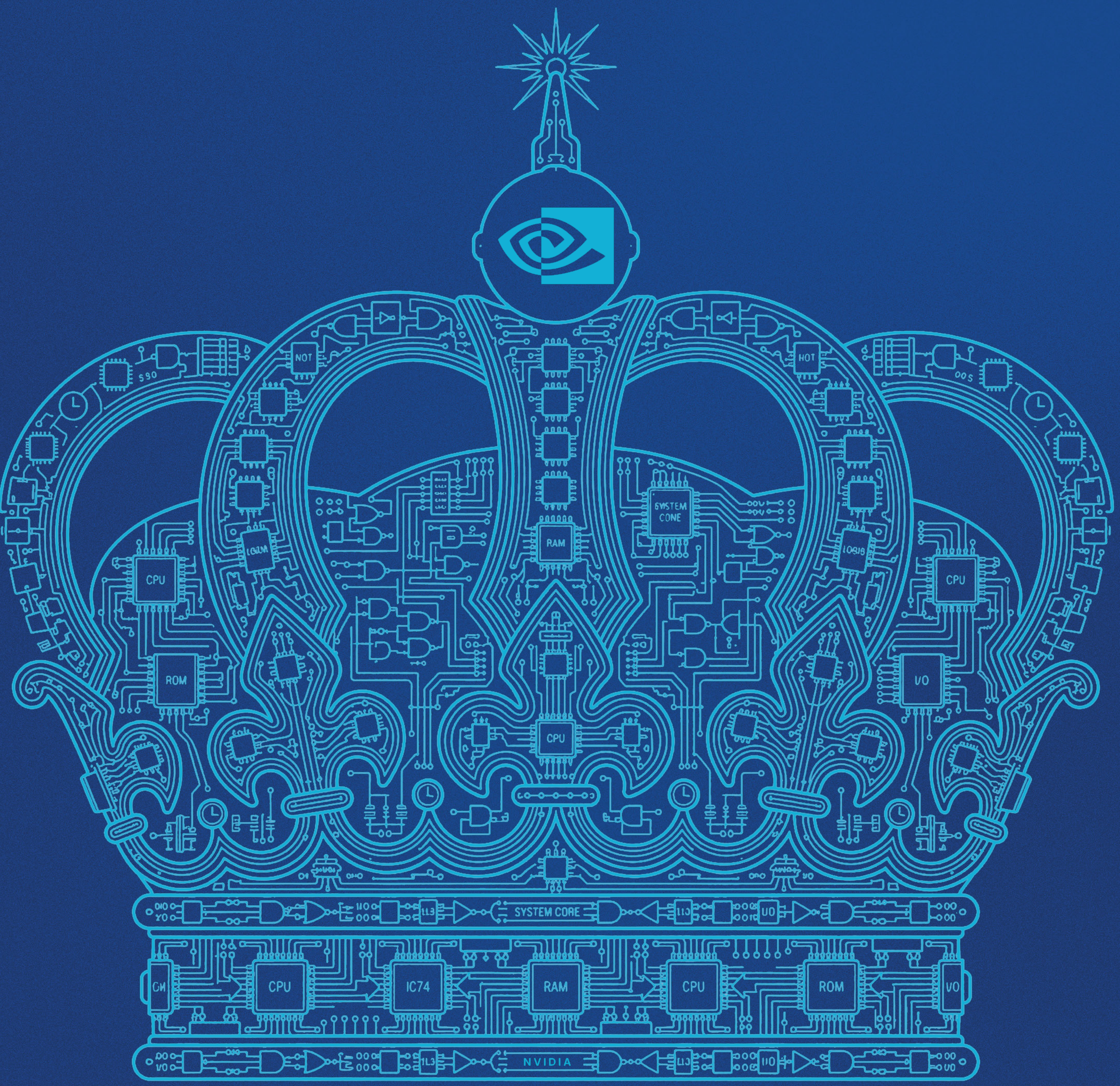
ZITAPLUS
WEEKLY BULLETIN

25 — 29 MAY 2026
NO: 42

NVIDIA KEEPS RAISING THE BAR



ZITA PLUS

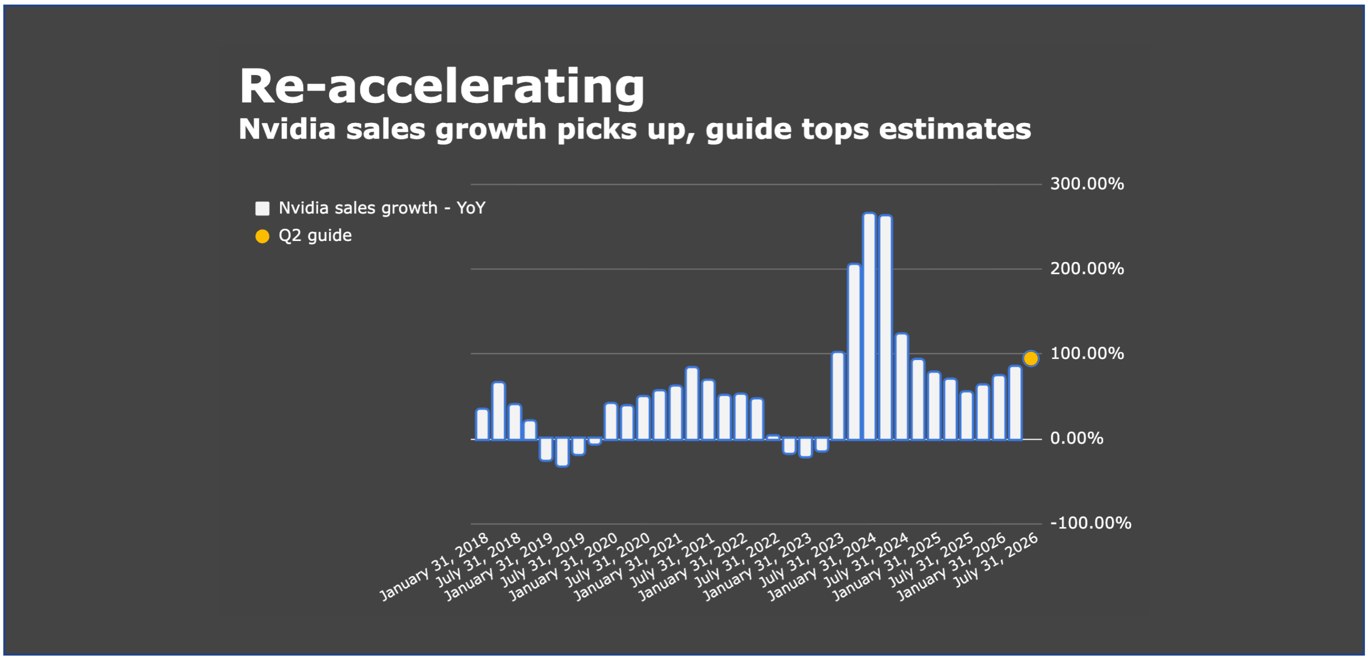
ECONOMIC CALENDAR • TECHNICAL ANALYSIS
THE AMERICAN DREAM MEETS HIGH MORTGAGE RATES
FEWER STOCKS, HIGHER INDEX • AND MORE...

Contents

TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, MAY 25				
ALL DAY	GBP	Spring Bank Holiday	-	-
ALL DAY	USD	Memorial Day	-	-
TUESDAY, MAY 26				
18:00	USD	CB Consumer Confidence (May)	91.9	92.8
WEDNESDAY, MAY 27				
21:00	EUR	ECB Press Conference	-	-
THURSDAY, MAY 28				
16:30	USD	Core PCE Index (MoM) (Apr)	-	0.3%
16:30	USD	Core PCE Index (YoY) (Apr)	-	3.2%
16:30	USD	GDP (QoQ) (Q1)	2.0%	2.0%
16:30	USD	Durable Goods Orders (MoM) (Apr)	3.3%	0.8%
16:30	USD	Initial Jobless Claims	209K	209K
18:00	USD	New Home Sales (Apr)	661K	682K
FRIDAY, MAY 29				
16:00	EUR	German CPI (MoM) (May)	-	0.6%
17:45	USD	Chicago PMI (May)	51.3	49.2
FRIDAY, MAY 29				
05:30	CNY	Manufacturing PMI (May)	-	50.3

GMT+4 DUBAI TIME

NVIDIA KEEPS RAISING THE BAR



Just as questions were beginning to emerge about how long the artificial intelligence boom could sustain its pace, Nvidia delivered another answer. The chipmaker once again exceeded expectations, posting stronger revenue and earnings while lifting its outlook for the coming quarter.

