

IN THE NEWS

VOLUME 9 ISSUE 14

JULY 10, 2016

World News

Once again China is involved with currency manipulation. On Monday, June 27, The People's Bank of China (PBoC) lowered the Yuan 0.91 percent from Friday's fixing [1]. This comes as China continues to exert economic warfare to effect world policy in its favor [2].

As the militarization and hostilities increase in the South China Sea; the consequences of accidental combat cannot be ignored. For instance, Taiwan's military accidentally launched an anti-ship missile in the direction of China; hitting a fishing boat and killing at least one person [3]. In another example, two Japanese fighters confronted Chinese jets prompting a complaint by China [4]. This comes as Japan's top military commander revealed that Chinese military activity in the East China Sea has increased during the past three months [5]. What's more, China now has the largest regional navy; plus a Coast Guard that includes 95 large and 110 small vessels [6]. China also announced war exercises in the South China Sea from Hainan Island down to and including the Paracel Islands (claimed by Vietnam) [7]. The Chinese military buildup is causing other regional countries to expand their militaries resulting in a local arms race [8]. This continued aggression by China increases the likelihood of a shooting war.

In the Middle East, advanced warfare is far from over. Case in point, fighters from the Islamic State (IS) downed a Russian helicopter killing two pilots [9]. Moreover, one piece citing German intelligence asserts Iran is trying to gain illicit nuclear and weapons technology [10].

1. The China Post/AFP, *China cuts yuan fix in biggest move since devaluation*, June 27, 2016.
2. Long, Heather, CNN, *China is crushing the U.S. in 'economic warfare'*, June 30, 2016.

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Security

One article indicates cyber threats to transportation systems are increasing [1]. With that as a backdrop, we take note of a train crash in Texas. Two freight trains were involved in a head on collision [2]. The NTSB is investigating the crash and will examine the data recorders on each of the trains [3]. So how is it that two trains were on the same track heading at each other and no computing system detected this

error?

Potentially millions of Office 365 were exposed to a zero-date ransomware attack [4]. Reports indicate the Cerber variant attack supposedly took place on June 22 [5].

One report indicates China is improving its cyber-attack concealment so it is harder to detect attacks [6]. Additionally, it appears the Hummer Trojan, which is infecting an estimated 1.4

million Android phones per day, was developed in China [7].

For cyber-attacks to be effective on the power grid, there needs to be a portal of entry. A consequence of wind and other renewable energy is these sources need to interact with the power grid. One piece has pointed out these new power sources now provide a portal of entry for cyber-attack

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Special points of interest:

- Trains collide in Texas
- Terror strikes Turkey
- Green energy power grid vulnerabilities
- \$41.1 billion May trade deficit

Security

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- [8].
1. Kanowitz, Stephanie, GCN, *Cyber threats for energy, transportation sectors on the rise*, June 27, 2016.
 2. AP/ABC News, *The Latest: Crews to Work Into Night at Texas Train Crash*, June 28, 2016,
 3. KFDA, NTSB begins investigation into deadly train crash, June 29, 2016.
 4. Olenick, Doug, SC Magazine, *Microsoft Office 365 hit with massive Cerber ransomware attack*, report, June 27, 2016.
 5. Rashid, Fahmida Y., InfoWorld, *Cerber ransomware targets enterprises via Office 365*, June 28, 2016.
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 7. Robinson, Teri, SC Magazine, *Hummer trojan infects Androids, likely yields creators \$500K daily*, June 30, 2016.
 8. Gertz, Bill, Washington Free Beacon, *The Cyber Threat: Obama's Green Policies Threaten America's Energy Security*, July 5, 2016.

If the highest aim of a captain were to preserve his ship, he would keep it in port forever—Thomas Aquinas

World News

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3. AP/USA Today, *Taiwan misfires anti-ship missile, kills 1*, July 1, 2016.
4. AP/Washington Times, *China confirms air confrontation with Japan over E China Sea*, July 5, 2016.
5. Kelly, Tim, Reuters, *Japan says Chinese military activity in East China Sea escalating*, June 30, 2016.
6. Tweed, David, and Rojanasakul, Mira, Bloomberg, *The Great Asian Arms Buildup*, May 31, 2016.
7. Page, Jeremy, Wall Street Journal, *China to Hold Military Exercises in South China Sea, Raising Tensions*, July 3, 2016.
8. Watts, Jake Maxwell, Wall Street Journal, *Oil, Gas, Fish: Indonesia's Arsenal in South China Sea Dispute*, July 10, 2016.
9. BBC News, *Two Russian pilots killed in helicopter downing in Syria*, July 9, 2016.
10. Johnson, Natalie, Washington Free Beacon, *German Intel Says Iran Attempting to Obtain Illegal Nuclear Material*, July 8, 2016.

