

Catch up: Fed cuts rates by a half-point; walkie-talkies explode in Lebanon



The **Federal Reserve** lowered its benchmark interest rate by half a percentage point, to 4.75-5%. A cut—the first since 2020—was expected, but some investors thought the central bank would opt for a smaller reduction; one of the Fed’s 12 governors voted to lower rates by a quarter-point. The more aggressive move signals that the Fed is confident that it has brought inflation under control. Price rises have slowed to an annual pace of about 2.5%. And while the **unemployment** rate, of 4.2%, is low by historical standards it is nearly a full percentage point higher than early last year.

A day after hundreds of pagers used by **Hizbullah** militants blew up, their walkie-talkies exploded, killing at least 20 people and injuring hundreds, according to **Lebanon’s** health ministry. Hizbullah has accused Israel of being behind the attacks; Israel has yet to comment. On Wednesday Yoav Gallant, Israel’s defence minister, said the country had entered a “new phase” in the war.

Meanwhile, the **United Nations** General Assembly overwhelmingly adopted a resolution demanding **Israel** end its

“unlawful” occupation of **Palestinian** territories within a year. America and Israel were among 14 members to vote against it. The resolution is not binding—it would be vetoed by America if presented to the Security Council—but it could encourage more countries to recognise Palestine as a state, or more arms embargoes against Israel.

Edmundo González, [the real winner](#) of **Venezuela’s** presidential election in July, said he was blackmailed into signing a letter acknowledging the victory of Nicolás Maduro, the autocratic incumbent. [Mr González](#), who has been granted asylum in Spain, said he had decided he would be “more use free than if I were imprisoned”. Having stolen the election, Mr Maduro has ruthlessly crushed dissent within the country.

Volodymyr Zelensky said his “Victory Plan”—to bring peace to **Ukraine** while keeping it strong—was complete. Ukraine’s president has vowed to present the plan to Joe Biden, which could happen next week at the UN General Assembly. Earlier [Ukraine](#) launched a drone attack on a big weapons depot in Russia, causing a huge blast and fires.

The **Teamsters**, one of America’s biggest labour unions, declined to endorse a presidential candidate for the first time since 1996, saying neither of the parties’ picks had offered sufficient “commitments”. Members favoured [Mr Biden](#) before he left the race and Donald Trump afterwards, according to polls. For decades the Teamsters have backed Democrats. But in July Sean O’Brien, the union’s boss, addressed the [Republican National Convention](#).

India overtook **China** for the first time in an important global index that tracks the value of stocks in 47 markets. India’s share of the MSCI All-Country World index climbed to 2.3% this month, while China’s was 2.1%. (America’s stockmarket dominates the index, with a 63% share.) [Indian equities](#) have been on a tear this year, while [Chinese stocks](#) have lagged.

Figure of the day: \$186bn, the amount that Americans spent on their pets last year (more than they did on child care). [Read the full story.](#)

More explosions shake Hizbullah



Hizbullah, an Iranian-backed Shia organisation in Lebanon, began firing missiles into northern Israel on October 8th, following the attack by Hamas a day earlier. Since then the two adversaries' conflict has largely been tit-for-tat, targeting areas near the Israel-Lebanon border. But as mysterious explosions in Lebanon rocked Hizbullah for a second day running, its war with Israel could be about to take a decisive turn.

On Tuesday thousands of pagers used by Hizbullah operatives [simultaneously detonated](#), killing at least twelve people, in what is widely believed to be an Israeli act of sabotage. While it has raised fears of a much wider war ensuing, Hizbullah is now at a disadvantage, with thousands of its members injured and its communication networks disrupted. On Wednesday more Hizbullah devices blew up, killing at least 20 people, according to Lebanon's health ministry. It remains to be seen whether this is the prelude to an Israeli offensive or a warning to Hizbullah of what more to expect if it continues its missile attacks.

Britain's next monetary decision



On Thursday, a day after America's Federal Reserve [cut interest rates](#) for the first time in four and a half years, the Bank of England will announce its interest-rate decision. Its Monetary Policy Committee has already cut rates, from 5.25% to 5% on August 1st. But markets are not expecting another cut so soon. The MPC will probably hold off until its next meeting in November.

Globally, the economic mood has shifted since the MPC last met. Concern about weaker growth, especially in America, has jolted stockmarkets (though Britain's benchmark FTSE 100 index was less rattled). The economic news in Britain has been undramatic: inflation in August, disclosed on Wednesday, was mostly in line with expectations, though a bit higher in services. Headline inflation remains close to the bank's 2% target. GDP growth in July was flat. Interest rates should decline. But the MPC will be cautious, lest the combination of sticky inflation and softer growth become a pattern.

More tension in the South China Sea



The Philippines says it will deploy another ship to the disputed Sabina Shoal, which it claims as part of its exclusive economic zone. The mostly submerged atoll in the South China Sea has become the latest flashpoint in a new [pattern of escalation](#) between the Philippines and China, particularly around the [Spratly Islands](#). In June the Philippines and China sparred over another reef, in a confrontation that cost one Filipino sailor a thumb, then reached an agreement to de-escalate tensions there. Skirmishes then shifted to Sabina Shoal, where in August a Chinese coastguard ship rammed the *Teresa Magbanua*, the Philippines' largest coastguard vessel, in an attempt to force it out.

On Sunday the *Teresa Magbanua*, which had spent five months at the Sabina Shoal, returned to port. If the Philippines sends a replacement to the shoal it might encounter stiff opposition from China, which has surrounded it with more than 60 vessels. But if it does not renew its vigil, China could well establish a permanent presence there.

Turkey's economy feels the pinch



The Turkish central bank's Monetary Policy Committee, which convenes on Thursday, has some cause to **feel pleased** with itself. After a series of dramatic rate increases annual inflation has dropped from 71.6% in June to 52% in August. The lira has continued to lose value against the dollar, but at a much slower rate than in previous years. The bank has pledged to stay the course: it is widely expected to maintain the benchmark interest rate at 50%.

But its war on inflation is taking a toll on consumers and companies. Wage increases continue to lag behind price rises, credit is prohibitively dear and a still overvalued currency is hurting exporters. Some 15,000 companies have had to close in the first seven months of the year, a 28% increase compared with that period in 2023. Even as the economy's top-line figures improve, on the ground patience is wearing thin.

Another fallout for Oasis



Disgruntled fans of Oasis, a British rock band, will have their final chance to make their feelings heard on Thursday. Britain's Competition and Markets Authority is investigating Ticketmaster, the website that sold tickets for the band's reunion tour. **Many were disappointed** to find that prices at checkout did not match those advertised when they started queueing online. The regulator is asking for evidence for its investigation, including screenshots of the booking process.

The tour offered fans a rare chance to see the **feuding Gallagher brothers** reunited on stage for the first time since 2009. It has sparked a wider debate about dynamic pricing. Algorithmically adjusting prices in real time to surges in demand is entirely legal; airlines and taxi apps do so to ration scarce resources. But the CMA is investigating whether fans had been misled. Ticket-buyers can wait; prices can soar away. But fans shouldn't look back in anger, according to the CMA.

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 BST on Friday to QuizEspresso@economist.com. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Thursday: What takes around eight minutes and twenty seconds to travel from the Sun to the Earth

Wednesday: Saxony, twist and woven are types of which household product?

\$186bn

The amount that Americans spent on their pets last year (more than they did on childcare).

Read the full story.

Fear is unnecessary.

Jake LaMotta