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Puerto Rico Bonds Soar, Pointing to Hope for Restructuring.

A deal would clear one of the largest obstacles to emergence from the bankruptcy court protection

Puerto Rico bond prices soared Monday after the federal oversight board that runs the U.S. territory's finances released a revised fiscal plan that raises expectations for disaster funding and economic growth.

Prices of Puerto Rico's benchmark general obligation bond due 2035 jumped 10% to about 60 cents on the dollar, according to data from the Municipal Securities Rulemaking Board, reflecting higher expectations for bondholder recoveries.

Improving economic expectations have set the stage for a potential compromise with the hedge funds that hold much of the island's \$13 billion general obligation, or GO, bonds and have formed a unified group to negotiate a restructuring with the government and oversight board. A deal would clear one of the largest obstacles to Puerto Rico's emergence from the bankruptcy court protection it entered in May 2017.

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