The most striking figure came from management's guidance. Nvidia projected second-quarter revenue of nearly $91 billion, a signal that demand for AI infrastructure remains exceptionally strong. Data center expansion, cloud computing investment, and the race to build larger AI models continue driving spending across the technology sector. The results suggest that concerns about a cooling AI cycle may have arrived too early. Companies remain willing to invest heavily in the computing power needed to support increasingly complex artificial intelligence applications.

MORE THAN A CHIPMAKER

Nvidia's role has expanded far beyond traditional semiconductors. The company now sits at the center of multiple growth themes, from enterprise AI and cloud services to robotics and autonomous technologies. Its hardware has become a vital component in the global competition for AI leadership, placing Nvidia in a position few technology companies have enjoyed in recent decades. As a result, its earnings have become a key indicator of broader technology investment trends.

SUCCESS BRINGS HIGHER EXPECTATIONS

The strong report was accompanied by another dividend increase and a fresh share buyback authorization, adding to investor confidence. Yet success also brings a different challenge. With Nvidia trading at premium valuations, each earnings report faces intense scrutiny. The company is no longer judged on whether it can grow, but whether it can continue exceeding already ambitious expectations. Even a modest slowdown in revenue growth could have implications well beyond Nvidia itself, influencing sentiment across technology shares and major equity indices.

THE AI RACE CONTINUES

For now, the latest figures point to an industry still in expansion mode. Major technology firms, governments, and corporations continue allocating substantial resources to artificial intelligence infrastructure and computing capacity. Nvidia remains one of the clearest beneficiaries of that trend. Its latest earnings report reinforces a message that has defined markets over the past year: the AI investment cycle remains alive, and the competition to build the next generation of technology is far from finished.


NVIDIA
H100

DXY

DOLLAR RETREATS ON DIPLOMATIC HOPES

The DXY slipped toward 98.90 with optimism surrounding a potential US-Iran agreement, reducing concerns over energy prices and inflation.

Attention now shifts to the upcoming PCE inflation report for fresh signals on the Federal Reserve's policy path. Trading activity may remain lighter than usual with US markets closed for the public holiday.

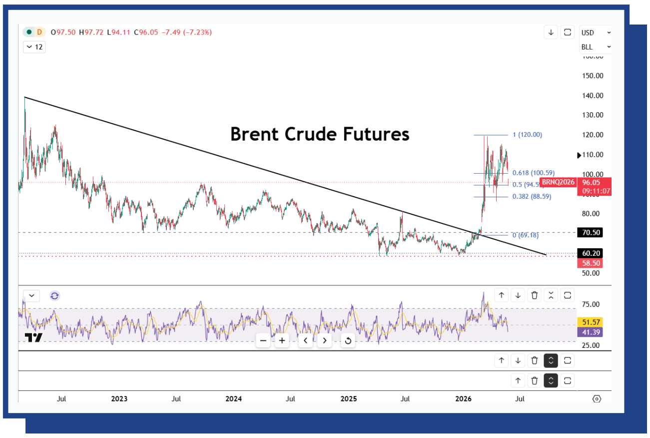
BRENT OIL

BRENT SEARCHES FOR DIRECTION

Brent futures opened the week with a sharp 6% decline after reports over the weekend pointed to progress in US-Iran negotiations.

The selloff created a gap near the 100.75-100.80 region, which remains the key upside level from a technical perspective. However, price action is likely to remain driven by developments surrounding a potential agreement and the future of the Strait of Hormuz.

If positive headlines continue to emerge, support at 92.95 will become the next major level to watch.



XAUUSD

GOLD EYES THE $4,670 BARRIER

Gold tested the $4,580 level, recovering part of last week's losses as hopes for a US-Iran agreement strengthened expectations that the Strait of Hormuz could reopen and ease inflation pressures. Trump said the blockade will remain until a formal deal is reached, leaving uncertainty in place.

The gap around $4,508-$4,520 remains a key area to watch. A break below $4,508, combined with negative developments in negotiations, could open the door toward $4,350-$4,370. On the upside, resistance at $4,670-$4,675 continues to limit further gains.

