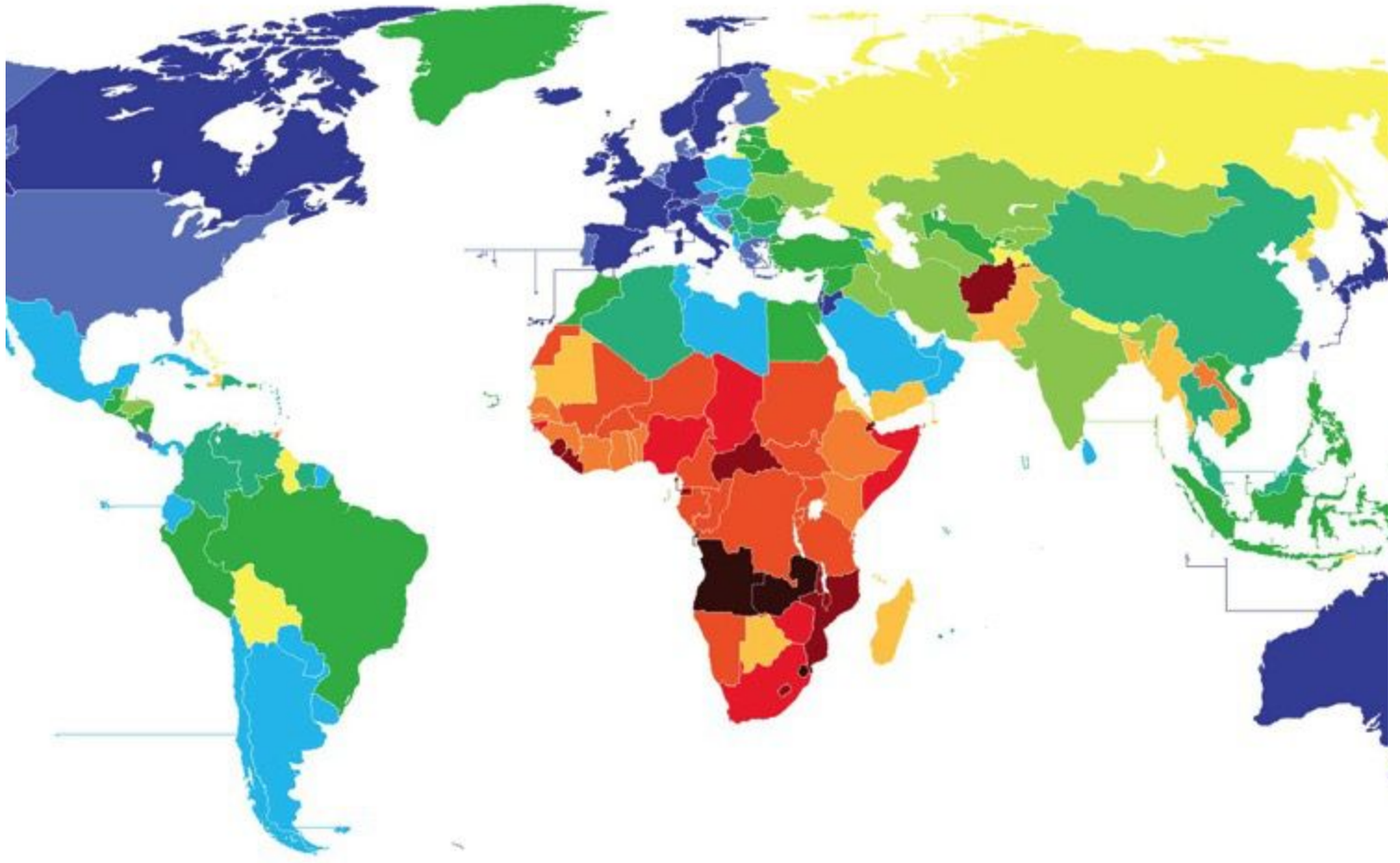


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LAKE POOPO DISAPPEARS

**RISE IN SPACE JUNK COULD PROVOKE
ARMED CONFLICT SAY SCIENTISTS**

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Headlines

CHINESE STOCKS FALL SHARPLY, LEADING ASIAN MARKETS LOWER



A stock brokerage house in Shanghai. Chinese markets fell more than 6 percent on Tuesday.

