

2016 Economic Forecast: The Good, The Bad, The Ugly



Jen Weissman
Editor

President Peter kicked off the meeting with a welcome to “sunny San Diego”—of course it was raining cats & dogs!

The Inspirational Moment was delivered by **Bennet Greenwald** and **Mark Burgess** delivered the news, sponsored this week by **Jim Hughes**.

Before we started the program, **Linda Stirling** was fined for distributing flyers on our tables. She declared it a PSA and not really an “ad” but President Peter didn’t fall for it.

The Chair of the Day was our own long-time member and Past Rotary President **Bert Whalen** who has been the club’s newscaster for the last 38 years. Bert announced that this financial forecast started 25 years ago in 1991!

So here’s the good, bad and ugly for 2016. The program started out with Bert saying, “economists would rather be vaguely right than absolutely wrong.”

Linda Stirling, a 15-year member of the club and Senior Vice President of UBS Financial Services, kicked off the program by saying the US was in a bit of a financial crisis—China was imploding, geopolitical fears & tensions were rising, the Fed has raised rates, there is a slow GEP, the dollar is rising, as well as numerous other commodities imploding.

Linda went on to say 2016 would seem like déjà vu all over again. Despite the volatility and declines, what we do have going for us is an entrepreneurial spirit that leads our success as a nation. There are two things to continue to do while looking at the market:

- Consistency. Keep to the plan you have already in place; and
- Stock selectivity. Linda believes there is opportunity in healthcare and technology as well as looking across the “pond” to midcap companies that are trading in the US.

Bill Holland, “The Voice of Wall

Street” on 760 KFMB and President and CEO at the investment firm The Holland Group, went on to add that we are bombarded with political correctness. Bill was asked the biggest risk of the US – political correctness.

Bill said that 2015 had been his best year in over 10 years. While looking at 2016, he says to pick companies that are “best of the breed” to invest your money in.

He went on to cite Amazon was up 334 points, or 134% and is the leading retailer in the US today. Amazon is the future of online retail and is an example of “best of the breed”. Others include Disney—the largest entertainment company, Apple, Starbucks, Home Depot and Costco.

Bill agrees with Linda in that 2016 may be more of the same. If it does indeed look like déjà vu, those “best of breeds” will continue to do very well. Even though politicians may have us believe we are experiencing slow growth and a bit of inflation (only 2%), overall those numbers are still relatively low. Bill says we’re seeing the same ’ol problems—the crisis in the Middle East, China, oil prices, etc.—nothing new here. Bill says it’s easy to make money in the market as long as you’re in on the right thing at the right time (easy for him to say!)

Burt called Don Bauder (former financial editor and columnist for the UT) in Colorado and had this to report back: His observations were San Diego will be worse in 2016 because of housing prices, however he doesn’t foresee any big disasters. Don said to tell the audience to listen carefully to Bill and then cut everything by 50%.

Nancy Scott asked Linda whether she thought Venture Capital investments were a good idea. Linda said private equity was the underpinning of entrepreneurship.

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Next Meeting

January 14, 2016

*Jazz Xpress All-Star
Youth Jazz Band*

Jazz Xpress is an all-star youth jazz band directed by Club 33 member **Stan Lawrence**. They are the longest running independent youth jazz group in San Diego. Jazz Xpress has played at numerous concerts, festivals, swing dances, parties, events and Rotary functions. Members are middle school, high school and college age musicians. Jazz Xpress plays contemporary compositions and arrangements by some of the best in the field!



Stan Lawrence
Chair of the Day



A video recording of our December 17 holiday program is available.

[Click here](#) to view and enjoy!

QUICK BITS

If you reside or work in the Rancho Santa Fe area and can assist a member with a ride to get to and from our Thursday meetings, please contact the Rotary office.

The **SMALL CLUB JOINT VENTURE COMMITTEE** wants to remind you to consider doing your meeting makeups with the **Southeast San Diego Rotary Club**. They meet on Wednesdays at noon at the Jacobs Center in the Community Meeting Room. Their address is 404 Euclid Avenue, San Diego, 92114. Their lunch cost is \$15. For catering purposes, please contact Diane Crawford at sesdrotary@yahoo.com the day before you plan to attend.

