

## Catch up: Trump claims America will control Gaza; Bank of England cuts rates



**Donald Trump** wrote on Truth Social, his social-media site, that **Israel** would hand [Gaza to America](#) after the war, days after floating the idea. He claimed Palestinians would be “resettled in far safer and more beautiful communities”, with Gaza rebuilt into a luxury development. Earlier, Israel’s defence minister ordered the army to plan for the “voluntary departure” of Gaza’s residents.

The **Bank of England** cut interest rates by 0.25 percentage points to 4.5%, its third reduction since August 2024. Gilt yields fell on the news. The FTSE 100 hit a record high ahead of the decision, driven by expectations of lower [borrowing costs](#). Strong corporate earnings also lifted stocks, with AstraZeneca’s share price rising nearly 5% after posting better-than-expected results.

**Qualcomm** and **Arm**, two chipmakers, reported better-than-expected revenues of \$11.7bn and \$983m respectively for the final quarter of 2024. Both firms have benefitted from growing demand for smartphones with artificial-intelligence features, such as virtual assistants. Still, the chipmakers’ shares slumped in after-hours

trading, in [Arm's](#) case because it cut its revenue projections for 2025.

**Tesla's** sales in Europe fell sharply in January. Sales in **Germany**, home to its only European factory, dropped by 59% year on year; they fell 63% in France, 8% in Britain, and 38% in Norway. Analysts attributed the slump in part to consumer backlash against Elon Musk, who has [supported](#) Germany's far right and made inflammatory remarks on social media.

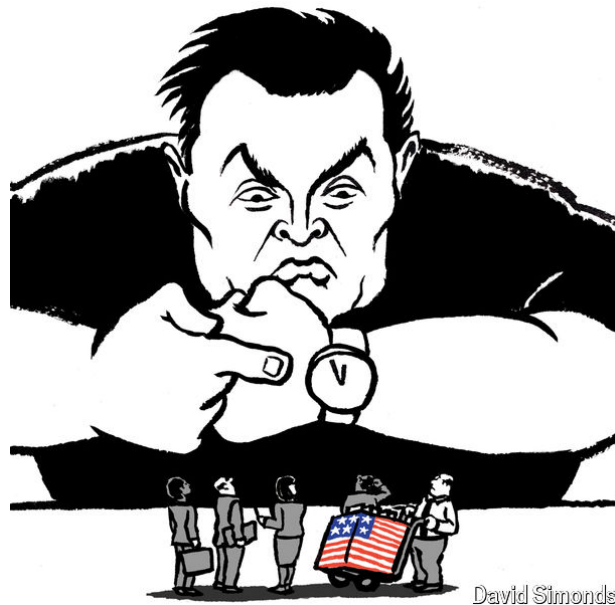
**Nissan** suspended merger talks with **Honda**, according to *Nikkei*. The newspaper said the two Japanese carmakers had failed to agree on a valuation. Both firms have struggled to [compete](#) with Chinese rivals in the production of electric cars. The merger would have created the world's third-largest carmaker by sales.

The Rwanda-backed **M23 rebels** began a new offensive in the Democratic Republic of Congo, days after capturing the eastern city of [Goma](#). On Wednesday they took control of a town while advancing towards Bukavu, the capital of South Kivu province. The rebels had said a ceasefire would begin on Tuesday, but Congo's government described that as a "false communication".

This January was the warmest on record and the third-hottest month globally, with surface air temperatures reaching 13.23°C—1.75°C above pre-industrial levels—according to the EU's Copernicus Climate Change Service. The [record heat](#) defied expectations of a slowdown in **global warming** due to the cooling La Niña phenomenon. Scientists warned of a dangerous [climate breakdown](#).

**Figure of the day:** \$12m, the amount Deloitte has earned since 2020 from DEI-related work for America's Department of Health and Human Services. [Read the full story](#).

# Civil servants dodge DOGE



Thursday is the deadline for federal workers in America to accept the “[deferred resignation](#)” [scheme](#) devised by Elon Musk and his Department of Government Efficiency. Under the offer, civil servants who agree to resign in September will be excused from nearly all work requirements until then—while still collecting a salary.

