

Palo Alto Rotary Pinion

May 1, 2017

Reporter: DON MORGAN

Editor: LYLE CONNELL

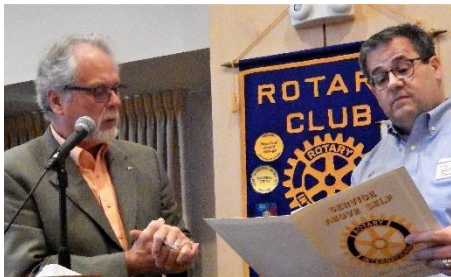
PRESIDENT BRIAN led the Pledge and updated us respecting **LE LEVY** who is restlessly recuperating at the Webster House from a broken- femur collision between two bicycles. He should leave in a week but in the interim would welcome visitors or calls to his cell phone. Members introduced guests (Sign-in sheet unavailable) including a new member prospect and a man who came specifically to hear our speaker, a long term friend.



JANE KHALAF's Opening remarks reminded us that the day is May 1 and, as some few may recall, Mr. Potatohead first appeared on May 1, 1952, a boomer now 65. Addressing the plight of other Boomers, **JANE** noted that for various reasons they move a lot, they lack \$500,000 on average for retirement. and monthly Social Security payments this past January averaged \$1,300. So, Boomers, save more, spend less, keep working!

BRIAN called our attention to handouts on each table inviting us to an Endowment Fund presentation on planned giving, **JULIE JEROME** leading.

Membership Committee Chair **CHARLIE WEIDANZ** talked up **MATT DOLAN** and **BRIAN** fromally inducted him into membership, now numbering near 130, our Club's contribution to Rotary International's 1,200,000 total. **MATT** spoke on how he came to Palo Alto (moving from Wichita, Kansas, to run a hotel that opened way behind schedule) and to our Club (via **IRIS KOROL** and **CHARLIE**).



BRIAN presented Paul Harris award pins marking \$1,000 contributions to The Rotary Foundation to **BRUCE GEE**, **BRUCE LIEDSTRAND**, **DON MORGAN**, **AXEL MERK**, **TIM WATSON**, **LEE LIPPERT**, and **DICK BUSH**.



Seeking contributions on the fight to end Polio, **BRIAN** said only 16 cases remained, in Pakistan and Afganistan. In partnershp with the Bill and Melinda Gates Foundation, Rotary hoped to raise \$25 per Member during May, which the Gates Foundation will double match. He urged us to bring checks next Monday for \$25 payable to The Rotary Foundation.

BRIAN reported that he and 15 other Club Members attended the April 20 fete of **WALT** and **Kay HAYS** that Acterra sponsored to honor their work

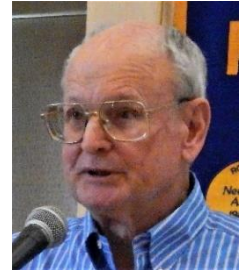


protecting the environment. We all joined in congratulatory standing applause.

The Program **AXEL MERK**, Investment Manager, Merk Investments: "Global Threats and Opportunities in the Financial Markets: #Trump#China#Brexit#Bitcoin".

Following **Jim Sutherland's** brief review of our speaker's impressive education and experience, Club Member

and marathon runner **AXEL MERK** sprinted through a crowded international financial marketplace. Some highlights follow. Former FRB Chair **Bernake** tried for years to improve the nation's economy by printing lots of currency and keeping interest rates very low. He enjoyed considerable success. as measured by the stock market. The FRB could not sustain his policy indefinitely, and current Chair **Yellen** (shown on a cartoon slide as sitting on a partially



opened pressure cooker letting off lots of steam at the sides) makes amends by shutting the printing press and raising interest rates, nonetheless drawing criticism for acting too slowly, "behind the curve".

Public expectations changed dramatically under **Bernanke**, as the stock market and other financial indicators went up and up and up, leading many to conclude that nothing could go wrong, right? Those expectations persist and strongly influence investing today, with instability measures at record lows. Brokers do not know how to out-



perform Index Funds. Those who worry about a downturn can obtain some protection by investing in options. Respecting **Trump**, the market has learned not to take his tweets at face value (A cartoon showed him firing in all directions), rather to try to figure out what is actually likely to happen. His proposal to trash the federal deduction for state taxes, hitting high tax states such as California and New York hardest (Blue states, no surprise) faces bipartisan opposition. The Border Tax proposal also is problematical. A true VAT approach would go nowhere, Republicans regard it as a license to spend, and Democrats as regressive. The dollar is losing ground to the Euro as the reserve or borrowing currency due to the Euros' lower interest rates. China has an ample supply of billionaires, but struggles to get its middle class going. The Brits will over time regret **Brexit** as their economy suffers. Most Bitcoin trading occurs in China and is hard to regulate. The foregoing make it hard to construct a portfolio, but some inclusion of gold can make sense. In Q&A, **AXEL** found some softening at the high end of the Silicon Valley real estate market, and increasing pressure from employees to live close to work, as commuting grows ever more frustrating. (He moved his office to San Francisco for that reason; some employees no longer have cars). He courageously agreed to stay after the close of the meeting to entertain other questions. ea.

PROGRAMS & EVENTS

May 8, **Meghan Sumner**, Associate Professor of Linguistics, Stanford University: "The Social Weight of Spoken Words: What you Hear Depends on Who is Talking"

May 15, **Philippa Kelly**, Resident Dramaturg, Cal Shakes: "Dramaturgy: Shaping the Theatrical Experience"