



# Economic Activity Index

For the month of September 2010

October 27, 2010



# Commentary for the month of September 2010

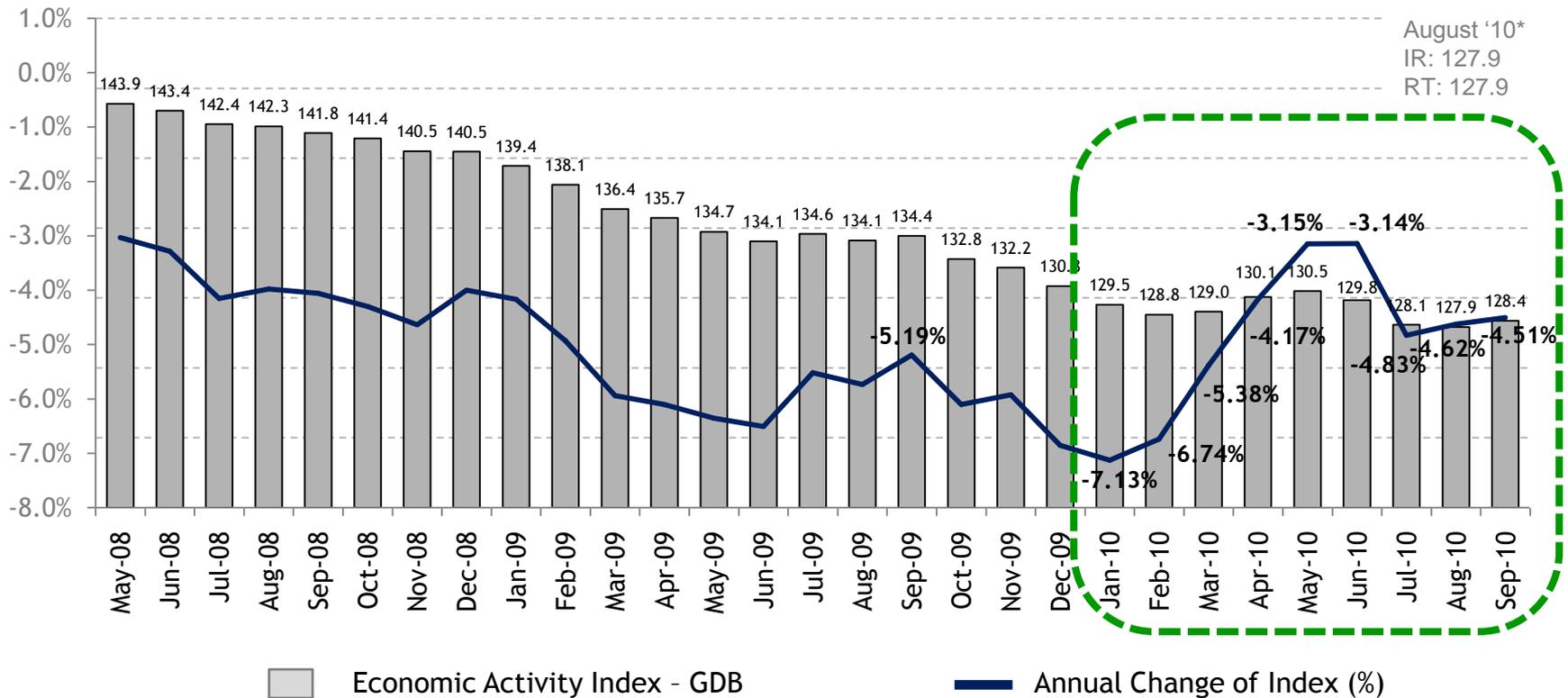
**GDB-EAI for the month of September increased to 128.4 showing again signs of recovery**

- The GDB-EAI registered a 4.5% decline on a year-over-year basis during the month of September, an improvement from last September year-over-year decline of 5.2%.
- Payroll employment, resulted in the lowest year-over-year rate of decline since December 2008.
- On a quarterly basis, FY 2011 first quarter had an average rate of decline of 4.7% compared to 5.5% registered during same period for FY 2010.
- The GDB-EAI components registered the following month-over-month changes in September 2010:
  - Cement sales: -1.9% after a +4.7% in August 2010
  - Gasoline consumption: -0.3% after a +29.4% in August 2010
  - Electric power consumption: -2.6% after a +3.8% in August 2010
  - Payroll employment: +1.1% after a -1.2% in August 2010
- Cement sales have stabilized at 1.5 million bags per month.
- Electricity consumption was 1,647.8 million kWh in September 2010, 1.3% less than September 2009.
- Gasoline consumption during month of September 2010 totaled 99.4 million gallons, reflecting an 11.7% improvement with respect to September 2009.