With US markets closed on Monday, trading conditions may remain thin.

XAGUSD

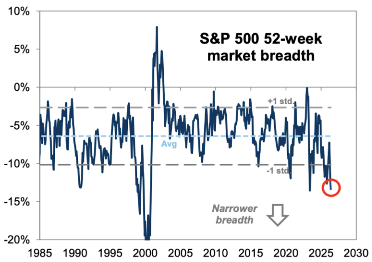
SILVER RECOVERY FACES A BIG TEST

Silver tested the $78.80 level, extending its recovery as optimism surrounding a potential US-Iran agreement improved sentiment. Even after the rebound, the metal remains roughly 17% below levels seen before the Middle East conflict began.

Technically, silver might trade within the $72.00-$78.80 range unless a daily close above $78.80 is achieved. If negotiations deteriorate and sentiment weakens, the $71.90-$72.10 support zone will become a critical area to watch.

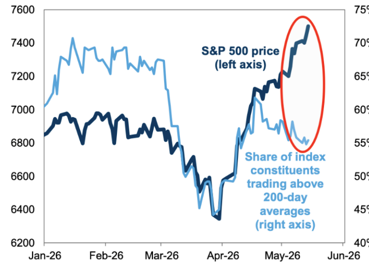
FEWER STOCKS, HIGHER INDEX

Exhibit 3: US equity market breadth has been very narrow
Market breadth calculated as the distance of the S&P 500 from its 52-week high less the distance of the median S&P 500 constituent from its 52-week high



Source: Goldman Sachs Global Investment Research

Exhibit 4: The S&P 500 has registered 14 new highs during the past month alongside declining market breadth



Source: Bloomberg, Goldman Sachs Global Investment Research

The S&P 500 continues to push into record territory, but the strength beneath the surface is becoming less convincing. Recent market breadth data show a growing gap between the headline index and the average stock within it, raising questions about how much support the rally truly has.

THE RALLY IS LOSING PARTICIPATION

While the S&P 500 has recorded several new highs in recent weeks, fewer companies are taking part in the advance. The percentage of stocks trading above their 200-day moving average has been declining, creating a noticeable divergence between the index and the broader market.

This means the benchmark continues climbing even as a large number of its components struggle to keep pace. In many cases, stocks remain well below their own 52-week highs despite the index appearing strong on the surface.

THE WEIGHT OF THE MEGA CAPS

Much of the recent strength has come from a relatively small group of large-cap companies, particularly within the technology sector. Their size and influence inside the index have allowed them to offset weakness elsewhere and keep the broader benchmark moving higher.

This concentration has become one of the defining features of the current rally. Strong performance from a handful of companies is doing much of the heavy lifting, while participation across the rest of the market remains more limited.

WHY BREADTH STILL MATTERS

A narrowing rally does not necessarily signal an immediate reversal. Similar periods have occurred before and, in some cases, continued for months. However, a market supported by fewer stocks can become more vulnerable to shifts in sentiment.

