

PRESS RELEASE

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PUERTO RICO'S ECONOMIC ACTIVITY INDEX SHOWS FIRST POSITIVE GROWTH SINCE MARCH 2006

Unemployment rate fell to 13.2%, the lowest since January 2009

SAN JUAN, P.R. — The Economic Activity Index (GDB-EAI) for December 2011 reached 127.7, reflecting a year-over-year (YOY) growth of 0.5%. This was the first YOY growth since the economic recession began in March 2006, the Government Development Bank for Puerto Rico (GDB) announced today.

“With the EAI moving into positive territory in December 2011, we are seeing the Index continuing to establish a clear upward trend over the past four months,” said GDB President Juan Carlos Batlle. “We had not seen a positive YOY change since the March 2006 observation when the recession started. This shows that our economy is showing signs of recovery, and that the measures taken by Governor Fortuño’s administration are working.”

Among the positive signs, December 2011 cement sales continued to show healthy growth, registering a 13.9% YOY increase. Total cement sales for 2011 were 5.2% above 2010 sales.

Total payroll employment amounted to 934,600, a 0.2% YOY increase. This positive trend seen in recent months is confirmed by the first positive growth since the economic recession began in March 2006. Employment in the service sector also continues to show growth. When compared to December 2009, this sector has increased by 1.8%, or 5,600 jobs.

Electric power consumption for December 2011 was 1,448.0 million kWh, reflecting a 1.7% YOY decline. Gasoline consumption came in at 95.3 million gallons, reflecting a month-over-month increase. However, as stated in the report, the data is based on the Treasury Department’s monthly gasoline excise tax collections from imports. Thus, the data does not necessarily reflect actual calendar month consumption by individuals. Monthly average gasoline consumption during 2011 was 87.1 million gallons.

Although not included in the Economic Activity Index, the Government reported separately that the unemployment rate in January declined to 13.2%, the lowest since January 2009 and compared with 14.7% in December 2010.

The Economic Activity Index is an economic indicator that summarizes the current trend and dynamics of the Puerto Rico economy. The GDB-EAI was formulated following a similar methodology as that used by the Conference Board in its coincident index. The GDB-EAI has a high correlation with Puerto Rico’s real Gross National Product (GNP). GDB publishes the EAI on a monthly basis along with a qualitative economic comment in order to provide a clear understanding of the trend and current state of the local economy.

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