

The world in brief, June 12th 2024



Hizbullah, an Iran-backed Lebanese militia, launched more than 100 rockets into northern Israel. The attacks were retaliation for an Israeli attack that killed four Hizbullah officials, including a senior commander. Meanwhile, **Hamas** called for a “complete halt” to fighting in **Gaza** after submitting a response to an [American-sponsored plan](#) for a ceasefire with **Israel**. John Kirby, the White House’s national security spokesman, said America was “evaluating” the response. Earlier Antony Blinken, America’s secretary of state, said that Binyamin Netanyahu, Israel’s prime minister, had “reaffirmed his commitment” to the plan.

The **European Commission** announced it will introduce new tariffs on [electric vehicle imports](#) from China. Margaritis Schinas, the commission’s vice president, said that Chinese companies were benefiting from government subsidies, threatening local carmakers. The tariff rate will rise from 10% to up to 48%. Some carmakers will be assigned individual rates: BYD, the world’s largest electric-vehicle manufacturer, will have a tariff rate of 27%.

America will widen its sanctions on exports to **Russia**, the White House said. The new “impactful” measures will reportedly target [third-party sellers](#) of semiconductors, among other things. America says such companies in China and Hong Kong are providing Russia with chips that can be used on the battlefield in Ukraine. Exporters of machine tools are also in the White House’s sights.

The Economist’s [prediction model](#) gives **Donald Trump** a two-in-three chance of winning America’s presidential [election](#) in November, compared with one in three for **Joe Biden**. The model, which updates daily, combines state and national polls with economic indicators to predict the election results. In most states one party has a comfortable advantage; six states (worth 77 electoral votes) will be decisive.

Britain’s GDP growth was flat in April, after edging out of a recession during the first quarter. Rising spending on services was offset by falls in the construction sector. The figures are a blow to Rishi Sunak, the prime minister, as he tries to revive his election campaign. *The Economist’s* [election forecast](#) suggests the opposition Labour Party is extremely likely to beat the Conservatives.

Haiti’s interim prime minister, Garry Conille, appointed a new cabinet, in what amounted to a purge of the previous government led by Ariel Henry. Mr Henry was ousted in April after [gangs took control](#) of much of the capital, Port-au-Prince. Reining in Haiti’s rampant gangs, many of which rejected Mr Conille’s appointment two weeks ago, will be the new government’s most pressing concern.

The largest shareholder in **Paramount**, a Hollywood film-maker, pulled the plug on a potential takeover by Skydance, a media firm controlled by David Ellison. Shari Redstone, whose National Amusements holding company controls 77% of Paramount’s voting shares, said the two parties had failed to reach “mutually acceptable

terms”. The troubled firm is struggling to switch from a “[linear](#)” to a streaming model.

Figure of the day: Five, the number of Chinese companies that listed on domestic bourses last April, down from 35 in April 2023. [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.

China's low inflation problem



China's inflation, like America's, is closely watched by investors. But they study it for the opposite reason: the rate is still **too low**, not too high. Figures released on Wednesday showed that producer prices, charged at the "factory gate", fell in May compared with a year earlier for the 20th month in a row. Consumer prices rose by only 0.3%, even less than expected.

Low or negative inflation is a worrying sign of weak demand, which can feed on itself, deterring borrowing and investment. China's central bank has been cautious in its response to this deflationary danger. It may not want to cut interest rates decisively until America's Federal Reserve does, because a wider interest-rate gap with America could destabilise China's currency. But the Fed is in no hurry. As a consequence of these two waiting games, China's inflation may not bounce up until America's comes down.

The Fed stays patient



The waiting continues. It has been nearly a year since the Federal Reserve last raised interest rates. Before the start of 2024 many economists had predicted that it would start cutting them by now. Instead, at its latest meeting, which ends on Wednesday, the Fed is all but certain to hold rates in their current range, between 5.25% and 5.5%. At that level, monetary policy is restrictive, crimping consumer spending and business investment.

The central bank's judgment is that it can afford **to stall**: inflation is not yet back to its 2% target and economic growth remains robust. Data on Wednesday showed that consumer price inflation inched down to a year-on-year pace of 3.3% in May, moving in the right direction but only gradually. Meanwhile, although the unemployment rate has ticked up recently, it remains low by historical standards. Most investors now assume the Fed will only make its first cut in September. Patience, please.

Biden v Trump: Our forecast for America's election



Anyone looking at national polls would think that America's presidential election in November is a coin-toss. It is not. *The Economist's* [prediction model](#), published on Wednesday, gives Donald Trump a [two-in-three chance of winning](#), compared with one in three for Joe Biden. Mr Trump's advantage is real, if small.

Our model takes into account polls, past election results and economic data. It knows nothing of Mr Trump's record in office or in the courts. It suggests Mr Trump's advantage in 2016 and 2020 in swing states, where he fared better than in the rest of the country, has not eroded. Mr Biden trails in Sun Belt battlegrounds such as Arizona, Georgia and Nevada, which voted for him four years ago. Any bit of good news for him or bad news for Mr Trump could shift their chances. And our model will update daily. But for now, Mr Trump is the favourite.

Germany mulls the return of conscription



When Germany suspended [conscription](#) in 2011, it was seen as a modernising measure to turn the Bundeswehr into a leaner fighting force suited to far-flung expeditionary missions. Few imagined the draft might make a comeback. Yet that was before Vladimir Putin launched Europe's largest war since 1945.

On Wednesday Boris Pistorius, Germany's defence minister, will offer parliament his proposals for filling the Bundeswehr's manpower shortages (the armed forces need to find over 20,000 extra recruits in the coming years). Mr Pistorius, who says Germany must be "ready for war by 2029", favours Sweden's conscription model, under which all 18-year-olds fill out a questionnaire assessing their fitness and military aptitude, and a few thousand are summoned to serve. But Germany's chancellor, Olaf Scholz, thinks volunteers alone can plug the gap. To avoid upsetting his boss, Mr Pistorius may issue proposals that fall short of his own preferences—at least for now.

An alternative to the Nobel prizes



In the 1960s a certain car-hire company used the slogan “We’re number 2. We try harder”. That could also be the motto of the Kavli Foundation, sponsor of three Norwegian prizes for astrophysics, nanoscience and neuroscience, the latest winners of which will be announced on Wednesday. The Kavli awards deliberately echo the (Swedish) Nobel prizes for physics, chemistry and physiology or medicine. And, like the Nobels, each is worth \$1m, though they are biennial rather than annual.

Previous prizes have been awarded for the CRISPR gene-editing technique, cosmic inflation (a theory of how space expanded in the early universe) and the first practical “invisibility cloak”. The new winners will receive their cheques and medals at a ceremony in September. Scientists of a certain age and eminence sometimes joke about their chances of making “the trip to Stockholm”. When they jest similarly about Oslo, Kavli’s trustees will really know their efforts have paid off.

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

Wednesday: Which comic book (also TV and movie) hero battles the villain Ming the Merciless?

Tuesday: Which soul singer, who later became a minister, part-wrote and recorded the hit "Let's Stay Together"?

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The number of Chinese companies that listed on domestic bourses last April, down from 35 in April 2023.

Read the full article.

An aphorism can never be the whole truth; it is either a half-truth or a truth-and-a-half

Karl Kraus