BIRTHDAYS

January

Jo Dee Jacob	11
Jack Carpenter	12
Sam Carpenter	12
John Littrell	13
Paul Hartley III	13
Gil Johnson	14
Don Balfour	15
Murray Joslin	15
Mark Trotter	15
Jan Driscoll	15
Steve Green	16
Mary Ball	17
John Wertz	17

2016 Economic Forecast continued

We invest in small businesses that become great businesses, however this is an unregulated part of the market and is illiquid. It's a long-term play (10 years or more) and is a difficult area of investment. If startups are part of your overall plan, then the percentage of your overall allocation should stay consistent.

Chris Cramer asked about financial sector investments, and Bill's answer was Goldman Sachs was the only one to look at and stay away from the others. Linda went on to say that midcap regional banks such as northwest bank Toronto Dominion would be a good choice.

Regarding oil and gas stocks, Bill believes these have too much of a political agenda and to stay clear until the war in the Middle East is over (which could be an eternity). Linda said she wouldn't invest in oil either, but to note since oil prices are dropping, the American consumer has more money in their pockets to spend, which will increase the overall GDP. The US is exporting oil for first time from Alaska to Japan, which is a big boom for us. We are short on tankers and she would look at investing in the companies that make these large ships. Low gas prices are good for us (the consumer) and translate to more money and more spending.

Linda really likes Healthcare technology, and sees it as expanding area to invest. She also went on to say she likes sustainable equity investments like Hewlett-Packard.

Bill mentioned that cybersecurity is very hot right now, and that Palo Alto Networks is a perfect example of a company doing well (but overpriced). Cybersecurity is going to be demanded and required by nearly all corporations—definitely a hot tip!

When asked about Millennials, Linda said they should be focusing on paying off their student loans, and not making long-term investments just yet. When they are ready to invest, they will be looking at ethical companies that are good for the environment and would be a good company to work for like Proctor & Gamble and Amazon. The only investments young people should be doing are matching their retirement if employed at a company that offers a retirement plan.

Since we're in an election year, both Linda and Bill think they tend to typically be positive years, but sometimes only in the very last weeks leading up to the election.

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CALENDAR

ALL MEETINGS ARE HELD AT LIBERTY STATION CONFERENCE CENTER UNLESS OTHERWISE NOTED

January

14 - Jazz Xpress All-Star Youth Band

21 - Leon Williams, Former City Councilman and County Supervisor

28 - Gary McCord, Professional golfer, golf analyst, author

February

4 - Richard Lederer, Best-selling author

GROTARIAN EVENTS

Attention Grotarians—this meeting is one of the requirements toward your permanent badge. Please consider attending if you have not attended one before.

WINTER FIRESIDE CHAT

Tuesday, January 26

5:30 pm - 7:30 pm

Location: Academy of Our Lady of Peace

This free event is open to Grotarians only (please, no guests or spouses.)

[CLICK HERE](#) for more event details and to register.

Meetings: Every Thursday at Noon, Liberty Station Conference Center, 2600 Laning Road, San Diego, 92106

Peter Duncan, President ♦ Paul Devermann, Executive Director

San Diego Rotary ♦ 2247 San Diego Avenue, Ste. 233, San Diego, CA 92110-2943

Phone: 619/299-3309 Fax: 619/299-3340 ♦ e-mail: paul@rotary33.org ♦ website: <http://www.sandiegorotary.club>

FACES ON OUR CROWD



Left: Linda Stirling, President Peter, Past President Bert Wahlen and Bill Holland; Middle: Linda tried to get out of a fine by telling President Peter that the flyers she put on the tables were not advertisements but rather “public service announcements”; Right: The Stirlings’ guests.



Linda and Bill gave their professional and personal financial predictions for 2016.



Photos courtesy of Paul Nestor

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We then learned that municipal bonds are a good investment in this market even with rising rates. Supply is low. Tax-free bonds are a good cushion while there is volatility in the market. Junk bonds are cheap, but have oil in them—so more risky. Bill went on to say individuals shouldn't own them themselves because it's a waste of time. However, Muni bond funds are good but let the pros manage it for you—some yield results at 7-8%.

What about gold and silver? Linda says gold is diminishing in price, and while it could be used to diversify your portfolio, it's not critical. Bill says it's a waste of money and nobody makes money on those things.

FORECAST FOR END OF 2016:

DOW:

Bill: Dow: 4-5% increase— above 20,000, question is WHEN?

Linda: 18,000. Small increase. Roll over to non-US / int'l markets (double on that).

Don Bauder: 17,600

STOCK PICKS:

Bill: Apple, CyberMark since Palo Alto Networks too pricey. Hail Mary: a tanker company like Frontline (under \$3/share).

