



March 15, 2016

**John Silvia**  
**Economics and Finance in a Two-Percent Economy**  
**Chief Economist – Wells Fargo**



John Silvia has become a real friend to the Charlotte Rotary Club. John Snyder attempted a short introduction and was cut off by John Silvia who has spoken several times to our club. John feels quite at home and often interrupted his presentation with personal comment relating to the charts and graphs. In particular, John seems to identify millennials and social media as the culprits to blame for reduction in US productivity.

More professionally, Mr. Silvia introduced his charts and graphs with his five benchmarks for good decision-making. As pieces of the puzzle all connected, they are The Dollar, Interest Rates, Profits, Inflation and Growth. They are all connected and need to be analyzed for their impact over time.

Speaking specifically about how Charlotte differs from the consensus, Silvia identified his expectations for the immediate future.

- Sustained-trend growth, no recession in 2016
- Employment – still going through cyclical and structural changes
- Consumer purchasing remains solid
- Housing is improving and multi-family housing is really improving
- Revenues are up for state and local governments
- The US has an unsustainable long-run fiscal policy
- Europe is improving gradually
- China's growth will be below 6.5 percent for 2016 and 2017

The US Real GDP will have trend growth at about 2 percent in the year ahead. Consumerism and Housing will lead, but exports will remain a drag given the high valuation of the US dollar. He continued that domestic growth has held up relatively well, with inventories and trade being a drag. He indicates that the likelihood of a recession has ticked upwards, but still no recession in their outlook.

He expects that business activity will continue to grow during 2016. Services have been a bulwark, while manufacturing has been slowed due to the dollar and the collapse in commodities. He continues that income growth has finally begun to turn around, but still lags prior recoveries.

One big concern from Silvia related to federal spending and that the debt to GDP ratio will surpass 85 percent by 2026 without any changes in federal spending habits. Silvia comments that inflation will remain low, but a small pickup will average less than 2 percent as it has since 1991. He sees that inflation is more prominent in services than for commodities.

From the global perspective, he indicates that Information Technology and Materials earn the highest share of revenues abroad. He remarks that Corporate profits have slowed...typical of mid-to late-cycle slowdowns. He confirms that the interest rate differential is a key driver of currency moves.

Silvia presented one chart that showed the disparity in job growth around the State of North Carolina in the following cities with their year-over-year percent change:

1. Raleigh – 4.1%
2. Charlotte – 3.3%
3. Winston Salem – 3.0%
4. Greensboro – 2.0%
5. Asheville – 1.8%
6. Fayetteville – 1.4%
7. Durham - .7%
8. Wilmington – 0.0%

He also showed a map indicating that North Carolina's unemployment stands at about 5.6%, while Virginia is at 4.2%, South Carolina is at 5.5%, Tennessee is at 5.6%, Georgia stands at 5.5% and Florida is at 5.0%.

His references to Charlotte demonstrated that the Charlotte MSA had the highest domestic migration in the Southeast USA even higher than Atlanta, Tampa, Orlando, Nashville, Raleigh, Sarasota, Fort Meyers, West Palm Beach and Myrtle Beach. He continued that the Charlotte housing market remains stronger than the other markets and that traffic at the CLT Douglas Airport has risen steadily. He mentions that the Charlotte market for apartments peaked in 2015.

Speaker Write Up: John Galles; Head Table: Charlie Greer, John Armistead, Tom Bartholomy, John Snyder, Andy Dinkin, Patricia Zoder; Invocation: Ed Pickett; Visitors & Guests: Herb Harriss; Song: Gray Langley; Health, Happiness & History: Edwin Peacock; AV: Jessica Dupree & Nikki Keith; Photos: John Mahaffey

## CLUB NEWS

A service to celebrate Robert Zimmerman's amazing life will be held at Covenant Presbyterian Church on Friday, March 18 at 3PM. Sympathy and prayers are extended to **David Zimmerman** and family.

**Ben Pendry** has forwarded a follow up piece from Dean Fey-Yensen's presentation. The public is invited to an event (free) celebrating National Public Health Week and supporting efforts to make Charlotte a healthier city. Keynote presentation: Childhood obesity and the transition to adulthood, Dr. Penny Gordon-Larsen, Professor of Nutrition and Head of the UNC-CH Obesity & Environment Program. Registration: [www.health.uncc.edu/bcbs16](http://www.health.uncc.edu/bcbs16).

