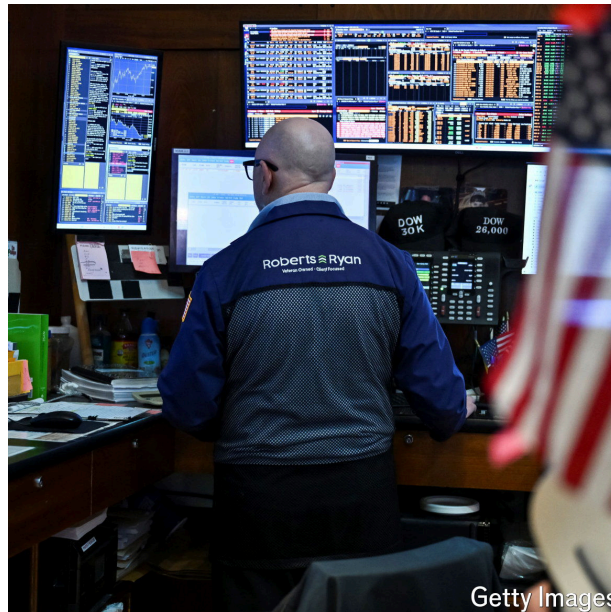


Catch up: American stocks fall again; EU pauses tariffs



American stockmarkets fell on Thursday, with the S&P 500 and NASDAQ indices both dropping by around 5-6%. Meanwhile, [America's](#) annual inflation rate fell to 2.4% in March, below economists' expectations of 2.6% and down from 2.8% in February. The figures were collected before Donald Trump's trade war with China began in earnest, which may push up prices further.

The **European Union** said it was negotiating a "modern and ambitious" [free-trade](#) agreement with the UAE. Earlier the bloc suspended counter-tariffs against America for 90 days, after Mr Trump paused many tariffs on Wednesday. Europe had announced levies worth some €21bn (\$23bn) on American goods in response to 25% levies on steel and aluminium. Meanwhile [China's](#) counter-tariffs against America came into effect.

America's **House of Representatives** narrowly passed a budget-resolution bill that paves the way for Mr Trump's ambitious fiscal and immigration agenda, thwarting a Republican rebellion that threatened to sink it. Senate Republicans promised fiscal

conservatives in the House, who had demanded deeper reductions, that they would cut spending, but the commitments are not in the text—potentially setting up a future fight.

A **Tanzanian** court charged Tundu Lissu, the [opposition leader](#), with treason ahead of elections in October. The charge carries a maximum penalty of death. Mr Lissu was arrested at a rally on April 9th while campaigning for electoral reforms. He survived assassination attempts in 2020 when he was the presidential candidate for his party, Chadema. The president, Samia Suluhu Hassan, has recently cracked down on opposition.

Prada, an Italian [luxury house](#), will buy **Versace**, another Italian seller of pricey clobber, for €1.25bn (\$1.4bn). Capri Holdings, Versace's current owner, paid \$2.1bn for the firm in 2019, but it has struggled. Versace's sales fell by 15% year on year in the last quarter of 2024. Prada reportedly negotiated a steep discount following the stockmarket slump sparked by Mr Trump's tariffs.

Friedrich Merz said **Germany** was “back on track” after the Christian Democratic bloc agreed on a coalition deal with the centre-left Social Democrats. [Mr Merz](#), the head of the Christian Democratic Union, will become chancellor, having led his party to an election victory in February. He promised Germans and Europeans “a strong government capable of action”.

