

The world in brief

Catch up quickly on the global stories that matter



Photograph: Alamy

Technology stocks tumbled over worries that vast **AI** spending, particularly on **data centres**, was not generating sufficient returns. The tech-heavy **NASDAQ** index closed 0.7% lower. **Microsoft's** poor results prompted the sell-off. Although its cloud-computing unit saw revenues rise by 38% on a year earlier, the firm's capital expenditure rose by 66%. Its shares fell by 10% on Thursday, the biggest drop since 2020.

America's **Senate** potentially averted a partial **government shutdown** before this weekend's deadline, passing spending bills for five agencies and agreeing to temporarily extend the deadline on the sixth, final package—funding for the Department of Homeland Security—while negotiations continue. Democrats are demanding restrictions on the Trump administration's **immigration crackdown**. However the House of Representatives, which must approve these changes, is in recess until Monday.

Meanwhile, **Donald Trump** said he would announce his choice for the next chair of the **Federal Reserve** “next week”. America's president has repeatedly pressured the central bank's current chair **Jerome Powell**, whose term expires in May, to lower interest rates faster. (They were left unchanged on Wednesday.) This month the

Department of Justice [opened a criminal probe](#) into Mr Powell over renovations to Fed buildings.

Federal prosecutors in New York indicted the founder of **First Brands**, a bankrupt car-parts company [whose collapse shocked Wall Street](#), and his brother on **fraud** charges. Patrick and Edward James are accused of deceiving lenders, which included big firms such as Jefferies, by concealing or lying about “massive amounts of debt”. The brothers denied wrongdoing.

Britain and **China** promised to strengthen ties as Sir Keir Starmer met with Xi Jinping in Beijing. Sir Keir announced that Brits will soon be able to travel to [China](#) visa-free. He and Mr Xi also announced plans for greater economic partnership after AstraZeneca, a British drugmaker, said it would invest \$15bn in China to expand manufacturing and research.

The price of **Brent crude oil** rose to more than \$70 per barrel, its highest price since September. On Wednesday Mr Trump said that he sent a “massive Armada” to Iran to force negotiations over its [nuclear programme](#). An attack on the oil-producing country would disrupt global supply. The country’s foreign minister, Abbas Araghchi, responded that Iran’s armed forces had their “fingers on the trigger” if America struck.

Caterpillar, the world’s largest maker of construction and mining equipment, reported sales of \$19.1bn during the fourth quarter of 2025, a record high, driven by soaring demand for the equipment needed to build data centres that power artificial-intelligence models. Its operating profit fell by 9% due to higher manufacturing costs related to Mr Trump’s tariffs; the firm predicts such costs will total \$2.6bn in 2026.

Figure of the day: 1.1, the murder rate per 100,000 people in London, the lowest since records began. [Read the full story](#).



Photograph: Getty Images

Britain's rapprochement with China

Sir Keir Starmer met China's president, Xi Jinping, in Beijing on Thursday. He is the first British prime minister to visit the country since Theresa May did in 2018. His office noted that [Britain has been “missing out”](#) compared with the leaders of Germany and France, who have been to China far more often.

Anticipating criticism that closer ties with China risk glossing over the security threat the country poses, Sir Keir said Britain would remain “clear-eyed and realistic” while seeking a more stable relationship. He argued that policy had swung “from the golden age to the ice age”. Backed by a delegation of business and cultural figures, he said he would chart a “steady, consistent course”. His government took steps to ensure a friendly welcome: last week it approved the construction of a [large new Chinese embassy in London](#), even though the opposition claimed it would be dangerous for national security.

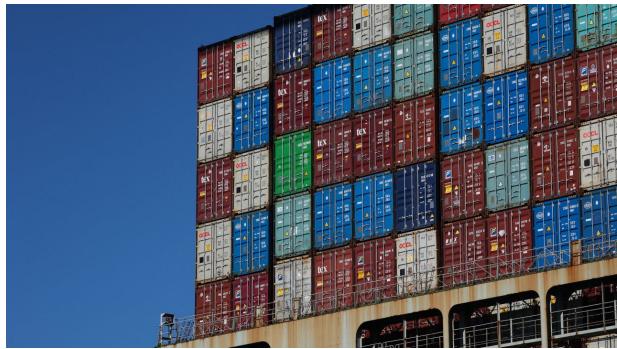


Illustration: David Simonds

Will Apple survive the AI age?

Apple is expected to report double-digit growth in iPhone sales—its best performance in several years—when it releases results for the three months to December on Thursday. That is thanks to the popularity of the iPhone 17, which turned Apple into the world's biggest [smartphone-maker](#) in 2025. The mood will sag, though, if the rising cost of memory chips, used inside smartphones, lowers profits. The artificial-intelligence boom has increased demand for top-of-the-range memory chips used in data centres and led to lower production of more basic ones, such as DRAM chips. If Apple predicts that DRAM shortages will persist, it could augur badly for all smartphone-makers.

Attention is turning towards [Apple's future](#). It plans to release its first flip phone this year. Meanwhile, a recent deal with Google to incorporate the search giant's Gemini AI into Siri, Apple's voice assistant, has raised hopes that Apple's AI efforts will persuade even more people to buy new iPhones. What is not clear is how much Apple is paying Google to save it from AI ignominy.



