



Economic Activity Index

For the month of October 2010

November 29, 2010



Commentary for the month of October 2010

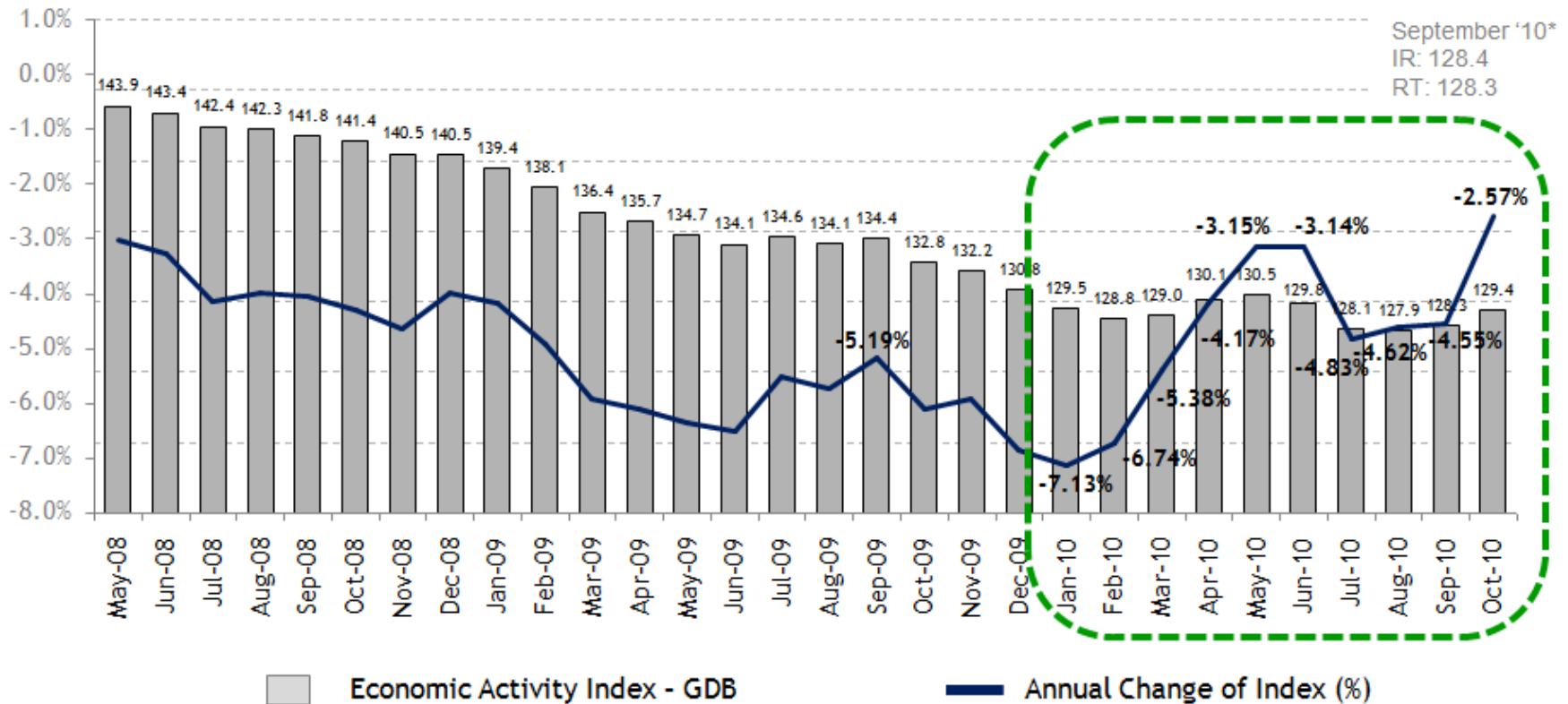
GDB-EAI for the month of October increased to 129.4: Largest month-over-month improvement since October 2006

- The GDB-EAI registered the largest year-over-year improvement since April 2008, registering a 2.6% decline when compared to the month of October 2009.
- Payroll employment, resulted in the lowest year-over-year rate of decline since December 2008.
- Private sector employment continues its improving trend, registering the most favorable year-over-year growth since September 2007.
- The GDB-EAI components registered the following month-over-month changes in October 2010:
 - Cement sales: 2.9% after a -1.9% in September 2010
 - Gasoline consumption: -4.7% after a -0.3% in September 2010
 - Electric power consumption: 1.2% after a -2.6% in September 2010
 - Payroll employment: 0.8% after a 0.7% in September 2010
- Cement sales have registered sales around 1.5 million bags per month for the last 7 months, further signaling stabilization in the real estate/construction sector.
- Electricity consumption was 1,667.8 million kWh in October 2010 with year to date consumption reflecting a 2.6% increase over same period in 2009.
- Gasoline consumption during month of October 2010 reflected a 0.9% increase with respect to October 2009 totaling 94.7 million gallons, the third consecutive month with above average consumption.



