



Economic Activity Index

For the month of July 2011



Commentary for the month of July 2011

GDB-EAI for July 2011 was 125.8, reflecting the smallest year-over-year decline since August 2007. Employment in the service sector increased 0.8% in July 2011, adding 2,400 jobs compared to July 2010.

- Total payroll employment during the month of July 2011 was 917,600. A total of 5,200 jobs have been added since January.
- Total payroll employment for July 2011 reflected a decline of 0.3%, the smallest year-over-year (“YOY”) decline since July 2007.
- Private sector employment continues its improving trend with total private sector employment registering a YOY decline of 1.0%.
- Electric power consumption during the month of July 2011 totaled 1,655.7 million kWh, a 1.6% increase on a YOY basis and the first positive growth since February 2011.
- Cement sales totaled 1.425 million bags during the month of July 2011, registering a YOY decline of 2.1% due in part to higher rainfall levels that have deterred construction activity. On a year-over-year basis, cement sales rose by 4.3% for the seven-month period ending in July 2011.
- Gasoline consumption* during the month of July 2011 was 71.0 million gallons, a 7.8% year-over-year decline.

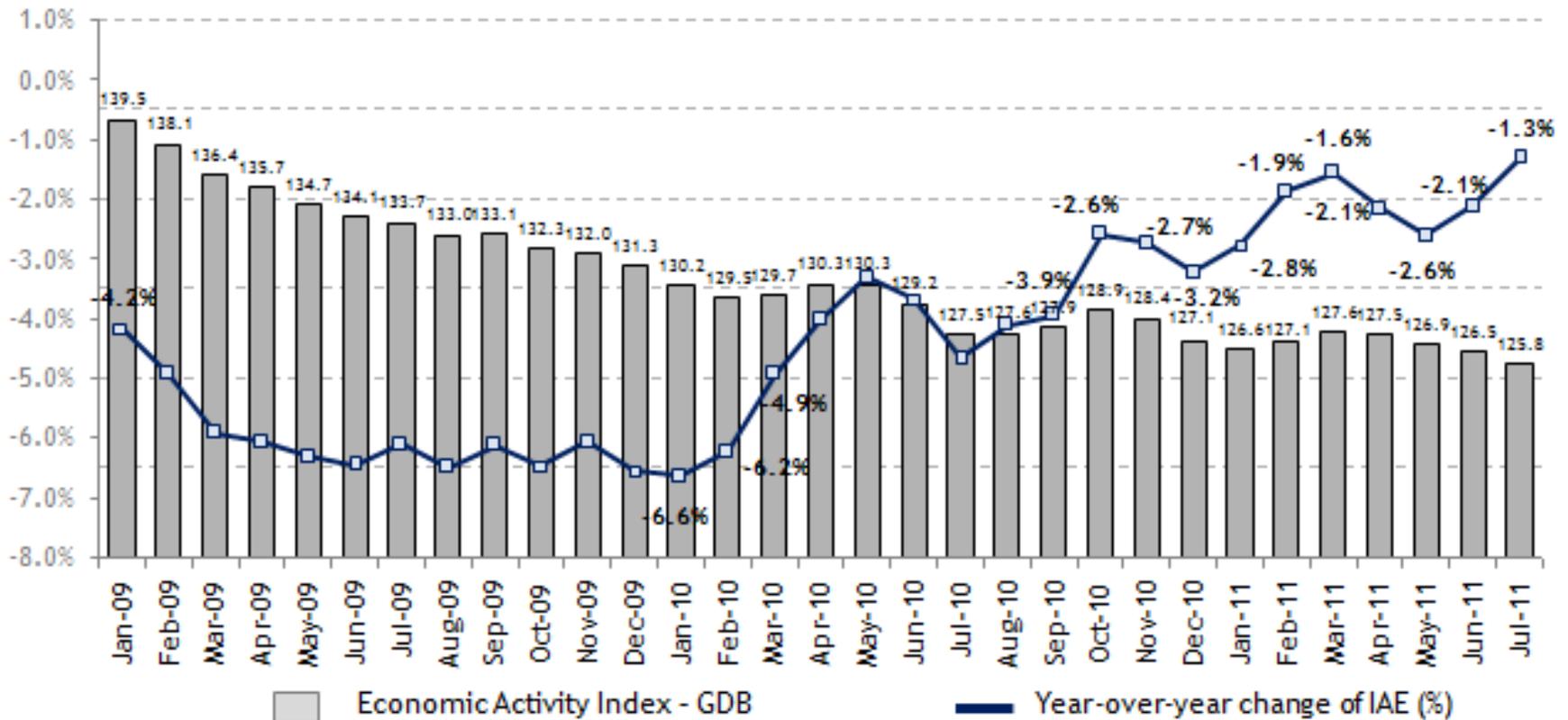
* Estimated monthly gasoline consumption is derived from the Treasury Department’s monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate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



