



BANCO DE MÉXICO

Uso General

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EL PAÍS

La secretaría de Agricultura estadounidense visita México para avanzar en la estrategia contra el gusano barrenador

Erika Rosete

México - 03 NOV 2025 - 19:35 CST

La secretaría de Agricultura estadounidense (USDA, por sus siglas en inglés) Brooke Rollins, ha llegado este lunes a Ciudad de México, en medio de un fuerte dispositivo de seguridad, acompañada de una comitiva de funcionarios de su gabinete. La visita inició por la mañana en las oficinas de Senasica, en la capital, y se extendió por la tarde a Palacio Nacional, donde Rollins junto con algunos colaboradores se entrevistaron con la presidenta Claudia Sheinbaum. Julio Berdegué, el secretario de Agricultura y Desarrollo Rural, calificó el acuerdo de "positivo", pues pudo avanzar una estrategia conjunta para frenar la plaga del Gusano Barrenador del Ganado (GBG). La enfermedad fue erradicada de territorio mexicano en 1991, pero volvió con fuerza en 2023.

Rollins, junto con los subsecretarios de Comercio y Asuntos Agrícolas Exteriores y de Programas de Comercialización y Regulaciones del USDA, Luke Lindberg y Dudley Hoskins, visitaron las instalaciones del Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (Senasica) en donde funcionarios de la dependencia, liderados por Berdegué, mostraron la infraestructura con la que cuenta México para la etapa de inspección del ganado. "Ambos secretarios acordaron las prioridades y acciones a corto plazo que permitirán tomar decisiones sobre la reanudación de la exportación de ganado", dijo la dependencia en un comunicado, sin especificar tiempos en los que la reanudación tendría lugar.

Entre los principales temas que se han sostenido en el encuentro están el fortalecimiento de la coordinación entre ambos países en torno al GBG y otros temas de sanidad animal, así como la identificación de "áreas de colaboración" en el marco de la próxima revisión del Tratado entre México, Estados Unidos y Canadá (TMEC).

La delegación estadounidense también visitó el Centro de Operaciones de Emergencias (Coes), donde Senasica colecta, interpreta y modela datos para anticipar riesgos y tener herramientas para mitigarlos. "El encuentro representó un nuevo paso en el fortalecimiento de una relación agrícola sólida y de largo plazo, que sustenta miles de empleos y contribuye a la seguridad y estabilidad alimentaria de la región. México y Estados Unidos son socios estratégicos en la construcción de un sistema alimentario norteamericano seguro, sostenible y competitivo", dijeron.

Tras unos 40 minutos de reunión con la presidenta Sheinbaum en Palacio Nacional, Berdegué dijo a medios de comunicación que el encuentro fue "sumamente positivo" y que en las próximas horas se comunicarían más detalles sobre lo acordado para el futuro de la estrategia bilateral.

Han transcurrido casi cuatro meses desde que el Gobierno de Estados Unidos decidió cerrar nuevamente su frontera con México por la amenaza de la plaga del GBG. Durante este tiempo, ambos Gobiernos han definido algunas líneas de trabajo y han dispuesto de un presupuesto millonario para atender las afectaciones sanitarias y económicas que ha dejado a su paso la miasis por GBG. Entre estas acciones está la inversión de 21 millones de dólares por parte del USDA para la renovación de la planta de moscas estériles en Chiapas, y la apertura de una nueva instalación de este tipo en Texas.

De noviembre de 2024 al 31 de agosto de 2025, el costo del despliegue sanitario por GBG asciende a 1,128 millones de pesos (60,34 millones de dólares). Senasica estima que se han dejado de exportar 700.880 cabezas de ganado bovino en pie a Estados Unidos. Las exportaciones no realizadas—por el cierre de la frontera norte—representan 642 millones de dólares. La afectación de los ganaderos por vender en mercado mexicano se calcula en 103 millones de dólares (aproximadamente 2.022 millones de pesos) por la no exportación.

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US not ready to lift Mexican cattle ban over screwworm, Agriculture Secretary Rollins says

By Brendan O'Boyle and Cassandra Garrison
November 4, 2025 6:19 AM CST Updated 1 hour ago

MEXICO CITY, Nov 4 (Reuters) - The U.S. is not yet ready to reopen its border to Mexican cattle amid an outbreak of the flesh-eating New World screwworm parasite, Agriculture Secretary Brooke Rollins said, but she is pleased with Mexico's efforts to contain the pest.

Rollins, in Mexico City for meetings with officials including President Claudia Sheinbaum, told Reuters in an exclusive interview on Monday that President Donald Trump was "very focused" on reopening the border, which has been largely closed to Mexican livestock since May.

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"We're still not at the point where I am comfortable opening the ports, but I think every day that goes by we get a little bit closer," Rollins said.

"I want to have every confidence that we have overturned every stone, that we understand every nuance, that we are deploying every tool in the toolkit," she added.

Rollins, who declined to give a time frame for reopening the border, said she would speak to top U.S. officials about the issue on Wednesday and would have more conversations about screwworm with Trump.

Mexico's agriculture ministry did not respond to Reuters' request for comment.

Mexico has been working to contain the outbreak, which has spread northward from Central America, rattling the livestock and beef industries of both the U.S. and Mexico. Although U.S. officials say the pest has not yet breached the U.S. border, it threatens \$1.8 billion in damage to Texas' economy alone, according to a U.S.

In September, Rollins criticized Mexico for failing to sufficiently implement measures to stop the screwworm's spread, highlighting growing tensions between the two nations as the pest continues its advance north.

On Monday, though, after her meetings with Mexican officials, she said the efforts of both countries were "a completely different, more sophisticated, impressive operation," than where they were in the spring.

Mexican officials "have taken it very seriously," Rollins said, adding that she was "very impressed" with Sheinbaum.

"I believe sincerely, it is the most collaborative effort, perhaps in our lifetime, between the two different departments of agriculture."

PARASITIC FLIES

Rollins said there had been 11 cases of screwworm in Mexican states that border the U.S. in recent months, though they were all contained and treated.

President Trump celebrated his trade deal with China, but was it really a win for Beijing?

Screwworms are parasitic flies whose females lay eggs in wounds. Their larvae burrow through living flesh, eventually killing their host if left untreated.

"The key is keeping the screwworm away from the southern border of America, and it's gotten really close - too close - so now we just have to make sure we can push it back," she added.

In Mexico's southern state of Chiapas, which borders Guatemala, some ranchers have blamed the spread of the outbreak on the federal government's failure to crack down on organized crime groups that traffic in stolen livestock, which enables them to tap a lucrative market and extort money along the way.

Animals may be smuggled in from Guatemala, Honduras, Nicaragua, or other Central American nations, often bearing counterfeit ear tags and forged documents.

Rollins said the illegal movement of cattle was a "big issue" that she wanted to dig into more, while noting that Mexico had put in new protections and checkpoints in place to better control for illicit livestock trade.

The border closure has added to the already tight cattle supply situation in the U.S., where beef prices have risen to records as herd sizes have declined to their lowest in decades at the same time consumer demand remains strong. About 250,000 head of cattle are waiting south of the U.S. border to enter, Rollins said.

The secretary said that rising beef prices, however, are a "non-factor" in considering whether to reopen the border.

"I think that we can never compromise the safety of the herd for the cost," Rollins said, adding that doing so prematurely could lead to higher costs later on if the screwworm enters the U.S. and devastates the cattle industry.

THE WALL STREET JOURNAL.

A Mayor's Assassination Reignites Mexico's Debate Over Confronting Cartels

By José de Córdoba

Nov. 3, 2025 8:00 pm ET

MEXICO CITY—Since taking office last year as mayor of Uruapan, Carlos Manzo often led police raids wearing his bulletproof vest and cowboy hat to fulfill his mandate to end endemic extortion in the avocado capital of the world.

The 40-year-old Manzo knew that the criminal gangs he confronted had more resources and superior weaponry. He was gunned down on Saturday as he officiated a candle-lighting ceremony for Day of the Dead, one of the main religious festivities in Mexico's western Michoacán state.

His work as mayor was characterized by his critical stance toward the administration of leftist President Claudia Sheinbaum, who has focused on reducing violence and developing intelligence to counter cartels while avoiding bloody confrontations with heavily armed criminal groups.

The killing put Sheinbaum on the defensive amid growing frustration over the relentless violence by Mexico's transnational criminal organizations. She said Monday that returning to a militarized strategy in the war on drugs won't curb impunity. She blamed the country's security crisis on the hard-line policies implemented by administrations that governed Mexico from 2006 to 2018.

Sheinbaum faces pressure from the U.S. government, which has threatened to take unilateral military action in Mexico to fight cartels. U.S. Deputy Secretary of State Christopher Landau, a former U.S. ambassador to Mexico, wrote on his X feed on Sunday that the U.S. was ready to deepen security cooperation.

Sheinbaum said her government had accepted the U.S. offer for help in obtaining information and intelligence, but she rejected U.S. intervention in Mexico's affairs. "Intervention isn't justice," she said.

Mourners carry the coffin of late Mayor Carlos Manzo through a crowded street in Uruapan, Mexico.

The coffin of assassinated Mayor Carlos Manzo was carried through the streets of Uruapan on Sunday. Eduardo Verdugo/Associated Press

Manzo had publicly challenged Sheinbaum to prove that the government's "hugs, not bullets" strategy, introduced by her predecessor and mentor Andrés Manuel López Obrador, could succeed in reducing crime in Uruapan.

Manzo founded a political group called the Hat Movement, a reference to his emblematic cowboy hat. Known by residents as blunt and impulsive, Manzo had a hands-on approach to law enforcement. He fearlessly expressed what no one else dared to say in a community terrorized by criminal gangs.

"We are surrounded by armed groups, surrounded by clandestine graves," he said in a recent video recording posted on social media.

Manzo received 65% of the vote in last year's local elections. On numerous occasions since then, he requested support from the federal government and the state of Michoacán to confront organized crime. He said that criminals who resisted arrest should be killed if they didn't surrender.

"He was seen as impulsive and untamed, like a horse you ride and it throws you off," said Eduardo Guerrero, a security consultant based in Mexico City. "He had the courage to speak his mind. But if you take on that role, you have to reinforce your security and not stroll around the plaza. The risk was enormous."

Catch up on the headlines, understand the news and make better decisions, free in your inbox daily. Enjoy a free article in every edition. In late August, Manzo went on social media to warn Uruapan residents that his municipal police had captured the local head of the powerful Jalisco cartel, and that as a result, gunmen had mobilized to enter the city. He asked residents to stay home.

His assassination on Saturday night sparked outrage and protests in the hub of Mexico's multibillion-dollar avocado and lime export industry, long targeted by extortion rackets.

Thousands of people marched in Manzo's funeral procession on Sunday, demanding that the federal government take action against the Jalisco cartel and rival gangs.

In the state capital of Morelia, several dozen protesters broke down the door of the ornate government palace, started a fire and threw furniture out the window. Organizers are planning a larger protest in Mexico City later this month.

Outrage risks paving the way for the return of well-armed vigilante groups that confronted gangs involved in extortion, kidnapping and homicide, analysts say. Manzo's killing came days after the death of Bernardo Bravo, a businessman and president of the lime-growers association in Apatzingán, some 60 miles south of Uruapan. Bravo was killed as producers staged protests demanding an end to extortion. Sheinbaum said Monday that there would be no return to the policies of previous administrations that she blamed for an unprecedented explosion of violence.

"That didn't work and was what brought us to this situation of violence in Michoacán," she said during her morning news conference. She pledged to continue with her policy of strengthening Mexico's National Guard, concentrating on the use of police intelligence to take down violent criminals while addressing the social causes of crime.

Sheinbaum criticized political opponents who she said were taking advantage of Manzo's killing to attack the government, and said she had ordered an investigation into the surge in antigovernment posts on social media.

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What should political leaders do to thwart the drug cartels in Mexico? Join the conversation below.

Security Minister Omar García Harfuch said the assassin, who was shot dead by one of Manzo's bodyguards, hadn't been identified but is believed to have been working for one of the cartels. García Harfuch said the killer took advantage of the Day of the Dead event, which was open to the public and didn't have any security filters to protect the mayor.

Michoacán Gov. Alfredo Ramírez was met with jeers and insults at Manzo's funeral on Sunday. Many attendees demanded his resignation, and one woman slapped him.

"We will act immediately to ensure justice and peace for the people of Uruapan," Ramírez wrote on X on Sunday.

As the funeral procession of angry residents marched through the streets of Uruapan, Manzo's black horse walked behind the coffin. The iconic cowboy hat Manzo wore was placed on the saddle.

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Un atentado con el sello del Cartel Jalisco, un pistolero suicida y un gobernador “distraído” confluyen como pistas del crimen contra Carlos Manzo

Pablo FerriZedryk Raziel

México - 03 NOV 2025 - 22:45 CST

La sombra del Cartel Jalisco Nueva Generación (CJNG) planea sobre el asesinato de Carlos Manzo, alcalde de Uruapan, en Michoacán, atacado a balazos este sábado en el municipio, en plena celebración por el Día de Muertos. El atentado, según fuentes al tanto de la investigación, había sido ordenado por el grupo, golpeado en agosto por el alcalde, cuando la policía local atrapó en un operativo a su líder, René Belmonte, alias Rino. Segundo una fuente cercana a Manzo que ha consultado EL PAÍS, conocedora además de la política regional, Rino era subordinado de los hermanos Álvarez Ayala, Ramón y Rafael, alias R-1 y R-2, parte de los escalafones más altos del CJNG, emparentados además con los gobiernos pasados del PRD en el Estado.

Otra fuente que ha consultado este diario, conocedora de la realidad política y de las violencias que vive Michoacán, confirma que el pistolero, un joven de entre 17 y 19 años, abatido justo después de disparar contra Manzo, estaba relacionado con el CJNG. El arma que usó, explica, había sido empleada en otros crímenes vinculados al grupo criminal. Esta fuente señala además que dentro del Gobierno federal, que dirige Claudia Sheinbaum, de Morena, existe cierto malestar con el gobernador de Michoacán, el también morenista Alfredo Ramírez Bedolla, por la situación que vive el Estado, atribuida, al menos en parte, a la desatención del mandatario a los conflictos que vive la entidad.

La situación en Uruapan, uno de los municipios más importantes de Michoacán, que cuenta 350.000 habitantes y se erige en el núcleo de la industria de los cultivos de aguacate en la región, ha empeorado en los últimos meses. La fuente mencionada en el primer párrafo señala que El Rino era quien conducía el esquema de extorsión del CJNG en la zona, principalmente dirigida contra pequeños y medianos campesinos, incapaces de sufragar equipos de seguridad y protección, a diferencia de los grandes productores de la zona. “Todos los hechos violentos se desencadenaron tras la captura de este señor. Es un tipo con alto grado de peligrosidad”, explica.

El propio Manzo pidió apoyo a los Gobiernos federal y estatal tras la captura de este presunto criminal. De hecho, el mismo día de la captura, el 27 de agosto, publicó un vídeo en sus cuentas de redes sociales, en el que pedía a los vecinos que se quedaran en casa, porque, según dijo, pistoleros del grupo se preparaban para entrar al municipio. En las semanas siguientes, la violencia aumentó en Uruapan, con ataques incluso contra policías locales. Tras el asesinato de un agente el 14 de agosto, Manzo se reunió con autoridades estatales, para buscar ayuda contra la delincuencia.

La segunda fuente consultada afirma que el Gobierno federal ha hecho su parte con el enorme despliegue de agentes de distintas fuerzas de seguridad en Michoacán, uno de los Estados más apoyados en la materia. Sin embargo, el gobernador “está distraído”, indica. Si bien las cifras de homicidios se han mantenido en una tendencia a la baja en Michoacán, como lo demuestran los datos de la propia Secretaría de Seguridad federal, el Ejecutivo de Sheinbaum observa un estancamiento. A diferencia de otros mandatarios que han asumido la atención de la seguridad como prioridad, presentándose de manera personal a las sesiones del Gabinete en las que se atiende diariamente ese tema, a Ramírez Bedolla “le falta compromiso”, resume, y agrega que el mandatario ha estado ocupado en atender asuntos de su vida personal y viajando, más que en el resolver el problema de la violencia.

El botón de muestra es la manera como el sicario vulneró el cordón de seguridad que rodeaba a Manzo. Si bien su custodia estaba conformada por un mayor número de guardias nacionales que de policías locales, la coordinación de dicho grupo correspondía a la autoridad estatal. “La ayuda federal es el segundo círculo; el hilo conductor siempre debe ser el gobernador”, puntualiza la fuente. Otro factor que contribuyó al asesinato, explica, es el perfil de los funcionarios elegidos por el gobernador para hacerse cargo de la seguridad estatal. Desde que tomó posesión del Ejecutivo local, en octubre de 2021, en las carteras de Gobierno, Seguridad y la Fiscalía ha habido muchos cambios en cortos períodos de tiempo.

El pistolero, por su parte, se arrojó a una misión en la que, de antemano, las posibilidades de salir ileso eran inexistentes. “Era una situación en la que, o te detienen, o te matan, no hay de otra, y lo sabes”, señala esta misma fuente. Pese a la corta edad del sicario, no se asume que fuese inexperto, pues penetrar la guardia de Manzo en un evento tan concurrido requirió un trabajo de seguimiento cuidadoso y un cálculo puntual para atacar.

La cercanía del asesino con la rama del CJNG que manejan los hermanos Álvarez Ayala dibuja los males de la política regional. Otro de los hermanos, Roldán, fue alcalde de Apatzingán hace poco más de 20 años con el izquierdista PRD, hoy prácticamente desaparecido. El político fue cercano a los exgobernadores Leonel Godoy (PRD), hoy en Morena, y Lázaro Cárdenas, antaño en el PRD y hoy, también, en el partido guinda. En años recientes, Roldán, acusado de extorsión, compitió por una candidatura a diputado federal por Morena, que finalmente no consiguió.

Los procesos judiciales contra los hermanos del CJNG, Ramón y Rafael, ilumina igualmente los problemas con el sistema de justicia en el país. Detenidos en 2012, condenados cuatro años más tarde, el primero fue protagonista de una de las conferencias de prensa matutinas del expresidente, Andrés Manuel López Obrador, en 2022. Entonces, el subsecretario de Seguridad, Ricardo Mejía, informó de que el R1 había librado cinco causas penales, gracias a las decisiones de diferentes jueces. Gracias a esos fallos, el R1 recuperó la libertad, lo que motivó las críticas de López Obrador.

El futuro pinta gris en Uruapan. Desde el Gobierno federal se asume que la viuda de Manzo, Grecia Quiroz, le reemplazará en la presidencia municipal de manera interina. La sustitución es urgente para que se atiendan cuando menos los asuntos administrativos de la alcaldía y eso ayude a bajar la presión social por el asesinato del alcalde. Uno de sus hermanos, Juan Manzo, es actualmente secretario de Gobierno de Ramírez Bedolla, lo que de alguna manera le complica el camino para tomar las riendas de Uruapan, pues ello enviaría una señal de ruptura en el círculo del gobernador morenista. Las fuentes consultadas insisten en la versión oficial de que, al margen de la legítima protesta social, representantes de PRI y el PAN han metido la mano en las manifestaciones para desestabilizar a Ramírez Bedolla y a Sheinbaum.

Radiografía de la matanza de los LeBarón en México: fusiles comprados en EE UU y 1.893 balas

Era el 9 de marzo de 2019 cuando Rhonita María LeBarón Miller, una mujer de 30 años de nacionalidad estadounidense perteneciente a una comunidad mormona instalada en México, se preparaba para el nacimiento de sus gemelos. Faltaban cuatro días para el parto, programado en el Hospital Madero de Nuevo Casas Grandes, en Chihuahua. Ella y su esposo Howard Miller vivían en el pueblo mexicano de La Mora, en el municipio sonorense de Bavispe y formaban parte de una comunidad mormona asentada entre los estados de Sonora y Chihuahua. Tenían cinco hijos pequeños en común y dos más, Howard y Krystal, de 11 y 9 años, respectivamente. Ese mismo 9 de marzo, un hombre acudió a una armería al otro lado de la frontera, en Estados Unidos, y compró el rifle Anderson calibre 5.56 que se usaría ocho meses más tarde en la matanza de Rhonita, sus dos hijos Howard y Krystal, los dos gemelos de menos de un año, junto a otras dos madres y dos niños más. En el ataque armado, atribuido a grupos del narcotráfico, había 14 niños en total, cuatro de ellos, bebés. Sólo sobrevivieron ocho.

Las tres camionetas en las que viajaban por un camino de terracería en el límite entre esos dos estados mexicanos fueron acribilladas por hombres armados y de la escena se recogieron 1.893 casquillos de bala de diferentes calibres, algunos de ellos correspondientes a fusiles del Ejército estadounidense. Los atacantes usaron 31 armas. Dos de los rifles fueron rastreados hasta su origen en dos armerías de Arizona y Nuevo México, en Estados Unidos, sin que hasta ahora las autoridades de ninguno de los dos países hayan investigado a fondo cómo terminaron en manos del narco mexicano.

EL PAÍS tuvo acceso al expediente criminal de la masacre contra los LeBarón donde consta la investigación de los indicios balísticos, estudió las coincidencias y rastreó sus huellas hasta ubicar el origen de dos de las armas involucradas.

Tipo de arma: Rifle

Marca: Anderson

Modelo: AM-15 calibre 5.56

Matrícula: 18288602

Alcance: hasta 800 metros y es multicalibre, compatible con municiones de calibre .223

Tipo de arma: Rifle

Marca: Zastava

Modelo: M92PV calibre 7.62 x 39 mm

Matrícula: M92PV039918

Alcance: hasta 300 metros

Casquillo: calibre .50 (12.7 x 99 mm)

Alcance: hasta 2000 metros

Una de ellas es un rifle Anderson calibre 5.56 que compró aquel 9 de marzo, al otro lado de la frontera un joven de 24 años originario de Sacramento, California. El hombre, radicado en Phoenix, Arizona, recorrió 24 kilómetros desde su domicilio para trasladarse a Tombstone Tactical, una tienda ubicada a una media hora de distancia en auto. En su camino, dejó al menos otras dos armerías que estaban a menor distancia, una a un kilómetro y la otra, a cuatro.

En su página web, el establecimiento detalla que es un negocio familiar con licencia federal y presume de "su increíble selección de pistolas y rifles, incluidos los calibres .223 y 5.56, rifles largos AR-15 y AK47". El hombre se decidió por un fusil calibre 5.56, marca Anderson, modelo AM-15, matrícula 18288602, un arma larga semiautomática que sigue el diseño del AR-15 y puede tener un alcance de hasta 800 metros. Es liviana y multicalibre, compatible también con municiones .223.

