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GDB RELEASES JUNE 2014 ECONOMIC ACTIVITY INDEX

San Juan, P.R. – Today, the Government Development Bank for Puerto Rico published the Economic Activity Index (“GDB-EAI”) for June 2014. Notably, the GDB-EAI for June 2014 reflects the first month since July 2012 during which three core indicators -- cement sales, electric power generation and gasoline consumption -- simultaneously increased on a year-over-year basis. During this period, the index was 126.1, reflecting a 1% year-over-year decline (matching its lowest reduction since January 2013) due to decrease in public sector employment. Such decrease in public sector employment was primarily driven by policy decision to reduce the fiscal deficit. Private employment increased by 0.8% on a year-over-year basis.

Highlights include:

- Cement sales for June 2014 totaled 1.26 million bags, a year-over-year increase of 4.3%, and the first annual increase since August 2012. This is consistent with an increase in construction employment of 5.4%, from 29,700 in June 2013 to 31,300 in June 2014.
- Electric power generation for June 2014 totaled 1,831.6 million kWh, a year-over-year increase of 1.9%. Electricity power generation for FY2014 was 2.7% below the average value of FY2013.
- The preliminary number for gasoline consumption in June 2014 was 78.0 million gallons, a 1.4% increase over June 2013. The FY2014 gasoline consumption number was 1.7% below the figure for FY2013.
- Total non-farm payroll employment for June 2014 averaged 918,800, an annual decrease of 1.2%. During June, private employment increased by 0.8% year-over-year (5,600 jobs) to 681,200, while public employment decreased by 6.5% year-over-year (16,500 jobs) due to a policy decision to reduce the fiscal deficit.

The GDB publishes the EAI on a monthly basis along with a qualitative economic comment in order to provide a clear understanding of the trends and current state of the local economy. The EAI index is developed following a methodology similar to that used by The Conference Board in their coincident index. The EAI has a high correlation to Puerto Rico’s real Gross National Product (GNP).