

The world in brief

Catch up quickly on the global stories that matter



Photograph: IMAGO/VCG

A group of companies, including **BlackRock**, an asset manager, and **Nvidia**, an artificial-intelligence chipmaker, said it would buy Aligned Data Centers for \$40bn in the largest acquisition of its kind. The group hopes to pool resources and skills to secure the computing capacity needed to [build the biggest AI models](#). Despite fears of an AI bubble, firms continue to spend liberally.

Morgan Stanley's third-quarter profit jumped 45% from a year earlier to \$4.6bn, beating expectations. It overtook Goldman Sachs in equities trading for the first time since 2022, generating \$4.1bn in revenue from that business. Investment banking rose 44%, and wealth management attracted \$81bn in net assets. Other big Wall Street banks also reported strong earnings this week.

Israel said that one of the bodies **Hamas** returned as part of the Gaza ceasefire deal was not an Israeli [hostage](#). So far the militant group has returned seven other bodies out of the 28 deceased hostages it has held. Israel has delayed reopening the Rafah border crossing into southern Gaza as the dispute over bodies continues, slowing the flow of aid into the enclave.

An **AI-induced** stockmarket crash could torch over \$35trn of global wealth, warned [Gita Gopinath](#), writing for *The Economist*. The

IMF's former chief economist thinks the world has become dangerously dependent on American stocks. There is "a lot more wealth on the line" than during the tech boom of the 1990s, and "much less policy space to soften the blow".

Shares in LVMH, the world's largest luxury-goods maker, rose by 12% after it reported better-than-expected earnings, driven by demand in China. The French conglomerate's renewed growth sparked a much-needed rally in a [sluggish sector](#); shares in luxury brands such as Dior, Hermès and Moncler were also up. France's CAC40 index rose by 2.5%.

Waymo, Alphabet's self-driving-car unit, said it would begin a trial of its [autonomous taxis](#) in **London** next year—its first expansion into Europe. The cars will initially have human supervisors behind the wheel to ensure safety and gather data. But fully driverless rides could be introduced next year too. In [San Francisco](#), where Waymo already operates, its robotaxis may now account for a fifth of all ride-share trips.

D'Angelo, an American R&B musician, died aged 51. The singer, whose real name was Michael Eugene Archer, popularised neo-soul, a fusion of styles, including soul, jazz and hip-hop. His albums won four Grammy awards. His family said he had died "after a prolonged and courageous battle with cancer", and that he had left a "legacy of extraordinarily moving music".

Figure of the day: \$7m, the daily cost of maintaining the American navy's drug-gang-busting flotilla in the Caribbean. [Read the full story.](#)



Photograph: AP

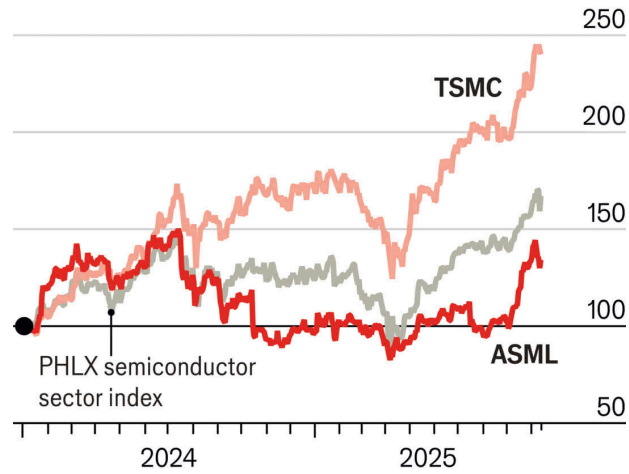
Caught in the chip-wars crossfire

On Wednesday [ASML](#), a Dutch manufacturer of chipmaking equipment, reported orders worth €5.4 bn (\$6.3bn) in the third quarter, exceeding analyst expectations. The firm leads the market for lithography machines, which are used by chipmakers such as [TSMC](#), a Taiwanese firm, to make advanced AI processors. Large AI deals in recent months—all dependent on access to advanced chips—have buoyed both firms. [ASML](#)'s shares have surged by more than 40% since August; [TSMC](#)'s have climbed by more than 28%.

