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EL PAÍS

Inteligencia artificial que replica el sistema inmune de los tiburones: México innova en biotecnología

Eyanir Chinea
México - 03 NOV 2025 - 03:30 CST

EL PAÍS ofrece en abierto la sección América Futura por su aporte informativo diario y global sobre desarrollo sostenible. Si quieres apoyar nuestro periodismo, suscríbete aquí.

José Luis Nuño, ingeniero químico y experto en biotecnología, está utilizando inteligencia artificial generativa (IAG) para diseñar fármacos de fácil producción y suministro contra enfermedades respiratorias o autoinmunes. Su inspiración proviene de los tiburones, cuyo sistema inmune es considerado uno de los más avanzados de la naturaleza. “Los anticuerpos de tiburón son muy especiales: son los más pequeños de la naturaleza y son extremadamente efectivos. Por eso dicen que a los tiburones no les da cáncer. Son anticuerpos muy simples, que todavía los hice más simples, tomando pedacitos pequeñitos y entrenando a nuestros modelos de IA para que simulen lo que haría un tiburón para protegerse de alguna enfermedad”, explica el científico.

El proceso permite crear proteínas sintéticas imitadoras de anticuerpos (AMP) 40 veces más pequeñas que los anticuerpos monoclonales usados contra el cáncer, lo que abre la puerta a medicamentos menos invasivos y costosos, que pueden desarrollarse rápidamente en caso de epidemias o enfermedades desconocidas. “Cada vez surgen más padecimientos nuevos. Reaccionar a tiempo es fundamental para la seguridad nacional y pública”, apunta Nuño, CEO de Narval, la startup que lidera el proyecto.

Estos desarrollos muestran el potencial de unir medicina y tecnología para responder a padecimientos emergentes y mejorar la eficiencia hospitalaria al abaratar costos y automatizar procesos. Los AMP, por ejemplo, pueden elevar la efectividad de las vacunas, como la de la covid, al sustituir las inyecciones con métodos de aplicación directa al sistema respiratorio, como inhaladores o aerosoles. Y mientras que la IA generativa –capaz de entender el lenguaje humano y crear contenidos–, sigue avanzando y masificando su acceso, esa potencialidad se fortalece.

“Es interesante para el sector salud cómo se puede aplicar la inteligencia artificial (IA), sobre todo en una línea bioética: no puedes desplazar a los médicos para diagnosticar, pero puede apalancarse para reducir costos, estandarizar procesos y brindar la mejor experiencia para la paciente. El sector salud, en general en México, ha tenido poca innovación, y existe un mundo de posibilidades para la IA”, explica Giovanna Abramo, ingeniera biomédica y cofundadora de Plenna, una femtech enfocada en salud femenina –desde menstruación, embarazo, lactancia y menopausia– con un modelo de atención híbrida basada en clínicas y aplicación móvil.

Plenna utiliza la asistencia virtual para organizar expedientes médicos, categorizar resultados de ultrasonidos o papanicolaus y facilitar resúmenes clínicos, todo con una visión de género y priorizando la comodidad de las pacientes, algo fundamental en un país donde tres de cada 10 mujeres han sufrido violencia obstétrica antes, durante y después del parto, según cifras oficiales. “Una embarazada va un promedio de nueve veces al ginecólogo durante su embarazo: a su control prenatal, laboratorios, ultrasonidos... Y para las doctoras que ven cientos de pacientes al mes, es difícil recordar el historial clínico. Ahí también nos apoyamos en IA”, ilustra.

El desafío regulatorio

Los comentarios de los emprendedores fueron recogidos en Mentes en Acción, un foro que reúne a startups ambientales, sanitarias o de movilidad, que promueven sus ideas a una audiencia de decenas de fondos, inversionistas ángeles o empresas dispuestas a inyectar capital y asesoría en sus ideas. El evento, que se realiza varias veces al año, es coordinado por la Secretaría de Economía de México, que también brinda orientación sobre patentes, regulación y conexiones con otras entidades gubernamentales.

Los asistentes reconocen que la conexión con el sector público es clave, porque muchas de sus innovaciones avanzan más rápido que las normativas sanitarias o industriales vigentes. El uso masivo de datos, por ejemplo, resulta esencial para entrenar modelos de IA, pero también despierta preocupaciones de privacidad.

“México está un poco atrás en cuanto a regulación y buenas prácticas para protección de datos digitales. Si bien existen las agencias y estándares, en Thermy seguimos las guías de Estados Unidos, desde la encriptación de los datos personales de la paciente –se borran nombres y datos sensibles–, para que sólo los datos estadísticos sean utilizados por la IA”, detalla Luis Enrique Hernández, ingeniero biónico y CEO de Thermy, una empresa de software compatible con sensores infrarrojos para el tamizaje de cáncer de mama de manera indolora y sin contacto.

La tecnología, pensada especialmente para mujeres jóvenes que no se realizan ecografías y mamografías de rutina, analiza la temperatura del pecho de la paciente captado en imágenes y arroja alertas tempranas. Hernández agrega que la IA también ayuda a los médicos a no sobrecargarse de trabajo y contar con asistentes virtuales que los ayudan a organizar datos, agendar citas, tomar notas y revisar estudios.

Y aunque parezca menor, estos cambios pueden hacer una gran diferencia, pues la eficiencia se traduce en diagnósticos más certeros y rápidos, un aspecto fundamental para detectar enfermedades a tiempo. Según datos oficiales, en México el cáncer de mama es la primera causa de muerte de pacientes oncológicas en mujeres, pero a pesar de las cifras alarmantes, el 90% de los casos se detecta en etapas tardías.

REUTERS

Mexico's Sheinbaum pledges justice after murder of outspoken anti-crime mayor

By Brendan O'Boyle

November 2, 202512:33 PM GMT-6Updated 2 hours ago

MEXICO CITY, Nov 2 (Reuters) - Mexican President Claudia Sheinbaum promised on Sunday there would be justice for the brazen murder of a local mayor, Carlos Manzo, an outspoken critic of organized crime who had called on the government to do more to protect him and others.

Manzo, 40, was shot on Saturday while attending a candlelight Day of the Dead festival in the city center of Uruapan, in the violence-plagued western state of Michoacan.

Two suspects were arrested and a third was dead, Mexico's security ministry said on Saturday.

Sheinbaum called an emergency meeting of her security cabinet on Sunday morning, later condemning Manzo's "vile" assassination in a statement on X.

"We reaffirm our commitment to deploy all the State's efforts to achieve peace and security with zero impunity and full justice," Sheinbaum wrote.

A march was called for Sunday in Michoacan's capital, Morelia, to demand justice for Manzo's death and an end to violence and corruption.

One of the few independent politicians elected to office in Mexico, Manzo had been Uruapan's mayor since September 2024. Since taking office, Manzo, often seen wearing a bulletproof vest, had called on the federal government to do more to fight organized crime while expressing fears for his own safety.

"I don't want to be just another mayor on the list of those executed, those whose lives have been taken from them," Manzo said in an interview in September with Mexican journalist Joaquin Lopez-Doriga.

Uruapan has been called Mexico's avocado capital because it sits in the heart of Michoacan's avocado-growing region. The industry has seen rapid growth due to booming U.S. demand, making avocado production a target for organized criminal groups.

Multiple politicians, including other mayors, and journalists have been killed in recent months and years.

"How many mayors haven't they killed because they opposed making these pacts with organized crime?," Manzo asked in a September interview with Mexico's Milenio TV.

He appealed to Sheinbaum for stronger public security measures and said Uruapan's avocado industry gave it importance ahead of a coming review of Mexico's trade deal with the U.S. and Canada.

Manzo also said greater determination was needed on the part of Security Minister Omar Harfuch.

"Minister Omar Harfuch, help us," Manzo said in the interview.

In a Sunday press conference, Harfuch said Manzo had had federal protection since December 2024, which was reinforced in May. The protection included 14 National Guard troops tasked with perimeter security, while local police provided immediate security.

"The aggressors took advantage of the vulnerability of a public event," Harfuch said, referring to Manzo's murder. "Be certain that there will be no impunity."

U.S. officials condemned the killing.

"The U.S. stands ready to deepen security cooperation with Mexico to wipe out organized crime on both sides of the border," Deputy Secretary of State Christopher Landau wrote on X, sharing a photo of Manzo with his young son shortly before the mayor's murder.

EL PAÍS

Michoacán desafía la política de seguridad de México

Pablo Ferri

México - 03 NOV 2025 - 03:30 CST

El recrudecimiento de la violencia en Michoacán ha abierto una grieta en los esfuerzos del Gobierno de México contra la delincuencia. Los asesinatos registrados en este Estado del centro del país en las últimas semanas desafían la política de seguridad del Ejecutivo, que dirige Claudia Sheinbaum, de Morena, centrada en los últimos meses en Sinaloa, y la guerra entre facciones del Cartel del Pacífico. Los ataques mortales contra el alcalde de Uruapan, Carlos Manzo, y el líder de productores de limón, Bernardo Bravo, golpean de lleno la narrativa optimista del Gabinete de Seguridad, insistente en destacar reducciones en delitos de alto impacto, principalmente los asesinatos.

Desde octubre del año pasado, cuando Sheinbaum tomó posesión, las cifras muestran una reducción de la violencia homicida, además de delitos especialmente lesivos para la ciudadanía, como los robos con violencia o los secuestros. Los casos de extorsión repuntan, sin embargo, dibujando un panorama engañoso. La extorsión esconde esquemas donde criminales subyugan gremios productivos importantes para sociedades medianas, caso de Uruapan, gremios agrícolas, ganaderos y comerciales. Muchas veces, las víctimas no denuncian, por miedo. Y esa falta de denuncias, esa aparente tranquilidad, redunda en cierta inacción gubernamental, acostumbrados, los gobiernos, a la reacción y no tanto a la planeación.

Consciente quizá de lo anterior, el Gobierno de Sheinbaum ha intentado trasladar una narrativa en que la planeación y la estrategia aparecen como punto de partida de todo movimiento. Y parecía estar funcionando. Cada dos semanas, el secretario de Seguridad federal, Omar García Harfuch, cara omnipresente del Ejecutivo estos meses, aparecía en las ruedas de prensa matutinas de la presidenta, celebrando victorias estadísticas. No había mucha respuesta. Los números marcaban tendencia, pese a discusiones necesarias, principalmente sobre la cantidad de personas desaparecidas en el país, mal que no cesa, y que ha presentado un ligero repunte en los primeros meses de mandato. Pero el caso de Michoacán cambia el tablero de juego. Por mucho que la estadística muestre días soleados, la borrasca amenaza.

Tanto el caso de Bernardo Bravo como el de Carlos Manzo muestran el mal del país. Los modus operandi de los asesinos han sido distintos en cada caso, pero dibujan, entre ambos, la pinza que son capaces de organizar unas mafias fuertemente armadas, convencidas de sus objetivos. En el caso de Bravo, el grupo criminal que supuestamente extorsiona a los productores de limón de la región de Tierra Caliente, conocido como Los Viagra, convocó al líder gremial a una reunión, no muy lejos de su centro logístico, el municipio de Apatzingán. Aunque aún se ignoran los detalles, los criminales aprovecharon la soledad de Bravo, que trataba de contener las extorsiones, para acabar con él.

El ataque contra Manzo resulta quizá más escalofriante, por la audacia de los asesinos, que no tuvieron problema alguno en tirotear al alcalde, que contaba con protección, en plena plaza del municipio, abarrotado como estaba, en medio de las celebraciones del Día de Muertos. Aunque uno y otro caso cuentan estadísticamente lo mismo que el resto, el perfil de ambos aumenta el peso y la gravedad de la situación, y coloca al Gobierno federal en una posición complicada. Este domingo, cientos de personas se han manifestado en Morelia, la capital de Michoacán, en protesta por el caso de Manzo. El enfado acumulado ha reventado en un asalto al Palacio de Gobierno de la ciudad. Manifestantes han terminado lanzando parte del mobiliario por la ventana, símbolo poderoso de un país harto de tanta violencia.

La administración Sheinbaum se enfrenta así a lo desconocido. Este lunes, el Gabinete de Seguridad se reúne de nuevo, para hablar de la situación de un país, donde la muerte de 23 personas en el incendio de una tienda, el sábado, en Sonora, compite en importancia con el ataque a Manzo. Pocas veces en estos 13 meses de Gobierno, la crisis ha sido tan grave como ahora en materia de seguridad, bandera del Ejecutivo en realidad en este tiempo. Hasta hoy, la presidenta ha mostrado mesura frente a ataques de alto impacto, caso, por ejemplo, de los colaboradores de la jefa de Gobierno de la capital, Clara Brugada.

Pero esa calma aparente, esa cadena de declaraciones comedidas, que apuestan el presente al futuro, la credibilidad a la calidad de las investigaciones, se topa con un muro en Michoacán. El asesinato de Manzo sucede un año después del asesinato del alcalde de Chilpancingo, municipio que sufre males parecidos. Extorsión, cooptación por parte del crimen de economías legales –transporte, obra pública, venta en mercados– ocurren en la capital del Estado de Guerrero, como ocurren en Michoacán. La diferencia es el momento y la discordancia entre el discurso oficial y la vida en las calles.

El asesinato de Alejandro Arcos, alcalde de Chilpancingo, agarró a Sheinbaum de refilón, recién llegada a Palacio Nacional. Poco podía reprochársele entonces a la mandataria, que además había colocado a un especialista que generaba consenso, García Harfuch, al frente de la estrategia de seguridad. Un año más tarde, la historia es distinta. Casos como el de Arcos o los colaboradores de Brugada pesan y dejan huella. El Gobierno se ha refugiado en la realidad que dibujan los números, el descenso de asesinatos, los miles de detenidos. Pero más allá de todo eso, quedan las plazas de los municipios, donde las estadísticas dibujan un mundo ajeno, extraño, una realidad de dos dimensiones.

THE WALL STREET JOURNAL.

Assassin Guns Down Mexican Mayor Who Pleaded for Hard Line Against Cartels

By José de Córdoba

Updated Nov. 2, 2025 7:32 pm ET

MEXICO CITY—A Mexican mayor who pleaded with President Claudia Sheinbaum to take a harder line against drug cartels was assassinated in a brazen public shooting Saturday night, the latest sign of the power of organized-crime groups that hold sway over much of the country.

Carlos Manzo, the mayor of Uruapan, the hub of Mexico's multibillion-dollar avocado industry in violence-torn Michoacán state, was gunned down as he officiated a candle-lighting ceremony observing the Day of the Dead in the city's main plaza. He was shot seven times by a gunman who was killed by security forces, officials said.

In recent months, Manzo had taken to national media to ask the federal government for more help in fighting gangs that ran extortion rackets across western Mexico for years. He said that criminals who resisted arrest should be killed if they didn't surrender.

Manzo, who also had served as a federal congressman representing Mexico's ruling party, ran as an independent to win the Uruapan mayor's race last year. He took a hands-on approach to law enforcement, wearing his trademark cowboy hat and a bulletproof vest as he accompanied police during patrols and raids, despite constant threats from criminal groups.

For years, Michoacán has been a battleground for successive organized-crime groups that have battled each other to extort the state's avocado and lime growers. The state has also been seeded with methamphetamine labs, and is home to the Pacific port of Lázaro Cárdenas, an important entry point for precursor chemicals from Asia used to make fentanyl.

Manzo's killing has prompted calls for protests in Mexico City and Michoacán. In Washington, U.S. Deputy Secretary of State Christopher Landau lamented Manzo's death on X, and wrote that the U.S. stood ready to deepen security cooperation with Mexico to wipe out organized crime on both sides of the border. "May his memory inspire prompt and effective action," Landau wrote.

Sheinbaum condemned Manzo's killing on Sunday. "Since the beginning of this administration, we have strengthened security efforts," she wrote on X, adding that the mayor had been in touch with Mexican military officials and had received federal protection.

Before his killing, Manzo said that Sheinbaum should send Mexican security forces to "clean the mountains of the people who are killing and extorting avocado growers, and killing children." He said his municipal government was outgunned by criminals who used heavy weapons to commit violent crimes.

"I go out in front heading the operations that have to be done" he told a television reporter earlier this year. "I could be at home, scared and hiding under the bed but I go out in front and have been in shootouts where we fight the delinquents." He said his example inspired the municipal police. "You have to preach by example," he said.

On Sunday, Mexican Security Secretary Omar García Harfuch said Manzo had received federal security in December, which had been reinforced in May. The federal government contributed 14 National Guardsmen to his security detail, which also included municipal police trusted by the mayor, he said.

Two suspects linked to the killing have been captured. The gun used in the assassination has been linked to two attacks by criminal gangs, he said.

The killing points to a security failure by the federal government, said Alberto Islas, head of Global Leading Solutions, a Mexico City consulting firm. "Michoacán has been a hot spot for more than 20 years, and we didn't have the intelligence that a leading official was at risk?" Islas said.

In 2006, a group of armed men burst into a bar in Uruapan and threw five human heads on the floor. The incident pushed then-President Felipe Calderón to deploy army units to Michoacán to face off against the then top local cartel, the Familia Michoacana, in what proved to be the opening skirmish in Mexico's continuing drug war.

Michoacán is now at the center of some of the most violent fighting in Mexico between the Jalisco cartel, the country's most powerful organized-crime group, and the Cárteles Unidos, a coalition of local gangs. In their fight for turf, both groups have received military training from former Colombian soldiers, use drones and plant mines.

A recent study by Mexico's Attorney General's Office said that the state ranked third nationwide in terms of seizures of clandestine synthetic-drug labs.

In late August, Manzo went on social media to warn Uruapan residents that the municipal police had captured the local head of the Jalisco cartel, and that as a result, cartel gunmen had mobilized to enter the city. He asked residents to stay home and asked the army and other Mexican security forces for help in dealing with the cartel threat.

Trump administration is planning new mission in Mexico against cartels, current and former U.S. officials say

Nov. 3, 2025, 4:00 AM CST

By Courtney Kube, Dan De Luce and Gordon Lubold

WASHINGTON — The Trump administration has begun detailed planning for a new mission to send American troops and intelligence officers into Mexico to target drug cartels, according to two U.S. officials and two former senior U.S. officials familiar with the effort.

