

# ZITAPLUS

## WEEKLY BULLETIN

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# THE END OF THE ALI KHAMENEI ERA



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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, MARCH 2				
18:45		S&P Global Manufacturing PMI (Feb)	51.2	52.4
19:00		ISM Manufacturing PMI (Feb)	51.7	52.6
19:00		ISM Manufacturing Prices (Feb)	60.6	59.0
TUESDAY, MARCH 3				
14:00		CPI (YoY) (Feb)	1.7%	1.7%
14:00		Spring Forecast Statement	-	-
WEDNESDAY, MARCH 4				
05:30		Manufacturing PMI (Feb)	49.1	49.3
17:15		ADP Nonfarm Employment Change (Feb)	49K	22K
18:45		S&P Global Services PMI (Feb)	52.3	52.3
19:00		ISM Non-Manufacturing Prices (Feb)	-	66.6
19:00		ISM Non-Manufacturing PMI (Feb)	53.5	53.8
19:30		Crude Oil Inventories	-	15.989M
THURSDAY, MARCH 5				
17:30		Initial Jobless Claims	215K	212K
FRIDAY, MARCH 6				
16:30		Retail Sales (MoM) (Jan)	-0.3%	0.0%
16:30		Core Retail Sales (MoM) (Jan)	0.0%	0.0%
17:30		Nonfarm Payrolls (Feb)	58K	130K
17:30		Unemployment Rate (Feb)	4.3%	4.3%
17:30		Average Hourly Earnings (MoM) (Feb)	0.3%	0.4%

# THE END OF THE ALI KHAMENEI ERA



Image Credit: GPO / AFP / Brendan Smialowski

The death of Iran's Supreme Leader, Ali Khamenei, marks a defining moment for the Middle East. Donald Trump called the statement a strategic breakthrough, indicating that further geopolitical realignment in the region and military pressure are likely to continue. Beyond the immediate political shock, the development ushers in a new era of ambiguity in Iran, with far-reaching implications for leadership succession.

## A FRAGILE TRANSITION TAKES SHAPE

Following the event, Iran's Islamic Revolutionary Guard Corps (IRGC) is believed to play an integral part in managing the shift. Discussions around a provisional military-led framework have intensified, fueling debate over the country's internal balance of power. Questions now revolve around political stability, the future direction of nuclear policy, and Tehran's regional posture. The structure that emerges in the coming weeks will shape Iran's domestic order and its external relationships. A consolidated military influence could alter decision-making dynamics, while a more contested transition risks prolonging internal uncertainty.

## ENERGY ROUTES BACK IN FOCUS

Financial markets reacted swiftly, reflecting concerns tied to energy security and regional risk. Oil supply channels, particularly the strategic Strait of Hormuz, remain at the center of attention. Any disruption along this corridor would carry direct implications for global crude flows.

Safe-haven demand strengthened as gold prices moved higher, while volatility picked up across equity and currency markets. Energy benchmarks showed greater sensitivity to developments affecting shipping routes and regional security.

## REGIONAL POWER DYNAMICS REWRITTEN

The wider implications reach far beyond Iran's borders. A leadership shift in Tehran could recalibrate alliances, reshape proxy alignments, and influence negotiations tied to sanctions and nuclear oversight. For energy-importing and exporting economies alike, the direction of policy in Tehran will matter. The coming weeks will determine whether Iran stabilizes under a new structure or enters a prolonged period of political flux. The outcome will influence regional power balances, global energy pricing, and overall risk appetite across financial markets.



# XAUUSD

## GOLD SURGES ABOVE \$5,400

Gold prices jumped more than 2%, climbing past \$5,400 to reach a one-month high. This rally is driven by intensifying geopolitical risks, specifically recent attacks on Iran, which have triggered a surge in safe-haven demand. The upward momentum is further reinforced by consistent central bank buying and a strategic shift by investors away from bonds.

A sustained hold above this resistance zone could clear the path for a continued move higher.

### Key Technical Levels

**Key Resistance:** \$5,440–\$5,450



# XAUAG

## SILVER CLIMBS AS UNEASE DEEPENS

Silver edged higher around \$95/oz, supported by flows into precious metals as tensions in the Middle East intensified following coordinated strikes by the US and Israel on Iran. Rising uncertainty across regions pushed investors toward haven assets, lifting silver and other safe-haven markets.

