

ECONOMY

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THINK STRATEGICALLY:

The 21st Century Holodomor

BY FRANCISCO RODRÍGUEZ-CASTRO | frc@birlingcapital.com



'The Bitter Memory of Childhood' at the Ukrainian National Holodomor Genocide Museum in Kyiv. The statue of a little girl clutching ears of wheat against her chest symbolizes the artificial famine created by Stalin in Soviet Ukraine in the early 1930s, which is recognized by Ukrainians as an act of genocide by the Russian Communist authorities.

The Insensible Killing of innocent Ukrainians

Each day the war between Ukraine and Russia continues, there is an incalculable cost in the loss of priceless human lives. Innocent children, mothers, elders and regular people trying to survive the unfortunate determination of a megalomaniacal despot. More than two weeks after the war began—through March 10 alone—there had been 957 wounded and 549 dead, of which 26 were children, although the United Nations believes the actual total may be significantly higher. Also, there are reports of between 2,000 and 4,000

Ukrainian soldiers and between 5,000 to 12,000 Russian soldiers dead. The urban nature of the war puts workers of all kinds at risk, mainly humanitarian volunteers and the thousands of families trying to escape the warzone. All kinds of emotions surface as we see news and images of the war on social media and television. As heartbreaking as these are, they serve as evidence of war crimes that Russia is committing. This is not the first genocide of Ukrainian people committed by Russia. A statue named “The Bitter Memory of Childhood” stands proudly at the Ukrainian National Holodomor

Genocide Museum in Kyiv. The statue is of a little girl clutching ears of wheat against her chest, which symbolizes the artificial famine created in the early 1930s by Joseph Stalin in Soviet Ukraine, which is recognized by Ukrainians as an act of genocide by the Russian Communist authorities. “Holodomor” is a word derived from the Ukrainian word famine “holod” and the word meaning extermination, “mor,” to reference a forced mass starvation in the grain-producing regions of Ukraine by Stalin and the Soviet Republic between 1932 to 1933. Russia’s plan began in 1929 to create a communist economy. Joseph Stalin imposed collectivization, or replacing owners of all types of farms with state-run collectives. Ukrainian farmers, mostly subsistence farmers, resisted giving up their land and their only means of livelihood. Collectivization led to a decline in production, disorganization of the rural economy and food shortages. It also triggered a series of peasant rebellions, including armed uprisings in some parts of Ukraine. Stalin’s campaign resulted in 3.9 million Ukrainians dying of starvation, so oppressing and murdering Ukrainians is in Russia’s DNA. Putin wants to revive the “Holodomor” in the modern era with his aggressive actions. While it should be clear to us that the greatest cost is and will be human lives, there are several economic costs stemming from the Ukraine-Russia conflict that impact Puerto Rico; these are a few observations:

– Food security: The next Ukrainian crisis will be a food crisis, although it is even more critical. Ukraine produces 18 percent of the world’s sunflower seed, safflower or cottonseed oil exports, some \$3.75 billion worth; 13 percent of corn production, \$4.7 billion; 12 percent of global barley exports; 19 percent of total exports of cereals, wheat and meslin, \$9.4 billion; and 11.7 percent of animal/vegetable fats, oils, waxes, for a combined \$5.8 billion. In absolute figures, Ukraine exports more than \$23.6 billion in food annually. It is worth noting that Ukraine’s

top trading partner, at \$15.3 billion of its total exports, is China. Before the conflict, food prices were already suffering a significant increase; now, prices have skyrocketed. Rising food prices could lead to considerable unrest and instability in the Indian, African and Middle East regions as well. – Lower commodity exports: Ukraine is also a major exporter of iron and steel, at \$7.7 billion, and ores, slag and ash at \$4.4 billion; electrical machinery and equipment, \$2.5 billion; computers, \$1.9 billion; and wood, \$1.4 billion. Automakers BMW, Porsche and Volkswagen have already halted production due to shortages from major Ukrainian suppliers. Russia’s invasion of Ukraine is not only affecting people’s lives, it involves the economic survival and stability of the whole nation, and for what? The only answer is to satisfy Vladimir Putin’s ambition to recreate the former Soviet Union and its 14 members, even if it costs thousands of innocent lives. In conclusion, the 21st century Holodomor happens as Russia, through its invasion, affects every industry, farm, service and person. Its actions will starve, kill and make others suffer. Russia has chosen to oppress a proud and determined nation that did not bend to Moscow’s demands. We pray for them, as I see all the hallmarks of the beginning of World War III, something unthinkable a couple of years ago. I remember the wise words of my grandfather Tito Castro, who gave me perspective on people’s attitudes. He said: “Every man can be seen in three ways: as he says he is, as others say he is and how his actions determine who he truly is.”

The Week in Markets: War, Stock Rotation, Bargain Hunters and Inflation Rock Markets

The U.S. stock markets closed one of the most volatile weeks in memory, with losses and a strong dose of stock rotation now in the mix. Investors are following stock bargains, looking for investment opportunities to lessen their portfolio’s impact of out-of-control

inflation, war and upcoming interest rate increases. It is worth mentioning that defensive sectors unaffected by the crisis have seen significant rotations. For the U.S., higher inflation translates into lower consumer demand, which negatively impacts the economy. As consumers adjust to the new environment, they become more selective on pricing and choices, affecting the broader markets. The U.S. consumer represents 70 percent of the U.S. GDP and thus is the economy’s foundation. There are four forces impacting consumers: higher food prices, energy, automobiles and homes. Even with the inflationary pressures, the U.S. economy remains strong and continues growing as we face the inflation and war crisis. There are three considerations to ponder:

1. The U.S. consumer is in much better shape during any other crisis, with less leverage and armed with excess savings of nearly \$2.5 trillion. These reserves can allow consumers to deal with the higher prices of most goods.
2. U.S. economic growth en route to grow 3 to 4 percent in 2022, well above longer-term trends of 1.5 to 2 percent.
3. Robust corporate Earnings: the pandemic taught corporate America a lesson that it will not forget: to plan for the unexpected. Strong earnings momentum remains even with the current scenario.

The Final Word: Congress approves \$13.6 billion in Aid for Ukraine

In the U.S., following weeks of congressional horse-trading, House members reached a bipartisan agreement to fund the government. The House passed the bill Wednesday, and the Senate late yesterday. The measure includes \$13.6 billion for humanitarian and military assistance to Ukraine, reaching a rare bipartisan compromise. The funding bill runs through the rest of the fiscal year.

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	3/11/22	3/4/22	Return	YTD
Dow Jones Industrial Average	32,949.19	33,614.80	-1.98%	-9.34%
Standard & Poor's 500	4,204.31	4,328.67	-2.87%	-11.79%
Nasdaq Composite	12,843.81	13,313.44	-3.53%	-17.90%
Birling Puerto Rico Stock Index	2,676.64	2,699.55	-0.85%	-7.03%
U.S. Treasury 10-Year Note	1.94%	1.74%	11.49%	0.50%
U.S. Treasury 2-Year Note	1.68%	1.50%	12.00%	0.50%