

Catch up: Boeing's financial mess; America cautions Israel



Boeing said it plans to raise \$25bn by selling shares and debt securities to investors. Separately, the [embattled planemaker](#) reached a credit agreement with several banks worth \$10bn. Boeing urgently needs cash. A strike that began in mid-September has brought production of some jets to a halt, costing more than \$1bn per month. The firm's shares fell when the borrowing plans were announced.

America gave Israel 30 days to improve humanitarian conditions in Gaza or face restrictions on weapon shipments. Parts of an American anti-missile system, together with troops to operate it, began to arrive in Israel this week; **Israeli strikes** killed at least 50 Palestinians in Gaza on Tuesday. Meanwhile, [Hizbullah's](#) deputy chief said that "the solution" in Lebanon was a ceasefire and threatened Israel with "pain" if its attacks continued.

Three of **Wall Street's** biggest lenders—[Citigroup](#), Goldman Sachs and Bank of America—reported higher-than-expected earnings during the third quarter. A revival in dealmaking boosted their

investment banking divisions. But on the retail side, the news was less rosy: high interest rates are straining the finances of the less well-off, leading to a rise in loan losses.

North Korea blew up roads linking it with **South Korea**. In response, South Korea's armed forces fired warning shots into the demilitarised zone between the two countries. Last week North Korea accused the South of scattering propaganda with drones over Pyongyang, its capital. Since May North Korea has been sending [trash balloons](#) to the South.

LVMH reported a 3% decline in third-quarter sales, falling short of analysts' expectations that they would grow by roughly 1%. The [luxury empire's](#) revenues among its fashion-and-leather-goods division, which includes brands such as Dior and Louis Vuitton, dropped by 5% compared to the year before. The company blamed its quarterly decline on "lower growth seen in Japan, essentially due to the stronger [yen](#)".

India expelled **Canada's** acting high commissioner in Delhi in response to Canada ordering the removal of India's own high commissioner. Each side also expelled five other diplomats. Relations between the countries have been on the rocks since Canada blamed India for the murder of a [Sikh separatist](#) on its soil last year. Canadian officials had named the expelled Indian diplomats as "persons of interest" in their investigation.

Australia will ban "dynamic pricing", whereby prices of concert tickets adjust in response to demand. Anthony Albanese, the prime minister, said he wants to stop businesses from "engaging in dodgy practices". Dynamic pricing caused ticket prices for Green Day, a Californian punk band, to skyrocket last month, sparking outrage. [Proponents](#) of the practice argue that prices should reflect the willingness of consumers to pay.

Figure of the day: 6.2m, the number of tonnes of crude steel produced by Ukrainian plants in 2023, down from 21.4m in 2021. [Read the full story.](#)

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Germany's gloomy economy



The ZEW indicator of economic sentiment in Germany was published on Tuesday. After a substantial decline in September, the index rose slightly, to 13.1 points. That may not cheer German policymakers, however; it is still much lower than the readings given throughout the summer. On October 9th Robert Habeck, the economy minister, admitted that the economy will probably shrink in 2024 for the second year running. Two days later Volkswagen, Germany's biggest carmaker, reported a 7.1% drop in global deliveries in the third quarter compared with the same period last year.

Next year [Germany's economy](#) should finally start growing again. The rate of inflation is forecast to continue to slow from 5.9% last year and 2.2% this year to 2% in 2025. In July the government launched a growth programme that included cuts to income and electricity taxes. Its effects, however, are unlikely to be felt in time to help the coalition government win re-election in September.

The battle for America's Senate



Ted Cruz, a Republican senator from Texas, will face his Democratic challenger, Colin Allred, in a debate in Dallas on Tuesday. The state leans Republican but Democrats have been gaining strength there in recent years. Donald Trump is almost certain to win Texas's electoral votes, but Mr Allred [could conceivably defeat Mr Cruz](#).

Up until now, Democrats have pinned their hopes of holding the Senate on defending incumbent senators in deep-red Ohio and Montana. But red-state Democrats have become less common as “ticket splitting”—when voters choose different parties for election to different offices—has declined. With hopes fading in Montana, the Democrats are moving some resources to Florida and Texas. [The Economist's forecast](#) estimates that the Democrats have a 25% chance of holding their Montana seat. In Texas and in Florida their odds of victory are 21% and 20% respectively.

Mixed fortunes on Wall Street



Bank of America, Citigroup and Goldman Sachs reported third-quarter earnings on Tuesday. The [consumer banks](#) in that group, BoA and Citigroup, fared worse than Goldman, which has a bigger investment-banking business. After a period of high interest rates, many consumers are [struggling to repay credit-card debt](#). That is leading to a rise in provisions for loan losses. BoA also suffered from a fall in net interest income—the difference between what banks pay on deposits and earn from their assets.

Profits at Goldman Sachs rose by 45% year on year. A revival in dealmaking boosted earnings. Over the past two years, dealmaking plummeted as economic uncertainty lowered companies' valuations. Now, renewed confidence and interest-rate cuts have sparked a resurgence. Investment-banking fees increased by 20%. Revenues from equity trading also rose, by 18%, topping expectations.

Iran braces for Israel's retaliation



The waiting game continues. Two weeks after [Iran launched 181 ballistic missiles](#) towards Israel, Iranians are bracing for Israel's response. Normally, their political concerns centre on economic mismanagement, the struggle for civil liberties and the mass imprisonment of activists. Now they are worrying about what to do when the bombs start falling.

Fearing an [imminent attack](#) on the capital, Tehran, some have headed farther north. Others are preparing to use their basements as bunkers. Many are carrying on business as usual. But major international airlines have suspended flights, martial music has crept back into state broadcasting and Iranian flags fill the streets. When the prospect of war seemed faint, some Iranians were glad to hear Israel's calls for regime change. Now that the risks feel real, they are more reluctant. "We want the regime weak," says a sometime protester, "but not so weak it can't protect us."

Jimi Hendrix's recording studio lives on



“Electric Lady Studios: A Jimi Hendrix Vision”, a film released on streaming platforms on Tuesday, focuses on an unheralded aspect of the rock guitarist’s legacy. Shortly before his death in 1970 [Hendrix](#) spent \$8m (at today’s values) and much of his energy to build a state-of-the-art recording studio in Greenwich Village, New York. It has hosted bands and singers from Stevie Wonder and Led Zeppelin to Beyoncé and Taylor Swift and flourishes to this day.

The heroes of this film are not, however, the musicians, but the engineers, designers, technicians and managers who created a space that was unlike anything else at the time. Their devotion to their crafts shines through. So does their enthusiasm for what Steve Winwood, who collaborated with Hendrix, describes as “a different type of recording”, in a studio built by an artist where creativity is everything. What Hendrix himself might have achieved there can only be imagined. What other musicians have is, happily, a matter of record.

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. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Tuesday: What is the minimum age to be a member of the US Congress?

Monday: Joe Biden is the 46th president. How many vice presidents have there been?

6.2m

the number of tonnes of crude steel produced by Ukraine's steel plants in 2023, down from 21.4m in 2021.

Read the full story.

**He who has a why to live can bear almost
any how.**

Friedrich Nietzsche