



Economic Activity Index

For the month of October 2011



Commentary for the month of October 2011

GDB-EAI for the month of October continued its improving trend registering 127.7, the highest level since November 2010.

Cement sales increased 20% when compared to October 2010.

- Most economic indicators composing the GDB-EAI continued to reflect monthly improvements. EAI registered a year-over-year decline of 0.9%, similar to previous month.
- Total payroll employment totaled 916,000, a YOY decline of 0.3%. Employment reflected an increase of 0.2% compared to September.
- Electric power consumption totaled 1,638.6 million kWh, reflecting a slight YOY decline of 1.8% and a month-over-month increase of 0.2%.
- Cement sales totaled 1.845 million bags, registering a month-over-month increase of 18.0% and YOY increase of 20.0%. Year-to-date cement sales for 2011 are 4.1% above same period for 2010.
- Gasoline consumption* was 72.7 million gallons. YTD monthly average gasoline consumption in 2011 is 87.0 million gallons.

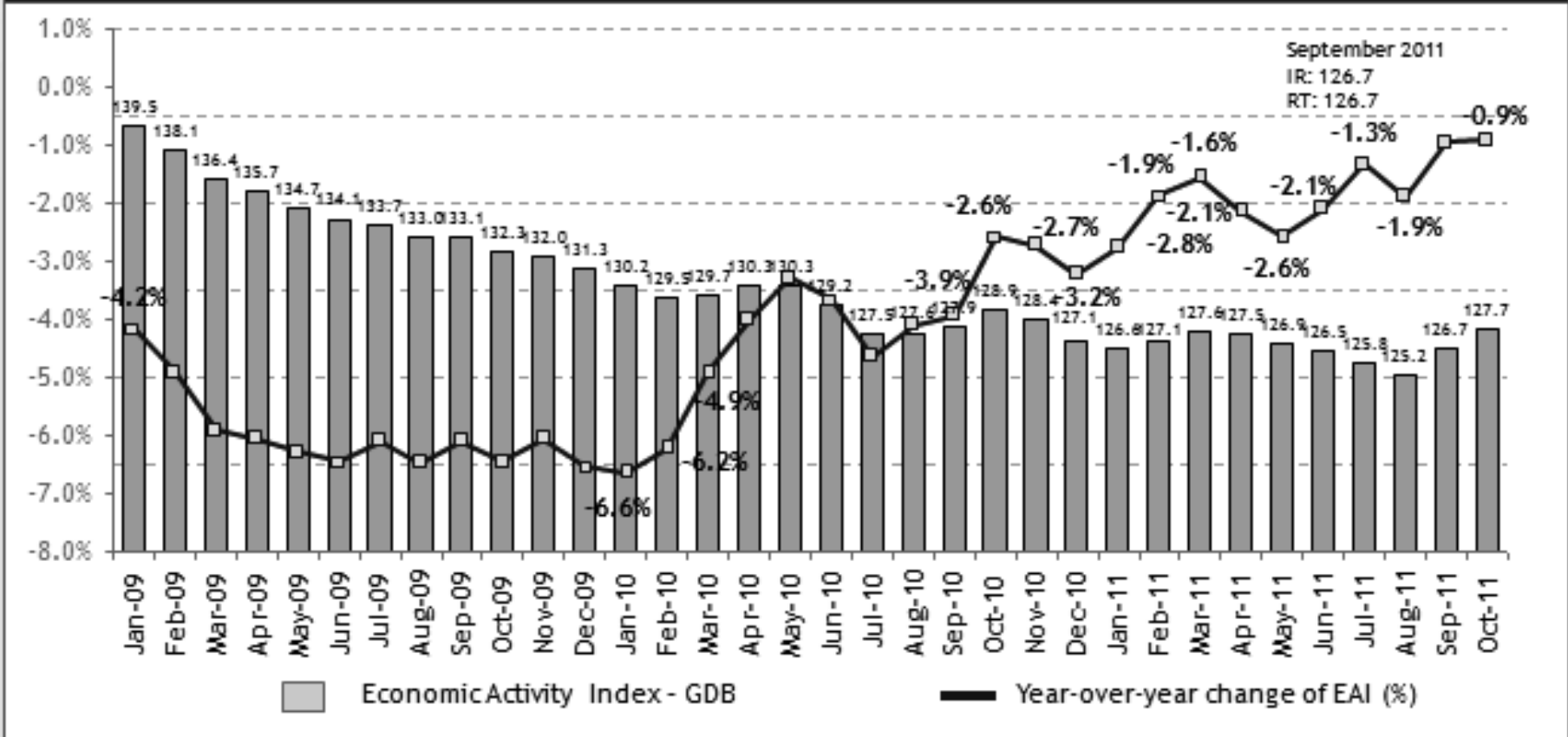
* Estimated monthly gasoline consumption is derived from the Treasury Department's monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate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