HONG KONG — China's stock market sank on Tuesday amid accumulating evidence of the Chinese economy's deeply rooted troubles and as the central bank pushed huge sums of money into the banking system.

The drop took Chinese stocks to their lowest level in 13 months. It followed a sell-off in the United States on Monday that was caused

by a fall in the price of oil, an indicator of global economic health. But it also comes at a time of lingering market volatility in China stemming from growth concerns and questions about Beijing's ability to manage its markets.

European shares were down slightly in midday trading, while futures trading suggested that Wall Street stocks could be set to fall on Tuesday. Oil also resumed its decline on Tuesday in Asian trading, dropping less than 1 percent after falling beneath the psychologically important \$30 level earlier in the Asian trading day.

China's economy grew last year at the slowest pace in 25 years. Among other problems, it has a glut of old-line factories that make products like steel, glass and cement. That industrial overcapacity stems from years of debt-financed investment in industries that now show little sign that they can repay those loans.

Beijing, which is seeking to rebalance its economy to focus more on consumer spending and services, is slowly moving to address those concerns. The country's State Council, or cabinet, decided on Sunday that it would close 100 million to 150 million tons of steel-making capacity. That is enough capacity to potentially rival the

total annual steel output of Japan, the world's No. 2 steel maker, which totaled 110.7 million tons in 2014.

By contrast, China produced 804 million tons of steel last year, even as demand faltered. Over all, China's steel-making capacity was set to reach 1.17 billion tons last year, according to estimates from Fitch Ratings.

Li Xinchuang, the head of the China Metallurgical Industry Planning and Research Institute, told the official Xinhua news agency that the planned steel mill closings could cost 400,000 jobs. "Large-scale redundancies in the steel sector could threaten social stability," he warned.

The State Council decision, which was released on Monday, also called for large reductions in coal mining capacity, without providing a target figure.

China's markets are falling even as policy makers are attempting to rein in soaring capital outflows prompted by investors' seeking to avoid China's slowing growth and wide expectations that its currency will weaken. Excluding foreign investment, capital outflows probably rose to as much as \$900 billion in 2015, economists at Standard Chartered wrote Tuesday in a research note.

In response to the outflows, China's central bank, the People's Bank of China, has been eating into its reserves at a record pace in recent months. The central bank is selling dollars in an effort to prop up the value of the Chinese currency, the renminbi, which is under pressure to depreciate as China's growth prospects weaken.

Those dollar sales mean the central bank is buying renminbi, which effectively takes money out of the financial system. To offset that, it has been injecting huge amounts of new liquidity. On Tuesday, the central bank added 440 billion renminbi, equivalent to \$67 billion, to its financial system, according to an announcement on its website.

China's stock markets have also suffered from worries about whether the government will eventually allow the sale of a flood of additional shares. Government-backed groups have been buying shares since last summer in an unsuccessful effort to stem the markets' decline. That has raised the government's overall holdings at a time when many economic reformers had hoped the government would privatize more companies to increase efficiency.

China's large private-equity funds also have a large and growing backlog of companies for which they would like to conduct initial public offerings, so as to exit their investments and pay back investors. "The exit numbers are too low compared to what has been invested," said David Brown, a PricewaterhouseCoopers partner who leads the consulting firm's greater China private equity group.

Shanghai's main share index plunged in late trading on Tuesday to close down 6.4 percent, at a new one-year low. Japan's main share index closed 2.4 percent lower, while stocks in Hong Kong closed down about 2.5 percent.

Investors in Asia were reacting in part to the sell-off in the United States on Monday, where the Dow Jones industrial average fell 1.3 percent and the broader Standard & Poor's 500-share index closed 1.6 percent lower.

The renewed volatility in China's markets comes after a senior Chinese leader sought to reassure investors that the government would curb volatility.

In remarks at the World Economic Forum in Davos, Switzerland, last week, Vice President Li Yuanchao admitted that China's market was "not yet mature." But he pledged to use regulation to help tame "an excessively fluctuating market," according to an interview with Bloomberg News.

