Economic Activity Index

For the month of November 2012

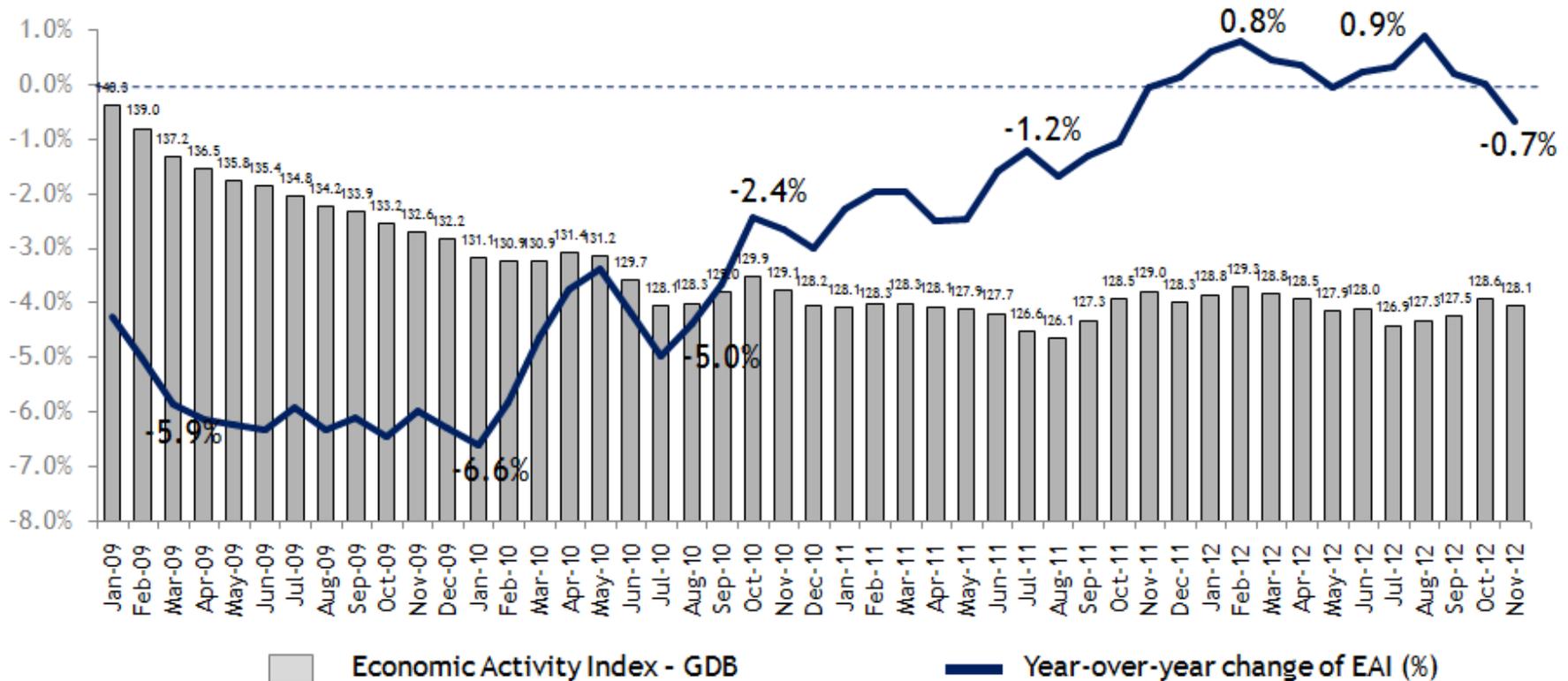# General Commentary – November 2012

GDB-EAI for the month of November registered a 0.7% year-over-year ("YOY") reduction

- November 2012 EAI was 128.1, a 0.7% reduction when compared to 129.0 for November 2011.

- Gasoline consumption* was 88 million gallons. Average calendar year consumption through November is also 88 million gallons.

- Total non-farm payroll employment for November 2012 totaled 920,600, a YOY reduction of 1.0%.

- Electric power generation totaled 1,860 million kWh, reflecting a YOY increase of 1.8%. Total electric power generation for FY2013 year-to-date ("YTD") is 1.3% above the same period of FY2012.

- Cement sales totaled 1.421 million bags, registering a year-over-year reduction of 12.8%. Total sales for FY2013 YTD are 0.5% above same period of FY2012.

* 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.

The GDB-EAI for the month of November 2012 reflected a year-over-year reduction of 0.7%

GDB Economic Activity Index

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

GDB Economic Activity Index Components

Total Non-Farm Payroll Employment*
(Thousands of jobs)

- Total non-farm payroll employment for November 2012 totaled 920,600.

- When compared to November 2011, non-farm payroll employment registered a 1.0% reduction.

Cement Sales
(Cement Bags sold, in thousands)

- Cement sales for the month of November 2012 totaled 1.421 million bags; a YOY reduction of 12.8%.

- Sales for calendar year-to-date ("YTD") are 5.4% above same period calendar year 2011.

