



Economic Activity Index

For the month of December 2009

January 30, 2010



GDB-EAI - Qualitative commentary for the month of December 2009

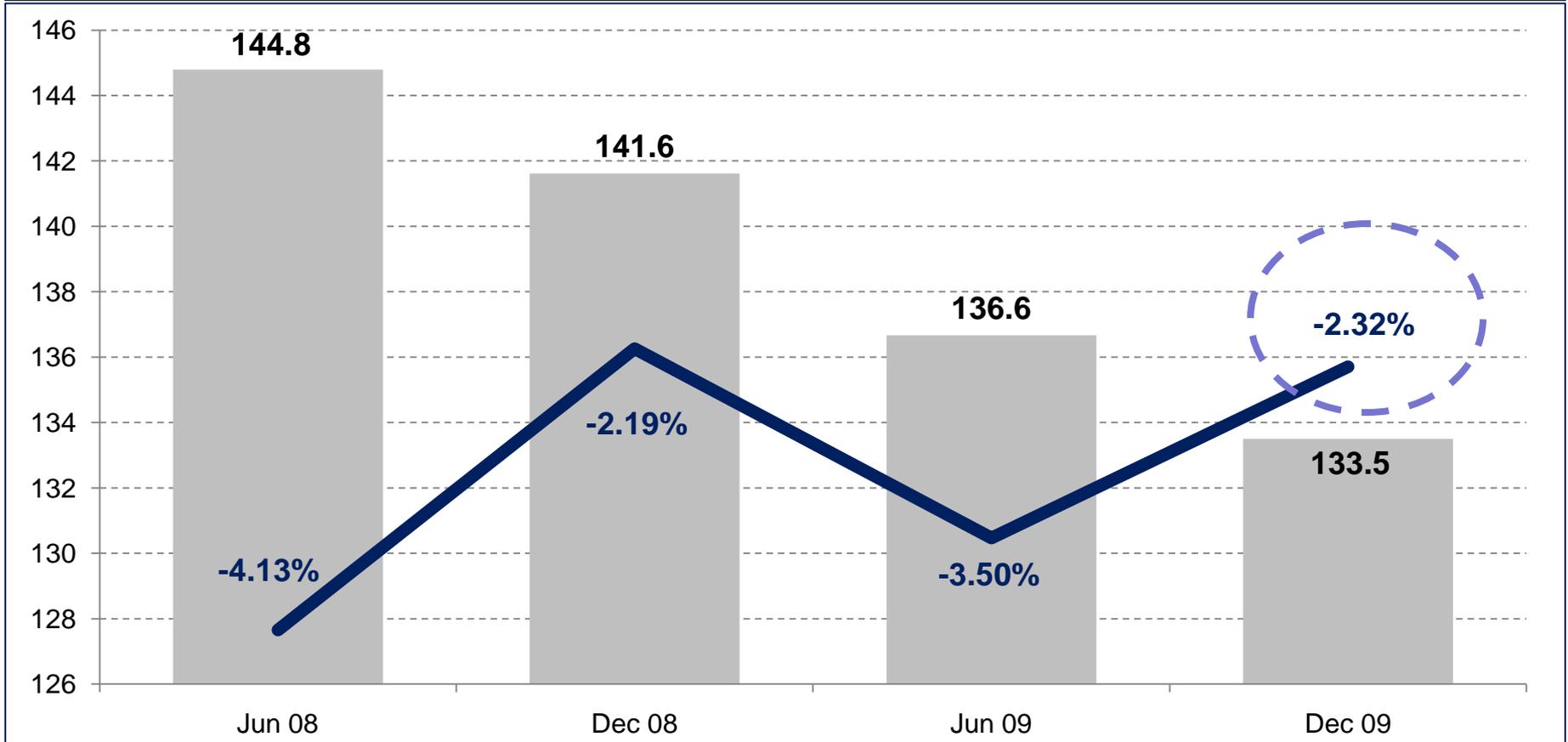
The GDB-EAI reflects initial signs of stabilization in the semester ended on December 2009, when compared to the prior semester. Job growth recorded in December 2009 in the private sector.

