ZITAPLUS
WEEKLY BULLETIN

8— 12 SEP 2025

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ZITA PLUS

Index

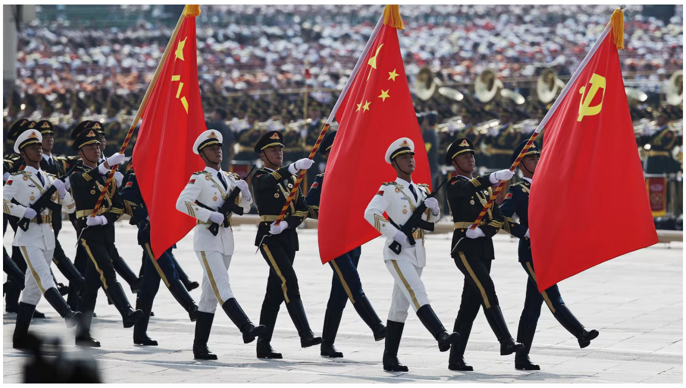
TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, SEPTEMBER 8				
03:50	JPY	GDP (QoQ) (Q2)	0.3%	0.1%
WEDNESDAY, SEPTEMBER 10				
16:30	USD	PPI (MoM) (Aug)	0.3%	0.9%
18:30	USD	Crude Oil Inventories		2.415M
21:00	USD	10-Year Note Auction		4.255%
THURSDAY, SEPTEMBER 11				
16:15	EUR	Deposit Facility Rate (Sep)	2.0%	2.0%
16:15	EUR	ECB Interest Rate Decision (Sep)	2.15%	2.15%
16:30	USD	Core CPI (MoM) (Aug)	0.3%	0.3%
16:30	USD	CPI (MoM) (Aug)	0.3%	0.2%
16:30	USD	CPI (YoY) (Aug)	2.9%	2.7%
16:30	USD	Initial Jobless Claims	234K	237K
16:45	EUR	ECB Press Conference		
21:00	USD	30-Year Bond Auction		4.813%
FRIDAY, SEPTEMBER 12				
10:00	GBP	GDP (MoM) (Jul)	0.0%	0.4%
10:00	EUR	German CPI (MoM) (Aug)	0.1%	0.1%

GMT+4 DUBAI TIME

Weekly Highlights

8-12 SEP 2025

POWER ON PARADE: THE ILLUSION OF STRENGTH BEHIND AUTHORITARIAN SPECTACLES



CHINA STAGES MASSIVE MILITARY PARADE

China showcased its military power on a global stage with a large-scale parade in Beijing, marked by the presence of Russian President Vladimir Putin and North Korean leader Kim Jong Un. Standing alongside Chinese President Xi Jinping, their appearance signaled an unprecedented alignment among the three nations at a time of heightened global tensions.

A DISPLAY OF POWER IN TIANANMEN SQUARE

The parade, held in Tiananmen Square, featured thousands of troops, tanks, and advanced missile systems moving in precise formation. The spectacle was designed not only as a demonstration of military strength but also as a carefully orchestrated political statement directed at both domestic and international audiences.

SYMBOLISM AND STRATEGIC MESSAGING

The coordinated presence of Xi, Putin, and Kim carried strong symbolism:

- **Emerging bloc:** Analysts highlighted the event as a clear signal of deepening ties between authoritarian powers.
- **Message to the West:** The gathering underscored their intent to present a counterweight to U.S. and allied influence.
- **Xi's warning:** In his speech, Xi framed the moment as a global crossroads, declaring that nations must choose between "peace or war."

GLOBAL AND DOMESTIC IMPLICATIONS

The show of unity reinforced fears of a shifting world order, where authoritarian partnerships are becoming more visible and assertive. For Western powers, the parade served as a reminder of geopolitical rivalries hardening into clearer blocs.
At the same time, the highly choreographed display contrasted with the internal challenges facing each nation:

- **China's slowing economy and demographic pressures**
- **Russia's international isolation amid the ongoing war in Ukraine**
- **North Korea's fragile economic position and reliance on external support**

A FRAGILE UNITY BENEATH THE SPECTACLE

While the parade projected defiance and strength, it also underscored the vulnerabilities within this alliance. The leaders' shared stage highlighted both their common cause and the risks of overreach in a volatile global environment.

EURUSD

EUR/USD NEAR 1.1720 AFTER WEAK JOBS DATA

EUR/USD remains near 1.1720, supported by weaker U.S. nonfarm payrolls, which raised concerns over slowing economic momentum and reinforced expectations for a Federal Reserve rate cut. However, a partial dollar rebound may continue to weigh on the euro in the short term.

