

The world in brief

Catch up quickly on the global stories that matter

The **Federal Reserve** held its benchmark interest rate steady, at 4.25-4.5%. In its statement—the first since **Donald Trump** announced his [sweeping tariffs](#)—America’s central bank warned of growing economic uncertainty. The Fed’s dual mandate is to keep inflation and unemployment low; it said that America faced higher risks of both rising.

Pakistan said that its armed forces have been authorised to “undertake corresponding actions” after **India** [launched missile strikes](#) on nine sites in **Pakistan** and Pakistan-controlled Kashmir. India said it had [targeted “terrorist infrastructure”](#). At least 26 people were killed and 46 wounded, according to Pakistan. [Tensions](#) between the nuclear-armed neighbours rose when militants killed 26 people in Indian-administered Kashmir last month.

Black smoke emerged from the Sistine Chapel—meaning that the 133 cardinals sequestered inside did not [elect a new pope](#) on the **conclave’s** first ballot. Voting will resume in the Vatican on Thursday. The [punters’ favourite](#) is Cardinal Pietro Parolin, the right-hand man of the late Pope Francis, although conclaves often produce surprises. The 70-year-old Italian is also presiding over the vote.

Xi Jinping arrived in **Moscow** for talks with Vladimir Putin. They are expected to discuss the [war in Ukraine](#), energy co-operation and relations with America. Ukraine condemned the visit. Mr Xi will also attend Russia’s Victory Day parade on Friday, along with several other leaders, including Brazil’s president, Luiz Inácio Lula da Silva.

Volodymyr Zelensky, **Ukraine's president**, said that **Russia** launched four ballistic missiles and 142 [drones](#) towards Ukraine overnight. Mr Zelensky called for stronger sanctions against Russia, arguing that more pressure could “pave the way to diplomacy”. Meanwhile, Ukraine attacked Moscow with drones for the third consecutive night. A three-day ceasefire, announced by Russia, is due to start on Thursday.

Novo Nordisk cut its 2025 sales forecast for the first time since launching [Wegovy](#), its blockbuster obesity drug, citing competition from cheaper copycat versions made by pharmacies. Still, earnings beat expectations, rising by 22% year on year. Shares rose nearly 6% on hopes that sales will rebound when America's government bans unapproved alternatives later this month.

Disney reported strong second-quarter results and boosted its forecast for its full-year earnings, driven by better-than-expected performance in streaming and theme parks. It also announced a whole new world in Abu Dhabi—the theme park will be its first in the Middle East. Shares jumped by more than 10%. But the firm warned that “uncertainty remains” around the impact of Mr Trump's tariffs.

Figure of the day: 700%, the increase in price of some food items in Gaza, compared with before the war. [Read the full story](#).



Photograph: Getty Images

Merz on tour in Europe

On his first full day as Germany's chancellor [Friedrich Merz](#) will travel to Paris and Warsaw, in a symbolic display of his commitment to improve relations with Germany's most important European neighbours. The visits follow a dramatic day in the Bundestag, in which Mr Merz failed to secure a majority in an initial vote—an unprecedented setback for a chancellor-elect in post-war Germany. He won approval only in a second round.

France's president, Emmanuel Macron, hopes to use the meeting to reset relations, which frayed under Mr Merz's predecessor, Olaf Scholz. Mr Merz's call for Europe to become more “independent” from America was welcomed in Paris, as was his decision to exempt most defence spending from Germany's constitutional debt brake. But differences remain on trade and other matters. In Warsaw, meanwhile, Mr Merz will need to allay the fears of Donald Tusk, Poland's prime minister, over Germany's plans to tighten border controls.



Photograph: Getty Images

Who will be the next pope?

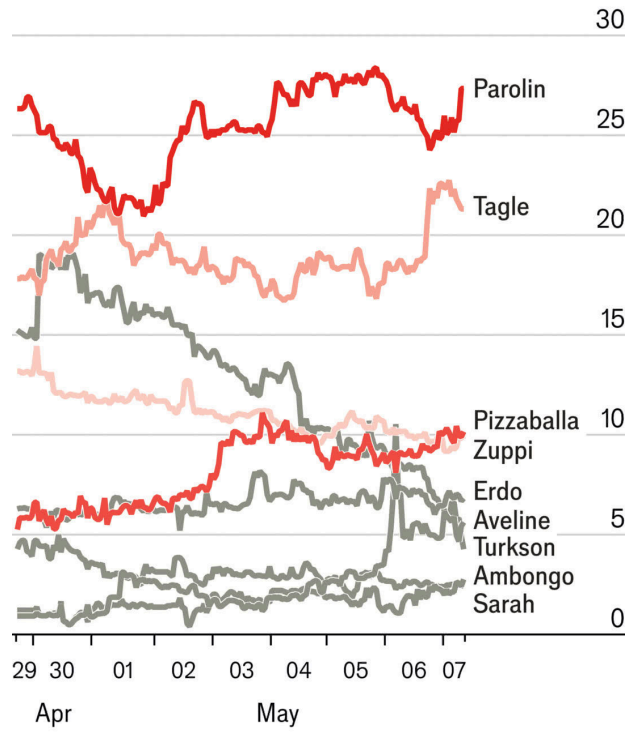
Can anyone stop Cardinal Pietro Parolin? The right-hand man of the late Pope Francis is the punters' favourite to succeed him. The 70-year-old Italian has the advantage of presiding over the conclave to elect a pope that begins in the [Vatican](#) on Wednesday.

