



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

July 2013

Economic Activity Index (“GDB-EAI”)

General Commentary - July 2013

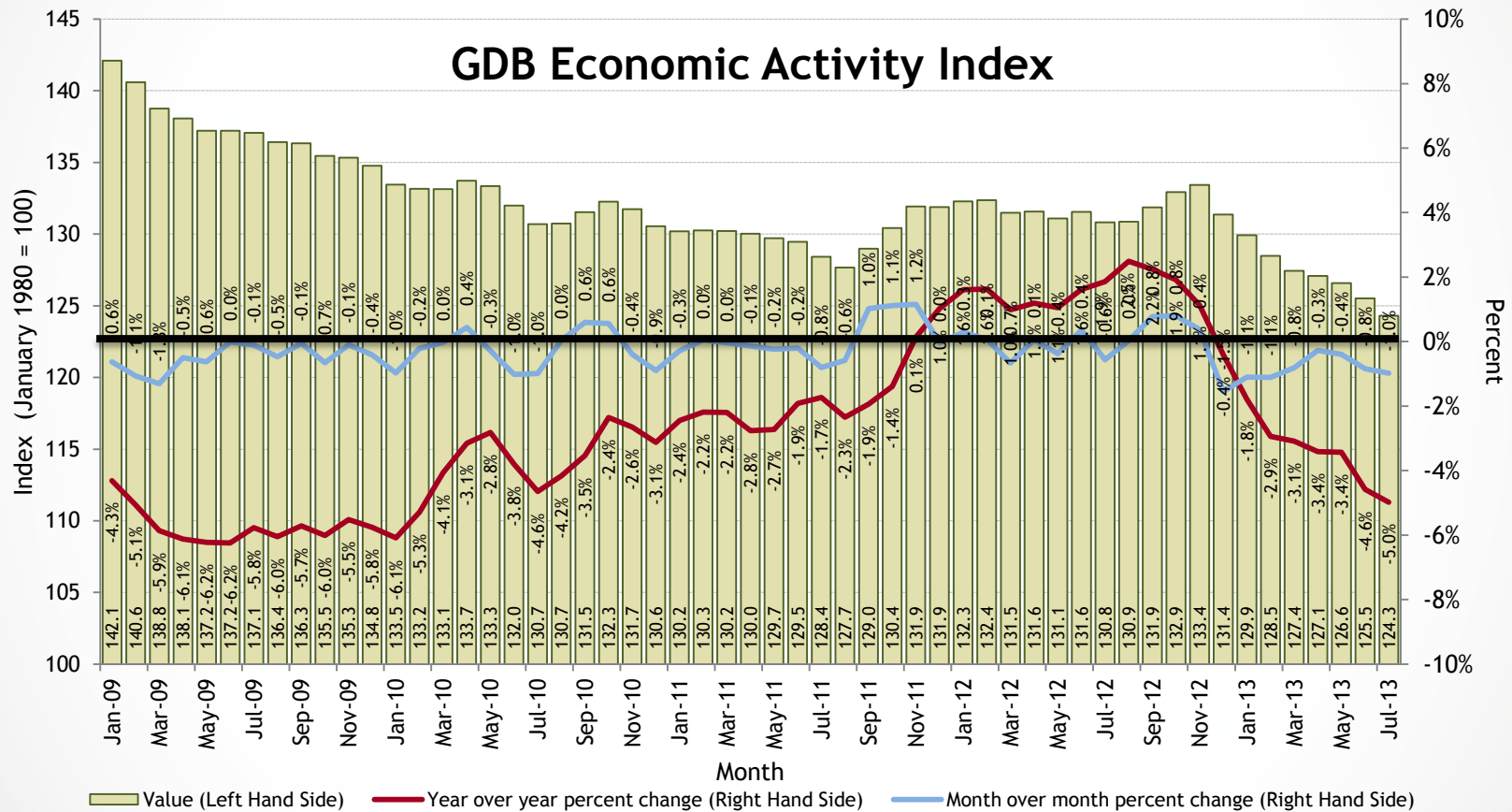
GDB-EAI for the month of July registered a 5.0% year-over-year (“YOY”) reduction