El rifle, comprado cuatro días antes de que nacieran los gemelos LeBarón-Miller y ocho meses antes del ataque atribuido al narco, recorrió 550 kilómetros desde la tienda Tombstone Tactical de Phoenix hasta el lugar de la tragedia en La Mora, Sonora.

John Lindsay-Poland, coordinador de la iniciativa Stop Arms que estudia el tráfico ilegal de armas de Estados Unidos hacia México, explica que la elección coincide con una tendencia en Arizona, donde las armas de Anderson Manufacturing se han convertido en las favoritas.

"Anderson fabrica armas de asalto baratas y su uso en México está creciendo. En los datos que vemos de las armas aseguradas por Sedena (Secretaría de la Defensa Nacional), los Anderson van en aumento. Entonces hay que interrumpir ese flujo de armas de asalto desde Arizona a Sonora y a otros estados de México", dijo en entrevista con EL PAÍS.

El otro fusil protagonista en el ataque a los LeBarón, una herida que todavía duele en la comunidad mormona de la frontera, fue un rifle calibre 7.62 x 39 mm, marca Zastava, modelo M92PV, matrícula M92PV039918, que fue vendido en Nuevo México el 9 de agosto de 2014 en la tienda Shooters Out Post, ubicada en 20A Gunbarrel Rd Española.

Uso General

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El comprador fue otro estadounidense, de 27 años, con domicilio en el poblado de Hurley, Nuevo México, a unas cinco horas en auto de la armería. El hombre cuenta con 20 récords criminales en Estados Unidos y estuvo en prisión por abuso sexual a menor de 13 años.

EL DÍA DE LA MASACRE

Las primeras voces de alarma en la comunidad mormona se levantaron el mismo día del ataque: ese 4 de noviembre de 2019 en el que los gemelos LeBarón-Miller apenas tenían ocho meses de nacidos. Rhonita y otras dos madres salieron en tres camionetas de La Mora, a eso de las 8:30 de la mañana, con 14 de sus hijos. Adrián LeBarón, padre de Rhonita, y su sobrino Julián LeBarón reportaron a las autoridades que habían perdido contacto con ellas.

Las tres mujeres se dirigían hacia la Colonia LeBarón, en el municipio de Galeana, Chihuahua, a 90 kilómetros de distancia, un trayecto que les tomaría unas cuatro horas en auto debido a que la ruta es por un camino de terracería. Según la Fiscalía General de la República, en esa zona operan grupos del crimen organizado como el Cartel de Sinaloa y La Línea, brazo armado del Cartel de Juárez.

En la primera camioneta iba Rhonita, sus hijos Howard y Krystal, que ya habían cumplido 12 y 10 años, y los gemelos Tiana y Titus.

La segunda era conducida por Dawna Ray Langford, de 43 años. Con ella, iban sus hijos Kylie (14 años), Devin (13 años), Trevor (11 años), Mackenzie (9 años), Cody (8 años), Jake (6 años), Xander (4 años), Rogan (2 años) y el bebé Brixton (10 meses).

En el tercer vehículo, Christina Marie Langford, de 29 años, llevaba a su hija Faith, de 7 meses, que sobrevivió al ataque y permaneció ocho horas junto al cuerpo inerte de su madre hasta que llegaron las autoridades.

Había pasado apenas media hora desde que salieron cuando a Rhonita se le ponchó un neumático y se quedó varada cerca de un cruce rural llamado Rancho La Mora, a poca distancia de otro poblado llamado San Miguelito, pero aún en una zona montañosa con poca cobertura de celular, lo que le impidió solicitar ayuda. Aproximadamente a las 9:30 de la mañana fue emboscada por un grupo de hombres armados. El ataque fue tan brutal que la madre y sus cuatro hijos murieron calcinados. La camioneta, impactada por cientos de balas, terminó incendiándose.

Unos quince minutos más tarde, Dawna llegó a un punto cercano sin saber lo que había sucedido. También fue atacada. Murió ella y dos de sus hijos. Los otros siete sobrevivieron, algunos con heridas graves.

El tercer ataque se registró después de las 10:00 de la mañana contra la camioneta de Christina Langford. Trató de hablar con los criminales en vano antes de ser asesinada a balazos. Su bebé resultó ilesa.

EL RASTRO DEL ARSENAL

El expediente criminal del ataque reveló que ese día se dispararon un total de 1.893 balas contra las tres mujeres y catorce niños LeBarón. Fueron percutidas por 31 distintas armas de fuego. La mayoría, 1.792 casquillos, correspondieron al calibre .223 / 5.56, seguido del 7.62 x 39 mm con 80 disparos y del 7.62 x 51 mm 308 WIN con 20 percusiones. Por último, el temido calibre .50 capaz de perforar blindajes: un solo casquillo.

En el arsenal de los narcotraficantes, la mayoría de armas fueron fabricadas en Estados Unidos, incluyendo marcas Colt, Armalite, Anderson o Essential Arms. Llama la atención que 19 de los casquillos encontrados salieron de un arma US Military Weapons, perteneciente al Ejército del país del norte. Había también una de China y otra de Serbia y Montenegro. Esta última es la que se compró en Nuevo México, que había sido importada por la empresa Century Arms, con sede en el estado de Vermont, al noroeste de Estados Unidos.

Ese fusil tuvo que recorrer 1.080 kilómetros desde la tienda Scooters Out Post hasta La Mora, en Sonora, y pasaron cinco años entre la venta y el día del ataque. Por el contrario, el rifle Anderson que se adquirió en Phoenix tardó solo ocho meses entre su compra y su aparición en la masacre. Esa cadena, relativamente corta, sería más fácil de rastrear si se quiere investigar quién traficó las armas del caso LeBarón. Pero esa pesquisa quedó casi inmediatamente en punto muerto.

FLELOS SUELtos EN LA INVESTIGACIÓN

Comprar un arma de fuego es legal en Estados Unidos. Al mismo tiempo, el hecho de que una persona se haga con un fusil y este termine siendo utilizado para cometer un delito en México no significa que su primer comprador esté implicado en el acto criminal.

Así es que ninguno de los dos compradores han sido citados a declarar en investigación judicial alguna relacionada con el tráfico de las armas con las que fueron asesinados los LeBarón por más que sean el primer hilo del que tirar para averiguar quiénes y cómo terminaron esos rifles en manos de los narcos mexicanos responsables del tiroteo.

"Hicieron lo de cajón, digámoslo así: de balística, de clasificar, pero nunca de registrar dónde se compró, quién la trajo, quién nada de esto. Es más, ni siquiera está la investigación de quién les dio las armas a los sicarios", ha explicado a EL PAÍS Víctor Zuñiga, abogado de la familia LeBarón. Ni siquiera porque las víctimas era de nacionalidad estadounidense.

En la investigación del caso, cuenta Zúñiga, participaron la Fiscalía General de la República (FGR), por el lado de México, y el FBI, por el lado de Estados Unidos. Pero, reprocha el abogado, jamás se asignó a la ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives), que sería la agencia indicada para perseguir el tráfico de armas.

Timothy Sloan era el agente especial encargado de las operaciones de la ATF en México cuando ocurrió la masacre y ha contado a EL PAÍS que la agencia quedó fuera del caso por falta de personal. "No teníamos el poder ni los agentes

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suficientes para hacer esa investigación de la manera apropiada. Yo hablé con los jefes de ATF en Washington y se negaron a enviar refuerzos para ese caso; entonces hablé con el embajador (de Estados Unidos en México) Christopher Landau y, al saber que no habían autorizado más agentes, decidió asignar al FBI que tiene mayores recursos", detalla Sloan.

Así es que el abogado de la familia LeBarón solicitó en noviembre del año pasado a la Fiscalía Especializada en Materia de Delincuencia Organizada -la división de la FGR que investiga los delitos relacionados con la delincuencia organizada- que propiciara una reunión con el FBI. Pero, se lamenta de nuevo Zúñiga, la petición fue rechazada.

"Se negaron refiriendo que el FBI no tiene más, no tiene mayor información que la que ellos tienen, que no puede haber colaboración. Sin embargo, sabemos que la realidad es otra... la que pasó en los primeros días", cuenta el abogado.

"Sabíamos que el FBI intervino, sabíamos que el FBI en conjunto con la fiscalía de Sonora hicieron intervención, procesaron casquillos, pero esos dictámenes jamás fueron entregados a la policía".

Los dos fusiles del ataque a la familia mormona rastreados se encuentran bajo custodia de la Fiscalía General de la República, en Ciudad de México, porque terminaron siendo incautadas. No se investigó su origen ni cómo fueron traficadas al país y después de acabar con la vida de los LeBarón, aún continuaron su camino de muerte. Fueron utilizadas por el crimen organizado en otro suceso, calificado por la FGR como "un ataque complejo", en Sonora el 7 de julio de 2020.

Para Lindsay-Poland, el coordinador de Stop Arms, el hecho de que la investigación se asignase al FBI en lugar de a la agencia de control de Tabaco, Alcohol, Armas de Fuegos y Explosivos estadounidense tuvo repercusiones en el resultado de las pesquisas. "En las investigaciones de armas y de delitos con armas en México hay un desfase, tanto entre México y Estados Unidos como entre las mismas agencias federales en ambos países. ¿Qué quiero decir? El FBI, que investigó la masacre de la familia LeBarón, tiene sus propios intereses políticos y la ATF también tiene los suyos y cada uno tiene sus capacidades", alude haciendo referencia a descoordinación y prioridades distintas.

"El objetivo del FBI -y también de muchas autoridades en México- es en contra de las personas que perpetraron la masacre", apunta. "No es tanto en quién compró o vendió armas y luego traficaron las armas. Entonces, si el FBI estaba frente la investigación, pues no les va a interesar tanto lo que pasó en una armería en Phoenix o en Nuevo México, porque no es su portafolio".

LOS TRAFICANTES NO VAN A LA CÁRCEL

- ¿Hubo algún detenido por el tráfico de esas armas?

- No.- admite Sloan, ex de la ATF.

- ¿Por qué?

- Porque nadie está en la cárcel por traficar armas de fuego. Por eso, ustedes (México) tienen 40.000 asesinatos por año. Nadie, en general, casi nunca, va a la cárcel o le someten a cargos por tráfico de armas.

El FBI entregó a la ATF información sobre tres armas incautadas en julio de 2020 -fecha en que ocurrió el "ataque complejo" en Sonora-, cuyas huellas balísticas coincidían con las utilizadas en la masacre LeBarón. Solo dos -el fusil Anderson y el rifle Zastava- se pudieron rastrear y hacer la conexión entre ambos episodios. La tercera tenía borrado el número de serie.

ATF supo así que habían sido vendidas en las armerías Tombstone Tactical, de Arizona, y en Shooters Out Post, de Nuevo México. También supo cuándo y quién las había comprado. Pero, de nuevo, esa vía de investigación no condujo a nada sobre cómo llegaron a manos de los narcos mexicanos.

El exdirector de ATF en México defiende que durante su administración, entre 2018 y 2022, documentó y entregó a Estados Unidos al menos 1.150 expedientes de casos de tráfico de armas "buenos y perfectamente integrados", recalca Sloan. Pero la agencia solo investigó solo el 5 % de esos casos. Cerró los demás. Y de ese pequeño porcentaje, insiste el exfuncionario, el Departamento de Justicia estadounidense investigó solo algunos. "Para ellos no tiene suficiente importancia presentar un caso de esta índole porque los cargos actualmente serían por básicamente mentir", explica. Se refiere al formulario que hay que llenar cuando se compra un arma en una tienda en Estados Unidos. "En una solicitud o formulario federal".

Como ejemplo de que a Estados Unidos no le interesa ni castiga el tráfico de armas, Sloan cita el caso de Michael Blake Huff, un comprador de armas estadounidense que traficó 1.000 armas a México y quien recibió apenas una pena de 28 días. En el país del norte, el tráfico de armas es un delito federal grave por el que se pueden imponer condenas de hasta 10 años de cárcel y multas de miles de dólares. En México, las penas pueden llegar hasta los 45 años. Pero Huff fue sancionado por haber mentido en relación a la compra, no por el envío de las armas.

En el arsenal que llegó al otro lado de la frontera sur, había varios rifles calibre .50 -aptos para atravesar blindaje- pero Huff dijo que habían sido robados de su almacén en Texas. Después, confesó haberlas ingresado ilegalmente a México. La mayoría fueron enviada al estado de Michoacán, uno de los más golpeados por el narcotráfico.

"Yo tengo evidencia, yo abrí el caso Michael Huff en 2019 y esas armas estaban en asesinatos de policías, políticos, mujeres, familias... Y él recibió 28 días en la cárcel. Solamente 28 días. No 28 años: 28 días. Wow. Aproximadamente, 1.000 armas de fuego él solamente", recuerda Sloan con indignación. Con ese antecedente, plantea, es "mucho trabajo para hacer un caso si la Corte va a darle 28 días a un traficante de armas".

OTROS CASOS, MISMO PATRÓN

Uso General

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El asesinato el pasado 30 de abril del exagente de la Policía Federal Iván Morales y de su esposa conmovió a la opinión pública. Morales ya había sobrevivido en 2015 a un ataque del Cartel Jalisco Nueva Generación que derribó el helicóptero en el que viajaba durante un operativo fallido para detener a Nemesio Oseguera, alias El Mencho, en Jalisco. Para tumbar la aeronave de la Sedena, los atacantes utilizaron dos rifles calibre .50, uno Barret y otro M2HB, así como un lanzagranadas de fabricación iraní y un lanzacohetes ruso, según informes de la ATF estadounidense a los que EL PAÍS tuvo acceso.

La entonces Procuraduría General de la República incautó el calibre .50 M2HB que perforó el blindaje de la aeronave e impactó en el rotor y, luego, la ATF hizo el rastreo y descubrió que el fusil había sido vendido en la tienda JNC Manufacturing, en Rainier, Oregon. El negocio ofrece todavía los .50 a un precio de 15.375 dólares.

Al rastrear el arma hasta el local, se identificó que el comprador era Erik Flores Elortegui, un hombre de nacionalidad mexicano-estadounidense, originario de Durango, que fue acusado de traficar armas hacia México a raíz del ataque al helicóptero. Se emitió una ficha con su foto y su nombre con la leyenda "El más buscado por la ATF". Se lo considera peligroso y armado. Pero hasta ahora no ha sido detenido ni por las autoridades estadounidenses ni por las mexicanas pese a que el implicado y su familia han difundido hasta hace poco publicaciones en redes sociales con su ubicación en Durango.

"No entiendo por qué la ATF lo tiene todavía en su página como 'the most wanted' pero nunca lo detuvo, porque tiene doble nacionalidad y tenía que solicitar su extradición. Parece que solo quieren mostrar que están haciendo algo", reprocha el exdirector de la agencia en México.

Sobre este ataque, el senador republicano por Iowa en 2023 Charles Grassley exigió al Departamento de Justicia estadounidense que explique qué se ha hecho con el caso del arma usada para derribar el helicóptero del Ejército mexicano en 2015 y con el sospechoso de comprar armas que fueron utilizadas por el Cartel Jalisco Nueva Generación. En su carta, Grassley dijo estar en contacto con un denunciante anónimo -conocidos como "whistleblower" en Estados Unidos- que le reveló irregularidades en el manejo de la investigación y un patrón de desinterés por perseguir estos expedientes de tráfico de armas.

EL RECLAMO DE MÉXICO A EEUU

El Gobierno mexicano demandó en 2021 a 11 de los fabricantes de armas más importantes de Estados Unidos y, en 2022, a cinco armerías del estado de Arizona. La familia LeBarón, que no constan como parte demandante en estas acciones legales, ha mostrado su respaldo a la arremetida judicial mexicana dado que la matanza de las tres madres y los catorce niños ha servido para visibilizar el impacto del tráfico de armas y el poderío que adquieren los narcotraficantes con arsenal del país vecino.

Sin embargo, la primera de las causas se estrelló con la justicia estadounidense. En junio de este año, la Corte Suprema determinó que no procede la demanda contra los fabricantes de armas porque están amparados por la Ley de Protección al Comercio Legal de Armas (PLCAA, por sus siglas en inglés). Esta norma da inmunidad y cobija a fabricantes y vendedores de armas del país frente a las demandas que puedan presentar las víctimas de ataques realizados con ellas. Esa ley fue aprobada por el Congreso de Estados Unidos en 2005 y contó con el voto a favor del hasta hace poco embajador de Estados Unidos en México Ken Salazar, uno de los pocos demócratas que respaldó la iniciativa.

Pese al revés judicial, el Gobierno mexicano sostiene su reclamo y ha pedido un pronunciamiento a la Corte Interamericana de Derechos Humanos sobre el tema. "La decisión de la Suprema Corte [de EE UU] no afecta el curso de la segunda demanda presentada por México en Tucson, Arizona, en 2022, en contra de cinco tiendas distribuidoras de armas. Dicha demanda sigue avanzando y se encuentra en la etapa de producción de evidencia", recogía el comunicado oficial de junio pasado.

Para el coordinador de Stop Arms, el hallazgo de que una de las armas utilizadas para masacrar a la familia LeBarón haya sido vendida en una tienda de Arizona "puede ser un elemento importante en la demanda de México contra las armerías", un factor a favor más de la causa, indica, además de que las víctimas fueran de nacionalidad estadounidense en un ataque de tanto impacto y tanta repercusión pública.

De las casi 2.000 balas disparadas, la camioneta de Rhonita recibió 321 impactos, la de Dawna terminó con 87 orificios y la de Christina, 41. "Si la idea era infundir terror y miedo, les funcionó", plantea Adrián LeBarón, el padre de Rhonita y el abuelo de cuatro de los niños asesinados.

Uso General

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Al menos 13 muertos en un enfrentamiento entre autoridades y un grupo criminal en Sinaloa

Rodrigo Soriano

México - 03 NOV 2025 - 18:59 CST

Un enfrentamiento entre agentes del Gabinete de Seguridad federal y presuntos delincuentes del Cartel de Sinaloa ha dejado este lunes al menos 13 muertos en Guasave, a unos 60 kilómetros al sur de Los Mochis, según ha informado el secretario de Seguridad mexicano, Omar García Harfuch, en un comunicado compartido en redes. El grupo criminal desencadenó una balacera contra los agentes desde un escondite ubicado debajo de un puente, lo que provocó la reacción "inmediata" de los policías. Las autoridades han rescatado a nueve personas secuestradas en el lugar, y han detenido a otras cuatro durante el operativo, en el que han incautado siete coches y armamento.

Es el nuevo golpe del Gobierno federal contra el agitado panal del crimen organizado en Sinaloa. Las cuatro detenciones se suman a los –al menos– 56 arrestos que las autoridades han realizado en las dos últimas semanas. La muerte del Morral, líder de una célula del Cartel de Sinaloa, durante un operativo dio lugar a una nueva oleada de violencia en Culiacán, una ciudad convertida en el escenario de la guerra entre dos divisiones del grupo criminal, la mayiza y la chapiza.

El Gabinete de Seguridad ha reiterado en los últimos meses una premisa, la de "fortalecer la paz y la seguridad de las familias mexicanas". Es la misma utilizada el pasado viernes, cuando los agentes de la Secretaría de Marina detuvieron a otras 13 personas armadas en un operativo similar al de este lunes. Los criminales iniciaron el fuego y huyeron del lugar; los agentes los arrestaron más tarde en el domicilio de La Vuelta, a unos 40 kilómetros de Culiacán. Allí, decomisaron tres coches, ocho motocicletas, 14 armas, 60 cargadores y 56 cartuchos.

La violencia persistente en Sinaloa ha tenido mayor énfasis en Culiacán debido a ese enfrentamiento de las dos grandes facciones del cartel sinaloense. Esa guerra dio comienzo en julio del año pasado, resultado de la detención de uno de los líderes históricos del grupo criminal, Ismael El Mayo Zambada, en El Paso, Texas. El Mayo envió una carta ya desde prisión, en la que culpaba a su ahijado Joaquín Guzmán López, hijo de su antiguo gran socio Joaquín El Chapo Guzmán, de crear una trampa para entregarle a las autoridades de Estados Unidos.

La violencia en Culiacán ha llevado a resaltar una cifra, la del 88,3% de las personas que consideran que vivir en la ciudad es inseguro. Es la cifra más alta destacada por el Instituto Nacional de Estadística y Geografía en su Encuesta Nacional de Seguridad Pública Urbana, que recoge los datos del tercer trimestre de este año. Los datos indican que el 63% de los mexicanos consideran inseguro vivir en su ciudad, un porcentaje muy por debajo –el 25,3%– del caso de la ciudad sinaloense.

The Washington Post

A mayor in Mexico is gunned down for standing up to the cartels

León Krauze

November 4, 2025 at 8:00 a.m. EST Today at 8:00 a.m. EST

On Saturday, during a traditional Day of the Dead celebration, Mexico's cartels sent yet another clear and chilling message: We can and will act with total impunity as we settle scores with our enemies. This time, their victim was Carlos Manzo Rodríguez, the mayor of Uruapan — the second-largest city in Michoacán state and one of the most dangerous in Mexico. Just minutes before being gunned down, Manzo was walking with his son in his arms through the Festival of Lights in the city's central plaza.

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"Blessings to everyone. Have a pleasant night. We're at your service," the 40-year-old said to passersby moments before his death.

Cartel violence in Michoacán is not new, but it has grown more brutal in recent years. In regions like Tierra Caliente and the Apatzingán Valley, cartels — the Jalisco New Generation Cartel, Los Viagras and Cárteles Unidos — fight for control of everything: drug routes, farmland, transportation and even the prices of limes and avocados. Nothing moves without money being paid out. Anyone who refuses — or dares speak out — ends up dead.

Two weeks earlier, the same fate befell Bernardo Bravo, president of the Apatzingán Valley Citrus Producers Association. On Oct. 20, his body was found inside his vehicle on a rural road. For months, Bravo had been one of the few voices publicly denouncing the extortion networks that strangle Michoacán's lime industry by demanding payments for every kilo harvested, every box sold and every truck that leaves the orchards. His courage made him a target. Like Manzo, he had asked state and federal authorities for protection. And as happens time and again in Mexico, those pleas went unanswered. His slaughter shocked Mexican society.

Now, the brutal slaying of Manzo adds another wound. The assassins weren't deterred by his security detail, and they didn't seem to care that they were killing him in the middle of a family celebration he had helped organize. Indeed, perhaps that was precisely the point.

In recent months, Manzo had urgently called for intervention from President Claudia Sheinbaum. He had asked her to visit Uruapan — to be present, to show empathy. "We ask her to listen, to reflect, to pay attention," he pleaded. Manzo also denounced the governor of Michoacán for trying to avoid rocking the boat with the cartels. "I won't keep quiet, Governor!" he said in a fiery video. "You will have to go over my dead body to continue extorting our people." Manzo clearly understood his duty — and the potential price of fulfilling it.

