

Catch up: Powell signals rate cuts; Modi in Ukraine

Jerome Powell, chairman of the **Federal Reserve**, suggested that the central bank will soon cut interest rates. In a keenly awaited speech at the meeting of central bankers in Jackson Hole, Wyoming, he said that “time has come for policy to adjust”. The inflation rate is close to the Fed’s 2% target. Meanwhile, data suggest that [America’s economy](#) is slowing; unemployment jumped to 4.3% in July. The Fed’s next monetary-policy meeting is in September.

Narendra Modi, India’s prime minister, travelled to Kyiv, Ukraine’s capital, where he met the country’s president, **Volodymyr Zelensky**. Mr Modi urged Ukraine to engage in peace talks with Russia. He is the first Indian prime minister to visit the country. Traditionally, India has been an ally of Russia Mr Modi [visited](#) President Vladimir Putin in July as Russia launched a missile barrage on Ukraine.

Japan’s annual core-inflation rate, which excludes fresh food prices, was 2.7% in July, up from 2.6% in June. But a measure known as the “core-core” rate, which excludes all food and energy costs, dropped to 1.9%, from 2.2%. It was the first time that rate fell below the Bank of Japan’s 2% target since September 2022. In March the bank [raised interest rates](#) for the first time in 17 years.

Nestlé’s shares fell more than 3% after the surprise departure of **Mark Schneider**, the chief executive, on Thursday. The world’s biggest food company has underperformed in recent years. Consumers have cut back on treats amid the cost of living crisis, and concerns about the health impacts of [ultra-processed food](#) have dampened demand. Laurent Freixe, a company insider, will succeed Mr Schneider.

Kamala Harris accepted her party's presidential nomination as she closed the [Democratic National Convention](#). The vice-president implored Americans to be “guided by optimism and faith”. Ms Harris made a rare foray into foreign policy, saying she was working to end “the suffering in Gaza” and to ensure the release of Israeli hostages. She strongly criticised **Donald Trump** for helping to overturn Americans' constitutional right to abortion.

Argentina's senate approved a bill that would introduce a new inflation-adjusted formula for calculating pensions—a blow to **Javier Milei**, the country's president. The legislation would increase costs for this year by an estimated 0.44% of GDP. [Mr Milei](#) has vowed to veto the bill, but the strong political support it received means that legislators could probably override that.

Robert F. Kennedy junior filed to withdraw from the presidential race in Arizona, according to state officials. [Mr Kennedy](#), an independent candidate, is expected to drop out of America's national contest on Friday, possibly during a speech he will deliver in the Grand Canyon State. On Thursday Mr Trump, the Republican presidential nominee, said he would be “honoured” if Mr Kennedy endorsed him.

Word of the week: Kidulting, experiences that let adults act like children. [Read the full story](#)

Rallying for a hostage deal



Antony Blinken, America's secretary of state, left the Middle East this week [without a ceasefire deal](#). The stakes were high: he had described the latest round of talks as “maybe the last” chance to free the 109 hostages still being held by Hamas, 36 of whom are believed to be dead. The news is demoralising to the thousands of Israelis who hold weekly protests in Tel Aviv. They will meet again this Saturday, demanding, as usual, that Binyamin Netanyahu agree to a hostage-release deal.

Mr Blinken reported that the prime minister agreed to a “bridging proposal”, but Mr Netanyahu did not confirm that publicly. He is still reluctant to antagonise the far-right allies who have threatened to bring down the government if such a deal is reached. Instead, he has long insisted that military action is the best way to get the hostages home. Amidst the ceasefire talks, the Israeli military recovered six bodies from a tunnel under Khan Younis, in southern Gaza.

An election in Australia's Top End



Crocodiles are not commonly an election issue. But in Australia's vast and sparsely populated Northern Territory, which votes in a new government on Saturday, the question of whether people should be allowed to keep pet crocs is a topic for debate.

