

## Catch up: reports warn of Iranian attack on Israel; Europe's cooling inflation



**America** believes that **Iran** will imminently launch a ballistic missile attack against **Israel**, according to a senior White House official. The spokesperson warned of “severe consequences” for [Iran](#). Earlier Israeli troops crossed into southern Lebanon to carry out “limited, localised and targeted” raids against [Hizbullah](#), an Iran-backed militant group. Shortly after troops rolled into Lebanon, Hizbullah fired projectiles towards central Israel.

The annual inflation rate in the **euro zone** dropped to 1.8% in September, according to a preliminary estimate. It was the first time that inflation dipped below the [European Central Bank's](#) 2% target since 2021. Yields on two-year German bonds fell to their lowest level in over a year on the news, as the reading increases the likelihood that the ECB will cut rates at its next meeting in October.

**Mark Rutte** took office as the new secretary-general of NATO. The 57-year-old was the prime minister of the [Netherlands](#) for almost 14 years and was one of Europe's longest-serving

democratic leaders. He is tasked with steering the alliance through several difficulties—including the war in Ukraine and a potential Trump administration.

**France's** prime minister, Michel Barnier, delayed a target to bring the country's [budget deficit](#) within the EU's limit of 3% of GDP. France's could exceed 6% this year. Mr Barnier said the country would reach the target by 2029 instead of 2027. He has plans to cut spending and raise taxes, but the latter is causing tensions with conservative lawmakers who want to maintain pro-business policies.

**SoftBank**, a Japanese investment group, plans to invest \$500m in the latest [fundraising round](#) of **OpenAI**, reported The Information, a website. Microsoft, an American tech giant that has already invested around \$13bn in OpenAI, is also expected to join the funding round. Last week Apple dropped out of talks to participate, reported the *Wall Street Journal*.

More than 20 children and three teachers died after a school bus in **Thailand** caught fire. The vehicle's tyre exploded, causing it to hit a road barrier and burst into flames. The transport minister said the bus was powered by "extremely risky" compressed [natural gas](#). The government has vowed to take care of medical expenses and compensation.

Police in **South Korea** arrested a **North Korean** defector for stealing a village bus and attempting to cross the militarised border. The man had careened down the Unification Bridge before crashing into a barricade. He had reportedly been trying to return to [North Korea](#) after living for more than ten years south of the border.

**Figure of the day:** 2.5m, the number of hectares of public land that Brazil's national development bank thinks the country could lease to reforestation companies. [Read the full story.](#)

## Japan gets a new prime minister



Japan got a new leader on Tuesday. [Ishiba Shigeru](#) was sworn in as prime minister after winning the ruling Liberal Democratic Party's leadership race. For Mr Ishiba it is the fulfilment of a longstanding ambition: his previous four bids for the party leadership, stretching back to 2008, failed.

Mr Ishiba has a reputation as a gadfly within his party. But among the general public, he has consistently ranked as the country's most popular politician. The son of a long-serving politician from Tottori, a rural part of western Japan, he has positioned himself as a champion of Japan's forgotten regions. He also has a keen interest in defence and security, having served as defence minister. The LDP hopes that Mr Ishiba will help improve the party's image, which has been tarred by a recent financial scandal. His first test comes soon. He plans to hold a snap general election on October 27th.

## Walz debates Vance



Donald Trump and Kamala Harris will probably not debate each other again, but that doesn't mean that there won't be any more televised rumbles before election day. [J.D. Vance](#) and [Tim Walz](#), the Republican and Democratic vice-presidential candidates, will face off on Tuesday night to cap off a cycle of unusually significant debates.

Mr Vance is the most unpopular vice-presidential choice in recent history. American voters like Mr Walz better. Mr Vance will thus hope to use the debate to put his opponent on the defensive and raise his own low favorability ratings. Mr Walz, who generally avoids questions from the media, will face a grilling in front of perhaps his largest audience in this election. Running-mates generally have little effect on the outcome of a presidential election and their debates tend to be forgettable. Tuesday's event could prove to be an exception.

