



# Economic Activity Index

For the month of November 2010

December 27, 2010



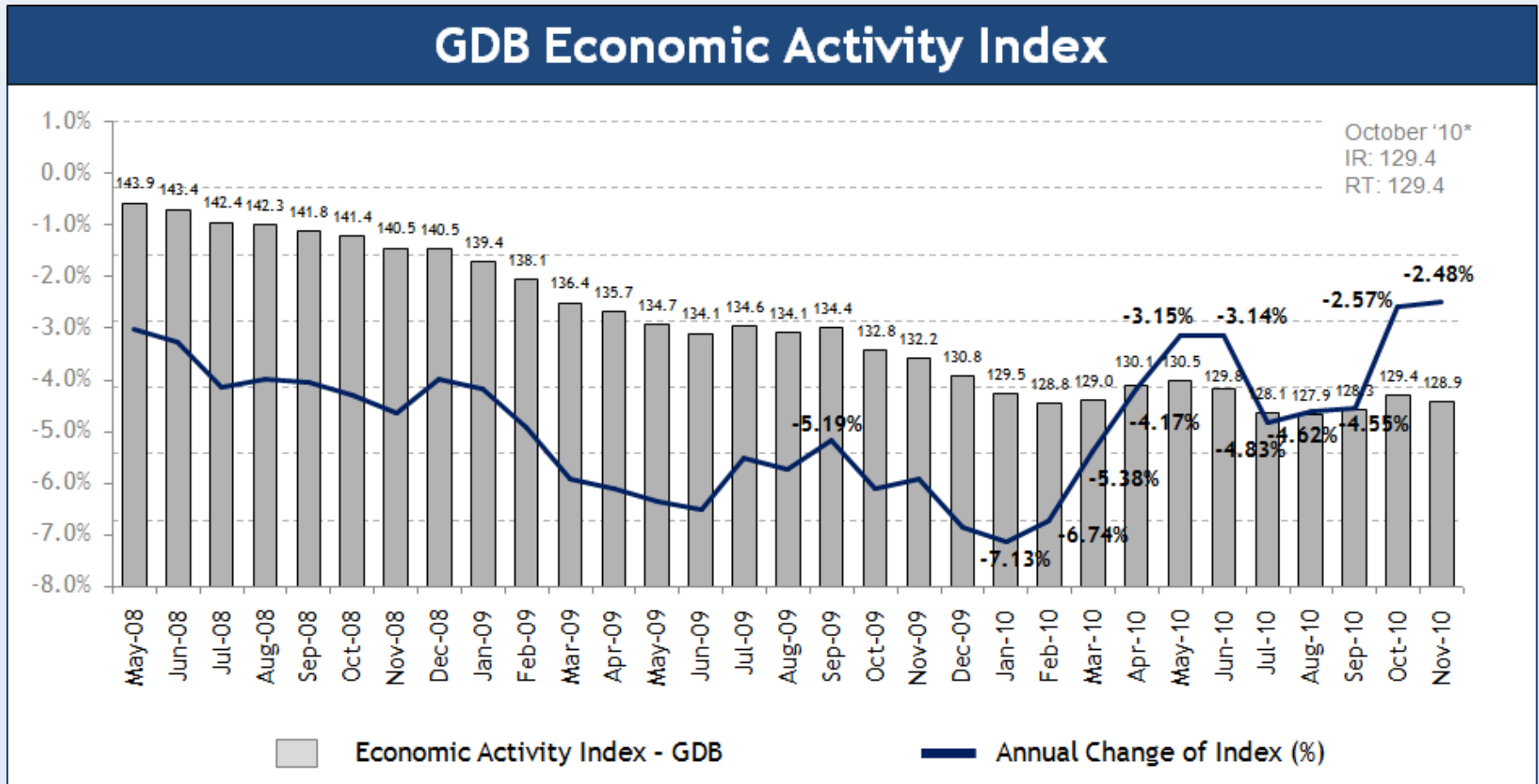
# Commentary for the month of November 2010

GDB-EAI for the month of November registered 128.9: Most favorable year-over-year index improvement since April 2008

