

## Catch up: Biden explains himself; Democrats shun Netanyahu



**Joe Biden** explained his decision to withdraw from the presidential race. Mr Biden said he had ditched his personal ambition in order to unite America in the hope of “saving our democracy”. In his address from the Oval Office, he called **Kamala Harris**, whom he has endorsed, “experienced”, “tough” and “capable”. Donald Trump described her as “a radical-Left lunatic” at a rally in North Carolina, a battleground state. On Wednesday the Democratic National Committee agreed on a plan to nominate Ms Harris as early as August 1st, with her choosing a running-mate by August 7th.

In a nearly **hour-long speech** to America’s Congress, **Binyamin Netanyahu**, Israel’s prime minister, forcefully defended his country’s war in Gaza. He blamed Hamas for denying Palestinians food aid (in fact **Israel is also responsible**), rejected allegations that Israel had targeted civilians and sketched out a post-war vision that did not include a Palestinian state. Republicans in the chamber reacted enthusiastically. About half of Congressional Democrats boycotted the speech.

In a surprise move, **China's** central bank cut the rate on its medium-term lending facility from 2.5% to 2.3%—the first such cut since August. It also injected 200bn yuan (\$26.5bn) of liquidity into the market. On Monday the central bank reduced a key short-term policy rate, saying it wanted to “step up [financial support](#) for the real economy”.

The **NASDAQ** and the **S&P 500**, two American stockmarket indices, recorded their worst daily percentage declines since 2022 as investors sold off **tech stocks** after disappointing second-quarter earnings. **Tesla's** shares fell by over 12% on Wednesday. On Tuesday the electric-vehicle firm reported a 45% drop in net income. **Alphabet's** advertising revenue from YouTube also underperformed estimates.

**South Korea's** [economy](#) shrank by 0.2% in the second quarter, after hefty growth in the previous quarter. Analysts had expected an expansion of 0.1%. The contraction will heighten expectations that the central bank will cut interest rates in the coming months.

**Britain** and **Germany** signed a defence pact, pledging to strengthen their defence industries, improve cybersecurity and boost the effectiveness of joint operations. Sir Keir Starmer, Britain's new prime minister, wants to reset relations between Britain and Europe—and also take advantage of a ramping up of defence spending on the continent.

**Typhoon Gaemi** killed three people in [Taiwan](#) and injured at least 284. Around half a million households were temporarily without power. A freighter with nine crew also sank; there has been no response from the vessel. A search operation is underway. Gaemi, which is the strongest typhoon to hit the island in eight years, will next make landfall in Fujian province in southeastern China.

**Figure of the day:** 11%, the share of Olympic medals won by American athletes between 2000 and 2021. [Read the full story.](#)

*In the run-up to America's presidential election, we've launched [The US in brief](#)—a daily update to help you keep on top of the political stories that matter. [Sign up here](#) to receive it as a newsletter, each weekday, in your inbox.*

# SK Hynix's AI windfall



Last year SK Hynix, the world's second-largest memory-chip maker, was in a slump. A semiconductor glut and sluggish Chinese demand were hurting sales. But in the fourth quarter the South Korean firm made its first quarterly operating profit in over a year, driven by sales of high-bandwidth memory chips. Demand for that technology, which SK Hynix co-developed in 2013 and now dominates, surged as the AI boom took off. [Nvidia](#), America's chip champion, is among SK Hynix's customers. On Thursday it reported that second-quarter revenue had more than doubled, reaching 16.4trn won (\$11.9bn). SK Hynix has already sold all the HBM chips it is due to make in 2025.

Chey Tae-won, head of SK Group, has cautioned that the AI boom, like the gold rush, could disappear. Yet the conglomerate is rushing West at full pelt. It plans to spend \$77bn on semiconductors and AI over the next five years, 80% of it on AI.