But the Territory's residents have more serious problems to consider, too. Their large Aboriginal population is blamed for a crime wave that has sent shockwaves across Australia. [Chaos erupted last year](#) after a federal ban on alcohol expired in the Territory's indigenous communities. Its centre-left Labor government initially welcomed the end of prohibition, but surging crime forced an intervention by Australia's prime minister, Anthony Albanese (pictured). The Territory's government has since reinstated booze bans and imposed curfews to curb violence. The conservative opposition party wants to go further by banging up more young offenders. That will not solve the social issues that are fuelling the crime—indigenous communities suffer terrible outcomes right across Australia.

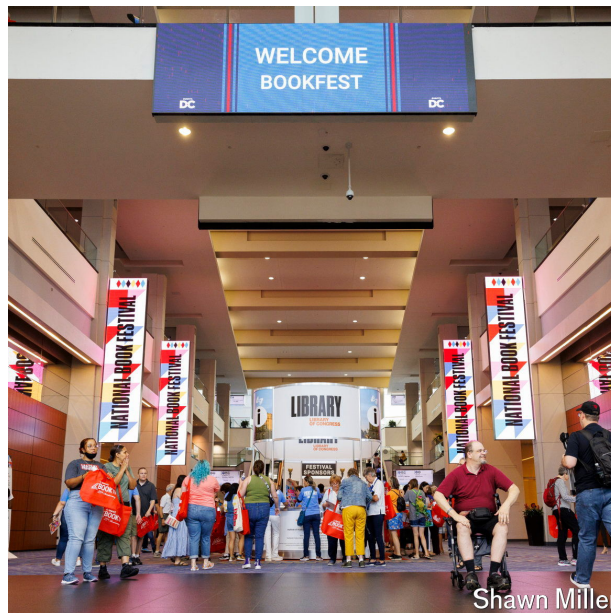
Britain embraces new, and old, tastes



British food is generally not a draw. But try telling that to the roughly 60,000 people who will gather in the Cotswolds, a picturesque region in west England, for the “Big Feastival”. The annual event was started by Alex James, the bassist for the Britpop band Blur, and combines his two passions, music and food. Thus this weekend’s headline acts include Snow Patrol, while chefs range from the high-brow, such as Simon Rogan, who runs a three-Michelin-star restaurant on the edge of the Lake District, to the Instagrammable, such as Chris “Chops” Taylor, known for his sword-wielding cooking demos.

The “Feastival” will feature a variety of international street-food, perhaps the most joyful aspect of Britain’s evolving food scene. But British food is [excellent](#) in its own right, too, as vendors peddling artisanal cheeses and landrace breeds will show. As more chefs push seasonal eating, Britons may feel inspired to look to their own backyard for spring greens, summer berries, autumn’s gourds and winter’s sprouts.

A bibliophilic celebration in the capital



George W. Bush is not remembered as the most literary of America's presidents. But his family is notably bookish. His daughter, Jenna Bush Hager, runs a prominent book club. And former First Lady Laura Bush, who worked as a librarian, is responsible for one of the country's most beloved literary traditions: the National Book Festival, hosted by the Library of Congress. The 24th iteration takes place on Saturday.

The festival is denser than a novel by Dostoevsky, featuring a packed programme of more than 90 authors. Headliners include James Patterson, who has written nearly 290 *New York Times* [bestsellers](#); Doris Kearns Goodwin, a presidential biographer; and Sandra Cisneros, who marks the fortieth anniversary of her celebrated novel, "The House on Mango Street". Younger attendees can listen to books read aloud in the "Story District", a carpeted zone furnished with kid-sized bean bags. And for some very DC swag, all visitors can pick up a free tote bag compliments of C-SPAN, a television network that streams congressional proceedings.

Weekend profile: Jerome Powell, chairman of the Federal Reserve



Like any good central banker, Jerome Powell is a cautious public speaker. He knows that even hints of optimism or pessimism can whip up a frenzy in financial markets. So the clear remarks he delivered on Friday at a symposium in Jackson Hole, an annual jamboree of central bankers from around the globe, carried extra force.

