

## Catch up: Trump makes tariff U-turn; stockmarkets slump anyway



**Donald Trump** delayed implementing **tariffs** on some imports from **Canada** and **Mexico**. The reprieve, which lasts until April 2nd, applies to goods that fall under an America-Canada-Mexico deal signed in 2018. The president said that **levies** on aluminium and steel would continue as planned next week, and that he would not exempt **carmakers** from his April deadline.

**Global stockmarkets** **fell** even with Mr Trump's tariff reversals. In America the S&P 500 dropped by nearly 2%, and the tech-heavy NASDAQ by 2.6% on Thursday. Asian markets also fell during early trading on Friday. Earlier at an event in New York Scott Bessent, America's treasury secretary, defended the administration's use of tariffs, calling it "the America First trade policy".

Wang Yi, **China's** foreign minister, accused **America** of using the "law of the jungle" and vowed to "firmly counter" its "arbitrary" tariffs. Mr Wang was speaking at a press conference on the sidelines of the Two Sessions, China's biggest annual political

meeting, which began this week. On Taiwan Mr Wang said “China will and must be reunified”.

Most EU leaders meeting in Brussels agreed measures to increase **defence spending**. These reportedly include a €150bn (\$162bn) fund for loans to member states, and a review of the bloc’s spending rules. **Ukraine’s** president, Volodymyr Zelensky, earlier thanked European leaders that had “stayed” with his country. Norway’s government announced €7.2bn in aid for Ukraine this year, more than double that originally planned.

For a second consecutive time, **SpaceX’s Starship** rocket exploded shortly after launching for a test flight. The upper-stage spacecraft’s engines malfunctioned before bursting into flames. It is another setback for [SpaceX](#) and the company’s boss, Elon Musk. Starship is central to his vision of human settlement on Mars and for the expansion of Starlink, SpaceX’s satellite constellation.

Dozens of people were reportedly killed in clashes between **Syrian** security forces and supporters of **Bashar al-Assad**, the deposed president. The two groups have been engaged in heavy fighting in Latakia. The coastal province is the heartland of Syria’s Alawite minority, of which Mr Assad is a member. In late February [security forces](#) killed four people there, including an army officer from the overthrown regime.

Several homes and a church in **South Korea** were mistakenly bombed by the country’s air force, injuring 15 people. The accident happened during a military training exercise with America, when two [South Korean](#) fighter jets each dropped four bombs over Pocheon, a village close to the [border with North Korea](#). Live-fire drills across the country have been suspended.

**Figure of the day:** 45%, the share of women across the OECD who have a degree, compared with 36.9% of men. [Read the full story.](#)

# Cracks in America's job market



Concerns are mounting about the [health of the American economy](#) but its latest employment data, due on Friday, should look fairly solid. Forecasters think the country probably added about 170,000 jobs in February, an increase from 143,000 in January. They also predict that the unemployment rate held steady at 4%, matching its lowest since May. Resilience in the labour market ought to bode well for America, ensuring continued growth of incomes and household spending.

But strength could be deceptive. Increased hiring will, in part, reflect a rebound after an unusually frigid January. Moreover, it will take a little while for the turbulent start to Donald Trump's presidency to show up in employment data. Higher tariffs will raise input prices for many companies, pressuring them to make layoffs. Meanwhile, Elon Musk's campaign to shrink the civil service will probably also add to the unemployment rolls. The coming months will be tougher.

# Misery in the West Bank



It is not a conference Switzerland particularly wants to host. But it has no choice. Last year the UN asked the European country, as the depositary of the Geneva Conventions, to host a conference on protecting civilians in Israeli-occupied Palestinian territories. Israel's foreign ministry has denounced the event, which begins on Friday, as “part of the legal warfare against Israel”.

But attendees will have much to discuss. An [Israeli military offensive](#) in the occupied West Bank has prompted an estimated 40,000 Palestinians to flee their homes there, the biggest such displacement in decades. The operation has cleared refugee camps; Israeli bulldozers have flattened homes and shops. At least 55 Palestinians have been killed in the past six weeks. Israel is trying to shut UNRWA, the main UN aid agency for Palestinians. The fragile ceasefire in Gaza has been the focus of diplomacy for weeks. Meanwhile, the situation in the West Bank is getting ever more bleak.



# Crypto bros at the White House



Under Donald Trump's presidency, the cryptocurrency industry is closer to the levers of power in [America than ever before](#). On Friday Mr Trump's working group on digital assets, helmed by his crypto czar, David Sacks, will host its first White House summit. Attendees reportedly include Michael Saylor, the chairman of Strategy, a software firm turned bitcoin fund, as well as the bosses of Coinbase and Robinhood, two brokerages.

On Sunday the president announced his intention to establish a crypto strategic reserve, a stockpile of digital assets, including bitcoin and a range of smaller tokens. More details about the policy's funding, scale or timeline may emerge from the summit. The industry is also eager for a clearer regulatory framework for digital assets—for which they will also need legislative action. Crypto owners will hope that any announcements lift the value of their holdings: at around \$90,000 for a single bitcoin, the price has dropped by roughly 15% since its all-time high in January.

# Lula's growing economic problems



Brazil's economic growth, driven by rising government spending and personal consumption, has beaten expectations in recent years. Figures released on Friday are expected to show that GDP grew 4% year on year in the final quarter of 2024. Yet the streak may be ending. This month Brazil's government cut its GDP forecast for 2025 slightly, to 2.3%. Worse, it also raised its prediction of annual inflation, from 3.6% to 4.8%. Other forecasts put the growth even lower and the inflation rate higher.

Markets doubt the left-wing government's commitment to fiscal discipline. The budget deficit is almost 10% of GDP. Despite a new promise to cut public spending, in November the finance minister [unexpectedly announced big tax cuts](#) for the lower and middle classes. Investors balked; the currency slumped. Meanwhile, public concern about food prices has eroded President Luiz Inácio Lula da Silva's popularity, increasing the chance that the opposition will win the general election due next year.

## Lady Gaga goes back to basics



Nobody could ever accuse Lady Gaga of understatement. Her lyrics can be punchy and explicit; she once walked the red carpet in a dress made of raw meat. Still, in recent years the pop star has toned down the shock tactics as she successfully [sought respectability in Hollywood](#). She excelled in films such as “A Star Is Born” (2018), a story about fame and addiction.

But her seventh solo album, “Mayhem”, released on Friday, suggests Lady Gaga is now reprioritising provocative pop over her film career. It recalls “The Fame Monster”, a record that defined her as an artist on its release in 2009. The video for one single on the new album, “Disease”, finds her revelling in gothic horror tropes and fetishwear fashion. Another track, “Abracadabra”, adopts the thumping electropop and gibberish rhymes of earlier hits. She probably won’t be seen again in raw-meat couture. But Lady Gaga is back to what she does best.

## 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.

**Friday:** Which remote air force weapon was replaced with the Reaper in 2018?

**Thursday:** Which French group is generally regarded as one of the world's energy supermajors?



# The winners of last 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:

**Elise Amerini**, Contern, Luxembourg

**Tom Kestner**, Tokyo, Japan

**Xavier Leus**, Oosterzele, Belgium

They all gave the correct answers of [Lindsey Graham](#), [London](#), [yield](#), [Maoist](#). Check back tomorrow for this week's crossword.

**What comes after is not always progress.**

*Alessandro Manzoni*