



Economic Activity Index

For the month of August 2011



Disclaimer

During the month of March 2011, the GDB-Economic Activity Index was revised according to yearly benchmark revision of trailing 18 months payroll employment data as required by the Bureau of Labor Statistics. This annual revision resulted in the recalculation of the GDB-Economic Activity Index to reflect revision of payroll employment data.



Commentary for the month of August 2011

GDB-EAI for the month of August was 124.9, reflecting a slight decline of 0.7% compared to July 2011. Employment in the service sector grew 0.4% in August 2011, adding 1,300 jobs compared to August 2010.

- Total payroll employment during the month of August 2011 was 905,700, a year-over-year (“YOY”) decline of 0.3%.
- Private sector employment continues its improving trend with total private sector employment registering a YOY decline of 0.7%.
- Electric power consumption during the month of August 2011 totaled 1,582.0 million kWh. Consumption was severely affected by a power outage set off by Tropical Storm Irene.
- Cement sales totaled 1.320 million bags during the month of August 2011, registering a month-over-month decline of 7.3% due to higher rainfall levels that have deterred construction activity. On a YOY basis, cement sales rose by 2.1% for the eight-month period ending in August 2011.
- Gasoline consumption* during the month of August 2011 was 85.5 million gallons.

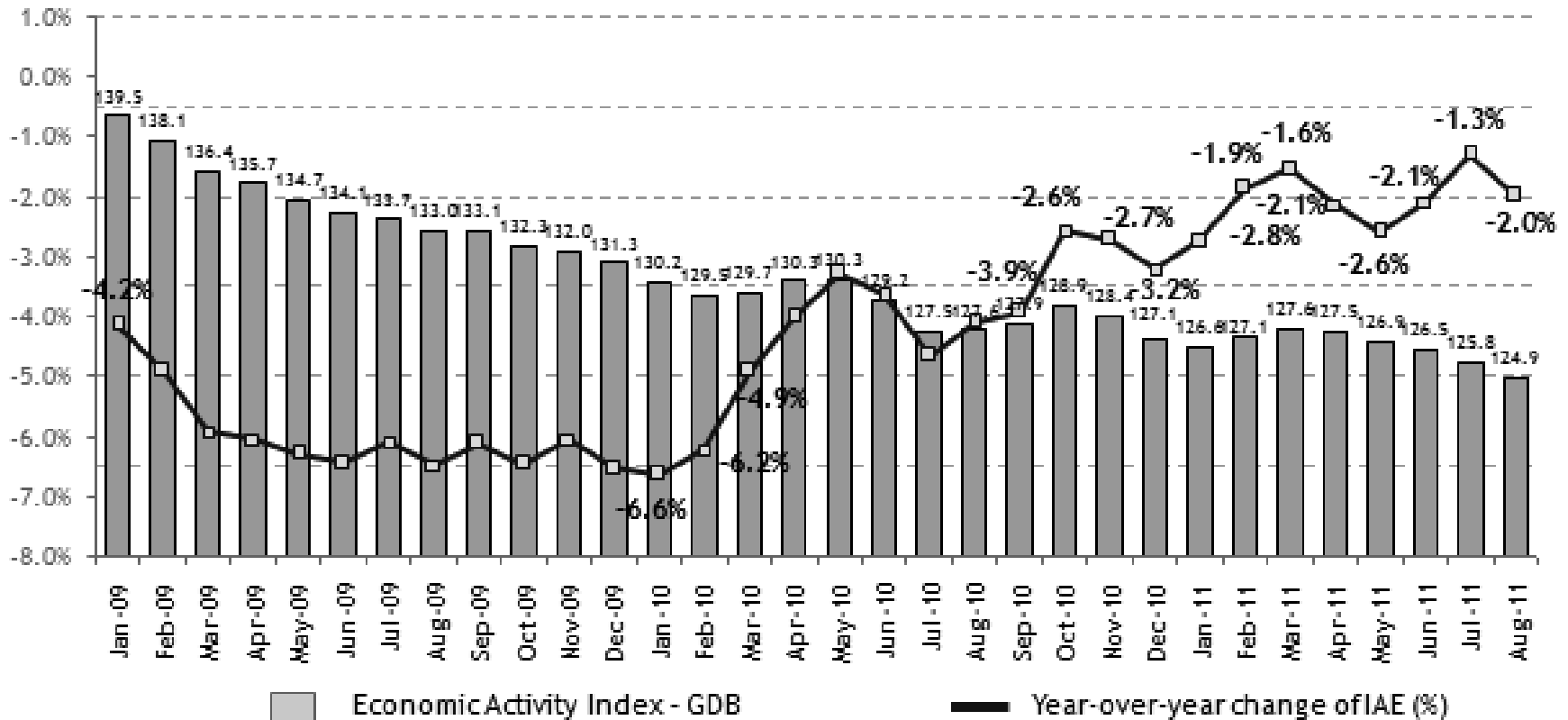
* Estimated monthly gasoline consumption is derived from the Treasury Department’s monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate used by GDB does not necessarily reflect actual monthly consumption by individuals.



