

The world in brief

Catch up quickly on the global stories that matter

America and **Ukraine** signed [a deal](#) that gives America access to Ukraine's **mineral** deposits and creates a joint investment fund. Scott Bessent, America's treasury secretary, said that the agreement shows Russia that the Trump administration wants a "[peace process](#) centered on a free, sovereign, and prosperous Ukraine". Meanwhile a Russian drone attack on Odessa in southern Ukraine killed two people.

South Korea's Supreme Court overturned the acquittal of [Lee Jae-myung](#), the country's possible next president, over alleged election-law violations. He is the frontrunner in the presidential race to succeed Yoon Suk Yeol, who was recently removed from office following a failed coup in December. Mr Lee, who denies wrongdoing, could face a five-year electoral ban. The court sent the matter back to an appeals court.

President Donald Trump blamed America's **weak economic performance** on the Biden administration and claimed that tariffs played no role in flagging stockmarkets. On Wednesday official data showed the economy shrank by an annualised 0.3% in the first quarter, the first contraction in three years. The [dramatic drop](#)—from 2.4% growth at the end of 2024—was accompanied by a deepening trade deficit.

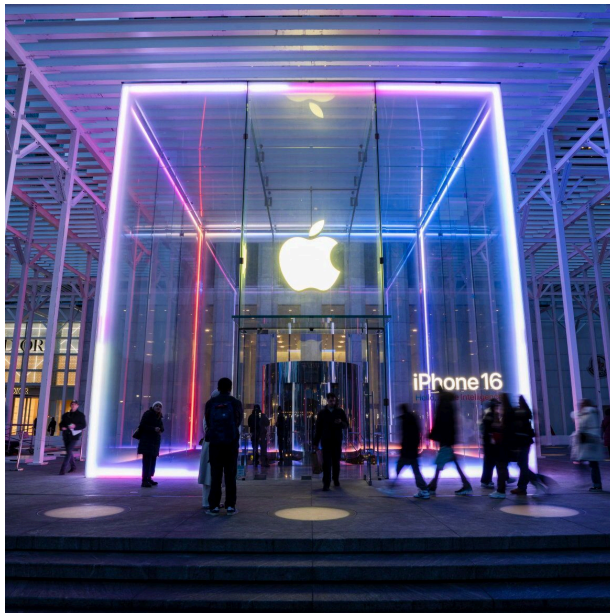
The chair of **Tesla**, Robyn Denholm, said reports that the carmaker's board was trying to replace **Elon Musk** as chief executive were "absolutely false". The *Wall Street Journal* reported that the company's executives had contacted recruitment companies after [Tesla's sales and profits slumped](#) in recent months. Mr Denholm insisted that the board was "highly confident" in Mr Musk.

Shehbaz Sharif, **Pakistan's** prime minister, urged **India** to “act responsibly” after his government claimed it had “credible intelligence” that its nuclear-armed neighbour is poised to launch a [military strike](#). Tensions have mounted between the countries after attackers in India-controlled Kashmir killed 25 tourists and a local last week. India argues that Pakistan backs the militants behind the attack, a claim Pakistan denies.

Microsoft's shares rose by up to 9% in after-hours trading in New York after it posted better-than-expected results. Revenue in the third quarter increased by 13% to \$70.1bn, while net income rose by 18% to \$25.8bn. The world's biggest [software maker](#) reported revenue growth of 20% in its cloud-computing services. Demand for its services has stayed strong despite economic uncertainty.

An American court referred **Apple**, and one of its executives, for possible criminal charges over the firm's attempt to wriggle out of an injunction requiring it to change its rules around in-app purchases. Alex Roman, the firm's vice-president of finance, “outright lied under oath”, wrote the judge. Apple said it “strongly disagreed” with the ruling and would appeal.

Figure of the day: \$2.3trn, the fall in the combined market value of the five big platforms (Alphabet, Amazon, Apple, Meta and Microsoft) and Nvidia, since Mr Trump's inauguration. [Read the full story.](#)



Photograph: Getty Images

A rotten time for Apple

[Big tech's earnings](#) season continues on Thursday when Apple publishes its results. The iPhone-maker is particularly exposed to President Donald Trump's trade wars. Is it already feeling the pain inflicted by sweeping tariffs?

