ZITAPLUS
WEEKLY BULLETIN

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GLOBAL MONETARY UPDATE

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
THE U.S.–CHINA TRADE RESET AT APEC
U.S. CRYPTO LAWS AND EUROPE'S DIGITAL EURO • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, NOVEMBER 3				
18:45	USD	S&P Global Manufacturing PMI (Oct)	52.2	52.0
19:00	USD	ISM Manufacturing PMI (Oct)	49.4	49.1
TUESDAY, NOVEMBER 4				
14:00	EUR	ECB President Lagarde Speaks	-	-
17:30	USD	Trade Balance (Aug)	-60.4B	-78.30B
19:00	USD	JOLTS Job Openings (Sep)	-	7.227M
WEDNESDAY, NOVEMBER 5				
17:15	USD	ADP Nonfarm Employment Change (Oct)	28K	-32K
18:00	USD	ISM Non-Manufacturing PMI (Oct)	51.0	50.8
18:00	USD	ISM Non-Manufacturing Prices (Oct)	-	69.4
18:45	USD	S&P Global Services PMI (Oct)	55.2	55.2
THURSDAY, NOVEMBER 6				
16:00	GBP	BoE Interest Rate Decision (Nov)	4.00%	4.00%
17:30	USD	Initial Jobless Claims	-	218K
FRIDAY, NOVEMBER 7				
19:00	USD	Michigan 5-Year Inflation Expectations (Nov)	-	3.9
19:00	USD	Michigan Consumer Sentiment (Nov)	54.0	53.6

GMT+4 DUBAI TIME

GLOBAL MONETARY UPDATE

The Fed cuts rates, the BoJ holds steady, and the ECB pauses, all signaling one common message of caution across global central banks. Here's a look at the global monetary policies:

Image Credit: Alex Wong / Getty Images

FED TAKES FIRST MOVE: A 25 BP CUT BUT CAUTION REMAINS

The Federal Reserve made its first rate cut of the current cycle, lowering the federal funds target range by 25 basis points to 3.75%–4.00%. The move reflects the Fed's effort to support growth amid early signs of a cooling U.S. economy.

The central bank also announced an end to its quantitative tightening program, effective December 1, to help ease liquidity pressures in financial markets.

However, Chair Jerome Powell emphasized that another cut in December is not guaranteed. Market expectations for a follow-up move dropped from about 88% to 65%, according to CME FedWatch data.
Policy divisions also emerged within the Committee:

- **Stephen Miran favored a deeper, 50 bp reduction.**
- **Jeffrey Schmid of Kansas City voted against any cut.**

This divergence highlights growing uncertainty within the Fed about the balance between supporting growth and containing inflation.

BOJ HOLDS STEADY, YEN WEAKENS

The Bank of Japan kept its policy rate unchanged at its latest meeting, maintaining an accommodative stance despite rising inflation concerns. Two board members voted for a rate hike, signaling a slight shift toward policy normalization.

With Japan's new government supporting continued stimulus, the BoJ's overall message remained one of stability and patience.

In currency markets, the yen slipped as traders reacted to the decision. The USD/JPY climbed from around 152.00 to 153.40, reflecting a 1% weakening of the yen as investors viewed the BoJ's hold as a green light for looser conditions.

Image Credit: Thomas Lohnes / Getty Images

ECB PAUSES, EMPHASIZES CONFIDENCE AND VIGILANCE

The European Central Bank left its three key rates unchanged:

- **Deposit facility: 2.00%**
- **Main refinancing rate: 2.15%**
- **Marginal lending rate: 2.40%**

The decision was unanimous, reflecting broad satisfaction with current policy settings.

ECB President Christine Lagarde described the euro area as "in a good place" from a monetary standpoint, noting that inflation remains near the 2% medium-term target and that growth, while modest, is holding up against global headwinds.

Lagarde reaffirmed that the ECB will continue to make decisions on a data-dependent, meeting-by-meeting basis, avoiding any pre-commitments. She also cautioned that geopolitical tensions and trade disputes continue to pose risks to the economic outlook.

Markets interpreted the message as a likely pause in rate adjustments and possibly the end of the current easing cycle for now.