On Sunday, Sheinbaum took to social media to condemn what she called Manzo's "vile killing." Omar García Harfuch, Mexico's security minister, who himself barely survived a brazen attempt on his life in Mexico City in 2020, vowed there would be "no impunity." Mexicans, unfortunately, have heard this kind of empty rhetoric before.

In Washington, Manzo's murder will almost certainly strengthen the arguments of those within the Trump administration who favor deeper American involvement in Mexico's fragile security efforts. "The U.S. stands ready to deepen security cooperation with Mexico to wipe out organized crime on both sides of the border," Deputy Secretary of State Christopher Landau, a former U.S. ambassador to Mexico, tweeted.

Landau's remarks were pointed. President Donald Trump had suggested this year that Sheinbaum is reluctant to take a tougher stance against organized crime. "She is so afraid of the cartels that she can't even think straight," he said after Sheinbaum rebuffed his offer to send troops to aid in the fight.

Direct military intervention by the United States in Mexico would be unwise. But daily life in Michoacán — and in Sinaloa, another state besieged by violence — cannot be held hostage indefinitely. What is at stake is not only the security of a single region but the very foundation of the Mexican state. Sheinbaum needs to tackle the problem head-on — and think about how the United States might be able to help. Because when criminals decide who can live, it is not only the victims who die. It is the very hope for justice itself.

Uso General

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EL PAÍS

Morena en su disyuntiva

Cada vez es más evidente que el proyecto de todo lo que está agrupado en torno a Morena ha sido y continuará siendo la ocupación y la permanencia en el poder. Que, a esa necesidad y finalidad de su fundador y líder López Obrador, se subordinó y se subordinará la totalidad de su acción y que, por ello, será siempre política. Esta última calificación no recoge una obviedad. No se me agota en expresar que al tener la lucha por y en el poder ese carácter, su obtención y preservación tiene que ser de la misma naturaleza.

Lo que aquí es relevante destacar es que el entonces movimiento y hoy movimiento-gobierno, no ha podido ir más allá de las fases de ocupación y permanencia. Que ello es lo que determina su acción cotidiana y su representación del futuro. Que ello es lo que hace que su actuar esté limitado a lo electoral. No como reducción al instante de la jornada comicial, sino como conjunto de elaboraciones para construir y mantener electorados y simpatizantes que, en última instancia, les aporten votos y les permitan conservar y ensanchar su presencia en el poder. A este señalamiento es posible objetar, desde luego, que la condición electoral es común a todos los partidos y que Morena, así como los morenistas no son sino otra muestra de ello. Con todo y que este señalamiento es correcto, existe un aspecto en el proceder del actual régimen mexicano que lo califica de tal manera que termina por distinguirlo y diferenciarlo.

Lo que acontece en Morena y sus amplias ramificaciones tiene que ver con dos cosas. La primera, con la pretensión de establecer un modo total de estar en y para las elecciones. Es decir, en y para el electorado actual y sus posibles extensiones. Es por ello que una parte muy relevante de las reformas constitucionales y legales, de la conformación presupuestal y de las recomposiciones administrativas, han tenido la finalidad de constituir y mantener clientelas por medio de la asignación de becas, apoyos, pensiones y otros mecanismos semejantes de pago que a su vez son generadores de dependencia. El segundo conjunto de reformas ha estado animado por la apropiación de los mecanismos constitucionales a través de los cuales es posible el control de los órganos y las acciones de quienes actualmente ocupan el poder. La desaparición de los órganos constitucionales autónomos, la posesión de los juzgadores federales y locales mediante la reforma judicial o la militarización del país, son muestras de este intencionado proceder. Al haber limitado su horizonte a las condicionantes de ocupación y mantenimiento del poder, las distintas expresiones del morenismo han buscado y en mucho logrado subordinar una parte muy importante de la vida nacional al juego político-electoral. Desde esta posición se ha dividido y juzgado a la nación. Se han asignado vicios y virtudes en razón de su adhesión o no al movimiento en marcha. Desde esa posición se construye la narrativa diaria y se determina la acción gubernamental. Ello es lo que explica que tengamos, por segundo sexenio consecutivo, un Gobierno tan reacio a aceptar ya no digamos una culpa o responsabilidad, sino el más mínimo reproche ante el temor de afectar la credibilidad y, finalmente, la legitimidad que les permite mantenerse en el poder.

Al haber reducido los horizontes de existencia y gobernabilidad a lo político-electoral, las actuales autoridades federales, locales y municipales han supuesto que las amenazas a su permanencia en el poder necesariamente provienen de quienes por esa vía puedan arrebatarlos. Que sus males únicamente pueden venir de quienes, como ellos, están metidos y sometidos a la lucha electoral y que, por lo mismo, su propia y cada vez más comprometida sobrevivencia política pasa por la reducción o destrucción de tales adversarios o enemigos.

En su limitada perspectiva, el morenismo no ha podido y/o no ha querido darse cuenta de la existencia del real competidor por el poder. De quien también le está disputando y en parte lo está sustituyendo no ya la ocupación de los cargos y las posiciones formales previstas en el orden jurídico nacional, sino la realización de tareas propias del Estado y del orden jurídico nacional.

En su obsesión por perpetuar y acrecentar el poder formalizado que resulta de las normas jurídicas estatales, el morenismo no percibe que diversos grupos delictivos están actuando para constituir órdenes propios para regular las conductas de importantes y crecientes segmentos de la población. Que, en su lucha por permanecer en el poder formalizado mediante el orden jurídico nacional, las delincuencias están generando sus propios órdenes normativos.

La reducción de sus adversarios o enemigos a quienes les disputan el poder juridificado ha llevado al morenismo a no comprender que, más allá de esas condiciones en las que desde luego ejerce dominio, hay actores que mediante una diversidad de medios están creando órdenes normativos a través de los cuales están reduciendo las posibilidades de realización de aquello que les permiten hacer las normas del propio orden jurídico nacional.

Mientras las autoridades estatales siguen obsesionadas con el mantenimiento de ese poder, los grupos delincuenciales están regulando una diversidad de conductas. Son ellos los que determinan qué se puede hacer y qué no se puede hacer mediante la imposición de reglas creíbles gracias a la amenaza de su propia coacción. Son ellos los que determinan qué y a quién puede comprarse o venderse, qué productos y cómo pueden ser transportados, qué precios y formas de pago corresponden a cada actividad, qué sanciones conllevan los incumplimientos, así como a quiénes y cómo toca ejecutarlas.

En su constante y creciente actuar, las distintas organizaciones criminales cuentan con variadas fuentes de financiamiento. Los recursos generados por tales actividades se destinan, desde luego, para la manutención de sus respectivos integrantes. También, para el acrecentamiento de sus actividades mediante la compra de armas y otros dispositivos de seguridad para fortalecer sus operaciones. A su vez, los recursos obtenidos por las actividades delictivas

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sirven para pagar a los funcionarios estatales de todos los niveles para evitar que sus miembros sean sancionados mediante las normas del propio orden estatal. Tales recursos permiten, a su vez, incentivar la participación de actores insertados en una gran cantidad de actividades lícitas comercio, finanzas, construcción, etc., con el propósito de lograr el blanqueo y la legalización de sus recursos.

Mientras las delincuencias avanzan y se apropián de crecientes segmentos de nuestra amplia, compleja y diversificada vida social, los morenistas se mantienen en su primitiva suposición sobre la ocupación y mantenimiento del poder. Siguen creyendo que sus únicos y reales enemigos son los partidos políticos que puedan ganarles el poder en las urnas, los juzgadores que pueden anular sus decisiones, los medios de comunicación que den a conocer sus errores o faltas, o los comentaristas que duden o critiquen sus procederes.

En su primaria visión no han podido advertir que, mientras que las oposiciones mencionadas se mantienen en lo que bien cabe denominar lealtad institucional, las delincuencias que no han querido o podido ver están actuando para destruir la institucionalidad misma de la que depende su actuar y su existencia.

Es difícil saber en este momento aun cuando haya signos que ya posibilitan los diagnósticos si el mantenimiento de la reducida visión electoralista es un defecto intelectual o moral del morenismo. Si, en otras palabras, tiene que ver con la obsesión por las oposiciones o, más bien, con los compromisos con las organizaciones criminales. Si, en el primer caso, la obsesiva atención a sus opositores les ha impedido advertir la existencia de otros y comprometedores componentes de la realidad. O si, en el segundo caso, las relaciones establecidas con las delincuencias para tomar y preservar el poder fueron y son de tal magnitud y profundidad, que resulta difícil distinguir entre gobierno y criminalidad por ser parte de una misma cosa, diferenciable únicamente por las maneras formalizadas de los correspondientes actuares.

En la respuesta a esta cuestión descansa no solo el futuro del morenismo. De manera más amplia y relevante, de ella depende la viabilidad de lo que hasta ahora y con todos los problemas que desde luego existen podemos llamar Estado, gobierno, Estado de derecho u orden jurídico nacional. El morenismo está ante la disyuntiva de seguir suponiendo como lo hizo su fundador y líder que el mantenimiento y acrecentamiento del poder pasa por el sometimiento de las oposiciones y los críticos que, como quiera que sea, todavía se mantienen en la lealtad institucional, o entender que más allá de ellos existen fuerzas que están generando su propia y distinta institucionalidad. Advertidos del problema, no hay pretextos para mantener la excusa intelectual. No hay modo de seguirse diciendo que no se sabía o no se entendía la magnitud ni la profundidad del fenómeno delictivo. Así las cosas, el morenismo tiene que enfrentarse con la decisión moral sobre su ser y su actuar más allá de sus primarias necesidades y obsesiones electorales y clientelares.

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Bloomberg

Bowman Says Basel a Priority But Can't Look at Capital in Vacuum

By Katanga Johnson

November 4, 2025 at 6:47 AM CST

The Federal Reserve's Vice Chair for Supervision Michelle Bowman said unveiling plans tied to Basel III are a priority, but the new proposal must fit into the broader framework of capital rules for banks.

Regulators are looking at the capital surcharge for big banks, proposing changes to stress tests, and a key rule known as the enhanced supplementary leverage ratio.

The Fed is weighing next steps on crypto, including implementing new rules on stablecoins, and wants to ensure banks can engage in digital assets while maintaining their safety and soundness.

The Federal Reserve's top bank cop said that unveiling plans tied to Basel III are a priority but emphasized the new proposal must fit into the broader framework of capital rules for banks.

"That's one of the priorities that we have but we can't look at capital in a vacuum," Vice Chair for Supervision Michelle Bowman said Tuesday at the Santander International Banking Conference in Madrid.

Bloomberg reported last month that the Fed has shown other US regulators the outlines of a revised plan that would dramatically relax a Biden-era bank capital proposal for Wall Street's largest lenders. Although the plans are preliminary, the move would likely be cheered by Wall Street banks that fiercely campaigned against the initial US version of the proposal dubbed Basel III Endgame.

Bowman said Tuesday that regulators are also looking at the capital surcharge for big banks as well as proposing changes to stress tests and a key rule known as the enhanced supplementary leverage ratio.

Digital Assets

In addition to bank capital plans, the Fed is weighing next steps on crypto following passage of the Genius Act, which requires stablecoin issuers to formally register and hold dollar-for-dollar reserves.

Bowman has previously said the agency is seeking input on how to best implement new rules on stablecoins and said Tuesday it is "critically important" that banks are able to engage in digital assets if they want to.

"We want to make sure that they're not left behind but we also want to make sure that they're engaging a way that separates those digital assets on their balance sheet from their regular business activities," she said.

Bowman said that officials need to ensure banks' safety and soundness remains while offering new services that customers may be interested in.

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Bulgarian inflation may jump with euro adoption, Lagarde says

November 4, 2025 2:22 AM CST Updated 7 hours ago

SOFIA, Nov 4 (Reuters) - Bulgarian inflation may jump when the euro currency is adopted on January 1 as retailers round up prices, but the impact will fade quickly and the benefits will be far greater, ECB President Christine Lagarde said on Tuesday.

Around half of Bulgaria's public oppose euro adoption, fearing that it will impinge on sovereignty and retailers will exploit the changeover to raise prices.

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"This concern is entirely legitimate," Lagarde told a conference in Sofia. "Currency changeovers can produce a temporary uptick in measured inflation, often when firms round up prices during conversion."

At 4.1%, Bulgaria already had one of the highest rates of inflation in the European Union in September and the rate is now increasing, while euro zone inflation is broadly at the 2% target. If accession criteria were assessed now, Bulgaria might not meet them.

The one-off inflation jump is normally between 0.2 and 0.4 percentage points and it was around 0.4 percentage points in 2023 in Croatia, the last country to join the currency bloc, Lagarde said.

She argued that once accession takes place, uncertainty among citizens has naturally receded, making the benefits more obvious.

"The greatest risk countries faced was not losing sovereignty or seeing an increase in prices," Lagarde said. "It was losing reform momentum once inside the euro area, and thus missing out on the full benefits of the single currency."

Bloomberg

China Re-Ups Its Goal of an Internationalized Currency

By Chris Anstey

November 4, 2025 at 6:00 AM CST

I'm Chris Anstey, a Boston-based economics editor who's in Tokyo this week. Today we're looking at China's hopes for internationalizing its currency. Send us feedback and tips to ecodaily@bloomberg.net. And if you aren't yet signed up to receive this newsletter, you can do so [here](#).

Top Stories

Chancellor Rachel Reeves declined to reiterate prior pledges against tax hikes in an usual appeal before her budget for the UK.

President Donald Trump's three US Supreme Court appointees will play pivotal roles as judges consider his signature global tariffs Wednesday.

China called on the US to avoid four sensitive issues so a trade truce sealed between Trump and President Xi Jinping can hold.

Strong Yuan Policy

Decades after the US Treasury adopted a "strong dollar" policy, Chinese President Xi and top economic policymakers in recent years adopted their own version of a "strong" currency. Now, signs are emerging that Beijing is getting bolder in its plans.

Just as the "strong dollar policy" wasn't necessarily about actively seeking appreciation, China's plan isn't designed specifically to boost the exchange rate. It's more about encouraging broader use of the yuan as a medium of exchange in international trade and financial flows, and as a store of value that global asset managers can consider in their portfolio. But since a collapse in the currency would hardly be helpful to such goals, there is indeed an exchange-rate element also. Measures taken by China's authorities to support internationalization of the yuan may in turn "generally help keep its value buoyant," China economists at Standard Chartered led by Ding Shuang wrote in a note Friday.

China's Communist Party leaders, in an outline of the new 2026-30 five-year plan released last month, called to "promote the internationalization of the RMB," using the acronym for renminbi, the official name of China's currency. That marked an evolution from the previous plan, which said China would "prudently" push forward yuan internationalization.

China's central bank then followed up with a statement on how it would implement leaders' new language. The People's Bank of China said it would expand the currency's use in trade, deepen the two-way opening of financial markets in an orderly manner, and further develop the offshore yuan market.

"PBOC officials have become more outspoken this year about their ambition to promote the yuan as one of the leading global currencies to reduce reliance on the dollar," Ding said.

One element of the program is boosting the yuan's use in China's own trade flows, something it's made steady progress with.

China's leaders in their five-year plan also called to "improve the level of capital account openness," though observers hardly expect a wholesale removal of long-standing controls imposed to keep households' and companies' money mainly within China.

It's clear Beijing isn't envisioning a concerted campaign to outright displace the greenback's dominance in the global financial system. After all, the government is this week selling its own sovereign debt in dollars — something it typically does at this time of year.

"A more realistic goal might be to achieve peer status" with the British pound or the yen, Ding said.

The Best of Bloomberg Economics

Key European leaders will skip a summit with Latin American and Caribbean states partly to avoid angering Trump.

The Reserve Bank of Australia kept rates on hold and signaled a shift to neutral. The rupee gained after intervention by the Reserve Bank of India.

European Central Bank chief Christine Lagarde touted the euro to Bulgarians, while Finland's Olli Rehn confirmed his bid to be her deputy.

Japan's premier said the nation is still in the process to get stable inflation alongside wage gains, while her finance minister warned on the yen.

Portugal has a new economic project: establishing a logistics hub of European and Atlantic scale," according to its minister of economy.

The Group of 20's first report on inequality called for the creation of a panel to help governments confront a deepening crisis.

Need-to-Know Research

One tool the Federal Reserve didn't turn to after the financial crisis was the years-long extension of credit to banks to encourage them to, in turn, lend. The ECB went in big on such "long term refinancing operations," or LTROs. Fresh analysis suggests they were effective.

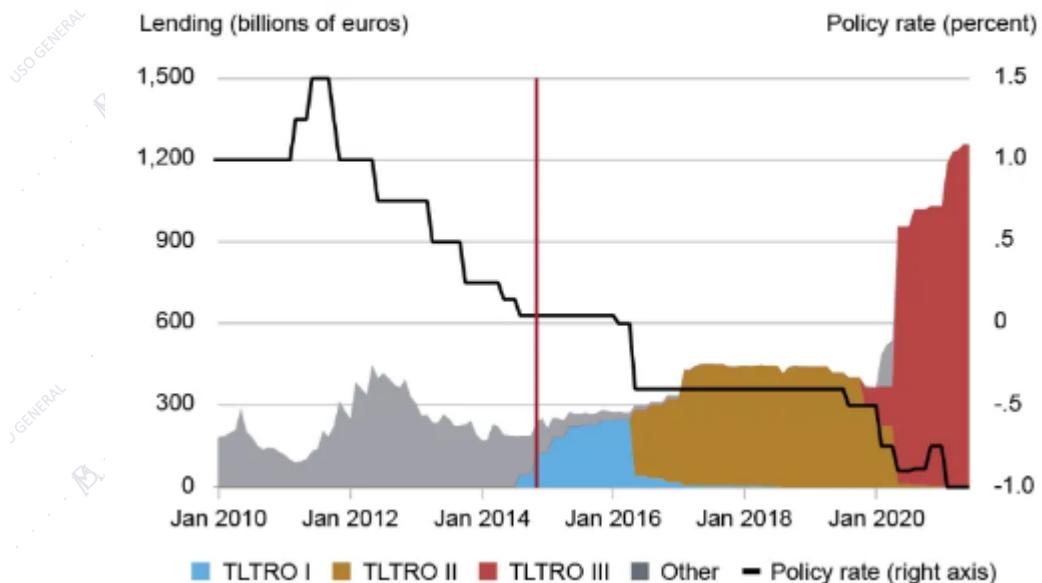
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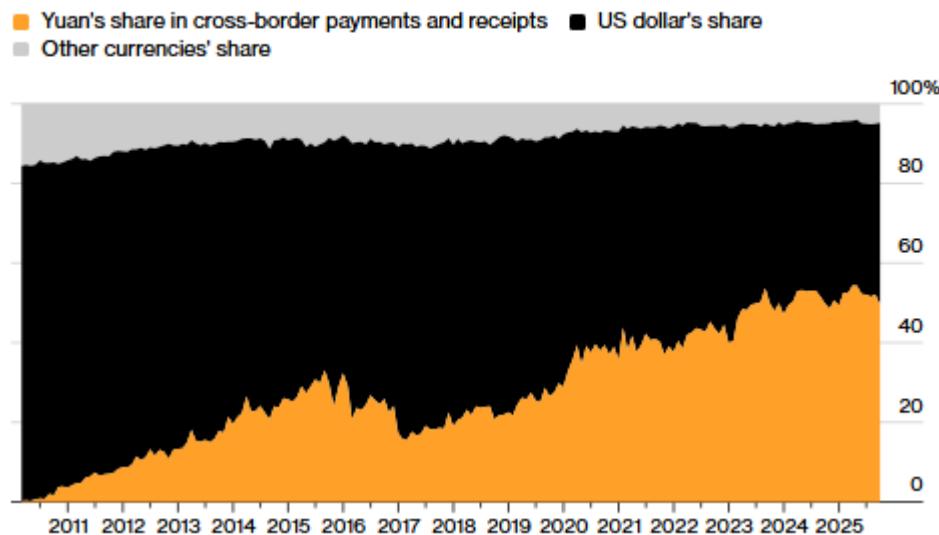
The operations offer “a stable source of financing in times of distress when flighty uninsured deposits may leave the banks,” Tomas Jankauskas of the New York Fed, along with Ugo Albertazzi and Lorenzo Burlon at the ECB and Nicola Pavanini at Tilburg University, wrote in a recent study. They then ran “counterfactual simulations” of a model to quantify the value of the central bank’s interventions and see what would have happened without the help.

The conclusion: there were “substantial stability gains stemming from central bank lending at lower rates” to banks. They also found that the cheap loan funding leads to “economic” gains. In sum, “These policies were particularly effective in reducing the risk of unwarranted and self-fulfilling runs and improving overall welfare.”

ECB Lending Facilities and the Policy Rate



Yuan's Share in China's Cross-Border Settlement Rises



Bloomberg

China's Central Bank Returns to Bond Market With Small Purchases

By Bloomberg News

November 4, 2025 at 3:17 AM CST

Updated on November 4, 2025 at 4:22 AM CST

China's central bank made a small government bond purchase in October, its first such operation this year, to support the economy.

The People's Bank of China net injected 20 billion yuan of liquidity via buying government bonds, according to a statement on its website.

The PBOC's net purchases increase the supply of cash in the financial system, helping to contain borrowing costs and support economic growth.

China's central bank made a small government bond purchase in October, its first such operation this year, as it revived another tool to support the economy.

The People's Bank of China net injected 20 billion yuan (\$2.8 billion) of liquidity via buying government bonds, according to a statement on its website, which did not provide details on tenors or dates of operation. PBOC Governor Pan Gongsheng said in late October that the central bank would resume its bond-trading program, noting that market conditions had improved enough to allow trading to restart.

The PBOC's net purchases effectively increase the supply of cash in the financial system, helping to contain borrowing costs and support economic growth. Demand for bonds has eased among investors in recent months due to a fund rotation into equities and easing tensions in US-China trade relations.

The resumption is aimed at maintaining relatively ample liquidity, said Serena Zhou, a senior economist at Mizuho Securities. "We expect such purchases to persist toward the year-end."

China's 10-year government bond yield briefly rose to 1.795% before paring the gain following PBOC's announcement.

The uptick was attributed to the smaller-than-expected size of the central bank's purchases, according to traders who asked not to be identified because they are not allowed to speak publicly.

The PBOC had suspended bond trading in January due to an imbalance in debt demand and supply as well as an increase in market risk earlier this year, Governor Pan said earlier. Bond yields back then were plummeting to historic lows amid pessimism toward the economy, which also added to depreciation pressure on the yuan.

The market now looks very different. The yuan has regained lost ground, recently advancing to its strongest level against the dollar in around a year in the onshore market. Meanwhile, China's factory activity further slumped, prompting calls for greater policy support.