“The time has come for policy to adjust,” he said, addressing one piece of unfinished business before him as he enters the final chapter of his chairmanship: when the Fed will start cutting interest rates, and whether it will be able to do so before America slides into a [recession](#). If the economy does make a soft landing, historians will surely look favourably upon Mr Powell’s tenure.

That seemed improbable two years ago, when, after responding decisively to the economic fallout from the covid-19 pandemic, the Fed stumbled. In 2021 as inflation gathered pace, Mr Powell assumed that price pressures would fade as the world got over covid-19. But as the Fed’s error became evident, Mr Powell moved

quickly to correct it. By July of 2023 it had raised interest rates from 0% to 5.25%—its most aggressive course of policy tightening since the early 1980s.

Republicans accused Mr Powell of letting inflation run rampant; Democrats worried that his response was excessively hawkish. Mr Powell answered the criticism in his customary way: with pursed lips and a patient explanation of what the Fed was doing.

Mr Powell is a lawyer and a private-equity man, with a deep understanding of finance and deal-making. Unlike his three immediate predecessors, who all held doctorates in economics, he talks more in layman's terms. He combines a patrician upbringing in Washington, DC's affluent Chevy Chase neighbourhood with a folksy touch. Last summer, after being photographed at a Dead & Company concert, he admitted to being a lifelong fan of the Grateful Dead, a 1960s counter-culture rock band.

Mr Powell started his chairmanship in awkward fashion, when in 2017 Donald Trump, who likes when people look the part, prematurely dumped the grandmotherly Fed chair, Janet Yellen. Better Mr Powell with his neat silver hair, sleek suits and clipped tones.

Before long, though, Mr Trump turned on him. When Mr Powell nudged rates up, Mr Trump expressed displeasure. "My only question is, who is our bigger enemy, Jay Powell or Chairman Xi?" Mr Trump tweeted in 2019. Mr Powell never took the bait. When pressed about the unprecedented attacks from the White House, his pat response was that the Fed was independent.

If Mr Trump retakes the White House, the Fed is sure to face another wave of attacks. The former and possibly future president insists that he wants to have a say on rate decisions. For a year it would be up to Mr Powell, whose term ends in mid-2026, to hold the line. He will stay as steady as ever.

Weekly crossword



Our crossword has two sets of clues, one for seasoned cruciverbalists and the other for less experienced solvers. Both give the same answers, all of which feature in articles in this week's edition of *The Economist*:

Cryptic clues

1 down Dead veterans abandoned somewhere hot and dry (6,6)

1 across Food-maker caught by dishonest levy (6)

2 across Bend with involuntary movement for the far north (6)

3 across Transit terminal empty without party (6)

Factual clues

1 down Where Burning Man is held (6,6)

1 across The world's biggest food company (6)

2 across What most of the world's peat is found on the fringes of
(6)

3 across What more Indians now do than ever before (6)

Email all four answers, along with your home city and country, by 9am GMT on Monday to crossword@economist.com. We will pick randomly from those with the right answers and crown three winners in next week's edition.

The winners of this week's quiz



The Economist

Thank you to everyone who took part in this week's quiz. The winners, chosen at random, were:

Sverre Prytz, Zürich, Switzerland

Pawel Karolczak, Cleveland, Tennessee, America

Thanasis Poulakidas, Athens, Greece

They all gave the correct answers of “Middlemarch”, “The Fly”, a feather, visible light and bantam. The theme is weight categories in boxing: middleweight, flyweight, featherweight, lightweight, and bantamweight.

The questions were:

Monday: Which George Eliot novel partly concerns the unhappy marriage of Dorothea Brooke and Edward Casaubon?

Tuesday: Which 1986 horror film was advertised with the tagline “Be Afraid. Be Very Afraid”?

Wednesday: The barbule, calamus and rachis are all elements of which animal body part?

Thursday: Electromagnetic radiation with a wavelength of between 400 and 700 nanometres is generally known as what?

Friday: What common name for small species of fowl, such as chicken or duck, is derived from an Indonesian seaport?

Kidulting

*experiences that let adults act like children.
Read the full story.*

Writing is nothing more than a guided dream.

Jorge Luis Borges