The early stages of training for the potential mission, which would include ground operations inside Mexico, has already begun, the two current U.S. officials said. But a deployment to Mexico is not imminent, the two U.S. officials and one of the former U.S. officials said. Discussions about the scope of the mission are ongoing, and a final decision has not been made, the two current U.S. officials said.

The U.S. troops, many of whom would be from Joint Special Operations Command, would operate under the authority of the U.S. intelligence community, known as Title 50 status, the two current officials said. They said officers from the CIA also would participate.

A U.S. mission using American forces to hit drug cartel targets inside Mexico would open a new front in President Donald Trump's military campaign against drug cartels in the Western Hemisphere. So far, the administration has focused on Venezuela and conducting strikes on alleged drug-carrying boats.

The mission currently being planned for would be a break with past U.S. administrations, which have quietly deployed CIA, military and law enforcement teams to Mexico to support local police and army units fighting cartels but not to take direct action against them.

If the mission is given the final green light, the administration plans to maintain secrecy around it and not publicize actions associated with it, as it has with recent bombings of suspected drug-smuggling boats, the two current and two former U.S. officials said.

"The Trump administration is committed to utilizing an all-of-government approach to address the threats cartels pose to American citizens," a senior administration official said in response to this story.

The CIA declined to comment. The Pentagon referred questions to the White House.

Under the new mission being planned, U.S. troops in Mexico would mainly use drone strikes to hit drug labs and cartel members and leaders, the two current U.S. officials and two former U.S. officials said. Some of the drones that special forces would use require operators to be on the ground to use them effectively and safely, the officials said.

In February, the State Department designated six Mexican drug cartels, as well as MS-13 and the Venezuelan gang Tren de Aragua, as foreign terrorist organizations, giving U.S. spy agencies and military units sweeping legal authorities to conduct espionage and covert operations targeting the criminal networks. Trump publicly acknowledged earlier this month that he authorized covert CIA action inside Venezuela and has said his administration could strike drug cartel targets on land there.

NBC News reported in April that the Trump administration was considering launching drone strikes on drug cartels in Mexico. Trump administration officials are still debating precisely how aggressive to be in Mexico as part of its fight against drug cartels, according to the two former U.S. officials and another former administration official with knowledge of the effort.

Unlike in Venezuela, the mission being planned for Mexico is not designed to undermine the country's government, the two current and two former U.S. officials said.

After NBC's story in April, Mexican President Claudia Sheinbaum addressed it at a news conference. "We reject any form of intervention or interference. That's been very clear, Mexico coordinates and collaborates, but does not subordinate itself," she said, according to a translation provided by the Mexican Embassy to the U.S.

The administration would prefer to coordinate with the Mexican government on any new mission against drug cartels, but officials have not ruled out operating without that coordination, the two current and two former U.S. officials said.

Since early September, Trump has overseen a military campaign against boats in waters near Venezuela that his administration says were destined to smuggle narcotics into the U.S. The Pentagon has said 64 people, including members of Tren de Aragua from Venezuela, have been killed in 15 strikes on 16 boats in the Caribbean Sea and the Pacific Ocean. Officials have not released the names or other details of those killed.

The administration has produced no evidence supporting its allegations about the boats, their passengers, the cargo or the number of people killed, injured or surviving.

Trump has said the strikes are sending a strong message to the cartels that they will face lethal punishment if they try to smuggle narcotics into the U.S. He's called drug trafficking by Mexican, Venezuelan and other gangs a threat to national security, arguing that law enforcement methods — such as seizing narcotics at the U.S. border, at airports and at sea, and investigating cartel bosses and financing — have failed to solve the problem that claims the lives of tens of thousands of Americans every year.

There has been both support for and bipartisan criticism of Trump's military campaign against alleged drug-smuggling boats.

Trump's focus on Venezuela includes not only military strikes on alleged drug boats, but also a pressure campaign against the country's president, Nicolas Maduro. The administration has accused Maduro of being a member of a drug cartel and is offering a $50 million reward for information that leads to his arrest.

In Mexico, Sheinbaum already has allowed the CIA to expand surveillance flights, which began during the Biden administration, NBC News has reported. Under her leadership, Mexico has deployed 10,000 troops to the U.S. border, increased fentanyl seizures and extradited 55 senior cartel figures to the U.S.

Trump's public comments have suggested the Mexican government is unable to control the cartels.

"I have great respect for the president, a woman that I think is a tremendous woman," Trump said last month. "She's a very brave woman, but Mexico is run by the cartels."

The New York Times

Mexico’s Day of the Dead Needs a New Life

Claudio Lomnitz

Nov. 2, 2025

Joyful. Ironic. Soulful. Intimate.

These are some of the words that have characterized Mexican attitudes toward death for decades, both within Mexico and the world over. Día de los Muertos, or Day of the Dead, a Mexican tradition in which people celebrate and mourn the departed, is famous for its festivity and color — so much so that it has been recognized by UNESCO as an exemplar of humanity’s cultural heritage. That it could not be more different from a self-serious funeral is a point of national pride.

Today, though, it’s become hard to find joy or irony in death in the face of the parade of homicides, disappearances and economies of extortion that punctuate life in Mexico. The combination of the holiday’s commercialization and the dark reality of national violence has made it trickier for people to observe Día de los Muertos, and especially to embrace its original meaning. The time has come to reclaim it.

Over the course of Mexico’s history, Día de los Muertos has provided an intimate space of encounter between the living and the dead at home and at grave altars. Families prepare lavish offerings of the deceased’s favorite food and drink, decorate altars with marigolds and sugar skulls, and gather in cemeteries to clean and adorn graves for the annual reunion. The holiday, which has its origins in a Catholic festival that was invented in 11th-century France, honors virtue on Nov. 1, All Saints Day, and then calls for remembrance of beloved sinners on Nov. 2, All Souls Day.

Although the Catholic framing of the festivities may have faded — a process spurred by the secularist revolution in mid-19th-century Mexico — it’s important to remember its original logic of dual remembrances. On All Saints Day, we honor the immaculate souls in heaven; on All Souls Day, originally conceived to benefit those in Purgatory, we remember our dearly departed as they were, with all of their virtues and vices. The altars that people set up to honor their departed often include loving nods to their more sinful appetites — a pack of cigarettes; a dish of rich, chocolaty mole; a shot of cane alcohol. We adore our dead with all of their foibles. We look to death in order to smile at the spectacle of life.

This idea became especially influential in Mexico’s post-revolutionary period, in the 1920s and 1930s, when many of the country’s most prominent intellectuals and artists, including the muralist Diego Rivera, embraced the Mexican people’s playful connection to death and to their dead as a source of inspiration. The iconography of everyday death, most famously conjured by the Mexican engraver José Guadalupe Posada, became a source of national pride: in the country’s hybrid Indigenous and European heritage, in its ability to lampoon the conceits of the living, in the blood that had been shed as it cast off dictatorship and exploitation, in the democratic nature of a death that comes for everyone.

But that was a hundred years ago, and now the rich tradition behind Día de los Muertos finds itself strained. Over the past several decades, the images that Mr. Rivera and others so cherished have been drained by commercial exploitation and a shallow nationalism that reduces the holiday to a tourist spectacle. The widely publicized Mexico City parade in which hordes of people dress up as skeletons, for instance, borrowed the concept from a scene in a James Bond film. But commercialization is not the steepest challenge facing Día de los Muertos.

More important is the sheer scale of everyday horror has shaken Mexico’s traditional relationship with death. Many Mexicans now perceive homicide and disappearance as fates that largely claim the lives of people who are either part of the country’s shady underworld or else foolishly careless. That misses the fact that Mexico’s illicit, informal and even formal economies often run on extortion, price-rigging, smuggling, illegal extraction, tax fraud, public graft, and the like. These practices rely on credible threats of violence to millions. Over the past two decades, hundreds of thousands of Mexicans have been killed and around 120,000 have been disappeared, with no end in sight. These dead are no longer the dearly departed; they are reduced to numbers. Today, the ancestral hunger of the souls to visit the living is overshadowed by the living’s simple desire to survive.

The problem that cartel wars, murders, disappearances and public displays of brutality present for Día de los Muertos is not trivial. Families with absent loved ones cannot visit or be visited by their dead in the cemetery or at a home altar. There is now a whole class of people — the families of the disappeared — whose capacity to mourn is hijacked by the cruelty of hope. In today’s Mexico, death is no longer a shared destination; it does not come equally to everyone.

The tradition of dialogue between the living and the dead on Día de los Muertos is far from gone, though, and the beloved holiday can still turn over a new leaf. To do so, all those who celebrate it must be capable of facing and processing the implications that Mexico’s many dead and disappeared have had on the fabric of society.

There is precedent for this. Mexicans have long used large public altars as spaces of communal mourning, as in the aftermath of the 1985 Mexico City earthquake. Activists have turned to Día de los Muertos as an occasion on which to protest femicide in the border city of Ciudad Juárez, migrant deaths on the U.S.-Mexico border, and the disappearance of 43 students in the town of Ayotzinapa in 2014. But such demonstrations have taken aim at the government, and the Mexican state has not shown itself capable of building peace. Mexican society must instead focus its attention on the violent economies that sustain the country’s ongoing national tragedy.

This is the new work of the dead: to force the living to see and address the causes of the nation’s collective wound. It is time to treat the hundreds of thousands of people who have been killed and disappeared not as an external phenomenon but as the victims of an economy rooted in violence. By asking the dead to bring our society back together, Día de los Muertos can once again become an essential, unifying force — not through nostalgic irony but through a necessary, profound act of collective reckoning.

EL PAÍS
Simón Levy, la farsa tiene permiso
Juan Ignacio Zavala
02 NOV 2025 - 03:30 CST

El señor Simón Levy es un personaje muy menor de la vida pública nacional. Es el típico grillo improvisado que con la Cuarta Transformación se ha multiplicado de manera escandalosa. A su crisis de identidad responde con un despliegue narcisista verdaderamente enfermizo. Sin asideros intelectuales y mucho menos morales, se desplaza de un lado a otro de la discusión pública aprovechando la flexibilidad de las redes sociales. Se trata de personajes que en la política real son unos buenos para nada, pero sienten que tienen autoridad para cuestionar no solo políticas públicas sino también a personas probas. Son los nuevos fariseos, que viven a costa de recargarse en la popularidad de los demás y de inventar historias en las que son protagonistas sin que a nadie se cuestione la veracidad de lo que dicen. Lo mismo presumen de saber qué pasa en Palacio Nacional que las decisiones de visado en Estados Unidos. Su mitomanía hace que estas personas aseguren sus fantasías sin remordimiento alguno y, peor aún, se convierten rápidamente en figuras mediáticas por la desproporción de sus babosadas. En épocas medianamente civilizadas, se les conocía como farsantes.

Para la gran mayoría de los actores de la vida pública, el señor Simón Levy es un payaso sin oficio ni beneficio. Lo mismo discurre sobre inversiones en China que sobre actos delictivos de uno de los hijos del expresidente López Obrador. Una boca floja llena de disparates cuyas redes sociales no descansan. Para nadie tiene relevancia. O eso creíamos hasta que resultó ser que las andanzas del señor Levy merecen comentarios de la presidenta de la República en sus conferencias matutinas. La presidenta Sheinbaum decidió anunciar que el Simón Levy había sido detenido en Portugal.

¿Por qué decidió la presidenta hacer eso? No lo sabemos ¿Qué llevó a su equipo a considerar que ese acto policíaco merecía una mención presidencial? Lo ignoramos. Pero a Levy le fue muy útil para armar otra de sus farsas: dio entrevistas, aseguró estar en otro país, afirmó que se había salvado de un atentado mortal, que vivía en distintas ciudades y que no había sido detenido, pues conservaba su pasaporte. Todo esto amparado en la mención de Sheinbaum. La presidenta cedió el escenario al farsante.

Para varios analistas y críticos gubernamentales, el asunto de Levy se manejó intencionalmente como un distractor de la amplia problemática nacional. No lo creo. El tema y el tipo no dan para tanto. Por eso sorprendió la mención de la presidenta. Sin embargo, el asunto es revelador de algo más grave: en las conferencias de prensa de la presidenta no hay prioridades. Lo mismo les da que se mencione una llamada con Trump sobre los aranceles que las aventuras de un desquiciado, con el problema de que la propia presidenta ha generado confusión por no estar debidamente informada. Fue el caso de un exfuncionario de Pemex detenido por autoridades migratorias en Estados Unidos y del cual Sheinbaum anunció su inminente regreso a enfrentar la justicia mexicana, cosa que nunca sucedió. En la frivolización de las mañaneras, Sheinbaum tuvo que escuchar los dichos misóginos y despreciables de otro de sus compañeros, el señor Taibo. A la presidenta no le quedó de otra más que reírse de las ocurrencias del pelafustán y no dijo nada ni como mujer, ni como mexicana, ni como presidenta. Taibo sabe que en ese escenario palaciego se puede decir cualquier cosa y nada pasa.

El asunto Levy es la muestra de que los farsantes ocupan un lugar en la preocupación del equipo presidencial. La farsa tiene permiso en el templete matutino que se supone nos informa de los retos, soluciones y problemas que ve Sheinbaum en la coyuntura nacional e internacional.

EL PAÍS

México, un país atrapado entre mafias

Pablo Ferri

México - 03 NOV 2025 - 03:30 CST

México atraviesa un momento delicado, situación invisible para la estadística. El Gobierno federal destaca mes con mes los avances en su estrategia de seguridad. Bajan los homicidios y buena parte de los delitos de alto impacto, motivo de celebración, tras más de 15 años de subidas prácticamente ininterrumpidas. Pero, al mismo tiempo, una sombra se extiende, la sombra de la extorsión, un mal practicado por las mafias para el que la autoridad no parece tener respuesta. Donde antaño la producción y el tráfico de drogas aparecían como el negocio principal del crimen, ahora se imponen los esquemas extorsivos, cada vez más sofisticados.

Los casos de extorsión han aumentado estos años, al menos las denuncias, para un delito en que la cifra negra siempre es alta. El Ejecutivo, que dirige Claudia Sheinbaum, lanzó en julio una estrategia especial para atajar el problema, cuyos resultados son todavía una incógnita. Las mafias, mientras tanto, avanzan. “Todo empezó con un discurso seductor, la idea de dar protección a cambio de seguridad”, explica Salvador Maldonado, investigador del Colegio de Michoacán, especializado en violencia e ilegalidad. “Poco a poco se fue generalizando, hasta que mutó, y ahora ya no es solo el pago por protección, sino el interés [de las mafias] por incrustarse en cadenas productivas, por formar parte del gremio”, añade.

El asesinato del alcalde de Uruapan este fin de semana, sumado al ataque mortal, hace unos días, contra Bernardo Bravo, representante de los productores de limón del Valle de Apatzingán, en Michoacán, revela el cambio de paradigma. Bravo representaba a un gremio asediado por organizaciones delictivas locales. El clásico cobro de cuota, modalidad simple de la extorsión, el pago de un impuesto informal al crimen para que permita la producción, la cosecha y la distribución del producto, había evolucionado a un esquema más complejo. Además de la cuota, el crimen trataba de erigirse en un ente regulador del mercado, imponiendo días de cosecha. Y aún más, los delincuentes se proponían como proveedores de insumos, obligados para los agricultores.

Bravo trataba de llegar a un acuerdo menos lesivo. Según ha podido saber EL PAÍS, el crimen pedía dos pesos por cada kilo de limón cortado y dos pesos más, por cada kilo comercializado, cantidad que Bravo trataba de rebajar. El líder gremial intentaba además que los criminales les permitieran cortar limones más de tres días a la semana, imposición de los últimos tiempos, herramienta con la que trataban de controlar el precio de mercado del cítrico. En ese contexto, los extorsionadores asesinaron a Bravo. Aparentemente, le citaron en un pueblo cerca de Apatzingán, lo mataron, y llevaron su cuerpo de vuelta al municipio, donde tenía su oficina.

En estos días, diferentes actores políticos de la región han señalado inequívocamente a Los Viagra, como responsables del crimen. Entre ellos destaca Guillermo Valencia, diputado local del PRI, que incluso dio una rueda de prensa estos días, señalando en un mapa el área de movimiento de los presuntos autores intelectuales del asesinato. En entrevista con este diario, Valencia señala que Los Viagra “han suplantado al Estado en la zona en dos de sus funciones básicas, porque ellos cobran impuestos y usan la fuerza pública, que debería ser monopolio de las autoridades. Antes los cárteles se dedicaban al narco, ahora se dedican más a esto”.

Más que un grupo criminal, Los Viagra son en realidad un clan familiar, crecido al calor de la estrategia de seguridad favorita en Norteamérica estos años, la caza al kingpin, o al señor del crimen, plan que asume que el descabezamiento de estructuras criminales debe reducir sus capacidades. En realidad, lo que ha ocurrido con el paso de los años es que, en regiones como Michoacán, hay una miriada de grupos delictivos, peleados entre ellos, que han visto en las relaciones económicas de las sociedades en que viven una fuente de ingresos. El tráfico de drogas figura así como una opción secundaria. Extorsionar es más sencillo que mover drogas, no exige grandes aparatos logísticos y puede disfrazarse como parte de las tiranteces del tejido productivo.

Así ocurre en Michoacán y en estados donde conviven varios grupos criminales, espacios en que ninguno acaba de imponerse. En Guerrero, por ejemplo, diferentes actores armados, enraizados en municipios y regiones distintas, pelean por prevalecer. En esas batallas, echan mano de mercados legales, de producción y venta de pollo, por ejemplo, de transporte, o de obra pública, para financiarse. Según explica la doctora Beatriz Magaloni, autora junto a otros colegas del estudio Living in Fear: The Dynamics of Extortion in Mexico’s Drug War, “cuando las organizaciones de narcotráfico controlan sus territorios, pueden comportarse como bandidos benignos y ofrecer ayuda a sus paisanos. Pero a medida que estos grupos compiten violentamente por el control del territorio y las rutas de trasiego, se vuelven contra los ciudadanos para extorsionarles y obtener recursos”.

