



Economic Activity Index

For the month of September 2009

November 2, 2009

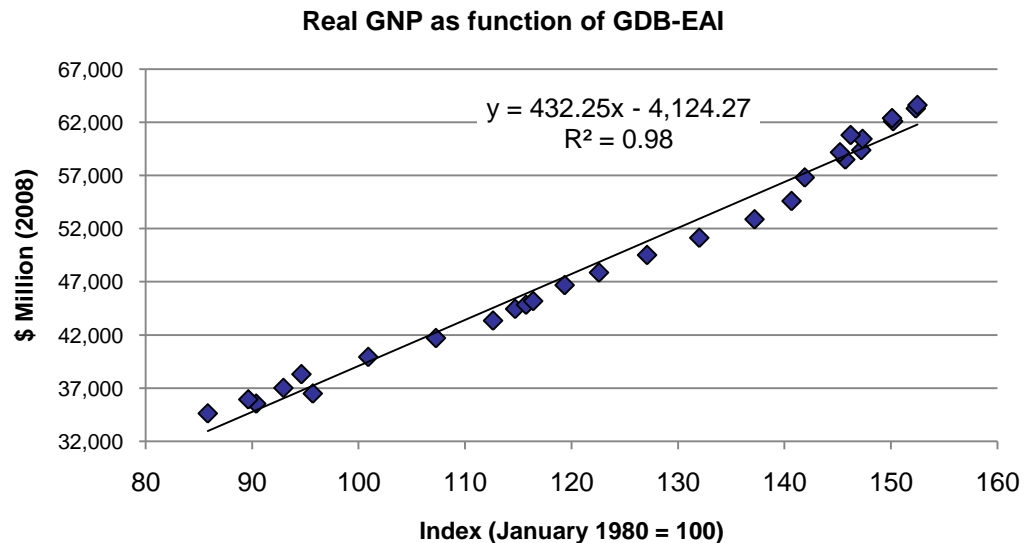


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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:

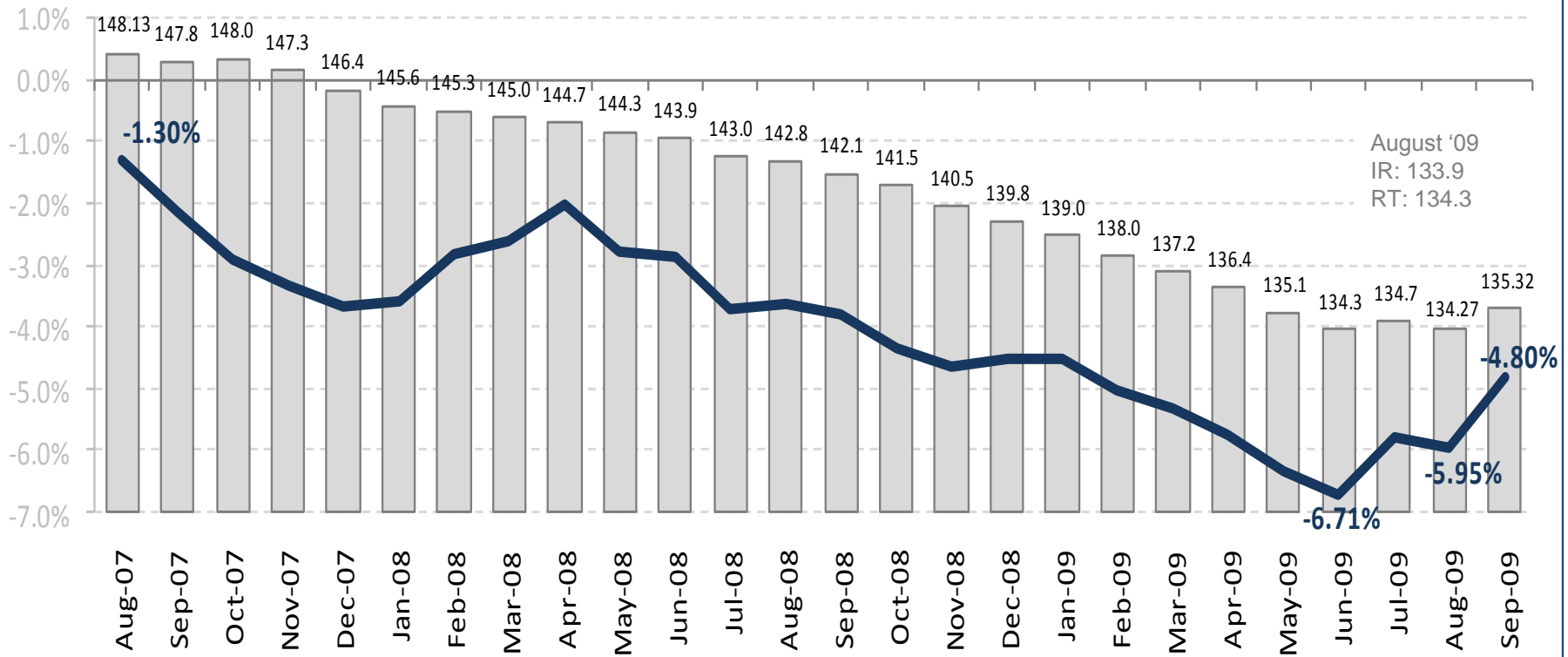
- Total Payroll Employment (Establishment Survey/ Thousand of employees)
- Total Electric Power Consumption (Millions of KWH)
- Cement Sales (Millions of bags)
- Gas Consumption (Millions of gallons)