- The GDB-EAI reflected further initial signs of stabilization with an improvement in the rate of decrease during the semester ended on December 2009 from 3.5% to 2.3%, when compared to the semester ended on June 30, 2009. The GDB-EAI was 131.3 for the month of December 2009, mostly due to a continuous decrease in cement sales.
- The month of December 2009 recorded job growth in the private sector of 11,100 employments. Total non-farm payroll employment for November 2009 was revised due to a systematic payroll data restatement at the Department of Labor and Department of Treasury. Non-farm payroll recorded an overall increase of 4,300 new jobs relative to November 2009, leveling at 955,500, despite a 6,800 job reduction in the government sector as part of the implementation of the Fiscal Reconstruction plan.
- Two components of the GDB-EAI, consumption of gasoline and electricity registered a year-over-year increase of 5.8% and 3.3%, respectively.
- Cement sales continue to lag, showing on a year-over-year decline of 28.8%. On a month-over-month basis, cement sales reported a decrease of 1.7%.
- Data for consumption of gasoline is 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 that has affected inventory build-up and data gathering.



GDB Economic Activity Index Comparison of last four semesters (sequential)

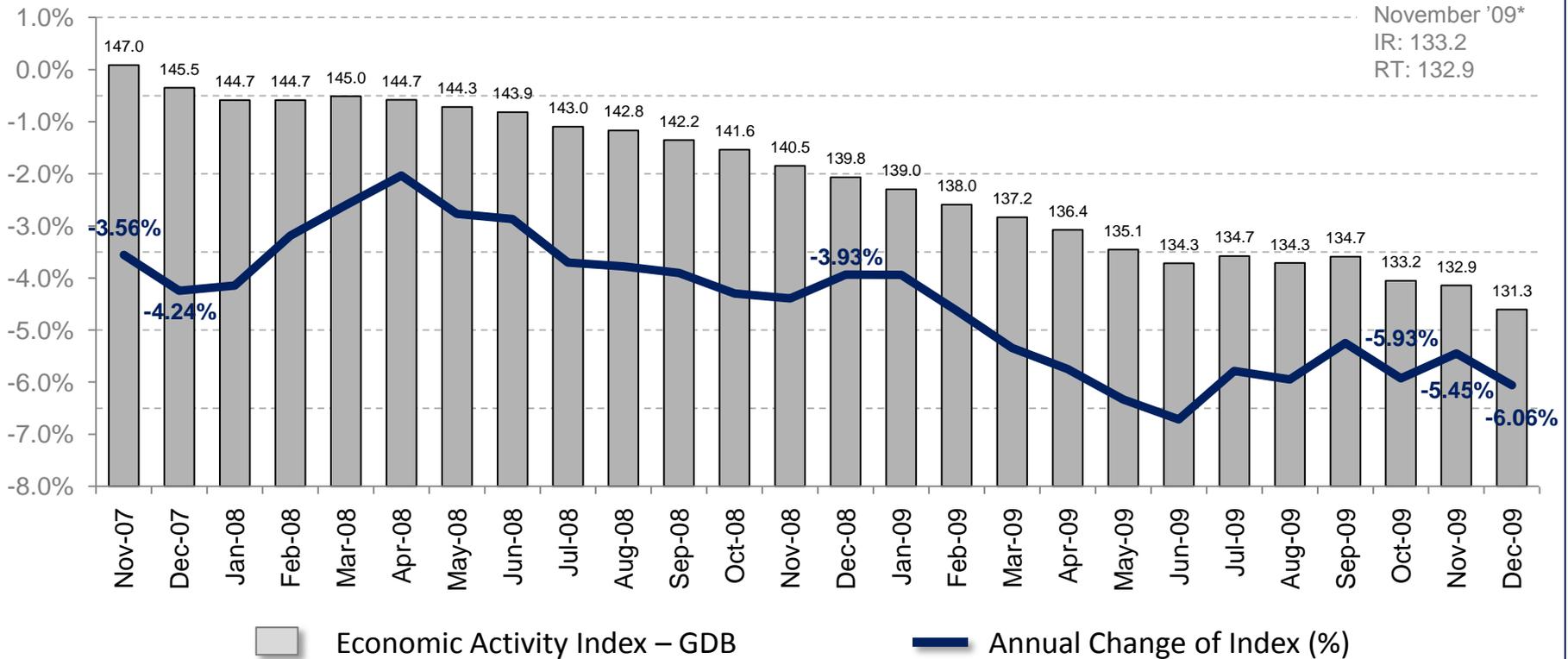
GDB Economic Activity Index





GDB Economic Activity Index For the month of December 2009

GDB Economic Activity Index



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

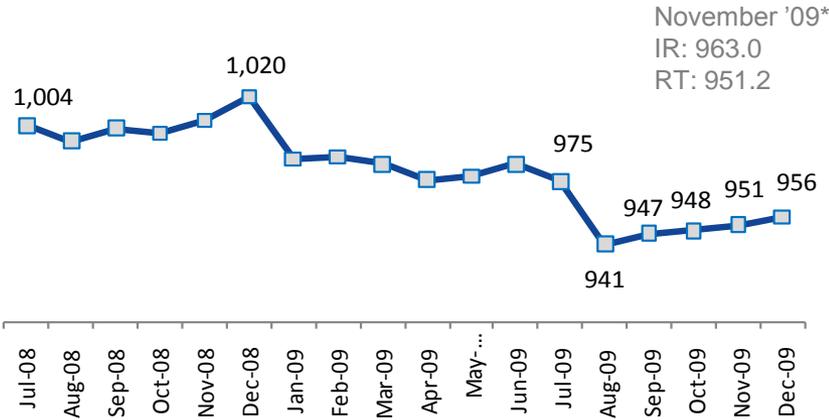
* The Economic Activity Index and its indicators are subject to monthly revisions. IR: Initial Revision, RT: Revised To



GDB Economic Activity Index Components

Total Payroll Employment

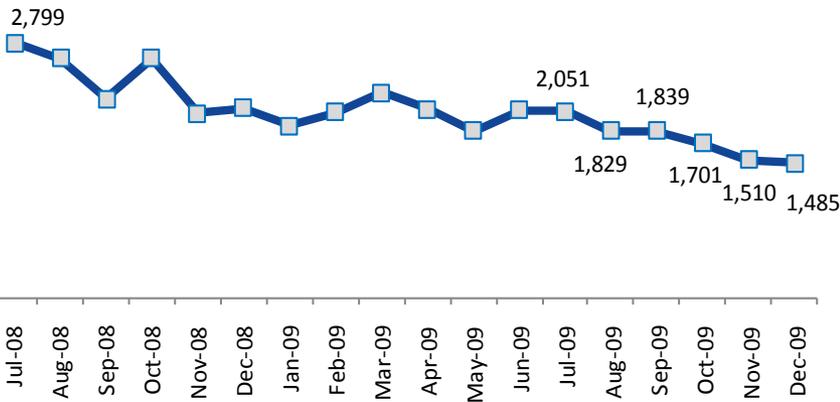
(Thousands of jobs)



- Total payroll employment increased 4,300 jobs compared to November 2009, mainly due to private employment increase of 11,100 jobs.
- Government employment was reduced as a result of the implementation of the Fiscal Reconstruction Plan.
- November payroll employment data was revised by Dept. of Labor due to a systematic payroll data restatement.

Cement Sales

(Cement Bags sold, in thousands)



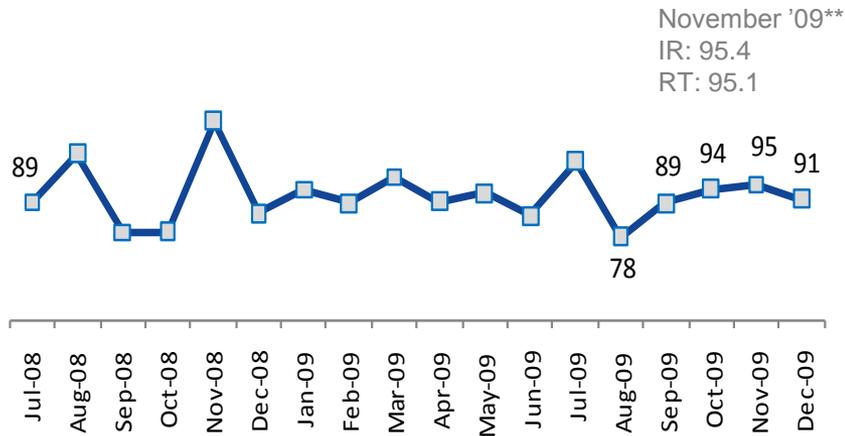
- Cement sales dropped 1.7% on a month-over-month basis, representing a decrease in sales of 27,600 bags.
- The decline continues to reveal weakness in the construction industry.



