

ECONOMY

How to Dream Big and Execute Bigger

THINK STRATEGICALLY: The Man Who United Ponce With the Ponce Yacht & Fishing Club

BY FRANCISCO RODRÍGUEZ-CASTRO | frc@birlingcapital.com



Every morning, I am greeted with a beautifully artistic photo of the Ponce Yacht & Fishing Club taken by our friend Captain Alvin Toro. That photo of a beautiful sunrise highlights all the majesty of the Ponce Yacht & Fishing Club—or as we ponceños call it, El Náutico—its facilities, as well as the beauty of the landscape around it. El Náutico is one of the most beautiful places in Puerto Rico and is undoubtedly an exceptional place for those of us who grew up there.

When the clubhouse began construction in 1939, there was no road, and all the materials had to be carried by dinghy to build a reinforced concrete structure mounted on piles driven more than 60 feet below the seabed. The clubhouse was completed in April 1941 at a cost of \$30,000. Shortly after completing the club, it was occupied by the Navy to use during World War II, only to be returned in the early '50s. All the members and visitors from 1941 until 1966 used the famous Ancón from the dock in the Port of Ponce. Since El Náutico originated, my family has been linked to it; my grandfather's older brother, Arturo Castro, wrote its incorporation, regulations and bylaws, becoming its commodore between 1952 and 1955. My grandfather, Tito Castro, told me of the many

conversations he had with his brother to devise a plan to build a road to link the club with Ponce.

For my grandfather, a great road contractor, building that particular road was a great challenge and a gift he wanted to give to the club. For about 11 years, he studied the area, its depths and contours to select the road we all know today.

Finally, in 1966, my grandfather became commodore and decided to solve the lack of road access once and for all. Having already evaluated everything, he was ready to begin his plan and had determined to seek help from his friend, neighbor and club member, Don Luis A. Ferré. According to what my grandfather theorized with Don Luis: "If we use the hot clinker from Ponce Cement and deposit it directly in the water when it is hot, the chemical reaction with the water will harden it and create a solid base to build a better and more durable road."

The person who operated the Ancón was the great Cucho Maldonado. Cucho was worried about losing his job running the Ancón; my grandfather advised him that he will be working with him; he worked at Empresas Tito Castro, becoming vice president of Ponce Asphalt for 44 years.

Clinker is the backbone of cement production and is essentially a

mixture of limestone and minerals that have been heated in a kiln and transformed by this heat, then finely ground and mixed with other raw materials to make cement.

In effect, depositing the hot clinker in the water created a solid base; the area would dry out when adding enough. Hundreds of loads of clinker were used to create the initial base for the road. Followed by hundreds of loads of marble stone from our Naranjo Quarries in Juana Díaz and, in addition, other materials used at Ponce Asphalt to build roads. All the work, materials, design, construction and labor were donated by my grandfather, Tito Castro, for the benefit of the Náutico.

The road, completed in 1966, proved a massive success for the club in terms of membership and forever joining the club to Ponce, thanks to my grandfather's vision to undertake this project.

Quoting our friend Fernando

Barnes-Vélez (RIP): "Tito Castro was always a leader, born not to follow anyone, but to be followed, a free spirit who in life refused to follow the existing roads and paths, but rather, opened his own paths. For that reason, he enjoyed it so much and felt in his natural element, in the sea, with absolute freedom of direction and movement."

Week in Markets: Wall Street takes a breather. The critical question is, where is the growth going to be?

The stock markets ended a losing week filled with uncertainty, the worst ingredient for investors. As investors continue to digest the economic data that have been somewhat mixed, there are three main concerns: signals of stagnant global economic growth, the Federal Reserve, and the European Central Banks' change in policy towards tapering. The last item in the rise in inflation has translated to higher prices for everything from consumer goods to cars, houses, electronics, and food. However, a glimmer of hope showed up when the Consumer Price Index reported a slower pace of inflation at 0.27 percent. These concerns typically are sufficient to cause the markets to regroup and to search for a new stock rotation direction.

One sector poised for growth is the infamous beach sector—bookings, entertainment, airlines, cruise lines and hotels.

Because of the delta variant of the coronavirus, there have been rather significant declines in hotel bookings and rates, with the overall ADR's falling 2.9 percent; the same applies to airlines that have seen lower volumes and airfares drop 9.1 percent, while car-rental prices have also dropped 8.5 percent.

Some notable stocks in the beach sector have seen their values suffer since July 1; where the opportunity lies.

- United Airlines (UAL) has lost 16.09 percent, and the stock is at \$44.54
- JetBlue (JBLU) has lost 11.1 percent, and the stock is at \$15.22
- Carnival Cruise Lines (CCL) has lost 10.66 percent, and the stock is at \$23.55.
- Delta Airlines (DAL) has fallen 9.31

- percent, and the stock is at \$40.11.
- American Airlines (AAL) has lost 8.28 percent, and the stock is at \$19.73.
- Intercontinental Hotels (IHG) has lost 4.45 percent, and the stock is at \$64.36.
- Hyatt Hotels (H) has lost 4.08 percent, and the stock is at \$75.38.

Wall Street Weekly Review: Sept. 17:

- The Dow Jones Industrial Average closed at 34,548.88, down 22.84 points, or 0.07 percent, for a year-to-date (YTD) return of 13 percent.
- The Standard & Poor's 500 closed at 4,432.99, down 25.59 points, or 0.57 percent, for a YTD return of 18.02 percent.
- The Nasdaq Composite Index closed at 15,043.97, down 71.52 points, or 0.47 percent, for a YTD return of 16.73 percent.
- The Birling Capital Puerto Rico Stock Index closed at 2,768.90, up 11.81 points, or 0.43 percent, for a YTD return of 35.4 percent
- The U.S. Treasury 10-year note closed at 1.37 percent.
- The U.S. Treasury two-year note closed at 0.23 percent.

The Final Word: Will the bull run continue?

Finally, as the labor shortages diminish, inflation subsides and the global supply chain disruptions are fixed, we may be in for a great bull run.

While the markets take a tumble this week, please consider that the YTD returns are all in the double digits, and there should not be complaints about that scenario. What we all need to look for is for the next stock rotation to achieve significant gains.

However, do expect a rise in volatility and temporary weakness. Ultimately the right combination of rising economic growth, mixed with a relaxed monetary policy and sprinkled with solid corporate earnings, will provide us with the jet thrust to continue the current bull market into 2022.

Francisco Rodríguez-Castro is president and CEO of Birling Capital LLC. Think Strategically© is a publication by Birling Capital LLC that summarizes recent geopolitical, economic, market and other developments. This report is intended for general information purposes only and does not represent investment, legal, regulatory, or tax advice. Recipients are cautioned to seek appropriate professional counsel regarding any of the matters discussed.

Weekly Market Close Comparison	9/17/21	9/10/21	Return	YTD
Dow Jones Industrial Average	34,584.88	34,607.72	-0.07%	13.00%
Standard & Poor's 500	4,432.99	4,458.58	-0.57%	18.02%
Nasdaq Composite	15,043.97	15,115.49	-0.47%	16.73%
Birling Puerto Rico Stock Index	2,768.90	2,757.09	0.43%	35.40%
U.S. Treasury 10-Year Note	1.37%	1.35%	1.48%	0.40%
U.S. Treasury 2-Year Note	0.23%	0.23%	0.00%	0.50%