GDB Economic Activity Index

For the month of October 2011

GDB Economic Activity Index

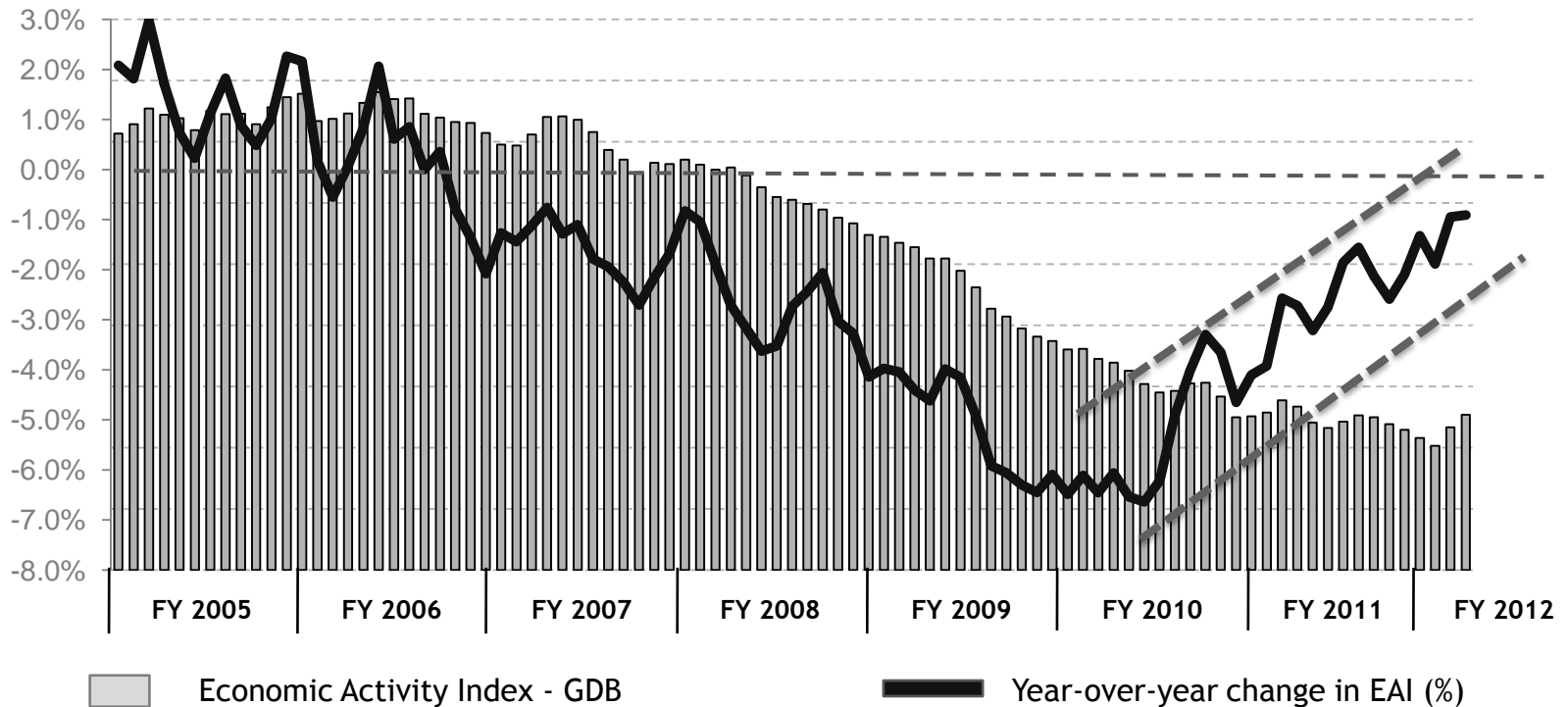


Data used for GDB-EAI is adjusted for seasonality and volatility.



At -0.9%, the GDB-Economic Activity Index is reflecting the most favorable year-over-year position since October 2006

