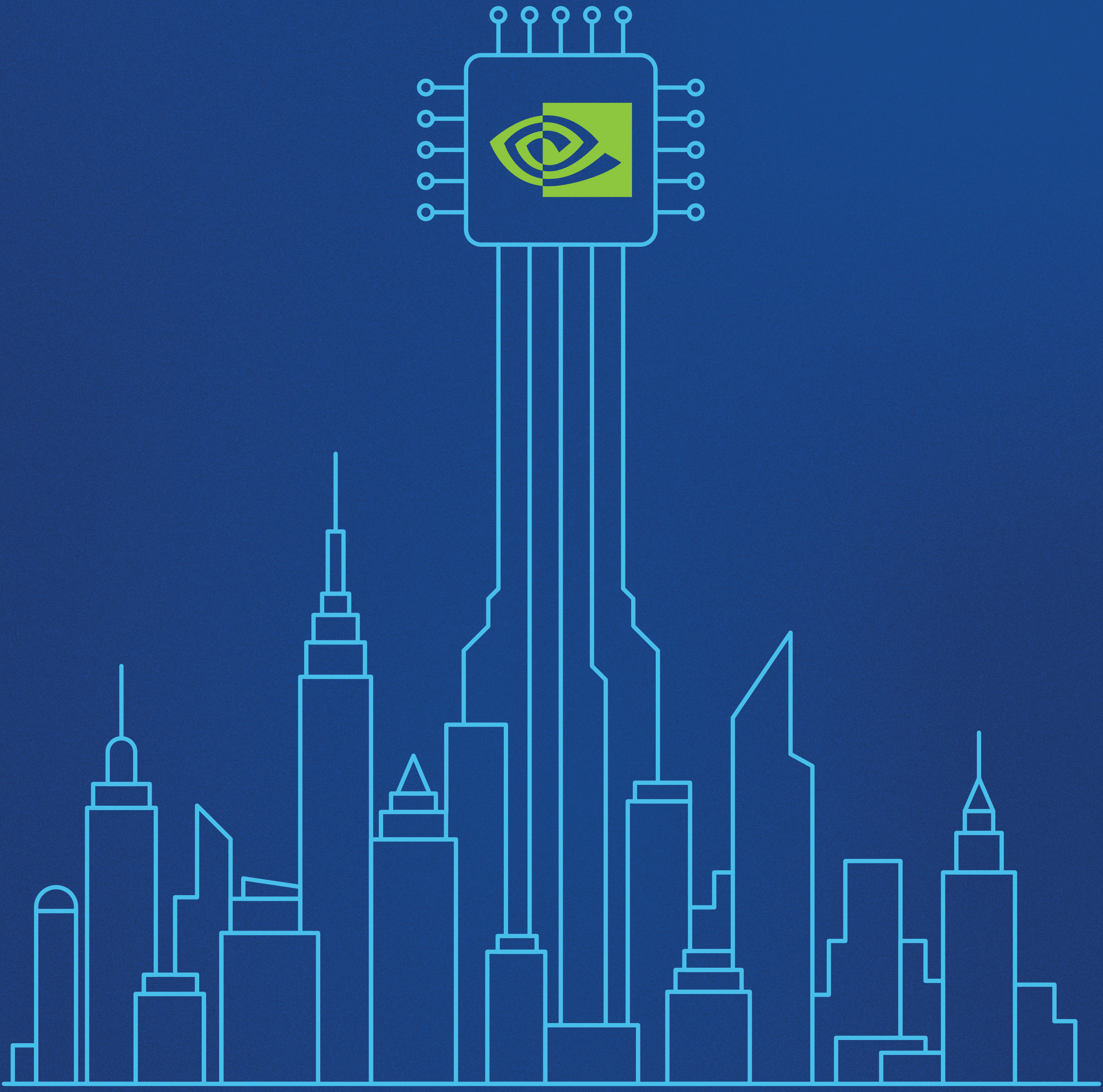
ZITAPLUS
WEEKLY BULLETIN

31 AUG — 4 SEP 2026
NO: 56

NVIDIA’S AI GROWTH ACCELERATES



ZITA PLUS

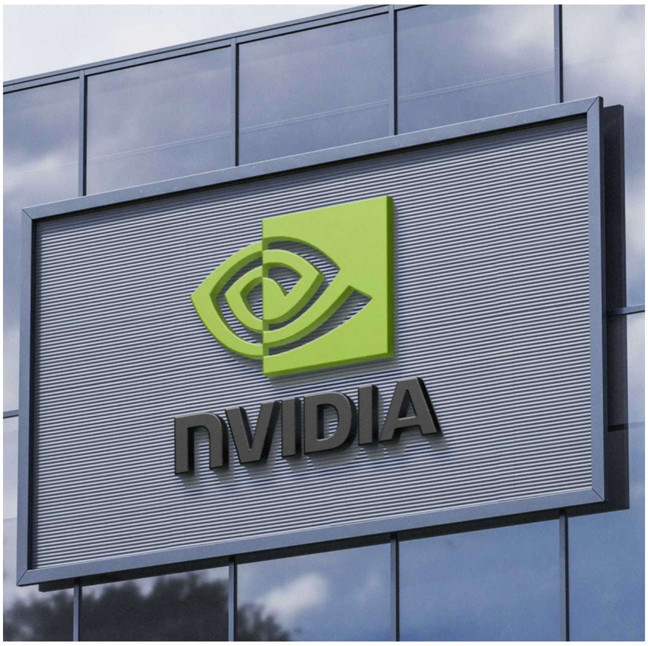
ECONOMIC CALENDAR • TECHNICAL ANALYSIS
LONG-TERM TREASURY RISK PREMIUM RISES
WASHINGTON’S INTEREST BILL KEEPS GROWING • AND MORE...

Contents

TIME	CUR.	EVENT	ACTUAL	FORECAST	PREVIOUS
MONDAY, AUG 31					
ALL DAY	GBP	Summer Bank Holiday	-	-	-
05:30	CNY	Manufacturing PMI (Aug)	49.8	49.5	49.2
16:00	EUR	German CPI (MoM) (Aug)	-	0.3%	0.8%
17:45	USD	Chicago PMI (Aug)	-	57.8	57.6
TUESDAY, SEP 1					
13:00	EUR	CPI (YoY) (Aug)	-	3.3%	2.9%
17:45	USD	S&P Global Manufacturing PMI (Aug)	-	53.2	53.2
18:00	USD	ISM Manufacturing Prices (Aug)	-	71.2	71.1
18:00	USD	ISM Manufacturing PMI (Aug)	-	55.2	55.6
18:00	USD	JOLTS Job Openings (Jul)	-	7.330M	7.359M
WEDNESDAY, SEP 2					
16:15	USD	ADP Nonfarm Employment Change (Aug)	-	47K	44K
17:45	CAD	BoC Interest Rate Decision	-	2.25%	2.25%
18:30	USD	Crude Oil Inventories	-	-	0.095M
THURSDAY, SEP 3					
16:30	USD	Initial Jobless Claims	-	205K	203K
17:45	USD	S&P Global Services PMI (Aug)	-	56.8	56.8
18:00	USD	ISM Non-Manufacturing Prices (Aug)	-	-	70.3
18:00	USD	ISM Non-Manufacturing PMI (Aug)	-	54.1	54.1
FRIDAY, SEP 4					
16:30	USD	Average Hourly Earnings (MoM) (Aug)	-	0.3%	0.1%
16:30	USD	S&P Global Services PMI (Aug)	-	58K	-23K
16:30	USD	Unemployment Rate (Aug)	-	4.1%	4.1%

GMT+4 DUBAI TIME

NVIDIA'S AI GROWTH ACCELERATES



Nvidia delivered another exceptionally strong quarter as demand for artificial intelligence infrastructure continued to expand. The chipmaker exceeded Wall Street revenue expectations for the 16th consecutive quarter, reinforcing its position at the center of the global AI investment cycle.

Revenue for the three months ended July 26 reached $96.22 billion, representing a 106% increase from a year earlier. This marked Nvidia's first return to triple-digit annual growth in two years.

NVIDIA RAISES THE GROWTH BAR

The company's outlook was equally strong. Nvidia expects current-quarter revenue between $106 billion and $110 billion, implying nearly 90% growth at the midpoint and exceeding analysts' forecast of around $105 billion.

Looking further ahead, CFO Colette Kress indicated that revenue could grow by approximately 70% in the next fiscal year, significantly above market expectations of less than 50%.

Data centers remain Nvidia's dominant business. Revenue from the segment surged 117% to $89.02 billion, beating consensus estimates by roughly $3 billion. Hyperscale customers accounted for nearly 55% of data center revenue.

