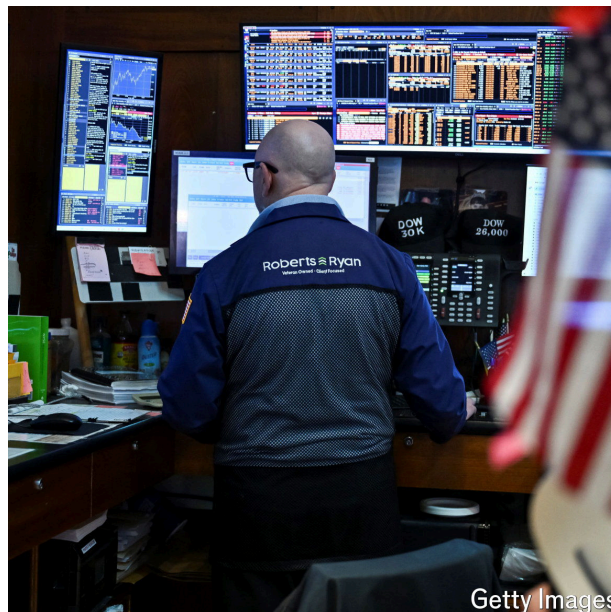


## Catch up: American stocks fall again; EU pauses tariffs



**American** stockmarkets **fell** on Thursday, with the NASDAQ index dropping by 4.3% and the S&P 500 by 3.5%. Meanwhile, America's annual inflation rate fell to 2.4% in March, below economists' expectations of 2.6% and down from 2.8% in February. The figures were collected before Donald Trump's **trade war** with **China** began in earnest, which may push up prices further.

The **European Union** said it was negotiating a "modern and ambitious" **free-trade** agreement with the UAE. Earlier the bloc suspended counter-tariffs against America for 90 days, after Mr Trump paused many tariffs on Wednesday. Europe had announced levies worth some €21bn (\$23bn) on American goods in response to 25% levies on steel and aluminium. Meanwhile **China's** counter-tariffs against America came into effect.

America's **House of Representatives** narrowly passed a budget-resolution bill that paves the way for Mr Trump's ambitious fiscal and immigration agenda, thwarting a Republican rebellion that

threatened to sink it. Senate Republicans promised fiscal conservatives in the House, who had demanded deeper reductions, that they would cut spending, but the commitments are not in the text—potentially setting up a future fight.

A **Tanzanian** court charged Tundu Lissu, the [opposition leader](#), with treason ahead of elections in October. The charge carries a maximum penalty of death. Mr Lissu was arrested at a rally on April 9th while campaigning for electoral reforms. He survived assassination attempts in 2020 when he was the presidential candidate for his party, Chadema. The president, Samia Suluhu Hassan, has recently cracked down on opposition.

**Prada**, an Italian [luxury house](#), will buy **Versace**, another Italian seller of pricey clobber, for €1.25bn (\$1.4bn). Capri Holdings, Versace's current owner, paid \$2.1bn for the firm in 2019, but it has struggled. Versace's sales fell by 15% year on year in the last quarter of 2024. Prada reportedly negotiated a steep discount following the stockmarket slump sparked by Mr Trump's tariffs.

**Israel** confirmed that it had begun talks with **Turkey** this week to “maintain regional stability” between their armed forces in **Syria**, where each has recently accused the other of [preparing to wage a war by proxy](#). Turkey also confirmed the talks. On Friday [Ahmed al-Sharaa](#), Syria's new president whose interim government is backed by [Recep Tayyip Erdogan](#), his Turkish counterpart, will visit Turkey.

**Russia** released Ksenia Karelina, a Russian-American ballet dancer who had been serving a 12-year sentence for treason after she donated \$51.80 to a pro-Ukraine charity. In exchange, America released Artur Petrov, a German-Russian dual national who had been accused of smuggling American microelectronics to Russia. Meanwhile the two countries held talks in Turkey to discuss the normalisation of embassy relations.

**Figure of the day:** 9.5%, the amount the S&P 500 index of American stocks rose by after Donald Trump postponed tariffs.  
[Read the full story.](#)

*How is America's economy faring under Donald Trump? Assess the performance of stocks, bonds, the dollar and other economic indicators on [our presidential tracker](#).*

# America distances itself from Ukraine



A notable absentee at the next Ukraine Defence Contact Group will be America's secretary of defence, Pete Hegseth (pictured). The group of almost 60 countries co-ordinates military support for Ukraine. Mr Hegseth's predecessor, Lloyd Austin, chaired 25 of their gatherings. Mr Hegseth is expected to join Friday's meeting in Brussels by video link, but his lack of physical presence signals that the Trump administration [does not intend to ask Congress](#) to send another aid package to Ukraine.

In recognition of the [new reality](#) Ukraine's president, Volodymyr Zelensky, said on Wednesday that Ukraine would be willing to pay \$30-50bn for weapons that only America can provide. These include air-defence interceptors that can shoot down ballistic missiles, some types of anti-radar missiles and HIMARS, a long-range precision rocket system. It is not entirely clear where the money would come from. But Mr Zelensky may be hoping that what Europe cannot provide itself it might be [willing to buy](#) on Ukraine's behalf.

