



# NEWSLETTER

## PROBUS CLUB VANCOUVER

#252-2025 West 42nd Avenue, Vancouver, B.C. V6M 2B5 (604)261-6818

*Clubs for retired and semi-retired professional and business persons, former executives and others*

**April 2006**

...to find more about Probus go to [www.probus.org](http://www.probus.org)

### **President**

Denis Creighton  
604-922-6469

### **Director**

Probus Canada  
Pidge McBride  
604-274-0446

### **Past President**

Gordon Thom  
604-739-0714

### **Vice President**

Jack Farley  
604-922-1515

### **Secretary**

Bill Weatherall  
604-263-3069

### **Treasurer**

Bill Manson  
604-988-2365

### **Speakers Committee**

Fred Cotton  
604-266-7060

### **Membership**

#### **Committee**

Nick Thornton  
604-263-0061

#### **Visits and**

#### **Entertainment**

Don Hudson  
604-733-2643

#### **House committee**

Doug Lambert  
604-266-2422

#### **Newsletter Editor**

Roy Williams  
604-926-4727

#### **Membership Services**

Ted Daem  
604-732-7758

#### **Historian and Archivist**

Tom McCusker  
604-261-4763

**Next Meeting:** Tuesday, April 11, 2006

**Time:** 9:30 AM

**Location:** H.R. MacMillan Planetarium  
and Space Centre - Lower Level

**Speaker:** Steven Frasher, CEO

**Topic:** Overviews of the Washington  
Marine Group of Companies and the  
challenges they face.

### Steven Frasher



Born in upstate  
New York,  
Steve obtained  
his BS from  
Rensselaer  
Polytechnic  
Institute in Troy,  
New York and  
an MBA from  
New York

University.

After spending fourteen years in  
railroad operations at BNSF and  
Conrail, he switched careers focusing  
on marine operations. Steve spent  
fifteen years with the Ohio River  
Company, headquartered in Cincinnati,  
Ohio. As Vice-President, Operations,  
he was responsible for operations and  
maintenance of the

company's entire fleet of floating assets.  
Next, Steve spent four years with  
Tidewater in Vancouver,  
Washington, as Chief Executive Officer  
and following that participated in a one  
year special assignment as Chief  
Executive Officer for American  
Commercial Lines, located in  
Jeffersonville, Indiana. At American  
Commercial Lines Steve lead a  
successful effort to reorganize the  
company after filing for bankruptcy  
protection.

On May 10, 2004 Steve joined  
the Washington Marine Group of  
Companies as Chief Executive Officer.

Steve became a member of  
Board of Governors of the Business  
Council of British Columbia in April  
2005.

### UPCOMING EVENTS

**April 6 - Tour and Luncheon**

**Domaine de Chaberton Estate Winery**

**April 24th - Golf Tournament**

**May 17 - Tour of UBC**

**Sept. 16. Football Game (BC Lions vs  
Toronto)**

**October 7 - Fraser River Cruise to Fort  
Langley Cranberry Festival**

## Minutes of the March 14th Meeting

Attendance: 141 including 7 guests

President Denis called the meeting to order and asked Nick Thornton to introduce the following new members: Peter Jones, Forest Industry Transportation; Peter Lusztig, University Dean; Richard Carson, Accounting; Jim Carter, Medical Doctor; Hugh McDonald, Hospital Administration and Otto Forgacs, Forest Products Industry. In Chris Lee's absence, President Denis asked Lloyd Doidge to brief us on the May 17th UBC campus walking tour, (details elsewhere within). Our next speaker will be Steve Frasher from Seaspan of the Washington Marine Group. President Denis asked Allen Coombes to introduce our speaker, Jim Allworth, Director, RBC.

Jim explained that RBC is the largest Canadian investment dealer with assets under management in excess of \$400 billion. As competitive pressures prevent top players in the industry from increasing their operating margin, RBC's business plan is to increase assets under administration. Jim went on to explain the economic cycle could be described as either expansive or tightening. A potential outcome of a tightening phase is recession, which can vary in degree of severity. The goal of monetary policy is to slow an overheated economy and create a 'soft landing.'

