



# Economic Activity Index

For the month of November 2011



# Commentary for the month of November 2011

GDB-EAI for the month of November 2011 continued its improving trend registering 128.2, the highest level since November 2010 and the third consecutive monthly increase

- EAI registered a YOY decline of 0.1%, the lowest since March 2006 when the current economic recession began. Most economic indicators composing the GDB-EAI continued to reflect YOY improvements.
- Total payroll employment totaled 926,500, a YOY improvement of 0.4%. Employment reflected an increase of 1.1% compared to October.
- Electric power consumption totaled 1,533.6 million kWh, reflecting a slight YOY decline of 1.7%.
- Cement sales totaled 1.630 million bags, registering a YOY increase of 7.5%. Year-to-date (“YTD”) cement sales for 2011 are 4.4% above same period for 2010.
- Gasoline consumption\* was 79.9 million gallons. YTD monthly average gasoline consumption in 2011 is 86.3 million gallons.

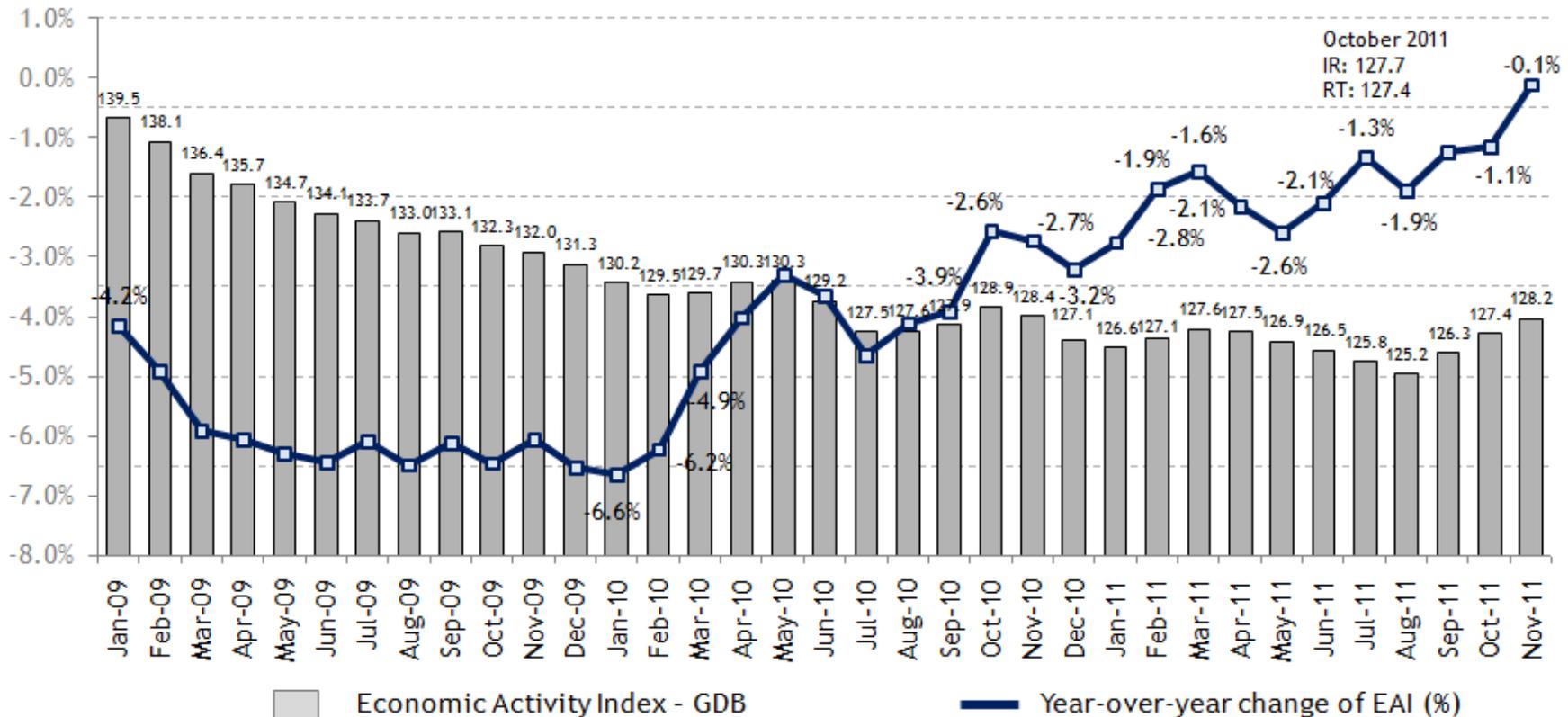
\* Estimated monthly gasoline consumption is derived from the Treasury Department’s monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate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