GDB Economic Activity Index

For the month of July 2011

GDB Economic Activity Index

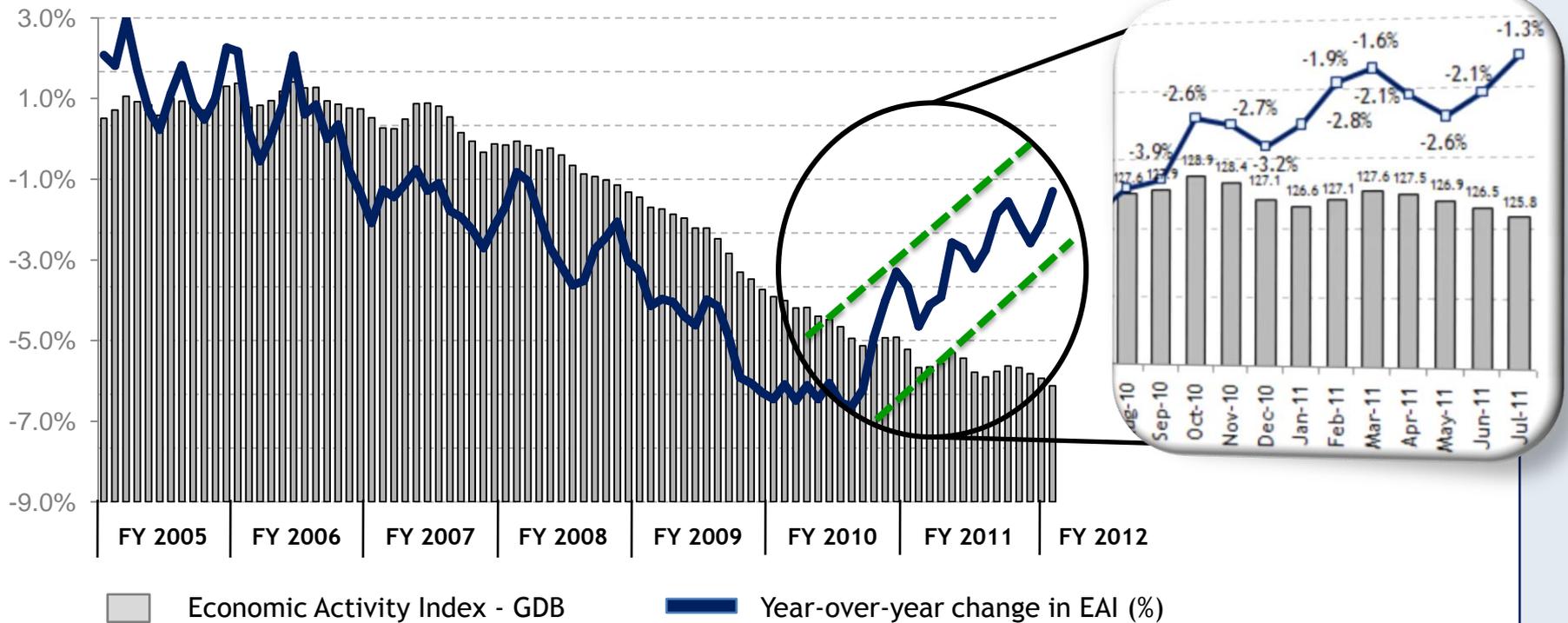


Data used for GDB-EAI is adjusted for seasonality and volatility.



