

IN THE NEWS

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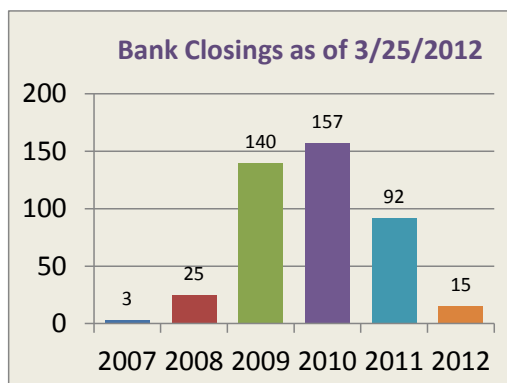
World News

North Korea announced plans to launch a satellite between 12 and 16 April [1]. This comes days after the US agreed to provide North Korea with 240,000 metric tons of food to suspend weapons tests [2]. Already, some are suggesting the test is just a cover for refining its nuclear missile system [3]. Moreover, the UN Chief Ban Ki-moon described the missile/rocket launch as provocative [4]. A question here is since North Korea is rewarded for bad behavior regarding nuclear weapons; why should we expect Iran to act any differently? Meanwhile, some are suggesting North Korea has more uranium enrichment plants than they admitted to [5].

The budget deficits are causing the US to cut back in areas of hard science. Case in point, NASA may be forced to continue using Russian rockets through 2017 [6]. What's more, announced plans to cut back on Mars exploration have some in Congress questioning NASA's priorities [7].

Further flexing its military muscle, China detained Vietnamese fisherman in the disputed South China Sea [8]. Elsewhere, China violated India's air space [9]. Then China conducted its first live fire military exercises in Tibet, not far from India's border [10]. What's more, China is second only to the United States in military spending and its announced buildup, is causing distrust in the area [11]. Elsewhere, China is promising to slow relying on death row inmates as organ donors [12].

Meanwhile, Japan's trade surplus returned following a 14% reduction in exports to China but a 23% increase to the US and Canada [13]. Elsewhere, Japan is preparing to



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Security

Cyber-attacks are becoming the tool of choice by various governments. For example, Iran appears to be behind a cyber-attack (that included jamming satellite links) against the BBC [1]. By one estimate, hackers breached 174 million records in 2011 [2]. Moreover, according to officials at the National Nuclear Security Administration, there are approximately 10 million cyber-attacks directed at the U.S.

nuclear weapons agencies every day [3].

One of the biggest problems with security is the zero-day vulnerabilities and exploits. To mitigate the risk, security patches help contain the damage. For example, on March 13, Microsoft released patches to fix seven security vulnerabilities [4]. However, some are reporting that hackers can sell knowledge of zero-day to foreign governments

for \$250K [5]. What's more, most of the sites successfully hacked are unaware of the fact [6].

1. Stamp, David, Reuters, *BBC suffers cyber-attack following Iran campaign-chief*, March 14.
2. Mello, John, PC World, *Hackers Breached 174 Million Records in 2011*, March 22, 2012

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Special points of interest:

- North Korea plans to launch rocket into space
- 15th Bank closed.

Security

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3. Koebler, Jason, US News, U.S. Nukes Face Up to 10 Million Cyber Attacks Daily, March 20, 2012.
4. Kaplan, Dan, SC Magazine, *Flaw in Microsoft tool that enables remote connect* is patched, March 13, 2012.
5. Greenberg, Andy, Forbes, *Shopping For Zero-Days: A Price List For Hackers' Secret Software Exploits*, March 23, 2012.
6. Constantin, Lucian, IDG News Service, *Most web-*

masters don't know how their websites got hacked, report says, March 23, 2012.

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(Continued from page 1)

shoot down the North Korean missile if it comes to close [14].

1. BBC News, *North Korea rocket plan condemned as 'provocation'*, March 16, 2012.
2. Harlan, Chico, Washington Post, *North Korea says it will launch long-range rocket carrying satellite*, March 16, 2012.
3. Washington Post/AP, *Why North Korea's rocket test matters: Critics fear it's cover for honing nuclear missiles*, March 23, 2012.
4. AFP, *N.Korea's rocket plan 'provocative': UN chief*, March 24, 2012.
5. Hancocks, Paula, CNN, *Scientist: North Korea* likely has more nuclear facilities, March 22, 2012.
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7. Morring, Frank, Aviation Week, *Congressmen Blast New NASA Mars Plan*, March 23, 2012.
8. Blanchard, Ben, Reuters, *China detains Vietnamese fishermen in disputed water*, March 22, 2012.
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10. Krishnan, Ananth, The Hindu, *China takes military preparedness to a new*

high, March 22, 2012.

