete Kiehart/Bloomberg

# Market Roundup

## STELLANTIS FACES CAPACITY RESET

Stellantis is reviewing structural changes to tackle excess production capacity as competition intensifies and the shift toward electric vehicles accelerates. Sources indicate that surplus capacity in Europe could equal four factories, with potential sales or partnerships under consideration in France, Spain, and Italy. The suspension of new vehicle production at the Poissy plant suggests that the restructuring phase has already begun.



Image Source: Sarah Meyssonier/REUTERS

## EV DEMAND POWERS A SALES SURGE

Europe's auto market delivered a strong performance in March. Total car sales increased 11%, marking the sharpest monthly rise since April 2024. Electric vehicles remained the main growth driver, with sales jumping 42% across the region. Germany recorded a 66% increase, supported by subsidies and more competitively priced models. Chinese brands continued expanding their presence, while Tesla sales rebounded 84% year-on-year.



## RUSSIAN PRODUCTION STABLE, EU EXPANDS UKRAINE AID

Russia reported stable operations in the energy sector, aiming to ease supply concerns tied to tensions in the Middle East. Officials highlighted their role in maintaining market balance while confirming that no new measures are currently planned within the OPEC+ framework. The EU, on the other hand, approved a €90 billion support package for Ukraine covering 2026–2027, alongside its 20th sanctions package targeting Russia.



# The Week Ahead

The US-Iran conflict, now in its eighth week, is back in focus after peace talks collapsed following President Trump's decision to suspend negotiations. Markets will also track peak earnings season, with major US tech firms, Microsoft, Amazon, Apple, Alphabet, and Meta, reporting on AI spending. Central banks are in focus, with the Federal Reserve, ECB, BoE, and BoJ all set to announce policy decisions. Key data include Q1 GDP for the US and the Euro Area, along with inflation reports from the Euro Area and Australia.

## AMERICAS

The Fed is expected to keep rates at 3.50–3.75%, with Jerome Powell likely signaling a pause before his term ends on May 15. Q1 earnings peak midweek, with Microsoft, Amazon, Alphabet, and Meta reporting on Wednesday and Apple on Thursday, alongside firms such as Eli Lilly, Visa, Mastercard, Coca-Cola, Chevron, Exxon Mobil, Merck, Amgen, Qualcomm, GM, Verizon, and AbbVie. The advance Q1 GDP estimate is seen at 2.1%, rebounding from 0.5% in Q4. Core PCE inflation is expected at 0.3% m/m (down from 0.4%), while spending rises 0.9%. Additional releases include housing starts, building permits, Case-Shiller prices, ISM PMI, durable goods, trade, wholesale inventories, and Q1 employment cost index, plus Chicago PMI and Dallas Fed index. Elsewhere, the Bank of Canada is expected to hold rates at 2.25%, with GDP data also due. Brazil's central bank decision and unemployment data are in focus, while Mexico releases Q1 GDP and trade data.

## EUROPE

The ECB and BoE are expected to keep rates unchanged, with the ECB maintaining a data-driven stance and the BoE holding at 3.75%. Euro Area inflation is forecast to rise to 2.9%, the highest since late 2023, driven by energy costs. Q1 GDP is expected at 0.2%, with Spain at 0.5%, Italy 0.1%, and modest growth in Germany and France. In the UK, inflation pressures persist, while Germany's GfK sentiment will be monitored. Earnings include Novartis, Linde, Barclays, Lloyds, NatWest, AstraZeneca, GSK, Unilever, Airbus, TotalEnergies, BNP Paribas, Santander, BBVA, and Iberdrola.

## ASIA-PACIFIC

China PMIs are expected to signal weaker manufacturing, with policy discussions at the NPC (April 27–30). The BoJ is expected to hold rates at 0.75% in Japan. Data includes unemployment at 2.6%, housing starts -28.5%, industrial production +1.1% m/m, and retail sales +0.8% y/y, with Tokyo core inflation at 1.8%. Australia's inflation rose to 4.7% from 3.7%, alongside data on credit and trade prices. India releases industrial production, while trade data is due from Hong Kong, Philippines, South Korea, and Vietnam. GDP data will come from Saudi Arabia and Taiwan, with rate decisions expected in Pakistan and Thailand.







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