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

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

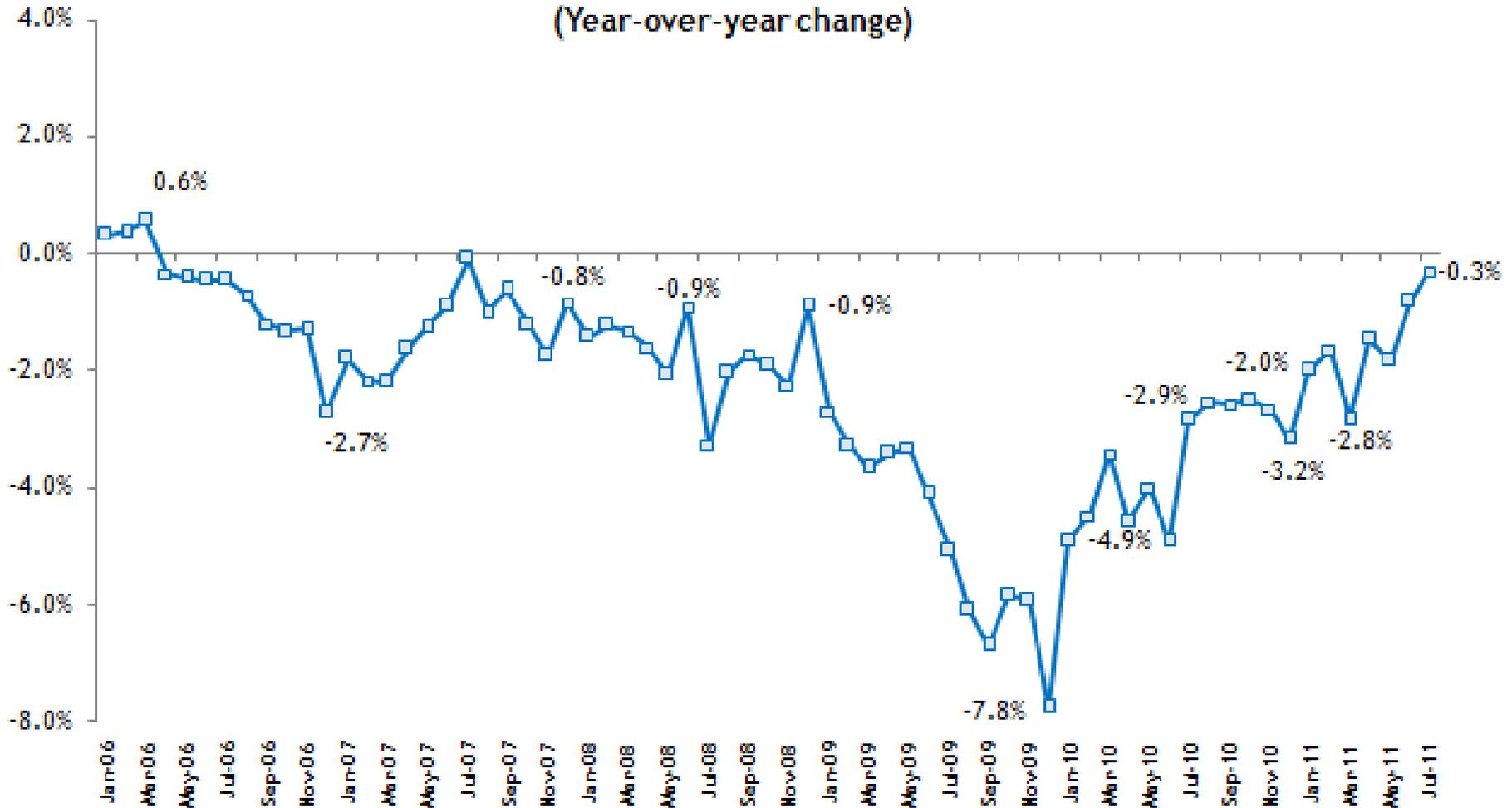




Year-over-year change in total payroll employment has reached the most favorable level since July 2007...