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

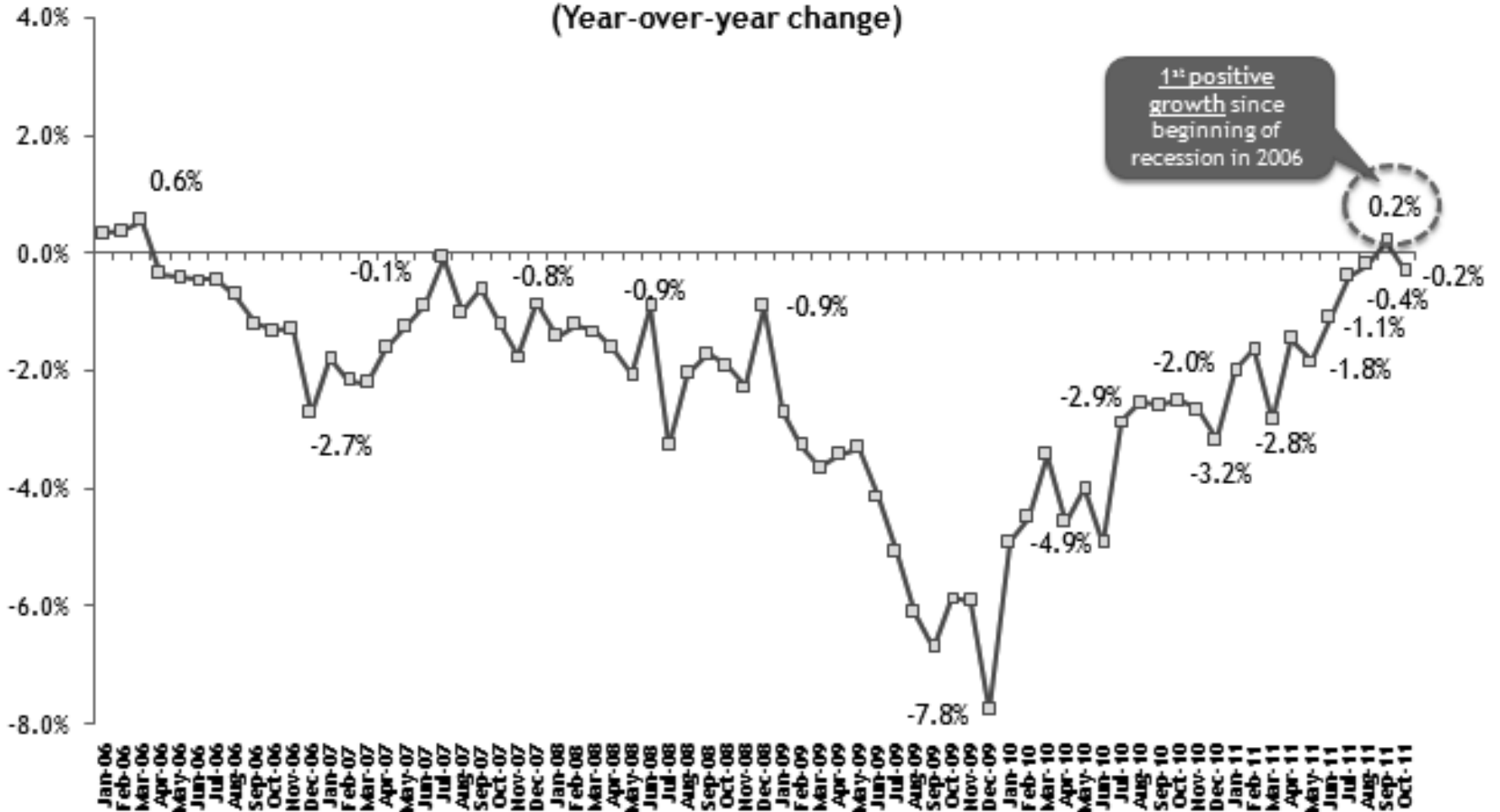




Recent positive trend in total employment is confirmed with first positive growth since March 2006 when economic recession began...

Total Non-Farm Payroll Employment

(Year-over-year change)

