

The world in brief

Catch up quickly on the global stories that matter

Wall Street soared after **America** and **China** agreed to sharply reduce tariffs for 90 days. The S&P 500 index rose more than 3% and the Nasdaq 4%. Early trading in Asia on Tuesday, however, was more mixed. Donald Trump said he plans to speak with Xi Jinping, China's president, later this week. But America's president also threatened a new front in the [trade war](#), accusing the European Union of "extorting" drugmakers and saying it is "in many ways nastier than China".

White House officials announced an executive order aimed at [lowering drug prices](#) by forcing pharmaceutical firms to match those paid in other rich countries. If they fail to comply within six months, America may impose export restrictions or cap prices. Despite the threat, shares in Merck, Pfizer and Gilead rose. Investors doubt the order's enforceability; previous price-control efforts have failed in court.

Narendra Modi warned **Pakistan** that **India** would "retaliate on its own terms" to any future terror attacks. The prime minister also said India would not tolerate any "nuclear blackmail". Mr Modi's remarks came in his first address to the country since tensions between the neighbours escalated last month. Meanwhile Mr Trump took credit for [stopping](#) a "nuclear conflict" by threatening to end American trade with both countries.

Volodymyr Zelensky, Ukraine's president, asked Mr Trump to attend **peace talks** in Turkey this week. The public request, the latest move in an [extraordinary back-and-forth](#) between world leaders, comes after Mr Trump urged Mr Zelensky to "IMMEDIATELY" agree to direct talks proposed by Vladimir

Putin, Russia's president. Mr Putin has not yet confirmed whether he is attending.

Ferdinand Marcos Jr, the president of **the Philippines**, lost some support in the senate according to preliminary results from midterm elections. The vote was seen as a referendum on Mr Marcos amid a bitter feud with Sara Duterte, the vice-president. Meanwhile Ms Duterte's father and former president, Rodrigo, won the mayoral election in Davao, despite being detained at the [International Criminal Court](#).

Hamas released **Edan Alexander**, thought to be the last surviving American hostage in Gaza. He was returned to Israel on Monday. The militant group, keen to make progress on a ceasefire and push through an American plan to allow humanitarian aid into the enclave, negotiated directly with America. [Israel](#) has stopped essential supplies from entering Gaza for the past 70 days.

American officials welcomed the first group of **Afrikaner** refugees at Dulles airport in Washington. While Mr Trump promises to clamp down on most refugees, he has made an exception for the [2.5m white South Africans](#) of mainly Dutch and German descent, on the grounds of racial discrimination. Mr Trump claims—entirely falsely—that “a genocide is taking place”. He insisted their race “makes no difference to me”.

Figure of the day: \$60, the price per barrel of West Texas Intermediate crude oil, down from \$80 when Donald Trump returned to office. [Read the full story](#).

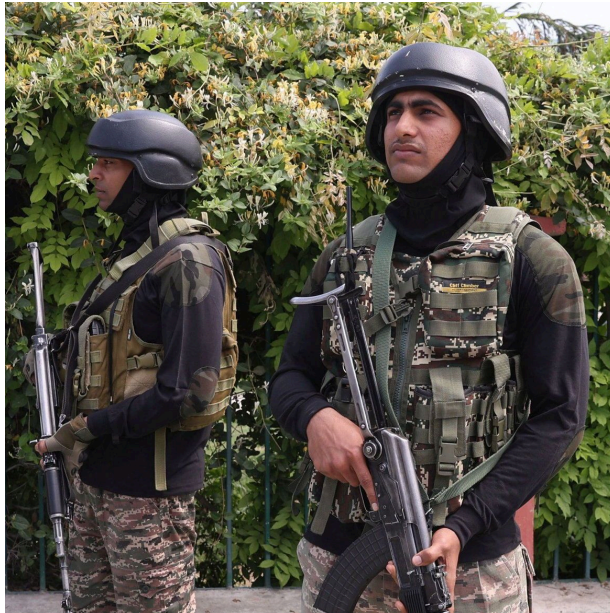


Photograph: Getty Images

Trump's gilded Arab summit

President Donald Trump arrives in Riyadh on Tuesday to begin a tour of Arab Gulf monarchies that promises fat contracts but mixed diplomatic gains. For the second time Mr Trump is beginning a presidential term with a trip to [Saudi Arabia](#). Expect deals with Saudi, Qatari and Emirati royals worth trillions of dollars in investments and contracts for American firms—and maybe the gift of a jet from Qatar.

But Mr Trump's hope for a normalisation of Israeli-Saudi relations is receding as the Gaza war rages on. Nor does a nuclear deal with Iran seem imminent. Mr Trump may ease sanctions on Syria amid reports of a meeting with its ex-jihadist leader, Ahmad al-Sharaa. He may also fly to Istanbul for mooted peace talks between the Russian and Ukrainian leaders, though the Kremlin has so far [ignored demands for an immediate ceasefire](#). Meanwhile, talks with Hamas led to the release of Edan Alexander, an American hostage in Gaza. Excluded from Mr Trump's tour, Israel worries it is being ignored by its best friend.



