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In the News

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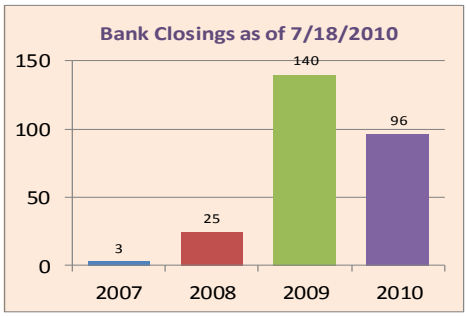
The Economy

Now that the threat of sanctions has abated; China revised its trade surplus for the first quarter upwards by a third [1]. China may be seeking to regain its title as the largest economy in the world; a position lost to the U.S. in 1892 [2]. However, some are suggesting China's economy is starting to cool; an assertion based on its domestic cars sales slowing to a 19.4 percent growth from a year earlier [3]. Clearly, China's one sided trade policies are benefiting it at the expense of other countries. For example, China's June trade surplus of $20.02 billion was its largest of the year [4]. Included in this surplus, a $17.6 billion surplus with the U.S. [5]. That is, 88% of China's surplus came from the U.S. Back in May, of the U.S. $42.43 billion trade deficit, $22.3 billion went to China [6]. At the same time, former Fed chairman Alan Greenspan warned; China's currency remains undervalued [7]. And, again the U.S. refused to label China as a currency manipulator [8]. An interesting side bar, even though China is running up U.S. surpluses, in May it reduced its U.S. Treasury holdings by $32.5 billion to $867.7 billion [9].



For the week ending July 3, the first time unemployment claims fell to 454,000 [10]. Then the following week ending July 10, the first time unemployment claims fell further to 429,000 [11]. However, for the second month in a row, retail sales fell; this time by 0.5% [12].

Regulators were again busy closing banks. On July 9, the following four were shuttered: 87) Bay National Bank in Maryland; 88) Ideal Federal Savings Bank in Maryland; 89) USA Bank in New York; and 90) Home National Bank in Oklahoma [13]. Then on July 16, regulators closed six more financial institutions: 91) Woodlands Bank in South Caroline.92) First National Bank of the South, South Carolina; 93) Metro Bank of Dade County, Florida; 94) Turnberry Bank, Florida; 95) Olde Cypress Community Bank, Florida; and 96) Mainstream Savings bank, Michigan [14].

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Special points of interest:

- 88% of China's June trade surplus came from the U.S.
- 96th Bank Shuttered
- BP oil leak stopped

Security

For years we allowed our financial and critical infrastructure to become dependent on the Internet. Now we are confronted with a painful realization, without adequate security and at a time of economic stress; losses to cyber-attacks have become too costly. To appreciate the actual loss, we can make inferences based on proposed solutions. For example, the federal government is launching a domestic Internet program, *Perfect Citizen*, to identify cyber-attacks against private companies [1].

Oracle is releasing a patch that fixes 59 vulnerabilities, including 21 in Solaris [2]. In a sign of enhanced malicious software, some rogue program suppliers offer support reported to be better than security vendors [3].

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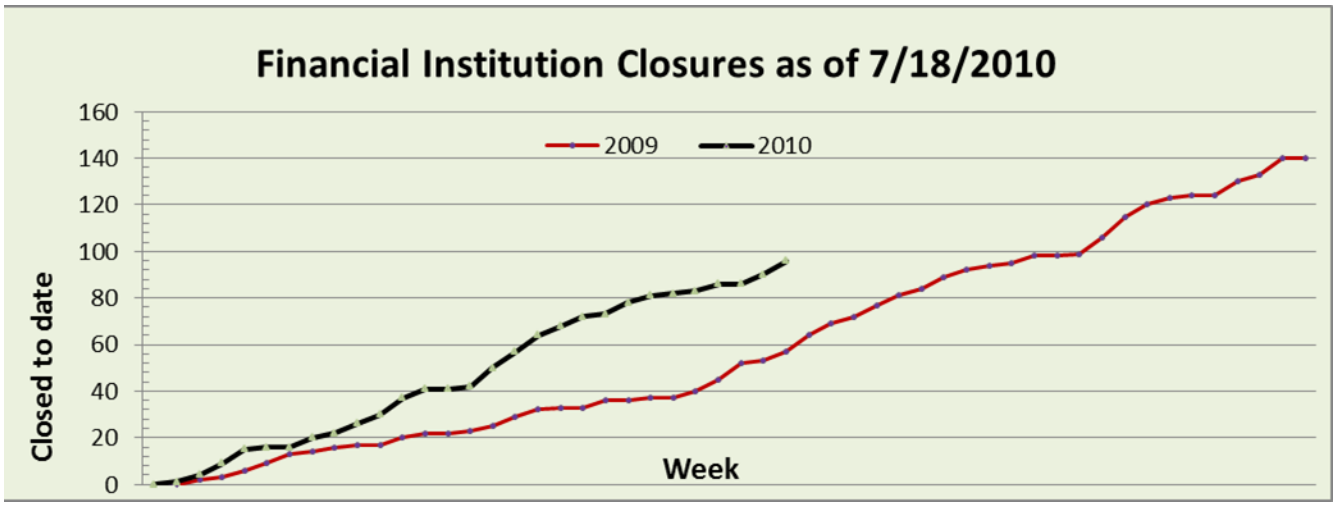

Doubt is the key to knowledge–Ancient Persian Proverb

Security

(Continued from page 1)

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The Economy

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Oil News

On Thursday, July 15, BP announced there was no oil leaking into the Gulf of Mexico [1]. However, damage continues with the oil spill now reaching Texas; bringing the number of coastal states soiled to five (including Alabama, Florida, Louisiana, and Mississippi) [2]. On Sunday, July 11, BP was preparing to replace the well cap and finally lug it, possible within two weeks [3]. By Monday, July 12, that cap was in place [4].

