

Politics



Donald Trump signed an executive order allowing the children of **illegal immigrants** to stay with their parents in detention centres if caught crossing the Mexican border. Previously, under the White House's "zero-tolerance" policy for illicit border-crossing, there had been a sharp rise in families being forcibly split up. Pictures of tearful children torn from their parents provoked an outcry, though a poll found that a small majority of Republicans supported the policy. Amnesty International said officials had intentionally inflicted "severe mental suffering" on the migrants.

The director of the **FBI**, Christopher Wray, said his agency would not repeat the mistakes uncovered in a report by the Justice Department's internal watchdog, which criticised the handling of investigations into Hillary Clinton and Donald Trump during the election in 2016. Among other things, it found that James Comey, then the FBI chief, had broken policy by making the investigation into Mrs Clinton's e-mail server public, but that he had not acted with political bias.

Paul Manafort, Mr Trump's former campaign manager, was sent to jail by a judge after he allegedly tried to sway the testimony of two witnesses at his forthcoming trial on a range of charges, which include money-laundering. He had been on bail ahead of the trial.

America withdrew from the **UN Human Rights Council**, a body that includes China, Cuba, the Democratic Republic

of Congo and other paragons of virtue. Nikki Haley, America's ambassador to the UN, said the body protected abusers of human rights and was a "cesspool of political bias", especially against Israel. The council's supporters retort that the council does some good, and that if democracies such as America pull out it will probably do less.

If at first you don't succeed

New talks were held to try to end **South Sudan's** five-year civil war. It is the first time the two key leaders in the conflict have met in two years. All previous attempts to broker a peace deal have failed.

Israeli jets struck 25 targets in **Gaza** linked to Hamas. The strikes were in response to almost 50 projectiles fired at Israel, said the Israeli military.

The UN said that war crimes were committed by forces loyal to the regime of Bashar al-Assad in the Eastern Ghouta region of **Syria**. The UN is still investigating whether chemical weapons were used in an attack on rebels in Douma.

The World Health Organisation said that the **Ebola** outbreak in the Democratic Republic of Congo has largely been contained, but officials warned against complacency.

Hello Duque

Iván Duque, a conservative who opposes parts of the peace agreement between **Colombia's** government and the FARC guerrilla group, won the country's presidential election. He took 54% of the vote in a run-off, defeating Gustavo Petro, a far-left former mayor of Bogotá.

Masaya, a town near Managua, **Nicaragua's** capital, declared that it no longer recognises the presidency of Daniel Ortega and will govern itself. At least three people were killed in an operation to regain control of the town. More than 170 people have died in protests since April. Mediators from the Catholic church suspended negotiations between the government and the opposition because the government refused to allow foreign human-rights observers into the country.

Canada's parliament voted to legalise the recreational use of cannabis. The law regulates its cultivation, sets limits on possession and prohibits marketing that would encourage consumption. When it takes effect in October, Canada will be the second country in the world, after Uruguay, to make it legal to puff marijuana for pleasure.

Europe's critical point

A political crisis rocked **Germany**. The alliance between Angela Merkel's Christian Democrats and its more conservative Bavarian sister party, the CSU, looked as if it might break down over how to handle migrants. Mrs Merkel seems to have won two more weeks to solve the problem.

Italy's interior minister, Matteo Salvini, called for a census of Roma. He threatened to deport Roma who are not Italian citizens, but said that "unfortunately" those Roma who were Italian would be allowed to stay.

The **Hungarian** parliament passed a law that would send anyone who helps illegal immigrants, including lawyers who assist asylum-seekers, to prison for a year. The nationalist government calls migrants a security threat. There are hardly any of them in Hungary, but many passed through on their way to Germany in 2015.

The British government fended off another attempt by Remainers to ensure that MPs

have the final decision should the **Brexit** talks end with no deal. The government won a vote in Parliament by 319 to 303 votes after giving further assurances that MPs would have a "meaningful vote". One Tory Remainer said that meant a "real say". Brexiters said nothing had changed and MPs would get no say.

Mounting trouble

India's ruling Hindu-nationalist Bharatiya Janata Party pulled out of an alliance with the People's Democratic Party in **Kashmir**, prompting the state government to collapse. Kashmir's governor, who is appointed by the BJP-led central government, will assume control of the state. Separately, unknown attackers murdered Shujaat Bukhari, one of Kashmir's most respected journalists.

New Zealand's prime minister, Jacinda Ardern, has given birth to her first child, a baby girl. She will now take six weeks of maternity leave, during which her duties will be performed by the deputy prime minister. She is only the second elected leader in modern history to give birth in office. The first was Benazir Bhutto, a prime minister of Pakistan, in 1990.