# Europe's cooling inflation



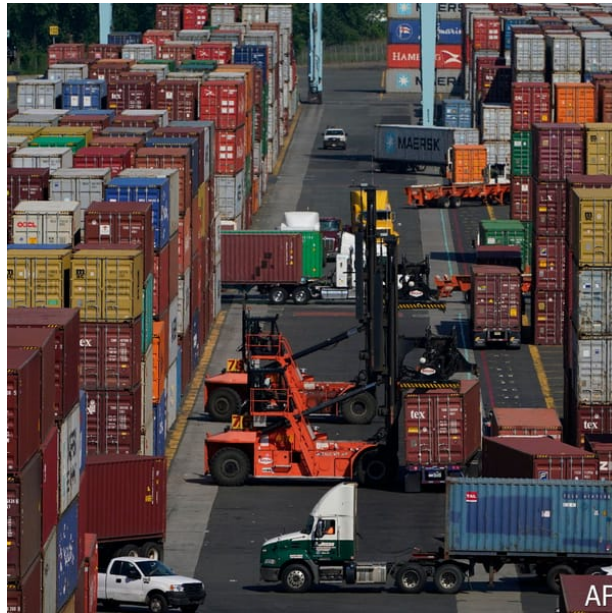
Last week most economists expected the European Central Bank to leave rates on hold at their next meeting in October, after lowering them for the second time this year in September. But a string of data releases has shifted that view. A preliminary estimate of the [euro zone's annual inflation](#) rate for September, released on Tuesday, showed that inflation fell below the ECB's 2% target for the first time since 2021, to 1.8%.

Meanwhile, the economy is slowing. The release of a widely watched purchasing-managers index for the euro zone showed that manufacturing fell at its fastest pace in 2024 in September. Sentiment dropped to its lowest level since November 2023.

Although services inflation remains stubbornly high—it has hovered around 4% since last November—the latest inflation data will probably be enough to prompt the ECB to go for another rate cut to ward off a recession.



# American ports brace for a costly strike



Port workers on America's east coast went on strike on Tuesday. Talks between the dockers and the United States Maritime Alliance, which represents terminals and carriers, **broke down** in June. The International Longshoremen's Association, the union representing port workers, fears port automation and wants a wage increase of nearly 80%.

The strike will shut five of the ten busiest ports in North America, from Texas to Maine. It will disrupt the delivery of billions of dollars' worth of consumer goods during peak shipping season. The value of containerised imports at the 36 ports amounted to \$588bn last year.

Companies have been preparing for months for a possible shutdown. A study found that **inventory** held by American retailers is around \$18bn higher than would be expected on current economic growth rates. That has caused congestion, and re-routed trade to America's west coast. Considerable damage has already been done.

# Mexico's first female president takes office



Claudia Sheinbaum will be sworn in as Mexico's first [female president](#) on Tuesday. The 62-year-old former mayor of Mexico City has a tough job ahead of her. The power of drug gangs and other criminal groups makes Mexico even harder to govern than most big countries. Ms Sheinbaum will also be wary of her predecessor, Andrés Manuel López Obrador. He is one of Latin America's most popular leaders and remains the linchpin of Morena, the party to which both of them belong. In September Morena appointed his son, Andrés López Beltrán, to a senior position.

Ms Sheinbaum was Mr López Obrador's favoured successor, and she will probably continue many of his policies, such as expanding cash transfers to poor people. But she is also likely to be more business-friendly and to take a more technocratic approach to governing than did her mentor. One flashpoint could be Pemex, the state-owned oil company. She has pledged to push a transition to clean energy, which may involve giving Pemex less financial help. But she may be hamstrung by Mr López Obrador's loyalists.

# 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.

**Monday:** In which category has John Williams received 48 Oscar nominations?

**Tuesday:** Which Ivan Turgenev novel involves many debates between the characters about the nature of nihilism?



**2.5m**

*The number of hectares of public land that Brazil's national development bank thinks the country could lease to reforestation companies.*

*Read the full story.*

**All life is experience, and one level is  
exchanged for another only when its lesson  
is learned.**

*Henry Ford*