

The world in brief

Catch up quickly on the global stories that matter



Photograph: Reuters

Donald Trump said he believes **Vladimir Putin** “will make peace” in Ukraine, ahead of [a crucial summit](#) between the leaders in Alaska on Friday. America’s president also touted a possible second meeting involving Volodymyr Zelensky, Ukraine’s president, and his European allies. Earlier Russia’s president praised Mr Trump’s “energetic and sincere efforts” to end the conflict. Russia currently controls around a fifth of Ukraine.

China’s factory output expanded by 5.7% in July, the smallest year-on-year increase in eight months. Official data also showed that retail sales, a gauge of consumption, grew by 3.7%, the slowest pace since December. The indicators may compel policymakers to boost stimulus. The world’s second-largest economy faces pressure from America’s [trade policies](#), extreme weather and a weak property sector.

[Bezalel Smotrich](#), Israel’s far-right **finance minister**, said he would approve plans to build an Israeli settlement in the **West Bank**. The long-mooted settlement would in effect sever the territory in two. Mr Smotrich said the move would “bury” the idea of a Palestinian state. He claimed the proposal had the prime minister’s support.

Israeli settlements in the West Bank are considered illegal under international law.

Eli Lilly will raise the price of its weight-loss drug, Mounjaro, by as much as 170% in **Britain** for patients who pay out of pocket. In July Lilly was one of several pharmaceutical companies to receive a letter from Mr Trump [demanding they stop](#) relying on American patients to pay more. The drugmaker said the change would “address pricing inconsistencies” between America and Europe.

Lee Jae-myung, **South Korea’s** president, said he plans to restore a pact that suspends military activity along his country’s border with **North Korea**. The agreement, which sought to de-escalate tensions between the two countries, fell apart shortly after it was signed in 2018. Mr Lee, who [came to power](#) in June, wants to resume dialogue with North Korea.

America’s producer-price index rose by 3.3% in the twelve months to July, the largest such increase since February and much more than expected. The rise suggests that producers are feeling the effects of [Mr Trump’s tariffs](#) and creates a quandary for the Federal Reserve. The Trump administration has put significant pressure on the central bank to cut interest rates.

To celebrate Independence Day, **India** will unveil a 200ft-high flagpole at the Mahavir-Sadqi frontier in Punjab on Friday—some 200m away from a 165ft-high flagpole across the border in **Pakistan**. The nuclear-armed rivals, who in May fought [a four-day battle](#) that threatened to escalate into full-blown war, are now competing over who has the bigger flag. For the neighbours, size really does matter.

Figure of the day: \$88m, the value of sales last year of Nin Jiom Pei Pa Koa, a 400-year-old Chinese cough syrup that is increasingly popular amongst westerners. [Read the full story.](#)



Photograph: AP

All eyes on Anchorage

Donald Trump and Vladimir Putin meet in Anchorage on Friday for a [summit](#) that may be a catastrophe or a damp squib. Ukraine's allies are bracing for either scenario; Mr Trump's torrent of words has proven more confusing than clarifying.

On Monday he hailed Russia's victories against Napoleon and Hitler and talked of the inevitability of "land swapping". But on Wednesday he warned Russia of "severe consequences" if it did not end the war, while downplaying the summit as merely an initial meeting. He spoke of bringing the sidelined Ukrainian leader, Volodymyr Zelensky, into the next round of talks and reportedly suggested America could offer Ukraine security guarantees to seal a ceasefire.

By Thursday Mr Trump was optimistic about a deal. Mr Putin, meanwhile, praised his "energetic and sincere efforts", dangling a possible nuclear arms-control agreement. What might be the consequences of failure, or terms of success? It depends on which Mr Trump steps off Air Force One.



