

## Catch up: Israeli minister criticises ceasefire proposal; Russia arrests suspect for general's killing



Bezalel Smotrich, **Israel's** hard-right finance minister, criticised a proposed **ceasefire deal** that is reportedly close to being agreed with **Hamas**. The agreement is said to involve a six-to-eight-week pause in fighting in Gaza, and the exchange of Israeli hostages and Palestinian prisoners. Mr Smotrich opposes releasing prisoners or allowing [displaced Gazans](#) to return. Some ministers have threatened to topple the government if the deal proceeds.

**Russia's** domestic-security agency, the FSB, arrested an Uzbek man for the assassination of [Lieutenant General Igor Kirillov](#), the head of Russia's nuclear-protection forces. A bomb killed General Kirillov in Moscow on Tuesday. The FSB released video footage of the accused man, in which he said that Ukrainian intelligence services offered him \$100,000 and safe passage to the EU.

The UN's special envoy to **Syria** warned that conflict in the country had not ended despite the fall of Bashar al-Assad's regime.

At a meeting of the UN Security Council, Geir Pedersen said an escalation in fighting between Turkish-backed groups and Kurdish fighters could be “catastrophic”. Meanwhile British, French and German envoys met local authorities in Damascus, the capital, seeking to forge relations with [Syria’s new government](#).

**UniCredit**, an Italian bank, requested approval from European regulators to increase its stake in **Commerzbank** to 28%. It directly owns 9.5% of its German rival already, and [plans](#) to convert derivatives representing an additional 18.5% stake into shares. Germany’s government, wary of a takeover ahead of elections, opposes the move; Commerzbank’s bosses are also hesitant.

**Merck**, an American pharmaceutical giant, signed a licensing deal worth \$2bn with **Hansoh Pharma**, a Chinese rival, to develop and commercialize an oral [obesity drug](#). Merck will pay \$112m upfront for exclusive rights to the Chinese drug, which is in preclinical testing and aims to compete with injectable GLP-1 treatments such as Wegovy, manufactured by Novo Nordisk. Merck’s shares rose on the news.

Inflation in **Britain** rose to an annual rate of 2.6% in November, up from 2.3% a month earlier. The rise, while not surprising, makes it very likely that the Bank of England will keep interest rates where they are at a rate-setting meeting on Thursday. Pricey clothes and fuel helped to push up inflation; on Tuesday figures showed wages growing faster than expected too.

America’s **Supreme Court** agreed to hear **TikTok’s** challenge to a law requiring its sale to a non-Chinese owner by January 19th or [face a ban](#). The expedited case is set for January 10th. TikTok and ByteDance, its Chinese parent company, argue the bill [violates free-speech rights](#); the government says it is a [national-security threat](#).

**Figure of the day:** 40%, the share of products that Versace, a luxury brand, is selling at a discount. [Read the full story.](#)

# The Fed cuts again



Interest rates in America are about to get a bit lower, again. The [Federal Reserve](#) is pretty much certain to cut rates by a quarter of a percentage point on Wednesday, which would represent its third consecutive reduction. The Fed's shift to a looser policy is predicated on two variables: inflation has decelerated, while the labour market has weakened. Both developments argue for a less restrictive monetary stance.

But doubts are emerging about how much further the Fed ought to go. The most recent employment figures have been fairly robust. The annual inflation rate, though lower, is staying stubbornly above the Fed's 2% target. And Donald Trump's policies, from [tariffs](#) to tax cuts, may add to price pressures. Investors will scrutinise every utterance of Jerome Powell, the Fed's chairman, in his news conference to see if he strikes a more cautious tone, which would suggest that he and his colleagues may decide to hold rates steady for a while next time.

# EU ambitions in the western Balkans



On Wednesday leaders from the six western Balkan countries hoping to join the European Union meet their counterparts from the bloc's member states. They will discuss the EU's "growth plan", which aims to absorb the countries into individual aspects of the union, such as its single market, before they become full members. The region's accession process began in 2003 but has generally [slowed](#). Bulgaria, already an EU member, is blocking North Macedonia; Serbia's dispute with Kosovo, its former province, hampers the accession of both; and Bosnia's Serb leadership is more interested in destroying Bosnia-Herzegovina as a state than joining the EU.

European officials insist that all will join once they have attained its standards. But Europe's leaders may actually care less about Balkan courts, corruption and phytosanitary regulations than they do geopolitics. Ukraine, under Russian attack, and Moldova, threatened by it, rapidly became candidates to join in 2022, leading many to wonder how much all that EU homework really matters.



# Kioxia's tough trading debut



After several delays [Japan's](#) largest maker of memory chips, Kioxia, went public on the Tokyo Stock Exchange on Wednesday. But the listing was humbling. The firm's value on debut is set to be around \$5.2bn, well below the \$18bn that a consortium led by Bain Capital, an American private-equity firm, paid for it in 2018. One reason for the discount is Kioxia's \$4.9bn debt. Another is that the firm's market share in its biggest product—NAND flash-memory chips, used for smartphones and data storage—has fallen from around 20% in early 2023 to less than 15% in the past quarter.

Kioxia's low valuation could make it a takeover target; it recently had merger talks with Western Digital, an American firm. But Kioxia also spots opportunities in the AI boom. It expects demand for its memory products to nearly triple by 2028—and plans to use the proceeds from its listing to expand capacity.

## Birkenstock: stocks and sandals



Germany's 250-year-old shoemaker has become a global phenomenon in recent years, opening shops in India, Japan and beyond. The company has expanded production facilities in its home country, too. When the firm posted quarterly and full-year results on Wednesday, investors were looking to see if all that spending had crimped margins. Quarterly revenues rose 22% year on year, to €456m (\$501m), above market expectations. But the firm's gross profit margin fell from 65.4% to 59%, disappointing analysts.

The firm's bosses are optimistic that demand for its footwear will remain strong. Revenues reached €1.8bn for the full fiscal year, up 21% year on year; the company reckons revenue growth will be healthy next fiscal year, too. Still, those who get excited about functional German footwear must remember that consumers can be fickle. For practical types—the company's original customers—Birkenstock sandals may never go out of style. Yet for the [fashionistas it attracts these days](#) trends can change rapidly.

## The indie maximalism of “The Brutalist”



The breakout success of this summer’s Venice film festival was a three-and-a-half-hour epic (with a 15-minute intermission) about Laszlo Toth, a Jewish Hungarian architect who tries to remake his life after the Holocaust. Brady Corbet, a child actor turned auteur, directed “The Brutalist” and also wrote the script with his partner, Mona Fastvold. The film, to be released in America this Friday, begins with an unnerving upside-down shot of the Statue of Liberty as Toth, played by Adrien Brody, gleefully arrives in America. His dreams are both realised and ruined by his wealthy patron, Harrison Lee Van Buren, and his son, Harry.

The film was made for a modest \$10m. Yet “The Brutalist” does something that indie pictures rarely attempt: it aspires to classic cinematic grandeur. Mr Corbet even shot the movie with VistaVision cameras developed by Paramount in 1954 and used by directors including Alfred Hitchcock and Cecil B. DeMille. Toth’s striving for artistic greatness mirrors Mr Corbet’s own ambition.



## 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.

**Wednesday:** Which heavyweight boxer made a fortune promoting a grill after retirement?

**Tuesday:** Which character marries Bella Swan in the Twilight book and film series?

**It is better to die for an idea that will live,  
than to live for an idea that will die.**

*Steve Biko*