THE BIGGER PICTURE

The latest developments underscore a divergent global policy landscape:

- **The Fed has begun to ease, but remains cautious.**
- **The BoJ stays accommodative, waiting for sustained inflation.**
- **The ECB is pausing, confident yet vigilant.**

While central banks are responding to different domestic realities, their common theme is restraint. Policy uncertainty remains elevated, and markets are expected to stay sensitive to economic data, central bank communication, and geopolitical risks in the months ahead.

EURUSD

DOLLAR STRENGTH PUSHES THE PAIR LOWER

Although the ECB kept interest rates unchanged last week, the Fed's signal that no rate cuts are expected in December lifted the DXY to a three-month high, driving EUR/USD toward 1.1500. Technically, if the pair stays below 1.1515, a move toward 1.1400 and 1.1315 is likely. Holding above 1.1515 could target 1.1583 and 1.1700.

- **Support:** 1.1400 – 1.1315
- **Resistance:** 1.1583 – 1.1700

XAUUSD

STILL VOLATILE AMID FED OUTLOOK AND GEOPOLITICAL

Gold remains highly volatile amid the Fed's December outlook and ongoing geopolitical risks. Currently trading near the $4000 level, it stays within a $3965–$4045 range. With an RSI around 50, momentum is mixed but slightly bullish. The $3965 level is strong support; a break below may lead to $3915 and $3890. Holding above $4000 could target $4045 and $4085.

- **Support:** $3965 – $3915 – $3890
- **Resistance:** $4045 – $4085 – $4120

BRENT OIL

BULLISH START TO THE WEEK

Although OPEC+ announced a small production increase at its November meeting, its decision not to extend it into Q1 2026 supported a positive start for Brent crude. The $65.00 level remains a key pivot. Holding above $65.00 could target $66.10 and $67.40, while a drop below may bring $63.50 and $62.30 into focus.

- **Support:** $63.50 – $62.30
- **Resistance:** $66.10 – $67.40

BTCUSD

SELL-OFF DEEPENS

As expectations for a December rate cut fade and leveraged positions unwind, the crypto market faces a sharp sell-off. After peaking at $126,000 in early October, Bitcoin has dropped to the key 0.618 Fibonacci level near $106,500. A break below this level could trigger further declines toward $100,000 and $94,000. Holding above $106,500 may open the way to $110,500 and $115,200.

- **Support:** $100,000 – $94,000
- **Resistance:** $110,500 – $115,200

NEW TERMS, OLD TENSIONS: THE U.S.–CHINA TRADE RESET AT APEC


Image Credit: Reuters

The annual Asia-Pacific Economic Cooperation (APEC) summit took place in Gyeongju, South Korea, on October 31–November 1, 2025, bringing together 21 economies that account for about half of global trade and nearly 40 percent of the world's population. The forum remains a central venue for dialogue on trade and regional cooperation.

KEY NOTES

Goldman Sachs data shows that specific thematic baskets have delivered outsized returns compared with broader benchmarks:

- **Tariff adjustment:** President Trump announced a reduction in the average tariff rate on Chinese imports from 57% to 47%. In return, China pledged to resume U.S. soybean purchases and delay for one year the implementation of new export controls on rare earths and critical minerals.

- **Agriculture & critical minerals:** The agreement includes a one-year suspension of export restrictions on Chinese rare earths and other key minerals, alongside China's commitment to expand agricultural imports from the United States.

- **Verbal optics:** Following the talks, Trump described the meeting as "a 12 out of 10," while Xi emphasized that the U.S. and China "must assume joint responsibility as partners and friends." Their remarks helped ease market concerns following months of strained trade relations.

WHAT THE TRUMP-XI SUMMIT DIDN'T FIX

Behind the optimistic tone, both leaders acknowledged that several key issues were left off the table. President Trump conceded that no progress was made on semiconductors, advanced technology exports, or the growing concerns surrounding Taiwan.

While tariffs and agricultural trade drew attention, the core structural challenges, such as supply chain separation, national security export controls, and the ongoing rivalry in technology, remain unresolved. These sticking points continue to weigh on the broader U.S.–China relationship.

TARIFFS EASE, TECH TENSIONS STAY

The summit's results offered markets a brief sense of relief. The reduced risk of tariff escalation and China's commitment on rare earth exports eased concerns about potential supply shortages in technology and defense industries. Still, the lack of progress on technology export controls keeps policy uncertainty high.

