



Economic Activity Index

For the month of January 2010

March 16, 2010



GDB-EAI - Qualitative commentary for the month of January 2010

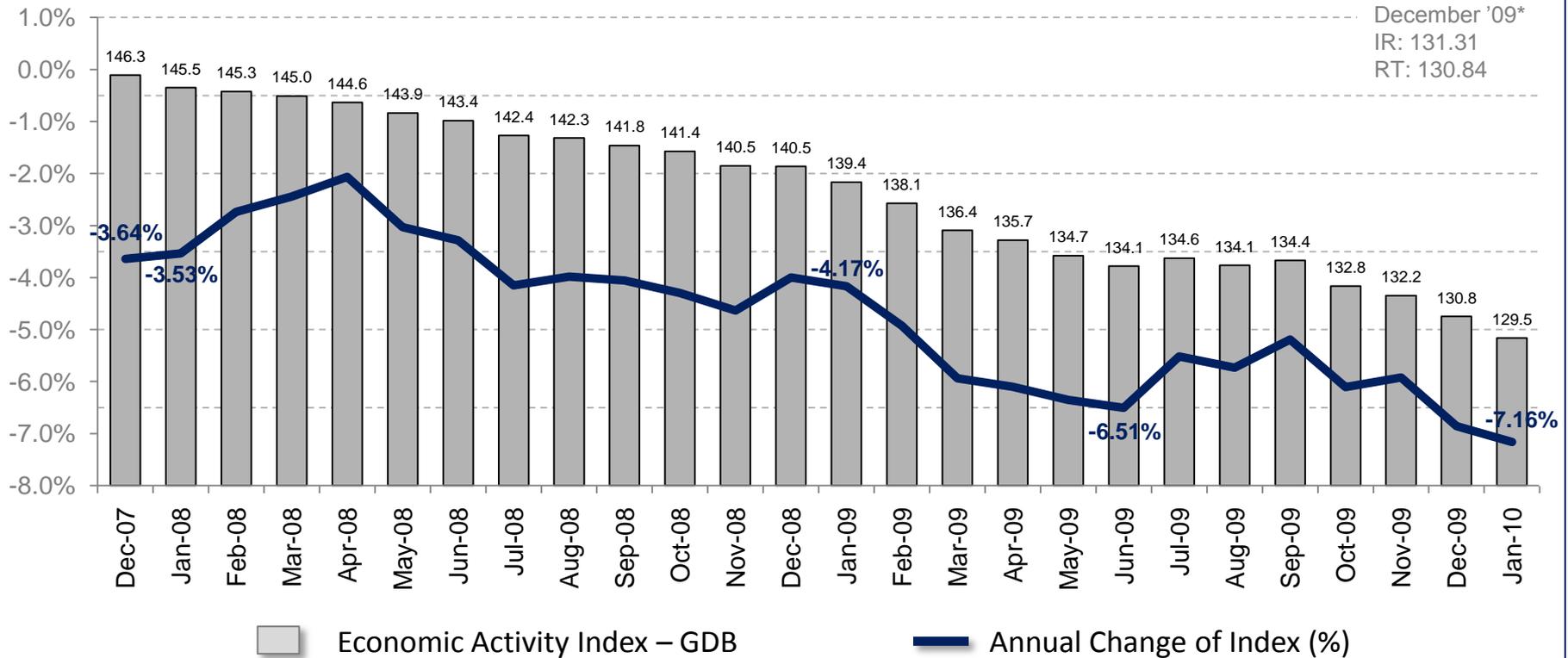
The GDB-EAI reflects a decline in January 2010 as a result of continued pressure on the construction sector and seasonal employment changes, while energy consumption reported largest year-over-year increase since November 2005. The first seven months of the fiscal year reflect a net growth of 3,000 jobs in trade and manufacturing jobs are stable.