GDB Economic Activity Index

For the month of August 2011

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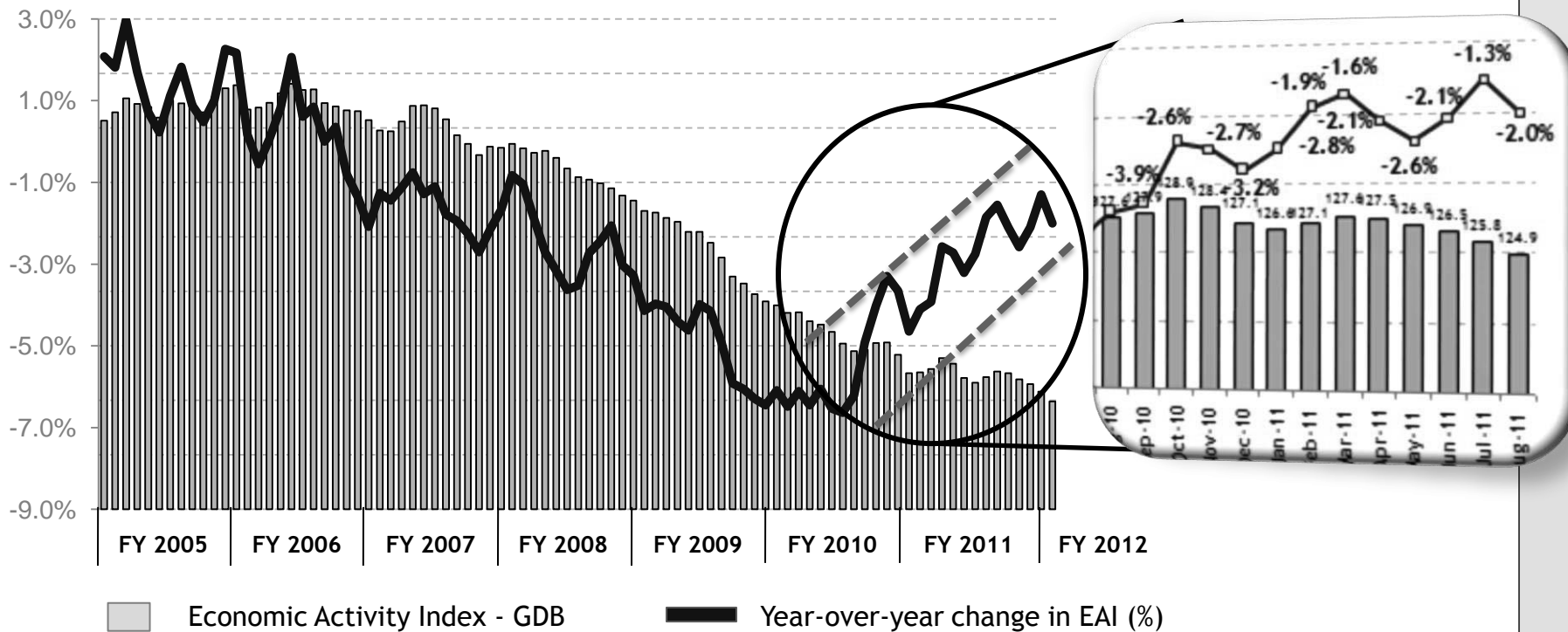


Data used for GDB-EAI is adjusted for seasonality and volatility.