From a technical perspective, 1.1730 is the first resistance, followed by 1.1760. On the downside, the 1.1630/40 zone acts as key support, with 1.1650 a critical pivot.

KEY LEVELS:

- **Narrow Range:** 1.1630 – 1.1760
- **Broad Range:** 1.1565 – 1.1850

XAUUSD

GOLD HOLDS ABOVE $3,600 WITH STRONG DEMAND

Gold remains above $3,600 per ounce, supported by robust safe-haven demand and higher central bank reserve purchases. Risk-off sentiment continues to draw investors to the metal.

Expectations of a Fed rate cut, trade uncertainties, and renewed geopolitical risks remain key drivers of upward momentum, keeping gold attractive near record highs.

Technically, resistance is at $3,635, with a break above reinforcing the bullish trend. However, overbought RSI signals possible profit-taking. On the downside, strong support is seen at $3,505.

KEY LEVELS:

- **Narrow:** $3,580 – $3,635/40
- **Broad:** $3,505 – $3,672

BRENT OIL

GEOPOLITICAL RISKS AND OPEC+ LIFT OIL PRICES

Brent crude futures climbed 2% above $66.5 per barrel on Monday, snapping a three-day losing streak. The rebound followed OPEC+'s decision to raise output by just 137,000 bpd in October, well below previous months, easing oversupply concerns. Analysts cautioned that some members are already overproducing, but the smaller hike still lifted sentiment.

Geopolitical risks also supported prices after Russia launched its largest airstrike of the Ukraine war, while Washington signaled new oil sanctions. European leaders will meet President Trump this week to discuss conflict solutions.

KEY LEVELS:

- **Support:** $65.20
- **Resistance:** $69.50

BTCUSD

CRYPTO MARKET FLAT AS ETF OUTFLOWS WEIGH

Cryptocurrencies held steady, with Bitcoin near $111K and Ether around $4.3K. ETF flows turned negative on Friday, as IBIT recorded $63M in outflows, while ETH products saw sharper pressure, led by ETHA with $310M in redemptions.

Technically, resistance sits in the $113,400–$113,800 zone. A clear break above would confirm the inverted head-and-shoulders pattern and open the way for a potential move toward $120K.

KEY LEVELS:

- **Support:** $108.800
- **Resistance:** $113.400/113.800

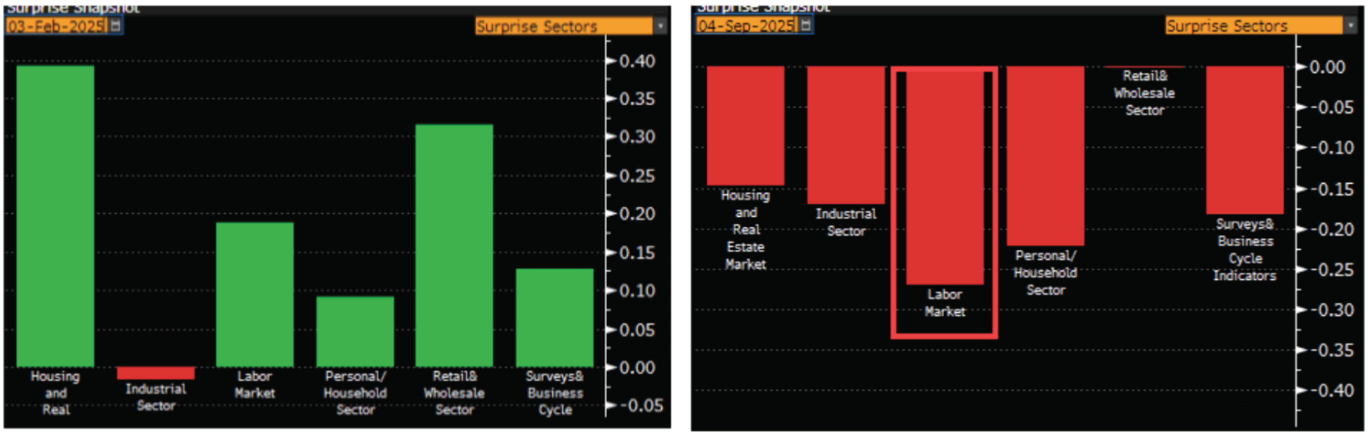
U.S. SERVICES SECTOR ACCELERATES TO SIX-MONTH HIGH

The U.S. services sector picked up speed in August with the ISM Services PMI climbing to 52 from 50.1 in July, topping expectations of 51. The reading marks the fastest pace of growth in six months and points to resilience in the largest segment of the U.S. economy despite persistent conflicts. Growth was broad-based, with business activity rising to 55 from 52.6 and new orders jumping to 56 from 50.3, reflecting firmer client demand and stronger engagement. Inventories also improved, moving to 53.2 from 51.8, as businesses restocked in anticipation of further expansion heading into the autumn.

