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## Academy Securities Geopolitical SITREP

Geopolitical Flashpoints: The Macroeconomic Impact of the Geostrategic Landscape

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### Key Points:

#### U.S. - China relations in an age of Strategic Competition:

- Diplomatic, economic, and, military – this is how we judge a global power
- For the last 20 years, the U.S. military focus has been on counterterrorism and counterinsurgency efforts – not a high-end competition:
  - The Trump administration reset this focus with the National Security Strategy (December 2017) establishing a new era great power competition
  - China is the leader of great power competition – Russia is secondary
- China was able to gain traction and improve its technology and global position with a clean slate while the U.S. is hindered by old systems
- The U.S.' economic outlook as it concerns China was more focused on short term growth and not necessarily long term/strategic gain
- China has used economic manipulation and IP theft to gain ground in the strategic landscape
- The U.S.' position on China must be to compete where we can and confront where we must

#### The Significance of 5G:

- This is an area, from a national security standpoint, that the U.S. has been concerned about for some time
- 5G is critical – if you can compete and win in the information space you will win in other areas
  - This is the importance of command and control – how a nation shares data and makes decisions rapidly
- 5G is very much in line with China's One Belt One Road Initiative
- Artificial intelligence is a critical part of the advancement of 5G
  - The Trump administration has established a formal policy on advancing AI – but this policy is only as effective as private enterprise investment and progress
- In China, public and private is one entity
- [DARPA](#) is focused on identifying "what's next" in technology
  - JUMP: a successful integration of public and private partnership, already looking beyond 5G

#### A new Cold War:

- The U.S.-Soviet Cold War was focused on diplomatic and military tensions
  - Chinese competition is focused on economic
- In 2015, China claimed they would not militarize the South China Sea
  - That statement evolved into China claiming the use of the islands would be

humanitarian focused, and now, the islands are fully militarized and well developed in an attempt to push U.S. presence out of the region

- U.S. Allies and partnerships in the region are key to maintaining pressure on China

#### **T- Reports China and Trade:**

[China Update - Geopolitics, Macro, & Trade](#)

[Crossing the Rubicon with China](#)

[Levels and Markets to Watch for China and Trade](#)

**Lieutenant General (Ret.) Robert S. Walsh** retired from the Marine Corps in 2018 after over 35 years of service completing his career as the Commanding General of the Marine Corps Combat Development Command and the Deputy Commandant for Combat Development & Integration. A native of Chicago, Illinois, Bob is a graduate of the United States Naval Academy and he served as an F/A-18 pilot at all levels and was an instructor at the Navy Fighter Weapons School, also known as TopGun. In his last assignment, he was responsible for strategic planning and executing the reorganization of the Marine Corps to meet the new National Defense Strategy roles and missions. Bob often testifies before Congress on subjects such as modernization, acquisition, readiness and training of the Navy and Marine Corps. He created the Marine Corps Rapid Capabilities Office for rapid prototyping, experimentation, and demonstration in accordance with new legislative authorities. His operational and joint assignments as a General Officer included: serving as the Commanding General, 2d Marine Aircraft Wing leading all Marine Corps aircraft operations in Iraq, The Director of Operations, United States Northern Command responsible for ground-based missile defense, partnering with Mexico's military to support counterdrug and counterterrorism operations, and integrating U.S. military support to interagency actions during oil spills, hurricanes, wildfires, and multiple disasters.

**Peter Tchir** is head of Macro Strategy at Academy Securities. He has 25 years in the industry focusing on fixed income. He has traded and structured products ranging from complex transactions, junk bonds, liquid CDS indices, and ETFs. This background helps bring a unique frame of reference to his market strategies and analysis. It helps him focus on what is relevant for the here and now for investors and issuers. He has worked closely with a wide range of investors and portfolio managers since he established TF Market Advisors as an independent firm in 2010. He is regularly quoted in the media for his views on the macro outlook and fixed income strategies. His expertise provides insight into risk, identifying opportunities on a global macro basis, with an emphasis on fixed income. As the Head of Macro Strategy, Peter communicates these opportunities and approaches effectively to customers. Peter received a B.S. in mathematics and computer sciences from the University of Waterloo and an MBA with distinction from Vanderbilt University, where he also won the Matt Wiggington Leadership Award for outstanding performance in finance.

**Rachel Washburn** is an Associate of Geopolitical Strategy at Academy Securities. Rachel served six years in the U.S. Army as an Intelligence Officer. While serving, Rachel deployed twice to Afghanistan; first as a member of the pioneer Cultural Support Team attached to Special Forces and second as an intelligence Platoon Leader. Since leaving the Army in 2016, Rachel continued to pursue a career addressing global security and instability, most recently acting as a regional director with a nonprofit focused on bringing relief in the wake of disasters and armed conflicts. Rachel is a graduate of Drexel University.

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