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WEEKLY BULLETIN

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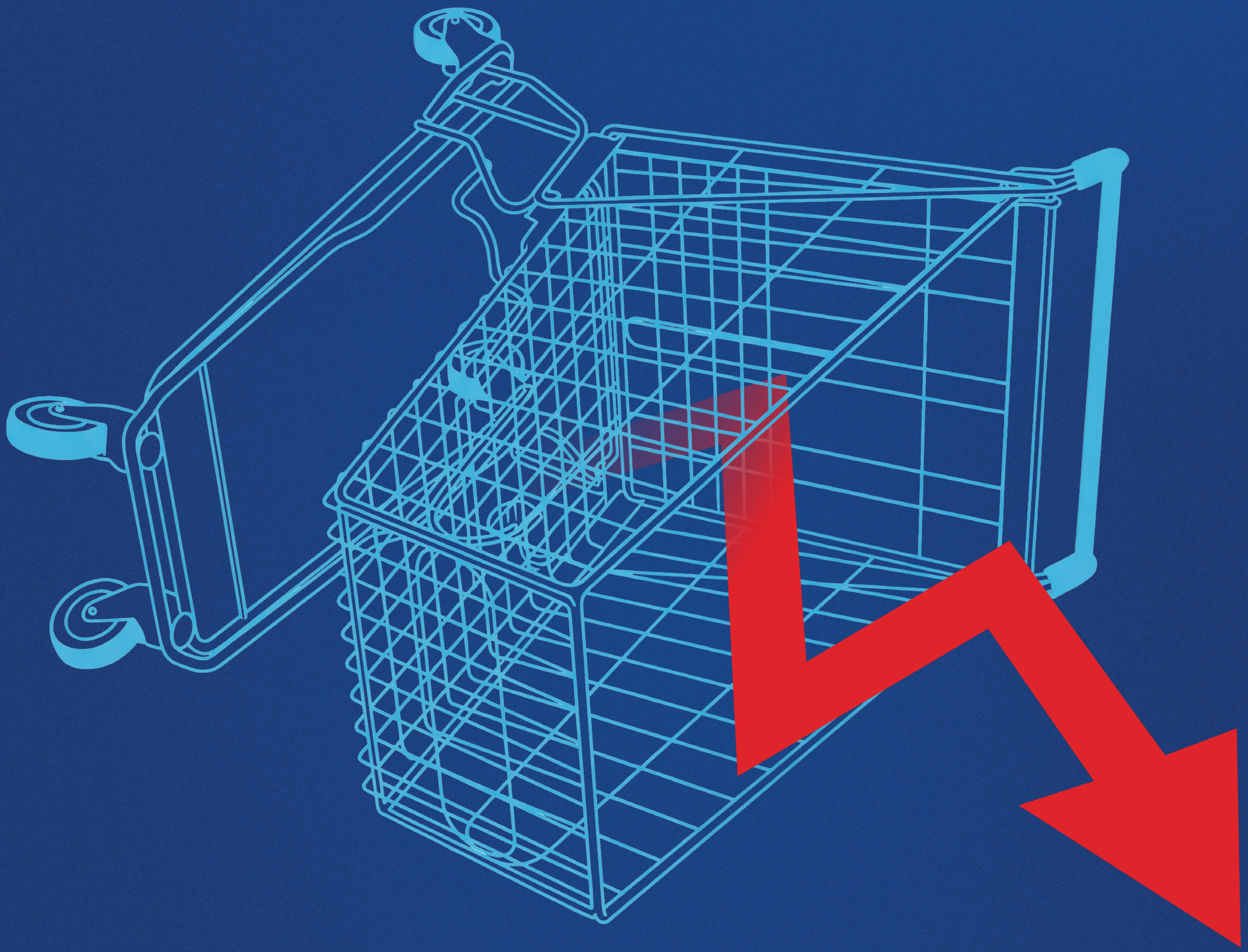
US CONSUMER CONFIDENCE FALLS TO FOUR-YEAR LOW IN NOVEMBER