Yet geopolitics is creating problems. In response to pressure from America, the Dutch government has barred exports of [ASML](#)'s most sophisticated kit to China since 2019. Last week China tightened controls on [rare-earth](#) metals that [ASML](#) needs to manufacture its tools. [TSMC](#) appears better-insulated: Taiwanese officials claim the metals in question are not vital for Taiwan's chip-manufacturing methods. But any disruption to suppliers such as [ASML](#) could ripple through global chip production, reducing [TSMC](#)'s ability to meet surging AI demand.

Not so cheap as chips

Share prices, January 2nd 2024=100, \$ terms



Source: S&P Capital IQ



Photograph: Getty Images

Japanese politics in limbo

After the ruling Liberal Democratic Party elected [Takaichi Sanae](#) as its leader on October 4th, many expected her to become Japan's first female prime minister. Reports suggested that the government had planned to hold a parliamentary vote to swear her in as soon as Wednesday.

Those plans are in disarray. In a surprise move last week, Komeito, the LDP's longtime junior partner, announced its exit from their coalition. The Buddhist-backed party, which champions a "clean government" and pacifism, has clashed with Ms Takaichi, a national-security hawk who has downplayed a [political-funds scandal](#) engulfing the LDP.

Japan's parliament now looks set to elect a prime minister on October 21st. Ms Takaichi still has a path to power—the LDP remains the largest party. But if fractious opposition parties join forces, their legislators could outnumber the LDP's. [Tamaki Yuichiro](#), the leader of a small party, who has populist flair, is emerging as the opposition's best hope of defeating Ms Takaichi.



Photograph: Polaris/eyevine

The known unknowns at NATO

Meetings of NATO defence ministers used to be predictable affairs. The one in Brussels on Wednesday? Not so much. The uncertainty is over what message [Pete Hegseth](#), America's secretary of war, will deliver from his boss, Donald Trump. There are some hopes for a new spirit of cordiality: in June alliance members agreed a 5% target for defence-related spending, pleasing America. But European ministers want to know how many troops the Trump administration plans to keep on their continent as part of its National Defence Strategy, which could be published this month.

A big reduction in America's European presence seems all but certain: the strategy is expected to focus on [security](#) in the western hemisphere and protecting the American homeland. Meanwhile, attendees at the summit will look for signs that Mr Trump's recently warmer tone towards Ukraine might translate to sales of critically needed air-defence systems—or perhaps even of America's Tomahawk cruise missiles.



Photograph: Reuters

Voting rights return to SCOTUS

America's Supreme Court is considering whether to gut Section 2 of the Voting Rights Act, which bans racially discriminatory voting practices. The provision was successfully invoked in a 2023 lawsuit that led to the creation of a second majority-black congressional district in Louisiana. On Wednesday the justices heard arguments in *Louisiana v Callais*, a constitutional [challenge](#) to the new district.

In 2023 a court ruled that Louisiana's congressional map violated Section 2 by diluting the voting power of black residents, who account for nearly a third of the state's voters. While the court ordered the state to draw a new map, a subsequent challenge by white voters—*Louisiana v Callais*—argued that in sorting voters by race, the redrawn map violated the [14th Amendment](#)'s equal-protection clause. The Supreme Court heard arguments in March but failed to reach a decision. If the court hobbles Section 2, Republicans may have the opportunity to redraw more than a dozen districts before next year's midterm elections.



Illustration: The Economist

Daily quiz

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 [\[email protected\]](#). We'll pick randomly from those with the right answers and crown three winners on Saturday.

Wednesday: Which two-person team wrote the controversial study “Human Sexual Response”?

Tuesday: Which British newspaper was founded in 1785 under the initial title of the *Daily Universal Register*?

*Politics is the art of choosing
between the disastrous and the
unpalatable.*

John Kenneth Galbraith