La solución no parece sencilla, porque el crimen, con el paso del tiempo, se entrelaza en la economía, generando trenzas difíciles de deshacer. “La extorsión ya es parte de un engranaje del sistema económico. Sus nexos son difíciles de detectar, este proceso en que se van entrelazando esta multiplicidad de extorsiones. Y claro, eso, complica todo”, explica Maldonado, el investigador del Colegio de Michoacán. “La desarticulación de un grupo u otro no importa tanto, porque ya están incrustados en cadenas productivas. Si fracturas un enlace, todos los demás quedan funcionando y se apropian del liberado. Es decir, las personas o grupos señalados ahora son engranajes, y si los quitas, el sistema se reajusta”, zanja.

EL PAÍS

Ya supérenlo

Valeria Moy
02 NOV 2025 - 03:30 CST

Cada cierto tiempo, el tema del que hubiera sido el Nuevo Aeropuerto Internacional de la Ciudad de México regresa al debate público. Seis años después de su cancelación, el NAICM sigue dividiendo opiniones y justificando discursos. Ya supérenlo, claman desde hace años en las redes y en los medios, como si de un capricho se tratara. Sin embargo, las consecuencias de la cancelación ya no son solo ideológicas, son también económicas.

La cancelación de varias rutas aéreas entre México y Estados Unidos esta semana demuestra que -al menos desde Estados Unidos- el tema aún no se ha superado. Las decisiones del pasado siguen afectando el presente.

La historia es conocida, pero vale la pena recordarla porque sus efectos continúan acumulándose. En octubre de 2018, antes de asumir la presidencia y con un Enrique Peña Nieto ya desdibujado, Andrés Manuel López Obrador convocó una pseudo consulta ciudadana para decidir el destino del proyecto de Texcoco. En los días que duró la consulta, el asesor del futuro presidente y cercano al sector privados, seguía asegurando que el aeropuerto no se cancelaría. Quizás hubiera ajustes y sería uno más austero, pero la principal obra de infraestructura de ese sexenio no sería cancelada. Para sorpresa de quienes le creyeron y no tanto para los que sabían del autoritarismo de López Obrador se anunció que la voluntad popular -particularmente encuestada en el sur del país- había decidido cancelar el aeropuerto y echar por la borda los recursos que ya se le habían destinado.

Lo que se presentó entonces como un gesto de ahorro y honestidad terminó costando, según la Auditoría Superior de la Federación 331.996 millones de pesos, cifra que después corrigió -según esto por inconsistencias metodológicas- a “solo” 113.327 millones. El tiradero de dinero en un país que buscaba austeridad. A ese monto habría que añadir los costos financieros de los bonos emitidos para financiar la construcción y que se tuvieron que recomprar a inversionistas para no caer en incumplimientos. Es decir, se pagó por un aeropuerto que no se construyó básicamente por un capricho. Pero ya supérenlo.

Más allá de las cifras, lo más caro ha sido el costo de oportunidad. Texcoco -con toda la complejidad que su construcción implicaría- no sonaba a un capricho faraónico. Estaba diseñado para resolver un problema estructural – la saturación aérea del Valle de México- y pensado para operar como un hub intercontinental. Su sustituto, el Aeropuerto Internacional Felipe Ángeles, no ha logrado absorber ni una fracción menor de lo que se estimaba para el nuevo aeropuerto. El costo directo del AIFA según fuentes públicas fue cercano a los 75.000 millones de pesos, sin contar los subsidios que siguen siendo necesarios para su operación. A superar también ese derroche, supongo.

Pero el problema se volvió además de todo, práctico. La cancelación de Texcoco no solo generó pérdidas económicas inmediatas, sino que también fragmentó la infraestructura aérea, complicó la operación de aerolíneas, encareció costos logísticos y redujo la conectividad de México. Esta semana lo vimos claramente.

El Gobierno estadounidense notificó esta semana la cancelación de rutas operadas por aerolíneas mexicanas alegando incumplimientos del acuerdo bilateral de aviación civil. La razón formal: las irregularidades en la reasignación de operaciones y en los estándares de seguridad aérea derivados de la redistribución forzada de vuelos del AICM al AIFA.

El Acuerdo Bilateral de Aviación firmado en 2015 entre México y Estados Unidos buscó modernizar y liberalizar las relaciones aéreas entre ambos países, reemplazando al restrictivo tratado de 1960. Su entrada en vigor en 2016 permitió que múltiples aerolíneas de cada nación operaran en las mismas rutas, fomentando la competencia, reduciendo tarifas e impulsando la conectividad más allá de los grandes aeropuertos como Ciudad de México o Dallas. Promovió el crecimiento del turismo, el comercio y la inversión al facilitar vuelos directos entre ciudades secundarias y mejorar el transporte aéreo de carga, vital para las cadenas de suministro norteamericanas. También abrió la puerta a alianzas estratégicas, como el acuerdo de código compartido entre Aeroméxico y Delta Airlines, y fortaleció la cooperación técnica en materia de seguridad aérea.

No obstante, los beneficios plenos del acuerdo se vieron limitados por la degradación de México a Categoría 2 por parte de la FAA en 2021 y nuevamente en 2025, así como por la saturación del AICM y la redistribución de vuelos hacia el AIFA. En la práctica, las restricciones operativas y los problemas regulatorios han frenado su potencial, mostrando que la apertura formal requiere acompañarse de capacidad institucional y modernización real del sistema aéreo mexicano.

Estados Unidos evidenció la falta de confianza que se tiene en que las decisiones en materia de infraestructura y aviación civil en México se tomen con criterios técnicos, no políticos. Desde 2019, el país ha transitado por una secuencia de decisiones improvisadas: cancelación de Texcoco, limitación de operaciones en el AICM, presiones a las aerolíneas para usar el AIFA, cambios regulatorios de última hora y el nulo mantenimiento en las dos terminales del aeropuerto de la ciudad. ¿Le han afectado a la economía mexicana esas decisiones? Supérenlo.

Cuando se canceló el NAICM, el argumento fue que Texcoco se hundía -literalmente- y era un símbolo de corrupción. Se ofreció un proyecto más barato, más austero y eficiente en Santa Lucía. Seis años después, el AIFA opera a menos de 30% de su capacidad, depende de subsidios públicos y ha generado costos adicionales en transporte terrestre y logística por la migración de la carga hacia allá. Lo que se prometió como ahorro se ha traducido en un gasto permanente.

La pérdida de conectividad le ha restado competitividad al país. La ineficiencia logística encarece las cadenas de suministro. La incertidumbre regulatoria desalienta las inversiones. Y la credibilidad institucional ha quedado erosionada. Los inversionistas no olvidan que México canceló -sin ningún fundamento técnico- una obra con más de un tercio de avance con compromisos internacionales firmados. La prima de riesgo solo aumentó.

Las consecuencias no se limitan a la aviación. La mayor integración que estaba contemplada en el acuerdo bilateral de aviación de 2015 no pudo materializarse. No sería ninguna sorpresa que fuera un obstáculo más en la negociación comercial que México enfrentará el año que viene.

Las decisiones improvisadas han dejado secuelas en la relación con Estados Unidos, en la competitividad del país y en la percepción del riesgo. Seguro México podrá superarlo, pero no sin antes asumir las consecuencias completas de una decisión que, en nombre de la austeridad, sacrificó una oportunidad de desarrollo.

Fed's Miran says he can't base policy stance on buoyant financial markets

By Reuters
November 3, 20257:43 AM GMT-6Updated 1 hour ago

WASHINGTON, Nov 3 (Reuters) - Federal Reserve Governor Stephen Miran said on Monday it is wrong to put too much emphasis on the strength of equity and corporate credit markets in assessing monetary policy that he feels remains too restrictive and is heightening the risk of a downturn.

"Financial markets are driven by a lot of things, not just monetary policy," Miran said on the Bloomberg Surveillance television program, in explaining why he dissented last week against a quarter-percentage-point rate cut in favor of a half-percentage-point reduction.

Rising equity prices, narrow corporate credit spreads, and other factors don't "necessarily tell you anything about the stance of monetary policy" at a moment when interest-sensitive sectors like housing are less buoyant and some parts of the private credit market appear under stress.

Miran's remarks highlight the competing views that Fed officials have begun to offer about the state of the economy and the risks facing it since last week's divided decision to reduce the U.S. central bank's benchmark policy rate by a quarter of a percentage point to the 3.75%-4.00% range.

The 10-2 policy vote marked only the third time since 1990 that voting Fed members have objected in favor of both tighter and looser monetary policy, and Fed Chair Jerome Powell's remarks at his post-meeting press conference indicated an even deeper divide as he noted the "strongly differing views about how to proceed" at the central bank's December 9-10 meeting.

It was an unusual reference to action at an upcoming meeting, with Powell emphasizing that another rate cut "is not a foregone conclusion - far from it."

SCHMID LAYS OUT CASE FOR KEEPING MORE FOCUS ON INFLATION

Kansas City Fed President Jeffrey Schmid, who dissented in favor of no rate cut last week, laid out on Friday the case for keeping more of a focus on inflation that remains above the central bank's 2% target, including the fact that "financial markets appear to be easy across many metrics. Equity markets are near record highs, corporate bond spreads are very narrow, and high-yield bond issuance is high. None of this suggests that financial conditions are particularly tight or that the stance of policy is restrictive."

Asked specifically about the arguments cited by Schmid, a career banker, Miran said it overlooked stress that may be developing elsewhere in the financial system and the sluggishness in the housing market.

In addition, repeating arguments he has laid out since joining the Fed while on leave as a top economic adviser to President Donald Trump, Miran said the economy has been buffeted by population changes and other shocks since last year that have lowered underlying interest rates and mean "that policy has passively tightened" despite the Fed's rate cuts. He said he continues to think the Fed should cut in half-percentage-point increments until hitting a "neutral" level he estimates is "quite a ways below" where it is now.

Other U.S. central bank officials are due to continue the debate later on Monday, including in an appearance at the Brookings Institution by Fed Governor Lisa Cook, her first since Trump attempted to fire her earlier this year in an action so far blocked by federal judges but awaiting an appeal to the U.S. Supreme Court.

Bloomberg

Fed’s Goolsbee More Worried by Inflation Than Job Market

By Catarina Saraiva

November 3, 2025 at 9:29 AM GMT-6

Federal Reserve Bank of Chicago President Austan Goolsbee said he wants to see more data before making a decision about how to vote at the central bank’s December meeting, but warned he’s more concerned about inflation than the labor market right now.

“I’m not decided going into the December meeting,” Goolsbee said Monday on Yahoo Finance. “I am nervous about the inflation side of the ledger, where you’ve seen inflation above the target for four and a half years and it’s trending the wrong way.”

Policymakers, including Goolsbee, voted to lower their benchmark interest rate by a quarter percentage point at their Oct. 28-29 meeting, their second straight reduction as they try to bolster weakened hiring in the labor market.

In a press conference following the meeting, Chair Jerome Powell cautioned that another cut at the December meeting, which markets had been betting on, wasn’t set in stone. Some policymakers have become increasingly concerned that inflation, which was 3% in the year through September, isn’t cooling to the Fed’s 2% target quickly enough and that a strong economy could reignite price pressures.

Goolsbee added that he still believes interest rates can come down a “fair amount” but “it would probably be most judicious to have the rates come down with inflation.”

Bloomberg

ECB Urges Caution on Synthetic SRTs in Securitization Overhaul

By Esteban Duarte and Nicholas Comfort
November 3, 2025 at 6:53 AM GMT-6

The European Central Bank, wary of lenders' over-reliance on synthetic risk transfers, is urging issuers to use other ways of securitizing assets, according to people familiar with the matter.

In a forthcoming opinion, the ECB will argue that shifting credit risks off the balance sheet through so-called synthetic significant risk transfers could expose banks to refinancing risks during market stress, according to people familiar with the matter. Instead, the ECB wants banks to carry out more deals known as cash SRTs that get rid of the actual loans and not just the attached credit risk, the people said.

The move by the EU's top banking regulator is the latest sign that regulatory scrutiny of synthetic SRTs is growing as the deals enjoy an unprecedented boom that has made them one of the most popular instruments for banks to manage their balance sheets and free up capital. Large European banks increased the volume of synthetic securitizations by 85% in the first half, with the resulting capital relief helping them to return money to investors or fund growth.

The ECB will weigh in on forthcoming securitization rules for the 27-country bloc touted as a way to stimulate the economy, said the people, who asked to remain anonymous as the formal view has yet to be made public. While the ECB broadly supports the European Commission initiative, it's wary of instruments that could make banks vulnerable in a credit crunch.

A spokeswoman for the ECB declined to comment.

European banks are boosting issuance of synthetic SRTs because they're cheap and currently easy to sell given rampant demand for yields which at times run in the double digits. The transactions allow banks to free up capital for more profitable lending, and ultimately more generous payouts to shareholders.

Synthetic SRTs rely on credit derivatives to insure loan risk without actually removing the loan from a bank's books. Other types of asset-backed securities, including some SRTs, remove both the loans and their associated risk. The maturities of these securities tend to be longer than the underlying loans, ensuring there's no gap during which the bank remains exposed to the risk of the securitized assets.

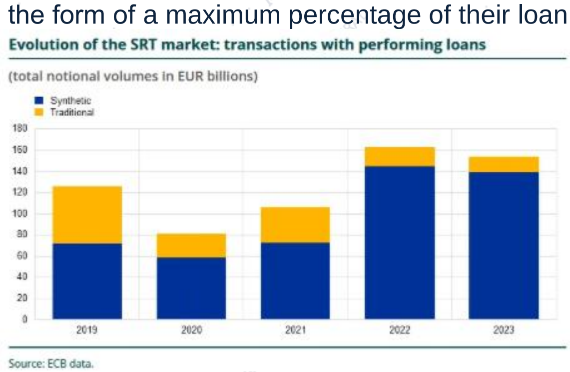
On-balance sheet instruments can leave banks exposed to losses on securitized assets. SRTs usually have shorter maturities than the loans they insure. That creates refinancing risk because banks have keep going back to investors to cover those gaps.

The ECB is worried about a scenario in which demand for synthetic SRTs seizes up and banks lose the relief they'd been counting on from the market, the people said. To bring their capital ratios back into line, banks could be forced to issue new equity, cut dividends or in extreme cases abruptly pull back lending.

"A freeze in the synthetic securitization market would expose banks to higher capital requirements than they had anticipated when originating the loans," according to a May report from the European Systemic Risk Board.

These synthetic transfers now dwarf cash SRTs, ECB data shows, accounting for more than 90% of all SRT transactions among the banks overseen by the ECB in 2023. Such deals are "faster and easier to execute but, unlike cash transactions, have no secondary market," the ECB noted last year.

Others are concerned about rampant and indiscriminate growth. A majority of respondents in a Bloomberg Intelligence survey released in June favored limits on the issuance of SRTs. Around 72% of the 50 firms taking part in the study, including issuers and investors, favored a regulatory ceiling on SRT issues for banks. Among them, more than half said that banks' guardrails should be in the form of a maximum percentage of their loan books.



Bloomberg

Kazimir Urges ECB to Keep Guard Up on Lingering Inflation Risks

By Daniel Hornak
November 3, 2025 at 4:00 AM GMT-6

The European Central Bank must be alert to upside inflation risks, according to Governing Council member Peter Kazimir.
Kazimir cautions against fine-tuning policy, saying the central bank could become a source of volatility rather than stability.
The ECB will "remain vigilant" to both upside and downside inflation risks and is prepared to respond if needed, keeping all options open.
The European Central Bank must be alert to upside inflation risks and resist the temptation to fine-tune policy, according to Governing Council member Peter Kazimir.
The Slovak official pointed to supply-chain uncertainty, energy costs, and surprisingly strong underlying price pressures and earnings gauges in arguing that officials “must recognize the presence of lingering upside risks.”
“The mosaic of data contains elements that should serve as a reminder of why letting one’s guard down wouldn’t be advisable at this stage,” Kazimir said in an op-ed on the Slovak central bank’s website. Still, he reiterated the ECB’s mantra that policy is in a “good position to face the challenges of the current turbulent environment.”
The ECB held interest rates at 2% last week after the economy largely performed in line with expectations. President Christine Lagarde said inflation is close to the 2% target — even as risks warrant close monitoring.
They relate primarily to the trade outlook for the 20-nation euro zone. While a deal with the US has alleviated some uncertainty, firms remain vulnerable — and the latest tussle between Washington and Beijing has highlighted how quickly things can change.
It’s against that backdrop that Kazimir cautions against too much activism — even as near-term projections show price pressures falling short of the ECB’s goal.
“We should not try to over-engineer our policy and fine-tune inflation dynamics to perfection with small moves,” he said. “In trying to be overly precise, the central bank could itself become a source of volatility rather than the pillar of stability our economy needs.”
In advocating a steady-hands approach, Kazimir joins officials including Latvia’s Martins Kazaks, who warned last week against “jumpy” responses to data as they arrive. “The steadiness of our policy decisions is an advantage,” he said.
Kazimir argued that the ECB will “remain vigilant” to both upside and downside inflation risks, and is prepared to respond if needed.
“‘Data-dependent’ means keeping all options open,” he said. “It means our next move — when it comes — could, in principle, be in either direction, depending on the signals we receive.”

Bloomberg

Bailey Holds Key to Bank of England Decision as MPC Expected to Hold

By Philip Aldrick
November 2, 2025 at 11:00 PM GMT-6

The Bank of England is expected to keep interest rates unchanged at 4% next Thursday, with Governor Andrew Bailey's vote being pivotal.

Most economists believe the Monetary Policy Committee will hold, but some say the possibility of a cut to 3.75% is underpriced, and the decision is expected to be close.

The bank's decision will be influenced by economic data, which is pulling both ways, with consumer-price inflation running at almost twice the bank's 2% target, but the economy showing signs of strain.

The Bank of England is expected to skip its three-month cutting cycle for the first time since it started easing rates in August last year, in a close decision that will rest with Governor Andrew Bailey.