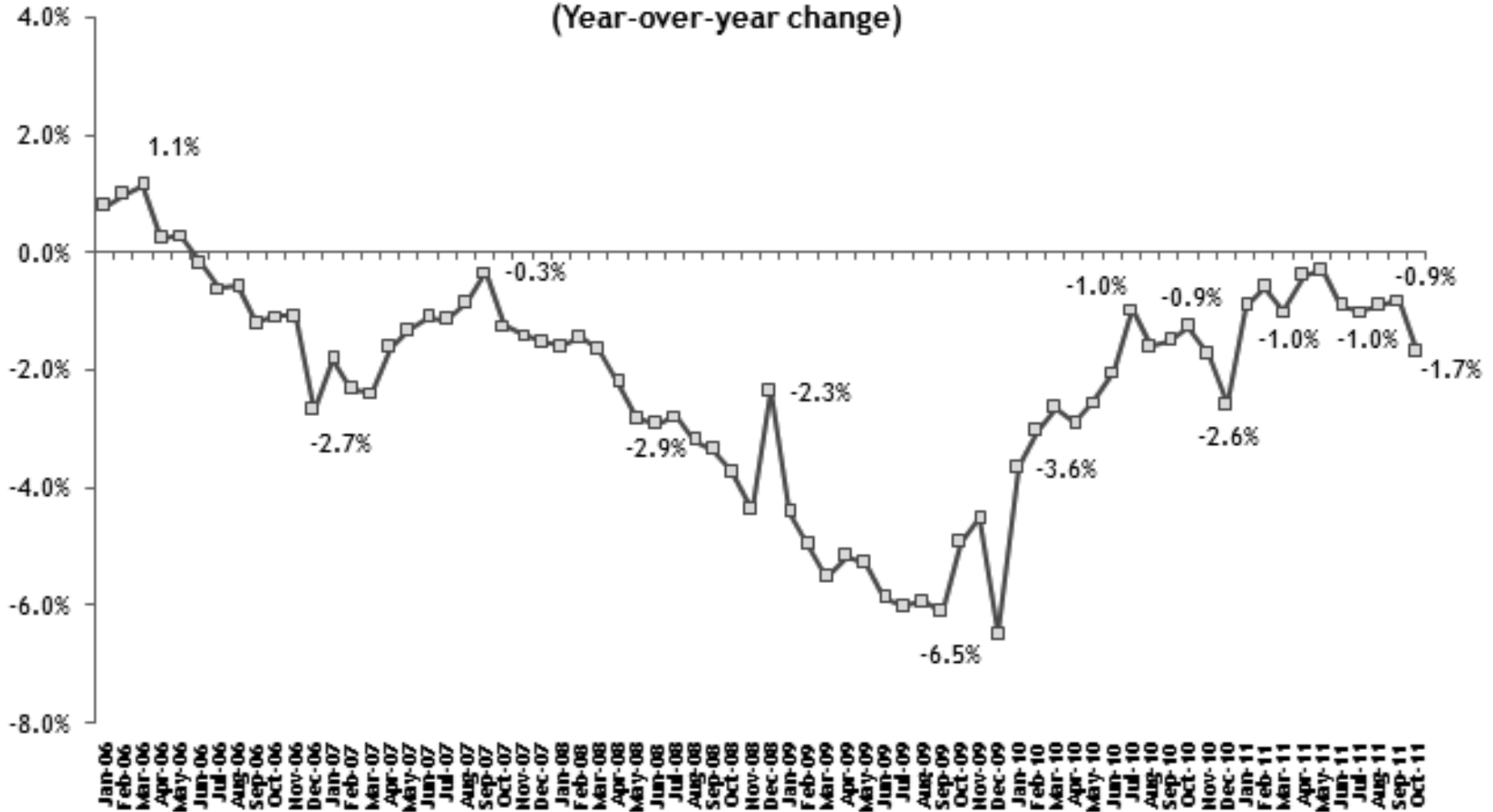




Private sector employment has shown an improving trend since early 2010...

Private Sector Employment

(Year-over-year change)





GDB Economic Activity Index Components

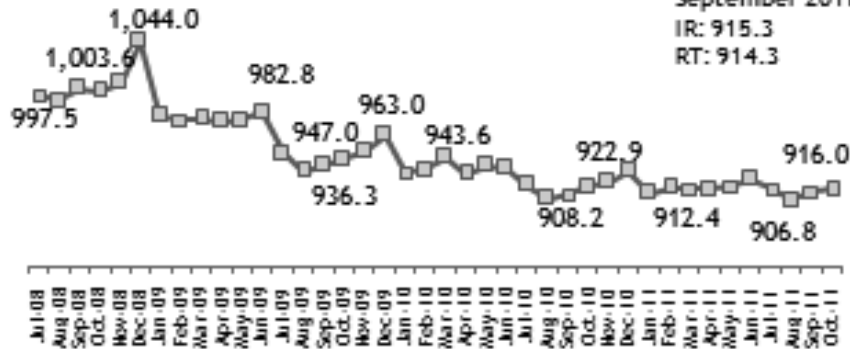
Total Payroll Employment

(Thousands of jobs)

September 2011

IR: 915.3

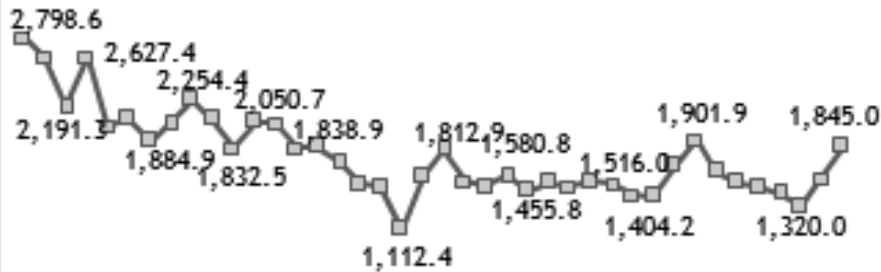
RT: 914.3



- Total payroll employment totaled 916,000, a YOY decline of 0.3%. Employment reflected an increase of 0.2% compared to September.