# GDB Economic Activity Index

## For the month of November 2011

### GDB Economic Activity Index



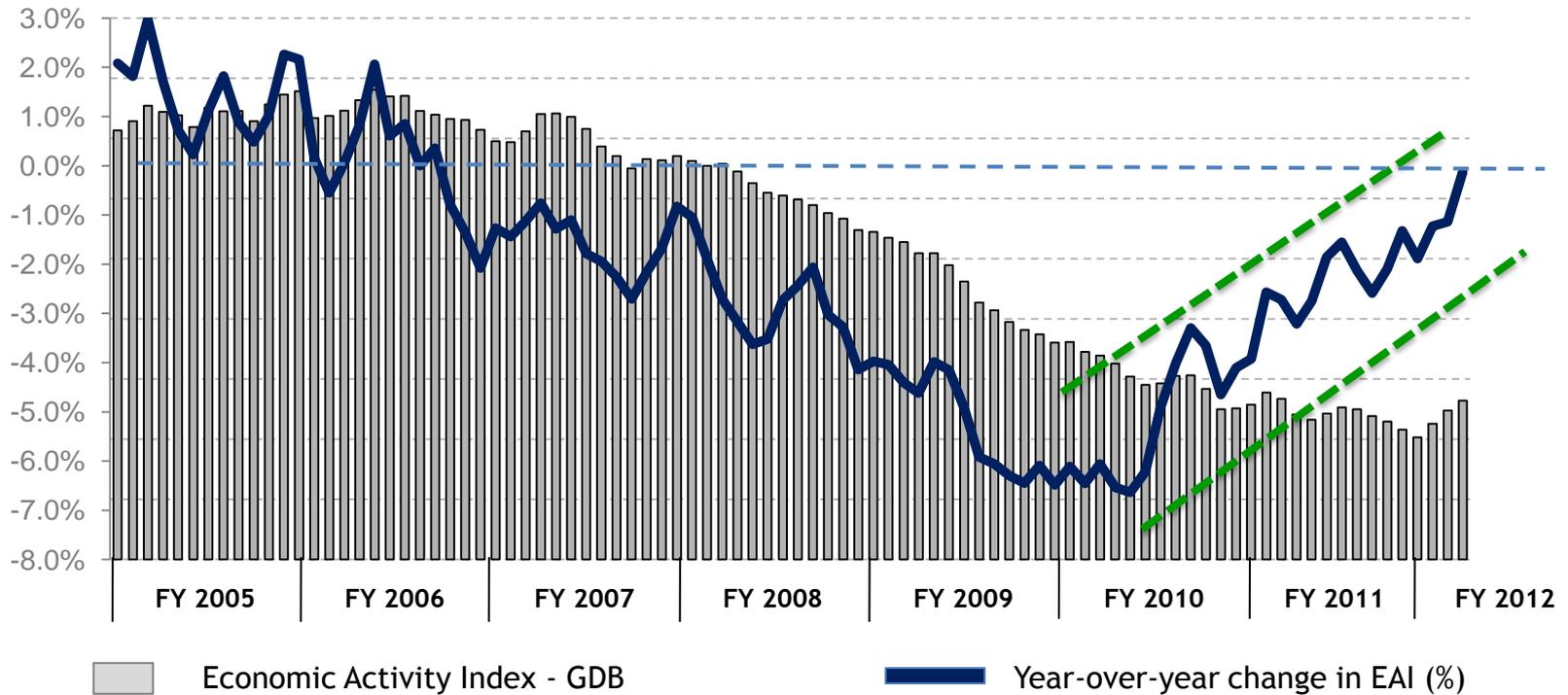
Data used for GDB-EAI is adjusted for seasonality and volatility.