Linda: Google (whom owns Uber which will be going public); 2nd: NXP – a semiconductor company in the Netherlands. She likes nano-technology companies. Hail Mary: White Wave (midcap).

Don Bauder: Qualcomm, Enterprise Partners. Hail mary: Trico Media (not the publisher) but radio and TV is where it's at.

BROWN BAG LUNCHEON 2016—February 25

SIGN UP TO BE A HOST!

If you are interested in hosting a Brown Bag lunch for this annual event on February 25, [CLICK HERE](#) for the application. Deadline to submit is January 15. This event takes the place of our usual Thursday meeting and is a great opportunity to showcase your business to fellow members. Reimbursement for lunches served will be provided. Please contact [Diana MarJip-Chuh](#) with any questions.



CAMP ENTERPRISE 2016-LEGACY NOMINATION



Members of San Diego Rotary Club 33 are allowed to nominate an eligible high school junior to attend Camp Enterprise as a "legacy." **The definition of a legacy is a son/daughter, grandson/granddaughter, direct relative of the member or close family friend.** Rotary Camp Enterprise is **March 17 – 19, 2016 at Camp Cedar Glen, Julian.**

Believe › Achieve › Succeed

Below *are the steps for you, the nominating Rotarian*, to complete for nomination of your legacy candidate:

Step 1: Check with your nominee and nominee's guardians as to their interest in attending. Share this website for information:
<http://www.sandiegorotary.club/service/camp-enterprise/>

Step 2: Confirm nominee can attend the entire duration of Camp in March 2016

Step 3: Obtain permission from nominee's school to miss two days of school.

Step 4: Fill out the nominee information form and send to **Jean Young** or **Jackie Meyer** no later than **January 22, 2016**

Step 5: Ensure student has ride to our Rotary meeting on Thursday, March 17. (Camp Enterprise Student Chair will confirm nominee's spot in Camp)

Please complete the information and return the form via mail or email by **January 22, 2016**. If you have questions please contact Jean Young at 619 687-2499 or Jackie Meyer at 619-997-0517.

*****COMPLETE APPLICATION PACKETS ARE E-MAILED TO THE STUDENT IN MID-FEBRUARY*****

[CLICK HERE FOR THE NOMINATION SUBMISSION FORM](#)

MILITARY AFFAIRS COMMITTEE

MAC's BUSY DECEMBER DAY OF VOLUNTEERING



December 22, 2015 was a very busy day of volunteering for the members of the San Diego Rotary Club's Military Affairs Committee ("MAC"). Chaired by **Jim Wynkoop**, MAC members **Bill Wise** and his cousin from Chicago, Diana MarJip-Chuh, **Peg Eddy**, **Rick Huenefeld** and **Chris Rink** served tasty breakfast sandwiches, juice and muffins at the Lindbergh Field USO to military personnel and their families travelling during the holidays. We were also joined by Interact Club members from the Academy of Our Lady of Peace and Jim's 11-year-old daughter Abby, who readily donned a Rotary apron to help.

Later that day, the barbecue crew took over, braving rain and wind to cook hamburgers and hot dogs for military personnel and family members hungry for lunch. **Bob Russell**, **A.J. Antun**, **Dick Eger**, **Claudia Obertreis**, **Jim Fitzpatrick**, **Jean Young** and her husband Dave, and **David Oates** enthusiastically served USO visitors and shared the holiday spirit with them.

The aprons you see in the photos were bought and donated to our club by **Penny Robbins'** business, Integrated Marketing Systems, of which she is the VP and co-owner with her husband, Mike Ryan. Thank you, Penny—they identify MAC members and Rotary very well!

In that same afternoon of December 22nd, and in keeping with Rotary Club 33's long tradition of providing Rotary service to military veterans in need, another group of our Rotarians and family members joined the residents and staff of the Veterans Rehabilitation Center (VRC) to share some holiday fellowship and provide a small gift to each of the military veterans. The VRC, a part of the Veterans Village of San Diego, is a residential program for homeless veterans battling alcoholism, drug addiction, and emotional trauma.

Deirdre and Jay **Maloney**; **Steve** and Geruza **Kowalski** and their daughter Franny; **Julia Holaday** and her son William Hulett; and **Mike** and Cindy **Caruso** and their son Michael joined the veterans at their Christmas party on December 22nd where they enjoyed interacting with the veterans and where they presented each of the residents with a Christmas stocking that contained a scarf and a winter watch cap embroidered with their military branch logo. A good time was had by all.



