

ECONOMY

Uncertainty over market reaction to election results

THINK STRATEGICALLY:

Great Leaders Empower & Care

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As we begin our discussion on “Great Leaders,” my first advice for anyone who wants to become a great leader is that there has to be a genuine willingness and a real commitment to empower and care about other people. Managers lead all people the same; however, leaders lead each person differently to help them achieve a shared vision and goals through positive influence of their specific level.

You see, leaders see the world with a leadership bias. Leaders pivot on mobilizing people and grasping resources to achieve their goals rather than using their efforts. Leaders positioned for success always attempt to maximize every asset, help and influence they have for the organization’s direct benefit. Significantly, successful leaders are continually aware of all the resources at their disposal. For this reason, you may see highly successful CEOs reach

down to lower levels of the organization to find the information they are looking for or request the same information from others to discern the differences within their organization and advisers.

Your job as a leader is to find other leaders within your organization and develop them. Even if you are on top of the mountain, your position as a leader is to get off, look for others to build with, and when you find them, take them back up with you.

If you find yourself climbing the mountain alone, you are not a leader; you are just sightseeing.

Great leaders will look for the best in you and further develop your skills under all kinds of circumstances, diverse environments, challenging situations and stress to further develop your skill set. More often than not, a true leader feels unconditional love towards you, and by absolute, I mean even applying some tough love on occasion.

The scale of a true leader is not the number of people who serve him; instead, it is the number of people the leader serves.

Finally, I want to close by discussing what motivation is.

You see, motivation is the key reason for people’s actions, disposition and objectives.

The Motivations of People:

Purpose: Leader wants to do what they were created to do.

Self Direction: Leaders have the freedom to control their lives.

Relationships: People want to work with people they love.

Progress: Leaders want to experience personal and professional development.

Capability: Leaders want to excel in their craft.

Money: Leaders want to be financially secure.

Recognition: Leaders want to be recognized for being a positive influence on people’s lives.

For any leader to get ahead, they need people to be behind them 100 percent. To achieve that, you need to be personally invested in everyone in your orbit.

Week in Markets: Wall Street records best weekly gain since July

The U.S. and global stock markets closed last week with significant gains, as investors are cautiously optimistic that a new round of federal stimulus will be agreed on before the general elections. However, there seems to be too much focus on the stimulus discussion, making it difficult to distinguish between policy and politics.

The White House announced it was raising the fiscal stimulus offer to \$1.8 trillion, falling short of the \$2.2 trillion package the House has already passed. House Speaker Nancy Pelosi derided the proposal as a “one step forward, two steps back deal.” In her view, the president’s proposal would allow him to have more money at his discretion, rather than specific language that would support American workers and businesses that are suffering. While a deal may ultimately arrive, we do not envision an agreement before the elections.

An actual development: The Labor Department reported that Initial Claims for Unemployment Insurance were at 840,000, a 1.06 percent drop from 849,000 the week before.

As the elections near, some may wonder how strong the stock markets have been after elections. Reviewing data going as far back as 70 years, we note that in the 30 days before a presidential election, the stock markets have averaged a return of less than 1 percent.

However, after the elections, markets averaged north of 4 percent and ended the year in the black more than 80 percent of the time.

However, should President Trump lose, it remains to be seen how the market will react when assuming two scenarios: Trump challenges the election results and affects the transition of power or that a win by Joe Biden might mean increased taxes and more federal intervention.

The Final Word: Three Insights for investors

Stimulus is Late on Arrival, But It’s Coming: Another round of financial aid will materialize; however, Washington has decided to put politics over policy. As politics pushes any deal to probably after the elections, the amount of the stimulus we feel will be close to the \$2.2 trillion passed by the House, as there is a universal consensus that households and small businesses need further financial support.

How Strong Is The Economic Recovery: Federal Reserve Chairman Jay Powell said the expansion is still far from complete. Too little government support will lead to a weak recovery at this early stage, creating hardship for households and businesses, increasing bankruptcies. After recording a minus-32 percent decrease in GDP in the 2Q2020, we expect to see record growth in GDP for the 3Q2020, evidencing the economy’s reopening. However, be aware that these numbers are supported by Paycheck Protection Program loans and other provisions of the Coronavirus Aid, Relief and Economic Security (Cares) Act and the Fed’s efforts.

Further Growth May Be on a Holding Pattern: We view the fiscal economic and easing monetary policy as the potential fuel to the economic rebound. However, to allow for increased growth, all the conditions must enable the market to function correctly. To that end, we see that the interest rate will remain low at least until the end of 2021. However, noting what may happen if Trump wins, we believe the lower tax regime will continue and further economic flexibility will remain. Should Biden win, experts claim that taxes will be increased for corporations and those with higher incomes.

Weekly Market Close Comparison	10/9/20	10/2/20	Change%	YTD
Dow Jones Industrial Average	28,586.90	27,682.81	3.27%	0.17%
Standard & Poor’s 500	3,477.13	3,348.44	3.84%	7.63%
Nasdaq	11,579.94	11,075.02	4.56%	29.06%
Birling Puerto Rico Stock Index	1,678.65	1,563.42	7.37%	-17.63%
10-year U.S. Treasury	0.79%	0.70%	12.86%	-1.20%
2-year U.S. Treasury	0.16%	0.13%	23.08%	-1.20%

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