

Catch up: America's falling inflation; Israeli strikes on Gaza



America's annual inflation rate fell to 2.5% in August, from 2.9% in July. It was the smallest increase since February 2021. Core inflation, which excludes volatile food and energy prices, was unchanged at 3.2%. With inflation close to the Federal Reserve's 2% target and the [jobs market cooling](#), the central bank is all but certain to start cutting interest rates at its meeting next week.

Israel launched a series of air strikes overnight Tuesday and on Wednesday that killed at least 34 people, according to hospital officials in [Gaza](#). One, which hit a UN school housing Palestinians, killed 14 people; Israel said it was targeting Hamas militants. Earlier this week an Israeli strike on a designated humanitarian zone killed 19 people, according to the Hamas-run health ministry.

Antony Blinken, America's secretary of state, and David Lammy, Britain's foreign secretary, met **Volodymyr Zelensky** in Kyiv. The [Ukrainian](#) president asked them to allow his country to use Western-supplied weapons systems to strike targets inside Russia. Mr Lammy said that he was "listening carefully" to Ukraine's

needs and announced more than £600m (\$780m) of support, according to Reuters.

UniCredit, Italy's second-largest bank, bought a 9% stake in **Commerzbank**, a German rival. The Italian lender said that it will seek authorisation to buy a bigger stake. The move raised hopes that a long-awaited wave of [dealmaking](#) looms. European policymakers want to consolidate Europe's fragmented banking sector, but the absence of a shared deposit-insurance scheme, which would involve European authorities guaranteeing customers' deposits, complicates progress.

GDP growth in **Britain** was flat in July for a second consecutive month. Analysts expected monthly growth of 0.2%. A contraction in the construction and manufacturing sectors offset moderate growth in the services sector. After falling into a recession in 2023, [growth](#) surpassed most forecasters' expectations in the first half of 2024, hitting 1.5% over that period.

America will grant **Egypt** the full \$1.3bn it had allocated to the Middle Eastern country in military aid. The **Biden** administration has always withheld some funding because of Egypt's poor human-rights record. The State Department said that the decision reflects Egypt's contributions to America's national-security priorities, such as working to secure a ceasefire agreement in Gaza.

Admissions of black students to **Harvard University** dropped by four percentage points in the first academic intake since America's Supreme Court [ended race-based affirmative action](#), from 18% to 14%. A similar trend was reported by other universities, including Brown and MIT. The share of Asian-American students at Harvard remained unchanged from last year, at 37%.

Figure of the day: 4,000, the number of mergers and acquisitions involving Japanese firms in 2023, double that in 2013. [Read the full story.](#)

The ECB mulls a second rate cut



On Thursday, days after Mario Draghi, the European Central Bank's former boss, outlined [his proposals](#) to revitalise Europe's economy, the ECB meets to decide whether to cut rates for a second time this year. Economic indicators support the case for a cut. Annual inflation dropped to 2.2% in August, just above the central bank's target of 2%. Economic growth is weak: the euro zone's GDP grew by 0.2% from April to June, after expanding by 0.3% during the first quarter. Although real incomes are rising, economists don't expect households to go on a spending spree.

Policymakers worry that services inflation, which has been around 4% since November, remains sticky. But that will probably not deter the ECB. If Europe is to make the investments that [Mr Draghi](#) has called for, lower interest rates and stronger growth will help.

China's vision of global security



Hundreds of senior defence officials and other military experts from dozens of countries and international organisations are gathering in Beijing on Thursday for the Xiangshan Forum. The annual event, first held in 2006, is part of China's effort to portray itself as a responsible military power. The theme of this year's forum is "promoting peace for a shared future".

Some will wince at that, not least Michael Chase, the senior Pentagon official who is expected to attend. The West sees China as a growing threat. America and its allies have plenty of recent evidence to point to: [Russia and China](#) are gearing up for joint naval and air exercises in north-east Asia; China's coast guard is increasingly aggressive near shoals claimed by the Philippines, an American ally, in the [South China Sea](#). Three days of discussion at the forum probably won't allay the West's anxieties.

India's IPO frenzy



Resourceful Automobile does not look like the sort of company that would launch a blockbuster initial public offering. It employs eight people and sells motorcycles from two small outlets in Delhi. When it listed its shares on India's SME exchange last month, it hoped to raise 120m rupees (\$1.4m) to finance its expansion. Yet its listing was 400 times oversubscribed, with total bids of 48bn rupees.

India is having an [IPO](#) boom. Just this week 17 firms will go public, including SAFE, a small fintech firm that lists on Thursday. In the first half of 2024 the money raised by IPOs globally fell by 16% year on year, according to EY, a consultancy. But in India the amount doubled during the same period, to \$4.4bn. Newbie investors, hoping for a quick return, have fuelled the frenzy. In August India's market regulator urged them to be careful, and warned firms not to exaggerate their financial performance.

Trustbusters take aim at America's grocers



Kroger, America's third-largest supermarket chain by sales, reports results for the quarter ending in July on Thursday. Grocers have had a tricky time in recent years. High inflation led consumers to cut back, putting pressure on stores to lower prices. Consumer-sentiment data are now improving. Analysts will be looking to see if that's enough to boost American retailers.

Antitrust regulators will also be paying attention. That's because Kroger's [proposed merger](#) with fifth-ranked Albertsons is stuck in antitrust litigation. The Federal Trade Commission fears the deal would reduce competition that helps keep prices in check. Stepping beyond its usual remit, the FTC has also argued that a combined Kroger and Albertsons would be bad for workers, limiting trade unions' bargaining power. Yet at Walmart, America's biggest grocery retailer, sales are more than twice those of Kroger and Albertsons put together.

A re-trial for Harvey Weinstein



It has been a difficult week for Harvey Weinstein, a former Hollywood mogul and convicted rapist. On Monday the #MeToo movement's public enemy number one was rushed to hospital from his prison cell. The 72-year-old underwent emergency heart surgery.

Mr Weinstein is back in the news for reasons other than his health. In April New York's top court [overturned his conviction](#) in the state in 2020, ruling that he did not receive a fair trial. The judge overseeing his case had allowed three witnesses, whose allegations were not part of the charges, to testify about previous "bad acts". Mr Weinstein's condition is now stable, but it is unclear whether he will attend a hearing on Thursday about his forthcoming re-trial; prosecutors could potentially charge him with three additional sexual assaults. After that trial, which is due to start in November, Mr Weinstein will begin serving the 16 years he received for a separate sex-crimes conviction in Los Angeles in 2022.

Daily quiz



The Economist

We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 BST on Friday to QuizEspresso@economist.com. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Thursday: Which actor played Jim Rockford in the detective series “The Rockford Files”?

Wednesday: Which cheese-eating animated character appeared in the Oscar-winning short films “The Wrong Trousers” and “A Close Shave”?

4,000

The number of mergers and acquisitions involving Japanese firms in 2023, double that in 2013.

Read the full story.

**Earth is the cradle of humanity, but one
cannot live in a cradle forever.**

Konstantin Tsiolkovsky