Total Non-Farm Payroll Employment

(Year-over-year change)

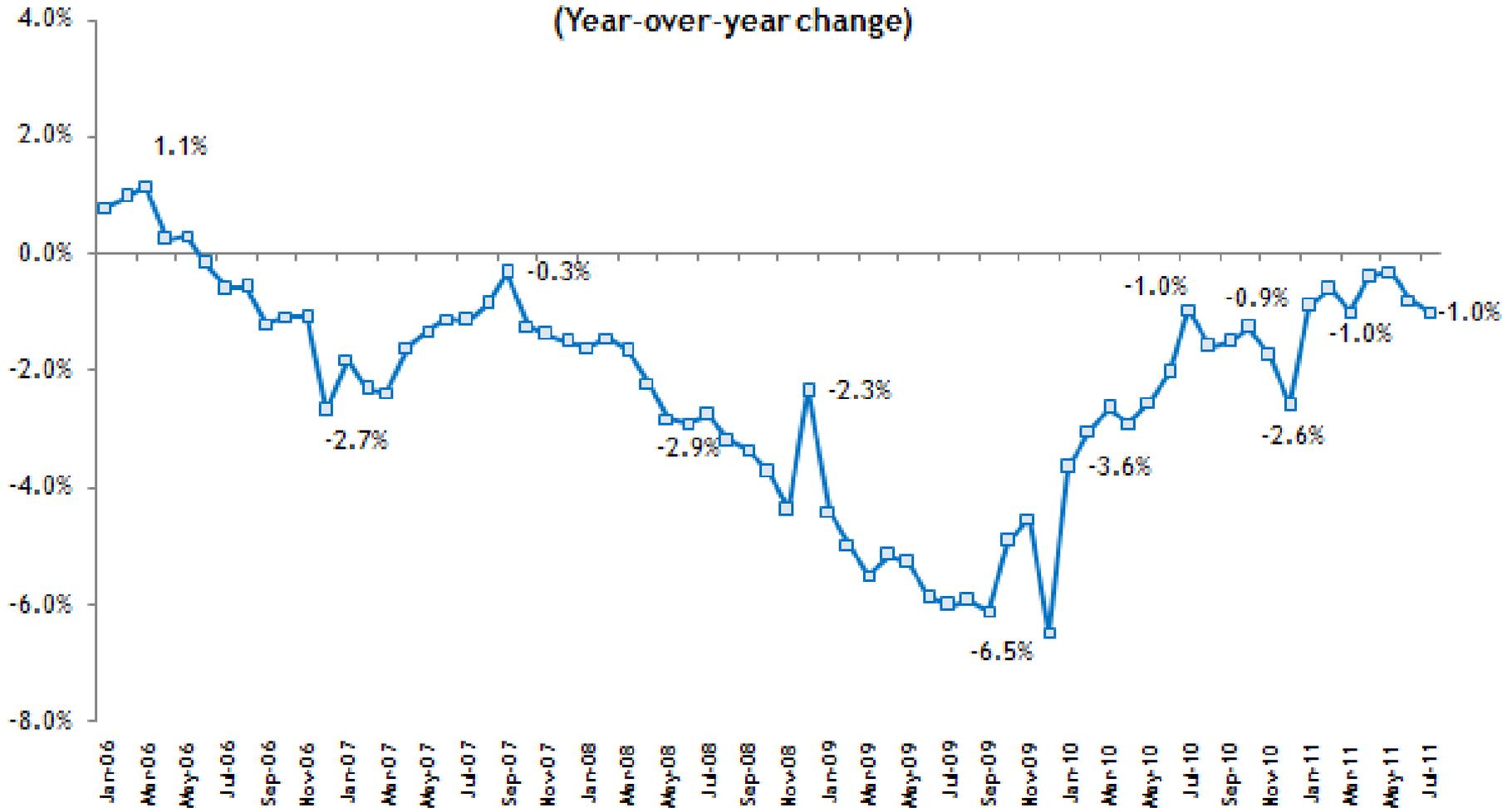




Private sector employment continues to reflect a marked improvement...