The U.S.-China dynamic continues to shape global trade patterns, influencing commodities, manufacturing, and financial cycles. China's renewed soybean purchases could support U.S. agricultural exports, while greater access to rare earth materials may help stabilize production costs for manufacturers worldwide.

TARIFFS EASE, TECH TENSIONS STAY

Critical minerals, often called rare earth elements (REEs), are a group of metals essential to modern technology yet mined and refined in only a handful of countries, with China dominating global supply. They include lithium, cobalt, nickel, neodymium, and dysprosium, materials vital for producing semiconductors, electric vehicle batteries, solar panels, smartphones, aerospace components, and advanced defense systems.

Their strategic importance lies not only in their industrial use but also in their role in national security and technological competition. Any disruption in the rare earth supply chain can halt production of key equipment ranging from F-35 fighter jets to MRI scanners. As the global economy shifts toward clean energy and digital infrastructure, demand for these materials is set to surge, placing them at the center of the energy transition. China's control of more than 60 percent of global rare earth processing capacity gives it significant influence in both trade and diplomacy.

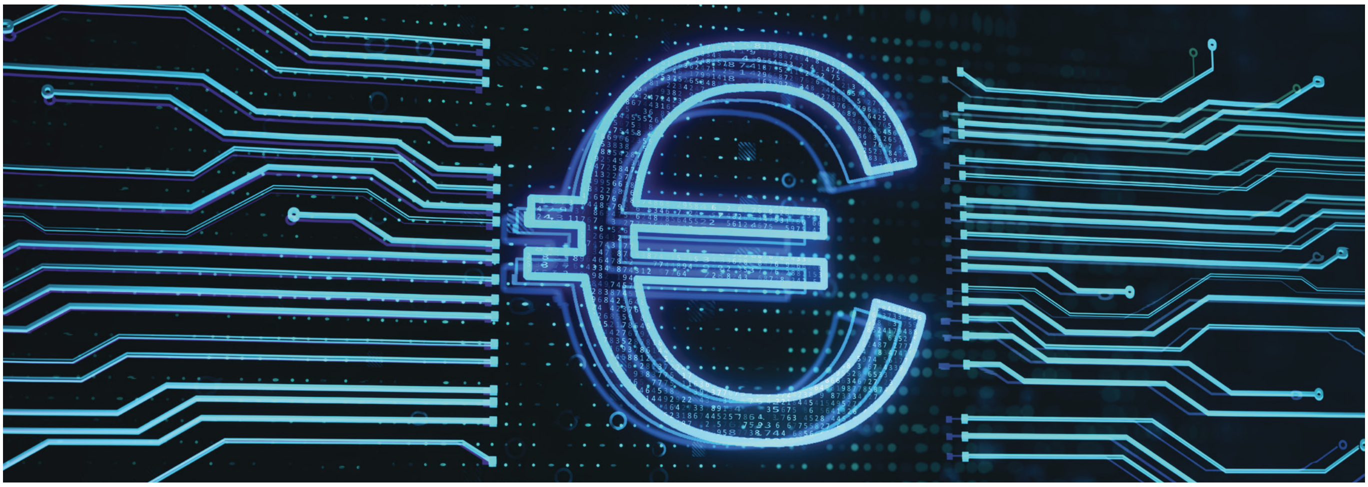
Within the U.S.-China relationship, critical minerals have evolved into a central point of leverage. Beijing's decisions to restrict or ease exports of rare earths can sway global markets and reshape high-tech supply chains. As governments and corporations race to diversify sources and secure alternative supply routes, these minerals are likely to remain a cornerstone of industrial policy, trade strategy, and security planning for years to come.

CAN THE APEC PROMISES HOLD?

With the Trump-Xi meeting at APEC concluded, focus now turns to how quickly and genuinely both sides act on their trade pledges, particularly China's commitments to increase U.S. soybean imports and ease restrictions on rare earth exports. The lack of movement on semiconductors and advanced technology controls, however, leaves open the risk of renewed tension as both nations continue to strengthen their supply chain independence.

