

P R E S S R E L E A S E

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GDB Announces Fourth Consecutive Month of Economic Activity Index Growth

The year-over-year change for May 2010 is the most significant improvement in the EAI since May 2008; Governor Fortuño along with his fiscal and economic team take part in a webcast to the private sector

SAN JUAN, P.R. – The Government Development Bank for Puerto Rico (GDB) announced today that its Economic Activity Index (GDB-EAI) for the month of May increased to 130.3, which represents the Index's fourth consecutive month of growth.

The announcement was made today during a webcast with the Governor of Puerto Rico Luis Fortuño, the President of the GDB Carlos García, the Secretary of Economic Development and Commerce José R. Pérez-Riera, and the President of the Economic Development Bank for Puerto Rico Lizzie Rosso. The webcast, for which more than 3,000 people registered, was specifically addressed to employees, managers and entrepreneurs in the private sector, but it was available to the general public both by telephone and Internet.

During the event, the Governor and the members of his fiscal and economic team offered listeners/viewers an analysis of the progress accomplished by the Administration with its Fiscal Stabilization and Economic Reconstruction Plan. The officials highlighted that, even though much remains to be done, Government finances have been straightened and Puerto Rico's credit has experienced the most significant improvement in over 30 years. They also highlighted the progress accomplished in connection with the Energy Reform aimed at reducing the cost of electricity, the Health Reform, the development of important infrastructure projects through Public-Private Partnerships and the Tax Reform that will be introduced in the next legislative session and will go into effect for the 2010 tax year.

Compared with the previous month, the GDB-EAI showed significant improvement in the payroll employment and energy consumption components, which allowed the Index's growth to improve from -4.17% to -3.3% on the year-over-year comparison, the most significant improvement since May 2008.

The GDB-EAI is available at the GDB's website, www.gdbpr.com.

In the month-over-month comparison, the BGF-EAI components registered the following changes: payroll employment increased by 0.3%, electric power consumption increased by 3.8%, cement sales decreased by 3.2%, and gasoline consumption decreased by 8.7%.

Total payroll employment increased by 7,700 net jobs when compared with April 2010. This rise in payroll employment was mainly due to the creation of 4,900 jobs in the private sector, primarily in the commerce (+2,400), tourism (+1,700) and manufacture (+300) sectors. Also on the positive side, the general payroll employment scenario experienced some growth as a result of the jobs created by the Federal Government during the month of May to assist in the Census.

Cement sales during the month of May 2010 totaled 1.49 million sacks, which represented a slight fall of 3.2% compared with the previous month. Gasoline consumption registered 90.1 millions of gallons, thus remaining close to the current fiscal year's monthly average of 91 millions of gallons. For the first 11 months of fiscal year 2010, consumption has been 1.6% less than for the same period in fiscal year 2009, despite marked increases in gasoline prices. Electric power consumption registered a 4.3% increase, to 1.613 million kW/h, compared to May 2009. During the first 11 months of fiscal year 2010, electric power consumption has been 3.5% higher than for the same period in 2009, which indicates a significant improvement in energy consumption.

The Economic Activity Index is an economic indicator that summarizes the current trend and dynamics of the Puerto Rico economy. The GDB-EAI was formulated following a methodology similar to that used by the *Conference Board* in its coincident index. The GDB-EAI has 98% correlation with Puerto Rico's real Gross National Product (GNP). This means that the behavior of the GDB-EAI accurately follows the economy's behavior. The GDB publishes the EAI on a monthly basis along with a qualitative economic comment in order to provide a clear understanding of the trend and current state of the local economy.

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