### Key Technical Levels

A move above \$96.50 could open the way toward \$99.20.



# EURUSD

## DOLLAR STRENGTH WEIGHS ON EUR/USD

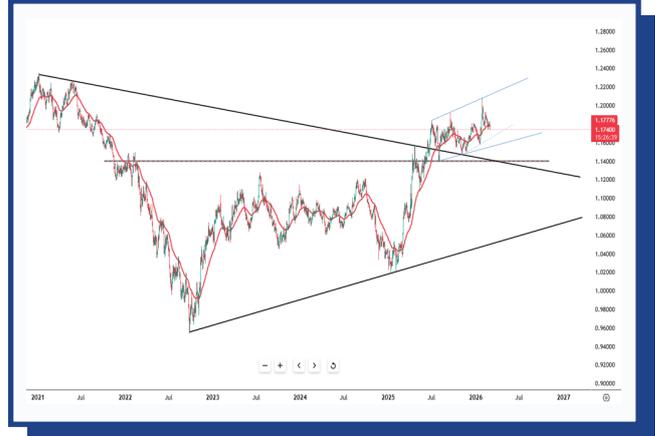
EUR/USD extended its decline to 1.1700 as rising Middle East tensions supported demand for the U.S. dollar. Heightened risk kept the pair under pressure.

Continued dollar strength could push the pair toward 1.1550.

### Key Technical Levels

**First Support:** 1.1650-1.1660

**First Resistance:** 1.1825



# BRENT OIL

## OIL HITS EIGHT-MONTH HIGH

WTI crude jumped over 6% to surpass \$72, marking its highest level in eight months. The rally is primarily fueled by supply disruption risks in the Strait of Hormuz, which have overshadowed modest production increases from OPEC+. Market analysts suggest that if the closure of the Strait persists, the resulting supply shortages could eventually drive prices into triple-digit territory.

### Trading Ranges

**Narrow Range:** \$69.75 to \$77.85

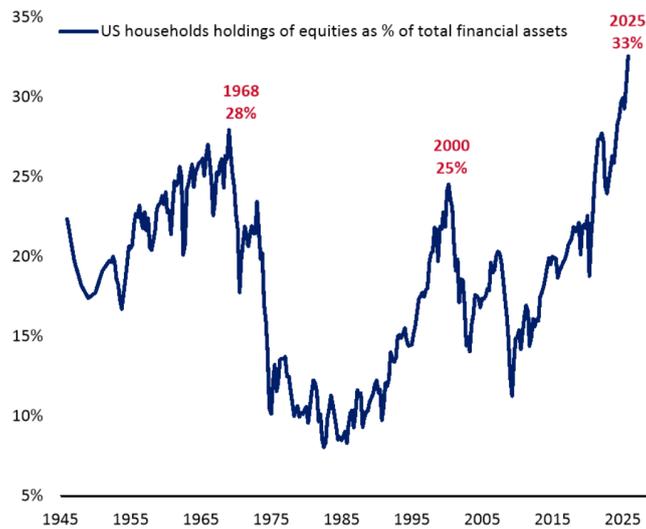
**Wide Range:** \$68.15 to \$81.00



# WALL STREET'S EXPANDING GRIP ON HOUSEHOLD

**Chart 12: The US Wealth Effect**

US household holdings of equities as % of total financial assets



Source: BofA Global Investment Strategy, DLX Haver, Federal Reserve

BofA GLOBAL RESEARCH

The US stock market is playing a larger role in household finances than ever before. Recent figures show that American households now hold nearly one-third of their total financial assets in equities, a record share. Stocks are no longer just an investment vehicle; they are a central pillar of personal wealth and financial confidence.

## THE POWER OF THE WEALTH EFFECT

As equity prices climb, households tend to feel financially stronger. This psychological and financial cushion often translates into higher spending and sustained economic momentum. In recent years, strong performance in technology and artificial intelligence companies has supported consumption, particularly among higher-income groups whose portfolios are more heavily weighted in equity. This connection between rising stock prices and consumer behavior has become a key driver of economic resilience.

