MAKING SENSE OF *THIS* WORLD

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Trump-Xi Summit In Washington, and the Increasing Prospects of A Yalta 2.0 Meeting

Last week, Chinese President Xi Jinping met his US counterpart Donald Trump in Washington DC, his first visit to the US capital since September 2015. The agenda of the meeting included trade, the status of Taiwan and artificial intelligence, as well as the Iran war, rare earths, agriculture and Ukraine.

Very little was eventually agreed**.** The trade truce was extended by two months only, moving its expiry from 10 November to 10 January 2027, although many had expected a six-month extension. Beijing's readout mentioned a "new joint arrangement" on trade without giving a date, and Xi promised a pair of pandas for Atlanta. The readout did not mention tariffs, rare earths or artificial intelligence.

Differences between the two parties cover nearly everything else. On Taiwan, Xinhua reported that Xi urged Trump to oppose Taiwanese independence, while a $14bn arms package for Taipei remains postponed and Trump treats arms sales as a bargaining chip. On Iran, no breakthrough was reported; Trump pressed China to help isolate Tehran economically and reopen the Strait of Hormuz, but Xi merely backed a return to the interim US–Iran agreement. On rare earths, US officials say Chinese deliveries have fallen short, and licensing still lacks a standardised process. On AI, the leaders avoided any agreement on the threats it poses.

Xi repeated that US and China don't necessarily need to fall into Thucydides' trap, which foresees that the incumbent power and the rising power eventually end up in an open conflict. Xi argued that competition should be "a race of catching up with one another", not a zero-sum contest, and should stay healthy and bounded. He used the same line in Seattle in 2015, and its purpose has not changed. Thus, China still advocates for "managed competition" as the only rational option while time, rare-earth leverage and technological catch-up work in its favour. Stability, in other words, is Beijing's strategy rather than a concession.

In the end, was this meeting more performance or substance? It was mostly performance, but performance with a function. A shorter extension of the trade truce may slightly favour Washington, which keeps renewed hostilities as leverage. The real substance is the frequency of meetings: this was the third in-person meeting since October 2025.

Subsequently, the Kremlin aide Yuri Ushakov confirmed that a trilateral meeting at the upcoming APEC in Shenzhen, on 18–19 November, had been discussed, while Dmitry Peskov, Vladimir Putin's spokesman, said the Russian President and Trump raised it in their recent phone call. Yet the White House said it had no information on Trump's participation, and last year he skipped the APEC forum itself. If it were to occur, this would amount to a sort of Yalta 2.0 meeting.

The Yalta analogy comes from 1945, when Roosevelt, Churchill and Stalin divided post-war Europe into spheres of influence without consulting the nations affected. Today's parallel is three leaders deciding the fate of Ukraine, Taiwan, Iran, Venezuela, and the Western Hemisphere over the heads of Kyiv, Taipei, Brussels and other key capital. For Moscow, sitting at such a table would confirm a superpower status its economy cannot support. The venue matters too: a meeting in Shenzhen would take place on ground of Beijing's choosing, and in 1945 the host was Stalin, not a Chinese leader. A literal 21st-century Yalta remains improbable, but its logic is increasingly visible. Therefore, if the three do meet, the photograph may matter more than any text, and Europe should read it as a final confirmation of its reduced importance on the global scale.

Our Recent Publications

- *Cuba and the New Machinery of American Power*, by Kipp Mann-Benn, 25 September 2026
- *Visa Stablecoin Platform: Infrastructure Competition Emerging Underneath the Stablecoin Market*, by Ridipt Singh, 24 September 2026
- *France's Fiscal Challenge Ahead of the 2027 Election*, by Nato Balavadze, 23 September 2026
- *The Reasons Behind Digital Euro Holding Limits: Preserving Financial Stability or Bank Profitability?*, by Paul Helmich, 22 September 2026
- *What Xi's Washington Visit Means Amid Accusations, Grievances and Competition*, by Kipp Mann-Benn and Mollie Sinclair, 21 September 2026
- *Review: BoJ Raise Rates and Pauses Balance Sheet Tapering*, by Brunello Rosa and Nato Balavadze, 18 September 2026

Looking Ahead

The Week Ahead: US And UK QoQ GDP To Be Revised Down; US Unemployment To Rise; EZ Inflation To Increase

In the US, in Q2, according to the final estimate, GDP growth rate is likely to advance by 1.6% q-o-q (*p:* 2.1%). In September, unemployment rate is seen edging up to 4.2% (*p*: 4.1%). NFPs are expected to increase by 100K (*p:* 162K). In August, core PCE price index is seen rising to 3.4% y-o-y (*p:* 3.3%). In September, CB consumer confidence is expected to increase to 90 (*p:* 89.4).