The FTSE 100 index in Britain was down 0.7 percent at midday, and the Euro Stoxx 50 index had fallen 0.3 percent.

By The New York Times

Environment

DISAPPEARANCE OF BOLIVIA'S 2ND-LARGEST LAKE HAS DISPLACED HUNDREDS, IF NOT THOUSANDS



Drought caused by the recurrent El Nino meteorological phenomenon is considered the main driver of Lake Poopo's disappearance. Authorities also blame the diversion of water from the lake's tributaries, mostly for mining and agriculture.

UNTAVI, Bolivia (AP) — Overturned fishing skiffs lie abandoned on the shores of what was Bolivia's second-largest lake. Beetles dine on bird carcasses and gulls fight for scraps under a glaring sun in what marshes remain.

Lake Poopo was officially declared evaporated last month. Hundreds, if not thousands, of people have lost their livelihoods and gone.

High on Bolivia's semi-arid Andean plains at 3,700 meters (more than 12,000 feet) and long subject to climatic whims, the shallow saline lake has essentially dried up before only to rebound to twice the area of Los Angeles. But recovery may no longer be possible, scientists say.

"This is a picture of the future of climate change," says Dirk Hoffman, a German glaciologist who studies how rising temperatures from the burning of fossil fuels has accelerated glacial melting in Bolivia.

As Andean glaciers disappear so do the sources of Poopo's water. But other factors are in play in the demise of Bolivia's second-largest body of water behind Lake Titicaca.

Drought caused by the recurrent El Nino meteorological phenomenon is considered the main driver. Authorities say another factor is the diversion of water from Poopo's tributaries, mostly for mining but also for agriculture.

More than 100 families have sold their sheep, llamas and alpaca, set aside their fishing nets and quit the former lakeside village of Untavi over the past three years, draining it of well over half its population. Only the elderly remain.

"There's no future here," said 29-year-old Juvenal Gutierrez, who moved to a nearby town where he ekes by as a motorcycle taxi driver.

Record-keeping on the lake's history only goes back a century, and there is no good tally of the people displaced by its disappearance. At least 3,250 people have received humanitarian aid, the governor's office says.

Poopo is now down to 2 percent of its former water level, regional Gov. Victor Hugo Vasquez calculates. Its maximum depth once reached 16 feet (5 meters). Field biologists say 75 species of birds are gone from the lake.

While Poopo has suffered El Nino-fueled droughts for millennia, its fragile ecosystem has experienced unprecedented stress in the past three decades. Temperatures have risen by about 1 degree Celsius while mining activity has pinched the flow of tributaries, increasing sediment.

Florida Institute of Technology biologist Mark B. Bush says the long-term trend of warming and drying threatens the entire Andean highlands.



An abandoned boat lies on the dried up lake bed of Lake Poopo, on the outskirts of Untavi, Bolivia. Poopo received 161 billion fewer liters of water in 2013 than required to maintain equilibrium.

A 2010 study he co-authored for the journal *Global Change Biology* says Bolivia's capital, La Paz, could face catastrophic drought this century. It predicted "inhospitable arid climates" would lessen available food and water this century for the more than 3 million inhabitants of Bolivia's highlands.

A study by the German consortium Gitec-Cobodes determined that

"Irreversible changes in ecosystems could occur, causing massive emigration and greater conflicts," said the study commissioned by Bolivia's government.

The head of a local citizens' group that tried to save Poopo, Angel Flores, says authorities ignored warnings.

"Something could have been done to prevent the disaster. Mining companies have been diverting water since 1982," he said.

President Evo Morales has sought to deflect criticism he bears some responsibility, suggesting that Poopo could come back.

"My father told me about crossing the lake on a bicycle once when it dried up," he said last month after returning from the U.N.-sponsored climate conference in Paris.

Environmentalists and local activists say the government mismanaged fragile water resources and ignored rampant pollution from mining, Bolivia's second export earner after natural gas. More than 100 mines are upstream and Huanuni, Bolivia's biggest state-owned tin mine, was among those dumping untreated tailings into Poopo's tributaries.

