



Economic Activity Index

For the month of June 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 June 2011

GDB-EAI for the month of June was 126.6, reflecting a slight decline of 0.3% compared to May 2011. Employment in the service sector grew 1.6% in June 2011, adding 4,900 jobs compared to June 2010.

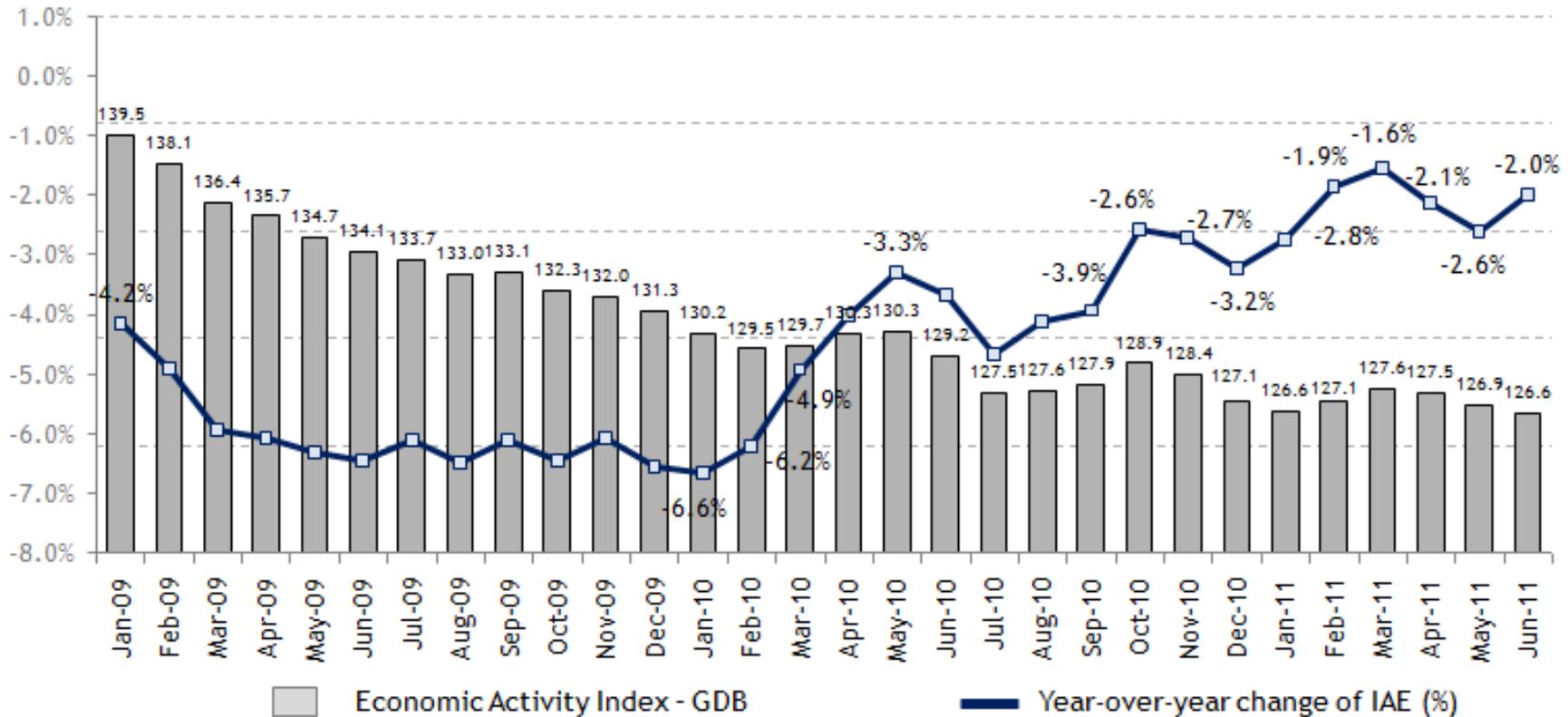
- Total employment for June 2011 reflected the lowest year-over-year decline since December 2007.
- Gasoline consumption during the month of June 2011 was 99.2 million gallons, a 6.1% year-over-year increase. Average monthly consumption for FY 2011 was 89.2 million gallons.
- Total payroll employment during the month of June 2011 was 926,900. A total of 14,500 jobs have been added since January. On a YOY basis, payroll employment reflected a decline of -0.8%, the smallest since December 2007.
- Private sector employment continues its improving trend with total private sector employment registering a YOY decline of 0.8%.
- Cement sales totaled 1.485 million bags during the month of June 2011, registering a YOY decline of 6.0% due in part to above-normal rainfall levels that have deterred construction activity. On a year-over-year basis, cement sales rose by 5.3% for the six-month period ending in June.
- Electric power consumption during the month of June 2011 totaled 1,553.7 million kWh, a 7.6% decline on a YOY basis. Lower consumption was reported mainly as a result of a significant increase in oil prices affecting consumption patterns, particularly among residential users.