Photograph: EPA

What now for India and Pakistan?

After days of escalating conflict between [India and Pakistan](#), some semblance of normality is returning. A ceasefire, announced by America on Saturday, has held—despite allegations of violations from both sides in its early hours. On Monday stockmarkets in both countries jumped and airports reopened. Indian and Pakistani military officials spoke to each other, but details of their discussions have not been made public.

The two countries will continue to wrangle. India and Pakistan are both claiming victory, and have made big claims about the damage they inflicted on the other country. America wants to bring them together for talks, but there has been no indication that this will happen. Any negotiations would be fraught. India wants Pakistan to end its links to jihadist groups, while Pakistan will want to talk about control of Kashmir, which is claimed by both countries. Fighting has stopped for now, but tension remains high.



Photograph: Getty Images

Turbulence ahead for America's economy

The latest batch of [American inflation data](#), published on Tuesday, will be a curious mix. The figures cover the month of April, and will be the first to reflect the turmoil from Donald Trump's tariffs. Economists think that inflation remained at 2.4% year on year, a notch above the Federal Reserve's 2% target.

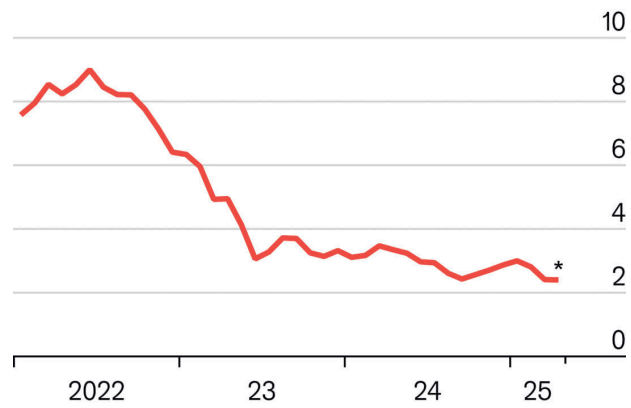
But tariff announcements usually take a few months to show up in price data. Therefore Tuesday's numbers will probably reflect the 10% and then 20% tariffs on China announced in February and March more than the broader set delivered on "Liberation Day".

Otherwise, most prices will not yet have been seriously affected by the turmoil. Thus the inflation figures are also a window into America as it was before the White House's tariffs wars. The economy that had yet to beat inflation but was making good progress. How far that story has been derailed will become clearer in several months' time.

Calm before the storm?

United States, consumer prices

% increase on a year earlier



*Forecast

Sources: Haver Analytics; Bloomberg



Photograph: Alamy

Boom times for Germany's defence giant

On Tuesday Rheinmetall, a [German weapons maker](#), will hold its annual general meeting. It has much to celebrate: demand for the wares of European defence firms is the highest it has been since the end of the cold war. Rheinmetall is profiting in particular from a €100bn (\$111.4bn) off-budget defence fund announced by Olaf Scholz, Germany's chancellor at the time, in response to Russia's invasion of Ukraine in 2022.

On Thursday Rheinmetall reported strong first-quarter results. Sales of military kit rose by 73% year on year, while total group sales increased by 46% to €2.3bn. Defence made up 78% of total sales, offsetting weaker results in the firm's civilian car business. Rheinmetall confirmed its forecast of an increase in sales this year of 25-30% and operating margins of around 15%. It expects the boom to last until at least the end of the decade.



Photograph: Getty Images

A lawsuit against Donald Trump's tariffs

On Tuesday a court in New York City will hear arguments in a [lawsuit](#) alleging that Donald Trump's tariffs violate federal law and the constitution. Five businesses claim that tariffs will have “dire consequences” for their operations. Although on Monday America and China agreed to temporarily lower their respective tariffs, American businesses may still suffer because levies on trading partners are higher than they were before.

Mr Trump says that the International Emergency Economic Powers Act, enacted in 1977, empowers him to impose tariffs to reduce America's “large and persistent” trade deficits. The plaintiffs respond that such deficits do not meet the IEEPA's standard of an “unusual and extraordinary threat”.

America's Supreme Court will probably have the last word. The outcome may hinge on whether the conservative majority hews to two principles it used to rein in the Biden administration. First, the major-questions doctrine, which requires explicit congressional authorisation for significant executive actions. Second, the non-

delegation doctrine, which prevents Congress from handing its constitutional duties to the executive branch.



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

Tuesday: What was the last film made by James Dean before he was killed in a car crash?

Monday: What popular nickname was attached to the member of the Stuart family who led the Jacobite rebellion in Britain in 1745.

Hate is the wrath of the weak.

Alphonse Daudet