



Economic Activity Index

For the month of April 2010

May 24, 2010

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO



GDB-EAI:

Commentary for the month of April 2010

GDB-EAI increases to 130.1 during the month of April 2010. Year-over-year decline rate is the lowest since December 2008 further signaling stabilization and a potential forthcoming inflection point --- net increase of 12,400 jobs from Jan-2010 to Apr-2010

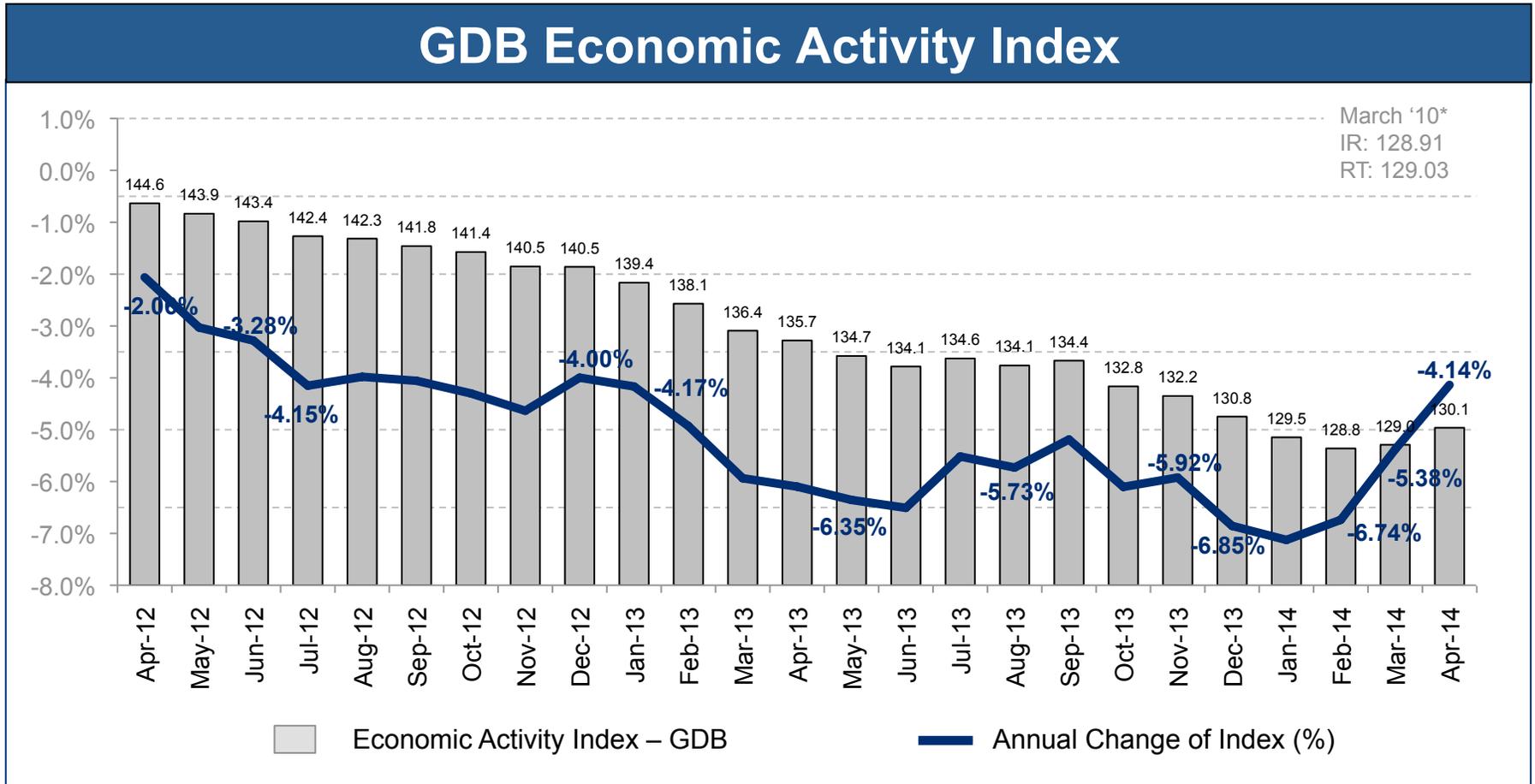
- The GDB-EAI reflected a month-over-month increase of 0.8% in April 2010, after a revised month-over-month growth of 0.2% in March 2010. The April monthly growth rate is the highest since October 2006. Compared to April 2009 (year-over-year basis) the GDB-EAI showed a decline of 4.1%, the lowest rate since December 2008. In overall, the index appears to show a slowdown on the year-over-year rate, which is necessary before an actual inflection point is observed on this variable.
- Third consecutive month of increase in payroll employment, an increase of 12,400 jobs from Jan-2010 to April-2010
- The GDB-EAI components registered the following year-over-year changes in April 2010:
 - Payroll employment: -3.6%, after a -4.4% in March 2010
 - Cement sales: -26.0% after a -19.6% in March 2010
 - Gasoline consumption: 10.2% after a -8.9% in March 2010
 - Electric power consumption: 7.5% after a 11.6% in March 2010
- Cement sales continue a contraction pattern, as a result of the situation in the construction sector; and although total employment is still declining, it is doing so at smaller magnitudes during the past three months.
- On the other hand, electricity consumption has increased strongly during the last two months, and through the current fiscal year this variable has not shown a negative rate on a year-over-year basis. Electricity consumption will register a positive growth in FY2010, the first one since FY2007.
- Finally, the irregularity shown in gasoline consumption is mainly due to inventories and accounting fluctuations at main gasoline wholesalers.*