Most economists believe the Monetary Policy Committee will keep interest rates unchanged at 4% next Thursday, with Bailey swinging the vote. “The next BOE decision will hinge on the governor,” TD Securities European economist Julie Ioffe said.

Only seven of 42 respondents to a Bloomberg survey foresee a cut to 3.75%, a position reflected in market pricing implying a 25% chance of a reduction. However, several said that possibility is underpriced and half of respondents providing a vote-split expect it to be tight.

They predict five or six of the nine committee members will hold on Nov. 6, with Bailey bringing his deputy Sarah Breeden in behind him to tip the balance. Still, the consensus has started to unsettle in recent days, with Goldman Sachs, Barclays and Nomura forecasting a quarter-point reduction.

“A cut is possible, but with interest rates close to neutral and inflation still nearly double the BOE’s target, we think a hold is more likely,” said Dan Hanson, chief UK economist at Bloomberg Economics. “The central bank will also want to know the contours of the budget on Nov. 26 before delivering further easing.”

A close decision is on the cards because the economic data is pulling both ways. Consumer-price inflation is running at almost twice the bank’s 2% target but the economy is elsewhere showing signs of strain. Big tax rises in the budget could squeeze it further.

The bank should wait “until after the budget to see the policies,” said David Aikman, director of the National Institute of Economic and Social Research. “As inflation comes down they can follow the drops, rather than front-run it.”

The BOE has cut rates every three months since August last year, using its quarterly Monetary Policy Report forecasts to provide context for the decisions. If it skips November, December will be in play: markets currently assign a two-thirds chance of a rate reduction that month.

In August, Bailey called for an unprecedented re-vote to secure a clear majority as the five members in favor of lower rates did not agree on the pace of reduction. Again, the governor’s position is expected to be pivotal. Deputy Governor Breeden has voted in line with Bailey at every meeting since her first in November 2023.

Bailey is likely to take the view that “a few downside data surprises do not immediately make a trend,” BNP Paribas Europe economist Dani Stoilova said. Stoilova expects a 5-4 split to hold, with Bailey, Breeden and David Ramsden determining the outcome.

The four external MPC members are widely expected to stick with their September positions. That would mean Alan Taylor and Swati Dhingra repeat their calls for a cut while Catherine Mann and Megan Greene vote to hold once again. Huw Pill, the chief economist, and Deputy Governor Clare Lombardelli have tended to be hawkish and are expected to seek a hold.

Ramsden dissented from the majority with a call to cut in June and could join Taylor and Dhingra again, leaving Bailey and Breeden to choose a side. Bloomberg’s Hanson sees a 6-3 split in favor of holding, with Ramsden joining the doves.

Bailey has recently voiced concerns about the softening jobs market and the economy running “under potential.” However, shortly after the September vote he said markets were right to expect the bank to watch “very carefully to see how the economy unfolds before whatever we do next.”

Since September, there has been a slew of weaker-than-expected data. Inflation appears to have peaked at 3.8%, below the BOE’s 4% forecast, September services inflation fell against expectations of an increase, unemployment has risen and private-sector regular pay slowed.

Alongside the official data, some private-sector indicators weakened this month. The British Retail Consortium’s measure of shop prices softened materially and food prices fell. The CBI industrial trends survey showed orders dropping.

Should the bank cut rates, it is likely to change its guidance, economists at Nomura said. They believe the bank will scrap the line that it will take a: “gradual and careful approach to the further withdrawal of monetary policy restraint” in favor of a more data-dependent, meeting-by-meeting approach.

The November meeting will also be the first time the BOE tries out a new means of communicating its quarterly forecasts. To explain the committee decision, its “best collective judgment” approach will be replaced by a forecast that reflects the majority opinion.

A policy “overview” document will clarify the MPC’s thinking in the context of that forecast, with scenarios introduced to help illustrate the decision or to indicate how the bank would respond to potential risks. For the first time, each MPC member will have a paragraph in the minutes to explain their individual vote.

Most economists surveyed by Bloomberg expect the BOE to lower its inflation forecasts for both this year and next compared with the August MPR, but to leave its growth and unemployment forecasts largely unchanged.

yahoo!finance

German central bank: Lift retirement age to boost competitiveness

Mon, November 3, 2025 at 3:39 AM CST

Te chief of Germany's central bank on Monday called for the retirement age to rise to boost the struggling economy.

"Even if it is unpleasant, we must be honest with ourselves: we are an ageing society," said Bundesbank President Joachim Nagel.

"We need to work longer in order to maintain the prosperity that generations have built up since the end of World War II," Nagel said in a podcast interview with Table Media. "We must trust the people of Germany to understand where the challenges lie."

Nagel argued that lifting the retirement age is essential for Germany and Europe's competitiveness.

The German economy - Europe's largest - is in its deepest crisis in decades, having seen consecutive years of recession. Growth in 2025 is expected to be marginal at best, but economists have forecast a modest climb next year largely as a result of massive government spending on infrastructure and defence.

Nagel expressed cautious optimism about the economic recovery. "We will certainly see more growth next year if spending is properly allocated to future investments," he argued.

Economists have warned that billions in debt-financed investments could be misspent on filling holes in the government's budget. But Nagel said the criticism is premature, suggesting that the effects of the stimulus package are yet to be felt.

"The government is aware of its responsibility in this regard," he added.

China renews currency swap agreement with ROK

Source: XinhuaEditor: huaxia2025-11-03 15:54:15

BEIJING, Nov. 3 (Xinhua) -- The People's Bank of China (PBOC), the country's central bank, has renewed a bilateral currency swap agreement with the Bank of Korea, the central bank of the Republic of Korea (ROK).

The value of the swap is 400 billion yuan (about 56.44 billion U.S. dollars), or 70 trillion Korean won, the PBOC said in a statement on Monday.

The agreement is valid for five years and can be renewed upon mutual consent, per the statement.

The renewal of the currency swap agreement will further deepen bilateral monetary and financial cooperation, facilitate trade between the two countries, and support the stability of financial markets, according to the statement.

Bloomberg

US Manufacturing Shrinks for Eighth Month on Sluggish Demand

By Nazmul Ahasan
November 3, 2025 at 9:00 AM GMT-6
Updated on November 3, 2025 at 9:18 AM GMT-6

US factory activity shrank in October for an eighth straight month, driven by a pullback in production and tepid demand.

The Institute for Supply Management's manufacturing index eased 0.4 point to 48.7, according to data released Monday. Readings below 50 indicate contraction, and the measure has been stuck in a narrow range for most of this year.

The group's production index slid 2.8 points to 48.2, marking the second month in the last three that output has contracted. The weakness is keeping headcounts depressed. The ISM's employment gauge shrank for a ninth straight month, albeit at a slightly slower pace than in September.

Meanwhile, inflationary pressures continued to ease. The index of prices paid for raw materials fell 3.9 points to 58, the lowest since the start of the year. Since a recent peak in April, during the height of the tariffs rollout, the price gauge has dropped nearly 12 points.

Economists and policymakers are relying more on private reports such as the ISM survey for clues on the economy and job market in the absence of official data because of the US government shutdown. Friday's scheduled employment report is also poised to be delayed as a result.

A dozen manufacturing industries contracted in October, led by textiles, apparel and furniture. Six industries, including primary metals and transportation equipment, reported growth.

The survey illustrates general malaise among the nation's manufacturers who are contending with lingering uncertainty around trade policy. Producers are navigating evolving supply chains as they source materials. The ISM measure of supplier deliveries rose to a four-month high, indicating longer lead times.

Select ISM Industry Comments

"Business continues to remain difficult, as customers are cancelling and reducing orders due to uncertainty in the global economic environment and regarding the ever-changing tariff landscape." — Chemical Products

"Decrease in domestic demand for finished products has resulted in slower manufacturing and an increase of raw material in inventory." — Petroleum & Coal

"In general, business is really strained. Money is sitting tighter, and geopolitical changes add to the uncertainty/risk factor. Even medical fields are feeling the pressure." — Miscellaneous Manufacturing

"Sales continue to underperform in our automotive OEM and industrial divisions. Our aerospace and automotive aftermarket are the only areas performing slightly above budget. This is the third month of lower-than-expected sales, and the remainder of the year outlook is not looking better. " — Fabricated Metals

"The products we import are not readily manufactured in the U.S., so attempts to reshore have been unsuccessful. Overall, prices on all products have gone up, some significantly. We are trying to keep up with the wild fluctuations and pass along what costs we can to our customers." — Machinery

"The unpredictability of the tariff situation continues to cause havoc and uncertainty on future pricing/cost. But even with the tariffs, the cost to import in many cases is still more attractive than sourcing within the U.S. Challenges with tariffs on production equipment necessary for internal production makes it difficult to justify expansion of capacity." — Computer & Electronic Products

Bookings shrank for a second month in October, though at a slower pace, the ISM report showed. Order backlogs, another indicator of demand, also contracted.

Inventories at manufacturers shrank by the most in a year. Customers' stockpiles also remained low, suggesting some scope for orders to pick up and support production.

US economy at risk of wobble as lower-income consumers get squeezed

By Howard Schneider

November 3, 20255:42 AM CSTUpdated 3 hours ago

WASHINGTON, Nov 3 (Reuters) - The U.S. consumer's durability as a prop for the economy may be tested in coming weeks as family budgets, particularly among the less affluent, are stressed by rising healthcare costs, the potential loss of federal food benefits, and a wobbly job market outlook that is already taking a toll on earnings.

November is typically the start of a buoyant shopping and travel season, with the Thanksgiving holiday at the end of the month and Christmas following in late December.

This year it also coincides with the possible loss of food benefits for many families amid an ongoing U.S. government shutdown, and rising healthcare costs for others if federal subsidies are cut at the start of the year for insurance policies offered under the Affordable Care Act, also known as Obamacare.

Add in the lost spending by hundreds of thousands of furloughed federal workers, a raft of layoff announcements from top companies, rising prices, and a recent drop in consumer confidence, and the staying power of U.S. shoppers may be tried.

"The American economy is a $30 trillion dynamic and resilient beast, but it's going to face a test here at the turn of the year," said Joseph Brusuelas, chief economist at RSM US, with "adverse policy shocks emanating from Washington and the change in behavior among corporates who hoarded labor for the past four to five years. ... That was never an indefinite behavior. We're going to see migration up in the unemployment rate."

The coming shocks to household budgets will take place against a backdrop of still-low unemployment and consumer spending that, at least as of August, was growing at a 2.7% annual rate, slower than last year but still expanding.

For now, however, policymakers at the Federal Reserve and elsewhere will lack updated government reports to understand how the economy is adapting at a critical moment, with the shutdown not only turning off benefits but also the flow of data.

Funding for benefits under the Supplemental Nutrition Assistance Program for nearly 42 million low-income people, nearly 12% of the U.S. population, was due to run out on November 1 because of the shutdown, which is now in its second month.

A federal judge in Rhode Island, however, ruled on Friday the suspension of the benefits was illegal, and it was unclear if some of them would be paid this month.

The loss of SNAP benefits, also known as food stamps, would "impose significant hardship on many households, but the impact on overall consumers' spending and GDP probably will be relatively small," at about $100 billion a year, said Samuel Tombs, chief U.S. economist at Pantheon Macroeconomics. However, that is "just one channel through which the shutdown will weigh on activity this quarter."

In their absence, at least a dozen states have plans to fill some of the food benefits gap, but the amounts involved are a fraction of what the program provides each month, and some large states including Texas and Florida have not announced any effort to step in.

FED POLICYMAKERS SEE EVIDENCE OF 'K-SHAPED' ECONOMY

Economists don't necessarily see the economy tipping into recession as a result of the growing pressures on consumers, though Brusuelas estimated the shutdown may lower growth for the fourth quarter by a full percentage point, to as low as 1%.

Just as the current shutdown may hit household budgets ahead of a peak shopping season, offsetting forces, including tax cuts and exemptions for things like overtime pay and tipped income, will boost many household refunds next year.

"In the first quarter of the year, we are going to see substantial tax refunds for working Americans," Treasury Secretary Scott Bessent told Fox Business Network recently, something that will also allow some taxpayers to withhold less and keep more of their weekly paychecks.

How that all nets out, however, remains to be determined and will be closely watched by Fed policymakers trying to understand whether the economy slows and unemployment rises or whether it will accelerate as firms and households finish adjusting to trade, immigration and other policy changes during the first year of President Donald Trump's second term in the White House.

Fed Chair Jerome Powell, speaking to reporters after the central bank cut interest rates by a quarter of a percentage point last week, noted how consumer spending "has defied a lot of negative forecasts" and helped sustain economic growth.

But he also noted, as have other Fed policymakers, the current "bifurcated" pattern - sometimes called the "K-shaped economy" - of higher-income families riding stock market gains and spending freely on travel, high-end goods, and

restaurant meals, contrasted with signs of stress, including rising auto loan defaults and intense bargain shopping in the rest of the country.
"There is so much anecdotal information on that, we think there is something there," Powell said.
Meanwhile, announced rounds of layoffs by Amazon.com, UPS and others "could absolutely have implications for job creation" that some economists already consider at a standstill, Powell added.
The question for the Fed is whether the good times at the higher "spur" of the K remain enough, in aggregate, to offset weakness elsewhere.
The headwinds are about to get stiffer.
Besides the threat to the SNAP payments, household budgets could be dealt another blow from higher premiums for health insurance purchased under the ACA. The expiration next year of tax credits to underwrite those policies is a core issue in the budget stand-off between Trump, whose tax bill earlier this year slashed ACA subsidies, and Democrats in Congress who want them maintained.
The Kaiser Family Foundation estimated the loss of tax credits will cost the more than 20 million people insured through the ACA more than $1,000 a year each on average, and potentially more.
Research from the JPMorganChase Institute points to another risk. Analysis of its in-house database of account holders showed inflation-adjusted income growth among those aged 25 to 54, a key consumer demographic, had slipped from around 3% annually to 2%, on par with the sluggish rate after the 2007-2009 financial crisis and recession.
Heading into the coming holidays, there is reason to worry about the consumer, Yardeni Research economists said. Along with all the other headwinds, recent surveys show people are planning to spend less during the Christmas shopping season, and, in addition, there will be fewer people spending because of recent deportations of migrants and tighter immigration enforcement.
"There will literally be fewer people shopping in the U.S. this holiday (season), and those who are say they'll be spending less this season," said Jackie Doherty, a Yardeni contributing editor.

THE WALL STREET JOURNAL.

How the U.S. Economy Has Defied Doomsday Predictions on Tariffs

By Konrad Putzier
Nov. 2, 2025 9:00 pm ET

When President Trump announced sweeping tariffs in April, economists predicted surging inflation and raised the odds of a recession. Companies and consumers stockpiled to get ahead of price rises. Those worries now seem overblown.

Inflation, while too high, is lower than forecasts. And the economy continues to grow despite the steepest tariffs in almost a century.

"I'm not sure they've mattered as much as people thought they would," said Kelly Kowalski, head of investment strategies at MassMutual.

At the same time, the promised benefits of tariffs also largely haven't come to pass: Revenues from Trump's levies have been far lower than the Treasury Department predicted, and there are few signs of a domestic manufacturing boom.

Annual inflation was 3% in September, above the Federal Reserve's 2% target. Tariffs have played a role, but a muted one, pushing up prices for goods such as furniture and apparel.

One reason: The real tariffs companies pay are lower than the headline numbers suggest. This is underscored by weaker-than-expected customs and excise taxes collected by the U.S. Treasury.

The U.S. Treasury is on track to collect $34 billion in October, according to a Pantheon Macroeconomics analysis of customs data. If that pace continues, the U.S. would be on track for $400 billion over a full year, short of Treasury Secretary Scott Bessent's August prediction that tariffs could bring in between $500 billion and $1 trillion a year.

These tariff revenues suggest that the effective average rate companies pay is about 12.5%, Pantheon says—far below the headline numbers, which average over 17% according to some estimates.

Loopholes and exemptions mean many goods avoid higher levies. At the same time, companies have moved production from countries facing high tariffs—especially China—to countries such as Vietnam, Mexico and Turkey that face lower levies for many goods. That pushes down effective rates.

The Federal Reserve cut interest rates for the second time this year, although Chair Jerome Powell said a third cut is 'not a foregone conclusion.' WSJ's Nick Timiraos explains the central bank's split outlook. Photo: Noah Higgins-Dunn

"They're saying: I'm not avoiding offshore, but I'm diversifying," said Randy Altschuler, chief executive of Xometry, an online marketplace that connects manufacturers with suppliers around the globe.

Companies have also avoided costs by rushing to build up inventories ahead of tariffs. Signet Jewelers, which imports roughly half its finished jewelry from India, plans to use bonded warehouses, where products can be stored duty-free for a while, and move production to other countries to minimize tariff costs, Chief Operating and Financial Officer Joan Hilson said during a September earnings call.

Logistics company GXO, which operates warehouses across the U.S., is noticing more demand for free-trade zones, said CEO Patrick Kelleher. Companies are also thinking harder about how many goods to import, to avoid paying tariffs on inventory that only ends up sitting in warehouses, he added.

Even where U.S. companies have to pay full tariffs, they are passing only some of these costs on to consumers. Bank of America estimates that consumers are paying 50%-70% of tariff costs so far, with companies covering the rest. A key reason: Corporate profit margins are much higher today than before the pandemic, making it easier for companies to pay tariffs without raising prices.

Retailers are in a position to afford to pay 30% of the tariff costs and still keep their profit margins at roughly the level they averaged during the 2010s, Pantheon estimates.

Take the car industry. Average auto prices in September were only about 1.1% higher than in March, after adjusting for seasonality, according to JPMorgan, even though car imports from many countries faced tariffs of 15% or more.

That number implies carmakers are paying about 80% of the tariff costs and only passing 20% on to customers, JPMorgan estimates. Car prices are up significantly since 2020, and manufacturers worry that consumers simply can't afford to pay more. The same postpandemic inflation that boosted prices also padded profit margins, making it easier for carmakers to absorb tariffs today. Clothing brand Aritzia faces double-digit reciprocal tariffs on its imports from Vietnam and Cambodia, and the closure of the de-minimis loophole for small online orders means many of its products can no longer avoid these duties. Still, the company is profitable enough to absorb a hit.