Demand is also expanding beyond traditional cloud computing, with Nvidia benefiting from investment across:

- **AI cloud providers and laboratories**
- **Industrial applications and robotics**
- **Personal computers**
- **Automotive technology**

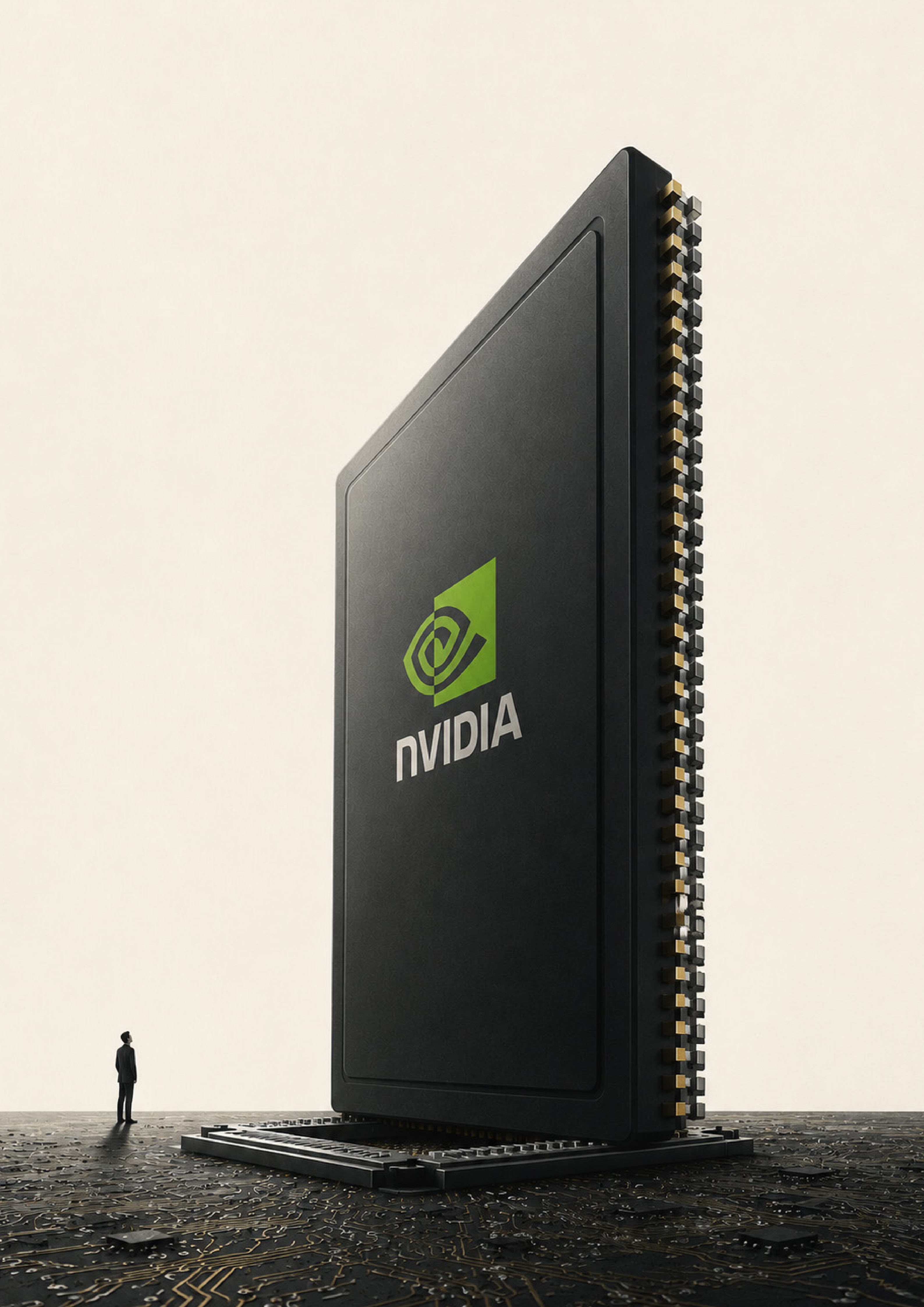
NEW PRODUCTS SUPPORT THE OUTLOOK

Nvidia's next product cycle could provide another source of growth. The company confirmed that its Vera Rubin platform is now in full production, while management expects strong demand from emerging AI labs and startups.

However, investors are increasingly examining how the broader AI expansion is being financed. Nvidia has entered major partnerships and infrastructure agreements aimed at helping customers secure land, electricity, and data-center capacity. These arrangements have raised questions about the amount of capital required to sustain the current investment cycle.

For now, demand does not appear to be Nvidia's main challenge. Management continues to identify supply constraints and infrastructure bottlenecks as the primary limits on expansion.