* Data for consumption of gasoline continues to be estimated and preliminary due to the absence of data as a result of a major incident in one of the island's main fuel tank farms during the month of October 2009 that has affected inventory build-up and data gathering.



GDB Economic Activity Index

For the month of April 2010



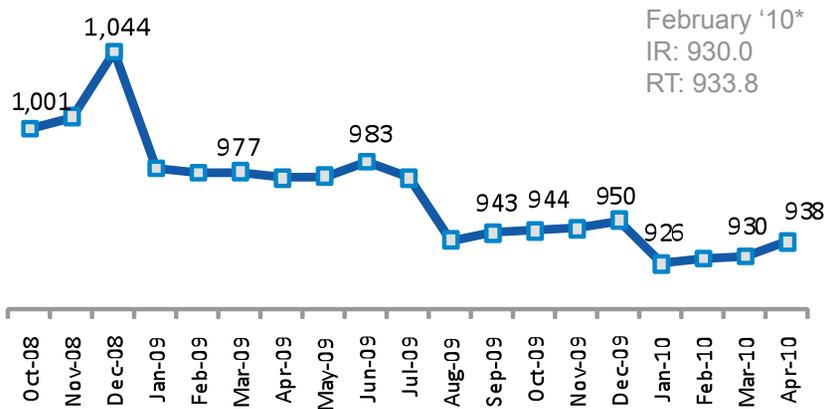
Data used for GDB-EAI is adjusted for seasonality and volatility.



GDB Economic Activity Index Components

Total Payroll Employment

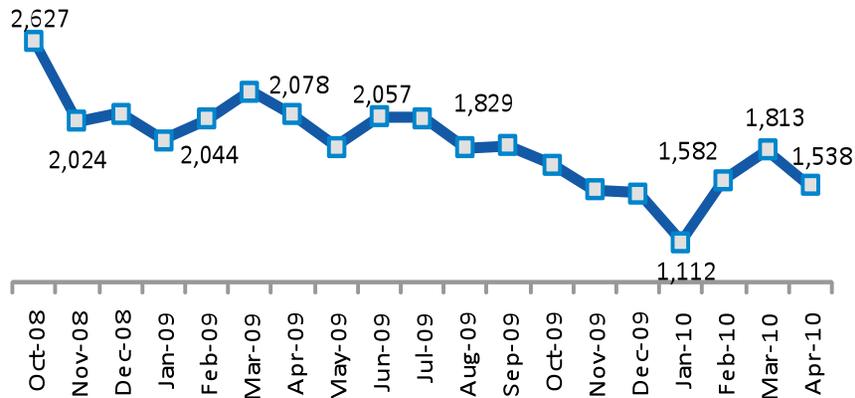
(Thousands of jobs)



- Total payroll employment increased by 4,300 jobs compared to March 2010. Increase is mainly as a result of increase in employment in the service sector.
- Third consecutive month of increase in payroll employment, an increase of 12,400 jobs from Jan-2010 to April-2010
- Manufacturing employment has also slowed down its year-over-year negative rates, showing a more stable environment.

Cement Sales

(Cement Bags sold, in thousands)



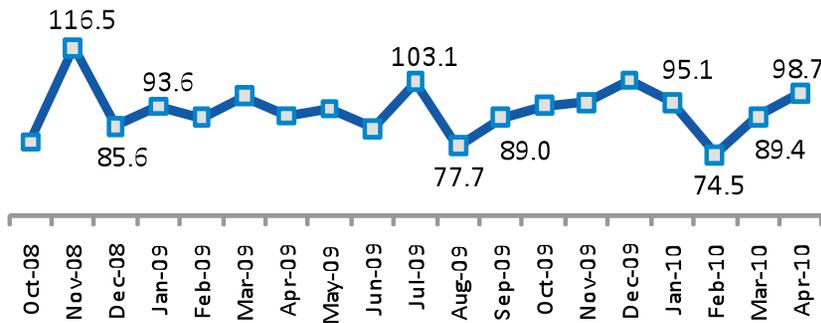
- Cement sales continue diminishing as a result of the general conditions in the construction sector.
- The general trend of this indicator is highly related to economic factors.