ZITA PLUS

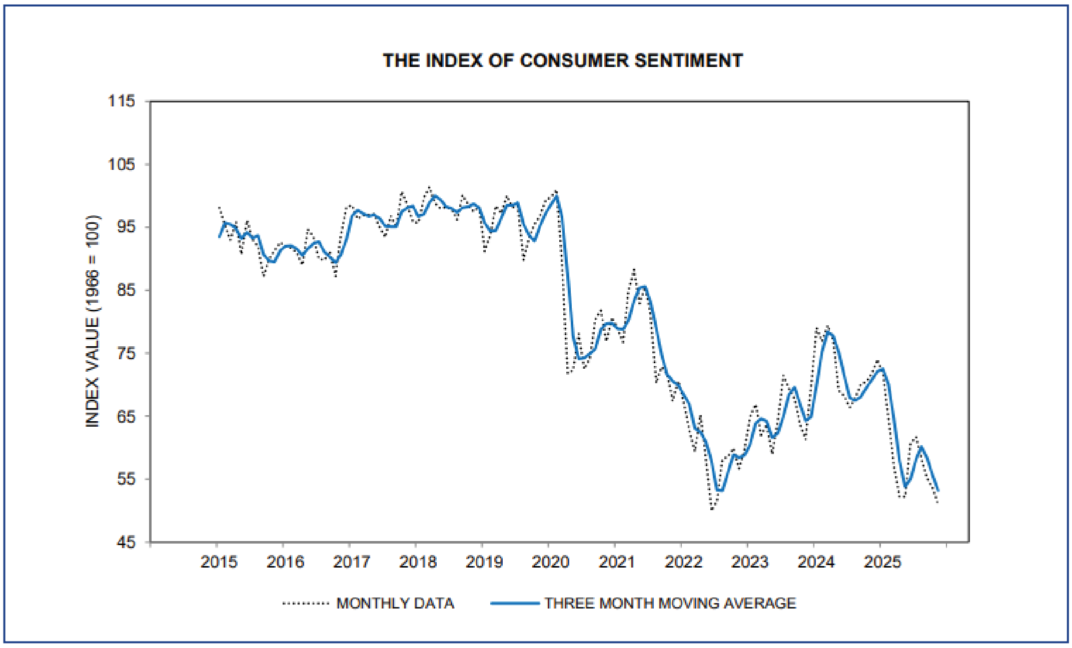
ECONOMIC CALENDAR • TECHNICAL ANALYSIS
EUROZONE MANUFACTURING SLIPS BACK INTO CONTRACTION
BOND DEMAND SHIFTS DESPITE 2025 RECOVERY• AND MORE...

Index

TIME	CUR.	EVENT	FORECAST	PREVIOUS
SUNDAY, NOVEMBER 30				
05:30		Manufacturing PMI (Nov)	49.2	49.0
MONDAY, DECEMBER 1				
18:45		S&P Global Manufacturing PMI (Nov)	51.9	52.5
19:00		ISM Manufacturing PMI (Nov)	49.0	48.7
19:00		ISM Manufacturing Prices (Nov)	59.5	58.0
TUESDAY, DECEMBER 2				
05:00		Fed Chair Powell Speaks	-	-
14:00		CPI (YoY) (Nov)	2.1%	2.1%
19:00		JOLTS Job Openings (Sep)	-	7.227M
WEDNESDAY, DECEMBER 3				
17:15		ADP Nonfarm Employment Change (Nov)	19K	42K
18:45		S&P Global Services PMI (Nov)	55.0	54.8
19:00		ISM Non-Manufacturing PMI (Nov)	52.0	52.4
19:00		ISM Non-Manufacturing Prices (Nov)	-	70.0
19:30		Crude Oil Inventories	-	2.774M
THURSDAY, DECEMBER 4				
17:30		Initial Jobless Claims	220K	216K
FRIDAY, DECEMBER 5				
19:00		Core PCE Price Index (MoM) (Sep)	0.2%	0.2%
19:00		Core PCE Price Index (YoY) (Sep)	2.9%	2.9%

GMT+4 DUBAI TIME

US CONSUMER CONFIDENCE FALLS TO FOUR-YEAR LOW IN NOVEMBER



US consumer sentiment deteriorated sharply in November, recording one of the steepest monthly declines since 2021. The Conference Board's headline index fell to 88.7 from 95 in October, well below expectations and marking its weakest level since April. The reading also slipped beneath sentiment levels observed during the height of inflation in mid-2022, signalling growing caution among households.

RECESSION RISKS INTENSIFY, EXPECTATIONS SINK

The Conference Board noted that every major component of the survey either weakened or showed no improvement. Households expressed less confidence in their current financial situations and became more doubtful about future income and the strength of the job market. Economists highlighted a particularly sharp deterioration in short-term labor expectations, raising concern that faith in economic stability is fading.