Photograph: Reuters

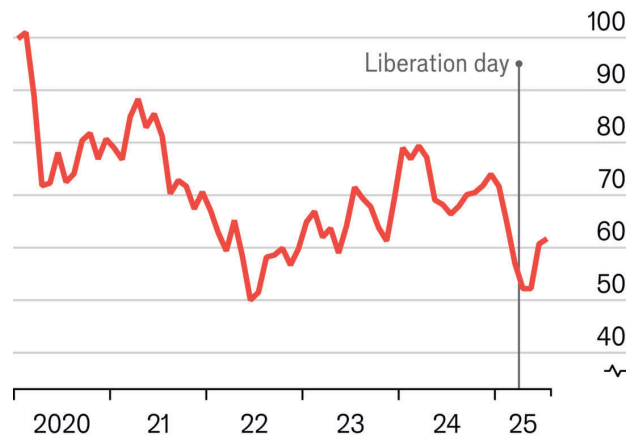
America's wary consumers

America's economy had a messy and tariff-addled first half to 2025. Annualised GDP growth was just 1.2%, the weakest in years, and progress getting inflation to its 2% target stalled. All eyes are now on whether the economic damage of [Donald Trump's tariff barrage](#) will be fleeting, or persistent and painful.

Data releases on Friday will help fill in that picture. One of the first indicators to collapse around the big tariff rises on "Liberation Day" in April was consumer confidence. That has now bounced back a little, but still not much. The University of Michigan's consumer-sentiment index, a closely watched gauge, remains near record lows, and isn't expected to rise much in the latest reading. Household inflation expectations, which the survey also measures, have only come down a little from highs in April. Meanwhile economists will also scrutinise retail-sales figures for July to see whether a rebound in June can continue despite the multi-front trade war.

Mood killer

United States, consumer-sentiment index
Q1 1966=100



Source: University of Michigan



Photograph: Reuters

Prabowo's flashy plans for Indonesia

On Friday Indonesia's president, [Prabowo Subianto](#), will present his budget to parliament and deliver a state of the nation address. He is expected to lay out his ambitions to reduce Indonesia's reliance on imports for energy and food, expand a programme of government handouts and reach a target for GDP growth of 8%.

Mr Prabowo's first year in office combined growing authoritarian control with populist spending. The former general has expanded the influence of the armed forces, boosting defence spending and making it easier for officers to take roles in the civilian bureaucracy. Meanwhile he has pursued three signature economic policies: free school lunches, co-operatives to run rural amenities and the creation of a new sovereign wealth fund. These programmes have boosted his popularity, but do little to drive long-term growth and risk straining the budget. Only 15m people have benefited from the school-meals, well below the government's target of 83m. Corruption and food-poisoning cases have also plagued the rollout.



Illustration: The Economist/Getty Images

The end of the second world war, 80 years on

Friday marks 80 years since the end of the second world war. Emperor Hirohito's surrender was broadcast to Japan on August 15th 1945. "Now the carnage and destruction can cease," wrote *The Economist*. "The creative energies of mankind can be withdrawn from slaughter and battle and be devoted to the rebuilding of a decent world."

The Economist has been [republishing excerpts](#) from its archive, recounting the war's final year. Modern Asia's geopolitics was forged in 1945. Earlier this month Japan, now an American ally, commemorated the anniversary of America's nuclear bombings of Hiroshima and Nagasaki. On Friday North and South Korea mark the anniversary of the peninsula's liberation from Japan. And next month China's leader, Xi Jinping, will host Vladimir Putin, Russia's president, for a sabre-rattling Victory Day parade. Mr Xi wants China ready to capture Taiwan, a self-governing island that Japan occupied during the war, by 2027. At perhaps the most dangerous time since 1945, it pays to look back.



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.

Friday: Who starred as John Connor in “Terminator 2: Judgment Day”?

Thursday: What does the L stand for in EFL and NFL, two sports competitions?



Illustration: The Economist

The winners of this 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:

Catherine Oikonomou, Altadena, California, America

Jaime Jean, Mexico City, Mexico

Joel Shapiro, Toronto, Canada

They all gave the correct answers of gorgon, Manila, revise and [gerrymander](#).

*From the sublime to the ridiculous
is but a step.*

Napoleon