Photograph: Getty Images

Tariffs take a toll on America's imports

Nearly a year after Donald Trump began raising [tariffs](#), their effects are starting to show in America's trade data. Between August and October the merchandise-trade deficit fell by 40% year on year. Tariffs have affected trading partners differently. Imports from China fell by 42%, and those from Canada by 9%. Imports from Mexico, meanwhile, rose by 4% and those from Vietnam soared by 34%. The disruption will remain visible in trade figures for November, due on Thursday.

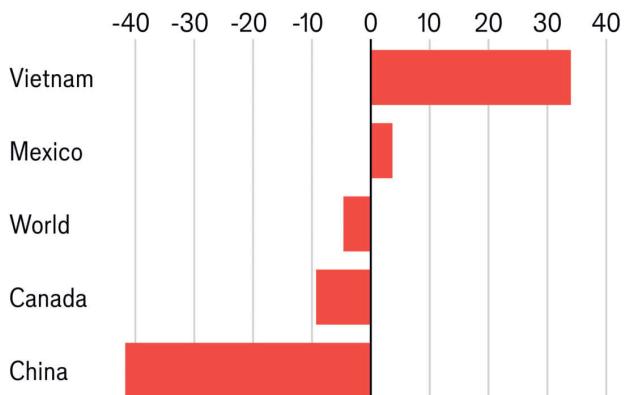
Although tariffs are at their highest levels since the 1930s, they are lower than Mr Trump threatened they would be. [Importers hoping for stability](#), however, may be disappointed. This week Mr Trump proposed new levies on South Korea and Canada. Betting markets expect the Supreme Court to rule soon against some of Mr Trump's tariffs, which could lead to another chaotic resetting of levies. And later this year the United States-Mexico-Canada Agreement is up for review.

The great reroute

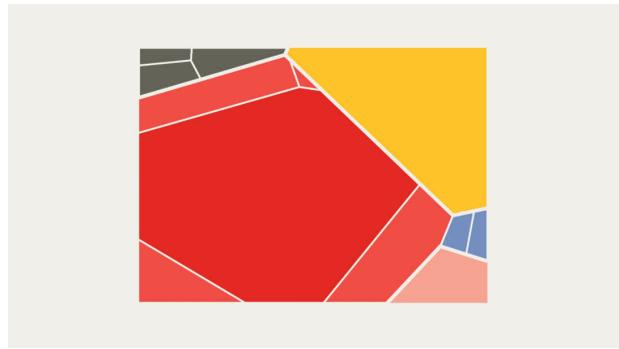
United States, goods imports from selected

countries, August-October 2025

% change on a year earlier



Source: Census Bureau



Photograph:

Data bite: Brazil's rare earths

Brazil has nearly a quarter of the world's known deposits of [rare earths](#), second only to China, which dominates both mining and processing. As Western economies look to reduce their reliance on supplies from China—which has imposed export controls on rare earths—Brazil's lode has become more important. Cheap electricity and a seasoned mining industry add to its appeal. That explains the rush of interest from America and Europe and the government's push for a national strategy on critical minerals.

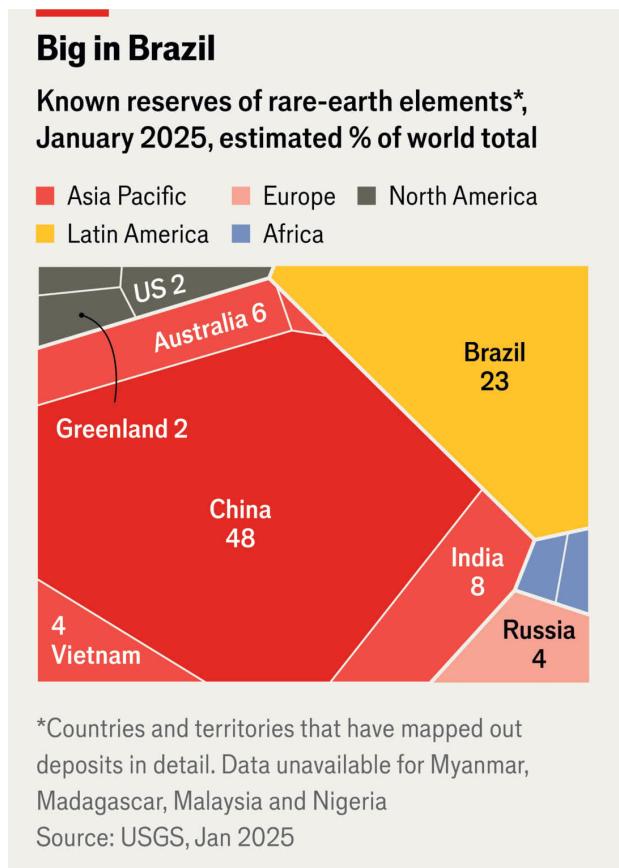




Illustration: Sandra Navarro

Daily quiz

We will serve you a new question each weekday. On Friday your challenge is to give us all five answers and tell us the theme. Email your responses (and your home city and country) by 1700 GMT on **Friday** to [\[email protected\]](mailto:). We'll pick three winners at random and crown them on Saturday.

Thursday: Which phrase from Revelation, associated with the Antichrist, was the name of a song and album by Iron Maiden?

Wednesday: Which nature documentary series, presented by David Attenborough, and first shown in 1979, traced the story of evolution?

*Don't tell me the moon is shining;
show me the glint of light on
broken glass.*

Anton Chekhov