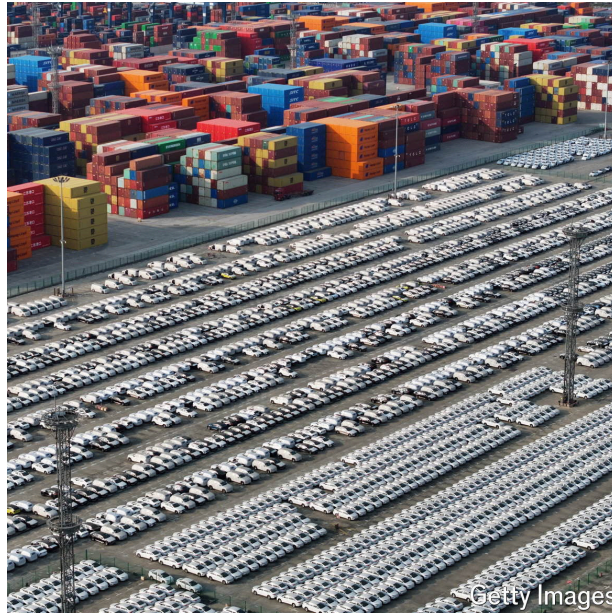
Russia released Ksenia Karelina, a Russian-American ballet dancer who had been serving a 12-year sentence for treason after she donated \$51.80 to a pro-Ukraine charity. In exchange, America released Artur Petrov, a German-Russian dual national who had been accused of smuggling American microelectronics to Russia. Meanwhile the two countries held talks in Turkey to discuss the normalisation of embassy relations.

Figure of the day: 51,000, the number of government workers sacked by Argentina's president during his first year in office. [Read](#)

[the full story.](#)

How is America's economy faring under Donald Trump? Assess the performance of stocks, bonds, the dollar and other economic indicators on [our presidential tracker](#).

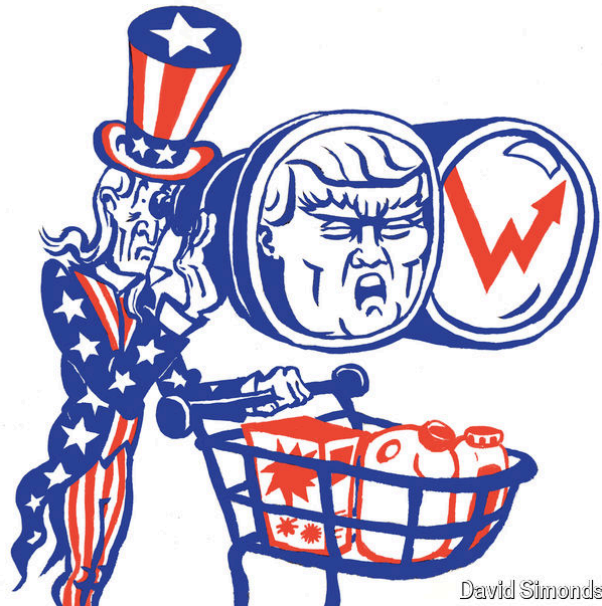
China squares up in the trade war



No bell or siren sounded at China's ports at one minute past noon, local time, on Wednesday when America's devastating new 84% tariffs came into effect. But make no mistake: this is a trade emergency. Most Chinese goods entering the world's biggest market now face combined levies of at least 104%. On Wednesday Donald Trump said he would raise them higher still: to 125%, although his formal order has not yet appeared.

China's Ministry of Finance sees this as "economic bullying." And the logic of playground fights has been governing the country's response: it is retaliating shove for shove, punch for punch. At one minute past noon, local time, on Thursday it raised tariffs on American goods by the same 84%. It must now decide whether to match Mr Trump's latest hike, too. [Neither country will win this fight](#). But will either back down? America has more customer clout than China. But its leaders are more dependent on the support of the governed. In fighting terms: America packs a bigger punch, but China has the stronger chin.

Inflation returns to America



Much of America's economic data seems, for the moment, like a time capsule from a happier era. The latest figures for inflation, released on Thursday, showed a larger slowdown in the annual pace than expected, down to 2.4% and almost back to the 2% level that is generally seen as a [healthy inflation rate](#). In normal circumstances that would be unalloyed good news.

Alas, not much is normal now. With Donald Trump's hefty global tariffs consumers may start to see higher prices in stores and on apps in the coming weeks. The steady reduction in the inflation rate experienced over the past two years could well go into reverse. Mr Trump had promised to vanquish rising prices, but instead may end up reviving them.

