

# ZITAPLUS

29 JUN — 3 JUL 2026

NO: 47




















## WEEKLY BULLETIN

# OIL FALLS AS FOCUS RETURNS TO THE FED



# Contents

- 02 ECONOMIC CALENDAR
- 03 OIL FALLS AS FOCUS RETURNS TO THE FED
- 05 TECHNICAL ANALYSIS
  - 05 DXY
  - 05 EURUSD
  - 06 XAUUSD
  - 06 XAGUSD
- 07 BOJ HINTS AT FASTER TIGHTENING
- 09 MICRON PUTS THE AI STORY BACK IN FOCUS
- 10 FED'S BIGGEST QUESTION STILL HAS NO ANSWER
- 11 MARKET ROUNDUP
- 13 THE WEEK AHEAD

TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, JUN 30				
05:30		Manufacturing PMI (Jun)	-	50.0
10:00		GDP (QoQ) (Q1)	0.6%	0.6%
10:00		GDP (YoY) (Q1)	1.1%	1.1%
16:00		German CPI (MoM) (Jun)	-	-0.2%
17:45		Chicago PMI (Jun)	-	62.7
18:00		JOLTS Job Openings (May)	-	7.618M
18:00		CB Consumer Confidence (Jun)	-	93.1
WEDNESDAY, JUL 1				
ALL DAY		Canada Day Holiday	-	-
13:00		CPI (YoY) (Jun)	-	3.2%
16:15		ADP Nonfarm Employment Change (Jun)	-	122K
17:45		S&P Global Manufacturing PMI (Jun)	55.7	55.7
18:00		ISM Manufacturing PMI (Jun)	-	54.0
18:00		ISM Manufacturing Prices (Jun)	-	82.1
18:30		Crude Oil Inventories	-	-6.088M
THURSDAY, JUL 2				
16:30		Nonfarm Payrolls (Jun)	-	172K
16:30		Unemployment Rate (Jun)	-	4.3%
16:30		Average Hourly Earnings (MoM) (Jun)	-	0.3%
16:30		Initial Jobless Claims	-	215K
FRIDAY, JUL 3				
ALL DAY		Independence Day Holiday	-	-

## OIL FALLS AS FOCUS RETURNS TO THE FED



Global markets are gradually shifting their attention away from geopolitical developments and back toward central banks, inflation, and interest rate expectations. Progress in negotiations between the United States and Iran has eased immediate concerns over energy supply disruptions, helping push Brent crude toward the \$76 per barrel area, its lowest level in roughly four months.

### GEOPOLITICAL PREMIUM STARTS TO FADE

The recent decline in oil prices suggests that part of the geopolitical risk premium built into energy markets has begun to unwind. Expectations that oil flows could stabilize have helped ease inflation concerns and reduced pressure across commodities.

However, the retreat in crude prices does not mean risks have disappeared. Uncertainty remains surrounding the details of any potential US-Iran agreement, including the scope of sanctions relief, the durability of the ceasefire, and the timeline for restoring normal energy shipments. As a result, traders remain cautious despite the recent improvement in sentiment.

### VOLATILITY REMAINS ELEVATED

Oil market volatility continues to be closely monitored by investors. While prices have moved lower, the crude oil volatility index indicates that market participants are still preparing for potential disruptions and sharp price swings. Any setback in negotiations or renewed tensions in the region could quickly reverse recent declines.

At the same time, the Federal Reserve is once again becoming a key driver of market sentiment. Investors are increasingly focused on the outlook for US monetary policy and whether policymakers may adopt a more hawkish stance if inflation pressures prove persistent. This has created renewed pressure on equities, commodities, and other risk-sensitive assets.

Overall, oil markets are benefiting from diplomatic progress, but conditions remain fragile. Brent's move toward \$76 reflects near-term optimism about supply conditions, while elevated volatility signals that investors are not yet convinced that risks have fully subsided. Going forward, market direction will depend not only on geopolitical developments but also on the Federal Reserve's next policy signals.



**\$ DXY**

**DOLLAR INDEX NEARS ONE-YEAR HIGH**

The Dollar Index is trading close to its highest level in nearly a year, supported by uncertainty surrounding Fed Chair Warsh and growing expectations of a more hawkish policy stance.

From a technical perspective, the 100.65–100.70 area remains the key support zone. Holding above this range keeps the broader bullish outlook intact. On the upside, 102.00 is the first resistance level, followed by the next target near 104.70.