The expectations index dropped to 63.2, a level that historically signals an early recession when it remains below 80 for a prolonged period. Rising living costs, policy uncertainty, and tariff pressures all contributed to the souring mood.
Key survey shifts included:

- **Fewer respondents describing business conditions as favorable**
- **Decline in the share of Americans who believe jobs are widely available**
- **Increased concern over future income and financial security**

The downturn in sentiment suggests consumers may reduce spending in the months ahead, especially on non-essential goods. A pullback in demand could weigh on domestic growth as 2026 approaches.

For policymakers and investors, the November reading will be a critical data point in assessing whether confidence stabilizes or weakens further. If household caution persists, the risk of a demand slowdown may rise, pushing economic momentum onto a more fragile path.

EURUSD

EURO DIPS BELOW 1.16 ON SOFT GERMAN DATA

The euro moved just under 1.16 at month-end as a dense batch of German data revived questions around the ECB's year-end approach. Germany's retail sales fell 0.3% in October, missing expectations for a rebound and emphasizing the ongoing strain on domestic demand. Inflation held at 2.3%, while the EU-harmonized CPI rose to 2.6%, its highest level since February, signaling that price pressures remain uneven across the bloc.

Key Levels

- **Narrow Range:** 1.1600 - 1.1650
- **Wide Range:** 1.1540 - 1.1710

XAUUSD

GOLD NEARS MULTI-WEEK HIGH

Gold climbed toward $4,260, its highest level in over five weeks, driven by stronger expectations of a December Fed rate cut, with odds now near 87% following softer US data and dovish policymaker comments. Markets will watch the upcoming US manufacturing and employment figures for further guidance before the Fed decision.

Key Levels

- **Narrow Range:** 4200 - 4277
- **Wide Range:** 4143 - 4371

BRENT OIL

OIL HOLDS FIRMER AS OPEC+ EXTENDS OUTPUT POLICY

Oil prices edged slightly higher after OPEC+ confirmed it will keep production steady through Q1 2026. Brent traded near 63 dollars and WTI around 59 dollars, though gains remain limited by ongoing surplus risks and the IEA's projection for record global output.

Geopolitical tensions added to market movement. President Trump issued renewed warnings toward Venezuela as U.S. military activity in the region increased, while progress in Ukraine ceasefire talks raised expectations that more Russian crude could re-enter global supply.

Key Levels

- **Narrow Range:** 62.70 - 64.20
- **Wide Range:** 61.50 - 65.30

BTCUSD

CRYPTO DROPS AFTER YEARN FINANCE SECURITY SCARE

Crypto markets began December under pressure after a security issue in Yearn Finance's yETH pool triggered a quick retreat from riskier tokens. The incident weighed on confidence, underscoring how fragile sentiment remains when DeFi vulnerabilities emerge.

Bitcoin trades in the mid-$80,000s, down about 5% in 24 hours, while Ether has fallen 6% to roughly $2,800. Losses are sharper across major alt-coins, with Solana, XRP, Cardano, Polygon, and Dogecoin declining 6-8%. The pullback shows the market's sensitivity to security shocks, liquidity strain, and leveraged positions, especially in periods of thin depth.

Key Levels

- **Narrow Range:** 88,500 - 83,300
- **Wide Range:** 80,400 - 93,100

EUROZONE MANUFACTURING SLIPS BACK INTO CONTRACTION

Countries ranked by Manufacturing PMI: November

Ireland	52.8	4-month high
Greece	52.7	2-month high
Netherlands	51.8	Unchanged
Spain	51.5	2-month low
Italy	50.6	32-month high
Austria	50.4	40-month high
Germany	48.2 (flash: 48.4)	9-month low
France	47.8 (flash: 47.8)	9-month low

The Eurozone's manufacturing engine lost pace in November, with fresh demand weakness pulling the HCOB Eurozone Manufacturing PMI back below 50. The index fell to 49.6, signalling a mild return to contraction after a short-lived stabilization in October. Soft domestic demand, falling new orders, and cautious sentiment across the bloc all contributed to the setback.

OUTPUT GROWS AT THE SLOWEST PACE

Despite the broader cooling, factory output managed to expand for a ninth consecutive month, though November marked the weakest performance in the current recovery phase. Much of the support came from companies drawing down backlogs as new work volumes dipped once again. Export demand remained under strain, with overseas orders falling for a fifth straight month. Employment, purchasing activity and inventory levels also declined at faster rates, highlighting a shift toward more defensive strategies as uncertainty lingers.

