

## Catch up: Biden pushes for a ceasefire in Gaza; dollar hits two-year high



Qatar presented **Hamas** and **Israel** with a proposal for a ceasefire deal in [Gaza](#), according to Reuters. Negotiations between Israel and the militant group resumed on Sunday. Officials reported progress overnight, but disagreements persist over the conditions for the withdrawal of Israeli troops. American mediators are pushing to finalise the agreement before President Joe Biden leaves office on January 20th.

The **dollar** reached a two-year high against a basket of major currencies, bolstered by a strong jobs report, released on Friday. The data dampened expectations that the **Federal Reserve** will [cut interest rates](#) aggressively in 2025. Share prices in Asia fell, as investors fear that prolonged high interest rates in America will draw capital to the dollar, draining funds from weaker currencies and emerging markets.

**America** announced restrictions on exports of technology used in the development of **artificial intelligence**. The rules, which take effect later in the year, limit AI chip exports to most countries

while maintaining bans on China, Russia, Iran and North Korea. The government wants to stop adversaries from getting access to [advanced technology](#). American chipmakers warned the rules would weaken competitiveness.

One of [four fires](#) burning in **Los Angeles County** was contained, according to California's fire department. But the winds that originally helped spread the blazes are expected to pick up again during the week, complicating firefighting efforts. At least 24 people have died. California's governor, Gavin Newsom, warned the disaster could be the costliest in America's history.

**Gazprom** is reportedly planning to cut 1,600 jobs—equivalent to 40% of its workforce in its headquarters in St Petersburg. Russia's state-owned energy giant has struggled since the invasion of Ukraine, with European gas sales collapsing and transit agreements suspended by several countries. Efforts to expand in markets such as China have stalled. In 2023 the company posted its first loss in over two decades.

**Eli Lilly**, a pharma giant, will pay Scorpion Therapeutics up to \$2.5bn to secure the rights to its **cancer therapy**, STX-478. The drug, currently in early-stage trials, targets breast cancer. The deal includes an upfront payment and additional payments tied to regulatory and sales milestones. Scorpion will spin off its assets unrelated to the [cancer therapy](#) into a new entity, with Eli Lilly holding a minority stake.

**Apple** urged shareholders to reject a motion calling for its **diversity, equity and inclusion** programme to be scrapped. The right-wing think-tank behind the proposal says [the DEI scheme](#) opens up the tech giant to legal and financial risk. Separately, a trial over Apple's "excessive" app-store charges was set to begin in Britain. Developers argue they are tied into a monopoly and are claiming £1.5bn (\$1.8bn).

**Figure of the day:** More than \$50bn, the estimated economic damage of the LA fires. [Read the full story.](#)

# Ukraine and Russia position for Trump



The fighting between Russia and Ukraine is intensifying. Each side wants to control as much territory as possible come Donald Trump's inauguration on the 20th, in case he presses for a ceasefire. There were 192 skirmishes on just one day of last week, according to the Centre for Defence Strategies, a Ukrainian think-tank.

Ukrainian analysts believe that Russia may be preparing to seize Pokrovsk, either by enveloping it from the north or through grinding street-by-street assaults. They have been trying to capture the logistically important town in Donetsk since the summer. Meanwhile Ukrainian forces mounted a surprise offensive in Russia's Kursk region on January 5th. Such is the fierceness of the fighting in Kursk that Ukrainian sources estimate that Russia will need reinforcements in a week if losses continue at their present rate. On January 9th Volodymyr Zelensky, Ukraine's president, claimed that 4,000 North Korean troops had been killed or wounded in Kursk.

# China's export fears



On Monday China revealed that its exports surged by 10.7% year-on-year in December, the last full month before Mr Trump returns to the White House. His inauguration will usher in a more difficult era for Chinese trade. When he first took office in 2017, America was buying over 18% of Chinese exports. That share is now below 15%.

Further declines seem certain, but little else is clear. Will new tariffs rise as high as 60%, as Mr Trump has suggested? Will they apply narrowly to a few industries or more widely? And how long will they last? Despite the trade barriers Mr Trump introduced during his first term, America's share of Chinese exports held up surprisingly well for several years. It then dropped significantly after his successor, Joe Biden, made it clear most of these impediments would remain. The height and breadth of Mr Trump's tariffs will matter. But so will their persistence.



# Imran Khan's corruption trial



A Pakistani court was scheduled to announce a verdict in Imran Khan's latest corruption trial on Monday. The former prime minister has languished in prison since August 2023 on a series of charges. In December inciting "rebellion" in the armed forces was added to the list. Mr Khan claims that all of the allegations against him are "bogus". His party, Pakistan Tehreek-e-Insaf, has made a habit of protesting about his detention, resulting in a number of arrests.

At the last minute, the court hearing the case delayed it for a third time. That may be because the PTI and the prime minister, Shehbaz Sharif, have started talking. The PTI wants its prisoners, including Mr Khan, released, and a judicial probe into government violence against protesters. The government wants Mr Khan to stop criticising the armed forces, who back Mr Sharif. A third round of talks will start soon. More than a verdict, Mr Khan's fate hinges on their outcome.

# The frugal European consumer



One indicator in [Europe's troubled economy](#) is doing well. Real incomes have grown by 3.8% over the past two years, according to calculations by the European Central Bank. That should be good news for consumption and growth. Yet Europeans are hesitant to spend. The household savings rate has grown consistently for two years. On Monday Eurostat reported a first slight fall in the third quarter of 2024.

The euro zone's household savings rate, which was 15.3% in the third quarter of 2024, is a lot higher than the 4.4% of disposable income that Americans set aside. And since Russia invaded Ukraine it has risen dramatically. One factor is a decline in net real wealth caused by inflation, reckons the ECB. Political anxiety and low confidence in Europe's economic outlook also contribute. A recent consumer survey found that households are deferring major purchases. Europeans see rainy days ahead, and their propensity to save will remain high.

## A massive holy gathering in India



On Monday Hindus began to descend on Prayagraj, a city in the north Indian state of Uttar Pradesh, to take part in the Maha Kumbh Mela. It is the largest gathering of people in the world. Over 44 days more than 400m will take a dip in the chilly waters at the confluence of the Ganges and the Yamuna rivers (where they also meet the mythical Saraswati river, according to legend). Bathing, credants believe, grants salvation.

The state government, led by India's ruling Bharatiya Janata Party, hopes for more earthly rewards. It has poured around 64bn rupees (\$765m) into this year's event, building a temporary township with 150,000 tents and 3,000 kitchens. It expects the influx of visitors to spend 2trn rupees, approximately 8% of the state's GDP. But more than money, the state government is after political blessings. A successful mela could boost the BJP's credentials among its Hindu-nationalist base.



## Daily quiz



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.

**Monday:** Sigmund Freud's book "*Die Traumdeutung*" is generally known in English by what title?

**Arguments hardly affect the faithful—  
their beliefs have an entirely different  
foundation.**

*Paul Feyerabend*