

The world in brief

Catch up quickly on the global stories that matter



Photograph: AP

The Israel Defence Forces said it had begun the “preliminary actions” of its planned assault on Gaza city and that it had already taken control of the city’s outskirts. In anticipation of the takeover, the IDF called up 60,000 reservists and extended the service of 20,000 already drafted. Meanwhile the government mulled a new ceasefire proposal that [Hamas](#) reportedly agreed to.

Russia’s foreign minister, Sergei Lavrov, said that the Kremlin would have to approve any **security guarantees** given to **Ukraine** as part of a peace deal, in effect making them [worthless](#). His comments seemed to contradict the Trump administration’s claim that Vladimir Putin, who met Donald Trump on Friday, had agreed to European and American security guarantees.

Tech stocks fell for a second day. The NASDAQ index closed down by around 0.7% on Wednesday, after falling by 1.4% on Tuesday. The S&P meanwhile dipped 0.2%. Shares in [Palantir](#) and Nvidia were among those to slide earlier in the day. The sell-off is happening amid fears that high valuations of AI firms will prove to be a bubble.

Lawmakers in **Texas** passed a redrawing of the state’s electoral map, which Republicans believe will help them win five districts in

next year's midterm elections. Dozens of Democratic lawmakers who had fled the state to delay [Republican gerrymandering](#) returned on Monday. Meanwhile lawmakers in California prepared to vote on a proposed map that would make five congressional districts easier wins for Democrats.

Lisa Cook, a **Federal Reserve** board member appointed by Joe Biden, said she had “no intention of being bullied to step down” from her position. Mr Trump wants her to resign over allegations of mortgage fraud. The president is [pressuring](#) the central bank and its chair, Jerome Powell, to lower interest rates.

Target's share price fell after the American retailer announced that its chief operating officer will soon take over as boss. The company is under pressure to turn around sagging sales, further complicated by [tariffs](#). Some investors think an outsider would be more effective. Earlier Target reported better earnings than expected, although sales were down by 0.9% compared with the previous year.

Denmark will abolish value-added tax on books to encourage more reading. Nearly a quarter of Danish 15-year-olds have [trouble understanding](#) simple texts, according to a recent [OECD](#) report. The Danish government said that the 25% sales tax, the world's highest, was contributing to the “reading crisis”. The proposal will cost the annual budget an estimated 330m kroner (\$52m).

Figure of the day: 12%. The rise in female active-duty members in America's army since 2005. In that same period the number of their male counterparts fell by 10%. [Read the full story.](#)

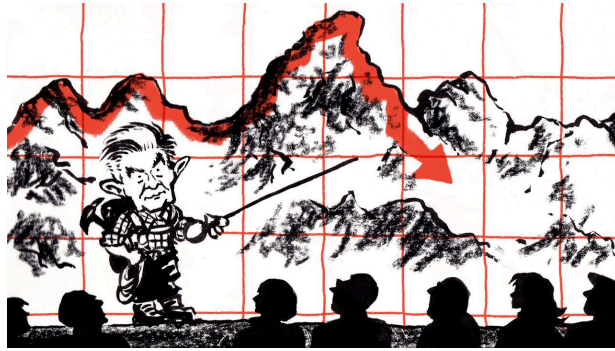


Illustration: David Simonds

Powell's final view from the summit

A full cast of central-banking celebrities are descending on Jackson Hole, Wyoming, for the monetary-policy world's biggest annual jamboree. But top billing will go to [Jerome Powell](#), the chair of America's Federal Reserve. Over the past few years, his speeches have been the main event at the Kansas City Federal Reserve's conference. In 2024, Mr Powell set the stage for interest-rate cuts as [inflation looked to finally be subsiding](#). The policy rate has fallen by a percentage point since, to 4.5%.

Mr Powell's speech at this year's conference will be the last of his tenure; his term as Fed chair expires in May 2026. Over the past 12 months, America's macroeconomy has become, if anything, tougher to read. Tariffs are yanking up inflation, but maybe only temporarily. A sharp slowdown in migration is choking labour supply. And pressure on the Fed from the White House is higher than at any point since at least the Nixon years.



Photograph: Getty Images

Walmart stretches the dollar

The world's largest company by revenue will report its earnings on Thursday. Walmart takes in a tenth of America's retail spending, excluding cars. That makes its results a good barometer of American consumer sentiment and tariff pressures.

