

## Catch up: Kishida to step down as Japan's prime minister; Ukrainian forces push into Kursk



**Kishida Fumio**, Japan's prime minister, will step down next month, after he announced he would not seek re-election as leader of the ruling Liberal Democratic Party in an upcoming leadership contest. [Scandals and unpopularity](#) have dogged his government. Approval of Mr Kishida's administration has dipped below 20% in some polls. [Kamikawa Yoko](#), Japan's foreign minister, could emerge as a compromise candidate to replace Mr Kishida.

Volodymyr Zelensky claimed **Ukrainian forces** were continuing to push into the Russian border region of **Kursk**. Ukraine's president made the remarks in a call with Oleksandr Syrsky, his top general. Mr Syrsky told him that everything was going "according to the plan". Ukraine's foreign ministry said the intention was not to occupy Russian territory, but to stop Russian attacks being launched from Kursk. Russia, meanwhile, claimed to have halted the [week-long assault](#).

**America's** State Department approved \$20bn-worth of arms contracts to **Israel**, to be fulfilled over a number of years. The deal comes amid growing concern about [escalation in the region](#) following [recent assassinations](#) of Hizbullah and Hamas officials. Iran, which backs both militias, has threatened retaliation against Israel for the attacks. Gaza ceasefire negotiations are due to resume on Thursday; Hamas said it would not participate.

In her first statement since fleeing **Bangladesh** Sheikh Hasina, the country's [former autocratic prime minister](#), called for a probe into the [violent protests](#) that overthrew the government and killed at least 300 people. Earlier, a court ordered an investigation into **Sheikh Hasina** and six other government officials over the killing of a grocer by police during the demonstrations. [Muhammad Yunus](#), a Nobel peace laureate, is leading an interim government.

**Starbucks**, [an American coffee chain](#), said that its boss, [Laxman Narasimhan](#), would step down immediately. Brian Niccol, who is currently in charge of Chipotle, a fast-food retailer, will take over in September. Mr Narasimhan has been under pressure from activist investors who have bought a big stake in Starbucks and pushed for Mr Narasimhan to reverse a slowdown in sales.

**Ilhan Omar**, a progressive American congresswoman critical of Israel, won her primary race in Minnesota, according to the Associated Press. Ms Omar is part of the "Squad", a group of left-wing members of Congress, two of whom were defeated in recent primaries after pro-Israel groups spent large sums supporting their opponents. [Kamala Harris](#) is facing dissent within the Democratic Party over the Biden administration's policy on Israel and Gaza.

The **European Commission** said that Thierry Breton did not consult other officials before warning [Elon Musk](#) that he could be punished for failing to curb disinformation on X, the social-media platform that he owns. Mr Breton, who oversees the EU's regulation of tech firms, wrote to Mr Musk ahead of his interview

with [Donald Trump](#), which was broadcast on X on Monday. Mr Trump's supporters accused Mr Breton of trying to "meddle" in America's election.

**Figure of the day:** 45%, the proportion of participating countries that won at least one medal in this year's Olympic games. [Read the full story.](#)

*As America prepares to vote in national elections in November, keep abreast of the political news by reading [The US in brief](#), our daily update. [Sign up](#) to receive it as a newsletter each weekday.*

# How markets might react to American inflation



America publishes the consumer-price inflation figure for July on Wednesday. Economists think inflation was steady at 3% year on year. That is above the Federal Reserve's target, which uses a slightly different index, of 2%.

It is unclear [how markets](#) would react to any outcome. An unexpectedly weak American jobs report contributed to stockmarket panic last week. Wall Street's "fear gauge", the VIX index, which measures expected volatility using the prices traders pay to protect themselves from it, reached its highest level since America's regional banking crisis last year. Although stock prices have since recovered, lower-than-expected inflation could prompt a further sell-off if it is seen as another sign of an economic slowdown.

But higher inflation could also cause jitters. The Federal Reserve did not cut interest rates last month because inflation was too high. Most investors now expect that the Fed will cut rates in September,

by a quarter or half percentage point. Inflation data that lead to a delay could make for market gloom.

# Sudan's ceasefire talks



The latest attempt to bring the [warring parties](#) in Sudan together for ceasefire talks starts in Geneva on Wednesday. America has invited both the Rapid Support Forces, a paramilitary group led by Muhammad Hamdan Dagalo, a warlord known as Hemedti, and the official Sudanese Armed Forces, led by General Abdel Fattah al-Burhan. But only Hemedti has promised to turn up. The SAF insists that it alone should be recognised as Sudan's government, not just as the army. The SAF also objects to the presence at the talks of the United Arab Emirates, which it accuses of backing the RSF.