- The GDB-EAI registered the largest year-over-year improvement since April 2008, registering a 2.5% decline when compared to the month of November 2009.
- Payroll employment, resulted in the lowest year-over-year rate of decline since December 2008.
- The GDB-EAI components registered the following month-over-month changes in November 2010:
  - Cement sales: 0.4% after a 2.8% in October 2010
  - Gasoline consumption: -13.7% after a -4.7% in October 2010
  - Electric power consumption: -6.4% after a 1.2% in October 2010
  - Payroll employment: 0.2% after a 0.8% in October 2010
- Cement sales have registered sales around 1.5 million bags per month since the beginning of FY 2010, further signaling stabilization in the real estate/construction sector. For the month of November 2010, cement sales registered the first positive year-over-year improvement since April 2008.
- Electricity consumption was 1,560.8 million kWh in November 2010 with year to date consumption reflecting a 2.2% increase over same period in 2009.
- Gasoline consumption during month of November 2010 reflected a 6.1% decline with respect to November 2009 totaling 81.7 million gallons, mainly due to fluctuations in gasoline inventories.



# GDB Economic Activity Index For the month of November 2010

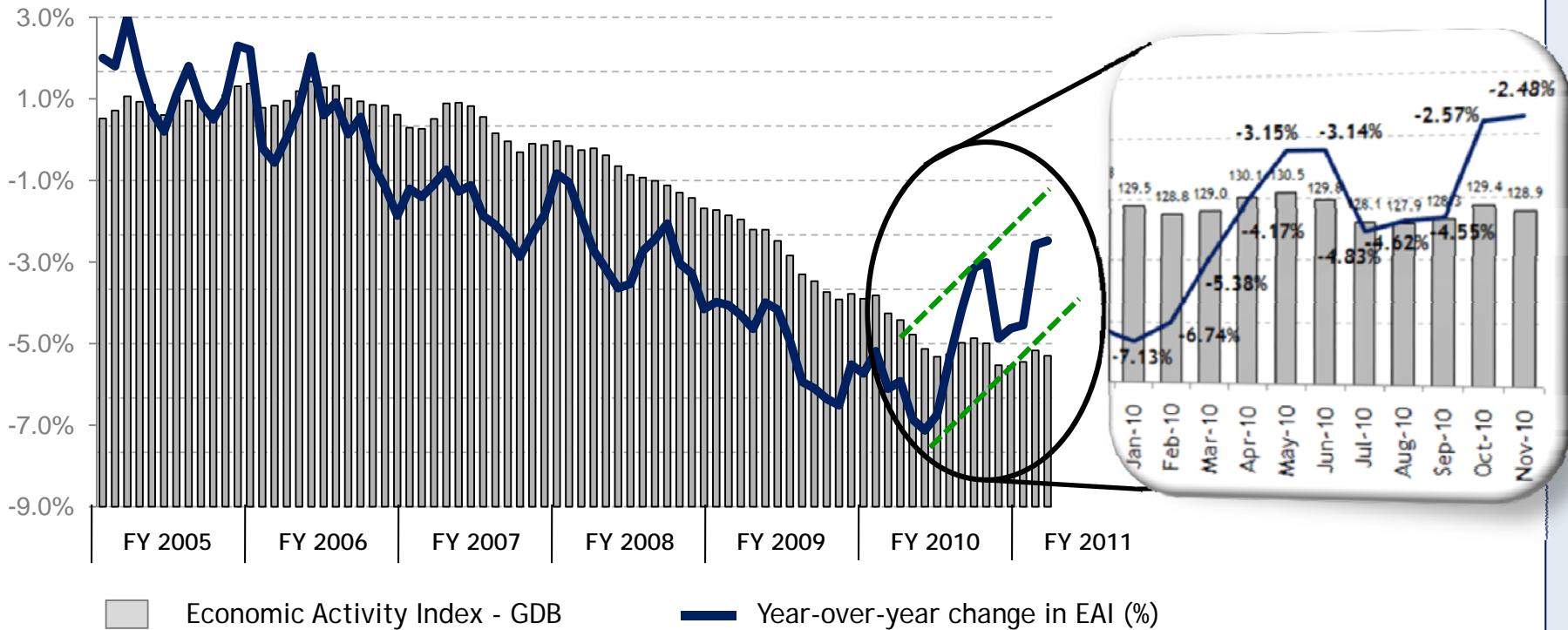


Data used for GDB-EAI is adjusted for seasonality and volatility.



