

Catch up: A horrible quarter for stocks; China's drills around Taiwan



America's **S&P 500** and **NASDAQ** stock indices recorded their [worst quarters](#) since 2022. The S&P fell by 5.8% in March, its sharpest drop since December 2022. Investors are worried about [Donald Trump's tariffs](#)—he promised that “all countries” would be targeted in the latest round, on April 2nd—and the overall health of America's economy. Markets in Asia, which also suffered in March, stabilised on Tuesday.

China began [military exercises](#) around **Taiwan** to “serve as a stern warning” against Taiwanese independence. In a propaganda video, China called Lai Ching-Te, Taiwan's president, a “parasite”. Taiwan's defence ministry said it had activated land-based missile systems in response and called China the “biggest troublemaker in the international community”.

Israel bombed **Beirut** for the second time in three days, putting further strain on a shaky ceasefire with Hizbullah that has been in place [since November](#). The Israel Defence Forces said it was targeting a Hizbullah operative in the Lebanese capital who was

planning an “imminent terrorist attack”. The strike reportedly killed three people. Meanwhile, **America** carried out more attacks on Houthi rebels in **Yemen**.

OpenAI raised \$40bn in a funding round led by Softbank, a Japanese investment group. The deal values the [artificial-intelligence startup](#) at \$300bn, making it one of the world’s most valuable private firms. OpenAI said it would use the money to “push the frontiers of AI research even further”. It also promised to release a cheaper and more accessible AI model in the coming months.

Marine Le Pen called the court ruling that barred her from running for office in **France** a “denial of democracy”. On Monday the leader of the hard-right National Rally was [found guilty](#) of misusing European Parliament funds. Ms Le Pen vowed to appeal “as soon as possible”. She was given a prison sentence of four years, two of them suspended and two under a form of house arrest.

Rocket, one of America’s biggest **mortgage lenders**, will buy Mr Cooper, which services housing loans, for \$9.4bn. The combined company will cover almost 10m mortgage-holders, roughly one in six in America. Rocket is one of several non-bank lenders gaining a growing share of the country’s mortgage book. The housing market has sputtered as interest rates have risen sharply from pandemic-era lows.

SpaceX launched the first crewed mission to orbit the Earth pole-to-pole. The Crew Dragon capsule, which is being taken into space aboard a *Falcon 9* rocket, is being manned by four [private astronauts](#). One of them, a Chinese-born crypto investor, is largely paying for the jaunt. The crew will carry out experiments on how space flights affect the body.

Figure of the day: 45%, the proportion of Americans who attend church. [Read the full story.](#)

*Donald Trump has begun his second term at a blistering pace.
Keep up with his executive orders, legal challenges against them
and what Americans think about it all on [our presidential tracker](#).*

The EU waits for a trade war



Just before Easter the European Central Bank will have to decide whether to cut interest rates again. By then it will have been able to assess the likely impact of a [trade war](#) on euro-zone growth. Donald Trump is due to present his idea of what a reciprocal trade policy looks like this Wednesday. The bank will also consider the latest inflation data, to be released on Tuesday.

Analysts will be looking out for two things. The first is whether services inflation, the ECB's big worry, continued its decline, as the bank expects, from 4% year on year during most of 2024 to 3.7% in February. The second is whether there are any new signs of inflation, either through spillovers from America, where inflation has risen, or from domestic sources. Industrial producer prices have recently started to climb. With Europe's economy under threat from tariffs, however, the ECB may well decide to cut rates.

Elon Musk spends big on Wisconsin's judicial race



Voters in Wisconsin are turning out on Tuesday (though many have already voted) to pick a judge for the state's supreme court. The race is technically non-partisan, but in reality it is anything but. On one side is Brad Schimel, a conservative judge who previously served as the state's Republican attorney-general; on the other is Susan Crawford, a liberal judge from Madison, the state capital. But the biggest personality in the race is Elon Musk.

Republicans are worried that if Ms Crawford wins, a liberal majority on the court could approve new congressional maps. That could cause their party to lose two seats in Congress. [Mr Musk's](#) political action committees alone have spent more than \$20m on the race, attracting controversy. Voters are being paid \$100 to sign a petition denouncing "activist judges" (that is, Ms Crawford); Mr Musk personally handed over cheques worth \$1m to two petition signers. Will it work? Wisconsin will know more on Tuesday.

Trump's deportations of “alien enemies” at SCOTUS



On Tuesday America's Supreme Court will examine whether Donald Trump has the authority to [deport](#) alleged members of Tren de Aragua, a Venezuelan gang deemed a “foreign terrorist organisation”. A judge blocked deportations on March 15th after the government had flown several hundred suspected TdA members to a prison in [El Salvador](#) without hearings. A divided appeals court upheld this ruling on March 26th. On Friday the administration asked the justices to let it resume deportations under the Alien Enemies Act, a law from 1798 that allows presidents to summarily remove enemies during wartime.

The government argues that the lower courts are frustrating its mission to “extirpate TdA's presence” in America. As one of several emergency appeals before the justices, the case highlights an escalating confrontation between the Trump administration and the judiciary, which the government accuses of subverting the separation of powers. The Supreme Court could rule at any time.

France's foreign-policy shift



On Tuesday France takes over the monthly rotating chairmanship of the United Nations Security Council. But with multilateral institutions sidelined by big-power rivalries, the role of the UN's top body—and with it the voices of France and Britain, two of the five permanent members—feels increasingly marginal. Instead, President Emmanuel Macron is focusing his diplomatic efforts to secure Ukraine from Russian aggression (and counter America's disengagement from Europe) on building ad hoc alliances within Europe.

Mr Macron is quietly satisfied that his plea for greater European strategic autonomy is now being taken seriously by his European peers, including staunch Atlanticists. Most notable has been the [bond](#) he has forged with Britain's prime minister, Sir Keir Starmer, over their effort to put together a “reassurance force” for Ukraine. The pair are sending their military chiefs to Kyiv, Ukraine's capital, to assess matters. So far there has been little talk of involving the UN in any peacekeeping mission—except from Russia's leader, Vladimir Putin.

Liza Minnelli's life as cabaret



Perhaps it is not surprising that Liza Minnelli became a famous performer—her mother, after all, was Judy Garland, a defining figure of Hollywood's golden age. Yet as “Liza: A Truly Terrific Absolutely True Story”, a new documentary, shows, Ms Minnelli tread her own path.

She had a rich voice and dance ability from an early age, but those raw materials were refined by various collaborators. Bob Fosse, a choreographer and film-maker, guided Ms Minnelli to an acclaimed turn in “Cabaret”. Charles Aznavour, a French singer, inspired her vocal performances. Halston, a fashion designer, turned her girlish look into something more suave. By 1990 she had become an EGOT (winner of an Emmy, Grammy, Oscar and Tony award).

Fame took a toll on Ms Minnelli, as it had on Garland. But, unlike her mother, Ms Minnelli did not succumb entirely to drug addiction. The film ends with her, in her late 70s and rather frail, belting out “But the World Goes 'Round” by the piano.

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

Tuesday: Which song, about a street in Liverpool, was on a double A-side single with “Strawberry Fields Forever”?

Monday: Which acting twins later set up a fashion studio called “The Row”?

**You cannot enslave a mind that knows
itself.**

Wangari Maathai