

# The world in brief

Catch up quickly on the global stories that matter



Photograph: Reuters

The chair of America's Federal Reserve, **Jerome Powell**, sent a strong signal that the central bank could cut interest rates in September. In a speech in Wyoming, Mr Powell noted that, with the labour market cooling and [inflation](#) contained, "the shifting balance of risks may warrant adjusting our policy stance". Markets reacted immediately. The s&p 500 rose by more than 1.5%, while the Dow Jones Industrial Average rose by nearly 2%.

[Famine](#) has been confirmed in **Gaza city** for the first time, according to the [ipc](#), a group backed by the United Nations. **Israel** says it "firmly rejects" the findings. The report comes as Binyamin Netanyahu, [Israel's](#) prime minister, approved a plan for Israeli forces to take over Gaza city. He also said Israel would begin negotiating with Hamas to secure the release of hostages.

**Donald Trump** said that America's federal government would [take a 10% stake](#) in **Intel**, a struggling domestic chip manufacturer. The arrangement could involve converting federal grants issued to Intel under the [CHIPS Act](#) into an equity stake. Earlier this week the Trump administration confirmed talks were ongoing, adding that the government would not sit on the firm's board.

The **FBI** raided the home of **John Bolton**, reportedly in connection to an investigation into the handling of secret documents. Mr Bolton was Mr Trump's national-security adviser from 2018 to 2019, during the president's first term. He has since become a vocal critic of Mr Trump. [Kash Patel](#), the **FBI**'s director, posted on X: "NO ONE is above the law."

Mark Carney, **Canada's** prime minister, said his country will drop **retaliatory tariffs** on American goods covered by the [us-Mexico-Canada Agreement](#), which includes certain drinks and appliances. A 25% levy will remain in place on steel, automobiles and aluminium. Canada and America failed to reach a trade agreement by August 1st; on Thursday Mr Carney and Mr Trump spoke for the first time since.

The European Union's top diplomat warned that **Ukraine** should not be pushed to give up territory to Russia. **Kaja Kallas** told the [bbc](#) such proposals were a "trap", adding that "Russia hasn't made one single concession." Volodymyr Zelensky said there was "no signal" that Russia intends to [end its war](#) following a huge air attack on Ukraine, whose targets included an American-owned factory.

A former president of **Sri Lanka**, Ranil Wickremesinghe, was arrested over accusations that he misused state funds on a private visit to Britain in 2023. Mr Wickremesinghe served six separate terms as prime minister before he was elected president in 2022, after an economic crisis triggered an uprising against his predecessor. He served until 2024. His allies claim the charges are politically motivated.

**Figure of the day:** 130,000. The number of cars stolen in Britain last year. [Read the full story here.](#)



Photograph: Shutterstock

## Ukraine's security guarantees take shape

Since Donald Trump played host to European leaders and Volodymyr Zelensky, Ukraine's president, in the White House on Monday, work on providing "robust" [security guarantees for Ukraine](#) has accelerated. The plan, expected to be firmed up in the next few days, would be for a "coalition of the willing" of some ten countries, led by Britain and France, to deploy ground forces in Ukraine in the event of a ceasefire. Mr Trump has indicated a willingness to provide American air support.

Still, details remain murky: the size of the force; where exactly it will be deployed; what its rules of engagement will be; and whether [Mr Trump's commitment is serious](#). Russia remains strongly opposed to European boots on the ground in Ukraine. Sceptics fear that the force will not have the military heft to deter Russia. Mr Zelensky may well believe that Ukraine's best security guarantee is for Ukraine's allies to ensure that its armed forces get the weapons they need.