Not all indicators were positive. Employment fell deeper into contraction at 46.5, highlighting labor shortages and hiring challenges in the sector. Backlogs of orders plunged to 40.4, their lowest level in 16 years, showing companies are fulfilling demand more quickly than new orders are being placed. Price pressures remained high at 69.2, underscoring that inflation continues to weigh heavily on operating costs. Persistent input price increases remain a major hurdle for service providers, even as demand strengthens.

Steve Miller, Chair of the ISM Services Business Survey Committee, said tariff concerns are shaping sentiment. *"There are increasing signs that firms are accelerating imports and business activity to get ahead of potential price increases, while simultaneously preparing for the holiday peak season,"* he noted. The combination of stronger demand, elevated prices, and labor constraints suggests the sector is adapting to shifting trade dynamics but still faces key challenges as it moves into the final quarter of the year.

U.S. DATA TURNS NEGATIVE AS LABOR WEAKNESS DEEPENS



Source: Bloomberg, Nomura Vol

The Bloomberg Economic Surprise Index, which tracks how economic releases compare with forecasts, has swung sharply this year. In February, most U.S. data came in above expectations. This painted a picture of resilience. By early September, however, the index had flipped, with nearly every major component turning negative. The reversal reflects growing weakness in the labor market and rising fears that economic momentum is slipping.

LABOR MARKET STRAINS

Nomura strategist Charlie McElligott highlighted that labor conditions are worsening at an accelerated pace. August recorded the weakest hiring outlook for that month on record, while announced job cuts remain elevated, placing this period among the most challenging decades for U.S. employment data. According to McElligott, the narrative has shifted from a "normal" cooling of the job market to a concerning slowdown, where employment is no longer providing a cushion for the economy.

POLICY AND ECONOMIC RISKS

The softening labor market is only part of the challenge. Policy uncertainty, intensifying trade tensions, and weakening corporate confidence have added to the risks. Inflation has remained relatively stable, but tariff impacts and slowing hiring are raising doubts about how much room the Federal Reserve has to maneuver. The combination of labor weakness and political pressures on the central bank has heightened volatility in both bond and currency markets.

INVESTOR RESPONSE

Market positioning has changed in line with the data. Earlier this year, optimism drove heavy demand for short-dated bonds, reflecting confidence in near-term economic stability. That trend has now reversed, with clients increasingly hedging against downside risks. Consistently disappointing economic releases have undermined investor sentiment, leading to more cautious positioning across fixed income, equities, and foreign exchange markets.

LOOKING AHEAD

The focus will remain on labor data and its implications for monetary policy. With nonfarm payrolls growth slowing to modest levels and unemployment edging higher, markets are bracing for more disappointing economic surprises. Many investors see this as a turning point, where volatility could increase as the economy transitions from resilience to fragility.

GOLD VS BONDS

GOLD SURGES AS UK GILTS SIGNAL STRAIN

Global financial markets are under growing stress as government bond yields climb to multi-decade highs while gold prices surge to new records. The opposing moves highlight investor uncertainty and the fragile balance policymakers face between inflation control and economic growth.

UK GILT YIELDS AT 30-YEAR HIGHS

UK government bond yields surged this week, reaching their highest levels in nearly three decades. The move reflects deepening concerns over persistent inflation and the United Kingdom's fiscal trajectory. Analysts note that the Bank of England faces a difficult balancing act as it attempts to restore credibility while avoiding a sharper slowdown in economic activity.

Market participants are closely watching whether higher borrowing costs could push businesses and households into deeper financial strain. At the same time, gilt yields remain a benchmark for broader European debt markets, amplifying the potential impact of the rise.

GOLD BREAKS RECORDS

In contrast, gold has continued its relentless climb, breaking through new record highs above $3,400 per ounce. Prices have nearly doubled since 2023, fueled by rising demand from investors seeking safe-haven assets.

The metal's strength reflects more than just expectations of monetary easing. Broader concerns about fiscal stability, political risks, and global uncertainty are encouraging investors to increase their exposure to gold. Analysts argue that the surge underscores gold's enduring role as a hedge during turbulent times.