Economic Activity Index is reflecting a stabilized economy with clear signs of improving trends in key economic sectors

GDB Economic Activity Index (EAI): 98% correlation with GNP





Year-over-year change in total payroll employment has reached the most favorable level since July 2007...

Total Non-Farm Payroll Employment

(Year-over-year change)





Private sector employment continues to reflect a marked improvement...

Private Sector Employment

(Year-over-year change)

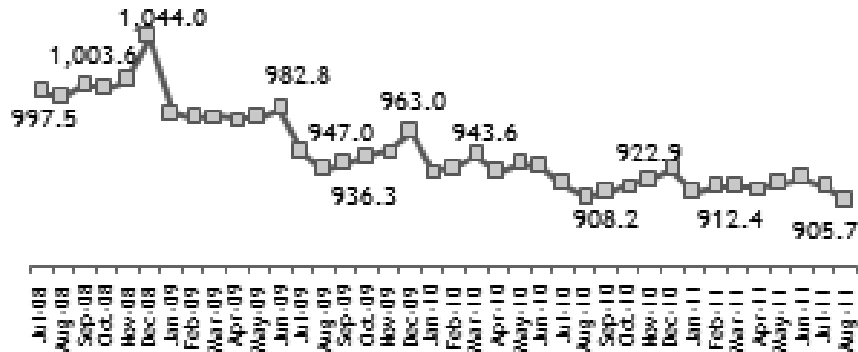




GDB Economic Activity Index Components

Total Payroll Employment

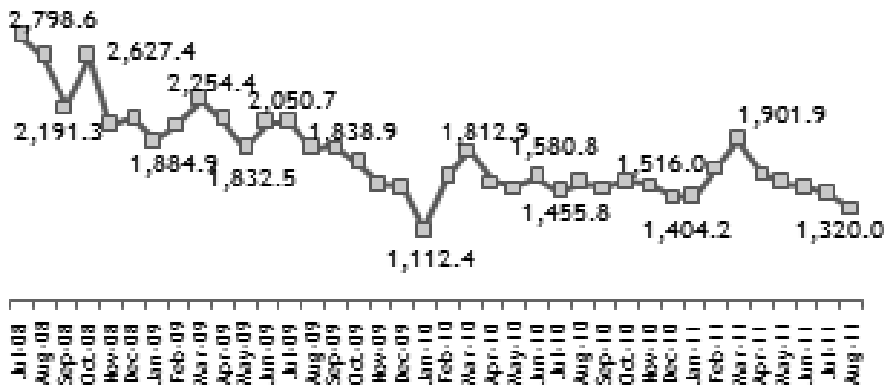
(Thousands of jobs)



- Total payroll employment totaled 905,700, a YOY decline of 0.3%.
- Employment in service sector continues its improving trend. When compared to August 2010, employment in the service sector increased by 0.4% or 1,300 jobs.
- Private sector employment decreased by 0.7% on a YOY basis, the most favorable level since May 2011.

Cement Sales

(Cement Bags sold, in thousands)



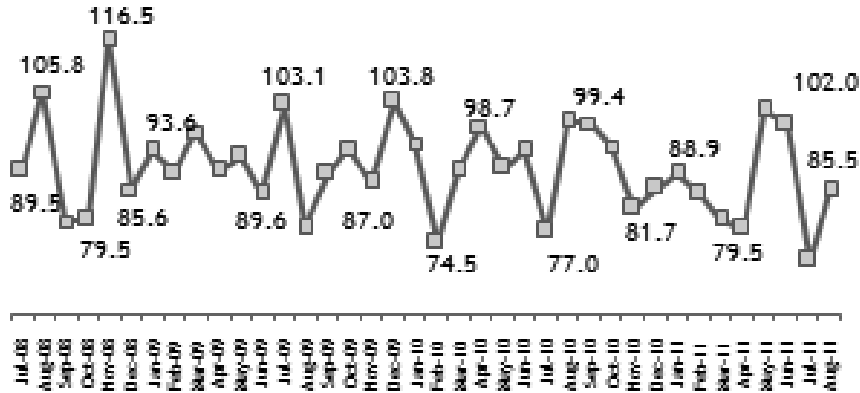
- Cement sales reported during the month of August were 1.320 million bags; a year-over-year decline of 13.4%.
- Cement sales have been negatively affected by above-normal rainfall levels that deterred construction activity throughout the island.
- For the eight-month period ending August 2011, cement sales increased by over 2.1% on a year-over-year basis.