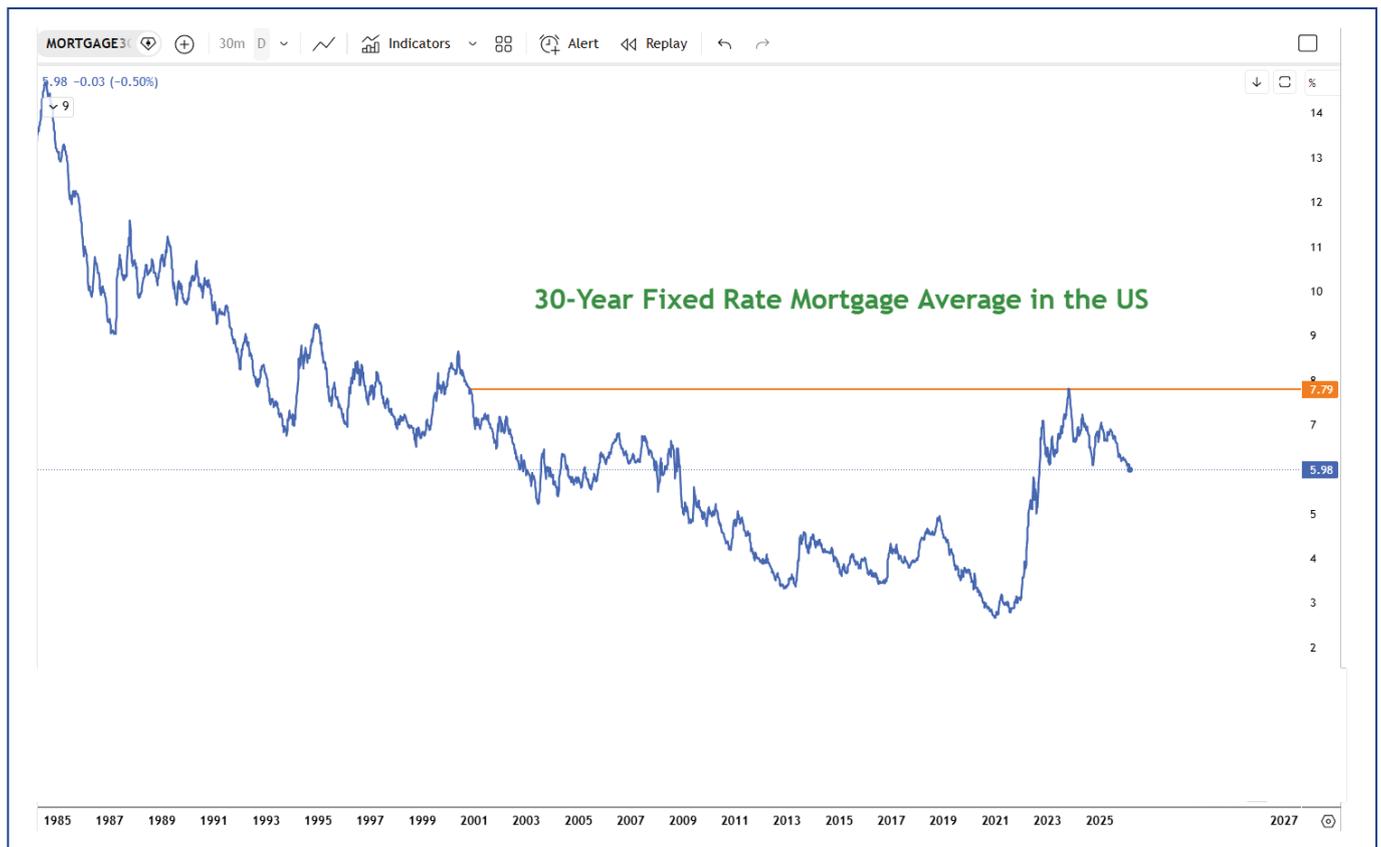
## MARKETS MATTER BEYOND INVESTORS

Greater reliance on equities also introduces fragility. A sharp correction would not remain confined to trading floors. A decline in stock valuations could weigh on household balance sheets, weaken consumer spending, and reduce business confidence. The broader economy would likely feel the strain as asset values fall. In this environment, market swings carry macroeconomic consequences.