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



At -0.1%, the GDB-Economic Activity Index is reflecting the most favorable year-over-year position since March 2006

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

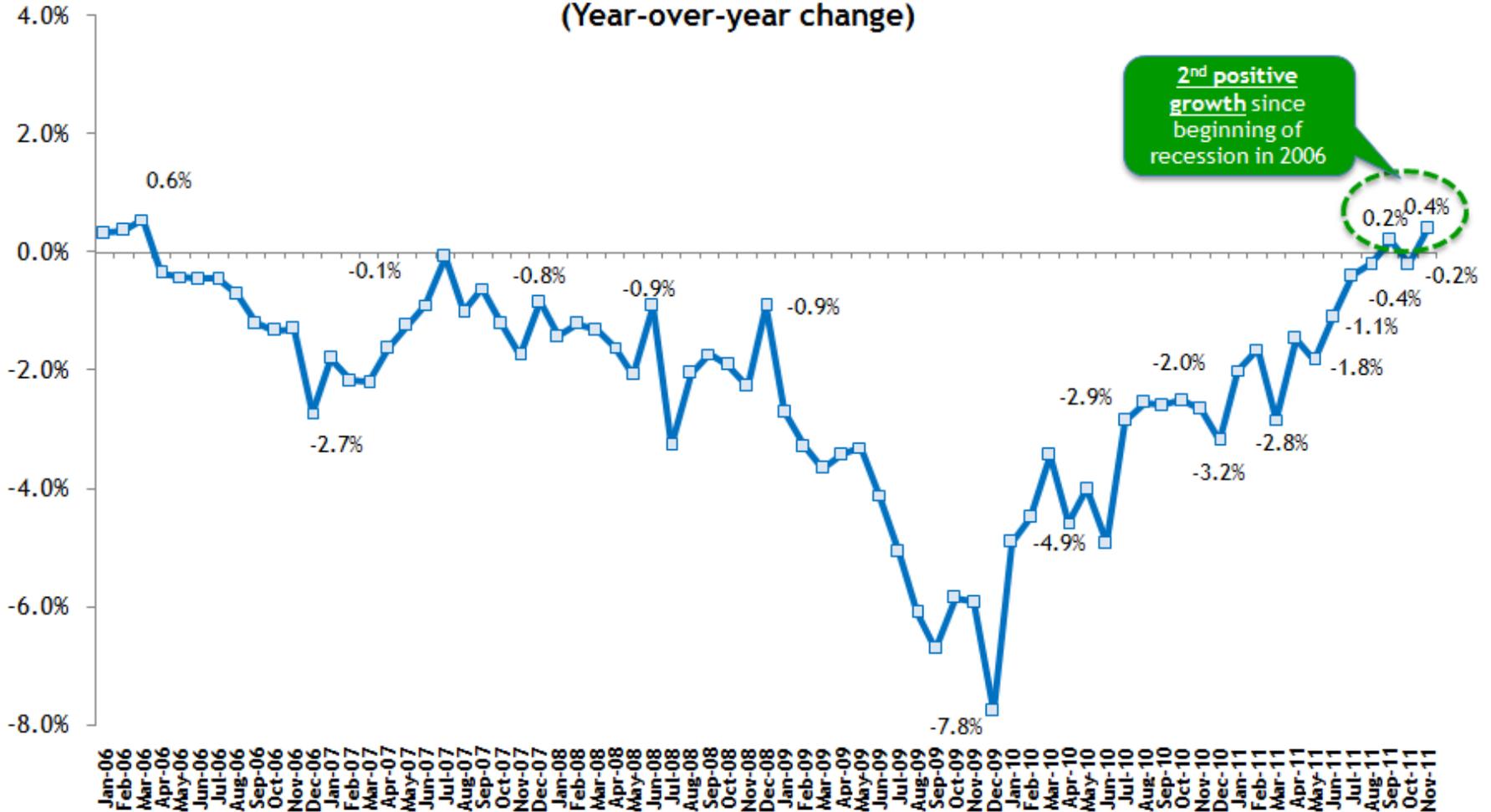




Recent positive trend in total employment is confirmed with second positive growth since March 2006 when economic recession began...

