



Economic Activity Index

For the month of February 2010

March 30, 2010



GDB-EAI:

Commentary for the month of February 2010

The GDB-EAI reflects a year-over-year improvement in February 2010 when compared to January 2010 as a result of a recovery in cement sales after a rainy month of January, while energy consumption for the first eight months of FY 2010 continues to signal a marked increase over FY 2009.

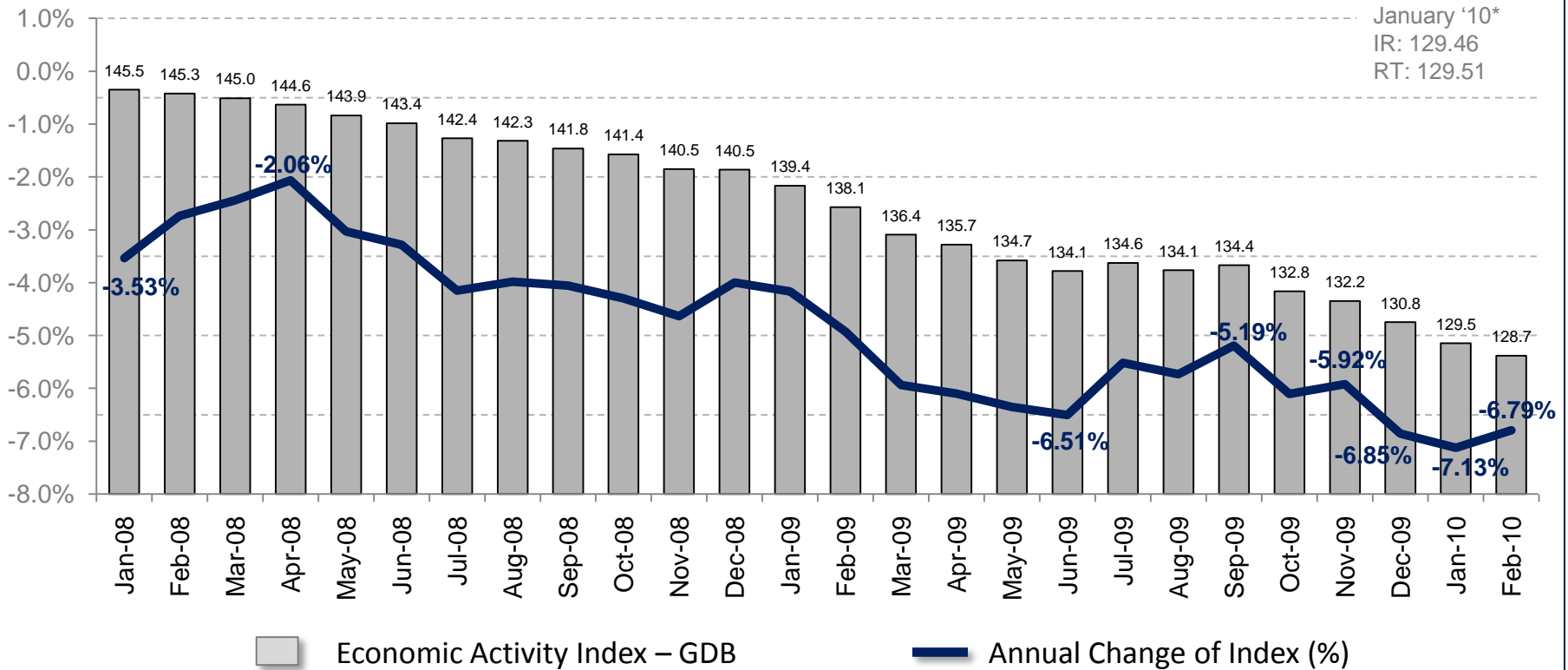
- The GDB-EAI reflected a month-over-month decline of 0.6% while experiencing a 6.8% year-over-year decline, mostly due to a marked decrease in cement sales and seasonal employment changes. The GDB-EAI was 128.7 for the month of February 2010.
- Two components of the GDB-EAI, cement sales and payroll employment registered a month-over-month increase of 42.3% and 0.6%, respectively. Cement sales during the month of February 2010 recorded the largest month-over-month increase this year. Total payroll employment showed a month-over-month increase of 600 jobs.
- The registered net increase of 600 jobs during the month of February is mainly as a result of an increase in the educational services and health sector. For the first eight months of the current fiscal year, there is a net growth of 3,700 jobs in the service sector, while manufacturing jobs remain stable.
- Cement sales reflected a year-over-year decline of 22.6% that continues to affect the EAI. However, this decline is the lowest since September 2009 and the largest month-over-month increase this year.
- Energy consumption remained stable on a year-over-year basis during the month of February 2010. For the first eight months period of FY 2010, electric power consumption is 2.0% above previous year.
- Gasoline consumption during the month of February 2010, derived from excise tax revenues on gasoline imports, declined 16.4% on a year-over-year basis mainly due to inventories and accounting fluctuations at main gasoline wholesalers.*