**EURUSD**

**EURO REMAINS ON THE DEFENSIVE**

EUR/USD remains under pressure while trading below the 1.1400-1.1430 resistance zone. A sustained move above this area would be needed to improve the short-term outlook. On the downside, 1.1320 is the first key support, followed by 1.1175 if selling pressure accelerates.

The broader backdrop continues to favor the dollar. Weak economic signals across Europe persist, with Volkswagen's plan to cut around 100,000 jobs highlighting the region's slowing growth and limiting the euro's recovery potential.



**XAUUSD**

**HIGHER YIELDS KEEP GOLD IN CHECK**

Gold continues to trade in a bearish trend as a stronger dollar and expectations for higher US interest rates reduce the appeal of non-yielding assets.

Technically, the outlook remains negative while prices stay below the 4,350-4,380 resistance zone. On the downside, 3,950-3,960 is the first key support. A break below this area could open the way toward 3,875.



**XAGUSD**

**SILVER RECOVERS, BUT RESISTANCE HOLDS**

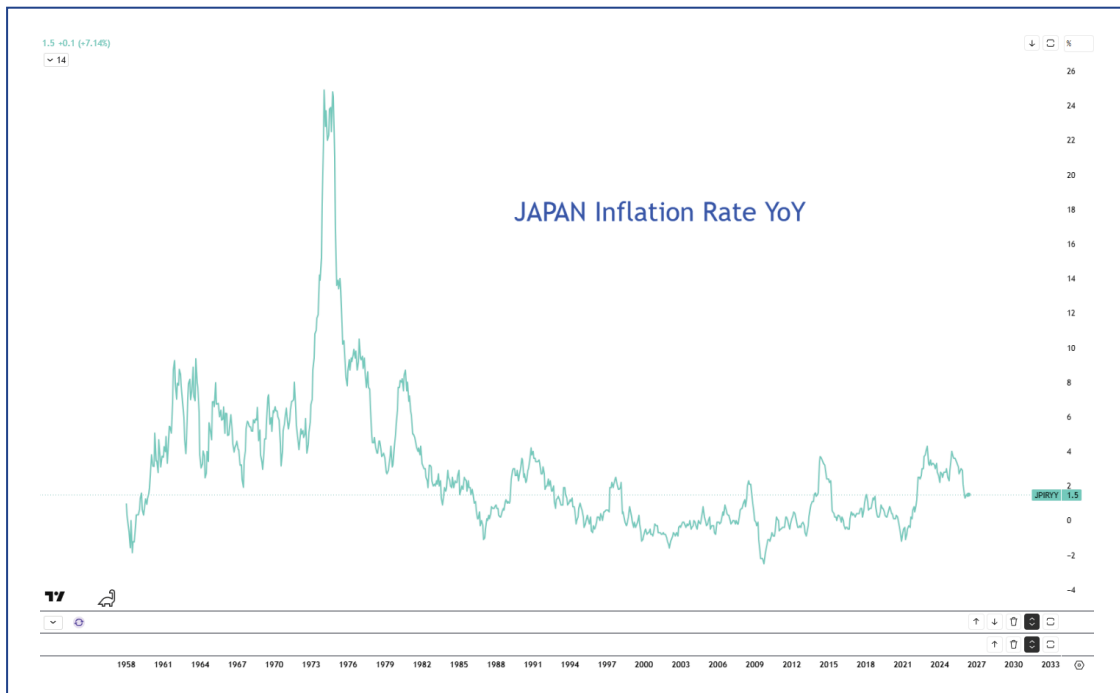
Silver has broken above its short-term descending trendline on the hourly chart, signaling an attempt to recover. However, a drop below 57.75 could quickly bring sellers back into the market.

The 61.00–61.25 area remains the key resistance zone. Unless silver breaks above this range, upside momentum is likely to remain limited, leaving the broader market structure under pressure.

Precious metals continue to face a mixed backdrop, with geopolitical tensions, inflation concerns, uncertainty surrounding AI-driven investment, and questions over Fed Chair Warsh’s policy outlook all contributing to elevated market volatility.



## BOJ HINTS AT FASTER TIGHTENING



The Bank of Japan may be moving toward a more active rate-hiking cycle after board member Naoki Tamura suggested that interest rates could rise every few months if inflation pressures continue to build. His comments add to signs that the central bank is becoming more confident in moving away from decades of ultra-loose monetary policy.