If AI investment remains strong and supply capacity improves, Nvidia could continue to be one of the largest beneficiaries of the infrastructure boom. Despite its rapid growth, the stock was trading around 19 times forward earnings, its lowest valuation multiple in nearly eight years.

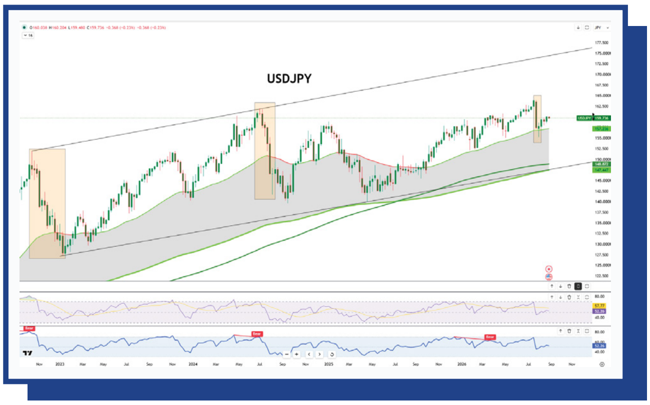

NVIDIA

USDJPY

USD/JPY NEARS 160

The U.S. dollar extended its gains, pushing USD/JPY back toward the 160 level.

A more hawkish Federal Reserve outlook could put additional pressure on the yen and increase the risk of Japanese intervention. Meanwhile, any significant selling of U.S. Treasuries by Japan to support its currency could add upward pressure to long-term U.S. bond yields.



BRENT OIL

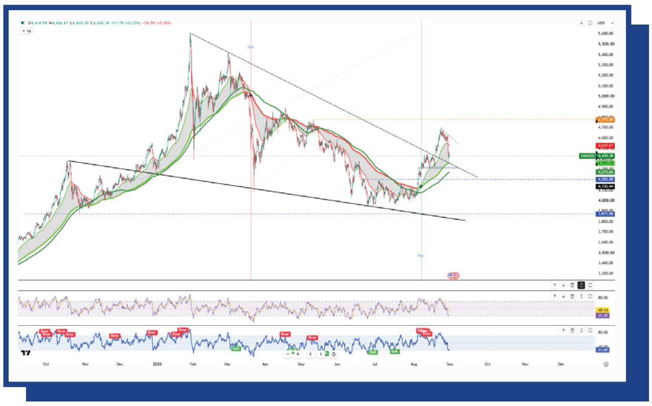
BRENT BREAKS ABOVE $90

Brent crude climbed more than 2% above $90 per barrel as renewed U.S.-Iran tensions and reduced vessel traffic through the Strait of Hormuz raised concerns over global oil supplies.

Attention now turns to $92, the key short-term resistance level. A clear break above it could strengthen the upward momentum and open the door to further gains.

XAUUSD

GOLD FACES NEAR-TERM PRESSURE



Gold remained under pressure after Fed Chair Warsh's hawkish remarks strengthened the U.S. dollar, pulling prices below the $4,550 level.

Despite renewed U.S.-Iran tensions at the beginning of the week, elevated interest rates and uncertainty surrounding the monetary policy outlook continue to limit demand for precious metals.

Gold has support around $4,360-$4,375. On the upside, resistance starts at $4,475-$4,480, followed by $4,510 and $4,540-$4,545.

XAGUSD

SILVER STRUGGLES BELOW $67

Silver has fallen from $71 to around $65.60, with $64.60 emerging as the key support level if short-term weakness continues.

The narrow trading range is $64.60–$67.65, while the wider range stands at $63.15–$69.25. As long as silver stays below $67.65, short-term selling pressure is likely to persist.

LONG-TERM TREASURY RISK PREMIUM RISES

The US Treasury term premium is rising again, reflecting growing investor demand for additional compensation when holding longer-dated government bonds. The 10-year term premium currently stands around 75 to 80 basis points, highlighting increased uncertainty surrounding the long-term outlook for interest rates and inflation.

INFLATION AND FISCAL RISKS DRIVE THE INCREASE

Several factors are contributing to the move. Investors remain uncertain about the future path of inflation, while large fiscal deficits, rising government debt, and heavy Treasury issuance are increasing the risks associated with longer maturities.

Morgan Stanley's Mike Wilson argues that the current level should not necessarily be viewed as a crisis signal. Instead, it reflects a changing market environment in which investors require higher returns to lend to the US government for extended periods.