Analysts expect Walmart to report a 4% year on year revenue increase for the second quarter as its low prices continue to attract customers pinched by inflation. That would contrast with the shaky results from its American rivals this week: Target's revenue fell over the same period; Home Depot's sales increased but not as much as analysts had expected. Both retailers cited rising costs as a result of tariffs.

Walmart, however, may be better prepared to weather the trade storm. It has diversified its supply chains away from China and brought home some manufacturing. And despite its sprawling network of stores, Walmart has been [doubling down on e-commerce](#). Its online sales are growing at 20% a year, twice as fast as Amazon's.



Photograph: Getty Images

Italy's battle of the banks

Shareholders in Mediobanca, a Milan-based investment bank, will hold a vote on Thursday on a move that could have far-reaching implications for Italy's financial sector. Mediobanca is the target of a [takeover bid](#) by Monte dei Paschi di Siena (MPS), the world's oldest lender. But its management hopes to stymie that takeover by instead absorbing Banca Generali, the private-banking arm of Generali, Italy's biggest insurer. The proposed €6.3bn (\$6.8bn) deal, greenlit by the ECB on Monday, would boost Mediobanca's value to far more than MPS is tendering: the Tuscan bank's offer already falls short of Mediobanca's €17.5bn market capitalisation.

Shareholder approval for the Banca Generali deal would foil the plans of two investors seen as [allies of Giorgia Meloni's](#) conservative government: Francesco Gaetano Caltagirone, a construction magnate, and the investment fund of the Del Vecchio family. Both are leading investors in MPS and support its bid. But they are also Mediobanca's top shareholders and could swing the vote.



Photograph: Alamy

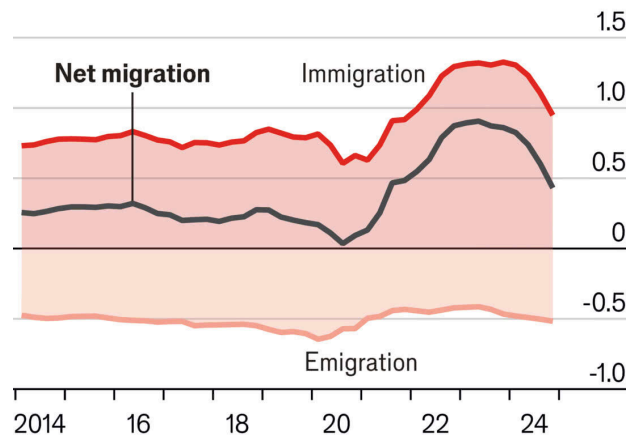
Britain's immigration tangle

On Thursday Britain's Home Office is due to release statistics on immigration, a politically sensitive subject for Sir Keir Starmer's government. In particular, the department will publish the numbers of those who were forced to return to their own country, having no legal right to remain in Britain. In the year after July 5th 2024, there were 9,115 enforced returns, an increase of 24% on the previous year.

Overall, net migration shot up after 2020 as the government made it easier for students and workers to obtain visas. It has fallen recently because [the rules were tightened](#). But the number of asylum-seekers crossing the English Channel has risen, fuelling claims that immigration is out of control. Protests outside hotels used as temporary accommodation for asylum-seekers have drawn neo-Nazis and have sometimes turned violent. The government will be hoping that the new data points in the right direction, taking some heat out of the issue.

The road less travelled

Britain, migration flow, m
12-month moving total



Source: ONS



Photograph: Des Willie/Netflix

Nightmare on Downing Street

Britain's prime minister faces an unthinkable decision. When her husband is kidnapped in French Guiana, his captors demand that she resign to save his life. In "Hostage", a political thriller released on Netflix on Thursday, she must choose between her family and her country.

Suranne Jones, an English actress, stars as Britain's leader, who, on top of blackmail, must handle a health-care crisis and a row about immigration with France's president, played by an inscrutable Julie Delpy. Ms Jones, who was also an executive producer of the programme, said that making it convinced her that she "would never want to be prime minister".

Created by Matthew Charman, a British screenwriter who co-wrote "Bridge of Spies" (2015), the show is packed with surprising twists. Though it echoes today's controversies, the story of extortion and revenge makes this show at once immersive and escapist.



Illustration: The Economist

Daily quiz

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 [\[email protected\]](#). We'll pick randomly from those with the right answers and crown three winners on Saturday.

Thursday: The Althing is the oldest-known example (still in existence) of what type of institution?

Wednesday: What was the first Agatha Christie novel to feature Miss Marple?

*Nothing is too beautiful, nothing
is too expensive.*

Ettore Bugatti