## A GROWING POLICY DILEMMA

With equities deeply embedded in household wealth, financial market stability is increasingly linked to economic stability. This reality may place policymakers under greater pressure during periods of market stress, reinforcing the perception that the stock market has become structurally significant for the US economy. The discussion now centers not only on valuations but also on the increasing connection between Wall Street and the broader economy.

## MORTGAGE RATES DIP BELOW 6%



U.S. mortgage rates have fallen below 6% for the first time since 2022, providing a timely reprieve as the spring home-buying season approaches. This shift allows prospective buyers to qualify for higher-priced properties without increasing their monthly installments, potentially adding roughly \$35,000 in purchasing power compared to last year.

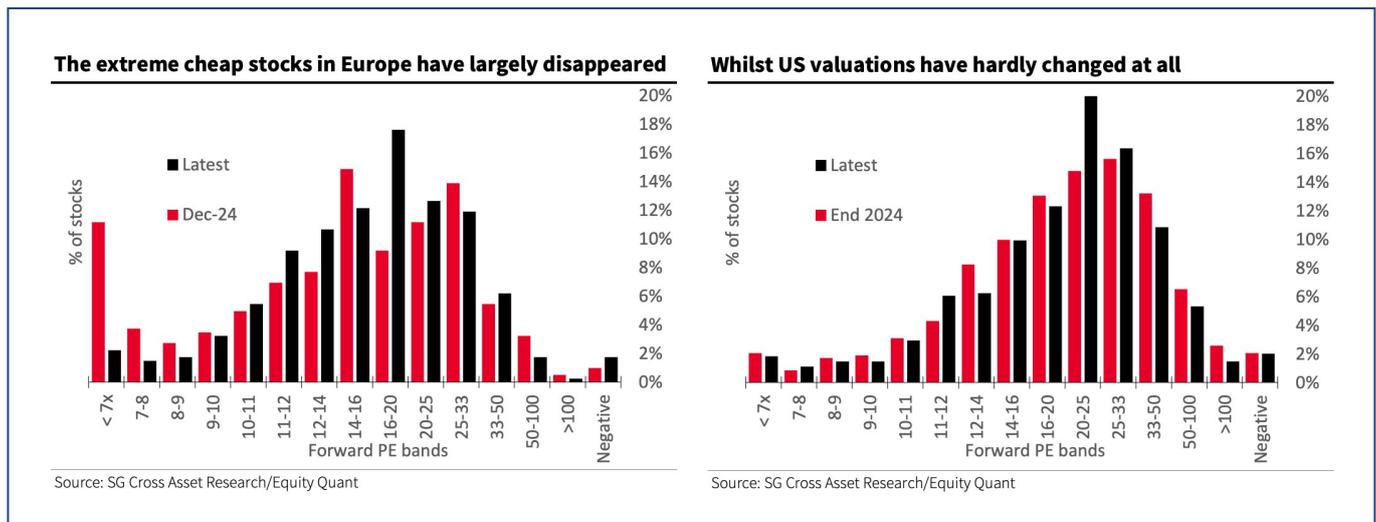
### PERSISTENT HURDLES TO OWNERSHIP

While lower borrowing costs provide a constructive signal, structural barriers continue to define the current housing landscape. Significant challenges still restrict market access for many:

- **High Property Values:** Sustained price growth has largely negated the financial gains from improved interest rates.
- **Record Down Payments:** Upfront costs remain near all-time highs, continuing to sideline those without substantial savings.
- **Ongoing Debt Burdens:** Many current homeowners still face high monthly obligations, highlighting that the affordability crisis remains unresolved.

In short, falling rates are a positive signal, but they have not yet solved the broader housing affordability problem.

# EUROPE'S CHEAP STOCKS VANISH



Global equity markets are offering fewer true bargains. Data from recent valuation trends shows that deeply discounted stocks are becoming increasingly rare, particularly in Europe, where low-multiple opportunities have almost disappeared.

## THE DISCOUNT WINDOW NARROWS

Just two years ago, roughly 15% of European equities traded at forward price-to-earnings ratios of 8 or below. Today, that share has fallen to about 3%, signaling a structural change in the market. Ultra-low valuations are no longer widely available, and the pool of heavily discounted stocks has thinned dramatically. Slower economic expansion, limited innovation momentum, and persistent structural constraints have weighed on long-term expectations. In many cases, stocks that appear “cheap” reflect muted growth prospects rather than compelling value.

