

## IN THE NEWS

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### World News

China continues its fast paced military expansion. For instance, one report indicates China now has more submarines than the 71 deployed by the U.S. [1]. This comes at a time when China is expanding construction of artificial islands and outright rejection of U.S. demands to scale back the expansion [2]. And China is not just focusing on water warfare. Case in point, Chinese advances in space weapons are placing U.S. satellites at risk [3]. One advantage China has with its one sided trade wealth is the ability to expand its military. Case in point, China announced a 10.1% increase in military spending for 2015 [4]. Finally, a Chinese diplomat advised the West to consider Russia's concern over the Ukraine [5].

Elsewhere in Asia, one report indicates North Korea will have 100 nuclear weapons within five-years time [6]. What's more, one piece indicates Gen. Vincent Brooks, commander of U.S. Army forces in the Pacific warned that North Korea's continued militarization, increased range of its missiles, and improved accuracy is posing a physical threat to the US [7].

One of the risks associated with relying on adversaries is financial consequences. Case in point, the NASA Administrator announced the \$140 billion space station will be lost without Russia [8]. In retrospect, the decision to mothball the Space Shuttle fleet and rely exclusively on Russian transport was a bad decision. Meanwhile, the fighting in the Ukraine continues. What's more, the chairman of the Joint Chiefs of Staff told the Senate Armed Services Committee the US should arm the Ukraine [9].

Meanwhile, the Middle-East continues to be an area of armed conflict. For instance, the battle for the Iraqi city of Tikrit launched by 23,000 Iranian backed fighters is expected to evict the hundreds of Islamic State (IS) fighters controlling the city [10]. Concurrently, the

(Continued on page 2)

### Security

Security attacks against medical information are on the rise. For instance, by one estimate, the cost to the victim per security breach is \$13,453.38 [1]. Keeping software patched continues to be a challenge. For instance, the latest version of Chrome 41 includes 51 security fixes [2].

The overall weak security practices used in the US

present easy targets for terrorist attacks. For instance, a credit union in Montana was subjected to a cyber-attack that left an image of the Islamic State (IS) flag on the business web page [3]. Moreover, the terrorists are using our capabilities to better advance their cause. One study suggests the IS had up to 46,000 Twitter accounts [4].

It's likely that some cyber attack will eventually result in significant loss of life. For example, one piece cites a GAO report that the FAA is vulnerable to cyber-attacks resulting in air traffic control risk [5].

1. Greenberg, Adam, SC Magazine, *Medical identity theft up 22 percent in 2014, annual*

(Continued on page 2)

#### Inside this issue:

Terrorism	3
Economy	4

#### Special points of interest:

- \$29.3 billion January trade deficit with China
- China announces a 10.1% increase in military spending for 2015
- 4<sup>th</sup> Bank closed this year

## Security

(Continued from page 1)

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2. Greenberg, Adam, SC Magazine, *Chrome 41 update includes 51 security fixes*, March 5, 2015.
3. Wadley, Will, KECI, *Hackers in Butte credit union cyber attack claim ISIS affiliation*, March 7, 2015.
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trol Weaknesses' at FAA Threaten US Airspace, March 5, 2015.

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*For email, the old postcard rule applies. Nobody else is supposed to read your postcards, but you'd be a fool if you wrote anything private on one.—Judith Martin*

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## World News

(Continued from page 1)

coalition air force continues to bomb IS targets in Iraq and Syria [11].

1. Shalal, Andrea, Reuters, *China submarines outnumber U.S. fleet: U.S. admiral*, February 25, 2015.
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5. Wee, Sui-Lee, Reuters, *Chinese diplomat tells West to consider Russia's security concerns over Ukraine*, February 27, 2015.
6. Japan News/AP, U.S. institute: *North Korea could have 100 nukes in 5 years*, February 25, 2015.
7. Crawford, Jamie, CNN, *General warns North Korean missiles pose 'physical threat' to U.S.*, March 6, 2015.
8. Berger, Eric, Houston Chronicle, *NASA's chief confirms it: Without Russia, space station lost*, March 4, 2015.
9. Stout, David, Time, *Top U.S. General Says Washington Should Consider Arming Ukraine*, March 4, 2015.
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11. Reuters, U.S., *allies conduct air strikes against Islamic State in Syria, Iraq*, March 7, 2015.