GDB Economic Activity Index Components

Gasoline Consumption

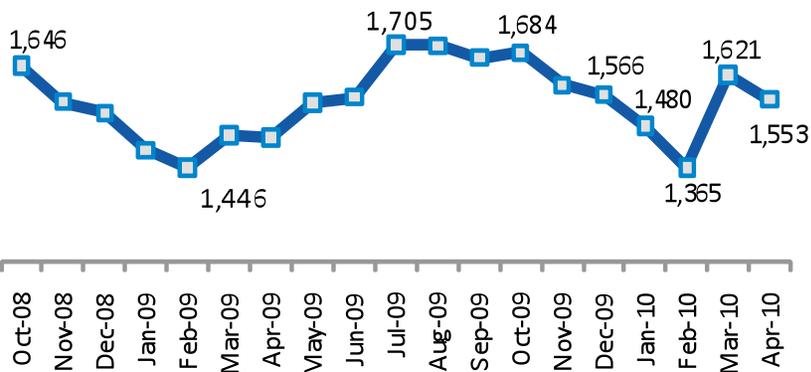
(Millions of gallons)



- On a year-over-year basis, gasoline consumption increased by 10.2%.
- Gasoline consumption remains strong in spite of recent spike in gasoline prices.
- Monthly consumption of gasoline for fiscal year 2010 is averaging 90 million gallons.

Electric Power Consumption

(Millions of kWh)



- On a year-over-year basis, electric power consumption recorded an increase of 7.5% to 1.55 million kwh, compared to 1.45 million kwh during the previous year.
- For the first 10 month period of FY2010, electric power consumption is 3.4% over the same period in FY2009, signaling a persistent improvement in energy consumption.



Description of the GDB-Economic Activity Index

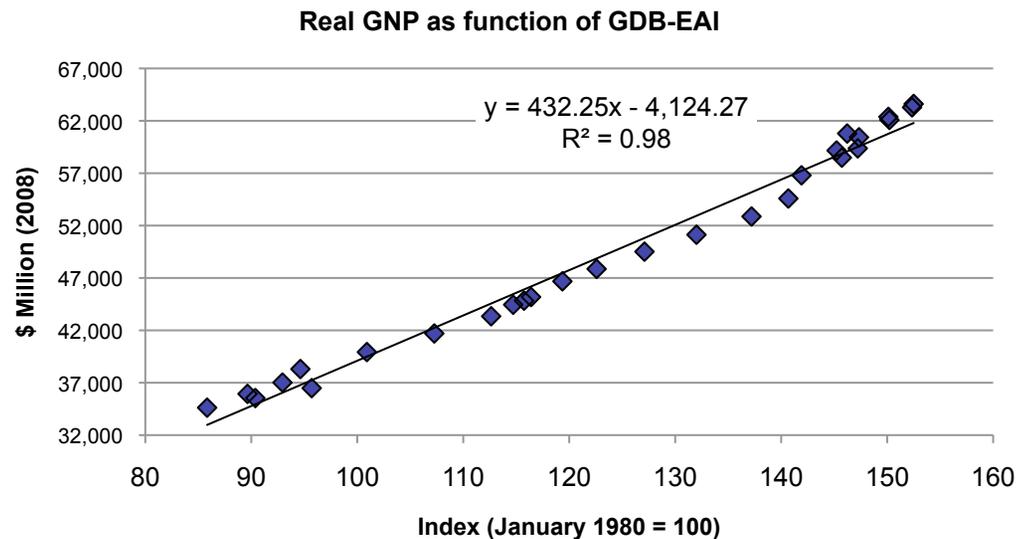


Description of the GDB-Economic Activity Index (GDB-EAI)

- The GDB-EAI is a coincident index for the economy of Puerto Rico. It is a valuable tool that summarizes the behavior of four major monthly economic indicators.
- This index was developed following the methodology similar to that used by *The Conference Board* in their coincident index. This methodology follows a standard procedure to adjust the data for seasonality and volatility factors.

Highly Correlation with Puerto Rico Real GNP

The GDB-EAI levels show a high degree of correlation (R^2 of 0.98) with respect to Real GNP levels





GDB-EAI Highlights and Composition

GDB Economic Activity Index Highlights

Advantages of the GDB-EAI:

- Readily available
- Highly correlated to Puerto Rico's real GNP
- Reliable tool to monitor actual trend of Puerto Rico economy

The GDB-EAI is made up of 4 indicators:

- Total Payroll Employment (Establishment Survey/ Thousand of employees)
- Total Electric Power Consumption (Millions of KWH)
- Cement Sales (Millions of bags)
- Gas Consumption (Millions of gallons)



Disclaimer

The GDB Economic Activity Index and its indicators are subject to monthly revisions. While the information comprising the GDB Economic Activity Index has been obtained from sources GDB believes to be reliable, GDB is not responsible for any errors or omissions, or for the results obtained from the use of this information.