After raising interest rates for almost two years, the US Federal Reserve (USFR) has likely finished its tightening cycle. The intent of interest rate adjustments is to keep inflation in check without causing a recession. As there currently appears to be no evidence of a recession in the North American economy, RBC predicts 2006 will be favourable for stocks in both Canada and the US.

The following are factors that support this prediction:

- Inflation expectations are low. Analysis suggests that US inflation will only rise from the current 2.1% to 2.5% by year-end.
- Interest rates are realistic. 'Real' interest rates (interest rate less inflation) are slightly above 1% and are unlikely to rise above 2% throughout the year.
- Short-term indicators are generally positive. Manufacturing, while down from its 2004 peak, is still strong. This is also true of the non-manufacturing sector.
- Global economies are accelerating. This is especially true for the world's second and third largest economies, Japan and Germany. Both show sustained improvement, which should result in a weaker US dollar and improved US trade balance.
- Long-term indicators range from neutral to slightly positive, indicative that the narrow path between inflation and recession is being controlled.

Jim feels that stocks are fairly valued at 16% lower than the high reached in 2000. Of the 16 economic tightening cycles imposed by the USFR since 1950 nine caused recession, the others did not. Over the next year stock prices are predicted to either rise to double-digit levels or drop 10% depending on the outcome of interest rate settings. This time round, the swing of Canadian stock values could be exaggerated in both directions as the TSE is currently trading above RBC's estimated 'fair value' range. Jim's advice for the year is to maintain your same stock exposure but if you deal in foreign instruments increase them somewhat due to the current TSE over-valuation.

During the question period we learned that:

- US household savings are high, due in a large part to mortgage refinancing.

An interesting twist in this refinancing is that the initial drive was not due to financial problems but rather to take advantage of low interest rates and the marked rise in real-estate values. Often at the bank's recommendation, Americans are refinancing with maximum mortgages. They pay off the old and pay down high interest loans such as credit cards, but leave a considerable cash balance in the bank account. Why, you may ask do they borrow at say 4 1/2% and invest at around 2%? The justification is perhaps a rainy day safeguard. Nevertheless it's this manoeuvre that currently results in the large saving accounts.

- There is a great deal of competition between large investment dealers. This tends to keep their commission charges reasonable.
- Forecasts of future oil prices are frequently based on what the requesting institute would like to see. US oil concerns want a 40 to 50 dollar barrel as they become more and more dependent on foreign supply.
- Excessive money supply in the US is currently a non-issue. The US economy is robust and international loans are considered normal practice.
- The 30-year downward trend of the Canadian dollar vis-a-vis the US has run its course. Our dollar will likely peak in the high eighty-cent range but stabilize around \$0.85.
- A key indicator for forecasting economic conditions is the prevailing 'real' interest rate.

President Denis asked Past **President Thom** to thank the speaker.

Bill Weatherall, Secretary

## NOTICES

**Member Services Desk:** Ted Daem

**Cash Desk:** George Plant and Bob Barnbrook

**Greeters:** Richard Carson, Toni Petrina and Godfrey Chowne

It is with regret that we announce the passings of John Catchpole on February 7, 2006 and Don Mann on March 20, 2006. Our condolences to their families. A donation will be made by Probus in their names to the Alzheimer Society of B.C., and to Central City Mission Foundation.

## DID YOU KNOW?

### Did you know why the ocean tides rise and fall?



A tide is a periodic rise and fall of all ocean waters, including those of open sea, gulfs and bays, resulting from the gravitational attraction of the moon and the sun upon the water and upon the earth itself. The moon, being much nearer to the earth than the sun, is the principal cause of tides. Because the force of gravity decreases with distance, the moon exerts a stronger gravitational pull on the side of the earth that is closer to it and a weaker pull on the side farther from it. The earth does not respond to this variation in strength because the planet is rigid; instead, it moves in response to the average of the moon's gravitational attraction. The world's oceans, however, are liquid and can flow in response to the variation in the moon's pull. On the side of the earth facing the moon, the moon's stronger pull makes water flow toward it, causing a dome of water to rise on the earth's surface directly below the moon. On the side of the earth facing away from the moon, the moon's pull on the oceans is weakest. The water's inertia, or its tendency to keep traveling in the same direction, makes it want to fly off the earth instead of rotate with the planet. The moon's weaker pull does not compensate as much for the water's inertia on the far side, so another dome of water rises on this side of the earth. The dome of water directly beneath the moon is called direct tide, and the dome of water on the opposite side of the earth is called opposite tide.