Without the tariffs, the company's adjusted profit margin before interest, taxes, depreciation and amortization would be between 18% and 19% this fiscal year, executives at the company said during a recent earnings call. Instead, the company is now forecasting a still-comfortable margin of 15.5% to 16.5%. The company's pricing strategy "is not based on tariffs," CEO Jennifer Wong said during the call.

Pretariff import prices haven't fallen significantly, Labor Department data shows, suggesting that foreign suppliers generally aren't lowering their prices to make up for duties.

Aside from inflation, economists worried tariffs would drag down consumer spending, which accounts for almost 70% of gross domestic product. In April, consumer confidence fell to the lowest level since 2022. In the past, drops in confidence have often led to a decline in spending. This year, Americans boosted by a record-high stock market and low unemployment have kept shopping.

Still, economists say it is too early for a victory lap. They believe tariff-related costs and uncertainty have made some companies more reluctant to hire, possibly contributing to a weakening job market. And economists expect companies to eventually pass a bigger share of tariff costs on to consumers. Many companies are raising prices gradually, meaning the tariff impact on inflation could last well into next year.

Bloomberg

Trump’s Tariffs Are Making History Again

By Shawn Donnan
November 3, 2025 at 6:00 AM GMT-6

Any thorough economic history of the US invokes trade and tariffs at some point. Cross-border commerce from the Boston Tea Party to slavery to Smoot-Hawley and President Donald Trump is a through-line you can’t escape, for good and bad.

This week will provide another reminder of that. While the White House has worked hard to apply the historic label to last week’s meeting between Trump and China’s Xi Jinping, it’s what will be happening in Washington on Wednesday that seems more likely to eventually require an update of the history books.

That’s when the Supreme Court will hear arguments in a case challenging Trump’s use of emergency powers to roll out tariffs for reasons ranging from a 50-year-old trade deficit to, most recently, a Canadian TV ad featuring a Reagan address lamenting the lure of protectionism. (For a good preview, see this story by Bloomberg’s Greg Stohr.)

We won’t know for weeks whether the court’s justices will rule for Trump and give him unbounded powers to disrupt the global economy or decide he has violated the US Constitution, which gives Congress rather than presidents responsibility for levying taxes and tariffs.

Briefs on both sides mention the views of America’s founding fathers from George Washington and Thomas Jefferson to Alexander Hamilton. It’s some more recent presidential history, though, that is likely to figure in any decision.

The International Emergency Economic Powers Act, on which this week’s arguments will be focused, has a creation story. Congress passed it in 1977 as part of a series of legislative actions through the 1970s that followed Richard Nixon’s 1971 use of tariffs to deal with a building balance-of-payments crisis and force trading partners to revalue their currencies.

‘Delights Me’

As historian Douglas Irwin writes in his 2017 history of US trade policy, Clashing Over Commerce, Nixon in August 1971 latched on to the idea advanced by Treasury Secretary John Connally of a 10% tariff to increase pressure on Japan and European nations. “The import duty delights me,” the president said. Connally’s guiding principle was less polite: “The foreigners are out to screw us. Our job is to screw them first.”

The 10% duties that Nixon imposed were in place for only four months. They succeeded in that they led to the Smithsonian agreement to revalue currencies, though what followed was also the eventual end of the Bretton Woods system of fixed exchange rates.

The 1971 Nixon Shock, as the tariffs, price controls and other measures the president deployed that August are known, also came at a time in American history in which the war in Vietnam and eventually Watergate contributed to concerns about the unchecked powers of the American presidency.

Which is a large part of the reason why Congress eventually passed the legislation clarifying emergency economic powers in 1977 and why historians see something odd about Trump’s tariffs relying on that law today. No president before Trump did so, and the law was meant to limit presidents to acting only in extraordinary cases rather than to address a trade deficit that has been a reality of US life for half a century.

Trump and his attorneys claim the law gives him unbounded powers to declare an emergency and impose tariffs. Their critics point out that IEEPA doesn’t ever mention tariffs for a reason: Congress didn’t want presidents imposing them willy-nilly or as Nixon had in 1971. (This Congressional Research Service report offers a very good history of IEEPA.)

According to research Monday from Bloomberg Economics, a sweeping ruling against Trump could reduce the US average effective tariff rate from 14.5% to 6.5% and require billions of dollars of refunds. (Click here to read the full analysis on the Terminal.)

All of which means the looming Supreme Court decision isn’t just about these particular tariffs but about presidential powers.

Hanging over it is a question that’s been around since Trump began levying import taxes in his first term: If the Constitution gives Congress rather than the president responsibility to regulate trade and the power to levy tariffs, how is it that Trump does so largely unchecked?

Sectoral Tariffs

The answer until this year is that he used seldom-invoked powers specifically delegated by Congress. Section 232 of the Trade Expansion Act of 1962 governs Trump’s first-term steel tariffs and his actual and potential second-term duties on cars, semiconductors, pharmaceuticals and industrial robots among other things. Section 301 of the Trade Act of 1974 underpinned his first-term China tariffs and is being dusted off again.

But Trump ventured into different legal territory this year with his use of IEEPA to declare fentanyl and immigration emergencies and put tariffs on China, Canada and Mexico. And to declare a national trade deficit emergency to impose his broader “Liberation Day” tariffs on dozens of other economies.

Trump is back. What does that mean for the economy?

Michael McConnell, a Stanford University constitutional law professor who is on the legal team for one of the plaintiffs, says that novel use sets the tariff case up as the most significant before the Supreme Court to consider the boundaries of presidential economic powers since 1952. That year the Supreme Court blocked a Truman administration citing national security and the Korean War from nationalizing a Youngstown, Ohio, steel company facing a strike.

This year we've learned a lot about the history of tariffs and how Trump's are the most consequential since the 1930 Smoot-Hawley duties that helped extend the Great Depression. But this week's lesson goes further. This one's not just about economic consequences. It's about the power of the American presidency.

Bloomberg's tariff tracker follows all the twists and turns of global trade wars. Click here for more of Bloomberg.com's most-read stories about trade, supply chains and shipping.

October bounceback | South Korea's exports rebounded in October as resilient demand for semiconductors outweighed the drag from US tariffs and holiday-related calendar distortions, offering relief for policymakers navigating global trade headwinds. Exports adjusted for working-day differences rose 14% in October from a year earlier after slipping 6.1% in the previous month. Headline exports climbed 3.6%, following a revised 12.6% gain in September. Imports fell 1.5%, resulting in a trade surplus of $6.1 billion.

Today's Must Reads

Xi emphasized the importance of China's ties with South Korea in talks with President Lee Jae Myung on Saturday, as both leaders sought to rebuild relations after years of Seoul moving closer to the US.

European companies' results show they're navigating US tariffs a lot better than anticipated — a good omen for next year when they're expected to deliver double-digit profit growth.

The Chinese unit of Nexperia, the Dutch semiconductor company, has enough wafers stockpiled to fill orders for its customers, despite its parent company's suspension of supplies to its assembly plant. The US said over the weekend that Beijing will take steps to allow the Chinese facilities of Nexperia to resume shipments.

Microsoft has signed an approximately $9.7 billion deal to purchase AI cloud capacity from IREN, becoming the Australian company's largest customer.

Canadian Prime Minister Mark Carney said immediate action to reduce Chinese tariffs on Canadian goods such as canola was never a realistic outcome for his Friday meeting withXi. Carney also confirmed that he apologized to Trump over a television ad that opposed tariffs.

African copper shipments to China are being disrupted by the temporary closure of a crucial exporting port in Tanzania following election unrest. Separately, South Africa's largest union threatened to strike at several automakers after wage talks collapsed.

China will host the 2026 APEC summit in the southern city of Shenzhen, underscoring Beijing's bid to showcase its innovation and technological prowess.

On the Bloomberg Terminal

An increase in demand from more constructive US-China trade relations could help container shipping rates rates find some much-needed support, according to Bloomberg Intelligence.

Maersk says its APM Terminals unit signals a $2 billion investment in India, according to a statement.

For Bloomberg Economics trade analysis: BECO MODELS TRADE

Click here for Bloomberg Intelligence's Tariff Matrix.

Run SPLC after an equity ticker on Bloomberg to show critical data about a company's suppliers, customers and peers.

Use the AHOY function to track global commodities trade flows.

See DSET CHOKE for a dataset to monitor shipping chokepoints.

For freight dashboards, see BI RAIL, BI TRCK and BI SHIP and BI 3PLS

Click HERE for automated stories about supply chains.

On the Bloomberg Terminal, type NH FWV for FreightWaves content.

Voters express frustration with Trump’s handling of economy, NBC News poll shows

A recent NBC News poll showed growing frustration among Americans regarding President Donald Trump’s handling of the economy less than a year after entering office.

In a poll of 1,000 voters taken between Oct. 25-28, 63% said Trump had fallen short of expectations regarding the economy.

Separately, 65% said Trump had fallen short of looking out for the middle class, and 66% expressed the same sentiment for the handling of inflation and the cost of living.

Trump’s overall approval rating in the poll has fallen 4 points to 43% since March, while 55% disapprove of the president’s job performance.

The negativity appears to be bleeding into voters’ feelings of dissatisfaction with Republican lawmakers. With just a year to go before the 2026 midterm elections, Democrats are favored to win control of Congress by an 8-point margin, 50% to 42%, among those polled. Democrats led by just one point, 48% to 47%, in the March survey.

The results come as the government shutdown has stretched past a month, affecting critical government programs, including SNAP food benefits.

The NBC News poll also indicated that voters are split on which party would have a better handle on the economy.

According to the poll, 38% of voters found Republicans would do a better job, while 37% found Democrats would be more effective.

This follows a recent CNBC All-America Economic Survey, which showed views on the U.S. economy turned more negative.

BBC

China to ease chip export ban in new trade deal, White House says

8 hours ago

Michael Sheils McNamee Business reporter

China will begin easing an export ban on automotive computer chips vital to production of cars across the world as part of a trade deal struck between the US and China, the White House has said.

The White House confirmed details of the deal in a new fact sheet after Xi Jinping and Donald Trump met in South Korea this week.

The nations also reached agreements on US soybean exports, the supply of rare earth minerals, and the materials used in production of the drug fentanyl.

The deal de-escalates a trade war between the world's two largest economies after Trump hit China with tariffs after he entered office this year, leading to rounds of retaliatory tariffs and global business uncertainty.

A spokesman for the Chinese Embassy in Washington told the BBC that details of the agreements reached had been shared by "competent authorities".

"China-US economic and trade relations are mutually beneficial in nature," he said.

"As President Xi Jinping noted, the business relationship should continue to serve as the anchor and driving force for China-US relations, not a stumbling block or a point of friction."

Speaking on Sunday following the release of the deal details, Treasury Secretary Scott Bessent told CNN: "We don't want to decouple from China… (But) they've shown themselves to be an unreliable partner."

Much of what is in Saturday's fact sheet was announced by Trump and other officials following the meeting between the two leaders.

Trump had described the talks, held in South Korea, as "amazing", while Beijing had said they had reached a consensus to resolve "major trade issues".

One of the issues addressed in the deal was the export of automotive computer chips. There had been concern that a lack of chips from Nexperia, which has production facilities in China, could create global supply chain issues.

Nexperia is a Chinese-owned company, but is based in the Netherlands. About 70% of Nexperia chips made in Europe are sent to China to be completed and re-exported to other countries.

The fact sheet states that China will "take appropriate measures to ensure the resumption of trade from Nexperia's facilities in China, allowing production of critical legacy chips to flow to the rest of the world".

It follows Beijing saying on Saturday that it was considering exempting some firms from the ban.

Firms are still scrambling to find out what it means for them, said Sigrid De Vries, director general of the European Automobile Manufacturers' Association.

"The Chinese authorities have said they would start exporting eligible chips again, that they're investigating and making lists of companies ...but the scope and the conditions are as yet unclear," she told the BBC's Today programme.

She added that China easing the automotive chip ban was positive news because "supply shortages were imminent".

But she warns "they are still looming" because of the interruption so far, adding that it's hard to tell if vehicle prices will be affected.

Last month, the likes of Volvo Cars and Volkswagen warned a chip shortage could lead to temporary shutdowns at their plants, and Jaguar Land Rover said the lack of chips posed a threat to their business.

On other key issues, Beijing will now pause export controls it brought in last month on rare earth minerals - vital in the production of cars, planes and weapons - for a year.

The White House also said it would lower tariffs brought in to curb the import of fentanyl into the US, with China agreeing to take "significant measures" to deal with the issue.

Fentanyl is a synthetic drug manufactured from a combination of chemicals, and while it is approved for medical use in the US, the powerful and highly-addictive substance has since become the main drug responsible for opioid overdose deaths in the US.

The chemicals used in its manufacturing, some of which have legitimate uses, are mostly sourced from China.

On soybeans, China has committed to buying 12 million tonnes of US soybeans in the last two months of 2025, and 25 million metric tonnes in each of the following three years - which is roughly the level they were previously at.

China's decision to stop purchasing soybeans from the US earlier this year denied American farmers access to their largest export market.

In response, Trump revived a bailout for farmers which was in place during his first term in office.

Carmakers worried Trump's tariffs would shred their bottom lines. Here's how they avoided the worst of it

By Chris Isidore byline
5 hr ago

When President Donald Trump introduced his tariff policy earlier this year, it looked like a disaster for automakers. But even with US tariffs on imported cars and parts, it has shaped up to be a pretty good time for car companies.

Most automakers, even US-based ones, import some cars and most parts. But car companies' dire cost estimates have decreased as tariffs keep getting rolled back, bit by bit.

More importantly for automakers' bottom lines, the financial penalties for not meeting fuel efficiency rules have all but vanished. Those regulatory savings could eventually offset the cost of tariffs.

All in all, one could argue that auto industry profits could end up better off than they were before Trump took office in January, a surprising outcome as automakers' huge investments in electric vehicles in recent years were also being undercut by Trump pulling the plug on the federal support of electric vehicles they had counted on when making that massive bet.

"It's definitely favorable," said Jeff Schuster, an independent auto analyst about the changes since auto tariffs were first announced in March. "There are so many moving pieces, it's hard to isolate. But things are definitely better off than anyone expected."

Tariff costs not as bad as feared

Automakers were close to panic when Trump announced plans for a 25% tariff on all imported vehicles, including those from Mexico and Canada, since all companies depend on imported parts to build at US assembly plants and almost all import from those neighboring countries. Ford CEO Jim Farley said the tariffs "would blow a hole in the US industry that we've never seen."

But it turned out it wasn't as bad as they feared, as Trump continued to reduce the worst of the duties' impact almost immediately. General Motors and Ford, which had forecast billions in annual costs, have each reduced those assessments. GM trimmed its $5 billion estimate by $500 million last month. Ford cut its estimated tariff cost for 2025 in half, from $2 billion to $1 billion.

Volkswagen reported a 1 billion euro loss ($1.3 billion) in the third quarter and said that the tariffs would cost it up to $5.8 billion this year. But some of the loss was due to other problems with its European EVs and a reorganization at Porsche.

While tariff costs have also trimmed automakers' profits, companies managed to beat expectations. For example, GM's adjusted earnings per share had been forecast to fall 23% in the third quarter. Instead, it fell just 5%. Even the Volkswagen loss was less than a quarter of forecasts.

Even automakers from Asia and Europe have been able to weather the storm, since they build a significant share of their US-sold vehicles in America.

Hyundai CEO José Muñoz told reporters in New York in September that even with the US tariffs, the United States, not South Korea, is Hyundai's most profitable market. He expects that to continue.

"Tariffs are still a headwind," said Dan Ives, analyst with Wedbush Securities. "But so far they've been digested well."

And further tariff reductions are likely if the administration reaches a new trade deal with Canada and Mexico — two of the largest sources of imported cars and auto parts.

Trump recently halted Canadian trade negotiations after an ad funded by the province of Ontario featured a 1987 anti-tariff speech by former President Ronald Reagan. But experts think there will be some kind of trade deal in the future.

Car carrier trailers transporting Ford vehicles enter the US from Mexico at the Nogales-Mariposa port of entry.

A free trade deal with South Korea, another source of imported vehicles, would also help reduce tariff costs for not just Hyundai and Kia but also General Motors, which builds some of the cheaper cars at its US dealerships in South Korea.

The blunted tariff impact has also benefitted car buyers.

Companies have not passed on the increased tariff costs to consumers, at least not directly. However, there have been some quiet moves by automakers to recoup some of the costs of the duties, such as charging for equipment that had once been included in the price, or ending production on less profitable models.

As a results, the average price of a new car purchase stands at just around $50,000, according to estimates from Edmunds and Kelley Blue Book, up about 4% from a year ago.

Big savings from regulatory changes

While tariffs capture most of the headlines about government action, there's been a less publicized windfall for automakers: the end of financial penalties for violating emissions standards.

In the past, automakers avoided fines for selling too many gasoline vehicles by purchasing so-called regulatory credits from companies that fell below emission standards, like electric vehicle maker Tesla.

But those penalties were eliminated in July's tax and spending bill, saving the automakers billions. Ford CFO Sherry House told reporters last month it will no longer purchase the $2.5 billion worth of regulatory credits it had planned to buy in the future.

Ives said that no longer having to buy credits should reduce the cost of building a vehicle by 3% to 5%. Automakers can also ramp up sales of the more profitable large trucks and SUVs that were previously capped by emissions levels.

In fact, Ford announced it was increasing production of its F-150 and F-Series Super Duty in 2026 by more than 50,000 trucks to meet demand. GM also revealed plans to shift production of one of its Michigan plants from EVs, which have been losing money, to profitable gasoline powered vehicles.

"As the regulatory costs go away, that does paint a much better picture for the health of the industry than anyone thought would be passed," said Schuster. "The near-term outlook is much more favorable than in April."

theguardian

The president who cried tariffs: will the US supreme court challenge Trump's trade war?