GERMANY AND FRANCE DRAG, SOUTHERN EUROPE HOLDS UP BETTER

The November readings revealed a sharp divergence between the Eurozone's two largest economies and the rest of the region. Germany and France posted their lowest PMI levels in nine months, sliding further into contraction. Political uncertainty in France and structural concerns in Germany continue to weigh on investment and industrial momentum.
In contrast, several other economies, notably Italy, Austria, Spain, Greece, and the Netherlands, reported modest expansions. Ireland led the group, posting the greatest improvement in four months.

COST PRESSURES RETURN, BUT FIRMS STRUGGLE TO RAISE PRICES

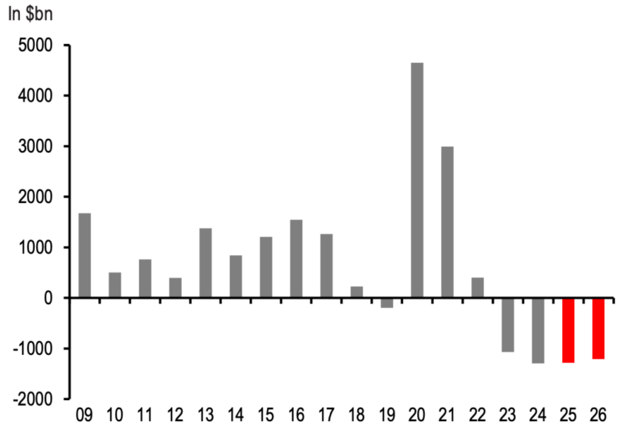
Input costs rose at their fastest pace since March, reflecting renewed supply chain frictions and longer delivery times. Yet despite these pressures, manufacturers were unable to pass higher costs on to customers. Selling prices dropped for the sixth time in seven months, underscoring limited pricing power and intense competition within the sector.

CAUTIOUS PRESENT, BRIGHTER OUTLOOK

While current production conditions remain fragile, expectations for the year ahead improved significantly. Business confidence climbed above its long-term average, supported by early signs of stabilization in parts of Southern Europe and a modest sentiment rebound in Germany and France. A full recovery in European manufacturing is still out of reach, but the rise in optimism suggests the groundwork for a gradual improvement may be forming as 2025 approaches.

BOND DEMAND SHIFTS DESPITE 2025 RECOVERY

Figure 1: Net QE by G4 central banks



Source: Federal Reserve, ECB, BoE, BoJ, J.P. Morgan Flows & Liquidity.

Government bonds have staged a strong rebound in early 2025, but the underlying structure of the market remains less stable than it appears. The rally comes at a time when the profile of buyers is shifting significantly, marking a departure from the post-2008 decade in which central banks absorbed vast amounts of sovereign debt through quantitative easing. With higher debt burdens and tightening cycles underway, demand dynamics now look very different from the past.

A central source of uncertainty lies with major monetary authorities.

- **The Federal Reserve, ECB, Bank of Japan, and Bank of England were once the dominant buyers of sovereign bonds.**
- **Now, all four are shrinking their balance sheets.**
- **Projections indicate net demand from these central banks will stay negative through 2025 and 2026.**

As these institutions retreat, the market relies more heavily on private and foreign investors, along with funds that often operate with shorter investment horizons. This transition leaves bond markets more reactive to fiscal news, political risk, and concerns about long-term debt sustainability. Yields have already shown greater volatility, with routine macro headlines triggering sharper movements than in previous years.

YIELD APPEAL VS. STRUCTURAL RISK

The question ahead is whether private capital will step in to meaningfully replace central bank demand. Attractive yields may draw investors back, yet persistent deficits and lingering uncertainty still limit enthusiasm. The bond market can continue to advance, but its support base is shifting away from the predictable, long-duration buyers that once anchored it.