- The GDB-EAI reflected a month-over-month decline of 1.1% while experiencing a 7.2% year-over-year decline, mostly due to a marked decrease in cement sales and seasonal employment changes. The GDB-EAI was 129.5 for the month of January 2010. Given the results for the last two months, we will closely monitor the trends during the following months.
- The month of January recorded a month-over-month job decline of 26,000 jobs, mainly due to seasonality of temporary employment due to the holiday season. Month-over-month decline during January 2010 was the lowest decline in this decade --26,000 versus 49,700 (avg. for 2001-2009). For the first seven months of the current fiscal year, there is a net growth of 3,000 jobs in trade and manufacturing jobs are stable.
- Two components of the GDB-EAI, electricity and consumption of gasoline registered a year-over-year increase of 4.8% and 1.6%, respectively. Electric energy consumption during the month of January 2010 recorded the largest year-over-year increase since November 2005. Gas consumption marked a 1.6% year-over-year increase while December 2009 data was revised to 103 from 91 million gallons, improving 14% from the initial projection.
- Cement sales reflected a year-over-year decline of 41% that affected the EAI. January 2010 set the record for the most rainy January in the history of Puerto Rico* due to a stationary cold front that significantly interrupted overall construction activity.
- Data for consumption of gasoline continues to be estimated and preliminary due to the absence of data as a result of a major incident in one of the island's main fuel tank farms during the month of October 2009 that has affected inventory build-up and data gathering.



GDB Economic Activity Index For the month of January 2010

GDB Economic Activity Index



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

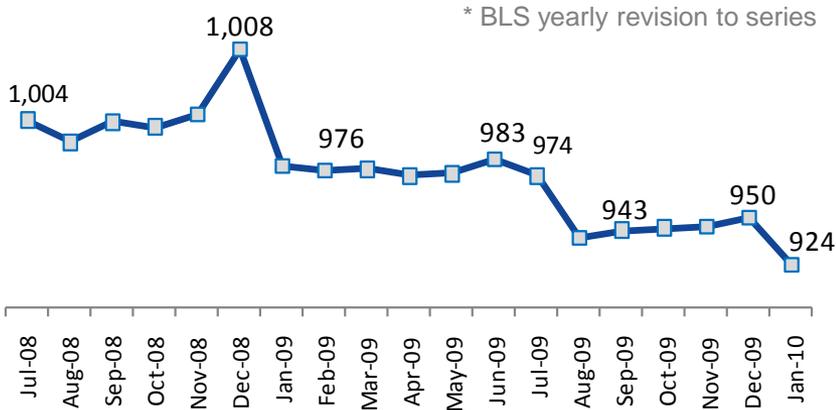
* EAI was revised according to yearly revision to employment data and new benchmark establishment by Bureau of Labor Statistics during month of March.



GDB Economic Activity Index Components

Total Payroll Employment

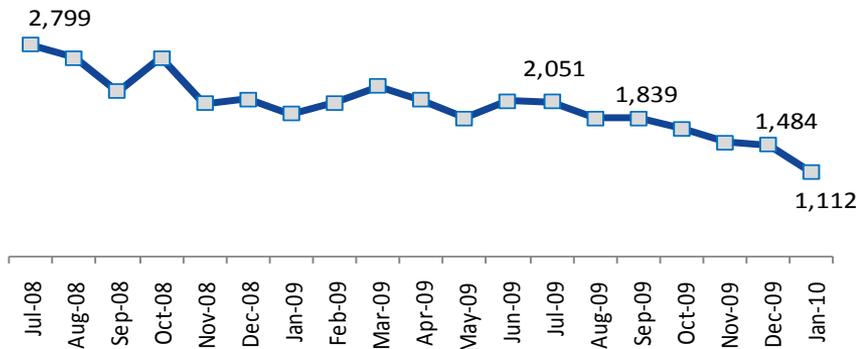
(Thousands of jobs)



- Total payroll employment decreased 26,000 jobs compared to December 2009, mainly due to seasonal employment and the government reduction plan.
- This December to January reduction is the lowest in this decade versus an average month-over-month decrease of 49,700 jobs historically between December and January.
- For the first seven months of the current fiscal year, there is a net growth of 3,000 jobs in trade and manufacturing jobs are stable.

Cement Sales

(Cement Bags sold, in thousands)



