

## The world in brief, July 12th 2024



**Joe Biden** promised to stay in the [presidential race](#) and “complete the job”. Speaking at a press conference marking the end of the NATO summit in Washington, Mr Biden acknowledged concerns about his fitness but said he just had to “pace myself a little more”. At times he garbled his words and made blunders—such as accidentally referring to his vice-president, **Kamala Harris**, as “Vice-President Trump”. Earlier he mistakenly introduced Volodymyr Zelensky, Ukraine’s president, as “President Putin”. Mr Biden’s performance did little to quell the doubts within the Democratic Party. Three more Democratic lawmakers called on him to drop out shortly after he stepped off the stage.

**China’s** trade surplus rose to \$99bn in June, an all-time high. The government is throwing cash at manufacturing firms, propelling exports. At the same time weak domestic demand has depressed imports. The figures will spook China’s trading partners, who complain that the subsidies have allowed it to flood their markets with goods, including electric cars, at cut-throat prices. In response, America and the EU are hiking up [tariffs](#) on Chinese products.

**America's** most closely-watched index of consumer sentiment, published by the University of Michigan, plunged to its lowest reading in eight months in July, according to preliminary data. Although **inflation** is easing, high prices are eroding living standards, weighing on consumers' views of the [economy](#). Meanwhile, the producer-price index, a leading indicator of inflation, rose 0.2% last month, more than analysts were expecting.

**Russia** denied that it had conspired to assassinate Armin Papperger, the boss of [Rheinmetall](#), Germany's biggest arms-maker. Earlier American intelligence reportedly announced it had discovered a plan to assassinate him, according to CNN. Germany said that it would not be "intimidated by Russia". The company has supplied the [Ukrainian army](#) since Russia's invasion; it recently opened an armoured-vehicle factory in Ukraine.

**Australia** announced a new law which will force [internet companies](#) to prevent hosting scams. Firms that fail to comply could receive fines of A\$50m (\$34m), three times the benefit gained by wrongdoing or 30% of turnover at the time it took place. Australians lost A\$2.7 bn to scams last year, three times as much as in 2020.

**Singapore's economy** expanded at a faster-than-expected pace in the second quarter, driven by growth in construction and services. GDP increased by 2.9% year on year, higher than forecasts of 2.7% but slightly lower than the 3% recorded in the previous quarter. Though exports have been sluggish, the [trade-dependent city-state](#) is on track to meet its growth target, of 1-3%, this year.

A [SpaceX Falcon 9](#) rocket malfunctioned during a routine mission—the first failure by the model in eight years. The **rocket** disintegrated in orbit. The incident may impact upcoming Falcon 9 missions, including one to take four astronauts to the International Space Station in August. America's Federal Aviation Administration will launch an investigation to determine the cause.

**Figure of the day:** 22%, the share of under-fives—roughly 150m children—who are malnourished globally. [Read the full story.](#)

*In the run-up to America's presidential election, we've launched **The US in brief**—a daily update to help you keep on top of the political stories that matter. Sign up here to receive it as a newsletter, each weekday, in your inbox.*

# Wall Street's summer show



Three of America's biggest lenders—[Citigroup](#), JPMorgan Chase and Wells Fargo—are due to report second-quarter earnings on Friday. Results from their consumer banks will be worth watching. As savings cushions have thinned, more people have relied on [credit-card debt](#). But with interest rates stuck higher for longer than bankers expected, customers are now struggling to pay them back. High provisions for loan losses should follow. Consumer loan books are not the only source of weakness: the value of commercial real estate has tumbled since the pandemic, leading to a rise in non-performing loans for office buildings.

But a revival in dealmaking will probably boost results at investment-banking divisions. Over the past two years the number of mergers and acquisitions plummeted as economic uncertainty depressed companies' valuations. But returning confidence during the second quarter has revived M&A activity. JPMorgan announced last month that it expected revenues from investment banking to rise by up to 30% year on year during the second quarter. That is welcome news after a cold snap.

# A fragmented European defence industry



European defence spending has risen since [Russia invaded Ukraine](#). This year Europe will spend more than \$400bn on defence. But the money will not be used as efficiently as it could be nor will it do much to strengthen the capacity of the fragmented European defence industry.

That is where the European Defence Agency, set up exactly 20 years ago on Friday, should come in. The purpose of the EDA is to try and co-ordinate the defence spending of European Union members to get more bang for the euro and avoid expensive duplication of capabilities in the defence industry. But as Nick Witney, the EDA's first boss, recently admitted, procurement collaboration "remains anaemic at best". The EDA has done valuable work co-ordinating munitions supplies for Ukraine, but lacks the authority and financial heft to bring the benefits of the EU single market to the defence industry. Member states know what needs to be done but even now are reluctant to do it.



