

The world in brief

Catch up quickly on the global stories that matter

The [bromance](#) between **Donald Trump** and **Elon Musk** has soured. America's president said he was "disappointed" in the billionaire, who has repeatedly criticised his [budget bill](#). He threatened to cut Mr Musk's federal contracts. In a slew of retaliatory social-media posts Mr Musk, who [recently left the government](#), accused Mr Trump of "ingratitude". **Tesla's** shares plunged by more than 14%.

Donald Trump said that he held a "very good" call with **Xi Jinping**, [China's leader](#), the first time they have spoken since America's president returned to office. The pair discussed rare-mineral exports and said trade representatives from the two countries will meet "shortly at a location to be determined". Chinese media suggest the call was made at Mr Trump's request.

The **European Central Bank** lowered **interest rates** by a quarter of a percentage point, to 2%, the eighth such cut in the past year. Data released on Tuesday showed the annual inflation rate was 1.9% in May, below the ECB's 2% target. Meanwhile the bank hopes to bolster Europe's economy amid Mr Trump's [trade war](#).

America's defence secretary, Pete Hegseth, said that [NATO](#) was "sleepwalking to irrelevance" before Mr Trump called for members to increase their defence spending. Speaking at a meeting of NATO defence ministers, Mr Hegseth added that America expects members will agree to spend the equivalent of 5% of GDP on defence; 3.5% of GDP is to be spent on "hard-military" programmes and 1.5% on related infrastructure.

Orders in **Germany's** manufacturing sector unexpectedly grew in April, provisional figures showed, providing a lift to Europe's

largest economy. Industrial orders rose 0.6% on the previous month in seasonally adjusted terms, with a big increase in domestic orders. Economists polled by Reuters had expected a fall of 1%. The figures raise hopes that Germany's long-struggling economy is [starting to recover](#).

Procter & Gamble said it would cut 7,000 jobs, or around 15% of its non-manufacturing workforce, over the next two years. An executive at the consumer-goods company cited “uncertainty” among shoppers. In April P&G, which includes Pampers and Tide among its brands, said it would raise some prices to “mitigate the impact” of tariffs.

New Zealand's Parliament suspended three MPs for performing a *haka* in the chamber to protest against an ultimately unsuccessful attempt to reinterpret the country's founding treaty. The Te Pati Maori (Maori Party) representatives performed the war dance last year during a debate in the chamber. A committee said the protest was “intimidating” and banned one MP for seven days and the other two for 21.

Figure of the day: 62%, the proportion of American high-school graduates that went straight to college in 2022, down from around 70% in 2016. [Read the full story](#).



Photograph: Alamy

NATO tries to win over America

Defence ministers from NATO's 32 member states will meet at the alliance's headquarters in Brussels on Thursday. [Pete Hegseth](#), America's secretary of defence, will deliver remarks alongside Mark Rutte, NATO's secretary-general. At the previous ministerial meeting in February, Mr Hegseth warned that America would no longer be "primarily focused on the security of Europe". The [stakes](#) are therefore high.

Encouragingly for Mr Hegseth, however, allies are expected to agree on a new military spending target of 3.5% of GDP, a significant jump from the current baseline of 2%. They will also agree on ambitious and revamped "capability targets", which determine the sort of military kit each member should buy, and sign a raft of co-operative defence initiatives aimed at producing more ammunition, drones and air defences. The meeting should therefore give Mr Hegseth less to grumble about at NATO's full summit in the Hague on June 24th.

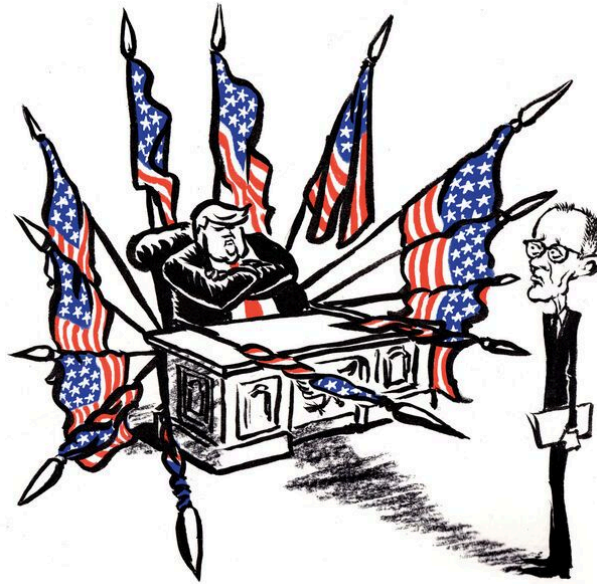
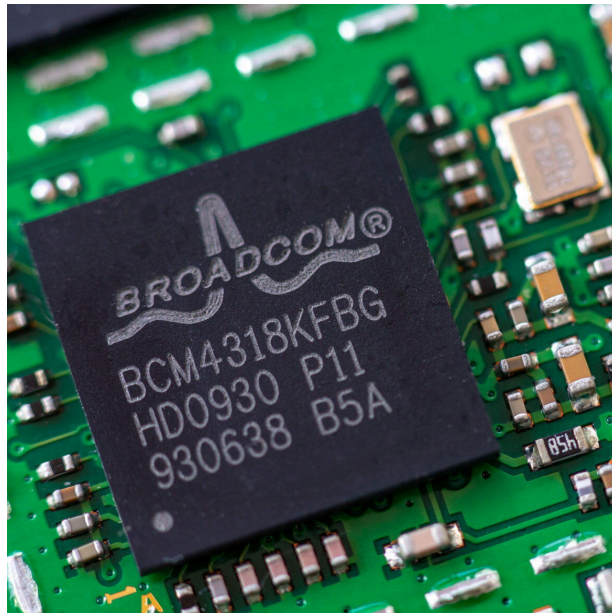