GDB Economic Activity Index

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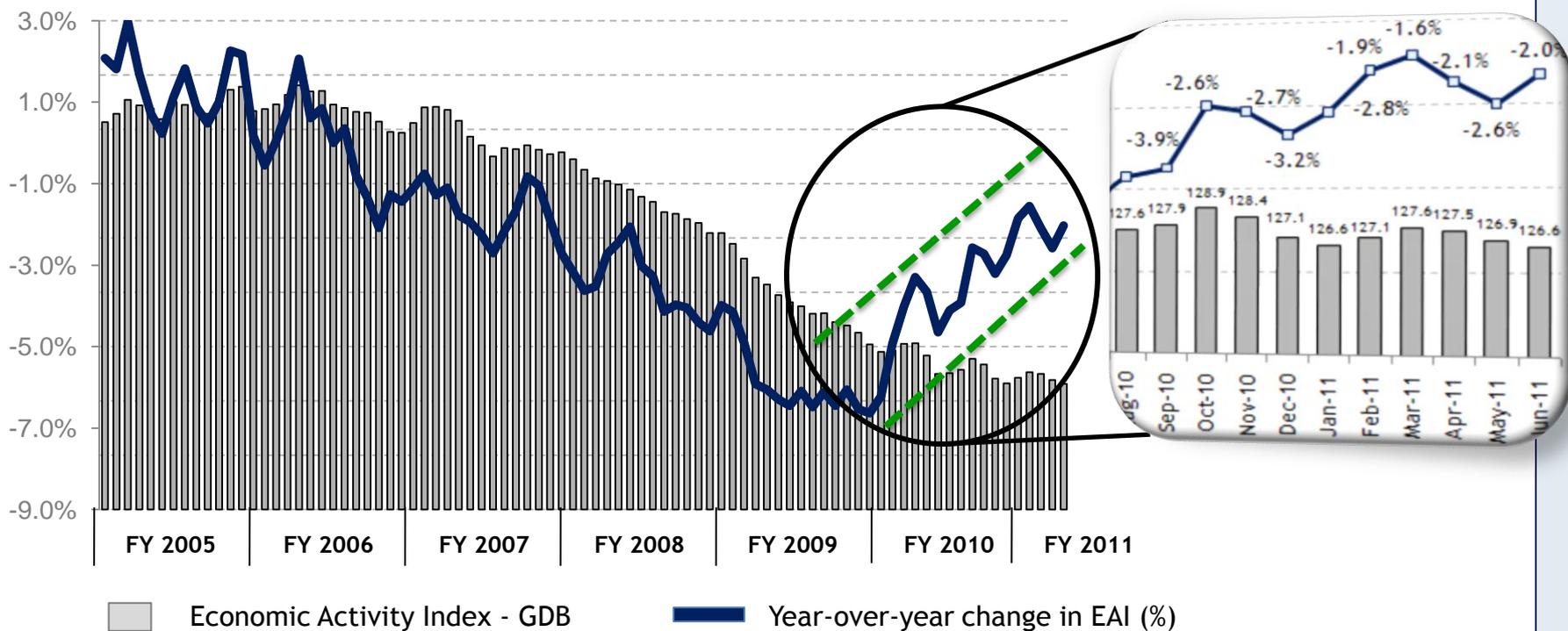


Data used for GDB-EAI is adjusted for seasonality and volatility.