Financial markets will watch for signs of policy follow-through, while geopolitical analysts will look for shifts in tone regarding Taiwan and military activity across the Indo-Pacific. The months ahead will reveal whether this diplomatic calm marks the start of a more stable phase or simply a temporary pause in a long-running strategic rivalry.

U.S. CRYPTO LAWS AND EUROPE'S DIGITAL EURO



The global shift toward digital finance is accelerating, with both the United States and Europe moving closer to regulatory clarity and innovation in digital currencies.

In Washington, lawmakers are working to finalize the bipartisan CLARITY Act, which defines which cryptocurrencies fall under the Commodity Futures Trading Commission (CFTC) and which are regulated by the Securities and Exchange Commission (SEC). Alongside it, the GENIUS Act introduces a federal framework for stablecoins, allowing both domestic and international issuers to operate safely within U.S. markets.

Senators have been holding daily meetings with industry leaders, aiming to complete their respective sections before Thanksgiving. According to insiders, nearly 90% of key issues have been resolved, signaling a growing consensus. Meanwhile, Solana's stablecoin supply has surged 40% in three months to $13.9 billion, highlighting the demand for faster transaction speeds and lower fees across blockchain ecosystems.
On October 30 in Busan, U.S. President Donald Trump and Chinese President Xi Jinping held their first face-to-face meeting since 2019. The discussion lasted around 100 minutes and concluded with several concrete trade policy measures and a more constructive tone between the two sides. Still, key disagreements between Washington and Beijing remain unresolved.