- Employment in service sector continues to support overall positive trend. When compared to October 2009, employment in the service sector has increased by 1.8% or 5,400 jobs.
- Private sector employment decreased by 1.7% on a YOY basis.

Cement Sales

(Cement Bags sold, in thousands)



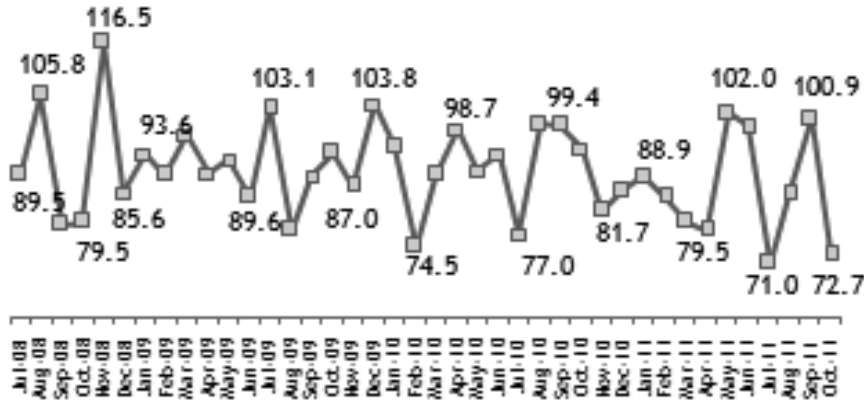
- Cement sales totaled 1.845 million bags; a year-over-year growth of 20.0%.
- Year-to-date cement sales for 2011 are 4.1% above same period for 2010.



