

Catch up: Wildfire torches Los Angeles; Trump's designs on Greenland



Thirty thousand people were forced to flee a **wildfire** around **Los Angeles**. The blaze, fed by a windstorm, threatened to [engulf the hillside neighbourhood](#) of Pacific Palisades, home to 24,000 people. Nearly 3,000 acres of land have so far been incinerated. No serious injuries have been reported, although California's governor, Gavin Newsom, said the worst may be yet to come.

France's foreign minister, Jean-Noël Barrot, said that the European Union would not let other countries "attack its sovereign borders" after **Donald Trump** refused to rule out using military or economic coercion to make [Greenland](#) a part of America. Mr Trump has repeatedly voiced his wish to acquire the island, which is a self-governing part of Denmark, as well as the Panama Canal.

Iran freed Cecilia Sala, an Italian journalist, who was arrested in the country on December 19th. In return, Italy will release Mohammad Abedini, an Iranian engineer who is wanted by America for supplying [Iran's army](#) with American-made navigation equipment. Mr Abedini was arrested in Milan, Italy on December

16th. Iran has denied that Ms Sala's arrest was in retaliation for Mr Abedini's.

Indonesia said that Apple's offer to invest \$1bn in the country was insufficient for it to lift a ban on sales of the American tech giant's latest iPhone, first imposed in October. Apple's offer included a promise to manufacture tracking devices (called AirTags) in the country. [Indonesia](#) requires a number of components in phones and other goods to be produced locally.

China's currency fell to its lowest level against the dollar since September 2023. The slide comes amid fears that Mr Trump will quickly raise tariffs on Chinese goods after his inauguration as America's president on January 20th. [Chinese markets](#) have also suffered a dismal start to the year, and yields on ten- and 30-year Chinese government bonds hit record lows this week.

Roche, a Swiss pharmaceutical giant, said it would finalise its purchase of **Poseida**, an American firm specialising in immune-cell therapies used to [treat cancer](#). Roche set out its plans for the deal, which is worth around \$1.5bn, in November. The drugmaker hopes that acquiring Poseida will help make up for a decline in sales of its cancer treatments in recent years.

Getty Images said it would buy **Shutterstock**, creating a company worth \$3.7bn. The firms, which sell stock-photo licenses among other media, face competition from AI-generated images. Getty's CEO, Craig Peters, expressed "high confidence" that antitrust regulators would approve the merger. Both firms' share prices jumped on the news, with Getty's up by nearly 50%.

Figure of the day: 80%, the proportion of the world's poor that could be made up by Africans by 2030, up from 14% in 1990. [Read the full story.](#)

Republicans talk process



Even before he was re-elected as president, Donald Trump knew how to shake up Congress with a social-media post. Last February, before he won the Republican nomination, he [derailed negotiations](#) on a bipartisan immigration deal. Now his back-and-forth pronouncements on legislative priorities are keeping Republican lawmakers on their toes.

On Wednesday Mr Trump will meet Senate Republicans in Washington, DC, where they will discuss tactics. Republican leaders in both houses agree on the legislation they want to pass, including on immigration and energy, and a renewal of Mr Trump's first-term tax cuts. Less clear is how they will do it. Mike Johnson, the [House speaker](#), favours cramming it into one bill; John Thune, the Senate majority leader, would prefer to deal with the border before the tax bill. Over the weekend Mr Trump backed "one powerful bill". But in an interview on Monday he appeared open to two. Senate Republicans will delicately make their case.

Austria shifts to the right



For the first time in Austria's post-war history, the small Alpine republic will probably be run by a leader of the hard-right who is xenophobic, pro-Kremlin and Eurosceptic. On Monday Alexander van der Bellen, Austria's president, asked [Herbert Kickl](#), the leader of Austria's Freedom Party (FPÖ), to form a government. The FPÖ had won more votes than any other party at parliamentary elections in September.

For months Karl Nehammer, leader of the centre-right People's Party (ÖVP), tried to form a German-style traffic-light coalition. Negotiations collapsed on Friday; Mr Nehammer resigned as chancellor. Mr van der Bellen had to turn to Mr Kickl, who will now start coalition talks with the ÖVP. *Die Presse*, a daily, on Tuesday said that the development could see Austria "giving up the political centre". Events there are a warning to neighbouring Germany, which will have a snap election on February 23rd.

The Fed explains its hawkishness



Rate cuts usually mean that a central bank wants to ease financial conditions. But when the Federal Reserve did so in December, it delivered a hawkish surprise: it signalled that it may hold off on further rate cuts for a while. On Wednesday the Fed will have a chance to elaborate on its decision when it releases minutes from its December meeting. Of particular interest will be how Fed officials discuss the risks emanating from [Donald Trump's](#) presidency.

Jerome Powell, the Fed's chair, suggested that some of his colleagues were already factoring in the potential inflationary effects of tariffs and migrant deportations, inclining them to stop cutting rates. The other critical variable is the labour market. On Friday new data will show whether the unemployment rate rose in December. If it did not, and the economy remained strong, that would be one more reason for the Fed to stay hawkish, for now.

The fate of Bolsonaro



Wednesday marks two years since thousands of supporters of [Jair Bolsonaro](#), a Brazilian right-wing populist and former president who admires Donald Trump, attacked the presidential palace, Supreme Court and Congress. They claimed falsely that the election of October 2022, which Mr Bolsonaro lost to Luiz Inácio Lula da Silva, his left-wing nemesis, was stolen.

So far, so Trumpian. Yet the fates of Mr Trump and Mr Bolsonaro have since diverged. In 2023 Mr Bolsonaro was barred from holding office for eight years, and he may stand trial as early as February on charges that he fomented an attempted coup, with jail time possible.

Mr Bolsonaro's allies in Congress, where his party holds the largest number of seats, are trying to pass a law that would pardon those involved (including Mr Bolsonaro). Two-thirds of the population are against such a measure. Still, Mr Bolsonaro remains the most popular right-wing leader in the country and insists he will contest the 2026 presidential election.

The war on deepfakes



Creating sexually explicit “[deepfakes](#)”—using artificial-intelligence tools to produce fake images of people—will soon be criminalised in Britain. The decision, announced on Tuesday, fulfils a manifesto pledge made by the Labour government during the 2024 election campaign. The punishment for creating these kinds of deepfakes has not yet been decided, nor is it clear when the law will come into force. According to Alex Davies-Jones, the government’s victims minister, one in three British women has been a victim of some form of online abuse.

Other countries are ahead of Britain. Australia introduced such a law in August, as did South Korea in September. Around half of American states have laws against non-consensual deepfaked images of individuals, according to Public Citizen, a consumer-advocacy group—though a federal law is not yet in place due to partisan squabbling. Nevertheless, American legislators seem likely to redouble their efforts to pass a federal ban in 2025. Deepfakers will increasingly land in deep trouble.

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.

Wednesday: What do the initials FTA stand for in economics?

Tuesday: What was the title of the sixth book in the Harry Potter series?

Passion is the genesis of genius.

Galileo Galilei