Eduardo Porter
Sun 2 Nov 2025 12.00 GMT

Donald Trump thrives on emergencies. He cried havoc on the very first day of his second term, declaring a national emergency caused by an "invasion" of "illegal aliens" from Mexico. He has since invoked emergencies more than any president since the passage of the National Emergencies Act in 1976.

Next Wednesday, he faces another of his own making, as the US supreme court hears oral arguments on whether his globe-shaking signature economic policy – tariffs – is legally valid.

Trump sees emergency everywhere. From the flow of illegal drugs and precursors from Mexico, China and, somehow, Canada; the international criminal court's investigation of US and Israeli officials; the US's "insufficient energy production, transportation, refining, and generation"; the Brazilian government's tussle with social platform X and its prosecution of former president Jair Bolsonaro; crime in Washington DC; and the US's longstanding trade deficits.

Xi-Trump meeting: America has discovered that bullies can be bullied back
Read more

The emergencies have served Trump to secure funding to build a border wall and give him the military responsibility for border enforcement, to allow oil drilling on federal land and keep unprofitable coal plants operating, to deploy the national guard in Washington DC. And, of course, to impose tariffs.

Now, the supreme court is scheduled to hear about some of these, in a case brought by a dozen states challenging Trump's contention that the International Emergency Economic Powers Act (IEEPA) of 1977 gives the president the power to impose tariffs on imports from every country in the world to defend the nation from Trump's fanciful list of supposed threats to the nation.

Justices will focus much of their attention on whether IEEPA authorizes the president to levy a tariff – a word that is not mentioned in the text of the law and is, moreover, a form of taxation, over which, per the constitution, Congress has exclusive power. But the court should not lose sight of the broader threat to the nation's constitutional democracy: Trump's abuse of the notion of a national emergency to grant himself absolute power to govern unconstrained by anybody.

IEEPA gives the president authority "to deal with any unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States, if the president declares a national emergency with respect to such threat".

Yet as the plaintiffs noted, using this "to impose immense and ever-changing tariffs on whatever goods entering the US he chooses, for whatever reason he finds convenient to declare an emergency, the president has upended the constitutional order and brought chaos to the American economy". Rather than solving national emergencies, Trump is using emergency powers to manufacture one.

Consider the trade deficit, which occupies an unusually dark place in Trump's imagination – not the result of voluntary, mutually beneficial exchanges between US and foreign businesses and consumers, but the consequence of a twisted world order in which devious foreign countries take advantage of the US.

Whatever it may be, it is neither extraordinary nor unusual. The US began running consistent trade deficits half a century ago, in 1975, bolstered by the US's low savings and the government's large budget deficits, which require pulling capital from abroad and hence boosting demand for foreign goods and services.

Unauthorized immigration, which has been growing for quite some time, also fails to meet the "extraordinary" and "unusual" bars, fueled by US employers' longstanding demand for foreign workers. And even if it did, a tariff on Mexican goods would do next to nothing to solve the problem. Hurting the Mexican economy is more likely to encourage Mexicans to seek jobs north of the border.

It is beyond me how a Canadian TV ad featuring clips of Ronald Reagan warning about the high cost of tariffs and extolling the virtues of free trade amounts to an emergency that justifies the added 10% tariff with which Trump retaliated against Ottawa last Monday. (The White House has not specified what authority the US is using to impose these tariffs.)

For that matter, tariffs on legally imported goods from Mexico or Canada cannot possibly end the "emergency" created by drug cartels' illegal drug shipments to the US. Nor can they curb Americans' fentanyl addiction.

Trump's capricious deployment of tariffs is provoking a new set of problems. Inflation has remained relatively subdued – largely because importers anticipated tariffs and stocked up on imports beforehand – but prices on intermediate inputs and consumer goods are starting to rise, denting the competitiveness of American exporters. And most economists expect the inflation shock to hit soon.

Most critically, Trump's trade war is getting hot.

The financial upheaval caused by the worldwide volley of tariffs he unleashed on "Liberation Day" in April calmed down in subsequent months. And yet the world economy remains close to the edge: earlier this month Beijing signaled it was ready to pull the nuclear option in its confrontation with Washington, imposing stringent export controls on rare earths and other minerals over which it holds a near supply monopoly and which are indispensable for defense industries and the entire modern economy.

In a meeting on Thursday at the margins of the Asia-Pacific Economic Cooperation summit in South Korea, presidents Xi Jinping and Trump agreed to a one-year truce in which China would suspend the latest rare earth export controls and the US would relax its limits on technology exports to Chinese companies, among other concessions. But the odds are shortening that the trade war launched by Trump with no congressional input will go terribly wrong for the US economy and national security. The supreme court might take note.

The trade war is unlikely to be over even if the court bars Trump from using IEEPA. There are other statutes he can rely on. Section 201 of the Trade Act allows the president to impose tariffs or other restrictions if imports are causing or threatening "serious injury" to a domestic industry. Section 301 also allows the president to impose duties to respond to unfair trade practices by another country.

The statutes, however, come with limits. Before retaliating under 301, for instance, the US trade representative must perform an investigation, consult with the country in question and publish its proposed action and the factual findings on which it is based. If not stop the trade war, these constraints could slow it down.

Critically, by putting some limit on Trump's wanton belligerence, the supreme court could, for once, send the message that crying wolf – or "national emergency!" – does not offer blanket cover for the president to run roughshod over the checks and balances essential to liberal democracy.

theguardian

Top 10 US billionaires' collective wealth grew by $698bn in past year – report

Lauren Aratani in New York
Mon 3 Nov 2025 05.01 GMT

The collective wealth of the top 10 US billionaires has soared by $698bn in the past year, according to a new report from Oxfam America published on Monday on the growing wealth divide.

The report warns that Trump administration policies risk driving US inequality to new heights, but points out that both Republican and Democratic administrations have exacerbated the US's growing wealth gap.

Using Federal Reserve data from 1989 to 2022, researchers also calculated that the top 1% of households gained 101 times more wealth than the median household during that time span and 987 times the wealth of a household at the bottom 20th percentile of income. This translated to a gain of $8.35m per household for the top 1% of households, compared with $83,000 for the average household during that 33-year period.

Meanwhile, over 40% of the US population, including nearly 50% of children, are considered low-income, with family earnings that are less than 200% of the national poverty line.

When pitting the US against 38 other higher-income countries in the Organisation for Economic Co-operation and Development (OECD), the US has the highest rate of relative poverty, second-highest rate of child poverty and infant mortality, and the second-lowest life expectancy rate.

"Inequality is a policy choice," said Rebecca Riddell, senior policy lead for economic justice at Oxfam America. "These comparisons show us that we can make very different choices when it comes to poverty and inequality in our society."

The report outlines the way that systems in the US, including the tax code, social safety nets, and worker's rights and protections, have been slowly dismantled, allowing concentrated wealth to turn into concentrated power.

Donald Trump's "one big, beautiful bill", passed by Congress in May, has been one of the "single largest transfers of wealth upwards in decades", according to the report, by cutting tax for the wealthy and corporations.

But over the last few decades, Republicans have not acted alone.

"Policymakers have been choosing inequality, and those choices have had bipartisan support," Riddell said. "Policy reforms over the last 40 years, from cuts to taxes and the social safety net, to labor issues and beyond, really had the backing of both parties."

Policy recommendations outlined in the report fall into four categories: rebalancing power through campaign finance reform and antitrust policy; using the tax system to reduce inequality through taxes on the wealthy and corporations; strengthening the social safety net; and protecting unions.

These solutions can be tricky to carry out politically because of long-term stigmatization, particularly of social safety nets and taxation. The report refers to the concept of the "welfare queen" popularized during Ronald Reagan's presidency in the 1980s, while taxation has always been seen as repressive for all rather than as a tool for addressing inequality.

"What's really needed is a different kind of politics," Riddell said. "One that's focused on delivering for ordinary people by really rapidly reducing inequality. There are sensible, proven reforms that could go a long way to reversing the really troubling trends we see."

The report features interviews with community leaders who are actively working to reduce inequality, even as progress has seemingly stalled on the national stage. In one interview in the report, union representatives for United Workers Maryland said the current moment seems ripe with opportunity because many Americans are starting to see how the current set-up isn't working for them, but only for the people at the very top.

"I think it's brilliant that they see this as an opportunity," Riddell said. "I love thinking about this moment as an opportunity to look around us and realize our broader power."

Canadian manufacturing PMI rises to nine-month high in October

By Fergal Smith

November 3, 20258:41 AM GMT-6Updated 16 mins ago

TORONTO, Nov 3 (Reuters) - The downturn in Canada's manufacturing sector eased in October as output and new orders, which have been held back by trade uncertainty, declined at a slower pace, data showed on Monday.

The S&P Global Canada Manufacturing Purchasing Managers' Index (PMI) rose to 49.6 last month from 47.7 in September, posting its highest level since January. A reading below 50 indicates contraction in the sector.

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"October's survey pointed to a relative improvement in the performance of Canada's manufacturing sector," Paul Smith, economics director at S&P Global Market Intelligence, said in a statement. "Although operating conditions continued to deteriorate, they did so only fractionally as both production and new orders moved towards stabilisation."

The output index rose to 49.8 from 46.4 in September and the new orders measure was at 48.8, up from 46.1.

"Firms are hopeful that these positive signs will be built upon in the year ahead, with sentiment improving to a nine-month high," Smith said.

The measure of future output climbed to 56.8 from 53.5 in September. Still, sentiment remained well below its long-term trend as tariffs and uncertainty over U.S. trade policy continued to weigh heavily on the outlook, S&P Global said.

On Friday, Canada's Prime Minister Mark Carney said the world of rules-based liberalised trade and investment had passed as the global economy was going through one of the most profound changes since the fall of the Berlin Wall in 1989.

REUTERS

Euro zone manufacturing stagnates in October amid weak demand, PMI shows

LONDON, Nov 3 (Reuters) - Euro zone manufacturing activity stagnated in October as new orders flatlined and headcount fell, despite production continuing to edge higher for an eighth consecutive month, a survey showed on Monday.

The final HCOB Eurozone Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, registered 50.0 in October, matching a preliminary estimate and up slightly from September's 49.8 but sitting exactly at the threshold separating growth from contraction.

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"In the euro zone's manufacturing sector, we can at best speak of a very delicate sprout of economic recovery," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

Output expanded marginally for the eighth straight month but showed little momentum, registering at 51.0 compared with 50.9 in September. New orders remained subdued, neither growing nor declining after over three years of near-continuous contraction.

Export orders declined for a fourth consecutive month, acting as a drag on overall demand for European goods.

The reduction in headcount accelerated slightly, extending the manufacturing sector's employment contraction to nearly two-and-a-half years. Companies reduced staffing levels despite delivery times from suppliers lengthening to the greatest extent in three years.

"Job cuts continued and even picked up a bit. This is the result of weak demand, which is forcing companies to cut costs or boost productivity," de la Rubia added.

Performance varied significantly across the region. Greece and Spain recorded the strongest improvements, with respective PMI readings of 53.5 and 52.1. In contrast, Germany and France - the bloc's largest economies - remained in contraction territory at 49.6 and 48.8 respectively.

Manufacturers continued reducing inventory levels in October, extending a prolonged period of destocking for both raw materials and finished goods.

Input costs were unchanged from September while prices charged to customers increased only marginally for the first time since April.

Enjoying a rare period of low inflation, the European Central Bank left interest rates on hold last week for the third meeting in a row and offered no hints about future moves.

Business confidence about the year ahead declined for the second consecutive month, falling below the long-term average amid persistent weak demand and economic uncertainty.

THE WALL STREET JOURNAL.

Europe’s Role Reversal: The Problem Economies Are Now Farther North

Nov. 2, 2025 10:00 pm ET

Southern European countries, once facing insolvency, now exhibit stronger fiscal health and growth compared with larger economies like France and Germany.

The European debt crisis of the early 2010s created an image of a continent cleaved in two: The fiscally responsible core countries led by Germany versus the spendthrift southern periphery of Portugal, Italy, Greece and Spain—disdainfully dubbed PIGS.

Nowadays, there has been a role reversal. Europe’s three biggest economies are stuck in a cycle of weak growth, leading to widening budget deficits. France is the epicenter of this shift and remains mired in a budget and political crisis, while the U.K. is weighing tax rises to try to narrow the gap and avoid spooking markets. Famously frugal Germany and the Netherlands are taking on debt, albeit from lower levels.

Meanwhile, southern countries like Spain have emerged as a rare bright spot for European growth, with governments that 15 years ago faced insolvency like Greece running nearly balanced books.

“The fiscal homework was done in southern Europe in the aftermath of the sovereign debt crisis,” said Filippo Taddei, a senior economist at Goldman Sachs. “In each of these countries, the fiscal outlook is remarkably more cautious than in the case of France, or even the Netherlands and Germany.”

The role reversal could be an unexpected outcome of the crisis, which forced southern countries like Greece and Portugal to make painful spending cuts as part of bailout packages.

The austerity programs imposed upon southern Europe left deep scars: Greece’s economy is still about a fifth smaller than it was before the crisis, according to International Monetary Fund data. Unemployment remains high across the region. But countries were forced to enact structural overhauls like raising retirement ages, streamlining bureaucracy, privatizing industries and overhauling labor laws.

“A lot of the countries doing better in Europe right now are ex-program countries,” said Frank Gill, an analyst covering Europe for S&P Global Ratings, referring to austerity programs enforced by either the IMF or European creditors. “They have emerged more resilient compared to the economic structures they had 15 years ago.”

Spain’s economy grew 3.5% in real terms last year, according to the IMF, one of the fastest rates in the developed world. Greece grew 2.3%, more than double the growth rate in France and the U.K. Germany contracted for the second year in a row.

A surge in tourism is partly responsible for the outperformance. Southern countries have also received hundreds of billions of euros in grants and loans from the European Union, helping to fund underwater sea cables in Italy, electricity grid updates in Greece and the build-out of high-speed internet in Spain.

But Taddei, the Goldman economist, said the economic changes benefiting southern Europe run deeper. Milan, Lisbon and Seville have grown into burgeoning tech, finance and startup hubs. Labor markets once dominated by low-value work are adding skilled jobs that should boost overall productivity.

Governments are also more sensitive now to their spending limits and the potential market consequences of breaking them. Italian Prime Minister Giorgia Meloni came into power in 2022 after campaigning on tax cuts and higher pensions. But the right-wing leader put fiscal caution first to reassure Italy’s fragile bond market. She has since reined in the budget deficit, which is expected to fall below 3% of gross domestic product next year.

That forecast recently drew praise from the IMF. “This is fantastic,” Helge Berger, deputy director of the IMF’s European department, said at a press conference. He also lauded last year’s “very impressive” budget performance.

Now, it is the countries in the core of Europe facing trouble. The growth model of Western Europe—centered on trade and industry—has been rocked by U.S. tariffs, the rise of Chinese competition and the end of cheap Russian energy.

Governments across Europe that borrowed heavily during the pandemic and energy crisis are trying to put their financial house in order. Countries in the south have largely narrowed deficits to where they were before the pandemic, but governments farther north, struggling to raise revenue amid weak growth, are heading in the opposite direction.

France is expected to run a deficit of 5.4% of GDP this year, compared with 2.4% before the pandemic. Budget gaps in the U.K., Austria and Belgium are above 4%.

Germany is spending up to 1 trillion euros, equivalent to $1.15 trillion, on infrastructure and defense. That move is likely to boost growth but drive its deficit well above the 3% annual cap that was written into the EU treaty—at the insistence of then-Chancellor Helmut Kohl—that paved the way for the currency bloc.

Spending needs are likely to grow even more in the years ahead as countries face aging populations, defense pledges, expenditures on the green-energy transition and a steep rise in debt interest payments. But so far, attempts to trim the welfare state to accommodate other spending claims are failing.France has seen three governments fall in the past year over plans to cut spending. Prime Minister Sébastien Lecornu, who resigned in early October but was reappointed a few days later, has announced plans to suspend Emmanuel Macron’s signature pension overhaul that progressively raises the retirement age.

“There’s clearly a recognition that something has to be done,” said S&P’s Gill. “The issue is there’s not much consensus on what exactly.” The gridlock led S&P to announce a surprise sovereign ratings downgrade on France last month.

Portugal

Absent economic growth, voters are unhappy and drifting to parties on the far right and left. That increased political fragmentation has made it harder to build consensus for painful economic policies.

“There is a fiscal doom-loop link between very challenging fiscal policy and political stability that is becoming reinforcing,” said Mujtaba Rahman, managing director for Europe at Eurasia Group. “In France, U.K., and potentially Germany, the challenges over public finances reinforce political instability that makes it harder to reform these things.”

Some question whether huge bond-buying programs carried out by the European Central Bank and others after the financial crisis, and again during the pandemic, are partly to blame. So-called quantitative easing helped economies weather the crisis by making borrowing cheaper for businesses, households and the government. But some economists believe these central-bank backstops create a “moral hazard” for governments, reducing their need to run balanced budgets or deal with mounting debts.

“At the moment, no country has reached the tipping point, in part because the ECB is there in the background,” said Rahman. “But reaching the tipping point may be exactly what’s needed to address these slow-building challenges.” If they don’t, the risk of a disorderly crisis grows, and so does the potential long-term damage.

The U.K., too, is struggling to address its rising debt and soaring spending. Prime Minister Keir Starmer shelved a plan to pare back some disability benefits this summer after lawmakers in his own Labour Party rebelled. In the coming weeks, the government is set to announce a budget plan that relies largely on tax increases instead of spending cuts. The U.K. government has pledged to balance the budget and bring down its debt burden by the end of the decade, though economists are skeptical those goals will be met.

Mahmood Pradhan, head of global macro at French asset manager Amundi, said European countries aren’t facing an imminent debt crisis. Germany in particular has a relatively low debt burden, at 64% of GDP. France’s borrowing costs have jumped this year—topping Italy’s—but the government has had no trouble finding buyers for its debt.

But he warns countries that overspend now risk tying their hands for future crises.

“The real handicap is that Europe will not have the fiscal space to respond to future shocks,” he said. “Governments can’t stand and do nothing, but it’s likely in future shocks, governments will have to take trade-offs seriously.”