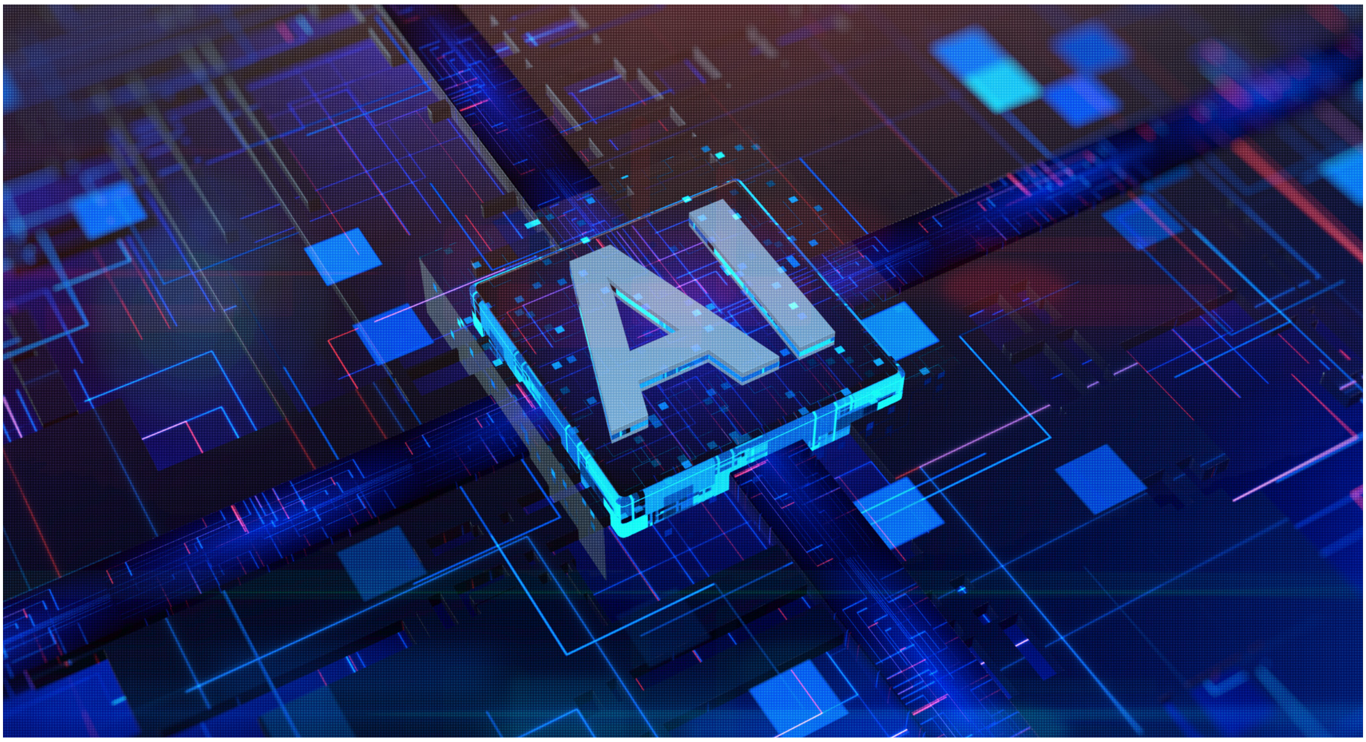
EUROPE ADVANCES ITS DIGITAL EURO VISION

Across the Atlantic, the European Central Bank (ECB) is advancing its digital euro initiative, backed by new Ipsos research conducted in 20 euro-area countries. The study, which included 40 focus groups with 162 small merchants and 160 interviews with vulnerable consumers, highlights what users expect from a European digital currency.

Merchants, already accustomed to diverse payment methods, prioritize offline functionality (42%), lower costs (41%), and instant fund transfers (40%). Consumers emphasize security (50%), ease of use (48%), and spending control (45%), while citing concerns about fraud, merchant refusals, and technical issues. Adoption is likely to hinge on universal acceptance (48%), offline access (40%), and in-person support (38%), with 45% of participants expressing trust in European banks or the ECB as providers.

Building on these insights, the ECB is preparing for a pilot phase in 2027, followed by potential issuance in 2029, contingent on legislation in 2026. Development is projected to cost €1.3 billion, with annual operating expenses around €320 million. The digital euro aims to offer a secure, inclusive, and affordable payment option that complements cash while reinforcing Europe's monetary sovereignty in an increasingly digital world.

TECH GIANTS RAMP UP AI SPENDING



The world's largest U.S. technology firms are doubling down on artificial intelligence, setting the stage for another record year of capital investment, even as investors grow wary of short-term costs.

Collectively, major tech players are expected to pour more than $380 billion into AI-related capital expenditures this year. Amazon leads with a projected $125 billion, followed by Microsoft at $94 billion, Alphabet between $91–93 billion, and Meta at $70–72 billion. Much of this spending is directed toward data centers, cloud capacity, and advanced computing infrastructure to power the next generation of AI applications.

EARNINGS DELIVER A MIXED PICTURE

Quarterly results reflected both optimism and fatigue in the market. Amazon and Alphabet beat expectations, with their shares climbing 11% and 2.5%, respectively. Microsoft and Meta, however, saw declines of 3% and 11% despite exceeding revenue forecasts, as concerns over escalating investment costs overshadowed their results. Analysts praised the companies' commitment to long-term AI growth but warned that returns remain uncertain, especially for Meta, which has yet to establish a clear AI monetization path.

CLOUD ARMS RACE INTENSIFIES

The infrastructure supporting AI is growing at an incredibly rapid pace. Amazon Web Services, Microsoft Azure, and Google Cloud are all scaling operations to handle surging demand for AI training and deployment. The rapid buildout shows the sector's transformation, where dominance in cloud computing is increasingly tied to leadership in artificial intelligence.

Market Roundup

BANK OF JAPAN HOLDS RATE AT 0.5%

The Bank of Japan kept its policy rate at 0.5% in October 2025, the highest since 2008, by a 7–2 vote. Policymakers maintained support for a fragile recovery, projecting core inflation at 2.7% for FY2025 before easing to 1.8% next year and returning to 2% by FY2027. GDP growth was upgraded to 0.7%, supported by stronger exports and political stability under Prime Minister Sanae Takaichi.

FEDERAL RESERVE CUTS RATE FOR SECOND TIME IN 2025

The Fed lowered the federal funds rate by 25 bps to 3.75%–4.00%, aiming to sustain growth amid cooling activity and easing inflation. It will also end quantitative tightening on December 1 to improve liquidity. Chair Powell said another cut in December is “not guaranteed,” as opinions diverged within the FOMC. Market odds of a follow-up cut fell to 65% from 88%.

JAPAN’S UNEMPLOYMENT RATE HOLDS AT 2.6%

Japan’s jobless rate stayed at 2.6% in September, slightly above the 2.5% forecast, the highest since July 2024. Employment rose to 68.34 million, while the participation rate increased to 64.2%. The jobs-to-applicants ratio held at 1.20, its lowest since early 2022, signaling mild softening in labor conditions.

