

The world in brief

Catch up quickly on the global stories that matter



Photograph: Anadolu via Getty Images

Israel said that **Hamas** had transferred the bodies of four more [hostages](#) to the Red Cross. Earlier Israel accused the militant group of being too slow to return deceased hostages and said it would limit the flow of aid and keep the Rafah border crossing between Gaza and Egypt closed. Meanwhile Donald Trump insisted Hamas must disarm, or else “we will disarm them”.

Jerome Powell signalled that the Federal Reserve could cut interest rates again this year, after [lowering them in September](#) for the first time in 2025. The Fed chair said that risks to America’s labour market “appear to have risen” and suggested they outweigh those posed by inflation. Investors expect America’s central bank to cut rates by another 0.25% this month.

Mr Trump said that America’s armed forces conducted another **drone strike**, which killed six people, on an alleged drug-trafficking boat off Venezuela’s coast. The president said that the vessel was connected to a terrorist organisation, without specifying which one. It is at least the fifth such strike since September, part of the Trump administration’s [expanding war](#) against Latin America’s drug gangs.

Madagascar's military claimed it had “taken the power” and dissolved most of the island country’s government institutions. A transitional government would be formed alongside military rule and elections held within two years, it added. [Anti-government protests](#) broke out in September; Andry Rajoelina, Madagascar’s apparently ousted president, fled on Sunday. He has not revealed his location, alleging “military personnel and politicians” planned to assassinate him.

France's prime minister, **Sébastien Lecornu**, promised to suspend Emmanuel Macron’s unpopular pensions reform—which would raise the retirement age to 64—until 2027 in order to win support from the left and pass next year’s budget. He also announced taxes on large firms and wealthy households as part of a €30bn (\$35bn) plan to cut the budget deficit. Mr Macron reappointed [Mr Lecornu](#) last week.

Google said it will spend \$15bn over five years to build its largest artificial-intelligence data centre outside America, in **India**. The hub will boost computing capacity for AI. American tech firms, including Microsoft and Amazon, are racing to expand in India, which is one of the [world’s largest consumers of AI](#). The move comes amid rising trade tensions between America and India.

America and Britain imposed sanctions on the **Prince Group**, a Cambodian conglomerate, calling it a “transnational criminal organisation”. They allege Prince runs an online [scam scheme](#), known as “**pig-butchering**”, that relies on forced labour and human trafficking, and has stolen billions of dollars from victims. America indicted several people, including Chen Zhi, Prince’s boss, with wire fraud conspiracy and money laundering conspiracy.

Figure of the day: 78%, the rise in the price of the menu at Benu, a three-Michelin-star restaurant in San Francisco, since 2015. [Read the full story.](#)



Photograph: Getty Images

America's risky backing of Argentina

President Javier Milei of Argentina will meet Donald Trump in the White House on Tuesday. They will put the seal on Mr Trump's [bail-out](#) of Argentina. America's Treasury has promised a \$20bn swap line to the Argentine central bank. It bought Argentine pesos on October 9th, despite America's federal-government shutdown.

The peso has been under huge [pressure](#). Markets think it is overvalued and have been betting against it, draining the Argentine government of precious dollars. Fears that Mr Milei's allies may fare badly in midterm elections on October 26th supercharged the sell-off. For now, America's financial package has calmed markets. And Mr Trump may also announce a trade deal with Argentina, which would be another political boost for Mr Milei. Yet Mr Trump's gamble on the overvalued peso is risky. Markets will dump pesos if Mr Milei suffers a big electoral loss—regardless of American backing.



Photograph: Getty Images

The trade war takes to the seas

America and China will open another front in their [trade war](#) on Tuesday, when each country slaps fees on the other's ships. Mr Trump will levy a fee of \$50 per tonne of cargo on Chinese vessels docking in American ports. China has said it will retaliate by charging 400 yuan (\$56) per tonne—a fee that will gradually increase. The taxes will affect a tenth of the world's large crude and liquid-natural-gas fleets, and will cost the largest Chinese carrier, cosco, an estimated \$2bn next year.

The Trump administration wants to revive American shipbuilding, an industry that China now dominates. China's shipbuilding capacity is more than 200 times greater than that of America.

Tensions are flaring up. China added five of Hanwha Ocean's subsidiaries to its sanctions list for their alleged role in America's probe into China's shipping industry. The South Korean shipbuilder's shares fell as much as 9% on Tuesday. China's response exemplifies its new [tactic](#) of matching American trade measures tit for tat.



Photograph: AP

Profit and peril on Wall Street

Several of America's biggest financial firms kicked off the third-quarter earnings season with bumper [results](#) on Tuesday. Banks such as JPMorgan Chase, Wells Fargo, Citigroup and Goldman Sachs reported significantly higher quarterly profits, while BlackRock, the world's largest asset manager, announced a record \$13trn in assets under management. All five firms beat analyst expectations for earnings per share. Wall Street firms have had a strong year: the KBW index of bank stocks is up around 15% so far.

Despite market ructions caused by Donald Trump's tariff policies, banks have profited from an uptick in mergers and acquisitions, revenue from volatile trading and all-time highs in the stockmarket. But analysts and investors will remain on the lookout for signs of weakness, especially from exposure to low-income consumers and lower-rated corporate borrowers. Recent bankruptcies of Tricolor, a subprime-car-loan firm, and First Brands, a car-parts manufacturer suggest that danger may lurk in [credit markets](#).

Banking on profits

United States, KBW bank index,
January 1st 2025=100



Source: LSEG Workspace



Photograph: AP

Europe's sick man?

Germany is struggling. Its economy, which has been [battered](#) by an industrial slump and high energy costs, is in search of good news. Yet the data is mixed. On Tuesday the Leibniz Centre for European Economic Research (ZEW), a think-tank, reported a small rise in investor optimism. ZEW's monthly economic-sentiment index, which gauges the six-month economic outlook of institutional investors, increased to 39.3 in October. That was up from 37.3 in September, but below analyst expectations of 40.5.

The euro zone's largest economy has struggled with weak growth for years. America's tariffs have added to the burden. Despite grand promises, the government of [Friedrich Merz](#) has so far shown little progress with its "autumn of reforms". Yet there are traces of rising investor confidence. The research centre said the outlook has improved for export-reliant industries such as electrical equipment manufacturing, mechanical engineering, metal production and pharmaceuticals.



Photograph: Getty Images

Lessons from the crash of all crashes

Andrew Ross Sorkin has already chronicled one of the two major financial crises of the past century. His book “[Too Big to Fail](#)”, published in 2009, explored the global financial crisis that rocked the banking system in 2008. With his latest, “1929,” published on Tuesday, he takes on the other crash. The book tells the story of the 1920s stockmarket boom, the ensuing disaster when markets crumbled in October 1929, and the regret of bank executives, master speculators and the politicians who failed to respond.

All of the story’s main characters, including Thomas Lamont, the acting head of JPMorgan & Co (as it was then known), and Charles “Sunshine Charlie” Mitchell, head of the National City Bank, have been dead for decades. Yet Mr Sorkin brings a lively journalistic pace to the tale. The book examines not just the crash itself, but the damage done to the reputation of America’s top bankers and the entire [financial industry](#).



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.

Tuesday: Which British newspaper was founded in 1785 under the initial title of the *Daily Universal Register*?

Monday: The Beaufort scale measures the intensity of what?

Evil thrives on apathy and cannot survive without it.

Hannah Arendt