



# Economic Activity Index

For the month of May 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 May 2011

**GDB-EAI for the month of May was 126.9, a decline of 0.5% versus April 2011. Cement sales and gasoline consumption reflected year-over-year improvements.**

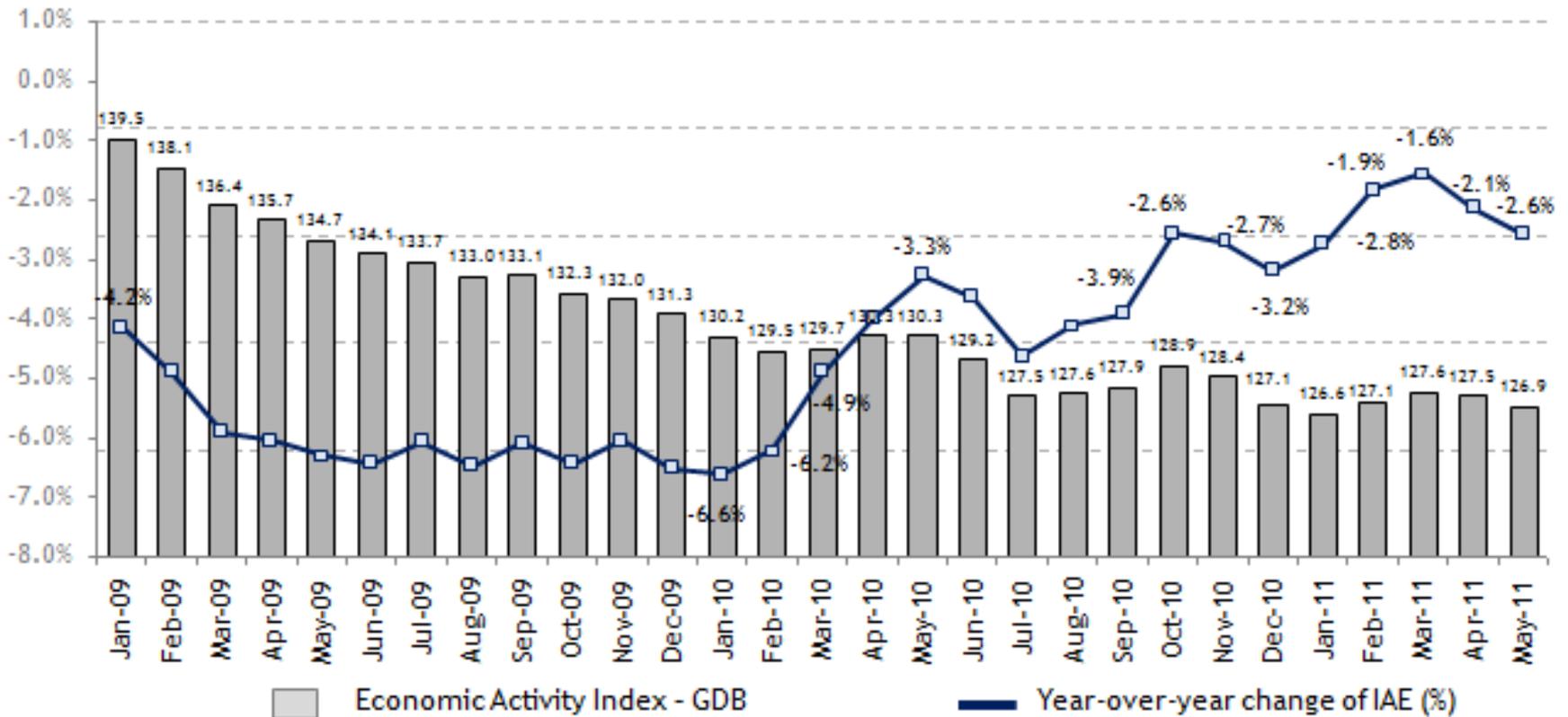
- Cement sales totaled 1.522 million bags during the month of May 2011, registering a YOY increase of 2.3%. On a year-over-year basis, cement sales rose by 7.7% for the five-month period ending in May.
- Gasoline consumption during the month of May 2011 was 102.0 million gallons, a 13.1% year-over-year increase. Yearly average consumption as of May 2011 is 88.3 million gallons.
- Total payroll employment during the month of May 2011 was 919,300. A total of 6,900 jobs have been added since January. On a YOY basis, payroll employment reflected a decline of 1.8%, the smallest since December 2008.
- Private sector employment continues its improving trend with total private sector employment registering a YOY decline of 0.3%, the smallest since September 2007.
- Electric power consumption during the month of May 2011 totaled 1,563 million kWh, a 3.1% 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.
- During the month of May 2011, the GDB-EAI registered a year-over-year (“YOY”) decline of 2.6%.