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 December 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)

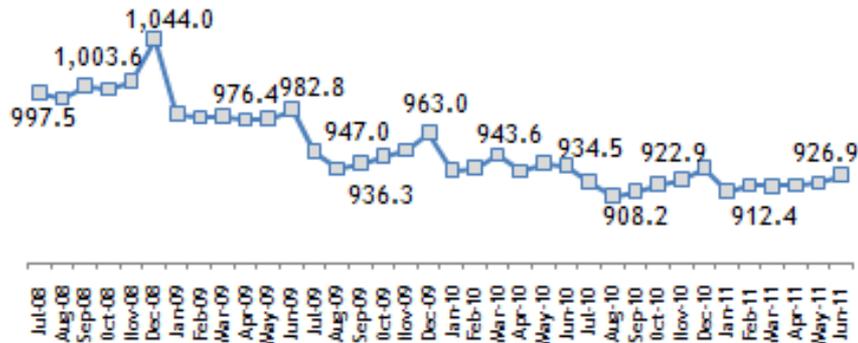




GDB Economic Activity Index Components

Total Payroll Employment

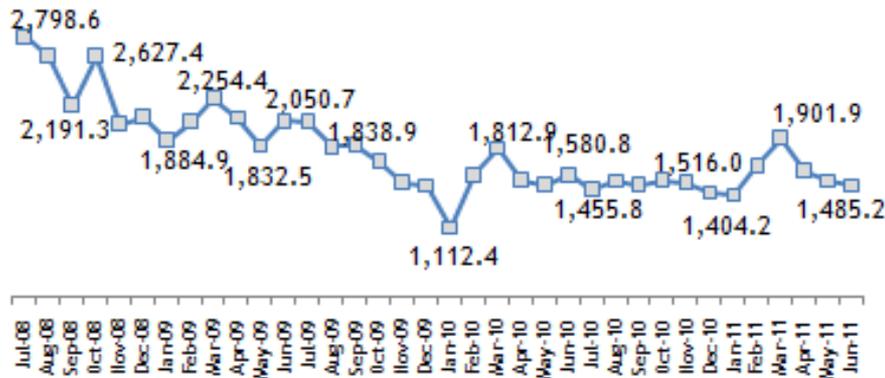
(Thousands of jobs)



- Total payroll employment totaled 926,900, a YOY decline of 0.8%.
- Employment in service sector continues its improving trend. When compared to June 2010, employment in the service sector increased by 1.6% or 4,900 jobs.
- Private sector employment decreased by 0.8% on a YOY basis, the most favorable level since September 2007.

Cement Sales

(Cement Bags sold, in thousands)



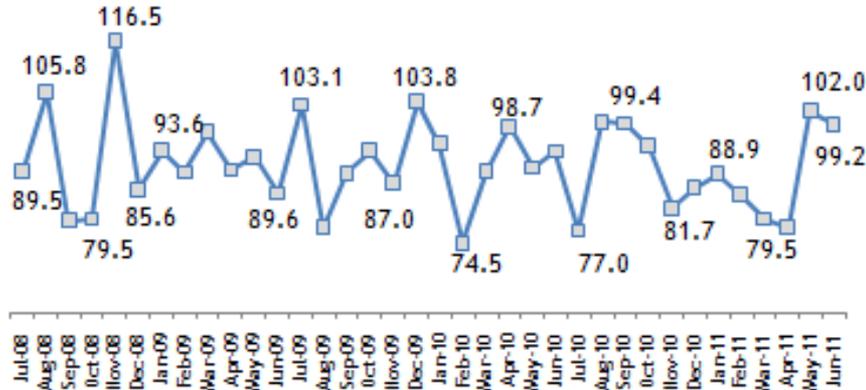
- Cement sales reported during the month of June were 1.485 million bags; a year-over-year decline of 6.0%.
- Cement sales were negatively affected by above-normal rainfall levels that deterred construction activity throughout the island.
- For the six-month period ending June 2011, cement sales increased by over 5.3% on a year-over-year basis.



