

Politics



Italy's president, Sergio Mattarella, vetoed a proposed finance minister put forward by the Five Star Movement and the Northern League, populist movements of respectively the left and the right, who are trying to form a government. After a day of consternation on the markets, alternatives were being considered, including a technocratic government that will run Italy until a fresh election is held.

Mariano Rajoy, **Spain's** prime minister, faced a censure motion that might trigger early elections in the country.

Voters in **Ireland** backed a change to the constitution to make abortion legal, by 66% to 34% in a referendum. After Ireland's decision, the British government came under pressure to hold a referendum in Northern Ireland, where abortion remains illegal. A spokesman for Theresa May, whose majority in Parliament depends on support from Northern Ireland's anti-abortion Unionists, said it was a "devolved matter".

London's transport commissioner admitted that "super highways" for cyclists had expanded too rapidly, causing more congestion for cars and buses. But he also supported the safe spaces on roads, which have led to a big drop in cycling deaths in the city.

In a bizarre and opaque tale of deception and intrigue, a **Russian journalist** detested by the Kremlin faked his own murder in **Ukraine**. He later appeared at a press conference

saying that the hoax had been planned to catch Russian agents. He apologised to his wife for the distress he caused.

Murdered in Mozambique

At least ten people, including several children, were beheaded in northern **Mozambique**. The attack was blamed on a group of jihadists. The group has conducted sporadic attacks in the country since 2015.

Zimbabwe will hold national elections on July 30th, the first since Robert Mugabe was deposed in a military coup last year. Members of the opposition say they have been prevented from campaigning in some areas and complain that Zimbabweans abroad, who are thought mainly to support the opposition, will not be allowed to vote.

Palestinian militants in Gaza fired dozens of mortar shells at **Israel**. Israeli aircraft struck back, hitting facilities belonging to militant groups, before a tenuous ceasefire took hold. It was the worst flare-up of cross-border fighting since 2014.

Russia's foreign minister, Sergei Lavrov, called for the withdrawal of all non-Syrian forces along **Syria's** southern border. Russia appeared to reach an agreement with Israel, which shares the border and has carried out attacks on Iranian-backed forces in Syria.

The leaders of **Libya's** various factions met in Paris and agreed to hold presidential and parliamentary elections in December. But they were in disagreement about big constitutional issues, such as the role of the armed forces, which they ambitiously hope to resolve by September.

The final two

Iván Duque, a conservative former senator, took 39% of the vote in the first round of **Colombia's** presidential election and will face Gustavo Petro, the left's candidate, who got 25%, in the second round on June 17th. Mr Duque is aligned with Álvaro Uribe, a former president and critic of the

peace deal with **FARC** guerrillas. Mr Petro used to belong to a separate armed group.



A strike by lorry drivers in **Brazil** continued to affect fuel supplies across the country, bringing businesses to a standstill. The strike began as a protest against rising petrol prices, but thousands of Brazilians have supported the drivers by taking to the streets and blocking motorways to air a wide range of grievances. Brazil's president, Michel Temer, warned that the army would be used to clear the highways if necessary.

Venezuela released an American Mormon missionary and his wife from prison following talks with an American delegation led by Bob Corker, a senator from Tennessee. Joshua Holt was held without trial for two years for allegedly concealing weapons.

The on-off switch

Preparations continued for a summit in Singapore between Donald Trump and Kim Jong Un, **North Korea's** dictator. Mr Trump, who had called off the meeting because of the North's "hostility", tweeted that "we have put a great team together" for the talks. A senior North Korean official met Mike Pompeo, America's secretary of state, in New York. Mr Kim held a meeting with Moon Jae-in, South Korea's president.

The annual report on religious freedom issued by America's State Department said that **Myanmar's** bloody campaign against Rohingya Muslims still persists, and that the country's government had also launched an offensive against Christian rebels in Kachin state. Separately, the report

highlighted the treatment of hundreds of thousands of **Uighur Muslims** in China who have been sent to re-education camps, and criticised **Saudi Arabia** for its non-tolerance of religions other than Sunni Islam.

Burkina Faso became the latest country to break diplomatic ties with **Taiwan**. After a campaign by China to lure away Taiwan's allies, only a handful of countries still recognise it.

The latest effort to find the wreckage of Malaysia Airlines Flight **MH370**, which vanished from radar screens in 2014, came to an end. An American privately funded firm had deployed eight autonomous submarines scouring 86,000 square kilometres of the Indian Ocean's floor. There are no more private or official searches planned, so there may never be an answer to what happened to the doomed plane.