- July 2013 EAI was 124.3, a 5.0% reduction compared to July 2012. Moreover, the average cumulative value for calendar year (CY) 2013 (January-July) showed a reduction of 3.5% with respect to the corresponding figure of CY2012*.
- The preliminary number of gasoline consumption** was 88.2 million gallons in July 2013, 1.3% below July 2012. The cumulative value for CY2013 was 2.3% below the corresponding value for CY2012.
- Total non-farm payroll employment for July 2013 averaged 889,400, an annual reduction of 3.7%. Furthermore, the average cumulative for CY2013 showed a decrease of 2.5%.
- Electric power generation for July 2013 totaled 1,874.3 million kWh, an annual decrease of 4.1%. The cumulative for CY2013 was 3.4% less than the cumulative of CY2012.
- Cement sales for July 2013 totaled 1.34 million bags, registering an annual reduction of 14.3%. For the CY2013 cement sales were below 19.0% with respect to the figure of CY2012.

* Given that we have only one month of FY2014, this time we talk of cumulative values of calendar year 2013, i.e., from January to July 2013.

** The monthly gasoline consumption is estimated by the GDB from the Treasury Department's monthly gasoline excise tax collections paid by importers which are transferred to P.R. Highways and Transportation Authority. These collections fluctuate due to changes in inventories and purchases, which do not necessarily reflect the actual monthly consumption reported by retailers.

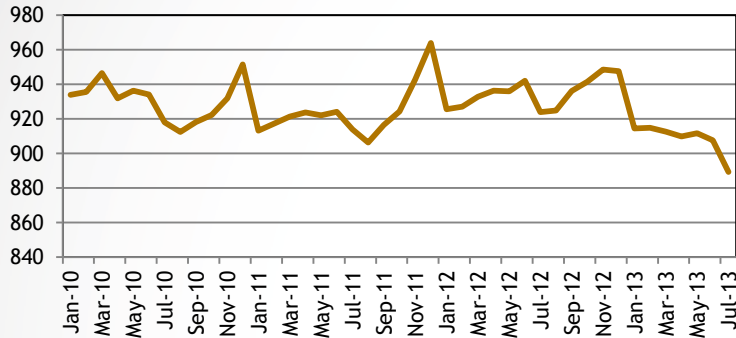
The GDB-EAI for the month of July 2013 reflected a year-over-year reduction of 5.0%



GDB Economic Activity Index Components

Total Non-Farm Payroll Employment*

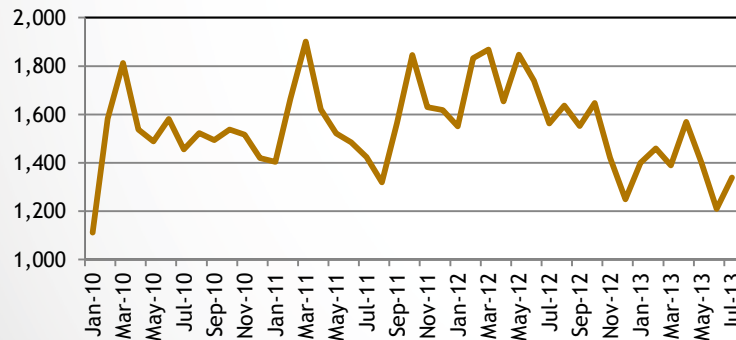
(Thousands of jobs)



- Total non-farm payroll employment for July 2013 averaged 889,400, an annual reduction of 3.7%.

Cement Sales

(Cement bags sold, in thousands)



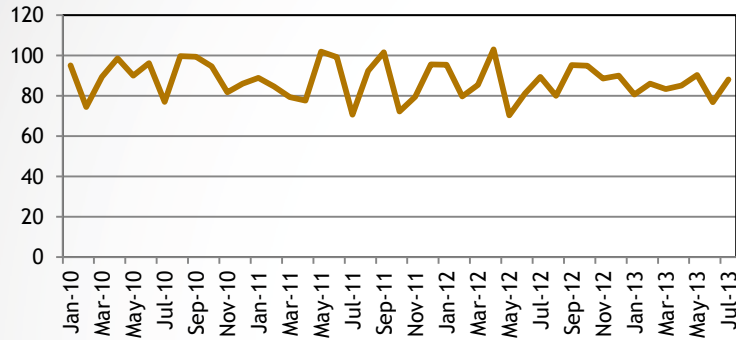
- Cement Sales for July 2013 totaled 1.34 million bags, an annual decrease of 14.3%.

Sources: BLS and GDB
* Not seasonally adjusted.