That said, the scale of purchase in October's operation appears small, suggesting the PBOC has no intention of disrupting the market's demand-supply equilibrium, according to Zhaopeng Xing, senior strategist at Australia & New Zealand Banking Group. He expects the PBOC will still need to inject more long-term liquidity by lowering banks' reserve requirements.

China introduced bond trading last year as a new monetary policy tool for the PBOC to manage liquidity. The central bank made net purchases for five consecutive months totaling 1 trillion yuan until the pause in January.

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Japan yet to achieve durable, wage-driven inflation, PM Takaichi says

By Leika Kihara

November 4, 2025 12:19 AM CST Updated 8 hours ago

TOKYO, Nov 4 (Reuters) - Japanese Prime Minister Sanae Takaichi said on Tuesday the country has yet to achieve sustainable inflation accompanied by wage gains, signaling her preference for the central bank to go slow in raising interest rates.

While consumer inflation continues to hover around 3% due to rising food costs, Japan is still "half way" in achieving sustainable and stable price growth backed by solid wage gains, Takaichi told parliament.

"I hope the Bank of Japan conducts appropriate monetary policy towards sustainably and stably achieving its 2% inflation target," said Takaichi, who has advocated expansionary fiscal and monetary policy.

She was questioned by Yoshihiko Noda, head of the largest opposition party and a former prime minister, who said preventing the BOJ from raising interest rates could push up import costs and inflation more broadly by weakening the yen.

Takaichi also said her administration will "strategically" deploy fiscal spending to increase household incomes, improve consumer sentiment and strengthen the economy.

She voiced caution about lowering Japan's consumption tax rate - an idea proposed by some opposition parties, saying there were several challenges such as time needed by retailers to adjust their equipment to a new rate.

Takaichi's remarks on monetary policy may affect the BOJ's decision on whether to resume rate hikes as soon as its next meeting on December 18-19, as some market players predict.

BOJ Governor Kazuo Ueda is scheduled to deliver a speech and hold a news conference in Nagoya, central Japan, on December 1, where he could drop hints on the likelihood of a near-term hike.

The BOJ ended a massive, decade-long stimulus last year and raised interest rates to 0.5% in January on the view Japan was on the cusp of sustainably achieving its 2% inflation target.

It has kept rates steady since then, including at last week's policy meeting, to ensure Japan makes further progress in durably hitting its price goal backed by solid wage gains.

Critics blame the slow pace of BOJ rate hikes as having helped weaken the yen and push up import costs, thereby keeping inflation above its 2% target for well over three years.

In a news conference after last week's policy meeting, Ueda said the likelihood of the BOJ's baseline projection materialising has "heightened somewhat," sending the strongest signal yet that a rate hike was possible as soon as December.

But the yen slumped as Ueda's comments were not as strong as some market participants had expected. That led to Japan's finance minister warning against excessive declines in the currency.

Japan's core consumer prices rose 2.9% year-on-year in September. While nominal wages have risen due to a tight job market, stubbornly high costs of living have weighed on consumption.

Analysts also expect higher U.S. tariffs to start hurting exports with some projecting Japan's economy to suffer a deep contraction in the third quarter.

Bloomberg

Brazil's 15% Interest Rate Is Choking Growth, Finance Chief Says

By Martha Viotti Beck

November 4, 2025 at 7:49 AM CST

Brazil's finance chief, Fernando Haddad, says the central bank is applying too strong a dose of tough monetary medicine in its fight against inflation, hurting the economy.

Haddad blames growing government debt on high interest rates and says the moment is now to indicate the start of an easing cycle, with the benchmark interest rate at a nearly two-decade high.

Haddad reaffirmed his commitment to current budget surplus targets and downplayed fiscal concerns, saying monetary policy is also to blame for the country's fiscal situation and public debt load.

Leia em português.

Brazil's central bank is applying too strong a dose of tough monetary medicine in its fight against inflation, hurting the economy and hampering government plans to limit public debt, according to the country's finance chief.

In an interview in São Paulo, Fernando Haddad downplayed fiscal concerns the monetary authority cites as one of the root causes of unanchored inflation expectations, reaffirmed his commitment to current budget surplus targets and blamed growing government debt on high interest rates.

"We have a very restrictive rate," Haddad said on the sidelines of the Bloomberg Green at COP30 event, ahead of the United Nations climate change summit Brazil will host starting this week. "We are not discussing whether it had to be at a restrictive level, but the dose of the medicine."

Brazilian Finance Minister Fernando Haddad says 'very restrictive' interest rates are contributing to Brazil's debt levels, and that it's time for the central bank to start signaling plans to ease.

Brazil's benchmark interest rate stands at a nearly two-decade high of 15% while annual inflation hovers around 5% — 2 percentage points above the central bank's goal. Inflation expectations have declined for four consecutive weeks, according to a weekly survey of economists published by the monetary authority. But forecasts that they'll remain above target through 2028 have kept policymakers from signaling that rate cuts are imminent.

The bank is widely expected to hold borrowing costs steady again at its next policy meeting Wednesday, but Haddad said the moment is now to indicate the start of an easing cycle.

"In my opinion, it's already time to start thinking about changing course," he said.

It's a pointed message to a board led by Gabriel Galipolo, whom President Luiz Inácio Lula da Silva appointed to head the central bank. But Haddad stressed that he's not alone in clamoring for rate cuts, and that he's merely pushing for healthy and respectful discussion about borrowing costs with Galipolo — his former deputy at the finance ministry — and other policymakers.

"There are countries that are more developed than Brazil and where the debate between the president and the central bank chief is aggressive," he said.

Fiscal, Debt Concerns

In speeches and official statements, central bankers have repeatedly raised concerns about Lula's approach to public spending.

The leftist leader has in recent months rolled out new social programs meant to boost his approval ahead of next year's presidential election, in which the 80-year-old Lula will run again. That has generated worries among investors about Brazil's fiscal situation and its public debt load, which grew to 78.1% of gross domestic product in September from 75.7% at the start of the year.

But Haddad said monetary policy is also to blame.

"If interest rates weren't so restrictive, we wouldn't be in this snowball effect," Haddad said. "What if the interest rate wasn't 15% but 12%? How much longer would it take for inflation to converge to the 3% target?"

The finance minister has continued his push to eliminate Brazil's primary fiscal deficit — which excludes interest payments — this year. But he's had a hard time winning congressional approval for revenue-raising measures that would help reach that target or the government's more ambitious goal of delivering a primary surplus of 0.25% of GDP in 2026.

Markets have expressed skepticism about next year's pledge, particularly after the defeat of key fiscal measures in Congress last month. Haddad has acknowledged pressure to change the target even from within the government, but insisted he has no intention of altering it.

"For the past three years, people have been asking me about targets. It's a standard answer: It's not going to change," Haddad said.

"We have to find a path that is politically and economically sustainable."

Last week, lawmakers approved a watered down bill to curb spending. The economic team is also working on proposals to raise taxes on the financial sector and betting companies.

The government, he added, will continue working to balance fiscal prudence with its efforts to help the poorest Brazilians.

"I'm protecting the people who need a slightly higher minimum wage, a slightly more functional public health system," Haddad said.

"I'm not shooting myself in the foot by bringing down GDP."

And even as Latin America's largest economy begins to slow under the weight of high rates, Lula will be able to deliver strong results at the end of his current term, Haddad argued.

"President Lula will deliver the lowest four-year inflation rate in Brazilian history. The lowest unemployment rate in four years in the historical series, and the highest average economic growth since 2010," he said. "The lowest Gini index, which points to less inequality. The best primary result over four years since 2015."

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US manufacturing mired in weakness as tariff gloom spreads

By Lucia Mutikani

November 4, 2025 3:40 AM CST Updated 5 hours ago

WASHINGTON, Nov 3 (Reuters) - U.S. manufacturing contracted for an eighth straight month in October as new orders remained subdued, and suppliers were taking longer to deliver materials to factories against the backdrop of tariffs on imported goods.

Accounts from manufacturers in the Institute for Supply Management survey on Monday painted a dire picture of the factory sector, which ironically President Donald Trump's sweeping duties are intended to stimulate. Economists have long argued it was impossible to restore manufacturing to its former glory because of structural issues, including worker shortages.

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Some makers of computer and electronic products agreed, and noted last month that "the cost to import in many cases is still more attractive than sourcing within the U.S." The ISM added to the gloom from other advanced nations' factory surveys.

"Tariffs have been roiling the sector for much of this year," said Stephen Stanley, chief U.S. economist at Santander U.S. Capital Markets. "The comments from individual respondents suggest that firms are exhausted by all of the back and forth on tariffs since the beginning of April and are suffering mightily as their customers have pulled back significantly." The ISM said its manufacturing PMI fell to 48.7 last month from 49.1 in September. A reading below 50 indicates contraction in manufacturing, which accounts for 10.1% of the economy.

The PMI remained above 42.3, a level that the ISM said over time was consistent with an expansion of the overall economy.

Economists polled by Reuters had forecast the PMI rising to 49.5. Six industries including primary metals, transportation equipment and fabricated metal products reported growth. Among the 12 industries that contracted were textile mills, wood and chemical products as well as electrical equipment, appliances and components, machinery, and computer and electronic products.

Some makers of chemical products said business remained "difficult as customers are cancelling and reducing orders due to uncertainty in the global economic environment and regarding the ever-changing tariff landscape." Others said "wonder has turned to concern regarding how the tariff threats are affecting our business," adding that "orders are down across most divisions."

Machinery manufacturers complained about tariffs, noting "the products we import are not readily manufactured in the U.S., so attempts to reshore have been unsuccessful."

Others said the Trump administration's trade war had hurt agricultural exports, and impacted farmers' finances and their ability to buy new equipment.

China stopped buying American soybeans amid Washington's trade war with Beijing. Last week, Treasury Secretary Scott Bessent said China had committed to purchase 12 million metric tons during the current season through January, down from 22.5 million tons in the prior season.

ISM manufacturing PMI

ISM manufacturing PMI

TARIFFS ARE CONSTRAINING PRODUCTION AT FACTORIES

The U.S. Supreme Court, opens new tab on Wednesday will hear arguments on the legality of Trump's import duties. Trump has defended the tariffs as necessary to protect domestic manufacturing.

The ISM survey's forward-looking new orders sub-index rose to a still-depressed 49.4 last month from 48.9 in September. This measure has contracted in eight of the last nine months.

"For every positive comment about new orders, there were 1.7 comments expressing concern about near-term demand, driven primarily by tariff costs and uncertainty," said Susan Spence, chair of the ISM manufacturing business survey committee.

A month-long shutdown of the U.S. government is making it difficult to get a good read of the economy. The shutdown, on track to be the longest on record, has caused a government economic data blackout.

Prior to the shutdown, the economy appeared to be on solid footing for much of the third quarter, spurred by consumer spending and to some extent business investment in artificial intelligence. But the shutdown could undercut consumer spending as food aid for nearly 42 million people lapsed on Saturday.

Consumer spending is mostly being driven by high-income households, who are the biggest beneficiaries of a stock market rally, economists said.

Backlog orders remained subdued last month as did export orders. Production was weak after briefly rebounding in September. Tariffs are gumming up supply chains, resulting in longer delivery times to factories. The ISM survey's supplier deliveries index increased to 54.2 from 52.6 in September. A reading above 50 indicates slower deliveries.

Uso General

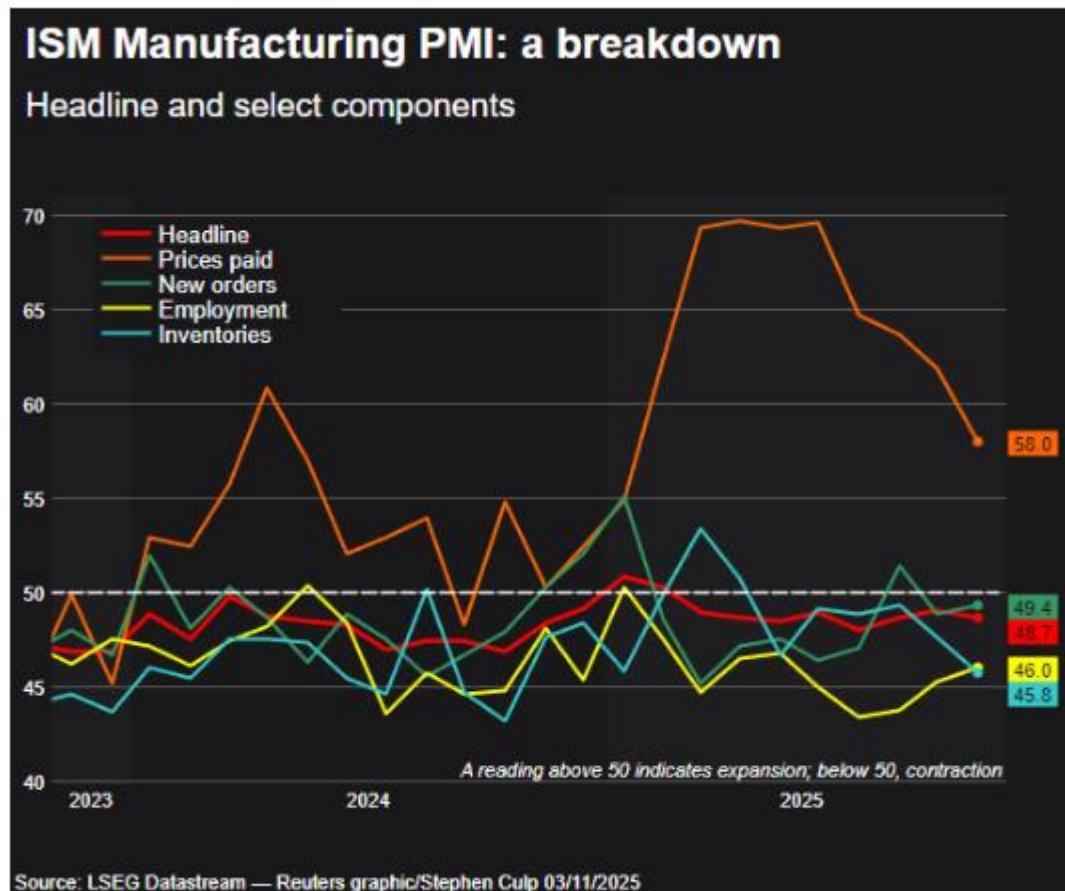
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Manufacturers of transportation equipment said "U.S. trade policy and reciprocal actions by China in the form of export controls on rare earths and semiconductors, as well as ocean freight carrier restrictions, have once again caused a lot of stress in supply lines."

Factories continued to pay more for inputs, though the pace of price increases moderated. The survey's prices paid measure eased to a still-high 58.0 from 61.9 in the prior month. That would support some economists' views that the hit to inflation from tariffs could be a one-time boost to the price level.

Factory employment remained weak, with the ISM noting that manufacturers continued to lay off workers and leave open positions unfilled to manage headcount.

"There have been a lot of deals made with countries committing hundreds of billions of investment in the U.S., but these plants can take several years to get set up," said Christopher Rupkey, chief economist at FWDBONDS. "Workers will have to wait a while longer to join the assembly line, because there are no good jobs out there yet."



Source: LSEG Datastream — Reuters graphic/Stephen Culp 03/11/2025

ISM manufacturing PMI

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Trump denies inflation is hurting Americans. It's the same mistake that haunted Biden

Analysis by David Goldman, Matt Egan

Updated 2 hr ago

"We have no inflation," President Donald Trump said in his "60 Minutes" interview Sunday evening. "Our groceries are down." And with those two false claims, Trump is repeating a political mistake that haunted his predecessor, former President Joe Biden, and contributed to the Democrats losing the White House: Trump appears to be denying the economic reality that people are experiencing in their everyday lives.

Whether or not Trump is making a similar political miscalculation remains to be seen. Today's elections in Virginia, New Jersey and New York City could serve as an indication.

Inflation is far from the crisis levels of the Biden years, but it never went away. And inflation is on the rebound again, rising in September to the highest annual rate since January in part because of the president's tariffs.

Grocery prices aren't down, either — they're up across all major product categories, rising 1.4% since Trump took office, according to the Bureau of Labor Statistics.

Denying that reality is a tough sell to Americans, many of whom seriously hate this economy, mainly because they feel those higher prices every time they go to the store. A new CNN poll conducted by SSRS showed that 72% of Americans say the economy is in poor shape, and 47% call the economy and cost of living the top issue facing the country.

Biden polled miserably on the economy, too. In June 2022, as millions of Americans were grappling with the highest gas price of their lifetimes and inflation hit a four-decade high, Biden highlighted strong gross domestic product (GDP) growth.

"Look, here's where we are. We have the fastest growing economy in the world," Biden said on ABC's "Jimmy Kimmel Live!," a claim that CNN later deemed false. Biden conceded that inflation is "the bane of our existence," but downplayed it by saying it's "mostly in food, and in gasoline." That dismissiveness probably hurt the Democrats in last year's election, considering Americans in 2024 said affordability was their chief concern. Even if inflation was falling, prices were still rising — just more slowly, and from painfully high levels. So voters weren't exactly swayed by the Biden administration's frequent statements that the economy was on fire.

"Wages keep going up. Inflation keeps coming down. Inflation has dropped from 9% to 3% — the lowest in the world and trending lower," Biden said during his 2024 State of the Union address. "It takes time, but the American people are beginning to feel it. Consumer studies show consumer confidence is soaring." Voters didn't buy it. Biden's speech dismissed the cumulative effect of rising prices that voters were living through. Trump's tactics aren't exactly Biden's. In 2023 and 2024, Biden correctly argued that price hikes were slowing. And when Biden acknowledged high prices, he typically tried to assign blame to corporations, lambasting "greedflation" and "shrinkflation." Trump is just straight-up doling out untruths — and blaming Biden.

But either way, the effect may be the same. Americans don't take kindly to politicians who refuse to see voters' lived experiences — especially when they're smacked in the face with high prices on every supermarket trip.

Acknowledging reality Interestingly, Trump identified Biden's flaw, and he and his campaign frequently criticized the former president for failing to sufficiently acknowledge the pain inflation had inflicted on Americans. Trump at campaign stops would sometimes pose with groceries, commenting on how unaffordable they had become.

The consequence of becoming president, of course, is that those inherited problems quickly became Trump's. But blaming Biden or denying reality doesn't seem to be working. Trump is already starting to shoulder much of the blame for the bad economic vibes: About 6 in 10 (61%) say Trump's policies have worsened US economic conditions, according to CNN's poll.

Americans aren't just kvetching about high prices; they're (not) putting their money where their mouths are, and they're changing their behavior. Chipotle, Coke, Crocs and other consumer brands said during earnings calls with Wall Street analysts last month that middle-class and lower-income customers are closing their wallets.

Despite a still-robust economy, on paper anyway, lackluster hiring is adding to Americans' frayed nerves, as is the erosion of federal safety-net benefits. Loan defaults and delinquencies are on the rise again among some of America's most vulnerable.

Inflation's snowball effect The problem with inflation is that it's cumulative. There is a snowballing effect from years of price hikes — even if those price increases are smaller today than under Biden after the pandemic.

The typical American household is spending \$208 more per month to buy the same goods and services as they were in September 2024, according to Moody's Analytics data based on the most recent inflation report. Keep in mind that in September 2024, Trump was on the campaign trail claiming inflation was out of control.

Zooming out further, Moody's found that due to inflation, the typical household is spending \$1,043 more per month than they did at the start of 2021. In other words, to buy the same amount of stuff that Americans purchased four years ago, they need to spend \$1,000 more of their paychecks. Federal Reserve Chair Jerome Powell last week explained why Americans don't care about metrics that politicians like to cite, including strong spending or gross domestic product booms.

"Consumers are not interested in that story," Powell said in a media briefing Wednesday. "Their prices are higher. More than that, the reason they are so unhappy about inflation is the inflation we had in 2021, 2022 and 2023. You can say prices aren't going up as much, but that doesn't mean that people aren't feeling those higher prices from the inflation we had two or three years ago. They are, and that is why a large part of the public, if you sample people, inflation is still very much making people unhappy."

Powell noted it will take time — and growing paychecks — for the effect of higher prices to wear off.

"It will feel better over time, but that will take time," he said.

Meanwhile, the lesson for Trump may have been best stated by Democratic political strategist David Plouffe.

In "Original Sin," the book by CNN's Jake Tapper and Alex Thompson into Biden's late-term cognitive decline, Plouffe said the fatal mistake by Democrats was to deny the reality voters were witnessing.

"Never again can we as a party suggest to people that what they're seeing is not true," he said.

Uso General

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Bessent says U.S. has 'lots' of options to use on tariffs if it loses Supreme Court case

Published Tue, Nov 4 2025 9:25 AM EST

Jeff Cox

With the Supreme Court about to hear a landmark case on President Donald Trump's tariffs, Treasury Secretary Scott Bessent said Tuesday that there are other options in case of defeat.

The high court is set Wednesday to decide whether Trump exceeded his authority under the International Emergency Economic Powers Act to enact sweeping duties on U.S. trading partners.

At stake is the leeway presidents have to wield over trade measures as a tool of economic policy. Bessent expressed confidence in a CNBC "Squawk Box" interview that the administration will prevail, but has additional outlets it can use in case the decision goes the other way.

"There are lots of other authorities that can be used, but IEEPA is by far the cleanest, and it gives the U.S. and the president the most negotiating authority," he said. "The others are more cumbersome, but they can be effective."

Specifically, Bessent cited Section 232 of the Trade Expansion Act of 1962, which provides a justification on grounds of national security, as well as Section 301 of the Trade Act of 1974, which regulates unfair trading practices.

However, they would limit the president's ability to use tariffs, as Trump has, under "emergency" grounds.

"This is very important tomorrow, and SCOTUS is going to hear this," Bessent said, referring to the court's nickname.

"This is a signature policy for the President, and traditionally, SCOTUS has been loath to interfere with these signature policies."

Outside of the court case, the secretary talked up the relationship the White House has with China, following last week's meeting between Trump and Xi Jinping. An agreement reached at the gathering in South Korea resulted in deals that set back some of the most onerous tariffs the two sides had slapped on each other.

"It was a very good meeting. Both sides approached it with great respect," Bessent said. "I think President Trump is the only leader who President Xi respects. ... The relationship is in a good place."

Bessent said there are two state visits set up for 2026, one in Beijing and the other in the U.S.

Carney's first budget promises generational investments, tough choices in Canada to counter US trade rift

By Promit Mukherjee

November 4, 2025:01 AM CST Updated 3 hours ago

OTTAWA, Nov 4 (Reuters) - Canada's Prime Minister Mark Carney will unleash a major fiscal stimulus in his budget proposal on Tuesday as he aims to unlock billions of dollars in investment and transform the Canadian economy to rely less on the United States, its top trading partner.

Carney has promised "generational investments" in his government's maiden budget to pay for defense and housing and to grow an ailing economy battered by U.S. President Donald Trump's tariffs and trade uncertainty.