After thousands of fish died in late 2014, the Universidad Tecnica in the nearby state capital of Oruro found Poopo had unsafe levels of heavy metals, including cadmium and lead.

The president of Bolivia's National Chamber of Mining, Saturnino Ramos, said any blame by the industry is "insignificant compared to climate change." He said most of the sediment shallowing Poopo's tributaries was natural, not from mining.

In hopes of bringing it back, Morales' government has asked the European Union for \$140 million for water treatment plants for the Poopo watershed and to dredge tributaries led by the Desaguadero, which flows from Lake Titicaca.

Critics say it may be too late.

"I don't think we'll be seeing the azure mirror of Poopo again," said Milton Perez, a Universidad Tecnica researcher. "I think we've lost it."

By The Huffington Post

Economics

HOW WILL THE FED RESPOND TO THE MARKET—AND DOES IT EVEN MATTER?

Central bank policy was top of mind on Wall Street on Thursday, but experts were divided in deciphering the path forward.

Less than a week before the next Federal Reserve meeting, the European Central Bank outlined an unusually pointed plan for weakening the euro. With other central banks loosening money supplies amid vacillating U.S. equity markets, the Fed is now faced with interpreting the health of U.S. economy — and matching interest rates accordingly.

Would signals of a potential recession cool the Fed's tightening? Or are equities simply uncoupled from an otherwise healthy U.S. economy — one that can withstand higher interest rates? Further, does a Fed move matter either way to the markets, with larger-scale tensions in commodity markets, in China and the Middle East?

Richard Farr, chief market strategist for Merion Capital Group, said Thursday the U.S. economy is "moving very slowly toward recession." Farr sees a connection between central banks and equity markets, saying that while cheap money from low interest rates might spur investing, it might also push stock prices up too far.

"You've got to be willing to take out a loan. You've got to be willing to invest," Farr said on CNBC's "Squawk on the Street". "If that's not the case, you've got a problem. But here's the thing: If interest rates are negative, ultimately, the more negative you go ... the more negative the terminal value is on your investments. So the goal is to push stock prices up at all costs. And so far, at least in the last few months, it's not been working out."

Jurrien Timmer, director of global macro at Fidelity Investments, also sees central bank policy — in particular, the tug of war between the Federal Reserve and the People's Bank of China — as pivotal to the stock market's recent volatility. But he said the U.S. economy remains in pretty good shape.

"We're in a midcycle expansion heading towards late cycle," Timmer said.

The Fed's move last month to raise interest rates might also have a role in the market's recent sensitivity to commodity prices, said Jodie Gunzberg, global head of commodities at S&P Dow Jones Indices.

"Fundamentally, this is the worst we've ever seen in history for oil," Gunzberg said. "It's the combination of the supply war in the '80s and the global financial crisis — demand crisis — happening at the same time, with a strong dollar. And the rising interest rates set off extreme market fear which spiked the correlation four times higher than it was before the interest rate rise. So investors are just getting out of risky assets."

Wells Fargo senior global equity strategist Scott Wren said he feels growth is going to be modest but pretty dependable in the U.S. The global growth story is "a little more dicey," Wren said, but may be a bit better out of Europe, Japan and China.

He questioned the potency of recent central bank policies, saying they have been like "pushing on a string."

"You just can't generate any growth in the wake of a gigantic credit bubble. This is what happens," Wren said. "Rates can be on the floor. ... This is a five-, 10-year deal until we get out of this. Probably through the next recession, whenever that is. So yeah, central bank action right now has not been effective."

While central banks are quite powerful, they're not the only game in town, said Randall Kroszner, a former member of the Board of Governors of the Federal Reserve System. Stocks may be reacting to policy uncertainty from elsewhere, Kroszner told CNBC, such as the Chinese economy, tensions in the Middle East, and oil supplies.

Still, Kroszner said he expects quite "gentle" policy from the Federal Reserve, with more than two interest rate hikes this year. At their meeting in December Fed policymakers suggested they may opt for four in 2016.

"I'm not quite sure the global economy has fallen apart yet," Kroszner said. "We still have to get some more data."

