

## Catch up: reports of Gaza ceasefire; bumper Wall Street profits



**Israel** and **Hamas** reportedly reached a [ceasefire deal](#) for the war in Gaza. The agreement is said to include a six-week truce and a phased withdrawal of Israeli forces. Hamas is expected to initially release 33 Israeli hostages in exchange for more than 1,000 Palestinian prisoners. Both sides would still have to formally approve the agreement. Israel's cabinet is expected to vote on the matter on Thursday.

**Wall Street** banks delivered robust fourth-quarter results, led by strong performance in their trading and investment-banking divisions. **Goldman Sachs** posted \$4.1bn in profits, more than double the previous year, as [equities trading](#) hit record levels.. JPMorgan also excelled, with trading revenues jumping 21% to \$7bn. Wells Fargo's profits increased by 47%, despite flat loan growth.

**Russia** launched large air strikes on **Ukraine**, firing dozens of [missiles](#) and drones at power infrastructure across the country. Ukraine's air force said it destroyed most of the missiles and shot

down or jammed many of the drones. However, the strikes reportedly damaged some power facilities. On Tuesday Ukraine said it had launched its biggest aerial attacks yet on military infrastructure inside Russia.

**Britain's annual inflation** rate was 2.5% in December, down from 2.6% in November. The unexpected drop increases the likelihood that the [Bank of England](#) will cut interest rates at its next meeting in February. The news provided a boon for **Rachel Reeves**, the chancellor, who has faced criticism this month after British [bond yields](#) jumped sharply.

**Germany's economy** contracted for a second consecutive year in 2024, according to the Federal Statistics Office. Europe's [largest economy](#) shrank by 0.2% last year; it is grappling with weak global demand, a struggling automotive sector, high energy costs and an ageing population. The country's central bank expects growth of just 0.2% in 2025.

**Meta**, the parent company of Facebook, Instagram and WhatsApp, plans to cut around 5% of its global workforce—roughly 3,600 employees. In a memo to staff **Mark Zuckerberg**, the chief executive, said that “low performers” would be let go “faster”. The [social-media giant](#), which shed more than 21,000 jobs in 2022 and 2023, is reallocating resources to its artificial-intelligence initiatives.

American senators grilled **Pete Hegseth**, Donald Trump's pick to be secretary of defence, at a confirmation hearing. Mr Hegseth has been accused of frequent drunkenness and sexually assaulting a woman, claims which he denies. He said he had faced “a co-ordinated smear campaign orchestrated in the media”. If confirmed, [Mr Hegseth](#) would be perhaps the most inexperienced man ever to run the Pentagon.

**Figure of the day:** 26%, the amount by which homelessness in England has risen in the past five years. [Read the full story.](#)

## On the brink of a Gaza ceasefire deal



After many false dawns, a ceasefire in Gaza appears to have finally arrived. Reports suggest that Israel and Hamas have reached a truce, which both sides will need to formally approve. The two-stage ceasefire and hostage-release deal has been on the table since May, but outgoing President Joe Biden failed to get either side to sign up.

The imminent arrival of Donald Trump in the White House concentrated minds. His and Mr Biden's teams have pushed both Israel's prime minister, Binyamin Netanyahu, and the surviving leadership of Hamas to agree to a 42-day truce as a first stage. During that period Hamas is expected to release around 33 Israeli hostages in exchange for more than 1,000 Palestinian prisoners. Meanwhile talks will be held about the next stage—an Israeli withdrawal from Gaza, the release of further hostages and a lasting ceasefire. For such negotiations to go ahead the truce will need to hold.

# Why government-bond yields could go higher



Borrowing costs for rich-world governments have [soared of late](#), driven by stubborn inflation and market jitters. Data released on Wednesday showed that America's annual inflation rate rose to 2.9% in December, up from 2.7% in November. Higher inflation usually pushes bond yields up by eroding the real value of bonds and raising expectations of future interest rates. On this occasion, yields fell a little, since the inflationary rise was less bad than traders had feared.

But they may soon have far more to worry about. Donald Trump's promises to deport illegal immigrants, levy tariffs and force allies to spend more on defence would all, if fulfilled, raise inflation further. Meanwhile G7 governments are expected to run deficits equivalent to 6% of their GDP this year. They will have to make up the shortfall by selling yet more bonds. Borrowing costs could have a way to rise yet.



# Trading boosts Wall Street profits



JPMorgan Chase and Citigroup, two of Wall Street's biggest banks, reported fourth-quarter earnings on Wednesday. JPMorgan posted strong results, with profits rising 50% year on year to \$14bn. Trading revenues surged 21% to \$7bn, driven by market volatility around America's election. Investment-banking revenues climbed 46% to \$2.6bn, reflecting a rebound in dealmaking as firms resumed mergers and acquisitions after years of economic uncertainty. The Federal Reserve's interest-rate cuts spurred risk-taking, boosting its advisory businesses.

[Citigroup](#) fared less well. While its fourth-quarter profits, at \$2.9bn, exceeded expectations, the bank cut its long-standing profitability target. Analysts already doubted its ability to achieve a return on tangible equity of 11-12% by 2026; Citi lowered the range to 10-11%. Despite this, several divisions delivered a strong performance: revenue from its markets business rose 36%, and investment banking fees jumped 35%. Those gains were similar to those at JPMorgan and Goldman Sachs.

# SCOTUS considers minimum-age rules for online porn



On Wednesday America's Supreme Court examines a Texas law mandating age verification for websites where a third or more of the material is "sexual" and "harmful to minors". A district judge blocked the law, which is similar to measures recently passed by 18 other states, but an appeals court reinstated it last year.

A trade association of adult entertainers, known as the Free Speech Coalition, is arguing that the law restricts adult Texans' access to protected speech and violates the First Amendment. The Supreme Court struck down a similar law (the federal Child Online Protection Act) in 2004, the plaintiffs point out. Texas's defence relies on a high-court ruling from 1968 that upheld a law banning erotic bookstores from selling their wares to children. But online commerce, the plaintiffs retort, is a world apart: adults may be reluctant to reveal their identities to porn sites because they worry about "identity thieves and extortionists".

# Americans seek TikTok alternatives



TikTok's Chinese owners have denied reports that they could sell the video-sharing platform to Elon Musk. Under a law that seeks to protect America from Chinese influence, the company must find a buyer for TikTok in America [by Sunday](#) or it will be banned in the country. Mr Musk owns X, another social-media platform, and is a confidant of Donald Trump, who opposes a TikTok ban.

The Supreme Court is mulling whether to allow the ban. As the deadline approaches, many of TikTok's 170m American users are moving on. Ironically, one popular alternative is another Chinese app called Xiaohongshu, or "Little Red Book". This week it reached the top of Apple's chart for free social-networking apps in America. The new users have nicknamed the app "RedNote" and taken to calling themselves "TikTok refugees". If RedNote becomes as popular as TikTok, there is no reason to think that American lawmakers will treat it with any more indulgence.



## Daily quiz



*The Economist*

We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 GMT on Friday to [QuizEspresso@economist.com](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Wednesday:** Which atomic element has the symbol Sn?

**Tuesday:** Which town in north-east England on the river Wear is home to a prestigious university and has a castle, and cathedral, that are UNESCO world heritage sites?

**Let no man pull you so low as to hate him.**

*Martin Luther King junior*