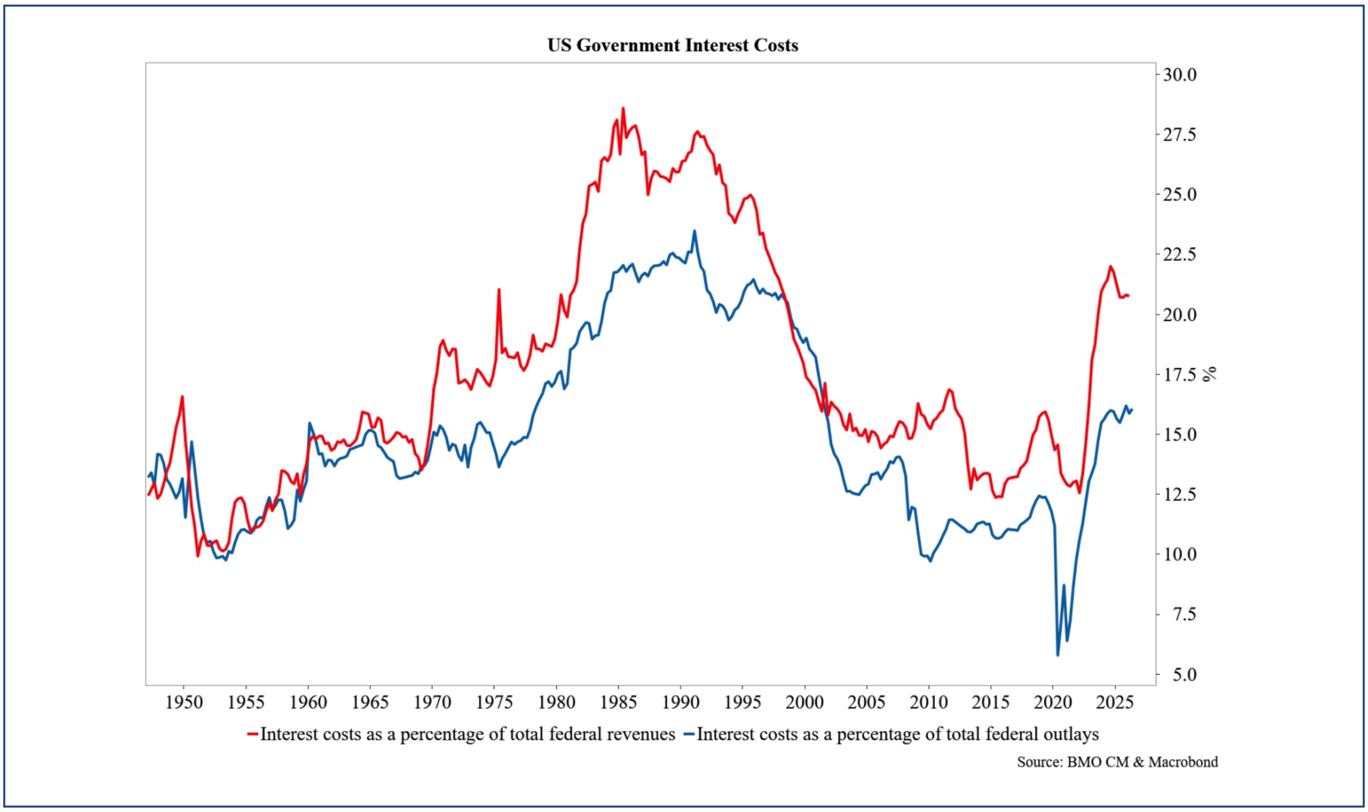
The shift in inflation dynamics since 2020 has been particularly important. For much of the previous decade, inflation remained relatively stable and the term premium stayed unusually low, even turning negative at times.

LONG-TERM DEBT BECOMES LESS PREDICTABLE

Conditions today are different. Higher inflation uncertainty, geopolitical risks, weaker globalization, and fiscal concerns have made the outlook for long-term government debt more difficult to predict.

A term premium of 75 to 80 basis points is not historically extreme, but further increases could push long-term US borrowing costs higher. This makes the measure increasingly important for investors, as changes in the term premium can influence Treasury yields, the US dollar, equity valuations, and broader financial conditions.

WASHINGTON’S INTEREST BILL KEEPS GROWING



The US debt debate is shifting from how much Washington owes to how much that debt costs to maintain. With long-term Treasury yields still high, refinancing government debt is becoming increasingly expensive.

Federal interest costs as a share of total government spending are near their highest level in almost 25 years. Interest payments relative to federal revenue are also moving back toward post-pandemic highs. The pressure can keep building even without a similar increase in total debt. As older Treasuries issued at low rates mature, they must be refinanced at today’s much higher yields, pushing the annual interest bill higher.