# GDB Economic Activity Index

## For the month of May 2011

### GDB Economic Activity Index

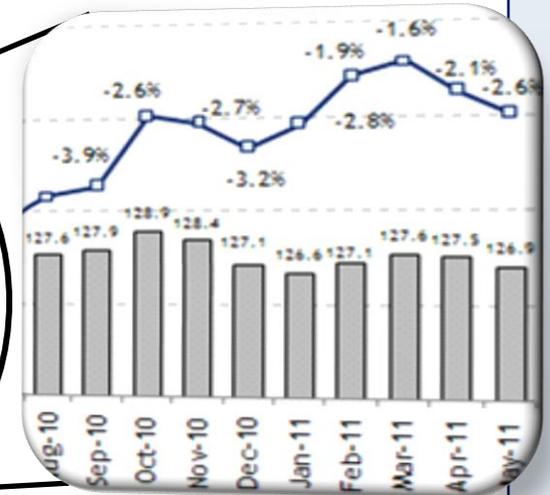
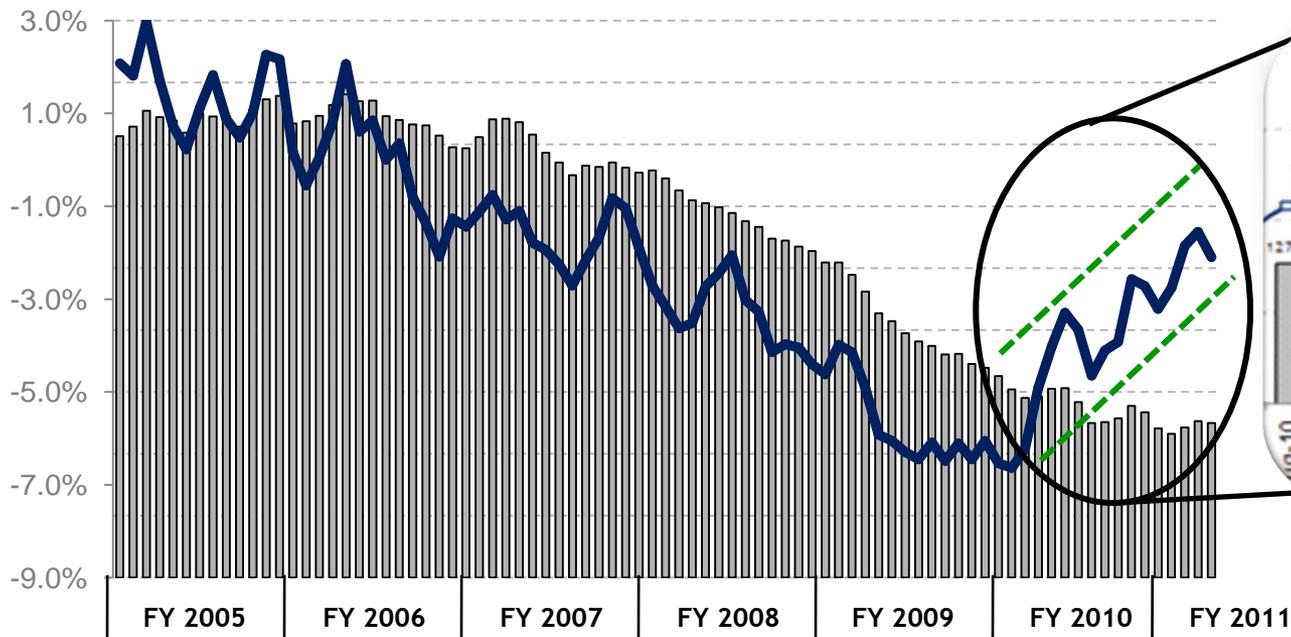


Data used for GDB-EAI is adjusted for seasonality and volatility.



