



Economic Activity Index

For the month of October 2009

November 27, 2009



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

The GDB-EAI posted a moderate decline in October 2009:

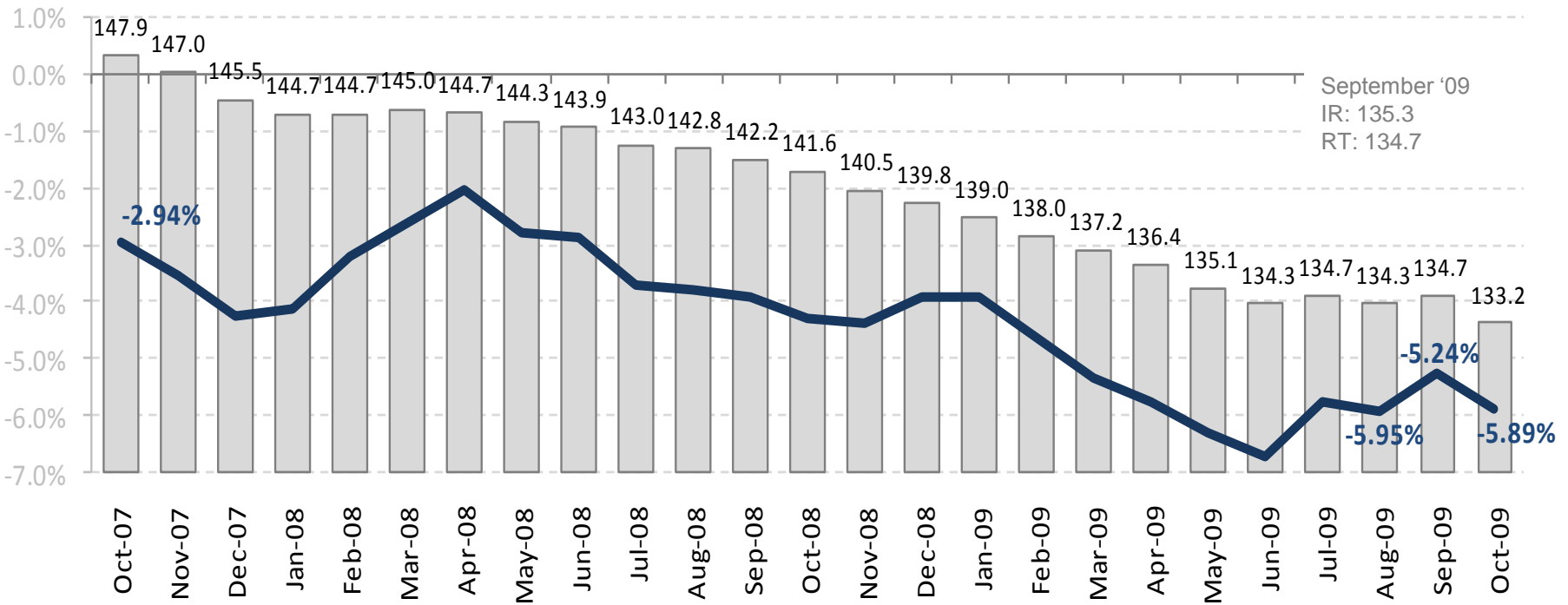
- The GDB-EAI revealed a moderate month-over-month decline of 1.1% in October 2009. The GDB-EAI posted a value of 133.2 for the month of October 2009.
- Three of the components of the GDB-EAI advanced in October 2009. Non-farm payroll recorded an increase of 1,300 new jobs relative to September 2009. Similarly, consumption of electrical energy and gas increased 0.9% and 5.4% compared to September 2009, respectively.
- However, cement sales, the remaining component of the GDB-EAI, dropped 7.5% in October 2009 compared to September 2009. The decline in cement sales adversely weighted on the GDB-EAI.
- On a year-over-year basis, the GDB-EAI declined 5.9%. Overall economic activity during the month of October 2009 was affected by the incidental blaze at the Caribbean Petroleum Corporation (Capeco), which provoked the closing of highway PR-22 and altered normal economic activity in the San Juan Metropolitan Area.