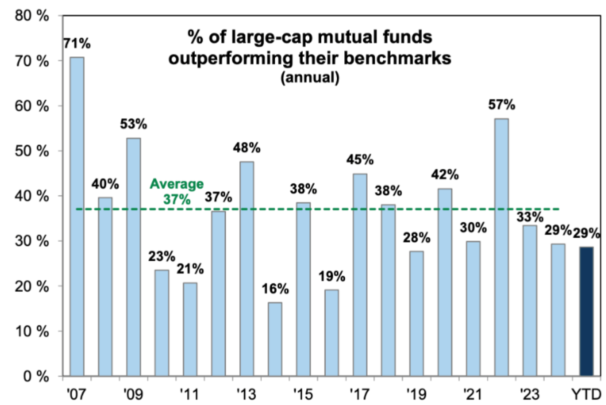
For investors, one takeaway stands out: the rally does not erase risk.

- **Demand drivers are changing.**
- **Market stability depends increasingly on new buying flows.**
- **Structural shifts will continue to influence global fixed-income conditions throughout 2025 and beyond.**

The performance is positive, but the foundation beneath it is evolving, and must be watched closely.

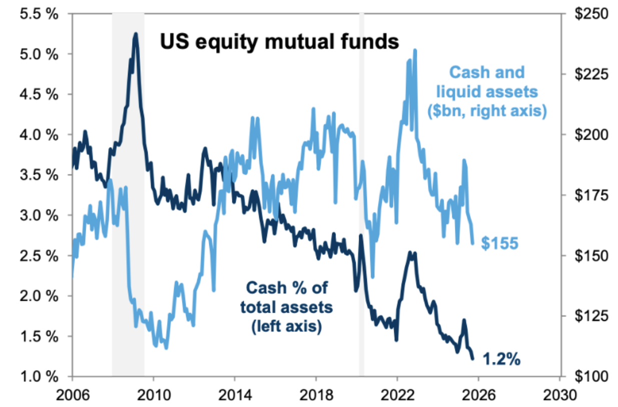
MEGA-CAP MOMENTUM RESHAPES FUND PERFORMANCE

Exhibit 1: Only 29% of mutual funds are outperforming their benchmarks YTD



Source: Goldman Sachs Global Investment Research

Exhibit 2: Mutual fund cash balances have declined
as of October 31, 2025



Source: ICI , Goldman Sachs Global Investment Research

Large-cap mutual funds are struggling to keep pace as market gains remain concentrated in a small circle of mega-cap technology names tied to the AI theme. When a benchmark is powered by only a few stocks, being underweight in those leaders can quickly turn into a noticeable performance drag.

MOST ACTIVE MANAGERS FELL BEHIND IN Q3

Goldman Sachs' latest quarterly review shows that fewer than three in ten U.S. large-cap mutual funds beat their benchmark through Q3. With market-cap-weighted indices naturally lifted by the biggest winners, many active managers have found it difficult to outperform in this backdrop.

Efforts to manage concentration risk often mean holding smaller positions in the "Magnificent 7." But if these names continue to lead, that caution becomes a persistent disadvantage against the index. As underperformance continues, redemptions rise, funds shrink, and more assets move toward passive products that automatically buy the same mega-caps, further reinforcing the concentration loop.

CASH LEVELS FALL AS MANAGERS TRY TO CATCH UP

Data also indicates that many managers have increased equity exposure, with cash holdings near multi-year lows. While this reflects a commitment to stay invested, it also reduces flexibility if volatility rises or market breadth narrows again.

This environment doesn't imply that active management is ineffective. Instead, it highlights that the bar becomes higher when leadership is narrow and costs matter. For those using active funds, it's important to understand how much exposure they have to the market's dominant names, how they approach concentration risk, and what market conditions support their style, such as periods when gains broaden beyond a handful of stocks.

Market Roundup

PRODUCTIVITY TAKES CENTER STAGE

The World Bank stressed that productivity remains the primary driver of growth for Europe and Central Asia, noting that capital and labor alone can no longer carry the momentum. According to the report, a 10% gain in productivity could generate nearly two million new jobs. The data underlined that the region's slow progress since the global financial crisis is tied to weak efficiency and an outsized role for unproductive state enterprises.

LEADERS DISCUSS REGIONAL SECURITY

Geopolitical developments intensified after a call between U.S. President Trump and China's President Xi, where both leaders addressed rising friction around Taiwan and Japan. Xi emphasized that Taiwan's return remains a core element of the post-WWII framework and pushed for renewed cooperation. The call also covered the situation in Ukraine, with Xi reaffirming support for any credible peace initiative.