Private Sector Employment

(Year-over-year change)

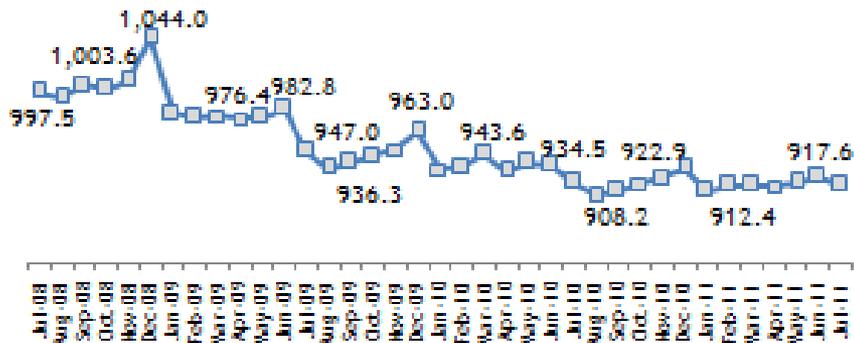




GDB Economic Activity Index Components

Total Payroll Employment

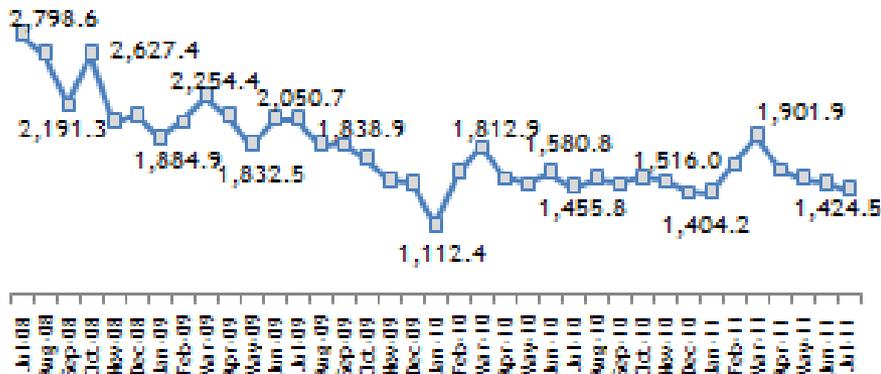
(Thousands of jobs)



- Total payroll employment totaled 917,600, a YOY decline of 0.3%.
- Employment in service sector continues its improving trend. When compared to July 2010, employment in the service sector increased by 0.8% or 2,400 jobs.
- Private sector employment declined by 1.0% on a YOY basis, the most favorable level since March 2011.

Cement Sales

(Cement Bags sold, in thousands)



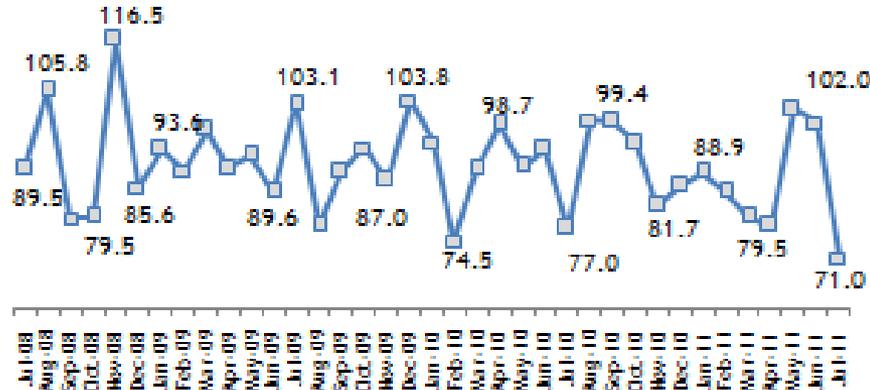
- Cement sales reported during the month of July were 1.425 million bags, a year-over-year decline of 2.1%.
- Cement sales have been negatively affected by higher rainfall levels that deterred construction activity throughout the island.
- For the seven-month period ending July 2011, cement sales increased by over 4.3% on a year-over-year basis.