### FOCUS SHIFTS TO INFLATION RISKS

According to Tamura, Japan has effectively reached the Bank of Japan's 2% inflation target, marking an important shift in the policy debate. Rather than concentrating on generating inflation, policymakers may now need to focus on preventing price growth from becoming too persistent.

As a result, future rate decisions are likely to depend heavily on incoming economic data, including inflation trends, growth conditions, and financial market developments. Tamura emphasized that policymakers must carefully assess how each rate increase affects households, businesses, and overall economic activity.

### NEUTRAL RATE AND YEN IN FOCUS

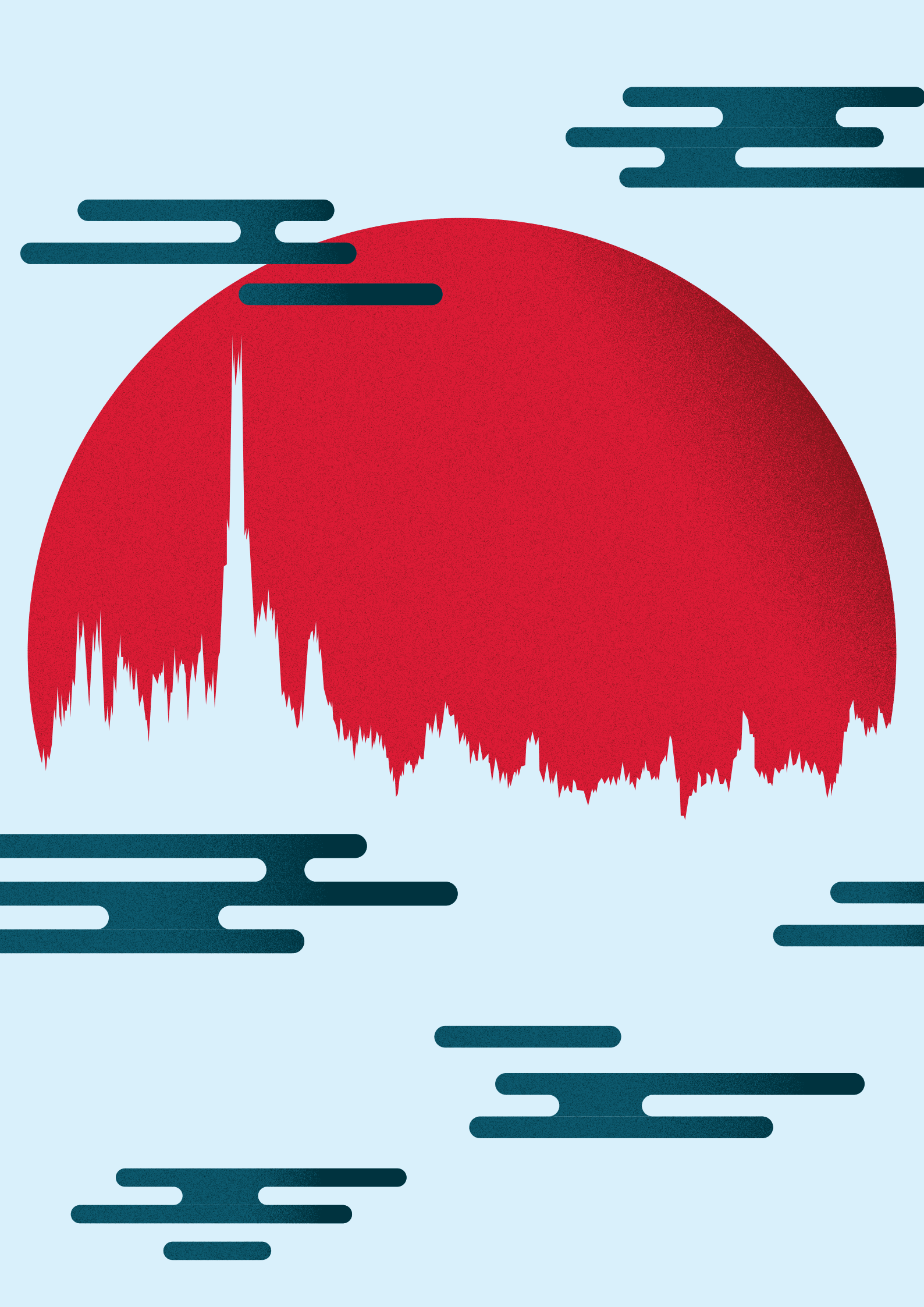
A key topic raised by Tamura was Japan's neutral interest rate, which he estimated could be around 2%. The neutral rate is viewed as the level where monetary policy neither stimulates nor restrains economic growth. Determining how quickly rates should move toward that level will be a critical challenge for the central bank.