### Total Non-Farm Payroll Employment

(Year-over-year change)

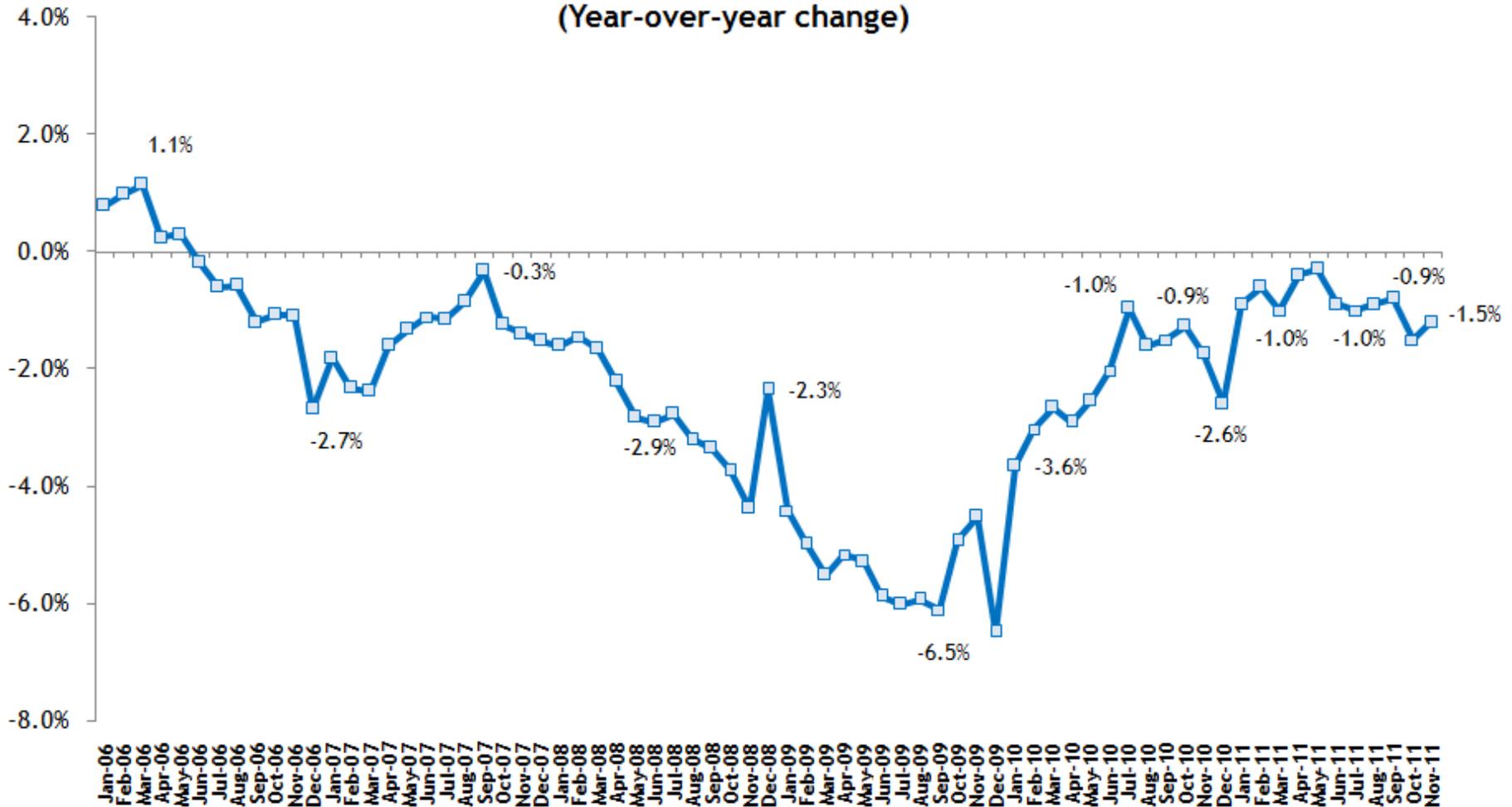




# Private sector employment has shown an improving trend since early 2010...

## Private Sector Employment

(Year-over-year change)

