

Catch up: Hamas's political leader killed; Bank of Japan lifts rates



Ismail Haniyeh, Hamas's political leader, was killed in a “Zionist raid on his residence” in Tehran, according to the Palestinian militant group. Mr Haniyeh was in the Iranian capital for the inauguration of Iran's president on Tuesday. Earlier the Israel Defence Forces struck a **Hizbullah** stronghold in a suburb of Beirut, Lebanon's capital, reportedly killing Fuad Shukr, the Shia militia's “most senior” commander. [Israel blames Hizbullah](#) for a rocket attack that killed 12 children in the Israel-controlled Golan Heights on July 27th. The group denies firing the rocket.

The **Bank of Japan** raised interest rates for only the second time since 2007. The key rate was increased from 0-0.1% to 0.25%. The central bank also forecast that inflation would hover around its target of 2% in the coming years. It laid out a plan to halve its bond buying over the next two years.

Russia launched one of the largest drone attacks on Ukraine since the beginning of the war. The head of the military administration in Kyiv, Serhiy Popko, said that [air-defence systems](#) destroyed more than 40 drones in the capital city and surrounding areas. Mr Popko said that no casualties had been reported so far. Some 89 drones in total were shot down across the country.

KKR, an American [private-equity giant](#), said that its adjusted net income rose to \$971.9m in the second quarter of 2024, a 49% increase on the same period last year. The firm's bumper earnings, which beat most analysts' expectations, were largely driven by selling shares in tech and oil firms. KKR aims to control \$1trn-worth of assets within the next five years.

The **euro zone's** annual inflation rate rose to 2.6% in July, from 2.5% in June. The figure was slightly higher than many economists had predicted, with the cost of services rising faster than food and energy. The news comes as the European Central Bank prepares to [cut interest rates](#) for a second time this year when it meets in September.

At least 16 people died during protests that swept through **Venezuela** after [Nicolás Maduro](#), the country's authoritarian president, claimed an implausible election victory on Sunday. Around 750 people were arrested. Venezuela's opposition said nearly three-quarters of the vote tallies that it has seen show its candidate, Edmundo González, well ahead of Mr Maduro. [María Corina Machado](#), the main opposition leader, was barred from standing.

Keir Starmer, Britain's prime minister, said a far-right mob that attacked a mosque in **Southport**, a town in the north-west of England, would "feel the full force of the law". The anti-immigrant English Defence League went on the rampage after hijacking a vigil for victims of a knife attack in which three children died. The EDL fuelled rumours of an Islamist motive; police said it was not a terrorist incident.

Figure of the day: 150,000, roughly the number of Druze who live in Israel today. [Read the full story.](#)

In the run-up to America's presidential election, we've launched [The US in brief](#)—a daily update to help you keep on top of the

political stories that matter. [Sign up here](#) to receive it as a newsletter, each weekday, in your inbox.

The Fed tees up a rate cut



It will be Jerome Powell's words, not his actions, that make waves on Wednesday. At the end of its regular policy-committee meeting the Federal Reserve is expected to stand pat on interest rates, as it has done for the past year. But Mr Powell, the central bank's chairman, may signal that it will soon start [cutting rates](#), perhaps at its next meeting in mid-September.

For months Mr Powell's mantra has been that the Fed needs confidence that inflation is under control before starting to ease policy. Now, it has just about gained that, with its preferred measure of inflation slowing steadily towards its target pace of 2%. There have also been signs of weakness in the job market, and the Fed wants to take its foot off the monetary brakes before the economy slows too sharply. Getting the timing right is very tricky, but Mr Powell may manage to do it.

