

FINANCE

WINNERS FOR THE WEEK ▲

| STOCK | SYMBOL | 52-wk LOW | 52-wk HIGH | PRICE 5/19 | PRICE 5/26 | CHANGE |
|---------------------------|--------|-----------|------------|------------|------------|--------|
| Triple-S Management Corp. | GTS | 15.81 | 26.86 | 16.22 | 16.63 | 0.41 |
| OFG Bancorp | OFG | 7.60 | 14.48 | 9.65 | 9.65 | 0.00 |

LOSERS FOR THE WEEK ▼

| STOCK | SYMBOL | 52-wk LOW | 52-wk HIGH | PRICE 5/19 | PRICE 5/26 | CHANGE |
|---------------|--------|-----------|------------|------------|------------|--------|
| Popular Inc. | BPOP | 26.72 | 45.96 | 38.15 | 37.87 | -0.28 |
| Evertec Inc. | EVTC | 14.15 | 18.60 | 16.60 | 16.40 | -0.20 |
| First BanCorp | FBP | 3.59 | 7.05 | 5.42 | 5.38 | -0.04 |

U.S. STOCKS

| | M | T | W | TH | F |
|--------|-------|-------|-------|-------|--------|
| DOW | 0.43% | 0.21% | 0.36% | 0.34% | -0.02% |
| S&P | 0.47% | 0.22% | 0.17% | 0.48% | 0.04% |
| NASDAQ | 0.86% | 0.17% | 0.35% | 0.89% | 0.23% |

U.S. FUELS AVERAGE PRICE May 22

| | |
|------------------|---------|
| Regular Gasoline | \$2.399 |
| Premium Gasoline | \$2.889 |
| Diesel | \$2.539 |

EUR/USD

| | M | T | W | TH | F |
|-------|--------|--------|--------|--------|--------|
| OPEN | 1.1200 | 1.1235 | 1.1182 | 1.1217 | 1.1210 |
| CLOSE | 1.1238 | 1.1183 | 1.1219 | 1.1211 | 1.1181 |

USD/JPY

| | M | T | W | TH | F |
|-------|--------|--------|--------|--------|--------|
| OPEN | 111.30 | 111.29 | 111.75 | 111.47 | 111.75 |
| CLOSE | 111.30 | 111.78 | 111.50 | 111.83 | 111.35 |

Think Strategically: The Summons To Serve & the Bankruptcy Triangle

BY FRANCISCO RODRÍGUEZ-CASTRO
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THE SUMMONS TO SERVE: THE PRESIDENCY

As we watch the recent foreign trip and actions of President Trump, we cannot help but think about earlier eras. We should draw from the ambitions of other presidents—to make a better world—whose statements such as “Let the word go forth...that the torch has passed to a new generation of Americans.” The John F. Kennedy presidency was an exciting time; he talked of all that needed to happen, that all of it mattered, and provided a vision for a new “America.” These are factors many of us take for granted, such as equal opportunity, unity of purpose, education, the arts, poetry, museums, service to our country and the courage to move forward above all. From all the available information, the conclusion that President Kennedy gave a generation of U.S. Americans was an inspiring summons to serve, to work

hard while achieving incredible accomplishments. It was a time when the words of a president changed lives and history. Memorial Day weekend is past, but we must remember to honor the “gone but never forgotten,” the departed war heroes in all branches of military. As the international trip ended for Trump, we must draw historical comparisons with our most notable presidents, who served with distinction. With very few exceptions, Trump achieved little worthy of significance; most believe his high note was the stop in Saudi Arabia, and it went downhill from there. The visit to Israel was not significant, and the visit with Pope Francis drew stark comparisons. The meetings with NATO seemed discouraging to most leaders, especially those who were singled out, in Trump’s view, for not paying their share for the organization. The final lap was the G7 meeting, which gathers annually to discuss a broad range of issues, including the global economy, security, energy and

climate change. Most leaders were expecting the U.S. president to cave in to pressure from other leaders to keep the U.S. in the 2015 Paris Climate change accord. In the end, he bought time to come up with a viable position that could be supported by his party’s base.

THE 2018 U.S. BUDGET

While away on his trip, President Trump released his 2018 federal budget proposal. The budget calls for the elimination of the deficit in 10 years, achievable by making spending cuts to federal agencies, reforms to Medicaid and ambitious economic growth projections. The president’s budget is relevant as a representation of his priorities; the more significant budget is the one that Congress ultimately passes. However, if Republicans want

tax reform and the American Health Care Act, Congress must pass a budget sometime over the next few months.

P.R. UPDATE: THE BANKRUPTCY TRIANGLE

During the past two weeks, a growing number of Puerto Rico bond issuers have filed Title III proceedings with the Financial Oversight & Management Board (FOMB) seeking to contain the increasingly large number of claims being filed in federal court. Puerto Rico’s bankruptcy is a very complicated triangle of requests from a diverse group of creditors, all of whom are seeking to emerge with the winning argument. To resolve these legal claims, Judge Taylor Swain must reconcile the issuers, local laws and sources of funds. The big dispute is the claim by the Fiscal Agency & Financial Advisory Authority (FAFAA) that the \$400 million in escrow in the Bank of N.Y.-Mellon from the sales tax are not, in fact, bondholder property, while bondholder groups argue they are bondholder property. With the interest payment that is due June 1 to holders of sales-tax bonds known as Cofina, this

becomes a critical issue. This argument links the broader question of which bondholders, Cofina’s or general obligations (GOs), should benefit best.

FINAL WORD

As the Title III proceedings continue, we must remind Puerto Rico investors to be watchful of the allocation of the \$800 million in debt service to pay down the debt. Depending on how these assignments occur, and which issuers benefit and which do not, this will create an ample divide. We must remember that sometimes what is essential is often invisible; air comes to mind. ■

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 (Trade Date Estimate: Week of May 29, 2017)

| Company | Ticker | Deal Size |
|------------------|--------|---------------|
| KBL Merger Corp. | KBLMU | \$100 million |