GDB Economic Activity Index Components

Gasoline Consumption

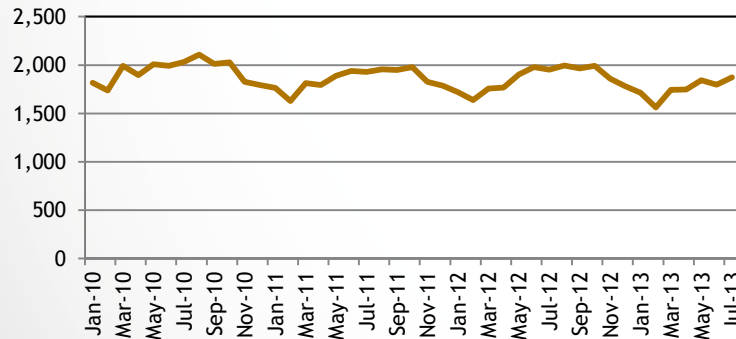
(Millions of gallons)



- The preliminary estimate of gasoline consumption* for July 2013 was 88.2 million gallons, for an annual drop of 1.3%.

Electric Power Generation

(Millions of kWh)



- Electric power generation averaged 1,874.3 million kWh, an annual decline of 4.1%.

*The monthly gasoline consumption is estimated by the GDB from the Treasury Department's monthly gasoline excise tax collections paid by importers which are transferred to P.R. Highways and Transportation Authority.

Description of the GDB-Economic Activity Index

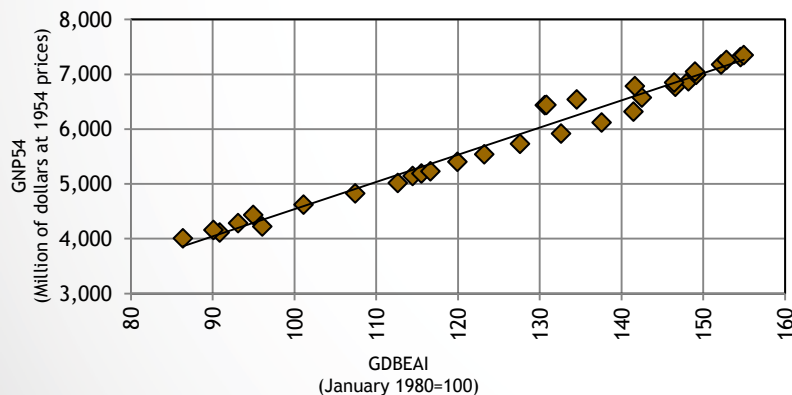
Description of the GDB-EAI

- The GDB-EAI is a coincident index for the economic activity of Puerto Rico. It is highly correlated to the Puerto Rico's real GNP not only on the levels, but also on the annual growth rates.
- 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.

Real Gross National Product as a function of the GDB Economic Activity Index

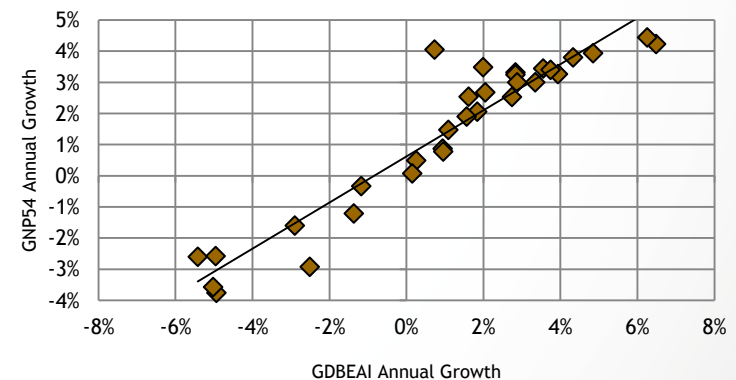
Relationship on the levels: FY1981-FY2012

$$y = 49.551x - 413.49 \quad R^2 = 0.9768$$



Relationship on the growth rates: FY1982-FY2012

$$y = 0.741x + 0.0062 \quad R^2 = 0.8953$$



Sources: GDB

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 Generation (Millions of kWh)
- Cement Sales (Millions of bags)
- Gas Consumption (Millions of gallons)

Disclaimer

The GDB-EAI and its indicators are subject to revisions. While the information comprising the GDB EAI 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.