

## Catch up: bonds and stocks feel tariff pain; China “willing to communicate” on trade



**Bond yields** surged and **stockmarkets** [slid](#) as Donald Trump’s new **tariffs** came into force. The levies on America’s biggest trading partners follow a 10% rate imposed by Mr Trump on all global imports last week. Yields on America’s 30-year Treasuries jumped to almost 5% for the first time since January. In Europe the STOXX 600 share index fell by around 1.5% on opening. Japan’s Nikkei index was down by 3.9% on closing.

Hours before the midnight deadline, the **White House** said it would impose an additional 50% levy on Chinese goods, in response to [China’s retaliatory tariffs](#) of 34% on American imports. It brings the rate on Chinese goods to 104%. On Wednesday China’s government released a report on trade ties with America in which it said it was “willing to communicate” on economic issues.

**Germany’s** centre-right Christian Democratic Union is set to announce a coalition deal with the centre-left Social Democrats on

Wednesday. [Friedrich Merz](#), the CDU's leader, will become chancellor, after he took his party to an election victory in February. Mr Merz has already pushed a big spending bill through parliament, overcoming the constitutional "debt brake" that has throttled government investment since 2009.

**Iran's** foreign minister said his country is ready to "seal a deal" with **America** over its nuclear programme, but would "never accept coercion". Abbas Araghchi's remarks came after Mr Trump [revealed](#) that America and Iran would hold "direct talks" this Saturday. Mr Araghchi confirmed the meeting but said negotiations would be "indirect", adding that they would be "as much an opportunity as a test".

**South Korea** announced emergency measures to support its export-dependent **carmakers**. Companies such as [Hyundai](#) will be hit hard by American tariffs of 25% on imported cars, which kick in on Thursday. America is the most important destination for South Korean carmakers, accounting for nearly half of all auto-related exports in 2024. The package will include tax cuts, subsidies and financing support.

At least 98 people were killed and more than 150 injured after the roof of a nightclub in Santo Domingo, the capital of the **Dominican Republic**, collapsed on Tuesday morning. "We deeply regret the tragedy," said [Luis Abinader](#), the president, who added that relief agencies were working "tirelessly" to rescue survivors. The governor of the country's Monte Cristi province was among the fatalities.

**Ukraine's** president, Volodymyr Zelensky, said that his country's forces had captured two **Chinese** nationals fighting with the Russian army in eastern [Ukraine](#). He said other such fighters were suspected operating at the front line and that he has asked for an explanation from China, which denies directly helping Russia's war

effort. Earlier Mr Zelensky acknowledged that Ukrainian troops were active in Belgorod, a Russian border region.

**Figure of the day:** 895, the goal count with which Alex Ovechkin, a Russian ice-hockey star, topped Wayne Gretzky's once-unbreakable record. [Read the full story.](#)

*We now publish our mini crossword, with a choice of straight or cryptic clues based on the headlines, twice a week. Try the [latest puzzle](#). And check back on Saturday for another challenge.*

## America's tense tech titans



When Google Cloud hosts its annual “Next” shindig in Las Vegas on Wednesday, the question on everyone’s mind will be what impact America’s tariff war will have on spending on AI-related cloud-computing. Amazon, Microsoft, Google and Meta had previously signalled they would [spend more](#) than \$300bn in total on cloud infrastructure in 2025. Such spending had helped fuel the AI stockmarket boom of recent years.

Then came President Donald Trump’s tariffs. So far semiconductors look to be exempt. But the costs of data-centre building materials as well as components such as servers, cooling gear, and networking equipment could soar. The fear of a slowdown has added to broader concerns about the so-called [Magnificent Seven](#) high-tech companies. [Apple](#) has been hit by fears that the tariffs could drive up the cost of iPhones in America. Both Apple and Tesla could face anti-American retaliation by Chinese consumers. Scott Bessent, the treasury secretary, calls the stockmarket drop “a Mag 7 problem, not a MAGA problem”. The Trump administration is not yet shedding tears for the tech titans.

