

NATIONAL ASSOCIATION FOR BUSINESS ECONOMICS

Silicon Valley Roundtable—June 2003 Meeting

Topic: **Economics and Investing: A Prediction for the Rest of the Decade**

Speaker: **BUD CONRAD**

Investor

At last year's January meeting, when the S&P 500 was at 1161, Bud Conrad predicted the stock market would drop to 800 and recover to 850 by the end of the year. This was at a time when the average Wall Street estimate was for 1294. It dropped to 776 and recovered to 880 which was close to his prediction. Now the US dollar is crashing. Gold is up. Interest rates are at 45 year lows. What is next, and how can we understand the forces that drive markets?

The stock market bubble has now burst. The credit cycle is another important element in the economy, and Bud will describe how and why the current credit bubble might burst, and the implications for investors. The credit bubble is less apparent (a bubble is invisible when you are inside), but nonetheless extremely important to investors. Interest rates are key to predicting the credit cycle and drive most other investment outcomes: stocks benefit from low interest rates; housing, now a bubble, would implode with high rates; and a hidden derivatives market might react unpredictably to a big rise in rates (à la LTCM). The biggest mover today, however, is the exchange rate of the dollar, which is driven by relative interest rates.

Come hear his latest views. Bud will make some predictions for the year end for the stock market, Gold, the exchange rate, interest rates, unemployment and GDP. He always includes lots of data and charts to show how the connections work, so you can make your own decisions for successful investing or understanding economic structure, even if you come to different conclusions.

When: Tuesday, June 10, 11:30 AM to 1:30 PM

Where: **Menlo Park Public Library**

Directions: El Camino Real north or south to Menlo Park. East on Ravenswood Avenue (towards Highway 101). Right onto Alma Street (first right after crossing the railroad tracks). The library is the first building on the left and is part of the Menlo Park Civic Center complex.

Fees: \$15 members, \$20 non-members for lunch and meeting, pay at the door. Free parking.

About the NABE Silicon Valley Roundtable—Our 22st Year

Purpose: NABE Silicon Valley provides information you need about Silicon Valley. We offer research, forecasts, and monthly meetings to discuss topics of management and business economics. Guests welcome. To join, complete a membership form available on our website or at our meetings. Membership dues are \$20 per year.

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For more information: info@svrt.org; call (650) 364-5298; or mail: SVRT, Box 4039, Foster City, CA 94404.