Currency developments are also attracting greater attention. Tamura noted that exchange rates should reflect economic fundamentals, a comment that may signal concern over periods of excessive yen weakness. A more hawkish Bank of Japan could provide support for the Japanese currency while also pushing government bond yields higher.

### MARKETS REASSESS RATE OUTLOOK

Tamura's remarks suggest the BoJ is increasingly comfortable with further policy normalization. While most economists still expect the next rate increase later this year, his comments have reinforced expectations that policymakers remain prepared to tighten if inflation remains elevated.

If economic conditions continue to support higher rates, investors may begin pricing a steeper tightening path, making the yen, Japanese bond yields, and global carry trades key areas to watch in the months ahead.



## MICRON PUTS THE AI STORY BACK IN FOCUS



Image Credit: REUTERS/Dado Ruvic

Micron reported revenue growth and profit guidance well above expectations, pointing to continued strength in demand for high-bandwidth memory (HBM) and advanced memory products. The outlook suggests that AI-related spending is not slowing but continues to expand as technology companies build more computing capacity. The company occupies a key position in the AI supply chain. High-bandwidth memory has become an essential component for AI servers, GPUs, and data center infrastructure, placing suppliers such as Micron, Samsung, and SK Hynix at the center of the industry's next phase of growth.

### DEMAND STAYS STRONG, SUPPLY REMAINS TIGHT

Beyond the headline numbers, Micron's forecast showed another supportive factor for the sector: supply remains constrained. Tight availability of advanced memory products continues to support pricing power and profit margins, creating favorable conditions for memory manufacturers as AI infrastructure investment accelerates. The results suggest that current demand is being supported by expanding AI deployments and strong order activity rather than short-term optimism alone.

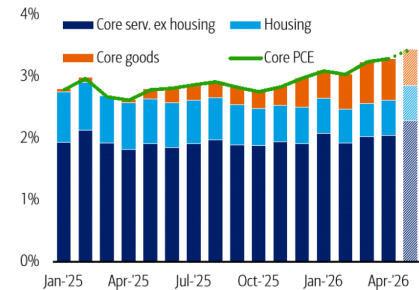
### THE NEXT TEST BELONGS TO BIG TECH

Recent volatility across technology stocks had fueled concerns that AI-related valuations had outpaced fundamentals. Micron's update offered evidence that earnings growth is still keeping pace with expectations, helping justify part of the sector's strong performance. The focus now shifts to the rest of the technology industry. AI remains one of the market's strongest long-term growth themes, but the next stage of the rally will depend on whether other major technology companies can deliver similarly strong earnings and outlooks. High valuations leave little room for disappointment, making upcoming results across the sector increasingly important.

# FED'S BIGGEST QUESTION STILL HAS NO ANSWER

**Exhibit 3: Housing-driven disinflation has largely run its course, while other core services have been very sticky**

Core PCE inflation, broken out by component contributions

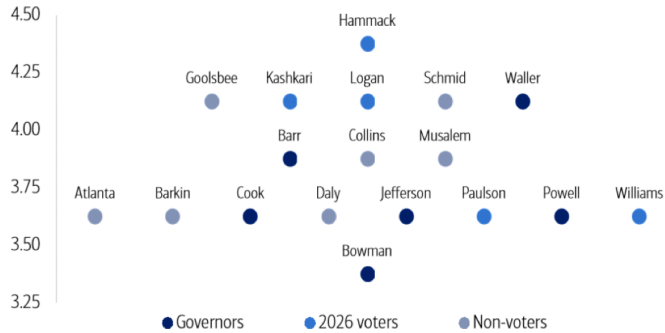


Source: BofA Global Research, BEA, BLS, Haver Analytics. Note: The May 2026 figures are based on our forecasts.

BofA GLOBAL RESEARCH

**Exhibit 5: In our view, five voters projected hikes this year in the June SEP**

BofA Global Research estimates of which policymakers correspond to the 2026 dot plot forecasts from June (%)



Source: Federal Reserve Board, BofA Global Research

BofA GLOBAL RESEARCH

Markets are questioning how far the Federal Reserve is willing to go after its latest shift in communication. Under Kevin Warsh, the central bank has adopted a more cautious and less predictable approach, leaving traders to debate whether policymakers are genuinely prepared to deliver three additional rate hikes or simply trying to reinforce their commitment to fighting inflation.