* Data for consumption of gasoline continues to be estimated and preliminary due to the absence of data as a result of a major incident in one of the island's main fuel tank farms during the month of October 2009 that has affected inventory build-up and data gathering.



GDB Economic Activity Index For the month of February 2010

GDB Economic Activity Index



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

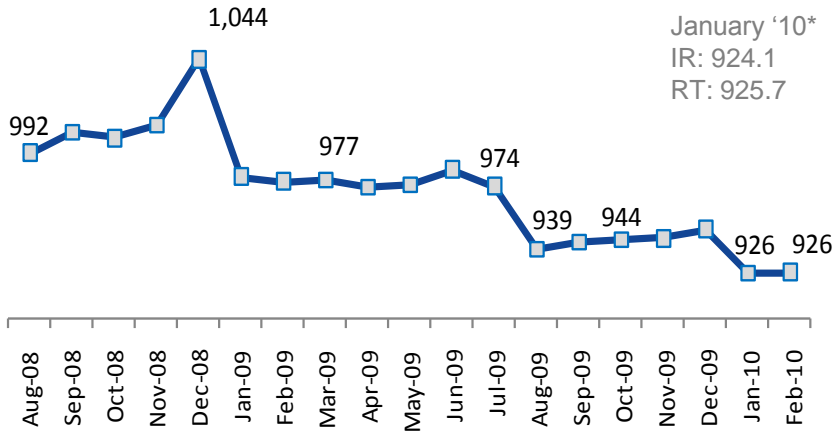
* EAI was revised according to yearly revision to employment data and new benchmark establishment by Bureau of Labor Statistics during month of March.



GDB Economic Activity Index Components

Total Payroll Employment

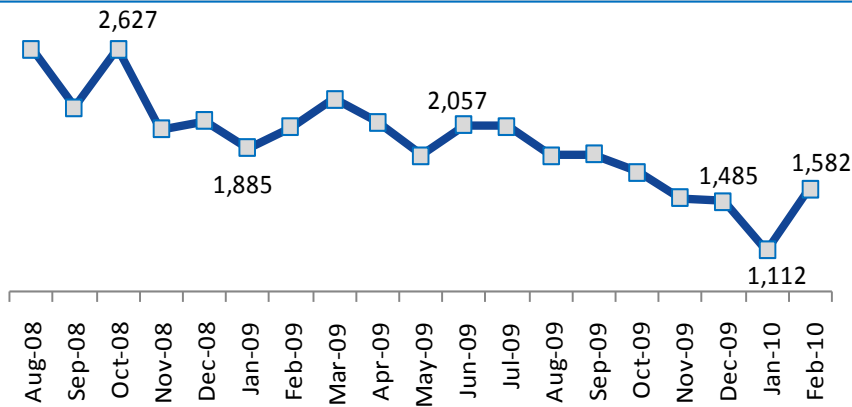
(Thousands of jobs)



- Total payroll employment increased 600 jobs compared to January 2010.
- The educational and health services sector is showing a year-over-year increase of 3,300 jobs, with educational services registering a 10.8% increase above February FY 2009.
- Manufacturing jobs remain stable at 91,500 on a month-over-month basis.

