

## Catch up: America's falling inflation; Harris's strong debate



**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.

In a fiery **presidential debate**, Kamala Harris and Donald Trump exchanged [personal attacks](#) and sparred over their visions for **America**. Ms Harris, the vice-president, forced Mr Trump on the defensive by bringing up the former president's legal woes and stance on abortion. Mr Trump attacked Ms Harris's record as the "border tsar". Betting markets suggested Ms Harris won the contest.

**Antony Blinken**, America's secretary of state, and David Lammy, Britain's foreign secretary, arrived in Kyiv, [Ukraine's](#) capital. They will hold talks with President **Volodymyr Zelensky** who has been pressing his allies to allow Ukraine to use Western-supplied

weapons systems to strike targets inside Russia. On Tuesday America and its allies imposed sanctions on **Iran** for supplying missiles to Russia.

**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.

**Volkswagen**, a German car giant, told staff that it would end a decades-old job-security agreement, paving the way for possible job cuts. The struggling carmaker faces slowing demand for its vehicles and growing competition from Chinese rivals. Volkswagen said last week that it may close factories in Germany to cut costs—but that alone [will not be enough](#) to save it.

**Nicaragua** revoked the citizenship and seized the assets of 135 political prisoners who were freed last week. They were flown to Guatemala, where they can apply for residency in **America**, which brokered their release. (Thirteen were members of a Texas-based church.) Daniel Ortega, [Nicaragua's dictator](#), has stripped citizenship from hundreds of exiled opponents in recent years.

**Figure of the day:** 32%, pension assets as a share of GDP in Europe, compared with 173% in America. [Read the full story.](#)

# Inditex sees off the competition



In the 2010s Inditex, the world's largest fashion retailer, surged ahead of its rivals by keeping the bulk of its production close to Europe, its biggest market. That allowed the firm to keep inventories low and respond quickly to fashion trends. These days competition from [Shein](#), a Chinese e-commerce firm, is squeezing much of the sector. But Inditex, whose brands include Zara and Bershka, is bucking the trend again. It has unified its online and shop-based operations better than its rivals thanks to clever radio-frequency trackers, an in-house digital platform and a group-wide inventory database.

Its nimbleness is paying off. During the second quarter of 2024 net profits climbed 9.6% year on year, while sales rose 7.3%. Analysts expect the strong performance to continue into autumn: interim results showed that sales rose 11% year on year between August 1st and September 8th.

# Inflation recedes in America



For the past few years the biggest economic worry in America, as in many other countries, has been inflation. Data released on Wednesday will probably underscore that this worry is rapidly fading. Forecasters think that consumer prices in August rose by about 0.2% from a month earlier. That would be the fourth consecutive month of relatively low inflation. A decline in oil costs in August probably added to the downward pressure.

The annual inflation rate was 2.5%, close to the Federal Reserve's target of 2%. The price data come on the heels of a report last week showing that the employment market has continued to weaken, which is the new economic worry. The Fed is all but certain to [start cutting interest rates](#) at its next meeting on September 18th. Economists expect the central bank to lower rates by a quarter of a percentage point.



# The contest for the Tory leadership



Britain's Conservative Party [suffered a historic defeat](#) in July's general election. On Wednesday the final four candidates to succeed [Rishi Sunak](#) as leader of the party get down to the business end of campaigning. They are Robert Jenrick (pictured), a former immigration minister; James Cleverly, a former home and foreign secretary; Kemi Badenoch, a former business secretary; and Tom Tugendhat, a former security minister. Mel Stride, the former welfare secretary, was knocked out in a second ballot of Conservative MPs on Tuesday. With 33 nominations in that ballot, Mr Jenrick is the front-runner.

They will make their pitch to Conservative members at a hustings at the party's conference, which starts on September 29th in Birmingham. Members will then choose between a final pair, with the winner announced on November 2nd. The party now has just 121 of 650 parliamentary seats. But with the shine quickly coming off the new Labour government and a highly volatile electorate, it is worth taking the new leader seriously.

# The toxic legacy of 9/11



One of the most haunting images of September 11th 2001 was of Marcy Borders, a young woman covered in ash and dust fleeing from the north tower of the World Trade Centre. She recalled how the dust caused her to choke. Borders died from stomach cancer in 2015, aged just 42. She wondered if the particles had caused the disease.

The dust from the disaster has been [linked to a variety of illnesses](#). A recent study from NYU Langone suggested that those who were exposed to it may have an increased risk of breast cancer. More than 132,000 people are enrolled in the World Trade Centre Health Programme, a federally funded system providing care to survivors. They suffer from more than 60 types of cancers and other diseases. Meanwhile the number of firefighters killed by illnesses caused by exposure to toxins at Ground Zero has reached 370, surpassing the number of firefighters killed on 9/11 itself. Yet some fear that federal funding is running out, which could mean cuts to health care in future.

# A new era for the London Symphony Orchestra



It started with rebellion. In 1904 a group of professional musicians left their ensemble to create Britain's first self-governing orchestra. The London Symphony Orchestra quickly developed a reputation for accurate sight-reading and virtuosity. Responsible for their own finances, the players prioritised giving lots of performances, sometimes at the expense of rehearsal time.

Now the LSO is regarded as one of the world's great orchestras. On Wednesday it begins its first season under its new chief conductor, Sir Antonio Pappano (pictured), a former music director of the Royal Opera House. At the Barbican in London they will perform a world premiere of "Ghosts", a "concerto for orchestra" by Sir James MacMillan, a Scottish composer. In the remainder of the season they will perform other demanding British music, including works by Edward Elgar and Gustav Holst. Sir Antonio calls the LSO's ambition "something to behold". The zeal can be traced back to its unruly beginnings.

## 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.

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

**Tuesday:** Which former basketball player was nicknamed “the Bread Truck” and “the Round Mound of Rebound”?



**32%**

*Pension assets as a share of GDP in Europe, compared with 173% in America.*

*Read the full story.*

**Ours is essentially a tragic age, so we  
refuse to take it tragically.**

*D.H. Lawrence*