

STOCK MARKET

# FINANCE

WINNERS FOR THE WEEK ▲

STOCK	SYMBOL	52-wk LOW	52-wk HIGH	PRICE 2/17	PRICE 2/24	CHANGE
Triple-S Management Corp.	GTS	18.06	27.70	18.33	19.17	0.84
Evertec Inc.	EVTC	11.72	18.60	17.20	17.45	0.25

LOSERS FOR THE WEEK ▼

STOCK	SYMBOL	52-wk LOW	52-wk HIGH	PRICE 2/17	PRICE 2/24	CHANGE
Popular Inc.	BPOP	26.12	45.96	45.37	44.35	-1.02
OFG Bancorp	OFG	5.35	14.48	13.45	13.25	-0.20
First BanCorp	FBP	2.41	7.05	6.55	6.48	-0.07

U.S. STOCKS

	M	T	W	TH	F
DOW	-0-	0.58%	0.16%	0.17%	0.05%
S&P	0.24%	.29%	0.04%	0.07%	0.10%
NASDAQ	0.30%	0.10%	0.14%	-0.36%	0.21%

U.S. FUELS AVERAGE PRICE

Regular Gasoline	\$2.302
Premium Gasoline	\$2.978
Diesel	\$2.565

EUR/USD

	M	T	W	TH	F
OPEN	1.0614	1.0609	1.0533	1.0555	1.0580
CLOSE	1.0614	1.0537	1.0556	1.0581	1.0563

USD/JPY

	M	T	W	TH	F
OPEN	112.83	113.06	113.69	113.28	112.60
CLOSE	113.10	113.69	113.30	112.59	112.19

## Think Strategically: 'Trump-economics' Credibility P.R. Update: GOs, Cofina, POBs

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A recent poll by NBC News indicated that 54% of Americans disapprove of the way President Donald Trump is handling his job. As a result, it has become increasingly important for his "Trump-economics" to work and gain credibility with constituents nationwide.

We reviewed Trump's 282 economic campaign promises, and if he is able during his first year to initiate the top six, his credibility will increase exponentially. Below are some examples:

1. Double U.S. economic growth and create 25 million new jobs.
2. Encourage manufacturers to build/grow their factories in the U.S. with incentives.
3. Revamp the U.S. steel industry.
4. Expand the U.S. auto industry to bigger levels than ever before.
5. Set off the Tax Reform Act.
6. Eliminate 75% of all regulations.

With the economy growing at

higher-than-expected rates and the markets continuing to run at record levels, Trump must be very cautious as to how he executes his plans and how it impacts the economy. So far, market response has been positive, precisely on the promises of massive infrastructure investments, tax reform and fiscal stimulus, but to keep that momentum going, he must put his plan in play and show that it will work.

### U.S. TO GROW AT LEAST 3%

Newly installed Treasury Secretary Steven Mnuchin said during an interview that the White House expects a combination of tax reform and deregulation to increase economic growth substantially, and this could offset the fiscal cost of reducing taxes. As all might recall, during the presidential campaign, Trump promised to cut corporate taxes from 35% to 15% and the administration must now figure out how to reach that goal. Mnuchin also projected that when enacted, these changes should help

the economy grow at a 3% clip or higher. While this sounds promising, most of the economists who have analyzed the initiatives of the administration have questioned their feasibility and announced impact.

### PUERTO RICO CREDITS: GO'S, COFINA SUB & POB PRICES REBOUND

Puerto Rico investors hold about 22% or \$15 billion of the estimated \$68 billion of Puerto Rico debt; local investors range from large institutional investors to retirees whose hard-earned salaries were invested as part of individual retirement plans. With that in mind, we shall focus on GOs, Cofina Subs and POBs that a significant number of investors have in their portfolios. While analyzing the issuers using the Municipal Securities Rulemaking Board (MSRB) trading database, we found some interesting trends. We measured the closing price of Jan. 2, 2017 vs. Feb. 23, 2017; the data shows that general-



obligation debt (GOs) increased by 6.66% and 7.11%, respectively; P.R. Sales Tax Financing Corp. (Cofina) Subs rose by 8.56% and 8.97%; and pension obligation bonds (POBs) grew by 23.08% and 23.89%. While it is still early to predict any outcomes that may happen with our credit position, one thing is certain: the willingness to pay that Gov. Ricardo Rosselló has expressed to Bloomberg and the markets has been taken very seriously.

### FINAL WORDS

In a press release issued by the governor's office, Chief of Staff William Villafañe said, "The Fiscal Oversight & Management Board's [FOMB] officials may not act outside of the law that created the body." La Fortaleza's claim is that the FOMB's plans for austerity could be against federal legislation [i.e. Promesa]. We must wait until the government presents its fiscal plan

and examine the decision of the FOMB to have an accurate idea of how this saga will end.

As a banker it is very hard not to cringe when reminded that as a nation, we had preferred default instead of taking any and all actions to maintain our credit standing and improve our finances. The current vision by both the government and FOMB to reduce expenses, "right size" the government and fix our fiscal situation is the correct and only solution.

When a crisis comes along and shakes you to the core, real leaders show character, resolve and determination.

Joseph Stiglitz, the Nobel Prize-winning economist, said it best when he visited Puerto Rico: "Don't let a good crisis go to waste." ■

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