GDB Economic Activity Index

For the month of September 2009

GDB Economic Activity Index



Economic Activity Index – GDB



Annual Change of Index (%)

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



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

The GDB-EAI reveals signs of stabilization in the Puerto Rico economy:

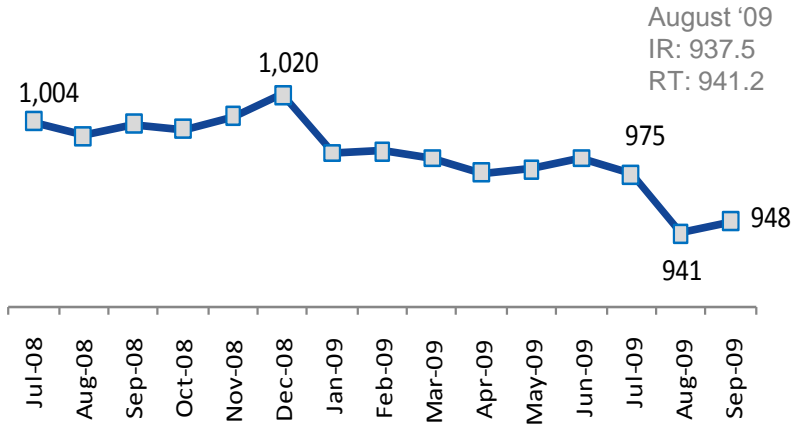
- After 42 months of a continuous year-over-year decline starting in April 2006, GDB-EAI registered the second uptick in the last three months in the month of September 2009.
- The year-over-year rate of decline of the GDB-EAI has diminished for three months in a row, a trend not seen since April 2008.
- Since June 2009, the GDB-EAI has reduced its declining month-over-month rate and appears to be establishing a support level in 134 to 135 range.
- The GDB-EAI reflected a 0.8% increase month-over-month in September 2009, the highest monthly increment since October 2006.
- The stabilization of the index during recent months is driven by the recent behavior of electric power consumption, gas consumption, and an uptick on payroll employment during September 2009.
- Despite that seven thousand payroll jobs were created in September 2009, the challenge remains to achieve sustainable employment growth.