But he faces two main challenges. First, conservative cardinals think he is too progressive. They are a minority in an assembly whose members were mostly appointed by Francis, a liberal. But the conservatives have clout: their rich American backers could help the Vatican's finances, which are in a dire state.

Second, liberals are not united behind Cardinal Parolin, who has spent most of his career as a Vatican diplomat. Many progressive cardinals favour a pope with more pastoral experience. Vatican-watchers reckon that if the conclave reaches no decision within four or five ballots, the white smoke will rise for someone else.

Papability

Papal conclave betting markets, 2025, %



Sources: Kalshi; Polymarket; Betfair; *The Economist*



Photograph: AP

The Fed holds as tariffs bite

On Wednesday officials from America's Federal Reserve held interest rates unchanged. Donald Trump's tariffs are beginning to bite: consumer confidence has dipped. Although the levies were not yet in effect during the first quarter, GDP still shrank at an annualised rate of 0.3%.

Even so, the economy is not yet weak enough to warrant a cut. The labour market remains solid: employers added 177,000 jobs in April, above last year's monthly average, and unemployment held at 4.2%, near historic lows. Meanwhile core inflation, at 3.5%, is still well above the Fed's 2% target.

The decision will frustrate Mr Trump, who has long pushed for looser policy. Over the weekend he repeated that he would not fire Jerome Powell, the Fed's chair, despite [earlier threats](#) to do so. Still, markets now expect cuts of nearly a percentage point by year-end, as tariffs continue to drag on growth.

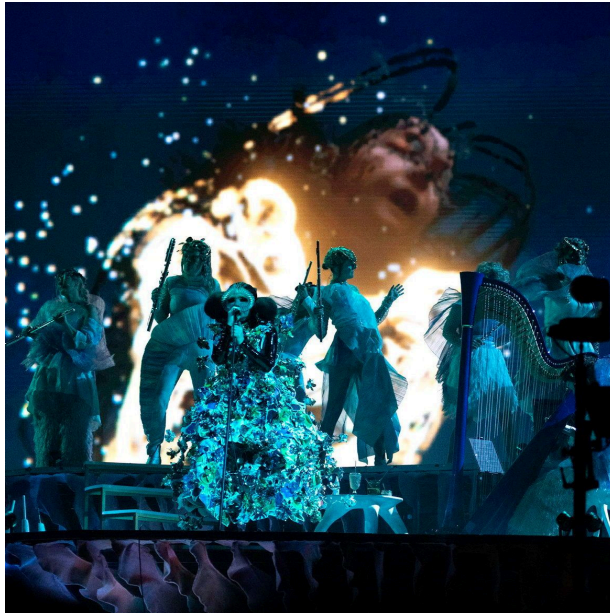


Photograph: Getty Images

Journalists v robots at the New York Times

Thousands of newspapers have been crushed by the internet, which has siphoned away the advertising revenue that kept them afloat. Not so the *New York Times*, which has signed up paying readers from all over the world. On Wednesday it reported more than 11.6m digital-only subscribers, with a 14% year-on-year increase in subscription revenue in the first quarter. Donald Trump's newsy first months in office have helped, but many subscribers also come for games, recipes and other extras.

Now artificial intelligence presents two new threats to the news industry. One is copyright: the *Times* is suing [OpenAI](#) and its partner, Microsoft, for training their models on *Times* articles without permission. The other concerns search. Many readers come to news sites via links thrown up in search-engine results, but AI-powered search queries now generate complete answers, making many readers think there is no reason to click through. Investors—and other papers—are watching how the *Times* responds.



Photograph: Getty Images

A spectacular concert on film

Many recent concert films trade on nostalgia, featuring legacy acts like Led Zeppelin and Pink Floyd. *Cornucopia*, which captures Björk's 2019–23 tour, is radically different. The Icelandic singer's performance blends virtual reality with live theatre: digital projections nod to 19th-century magic-lantern shows, while dancers and musicians in balletic costumes move through shifting, otherworldly sets.

The music is more avant-garde oratorio than pop. In place of familiar instruments are a magnetic harp, a flute septet, a choir and experimental percussion, including water drums. Björk reworks songs from across her career into strange, textured arrangements. The result resembles a sci-fi version of “*A Midsummer Night's Dream*”—a surreal world of mythic creatures, nature spirits and high-tech illusions. Björk performs as a tiny masked marionette made flesh—a nod to the interplay between the organic and the mechanical.



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.

Wednesday: What was Rocky Balboa's nickname in the boxing movies?

Tuesday: What deadly game does Christopher Walken play in a memorable scene in "The Deer Hunter"?

*Bigotry tries to keep truth safe in
its hand with a grip that kills it.*

Rabindranath Tagore