



# **Economic Activity Index**

**For the month of March 2010**

**April 26, 2010**



# GDB-EAI:

## Commentary for the month of March 2010

**GDB-EAI increases to 128.9 during the month of March 2010.  
All the GDB-EAI components reflected a month-over-month increase.**

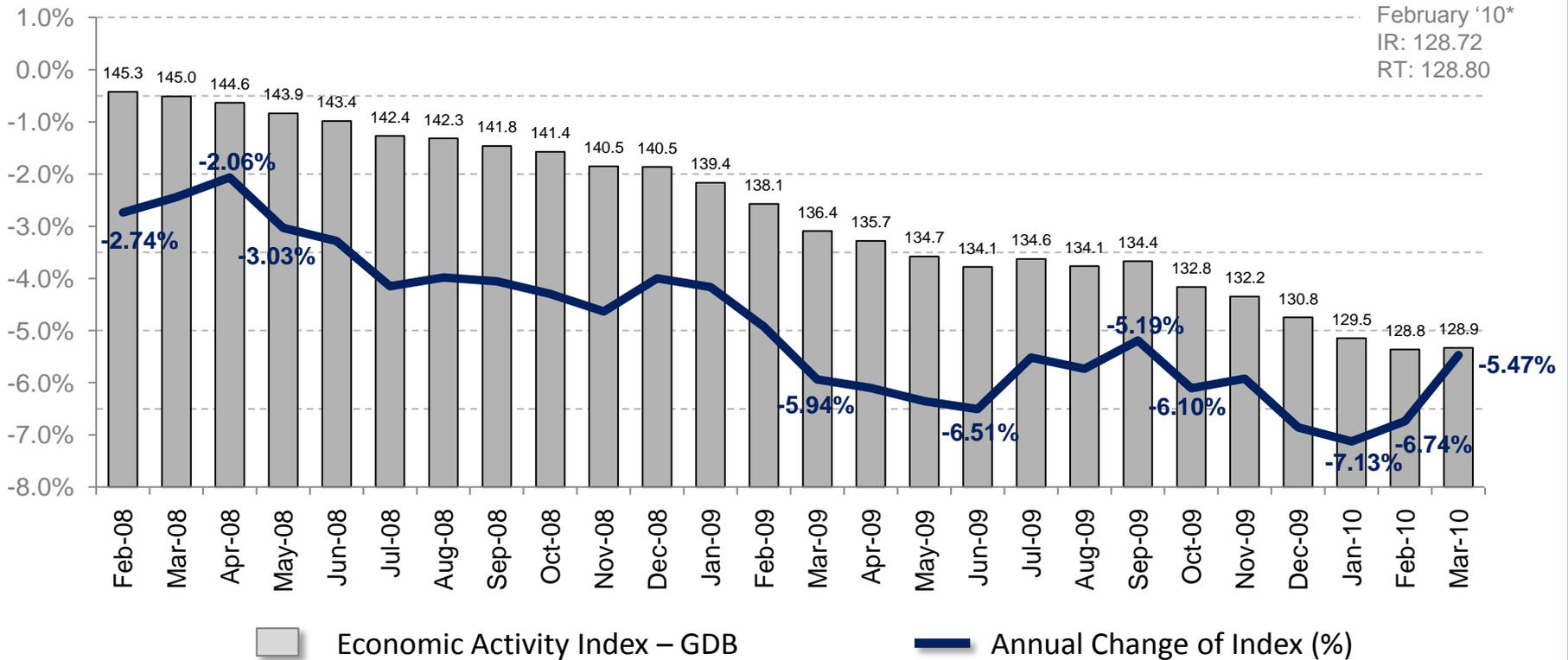
- The GDB-EAI reflected a month-over-month increase of 0.1%, the first since September 2009. Compared to February 2009, significant improvement among all components have allowed contraction in the index to improve to 5.5% on a year-over-year basis. The GDB-EAI was 128.9 for the month of March 2010.
- All the GDB-EAI components registered a month-over-month increase:
  - Payroll employment: 0.1%,
  - Cement sales: 14.6%
  - Gasoline consumption: 20.0%
  - Electric power consumption: 18.7%
- Cement sales during the month of March 2010 recorded the second consecutive month-over-month increase for the first time in 12 months, registering a 14.6% increase over previous month. Total payroll employment showed a month-over-month increase of 1,300 jobs or 0.1%.
- Energy consumption increased 11.6% on a year-over-year basis, the largest increase registered since December 2002. For the first 9 month period of FY 2010, electric power consumption in 3.0% above previous year.
- Gasoline consumption during the month of March 2010, derived from excise tax revenues on gasoline imports, increased 20.0% on a month-over-month basis. Irregular gasoline consumption patterns are mainly due to inventories and accounting fluctuations at main gasoline wholesalers.\*