## THE US: EXPENSIVE, BUT CONSISTENT

In the United States, the pattern looks different but leads to a similar conclusion. The overall spread of valuations has remained relatively steady, yet low-multiple stocks have been scarce for years.

Instead, a large portion of the market sits in high ranges. Nearly 40% of US equities currently trade at forward P/E ratios between 20 and 33, underlining how pricing remains stretched by historical standards. The market's center of gravity has shifted upward, anchored by expectations around earnings durability, technology leadership, and structural growth themes.

## SELECTIVITY REPLACES BROAD BARGAINS

The era of easily identifiable, broad-based discounts appears to be fading. Across major markets, valuation floors have risen, and cheap stocks are no longer widely accessible. For equity investors, this environment demands sharper analysis. With fewer obvious bargains available, finding real value now means telling the difference between companies facing long-term problems and those that are simply undervalued.

## COURT RULING CURBS EMERGENCY TARIFFS



A recent US Supreme Court ruling blocking the use of certain emergency tariffs is reshaping the balance of power over trade policy. The decision goes beyond a narrow legal issue, effectively limiting the executive branch's ability to impose wide-ranging trade measures without firm legal grounding. Following the ruling, US Customs and Border Protection confirmed it would halt the collection of duties tied to the challenged tariff framework.

The decision does not abolish tariffs as a policy tool, but it raises the bar for how they can be introduced. Future trade restrictions will need to move through clearer legal channels rather than relying on emergency authority. That means tariffs can still be applied, but only through more formal and transparent processes, such as:

- **Official investigations**
- **Structured review and approval procedures**

### MARKET IMPLICATIONS AND INVESTOR FOCUS

For markets, the ruling is significant. Tariffs have played a major role in shaping global supply chains, corporate cost structures, and inflation dynamics. Stronger legal oversight may reduce the risk of abrupt policy shifts, offering businesses and investors a more predictable environment for planning and decision-making.

Still, the ruling does not remove broader trade or geopolitical risks. Legal constraints may slow the pace of aggressive tariff actions, but they do not eliminate ongoing trade disputes or strategic competition. Investors are now watching whether the administration pursues new tariffs through alternative legal routes and how trading partners respond to any shift in US trade strategy.

### A RULES-BASED APPROACH

Overall, the court's decision points toward a more rules-based approach to trade policy. It limits unilateral authority while keeping tariffs available as an economic instrument, signaling a move toward greater structure rather than a full retreat from trade intervention.

# Market Roundup

## CHINA: FINANCIAL IMBALANCES IN FOCUS

Fitch Ratings cautioned that China's domestic financial imbalances have climbed to record levels. The agency pointed to high household savings, subdued consumption, and falling capital investment as key drivers. As a result, growth is becoming more reliant on fiscal stimulus and net exports rather than internal demand. Fitch warned that this imbalance raises questions about the durability of China's expansion and its ability to achieve more sustainable, balanced growth over time.



## EUROPE: INDUSTRIAL POLICY DELAYS

In Europe, the European Union has delayed its proposed "Made in Europe" policy, which would favor locally produced goods in public procurement and state-backed programs. The postponement reflects disagreements among member states, particularly over how to support energy-intensive sectors, automakers, and clean technology industries. The debate highlights Europe's struggle to protect domestic industries while managing internal divisions and global competitive pressures.



## UNITED STATES: TRADE AND LEGAL TENSIONS

In the US, FedEx has filed a lawsuit against the federal government seeking refunds for tariffs imposed under emergency economic powers that were later struck down by the Supreme Court. The case underscores growing legal challenges tied to past trade measures and could set precedents for other companies impacted by similar tariffs.



Image Source: REUTERS/Benoit Tessier

# Market Roundup

## CORPORATE SHIFTS: SUPPLY CHAIN DIVERSIFICATION

On the corporate side, Apple is accelerating efforts to diversify its supply chain. The company plans to move part of its Mac Mini assembly to the United States, with production expected to start at a Foxconn facility in Houston later this year. The move reflects broader efforts by major firms to reduce exposure to Asia and limit risks linked to tariffs and geopolitical uncertainty.