GDB Economic Activity Index

For the month of October 2009

GDB Economic Activity Index



Economic Activity Index – GDB



Annual Change of Index (%)

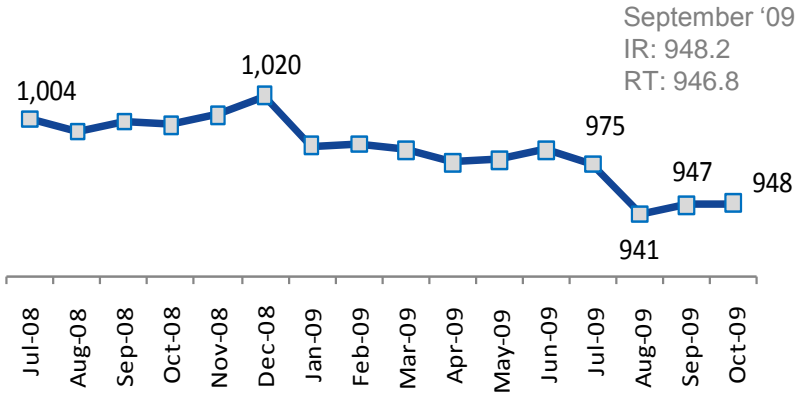
* The Economic Activity Index and its indicators are subject to monthly revisions. IR: Initial Revision, RT: Revised To



GDB Economic Activity Index Components

Total Payroll Employment

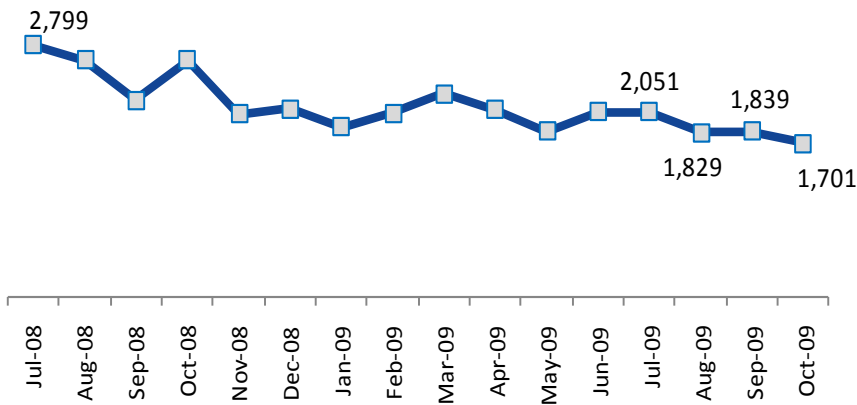
(Thousands of jobs)



- Total payroll employment increased 1,300 jobs compared to September 2009.
- Payroll employment base remained stable at 948,000 in October 2009.

Cement Sales

(Cement Bags sold, in thousands)



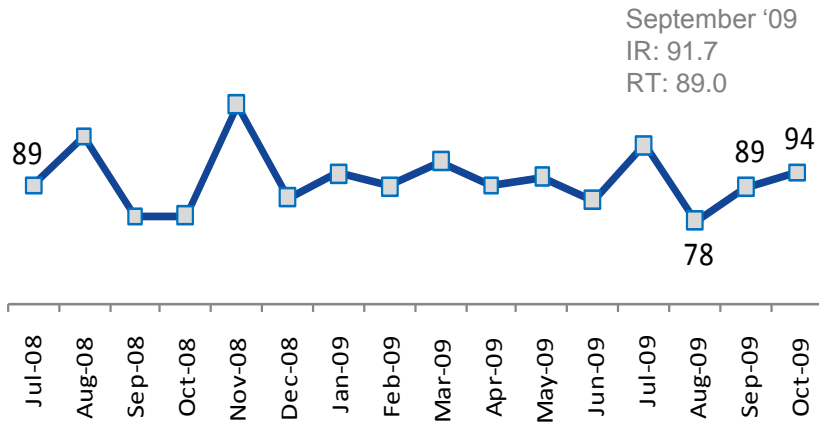
- Cement sales dropped 7.5% on a month-over-month basis. There was a decrease in sales of 138,000 bags month-over-month.
- The decline reveal continued weakness in the construction industry.