In the EZ, in September, headline and core inflation rates are seen edging up to 3.5% y-o-y (*p:* 3.2%) and 2.6% y-o-y (*p:* 2.4%) in September, consumer confidence is expected to shrink to -16.5 (*p:* -15.5). Economic Sentiment is likely to increase to 99 (*p:* 98.4).

In the UK, in Q2, according to the final estimates, the GDP growth rate is expected to decelerate to 0.4% q-o-q (*p:* 0.6%) and advance by 1.2% y-o-y (*p:* 0.9%).

The Quarter Ahead: US, China Agree Tariff Cuts and AI Dialogue; Trump Rejects Hormuz Proposal; Germany-Russia Hold Talks

China and US agree to AI dialogue, tariff cuts during Xi visit. US and China agreed to cut tariffs on $30 billion of non-sensitive goods in each direction following Xi Jinping's Washington visit. The two sides also agreed to resume AI talks in November and establish a communication channel for AI-related incidents. The agreement comes alongside a two-month extension of the bilateral trade truce, providing more time for negotiations on a broader trade deal.

Trump rejected an Iranian proposal to reopen the Strait of Hormuz and halt regional fighting within seven days. Tehran offered the plan through Qatari mediators, but major differences remain over Iran's nuclear programme. The seven-month conflict continues to disrupt oil flows through Hormuz and weigh on the global economy.

German Foreign Minister Johann Wadephul met Russia's Sergey Lavrov at the UN, the first such meeting since 2022. Wadephul warned Moscow against further escalation after Germany blamed Russian intelligence for an attempted drone attack at Leipzig airport. The meeting comes amid heightened bilateral tensions and reciprocal sanctions.

Last Week's Review

Real Economy: PMIs Rose In US And EZ, While Fell In UK

In the US, in September, Michigan Consumer Sentiment declined to 48.1 (*c:* 47.6; *p:* 51.7). In September, S&P Global Manufacturing and Services PMIs edged up to 57.0 (*c:* 53.6; *p:* 53.9) and 58.7 (*c:* 56; *p:* 56.5). Composite PMI increased to 58.4 (*p:* 56).

In the EZ, in September, S&P Global Manufacturing PMI remained at 52.9 (*c:* 52.6), while Services PMI increased to 53.0 (*c:* 51.5; *p:* 51.6). Composite PMI rose to 53.1 (*c:* 51.7; *p:* 52.0).

In the UK, in September, S&P Global Manufacturing PMI rose to 52.0 (*c:* 51.5; *p:* 51.7), while Services PMI declined to 51.7 (*c:* 52.0; *p:* 52.5). Composite PMI fell as well to 51.7 (*c:* 52.5; *p:* 52).

Financial Markets: Stock Prices Yields And USD Increased, together with Oil Prices, While Gold Prices Fell

Market Drivers: US equities rose despite inflation and rate concerns, with technology and communication services benefiting from optimism around Meta's AI agent and rising AI infrastructure demand. Strong economic data and hawkish Fed comments pushed Treasury yields higher. European equities also gained, supported by improving growth signals and AI optimism, despite concerns that high energy prices and resilient data could prompt further ECB tightening.

Global Equities: increased *w-o-w* (MSCI ACWI, +0.9%, to 1,148.23). The US S&P 500 index edged up (+1.2% w-o-w, to 7,743.4). In the EZ, share prices were up (Eurostoxx 50, +1.1% w-o-w, to 6,302.8). In EMs, equity increased (MSCI EMs, +1.3%, to 1,732.35). Volatility fell to 17.51 (VIX S&P 500, 52w avg.: 19.98; 10y avg.: 19.9).

Fixed Income: *w-o-*w, the 10-year US Treasury yields were up (+17 bps to 5.17%). The 2-year US Treasury yields increased (+12 bps to 4.86%). The German 10-year bund yields edged up (+10 bps to 3.62%).