GDB Economic Activity Index Components

Gasoline Consumption

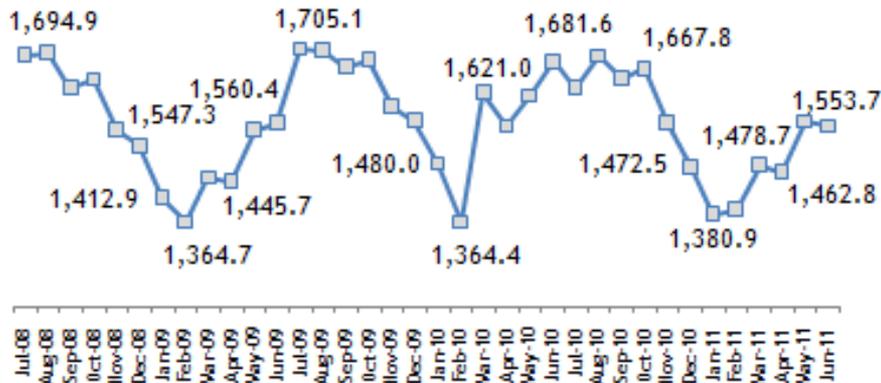
(Millions of gallons)



- Gasoline consumption increased 6.1% on a year-over-year basis.
- Gasoline consumption during the month of June 2011 totaled 99.2 million gallons.
- Average monthly gasoline consumption for FY 2011 was 89.2 million gallons.

Electric Power Consumption

(Millions of kWh)



- Electric power consumption registered 1,553.7 million kWh during the month of June 2011.
- On a year-over-year basis, consumption decline by 7.6% mainly due to significantly higher oil prices.
- FY 2011 average electric power consumption totaled 1,541.8 million kWh.



Description of the GDB-Economic Activity Index

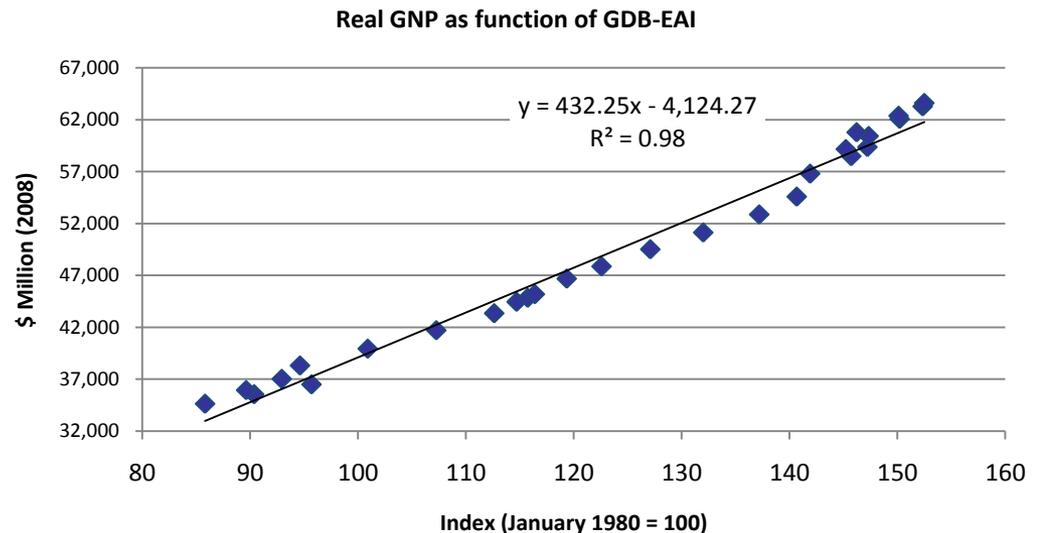


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.