Nice piece in the Business Journal on **Alan Simonini**, Simonini Homes, which details his new focus on building luxury, attached housing projects.

**Kevin Caldwell**, **Bob Fuzy**, and **Kim Brattain** were introduced as new members. **Lisa Mask** sponsored Kevin Caldwell, who is owner of RU Seeing Red, a company providing IT services to small to midsize companies: [kevin@ruseeingred.com](mailto:kevin@ruseeingred.com). **Jerry Coughter** had the pleasure of sponsoring Bob Fuzy, Vice President for Institutional Advancement, Pfeiffer University: [Robert.fuzy@pfeiffer.edu](mailto:Robert.fuzy@pfeiffer.edu). And, **Street Brewer** serves as Kim Brattain's sponsor. Kim is owner of Kim Brattain Media, specializing in producing film, writing and storytelling: [kim@kimbrattain.com](mailto:kim@kimbrattain.com).

APPROVE FOR MEMBERSHIP (comments to the Rotary Office by 3/22/16)

**Ryan Taylor**

NFL (Professional Sports, Football)

Sponsor: Ed Kizer

Endorsed: Tom Bartholomy, Tony Marciano

**Rob Hayden**

National Kidney Foundation Serving North Carolina (Health Services, Non-Profit)

Sponsor: Terri DeBoo

Endorsed: Denise Hallett, Chris Kemper

**100 SERVICE PROJECTS**

Everyone's help is needed to (1) volunteer and (2) recommend a project. REMEMBER to report your volunteer hours to the Rotary office.

- **April 15:** Green Teacher Network – Native Plant Pollinator Garden planting day: 2 volunteers per school (10 schools) for approximately 2 hours – contact Carolyn Carlburg, [c.carlburg@gmail.com](mailto:c.carlburg@gmail.com) for sign-up.

- Allenbrook Elementary School (on-going): North Star Reading Partners with a commitment to read to a 3<sup>rd</sup> grade student one hour a week. Eric Davis: [eric.davis@wellsfargo.com](mailto:eric.davis@wellsfargo.com).

- Platelet Donation (on-going): Register at the American Red Cross or Community Blood Center of the Carolinas to donate platelets.

**COMING UP**

- **May 13-15:** District Conference at the Renaissance Hotel in Asheville. Registration opens at 3PM; opening reception at 6PM. Adjourn by lunch time Sunday AM. Conference registration available on database (Sandy can get you registered) before April 1 - \$100 per person (after April 1 - \$150 per person); Renaissance Hotel reservations \$159 per night; 1-800-468-3571. All are invited to attend.

**UPCOMING BIRTHDAYS (03/17/16 – 03/23/16)**

03/17 John Shaver

03/18 Ed Pickett, Ty Hands

03/23 Jon Hannan

**UPCOMING ANNIVERSARIES (03/17/16 – 03/23/16)**

03/21 Kristin & Todd Arnold

Visitors & Guests	10
Club Members	158
Total	168
Percentage	58.3%

**MEMBERSHIP**

06/30/2015 319

03/15/2016 314

Net Increase: -5

*New Members:* Kim Brattain, Kevin Caldwell, Bob Fuzy

*Resignations:* Marc Bogan

Visitors: Melissa Scott, Tregg Lindbert, Rob Hayden, Ray Killian, Jr., Aaron Combs, Yannik Stubbe, Susan Boylston, Elizabeth Teagarden, Ryan Taylor

### UPCOMING LUNCHEONS

([www.charlotterotary.org](http://www.charlotterotary.org) and click on the events tab)

03/22 - Neale Bayly, TV Personality of Motorcycle Travels from 50 Countries & Co-Host of My Classic Car, "Experiences from travels around the world with billionaires to bank robbers"

03/29 – Anthony Foxx, U.S. Secretary of Transportation

04/05 – Sheriff Irwin Carmichael

04/12 – Don Brown, US Navy JAG Officer and Author

04/19 – Dr. Richard White, Chief of Oncology Surgery, CMC

04/26 – June Atkinson, NC Superintendent of Education

Photos from our luncheons and other events can be found on **Flickr** [Click here](#)





**Rotary**  
Club of  
Charlotte



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