

Catch up: uncertainty over Gaza deal; more bumper profits on Wall Street



Israeli air strikes killed at least 77 people in **Gaza** as uncertainty loomed over a [ceasefire deal](#). **Binyamin Netanyahu**, Israel's prime minister, accused **Hamas** of making last-minute demands after mediators announced the agreement. The militant group denied the claims. The deal, which includes a six-week truce and the exchange of 33 Israeli hostages for over 1,000 Palestinian prisoners, is set to begin on Sunday.

Morgan Stanley and **Bank of America** reported strong fourth-quarter earnings, driven by a revival in investment banking and trading activities. Morgan Stanley's profits more than doubled from the previous year to \$3.7bn; Bank of America's jumped by 112% to \$6.7bn. The latter outperformed rivals on loan growth, with lending rising 3% to nearly \$1.1tn.

BP will cut over 4,700 jobs—5% of its global workforce—and 3,000 contractors. The [British oil giant](#) is struggling with weak share performance and the high costs of transitioning away from **fossil fuels**. Murray Auchincloss, the chief executive, said the cuts

form part of a plan to save at least \$2bn by 2026. He has already scaled back BP's push into renewables.

Sir Keir Starmer, Britain's prime minister, arrived in **Ukraine** to sign a security and trade pact. The agreement strengthens military ties and expands economic co-operation in green energy. It includes £40m for Ukraine's post-war recovery. European leaders are finalising security commitments before Donald Trump takes office next week. Many fear he will try to reduce or cut [America's aid to Ukraine](#).

Joe Biden warned that an "**oligarchy**" is emerging in America, which risks hurting the country's democracy. In his farewell address as president, Mr Biden said that power is in the hands of a "very few ultra-wealthy people". He also raised concerns about a "[tech-industrial complex](#)" that is burying Americans under an "avalanche of misinformation".

Blue Origin, Jeff Bezos's rocket firm, reached orbit with the first launch of its New Glenn rocket. Entering orbit with a new rocket is a rare feat. The flight was an early success for its new boss, Dave Limp, who had been tasked with accelerating progress. The firm hopes that New Glenn will allow it to [compete with SpaceX](#) in the commercial launch market.

Donald Tusk, **Poland's** prime minister, accused **Russia** of planning "acts of terrorism" on aircraft around the world. Mr Tusk did not provide more details, but said Polish officials had been [countering Russian sabotage](#). Security experts believe Russia to be behind mysterious explosions at logistics depots in Europe last year, which were thought to be a precursor to attacks on cargo planes.

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 6.9%) 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 for November, released on Thursday, showed growth of just 0.1%, below analysts' expectations.

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