Illustration: David Simonds

When Friedrich meets Donald

As Friedrich Merz, Germany's new chancellor, steps into the Oval Office on Thursday, he may wonder what ambush awaits. The Trump administration's list of grievances against Europe's largest economy is long: Germany's €70bn (\$80bn) trade surplus with America, its dependence on American military protection, and what MAGAworld regards as the unfair treatment of the Alternative for Germany (AfD) party, which German spooks recently designated an "extremist" organisation.

Mr Merz will hope to confront the first, correct the second and ignore the third. On trade, the chancellor will try to dissuade Donald Trump from hitting the EU with 50% tariffs. On defence, he can argue that on his watch the Bundeswehr is set to be Europe's strongest army. He will also hope to convince Mr Trump to clamp down on Vladimir Putin, perhaps by agreeing to a sanctions bill making its way through Congress. And the AfD seems to animate J.D. Vance more than his boss. With luck, the vice-president will have other plans.



Photograph: Alamy

Broadcom, the other thriving AI chipmaker

Broadcom, an American firm that designs chips and software, will report quarterly earnings on Thursday. Demand by tech giants for its artificial-intelligence chips has boomed, as firms step up efforts to design their own processors and reduce reliance on [Nvidia](#). Since the start of 2024 Broadcom's market value has more than doubled to \$1.1trn, making it the eighth-most valuable firm in the world.

Other parts of its empire are flagging. Broadcom acquired vmware, a software firm that helps businesses manage data centres, in 2022 for \$61bn. It has since raised prices and revised licensing terms. That has prompted some customers to consider alternatives.

But Broadcom's chip division continues to thrive. Investors expect the Trump administration's recent China export ban that [hit](#) Nvidia's H20 chips to affect Broadcom too. But demand outside China remains robust, with Gulf states pledging vast sums for AI infrastructure. Upbeat guidance will affirm that the AI boom is still going strong.

Broadly successful

Broadcom, market capitalisation, \$trn



Source: LSEG Workspace



Photograph: Rex Shutterstock

A Brazilian in Paris

Brazil's president, Luiz Inácio Lula da Silva, began a state visit to France on Thursday. President Emmanuel Macron has struck up a warm friendship with his Brazilian counterpart, and made a state visit to Brasília, the capital, last year. Lula will get full honours. Besides trade and investment, a focus of the trip will be environmental conservation. Lula will remain in France to attend the United Nations conference on protecting the oceans, which opens in Nice on June 9th.

But the pair will have some contentious issues to discuss too. One is the Mercosur [free-trade deal](#) between the European Union and four Latin American countries, including Brazil, which France opposes. Another is how to deal with Russia. Lula, along with China's Xi Jinping, attended Vladimir Putin's military parade in Moscow on May 9th. Mr Macron hopes that he can help counter Russia's narrative on Ukraine, accepted by many leaders in the global south.



Photograph: Getty Images

The hands that wrote the Bible?

Archaeology is having an artificial-intelligence revolution. In recent years cutting-edge software has unrolled Roman papyri carbonised during the eruption of Mount Vesuvius, and restored ancient Greek inscriptions to make them readable. Now a new machine-learning model called Enoch has helped date individual volumes of the Dead Sea scrolls, which include the earliest surviving books from the Hebrew Bible.

In a new paper, researchers report carbon-dating a subset of scrolls and feeding Enoch images of them. This allowed it to link the physically-determined dates with stylistic features in the scrolls' handwriting, enabling it to estimate the age of other, undated scrolls based on writing style. It has dated two scrolls, which contain fragments from copies of the biblical books of Daniel and Ecclesiastes, to when the original books are thought to have been written, around 160^{BC} and the third century ^{BC}, respectively. Could they have been written by the authors of the Bible? More provocative questions will undoubtedly arise.



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 GMT on Friday to [\[email protected\]](#). We'll pick randomly from those with the right answers and crown three winners on Saturday.

Thursday: Which Jamaican reggae artist sang “Many Rivers To Cross” and “You Can Get It If You Really Want”?

Wednesday: What was the name of the character who played the piano in “Casablanca”?

They say the world has become too complex for simple answers. They are wrong. There are no easy answers, but there are simple answers.

Ronald Reagan