

IN THE NEWS

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World News

After Chinese leaders promised the artificial islands constructed would not be armed; China was broken its promise by rapidly militarization [1]. Justifying the militarization, a leading Chinese general said the artificial islands China constructed needed to be armed to assert its sovereignty [2]. In addition to military significance, there are vast resources in the waters claimed by China. For instance, by one estimate, in the South China Sea, there may be 213 billion barrels of oil [3].

One report indicates China and Russia are engaged in a low level cyber and information attacks against the US [4]. In addition to military modernization, China is motivating its people for potential conflict by driving domestic nationalism [5]. This comes as warnings emerge that China is trying to infiltrate US institutions [6]. Any conflict would necessitate the need for reliable navigation. However, one piece suggests the Global Positioning System (GPS) is vulnerable to Chinese and Russian attack [7]. Finally, the U.S. Air Force preparation for future war has its primary focus on China [8].

1. Mizokami, Kyle, Popular Mechanics, *China Breaks Promise, Starts Arming Its Fake "Islands"*, June 8, 2017
2. Bodeen, Christopher, AP/ABC News, *China needs to arm South China Sea islands, general says*, March 8, 2018.
3. Daiss, Tim, Business Insider, *China is ramping up its presence in the South China sea – and it's all about oil*, March 15, 2018.
4. Gertz, Bill, Washington Free Beacon, *DIA: China, Russia Engaged In Low-Level Warfare Against U.S.*, March 7, 2018.
5. Wall Street Journal, *Xi Jinping's Military Might*, March 8, 2018
6. Johnson, Natalie, Washington Free Beacon, *CIA Warns of Extensive*

(Continued on page 2)

Security

The race to correct security flaws in commercial products continues. For example, the Chrome 65 browser update includes 45 security fixes [1].

As more technology enters the marketplace security vulnerabilities will continue to be discovered. Case in point, researchers identified a number of vulnerabilities with the 4G communications network that could be used to forge emergency alerts [2].

In past newsletters, we have examined cyber-attacks against the critical infrastructure. Now the U.S. is charging Russia involvement with cyber-attacks on the electric grid [3]. In response, experts claim the U.S. power grid is safe [4].

Russia is not the only active player in cyber-attacks. One piece suggests Chinese hackers launched attacks on U.S. engineering and defense companies tied to the South China Sea dispute

[5].

1. Olenick, Doug, SC Magazine, *Chrome 65 update ready, contains 45 security fixes*, March 7, 2018 .
2. Purdue University News, *Attacks on 4G LTE networks could send fake emergency alerts*, March 14, 2018.
3. Volz, Dustin, and Gardner, Timothy, Reuters, *In a first, U.S.*

(Continued on page 2)

Inside this issue:

Terrorism	3
Economy	4

Special points of interest:

- NASDAQ hits record high
- Record U.S. oil production

Security

(Continued from page 1)

blames Russia for cyber attacks on energy grid, March 16, 2018.

4. Siegel, Josh, Washington Examiner, *Experts say the US power grid is secure as Russia escalates the cyber war*, March 17, 2018.
5. Tweed, Davis, Bloomberg, *Chinese Hackers Hit U.S. Firms Linked to South China Sea Dispute*, March 16, 2018.

*To educate a man in mind
and not in morals is to
educate a menace to
society.—Theodore
Roosevelt*

World News

(Continued from page 1)

Chinese Operation to Infiltrate American Institutions, March 7, 2018.

7. Gertz, Bill, Washington Free Beacon, *Air Force: GPS Satellites Vulnerable to Attack*, March 16, 2018.
8. Seligman, Lara, Aviation Week & Space Technology, *How the U.S. Air Force is Preparing for War with China*, March 12, 2018.

Terrorism

The threat from terrorist actions erodes the quality of life. One need look no further than the long lines now required for airport security. The US continues to see violence. For instance, in Utah a boy inspired by the Islamic State (IS) was foiled in his attempt to bomb his school [1]. This comes after another Utah high school had an ISIS flag flying in place of the Stars and Stripes [2]. In Austin, Texas, a third package bomb exploded injuring a 75 year old [3]. Then in Florida, a 17-year old inspired by his Muslim beliefs, was involved in a fatal stabbing [4].

Overseas, terrorism is a continuing reality. For example, in Eastern Pakistan, a suspected suicide bombing left at least five people dead [5].

1. Difazio, Joe, Newsweek, *Boy Allegedly Interested in ISIS Charged With Bringing Smoking Bomb to School*, March 7, 2018.
2. Maza, Christina,

Newsweek, *ISIS Flag Replaces American Flag in Utah High School, and Graffiti Warns Of Potential Terror Attack*, February 16, 2018.

3. Wilson, Mark D., et. al., *American Statesman, 'We will leave no stone unturned,' police chief vows in deadly Austin package bombings*, March 12, 2018.
4. Fox News/WFTS, *Teen stabbed three kids because 'of his Muslim faith'*, March 14, 2018.
5. Babar, Zaheer, AP/Washington Post, *Bomb kills 9, wounds 27 in eastern Pakistan*, March 14, 2018.

*The worst form of
inequality is to try to make
unequal things equal—
Aristotle*

Economy

Good news on the oil front. The US broke a 47 year old record for the daily number of barrels of oil produced [1]. Additionally, the number of nonfarm workers employed increased 313,000 in February [2]. Furthermore, there were 6.3 million job posting in January, the highest ever recorded [3]. On the unemployment front, the job numbers continue to look good. For the week ending February 24, the number first time unemployment claims hit a 49 year low of 210,000 [4]. Then for the week ending March 3, the number of claims reported was 231,000 [5]. Finally, for the week ending March 10, the number of first time claims reported was 226,000 [6].

Most stock related news has been focused on the Dow Jones Industrial Average. However the NASDAQ is the other big stock exchange. Dur-

ing this newsletter cycle, the NASDAQ hit an all-time high [7].

1. Rapier, Robert, Forbes, *U.S. Breaks 47-Year-Old Monthly Oil Production Record*, March 1, 2018.
2. Cox, Jeff, CNBC, *Non-farm payrolls increase by 313,000 in February vs. 200,000 est.*, March 9, 2018.
3. Lawler, Joseph, Washington Examiner, *Job openings hit 6.3 million in January, highest level on record*, March 8, 2018
4. Bartash, Jeffrey, Market Watch, *U.S. jobless claims plunge to 49-year low of 210,000*, March 1, 2018.
5. Nasdaq, *U.S. Weekly Jobless Claims Rebound From 48-Year Low*, March 8, 2018.
6. Bartash, Jeffrey, Market Watch, *Jobless claims drop 4,000 to 226,000*, March 15, 2018.
7. Imbert, Fred, CNBC, *Nasdaq closes at record, Dow rallies more than 400 points after jobs report*, March 9, 2018.

China is the world's biggest exporter, but they're also the people with one of the highest tariffs on imports in the whole world. That seems a little bit oxymoronic.—Wilbur Ross