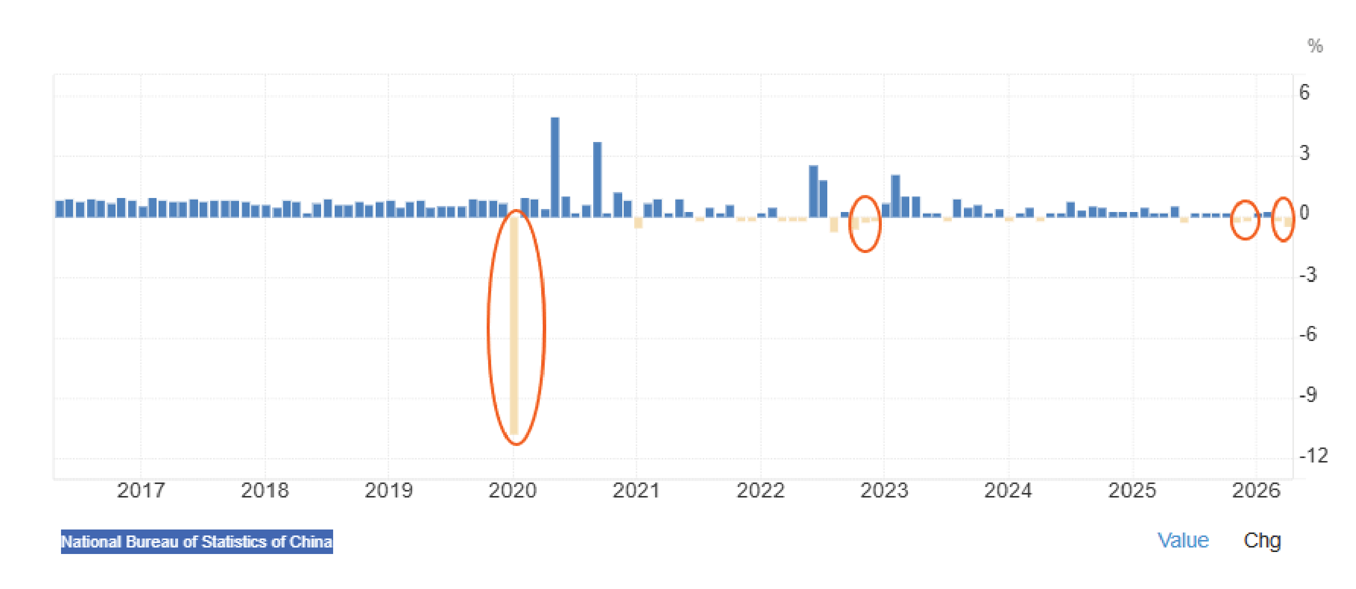
When leadership is concentrated in a small number of names, disappointment in earnings, growth expectations, or sector-specific developments can have a much larger impact on overall index performance.

THE QUESTION FOR THE MONTHS AHEAD

The next stage of the rally may depend less on whether the major technology names continue performing well and more on whether participation begins to broaden again. A larger share of stocks joining the advance would strengthen the foundation beneath the market.

If the opposite occurs and leadership becomes even more concentrated, the gap between index performance and underlying participation could become one of the most intriguing themes for US equities in the months ahead.

CHINA'S RECOVERY STARTS LOSING STEAM



China's recovery is showing signs of fatigue once again. Recent economic data point to a widening gap between sectors linked to manufacturing and exports and those tied to domestic demand, raising fresh concerns about the durability of growth in the world's second-largest economy.

FACTORIES HOLD UP, CONSUMERS PULL BACK

Industrial activity and exports continue to provide some support for the economy, benefiting from external demand and ongoing manufacturing strength. The picture at home looks less encouraging.

Retail sales growth has softened in recent months, reflecting weaker household spending and cautious consumer behavior. The slowdown suggests confidence has yet to recover fully despite a series of policy measures aimed at supporting activity.

THE PROPERTY PROBLEM HAS NOT GONE AWAY

The real estate sector remains one of the economy's biggest challenges. Investment across the property market continues to struggle, extending a downturn that has weighed on growth for several years. Housing-related weakness affects far more than construction alone. It influences household wealth, private investment, local government finances, and broader economic confidence, making a sustained recovery difficult without stabilization in the sector.

A TWO-SPEED ECONOMY EMERGES

One of the clearest messages from the latest data is the growing divide within the Chinese economy. Manufacturing and export-oriented industries continue to perform relatively well, while consumption, private investment, and property-related activity remain subdued. This split is creating a two-speed recovery where parts of the economy continue moving forward while others struggle to regain momentum.

WHY GLOBAL MARKETS ARE PAYING ATTENTION

China's economic performance remains closely tied to global growth. Slower domestic demand can reduce appetite for commodities, influence international trade flows, and affect growth prospects across emerging markets. As a result, the latest figures are being watched far beyond Beijing. The question is no longer whether China is growing, but whether growth can become broad enough to support confidence both at home and across global markets.

KEVIN WARSH VS. THE FED MAJORITY

Only a few months ago, the main question was how soon the Federal Reserve could begin lowering interest rates. The latest FOMC minutes suggest that conversation is rapidly losing relevance. Instead, attention is shifting toward a possibility many had largely dismissed: rates staying restrictive for much longer, and perhaps even moving higher again.