## A TOUGHER INFLATION FIGHT

The case for keeping policy restrictive remains intact. Core inflation has proved stubborn, housing costs continue to add pressure, and supply-side risks have yet to disappear. Together, these factors suggest inflation may take longer to return to the Fed's target, raising the possibility that interest rates could remain higher for longer or even move higher if price pressures persist.

## THE CASE AGAINST THREE HIKES

Even so, the path toward three rate hikes is far from guaranteed. A cooling labor market, slower job creation, or a sharp decline in equity prices could quickly reshape the Fed's outlook. If financial conditions tighten too rapidly, policymakers may have less room to continue raising borrowing costs.

## EVERY DATA RELEASE MATTERS MORE

The Fed's evolving communication strategy has added another layer of uncertainty. By offering less explicit forward guidance, Warsh has given policymakers greater flexibility, but at the same time increased the importance of every inflation report, employment release, and Fed official's remarks. The discussion is no longer focused just on inflation. The bigger question is whether the Fed has enough economic and political room to deliver the tightening currently being priced into expectations. Three rate hikes remain a possibility, but stronger evidence will likely be needed before that outlook becomes the market's base case.

# Market Roundup

## EU-US TRADE DEAL MOVES FORWARD

Trade developments supported market sentiment after the European Union approved its long-delayed trade agreement with the United States. The deal removes EU tariffs on US industrial goods and selected agricultural products, while the US will apply a 15% tariff cap on EU exports. Although the agreement eases short-term trade tensions, disputes over metal tariffs and technology regulation remain unresolved.



## US BANKS PASS THE FED'S STRESS TEST

Fed's latest annual stress test showed the largest US banks remain well-positioned to withstand a severe economic downturn while continuing to lend to households and businesses. All 32 institutions tested, including Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley, and Wells Fargo, remained above minimum capital requirements. The test assumed more than \$708 billion in losses, yet aggregate capital ratios declined by only 1.6 percentage points. Current capital requirements are expected to remain unchanged until 2027.



Image Source: Michael Nagle/Bloomberg

## GERMAN BUSINESS CONFIDENCE IMPROVES

German business sentiment showed further signs of stabilization. The Ifo expectations index rose to 84.1 in June from a revised 83.9 in May, although it came in slightly below Bloomberg's forecast of 84.8. The current conditions index improved more noticeably, increasing from 86.1 to 87.0. Ifo President Clemens Fuest said businesses are viewing the economic environment as less uncertain and are becoming more optimistic that geopolitical tensions will ease.

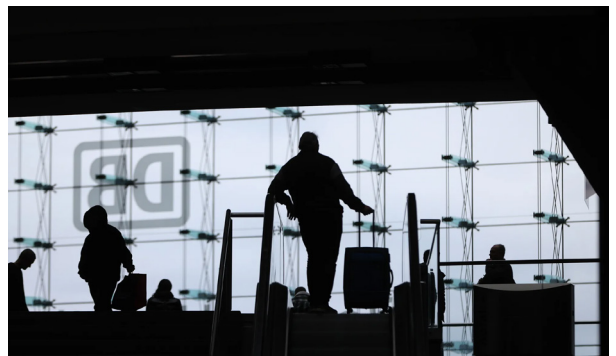


Image Source: Krisztian Bocsi/Bloomberg

## GOLD FORECASTS REVISED LOWER

Deutsche Bank cut its gold price forecasts by as much as 22%, citing uncertainty over US monetary policy and weaker investment demand. The bank now expects gold to average \$4,300 per ounce in the third quarter and \$4,800 in the fourth, both still above the current price near \$4,140. The move follows Goldman Sachs' decision last week to lower its year-end gold forecast by \$500 to \$4,900.



# Market Roundup

## MIDDLE EAST DEVELOPMENTS SUPPORT SENTIMENT

Global markets continued to evaluate the impact of easing geopolitical tensions in the Middle East. IMF spokesperson Julie Kozack said commodity prices have declined following progress toward ending the conflict and reopening the Strait of Hormuz. She cautioned, however, that a complete return to normal market conditions is likely to take time.