As the deadline approaches, workers have reported being bombarded with emails pressuring them to accept the deal. One, sent on Tuesday night, hinted that most who refuse will probably be put on furlough or pushed out by other means. The abrupt closure of USAID, America’s aid agency, suggests the threat is real.

Yet uptake has been low. According to Axios, a news outlet, only around 20,000 workers—less than 1% of those eligible—have accepted. Many probably doubt the scheme’s legality. Several laws bar civil servants from abandoning their duties, regardless of what the Office of Personnel Management—now controlled by Mr Musk’s team—claims.

# A weak yen hurts Nippon Steel



Nippon Steel reported financial results on Thursday. Profits dropped by 18% over the nine months from April to December compared to the same period a year earlier. Weak demand and a depreciating yen, which raised the cost of imported raw materials, have squeezed the Japanese steelmaker.

Its ambitions took a hit in January, when Joe Biden blocked its \$15bn [takeover of US Steel](#), citing national security concerns. The acquisition would have helped Nippon Steel increase its production capacity by 20m tonnes a year, strengthening its competitiveness.

The decision, which David Burritt, US Steel's boss, called "shameful and corrupt", triggered two lawsuits by the companies. One claims that Mr Biden's ruling was politically motivated; the other accuses Cleveland-Cliffs, a rival bidder, and the United Steelworkers union of colluding to scuttle the deal. Mr Burritt has pleaded for Donald Trump to intervene, so far in vain.

# The Bank of England's dilemma



On Thursday, as expected, the Bank of England cut interest rates by 0.25 percentage points, to 4.5%. The caution reflects economic challenges—at home and abroad. Inflation in Britain is proving stubborn: core inflation, which excludes volatile food and energy prices, remains more than one percentage point above the bank's 2% target. Surveys show businesses and households expect inflation to remain high. External risks loom as well: trade tensions could push prices higher, though Britain has so far escaped direct pressure from the [Trump administration's tariffs](#).

Meanwhile, Britain's economy lost steam at the end of 2024 and may have shrunk in the final quarter. If growth remains weak, the Bank of England could face a difficult balancing act later in the year.



# A sinister new age of cybercrime



Deception is as old as human nature. But the internet, cryptocurrencies and artificial intelligence have turned scams into a global industry of unprecedented scale. Online fraud may now be worth more than \$500bn annually—bigger than the illicit drug trade.

Criminal networks deploy sophisticated psychological tactics to exploit greed, fear, loneliness, grief and even boredom. An estimated 1.5m people are involved in this underground economy, with operations concentrated in South-East Asian countries such as Myanmar, Laos and Cambodia. Scam hubs have also emerged in Dubai, Fiji, Georgia, Peru and the Isle of Man.

For the past year, *The Economist* has investigated this predatory industry for an [eight-part podcast series, \*Scam Inc.\*](#), which is out today. Listen to the story of this sprawling cybercrime network wherever you get your podcasts.

# The queen and the Iron Lady



Audiences with Britain's monarch are famously secret. Playwrights and producers have delighted in imagining what happens at the weekly meetings between the prime minister and the sovereign behind Buckingham Palace's gates. "The Audience" (2013), a play by Peter Morgan, a British writer and creator of "[The Crown](#)", staged Queen Elizabeth II's chats with leaders from Winston Churchill to David Cameron.

On Thursday a production of Moira Buffini's "Handbagged" starts a tour of England at the Queen's Theatre Hornchurch in London. The play, which won an Olivier award in 2014, explores the relationship between her majesty and Margaret Thatcher, Britain's prime minister from 1979 to 1990. The pair debate everything from the Falklands war to the miners' strike to the merits of an interval at the theatre. The charmingly irreverent comedy has been embellished with remixes of 1980s pop classics. It is, as speculations of the relationship between crown and state go, great fun.

## 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.

**Thursday:** Which comedian was the fifth member of the rat pack, alongside Frank Sinatra, Sammy Davis junior, Dean Martin and Peter Lawford?

**Wednesday:** What is the common term for someone who is second-in-command of a ship?



**Music is the language of the soul**

*Lata Mangeshkar*