GDB Economic Activity Index Components

Gasoline Consumption

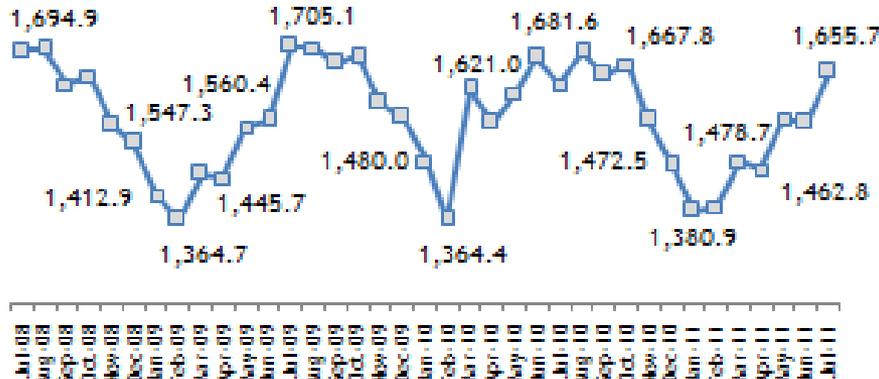
(Millions of gallons)



- Gasoline consumption during the month of July 2011 totaled 71.0 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 1,655.7 million kWh during the month of July 2011.
- On a year-over-year basis, consumption increased by 1.6%, the first positive growth since February 2011.
- July 2011 electric power consumption was 7.4% above FY 2011 average electric power consumption.



Description of the GDB-Economic Activity Index

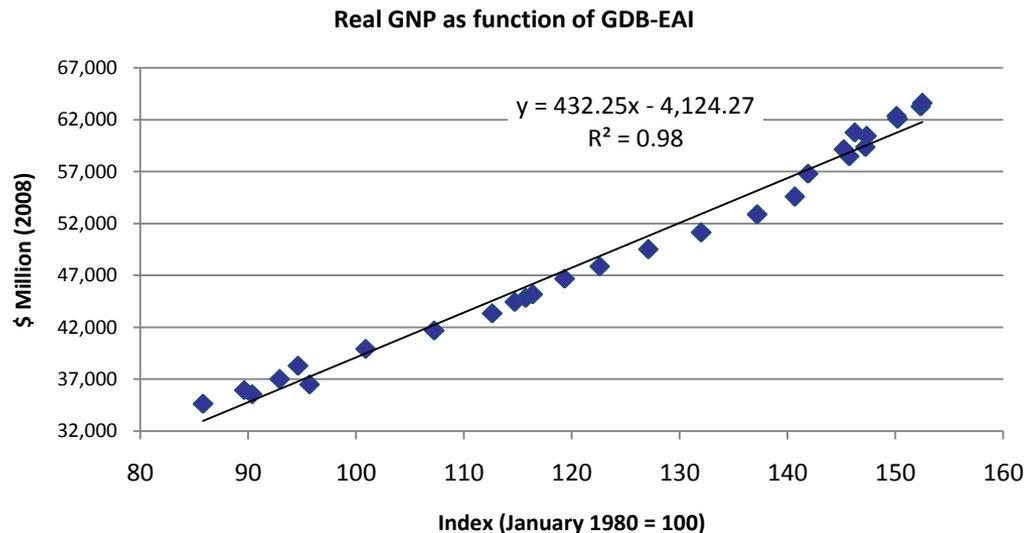


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.