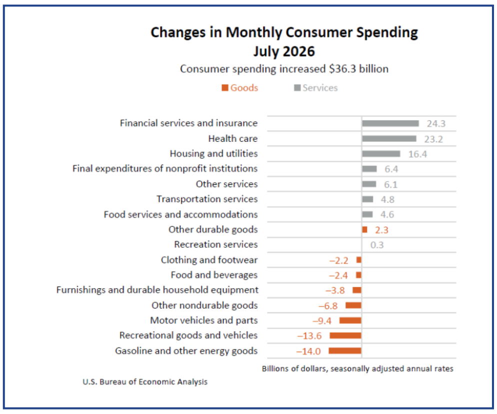
REFINANCING IS THE NEXT CHALLENGE

Higher yields make every new round of borrowing more expensive. With large amounts of debt regularly maturing, today’s rates gradually feed into the government’s overall financing costs. That also puts more pressure on Treasury Secretary Scott Bessent. Bond buybacks can provide temporary relief to longer-term Treasuries, but they cannot offset large deficits and borrowing needs indefinitely.

HOW MUCH REVENUE GOES TO DEBT?

The question is no longer simply how large US debt becomes. It is how much federal revenue will eventually be consumed by interest payments. If those costs keep rising, a larger share of the budget will go toward servicing existing debt, leaving less room for other government spending and future economic support.

U.S. CONSUMER SPENDING SHOWS SIGNS OF FATIGUE

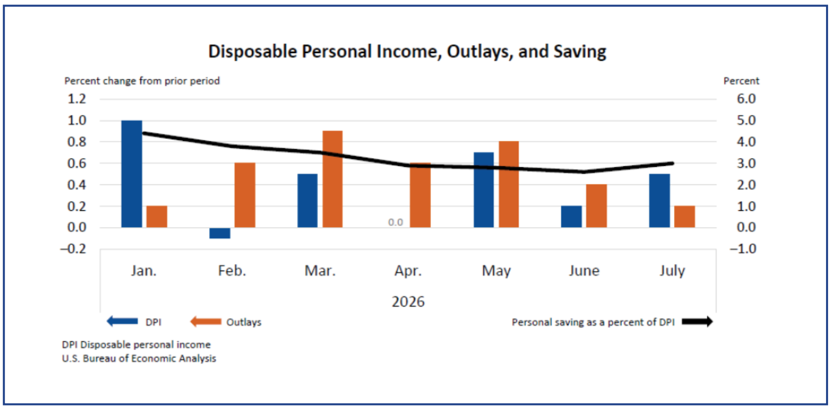


The latest U.S. PCE data showed signs that household demand is losing momentum. Personal consumption rose just 0.2% in July, while real spending was flat after inflation, suggesting higher prices are increasingly limiting purchasing power.

Total consumer spending increased by $36.3 billion, but much of the growth came from essential services. Spending on financial services and insurance rose $24.3 billion, health care increased $23.2 billion, and housing and utilities added $16.4 billion. This suggests consumers are directing more of their budgets toward expenses that are difficult to avoid.

Discretionary spending weakened, with energy goods down $14 billion, recreational goods and vehicles $13.6 billion, motor vehicles and parts $9.4 billion, and household furnishings and durable equipment $3.8 billion. Clothing, food and beverages also declined modestly.

While nominal consumption increased, inflation absorbed the gain, leaving real spending unchanged. Households spent more on health care, housing and financial services while cutting vehicles, household goods and recreational products, pointing to tighter discretionary budgets.



Weak income growth and rising essential costs could further limit discretionary spending, weighing on retail sales, corporate revenues and economic growth.