By CNBC

Science and Technology

RISE IN SPACE JUNK COULD PROVOKE ARMED CONFLICT SAY SCIENTISTS

Fragments of spent rockets and other debris orbiting the Earth pose ‘special political danger’ of damage to satellites being misconstrued as attack



An artist's impression from 2008 of the space debris in orbit around Earth

The steady rise in space junk that is floating around the planet could provoke a political row and even armed conflict, according to scientists, who warn that even tiny pieces of debris have enough energy to damage or destroy military satellites.

Researchers said fragments of spent rockets and other hurtling hardware posed a “special political danger” because of the difficulty in confirming that an operational satellite had been struck by flying debris and had not fallen victim to an intentional attack by another nation.

Space agencies in the US and Russia track more than 23,000 pieces of space junk larger than 10cm, but estimates suggest there could be half a billion fragments ranging from one to 10cm, and trillions of even smaller particles.

The junk poses the greatest danger to satellites in low Earth orbit, where debris can slam into spacecraft at a combined speed of more than 30,000mph. This realm of space, which stretches from 100 to 1200 miles above the surface, is where most military satellites are deployed.

In a report to be published in the journal *Acta Astronautica*, Vitaly Adushkin at the Russian Academy of Sciences in Moscow writes that impacts from space junk, especially on military satellites, posed a “special political danger” and “may provoke

political or even armed conflict between space-faring nations. The owner of the impacted and destroyed satellite can hardly quickly determine the real cause of the accident.”

Adushkin adds that in recent decades there have been repeated sudden failures of defence satellites which have never been explained. But there are only two possibilities, he claims: either unregistered collisions with space debris, or an aggressive action by an adversary. “This is a politically dangerous dilemma,” he writes.

The warning comes after an incident in 2013 when a Russian satellite, Blits, was disabled after apparently colliding with debris created when China shot down one of its own old weather satellites in 2007. The Chinese used a missile to destroy its satellite, an act that demonstrated its anti-satellite capabilities, and left 3,000 more pieces of debris in orbit.

According to the report, the amount of debris cluttering low Earth orbit has risen dramatically in half a century of spacefaring. Without efforts to clean up the space environment, Adushkin warns of a “cascade process” in which chunks of debris crash into one another and produce ever more smaller fragments.

Data in the study from the Russian space agency show that the International Space Station took evasive action five times in 2014 to avoid space debris. Even small flecks of paint that have flaked off spacecraft can be hazardous. Nasa’s space shuttle was struck by flying paint several times in orbit, forcing ground staff to replace some of the spaceship’s windows.

The report follows a report commissioned by Nasa in 2011 which warned that the level of space junk was rising exponentially, and had reached a “tipping point” in the threat it posed to satellites and the International Space Station.

By The Guardian

INDIA CELEBRATES REPUBLIC DAY

On 26 January, India held its 67th Republic Day celebration, honoring the day in 1950, when it adopted its current constitution. French President Francois Hollande was among the guests of Indian Prime Minister Narendra Modi invited to view the spectacle of the parade held in New Delhi, filled with marching bands, floats, camels, military hardware, and stunt performers.

1. Indian security forces march during the Republic Day parade in New Delhi, India, on January 26, 2016.



2. Indian soldiers make formations on motorcycles as they roll down Rajpath during the Republic Day parade in New Delhi on January 26, 2016



3. An officer from the Indian Central Reserve Police Force shouts slogans during preparations for the Republic Day parade, near the Presidential Palace in New Delhi on January 12, 2016.



4. Three Indian Army T-90 “Bishma” tanks participate in the Republic Day parade in New Delhi on January 26, 2016



5. People watch Indian soldiers march past in the Republic Day parade in the old parts of New Delhi on January 26, 2016.



6. An Indian Army soldier marches next to a tableau during the Republic Day parade in New Delhi on January 26, 2016.



7. Indian security forces march in the Republic Day parade in New Delhi on January 26, 2016



8. An Indian soldier in charge of multi-barrel rocket launchers salutes India's President as he participates in the Republic Day parade on January 26, 2016.



9. A worker paints a hand of a huge clay model of a tribal woman, on the Indian state of Karnataka's tableau for Republic Day parade in New Delhi on January 22, 2016.