# Economic Activity Index is reflecting constant improving economic trends...

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



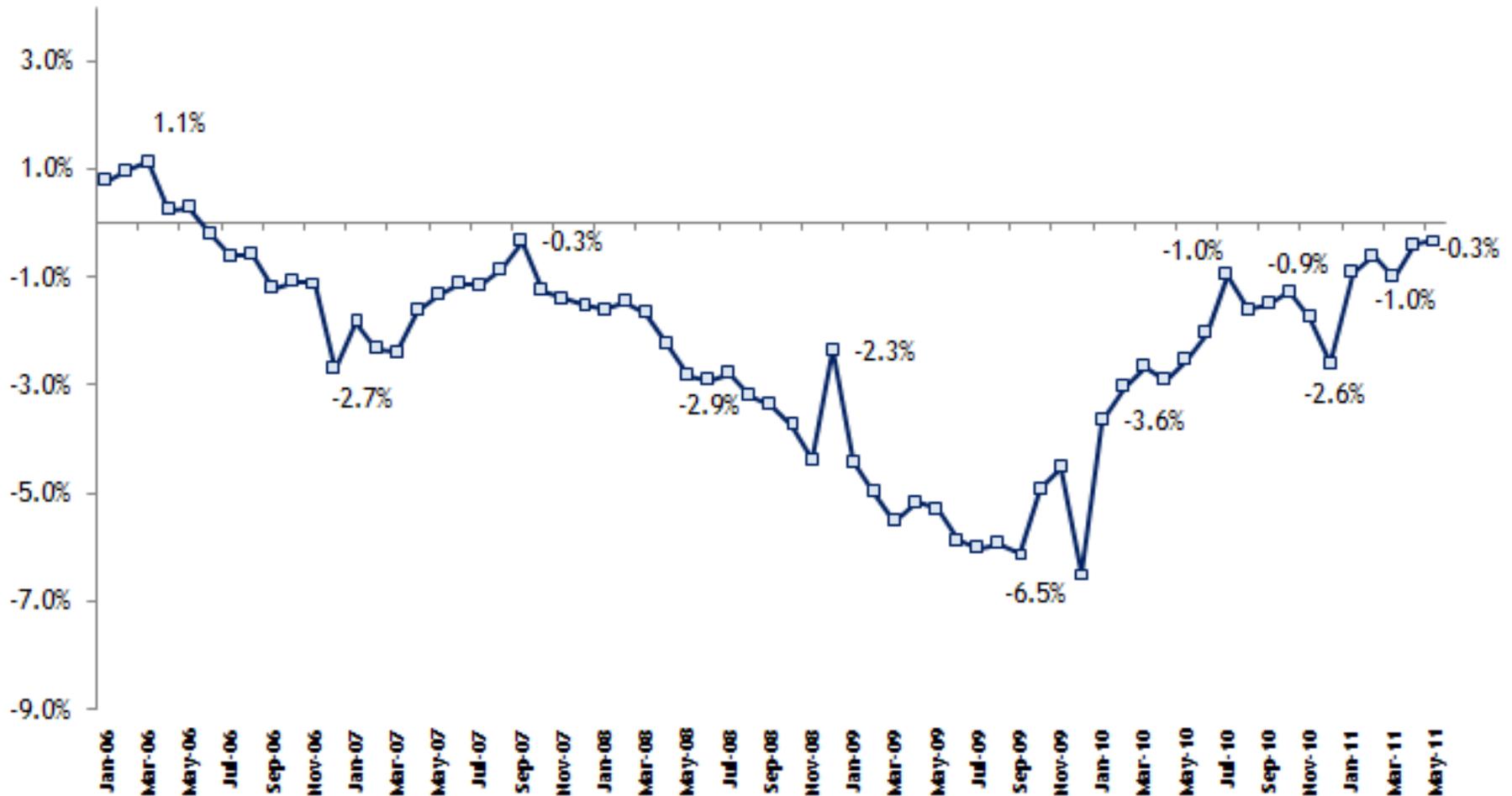
■ Economic Activity Index - GDB

— Year-over-year change in EAI (%)