STEM COMMITTEE

Happy New Year, Rotary STEM Committee Members (and other interested Rotarians/Rotaracts)! Hope you've enjoyed a relaxing holiday and are now re-energized and ready to do "service" for students in City Heights. A number of Rotary-sponsored activities are taking place in the upcoming weeks, and we are hoping you can help with one or more. Please respond to let us know.

Best regards,
Bink and Jackie
STEM Committee Co-Chairs

JUNIOR BOTBALL CHALLENGE (Elementary Schools) (JBC)

Saturday, January 16, 8:00 am - Noon, at Hoover High School, 4747 El Cajon Blvd., SD, in the small gym.

Student teams from several City Hts. elementary schools will participate in responding to about 5 different "challenges" with their Bobtails (robotics). Check-in starts at 8, with the tournament beginning at 9, and running until each team has had an opportunity to try all challenges. There may be volunteer roles available, but mostly we hope you'll want to come and witness the students' enthusiasm and excitement over this activity. Come and stay for a while! If you are knowledgeable (or want to be) about robotics, each school would love to have your help at its weekly practices (schedule shown below), as well as for its tournaments. There also may be a need for administrative help with check-ins, etc.

Saturday, February 6, 8:00 am - Noon, at Innovations Academy, 10380 Spring Canyon Rd., SD

See above for details

BOTBALL (Middle and High Schools)

This is the more advanced version of the robotics activity and competition, and starts later in the year. **Training takes place on February 20-21** (please get in touch with Bink if you'd like to participate in the training). The Regional Botball Tournament is scheduled for Saturday, April 30, at Grossmont College. As with JBC, the teacher/coaches would welcome help with their teams. A schedule of practices is printed below.

FAMILY SCIENCE NIGHT (FSN)

Tuesday, February 2, 4:15 - 6:30 pm, at Central Elementary School, 4063 Park Ave., SD

Presented by Reuben H. Fleet Science Center, whose staff will train us (no prior knowledge needed!) from 4:15 - 5:00 to host one of ten interactive science stations on a themed topic. Central's theme is "Behind the Magic." Students and their families will arrive at 5:00, and make the rounds of the tables. They'll "uncover" the science behind some favorite magic tricks using magnetism, physics, air pressure, chemistry, and more. If you can stay to help with take-down at the end, that would be helpful, too, but not necessary. We'd like to have at least 10 volunteers, and if we have enough, we'll have two volunteers at each station.

Wednesday, February 3, 4:15 - 6:30 pm, at Edison Elementary School, 4077-35th St., SD

See FSN at Central, above, same topic.

Friday, March 4, 4:15 - 6:30 pm, at Hamilton Elementary School, 2807 Fairmount Ave., SD

See FSN at Central, above. Topic is "Fantastic Physics"; students/families will explore a variety of scientific concepts, including gravity, air pressure, buoyancy, electricity, motion, sound, and light.

Wednesday, May 18, 4:45 - 7:00 pm, at Franklin Elementary School, 4481 Copeland Ave., SD

See FSN at Central, above, same topic.

THOUGHTSTEM (MINECRAFT MODDING) (TS)

Some teachers and volunteers took the training for this computer programming program last year. This year the training is online, through Coursera, at your own pace. At this point there is no set schedule, but if you are interested in the training or want to support one or more schools in their efforts with this activity, please contact Bink.

OCEAN DISCOVERY INSTITUTE (ODI)

ODI is facilitating a four-session after-school program, including a pre- and post-test, during what's called "PrimeTime" at three City Hts. elementary schools. It will be an extension of the programming that ODI already provides in the regular classroom, with a focus on the scientific process and hands-on exploration of local ecosystems. Dates for a third school in Normal Heights are pending.

Thursday, February 25, March 3, 10, and 17; Thursday, May 5, 12, 19, and 26, 3:30 - 4:30 pm, or (3/17 and 5/26 only) 3:00 - 4:00 pm, at Central Elementary School, 4063 Park Ave., SD

Volunteers assist the ODI facilitators in working with the students. You may sign up for just one session — or as many as you'd like and are able.

Tuesday, February 23, March 1, 8, and 15; Tuesday, May 3, 10, 17, and 24, 4:00 - 5:00 pm, at Joyner Elementary School, 4271 Myrtle Ave., SD