Image Source: AP Photo/Jose Luis Magana

## IMF EYES GLOBAL RECOVERY

Kozack noted that the IMF is closely monitoring three key areas: commodity prices, inflation and inflation expectations, and financial conditions. She welcomed the ceasefire and recent diplomatic progress between the US and Iran, adding that if stability is maintained, it could provide support for the global economy. Lower energy prices may also ease inflationary pressures, although markets remain cautious until trade routes and supply chains fully normalize.



Image Source: AA

## AI INVESTMENT AND TECH COSTS

Chinese AI firm DeepSeek is preparing a major expansion as it nears one of the country's largest venture capital funding rounds. The company is reportedly seeking to raise about 50 billion yuan (\$7.4 billion) and plans to more than double its workforce, focusing primarily on engineering and technical positions. The expansion is aimed at strengthening its position against Chinese competitors as well as global AI leaders such as OpenAI and Anthropic.

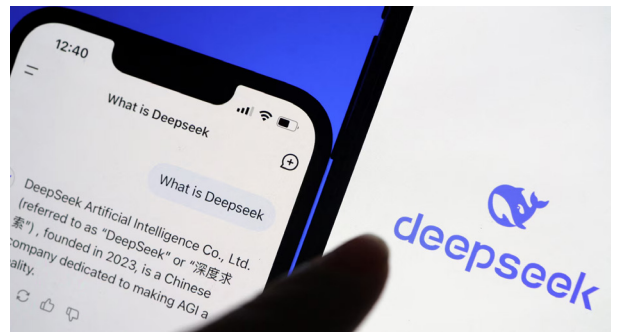


Image Source: REUTERS/Florence Lo

## APPLE INCREASES HARDWARE PRICES

Apple remained in focus after announcing broad price increases across its Mac and iPad product lines. The decision follows an ongoing global shortage of chips and storage components, which has increased production costs across the technology industry. While higher prices may help preserve margins, they also highlight continuing supply-side challenges.



# The Week Ahead

## AMERICAS

Attention remains on US-Iran peace negotiations, with stronger tanker traffic through the Strait of Hormuz helping ease energy prices and reduce inflation concerns. The main focus, however, will be Thursday's US labor market report. Nonfarm Payrolls are expected to show 114K new jobs, while the unemployment rate is forecast to hold at 4.3% and average hourly earnings are seen rising 0.3%. Before then, markets will receive ADP employment (118K), JOLTS job openings (7.28M), Challenger job cuts, ISM Manufacturing PMI (53.7), factory orders, the S&P/Case-Shiller home price index, and Conference Board consumer confidence. US markets will be closed on Friday for Independence Day. Canada releases preliminary May GDP, Brazil publishes industrial production, Mexico updates business and consumer confidence, and Fed Chair Kevin Warsh joins Bank of Canada Governor Tiff Macklem at the ECB Forum in Sintra.

## EUROPE

Inflation data will dominate the European calendar. Eurozone CPI is expected to slow to 3.0% year-on-year from 3.2%, reflecting lower energy prices, while core inflation is projected to remain unchanged at 2.6%. Germany's annual inflation is forecast to ease to 2.5%, while Spain's CPI is expected to remain at 3.2%. The ECB Forum in Sintra, running from June 29 to July 1, will also attract attention, with speeches from Kevin Warsh, Christine Lagarde, and Andrew Bailey offering fresh policy signals. Labor market releases from Germany, Italy, and the Eurozone are due alongside UK GDP, mortgage approvals, house prices, and PMI data. France publishes industrial production, Germany releases retail sales, Switzerland reports inflation, retail sales, and KOF leading indicators, while Türkiye releases inflation, trade balance, and unemployment figures.

## ASIA-PACIFIC

China's official NBS and private RatingDog PMI surveys will provide an updated picture of manufacturing and services activity, with both expected to remain close to stagnation. Japan's calendar includes the Tankan survey, final PMI readings, retail sales, industrial production, unemployment, and housing starts, with retail sales expected to rise 3.2% year-on-year and industrial production forecast to increase 1.1%. India releases industrial production and government budget figures. Australia publishes the minutes from the RBA's latest meeting, together with building approvals, trade data, commodity prices, and the Ai Group Industry Index, with the trade surplus expected to widen to around AUD 2.2 billion. South Korea, Indonesia, Vietnam, the Philippines, Malaysia, Singapore, Taiwan, and Thailand will also release a combination of PMI surveys, inflation reports, trade figures, and GDP data, offering a broad view of economic conditions across the region.







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