However, he has also warned of tough times ahead.

"To be clear, we won't transform our economy easily or in a few months — it will take some sacrifices and some time," Carney said last month during a speech to university students.

Economists expect Canada's highest deficit outside the COVID-19 pandemic, and they want the government to have a clear path to reduce it in coming years.

Pedro Antunes, chief economist of Conference Board of Canada, worries increased deficits mean higher interest payments or public debt charges that could be unsustainable for Canada.

Canada's public debt charges increased 125% last year from just before the pandemic and they are expected to go up even further as deficits rise.

"To be sustainable, we should have declining interest payments as a share of revenues. That's the target we should be looking at," he said.

Most economists are expecting Canada's Finance Minister François-Philippe Champagne to propose a deficit of C\$70 billion (\$49.91 billion) to C\$90 billion for the year ending in March 2026.

The budget, which Champagne will present to Parliament at 4 p.m. EST (2100 GMT), is a major test for Carney's minority government.

Budget votes have triggered elections in Canada before and the Liberals' fate likely hinges on the small left-leaning New Democratic Party, which has just seven legislators, lacks a leader and is short of money. If the party abstains, Carney will survive.

Canada last reported a deficit, of C\$62 billion for 2023-24, a 77% jump from the previous year, helping to trigger former Finance Minister Chrystia Freeland's resignation a year ago.

SPENDING PRESSURES

Facing major spending pressures and foregone revenues, the government will have to comb through each of its expenses to find savings, said Robert Asselin, an economist and senior fellow at University of Toronto's Munk School of Global Affairs & Public Policy.

Carney has promised to increase defense spending to 2% of Gross Domestic Product by the end of the fiscal year and to 3.5% of GDP on defense spending and 1.5% on defense-related expenditures by 2035.

This would mean C\$150 billion of annual investments and could be as much as double the previously planned allocation for defense spending by the federal government, said Randall Bartlett, deputy chief economist at Desjardins.

However, there are few sources of new revenue. To appease Trump, Carney withdrew most retaliatory tariffs on the U.S. which were expected to bring in C\$20 billion this year. He also scrapped the Digital Services Tax in June to pacify Trump. Carney has also lost revenues due to tax breaks, housing incentives, and relief measures for tariff-hit industries.

"We need rigorous line-by-line program review as you cannot have half a trillion dollars in program expenses," Asselin said.

Champagne has asked ministries to find planned savings of 7.5% in the next fiscal year, rising to 15% by fiscal 2028. Government sources said the budget will have details on how to achieve this.

The budget will allocate billions of dollars for housing and major infrastructure projects across the country, which the government says will have a multiplier effect on the economy.

The federal budget will also present Carney's long-awaited climate strategy.

The government, for the first time, will also distinguish between operational spending and capital spending, lay out a plan to balance the operating deficit in three years and forecast a declining debt to GDP ratio over the budget horizon.

"We will be ambitious with our investments and rigorous with our expenses ... you will see historic investments in housing, in infrastructure, and certainly in the area of defense," Champagne told reporters on Monday, calling the budget a necessary pivot.

EU lawmakers debate sunset clause, conditions for Trump tariff deal

By Philip Blenkinsop

November 4, 2025 8:21 AM CST Updated 25 mins ago

U.S. President Donald Trump looks on as he meets with European Commission President Ursula von der Leyen (not pictured) during the 80th United Nations General Assembly, in New York City, New York, U.S., September 23, 2025. REUTERS/AI Drago/File Photo Purchase Licensing Rights, opens new tab

BRUSSELS, Nov 4 (Reuters) - The European Parliament began debating on Tuesday whether to make the EU-U.S. tariff deal conditional on concessions from Washington and limited in time, which could reignite trade tensions with the Trump administration.

Under the deal, the United States is broadly imposing 15% tariffs on EU goods, while the European Union removes many of its duties on U.S. imports, a step that the European Parliament and EU governments need to approve.

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Bernd Lange, the lead overseer in the EU assembly on the topic, set out five conditions to the European Parliament's trade committee, including an 18-month sunset clause and measures to respond to surges of U.S. imports of a given product.

Lange said producers of infant milk formula had expressed concern this might happen due to the imbalance of tariffs. The German Social Democrat, who chairs the trade committee, said the U.S. must also remove the 50% tariffs it introduced in August, after the deal was struck, on the metal content of 407 products such as wind turbines and motorcycles.

Under Lange's plan, the EU would keep in place its tariffs on such U.S. products until a solution was found.

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EU lawmakers will only vote on the plan in late January, but most on Tuesday - from the far-right to the hard-left - voiced their dissatisfaction with the deal. Many supported adding sunset and safeguard clauses and making suspension easier. EU lawmakers and EU governments will have to negotiate a common text, which would probably secure final approval next March or April.

The European Commission, which negotiated the framework agreement, has said it is the best deal on offer, with the alternative a potentially trade-destroying 30% U.S. tariff.

A Commission official told lawmakers the deal had ensured stability and certainty, and the EU executive was urging Washington to limit tariffs on metal products to 15%.

Bloomberg

EU Leaders Skip Latin American Summit to Avoid Irking Trump

By Daniel Basteiro, Jorge Valero, Alberto Nardelli, and Arne Delfs

November 4, 2025 at 3:36 AM CST

Updated on November 4, 2025 at 4:56 AM CST

European leaders including German Chancellor Friedrich Merz and European Commission President Ursula von der Leyen will skip the EU's summit with Latin American and Caribbean states due in part to concerns over angering US President Donald Trump.

The European Union-CELAC summit is coming under scrutiny in Europe as the US targets countries including Colombia — which is hosting the summit — and Venezuela over drug trafficking claims, according to people familiar with the matter. Only five European leaders and three Latin American and Caribbean leaders have confirmed they will attend the meeting, according to other people familiar with the planning. The gathering will take place in Santa Marta, Colombia, on Nov. 9-10.

The low attendance is expected partly because of Washington's increasingly aggressive stance in the region, said the people, who spoke on the condition of anonymity. Trump has been boasting his military threats against Venezuela and recently sanctioned Colombian President Gustavo Petro.

Merz is not planning to attend because of "the low participation of other heads of state and government," said his spokesperson, Stefan Cornelius, in an emailed statement.

That's also why von der Leyen will skip the meeting, according to Paula Pinho, chief spokesperson for the commission, the EU's executive arm.

"In light of the current European political agenda and the low participation of other heads of state and government, President von der Leyen is not attending the summit," Pinho said in an emailed statement, noting that top EU diplomat Kaja Kallas will attend in von der Leyen's place.

Together, the EU and CELAC represent 60 countries and 21% of global GDP. The summit is meant to discuss issues like strengthening trade ties and fighting organized crime.

Latin American and Caribbean countries also want to use the summit to specifically discuss Trump's recent moves in the region, including massing US ships near Venezuela, sanctions and threats to seize the Panama Canal, said the people familiar with the planning. The countries also want the EU to back a Latin American or Caribbean candidate to next lead the United Nations.

The gathering is not the first Latin American summit to run into a political buzzsaw. On Monday, the Dominican Republic announced it would postpone a key meeting of leaders from across the Americas until next year as US military strikes on boats in the area intensify tensions with Venezuela and divide the region.

Separately, the EU is hoping to finalize a long-delayed trade deal with the Mercosur group of South American nations by the end of the year.

Uso General

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UK's Reeves targets growth with business rates reform for small firms

By Reuters

November 4, 2025 3:00 AM CST Updated 5 hours ago

LONDON, Nov 4 (Reuters) - British finance minister Rachel Reeves said on Tuesday her November 26 budget would focus on growth, including reforms to the business rates system aimed at easing pressure on physical shops and small businesses.

"The current business rate system was designed for a previous age, not for a digital age," Reeves, in a rare pre-budget speech, said. "And so we've been reforming the business rate system to hopefully give a bit more comfort to small businesses and high street businesses as well."

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Rachel Reeves refuses to rule out tax rises as autumn budget looms

Pippa Crerar Political editor
Tue 4 Nov 2025 09.52 GMT

Rachel Reeves has refused to rule out tax rises in this month's budget, insisting she must "deal with the world as I find it, not the world as I might wish it to be".

The UK chancellor foreshadowed an income tax increase, a breach of Labour's manifesto commitment, as a result of the public finances being in a worse state than expected after "years of economic mismanagement".

In an early-morning Downing Street press conference, Reeves said that "each of us must do our bit" for the country's future. "If we have to build the future of Britain together, we will all have to contribute to that effort," she said.

"As chancellor, I have to face the world as it is, not the world that I want it to be. And when challenges come our way, the only question is how to respond to them, not whether to respond, or not," she told reporters.

In a speech intended to frame the tough choices about tax in the budget, Reeves said the economic challenges facing the UK – including global tariffs, sticky inflation, volatile supply chains and defence spending – had got worse since last year's financial statement.

"I put our public finances back on a firm footing, provided an urgent cash injection into faltering public services and began rebuilding our economy. But since that budget, the world has thrown even more challenges our way," she said.

Reeves said she would not duck the difficult choices ahead, even if they broke her pledge not to put up income tax, VAT or national insurance. She said: "I could do what previous governments have done, which is to sweep those challenges under the carpet, to cut capital spending, to make the numbers up.

"But then we'd be back here in a year, in five years' time, with productivity still on its knees, growth underperforming, national debt continuing to rise. So I'm being honest with people."

The chancellor accused previous governments of putting "political convenience" ahead of "economic imperative", raiding capital budgets intended to support the public services to balance the books. She dismissed Reform UK's plans as "fantasy" economics.

"The problem of the last 14 years is that political expediency always came above the national interest. And that is why we are in the mess that we are in today," she added.

Pressed on Labour potentially breaking its manifesto commitment on tax, she insisted she had "got to do the right thing", even if it proved unpopular.

Reeves said her budget would "focus squarely" on the priorities of the British people: the NHS, easing the cost of living and reducing national debt.

"You will all have heard a lot of speculation about the choices I will make. I understand that – these are important choices that will shape our economy for years to come.

"I want people to understand the circumstances we are facing, the principles guiding my choices – and why I believe they will be the right choices for the country."

She said the government would again attempt welfare reform, after plans to overhaul the system were blocked by Labour MPs earlier this year. "There is nothing progressive about refusing to reform a system that is leaving one in eight young people out of education, or employment," she said.

Reeves rejected calls from the left to "sidestep" her fiscal rules and raise borrowing, adding: "No accounting trick can change the basic fact that government debt is sold on financial markets. The more that we try to sell, the more it will cost us. It is important that everyone, the public and politicians understand that reality."

Speaking shortly after Reeves's press conference, Kemi Badenoch accused the chancellor of overseeing "a masterclass in managed decline", and accused her of avoiding all responsibility for tax rises.

"It is utterly ridiculous to see Rachel Reeves stand there blaming everybody except herself," the Conservative leader said. "Unemployment has risen every single month since Labour came into office, but she wants to blame me for that. That's crazy."

Reeves, Badenoch said, didn't have a plan: "If she had a plan, she would be talking about what she was going to do other than tax rises. All she's doing is blaming everyone else. This is a chancellor who's back against the wall. She doesn't know what she's doing."

The cost of UK borrowing fell slightly as the chancellor reiterated her "iron-clad" commitment to her fiscal rules, reassuring the bond markets, during her speech.

The yield, or interest rate, in UK 10-year bonds dropped by 0.045 points to 4.39% on Tuesday morning, while the yield on 30-year bonds dropped by 0.05 points to 5.166%.

Senior strategists are understood to be heavily invested in "pitch-rolling" for the major changes before the budget, believing the key success of last year's statement was that markets were not surprised by the changes to investment rules or the national insurance rise for employers, which, although controversial, were well trailed.

Some government insiders believe the economic landscape to be less gloomy than predicted. While they accept the Office for Budget Responsibility's productivity downgrade has created a headache, they point out that a fall in debt-financing costs and more people coming into the jobs market may help limit the damage. Interest rate cuts and stronger-than-expected retail sales could also help.

The Guardian first reported last month that Reeves was considering raising income tax to help reduce a shortfall, expected to be between £20bn and £30bn, after a bigger than expected downgrade in productivity forecasts.

Reeves aims to prepare voters and markets for possible budget tax rises

Heather Stewart

Tue 4 Nov 2025 11.53 GMT

There were two audiences for Rachel Reeves's hastily arranged early morning speech on Tuesday: the financial markets, and Labour's disillusioned voters.

As she made clear, though only obliquely, Keir Starmer's government was considering abandoning its pre-election pledge not to raise income tax, backed into a corner by dire forecasts from the Office for Budget Responsibility (OBR). No chancellor has raised the basic rate since Labour's Denis Healey in 1975.

Reeves hoped to explain to the public why that might be necessary – by pointing to the punishing costs of allowing public debt to keep rising – and to convince investors she is determined to wrestle the public finances under control.

It is extremely rare for chancellors to haul in journalists for a formal speech less than three weeks before a budget.

But Reeves and her team are acutely conscious of how difficult a communications challenge they have ahead of them.

Reeves had hoped to stick to Labour's manifesto pledges not to touch income tax, VAT or national insurance, reaching instead for progressive "reforms" of the tax system that would raise more from those with the "broadest shoulders".

But some in Labour were always sceptical about the politics of that – fearing a botched "pasty tax"-style budget – and an OBR forecast at the worse end of the Treasury's fears has put the manifesto promises back in play.

Amid a maelstrom of speculation about individual tax rises, then, the team at No 11 were keen to haul back control of the narrative. Part of their agenda is backward-looking. With the OBR downgrade to productivity forecasts knocking Reeves's tax and spending plans off track by perhaps £20bn, she used her speech to blame long-term policy failures – in particular "stop-go investment" – for the UK's weak performance.

"Years of economic mismanagement have limited our country's potential," she said.

From George Osborne's austerity project after 2010, through the "rushed and ill-conceived" Brexit deal and the lack of preparedness for Covid, this part of her speech contrasted with Labour's approach on entering office.

In her doom and gloom speech last July, when she announced the ill-fated winter fuel allowance cut, and in last year's tax-raising budget, Reeves tended to lay the blame for the budget "black hole" on short-term decisions taken by her predecessor, Jeremy Hunt – and suggest she had dealt with it. That has made it all the more difficult to come back to taxpayers for more – though as the OBR's productivity review will lay bare, the problems in the UK economy are deep-seated and complex.

As well as this history lesson, Reeves repeatedly pointed in Tuesday's speech to shorter-term shifts, including Donald Trump's US tariffs – saying she thought the public would understand the picture had changed. "I think it is important that people are honest. Everyone can see that this year has thrown many more challenges our way," she said.

In the face of these obstacles, Reeves contrasted her own stance of maintaining public spending, particularly in the NHS, with what she argued were impossible promises of cuts from Reform and the Tories.

Her argument is that sticking to Labour's investment plans is vital for public services – and good for productivity, too.

The chancellor's allies say she emerged emboldened from the autumn conference season, feeling the dividing lines for the next general election are now clear – Labour investment v austerity from its rightwing rivals.

Though she didn't quite say it explicitly, the combination of weaker economic forecasts from the OBR, and her refusal to make Osborne-style cuts, either in investment or day-to-day spending, points to tax rises in the budget on 26 November.

And she left the door wide open to making those rises in a way that hits more than just those with the "broadest shoulders" – who were noticeably absent from the speech. "If we are to build the future of Britain together, we will all have to contribute to that effort," she said. "Each of us must do our bit for the security of our country and the brightness of its future."

As well as a hint to voters of what is to come – and why – that was meant as a signal to markets that she is prepared to take drastic action, even as far as breaking Labour's promises, if that is what it takes to stick to her "iron clad" spending rules.

And while her prescription in the face of the UK's fiscal predicament is different from Osborne's in 2010, the chancellor echoed his approach by schooling voters on the hard realities of government bond markets.

"No accounting trick can change the basic fact that government debt is sold on financial markets," she warned. "There are limits on the price that banks, hedge funds and pension funds are willing to pay for our debt, and we are competing constantly with other countries also selling debt. The more that we try to sell, the more it will cost us." By the same token, she stressed the potential benefits of getting the budget right – if it succeeds in winning over sceptical bond markets – which have tended to demand a premium from the UK government, since Liz Truss's disastrous mini-budget three years ago.

Yields on gilts – UK government bonds – have been drifting down since Reeves initially began to make clear last month that taxes were on their way up. The 10-year yield was down again modestly after her speech on Tuesday, by 3.5 basis points – but investors appear to be in a holding pattern before the budget.

Reeves's speech was aimed at setting the scene for voters and the markets – but with scant details yet on offer, its main impact may have been just to underline quite how much is at stake.

UK borrowing costs have fallen in the past month

10-year UK government bond yields, %



Guardian graphic. Source: LSEG

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EL PAÍS

El empleo en España crece en 141.926 personas en octubre pese al fin de la temporada estival

Raquel Pascual Cortés

Madrid - 04 NOV 2025 - 02:00 CST

El empleo ha vuelto a aguantar el tipo y el fin de la temporada veraniega no ha pasado factura al mercado de trabajo. La Seguridad Social ha contabilizado en octubre 141.926 nuevas afiliaciones de ocupados registrados en el sistema. Esto supone la cifra más alta en ese mes en la serie histórica, salvo el registro de 2021, año de recuperación de la pandemia, que no se suele contar por su excepcionalidad. Así lo reflejan las cifras publicadas este martes por el Ministerio de Seguridad Social, que también indican que hay más de medio millón de trabajadores nuevos respecto a hace un año. De esta manera, la cifra total de afiliados al sistema se eleva a 21,8 millones de cotizantes, tras crecer a un ritmo interanual del 2,38%, el más alto desde enero.

El término de la temporada estival ha destruido 50.594 empleos en la hostelería; otros 34.341 en la sanidad; 16.747 puestos administrativos y otros empleos de empresas de servicios; y casi 2.000 en el comercio, además de pérdidas menores en otros sectores. Pero toda esta destrucción de puestos se ha visto compensada con creces con las 167.329 contrataciones del sector de la educación, asociadas a la vuelta al cole; unos 15.000 nuevos cotizantes en profesiones de más cualificación en sectores profesionales científico-técnicos e información y comunicaciones; otros 15.300 en la construcción y 16.700 más en actividades artísticas y de entretenimiento.

También la industria se anotó un leve aumento de 3.865 trabajadores, si bien en este caso es una cantidad muy modesta, si se tienen en cuenta los últimos datos de la Encuesta de Población Activa (EPA) del tercer trimestre, que mostraron una fuerte recuperación de las manufacturas, donde se generó el 22% de todo el empleo del último año. En cualquier caso, si se elimina el componente estacional del mes de octubre, el empleo creció el mes pasado en algo más de 64.500 personas, una de las mayores cifras también para este mes entre los datos ajustados a calendario, que reflejan mejor la tendencia del mercado.

Además, en octubre, aunque subió el desempleo, lo hizo en una cantidad más moderada de lo que suele ser habitual en este mes. En concreto, los inscritos en las oficinas del Servicio Público de Empleo (SEPE) en toda España crecieron en 22.101 personas, frente a un incremento de 26.769 desempleados en el mismo mes de hace un año, según las cifras del Ministerio de Trabajo. Con ello, el número total de desempleados se sitúa en 2,4 millones.

Pero, sobre todo, esta moderación en el aumento del paro registrado se observa si se compara el alza del pasado mes con una subida media del desempleo de 69.000 parados cada mes de octubre durante todos los años de recuperación del empleo tras la crisis financiera (entre 2014 y 2019) y antes de la pandemia.

Entrando en los detalles, el empleo medido según el registro de la Seguridad Social ha marcado dos máximos el pasado mes de octubre: el mayor número de mujeres afiliadas y de trabajadores extranjeros. En el caso de la afiliación femenina, ha alcanzado la cota desconocida hasta ahora superior a los 10,3 millones de trabajadoras, tras aumentar en casi 110.000 mujeres. En comparación, el incremento de hombres afiliados es mucho menor, de poco más de 31.000. El tirón del empleo en la educación, propio de este mes y que está fuertemente feminizado, explica en parte este auge de la afiliación de mujeres.

La cifra de trabajadores extranjeros también supera su máximo histórico y se sitúa por primera vez por encima de los 3,1 millones de afiliados (3.101.500). En este caso, el buen comportamiento de la afiliación en la construcción estaría también detrás de buena parte de estas nuevas contrataciones. El colectivo mantiene así el dinamismo mostrado en el último año especialmente e incrementa su empleo un 7,1%, más de cinco puntos de lo que crece la afiliación en general (2,38%).

La elevada creación de empleo en el mes de octubre prosigue la senda de fuerte dinamismo del mercado de trabajo en el tercer trimestre del año en el que el número de activos (personas en edad de trabajar que tienen un empleo o lo están buscando) se disparó en casi 180.000, según la Encuesta de Población Activa (EPA). Este aumento estuvo muy por encima del crecimiento de la población en general y más que el empleo, lo que provocó que no todos los que buscaban un trabajo lo encontraran y, por tanto, el paro aumentó en 60.100 personas, a pesar del fuerte tirón de la ocupación (118.400 ocupados más en el trimestre).

El avance de la afiliación en octubre no ha sido a costa de empeorar la calidad del nuevo empleo. Así, el peso de los contratos fijos entre las nuevas contrataciones se mantuvo por encima del 42%, aunque esto supuso un leve descenso de alrededor de un punto respecto al mes anterior y a octubres previos. La composición del empleo fijo siguió siendo también similar a otros meses comparables, siendo mayoría los indefinidos a tiempo completo (26.993); le siguen los fijos discontinuos (213.643), que se consolidan como segunda opción entre las contrataciones indefinidas; y, finalmente los contratos indefinidos a tiempo parcial (168.547).

Uso General

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THE WALL STREET JOURNAL.

Tariff-Driven Shifts Continue to Shape Asia's Manufacturing Activity

By Kimberley Kao

Nov. 3, 2025 2:18 am ET

Factory activity in South Korea and Taiwan showed deteriorating demand in October, with South Korea's PMI at 49.4 and Taiwan's at 47.7.

Factory activity gauges in Asia reflected a divergence across major exporting economies, as worries over U.S. tariffs continued to cause shifts in supply chains.

The latest set of S&P Global purchasing managers indexes showed that goods producers in export powerhouses South Korea and Taiwan flagged deteriorating demand last month, but Southeast Asian countries like Vietnam and Thailand recorded a pickup in new orders.

"The October PMI readings for most countries in Asia remained consistent with weak manufacturing activity," said Shivaan Tandon, Asia economist at Capital Economics.

Regional economic growth will likely soften in coming quarters, "as tighter fiscal policy and softer exports amid slower global trade growth outweigh resilient consumption," Tandon said.

For South Korea, the PMI gauge fell below the 50-mark that separates expansion from contraction in activity, to 49.4 in October from September's 50.7.