ENERGY RISKS BRING INFLATION BACK INTO FOCUS

One theme stood out throughout the minutes: inflation remains far from settled. Policymakers expressed concern that higher energy prices and disruptions to global oil supplies could feed into broader price pressures, making progress on inflation more difficult than previously expected. The timing is particularly important. Tensions in the Middle East continue to influence energy markets, and any sustained increase in oil prices risks reaching consumers through transportation, production, and household costs. Rather than fading into the background, energy has once again become a key part of the inflation story.

THE FED SEES MORE RISK IN DOING TOO LITTLE

Perhaps the clearest message from the minutes was that concern over inflation still outweighs concern over slowing growth. Several officials argued for stronger language acknowledging the possibility of future rate increases, while the vast majority agreed that inflation risks remain tilted upward. That represents a notable contrast to the market narrative seen earlier this year, when expectations centered on eventual policy easing. The discussion inside the Fed now appears focused less on when to cut and more on whether policy is restrictive enough to prevent another wave of inflation.

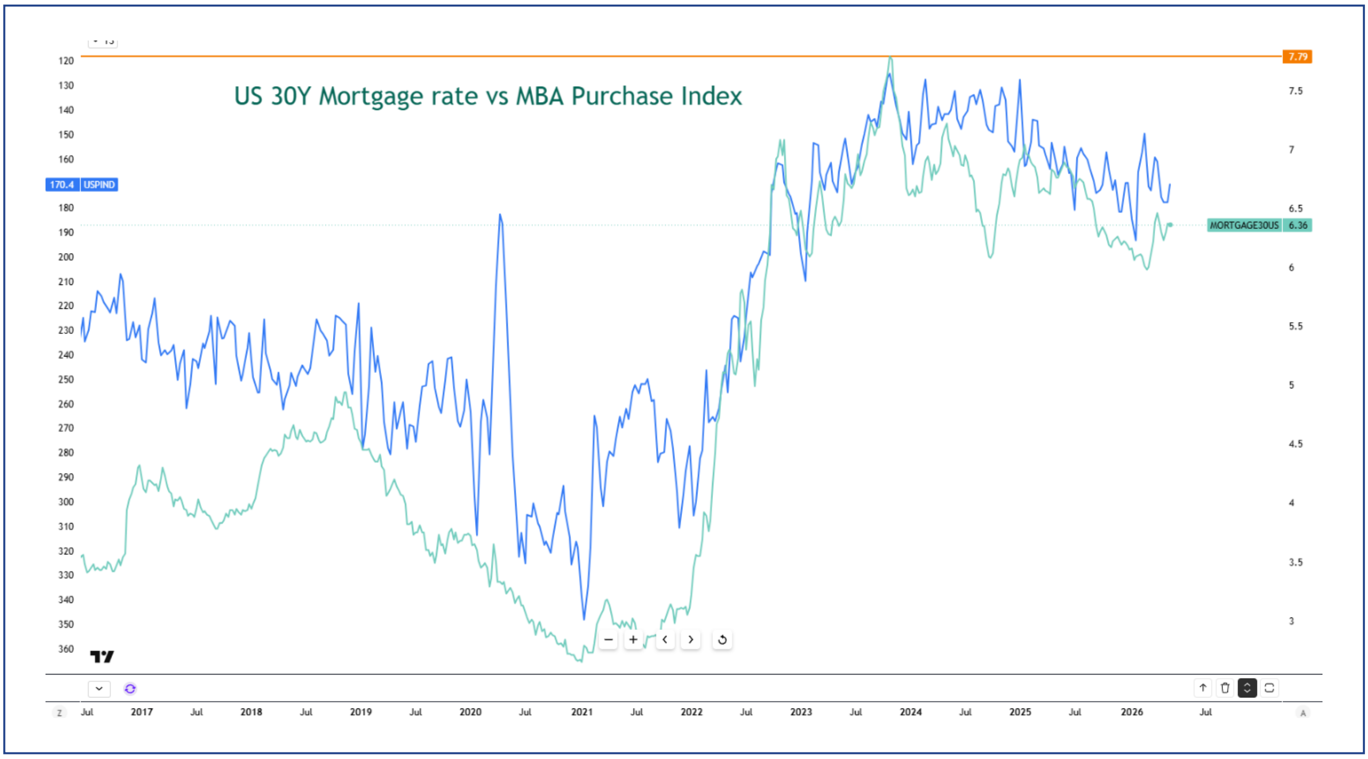
AN ECONOMY THAT KEEPS DEFYING EXPECTATIONS

The Fed's confidence is also being supported by an economy that continues to show resilience. Consumer spending has remained relatively healthy, labour market conditions have yet to show considerable deterioration, and investment linked to artificial intelligence continues to support business activity and capital spending. As long as growth remains intact, policymakers have fewer reasons to rush toward lower rates and more flexibility to maintain pressure on inflation.