Apple makes four-fifths of its laptops and smartphones in China, which is facing levies of up to 145%. The firm has managed to negotiate an exemption for smartphone imports into America. Even so, it will face a 20% tariff. That could push up the price of iPhones, which account for over half of the firm's total revenue, denting sales and leading to customers upgrading to new phones less frequently. Analysts have been cutting their expected iPhone revenues for this year and next. Apple says it will try to limit the damage by moving production of its America-bound iPhones to India by the end of 2026. That is no mean feat. Tim Cook, the firm's boss, may provide more clues as to how Apple proposes to reconfigure its supply chain on the earnings call.



Photograph: Alamy

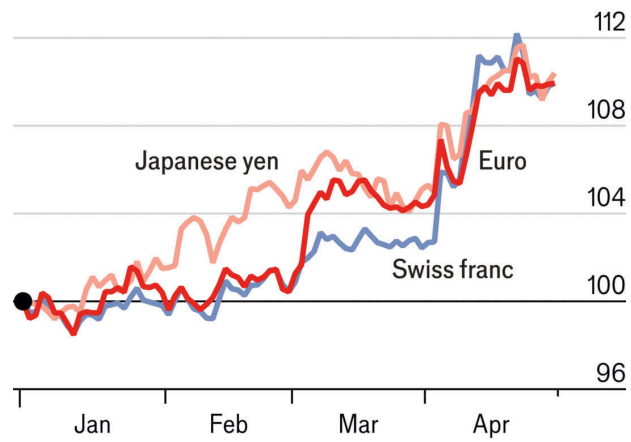
Japan's central bank in wait-and-see mode

As global markets wobble, Japan offers a sense of stability. While the [dollar has slumped](#) in recent months, the yen—a preferred haven for investors in turbulent times—has strengthened. In April, when pressed to make a policy commitment, Ueda Kazuo, the Bank of Japan's governor, responded with signature caution. In response to calls by lawmakers to do “whatever it takes” to support Japan's economy (referencing Mario Draghi's pledge during the euro-zone debt crisis), he emphasised the need to “carefully assess the remaining uncertainties surrounding tariffs”.

As most analysts expected, when the BOJ concluded its two-day meeting on Thursday it decided to keep interest rates at 0.5%. It also slashed its growth forecast. The central bank has twice raised rates since ending its long-standing negative interest rate policy in March 2024. Inflation remains above the bank's 2% target, and wage growth is robust, laying the groundwork for further tightening. But Mr Ueda is wary that renewed trade tensions could complicate Japan's moderate recovery. Another rate rise is likely later this year—but not just yet.

Storming the greenback

Exchange rates against the dollar,
January 1st 2025=100



Source: LSEG Workspace



Photograph: Getty Images

The new narrative in British politics

Local elections are being held in parts of England on Thursday. They are unlikely to be good news for either of Britain's main parties. Polling will take place in 23 councils across England—mostly in rural southern England, where the Conservatives have traditionally been strong. These were last contested in 2021 when voters were in high spirits as Boris Johnson's Conservative government was rolling out covid vaccines. Now at an ebb in popularity, the Tories could lose hundreds of seats, in part to the Liberal Democrats.

In Runcorn and Helsby, a parliamentary by-election is being held in a seat which at the last election was safely Labour. It could now fall to Reform UK, a right-wing populist upstart led by [Nigel Farage](#). The result is likely to signify the start of a new chapter in British politics, as its two dominant parties of the centre crumble under a growing preference for multi-party politics.



Photograph: David Simonds

Donald Trump goes back to school

A college campus is not where you might expect to find Donald Trump these days. America's president has slashed federal funding for elite universities and tried to gut the National Institutes of Health, which dispenses huge amounts of money for academic medical research. But on Thursday Mr Trump will step onto the battleground when he delivers the commencement speech at the University of Alabama in Tuscaloosa.

The deeply Republican state's flagship university, which has more than 40,000 students, should be friendly territory. During the campaign, Mr Trump was applauded when he attended a football game there. But he may now have to [tread more lightly](#) in Alabama. Last year the state's researchers received more than \$380m in NIH grants. Mr Trump's cuts, which have been temporarily paused by a judge, alarmed even Katie Britt, the state's MAGA-aligned senator. She urged the administration to switch to a "smart, targeted approach" to avoid crippling one of the state's economic engines.



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.

Thursday: Which company was founded in 1968 by the Beatles to manage their business interests?

Wednesday: Which geographical area, around 7m square kilometres in area, is bounded by the Atlantic ocean to the east and the Andes mountains to the west?

*What sculpture is to a block of
marble, education is to the human
soul.*

Joseph Addison