GDB Economic Activity Index Components

Gasoline Consumption

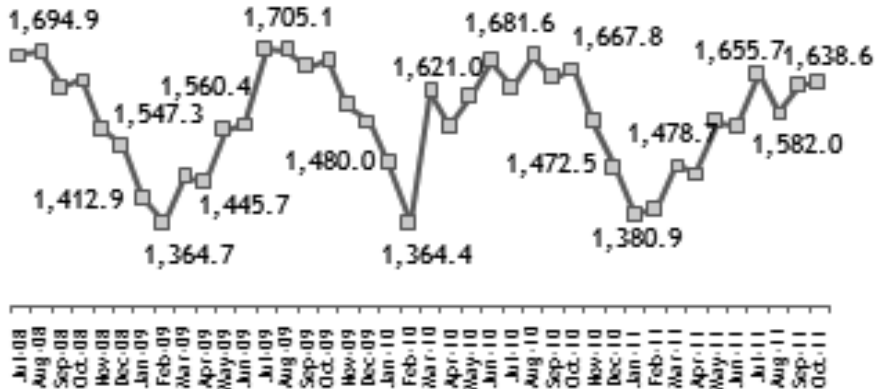
(Millions of gallons)



- Gasoline consumption during the month of October 2011 totaled 72.7 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 1,638.6 million kWh during the month of October 2011.
- October 2011 electric power consumption was 1.8% below same period in FY 2011.



Description of the GDB-Economic Activity Index

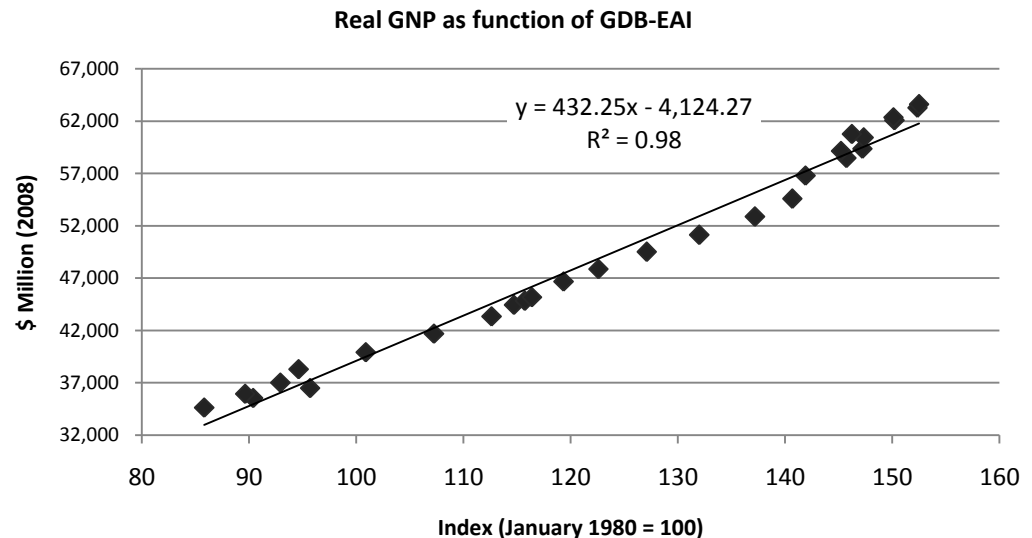


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.