EUROZONE GDP GROWTH MODERATES TO 1.3%

Eurozone GDP grew 1.3% year-on-year in Q3 2025, slightly above expectations but down from 1.5% in Q2. Spain and the Netherlands led growth, while Germany and Italy lagged at 0.3% and 0.4%. Quarter-on-quarter growth was 0.2%, easing recession fears and reflecting resilience in consumption and services.

Market Roundup

EURO AREA INFLATION EASES TOWARD TARGET

Euro area inflation slowed to 2.1% in October from 2.2%, close to the ECB's target. Energy prices fell 1.0%, while services inflation rose to 3.4%, keeping core inflation steady at 2.4%. The data support expectations that the ECB will hold policy steady into early 2026.

U.S.–CHINA TRADE PACT LIFTS CONFIDENCE

China agreed to lift rare earth export restrictions and end probes into U.S. semiconductor firms under a new trade pact. The U.S. will cancel planned tariffs, extend levy suspensions, and China will buy 12 million tons of soybeans this season, sustaining higher purchases through 2028.

TRUMP, XI FINALIZE DEAL ON TRADE AND FENTANYL

Trump and Xi reached a consensus in South Korea on trade, fentanyl controls, and agriculture. China will lift rare earth restrictions and resume soybean imports. Talks also addressed tariffs and tech regulation, signaling easing tensions ahead of a formal truce.

CHICAGO BUSINESS ACTIVITY IMPROVES

The Chicago Business Barometer rose to 43.8 in October from 40.6, topping forecasts of 42.3. New orders and backlogs improved, though employment fell to its lowest since February. It marked the 23rd month below 50, signaling continued manufacturing weakness.

EUROZONE UNEMPLOYMENT STEADY AT 6.3%

The euro area unemployment rate remained at 6.3% for the third month in September. Youth unemployment edged up to 14.4%, while Germany recorded the lowest rate at 3.9%, reflecting steady labor conditions despite slow growth.

CHINA–U.S. RARE EARTH DEAL LIFTS SENTIMENT

Markets reacted positively to Beijing's rollback of mineral export curbs, easing supply chain concerns for Western manufacturers. The deal supports semiconductor and EV sectors and may mark the start of a broader trade thaw.

DIPLOMATIC THAW EXPECTED TO CONTINUE

Following the Busan summit, Washington and Beijing plan to expand cooperation in trade, security, and technology. Trump's April 2026 visit to Beijing could mark full normalization, signaling a shared goal of global market stability.

The Week Ahead

The ongoing U.S. government shutdown is set to delay key data releases, though private reports and major earnings will guide markets. Focus will be on the ADP Employment Report, ISM PMIs, and Michigan Consumer Sentiment, along with earnings from Palantir, AMD, Berkshire Hathaway, McDonald's, Qualcomm, and ConocoPhillips. Central banks in the U.K., Australia, Sweden, Norway, Brazil, and Mexico will announce rate decisions. Other highlights include industrial output from Germany and Italy, labor data from Canada, inflation from Switzerland, South Korea, and Turkey, and China's private-sector PMIs.

AMERICAS

In the U.S., the shutdown continues into a second month, delaying official data. Key updates include ADP employment, ISM PMIs, and consumer sentiment, with private jobs expected to rise 25K after September's 32K decline. ISM data may show ongoing manufacturing weakness, but stronger services. Fed remarks and the Treasury's refunding will be watched, while Mexico, Brazil, and Canada release policy and economic data.

EUROPE

The Bank of England is expected to hold rates steady, though cut bets are rising amid softer growth and inflation. In the Eurozone, final PMIs for Germany, France, and the bloc, plus factory orders and industrial data from Germany and France, will be in focus. Switzerland and Turkey publish inflation, while Sweden, Norway, and Poland are likely to keep policy unchanged.

ASIA-PACIFIC

China's trade surplus is projected to be near $100B, with PMIs signaling slower factory activity. Japan releases wage growth, household spending, and BoJ minutes, while the RBA is expected to hold rates at 3.6%. Elsewhere, regional attention will be on trade and inflation data across Southeast Asia, New Zealand's labor report, GDP from Indonesia and the Philippines, and Malaysia's policy decision.

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