While weakness in demand was broad-based, this was likely driven more by domestic factors than external ones, said Kelvin Lam, senior China+ economist at Pantheon Macroeconomics. "Exporters specifically mentioned a notable fall in U.S. demand due to higher import tariffs, though we think this was partly offset by increased shipments to China," Lam added. President Trump rated his highly anticipated sit down with Chinese leader Xi Jinping a 12 out of 10. WSJ's Alexander Ward explains why. Photo: Yonhap/EPA/Shutterstock

Taiwan's PMI improved slightly to 47.7 from 46.8 in September but remained below the crucial 50.0 threshold. Companies reported softer declines in output and new orders, but both numbers point toward challenging conditions for companies due to reports of sluggish global demand and the impact of U.S. tariffs, said Annabel Fiddes, economics associate director at S&P Global Market Intelligence.

Still, the index is moving toward the neutral 50.0 level, which "hints that the worst of the current downturn is now behind us," Fiddes said.

Even though Taiwan's new export orders PMI has remained weak throughout the year, actual export earnings have surged thanks to AI-related hardware demand, Capital Economics' Tandon said. In contrast, South Korea's PMI readings have held up better but its export performance has been weak, he added.

"The divergence in the soft data between Korea and Taiwan continues to highlight how the manufacturing PMI indices haven't been a great guide to the hard activity data lately," he said.

In contrast, manufacturing activity in Southeast Asian countries like Thailand and Vietnam "is getting a second wind from robust orders, as a 'tariff advantage' emerges vis-à-vis China," given lower U.S. tariff rates, said Erica Tay, an economist at Maybank.

Vietnam's business sentiment strengthened to a 16-month high amid confidence that new orders will continue to rise, and alongside plans to expand production capacity, according to S&P Global. The rate of expansion of new orders was the fastest since July 2024 as customer demand improved.

"Whether these growth rates can be sustained in the months ahead remains to be seen," said Andrew Harker, economics director at S&P Global Market Intelligence. "For now, customers are happy to look through price increases and commit to new orders, but this may start to wane should rates of inflation pick up further."

The effective weighted U.S. tariffs on goods from the biggest economies in Southeast Asia are on average lower than tariffs on Chinese exports, and this should bode well for their exporters going into next year, Maybank's Tay said.

Uso General

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China Draws Some Red Lines Days After US Trade Truce

By Stephanie Phang

November 4, 2025 at 3:00 AM CST

As if we needed any more reminders that any US-China trade truce is going to be fragile in this day and age. China called on the US to avoid four sensitive issues so last week's rapprochement between Presidents Donald Trump and Xi Jinping can hold, highlighting the broad array of disagreements that can still test ties.

Ambassador to the US Xie Feng named Taiwan, democracy and human rights, China's political system, and development rights as Beijing's four red lines, adding that "the most important thing is to respect each other's core interests and major concerns."

Xie made the remarks in a virtual speech to a US-China Business Council event, according to a statement from the Chinese embassy on Tuesday. He added that "the pressing priority is to follow up on the consensus reached between" Xi, Trump and their officials, "to reassure both our countries and the world economy with concrete actions and outcomes."

On the other side, the Wall Street Journal reported that opposition from senior US officials convinced Trump to refrain from discussing next-generation artificial intelligence chips with Xi.

All of this offers a reminder of the many ways that the one-year truce reached on Thursday in South Korea can come undone. It also shows that while Taiwan's status didn't come up in talks between Xi and Trump, it's still very important to Beijing.

What You Need to Know Today

On the upside, top executives at Western brands that do business in China are showing cautious optimism that consumer spending in the crucial market is starting to recover after a lengthy downturn. "There's some momentum building," Estée Lauder CEO Stéphane de La Faverie said in an interview with Bloomberg. "The market is starting to accelerate." And China remains a top draw for global asset managers as confidence returns, with investors acknowledging that the world's second-most liquid market is too big to ignore, according to the CEO of Morgan Stanley, Ted Pick.

Starbucks agreed to sell a majority stake in its China business to private equity firm Boyu Capital at a \$4 billion enterprise value in a bid to improve the coffee chain's flagging fortunes in the country. Boyu Capital will hold up to a 60% interest in Starbucks' retail operations in China through a new joint venture with the coffee seller. Starbucks will hold the remaining 40% and continue to license the brand and intellectual property to the joint venture. Boyu Capital is in talks with banks for a loan of around \$1.4 billion-equivalent to support the acquisition, according to people familiar with the matter.

Wall Street chief executives said investors should brace for an equity market drop of more than 10% in the next 12 to 24 months, and that such a correction can be a positive development. Corporate earnings are strong but "what's challenging are valuations," said Mike Gitlin, president and CEO officer of investment manager Capital Group, on Tuesday during a financial summit organized by the Hong Kong Monetary Authority. On whether stocks are cheap, fair or fully valued, Gitlin said most people "would say we're somewhere between fair and full, but I don't think a lot of people would say we're between cheap and fair."

Meanwhile, the global stock rally hit a speed bump as uncertainty over the Federal Reserve's policy outlook and earnings from Palantir Technologies made investors more cautious. Contracts for the S&P 500 fell after the underlying index posted a modest gain Monday, even as more than 300 of its members retreated. Nasdaq 100 futures tumbled, with Palantir declining more than 4% in extended trading on concerns about the company's lofty valuation after a record run-up.

But the rupee gained sharply, pulling back from a near-record low after intervention by the Reserve Bank of India. The currency strengthened as much as 0.4%, the most since Oct. 15, to about 88.39 per dollar. The central bank stepped in with dollar sales in the offshore currency market just before onshore trading commenced at 9 am local time, according to people familiar with the matter. The monetary authority has been selling small amounts of dollars in recent sessions. A weaker rupee risks stoking imported inflation and eroding returns for foreign investors.

Currency moves are also in focus in Japan. Japanese Finance Minister Satsuki Katayama issued another set of verbal warnings on currency movements, reiterating a strong sense of urgency, as the markets grow more alert to the risk of government intervention down the line. "I'm seeing one-sided and rapid moves in the currency market," Katayama said Tuesday. "There's no change in our stance of assessing developments with a high sense of urgency." Katayama's remarks came as the yen traded at its weakest level since February, nearing 154.50 against the dollar. After her comments, the yen strengthened to as much as 153.81 to the greenback. Macquarie's compliance crackdown has led to an oil trader exodus. Over the past 20 years, Australian banking giant Macquarie has transformed itself into a US energy trading powerhouse, eclipsing Goldman Sachs and Morgan Stanley to become the biggest commodity bank in the world. Under former commodity chief Nick O'Kane, who famously earned more than the CEO of JPMorgan, the bank became one of the US's biggest natural gas traders, a top exporter of American sour crude, and the No. 1 supplier of oil to the US government. But O'Kane left to join Mercuria Energy in early 2024, the most high-profile in a raft of commodities departures that has hampered Macquarie's US oil and gas business.

Deep in the rainforests of Indonesia, a group of miners is betting there's still billions to be made from the world's dirtiest fossil fuel. Global mining giants have largely retreated from coal under pressure from Western investors and governments, but consumption is climbing to new highs. Roza Permana Putra, who oversees the Triaryani mine in remote South Sumatra, is among those hoping to capitalize on this gap between green promises and real-world progress.

"Coal is a black sheep," said Putra, the mine's local director, taking a drag of his cigarette while motioning towards excavators lifting smoldering piles of coal onto trucks. "This is my baby." Read our story on the coal mavericks chasing riches abandoned by the global mining firms.

Bloomberg

The Fed's Wait-and-See Approach to AI Can't Last

November 4, 2025 at 4:00 AM CST

By Clive Crook

The Federal Reserve is watching the impact of AI on the economy, but has no clear idea how its effects will play out and no good tools for shaping the outcome.

AI is having conflicting macroeconomic effects, including powering overall demand and causing layoffs and a reluctance to hire, with no clear implication for monetary policy.

The Fed's policymakers may face significant challenges in responding to the effects of AI, which could include big effects that are either good or bad, and may require smarter policy and cooperation from politicians to address.

Financial markets are obsessed with AI, and the broader public is aware of its looming impact on jobs and wages. Yet for the Federal Reserve, the concern has barely registered. This isn't because its policymakers think AI doesn't matter. It's because they have no idea how its potentially vast repercussions will play out — and no good tools for shaping the outcome.

Last week, as Amazon cut thousands of corporate positions and Nvidia's market capitalization climbed to \$5 trillion, Chair Jerome Powell was asked about the subject during the press conference that followed the Fed's latest policy announcement. A significant number of companies, he said, "are either announcing that they are not going to be doing much hiring, or actually doing layoffs, and much of the time they're talking about AI and what it can do. So, we're watching that very carefully."

That was about it.

AI is already having conflicting macroeconomic effects. The stock market's unshakable exuberance, which relaxes the "financial conditions" the Fed has to weigh when it sets its policy rate, rests on optimism about the big AI innovators. Massive outlays on AI software and equipment are powering overall demand. At the same time, the job market is limping thanks to layoffs and a marked reluctance to hire — most likely caused, in part, by companies waiting to see how AI will change their businesses and their need for workers.

As yet, these disturbances have no clear implication for monetary policy. On the face of it, a bubbly stock market and elevated spending on AI raise demand and call for higher interest rates. A sluggish labor market suggests the opposite. For now, doing nothing except "watching that very carefully" looks reasonable.

Before long, this stance will be hard to sustain. The likely effects of AI have what you might call quantitative and qualitative dimensions. AI could be a big deal or not such a big deal. And it could be a good thing or a bad thing. Small effects, good or bad, would complicate the Fed's job by muddying the signals it uses to guide policy, but needn't keep its policymakers up at night. Big effects, good or bad, could make their job — combining "maximum employment" with 2% inflation — much harder, and perhaps impossible.

Unsurprisingly, expert opinion is divided on where things will go, but suppose for the sake of argument that AI proves to be a truly transformative technology — on a par with the adoption of electric power. That would suggest a boost to productivity growth of maybe one percentage point a year for the next several decades. This supply-side push in turn implies a higher long-term neutral real interest rate (known as r-star), combined with lower inflation because of falling costs of production. The Fed's appropriate response, given its inflation target of 2%, would be to cut the policy rate, but by less than the fall in inflation.

Getting that right is already tricky, but that's just the start. So far, this scenario is one of good big effects: It assumes higher productivity plus the implicitly smooth adoption of displaced workers into different jobs, with little else changing. But big effects could easily turn bad.

The AI revolution could replace certain kinds of workers abruptly and en masse, as opposed to gradually making workers in general more productive. True, similarly dire predictions have been made about every wave of innovation, only to be proven wrong (eventually). Still, AI seems more directly aimed at saving labor through automation than many of its predecessors, and might arrive much faster and more forcefully.

Lower wages, higher unemployment and rising inequality as the labor force divides between workers empowered and disempowered by AI would pressure the Fed to do something — but what, exactly? Its only policy tool, the short-term interest rate, is beside the point in confronting a structural shift of this kind. The Fed can always engineer higher inflation; it can't always raise real wages or find jobs for the unemployable.

Another plausible bad effect is greater price-raising power for the technology's leaders and earliest adopters. As with collapsing demand for labor, this isn't to be taken for granted: In the end, an open-source AI ecosystem might emerge to keep would-be AI monopolists in check and promote competition more broadly. At the moment, though, network effects and economies of scale appear to have the upper hand. Economic prospects hinge on how this turns out. The Fed can only stand and watch.

Short-term macro management is squarely in its wheelhouse, but the difficulties aren't confined to ambiguous economic signals and a fluctuating neutral rate. AI could also amplify the short-term business cycle by making it easier for employers to cut jobs in a downturn. If supply chains are designed and managed by AI, and fail because of shocks not previously encountered, the technology might make things worse — and there'll be fewer humans to put things right. The same goes for financial markets. Once they're guided by models trained on history and opaque to human judgement, radical novelties (such as AI) could throw them for a loop, causing bigger, faster, self-reinforcing errors. The next crash could break records.

Call me an alarmist, but tweaking the federal funds rate will not suffice. Handling these possibilities demands smarter policy across an unnervingly wide front: a stronger safety net to cushion the blow for displaced workers; judicious regulation to temper the threat to competition; tax reform to guard against surging inequality; labor-market reform to improve occupational mobility; and, above all, schools and colleges capable of training students before their careers begin and throughout their working lives.

If things go badly, the Fed will doubtless get more than its fair share of the blame. But the truth is, AI is too big for any central bank to cope with on its own. The technology calls for politicians willing to think hard about these challenges and face them. Let me know if you see one.

Uso General

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Fed divisions threaten Powell's era of consensus

Jamie McGeever

November 4, 2025 8:08 AM CST Updated 45 mins ago

ORLANDO, Florida, Nov 4 (Reuters) - Disagreement and dissent among the Federal Reserve's 19-strong monetary policymaking committee is deepening as the fog of economic uncertainty thickens, putting Chair Jerome Powell's consensus-building skills to the ultimate test.

The Fed's decision last week to cut interest rates was unexceptional, but the meeting was historic. The 10-2 vote to cut rates by a quarter of a percentage point was only the third time since 1990 that voting Fed members dissented in favor of both tighter and looser monetary policy. Trump-appointed governor Stephen Miran voted to cut by 50 basis points, while Kansas City Fed President Jeffrey Schmid voted for no change.

These fissures were underscored by Powell in his post-meeting press conference. He told reporters that officials hold "strongly differing views about how to proceed", meaning easing in December is not the "foregone conclusion" markets had been pricing in. Indeed, December's decision may boil down to a coin-flip between another 25-basis-point rate cut or no change.

This all comes at a challenging moment. Not only are investors navigating an economic data drought caused by the U.S. government shutdown – set to become the longest on record – but the indicators that are available show both a weakening labor market and sticky inflation. Meanwhile, the Fed is being heavily politicized, with the Trump administration attacking the central bank's independence as it also prepares to nominate Powell's successor next year.

HAWKS VS DOVES

There is always going to be a wide range of views on a 19-member committee, with 12 voting members at any one time, including a mix of Fed governors and presidents of the 11 regional Fed banks.

Broadly speaking, the current division between the "doves" and the "hawks" appears loosely to have governors on one side and regional bank presidents on the other. Both sides contain centrists, but the governors are leaning in favor of easier policy, with the regional Fed presidents more apt to be cautious about further rate cuts.

Since the Fed's meeting last Wednesday, concerns about cutting rates have been voiced by Dallas Fed President Lorie Logan, Kansas City Fed President Jeffrey Schmid, Cleveland Fed President Beth Hammack and Chicago Fed President Austan Goolsbee.

Meanwhile, Governors Miran, Christopher Waller, and Michelle Bowman have publicly supported the decision to cut last week and backed further easing. Waller and Bowman are on Treasury Secretary Scott Bessent's short list to replace Powell, whose term as Chair ends in May.

'ROWDY AND DISORDERLY'

Powell's leadership and ability to pull together a consensus in this climate will be severely tested, as recent policy meetings attest. Governors Waller and Bowman dissented in favor of a rate cut in July, and then there was the historic two-way dissent last month.

It's true that non-voting regional Fed presidents are flexing their muscles, but it remains to be seen how effective that will ultimately be. As Tim Duy, chief U.S. economist at SGH Macro Advisors, points out, "the power flows from the Board".

"It's more difficult for Powell to create a consensus in this space," Duy says, adding that Powell has done a "great job" in doing just that over the years of his chairmanship.

If this policy polarization intensifies, many investors operating today will be in unfamiliar territory, having grown accustomed to well-telegraphed, consensus-driven Fed policy.

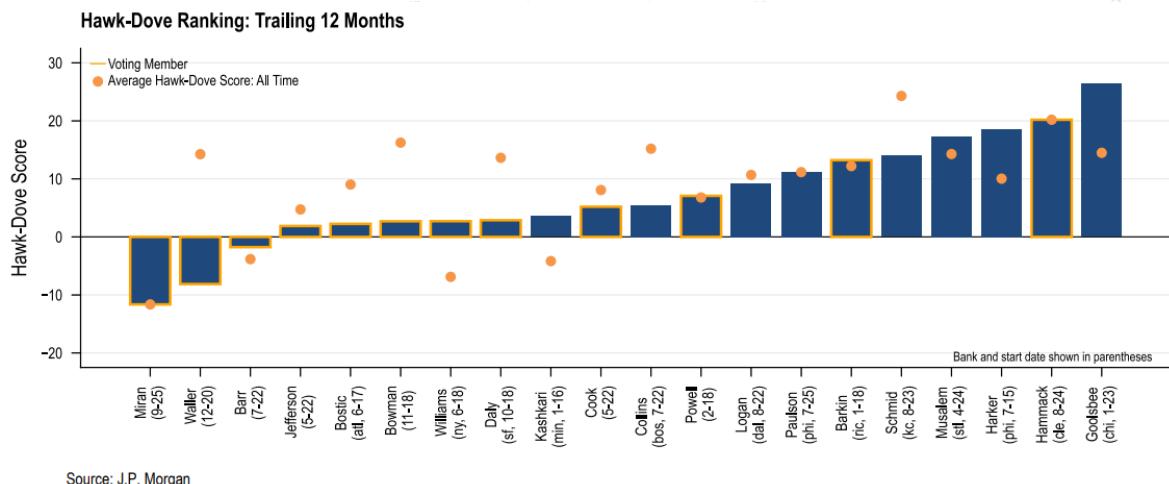
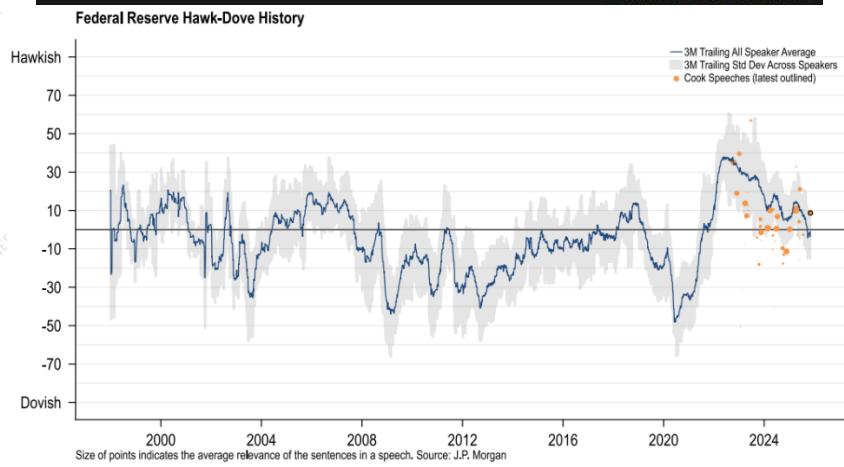
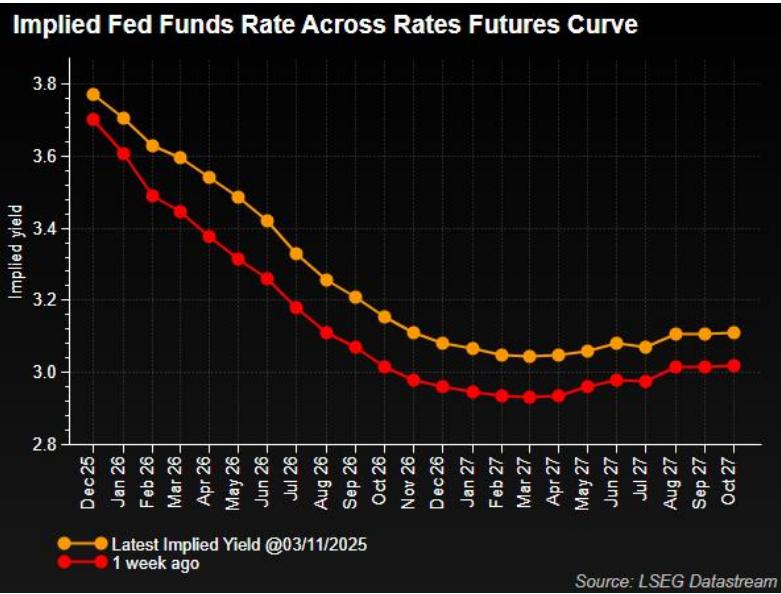
James Egelhof, chief U.S. economist at BNP Paribas, argues that the "very high level of consensus" investors are used to might prove "elusive" in the months ahead.

Egelhof still expects the Fed to deliver further rate cuts, including in December, but he also thinks we could see a "rowdy and disorderly" process leading to a "bumpier and more unpredictable" path than investors typically face.

"Polarization leads to uncertainty," he says.

Of course, greater policy uncertainty tends to fuel market volatility and increased risk aversion, which, in theory, should be reflected in rising risk premiums or widening spreads. That hasn't happened yet.

But if the emerging splits on the FOMC continue to widen, we could see just that. Don't say you weren't warned.



BoE rate cut dances around political optics

Mike Dolan

November 4, 2025 16 AM CST Updated 3 hours ago

LONDON, Nov 4 (Reuters) - A distant prospect just a couple of weeks ago, a yearend cut in British interest rates is now more likely than not and only this month's critical government budget will stop a split Bank of England moving as soon as this week.

But there may be market fireworks either way as forecasters appear as split on the timing as the BoE's monetary council seems. And another quarter-point easing this year is still not even fully priced.

The gloomy mood around UK inflation and the interest rate horizon was punctured on October 22. Even though the headline consumer price gains for September held steady at a punchy annual 3.8% rate for the third month running, it defied expectations for a return to 4.0%.

Crucially, higher services inflation also held below consensus and later wage readings confirmed an easing of pressure. And economists now expect inflation to drop to 2.5% on average next year and to a whisker of the BoE's target in 2027. Despite the uncertainty around fiscal repair and the annual government budget statement to be announced on November 26, the inflation report sent rate cut bets racing and shot through UK markets. Long-term government borrowing rates lurched lower, with the benchmark 10-year gilt yield hitting a low for the year at one point, and sterling plunged.

In fact, the pound's outsize move saw it fall to its lowest in more than two years against the euro and six-month lows against the dollar - even as last week's U.S. rate cut left the UK central bank with the highest interest rates of the G7.

Given the scale of those market moves though, it's a touch peculiar that the yearend rate cut is not actually fully priced yet - for all the debate about whether a cut might come this week or in December. Money markets price a one-in-three chance of a cut as soon as Thursday but only a two-thirds chance of anything coming by the December meeting.

If the back of inflation resurgence has been broken and the economy slowed as sharply in the third quarter as many suspect, then the prospect of fiscal tightening - possibly even income tax rises alongside household energy tax cuts - should surely make a fourth BoE rate cut of the year a formality.

The split nature of the BoE policymaking committee and the optics around budget may explain much of the indecision in markets as well as in the Bank's Threadneedle Street home.

CASTING VOTE

The November budget complicates the picture in two ways.

