

ECONOMY

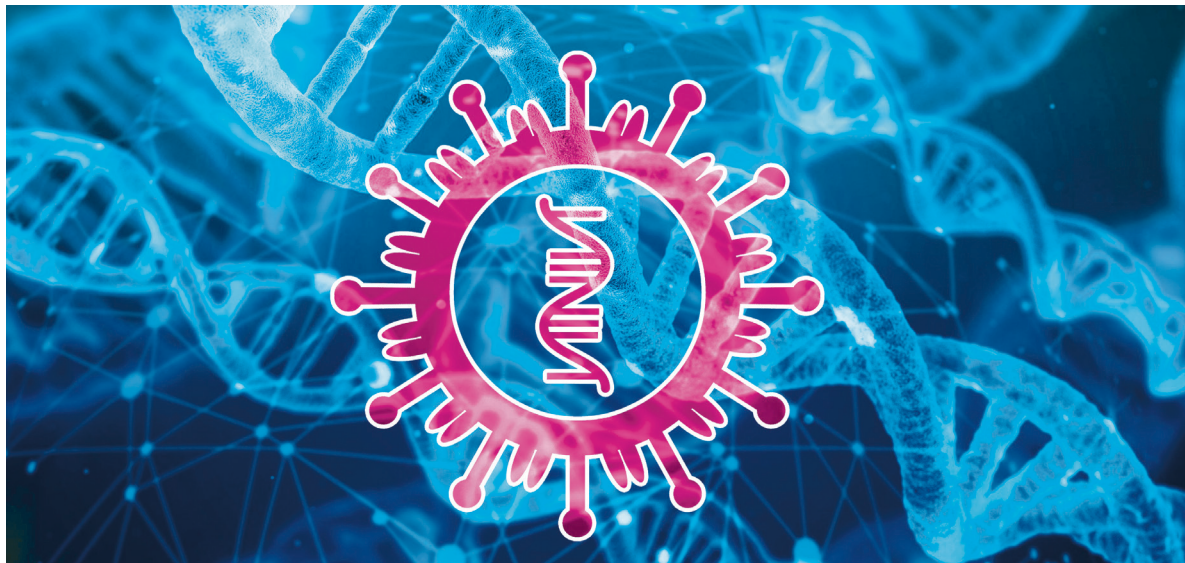
Buffet: 'Be...greedy when others are fearful.'

THINK STRATEGICALLY:

The Great Bulwark of Politics

Coronavirus Impacts Wall Street, New York Declares State of Emergency, Chinese Exports Fall 17.2%

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Coronavirus goes global

U.S. markets opened Monday with the S&P 500 dropping 7 percent and the Dow Jones Industrial Average (DJIA) 1,800 points, halting trading temporarily.

New York Gov. Andrew Cuomo declared a state of emergency as 105 cases of novel coronavirus were diagnosed in the Empire State. The coronavirus pandemic continues to spread globally, and the number of cases has now hit 112,000 and nearly 4,000 deaths. Among the latest places reporting are Colombia, Vatican City, Peru, Serbia, Bulgaria, Costa Rica, Faroe Islands, French Guyana, Maldives, Malta, Martinique, Republic of Moldova and Togo.

As part of the impact of the virus' spread, it is noted Chinese exports fell more than expected in January and February as the pandemic led to extended factory shutdowns, employee furloughs, inconsistent supply chains and less-than-desirable factory output. The overall impact on exports was 17.2 percent, and imports declined by 4 percent.

To highlight the severity of the impact on that nation's industrial sector, the

China Manufacturing Production Index shows that as of Feb. 29, the current level of 27.8 is down from 51.3 last month and 49.5 one year ago. This represents a change of minus-45.81 percent from the previous month and minus-43.84 percent from a year ago.

Week in markets: Roller-coaster rides across global markets

Five hundred-plus-point losses and gains became the norm this past week for the DJIA, and other indexes suffered significant losses during the week.

The Federal Reserve Bank lowered rates by 0.5 percent and stated that even though the U.S. economy remains strong with solid fundamentals, they feel the coronavirus pandemic poses a significant risk to economic activity. The more we see the coronavirus spreading, the more assured we feel market volatility will not abate any time soon. However, as with other pandemics, as they are contained and run their course, global economic activity will recover as 2020 marches on.

The DJIA closed the week of March 6 at 25,864.78, for a gain of 455.42 points, or 1.79 percent, and a year-to-date (YTD) return of minus-9.37 percent. The S&P 500 closed at 2,972.37, for a gain of 18.15 or 0.61 percent, and a YTD return of minus-8 percent. The Nasdaq closed at 8,575.62 for an increase of 8.25 or 0.1 percent and YTD return of minus-4.42 percent.