# Economic Activity Index is reflecting constant improving economic trends...

## GDB Economic Activity Index (EAI): 98% correlation with GNP



Recent months improvement in EAI has not been seen since April 2008



# Private sector employment registered the most favorable growth since September 2007

## Private Sector Employment (Year-over-year Change in Payroll Employment)

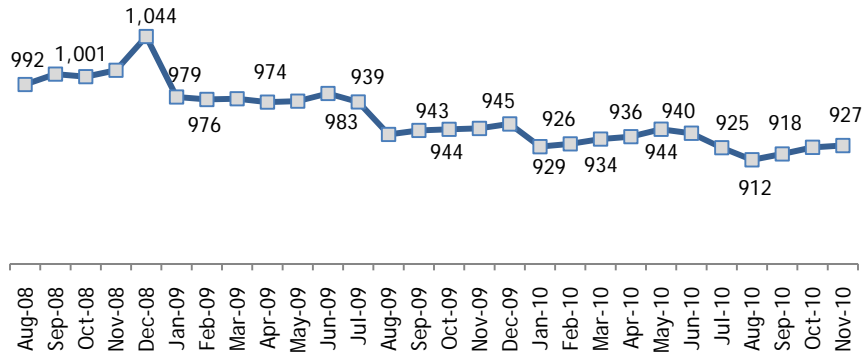




# GDB Economic Activity Index Components

## Total Payroll Employment

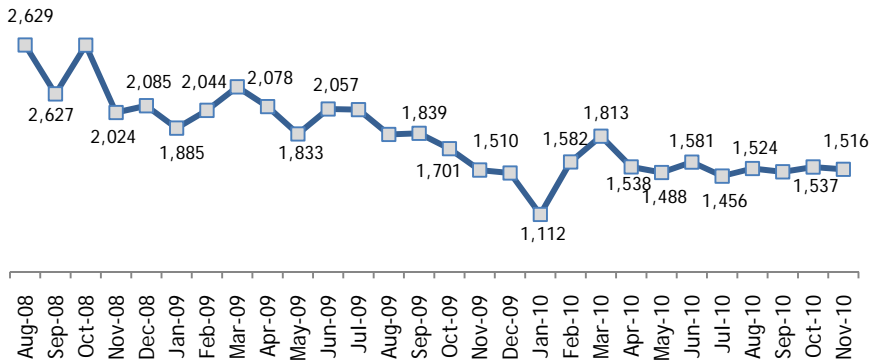
(Thousands of jobs)



- The services sector continues its improving trend, adding 11,800 jobs in November 2010, with respect to November 2009; which implied a year-over-year growth rate of 3.9% in this sector.
- Total payroll employment declined by 1.9%, the lowest year-over-year reduction since December 2008.

## Cement Sales

(Cement Bags sold, in thousands)



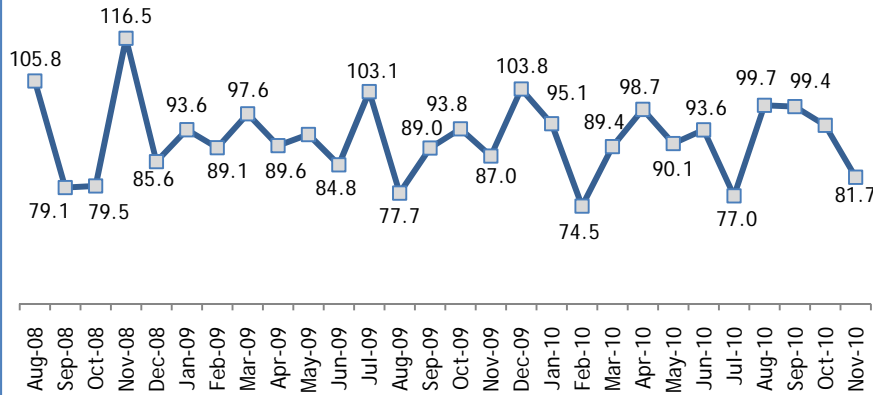
- Cement sales reported during the month of November were 1.516 million, consistent with average registered since beginning of FY 2010
- First positive year-over-year improvement in cement sales of 0.4% since April 2008, further signaling stabilization in the real estate/construction sector.