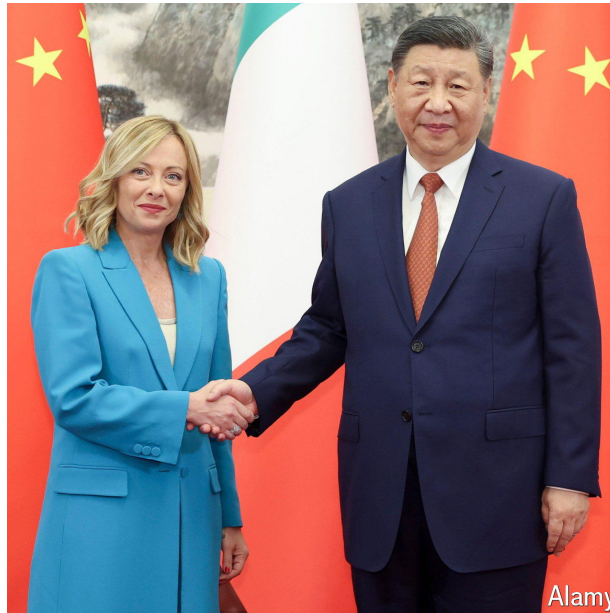
Meta's AI megabucks



When Meta releases second-quarter earnings on Wednesday its core business stream—advertising and engagement—will probably be doing fine. But the big question will be capital expenditure. After splurging on Llama 3.1, a huge generative-AI model that it [made available](#) last week to open-source developers, will Meta alter its spending plans?

The owner of the Facebook family of apps previously said it will spend \$35bn-40bn this year on capex, much of it AI-related. That is an unnervingly high figure, considering the company's overspend in the past on the [metaverse](#). Investors will want to know if the investment is improving Meta's own AI chatbots, and whether that will increase engagement on Facebook, Instagram and WhatsApp. They also want it to offset its outlays by restraining the pace of hiring and modifying spending plans on other projects. Investors may worry about a slowdown in ad spending by Chinese merchants, but perhaps spending on the presidential campaign in America will help mitigate that.

Italy and China try for a reset



On Wednesday Italy's prime minister, Giorgia Meloni, ends a five-day visit to China that...well, it depends on whom you ask. Official Chinese media characterised it as a bid to repair the damage caused by Italy's withdrawal last December from Xi Jinping's [Belt and Road Initiative](#). Under an earlier government Italy was the only G7 country to [sign up](#) to the global investment and infrastructure scheme. Ms Meloni, accompanied by a bevy of business chiefs, cast her visit as the relaunch of a [relationship](#) that unquestionably has depth (both countries are commemorating the 700th anniversary of the death of Marco Polo).

Italy wants to boost its exports to China, which are worth less than half the value of what it imports from the country. Ms Meloni announced a three-year plan to try out “new forms of co-operation”. She had an unexpectedly long 90-minute meeting with Mr Xi. That seemed a good start.

Trump hits back



Even before Donald Trump survived an [assassination attempt](#) in Pennsylvania on July 13th, momentum was with him in the presidential campaign. The image of the former president raising his fist seconds after the shooting contrasted with the frailty of his then-opponent, Joe Biden. Much has changed. Mr Biden's decision to stand aside as Democratic candidate for his vice-president, Kamala Harris, has allowed his party to regain the initiative. Ms Harris's [popularity on TikTok](#) and labelling of Mr Trump and his running-mate as "weird" have been a boost. *The Economist's* latest [polling average](#) puts Ms Harris on 46%, to Mr Trump's 47%.

When Mr Trump returns to the Keystone state for a rally on Wednesday he will probably go on the [offensive](#). His campaign's first television ad, released on Tuesday, criticises the vice-president's handling of immigration and, adopting Mr Trump's haphazard capitalisation, calls her "Failed. Weak. DANGEROUSLY Liberal". Don't be surprised if Mr Trump tries out some new insults in Pennsylvania.

Olympiads for a younger crowd



BMX freestyle joined the Olympic programme to empty stands during the games in Tokyo, which took place during covid in 2021. It was a tough debut. The finals at the Paris games, to be held on Wednesday in a park in [Place de la Concorde](#), will supply a crowd. Each rider will have 60 seconds to perform their routine in a bowl filled with obstacles. Anthony Jeanjean, a Frenchman who came seventh in Tokyo, is expected to win a medal. In the women's competition all three medallists from Tokyo will compete.

BMX is a test for a range of new youth-focused Olympic sports. Skateboarding, sport climbing and surfing are now classified as core sports, which means they are likely to feature at future games. But [breaking](#), which is making its [debut in Paris](#), has already been withdrawn from the Los Angeles games in 2028. Those games will feature more popular and better-funded sports, such as baseball and cricket.

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 GMT on Friday to QuizEspresso@economist.com. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Wednesday: Zadok the Priest, an anthem performed at British coronations, is the work of which composer?

Tuesday: In which Florida resort did Ernest Hemingway own a house, which is now a museum to his memory?

150,000

*Roughly the number of Druze who live in Israel today.
Read the full story.*

A goal without a plan is just a wish.

Antoine de Saint-Exupéry