The Birling Capital Puerto Rico Stock Index closed at 1,560.12, for a loss of 54.99, or minus-3.4 percent, and YTD return of minus-23.44 percent. Meanwhile, the U.S. Treasury's 10-year note closed at 0.74 percent, a loss of 33.5, and YTD return of minus-1.2 percent. The

U.S. Treasury's two-year note closed at 0.49 percent, a loss of -43.02 percent, and a YTD return of minus-1.4 percent.

The Oracle of Omaha, Warren Buffett, has always said the following about the stock market and investing in general: "Be fearful when others are greedy and greedy when others are fearful."

—Since the market is down, should I take advantage of this buying opportunity?

While, yes, this is a buying opportunity for those investors who have 401(k)s, Keoghs or any exposure to the equities market, this is the right time to take a look at your investment strategies, rebalance your allocations and further diversify your portfolios to take full advantage of the price reductions. The best advice is to remain calm and stick to your financial goals.

—Is the fixed-income market the way to go?

Fixed-income and bonds have shown the benefits of balancing any portfolio during stock market pullbacks, and their advantage will show up as market volatility continues. To demonstrate this change, four bond funds we follow were chosen so you may revise them:

- Vanguard Total Bond Market ETF (BND) is priced at \$87.96 and has a YTD yield of 4.89 percent.
- Morningstar U.S. Bond Market Yield-Optimized (MOUSBMYO) is priced at \$1,045.22 and has a YTD yield of 8.04 percent.
- S&P 500 Bond Index (SPXBA) is priced at \$515.68 and has a YTD yield of 16.66 percent.
- BMO Tactical Global Bond ETF F (BMO95220) is priced at \$10.87 and has a YTD yield of 5.85 percent.

These are only examples of a significant array that may be available to you. When investing, always consult a financial adviser and select investments that fit your goals, diversification strategies and risk-tolerance levels.

When will volatility subside?

The market is not expected to continue reacting negatively as the

coronavirus pandemic runs its course. Unusual market volatility creates dramatic headlines that fill people with all kinds of emotions, and emotions, more often than not, if you react emotionally and do not use market analytical tools, you will make poor decisions. Panic and hubris are the worst companions any investor can have during times of crisis.

As always, it is recommended that you seek a trusted adviser to assist you in analyzing the various market opportunities and help you achieve your financial goals.

Final word—The 'great bulwark of politics': Joe Biden, the new frontrunner

The "great bulwark of politics" is the actual popular vote, not the caucuses, straw polls or any other interaction used in U.S. politics to determine many presidential hopefuls' fate.

For decades, a bad showing in Iowa or New Hampshire was enough to make any candidate withdraw from the presidential race. The 2020 election year has been quite different; Iowa was shunned by some in the field, including Michael Bloomberg and, to some degree, Joe Biden. The Iowa caucus turned out to be a total disaster, and it placed Bernie Sanders and Pete Buttigieg as frontrunners. On to New Hampshire and with it Sanders country coming out of the Iowa caucus: It put Sanders and Buttigieg on top with Biden in fifth place. These early showings began a media frenzy with several candidates; some even thought Biden would also withdraw from the race. However, that all changed after his strong results in the South Carolina primary and Super Tuesday, and now Biden is the frontrunner. Let us see why:

- He won elections throughout the southern U.S., benefiting from African-American and Hispanic votes.
- In those states that he did not win, he was a short distance from the leader.
- Both Bloomberg and Buttigieg dropped out of the race.
- As for endorsements, Bloomberg, Buttigieg, and Sens. Kamala Harris and Cory Booker all endorsed Biden.

Now, it is a two-person race between Biden and Sanders, with 65 percent of the 1,991 delegates needed for the nomination to be determined by the end of March.

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has more than 25 years of experience working with government, and multinational and public companies.

Weekly Market Close Comparison	3/6/20	2/28/20	Change	YTD
Dow Jones Industrial Average	25,864.78	25,409.36	1.79%	-9.37%
Standard & Poor's 500	2,972.37	2,954.22	0.61%	-8%
Nasdaq	8,575.62	8,567.37	0.1%	-4.42%
Birling Puerto Rico Stock Index	130.00	1,615.11	-91.95%	-23.44%
U.S. Treasury 10-Year Note	0.74%	1.13%	-34.51%	-1.2%
U.S. Treasury 2-Year Note	0.49%	0.86%	-43.02%	-1.4%