FX: *w-o-w,* the US Dollar Index increased (DXY, +0.8%, to 100.97; EUR/USD -0.8%, to 1.14). In EMs, currencies rose (MSCI EM Currency Index, +0.2% w-o-w, to 1,924.95).

Commodities: *w-o-w,* oil prices increased (Brent, +1.2% to 104.45 USD/b). Gold prices fell w-o-w (-2.1% to 4,320.50 USD/Oz).

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The picture in the first page was taken from this website.

Abbreviations, Acronyms and Definitions

a	*Actual*
AKP	*Justice and Development Party, Turkey*
ann.	*annualized*
ARS	*Argentinian Peso*
avg.	*Average*
bn	*Billion*
BoC	*Bank of Canada*
BoE	*Bank of England*
BoJ	*Bank of Japan*
bpd	*Barrels per day*
bps	*Basis points*
BS	*Balance sheet*
c	*Consensus*
C/A	*Current account*
CB	*Central bank*
CBB	*Central Bank of Bahrain*
CBK	*Central Bank of Kuwait*
CBT	*Central Bank of Turkey*
CDU	*Christian Democratic Union, Germany*
CNY	*Chinese Yuan*
CPI	*Consumer Price Index*
DJIA	*Dow Jones Industrial Average Index*
DJEM	*Dow Jones Emerging Markets Index*
d-o-d	*Day-on-day*
DXY	*US Dollar Index*
EC	*European Commission*
ECB	*European Central Bank*
ECJ	*European Court of Justice*
EIA	*US Energy Information Agency*
EM	*Emerging Markets*
EP	*European Parliament*
EPS	*Earnings per share*
EU	*European Union*
EUR	*Euro*
EZ	*Eurozone*
Fed	*US Federal Reserve*
FOMC	*US Federal Open Market Committee*
FRB	*US Federal Reserve Board*
FX	*Foreign exchange*
FY	*Fiscal Year*
GCC	*Gulf Cooperation Council*
GBP	*British pound*
GDP	*Gross domestic product*
IMF	*International Monetary Fund*
INR	*Indian Rupee*
IPO	*Initial public offering*
IRR	*Iranian Rial*
JPY	*Japanese yen*
k	*thousand*
KSA	*Kingdom of Saudi Arabia*
LN	*Northern League, Italy*
M5S	*Five Star Movement, Italy*
m-o-m	*Month-on-month*
mb	*Million barrels*
mb/d	*Million barrels per day*
MENA	*Middle East and North Africa*
MHP	*Nationalist Movement Party, Turkey*
mn	*Million*
MPC	*Monetary Policy Committee*
NAFTA	*North-American Free Trade Agreement*
NATO	*North Atlantic Treaty Organization*
OECD	*Organization for Economic Cooperation and Development*
Opec	*Organization of Petroleum Exporting Countries*
p	*Previous*
P2P	*Peer-to-peer*
PBoC	*People's Bank of China*
PCE	*Personal Consumption Expenditures*
PE	*Price to earnings ratio*
PM	*Prime minister*
PMI	*Purchasing managers' index*
pps	*Percentage points*
pw	*Previous week*
QCB	*Qatar Central Bank*
QAR	*Qatari Riyal*
QE	*Quantitative easing*
q-o-q	*Quarter-on-quarter*
RE	*Real estate*
RBA	*Reserve Bank of Australia*
RRR	*Reserve Requirement Ratio*
RUB	*Russian Rouble*
SWF	*Sovereign Wealth Fund*
tn	*Trillion*
TRY	*Turkish Lira*
UAE	*United Arab Emirates*
UK	*United Kingdom*
US	*United States*
USD	*United States Dollar*
USD/b	*USD per barrel*
UST	*US Treasury bills/bonds*
VAT	*Value added tax*
VIX	*Chicago Board Options Exchange Volatility Index*
WTI	*West Texas Intermediate*
WTO	*World Trade Organisation*
w	*Week*
w-o-w	*Week-on-week*
y	*Year*
y-o-y	*Year-on-year*
y-t-d	*Year-to-date*
ZAR	*South African Rand*
2y; 10y	*2-year; 10-year*

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