# GDB Economic Activity Index For the month of September 2010

## GDB Economic Activity Index

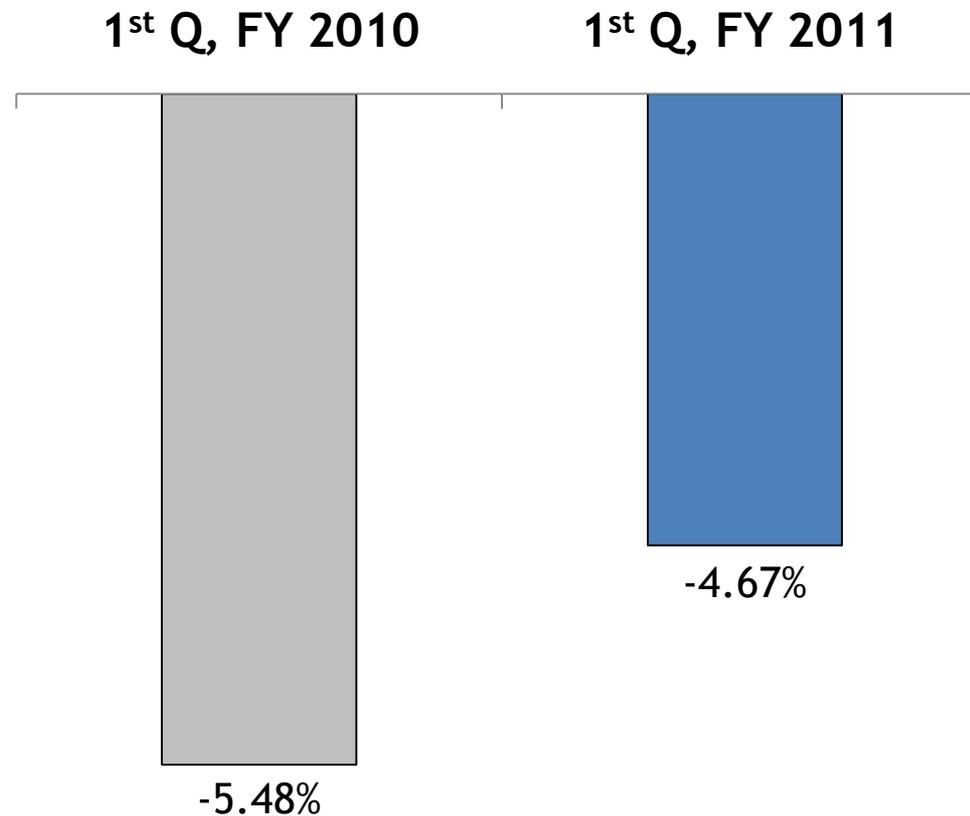


Data used for GDB-EAI is adjusted for seasonality and volatility.



The first quarter of FY 2011 has shown improvement, as the contraction in the economic activity has diminished

### EAI average year-over-year growth rate

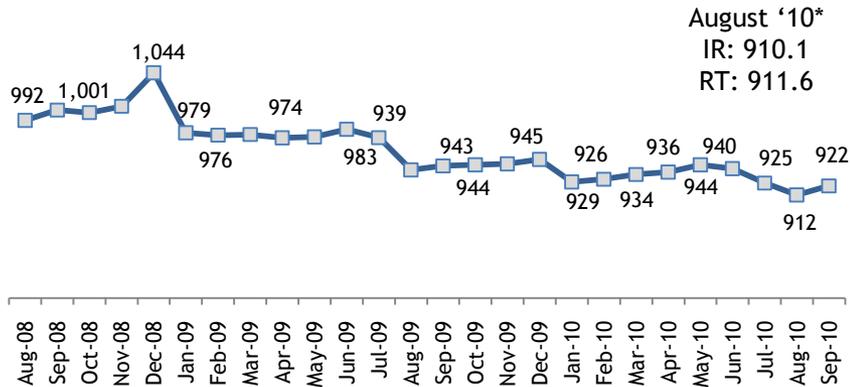




# GDB Economic Activity Index Components

## Total Payroll Employment

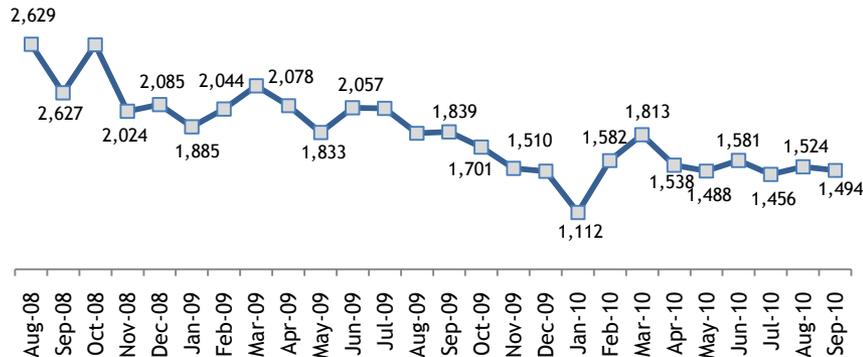
(Thousands of jobs)



- The services sector continues its improving trend, adding 12,100 jobs in September 2010, with respect to September 2009; which implied a year-over-year growth rate of 4.1% in this sector.
- Total payroll employment declined by 2.3%, the lowest year-over-year reduction since December 2008.
- Private sector employment reflected the lowest rate of decline since September 2007.

