

PRESS RELEASE

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CONTACT: ANA MARÍA GREGORIO

Tel. (787) 728-9200 • (787) 722-2525 exts. 2013 and 2014

Cel. (787) 415-1231 • ana.m.gregorio@bgfpr.com • www.gdbpr.com



September 3, 2010

ECONOMIC ACTIVITY INDEX FELL IN JULY AFTER FIVE CONSECUTIVE MONTHS OF IMPROVEMENT

The four Index components—payroll employment, cement sales, gasoline consumption and electric power consumption—contributed to the fall

SAN JUAN, P.R.—After five consecutive months of year-over-year improvement, the Government Development Bank's Economic Activity Index (GDB-EAI) decreased in the month of July 2010, reaching 128.0, a 1.4% month-over-month reduction.

All four Index components—payroll employment, cement sales, gasoline consumption and electric power consumption—contributed to the fall, with the continuous contraction of the construction sector, as reflected by cement sales, and the reduction in employment being pointed out as important factors.

“Undoubtedly, the month of July was not good for the economy of Puerto Rico. In this sense, we saw a pattern similar to the one we saw at a national level in the United States economy and in many other economies around the world, which also registered falls in July,” stated GDB President Carlos García.

“However, although we're closely following the economic data, we're still optimistic because the general behavior pattern of our economy so far this year shows stabilization and improvement in certain sectors, such as: services, financial activities, and tourism. In fact, if we compare the GDB-EAI during the last 6 months with the GDB-EAI for the same period last year, we can see that our economy is doing better than last year. We would prefer, of course, that all months show improvement,” García said.

For the month of July 2010, payroll employment fell by -1.9%, after a +0.2% increase in June; cement sales fell by -7.9%, after a +6.2 increase in June; gasoline consumption decreased by -17.7%, after a +3.9% increase in June; and electric power consumption decreased by -3.1% after a +4.2% increase in June.

The Economic Activity Index is an economic indicator that summarizes the current trends and dynamics of the Puerto Rico economy. The GDB-EAI was developed following a methodology similar to that used by The Conference Board in its coincident index. The GDB-EAI has a 98% correlation with Puerto Rico's real Gross National Product (GNP). This means that the GDB-EAI accurately follows the behavior of the economy. The GDB publishes the EAI monthly, along with a qualitative economic commentary in order to offer a clear explanation of the trends and current condition of the local economy.

The GDB-EAI is available at GDB's website, <http://www.gdbpr.com>.

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