

Catch up: Israel and Hizbullah exchange strikes; stockmarkets rally after rate cut



America warned all parties against escalation in the Middle East as **Israel** and **Hizbullah**, an Iran-backed militia, exchanged cross-border strikes. The attacks followed the sudden explosion of [pagers and walkie-talkies](#) used by members of Hizbullah, which killed more than 30 people and injured thousands. Hizbullah's leader, Hassan Nasrallah, blamed Israel and called the sabotage "a declaration of war". Israel has yet to comment on the blasts. Investigations into how the devices were planted with bombs are under way; Bulgaria, Hungary and Taiwan are among countries reportedly probing companies linked to the sale of gadgets to Hizbullah.

The **S&P 500**, an index of big American stocks, closed at a record high the day after the Federal Reserve [cut interest rates](#) by half a percentage point. It was the Fed's first interest-rate cut since 2020. Markets in Europe also rallied following the announcement, with the Stoxx Europe 600 climbing by more than 1%.

Axel Springer agreed to a deal with **KKR**, an American private-equity titan, to split its advertising business from its media segment. Mathias Döpfner, the boss of the [German firm](#), will focus solely on its media outlets, which include newspapers such as *Die Welt* and *Bild*. Meanwhile KKR and its partners will take control of the firm's advertising arm, which is valued at around €9.9bn (\$11bn).

Ukraine said that **Russia** struck a care home for elderly people in the northern city of Sumy, killing at least one person and injuring 12 more. Earlier Russia launched air strikes targeting Sumy's power grid. Ukraine has been using Sumy as a staging ground during its [advance](#) into the nearby Russian province of Kursk.

Ursula von der Leyen, the president of the [European Commission](#), said that the bloc would provide €10bn (\$11.16bn) to aid countries recovering from extreme flooding. The floods, some of the region's most severe in decades, began during a storm last week and have affected countries such as Austria, the Czech Republic and Poland. At least 23 people have died and thousands have been forced to evacuate their homes.

Vladislav Bakalchuk, the estranged husband of **Russia's richest woman**, Tatyana Bakalchuk, was charged with murder after two people were killed in a gunfight in Moscow on Wednesday. The shootout began after Mr Bakalchuk arrived at the head office of [Wildberries](#), Ms Bakalchuk's e-commerce business. The pair have feuded over Wildberries' ownership since Ms Bakalchuk agreed to merge the firm with a smaller company, Russ Group.

Nintendo, a Japanese [video-game giant](#), said it was suing **Pocketpair**, a developer, for alleged copyright infringement. The case focuses on Palworld, a game involving armies of gun-toting pets. Many players noted similarities between Palworld's creatures and [Pokémon](#)—monsters that feature in Nintendo's second-biggest franchise. Mizobe Takuro, the boss of the smaller Japanese firm,

previously claimed that Palworld passed the legal checks required before its release.

Figure of the day: \$150bn, the valuation that OpenAI, the maker of ChatGPT, is reportedly seeking from investors. [Read the full story.](#)

America's presidential vote begins



The campaign for November's presidential election has been one of the most unpredictable, and seemingly longest, in recent history. But the final stretch is in sight: on Friday voters in three states will begin casting in-person ballots. Registered voters in South Dakota, Minnesota and Virginia will decide if they want to see [Donald Trump](#) back in the White House, or to promote [Kamala Harris](#) from vice-president. Other states will join them in the coming weeks, with Michigan being the last swing state to open voting booths on October 26th.

Voting ends on election day, November 5th. It could take days or even weeks in a close election before a [result becomes clear](#). *The Economist's* [election forecast](#) currently gives Ms Harris a very slim lead, but the volume and partisan makeup of early voters could offer some hints at how this contest will finally resolve itself.

The Bank of Japan soothes markets



In July the Bank of Japan—which ended its longstanding [negative interest-rate](#) policy this year—roiled markets by raising its short-term rate from 0-0.1% to 0.25%. Ueda Kazuo, the governor, said the bank will continue hikes so long as prices grow sustainably, driven not by rising import costs, but by higher income levels. Japan's latest consumer-price index figures—which come out on Friday—will probably show the annual inflation rate in August was above the bank's 2% target.