On one level, the Bank may not want to be seen to be softening the backdrop to what will be a tricky budget set-piece politically - with large fiscal holes to plug due to a variety of missed targets and a recent one-off downgrade of productivity assumptions by the main budget watchdog.

While borrowing rate assumptions in the budget may already have been flattered by markets' recent re-pricing, the BoE may not want to be seen to be softening the government's position and prefer to act in December instead when more is known.

With a split council that could well require Governor Andrew Bailey to provide the casting vote, the signal may matter more.

"Governor Bailey may be inclined to vote for a hold if he sees option value in waiting to see the outcome of the budget," Barclays' economist Jack Meaning, who expects a cut this week, said of the risks of no change.

Morgan Stanley, which still doesn't see another move at all this year, reckons the BoE committee could be split three ways this week - with five voting for no change, two for a quarter-point cut and two for a half-point move.

"The UK has a policy mix problem, and the November budget should be the first major step in resolving it," it said.

And it's not just about political optics - it's also about just what can be seen.

Clearly the extent of the fiscal squeeze and where it's applied will be important for the Bank of England. It won't know this on Thursday nor be able to include the details in its updated economic forecasts released in tandem - forecasts that may be made redundant as a result.

The combination of greater clarity on the policy mix, less controversial political timing and the advantage of having a reality check on inflation with the October CPI update all argue for the BoE to hold fire for another six weeks or so.

That said, the equivocal nature of the money market pricing means either outcome this week may pack some volatility.

The pound may have to rely more on where markets see the so-called "terminal rate" in the cycle rather than precise sequencing of the next cuts. Right now, that floor seems to settle about 3.5% through next year - that's the rate that may prove most vulnerable and most sensitive.

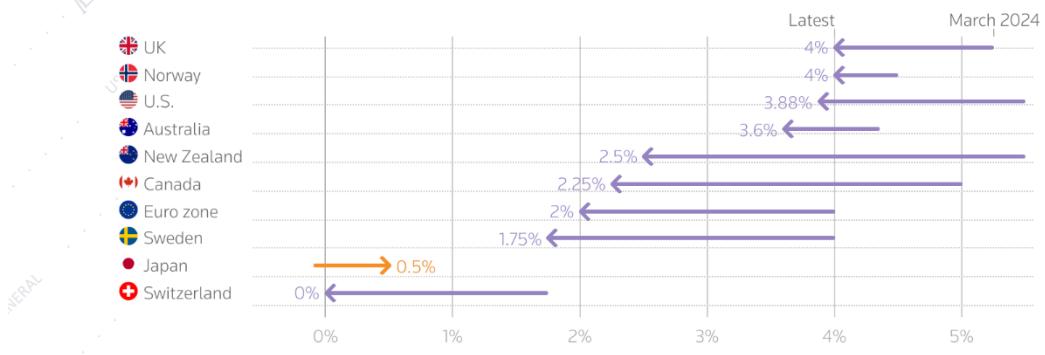
GILT YIELDS AND POUND LURCH LOWER



Source: LSEG Datastream

How interest rates have changed among G10 central banks

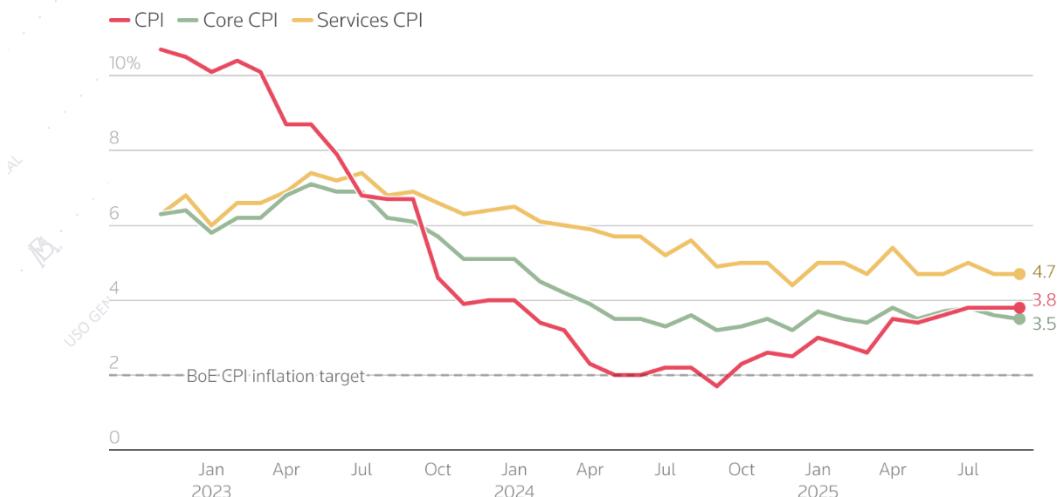
Change in policy rates by 10 major developed central banks since March 2024



The benchmark US rate is the midpoint of the federal funds target range.

How inflation in the UK has moved

British consumer prices remained unchanged at an annual rate of 3.8% in September from 3.8% in August.

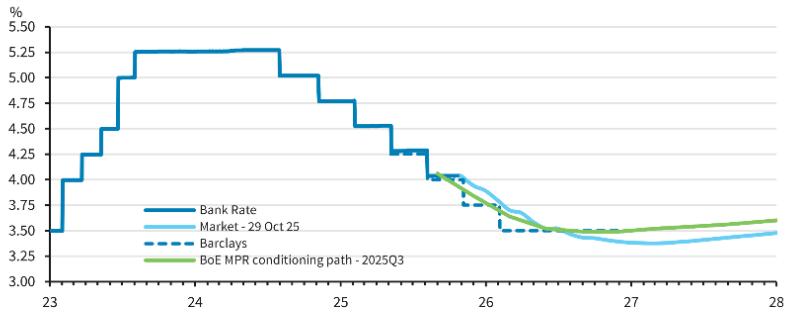


Source: LSEG

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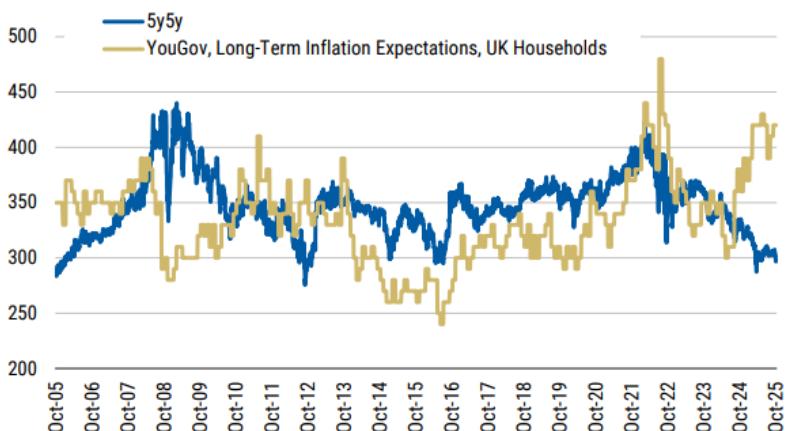
Figure 13. Expectations for Bank Rate



Source: BoE, Barclays Research

Exhibit 6: Medium-term household inflation expectations have remained elevated, but markets are less concerned

UK Inflation Expectations, Market-Implied vs. Surveys



Source: YouGov, Bloomberg, Morgan Stanley Research

How GDP in the UK has changed

British gross domestic product grew 0.1% in August.



Source: LSEG

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THE WALL STREET JOURNAL.

Trump's New World Order

By Walter Russell Mead

Nov. 3, 2025 4:59 pm ET

President Donald Trump and Chinese President Xi Jinping in Busan, South Korea, Oct. 30. Evelyn Hockstein/Reuters
"On Venezuela in particular," CBS News's Norah O'Donnell asked President Trump on "60 Minutes" Sunday, "are Maduro's days as president numbered?"

"I would say yeah. I think so, yeah," he replied.

"And this issue of potential land strikes in Venezuela, is that true?"

"I don't tell you that. . . . You know, you're a wonderful reporter, you're very talented, but I'm not gonna tell you what I'm gonna do with Venezuela, if I was gonna do it or if I wasn't going to do it."

And that's where matters stand. With a carrier strike group joining eight warships already in the region, a squadron of F-35s in Puerto Rico, and assorted elite military units in the area, the Trump administration has ramped up its standoff with Venezuela. Regime change is clearly the goal; the timetable and means are unspecified.

In normal times, a crisis of this magnitude would dominate world news, but in our era it struggles to stay on the front page. The Venezuela crisis escalated to the brink of war the same week Mr. Trump's lightning Asia tour concluded with a summit with Xi Jinping. While senators such as Kentucky's Rand Paul denounced what they called illegal American strikes against alleged drug-running boats in the Caribbean and Eastern Pacific, lawyers on both sides were prepping oral arguments for the historic Supreme Court showdown over the legality of Mr. Trump's tariffs, which have upended world trade. Russian troops ground out more gains in Ukraine even as the air war between Kyiv and its nuclear-armed neighbor raged. Scenes of horror unfolded in Darfur as Sudan descended deeper into civil war. The fragile cease-fire in Gaza hung by a thread.

Meanwhile, on Truth Social, Mr. Trump threatened to attack Nigeria if that country doesn't do a better job of protecting Christians.

Not since Franklin D. Roosevelt has an American president been this powerful or this busy. In his hyperactive second term, Mr. Trump doesn't merely walk and chew gum at the same time. He dances on tightropes while juggling chainsaws. This blizzard of activity keeps him at the center of the world stage, throws his opponents off balance, makes it relatively easy to drown out failures in the flood of events, distracts attention from any conflicts of interest, and provides enough successes (real or apparent) to burnish his image.

But while the storm Mr. Trump unleashes is chaotic, there is a certain logic to his path. He really does believe that the U.S. is in trouble. From his perspective, stupid Democratic and Republican policies since the end of the Cold War have left the country divided and exposed to dangers overseas. A poorly designed globalization strategy hollowed out the middle class, gutted the defense industrial base, and fueled China's rise. Clueless elites alienated Americans in pursuit of nonsensical utopian goals. An incompetent American foreign-policy cadre failed to win wars, advance democracy or build peace.

That leaves Mr. Trump with a difficult task. On the one hand, decades of failure, foolishness and shortsighted elite greed have eroded the trust between Americans and the political and administrative mandarins. On the other, the immense efforts required to address the internal challenges and the external threats to the U.S. can be mobilized only on the basis of renewed trust between the national government and the public at large.

Setting the domestic agenda aside, to build that trust and public support for the global struggle, Mr. Trump needs to educate his base without directly challenging some of their core beliefs. Venezuela is a godsend from this point of view. As a leading source of both drugs and illegal migrants, it represents the kind of threat that the Trump base most worries about. And even most isolationists applaud strong American action in the Western Hemisphere.

But Venezuela is also part of the global contest. During World War II and the Cold War, America focused on foreign rivals' efforts to challenge Washington's power in the hemisphere. Today, Russia, China and Iran are all active in Venezuela and seek to use the country as a base to undermine America's regional position.

And there's more. Venezuela's proven oil reserves are larger than Saudi Arabia's. Flipping Venezuela from the Axis of Revisionists to Team America would have lasting consequences on the global balance of power—and would reduce the ability of countries like Russia and Iran to use energy as a weapon against the U.S.

Those who still think of Mr. Trump as a restrainer or isolationist should watch his "60 Minutes" interview. This president isn't retreating from the world. He aims to reshape it.

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THE WALL STREET JOURNAL.

The Tariff King and the Supreme Court

By The Editorial Board

Nov. 3, 2025 5:50 pm ET

Journal Editorial Report: The Supreme Court will weigh the limits of presidential authority.

President Trump likes to call 19th-century President William McKinley the “Tariff King.” The Supreme Court on Wednesday will take up cases that will determine if Mr. Trump and every other President really has the power to act like a king (*Learning Resources, Inc. v. Trump*, *Trump v. V.O.S. Selections*).

It’s hard to overstate the importance of these cases for the U.S. constitutional order and economy. Article I vests Congress with authority over taxation and foreign commerce. This was a response to the British Crown’s taxation of the colonies without their consent.

For most of U.S. history, Congress alone determined tariff policy. But after the Smoot-Hawley tariff disaster of 1930, Congress delegated authority to the President to negotiate bilateral trade deals. It has since ceded more power now and then in statutes that stipulate specific and limited terms for imposing tariffs.

Enter Mr. Trump, who has waved away such limits. He claims the power to impose tariffs on any country at whatever rate he wants under the 1977 International Emergency Economic Powers Act (IEEPA). That law gives the President authority in a national emergency to “deal with any unusual and extraordinary threat,” including to “regulate” the “importation” of foreign property.

Mr. Trump this spring slapped tariffs on most countries around the world, declaring that the U.S. trade deficit and foreign fentanyl are national emergencies. He has since adjusted the tariff rates, often to punish or reward foreign governments. See his recent 10% border tax hike on Canada in retaliation for the government of Ontario’s TV ad quoting Ronald Reagan’s criticism of tariffs.

Such arbitrary taxation without representation is precisely what the Constitution’s Framers sought to prevent by vesting power over taxes and trade with Congress. Mr. Trump likes to say other countries pay his tariffs. But the tariff is paid by U.S. importers, which have to eat the cost or pass it along to customers.

As for the law, the U.S. has run a trade deficit for 50 years and deaths from fentanyl have been declining. How do these suddenly qualify as “national emergencies”? Even if the President deserves deference over what is an emergency, the Justices in *Loper Bright* (2024) stressed that courts needn’t defer to the executive’s statutory interpretation.

Start with IEEPA’s text. The Trump team says the power to “regulate . . . importation” encompasses tariffs. Federal laws also authorize agencies to “regulate” securities, pollutants and pharmaceuticals, among other things, but this doesn’t mean they can also tax them. By contrast, other laws give the President express authority to impose tariffs.

This includes tariffs on imports that threaten national security (Section 232), in response to “large and serious” balance-of-payments deficits (122), and discriminatory trade practices (301). Unlike these provisions, IEEPA isn’t part of a trade law. As Justice Antonin Scalia wrote for the Court in 2001, Congress doesn’t typically “hide elephants in mouseholes.” Presidents have used IEEPA to freeze assets of foreign governments and nationals, restrict U.S. companies from doing business with them, limit export of technologies and ban imports from adversaries. No President before Mr. Trump used the law for tariffs. This “lack of historical precedent” is a “telling indication,” the Court has said, that a broad exercise of executive power is illegal. The Court’s major questions doctrine also requires express authorization from Congress for actions that are politically and economically significant. Mr. Trump’s tariffs certainly qualify.

The Justices have applied this doctrine when a President has sought to undertake a “fundamental revision of the statute, changing it from [one sort of] scheme of . . . regulation’ into an entirely different kind.” For instance, Joe Biden’s student loan forgiveness, Covid eviction moratorium and vaccine mandate. Mr. Trump’s tariffs are such a wholesale statutory rewrite. The Trump team says Richard Nixon used IEEPA’s progenitor, the Trading with the Enemy Act, in 1971 to impose 10% across-the-board tariffs to address a balance of payments crisis after the collapse of the Bretton Woods monetary system. But this history argues against, not for, the President’s reading of the law.

After a trial court struck down the Nixon tariffs, Congress let the President address “large and serious” balance-of-payments deficits by imposing tariffs of up to 15% for up to 150 days—after which Congress must approve them. An appellate court later upheld the tariffs, but on the narrow grounds that they didn’t alter Congress’s nondiscriminatory trading scheme. A couple of years later, Congress enacted IEEPA to cabin the President’s national-security powers. If IEEPA confers the broad tariff authority that the Trump team claims, Section 122 and other similar tariff delegations by Congress would be superfluous.

The Trump Administration tries to leapfrog all of these statutory obstacles by citing the President’s Article II foreign-policy authority. Few conservatives are more deferential to presidential overseas authority than we are. But the power of the purse still belongs to Congress and can’t simply be wished away with the words “foreign policy.” Tariffs are taxes on Americans.

If the Court blesses this unlimited presidential tariff power, future Presidents will be able to cite emergencies to justify tariffs to pursue all kinds of policy goals. An all-too-likely example is a climate emergency to tax imports of countries with high CO₂ emissions.

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Bloomberg

Keeping \$23 Trillion in Private Assets Dark Is Asking for Trouble

November 4, 2025 at 5:30 AM CST

By Nir Kaissar

Nir Kaissar is a Bloomberg Opinion columnist covering markets. He is the founder of Unison Advisors, an asset management firm. The US has a two-tier system of rules for its companies, with public companies facing more regulation than comparably sized private businesses.

The Securities and Exchange Commission is set to relax disclosure requirements for public companies, and it should apply the same standard to all big US companies, including private ones.

Requiring biannual reporting for all companies valued at \$250 million or more, whether public or private, could help balance transparency and regulatory burden.

The US has a baffling two-tier system of rules for its companies. Public companies are buried in regulation while little is demanded of comparably sized private businesses. The Securities and Exchange Commission, under the new leadership of Chair Paul Atkins, is set to relax disclosure requirements for public companies. It should take the opportunity to apply the same standard to all big US companies, even those staying private.

There used to be a genuine distinction between public and private businesses. For a long time, public companies were far bigger and more valuable, requiring vast amounts of capital to operate. Public markets were pretty much the only place to get it. That's no longer true: There's nearly \$23 trillion invested in private assets in the US alone. Unlike in public markets, though, many of those investments were made with scant or questionable financial disclosure.

This lack of transparency around private assets has helped the industry grow and innovate; it has also created a rapidly expanding multi-trillion-dollar black box that could pose systemic risks. Meanwhile, the regulatory burden on public companies is driving them to flee the stock market or avoid it altogether. Atkins can right the balance and safeguard investors.

If free markets functioned flawlessly — alas, they don't — investors would have the information they need to make fully informed choices. The market would work out what facts and figures it needs and how often, and companies would provide them. Atkins trusts the market. He is pushing a new rule that will require public companies to report their financial statements biannually rather than quarterly, as they're now required to do, but leave them free to report more often if they choose. "Let the market decide how often companies report," Atkins wrote in a recent op-ed in support of the change.

I favor unconstrained markets wherever possible, but I also know that absent rules to compel full and honest disclosure, some — perhaps many — companies will withhold critical information from investors or mislead them altogether. That was all too common before Congress created the SEC in the 1930s and began mandating financial disclosures from public companies. It still is when it comes to private investing.

Without all the facts, investors will inevitably make bad choices. Individually, it may be their own misfortune, but collectively, it's everyone's problem. Ill-informed and thereby inherently speculative investments greatly contributed to the 1929 stock market crash that gave birth to the SEC and disclosure rules for public companies. I worry that we are fated to relearn that lesson with private assets, only this time on a bigger scale. The US stock market was valued at roughly \$1.6 trillion in today's dollars at its peak in 1929, a fraction of the money invested in private markets today.

In this light, the debate underway about how many times a year public companies should report misses the big picture — the opinions expressed are generally right but misguided. Citadel CEO Ken Griffin, who supports quarterly reporting, told CNBC recently that he doesn't understand "the merits of holding back from the market readily knowable information." On the other side, former SEC Chair Jay Clayton, my old colleague at Sullivan & Cromwell, reminded the network in a separate interview that "senior management at public companies spend way, way too much time preparing for quarterly earnings."

They're both right. Disclosure rules should require companies to report readily available information to investors, mindful of the burden it places on them. But that should apply to both public and private companies. One way to balance those considerations is to require biannual reporting for all companies, public or private, valued at, say, \$250 million or more, which is the bottom end of the range for small-cap publicly traded companies. The same threshold should apply to private asset funds. There's more to be gained from transparency around big private companies than would be lost by requiring public companies to report less frequently, if anything.

The frequency of reporting has moved over time, both in the US and elsewhere, with little discernable, or at least arguable, impact. The US required companies to report their financials annually until 1955, then biannually until 1970, and quarterly ever since. The European Union, the United Kingdom and Australia already require semiannual reporting.

It's not even clear that public companies will report any less frequently. Many of them broadcast earnings ahead of the deadline or share information that isn't required, all to satisfy and attract investors. That is likely to continue. Either way, the market is more interested in forward earnings estimates than historical results, and Wall Street analysts will continue publishing their forecasts as often as investors demand.

In the meantime, as private markets grow in the shadows, there are mounting questions about the health of private credit and the stability of private equity — questions that can't be properly answered without more information. We don't know much more about a growing number of mega sized, perhaps systemically important private businesses, such as OpenAI or SpaceX, each of which would easily rank among the US's 50 most valuable public companies.

Beyond that, there are nearly 20,000 private US companies with revenue of \$100 million or more, which very likely pegs their value at more than \$250 million based on a conservative multiple of sales. That's many times the number of comparably sized companies trading on the US stock market.

If transparency is key to healthy markets, which has been a foundational principle of financial regulation for nearly a century, focusing on a relatively small number of highly valued companies while ignoring the rest doesn't make much sense. A better approach is to bridge the disclosure gap between public and private companies with thoughtfully crafted rules for both.

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The New York Times

Trump's China Trade Policy Is a Hot Mess

Thomas L. Friedman

Nov. 3, 2025

As a real estate developer, Donald Trump is deeply familiar with the three keys to success in that industry: location, location and location. Geopolitics, it turns out, also has three keys to success: leverage, leverage and leverage. But it's not the kind of leverage (i.e., debt) that Trump loved to use in real estate. It's geopolitical leverage — the power to impose your will on your adversary.

Seen from that point of view, Trump succeeded in bringing about a cease-fire in Gaza because he gained leverage over both Israel and Hamas — and he used it adroitly. He has failed to bring about a cease-fire in Ukraine, because he has refused to use all the leverage he has on Russia's Vladimir Putin, who started the war. And Trump's attempts to employ the leverage of tariffs to reduce China's manufacturing exports to America — more necessary today than ever — has shown only limited gains largely because of the chaotic way Trump has gone about putting those tariffs into place.

Of course, Trump, with his usual bluster, scored his recent meeting with President Xi Jinping of China as a grand slam — "a 12" on a scale of 0-10, as he put it. In fact, at this summit, all Trump did was dig himself out of a hole with China that he himself dug a few months ago. As The Wall Street Journal noted, markets "yawned" at the deal because it "mostly restores the status quo that prevailed in May."

So, if you're keeping score at home, Trump is batting one for three — or .333. In baseball, that can get you into the All-Star Game. In the game of nations, it gets you sent down to the minor leagues.

Any analysis of China has to start with the fact that as a result of the devastating bursting of China's housing bubble over the last few years, millions of Chinese have lost significant amounts of money and become burdened with debt. Not surprisingly, they are scrimping on spending. I am told that many of the half-empty restaurants I saw in Beijing and Shanghai when I was there last March are even worse off today.