A NEW DEBATE IS TAKING SHAPE

The phrase "Kevin Warsh versus the Fed majority" captures a broader shift unfolding across financial markets. While hopes for future rate cuts have not disappeared entirely, the latest minutes make it clear that most policymakers are not ready to declare victory over inflation. For bond markets, currencies, precious metals, and equities, that changes the conversation. The focus is gradually moving away from when the first cut will arrive and toward a more uncomfortable question: what happens if the next policy move is not lower, but higher?

THE AMERICAN DREAM MEETS HIGH MORTGAGE RATES



The impact of rising bond yields is no longer confined to financial markets. It is now showing up in one of the most important parts of the US economy: housing. Mortgage rates have climbed to around 6.56%, reaching their highest levels in weeks and creating fresh challenges for buyers entering the market.

BOND MARKETS DRIVE BORROWING COSTS HIGHER

The move follows a sharp rise in long-term Treasury yields. Higher energy prices, inflation concerns, and growing questions surrounding government debt have pushed borrowing costs upward across the economy. Mortgage rates, which closely track longer-dated Treasury yields, have followed the same path.

A DIFFICULT MOMENT FOR HOMEBUYERS

The timing is particularly challenging. Spring is traditionally one of the busiest periods for home purchases, yet higher financing costs are making affordability more difficult. Larger monthly payments are forcing many potential buyers to reconsider purchases or delay decisions altogether.

DEMAND BEGINS TO COOL

Signs of strain are already emerging. Mortgage applications have declined as households step back from the market, waiting for either lower rates or more attractive home prices. The slowdown extends beyond buyers, affecting builders, lenders, real estate firms, and businesses tied to housing activity. What makes this cycle different is the reason behind the rise in rates. Inflation risks, energy market uncertainty, and fiscal concerns are all playing a role. If yields remain high, housing may become one of the first areas where financial-market pressure translates into slower economic activity.

Market Roundup

THE IPO RACE ENTERS A NEW CHAPTER

While financial markets continue weighing AI-driven growth against geopolitical uncertainty and interest-rate risks, the next major battleground may be the public markets. Elon Musk's SpaceX has officially filed with the SEC to begin its long-anticipated IPO process, targeting a Nasdaq listing under the ticker SPCX. The filing also confirmed a dual-class share structure that would preserve Musk's control through high-voting Class B shares. With Goldman Sachs, Morgan Stanley, JPMorgan, Citigroup, and Bank of America leading the deal, the IPO is expected to become one of the largest technology listings of the decade.

Image Source: Quartz

OPENAI SCOOTS CLOSER TO WALL STREET

SpaceX may not have the spotlight to itself for long. Reports suggest OpenAI is preparing confidential IPO documents with the support of major investment banks, potentially setting the stage for another landmark technology listing. The prospect of one of the world's most influential AI companies entering public markets has intensified enthusiasm around the sector, reflecting how strong demand remains for artificial intelligence infrastructure and next-generation technology businesses.

Image Source: Kosuke Okahara/Bloomberg

THE ECB'S INFLATION DILEMMA DEEPENS

Across Europe, the conversation remains focused on inflation rather than growth. Belgian central bank governor Pierre Wunsch stated that three additional ECB rate increases this year would be a reasonable response if price pressures fail to ease. Higher energy costs and prolonged tensions in the Middle East continue complicating the outlook, leaving policymakers with the difficult task of containing inflation without placing further strain on an already fragile economy.

Image Source: Lina Selg/Bloomberg

Market Roundup

BOND MARKETS ASK DIFFICULT QUESTIONS

The message from fixed-income markets remains clear: inflation risks have not disappeared. Government bond yields continue facing upward pressure as expectations adjust to the possibility that borrowing costs could stay restrictive for longer than previously anticipated. Energy prices, geopolitical uncertainty, and renewed inflation concerns are all contributing to a reassessment of the global interest-rate outlook, keeping bond markets at the center of the macroeconomic story.