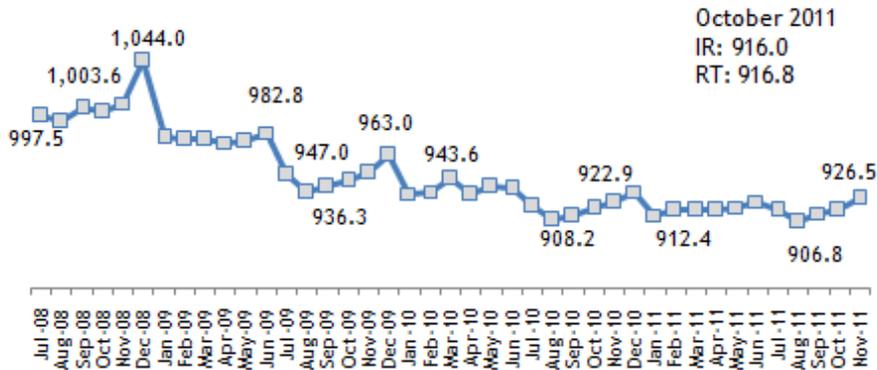




# GDB Economic Activity Index Components

## Total Payroll Employment

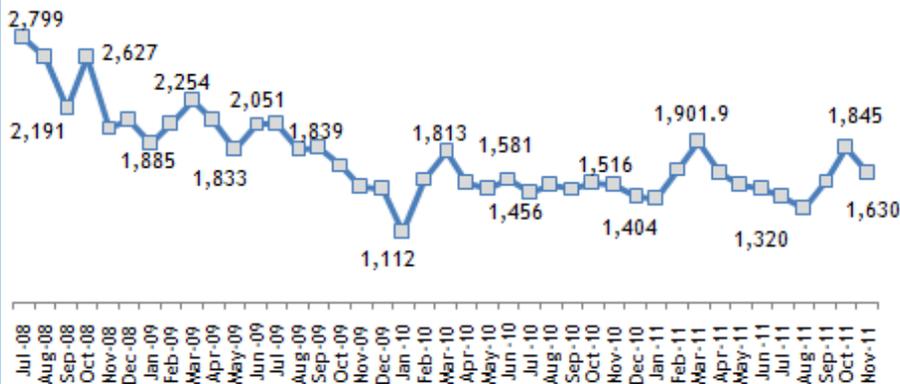
(Thousands of jobs)



- Total payroll employment totaled 926,500, a YOY improvement of 0.4%.
- Employment in service sector continues to support overall positive trend. When compared to November 2009, employment in the service sector has increased by 1.8% or 9,000 jobs.
- Private sector employment declined by 1.2% on a YOY basis.

## Cement Sales

(Cement Bags sold, in thousands)



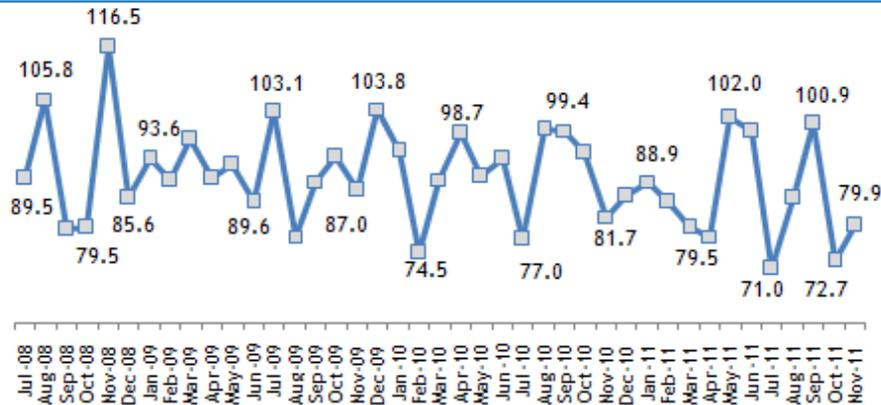
- Cement sales totaled 1.630 million bags; a year-over-year growth of 7.5%.
- Year-to-date cement sales for 2011 are 4.4% above same period for 2010.