In short, the world's second largest economy is having a crash in domestic consumption, so Chinese are also importing even less from abroad. Beijing's response is not to stimulate domestic consumption — by giving its people something more than the bare minimums in social security and health care — but instead to fund the building of more factories to export goods to the rest of the world.

As one of my Times colleagues covering China, Chris Buckley, reported last week: "Days before meeting President Trump in South Korea, the Chinese leader Xi Jinping laid out the next stage in a strategy of long-term competition with the United States and the West." The plan "makes clear that Beijing wants to double down" on industrial manufacturing "even as its trading partners worry that China's expanding exports are undercutting their own industries."

This is utterly reckless on China's part. As another of my Times colleagues, Keith Bradsher, reported from Beijing last January, China already "produces about a third of the world's manufactured goods." That "is more than the United States, Japan, Germany, South Korea and Britain combined."

So Trump is responding to a real problem. But as he so often does, he is pushing the wrong answer to the right question. To have real leverage, his tariffs must be part of a quiet grand strategy, but Trump's fire-ready-aim strategy has been anything but that.

For starters, if you want to move China, you don't do it in a loud, haphazard way that is only going to embarrass its leaders and get their backs up. You have long secret negotiations.

Second, if you are going to threaten Beijing with economic sanctions, you had better know what it can threaten you with. I can't confirm this, but I suspect that Trump started announcing his new tariffs on China without ever asking any expert whether China could retaliate in any meaningful way — aside from stopping purchases of American soybeans.

I assume Trump did not ask this, because if he actually knew beforehand that President Xi had an economic weapon that could trump Trump's tariffs tenfold, it would have been the height of foolishness to impose the huge 145 percent tariff rate on all imports from China that Trump did at one point.

That weapon was China's control of 69 percent of the market share for the mining of the 17 chemical elements known as rare earths, 92 percent of the share for the refining of those elements and 98 percent of rare-earth-based magnet manufacturing, according to estimates from Goldman Sachs. Rare earths are used in all sorts of technologies, but rare-earth-based magnets are essential for most electric vehicle motors, semiconductors, smartphones, M.R.I. machines, drones, radars, fighter jets, missiles and offshore wind turbines.

Had China gone ahead with its order to curtail rare earth exports in response to Trump's tariffs, it could have significantly slowed down or shut down manufacturing all across America — and the world.

When Xi laid that card on the table, Trump's leverage was sharply diminished. He quickly scrambled to have his Treasury secretary persuade China to postpone its curbs on rare earth exports for a year by offering to sharply lower U.S. tariffs and postpone some new bans on high-tech exports to Beijing.

This was the geoeconomic version of Mike Tyson's famous dictum that everyone has a plan until he gets punched in the mouth.

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Finally, I repeat, Trump was right to impose tariffs across the board on Chinese imports in his first term — and also now — because China has not been playing fair on trade. It is forcing U.S. companies to compete with Chinese factories heavily subsidized by the government, and that are greatly overproducing manufactured goods for export. Tariffs that are limited in time can be useful in buying the economic running room for American manufacturers to develop their own homegrown replacement industries. But for that you need to have a comprehensive strategy — and Trump has none. At a time when American companies are trying to compete with China's advanced manufacturing exports, Trump is actually making it harder for U.S. firms to hire high-skilled workers from abroad. He has imposed tariffs that make the materials that go into steel more expensive for our manufacturers; he has slashed the very government-funded research essential for us to compete with China, let alone stay ahead of it; and he has imposed tariffs on virtually all of America's key allies, whose backing we need to create leverage on China through collective action. It's a completely incoherent strategy.

All this said, Xi may have leverage today, but he, too, is playing a risky game. By going nuclear on trade — that is, threatening to curtail rare earth exports — Xi has freaked out the rest of the world and stimulated the U.S. and other key economies to begin a crash program to replace these critical Chinese exports. It will take a long time, but the process has begun.

More broadly, the rest of the world is simply not going to let China take all the manufacturing jobs, especially as A.I. starts to cut increasingly into blue-collar and white-collar work. China is courting a real global backlash.

Given how important the U.S.-China relationship has been for sustaining the relative Great Power peace and prosperity of the world since the late 1970s, Washington and Beijing need a quiet long-term dialogue — not a noisy long-term trade war in which both sides lose.

If we really are heading for a divorce in this relationship, oh my goodness, we will miss it when it's gone.

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Three weeks till budget day – and Rachel Reeves is ‘being honest’ about tax, just in time

Marina Hyde

Tue 4 Nov 2025 13.42 GMT

This would actually have been quite an understandable day for Rachel Reeves to cry at work. “I’m really clear,” the chancellor told the CBI less than a year ago, “I’m not coming back with more borrowing or more taxes.” Can I shock you …? “We did wipe the slate clean,” she continued less than 12 months ago. “[We] put public finances and public services on a firm footing, and as a result we won’t have to do a budget like this ever again.” Again: can I shock you …?

So, then, to Reeves’s podium appearance from Downing Street this morning. Vibes-wise, it was like knowing you were going to be very incompetently mugged in three weeks’ time, but having to listen to a speech from the mugger about the context of it all. Or maybe a speech from an asteroid trying to get out in front of what people are going to say about it when it craters the West Midlands.

Reeves’s delivery is more wooden than the panelling behind her today, and has all the verve of being informed that we’re experiencing higher than normal call volumes. Your estimated wait time to the budget is 22 days. There were moments in this outing where it felt like the chancellor’s job had already been automated. She must have been absolutely unplayable on the complaints line at HBOS.

Anyhow, please listen carefully as her menu options have recently changed. “The world has thrown even more challenges our way,” Reeves explained, with the air of someone who spent the four months between the general election victory and her first budget last autumn telling everyone how utterly abysmal the situation was, and then being blindsided by the collapse in consumer, business and investor confidence, and a desperately unhelpful economic climate of foreboding about what was to come. Luckily Reeves had a cunning plan up her sleeve back then: raising employers’ national insurance contributions, which took care of any last remaining traces of optimism.

Yet once again this morning, the government was opting to serve as Cassandra for its own forthcoming fiscal event. Maybe because it went so well last time. Having absolutely sworn before the election that there were “no ifs, no ands, no buts” to her tax pledges, Reeves today really wanted to introduce you to Mr If, Miss And and President But. We just need Mrs Fully Costed to complete the set. A lot of things seemed to have eaten Reeves’s homework, but one of the biggest bites was apparently taken by budget watchdog the Office for Budget Responsibility. The OBR’s decision to downgrade its productivity forecasts for the economy was treated as a serious curveball, as opposed to an arguably belatedly realistic engagement with the facts. For someone who spent half this speech and the Q&A after it announcing that she had to deal with “the world as I find it”, Reeves certainly gave the impression that she could dismiss gravity or the first law of thermodynamics as just an opinion by some unelected physcis.

Another of the challenges the world seems to have thrown her way is the discovery that you cannot get a single spending cut through the parliamentary Labour party. Again, if only there’d been signs. Reeves didn’t put it that way, obviously. She said she didn’t think it was fair “to blame the parliamentary Labour party for the OBR’s supply-side review”. And I don’t think it’s fair that a good half of the parliamentary Labour party would not have the first clue what the words “supply-side” even mean. So we’re all having to live with injustice.

Other omissions? It was disappointing that no one asked the chancellor if she defines herself as a “working person”, one of that mythical tribe on whom taxes were never, ever, ever going to be raised. Last week, Sam Coates at Sky got hold of the definition of “working people” that the Treasury is supposedly working around ahead of the budget later this month, which is apparently the bottom two-thirds of earners – which is to say, no one earning more than £45,000 a year. “Extraordinary if true,” the former IFS director Paul Johnson observed drily. But aspirational, surely, for many experienced plumbers and train drivers to learn that they are no longer working people, and have passed with immediate effect into Labour’s upper category: those with the broadest shoulders/the privileged few/fatcats. Under this definition, a chancellor definitely isn’t a working person, even though Rachel is always telling you she’s working tirelessly to do this or that for the country.

Then again, the chancellor does love a simplistic way of putting things – black holes, fixing house foundations – so here’s one for her. Why does she seem to be catching up only now with things many people told her before the last election? Why is the long-term state of the British economy a surprise only to Reeves and to the cadre of full-time dreamers who believed Starmer’s Labour were “the grownups”? As so many made clear before the general election, Labour’s promises on tax and blandishments about growth were totally unrealistic and un-thought-through. In fact, they were such obvious obfuscations or deliberate misdirections that for my money they amounted to lying. Can it genuinely be that the chancellor didn’t catch herself on to the glaring realities of “the books” – which are effectively always open, as the IFS pointed out at the time? No, it can’t. As she put it about the details of the public finances during the run-up to last year’s election: “We’ve got the Office for Budget Responsibility now … You don’t need to win an election to find out.” Halloween might have passed, but huge numbers of these quotes are going to haunt Reeves for the foreseeable future.

She was dead right on one thing today though, albeit unwittingly: “it’s about being honest”. Clearly, Reeves would love to think otherwise, but it feels already too late for her to be successfully honest. The run-up to a general election it was going to win by a landslide was Labour’s moment to be honest. In terms of its public standing on the economy, almost everything since has flowed from that conscious decision not to level with voters about things it honestly must have known at the time. By way of some speech filler today, Reeves droned vaguely about making the UK an enticing investment for futuristic industries like AI and biotech. No doubt we’re all in favour of that – but for her own personal future, the chancellor would be a lot better off attracting a time machine firm.

The far right's success rarely lasts in office

When WB Yeats wrote "The Second Coming" in 1919, he inadvertently performed a service for generations of journalists. Faced with a political crisis, commentators can always reach for the familiar quote: "Things fall apart; the centre cannot hold", before going on to note that: "The best lack all conviction; while the worst are full of passionate intensity."

I was dusting down those lines again, as I watched the rise of Europe's radical right. But last week's Dutch election complicates the story. In the Netherlands the centre not only held — it won. Admittedly the moderate, progressive D66 only narrowly came out on top. But D66 is likely to take the lead in forming the next Dutch government — while the far-right Freedom party looks set to lose its role in government. The Dutch election suggests that gloomy narratives about the inexorable rise of the far right across Europe are wide of the mark. The real story looks a bit different.

Across much of Europe, voters are angry and disillusioned — and so swift to vote out incumbents. If the incumbents are the traditional centre parties, then the radical fringes will scoop up the votes. But when the far right actually makes it into government, then voters can swiftly become disillusioned — and turn back to centrist parties at the next opportunity.

The Freedom party led by Geert Wilders got its chance to participate in government in 2023 because many Dutch voters had lost faith in the traditional centre parties. But — predictably — the Wilders party did not have easy solutions to the problems that vex voters; notably asylum-seeking migrants and a housing crisis.

So now the Dutch have turned to a fresh face in the form of Rob Jetten — the young, tele-genic leader of D66. But let's be realistic. It is quite likely that by the next election, the voters will be thoroughly sick of Jetten and will vote for change again. The far right might get another crack at government in the Netherlands.

Austria has already been through this cycle. Its pop-up rightwing Freedom party (FPÖ) was part of a government coalition from 2017-19 before being engulfed by scandal. The FPÖ's popularity dipped sharply. But the party revived under new leadership and won the largest number of seats in parliament in the 2024 election — although it has been unable to form a coalition.

If the emerging story of European politics is rotation between the centre and the far right, that has serious implications for Britain, France and Germany. In all three countries, a struggling centrist government has the anti-system right breathing down its neck.

The lessons of the Netherlands — as well as Austria, Poland, Italy, Hungary and Slovakia — are that the "unthinkable" does happen and far-right parties can win political power. But they may not necessarily keep it. Even Viktor Orbán, who has been in power in Hungary since 2010, is trailing in the polls ahead of elections next year.

In the big European countries where the centre still holds, it is France that is closest to the edge. The country has got through five prime ministers since the beginning of 2024 and the far-right Rassemblement National leads the polls for the presidential election that is due to be held in 18 months' time. It is possible that the far right will finally make it to the Élysée in 2027.

In Germany, it is often said that the current coalition government led by Friedrich Merz is "the centre's last chance". If so, the centre has cause for concern. Merz has not yet completed a year in office but two-thirds of voters already disapprove of his coalition government — and the far-right Alternative for Germany is now topping some opinion polls.

In Britain, the two parties that have dominated the politics of the last century — the Conservatives and Labour — are now both languishing in the polls behind Reform, the pop-up right party. The 30 per cent or so of the vote that Reform regularly registers might not be enough to get it into government in a proportional system such as Germany's. But in Britain's first-past-the-post electoral system, it could be enough to deliver a parliamentary majority. A general election is still more than three years away. But Nigel Farage, Reform's leader, is currently the bookies' favourite to be Britain's next prime minister.

It will be treated as a political earthquake if the far right makes it into government in a big western European country. But — in fact — it has already happened.

Gorgia Meloni, whose political roots are in Italy's post-war neo-fascist movement, became prime minister three years ago. Italy's centre left remains deeply wary of Meloni. As prime minister, she has taken strongly conservative positions on immigration and social issues — but she has avoided the hard-line nationalism and erosion of democratic institutions characteristic of Orbán or Donald Trump.

Meloni has also so far escaped the bitter anti-incumbent backlash visible in Britain and France. She looks likely to become only the second Italian prime minister since the second world war to serve a full five-year term.

In doing so, Meloni points to an unsettling possibility for European politics. Perhaps the future will not be a choice between the centre and the far right — but the gradual erosion of the distinction between the two camps.

How to stop arbitrary budget rules hurting growth

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LONDON, Nov 4 (Reuters Breakingviews) - Fiscal goals often seem sensible on paper. The difficulty comes when sound budget management takes a backseat to the vagaries of an arbitrary straitjacket. Britain, whose finance minister Rachel Reeves will present a key budget on November 26, is a case study in the pitfalls. Yet better fiscal rules are possible. Between the turn of the century and 2024, the amount of countries adopting numerical goals to self-police spending doubled to 122, according to the International Monetary Fund (IMF), opens new tab. Independent overseers such as Britain's Office for Budget Responsibility (OBR) are also on the rise. Constraining profligate politicians, lest they anger bond markets, has clear appeal: In 2022, then-UK Prime Minister Liz Truss initially bypassed the OBR when announcing 45 billion pounds in tax cuts, prompting investors to dump sterling and gilts.

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Reviews of the evidence, including one in 2024 by Thomas Brändle and Marc Elsener, opens new tab, find that fiscal rules successfully curb spending. Still, they need to be flexible during downturns: the IMF estimates that countries exceeded deficit limits 50% of the time between 2004 and 2021. Hence workarounds like so-called escape clauses, delayed compliance periods and metrics that make adjustments for the economic cycle.

The problems lie in the details. Take the first of Britain's two key fiscal rules, under which Reeves must keep tax revenues above day-to-day spending. The target doesn't refer to current financial reality but rather to the OBR's economic forecasts for future years. This means fiscal policy, and therefore bond markets, gets spun around by changes to inherently uncertain expectations, rather than reacting to what actually accrues in government coffers.

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Indeed, Reeves is now under pressure ahead of her November budget. The OBR will probably downgrade UK productivity growth, implying a more slowly expanding economy, hitting future tax receipts. To still comply with the first fiscal rule, Reeves may have to tighten spending by tens of billions of pounds. That seems odd given the poor accuracy of economic forecasts in general, to which the OBR is no exception, opens new tab. Assessing future productivity, in particular, is particularly fiendish.

And it's all a sideshow compared with bond investors' real concern about Britain's day-to-day spending gap, stuck at nearly 2% of GDP, which is the rise in expenses that comes with an aging population. State pensions now cost 4.9% of GDP, compared with 3.5% in 2000. Fears are a bit overblown: welfare payments are stable overall, with much of the rise in current expenditure since 2019 being explained by higher interest rates pushing up debt-servicing costs. But the government has still damaged its credibility by refusing to raise income taxes and delaying the overhaul of inefficient revenue sources such as stamp duty. Instead Reeves has resorted to a raft of distortionary tax raids, like hiking national insurance, which may help meet targets but don't always make sense economically.

The views expressed on this podcast are those of the participants, not of Reuters News.

In other ways, the rules can still be too tight. Take the European Union, whose Stability and Growth Pact budget framework doesn't generally exempt debt used for capital expenditures, despite bond investors generally welcoming such borrowing. Excluding investment-related deficits makes Italy's fiscal position look stronger, for example. Even the United Kingdom, which has long applied a "golden rule" of balancing only current spending, effectively limits growth-boosting investments through a second rule urging debt to fall relative to GDP.

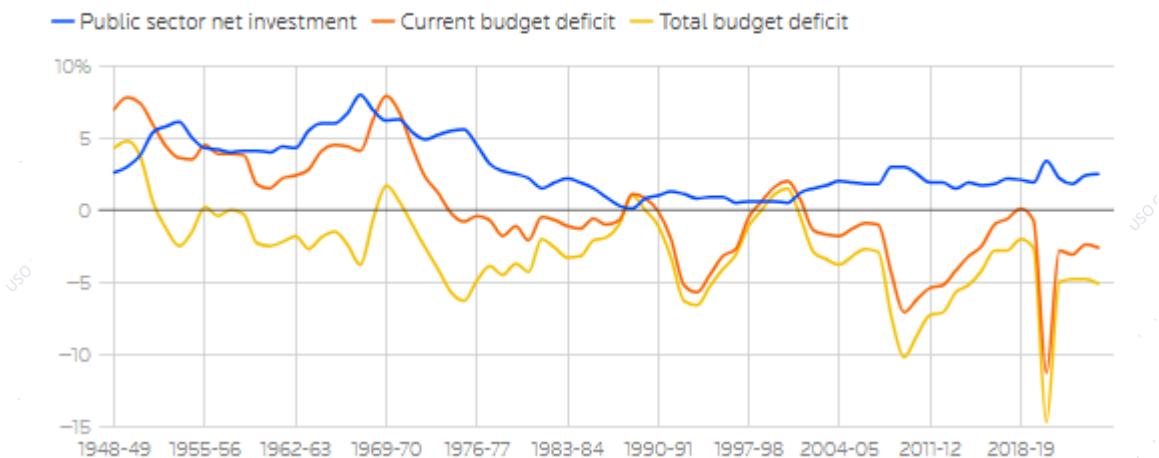
Fiscal goals may not be the main culprit behind declining public investment in the West since the 1980s, evidence suggests, opens new tab. But they still limit ambitious moves, such as the 28-billion-pound green-energy investment plan the British Labour Party scrapped before the election. The tragedy is that getting debt falling as a percentage of GDP may not even be worth the effort, since that figure does not correlate well with borrowing costs.

Reeves' recent overhaul of fiscal rules moves in the right direction, shortening the compliance horizon and redefining debt by netting liabilities against the state's financial assets. This hack has allowed her to maintain public sector net investment near 2.5% of GDP. However, physical assets such as infrastructure remain excluded.

It would be even better to remove all limits on capital spending while requiring day-to-day expenditures to roughly match tax revenues within a year. Britain's pre-1980 experience suggests that the productivity dividend of public investment being closer to 4% of GDP would be large, and could make balancing the current budget easier over time. Independent bodies like the OBR could ensure officials don't disguise current spending as investment, and guide a third "countercyclical bucket" so that, rather than suspend the rules during downturns, temporary tax cuts and stimulus can offset them.

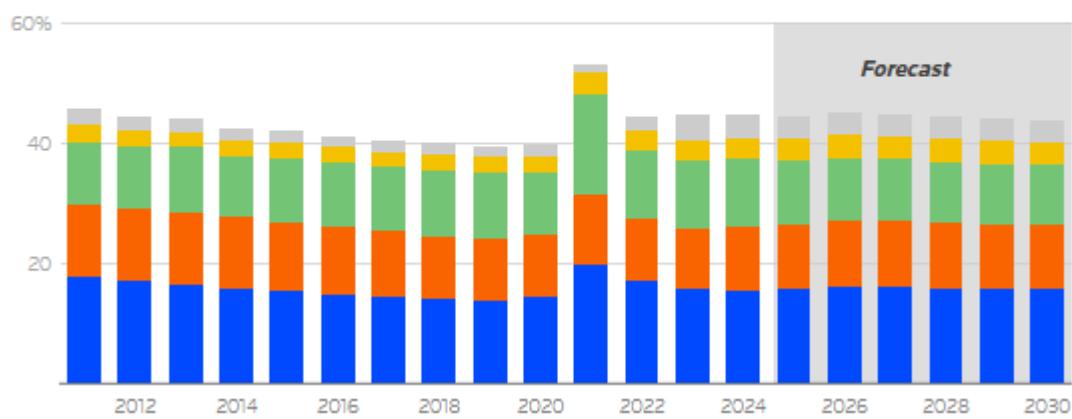
Even if she never embraces such a framework, Reeves should focus on separating growth strategies from the need to fund the welfare state, while downplaying rigid numerical targets. As Dean Turner, UK economist at UBS Wealth Management, says: "It's fair to have rules, but also for the government to argue against them." Even the bond market prefers economic policy to be a coherent vision rather than an Excel spreadsheet.

Balancing day-to-day spending was easier in the days of higher investment



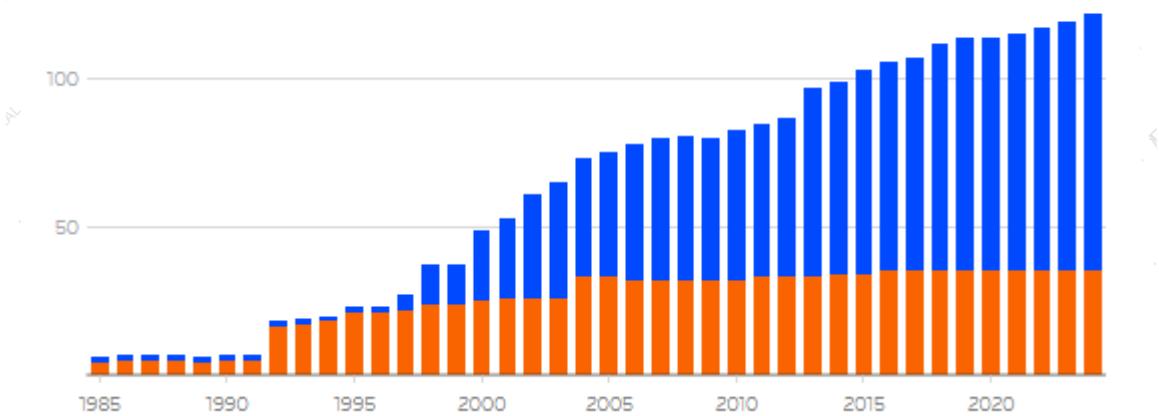
Categories of UK government spending as a % of GDP

- Day-to-day departmental spending
- Welfare
- Other annually managed expenditures*
- Investment
- Debt interest



An increasing number of countries have at least one numerical fiscal rule

- Advanced economies
- Emerging and developing economies



Uso General

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