Kim Jong Un's makeover continued with a two-day visit to China, where the **North Korean** dictator was hailed as a leader trying to develop his impoverished nation. Mr Kim, who keeps babies in prison camps and has had members of his own family killed, attended a banquet hosted by Xi Jinping, China's president. The pair discussed Mr Kim's recent summit with Donald Trump, which was held in Singapore. ►►

Business

The prospect of an all-out **trade war** between America and China became real. Donald Trump said he would impose tariffs on \$50bn of Chinese goods, because Beijing was not dealing with American complaints about stealing intellectual property. China responded in kind by announcing penalties on \$50bn of American goods, which prompted Mr Trump to threaten to levy additional tariffs on goods worth \$400bn.

Taking the war seriously

Global **stockmarkets** took fright at the trade news, none more so than in China. The Shanghai Composite fell by 4% in a day to its lowest level in 20 months. The Shenzhen Composite dropped by 6%. Yi Gang, the governor of the **People's Bank of China**, said investors should "stay calm and rational". The central bank pumped 200bn yuan (\$31bn) into financial institutions, followed by a smaller intervention, to ensure they remain liquid.

Oil prices swung up and down in part because of China's plan to target tariffs at American energy supplies. Investors were also jittery ahead of an **OPEC** meeting on June 22nd to discuss whether to increase oil production after an 18-month freeze in output.

Germany's central bank cut its forecast of the country's economic growth rate this year to 2%, from 2.5%. The Bundesbank thinks the "external environment" is driving up uncertainty in the German economy.

Mario Draghi hinted that the **European Central Bank** could restart its bond-buying programme if economic conditions deteriorate, just days after the bank announced that it would phase out its purchasing of assets. The ECB's president emphasised that interest rates would remain ultra-low until at least September 2019. The ECB is to halve the amount of assets it buys each month to

€15bn (\$17bn) from this September and will end all purchases in December.

MSCI, a company that designs stockmarket indices, said that **Argentina** would return to its emerging-market index in 2019 after an absence of ten years. That should lower the country's borrowing costs and increase investment in its stock and bond markets, a boost for Argentina, which is battling a run on the peso and has had to turn to the IMF for help. Saudi Arabia will also be added to the MSCI emerging-market index for the first time.

Chasing the Fox

Disney raised its bid for the bulk of **21st Century Fox's** assets to \$71bn, almost half of which is in cash and the rest in shares. That tops an unsolicited rival all-cash offer of \$65bn from Comcast.

The White House announced that Kathy Kraninger would be nominated to head the **Consumer Financial Protection Bureau**, a bugbear for Republicans ever since its creation as part of the Dodd-Frank reforms. The agency is being led by Mick Mulvaney, who is also the head of the White House budget office, where Ms Kraninger currently

works. Some (mostly Democrats) questioned Ms Kraninger's appointment, claiming that—as a White House insider—she lacks the experience to run an independent office.

The flow of European **venture capital** hit its highest level for a decade last year, according to Invest Europe, a trade association for the industry. Of the €6.4bn (\$7.2bn) in investments, 45% went to information and communications startups and 23% to biotech and health care.

In the biggest banking merger in Britain in a decade, **CYBG**, the owner of Clydesdale and Yorkshire banks, agreed to pay £1.7bn (\$2.3bn) for **Virgin Money**. The deal creates Britain's sixth-largest bank.

Ford and **Volkswagen** said that they were talking about a "strategic alliance" which could see them develop commercial vehicles together. Ford also unveiled plans to create a hub for electric and autonomous cars, technologies where it has lagged behind its rivals.

Rupert Stadler, the chief executive of **Audi**, Volkswagen's luxury brand, was sent to jail in Germany while a judge looked into allegations that he

might try to interfere with an investigation into VW's emissions cheating. He is the most senior executive at the VW group to have been arrested over the scandal.

Down and out

Recent changes to the Dow Jones Industrial Average

Year	Out	In
2009	Citigroup	Travelers
2009	General Motors	Cisco
2012	Kraft Foods	UnitedHealth
2013	Alcoa	Goldman Sachs
2013	Bank of America	Nike
2013	Hewlett-Packard	Visa
2015	AT&T	Apple
2018	General Electric	Walgreens Boots

Source: S&P Dow Jones

General Electric was booted out of the Dow Jones Industrial Average. The company had been on the index of 30 share prices continuously since 1907 and was one of its original components in 1896. It is replaced by Walgreens Boots, a pharmacy chain. GE was the most valuable American company in 2000, but its share price has halved over the past year owing to a difficult restructuring process.

For other economic data and news see **Indicators** section