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12. AFP, *China vows to slow reliance on executed inmates' organs*, March 23, 2012.
13. McLannahan, Ben, Financial Times, *Japan returns to surplus on US demand*, March 22, 2012.
14. Wakatsuki, Yoko, CNN, *Japan prepares missile defense ahead of North Korea launch*, March 23, 2012.

*Unjust attacks on public
men do them more good
than unmerited praise—
Rutherford B. Hayes*

Energy

The US granted Japan a waiver allowing it to continue importing Iranian oil [1]. Additionally, ten European nations received waivers allowing importation of Iranian oil [2]. With so many exceptions, it's unclear how effective the oil embargo will be.

China is continuing to expand its energy reserves. Case in point, Shell entered into an agreement with a Chinese oil company to harvest shale gas in the Sichuan province [3]. Meanwhile, China will receive a new Westinghouse AP1000 nuclear reactor, two years before the first one goes online in the US [4].

Domestically, the rising price of gasoline is renewing interest in oil drilling. For example, the President is promising more domestic drilling [5]. Unfortunately, the time to bring oil

online from new oil wells will take years. What's more, the situation with Iran is likely to put additional pressure on oil prices. Case in point, when news organizations learned the Iran oil output dropped by 300,000 barrels per day, prices increased almost \$3 per barrel [6]. The real wild card is Israel; if it attacks Iran, oil prices will likely rise.

1. Mohammed, Arshad and Quinn, Andrew, Reuters, *U.S. exempts 11 states from Iran sanctions; China, India exposed*, 21, 2012.
2. Lakshmanan, Indira A.R., Bloomberg, *U.S. Exempts Japan, 10 EU Nations From Iran Oil Sanctions*, March 16, 2012.
3. Bai, Jim, and Aizhu, Chen, Reuters, *Shell gets China's 1st shale gas deal*, March 21, 2012.
4. Goldman, Julianna, Bloomberg, *Obama Vows More U.S. Oil Drilling as Pipeline Gets Priority*, March 22, 2012.
5. Pavey, Rob, Augusta Chronicle, *S.C. plant readies nuclear fuel for China's first AP1000 reactor*, March 22, 2012.
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A fool and his money are soon elected—Will Rogers



Is the future energy solution: Wind Driven Cars?

Economy

A leading economic indicator is the stock market. To this end, the Dow Jones Industrial Average broke through the 13,000 level, the highest since 2008 [1]. So assuming energy prices, Middle-East wars, or other disasters do not occur, the economy should be well on the way to recovery this year. Moreover, it appears investors are ready for another technology bubble binge similar to the late 90's. For example, Apple stock is currently worth over \$500 billion [2].

International trade when applied fairly benefits all sides. However, when one side develops a monopoly and then restricts export while raising prices; only one side wins. This is essentially where we are with respect to OPEC oil and Chinese rare earths. To its credit, the US is trying to bring the Chinese rare earth case before the World Trade Organization. However, China is cautioning this could impact relations with the US [3]. What's more, one report indicates the US and UK will release their strategic oil reserves in an attempt at keeping oil prices low [4].

Not only is the stock market news encouraging, so too are the lower unemployment numbers. For example, for the week ending March 10 the number of first time unemployment claims fell to 351,000 [5]. Then for the week ending March 17, the number dropped to 355,000 [6].

Regulators continued shuttering financial institutions at a slower level. For example, on March 23, the following were closed: 14) Covenant Bank & Trust in Georgia; and 15) Premier Bank in Illinois [7].

The ability to electronically trade on the various exchanges has introduced new vulnerabilities. Case in point, when the BATS Exchange was trying an initial public offering, there were wild price variations that created (a later contained) flash crash [8].

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2. Philips, Matthew, Bloomberg, *Apple Goes From \$500 to \$600 in a month*, March 15, 2012.
3. Reddy, Sudeep, and Fa-

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7. AP/Washington Post, *FDIC closes small banks in Georgia, Illinois; makes 15 US bank failures so far this year*, March 23, 2012.
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*I start where the last man
left off—Thomas A. Edison*