GERMANY'S SLOWDOWN DEEPENS

Germany's economy continues to lose momentum as private sector activity contracted for a second consecutive month. The latest PMI readings remained below the 50 threshold, pointing to continued weakness across both manufacturing and services as higher living costs and softer demand weigh on business activity. Germany's central bank, the Bundesbank, stated that the Iran conflict and rising energy costs are adding pressure to the economy, with stagnation expected during the second quarter. Policymakers are concerned that a prolonged period of uncertainty could further weaken household spending, business investment, and industrial output.

EUROPE FACES A GROWING ENERGY CHALLENGE

Europe's energy outlook is becoming increasingly complicated. Gazprom reported that injections into European gas storage facilities remain well below historical averages, while high natural gas prices continue to discourage stockpiling before winter. Supply concerns have also intensified as tensions in the Middle East disrupt LNG flows from Gulf producers, while Russian gas deliveries remain significantly reduced due to sanctions. The combination of constrained supply and persistent energy costs continues to add inflation pressure across the region.

Image Source: Spasiyana Sergieva/Reuters

The Week Ahead

Attention will remain on developments in US-Iran negotiations and whether a formal agreement involving the Strait of Hormuz can be reached. Trading volumes may be lighter early in the week, with US markets closed for Memorial Day and parts of Europe observing public holidays. As the week progresses, focus will shift to major economic releases, particularly the US PCE inflation report and the second estimate of first-quarter GDP. Markets will also assess central bank signals from the ECB, Reserve Bank of New Zealand, Bank of Korea, and South African Reserve Bank, while inflation data from Australia and Tokyo will provide fresh insight into regional price pressures.

AMERICAS

The spotlight in the US falls on April PCE inflation, the Federal Reserve's preferred inflation measure, due Thursday. Recent CPI and PPI readings came in stronger than expected, with forecasts pointing to another firm PCE report. A higher reading would strengthen expectations that interest rates could remain restrictive for longer, with markets currently pricing a meaningful chance of an additional Fed hike by year-end. The second estimate of Q1 GDP, jobless claims, housing data, consumer confidence, ADP employment figures, Chicago PMI, wholesale inventories, and the final University of Michigan sentiment survey are also scheduled. Earnings reports from Salesforce, Dell, Snowflake, HP, Marvell Technology, Dollar Tree, and Gap will attract attention. Canada will release first-quarter GDP data on Friday.

EUROPE

The ECB's April meeting minutes will be closely watched after President Lagarde revealed that a rate increase was discussed despite the decision to leave policy unchanged. Investors will look for clues regarding the strength of support for future tightening. Inflation figures from Germany, France, Spain, and the wider Eurozone are due later in the week and could influence expectations for the ECB's next move. Germany will also release unemployment data, while France publishes GDP and consumer confidence figures. In the UK, attention will turn to shop price inflation, housing data, and CBI trade surveys following a series of weaker economic reports that have reduced expectations for further Bank of England tightening.

ASIA-PACIFIC

The Reserve Bank of New Zealand is expected to keep rates unchanged, though policymakers have recently maintained a firm stance as inflation remains above target. Markets will focus on Governor Breman's comments for guidance on future policy decisions.

Australia's monthly CPI report will be one of the region's key releases. Inflation is expected to remain elevated, and another strong reading could revive expectations of further tightening. Household spending, capital expenditure figures, and remarks from RBA Deputy Governor Hauser are also due.

Japan's Tokyo CPI, unemployment, industrial production, and retail sales data will offer a clearer picture of inflation and economic momentum. The Bank of Japan will be assessing whether the recent slowdown in inflation represents a temporary pause or a more lasting trend. Governor Ueda is also scheduled to speak.

The Bank of Korea is expected to leave rates unchanged at its latest meeting, while the South African Reserve Bank is widely expected to deliver a 25-basis-point rate increase after a sharp rise in inflation.

ZITA
PLUS

zitaplus.com
support@zitaplus.com
+44 7442 667878
Craigmuir Chambers, Road Town, Tortola,
VG 1110, British Virgin Islands