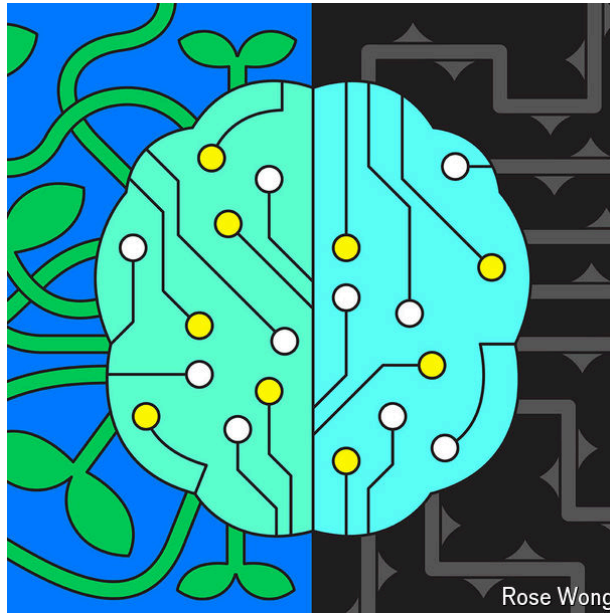
Sudan accuses the UAE of complicity in genocide



Since it began in April 2023, Sudan's civil war has taken tens of thousands of lives, displaced about 15m people and provoked famine. It is the [greatest humanitarian crisis](#) in the world. Both parties to the conflict have been accused of atrocities. On Thursday the first legal case comes to court. The government of Sudan is charging the United Arab Emirates at the International Court of Justice with enabling the Rapid Support Forces, a rebel group, to commit genocide.

The charges relate specifically to the killing of thousands of the Masalit group in West Darfur, a stronghold of the RSF. The UAE has often been accused of backing the RSF, even by the UN, but dismisses the ICJ case as a “cynical publicity stunt”. If Sudan wins the case, it hopes the UAE will be obliged to cease such support, thus [shortening the war](#). That is unlikely, however, as an ICJ judgment is not legally binding. More probable is continued war, and more deaths.

Is AI good for the climate?



In 1999, shortly after Amazon started selling books online, a *Forbes* article declared (incorrectly) that “a lump of coal is burned” every time anyone ordered one. Today, the panic is about artificial intelligence, which consumes considerably more energy than other types of computing and is growing rapidly. On Thursday the International Energy Agency, a forecaster, published a report assessing those concerns. It concluded that AI’s energy use will, indeed, become considerable. Data centres—which provide the computational heft needed for most online tasks, from video streaming to shopping—currently consume about 1.5% of the world’s electricity. The growth of AI, the IEA reckons, will increase that demand by 128-203% in the next five years.

That is significant. But, as the IEA notes, so is [the potential for AI](#) to make the energy sector more efficient and greener. The body assesses that existing AI solutions alone, if scaled up correctly, could save the annual electricity generation of both Australia and New Zealand combined.

Golfers vie for a coveted green jacket



April is a puzzle for [Rory McIlroy](#). It is the only month in which the world's second-ranked player has failed to win a solo golf tournament. Pundits like to remind him of this every spring before the Masters. The championship in Augusta, Georgia, which tees off on Thursday, has for 10 years been the only major title missing from the Northern Irishman's collection. A win on Sunday would make him the sixth player to win all four majors and complete golf's career grand slam.

Meanwhile, his rival [Scottie Scheffler](#) is eyeing his third Masters win in four years. The American is on a roll. He has topped the world rankings for the past 98 weeks, a streak bettered only by Tiger Woods (281 consecutive weeks). The odds are in his favour. Yet it will not just be a two-horse race. Golf fans could reel off a dozen potential winners, and Augusta's prettiest course is designed to confound.

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. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Thursday: Which singer-songwriter was born Peter Gene Hernandez?

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

It is well that there is no one without a fault; for he would not have a friend in the world.

William Hazlitt