

FINANCE

WINNERS FOR THE WEEK ▲

STOCK	SYMBOL	52-wk LOW	52-wk HIGH	PRICE 5/5	PRICE 5/12	CHANGE
Evertec Inc.	EVTC	13.35	18.60	16.50	16.80	0.30

LOSERS FOR THE WEEK ▼

STOCK	SYMBOL	52-wk LOW	52-wk HIGH	PRICE 5/5	PRICE 5/12	CHANGE
Triple-S Management Corp.	GTS	16.49	26.86	18.08	16.60	-1.48
Popular Inc.	BPOP	26.72	45.96	41.01	39.98	-1.03
OFG Bancorp	OFG	7.60	14.48	11.50	10.60	-0.90
First BanCorp	FBP	3.58	7.05	5.98	5.70	-0.28

U.S. STOCKS

	M	T	W	TH	F
DOW	0.03%	-0.17%	-0.16%	-0.11%	-0.13%
S&P	-0.11%	-0.07%	0.08%	-0.18%	0.08%
NASDAQ	0.13%	0.37%	-0.01%	-0.08%	0.32%

U.S. FUELS AVERAGE PRICE

Regular Gasoline	\$2.372
Premium Gasoline	\$2.870
Diesel	\$2.565

EUR/USD

	M	T	W	TH	F
OPEN	1.0996	1.0922	1.0872	1.0868	1.0864
CLOSE	1.0924	1.0874	1.0868	1.0861	1.0932

USD/JPY

	M	T	W	TH	F
OPEN	112.97	113.24	113.97	114.28	113.85
CLOSE	113.25	113.98	114.28	113.86	113.38

Think Strategically: On Borrowed & P.R. Time

BY FRANCISCO RODRÍGUEZ-CASTRO
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ON BORROWED TIME: NAFTA

This past week, the Senate confirmed Robert Lighthizer as the new U.S. Trade Representative, which allows the President to have his senior trade policy team in place. From Washington, we hear that a blitz of trade policy initiatives and announcements will occur, including informing Congress of President Trump's intention to renegotiate the North American Free Trade Agreement (Nafta).

Even with all the intentions the President may have to dramatically change Nafta, the negotiations will be complicated and our trade partners may not agree with many of the

significant changes the administrations seeks. If there were a time to show the President's skills as a negotiator, it is now.

FBI DIRECTOR COMEY

We watched in disbelief the live firing of FBI Director James Comey on the news. You can agree or disagree with Director Comey and his actions, but no public service official deserves to learn about his/her dismissal on live TV. Most media outlets have been concluding that the FBI had been investigating the Russian activity that destroyed Hillary Clinton's chance to win the presidency. We have witnessed a President obsessed with this issue, who places an enormous amount of effort in it.

PRESIDENTIAL DRAMA

Sound policies and politics

can often drive markets to new highs, while cynical political drama often leads to large negative swings in the markets.

The White House had promised many pro-business changes and reforms, large infrastructure projects, better trade deals, more jobs in manufacturing and, in short, "making America Great Again." We are under the impression that the President's agenda will be severely limited if he continues down the path of crisis and drama he has created all by his lonesome. What about the markets? Well, the Dow Jones Industrial Average erased 110.33 points for the week, to 20,896.61, as the retail sector's bad news drove down most stocks. The S&P 500 also ended the week down 8.45 points, to 2,390.39, which was tied to all the news coming from Washington that is not proving to be a scenario for growth.

P.R. UPDATE—ON ISLAND TIME: P.R. RETIREMENT SYSTEMS

The many government employee retirements systems—whether for central government workers, teachers, the judiciary

or most public corporations—are in dire need of a readjustment to face the realities of a government in Title III bankruptcy. With more than \$49 billion in unfunded liabilities and the possibility of running out of money as early as July, we must address this elephant in the room. These retirement systems have been wrongly capitalized, with unrealistic retirement ages and providing employee benefits that are too rich to afford. Take, for example, a real-life employee working for a central government agency for 26 years, who makes an average monthly salary \$3,125. In 2007, the employee became deputy executive director for another agency, with a monthly salary of \$9,166 and was on the job for 47 months. As his tenure as deputy ended, the employee requested retirement and was granted a full pension with 30 years of service. His final pension was the 75% of the average salary of the employee's last three years of service, or \$6,874.50. This employee was able to increase his retirement benefits by \$4,530.75. On the other hand, had he remained at his old job, his retirement benefit would have been \$2,343.75, or 75% of his average salary of \$3,125. This employee tripled his pension by just working 47 months in a different job. It is not mathematically possible to triple one's retirement benefits

in 46 months; this scenario has been happening for years in the government.

FINAL WORD

The Governor of Puerto Rico, Ricardo Rosselló, announced May 15 that the government is entering into a restructuring support agreement (RSA) with Government Development Bank (GDB) bondholders. The agreement would allow the GDB to restructure under Title VI of the P.R. Oversight, Management & Economic Stability Act, or Promesa, if more than 50% of all creditors agree to the terms of the RSA. This is indeed very good news. ■

Francisco Rodríguez-Castro, president & CEO of Birling Capital with over 25 years of experience, has been a key executive in government, global, multinational and public companies as well as a key corporate adviser 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, P.R. Industrial, Tourism, Educational, Medical & Environmental Control Facilities Financing Authority (Afica), and mergers & acquisitions transactions.

IPO CALENDAR: WEEK OF MAY 15, 2017 TRADE DATE

Company	Ticker	Deal Size
Bright Scholar Education Holdings Ltd.	BEDU	\$135M
G1 Therapeutics	GTHX	\$100M
Argenz	ARGX	\$ 65M
Accelerated Pharma	ACCP	\$ 12M