

Headlines:

- **Is the Dow Jones Plunge Signaling the End of the Market Cycle?**
- **Missing Writer Shows Saudi Arabia's Dark Side**
- **Pakistan Requests IMF Bailout Talks**

Details:

Is the Dow Jones Plunge Signaling the End of the Market Cycle?

The 800-point drop of the Dow Jones Industrial Average on Oct. 10 may be a blip, and so could the nearly 5% decline over five days in the S&P 500. But they are also possibly leading indicators of the end of a historic bull market, in which stock-market indexes continue upward quarter after quarter. Markets are cyclical, and experts only agree after the fact on what predicted an oncoming bearish period (and even then, often not). And right now tech stocks—like the trillion-dollar Apple—have dominated a significant part of the rise in value of the market as a whole. Jitters about those companies have led to this short-term fall, too, while drops were felt throughout the market. Rising interest rates from the Fed and a tight employment market don't reassure investors, either. A bear market by many definitions requires a drop of at least 20% in the S&P 500 from a bull-market peak; likewise, a bear market starts counting at a 20% rise out of a deep trough. Many stock-market observers pin the start of the current bull market, the longest since World War II, at March 9, 2009. As of October 10, it's lasted 3,503 days. On August 22, it exceeded the previous record length, which ran October 1990 to March 2000. Historically, almost all bear markets since World War II have started with consistent and significant ongoing declines, rather than simple volatility. Drops of 5% to 10%, or even higher, can occur during global financial and political uncertainty, but they're paired with similar rises. Bear markets start with consistent average drops. So, signs to watch for in the upcoming weeks and months aren't volatility, but an average tendency for the market to head downward across any four-to-eight week period. [Source: Fortune.com].

Boom and bust is a regular feature of capitalism. The fall of the Dow index may well be the trigger for the next financial crash. However, when it happens it is difficult to see how.

Missing Writer Shows Saudi Arabia's Dark Side

When Turkish authorities first told reporters last Saturday that journalist Jamal Khashoggi had been murdered inside Saudi Arabia's consulate in Istanbul, they offered few details and no evidence to back up the sensational claim. To the credit of the government of Recep Tayyip Erdogan, that has now changed. The Post has obtained video recordings and other evidence showing how a group of 15 Saudi operatives entered the country on Oct. 2, the day Mr. Khashoggi visited the consulate. The private-plane flights the Saudis took from Riyadh have been documented, along with the Saudis' movements around Istanbul. Their names and photographs have been published in a Turkish newspaper. According to Reuters, which reviewed social and Saudi media, one is a forensic scientist, while others are military officers. Official Turkish sources said the men are believed to have killed Mr. Khashoggi and transported his body out of the consulate. The officials have described more evidence that has not yet been publicly released: One of our sources says the Turks possess an audio recording of the murder. U.S. officials have been briefed on the evidence, and The Post reports that U.S. intelligence intercepts revealed that Saudi Arabia's de facto ruler, Crown Prince Mohammed bin Salman, ordered an operation to lure Mr. Khashoggi back to the kingdom from Washington, where he has been living in self-imposed exile and contributing commentaries to The Post. The publicly available evidence is not entirely conclusive. But it clearly shows that Saudi officials, including the ambassador in Washington, were not telling the truth when they denied the existence of the Saudi team. The Saudis have been saying that Mr. Khashoggi left the consulate shortly after arriving, and that they have no knowledge of what happened to him; the ambassador to the United States, Khalid bin Salman, even professes to share the concerns about Mr. Khashoggi's welfare. That cynical stance has been shredded. As Sen. Tim Kaine (D-Va.) told us on Wednesday, "The burden of proof

is now on the Saudis” to show they were not responsible for Mr. Khashoggi’s disappearance. The crown prince is not the only one who needs a new response to the Khashoggi case. Until Wednesday, President Trump, who has treated the Saudi ruler more favorably than the leaders of Canada and Germany, professed not to know what might have happened to the journalist. On Wednesday, he said, “It’s a very serious situation for us and this White House. . . . I think we’ll get to the bottom of it.” [Source: Washington Post]

Saudi Arabia’s elite have always exhibited a dark side. From funding wars to funneling weapons, supporting dictators in the Muslim world and giving them refuge when people turn against them, and using production to protect western interests is just the hallmark of the regime. Yet the behaviour of prince Salman maybe reckless but it is not a departure from the criminal actions of the Saudi ruling family who for decades have only aided and abetted Western interests. The strange disappearance of Khashoggi is not only about to put extreme scrutiny on the regime, but it has lifted veil on the despicable actions of the ruling family.

Pakistan Requests IMF Bailout Talks

Pakistan, the flagship country for China’s global infrastructure building initiative, said Monday that it needed a bailout from the International Monetary Fund, amid growing concerns that Beijing’s program is pushing recipient countries into financial crisis. The fiscal constraints of an IMF program would also undercut the promises made by Prime Minister Imran Khan’s new government, which include millions of new jobs and the establishment of a welfare state. But a ballooning trade deficit and fast-depleting foreign exchange reserves left the Pakistani government no other choice, officials said, after markets were spooked by the government’s recent suggestions that it might try to make do without the fund. “Uncertainty was growing and the stock market was falling,” said Chaudhry Fawad Hussain, the Information Minister. “We decided to end the uncertainty.” The Pakistani request for an IMF loan could further test already-strained U.S.-China relations. In July, U.S. Secretary of State Mike Pompeo warned that the U.S. didn’t want to see any IMF lending to Pakistan “go to bail out Chinese bondholders or—or China itself.” The IMF as part of its bailout financing will need to know the full extent of Pakistan’s financial obligations under the Chinese initiative, experts said, details that have up to now been shrouded in secrecy. It is unclear how it can be ensured that no money from an IMF loan to Pakistan goes toward payments to China. Islamabad and Beijing insist that the \$62 billion, three-year-old Chinese program in Pakistan, which is building roads, power plants and a port, is unrelated to the country’s current woes. However, the Chinese program required large-scale imports of machinery and materials, while the debt accrued will eventually have to be repaid. Washington has accused Beijing of “debt-trap diplomacy” by lending countries money to pay Chinese companies to build infrastructure that the recipients can’t afford. China rejects the charge. But there has been pushback against the Chinese program, known as the Belt and Road Initiative, in a range of countries. Malaysia plans to defer or cancel some \$22 billion worth of Chinese-backed infrastructure projects. In Sri Lanka, unsustainable debt to China meant that it had to sell to Beijing an 80% stake in a port built there by China. The seven-week-old Pakistani administration led by Mr. Khan is working to scale back the Chinese program without upsetting Beijing. But the prospect of China’s showcase partner for its infrastructure program seeking IMF aid is embarrassing for Beijing, experts said. Experts say that the country needs about \$12 billion to meet upcoming debt payments and cover imports. With the reassurance of an IMF program in place, Pakistan can more easily tap other sources, such as bond markets. Pakistan’s foreign-exchange reserves hit a four-year low of \$8.4 billion last week, according to the central bank, covering less than two months’ worth of imports. Before becoming prime minister, Mr. Khan, a nationalist who promised to make Pakistan stand on its own two feet, had said that he would “rather commit suicide” than go round the world begging for money. But Mr. Khan asked Saudi Arabia and the United Arab Emirates for an immediate cash injection on a trip there last month, Pakistani officials said. [Source: Wall Street Journal]

Is this how Imran Khan intends to make Pakistan stand on its feet? Is not begging before the IMF political and economic suicide? Finally, Pakistanis may well ask that Imran is about to start his tenure with economic suicide then what can they expect in the coming days and months from Khan’s rule in office.