## Terrorism

In Israel, the El-Marwani Mosque sits atop part of the Temple Mount, considered the site holiest to the Jewish religion [1]. In contrast, this practice of religious cooperation is not shared by the Islamic State (IS). For example, one report depicts historic artifacts are being systematically destroyed and hundreds of people kidnapped [2]. The damage includes bulldozing excavated sites effectively erasing history [3]. On the plus side, Kurdish fighters supported by Coalition air strikes, are beating back IS fighters in the same region [4]. Meanwhile, IS fighters set fire to oil wells near the city of Tikrit [5].

Further west, the IS continues to damage Libya. For instance, one report suggests Libya may be forced to halt all oil production because of IS attacks [6].

In a shape of things to come, in Israel, a Palestinian terrorist used his car to run into a

group of people, including 6 female soldiers, waiting for a train [7]. As long as terrorists can gain entry into the country, they will likely find ways to cause damage.

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2. Barnard, Anne, New York Times, *ISIS Onslaught Engulfs Assyrian Christians as Militants Destroy Ancient Art*, February 26, 2015.
3. Deane, Daniela, and Murphy, Brian, Washington Post, *Islamic State bulldozes, loots ancient Nimrud archaeological site*, March 6, 2015.
4. Karam, Zeina, AP/ABC News, *Kurdish Fighters Rout IS Militants From Town Near Iraq*, February 27, 2016.
5. Hameed, Saif, and Evans, Dominic, Reuters, *Islamic*

*State torches oil field near Tikrit as militia advance*, March 5, 2015.

6. Loveluck, Louisa, The Telegraph (UK), *Libya chaos deepens as ISIL strikes threaten to halt oil production and government bombs Tripoli airport*, March 5, 2015.
7. Fox News, *7 injured, including 6 female soldiers, in Jerusalem car ramming attack, police say*, March 6, 2015.

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*Baghdad is determined to force the Mongols of our age to commit suicide at its gates.—Saddam Hussein*

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## Economy

According to the Labor Department, the number of first time unemployment claims for the week ending February 21 rose to 313,000 [1]. Then for the following week, the number increased further to 320,000 [2]. The Labor Department also reported, the unemployment rate for February fell to 5.5% (even though the labor participation rate remained low at a 62.8% rate) [3].

Overall, the job outlook remains weak. For instance, Target announced plans to lay off thousands of workers [4]. In other news, the software Giant SAP announced plans to cut 2,200 jobs world-wide [5].

Regulators continued closing financial institutions. The Doral Bank in Puerto Rico was shuttered [6]. Unfortunately, the FDIC inadvertently announced the closure early causing the Doral Bank stock to drop 46% [7].

Domestically, large cities continue to struggle as revenues are outpaced by expenses. For instance, the financial outlook for Chicago took a hit with Moody's downgrading the City's credit rating to Baa2 [8].

As American cities struggle, massive wealth continues to leave the country. The 2014 trade deficit increased 6% to \$505 billion last year; including a 23.9% increase reaching \$342.6 billion with China [9]. Even with the dock strike and reduced price for oil, the value

of imports remained high. Case in point, the Commerce Department reported the trade deficit for January was \$41.8 billion; with the China trade deficit coming it at \$29.3 billion [10]. Meanwhile, although the Commerce Department lags reporting by a month, we expect the next report to be bad as well. For instance, China reported a 48.3% rise in exports for February [10]. So without restricting most Chinese goods, it comes as no surprise they continue to sell unsafe products in the US. For instance, one report indicated hardwood flooring made in China was found to contain unsafe levels of formaldehyde [12]. What's more, China continues to suppress news regarding the massive pollution problem it has [13]. In conclusion, as long as the US allows one-sided trade; China will continue to benefit at our expense.

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3. John Waggoner, USA Today, *Jobs report: Employment jumps in February*, March 6, 2015.
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5. Essers, Loek, PC World, *SAP to cut 2,200 jobs, plans to recreate them in other parts of the company*, March 6, 2015.
6. Coto, Danica, AP, *FDIC Closes Puerto Rico's Doral Bank; Banco Popular Steps In*, February 27, 2015.
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9. Fox News/AP, *US trade deficit expected to have fallen in January*, March 6, 2015.
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12. White, Martha C., NBC News, *Lumber Liquidators 'Stands by Every Plank.' Should You?*, March 2, 2015.
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*Libya has had to put up  
with too much from the  
Arabs for whom it has  
poured forth both blood  
and money.—Muammar al-  
Gaddafi*

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