

# ECONOMY

Trump could have violated  
U.S. constitution



THINK STRATEGICALLY:

## The Presidency is all About Character

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### Why Character Matters

Since the U.S. became an independent nation, we have had presidents, farmers, lawyers, generals, movie stars, engineers and career politicians. We have never had a president who lacks a moral compass and does not distinguish between right and wrong or lacked empathy, compassion and honesty.

As we analyze the attack on the U.S. Capitol with President Trump's express encouragement, we note how frail the moral compass of this man and his supporters is, as it led to attempt such a despicable act.

In Antoine de Saint-Exupéry's "The Little Prince," there is a brief discussion about the importance of love and friendship. Simultaneously, the fox asks that the little prince domesticate it; the prince explains what friendship entails and, more substantially, what missing someone, or needing a person. The confused fox is told: "What is essential is invisible to our eyes," describing friendship's true feelings.

Presidential power, words and influence, in no small degree, may be invisible to our eyes; however, the effect their words, whether right or wrong, can bring a nation to its knees.

There are no words to describe the feeling of despair, disgust, sadness and disbelief from having listened to Trump's message in his so-called Save America March.

The president backed his supporters' cry to "stop the steal," referring to the election, which he has called fraudulent

without evidence, and urged them to go to the capitol to demonstrate against the members of Congress, who were certifying President-elect Joe Biden's electoral victory. Among the crowd's chants was "Fight for Trump."

In comparison, there is no single measurement for the presidency. We look at other presidents and note President Washington's integrity, President Lincoln's fight for equality, President Kennedy's charm and wit or President Reagan's ability to unite America, and more recently, the powerful connection most felt to President Obama.

Suppose we choose to harness presidential power with a single phrase. In that case, it has to be the potency of language and words; there is no better example than JFK's inaugural address and its famous line: "Ask not what your country can do for you – ask what you can do for your country."

Those words transcend time and are as relevant today as they were in 1961.

Kennedy rarely spoke about himself in the first person, in stark contrast to Trump.

While we have an opportunity to watch each presidency, one thing that is quite particular in all presidencies is that all the power, symbols, mantra and actions are synthesized by one single reaction, the ability to convey a message.

The following is the presidential oath of office: "I do solemnly swear that I will faithfully execute the Office of President of the United States, and will

to the best of my ability, preserve, protect and defend the Constitution of the United States."

Through his actions, Trump violated his oath of office, our Constitution and is not fit to hold office.

The presidency is all about character, honesty, respect, confidence, passion, clarity and caring—qualities we can conclude are essential but invisible to our eyes.

### Week in Markets: Capitol Insurrection, Democrats Control Senate, Wall Street at Record Levels

The U.S. and global stock markets experienced a strong beginning in the new year. The three vaccines, mixed with the resilient economic data and the determination of the Senate's balance of power in favor of the Democrats after the party's two senators secured victories in the Georgia runoff races. Our view sets the stage for other rounds of stimulus funding. Others had predicted that a Democrat controlled Senate might be tempted to raise corporate tax rates. However, considering the state of the economy, tax reform cannot be a priority in 2021. What should investors expect?

The unfortunate attack on the U.S. Capitol took the United States into unfamiliar political territory; meanwhile, in economic and market terms, we note the following:

Keep your eye on the stimulus funding and its impact on your industry and portfolios.

The vaccines are the new gold and

are putting the world in pandemic recovery mode.

Economic growth, low interest rates and corporate earnings are your most vital barometers for economic well-being.

As we close the 2020 chapter of our lives, which included the global pandemic, an exogenous shock that caused a recession, as well as barbaric presidential elections, we must now focus on the new year and its unique set of challenges and opportunities.

Birling Capital data show that when a Democratic president took office after a Republican White House, the average stock market return in the following year was 14.1 percent.

Finally, for the Biden administration, obtaining control of the Senate allows it to pursue its agenda with some flexibility. However, considering the fragile state of the economic recovery, the Biden agenda will create a fortress economy and provide adequate stimulus; meanwhile, other pieces of the Biden agenda may be delayed, such as tax increases.

### Wall Street Summary for the week ending Jan. 8:

The Dow Jones Industrial Average closed 31,097.97, up 491.49 points, or 1.61 percent.

The Standard & Poor's 500 closed at 3,824.68, up 68.62 points, or 1.83 percent.

The Nasdaq Composite Index closed at 13,201.98, up 313.70 points, or 2.43 percent.

The Birling Capital Puerto Rico Stock Index closed at 2,158.21, up 113.18 points, or 5.53 percent.

The U.S. Treasury 10-year note closed up at 1.13 percent

The U.S. Treasury 2-year note closed at 0.14 percent

### The Final Word: Performance of the Birling Capital U.S. Bank Index

The Birling Capital U.S. Bank Index had a strong year among the top seven U.S. bank holding companies.

This following shows how each bank holding companies' stock fared since

the pandemic reached the United States, or from March 1, 2020 to Jan. 8, 2021. Compared with the Dow Jones Industrial Average and how they managed against the Birling Capital U.S. Bank Stock Index, you will note that the return was 16.96 percent during that 10-month period, and the Dow's return was 32.03 percent. The Birling Capital U.S. Bank Index includes the following institutions, ranked according to their performance against the Dow and the Birling Capital U.S. Bank Stock Index (BCUSBI):

Morgan Stanley (MS): Achieved a 104.10 percent return, which beat both the BCUSBI and the Dow, with a closing price of \$75.25.

Goldman Sachs (GS): A 68.76 percent return, beating the BCUSBI and the Dow, with a closing price of \$290.08.

Bank of America (BAC): A 43.49 percent beat the BCUSBI and the Dow, with a closing price of \$32.53.

JP Morgan Chase (JPM): Its 41.75 percent beat the BCUSBI and the Dow, with a closing price of \$136.02.

U.S. Bancorp. (USB): A return of 36.21 percent, which beat the BCUSBI and the Dow, with a closing price of \$49.32.

Citigroup Inc. (C): Its 28.71 percent return beat the BCUSBI and was nominally below the Dow, with a closing price of \$65.37

Wells Fargo & Co. (WFC): Achieved a 2.66 percent return, which underperformed compared with the BCUSBI and the Dow, with a closing price of \$33.19

With a stellar finish for 2020, the top banks can now begin to buy back their stock, which is now at desirable prices. We have examined the data, and as much as \$10 billion of their shares will be repurchased during the first quarter, as the loan losses due to the global pandemic year have been lower and other operations of the bank had superlative results. We expect JPMorgan Chase to lead the buy-back parade with around \$3.2 billion of its shares by the end of March, with the rest of the banks buying back \$74 billion. The information remains fluid. More to come.

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Yearly Market Close Comparison	1/8/21	12/31/20	Return	YTD
Dow Jones Industrial Average	31,097.97	30,606.48	1.61%	1.61%
Standard & Poor's 500	3,824.69	3,756.07	1.83%	1.83%
Nasdaq	13,201.98	12,888.28	2.43%	2.43%
Birling Puerto Rico Stock Index	2,158.21	2,045.03	5.53%	5.53%
U.S. Treasury 10-Year Note	1.13%	0.93%	21.51%	21.52%
U.S. Treasury 2-Year Note	0.14%	0.13%	7.69%	7.69%