A top UN official warned on Monday that Sudan is now at a “cataclysmic breaking point”. The civil war that began in April 2023 has displaced internally more than 10m people; 2m have fled abroad. Famine has just been declared in one large refugee camp. If these talks fail, or never even start, Sudan's agony will only worsen.



# Tencent puts up a fight



“Dungeon & Fighter”, a popular slasher-style mobile game, has been a hit for Nexon, the South Korean company that develops it. This may bode well for another group, Tencent, the Chinese social-media and gaming giant that licences the game for the Chinese market. It reports second-quarter results on Wednesday. An analyst at Morningstar, a financial services group, thinks that “DnF” could contribute 22bn yuan (\$3.1bn) of revenue for this financial year to its gaming division.

The multinational company once seemed unstoppable. But it suffered during an 18-month [crackdown](#) by China’s government on tech groups, which wiped hundreds of billions of dollars from companies’ valuations. (The launch of “DnF” was postponed when the government withheld approval of new licences.) Tencent still runs the country’s biggest mobile-messaging service, WeChat. But its share price is half of what it was in early 2021. Some good news on gaming could punch up its valuation.

# Poland's outlier inflation

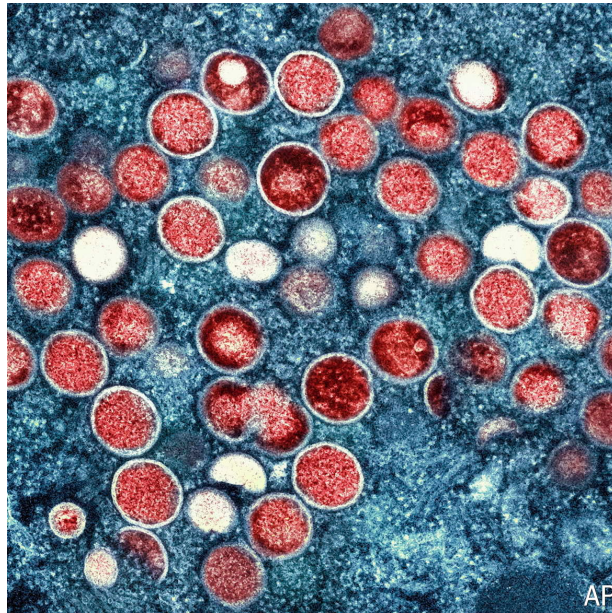


**Inflation** is falling in most Western countries, but in Poland it is climbing. On Wednesday the country's statistics agency, GUS, will release final figures for July. Annual consumer-price inflation jumped to 4.2% from 2.6% in June, according to preliminary data. Energy is to blame. In July the Polish government began to unfreeze electricity and gas prices for households, which it had controlled since 2023 to protect them from the economic effects of the war in Ukraine. Energy prices are estimated to have jumped by almost 12% from June to July.

Without the volatile components of food and energy, Poland's annual inflation is thought to have been 3.7-3.8% in July, up from 3.6% in June. That may look better than the headline figure, but it ends months of decline. Poland's central bank expects **inflation to peak** at 6.3% in early 2025. It will probably keep interest rates high for some time.



# The worrying spread of mpox



Amid a summer surge of covid-19, another disease that became prevalent in the early 2020s is back, too. A [new strain of mpox](#), a potentially lethal virus that causes skin lesions and fever, has spread from Congo, where the disease has long been endemic, to other African nations reporting cases for the first time. On Wednesday officials at the World Health Organisation will convene for an emergency session to decide whether the outbreak constitutes a “public health emergency of international concern”, the body’s highest alert level.

Cases are up 160% compared with the same period last year and more than 500 people have died. Adult males made up the majority of those infected in past outbreaks, but 60% are now children under 15, for reasons that are still unclear. The Africa Centres for Disease Control and Prevention, a public-health body, says it has only 200,000 vaccines of the 10m it needs. Regardless of the WHO’s decision, the world should be very concerned.

## 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.

**Wednesday:** Which character played by Samuel Jackson, is the director of SHIELD in the Marvel movies?

**Tuesday:** Agnes, Babet and Jocelyn are all names for what type of phenomenon that hit Europe over the last 12 months?

**45%**

*The proportion of participating countries that won at least one medal in this year's Olympic games.*

*Read the full story.*

**Art is not a mirror held up to reality but a hammer with which to shape it.**

*Bertolt Brecht*