## EUROPE FEELS THE STRAIT PRESSURE

European natural gas futures surged over 22% to above €39/MWh as disruptions in the Strait of Hormuz raised concerns over LNG flows. Tensions following US and Israeli strikes on Iran, and Tehran's retaliation, slowed tanker traffic and pushed shipping firms to reroute vessels. The strait carries around 20% of global LNG trade, including exports from Qatar, which supplies roughly 15% of Europe's LNG imports. With EU gas storage below 31% versus 40% a year ago, any prolonged disruption could further tighten the market.



## OIL PRICES SPIKE ON HORMUZ DISRUPTIONS

Oil prices jumped with U.S. crude up 7.4% to \$71.97 and Brent rising 7.7% to \$78.46. Attacks on tankers and electronic interference sharply reduced traffic through the Strait of Hormuz. A drone boat strike killed a mariner, while Saudi Arabia shut its Ras Tanura refinery after intercepting Iranian drones. Analysts warn that prolonged disruption or infrastructure damage could further drive global inflationary pressures.



# The Week Ahead

The upcoming week will feature important data that could impact growth and expectations regarding interest rates.

## AMERICAS

As the fourth-quarter earnings season nears its close, only a handful of names remain on the calendar, including Broadcom, JD Sports Fashion, and Costco Wholesale. In the US, attention shifts to a packed economic schedule. February's jobs report is expected to show hiring slowing to around 60,000 from 130,000 in January, with unemployment steady at 4.3% and average hourly earnings rising 0.3%. ISM surveys may point to softer manufacturing activity alongside firmer services growth. January retail sales are projected to decline 0.2%, suggesting consumers remain under pressure. Additional US data includes the ADP employment report, Challenger job cuts, trade prices, labor productivity, business inventories, and consumer credit. Across the region, Canada will release PMI figures, Mexico will update business confidence data, and Brazil will report fourth-quarter GDP along with PMI readings, industrial output, unemployment, and trade statistics.

## EUROPE

The focus in Europe turns to inflation and labor data. Headline inflation in the Euro Area is expected to hold at 1.7%, with core inflation at 2.1%, while unemployment is seen staying at a record-low 6.2%. These figures will shape expectations around the European Central Bank's next steps. In Germany, factory orders are projected to fall after four consecutive months of growth, and retail sales may retreat following December's mild recovery. Italy's consumer prices are expected to rise 0.2% on the month, keeping the annual rate steady, while manufacturing activity could remain in contraction. Services activity in Spain and Italy is likely to slow slightly but stay in expansion territory. Additional releases include Eurozone producer prices, retail sales, and final GDP figures. France will publish industrial output, Spain will release employment data, and Italy will report GDP and budget updates. In the UK, Chancellor Rachel Reeves will present the Spring Statement, outlining updated forecasts from the Office for Budget Responsibility, fiscal conditions, and gilt issuance plans. Housing data, mortgage approvals, car sales, and final February PMI readings will also provide further insight into the UK economy.

## ASIA PACIFIC

In China, attention centers on the annual "Two Sessions" meetings from March 4–11, where national delegates will outline economic targets and policy priorities. Markets also expect details of the 15th Five-Year Plan, setting development goals for 2026–2030. Official and private PMI surveys are due as well, with manufacturing activity likely to show softer momentum. In Japan, unemployment is projected to remain at 2.6%, while consumer confidence may improve slightly. Capital spending growth is seen at 3%, and final PMI readings will offer a clearer view of business conditions. Australia faces a busy week, with fourth-quarter GDP expected to rise 0.6% quarter-on-quarter. Additional releases include trade figures, job advertisements, commodity prices, building permits, household spending, and current account data. India's calendar is lighter, led by industrial production figures. Across Asia, PMI surveys will be published in Indonesia, Malaysia, the Philippines, Thailand, Vietnam, South Korea, Taiwan, Hong Kong, and Singapore. Trade data is due from Indonesia, while inflation readings are expected in Indonesia, the Philippines, Thailand, South Korea, Vietnam, and Taiwan. Bank Negara Malaysia will also announce its latest policy decision.





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