# Can the G20 put aside its differences?



Finance ministers and central-bank governors from the G20 will [convene in Brazil](#) on Thursday. The host country, which holds the group's rotating presidency this year, has made introducing a global tax on billionaires a priority. Ministers from South Africa, Spain, France and Germany have backed the idea. However, America is reluctant to endorse it. Janet Yellen, its treasury secretary, has said that she would not support negotiations involving redistributing proceeds among countries.

The G20 is lacking in unity in other ways. Geopolitics divides its members. Some poor and middle-income countries, including India, worry about how Western sanctions on Russia might affect their food and energy security and public finances. The informal group has no charter or secretariat, and relies on consensus to make decisions. That complicates matters. Ministers have said they will put geopolitical issues to one side. Whether they can is a different matter.

# Vietnam mourns a grey apparatchik



The state funeral for Vietnam's long-serving leader, Nguyen Phu Trong, begins on Thursday. Mr Trong, who was known to be frail, died on July 19th, aged 80. He held Vietnam's most powerful post, as general secretary of the secretive Communist Party of Vietnam, since 2011.

A creature of the party, [Mr Trong](#) nevertheless broke the mould. He helped turn Vietnam into a manufacturing alternative to China. He also centralised power within a traditionally collective party leadership. He worried about rampant corruption undermining party discipline and, through his “blazing furnace” campaign, felled many provincial leaders and even three of the party's top brass. But what happens next is uncertain. The state president, To Lam, has been made interim party chief, possibly until the next party congress, slated for 2026. Yet if the ruling Politburo decides to elect a new party chief now, political uncertainty and infighting will ensue. His succession is one thing Mr Trong conspicuously failed to facilitate.



## No relief for Colombia's disaster-risk agency



Dave Simonds

Plush hotel suites, clandestine meetings in the presidential palace and inflated contracts allegedly worth 380bn pesos (\$95m): the corruption scandal that has engulfed Colombia's Disaster Risk Management Unit for six months grows more preposterous by the day. On Thursday the attorney-general will charge the two main suspects, Olmedo López, the agency's former boss, and Sneyder Pinilla, his deputy.

Both have worked with the authorities to try to secure reduced sentences. The prosecutor has opened 154 cases as a result of their testimonies, which implicate 20 congressmen, senators and government figures, including Ricardo Bonilla, the finance minister. He denies any involvement. According to the disgraced pair, politicians robbed funds intended for destitute regions to buy votes for [the president's reforms](#). The timing is terrible. The imbroglio has drained the agency's funds and stymied its ability to tackle real disasters. A month before La Niña is expected to unleash heavy rain and flooding across Colombia, it has just 10% of its annual budget left.

## Marvel searches for a hero



All is not well in the [Marvel Cinematic Universe](#). Once a dominant presence in the entertainment industry, the Disney-owned franchise is in a rut. Analysts blame a surfeit of superhero films, which has dulled audiences' appetites. The MCU's rival, the DC Extended Universe, is also struggling.

But the “Deadpool” series has an advantage that other superhero films lack: it presents a caustic, self-referential parody of the genre and its tropes. By importing “Deadpool” from 20th Century, a Disney-owned studio, the MCU is trying to have it both ways. Had enough of superheroes? Deadpool is a character who shares your disdain. Even so, “Deadpool & Wolverine”, which is released in Britain on Thursday, looks like an exercise in hedging: it pairs its protagonist with the most popular figure in another MCU acquisition, the “X-Men” series. Every comedy needs a straight man, and the MCU has turned to a proven banker to play the role.



## 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 GMT 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.

**Thursday:** Naan, chapati and roti are Indian versions of what food?

**Wednesday:** Which rock singer adopted the alter ego Ziggy Stardust?

**11%**

*The share of Olympic medals won by American athletes between 2000 and 2021.*

*Read the full story.*

**Advice is like snow—the softer it falls, the longer it dwells upon, and the deeper it sinks into the mind.**

*Samuel Taylor Coleridge*