LAGARDE WARNS ON AI RACE

In Europe, ECB President Christine Lagarde cautioned that the EU risks slipping behind in artificial intelligence unless member states move faster. Meanwhile, Germany's Ifo Business Climate Index dropped to 88.1 in November as companies turned more cautious about future conditions, particularly in manufacturing and retail.

EU APPROVES EDIP

The European Parliament has approved the European Defence Industry Programme (EDIP), the EU's first dedicated defense-industry initiative, with a budget of 1.5 billion euros. The program, covering 2025–2027, aims to expand defense manufacturing capacity, promote joint procurement, and reinforce military support for Ukraine. About 300 million euros will be channelled through the Ukraine Support Instrument, and projects will require at least 65% of component costs to originate from EU or partner states. The regulation will come into force once endorsed by member countries and published in the EU Official Journal.

Market Roundup

VANKE STRESS RAISES FRESH PROPERTY FEARS

Concerns are resurfacing in China's property market as financial pressures at state-backed China Vanke Co. intensify. Rising liquidity strain, higher refinancing risks, and weakening buyer sentiment have sparked questions about the possibility of another Evergrande-like crisis. Vanke is still seen as stronger and better supported than Evergrande was, yet the situation underscores that China's structural real estate problems remain unresolved. A collapse on Evergrande's scale is not the base case, but attention is now on whether Beijing will reinforce policy support to prevent systemic risks.

ECB FLAGS HEIGHTENED STABILITY RISKS

The ECB cautioned that financial stability risks in the region remain "elevated," noting that several countries could be vulnerable to sharp market adjustments that may challenge confidence. The report pointed to persistently high asset valuations and the growing concentration in equity markets as factors that raise the chances of abrupt price corrections.

FROZEN RUSSIAN ASSETS WITH UKRAINE LOANS

European Commission President Ursula von der Leyen confirmed that the EU is prepared to present a legal framework enabling loans to Ukraine backed by Russia's frozen assets. Since the start of the Russia-Ukraine conflict, EU member states have frozen roughly 200 billion dollars in Russian assets, paving the way for this financing mechanism.

The Week Ahead

Markets face a busy macro week, led by delayed US releases following the government shutdown and fresh global data across inflation, labor, and PMIs.

AMERICAS

The US will release September PCE, income, and spending figures, along with delayed import/export prices and industrial production. Headline PCE is expected to rise 2.8% YoY and 0.3% MoM, with core stable at 2.9% YoY and 0.2% MoM. Personal spending and income are both seen near 0.4%. ISM manufacturing is likely to remain in contraction, services may slow slightly, and ADP payrolls are expected to drop to 20K from 42K. Michigan sentiment, Challenger layoffs, consumer credit, and final PMIs are also due. Canada releases jobs and PMI data, Mexico publishes business and consumer sentiment, and Brazil reports Q3 GDP along with industrial output and trade numbers.

EUROPE

Eurozone inflation is forecast to rise to 2.2% in November, with core at 2.5%. The unemployment rate is expected to hold at 6.3% for a fourth month, with new jobless data due from Spain, Italy, and Switzerland. Germany's factory orders may decline again, Spain and Italy show improving manufacturing, and services remain steady across both economies, and UK mortgage approvals could fall to a five-month low. Turkey's Q3 GDP is expected at 4.2% with inflation cooling to 31.6%. Poland is widely expected to cut rates by 25 bps to 4%. Other notable data includes Eurozone and Italy retail sales, France industry output and trade, UK house price measures, Swiss retail sales, and Turkey's trade balance.

ASIA-PACIFIC

China's November PMIs will be key, with official manufacturing expected to stay below 50 for an eighth month while private surveys may show slower but continued expansion. Japan releases PMIs, household spending, consumer confidence, Reuters Tankan, and capital expenditure. India's RBI is expected to cut rates 25 bps to 5.25%, with production and PMI data to follow. Australia publishes Q3 GDP, current account, corporate profits, inventories, and October trade and building permits. South Korea and Indonesia report trade data, while inflation updates are expected from South Korea, Indonesia, Thailand, the Philippines, and Taiwan. November PMIs are scheduled for Indonesia, Malaysia, the Philippines, South Korea, Taiwan, Thailand, Vietnam, Hong Kong, and Singapore.

ZITA PLUS

zitaplus.com
support@zitaplus.com
+971 4 287 1454
+971 54 431 3402

The H Hotel Office Tower,
One Sheikh Zayed Road, 18th floor,
Office No:1803, Dubai, United Arab Emirates