MARKET IMPLICATIONS

The contrasting moves in gilts and gold send a clear signal of market stress. Investors appear increasingly defensive, with capital flowing toward perceived safe assets even as yields on sovereign debt climb higher.
Equity markets, particularly in Europe, remain under pressure, with volatility rising. The combination of record-high gold prices and elevated bond yields suggests that financial conditions may tighten further, challenging policymakers' ability to stabilize growth while keeping inflation in check.


BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

US NFP SIGNAL LABOR MARKET WEAKNESS IN AUGUST 2025

ESTABLISHMENT DATA
Summary table B. Establishment data, seasonally adjusted

Category	Aug. 2024	June 2025	July 2025p	Aug. 2025p
EMPLOYMENT BY SELECTED INDUSTRY (Over-the-month change, in thousands)				
Total nonfarm	71	-13	79	22
Total private	33	-27	77	38
Goods-producing	-18	-21	-8	-25
Mining and logging	-1	-2	-5	-6
Construction	23	-2	-1	-7
Manufacturing	-40	-17	-2	-12
Durable goods[1]	-40	-15	5	-19
Motor vehicles and parts	-16.0	-3.0	2.0	-7.3
Nondurable goods	0	-2	-7	7
Private service-providing	51	-6	85	63
Wholesale trade	3.8	-12.1	-8.3	-11.7
Retail trade	-13.3	-5.0	7.2	10.5
Transportation and warehousing	1.7	3.8	6.3	3.6
Utilities	0.8	0.3	0.6	-0.8
Information	-7	-3	-7	-5
Financial activities	6	-6	9	-3
Professional and business services[1]	-32	-24	-10	-17
Temporary help services	-20.5	-10.0	-10.2	-9.8
Private education and health services[1]	65	51	77	46
Health care and social assistance	53.6	58.8	71.6	46.8
Leisure and hospitality	26	-5	6	28
Other services	0	-6	5	12
Government	38	14	2	-16
(3-month average change, in thousands)				
Total nonfarm	82	55	28	29
Total private	46	58	40	29
WOMEN AND PRODUCTION AND NONSUPERVISORY EMPLOYEES AS A PERCENT OF ALL EMPLOYEES[2]				
Total nonfarm women employees	49.9	49.9	49.9	49.9
Total private women employees	48.4	48.4	48.4	48.5
Total private production and nonsupervisory employees	81.5	81.5	81.5	81.5
HOURS AND EARNINGS ALL EMPLOYEES				
Total private				
Average weekly hours	34.3	34.2	34.2	34.2
Average hourly earnings	$35.23	$36.31	$36.43	$36.53
Average weekly earnings	$1,208.39	$1,241.80	$1,245.91	$1,249.33
Index of aggregate weekly hours (2007=100)[3]	115.9	116.6	116.7	116.7
Over-the-month percent change	0.3	-0.3	0.1	0.0
Index of aggregate weekly payrolls (2007=100)[4]	195.3	202.5	203.3	203.9
Over-the-month percent change	0.8	-0.1	0.4	0.3
DIFFUSION INDEX (Over 1-month span)[5]				
Total private (250 industries)	51.0	46.2	48.0	49.6
Manufacturing (72 industries)	34.7	47.2	45.1	45.8

[1] Includes other industries, not shown separately.
[2] Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries.
[3] The indexes of aggregate weekly hours are calculated by dividing the current month's estimates of aggregate hours by the corresponding annual average aggregate hours.
[4] The indexes of aggregate weekly payrolls are calculated by dividing the current month's estimates of aggregate weekly payrolls by the corresponding annual average aggregate weekly payrolls.
[5] Figures are the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.
p Preliminary
NOTE: Data have been revised to reflect March 2024 benchmark levels and updated seasonal adjustment factors.

The U.S. labor market showed further signs of strain in August, as nonfarm payrolls increased by only 22,000, well below market expectations of 75,000. The figure also trailed the revised 79,000 jobs added in July, highlighting slowing momentum ahead of the Federal Reserve's September policy meeting.

Job gains were limited to a few areas, while several industries recorded notable losses:

- **Health care:** +31,000
- **Social assistance:** +16,000
- **Federal government:** -15,000
- **Manufacturing:** -12,000
- **Wholesale trade:** -12,000
- **Energy-related sectors:** -6,000

Other industries, including construction, retail, transportation, finance, and leisure, showed little change.

REVISIONS AND UNEMPLOYMENT

Revisions to previous months reinforced the fragile outlook. June payrolls were cut by 27,000, while July saw a modest upward revision of 6,000. Together, employment gains across the two months were 21,000 lower than initially reported.