\* Data for consumption of gasoline continues to be 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 2009 that has affected inventory build-up and data gathering.



# GDB Economic Activity Index For the month of March 2010

## GDB Economic Activity Index



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

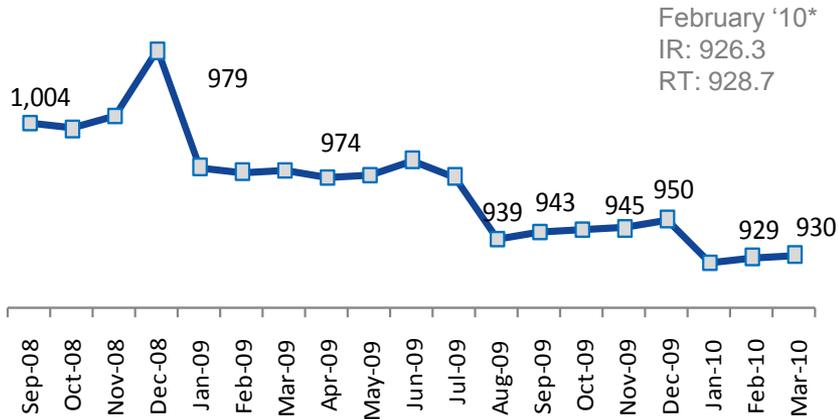
\* EAI was revised according to yearly revision to employment data and new benchmark establishment by Bureau of Labor Statistics during month of March.



# GDB Economic Activity Index Components

## Total Payroll Employment

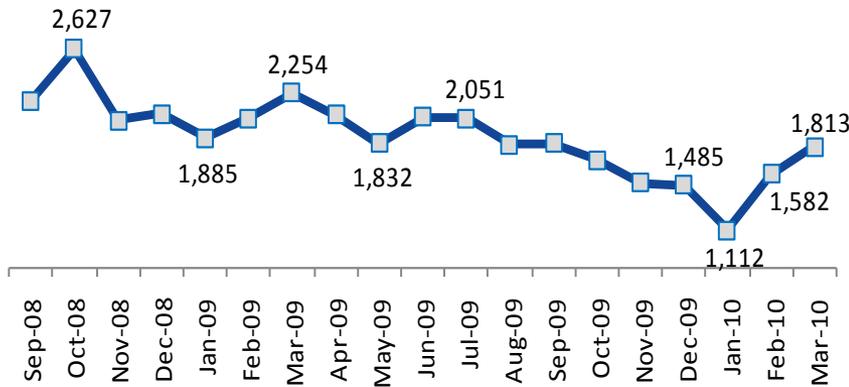
(Thousands of jobs)



- Total payroll employment increased 1,300 jobs compared to February 2010.
- Increase in payroll employment mainly as a result of 6,400 jobs created by the Federal Government to assist in the U.S. Census efforts.
- Manufacturing jobs increased 400 jobs on a month-over-month basis.

## Cement Sales

(Cement Bags sold, in thousands)



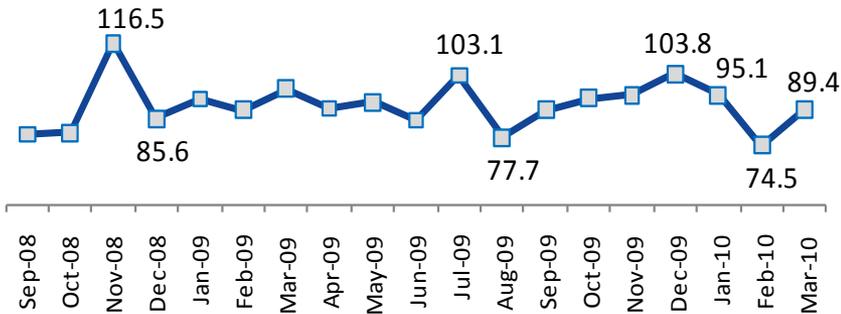
- Cement sales registered a 14.6% month-over-month increase, representing an increase in monthly sales of 230,553 bags compared to February 2010.
- March 2010 sales record is the second consecutive month-over-month increase in 12 months.
- Close monitoring will be place in the sector to follow-up on a further trend formation.



