

## Catch up: Trump pauses tariffs on most countries; stocks surge



**Donald Trump** [announced he would pause reciprocal tariffs](#) for 90 days on countries that did not retaliate against his levies, but maintain a 10% universal tariff. The president raised tariffs on China, however, to 125%, after China earlier increased its levies on American goods from 34% to 84%. Before Mr Trump's reversal, EU members approved tariffs on some €21bn (\$23.2bn) of American goods, in response to America's 25% levies on steel and aluminium.

**Stocks** rallied on the news. The NASDAQ was up 12.2% when markets closed on Wednesday and the S&P 500 climbed 9.5%—the indices' largest daily gains since 2001 and 2008 respectively. The Dow Jones climbed by around 2,960 points, or 7.9%. **Bond yields**, which [surged](#) after the tariffs came into effect, eased. The yield on ten-year Treasuries fell to around 4.3%.

**Germany's** centre-right Christian Democratic bloc agreed a coalition deal with the centre-left Social Democrats. [Friedrich Merz](#) will become chancellor, having led his Christian Democratic Union

to an election victory in February. Mr Merz has already pushed a big spending bill through parliament, sidestepping the constitutional “debt brake” to unleash more defence and infrastructure spending. Details of the governing programme will be announced later on Wednesday.

An **Israeli** air strike on **Gaza city** killed at least 29 people and injured many others, according to Palestinian officials. Israel said the strikes on a residential building in the suburbs targeted a senior Hamas operative, though gave few further details. The [country's armed forces](#) have expanded their renewed offensive in Gaza as they seek to establish a “security zone” in the strip.

**Iran's** foreign minister said his country is ready to “seal a deal” with **America** over its nuclear programme, but would “never accept coercion”. Abbas Araghchi's remarks came after Mr Trump [revealed](#) that America and Iran would hold “direct talks” this Saturday. Mr Araghchi confirmed the meeting but said negotiations would be “indirect”, adding that they would be “as much an opportunity as a test”.

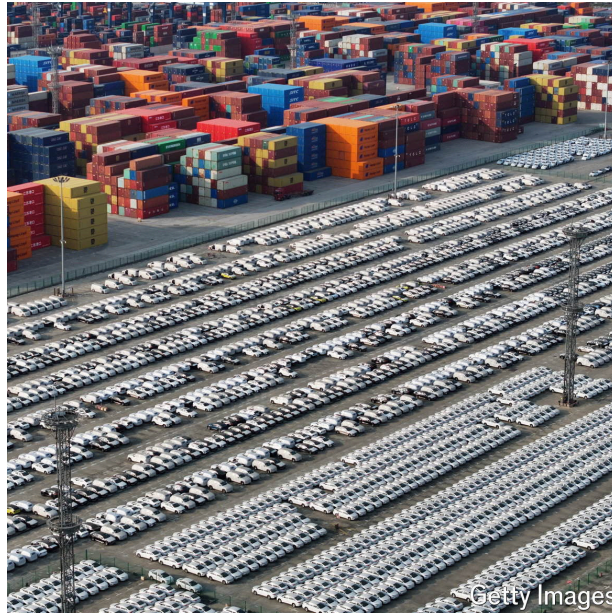
The head of **Ukraine's** armed forces, Oleksandr Syrsky, told LB, a Ukrainian media outlet, that **Russia** had launched its spring offensive. President Volodymyr Zelensky had earlier suggested that Russia was gearing up to attack the Kharkiv and [Sumy](#) regions in north-east Ukraine. The comments come ahead of America and Russia continuing talks about normalising relations.

**Congo** repatriated three Americans imprisoned for taking part in a failed coup attempt last year. A Congolese court originally sentenced the trio to death; last week the president, Félix Tshisekedi, reduced that to life imprisonment, which the three men will now serve in America. The move comes as America negotiates a deal with the central African country to gain access to its mineral resources.

**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. This was, said China's Ministry of Finance, "a typical example of...economic bullying."

The logic of playground fights now governs China's response. At one minute past noon local time on Thursday it will raise tariffs on American goods by the same 84%. It is retaliating shove for shove, punch for punch. [Neither country will win.](#) But will either back down? America has more customer clout than China. Still, its financial markets are more sensitive to pain and 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, due on Thursday, are expected to show that overall consumer prices rose just 0.1% month-on-month in March. That would make for an annual pace of 2.6%, 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 a trade war escalating between America and China, and [uncertainty over the future of Donald Trump's 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.



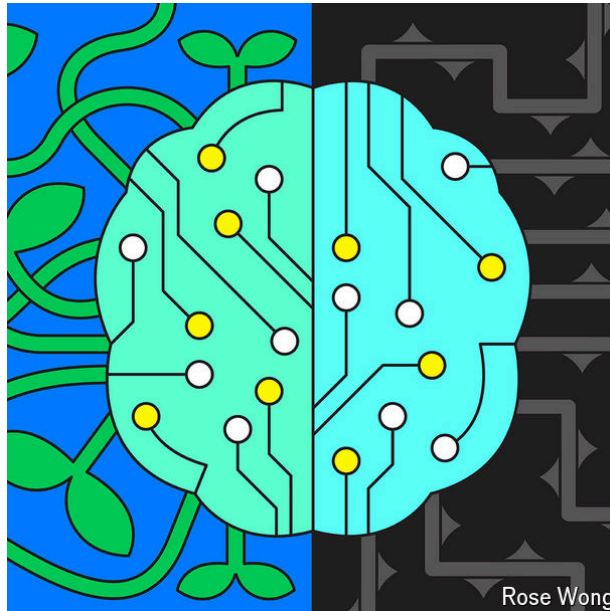
# Sudan accuses the UAE of complicity in genocide



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 a new work. 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, will publish a report looking at those worries in detail. It will probably say that, while AI’s energy use should be carefully considered, it should also be regarded as an important tool for slashing total emissions.

That would be in line with other reports. Goldman Sachs predicts that AI growth will increase demand for data centres by 165% by 2030, bringing their consumption of global electricity to around 3%. That is significant. But so are recent [gains in using AI](#) to clean up hard-to-abate sectors, such as shipping, or to carry out difficult tasks, like spotting leaks of methane, an incredibly potent greenhouse gas.

# 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](mailto: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*