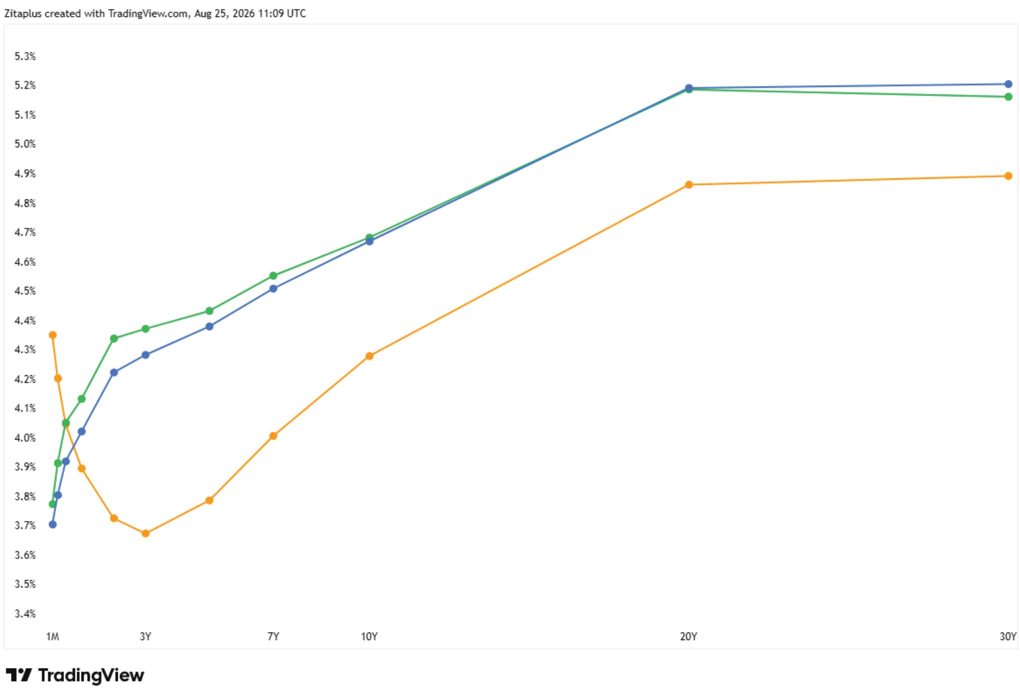
WHAT THE JULY SPENDING BREAKDOWN SHOWS

The July figures point to several trends:

- **Essential services stayed strong, led by financial services, health care, housing and utilities.**
- **Discretionary goods weakened, including vehicles, recreational products and household equipment.**
- **Real consumption was flat, despite a 0.2% nominal increase.**
- **Income growth stayed modest, limiting room for future spending.**

The US consumer has not collapsed, but spending is shifting toward necessities and away from optional purchases. If this continues, consumer fatigue could weigh on US economic growth in late 2026.

TREASURY TAKES A BIGGER ROLE IN LONG-TERM YIELDS



The US Treasury is expanding its presence in the long-term bond market as borrowing costs stay high. Treasury Secretary Scott Bessent has increased bond buybacks, adding demand for longer-dated debt and helping ease pressure on yields.

WHY LONG-TERM YIELDS KEEP RISING

The US continues to borrow heavily. More long-dated debt means buyers may demand higher yields to absorb the supply. Higher 10-year and 30-year Treasury yields raise borrowing costs across the economy, affecting mortgages, corporate debt and the government's interest bill.

WHAT BUYBACKS ACTUALLY DO

The Treasury can use cash reserves to repurchase longer-dated bonds. This adds liquidity, increases demand and can push yields lower. But buybacks do not reduce US debt or deficits. They manage financing conditions rather than fixing the underlying fiscal imbalance.

WHEN INTERVENTION BECOMES THE EXPECTATION

The risk is that traders begin to expect Treasury action whenever long-term yields climb too far. That creates a difficult dynamic: higher yields encourage more intervention, while repeated intervention makes future support increasingly expected. If buybacks shift from a liquidity tool toward a way of controlling borrowing costs, concerns around dollar weakness, inflation and financial repression could grow. The key question is what happens when long-term yields rise again: will the Treasury allow borrowing costs to adjust, or step in with even larger support?

Market Roundup

THE US-CANADA TRADE FIGHT HEATS UP

Trade tensions are building after Canada announced retaliation against new US tariffs. The Trump administration is now considering higher duties and additional trade measures, raising the risk of a broader dispute between the two economies.

THE ECB'S RATE DEBATE TURNS HAWKISH

ECB policymaker Isabel Schnabel said rates may need to rise further as Middle East tensions, high energy costs, and a resilient Eurozone economy keep inflation risks alive, strengthening the case for additional tightening.

Image Source: Gregor Fischer

U.S.-VENEZUELA OIL DEAL

President Trump said the U.S. Strategic Petroleum Reserve will be replenished with Venezuelan crude under a new 25-year agreement targeting production above 1.5 million barrels per day.

The deal covers eight Orinoco Belt fields, with U.S. investment and technology supporting Venezuela's energy sector while Caracas retains ownership of its resources. Venezuela estimates potential revenue of around $209 billion, based on oil at $65 per barrel, while seeking wider cooperation with international energy companies.