# GDB Economic Activity Index Components

## Gasoline Consumption

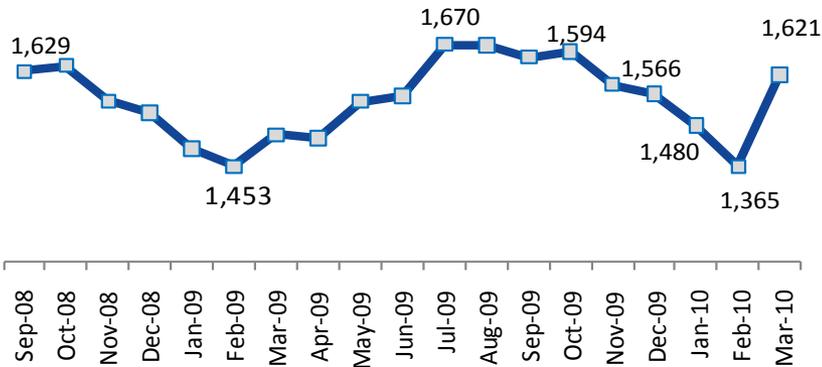
(Millions of gallons)



- On a month-over-month basis, gasoline consumption increased 20.0%.
- For the first 9 month period of FY 2010, gasoline consumption is 2.7% below same period in FY 2009, in spite of recent spike in gasoline prices.
- Monthly consumption of gasoline for fiscal year 2010 is averaging 90.4 million gallons.

## Electric Power Consumption

(Millions of kWh)



- On a year-over-year basis, electric power consumption recorded a jump of 11.6% to 1.621 million kW/h, compared to 1.453 million kW/h the previous year.
- For the first 9 month period of FY 2010, electric power consumption is 3.0% over the same period in FY 2009, signaling a strong improvement in energy consumption.



# Description of the GDB-Economic Activity Index

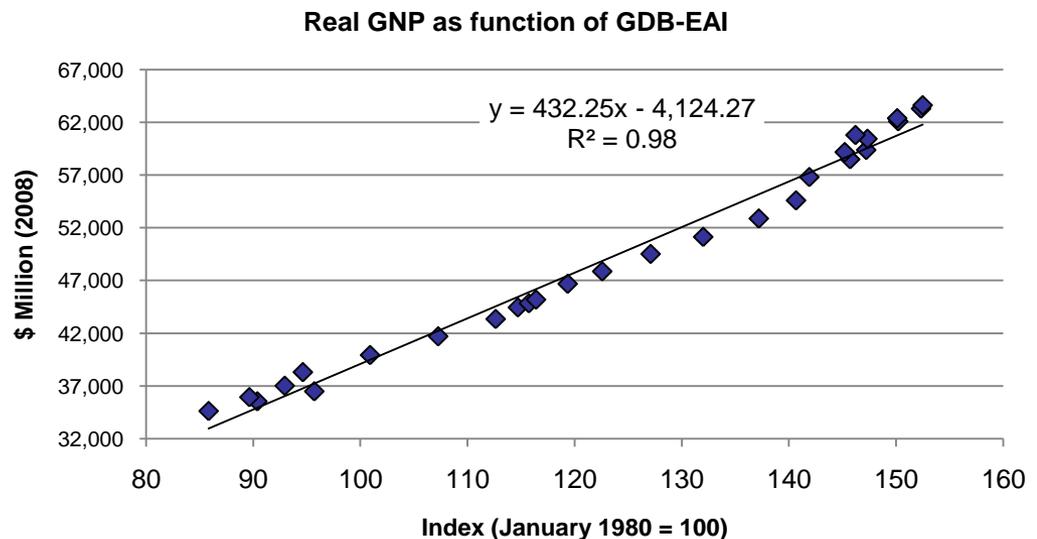


# Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.