



Think Strategically: All Eyes on the New Leaders of the U.S. and Puerto Rico

By Francisco Rodriguez-Castro
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On Jan. 20, we watched the traditional transition of power in the United States. We witnessed the swearing in of Donald J. Trump as the 45th president of the United States and we saw the conclusion of now former President Barack Obama's term draw to a close as he was escorted to Marine One and bid farewell to the White House.

This edition of "market review" will be dedicated not only to how the market performed last week, but also on a good way to measure both a successful presidency and governorship, and how to recognize success.

On Trump's Inauguration Day, he inherited the following U.S. benchmarks:

- **Average price of regular gas: \$2.436 a gallon**
- **Dow Jones Industrial Average: 19,819**
- **Nasdaq: 5560.7**
- **Unemployment rate: 4.7%**
- **Average GDP growth per quarter in office: 1.78%**
- **Labor-force participation rate: 62.7%**
- **Home ownership rate: 62.9%**
- **Median household income: \$58,221 a year**
- **National debt: \$19,962,644,407,252**
- **Credit Ratings: Standard & Poor's (AA+), Moody's Investors Service (AAA), Fitch Ratings (AAA)**
- **Access to markets: Full access**

Next year at this time we will be able to measure Trump's success by comparing the movement in all these variables and then discussing his success and failures. Our job in these market reviews is to prepare you to make informed decisions and plan ahead as to the constant market movements. Although this is not an exact science, our aim is to provide important tools to measure success.

Investors have now had more than 60 days to accept the surprising results of last year's presidential election and some are beginning to understand the new administration's legislative agenda. The President's first action was to sign an executive order to seek the repeal of the Affordable Care Act (a.k.a. Obamacare), followed by an executive order to exclude the U.S. from the Trans Pacific Partnership (TPP) agreement. Although Congress had not approved the TPP, this move points to the direction of renegotiating all trade agreements,



as Trump promised during the campaign. The other issues that will be implemented are both a comprehensive tax reform and regulation reform, both are expected to reduce by at least 7%. A major underpinning of Trump's growth and job creation initiatives is his proposal to invest \$1 trillion in rebuilding the nation's infrastructure over the next 10 years.

To make progress on all these fronts simultaneously is a huge task and will likely take longer than many have expected. This does not mean that the new administration will not ultimately be successful, but it does suggest that attention needs to be paid to the sequencing and legislative priorities of the new administration.

For investors, policy shifts may impact the economic outlook, so it is also important to keep an eye on current market fundamentals. Thankfully, the latest economic data available show that both the U.S. economy and global economy have gained momentum over the past several weeks.

We also want to provide you with the tools to measure Gov. Ricardo Rosselló's success by providing points of reference to measure success and how to recognize it.

On Rosselló's Inauguration Day, he inherited the following Puerto Rico benchmarks:

- **Price of gas: 64.9 cents per liter**
- **Puerto Rico Stock Index: 2,551.91**
- **Unemployment rate: 11%**
- **GNP: -2.2%**
- **Labor-force participation rate: 39.8%**
- **Home ownership rate: 62.9%**
- **Median household income: \$18,626 a year**

- **Puerto Rico debt: \$69 Billion**
- **Credit Ratings: S&P (D), Moody's (Caa3) and Fitch (D)**
- **Access to markets: None**

We have what we need to realize our potential, expand our growth and focus, while rupturing the chains of the fiscal imprudence that have hampered our path.

Our politics must reflect the desire of the people to succeed even if they do not know how to recognize success. Regardless of any party preference or particular interest, we must help restore the sense of common purpose that we so badly need right now. There are no quick fixes; there is only the resolve and determination of our leaders and citizens that will drive our long-term growth.

A final thought cited loosely from Atticus Finch in To Kill a Mocking bird:

"You never fully understand the job a person does until you consider things from his point of view. Until you climb into his skin and walk around in it".





About Birling Capital Advisors LLC

Birling Capital is corporate advisory & consulting firm that **offers broad corporate finance & advisory services** focused on the needs of institutional, government, corporate, middle-market companies, family corporations and their owners, which are our focus markets.

Our firm combines our senior leaders' more than two decades of advisory, consulting and transactional experience in corporate, healthcare, retail, education, insurance, P3's, banking and government markets with industry-focused financial operations and strategy professionals, enabling us to effectively advise our clients through their most critical corporate finance transactions.

Prior to founding Birling Capital, our firm's principal worked for over twenty-five years in corporate, consumer, investment banking and government areas developing a unique set of skills to suit our focus markets. Sharing a deep rooted passion for providing quality advice to our clients that will help them to build enduring businesses and to accomplish their most critical strategic objectives.

Francisco Rodriguez-Castro, President & CEO

Mr. Rodriguez-Castro is Managing Partner of Birling Capital since its creation and manages all aspects of its practice. Mr. Rodriguez-Castro with over 25 years of experience has been a key executive in government, global, multinational and public companies as well as a key corporate advisor to multiple entities in a diverse array of market segments. He has participated in structuring over \$10 billion in Municipal Finance, Corporate, Commercial, Asset Based, AFICA and Mergers and Acquisitions transactions.

Mr. Rodríguez Castro has been Managing Director at UBS, President & CEO of the Economic Development Bank and held senior lending positions in the corporate banking sector. He is also a key leader in promoting the private sectors participation in the formulation of public policy of the country supporting the governments in its efforts to achieve and maintain sustained economic development for Puerto Rico. In addition to his management roles he was the founder of the Private Sector Coalition a not for profit association