# GDB Economic Activity Index Components

## Gasoline Consumption

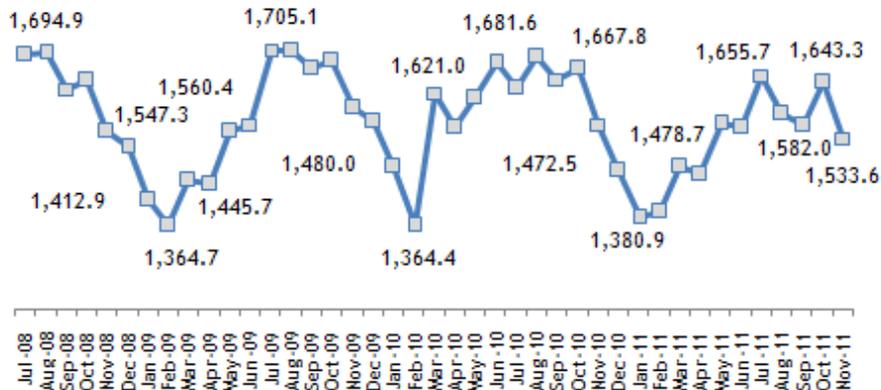
(Millions of gallons)



- Gasoline consumption during the month of November 2011 totaled 79.9 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 1,533.6 million kWh during the month of November 2011.
- Electric power consumption was 1.7% below same period in FY 2011.



# Description of the GDB-Economic Activity Index

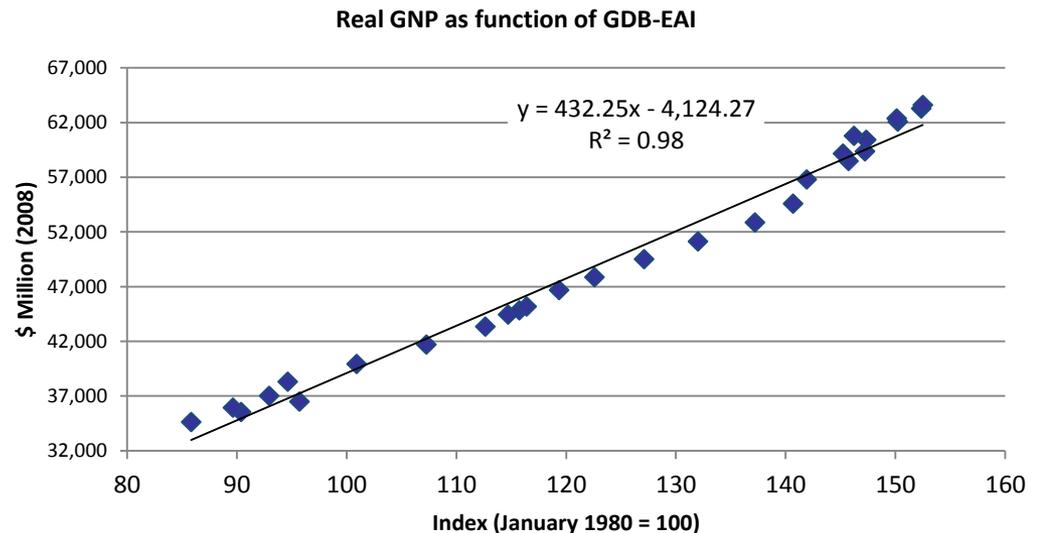


# Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.