## Cement Sales

(Cement Bags sold, in thousands)



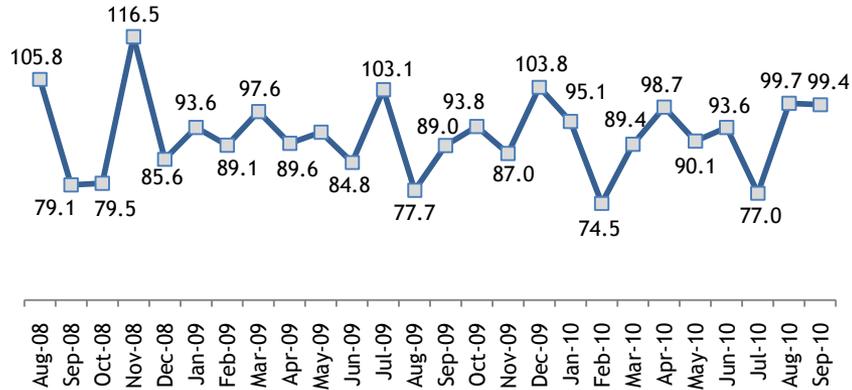
- Cement sales reported during the month of September were 1.494 million, a month-over-month decrease of 1.9%.
- The year-over-year reduction during the first quarter of FY 2011 was 21.8%, less than the corresponding 24.9% decrease for the first quarter of FY 2010.



# GDB Economic Activity Index Components

## Gasoline Consumption

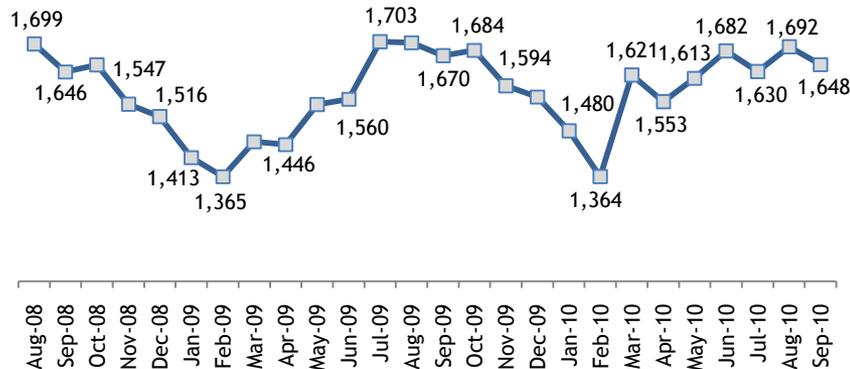
(Millions of gallons)



- Gasoline consumption during the month of September 2010 totaled 99.4 million gallons.
- Monthly average consumption of gasoline for FY 2010 was 91.3 million gallons versus 91.9 million gallons in FY 2009.
- Consumption during the first quarter of FY 2010 was up 2.2% with respect the first quarter of FY 2009.

## Electric Power Consumption

(Millions of kWh)



- Electricity consumption was 1,647.8 million kWh during the month of September 2010.
- Consumption reflected a 4.8% year-over-year monthly and quarterly decline.
- For the first quarter of FY 2010 electric power consumption was 5.5% below the first quarter of FY2009.



# Description of the GDB-Economic Activity Index

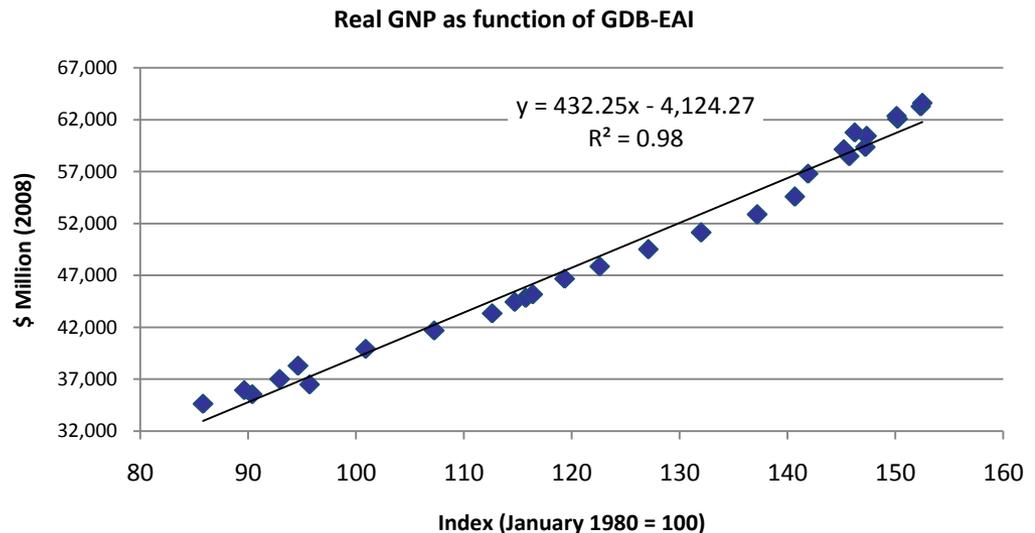


# Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.