

FINANCE

WINNERS FOR THE WEEK ▲

STOCK	SYMBOL	52-wk LOW	52-wk HIGH	PRICE 3/10	PRICE 3/17	CHANGE
Evertec Inc.	EVTC	12.98	18.60	16.25	16.70	0.45
OFG Bancorp	OFG	6.26	14.48	12.00	12.15	0.15
First BanCorp	FBP	2.52	7.05	5.94	5.98	0.04
Triple-S Management Corp.	GTS	16.60	27.70	17.17	17.18	0.01

LOSERS FOR THE WEEK ▼

STOCK	SYMBOL	52-wk LOW	52-wk HIGH	PRICE 3/10	PRICE 3/17	CHANGE
Popular Inc.	BPOP	26.49	45.96	40.90	40.77	-0.13

U.S. STOCKS

	M	T	W	TH	F
DOW	-0.10%	-0.21%	0.54%	-0.07%	-0.10%
S&P	0.14%	-0.36%	0.73%	-0.04%	0.13%
NASDAQ	0.25%	-0.26%	0.63%	-0.04%	0.23%

U.S. FUELS AVERAGE PRICE

Regular Gasoline	\$2.323
Premium Gasoline	\$2.816
Diesel	\$2.564

EUR/USD

	M	T	W	TH	F
OPEN	1.0671	1.0653	1.0602	1.0732	1.0763
CLOSE	1.0654	1.0604	1.0735	1.0766	1.0738

USD/JPY

	M	T	W	TH	F
OPEN	114.80	114.86	114.72	113.35	113.30
CLOSE	114.88	114.75	113.38	113.31	112.72

Think Strategically: IPOs, Fed Raises Rates U.S. Budget & P.R. Debt Service Impacted

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FEDERAL RESERVE TO CONTINUE RATE HIKES

As anticipated, the Federal Reserve Bank raised its rates a quarter of a percent during its March 15 meeting, with Fed Chair Yellen indicating that the market should expect additional rate action. The economic forecasts have not changed much since the last rate hike in December and suggest that the pace for future rate hikes would be gradual. The Fed has confidence the U.S. economic recovery is robust and is resistant to market shocks. The economic conditions today are more favorable than in December, with the Dow Jones hovering at 21,000 points, the 10-year U.S. Treasury note yield is lower, the job rate is increasing; the dollar is weaker; and corporate bond spreads are narrower than before. Do not be surprised if we see two to three more rate increases in 2017. Moving on to Puerto Rico, the impact that these rate hikes has on our economy is initially small; however, business will hold off

Initial Public Offerings for Week

Company	Ticker	Exchange	Price Range	Shares	Date
Alteryx	AYK	NYSE	\$12-\$14	9,000,000	3-20-2017
Valeritas Holdings	VLRX	Nasdaq	\$9-\$11	6,000,000	3-20-2017

investments, hiring, capital expenditures and other initiatives with the expectation that more rate hikes are to come.

PRESIDENT TRUMP'S FIRST BUDGET PROPOSAL

President Donald Trump submitted his first proposed budget for fiscal year 2018, which begins Oct. 1 of this year, and it reflects his government-spending priorities and fulfills many of his promises.

As reported, the budget provides increases of \$54 billion to defense, care for veterans and homeland security and reduces domestic spending by \$54 billion, including transportation, justice, agriculture, housing, community development and environmental protection. The proposal is considered by many to be "extra

skinny" because it is more abbreviated than the full budget proposals that we can expect to see in subsequent years. New presidents usually submit a lean budget in their first year of office.

Presidential budget proposals, like the one put forth this week, are not written in stone since Congress ultimately will write its funding bills for the government. The big takeaway is that the budget seems to be consistent with mainstream Republican priorities.

P.R. UPDATE: FISCAL PLAN & DEBT SERVICE IMPACTED

As reported, the Fiscal Oversight Board approved Gov. Rosselló's fiscal plan on March 13, in New York; among the major items in the approved fiscal plan is an increased commitment to

fiscal responsibility and an effort to implement specific revenue enhancements and expenditure reductions. The goal is to return Puerto Rico to fiscal stability and economic growth. In particular, the fiscal plan attempts to bridge the \$67 billion budget deficit from

FINAL WORD

As an advocate for the reduction in size of our government and its budget, as well as the elimination of any government involvement in activities the private sector can perform better, we support the widespread utilization of Public-Private Partnerships to monetize noncore businesses or enhance agencies' operations. The government must cut expenses and reduce its size and focus while meeting the fiscal plan. However, what is disconcerting is the probability that the more than 60,000 local bondholders may face haircuts on their bonds of more than 75%, which is a destruction of wealth of significant proportions. Puerto Rico has a very long road ahead. ■

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.