10. Members of an Indian military band take part in the Republic Day parade on January 26, 2016.



11. Indian military personnel wait to take part in a parade to mark the country's 67th Republic Day in Agartala on January 26, 2016.



12. Members of the Indian Army motorcycle team 'Daredevils' perform during the Republic Day Parade in New Delhi on January 26, 2016.



13. Indian Prime Minister Narendra Modi (center) waves to spectators after the Republic Day Parade on January 26, 2016



14. Members of the Rajput Regiment participate in India's Republic Day parade on January 26, 2016



15. A member of National Service Scheme shouts commands as he takes part in a Republic Day parade in Agartala, India, on January 26, 2016



16. Indian school children perform a dance to show India's cultural heritage during the Republic Day parade in New Delhi on January 26, 2016.



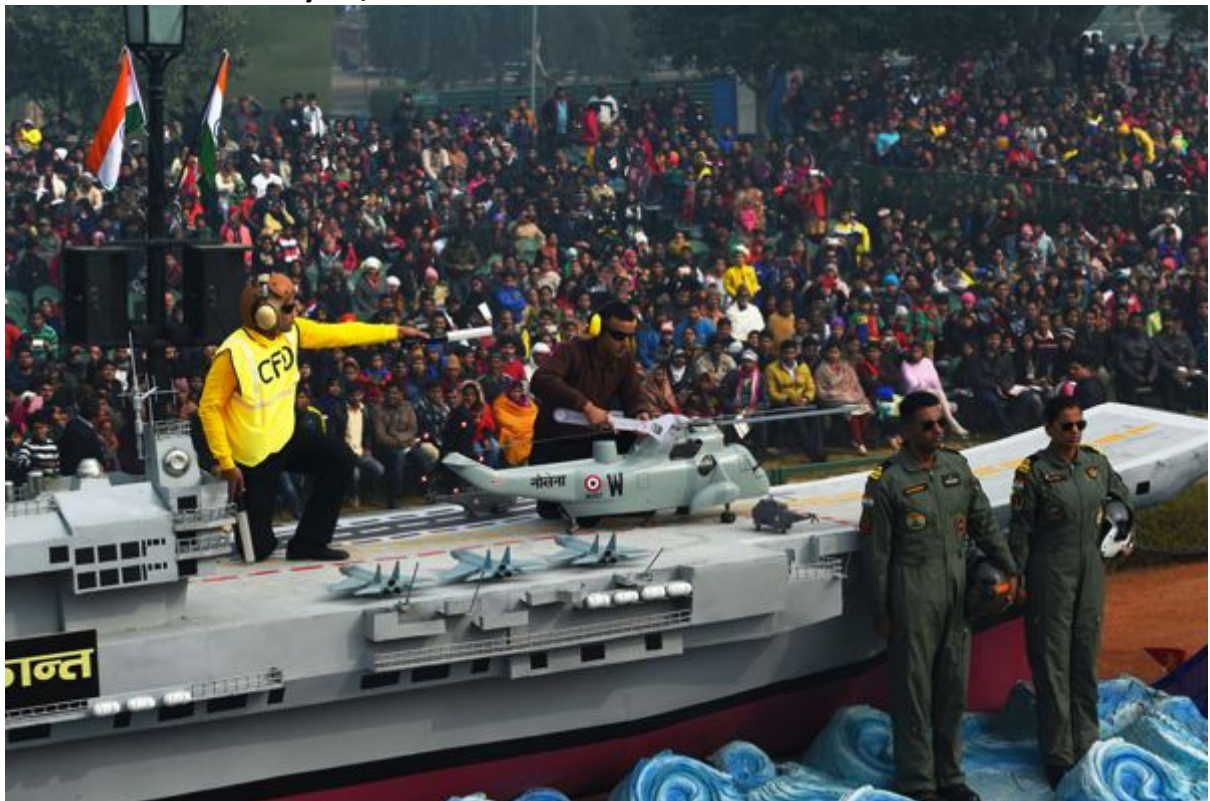
17. An Indian policeman performs a stunt on his motorcycle during the Republic Day parade in Jammu, India, on January 26 2016.