## India makes the best of a bad bargain



India officials have sounded upbeat about America's tariff blitz. Piyush Goyal, the commerce minister, said "the industries of India see opportunities" because the rate America levied on India, 26%, is lower than those slapped on other Asian countries such as China (34% or higher) and Vietnam (46%). Officials also hope that India can get a reprieve through [bilateral negotiations with America](#). A first round took place days before President Donald Trump's announcement.

But the brave face hides trepidation. Mr Trump could insist on concessions in areas such as e-commerce and agriculture, which could upset votebanks like farmers. And his tariffs could hurt global economic growth. To buttress India's economy, the central bank cut rates on Wednesday. That decision has been made easier by two side-effects of Mr Trump's tariffs: falling oil prices have eased inflationary pressures, and the dollar's weakening has helped stem the Indian rupee's recent slide.



## Latin America stands divided



The summit of the Community of Latin American and Caribbean States will attract rare attention on Wednesday. As the region grapples with Donald Trump's trade tariffs and his hardline stance on migration, there are renewed calls for unity among its 33 members—and for a joint regional response. Mexico's president, Claudia Sheinbaum (pictured), and her Brazilian counterpart, Luiz Inácio Lula da Silva, will attend the meeting in Tegucigalpa, the Honduran capital.

But don't expect more than symbolic declarations of solidarity. Latin America, which got off relatively lightly on tariffs, remains fragmented economically, politically and diplomatically. Intra-regional trade and co-operation have always been weak. Political divisions and national self-interest are strong. Many governments believe they stand to gain more by negotiating bilaterally with America—whether by cracking down on migration flows, as [Ms Sheinbaum is doing](#), or, like El Salvador's president, [Nayib Bukele](#), by agreeing to accept deportees into his high-security prisons.

## Congo sits down with M23



Rebels from the Rwanda-backed M23 group in the east of the Democratic Republic of the Congo withdrew from the strategic town of Walikale last week, after capturing it and threatening the city of Kisangani, some 450kms away. The retreat, the rebels said, was a goodwill gesture to foster peace talks. M23 has captured eastern Congo's two [largest cities](#) since January, killing thousands of people and destroying the national army in the region.

Although Congolese officials have resisted direct talks with the rebels, whom they view as [pawns of Rwanda](#), the government's defeats mean they have little choice. On Wednesday face-to-face talks are expected to begin in Doha, Qatar's capital. But the secretive meetings could yet be called off. Earlier negotiations have failed. Last month the rebels pulled out of talks in Angola with Congolese government representatives at the last minute. They said that Western sanctions imposed on M23's leaders undermined the basis of dialogue.

# Trump's man in space



On Wednesday America's Senate will begin confirmation hearings for [Jared Isaacman](#), Donald Trump's nominee to run NASA. Mr Isaacman is an unusual choice: an agency outsider and private astronaut, he quit high school to start a payments company that made him a billionaire.

Mr Isaacman has pleased many space enthusiasts by expressing dislike for the giant aerospace contractors upon which NASA has relied in the past, preferring to steer the agency towards a new generation of faster-moving space startups. But expect some sharp questions too: Mr Trump's administration is reportedly considering cuts of up to 50% to NASA's science budget. And Mr Isaacman's links to [Elon Musk](#), whose rocketry firm SpaceX is now one of NASA's biggest contractors, may prove a sticking point with some senators. Mr Musk's suggestion that the International Space Station should be scrapped early, for instance, will have irritated Ted Cruz, the committee's chairman, since it would mean job losses in his state of Texas.



## 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 muscular actor played Khal Drogo in “Game of Thrones” and Aquaman in various DC movies?

**Tuesday:** Which singer won Grammy awards for “The Rose” and “Wind Beneath My Wings”?

**Be prepared, and be careful not to do your  
good deeds when there's no one watching  
you.**

*Tom Lehrer*