GDB Economic Activity Index Components

Total Payroll Employment

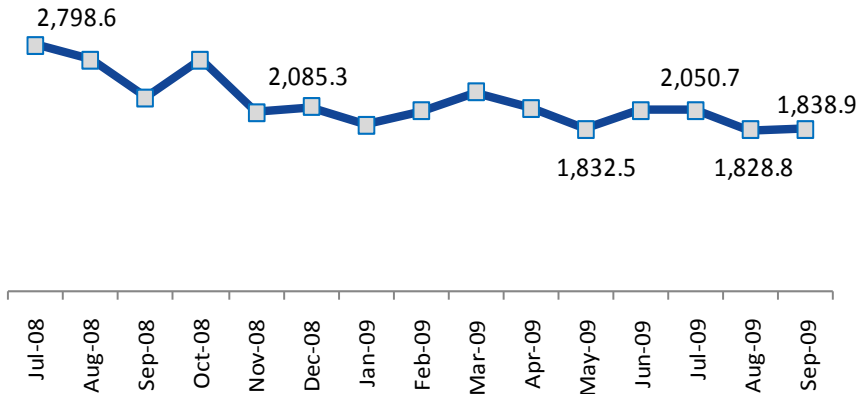
(Thousands of jobs)



- Total payroll employment declined 5.5% on a year-over-year basis during September 2009.
- Payroll employment increased by 7,000 month-over-month in September.

Cement Sales

(Cement Bags sold, in thousands)



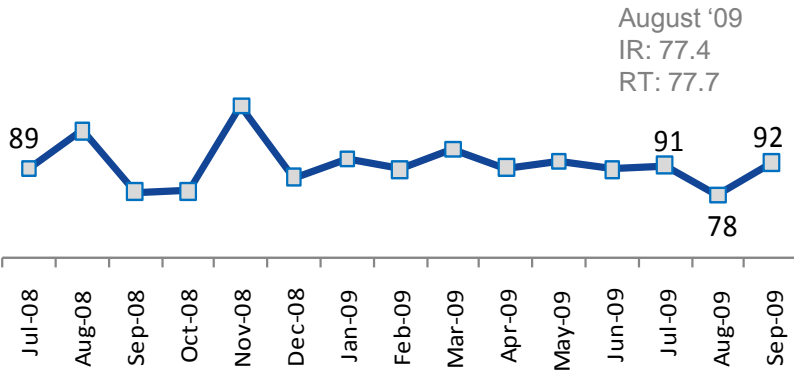
- Rate of contraction of cement sales decreased by almost half in September, from 30.4% year-over-year in August, to 16.1% year-over-year in September.
- There was an increase in sales of 10,100 bags month-over-month.



GDB Economic Activity Index Components

Gasoline Consumption

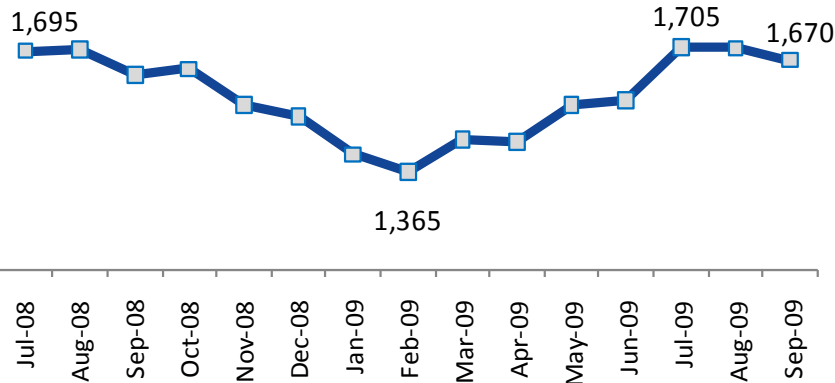
(Millions of gallons)



- Gas consumption improved during September compared to the prior month, but monthly variations are related mostly to variations in inventories.
- Average monthly consumption of gasoline for calendar year 2009 is at 90 million gallons.

Electric Power Consumption

(Millions of KWH)



- On a year-over-year basis, electric consumption grew by 2.5% in September.
- Electric power consumption declined slightly during September compared to the prior month.



Disclaimer

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