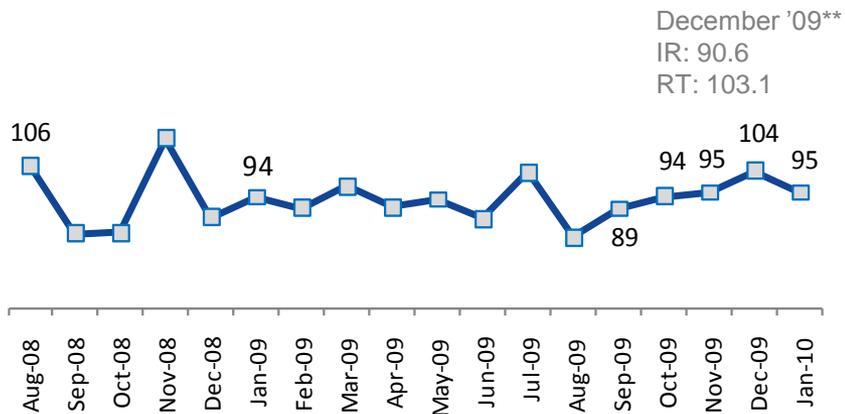
- Cement sales dropped 41% on a year-over-year basis, representing a decrease in monthly sales of 772,569 bags.
- The decline reveals the significant reduction in construction activity and the interruption during the month of January as a result of heavy storms and floods that considerably affected overall economic activity.



GDB Economic Activity Index Components

Gasoline Consumption*

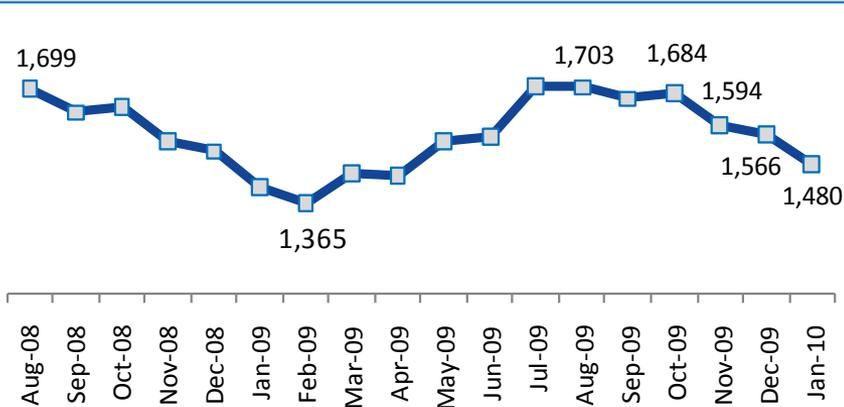
(Millions of gallons)



- On a year-over-year basis, gasoline consumption increased 1.6%.
- Gas consumption during December 2009 was revised to 103.1 million gallons, a 13.8% increase from initial data.
- Average monthly consumption of gasoline for calendar year 2009 ended at 92 million gallons.

Electric Power Consumption

(Millions of kWh)



- On a year-over-year basis, electric power consumption increased by a 4.75% for January 2010.
- January total consumption represented the largest year-over-year increase since November 2005.



Description of the GDB-Economic Activity Index

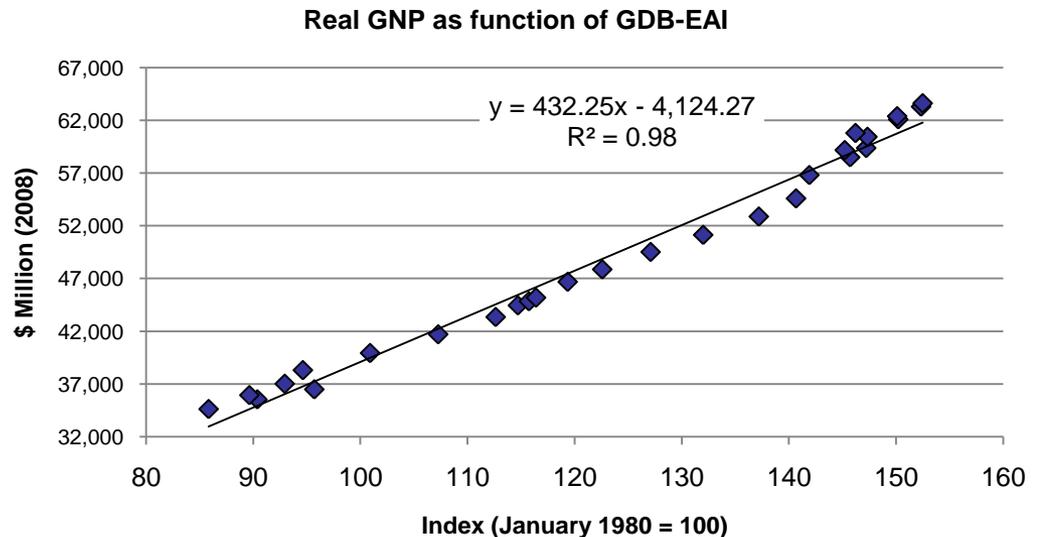


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.