Terrorism

Indications are that the Islamic State (IS) is expanding in Europe, Asia, North Africa, and the Middle East [1]. Three suicide bombers struck Istanbul's Ataturk airport killing dozens of people [2]. Expectedly, the bombing is being blamed on the Islamic State (IS) [3]. What's more, the CIA director warned that such an attack within the US is a real possibility [4].

World-wide, terrorist attacks continue. In Kabul, two Taliban suicide bombers attacked police recruits killing at least 30 [5]. In Bangladesh, IS terrorists liked at least 20 foreign hostages and 2 police during an attack on a bakery [6]. In Iraq, two car bombs were used by terrorists, resulting in at least 80 people dead [7]. Then the IS executed another attack against a Shia shrine in Balad, Iraq, that left at least 35 dead [8].

In a rare show of force, three suicide blasts hit Saudi Arabia; including one at Prophet's

Mosque in Medina where Mohammed is buried [9].

1. Gertz, Bill, Washington Free Beacon, *Inside the Ring: Islamic State Expands in Europe, Mideast, North Africa, Asia*, July 7, 2016.
2. Jamieson, Alastair, NBC News, *Istanbul Attack Reopens Airport Security Debate*, June 29, 2016.
3. Karimi, Faith, et. al., CNN, *ISIS leadership involved in Istanbul attack planning, Turkish source says*, June 30, 2016.
4. Johnson, Natalie, Washington Free Beacon, *CIA Director Brennan Says Istanbul Bombings Should Serve as Warning to U.S.*, June 29, 2016.
5. Moore, Jack, Newsweek, *Taliban Kills Dozens Of Policemen In Kabul Bomb Attack*, June 30, 2016.
6. Ahmed, Saeed, et. al., CNN, *Dhaka cafe siege: All 20 hostages killed are foreigners, military says*, July 2, 2016.
7. Tawfeeq, Mohammed, and Alkhshali, Hamdi, CNN, *Iraq: Baghdad car bombs kill 80*, July 3, 2016.
8. BBC News, *Iraq shrine attack: IS kills dozens in Balad*, July 8, 2016.
9. Timberlake, Ian, AFP, *Multiple suicide blasts hit Saudi Arabia*, July 4, 2016.

*No captain can do very
wrong if he places his ship
alongside that of the
enemy—Horatio Nelson*

Economy

According to the Labor Department, the number of first time unemployment claims for the week ending June 25 was 268,000 [1]. Then for the week ending July 2, the number reported was 254,000 [2]. Meanwhile, the Labor Department reported the unemployment rate for June was 4.9% [3]. Unfortunately, there are now 94,517,000 American no longer participating in the work force [4].

On the plus side, new technology is making the US an oil giant. For instance, the US now has more recoverable oil reserves than does Saudi Arabia or Russia [5].

Once again, we see the consequence of unfair trade practices by China with respect to US commerce. During May, out of a total \$41.1 billion deficit, the amount with Chi-

na increased to \$29 billion [6]. This continuous transfer of wealth provides China with the funding to expand its military in areas such as the South China Sea.

1. Nasdaq, U.S. *Weekly Jobless Claims Rise From Nearly Two-Month Low*, June 30 2016.
2. NASDAQ, U.S. *Weekly Jobless Claims Pull Back To Lowest Since April*, July 7, 2016 2016.
3. Rosenfeld, Everett, CNBC, *US created 287K jobs in June vs. 175K expected, unemployment rate at 4.9 pct*, July 8, 2016
4. Meyer, Ali , Washington Free Beacon, *94,517,000 Americans Not in Labor Force as Participation Rate Ticks Up*, July 8, 2016.
5. Raval, Anjli, *Financial Times*, *US oil reserves sur-*

pass those of Saudi Arabia and Russia, July 4, 2016.

6. Crutsinger, Martin, AP/ABC News, *Chinese Imports Push up US Trade Deficit in May*, July 6, 2016.

*The ship of democracy,
which has weathered all
storms, may sink through
the mutiny of those on
board—Grover Cleveland*