Photograph: dpa

## **The German economy's upwind struggle**

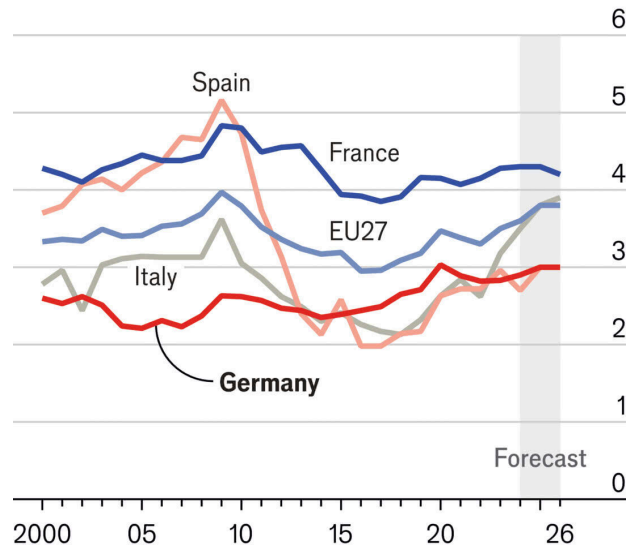
Destatis, the German statistics agency, released figures for GDP in the second quarter on Friday. Despite the fiscal stimulus promised by Germany's new government under Friedrich Merz, the figures showed that the German economy shrank by -0.3% compared to the previous quarter—a faster rate than the -0.1% predicted in a flash estimate last month.

Donald Trump's tariffs have landed a fresh blow on Europe's biggest economy, which has been stagnating or in recession for the past two years. According to a recent study by the German Economic Institute, the tariff deal between the European Union and America will reduce GDP by 0.4% on average between 2025 and 2028.

Another escalation of the trade conflict with the American president could cost 1.1% of GDP. The government's big investments in defence and infrastructure will go some way to soften the blow. But Germany's dependence on exports means it will continue to be buffeted by shifting trade winds.

## Making ends meet

Public investment, % of GDP



Sources: Eurostat; European Commission



Photograph: Reuters

## Mexico's resilient economy

Mexico will confirm its second-quarter GDP growth on Friday. A preliminary estimate showed the economy expanded by 0.7% quarter on quarter, accelerating from 0.2% in the first quarter. But the broad picture is still one of a [weak economy](#). Forecasts for 2025 as a whole range from a contraction to meagre growth of 0.2 to 0.5%. In 2024 growth dropped to an annualised rate of 1.5% from 3.3% the year before, owing to weak domestic demand, sluggish private and public investment and policy uncertainty. And forecasts of inflation have edged up to 3.7% year on year in August, limiting monetary authorities' options to stimulate the economy.

Yet Mexico has also shown resilience. Manufacturing and exports have held up despite Donald Trump's import duties, thanks mainly to deep integration into North American supply chains and relatively light tariff rates compared with [America's more distant trade partners](#). Still, without stronger domestic policy to lift productivity and confidence, Mexico's economy is in for a lacklustre year.



Photograph: AP

## A survival thriller set in paradise

Ron Howard has a number of mainstream hits to his name. His films span feel-good pictures (“Cocoon”, “Splash”), tales of heroism (“Apollo 13”, “Backdraft”) and thrillers (“The Da Vinci Code”). “Eden”, featuring Sydney Sweeney, the American [actress of the moment](#), is much darker. It reprises a familiar cinematic plotline: a group of idealists, disenchanted with civilisation, aim to form a perfect society in a remote place, only to discover that human frailties and conflicts follow them there.

Whereas previous films with this theme, such as “The Village”, “The Beach” and “The Mosquito Coast”, are pure fiction, “Eden”—like many of Mr. Howard’s films—is based on a true story. It dramatises the travails of a handful of German settlers on an uninhabited and inhospitable island in the Galapagos in the 1930s. In “Eden” Mr Howard demonstrates a hitherto unseen willingness to explore the grimmer depths of human behaviour.





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:** An extended celebration of LGBTQ people in June is generally known under what title?

**Thursday:** The Althing is the oldest-known example (still in existence) of what type of institution?





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:

**Jordan Moar**, Waterloo, Canada

**Tom Geary**, Versailles, France

**Kevin Gaunt**, Cambridge, New Zealand

They all gave the correct answers of [hybrid](#), [Lenin](#), [member](#), [Herculaneum](#).

*A gram of experience is worth a  
ton of theory.*

---

***Robert Gascoyne-Cecil, 3rd Marquess  
of Salisbury***