GDB Economic Activity Index Components

Gasoline Consumption

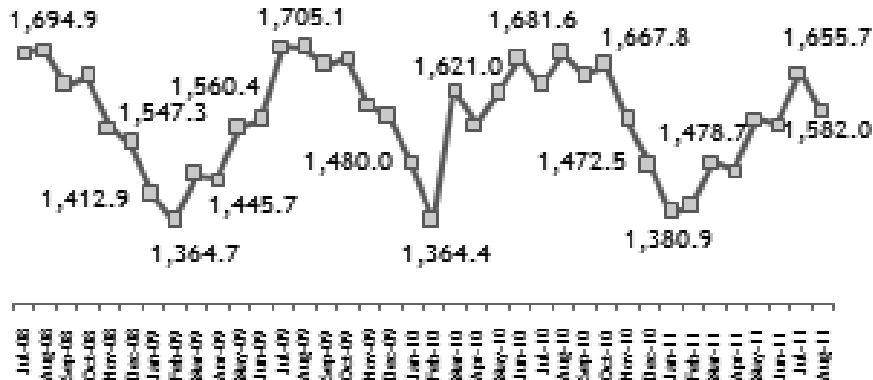
(Millions of gallons)



- Gasoline consumption during the month of August 2011 totaled 85.5 million gallons.
- Estimated monthly gasoline consumption is derived from the Treasury Department's monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate used by GDB does not necessarily reflect actual monthly consumption by individuals.

Electric Power Consumption

(Millions of kWh)



- Electric power consumption registered 1,582 million kWh during the month of August 2011.
- Electric power consumption during the month of August was severely affected by a power outage set off by Tropical Storm Irene.
- August 2011 electric power consumption was 2.6% above FY 2011 average electric power consumption.



Description of the GDB-Economic Activity Index

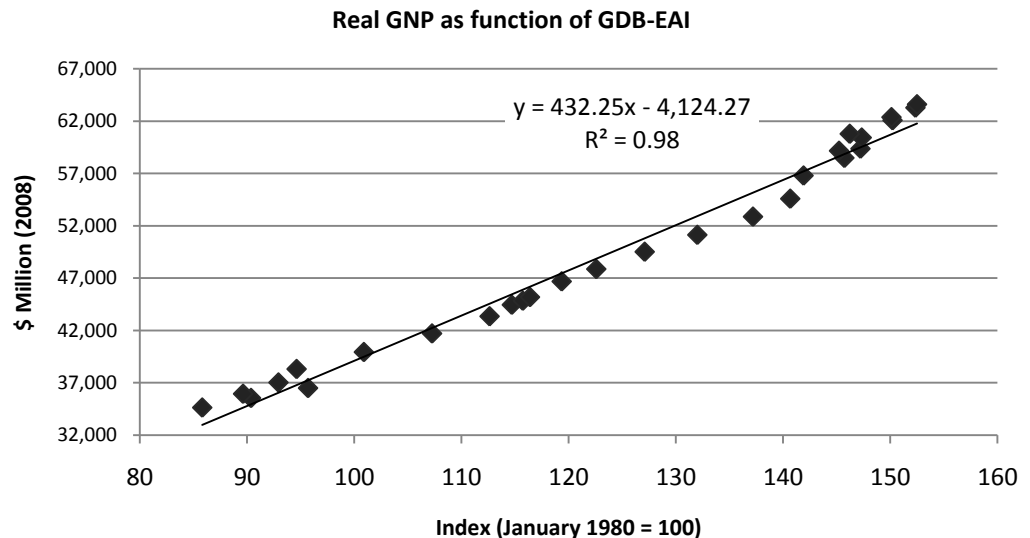


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.

High 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.