## An island of relative calm amid trade turmoil



Over a matter of weeks, Donald Trump's tariff threats and walkbacks have shaken markets and reordered the global economy. In Britain, the FTSE 250, the country's main domestically focused stock index, is still down by nearly 5% since the chaos began on April 2nd. But compared with many of its peers, [Britain is in an enviable position](#): most of its exports, particularly to America, are in services such as banking, law and tourism, which have not been targeted by Mr Trump. And even before the partial climbdown on Wednesday, Britain was in the lowest tariff bucket, facing 10% levies on most exports to America.

A batch of new economic releases is expected soon: GDP on Friday, unemployment and inflation the following week. Those won't say much about the state of the British economy right now, but should give a hint on how solid it was before the latest bout of mayhem.



## The IMF bails out Argentina, again



On Friday the IMF's board will almost certainly approve a [\\$20bn programme with Argentina](#); it will be the 23rd agreed since 1958. Each programme comes with solemn promises of stability from the government but they often end in economic chaos. President Javier Milei insists this time will be different. He has some credibility because he has already slashed spending and pulled inflation down sharply.

The new programme is expected to require some change to Argentina's tightly controlled exchange-rate regime. The overvalued peso is the big weakness in Mr Milei's economic policy, so change is needed. But it will be hard to get right. Allow too much flexibility, and inflation may jump, hurting the prospects of Mr Milei's allies in upcoming midterm elections, and thus weakening market confidence. Loosen too little, and traders may bet further against the peso, forcing the central bank to prop it up by spending yet more reserves. The global economic mess caused by Donald Trump makes it all harder.

# Turkish democracy on trial



Ekrem Imamoglu, the imprisoned leader of Turkey's opposition, is expected to appear in front of a judge on Friday for the first time since his arrest in March. Mr Imamoglu is Istanbul's mayor and the Republican People's Party's best hope of defeating Turkey's strongman, Recep Tayyip Erdogan, in the next presidential election. He was jailed on trumped up corruption charges last month. The ones he will face on Friday relate to his criticism of Istanbul's chief public prosecutor, who has been involved in a number of cases [targeting Mr Erdogan's opponents](#), including another one-time presidential contender, Selahattin Demirtas.

Mr Demirtas, the telegenic former leader of Turkey's main Kurdish party, has been locked up since 2016. [Mr Imamoglu](#) will probably endure a similar fate. The subject of a slew of indictments, he was potentially facing 23 years behind bars even before police showed up at his door on March 19th. Mr Erdogan will want to make sure he does not get out soon.

## **“Black Mirror” lightens up, a bit**



A Hollywood actress (played by Issa Rae) stars in an AI remake of a black-and-white romance film. A former musician (Paul Giamatti) steps inside old photographs to relive his experiences. A desperate husband (Chris O’Dowd) signs his comatose wife up for a subscription service that uploads her brain to the cloud. Time is the predominant theme in series seven of “Black Mirror”, released on Netflix this week. Characters use technology to relive the past or prolong their lives.

Charlie Brooker, the creator of the sci-fi anthology, has said that the new instalment is less dystopian than previous seasons. “If you want [dystopia], there’s a 24-hour panel showing it called your window,” he recently quipped. Yet many of his plots are chillingly plausible. One episode is an allegory of America’s private health-care industry. Another probes Hollywood’s obsession with intellectual property adaptations. AI consciousness is a recurring motif. “Black Mirror”, which debuted on the small screen 14 years ago, is more reflective than ever.



## Daily quiz



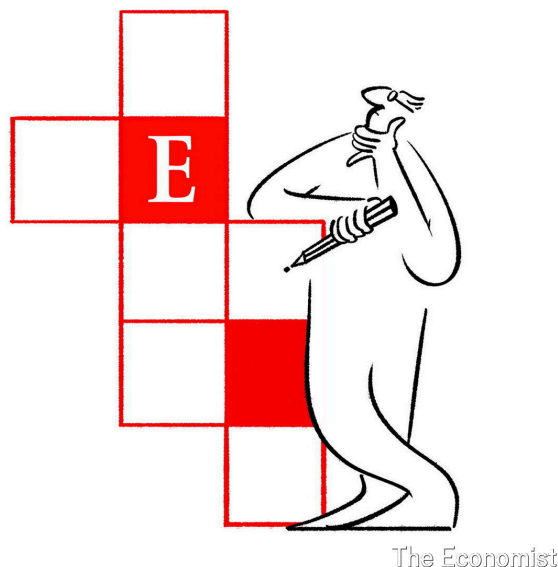
*The Economist*

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](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Friday:** Which politician became junior senator for Illinois in the 2004 election?

**Thursday:** Which singer-songwriter was born Peter Gene Hernandez?

# The winners of this 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:

**Michael Evans**, Ipswich, Britain

**Beth Calabrese**, Albert Bridge, Cape Breton, Canada

**Thierry Rajaobelina**, Anduze, France

Thank you to everyone who took part in our weekly crossword, published in the weekend edition of Espresso. The winners, chosen at random, were: [black market](#), [beatle](#), [Milei](#), and [TikTok](#).

They all gave the correct answers of Check back tomorrow for this week's crossword.

**When we lose the right to be different, we  
lose the privilege to be free.**

*Charles Evans Hughes*