

FINANCE

WINNERS FOR THE WEEK ▲

| STOCK | SYMBOL | 52-wk LOW | 52-wk HIGH | PRICE 5/26 | PRICE 6/2 | CHANGE |
|---------------------------|--------|-----------|------------|------------|-----------|--------|
| Evertec Inc. | EVTC | 14.15 | 18.60 | 16.40 | 16.75 | 0.35 |
| Triple-S Management Corp. | GTS | 15.81 | 26.86 | 16.63 | 16.95 | 0.32 |

LOSERS FOR THE WEEK ▼

| STOCK | SYMBOL | 52-wk LOW | 52-wk HIGH | PRICE 5/26 | PRICE 6/2 | CHANGE |
|---------------|--------|-----------|------------|------------|-----------|--------|
| Popular Inc. | BPOP | 26.72 | 45.96 | 37.87 | 37.38 | -0.49 |
| OFG Bancorp | OFG | 7.60 | 14.48 | 9.65 | 9.25 | -0.40 |
| First BanCorp | FBP | 3.59 | 7.05 | 5.38 | 5.24 | -0.14 |

U.S. STOCKS

| | M | T | W | TH | F |
|--------|-------|--------|--------|-------|-------|
| DOW | - | -0.24% | -0.10% | 0.65% | 0.29% |
| S&P | -0.05 | -0.14% | 0.01% | 0.77% | 0.34% |
| NASDAQ | -0.08 | -0.03% | 0.02% | 0.50% | 1.10% |

U.S. FUELS AVERAGE PRICE March 29

| | |
|------------------|---------|
| Regular Gasoline | \$2.406 |
| Premium Gasoline | \$2.894 |
| Diesel | \$2.571 |

EUR/USD

| | M | T | W | TH | F |
|-------|--------|--------|--------|--------|--------|
| OPEN | 1.1177 | 1.1163 | 1.1184 | 1.1240 | 1.1211 |
| CLOSE | 1.1165 | 1.1185 | 1.1243 | 1.1213 | 1.1282 |

USD/JPY

| | M | T | W | TH | F |
|-------|--------|--------|--------|--------|--------|
| OPEN | 111.30 | 111.24 | 110.83 | 110.75 | 111.33 |
| CLOSE | 111.26 | 110.85 | 110.78 | 111.36 | 110.42 |

Think Strategically: Leadership Travesty & Which Way Forward

BY FRANCISCO RODRÍGUEZ-CASTRO
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THE LEADERSHIP TRAVESTY

The U.S. Constitution states: "Secure the blessings of liberty to ourselves and our prosperity." The government provides public education, promotes savings, administers our national debt, protects the natural environment through conservation and pollution control, and maintains a healthy democracy. The government spends \$2.9 trillion, or 52% of all spending, on this endeavor, and the U.S. is one of the largest polluters in the world.

President Trump's recent decision to withdraw the U.S. from the Paris Climate Agreement of 2015 creates a leadership travesty like no other. This is one of the most harmful acts in our nation's history. The leaders of Germany, France and Italy issued a joint statement pledging to implement the Paris Climate agreement and assert the U.S. could not unilaterally

renegotiate that accord. It must sadden every U.S. American as we are forced to ignore climate change and adopt an isolationist policy. Former Vice President Al Gore, chairman of the Climate Reality Project, stated: "Removing the U.S. from the Paris Agreement is a reckless and indefensible action."

The response, from business leaders to governors, was immediate. Former N.Y. City Mayor Michael Bloomberg pledged \$15 million of his own money to continue the Paris Agreement. While this is happening, the U.S. Bureau of Labor Statistics reported the rate of job growth slowed to just 138,000 in May, a clear sign we must pay attention to our economy.

P.R. UPDATE: WHICH WAY FORWARD

After an initial review of the government of Puerto Rico's budget proposal, some departures from precedents were noted.

The government presented a \$9.562 billion budget, and its

first departure from past norms is the decision to sell all liquid assets of the Employees Retirement System, or about \$390 million. The other change is converting the retirement plan into a "pay as you go" system. Thus, the government will pay out more than \$2.5 billion, or 26% of the total general fund, for pensions. Another important aspect in this budget is that it appears to be based on the use of zero-based budgeting, and may become the first budget in decades from the P.R. government that is balanced. There are decreases of hundreds of millions of dollars in incentives, subsidies and donations; this includes governmental entities, contributions to the retirement systems and formula changes for municipalities and the

University of Puerto Rico. The Financial Oversight & Management Board (FOMB) must ultimately approve the budget.

The FOMB in a letter to the governor, issued a resolution that stated it considers the most recent version of the proposed budget to be in substantial compliance with the certified fiscal plan. The FOMB has concerns about budget allotments for programs and activities that seem unlikely to meet the objectives of the fiscal plan. The FOMB approved the aggregate spending level in the governor's proposed budget, but not the specific allocations, including but not limited to earmarks for discretionary spending. The FOMB established several dates to approve a budget as follows:

- June 19, 2017: The Legislature must submit its adopted budget to the FOMB, and the FOMB will approve it or notify the Legislature to implement corrective actions.

- June 26, 2017: If the FOMB approves the Legislature's adopted budget, the control board will issue a compliance certification.

- June 30, 2017: When the Legislature presents a revised, compliant budget to the FOMB, the FOMB shall approve it and issue a compliance certification. Should the Legislature fail to submit a revised budget, the FOMB will present its compliant budget to the governor on July 1, 2017.

FINAL WORD

Life is all about defining moments, of which Puerto Rico has entered one of its most transformative in its history, and what becomes of the island will be decided within the next three fiscal years and will define who we truly are. ■

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 June 5, 2017)

| Company: | Ticker | Deal Size |
|--------------------------|--------|-----------|
| Plymouth Industrial REIT | PLYM | \$75M |
| Avenue Therapeutics | ATXI | \$50M |
| ShotSpotter | SSTI | \$31M |