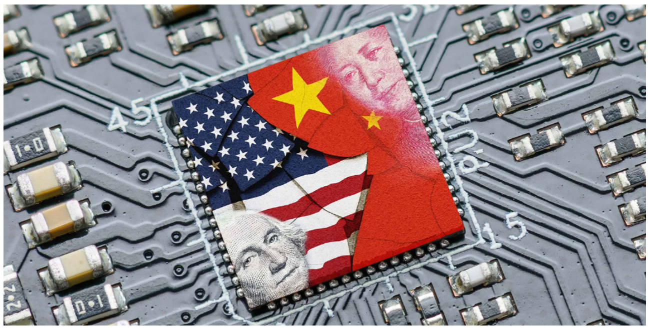
Market Roundup

GERMAN BONDS GET A POLITICAL WILD CARD

Higher issuance, inflation, and fiscal expansion are already putting pressure on German yields. Now political uncertainty is joining the mix before the Saxony-Anhalt election, where the AfD is polling above 40%.

THE US-CHINA AI RACE LANDS IN EGYPT

The technology rivalry is moving into new territory. Huawei has proposed AI data centers for Egypt's military, intelligence, and government use, while Washington is reportedly developing a US-led alternative, turning Egypt into another front in the global AI infrastructure race.



HOW LONG CAN WASHINGTON'S DEBT KEEP GROWING?

Richmond Fed President Thomas Barkin warned that rising public debt could eventually lead to a financial reckoning if demand for US government debt begins to weaken, adding another warning to the debate over America's fiscal path.

Image Source: Christopher Goodney/Bloomberg

ICELAND REJECTS EU TALKS

Iceland voted against restarting EU membership negotiations, with 52.5% voting No and 47.5% Yes, blocking the government's plan to reopen accession talks.

The Week Ahead

Global markets remain focused on elevated long-term interest rates entering September. High energy costs, heavy AI-related corporate debt issuance, and wide budget deficits continue to support yields despite resilient economic growth. US attention turns to the labor market, with FOMC members noting the economy remains at full employment. The BLS Employment Situation report and ISM PMIs will be key. Europe awaits Eurozone inflation and unemployment data, while China releases its first August PMIs. Japan has a busy data calendar, while GDP figures are due from Brazil, India, and Australia. Canada and New Zealand will announce rate decisions.

AMERICAS

The main US event will be Friday's jobs report. Payrolls are expected to rise by 45,000 in August after an unexpected 23,000 decline in July. Unemployment is forecast to increase to 4.2% from 4.1%, while hourly earnings growth may accelerate to 0.2% from 0.1% monthly.

ISM manufacturing and services PMIs are expected to signal continued expansion. JOLTS openings may rise to 7.39 million from 7.36 million. Markets will also watch ADP employment, trade, factory orders, the Dallas Fed Manufacturing Index, the Fed Beige Book, and remarks from Michael Barr and Christopher Waller. Earnings include Broadcom, Dell, Palo Alto Networks, and Snowflake.

The Bank of Canada is expected to hold rates at 2.25%. Brazil reports Q2 GDP, while Canada, Mexico, and Brazil release additional employment, trade, sentiment, and PMI data.

EUROPE

Eurozone inflation is expected to rise to 3.2% in August, matching May and reaching its highest since September 2023. German inflation may climb to 2.9%, while Italian inflation is also expected to accelerate following stronger readings from Spain and France. Switzerland and Turkey also report inflation.

Manufacturing and services PMIs are due across the region. German factory orders are expected to show no growth in July after two monthly gains. Eurozone unemployment may remain at 6.3% for a fifth month, while Italy's rate could rise to 5.8%. Other releases include retail sales, UK housing data, Spanish labor figures, and Turkish and Swiss GDP and trade data.

ASIA-PACIFIC

China releases official and private August manufacturing and services PMIs. Japan reports industrial production, retail sales, consumer confidence, housing starts, and household spending.

India's Q2 GDP growth is expected to slow to 7.1% from 7.8%, alongside current account and PMI data. Australia reports Q2 GDP, trade, building permits, current account, commodity prices, and industrial activity.

South Korea, Indonesia, and Vietnam release trade figures, while several Asian economies report inflation and manufacturing PMIs. The Reserve Bank of New Zealand is expected to raise rates by 25 basis points to 2.75%, while Bank Negara Malaysia is expected to hold at 2.75%.

ZITA PLUS

zitaplus.com
support@zitaplus.com
+44 7442 667878

Craigmuir Chambers, Road Town, Tortola,
VG 1110, British Virgin Islands