

IN THE NEWS

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World News

China continues to use its economic might to punish Japan. For instance, September Japanese auto sales in China fell 48.9% for Toyota and 40.5% for Honda [1]. What's more, China conducted Navy military exercises that sent a warning to nations contesting China's claim to the South China Sea [2]. Meanwhile, China's exports rose 9.9% last month [3]. However, Japan appears to be looking at a more aggressive response to the growing Chinese threat. For example, one Japanese politician visited a war shrine; reminding all of Japan's previous war capability [4].

In Europe, the economic situation is still poor. Case in point, Spain's credit rating was lowered by Standard & Poor's to BBB-, one notch above a junk rating [5]. The first impact due to the downgrade is the increased cost for borrowing money. For example, Spain must now offer close to 6% interest in order to attract investors [6].

In the Middle East, one study suggests Iran could produce 25 kilograms of bomb grade uranium in just 2–4 months [7]. This of course assumes Iran has not already done so. What's more, there is a report indicating Iran plans to spill oil in the Gulf thereby causing an environmental catastrophe [8]. Elsewhere, Hezbollah claimed responsibility for launching the drone shot down over Israel [9]. Furthermore, the drone was made in Iran; indicating Iran is arming Hezbollah [10]. The troubling news is the drone penetrated 35 miles into Israel and was close to a nuclear facility [11]. Meanwhile, there are concerns that Syria's considerable chemical weapons could find their way into the hands of terrorists [12]. Additionally, it appears that Hezbollah is supporting the Syrian government in its civil war [13]. Of particular concern to travelers, it appears that some terrorist organizations may already have advanced weapons. For



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Special points of interest:

- Militants use shoulder-fired anti-aircraft missile
- 46th Bank Closed

Security

Widely used software continues to be plagued by security vulnerabilities. For instance, a day after its release, the latest version of Firefox, the product was pulled due to the discovery of 16 security issues [1].

Meanwhile, Iran was blamed for cyber-attacks directed against two Gulf oil producers [2]. For example, cyber-attacks directed

against Allied Financial Inc., have been linked to attacks launched in Iran [3]. What's more, Secretary of Defense Leon Panetta expressed fears that Iran could launch cyber-attacks against the US [4]. Perhaps the feared Iranian attack has already begun.

Malicious software (malware) threatens every industry that use computers. For instance, according

to one report, medical devices are at risk from malware [5]. What's more, FDA approved devices focus on safety not security [6].

1. Woollacott, Emma, TG Daily, *Mozilla pulls Firefox 16 over security concerns*, October 11, 2012.
2. Herron, James, Wall

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Security

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- Street Journal, *The Energy Journal: Iran Blamed for Oil Company Cyberattacks*, October 15, 2012.
3. Rothacker, Rick, Reuters, *Ally Financial latest U.S. bank to face cyber attack*, October 19, 2012.
 4. Martin, Jacquelyn, AP/ Washington Post, *Panetta's warning reflects US fears of Iran cyberattack; analysts say capability is there*, October 12, 2012.
 5. Terry, Ken, Information Week, *Malware Threatens Medical Device Security*, October 19, 2012.
 6. Lee, Dave, BBC News, *Computer viruses and malware 'rampant' in medical tech, experts warn*, October 19, 2012.

The problem here is that there will always be some uncertainty about how quickly Saddam can acquire nuclear weapons. But we don't want the smoking gun to be a mushroom cloud.—

Condoleezza Rice

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- instance, a shoulder-fired Strela anti-aircraft missile was fired by Palestinian militants against an Israel helicopter [14].
1. Kageyama, Yuri, AP, *Toyota, Honda Sales Plunge in China on Islands Row*, October 9, 2012.
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 3. Bradsher, Keith, New York Times, *China Exports Rise, Hinting at a Glimmer of a Revival*, October 13, 2012.
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 5. Benoit, Angeline, and Katz, Ian, Bloomberg, *S&P Downgrades Spain, Citing Region Backtracking on Bank*, October 11, 2012.
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 7. VOA News, *Study: Iran Could Produce Enough Uranium for Bomb in 2 Months*, October 8, 2012.
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 10. BBC News, *Hezbollah admits launching drone over Israel*, October 11, 2012.
 11. Aviation Week, *Israel Links Downed UAV To Iran*, October 15, 2012.
 12. Laub, Karin, AP, *Few Good Options to Secure Chemical Arsenal*, October 15, 2012.
 13. AP, *US says Hezbollah is increasing support for Syria's Assad and is now part of his 'war machine'*, October 15, 2012.
 14. Federman, Joseph, AP, *Israel: Gaza militants fired anti-aircraft missile*, October 16, 2012.

Energy

In the past, we have described how Natural Gas is changing the landscape. In the latest example, the rail industry is considering using NG for trains [1].

Until we can move away from an oil based energy policy, consumers will continue to struggle. For instance, colder than usual weather is predicted for the Northeast and is expected to drive record high prices for heating oil [2].

Alternatives to fossil fuel are still some time away. For example, the automotive electric car battery manufacturer A123 filed for bankruptcy [3].

Another form of energy, nuclear power, introduces the risk of countries constructing atomic bombs. Concurrently, some third world countries would like to join the nuclear weapons club. For instance, in a recent poll, Egyptians surveyed wanted their country to have nuclear weapons [4]. As more unstable governments join the nuclear weapons club the risk of nuclear war increases.

1. Shauk, Zain, Houston Chronicle, *Natural gas could be cheaper, cleaner way to run a railroad*, October 9, 2012.

2. Snyder, Jim, Bloomberg, *U.S. Forecasts Record Heating Prices as Winter Returns*, October 10, 2012.
3. McCarty, Dawn, and Trudell, Craig, Bloomberg, *Electric Car Battery Maker A123 Systems Files Bankruptcy*, October 16, 2012.
4. Rogin, Josh, Foreign Policy, *New Poll: Egyptians turning toward Iran, want nuclear weapons*, October 19, 2012.

Iraq is a long way from the U.S., but what happens there matters a great deal here. For the risks that the leaders of a rogue state will use nuclear, chemical or biological weapons against us or our allies is the greatest security threat we face.—Madeleine Albright

Economy

China continues to advance economically while most of the world struggles. For instance, the largest manufacturer of PCs is now the Chinese firm Lenovo, a title previously held by HP [1]. Meanwhile, the trade gap for August increased to \$44.2 billion, \$28.7 billion of which was with China [2].

News on the jobs market remain mixed. For the second month in a row, the number of job openings fell [3]. However, the first time unemployment claims for the week ending October 6 was reported at 339,000, the lowest level since February, 2008 [4]. However, there is a report that one large state did not report its numbers [5]. As expected, for the week ending October 13, the number of first time claims rose to 388,000 and the previous week's number adjusted upward to 342,000 [6].

The jobless rates are only one

of the indicators of a weak economy. To help those who cannot find work, there is a greater burden for providing aid. Case in point, Welfare expenditures exceeded \$1 trillion during 2011 representing a 30% increase since the financial meltdown started back in 2008 [7].

Bank regulators were active again. For instance, on October 19, three banks were shuttered: 44) GulfSouth Private Bank in Florida; 45) First East Side Savings Bank in Florida; and 46) Excel Bank in Missouri [8].

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3. Kowalski, Alex, Bloomberg, *Drop in job openings signals limited U.S. job*

growth, October 10, 2012.

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6. Bartash, Jeffry, Market Watch, *U.S. initial jobless claims jump to 388,000*, October 18, 2012.
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*Chemical weapons are
something that scares
everybody—King Abdullah*

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