The unemployment rate held steady at 4.3 percent, though analysts noted that risks remain tilted toward further increases as hiring weakens.

POLICY AND MARKET IMPLICATIONS

The weak report poses a challenge for the Federal Reserve. Inflation remains persistent in several categories, yet slower hiring suggests the economy is cooling. Analysts warned that government spending cuts and weaker global demand could further expose vulnerabilities in the labor market.

For investors, the August employment data will be a critical input ahead of the September FOMC meeting, where debate continues over whether to implement a rate cut or wait for clearer signs of stability.

Market Roundup

DEBT PRESSURES CLASH WITH RATE CUTS

Global bond markets came under renewed pressure on Wednesday as long-term yields climbed sharply, reflecting investor unease over rising government debt burdens and strained fiscal positions. The moves highlight a disconnect between central banks' recent easing cycles and market sentiment, with investors demanding higher compensation for holding sovereign debt.

UK GILTS HIT HIGHEST SINCE 1998

In the United Kingdom, the yield on 30-year gilts rose to its highest level since 1998, underscoring concerns about widening budget deficits and the sustainability of fiscal policy.

Similar dynamics emerged in Asia, where Japan's 20-year government bond yield reached its highest level since 1999. The development signals growing anxiety over debt sustainability in one of the world's most heavily indebted economies.

US TREASURIES EDGE TOWARD 5%

The United States also saw a sharp shift. The 30-year Treasury yield edged closer to the 5% threshold, a level not tested in years. The move reflects growing concerns that Washington's expanding deficit and substantial issuance program could continue to exert upward pressure on borrowing costs.

For markets, such levels carry wide implications, from higher mortgage rates to tighter corporate financing conditions, potentially dampening global risk appetite.

BROADER IMPLICATIONS

The surge in long-dated yields signals a broader repricing of risk across global markets. While central banks continue to pursue stabilization through rate cuts and liquidity support, the bond market is painting a different picture, one of structural fiscal stress and reduced investor confidence.

FED NOMINEE MIRAN VOWS INDEPENDENCE

Stephen Miran, nominated by President Trump to the Federal Reserve Board, pledged to act independently and base decisions on data, not politics. He will take unpaid leave from his White House role during the short Fed tenure. Markets watch closely as concerns grow over Fed autonomy amid inflation and labor challenges.

KEY HIGHLIGHTS

- **UK:** 30-year gilt yields at highest level since 1998.
- **Japan:** 20-year bond yields reach the highest level since 1999.
- **US:** 30-year Treasury yield nears 5%.
- **Global Impact:** Rising yields point to reduced risk appetite and higher financing costs.

Unless governments implement credible measures to reassure markets about their debt trajectories, pressure on long-term yields may persist. For policymakers, this leaves limited room to maneuver as fiscal stress competes with monetary easing.

The Week Ahead

KEY DATA AND CENTRAL BANK UPDATES

Global markets face a climactic week as U.S. inflation, the ECB's policy decision, and key data from China and India take center stage. Investors weigh cooling labor markets against persistent inflation for clues on policy shifts ahead. Headline CPI is forecast to accelerate to 2.9%, its strongest since January, while core inflation is expected to remain above 3%. Producer prices are projected to rise 0.3% monthly.

Labor markets face focus as the Bureau of Labor Statistics issues benchmark payroll revisions after recent weak reports. Other highlights include U. Michigan sentiment, NFIB optimism, and the federal budget. Canada releases manufacturing sales, while Mexico updates inflation.

The European Central Bank is expected to keep rates on hold at 2% while presenting updated economic forecasts. Traders will closely analyze policymakers' tone for any hints of further cuts later this year.

Germany's industrial output is seen posting a modest rebound, while UK GDP and production figures for July are likely to remain flat. Inflation data will be released across Germany, France, Spain, and several Nordic and Eastern European economies.

The central bank in Turkey is expected to cut rates by another 200 basis points as the country continues its easing cycle. Meanwhile, political risk is rising in France, where Prime Minister François Bayrou faces a high-stakes confidence vote he is expected to lose.

China reports trade and inflation data, with exports and imports seen weakening, CPI dipping 0.2%, and PPI down 2.9%. Vehicle sales and loan figures may follow as policymakers meet in Beijing. Japan posts final Q2 GDP, producer prices, and sentiment surveys, while India's inflation and Australia's confidence and housing data round out the week.

This week's economic calendar offers no shortage of potential market movers. With inflation still in focus, labor markets cooling, and political uncertainty brewing, traders will be watching every headline for clues on where monetary policy and global growth are headed next.

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