

P R E S S R E L E A S E

For immediate release

CONTACT: ANA MARÍA GREGORIO

Tel. (787) 728-9200 • (787) 722-2525 exts. 2013 and 2014

Cel. (787) 415-1231 • ana.m.gregorio@bgfpr.com • www.gdbpr.com



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The Economy Is Improving

The GDB-Economic Activity Index for February reflects the first increase since October 2010; the Index is a confirmation of the President of the Federal Reserve Bank of N. Y. 's statements that the economic recession in Puerto Rico may have ended

SAN JUAN, P.R. - Economic activity in Puerto Rico experienced an upturn in February according to official statistics from the Government Development Bank for Puerto Rico (GDB).

The Economic Activity Index (GDB-EAI) reached 127.2 in February 2011, a 0.4% increase when compared with January of this year and the first month-over-month increase since October 2010. When compared with February 2010, the GDB-EAI registered a 1.8% decrease, the smallest year-over-year reduction since September 2007.

“What these statistics mean is that when compared to the previous year the fall of the economy has stopped and the economy is starting to rise,” GDB President Juan Carlos Batlle pointed out.

Out of the four GDB-EAI components—payroll employment, cement sales, electric power consumption and gasoline consumption—three components experienced an increase in February when compared to February of last year. Payroll employment was 917,700 in February, a 5,300 job increase over the previous month. Although that number still represents a 1.6% decrease when compared with February 2010, it is the year-over-year smallest reduction for this component since December 2008. On the other hand, within payroll employment the service sector continues to grow having added 6,800 employments from February 2010 to February 2011, a 2.3 % increase.

Cement sales in February reached 1.664 million bags, a 5.2% increase when compared with the same month last year. This is the second largest increase on the year-over-year comparison since April 2008.

The electricity consumption also reflected an increase despite the rise in oil prices. A 1,391 million kWh increase was registered in February, a 2.0% increase when compared with February of the previous year, the first year-over-year increase in electric energy consumption since June 2010.

Gasoline consumption also recorded an increase in February 2011 when 84.7 million gallons were consumed, 13.7% more than in February of last year.

“The GDB-EAI for February 2011 reflects that Puerto Rico is in a period of economic stabilization. Despite significantly higher oil prices, we see that there is an increase in electricity and gasoline consumption, which is evidence of an upturn in economic activity. In addition, we observe that the job loss has decreased, and, in fact, in some sectors, such as the service sector, there has been an increase in payroll employment,” Batlle stated.

On his part, the Secretary of Economic Development and Commerce, José R. Pérez-Riera, pointed out that the rebound registered by the GDB-EAI in February confirms recent statements made by the President of Federal Reserve Bank of New York, William Dudley, who said this week that there are clear signs that the long recession experienced by the economy of Puerto Rico may have come to an end.

“We are observing a positive trend not only in the GDB-EAI, but also in other indicators, such as: auto sales, retail sales, the upsurge in the tourist industry, among others, which reconfirm that our economy is on the way to a healthy recovery, and that’s exactly what President Dudley said,” Pérez-Riera pointed out.

In his address at the Summit of the Americas in San Juan last week, Dudley stated that “in contrast to the situation during my last visit (last year), I am pleased to see signs that the Commonwealth may finally be emerging from this painful recession.” He added: “since mid-2010 there have been promising signs: recently released revisions suggest that job growth on the island, while still weak, improved modestly since last summer. And most of the weakness since then has not been broad-based, but instead concentrated in construction and manufacturing. The unemployment rate has come down by a full percentage point since its peak (last year)... Looking ahead to the rest of 2011, I see grounds for cautious optimism,” Dudley concluded.

About the GDB-EAI

The Economic Activity Index is a tool that represents the current trends and dynamics of the Puerto Rico economy. The GDB-EAI was developed following a methodology similar to that used by The Conference Board in its coincident index. The GDB-EAI has a 98% correlation with Puerto Rico’s real Gross Product (GP). The GDB publishes the EAI monthly, along with an economic commentary in order to offer a clear explanation of the trends and current condition of the economy.

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