18. Indian soldiers march during the Republic Day parade in New Delhi on January 26, 2016.



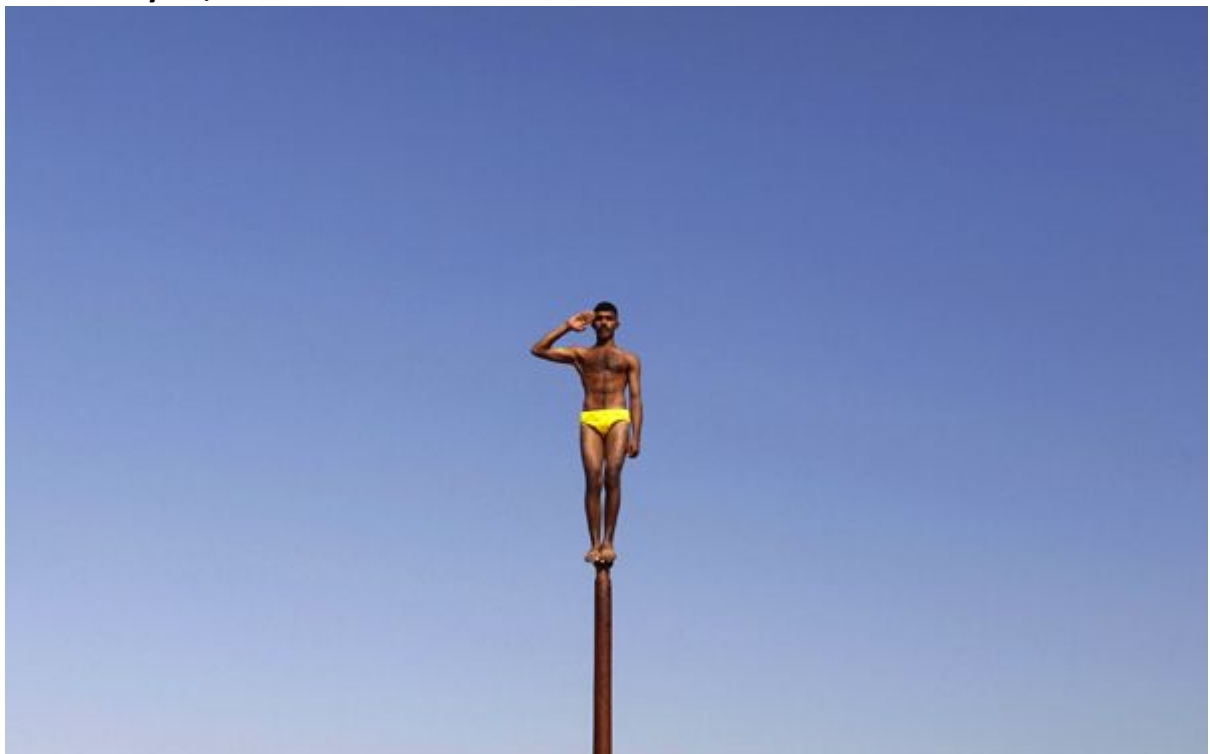
19. Members of the Indian Navy ride a float during India's Republic Day parade in New Delhi on January 26, 2016.



20. The Indian Border Security Force marching contingent ride camels in India's Republic Day parade in New Delhi on January 26, 2016.



21. An Indian army soldier performs “Malkhamb” (traditional Indian gymnastics) during an awareness program to attract youth in joining the armed forces on the eve of India's Republic Day at Gandhinagar, in the western state of Gujarat, India, on January 25, 2016



22. Folk dancers from the Goa state tableau perform in the Republic Day Parade in New Delhi on January 26, 2016



23. Indian security forces march during the Republic Day parade in New Delhi on January 26, 2016



24. A member of an Indian security force stands on a tower as he keeps watch ahead of the January 26 Republic Day in New Delhi on January 25, 2016.



By The Atlantic



UNDER THE MACROSCOPE

Under the Macroscopic is a weekly summary of what's happening around the world and what's worth pondering. Stay on top of international and local news with this bulletin produced by the Raffles Economics and Current Affairs Society