GDB Economic Activity Index Components

Gasoline Consumption

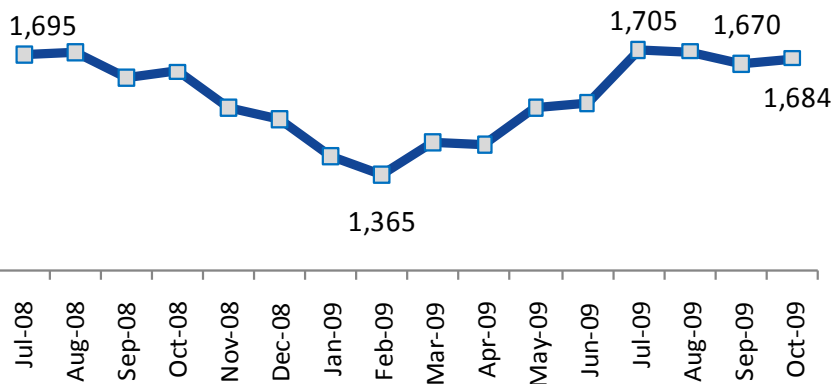
(Millions of gallons)



- Gas consumption advanced 5.4% in October 2009 relative to September 2009.
- Average monthly consumption of gasoline for calendar year 2009 remains stable at 91 million gallons.

Electric Power Consumption

(Millions of KWH)



- On a month-over-month basis, electric power consumption grew by 0.8% in October 2009.
- High temperatures in October contributed to increased consumption of electric power.



Description of the GDB-Economic Activity Index

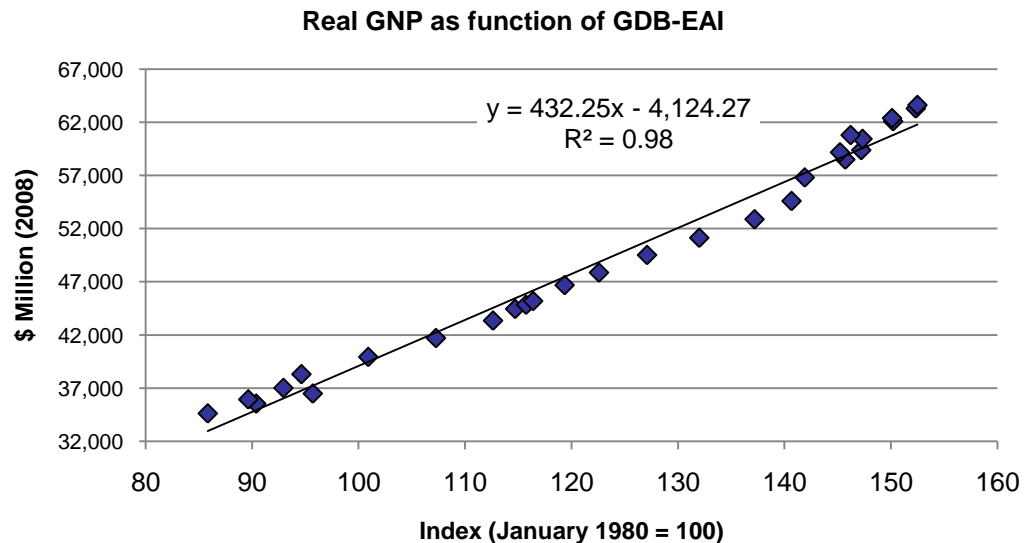


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.