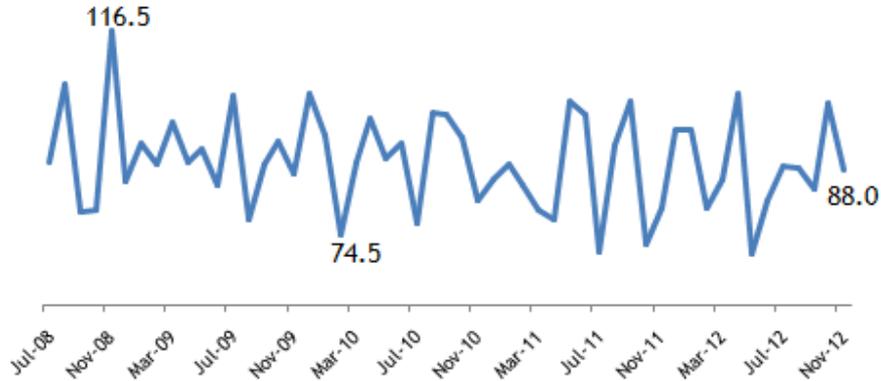- Sales for FY 2012 ended 7.3% above FY 2011.

Sources: Dept. of Labor, GDB
* Not seasonally adjusted.

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GDB Economic Activity Index Components

Gasoline Consumption
(Millions of gallons)

- Gasoline consumption for November 2012 totaled 88.0 million gallons, a YOY increase of 10.0%.

- 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.

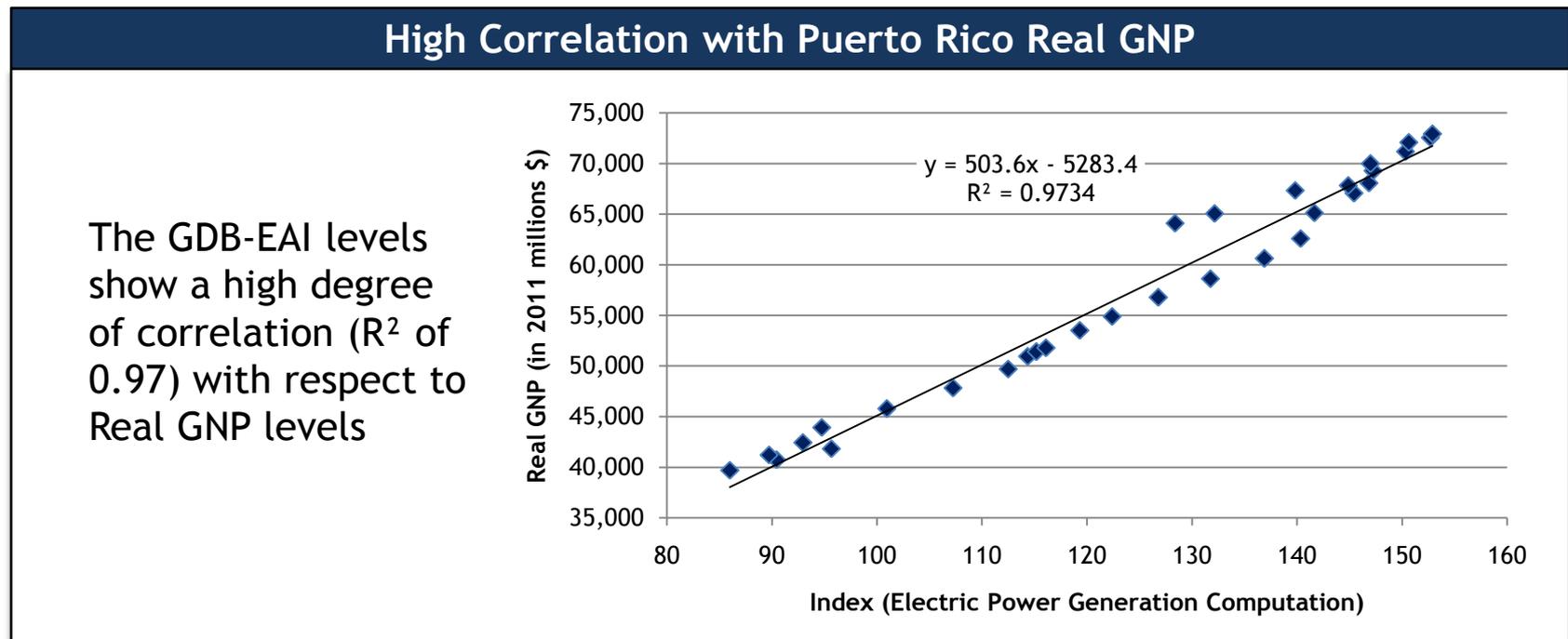## Electric Power Generation
(Millions of kWh)

- Electric power generation for November 2012 was 1,860 million kWh, a 1.8% YOY increase.

- Electric power generation for fiscal year 2012 ended 1.9% below FY 2011, mainly as a result of higher oil prices.

Sources: DTOP, Treasury, PREPA.

Description of the GDB-Economic Activity Index

Description of the 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 (R² of 0.97) with respect to Real GNP levels

$$y = 503.6x - 5283.4$$
$$R^2 = 0.9734$$

Real GNP (in 2011 millions $) — y-axis
Index (Electric Power Generation Computation) — x-axis

Source: GBD

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.