## Will inflation bite back in Argentina?



Falling inflation is a big reason for the popularity of Javier Milei, Argentina's president. The monthly rate has been slowing since January, due to Mr Milei's tough spending cuts and the resulting recession. In May inflation fell to a monthly rate of 4.2%. (Annual inflation was 276% in the same month.) But analysts expect the rate for June, due on Friday, to edge back up to 5.2%, largely because the government cut subsidies for energy, pushing up prices.

A jump in inflation could cast doubt on the success of Mr Milei's economic programme. High inflation also makes the peso [increasingly overvalued](#), raising the risk of a sharp correction. And it makes it harder to lift capital controls, which put off investors. Even as the government remains bullish, markets now appear worried about inflation and about [what Mr Milei has in store for the currency regime](#). The country's risk of default has been rising again, towards levels last recorded in March.

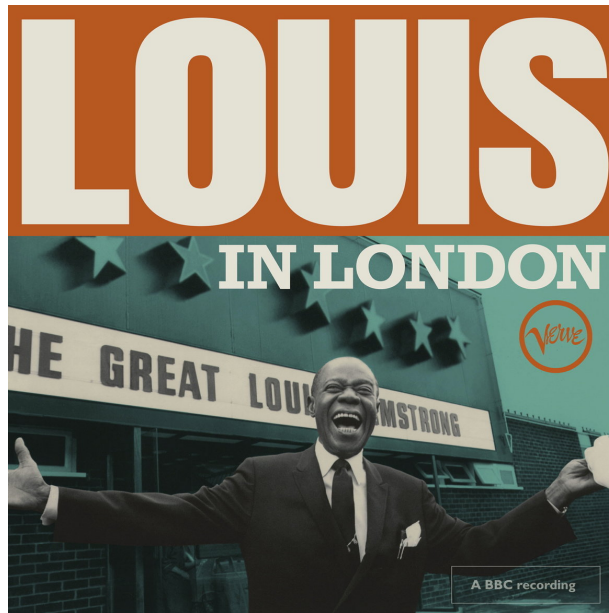
# The Philippines bolsters its air force



From Friday warplanes from 20 countries will fill the skies over northern Australia for a biennial exercise run by Australia's air force. Among them will be fighter aircraft from the Philippine Air Force, deployed overseas for the first time. For three weeks Filipino pilots will sharpen their combat skills. In 2005, after successive Philippine presidents underfunded defence against external threats, the PAF had no working fighters. That, plus the expulsion of American military bases from Philippine soil in the 1990s, may have encouraged China to encroach on parts of the [South China Sea](#) claimed by the Philippines.

The PAF now has just 12 fighters, four of which are now in Australia. But with Australian, American and Japanese training and equipment, and with more potent planes in the procurement programme, its pilots could begin to mount a more formidable challenge to China's intrusions.

## Remembering a jazz giant



“Louis In London”, released on Friday, is a 1968 recording by Louis Armstrong at the BBC. Its promoters call it “the last great performance by the most influential American musician of all time”. This is not as hyperbolic as it sounds. The joyful set finds him on the crest of a show-tune wave late in his career, having topped Britain’s pop charts with “What A Wonderful World”. Yet it still rings of his earlier jazz virtuosity.

Armstrong’s place in the collective memory may have faded somewhat recently. But there is a strong argument that the king of [jazz](#) deserves to be known as America’s most influential musician. Jazz lies at the root of almost all the country’s popular music, and no one did more to develop and popularise the form than the New Orleans trumpet player, who also helped define the roles of pop singer and entertainer.



## Daily quiz

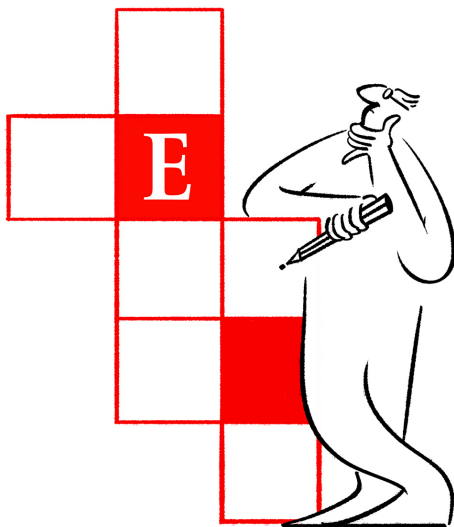


We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 BST on Friday to [QuizEspresso@economist.com](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Friday:** Bass, snare and toms are all types of which musical instrument?

**Thursday:** What two-word term refers to the practice of pretending to sing a song by mouthing the words?

## 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:

**Shubhangi Ghosh**, Bangalore, India

**Nezar Alchakaki**, Kansas, America

**Kim Politzer**, Barnet, England

They all gave the correct answers of [frappuccino](#), [France](#), [Prime](#) and [old age](#). Check back tomorrow for this week's crossword.

**22%**

*The share of under-fives—roughly 150m children—who are malnourished globally.*

*Read the full story.*

**He who allows oppression shares the  
crime.**

*Erasmus*