

## Catch up: the ECB cuts rates; Russia hits vessel in the Black Sea



The **European Central Bank** lowered interest rates for the second time this year, with a cut of a quarter of a percentage point, to 3.5%. The move comes amid falling inflation and [weak growth](#) in the euro zone. The annual inflation rate was 2.2% in August, the lowest level in three years. Meanwhile, the bloc's GDP grew by just 0.2% from April to June. America's Federal Reserve is expected to make its first rate cut since the start of the pandemic at its monetary-policy meeting next week.

**Ukraine's** president, Volodymyr Zelensky, accused **Russia** of hitting a cargo ship in the Black Sea. The vessel left Chornomorsk, one of Ukraine's biggest ports, on Wednesday, and was destined for Egypt. It was carrying around 26,000 tons of wheat. Russia has long tried to cut Ukraine's access to the [Black Sea](#), through which more than 70% of Ukrainians exports travel.

**OpenAI** is reportedly hoping to raise \$6.5bn at a valuation of \$150bn from a group of investors that include Apple and Microsoft. The startup, which is currently valued at \$86bn, plans to use the

funding to improve its AI models [amid growing competition](#). Last week Ilya Sutskever, who co-founded OpenAI but resigned earlier this year, said his new startup, Safe Superintelligence, had raised \$1bn.

**Jared Isaacman**, an American businessman, and three other members of the [Polaris Dawn](#) crew, completed the first-ever privately-funded spacewalk. They headed into space on Tuesday aboard a spacecraft made by **SpaceX**, Elon Musk's company. The mission has made it farther from the Earth than any crewed flight since the final Apollo mission in 1972.

An **Israeli** air strike on a UN school housing Palestinians killed 18 people, according to officials in **Gaza**. The death toll included six of the UN's staff at the site. [Israel said](#) it was targeting Hamas militants. Separately, President Joe Biden demanded "full accountability" from Israel after its troops killed Aysenur Eygi, an American activist, in the West Bank. Mr Biden called the shooting "unacceptable".

The **Bank of England** followed the Federal Reserve's decision earlier this week to cut a proposed rise to banks' capital requirements, from about 3% to 1%. The [bank](#) also delayed the introduction of the rules, known as "Basel III endgame", by six months. Britain's biggest banks fiercely opposed the original proposal, arguing that it would damage competitiveness.

**Alberto Fujimori**, Peru's divisive former president, died aged 86. Mr Fujimori's decade in office between 1990 and 2000 was [marked by authoritarian rule](#). While many Peruvians credit him for propelling growth and fighting Maoist terrorism, others remember his trampling of democracy and complicity in a death squad. In 2009 he was sentenced to 25 years in prison for several convictions, including murder.

**Figure of the day:** 4,000, the number of mergers and acquisitions involving Japanese firms in 2023, double that in 2013. [Read the full story.](#)

# The ECB cuts rates again



On Thursday, days after [Mario Draghi](#), the European Central Bank's former boss, outlined his proposals to revitalise Europe's economy, the ECB cut rates for a second time this year, to 3.5%. Economic indicators supported the decision. Annual inflation dropped to 2.2% in August, just above the central bank's target of 2%. Economic growth is weak: the euro zone's GDP grew by 0.2% from April to June, after expanding by 0.3% during the first quarter. Although real incomes are rising, economists don't expect households to go on a spending spree.

Policymakers still worry that services inflation, which has been around 4% since November, might remain sticky. The ECB's updated forecasts see inflation still at 2.2% in 2025. But if Europe is to make the investments that [Mr Draghi](#) has called for, it needs lower interest rates and stronger growth to help.

# China's vision of global security



Hundreds of senior defence officials and other military experts from dozens of countries and international organisations gathered in Beijing on Thursday for the Xiangshan Forum. The annual event, first held in 2006, is part of China's effort to portray itself as a responsible military power. The theme of this year's forum is "promoting peace for a shared future".

Some will wince at that, not least Michael Chase, the senior Pentagon official who is expected to attend. The West sees China as a growing threat. America and its allies have plenty of recent evidence to point to: [Russia and China](#) are gearing up for joint naval and air exercises in north-east Asia; China's coast guard is increasingly aggressive near shoals claimed by the Philippines, an American ally, in the [South China Sea](#). Three days of discussion at the forum probably won't allay the West's anxieties.

# India's IPO frenzy



Resourceful Automobile does not look like the sort of company that would launch a blockbuster initial public offering. It employs eight people and sells motorcycles from two small outlets in Delhi. When it listed its shares on India's SME exchange last month, it hoped to raise 120m rupees (\$1.4m) to finance its expansion. Yet its listing was 400 times oversubscribed, with total bids of 48bn rupees.

India is having an [IPO](#) boom. Just this week 17 firms will go public, including SAFE, a small fintech firm that listed on Thursday. In the first half of 2024 the money raised by IPOs globally fell by 16% year on year, according to EY, a consultancy. But in India the amount doubled during the same period, to \$4.4bn. Newbie investors, hoping for a quick return, have fuelled the frenzy. In August India's market regulator urged them to be careful, and warned firms not to exaggerate their financial performance.



# Trustbusters take aim at America's grocers



Kroger, America's third-largest supermarket chain by sales, reports results for the quarter ending in July on Thursday. Grocers have had a tricky time in recent years. High inflation led consumers to cut back, putting pressure on stores to lower prices. Consumer-sentiment data are now improving. Analysts will be looking to see if that's enough to boost American retailers.

Antitrust regulators will also be paying attention. That's because Kroger's [proposed merger](#) with fifth-ranked Albertsons is stuck in antitrust litigation. The Federal Trade Commission fears the deal would reduce competition that helps keep prices in check. Stepping beyond its usual remit, the FTC has also argued that a combined Kroger and Albertsons would be bad for workers, limiting trade unions' bargaining power. Yet at Walmart, America's biggest grocery retailer, sales are more than twice those of Kroger and Albertsons put together.

# A re-trial for Harvey Weinstein



It has been a difficult week for Harvey Weinstein, a former Hollywood mogul and convicted rapist. On Monday the #MeToo movement's public enemy number one was rushed to hospital from his prison cell. The 72-year-old underwent emergency heart surgery.

Mr Weinstein is back in the news for reasons other than his health. In April New York's top court [overturned his conviction](#) in the state in 2020, ruling that he did not receive a fair trial. The judge overseeing his case had allowed three witnesses, whose allegations were not part of the charges, to testify about previous "bad acts".

Prosecutors promptly said they would re-try him. Then, during a hearing on Thursday, they said that a grand jury had voted to indict Mr Weinstein, who has denied all wrongdoing, on additional sex-crimes charges, without specifying what they were. His new trial is due to start in November. His lawyers said they would lobby for a delay if prosecutors planned to include the fresh charges.



## 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 actor played Jim Rockford in the detective series “The Rockford Files”?

**Wednesday:** Which cheese-eating animated character appeared in the Oscar-winning short films “The Wrong Trousers” and “A Close Shave”?

**4,000**

*The number of mergers and acquisitions involving Japanese firms in 2023, double that in 2013.*

*Read the full story.*

**Earth is the cradle of humanity, but one  
cannot live in a cradle forever.**

*Konstantin Tsiolkovsky*