While the cost of the oil spill is unknown; BP is selling $12 billion in assets to help pay for the disaster [5]. Overall, BP has $260 billion in assets ensuring the company can pay the full cost of damages due to the disaster [6].

Meanwhile, in a move certain to hurt the domestic oil industry, the DOI has issued another deep water drilling freeze [7].

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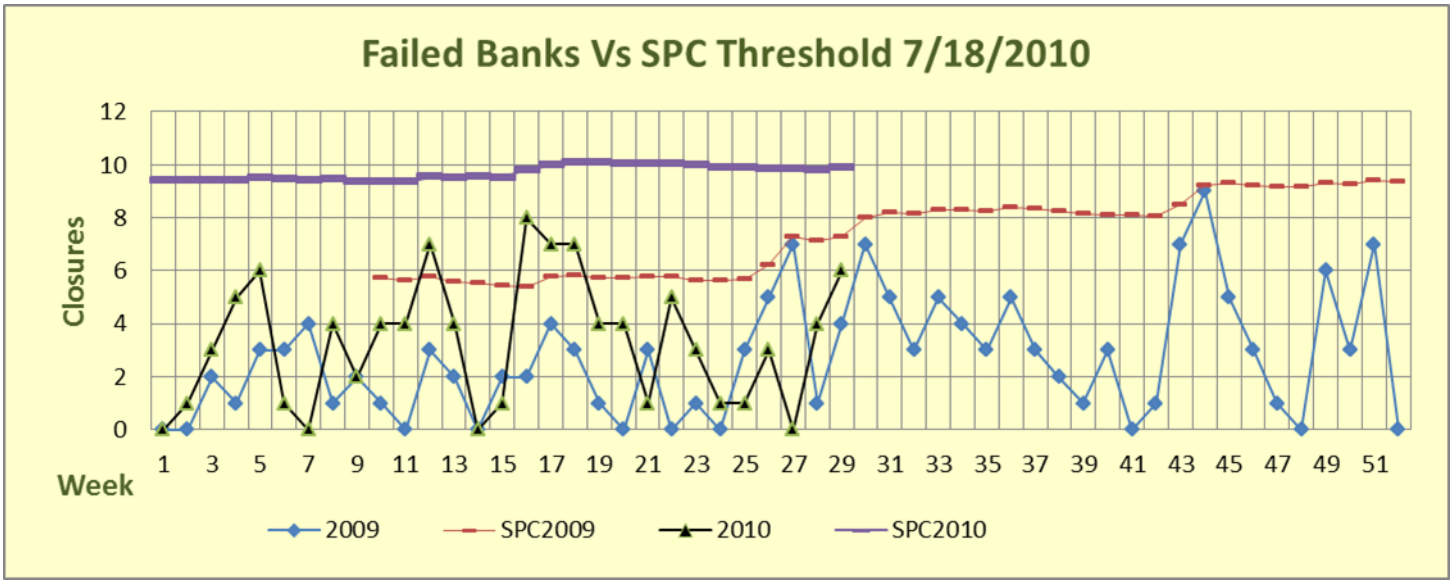
No matter how far you have gone on the wrong road, turn back–Turkish Proverb



World News

The US is not the only country under pressure caused by high oil prices. For example, in India, many industries were shut down due to protests over high fuel prices [1].

Globally, China continues to dominate the economic news. Case in point, China now has $2.45 trillion in foreign reserves [2]. Meanwhile, China has indicated it will not use currency reserves to threaten the U.S. [3]. We of course are at their mercy regarding this matter. On the positive side, the powerful AFL-CIO union is pressing lawmakers for tough laws against China [4]. In a sign of continued advancement, China now boasts 420 million Internet users [5].

Russian President Dmitry Medvedev claims Iran is close to the capability to develop nuclear weapons [6]. What's more, after the U.S. imposed energy sanctions against Iran; the Russian energy minister announced extensive oil and gas cooperation with Iran [7].

To our south lies the U.S. volatile Mexican border. There are concerns that the violence seen on the Mexican side of the boarder could spill over. For example, in Juarez, a drug gang detonated a car bomb [8]. In Mexican border city of Nuevo Laredo, 12 people were killed in a shootout [9]

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The worst is over without a doubt–James J. Davis Secretary of Labor (June 29, 1930)

Financial Fraud

Big dollar fraud continues to show in the news. For example, across the country, 94 people were charged in a $251 million Medicare scam [1]. In Miami, a businessman was indicted for operating a $880 million Ponzi scheme [2]. On Wall Street, Goldman Sachs agreed to pay $550 million to settle a civil fraud directly linked to the mortgage meltdown [3].

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