# GDB Economic Activity Index Components

## Gasoline Consumption

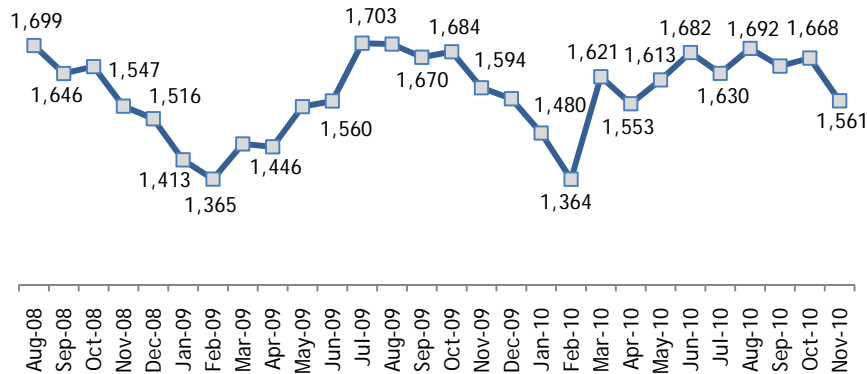
(Millions of gallons)



- Gasoline consumption during the month of November 2010 totaled 81.7 million gallons.
- Monthly average consumption of gasoline for FY 2010 was 91.3 million gallons versus 91.9 million gallons in FY 2009.
- Consumption during the first 5-month period of FY 2011 was up 0.4% with respect the first 5-month period of FY 2010.

## Electric Power Consumption

(Millions of kWh)



- Electricity consumption was 1,560 million kWh during the month of November 2010.
- Consumption reflected a 2.1% year-over-year decline.
- For the first 5-month period of FY 2011 electric power consumption was 1.9% below the first 5-month period of FY2010.



# Description of the GDB-Economic Activity Index



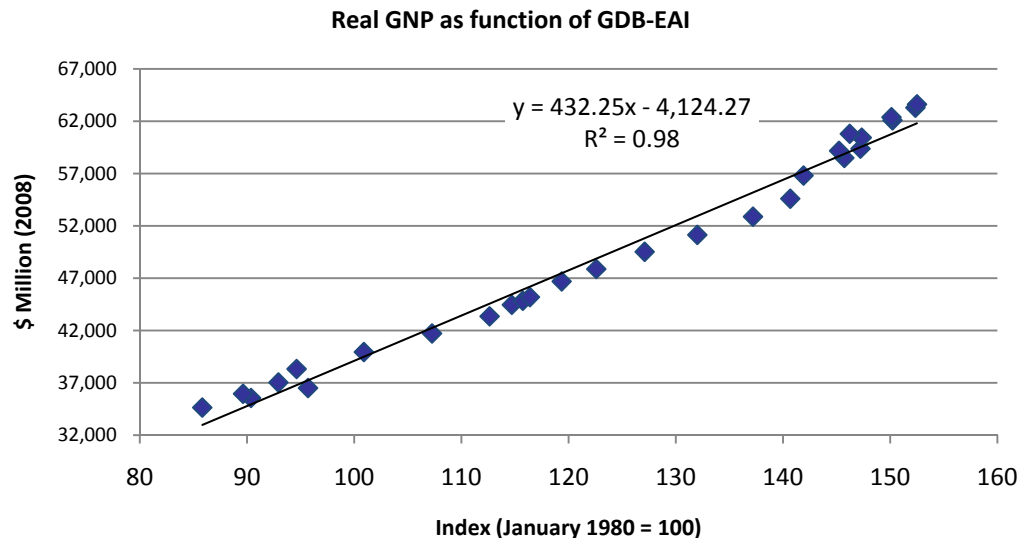


# Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.

## High 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.