# Private sector employment registered the lowest year-over-year decline since September 2007

Private Sector Employment (Year-over-year Change in Payroll Employment)

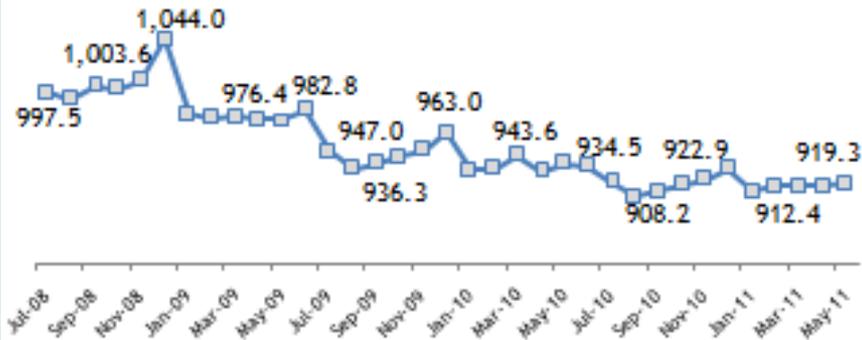




# GDB Economic Activity Index Components

## Total Payroll Employment

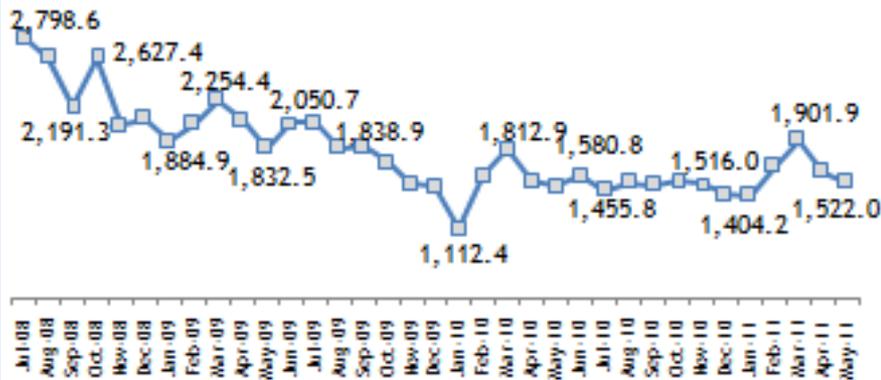
(Thousands of jobs)



- Employment in service sector continues its improving trend. When compared to May 2010, employment in the service sector increased by 2.6% or 7,800 jobs.
- Total payroll employment totaled 919,300, a YOY decline of 1.8% .
- Total private sector employment registered the smallest YOY rate of decline since September 2007.

## Cement Sales

(Cement Bags sold, in thousands)



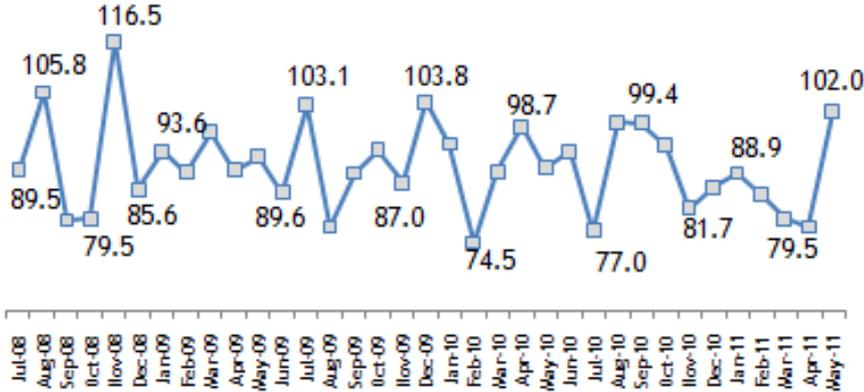
- Cement sales reported during the month of May were 1.522 million bags; a year-over-year increase of 2.3%.
- For the five-month period ending May 2011, cement sales increased by over 7.7% on a year-over-year basis.