But when the BoJ concludes its two-day monetary-policy meeting, also on Friday, it is unlikely to announce further interest-rate rises. Analysts expect the bank to pause to monitor markets, still jittery after a [topsy-turvy summer](#). The yen's value spiked and led to a market slump; the Topix stockmarket index saw its worst performance since 1987 on August 5th, before a sharp rebound the next day. And with America's [Federal Reserve](#) slashing rates this week, the BoJ will be careful to avoid further turbulence.

A bellwether vote in Czech politics



Deadly floods struck the Czech region of Moravia-Silesia this week, along with much of the rest of central Europe. Nevertheless, regional and senate elections will go ahead as planned across the country on Friday. The voting is a bellwether for the more important election to the lower house of parliament in autumn 2025. The government of Petr Fiala, the prime minister, is a complicated coalition of liberals and centre-right types. Polls show it running behind the opposition, led by the populist ANO party of [Andrej Babis](#), an ex-prime minister and scandal-plagued oligarch.

Just a third of the senate is up for election. The chamber's powers are limited: it can mainly just delay legislation. However, it can also veto changes to electoral laws, a helpful means of protection against democratic backsliding. That may prove important if Mr Babis returns to power next year.

Britain's resurgent hard-right



On Friday members of Reform UK will gather in Birmingham for a two-day conference. The hard-right party's leader and self-styled political insurgent, [Nigel Farage](#), will address his supporters for the first time as an MP. He was elected in July after seven attempts between 1994 and 2015. The question for Reform is how to build on its success, having won more than 4m votes (if only five MPs).

At their national convention, Reform leaders will probably put Labour MPs in their sights. The ruling party won in 89 of the 98 constituencies where Reform came second. But it is the Conservative Party that should be more worried about Reform's march. According to the British Election Study, a survey, 68% of those who voted Labour said they "strongly dislike" Reform UK, compared with only 22% of Conservatives. The [next Conservative leader](#) will have to win back moderate voters, as well as those tempted by the overtures of the strident right.

Can Katy Perry find her roar again?



Katy Perry, an American pop star, has been out of step with the 2020s. Her past two albums have commercially underperformed earlier ones. Even before its release on Friday, her latest album, “143”, has been marred by promotional missteps. The album’s lead single, “Woman’s World”, a formulaic dance-pop tune, drew a backlash over the involvement of Dr Luke, a producer who has been accused of sexual abuse by Kesha, another singer (he denies the allegations and entered into a settlement agreement with Kesha in 2023). It has also been criticised for banal cod-feminist catchphrases and a clumsily risqué video, which Ms Perry insists was meant as satire.

Cartoonish naughtiness is Ms Perry’s stock in trade. But [female-led pop](#) has become more lyrically complex, thanks to such singer-songwriters as Billie Eilish, Olivia Rodrigo and Chappell Roan, while rap artists Cardi B and Megan Thee Stallion have upped the ante on explicit raunch. Pop music is undoubtedly a woman’s world, but Ms Perry may find that it is no longer hers.

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.

Friday: What type of fish is a kipper, a breakfast delicacy in some parts of the world?

Thursday: What takes around eight minutes and twenty seconds to travel from the Sun to the Earth?

The winners of last week's crossword



Thank you to everyone who took part in our weekly crossword, published in the weekend edition of Espresso. The winners, chosen at random, were:

Ben Stewart, Sydney, Australia

Alice Li Hagan, Honolulu, Hawaii, America

David Tropp, Osaka, Japan

They all gave the correct answers of [Sergio Mendes](#), [stolen](#), [orange](#), and [Sweden](#). Check back tomorrow for this week's crossword.

\$150bn

The valuation that OpenAI, the maker of ChatGPT, is reportedly seeking from investors.

Read the full story.

**Life is too short to live with any but the
greatest books.**

Leo Strauss