UK factories helped by Jaguar Land Rover reopening, PMI shows

By Reuters

November 3, 20253:41 AM GMT-6Updated 5 hours ago

LONDON, Nov 3 (Reuters) - British factories had their strongest month in a year in October but the recovery was driven by a one-off bounce from the restart of production at carmaker Jaguar Land Rover after it was hit by a cyberattack, a survey published on Monday showed.

The S&P Global Purchasing Managers' Index for Britain's manufacturing sector climbed to 49.7 from 46.2 in September and up slightly from a provisional estimate for October of 49.6.

The index was only marginally below the 50.0 growth threshold and was the highest in 12 months.

An output measure returned to growth, led by intermediate goods which reflected the boost from JLR's gradual reopening for companies in its supply chain.

The headline PMI index for Britain's manufacturing sector, which accounts for around 9% of total economic output in the country, has been in negative territory since October 2024.

Rob Dobson, director at S&P Global Market Intelligence, said the JLR-linked bounce could prove short-lived due to sluggish demand at home and abroad and companies were reliant on backlog work from previous orders.

Firms were also worried about finance minister Rachel Reeves' next budget on November 26.

"Manufacturers seem to be stuck in a holding pattern until the domestic policy and geopolitical backdrops exhibit greater clarity," Dobson said.

As well as the risk of higher taxes in the budget, confidence is being strained by U.S. President Donald Trump's import tariffs. The PMI's business confidence measure hit an eight-month high but remained below average.

Hiring fell again but the drop was the least severe in 12 months.

Input costs rose at the slowest pace so far in 2025 and prices charged by manufacturers increased at their second-slowest pace of the year, welcome news for the Bank of England as it considers when to resume its cuts to interest rates.

A final PMI for British services firms in October is due to be published on Wednesday. The preliminary version of that survey showed it reached a two-month high of 51.1 last month.

Bloomberg

Farage Vows to End ‘Exodus’ of Rich in Economic Pitch for UK

By Lucy White

November 3, 2025 at 7:02 AM GMT-6

Nigel Farage wants as many rich people as possible living in Britain, and criticized moves to ramp up taxes on the wealthy.

Farage suggested that if rich people leave Britain, poorer people will have to pay more tax, and that Britain needs people who will take risks and dedicate themselves to projects.

Farage pledged to cut domestic energy bills, spark a large building plan for affordable housing, and scrap the increase in inheritance tax on farms.

Nigel Farage said he wants as many rich people as possible living in Britain, as he railed against moves by the Labour government and their Conservative predecessors to ramp up taxes on the wealthy.

In a speech in London’s financial district billed as outlining Farage’s economic vision, the Reform UK leader touched on everything from deregulation to slashing energy subsidies, while accusing Britain’s traditional political duopoly of “running this country’s economy off a cliff.”

The former City trader, who is credited as one of the key figures behind Britain’s decision to leave the EU, has been trying to appeal to both Britain’s wealthy former Tory voters as well as working-class Labour backers in his bid to gain popularity. He suggested on Monday that there isn’t a contradiction in that approach.

“If the rich leave and the rich don’t pay tax, then the poorer in society will have to pay more tax,” Farage said. “We have to have the right people in our country, that breed of people that will take astonishing risk, that breed of people will give up their lives dedicated to a particular project that they wish to succeed.”

Despite winning just five seats on the House of Commons in last year’s general election, Reform have led national polls for the past half-year, and Farage is seeking to present his party as a government-in-waiting by adjusting his policy offering. He’s retreated on promises made in the party’s manifesto, dubbed a “contract with the people,” for £90 billion of tax cuts, citing the need for realism given strained public finances.

“We understand substantial tax cuts, given the dire state of debt and our finances are not realistic at this current moment in time,” Farage said. “We are being mature, we are being sensible, and we are not over promising.”

Farage criticized taxes on share transactions and the scrapping of the centuries-old “non dom” status previously enjoyed by wealthy foreigners, which he said had led to an “exodus.” He also slammed the “lunatic cost” of climate policies that he said had led to the “highest industrial energy costs in the world.”

Farage’s message stands in contrast to the Green Party at the other end of the political spectrum, which has made strides under its newly elected leader, Zack Polanski, and his promise to increase taxes on Britain’s rich.

In Farage’s speech, there were few mentions of Reform’s offering to less well-off voters and the Reform leader even said there was an argument that the UK’s minimum wage is too high for younger people, though he said his party was still “on the side of working people”.

“We are the party of alarm clock Britain, and we want people who are out there working to be genuinely better off working than they are on a whole range of benefits,” he said.

spark the biggest building plan “ever” in Britain of “genuinely affordable housing”

scrap the increase in inheritance tax on farms announced by Chancellor of the Exchequer Rachel Reeves last year

Asked about who he would install as Chancellor of the Exchequer if Reform were to win the next general election, due by mid-2029 at the latest, Farage said his top team was still a “work in progress” and that “right now, we’re not ready.”

theguardian

Tax rises and drop in investment predicted to limit UK growth

Phillip Inman
Mon 3 Nov 2025 06.00 GMT

The prospect of looming tax rises and a fall in business investment will restrict the UK's economic growth rate next year to less than 1%, according to a health check of the economy by a leading consultancy.

With less than four weeks before Rachel Reeves delivers her budget on 26 November, the EY Item Club has downgraded Britain's growth for next year, indicating that the economy will continue to expand at a sluggish pace, limiting tax receipts and the chancellor's financial room for manoeuvre.

The Treasury's independent forecaster, the Office for Budget Responsibility, is also expected to downgrade the UK's potential growth when it reports on budget day, based on a reassessment of productivity growth.

Officials at the OBR are likely to cut the expected annual increase in productivity by 0.3 percentage points, reducing the government's income by £21bn before the end of the parliament.

The EY Item Club, a leading UK economic forecasting group, said it was more optimistic than it was in July after upgrading growth for this year to 1.5% from 1% while maintaining the rate of expansion at 0.9% next year.

Matt Swannell, the club's chief economic adviser, said: "The combination of potential tax rises, global trade disruption and high interest rates is still anticipated to put a brake on economic momentum and produce modest growth over the next year.

Growth surged this year following a 3.7% boost from business investment, which the report said was unlikely to be repeated in 2026, when it is forecast to fall to 0.8%.

Unemployment will peak at 5% next summer, which will "drive a further slowdown in earnings this year, with pay growth expected to fall back to around 3.5% by the end of 2025 and 3% by the middle of 2026".

Anna Anthony, a managing partner at EY, said the economy had shown "encouraging resilience and momentum this year, particularly in the face of significant global disruption".

She urged Reeves to "strike a balance between managing the deficit and measures that stimulate growth" to maintain momentum.

"The UK has remained a competitive, stable investment destination during a period of international disruption, and preserving that attractiveness and welcoming global capital will be crucial to the UK's long-term economic prosperity," she said.

A survey by the Institute of Directors also indicated that growth would slow next year, following a steep decline in business confidence. Its measure of optimism among business leaders dropped to an all-time low of -74 in September and edged only slightly higher, to -73, in October, the business lobby group said.

Executives who responded to the survey, which mostly covers small- and medium-sized businesses, said they were beginning to recover from a spike in costs, which had accelerated at a faster pace than revenues over the last year.

Anna Leach, the IoD's chief economist, said businesses were "expecting the worst" from the autumn budget.

"Business leaders are worn out from the past year's rollercoaster of uncertainty and tax increases," she added. "We hear repeatedly of the effects: planning horizons shortened, hiring cancelled or outsourced, and discretionary spend on hold. Businesses need certainty over their costs – both tax and regulatory."

Mel Stride, the shadow chancellor, said the survey showed business confidence had been "shattered – not by global shocks, but by Labour's choices".

He said: "Month after month, it's the same story: uncertainty and speculation. Businesses are stalling on hiring and investment because they simply don't trust Labour to keep their word."

REUTERS

French manufacturing sector remains in contraction in October, PMI shows

November 3, 20252:53 AM CSTUpdated 6 hours ago

PARIS, Nov 3 (Reuters) - France's manufacturing sector contracted less than initially reported in October, a survey showed on Monday, but remained in a state of weakness during the opening month of the fourth quarter as output and new orders saw further marked decreases.

The Final HCOB France Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 48.8 last month, from 48.2 in September and also up versus the 48.3 flash figure.

Aside from August 2025, when it stood at 50.4, the manufacturing PMI index has remained below the 50.0 threshold that separates growth from contraction since January 2023.

"French manufacturers are facing the future with a sense of pessimism," said Jonas Feldhusen, junior economist at Hamburg Commercial Bank AG. "Political instability and persistently weak demand are key concerns."

Domestic political turbulence and hesitant clients were cited as major obstacles, with geopolitical tensions also affecting foreign demand. However, the decline in export orders was the slowest since April.

Manufacturers responded to competitive pressures by cutting prices for the second consecutive month, aligning with a further easing of cost inflation. Employment in the sector rose for the sixth month in a row, albeit at a marginal rate.

The outlook for future output turned pessimistic for the first time since January, with 30% of respondents expecting production to decline over the next year. The survey highlighted concerns over the unstable domestic political situation and a subdued demand outlook.

Despite the challenging environment, backlogs of work increased at the fastest rate since May 2022, the survey showed, while input price inflation eased to its slowest pace in a year.

Last week, official data showed France's economy grew faster than expected in the third quarter as exports surged, due mainly to shipments from the aerospace industry, and as corporate investment perked up despite a political crisis.

Russia tries to re-stake its claim to China after Trump's meeting with Xi

Published Mon, Nov 3 20258:54 AM ESTUpdated 40 Min Ago

Holly Ellyatt

Russian officials appeared eager Monday to reaffiirm Moscow's alliance with China following U.S. President Donald Trump's high-profile meeting with Xi Jinping.

Hot on the heels of Trump's talks with Xi last week, which the U.S. president described as "amazing," Russia has now sent a large delegation of its own to China for deal-making and talks.

Russia's Prime Minister Mikhail Mishustin arrived in Hangzhou on Monday for two-day talks with his Chinese counterpart, Li Qiang, with the officials signing a range of agreements, Russian state media reported, to deepen cooperation in the fields of trade, investment, energy, transport, agriculture and space.

Calling his Chinese counterpart his "dear friend," Mishustin said in comments reported by Russian state news agency Ria Novosti, that relations between Russia and China were "at their highest level in their centuries-long history and continue to develop dynamically in all areas, despite various obstacles and illegal Western sanctions."

For his part, Li Qiang said Beijing was ready to strengthen cooperation with Russia despite obstacles, although he did not specify what he was referring to.

"Despite new external risks and challenges in this process, China and Russia always support each other, build strategic contacts and interactions, and strive to jointly overcome difficulties," he said, TASS reported. He added that the partnership "demonstrates that China and Russia are good neighbors and reliable partners who can always trust each other."

China is Russia's most important and powerful international ally, with Beijing having refused to condemn Moscow's invasion of Ukraine in 2022 and the ongoing war, echoing Russia's rhetoric by calling the war a "crisis."

Just ahead of its invasion of Ukraine, Putin and Xi signed a "no limits" partnership and Russia has looked to leverage that alliance both in terms of geopolitical support and trade partnerships, to lessen the impact of Western sanctions which have curtailed its energy export market.

Ahead of this week's trip, the Kremlin said it placed "very great" importance on the talks and it has certainly looked to reflect that in the delegation sent to Asia, with Mishustin accompanied by a range of top officials including his deputies and ministers of finance, agriculture, transport, economic development and trade.

Space and nuclear energy officials were also in tow, with the director general of Roscosmos and head of Rosatom joining the delegation.

Perfect timing?

Russian officials' two-day visit to China comes just days after Trump's high-profile meeting with Chinese President Xi last week in which he said the leaders had reached "agreement on many issues." Xi, meanwhile, said Beijing and Washington should be "partners and friends."

In what was widely seen as a "trade truce" after months of escalating tensions over tariffs and counter-tariffs, Trump said he reached a 1-year agreement with China on rare earth supplies and he also cut fentanyl-linked tariffs on Beijing by half, taking overall duties on Chinese goods down to 47%.

Moscow did not publicly comment on the meeting and was likely uncomfortable at the sight of its longtime ally China holding seemingly constructive (and reconstructive) talks with the U.S., with whom it has seen a sharp deterioration of relations in recent weeks.

Trump pulled out of in-person talks that were due to take place with Russian President Vladimir Putin, saying he did not want to "have a wasted meeting," signaling his frustration with Moscow over a lack of movement on the Ukraine war.

Trump added that the summit had been canceled because "every time I speak to Vladimir, I have good conversations and then they don't go anywhere."

Russia was non-plussed by the cancelation, with senior Russian officials blaming Western media and "fake news" for the jettisoned talks.

OPEC+ to pause output hikes in first quarter to ease fears of glut, after one more boost in December

By Mike Murphy

Published: Nov. 2, 2025 at 3:27 p.m. ET

The eight nations of OPEC+ announced Sunday they will pause oil-production hikes in the first quarter of 2026, following a modest increase in December, as part of an effort to avoid a glut of crude.

The group of major oil producers, led by Saudi Arabia, said Sunday they will boost output in December by 137,000 barrels a day, the same production boost announced for October and November. But they said they would “pause the production increments” from January to March, “due to seasonality.” The first quarter generally shows weaker demand.

OPEC+ has been raising production levels since April, when it raised its output targets by 2.9 million barrels a day, in an effort to punish some countries for overproduction and to regain market share from U.S. shale drillers by lowering prices.

The unexpected pause came amid growing worries of a glut in crude oil in 2026, which could send prices crashing down to as low as $35 a barrel, some experts have warned.

THE WALL STREET JOURNAL.

The AI Revolution Will Bring Prosperity

By Phil Gramm and Michael Solon

Nov. 2, 2025 4:05 pm ET

Most speculation about artificial intelligence has focused on its potential to kill jobs and on the policies that government might implement to control AI and cushion workers against temporary or permanent unemployment. Amid all the pessimism and calls for government protection, it's important to remember that our only window into the future is the past. From the colossal changes wrought by the Industrial Revolution to the Digital Revolution of the last quarter-century, improvements in technology have created an array of jobs that far exceeded—in quantity and quality—the ones eliminated, elevating standards of living. History offers cautionary tales of how special interests and public fear can spawn government policies that delay progress and raise the cost of the transition.

For a medieval economy that had scarcely grown in 1,500 years, the Industrial Revolution in the U.K. unleashed a greater concentration of material blessings than ordinary people had ever experienced. From 1840 to 1900 real wages doubled, and the average lifespan increased by 22%, from roughly 41 years to 50. The population doubled, and employment rose by 80%.

In America growth during the Industrial Revolution was of biblical proportions. From 1870 to 1900 real gross domestic product tripled, the population and labor force roughly doubled, and output in manufacturing grew sixfold. Real per capita income rose by 110% between 1865 and 1910, while real wages of manufacturing workers increased an estimated 173%. Life expectancy rose by a quarter as inflation-adjusted costs of food, clothing and shelter dropped by roughly 50%.

During the Digital Revolution of the last quarter-century, U.S. real GDP rose by 66%. Bureau of Labor Statistics data show the extraordinary capacity of the American economy to absorb new technology. Since 2000 on average five million Americans have either been laid off or quit their job every month, but the economy has created 5.1 million better-paying jobs a month. This creative destruction isn't new. In 1810, 81% of Americans worked in agriculture; today only 1.2% do. In 1953, 32% of Americans worked in factories. As real industrial production quadrupled, the share of the labor force in manufacturing declined to 7.8% in 2025.

No one perceived the creative destruction of the Industrial Revolution more clearly than Karl Marx. He saw the Industrial Revolution unleashing "more massive and colossal productive forces than have all preceding generations together" in "scarce one hundred years." But Marx also saw the destruction of the old "instruments of production" tearing asunder "the motley feudal ties that bound man to his natural superior" and leaving "no bond between man and man other than naked self-interest and callous cash payments." Unfortunately, Marx saw these changes not as the dawning of economic freedom and the ascent of mankind, but as the beginning of a new age of exploitation, a view that once impoverished and enslaved half the world and still exerts influence across the planet.

While Marx saw both the creative and destructive effects of the Industrial Revolution, the public response focused almost exclusively on the destructive. The British historian Arnold Toynbee saw the Industrial Revolution as "a period as disastrous and terrible as any through which a nation ever passed." A room at the National Portrait Gallery in Washington has paintings of the titans of American industry as well as economic journalist Henry George. The label with George's portrait quotes his judgment of the American Industrial Revolution: "The rich grew richer, the poor grow helpless, the middle class is swept away."

In Britain, displaced textile artisans engaged in industrial terrorism by destroying machinery such as looms in the Luddite Uprisings. The government sent in troops, and Parliament imposed the death penalty to stop the destruction. In America, mechanization, economies of scale and mass marketing gutted local competitors by providing lower prices and higher-quality products. States and then the federal government sought to constrain large, efficient producers with Progressive-era regulations that for 90 years protected producers at the consumer's expense.

In the 19th century the U.K. and U.S. governments were small and largely noninterventionist. Today both governments are large and filled with political interests eager to expand government's role in the economy. Sen. Bernie Sanders has embraced the Luddites' cause, calling for taxes on robots. President Biden issued an executive order imposing government oversight of the use of AI and requiring AI to promote unionism, improve the environment and advance "equity" and civil rights. The AFL-CIO president has said "working people are fighting back against artificial intelligence and other technologies used to eliminate workers or undermine and exploit us." And this is only the beginning.

Almost every discussion of AI calls for extensive economic assistance for those who are displaced, and a growing chorus calls for a guaranteed income. These proposals show no awareness that while trade adjustment assistance, extended unemployment and our welfare system were no doubt well-intended, they have impeded workers' transition to new jobs. Impediments are already being raised to AI. Mr. Biden launched a wave of antitrust actions against big tech that the Trump administration largely has continued.

American exceptionalism—in which Americans are more productive and have higher living standards—depends in part on our extraordinary ability to adjust to change. Europe makes it hard to lay people off, which constrains the ability to create jobs. In China, most industrial subsidies go to noncompetitive industries, not to the potential winners of the future.