# GDB Economic Activity Index Components

## Gasoline Consumption

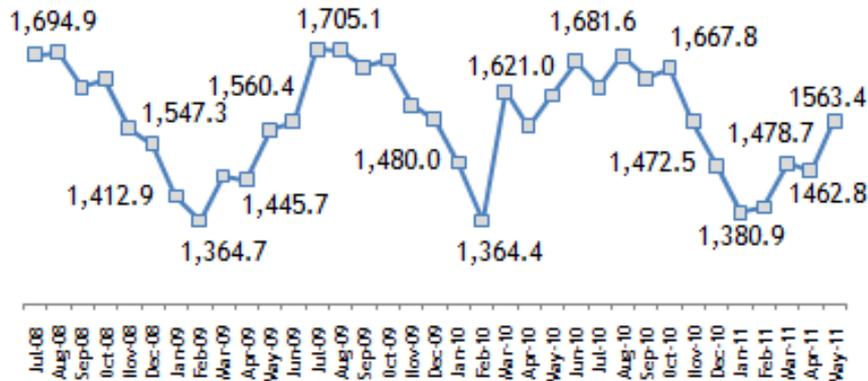
(Millions of gallons)



- Gasoline consumption during the month of May 2011 totaled 102.0 million gallons.
- YTD average monthly gasoline consumption for FY 2011 is 88.3 million gallons.

## Electric Power Consumption

(Millions of kWh)



- Electric power consumption registered 1,563.4 million kWh during the month of May 2011.
- On a year-over-year basis, consumption decline by 3.1% due to significantly higher oil prices.
- YTD average electric power consumption totals 1,455.4 million kWh.



# Description of the GDB-Economic Activity Index

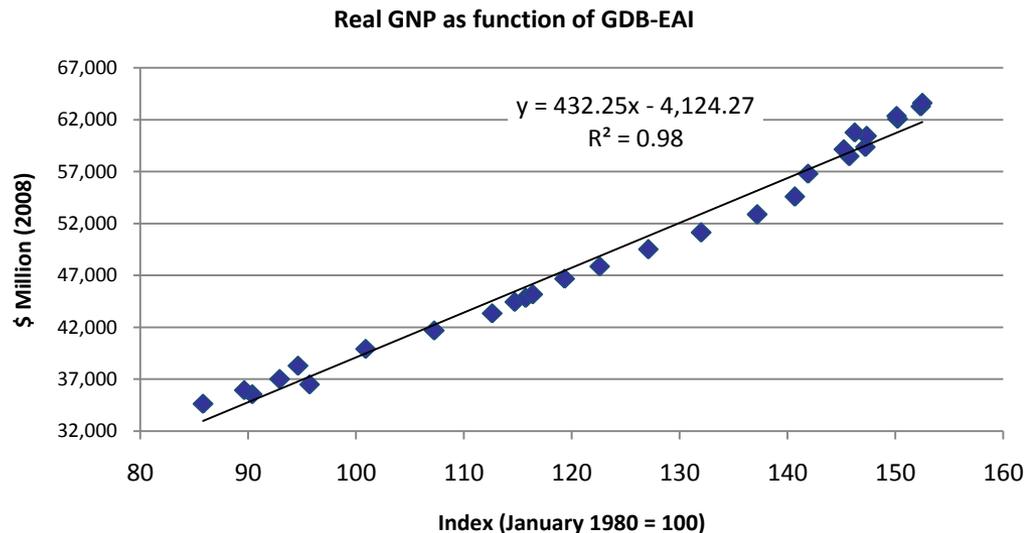


# Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.