Cement Sales

(Cement Bags sold, in thousands)



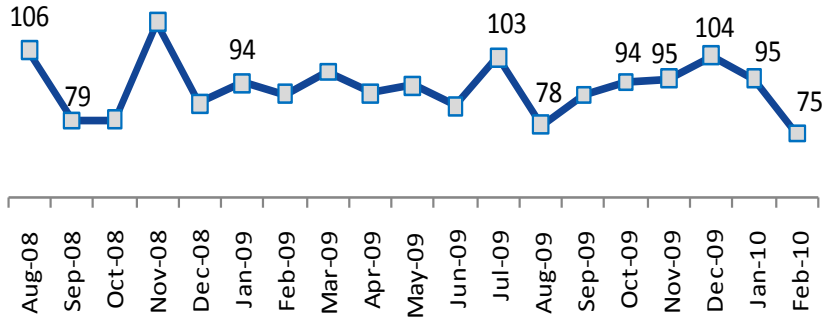
- Cement sales registered the largest month-over-month increase this year, representing an increase in monthly sales of 469,996 bags.
- The increase reveals resuming of construction activity after a slow January.
- February sales increase is the first month-over-month increase since September 2009



GDB Economic Activity Index Components

Gasoline Consumption

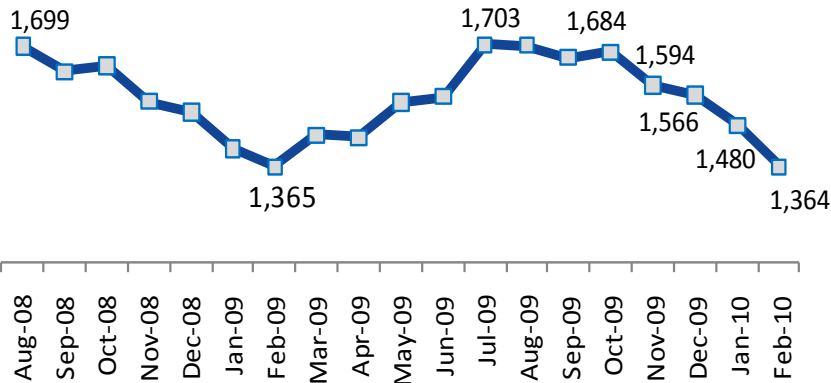
(Millions of gallons)



- On a year-over-year basis, gasoline consumption decreased 16.4%, mainly due to fluctuations in inventories.
- For the first eight months of FY 2010, gasoline consumption is slightly below same period in FY 2009, resulting in a 1.98% reduction.
- Monthly consumption of gasoline for fiscal year 2010 is averaging 90.5 million gallons.

Electric Power Consumption

(Millions of kWh)



- On a year-over-year basis, electric power consumption remained stable at 1.364 million kWh, confirming historical seasonal consumption during month of February.
- For the first eight months of FY 2010, electric power consumption is 2.04% over the same period in FY 2009, signaling an improvement in energy consumption.



Description of the GDB-Economic Activity Index

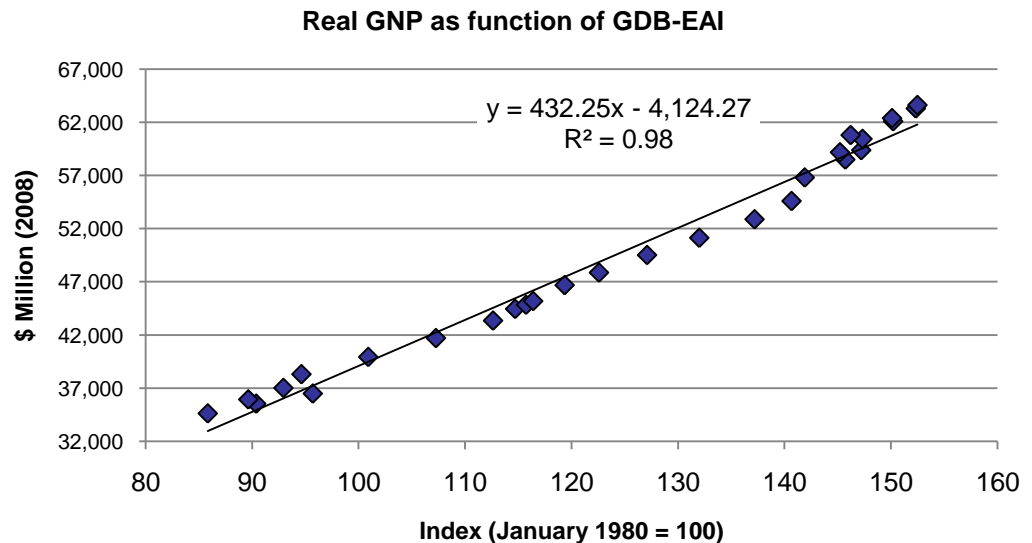


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.

Highly 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.