## VISITS AND ENTERTAINMENT

### PROBUS GOLF TOURNAMENT

Come and join the group for a wonderful day of golf, fellowship and food at the University Golf Club on Monday, April 24th, 2006. This is an event you will not want to miss regardless of your handicap. You can sign up by completing the enclosed registration form and sending it to the Probus Office or by turning it in to the Member Services Desk at the April Club meeting. Contact Don Newman at 604-263-5740 or Bill Kennedy at 604-731-4244 for additional information.



### UBC WALKING TOUR

WEDNESDAY, MAY 17, 2006

Park at Rose Garden Parkade (Chan Centre), NW Marine Drive. Parking passes will be provided. You are requested to car pool as much as possible and pick up your parking pass from the Membership Desk at the May 9th Probus meeting.

**9:30 am** - assemble at Sage Bistro (former Faculty Club), 6331 Crescent Road, just southwest of the parkade for a welcome and background presentation.  
**10:00 am** - depart on walking tour including Chan Centre, School of Journalism, Cecil Green Park and Green College, Museum of Anthropology, Liu Centre, Asian Centre, International House, Nitobe Memorial Garden, First Nations House of Learning, Choi Centre and return to Sage Bistro for lunch at 12:30pm.  
**1:30 pm** - walk to Sauder School of Business for end

of tour program. Participants will be provided with maps and information about new campus developments.

**2:30 pm** - acknowledgements and adjournment.

*Walking will be at a leisurely pace. Be sure to wear comfortable walking shoes.*

The tour will be limited to 35 participants on a first serve basis. Wives/partners are invited to participate on this tour. Register as soon as possible by completing the enclosed form. Contact Lloyd Doidge 604-228-8282 or Chris Lee 604-926-1022 for further information. Successful registrants will be contacted by phone before the May 9th Probus meeting when parking passes arrangements will be confirmed.

**KEEP THE ABOVE INFORMATION FOR REFERENCE.**

### LUNCH AT CHIANTI'S

Why not join the group of fellow members for lunch immediately after the meeting!!

**PLACE:** Chianti's at 1850 West 4th ave. (just west of Burrard on the south side).

**CUISINE:** Italian style featuring pasta dishes, soup and sandwiches etc.



Registration  
Probus 10th Annual Golf Tournament  
Monday April 24th, 2005 at UBC Golf Course

NAME \_\_\_\_\_

Phone \_\_\_\_\_ Handicap \_\_\_\_\_

Cost: \$130.00 (Dinner only - \$48.00)

Includes: Golf - first tee time - 11:00AM

Lunch: Sandwich or hot dog, beverage and snack

Dinner: 5:30pm - steak and salmon barbeque on terrace

Plus: pull cart, bottle of water and prizes

Participants allowed one mulligan per nine

Power Carts extra - call UBC Pro Shop (604)224-1818 to reserve one

Mail cheques to Probus Club Vancouver office #252 - 2025 West 42nd Ave., Vancouver, B.C. V6M 2B5

Call Don Newman 604-263-5740 or Bill Kennedy 604-731-4244 for additional information

**DEADLINE FOR REGISTRATION - APRIL 20TH, 2006**

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UBC WALKING TOUR REGISTRATION  
MAY 17TH, 2006

NAME(S) (please print): \_\_\_\_\_

Phone #: \_\_\_\_\_

Parking Pass Request: Yes \_\_\_\_\_ or No \_\_\_\_\_, car pool if at all possible.

Cheque enclosed for \$26.00 each (includes admissions and lunch = \$ \_\_\_\_\_

made out to Probus Club Vancouver.

Mail to: Probus Club Vancouver, #252 - 2025 West 42nd Ave.,  
Vancouver, B.C. V6M 2B5