Despite all the costs entailed in the transition, industrial technology and the market system accomplished what no benevolent king's redistribution, no loving bishop's charity, no mercantilist's protectionism and no powerful guild ever did. It delivered a massive increase in productive capacity that continues to enrich our world. If we base our policies to cushion the AI transition on proven results rather than good intentions and let the market system develop and absorb AI technology, we can achieve a second economic miracle, which will enrich America and the world.

Bloomberg

The US May Conquer the Americas But Lose the World

November 3, 2025 at 8:34 AM GMT-6

By Hal Brands

Hal Brands is a Bloomberg Opinion columnist and the Henry Kissinger Distinguished Professor at Johns Hopkins University's School of Advanced International Studies.

US presidents have long pledged to prioritize the Western Hemisphere, and Donald Trump is doing it today with a campaign to reassert America's hemispheric hegemony.

The administration has pressured countries such as Panama and Argentina to limit China's influence, and has used threats of military intervention to prod Mexico to get tougher on drug trafficking and illegal migration.

Trump's policies are targeting real threats, including narco-trafficking and Russia's and China's presence in Latin America, but they also raise sharp complications, such as the risk of exacerbating global strategic dilemmas and the need to build positive-sum relationships in the region.

US presidents have long pledged to prioritize the Western Hemisphere — to put the Americas First, so to speak. Donald Trump is doing it today. The world waits to see if Trump will strike Venezuela, as the Pentagon masses planes and warships in the Caribbean. But coercing Nicolás Maduro's autocratic, anti-US regime is merely part of a larger campaign to reassert America's hemispheric hegemony. That campaign is rooted in history and sound strategic logic. It is also fraught with unanswered questions and serious risks.

"The era of the Monroe Doctrine is over," Secretary of State John Kerry announced in 2013. Not so fast, Trump has long rejoined. During Trump's first term, his administration promised to resurrect that two-century old doctrine. It sought, unsuccessfully, to rid the region of Maduro. Trump launched his second term with an inaugural address that seemed like it was stolen from the 19th century. He has pushed a forceful agenda of hemispheric primacy ever since.

The administration pressured Panama to quit China's Belt and Road Initiative and limit Beijing's sway over ports along the Panama Canal. Trump extended an economic lifeline to Argentina, aiming to strengthen its pro-US, pro-market government and distance Buenos Aires from Beijing.

The White House forged a deportation alliance with El Salvador. It used threats of military intervention to prod Mexico to get tougher on drug trafficking and illegal migration. Trump threatened governments, in Brazil and Venezuela, that defied US power; he used punitive tariffs as cudgels against Mexico and Canada. He even renamed the Gulf of Mexico as the Gulf of America, a symbolic assertion of US dominance in the region to its south.

The centerpiece of this offensive is the showdown with Venezuela. Trump has ramped up lethal strikes against suspected drug traffickers. But the armada he has assembled — soon to be augmented by an aircraft carrier — is vastly more than anything needed for a counternarcotics campaign.

Trump is building to a coercive crescendo meant to send Maduro fleeing, or perhaps an air campaign meant to forcibly fracture his regime. The hope seems to be that taking down the Venezuelan government will set the hemispheric dominoes toppling: It will increase pressure on Cuba and Nicaragua, two other autocracies backed by Russia and China, and motivate other countries to get tough on narco-traffickers, fast.

The policy is thoroughly Trumpy: Admirers tout his 21st-century "Don-roe Doctrine." But it is firmly anchored in the US strategic tradition.

For 200 years, Washington has cultivated a security buffer in the Americas. It typically strengthens its grip when a rivalrous world turns nasty, as prior presidents did in the world wars and the Cold War; it has often relied on the coercive arm-twisting Trump is employing today. And let there be no doubt about it: Trump's policies are targeting real threats.

Narco-trafficking kills Americans and destabilizes countries from Ecuador to Mexico. Russia meddles in Latin America by supporting anti-American dictators; China's economic presence is now complemented by an intelligence and security footprint from Cuba to Argentina.

Trump's policies are an answer to those who charge that the US has neglected its home hemisphere. Those policies also raise four sharp complications.

First, Trump's bright ideas are interlaced with bad ones. Shoring up US influence is a worthy endeavor; doing so by blatantly meddling, on behalf of the disgraced ex-president Jair Bolsonaro in Brazil's judicial process is not. It's undeniably important to shield Greenland and the Panama Canal from great-power rivals, and needlessly provocative to do so by threatening simply to take the land.

Securing the border and striking drug traffickers are defensible policies. But the legalities of shipping deportees to El Salvador or blowing boats out of the water are murky at best. A zone of US influence is desirable; a zone of executive lawlessness is not.

Second, an Americas First policy could exacerbate global strategic dilemmas. Perhaps the US military should be engaged with combating tangible, nearby threats to American sovereignty, rather than simply patrolling faraway Eurasian frontiers. US hemispheric dominance has long served as a platform for projecting global power. But right now, an overstretched military can only ramp up its Caribbean presence by stripping resources from Europe and the Middle East. It's a challenge to strengthen America's position near home without weakening it overseas. Third, Trump should be careful what he asks for. Maybe the US can engineer Maduro's removal and a smooth transition to democracy. Or maybe we'll get chaos, even civil war, that destabilizes a crucial region. Trump likes to make big moves and then declare knotty problems solved, as with the bombing of Iran's nuclear program. Yet regime change would be the beginning of a long transition to a new Venezuela, not the end.

Fourth, Trump will have to build as well as break. Trump has energetically used military power, covert meddling and economic pressure. He hasn't done enough to forge the positive-sum relationships — new trade deals, supply-chain partnerships, diplomatic and security arrangements — that will augment the strategic cohesion of the region. Coercive tactics may get the headlines. But stronger bonds of cooperation are vital to making Trump's Americas First policy a reality — and making the Western Hemisphere a redoubt in a fragmenting world.

FT FINANCIAL TIMES

Don’t let Europe’s deregulatory temptations weaken its democracies

“Democracy’s survival depends on a shared commitment to truth, voice and consequence . . . The task before us is clear: to see [their] collapse for what it is, and to rebuild the foundations that make self-government real.”

This warning comes from a new report for the Demos think-tank by Eliot Higgins, founder of Bellingcat, and Natalie Martin, a political scientist. The authors explain how democracy needs effective “verification, deliberation and accountability”. All three depend on a healthy information environment, which is unravelling before our eyes — helped along by social media and digital platforms. We are, Higgins and Martin write, suffering from “epistemic emergency” and in dire need of “democratic repair”.

They are right. But what they do not mention is that this is also a matter for economic policy, and especially European economic policy. Europe still retains better conditions for “truth, voice and consequence” than most of the world — so it is not too late, unlike, arguably, for the US. Moreover, the region has enough power to lead others in a good direction.

That, however, is what it risks if the economic agenda gets at cross-purposes with a democracy agenda.

Former Italian prime minister Mario Draghi shook up EU leaders’ complacency last year by warning the bloc was falling dangerously behind in productivity, a lag concentrated in technology. The need to catch up in digital tech has quickly become received wisdom for European policymakers. But “catching up” risks getting trapped ever more deeply in technologies that undermine our democracy.

One trap lies in the backlash against regulation. A simplistic view that too many rules hold European growth back is being uncritically internalised (it is an enlightening exercise to ask executives which rules prevent expansion they would otherwise undertake). This has led to the “omnibus” deregulatory bills being worked out in Brussels.

The backlash is particularly strong in tech: witness the fight over suspending the EU’s AI Act or complaints about the bloc’s data privacy rules. It is certainly useful to continuously audit how rules work in practice, and prune counter-productive or excessive ones. But we are losing sight of one key function of regulation: that there are some activities we do not want to grow. Surely that should include those that harm democracy.

In the quarrels over the AI Act, for example, the distinction between regulating the technology itself and its uses too often gets lost. No doubt improvements can be made to the former. But there is no good growth case not to restrict manipulative or exploitative uses. If the ban on real-time biometric recognition, for example, hinders the growth of an industry developing precisely that, it is a feature not a bug. By all means, keep debating if an activity is harmful. But for as long as democratic representatives find that it is, missing out on the activity cannot be an argument against the rule.

Such questions apply to any digital policy strategy. Is the spread of large language models, built in Silicon Valley with tech bro sensibilities, to students or those seeking political information a form of “productivity growth” we want? If not, we need incentives for homegrown alternatives (the digital euro and EU identity wallet are good works in progress) better catering to our democratic needs. Regulation is a part of that. So are policies to build demand (including government procurement) and hence a market for democracy-friendly technologies.

Another trap of the broader economic agenda is to trade the digital economy off against other sectors, ignoring the consequences for democracy. If the US demands that the EU pulls its punches on tech rules to preserve the tariffs Brussels capitulated to in the summer, the temptation to give in will be strong.

Who benefits most from reinforcing attitudes that “rules = bad” or tech is just one sector to be traded off against others? Not anyone with Europe’s democracy or prosperity at heart.

One reason why US digital services are so dominant is natural monopoly characteristics: first-mover advantages and rent extraction. That should temper the widespread desire to attract US Big Tech. The UK government boasts about investments in local data centres, for example. But such centres may just subsidise foreign companies’ extractive dominance of our economies while polluting the informational foundations of our democracies.

A better approach sees productivity and democracy both benefiting from more homegrown digital services. As important as catching up is to have a cool-headed view of what you are catching up with.

theguardian

The London consensus is a timely challenge to Trump's isolationism

Phillip Inman
Sat 1 Nov 2025 16.00 GMT

What replaces neoliberal capitalism is a question at the forefront of Donald Trump's mind every day.

The US president has never much liked those elements of the Washington consensus that celebrate free markets and liberal trade, as we have come to see in both his presidencies.

Trump can happily accept the neoliberal agenda when it means privatising government agencies and commonly held assets. He is enthusiastic about deregulation and handing the private sector all the freedom it needs to exploit workers and resources to boost profits.

But what Trump's America First agenda cannot live with is tariff-free trade. He also resists anti-trust and anti-corruption laws, low budget deficits, and the abolition of barriers to foreign investment that qualify as central tenets of the Washington consensus.

And Trump is not alone. Since the 2008 financial crash, most people have questioned the outcomes that flow from neoliberalism.

A group of renowned economists joined this debate with the idea of seeking a new consensus around ideas and gaining evidence of what works when thinking about how economies thrive and prosper in the 21st century.

The resulting book, just published, could prove to be a successor to the wishlist drawn up in Washington 36 years ago.

It's a timely attempt to wrest back the economic agenda from the current chaos

After a conference in London and the sponsorship of the London School of Economics, it has quickly become known as the London consensus. Not with the idea of reinventing some form of economic colonialism directed from the UK capital, but because the world's best economists gathered in London and most were associated at some point – whether they were a former finance minister of Chile or Bank of England policymaker – with the LSE.

It won't surprise anyone that the proposals are a long way from being described as Trumpian.

Philosophically, the London consensus pursues aims that are entirely rejected by Trump and his followers.

Trump's backers – such as the Heritage Foundation and its authoritarian Project 25 scheme – promote the idea that success comes with building a high wall around your home and a protective financial shield for your family. The government's job is to support this project with low taxes, unfeasibly high state spending and an extra wall around the country itself, preventing outsiders from gaining undue access.

The London Consensus: one of the book's messages is that increasing inequality will not help our young people to thrive

Nigel Farage has a similar message, as does the AfD boss Alice Weidel in Germany, the National Rally president Jordan Bardella in France and Italy's prime minister, Giorgia Meloni.

It's a timely attempt to wrest back the economic agenda from the current chaos because many middle-income households in almost every country, from Mexico and South Africa to Britain and the US, are questioning whether to follow a more individualistic path for the sake of their family or join with their neighbours in a collective effort to improve their lives.

With a shrinking number of good jobs, a significant rise in property prices and spike in the costs of food and energy, the pressure is on families who aspire to better themselves.

One of the messages from the London consensus is that bettering oneself at the expense of others, and thereby increasing inequality, will not help young people to thrive. Not even the children of middle-income parents who have benefited from extensive support – whether from private education, private health or a deposit for a home (surrounded by high walls) – will ultimately feel better if high rates of crime and corruption lurk beyond the garden gate. That high levels of inequality hold back economic progress is empirically proven. Another message relates to how we judge progress. It rejects the emphasis on simply putting more money in people's pockets as the main aim for a politician. A higher income is relatively easy to measure using gross domestic product. It is a single number that everyone knows is bad when it goes down. The wellbeing of individuals and households is a much better guide to progress. It is something Keir Starmer recognises and it is why Wes Streeting has commissioned more mental health appointments and Peter Kyle, the business secretary, continues to advance the employment rights bill.

Mental health is a good measure to watch on the dashboard of indicators by which the London consensus would have us judge success. First, it is classless. Everyone knows someone who is angry, depressed or lonely and could do with, at the very least, some talking therapy. Second, all the evidence points to huge benefits from tackling these modern ills, from better physical health and higher job participation rates to greater involvement in community affairs.

The US can avoid spending money in this area because it denies the victims of capitalism a ticket to ride, leaving them to fester on the side of the road.

Trump's supporters may never read the evidence contained in the many chapters of the London Consensus. There are discussions on how to achieve universal healthcare, "foster green and inclusive productivity growth" and maintain sustainable government spending that would probably horrify them.

Hopefully, US state governors and prime ministers across the world will ask their staff to read the book, leading us away from the Washington consensus to a better place.

Bloomberg

Citigroup's Gold Bullion Plan Shows High Prices Are Here to Stay

November 2, 2025 at 10:00 PM GMT-6
By Marcus Ashworth

Marcus Ashworth is a Bloomberg Opinion columnist covering European markets. Previously, he was chief markets strategist for Haitong Securities in London.

Big US banks, including Citigroup Inc., are considering getting back into the business of holding other people's gold due to increasing client demand for gold as a portfolio hedge.

The business of storing gold is profitable for banks, with storage fees on a sliding scale based on a percentage of the bullion's value, and major players like JP Morgan Chase & Co. and HSBC Holdings Plc are already dominant in the sector.

The return to gold storage is a decades-long commitment, indicating that major players think high gold prices are here to stay, and is driven by the desire to capture margin in trading activity and offer full service to clients.

Nothing says gold is hot quite like a story that big US banks are considering getting back into the business of holding other people's bullion.

I did a double take as my first instinct was that I'd picked up a story from the 1970s. I did a double take as my first instinct was that I'd picked up a story from the 1970s. But knowing how good my Bloomberg News colleagues are, and having spoken with several sources, it's very much a real thing. Citigroup Inc. is eager to get back into an activity it probably should never have left, and several other major institutions are leaning the same way. It costs a lot to store gold. The logistics, let alone the security, are mind-bogglingly expensive.

Here's the skeptic's take, courtesy of Warren Buffett: "Gold gets dug out of the ground in Africa, or someplace. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility." But not everyone shares his view that "it won't do anything between now and the end of time except look at you." Clients increasingly want to hold gold as a portfolio hedge, so banks are responding with old-fashioned customer service and commensurate fat fees.

This isn't about digging new vaults but leasing or repurposing existing facilities. Storage fees are on a sliding scale based on a percentage of the bullion's value. With gold having doubled since 2023, it's properly profitable again to offer full service, as it captures the whole value chain; very profitable, in fact, for JP Morgan Chase & Co., as it dominates the sector acting like the quasi-central clearer for bullion. According to Bloomberg News, HSBC Holdings Plc comes a distant second, though it's strong in Asia. UBS Group AG focuses on its private wealth franchise and, though ICBC Standard Bank Plc has made big investments, it's yet to crack the international market in a major way.

Still this is a decades-long commitment. That tells you the major players think high gold prices are here to stay. The quarterly World Gold Council Demand Trends report was released Thursday showing gold buying rose 3% to a record of 1,313 metric tons for the third quarter, matching the increase in mining supply. Bar and coin investment was up 17% on the year, a trend that was even highlighted in the UK's September retail sales release. Central bank demand apparently was 28% higher on the quarter but only narrowly above the five-year average. The only notable faller was jewelry sales facing sticker shock with the gold value up by nearly half.

Precious metals trading is quite a profitable business again. Partly that's because it's one of the last old-fashioned markets left, outside of an active gold ETF business. Physical gold is still an over-the-counter market with no central counterparty. There's no published forward curve, or rates for deposits or loans, and only monthly data on inventories. Liquidity is highest in London trading hours, which explains why storage interest is growing predominately in the UK, as well as the Bank of England's vaults holding many other central bank's reserves. The infrastructure required means only the biggest banks have the balance sheets and regulatory bandwidth to segregate client holdings efficiently.

New York has suddenly become a more attractive location because of Trump tariff fears. There was a delivery short squeeze on New York's Comex futures exchange gold contract earlier this year triggering a sudden panic to get different-sized bars into the US but this has largely dissipated.

Gold storage including clearing, transfer and settlement services is a banking business line that's been hollowed out since the global financial crisis. Banks have eschewed trading businesses as regulators have been notably rigorous over monitoring commodities. Gold even became subject to Basel 3 rules. It hasn't helped that on the retail side it often involves dealing with unregulated, smaller entities or individuals.

The majority of trade is interbank - which means it's all about funding and the ability to use client holdings as collateral elsewhere — a practice known as rehypothecation. JP Morgan will likely have hundreds of billions of dollars of gold on its balance sheet. The key clients are central banks, which care a lot about dealing with a counterparty with very high credit quality.

For others looking hard at this business, such as Morgan Stanley, it's about synergy with wealth management; there are lots of clients who want to hold gold, so why not hold it in their own vault and accrue the fee income? Private wealth revenue is valued at a higher multiple than trading businesses. Other banks with big wealth management operations will be watching closely.

Although the great debasement trade hype over dollar usage has probably been overstated, it has transformed the pet rock back into a viable asset class. This holds true despite a recent slide of almost 10%. Banks, as their proprietary trading activities have been heavily curtailed, are less reliant on ever higher prices but just want to capture lots of margin in trading activity. Gold storage is back, baby. Time to wheel out the denim flares and Neil Diamond albums.