GDB Economic Activity Index Components

Gasoline Consumption*

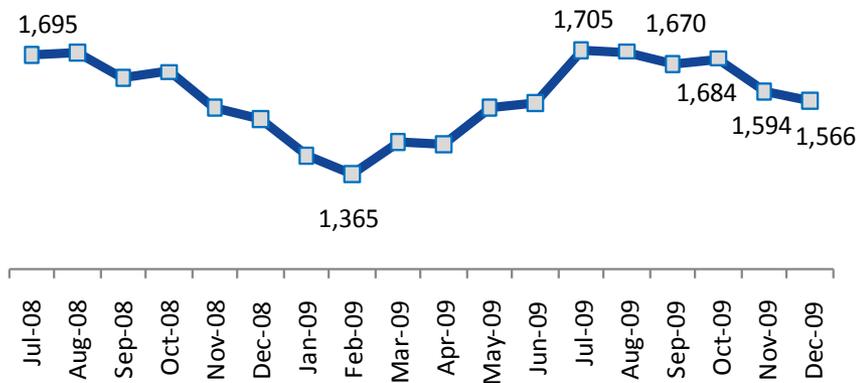
(Millions of gallons)



- On a year-over-year basis, gasoline consumption increased 5.8%.
- Gas consumption declined 4.7% in December 2009 relative to November 2009.
- Average monthly consumption of gasoline for calendar year 2009 remains stable at 91 million gallons.

Electric Power Consumption

(Millions of kWh)



- On a year-over-year basis, electric power consumption increased by a 3.3% for December 2009.
- On a month-over-month basis, electric power consumption decreased by a modest 1.7% in December 2009.



Description of the GDB-Economic Activity Index

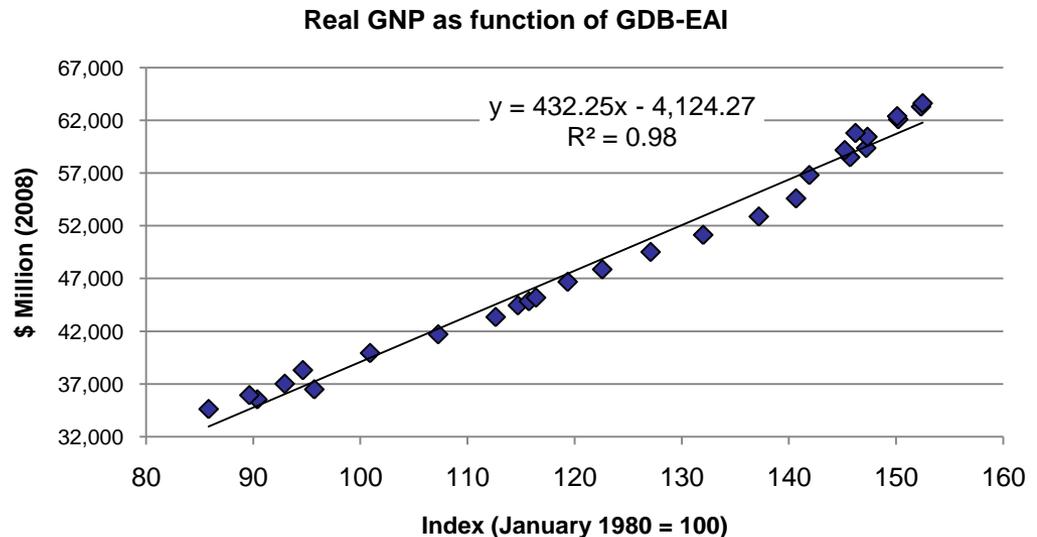


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.