

Catch up: Gaza ceasefire deal confirmed; bumper Wall Street profits



President Joe Biden and **Qatar's** prime minister confirmed that **Israel** and **Hamas** [reached a ceasefire deal](#) that aims to end the war in Gaza. It is set to take effect on Sunday. The first phase of the agreement includes a six-week truce and a withdrawal of Israeli forces from populated areas. Hamas will initially release 33 Israeli hostages in exchange for more than 1,000 Palestinian prisoners. Mr Biden said that “phase two” would be “a permanent end of the war”. Both sides still have to formally approve the agreement. Israel’s cabinet is expected to vote on Thursday. Mr Biden, who leaves office on Monday, called the deal “one of the toughest negotiations I’ve ever experienced”.

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.

America's **Food and Drug Administration** banned Red 3, a dye, in food. Studies have linked the colouring, made from petroleum, to cancer in animals. It is found in [some 9,000 American food items](#). It is already prohibited in the European Union, and was banned from American cosmetics in 1990.

Figure of the day: 2.7%, Argentina's monthly inflation rate in December, down from 25.5% a year earlier. [Read the full story.](#)

Bessent's glidepath to America's treasury



Donald Trump's nominee to be treasury secretary, [Scott Bessent](#), will get his turn in front of American senators on Thursday. Unlike the confirmation hearings for Mr Trump's more controversial picks, Mr Bessent will have a smoother ride. A hedge-fund billionaire, he is seen by chief executives and investors as a safe pair of hands for one of the country's most important economic jobs. Many hope that he will push back against Mr Trump's zeal for tariffs.

Senators will ask Mr Bessent to spell out his plans. He has touted a "3-3-3" goal for the economy: boosting growth to 3% annually, cutting the deficit to 3% (from 6.5%) of GDP and increasing oil production by 3m barrels per day. It will be extremely hard to achieve any of these targets, let alone all three. But the bigger, if unspoken, promise is that Mr Bessent will be a moderating influence on Trumponomics. That will be good enough for most senators.

Angelenos demand answers



More than a week after [wildfires first broke out](#) across Los Angeles County, at least 25 people have died and over 12,000 buildings lie in ruins. Some have begun to refer to the calamity as “Los Angeles’s Katrina”, recalling the hurricane that devastated New Orleans in 2005. Extreme winds and drought created perfect conditions, but what ignited the flames?

Investigators are examining whether a transmission tower caused the Eaton Fire, which razed parts of Altadena, a mixed-income neighbourhood. Residents are already suing Southern California Edison, the power utility that operates the tower. Power infrastructure has frequently been blamed for wildfires: in 2023 broken electricity lines sparked a blaze that levelled Lahaina, in Hawaii. Pacific Gas & Electric, another California firm, declared bankruptcy in 2019, overwhelmed by wildfire-related liabilities. As climate change increases [fire risk](#), the debate around culpability, and what utility companies can do to prevent their equipment from sparking fires, will only heat up. Meanwhile, LA’s fires are still burning.

A rocky start for Labour



To call the British economy's start to the new year “wobbly” would be a generous understatement. Yields on gilts, [the country's government bonds](#), have spiked and the pound has tumbled. Many countries have faced rising borrowing costs following a surge in US Treasury yields after America's election, but the reaction in Britain has been particularly intense. Adding to the gloom, inflation is rising—although it eased in December, offering a glimmer of relief—and economic growth fell in September and October. GDP figures, released on Thursday, will reveal whether the downturn extended into November.

This marks a sharp reversal from the first half of 2024, when growth outpaced expectations. The contrast is stark for Britain's Labour government, which took office on July 5th. Some of the turmoil was unavoidable. However, the government's own policies have exacerbated the situation. Its budget on October 30th raised concerns about fiscal discipline; a muddled growth strategy has deepened economic uncertainty.

Hong Kong braces for Trump



Mike Pence, America's vice-president during Donald Trump's first term, will speak at the UBS Wealth Insights forum, an investor conference, in Hong Kong on Thursday. He has promised an "insider view" on the geopolitical implications of a second Trump presidency. Hong Kong's government is bracing for renewed tensions. During Mr Trump's first term America revoked the city's special trade status and introduced sanctions against officials after a political crackdown in 2020. America recently banned investments in Chinese technology deemed a national-security risk, including in Hong Kong. The city's banks could also face scrutiny over accusations that they help countries under Western sanctions, including Russia.

Mr Trump may have shown little concern for human-rights issues in the past. However, in November, he claimed it would be "so easy" to free [Jimmy Lai](#), a jailed media tycoon who met Mr Pence in 2019. Mr Lai praised Mr Trump's "hardball" approach to China. A second term could hit harder still.

Severance returns for a second season



On Friday “Severance” begins its second season on AppleTV. The dystopian drama follows employees of Lumon Industries, an enigmatic corporation. A chip in their brains creates in them separate consciousnesses: one for work and one for life outside it. The show explores what happens when these worlds collide—sometimes tragically.

The series earns the overused adjectives uncanny and surreal. It cleverly plays on the monotony of everyday office life to make the strange feel familiar, and vice versa. Its sleek production design is strikingly similar to the minimalist aesthetics of Apple, the streamer’s parent company. As with the best science fiction, “Severance” draws on anxiety about the present, in this case about working life. Dan Erickson, the show’s creator, drew inspiration from his own experience as an office temp yearning to leave his job.

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. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Thursday: What is the term for the cap placed over the head of a trained falcon?

Wednesday: Which atomic element has the symbol Sn?

**The only interesting answers are those
which destroy the questions.**

Susan Sontag