Stand by your man

One of Donald Trump's lawyers, Rudy Giuliani, said the president was ready to be interviewed by Robert Mueller, the **special counsel** leading the investigation into Russian influence. But stepping up criticism of the investigation, Mr Giuliani later said that before any interview was held, Team Trump would need to review documents relating to the FBI's secretive use of an operative to gather information from Trump aides.



Eric Greitens resigned as the governor of **Missouri**. He was ensnared in a corruption scandal and faced lurid allegations from a former lover. He denies claims of wrongdoing, believing himself to be the victim of a political vendetta. ►►

Business

Italy, two-year government-bond yield, %



Source: Bloomberg

Italy's political turmoil unnerved markets. Share prices of European banks fell sharply, and American stock-markets also quivered as the chill spread to American banks. The yield on Italian sovereign bonds rose at a pace not seen since the euro-zone debt crisis. Yields on the two-year bond surged and on the ten-year bond rose to 3%, the highest level since 2014. Ignazio Visco, the governor of the Bank of Italy, warned the quarrelling politicians about the danger of "losing the irreplaceable asset of trust".

Taking back control

Facing a currency crisis, **Turkey's** central bank simplified its system of multiple interest rates. The one-week repo rate became its new benchmark, which it also doubled to 16.5%. The central bank's governor met investors to offer reassurances that monetary policy would tighten further if inflation remains stubbornly high. The lira, which has taken a battering over concerns that the central bank's independence is under threat from politicians in Turkey agitating for lower interest rates, rallied in response.

America's banking regulators proposed sweeping changes to the **Volcker rule**, brought in after the financial crisis and which stops big banks from making certain kinds of risky bets. One of the biggest changes would ease the burden on banks having to prove that each trade has a purpose beyond a speculative bet. The proposals are open to comment, but banks have lobbied hard for the modifications.

The Canadian government stepped in to buy the **Trans Mountain pipeline** from Kinder Morgan, the American operator of one of the main conduits of oil from Alberta's tar sands. Kinder Morgan had sought assurances about the project when the provincial government in British Columbia and environmental groups put up stiff opposition to the planned expansion of the pipeline to terminals on the Pacific coast, which will triple its capacity. The federal government says it bought Trans Mountain to protect jobs.

Good cop, bad cop

Piling the pressure on China amid negotiations to avoid a **trade war**, the Trump administration said it was moving ahead with plans to impose tariffs on \$50bn-worth of Chinese imports, contradicting recent remarks by Steven Mnuchin, the treasury secretary, that the penalties had been put on hold. The White House plans to announce a formal list of goods subject to the tariffs by mid-June.

Bill Browder was briefly detained by Spanish police at the request of Russia. Mr Browder's Hermitage Capital Management was one of the biggest investors in Russia until he

fell foul of the authorities for highlighting corruption. Mr Browder lobbied Congress to pass a class of sanctions named after Sergei Magnitsky, a lawyer who uncovered a massive fraud but was sent to prison, where he died. The Spanish police said Russia's arrest warrant was not valid.

Sberbank, Russia's big state-owned lender, reported a 27% rise in first-quarter profit compared with the same three months last year, to 212bn roubles (\$3.7bn).

America's Justice Department approved **Bayer's** takeover of **Monsanto**, clearing the way for one of the biggest hookups in the agricultural seeds and chemicals industry. The department blessed the deal after ordering the German buyer to sell \$9bn in assets in areas where it competes with Monsanto, the largest-ever divestment demanded by America for consenting to a merger.

Harvey Weinstein was charged with rape and sexual abuse in a court in New York. The two cases are the first criminal charges to be brought against the former Hollywood mogul, following a wave of sexual-misconduct allegations that surfaced last October. Mr

Weinstein, who has denied claims that he forced himself on women, was bailed for \$1m. The Weinstein Company filed for bankruptcy earlier this year. A judge recently approved the sale of the film studio's assets to Lantern Capital, a private-equity firm in Dallas, for \$310m.

Indian authorities started an investigation into claims that **AirAsia** and its boss, Tony Fernandes, tried to bribe officials to change a rule that restricted its operations in India. The Malaysian airline strongly rejected the claims.

One on every corner

Pret A Manger, a rival in Britain to Starbucks, but with a wider range of food products, was sold to **JAB Holdings**, an ambitious coffee and café firm, for \$2bn. Pret was founded in London in 1986, sandwiched between office buildings on Victoria Street. It now has 530 stores, a fifth of which are in America. JAB, which counts the Panera Bread and Peet's Coffee chains among its assets, is reportedly planning to extend Pret's reach in America, especially among young urban office workers.

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