GDB Economic Activity Index For the month of October 2010

GDB Economic Activity Index

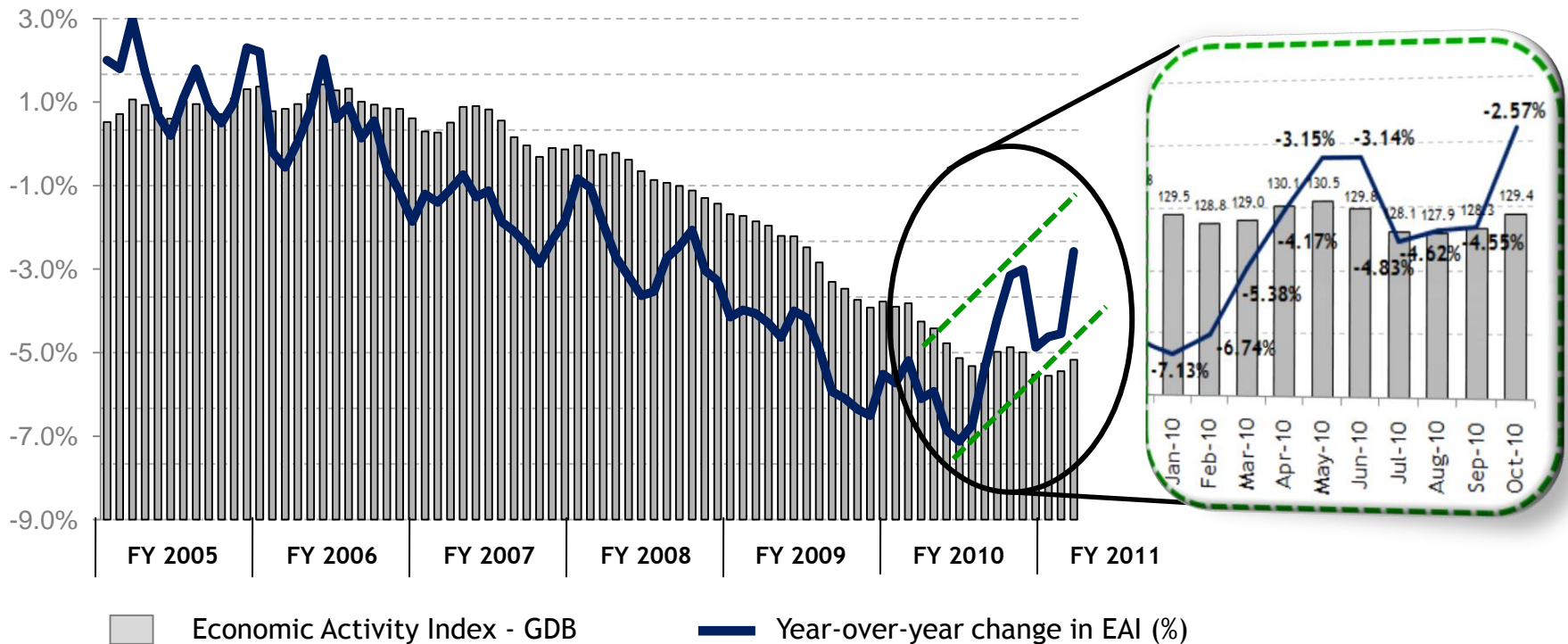


Data used for GDB-EAI is adjusted for seasonality and volatility.



Economic Activity Index is reflecting improving economic trends...

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



Recent months improvement in EAI has not been seen since April 2008



Private sector employment registered the most favorable growth since September 2007

Private Sector Employment (Year-over-year Change in Payroll Employment)

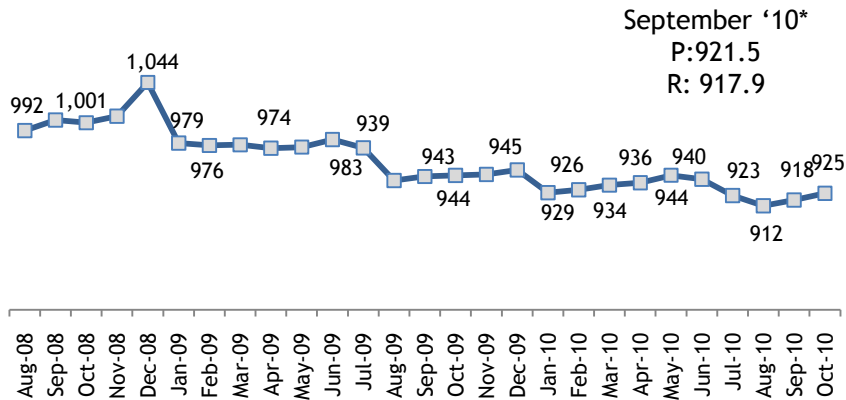




GDB Economic Activity Index Components

Total Payroll Employment

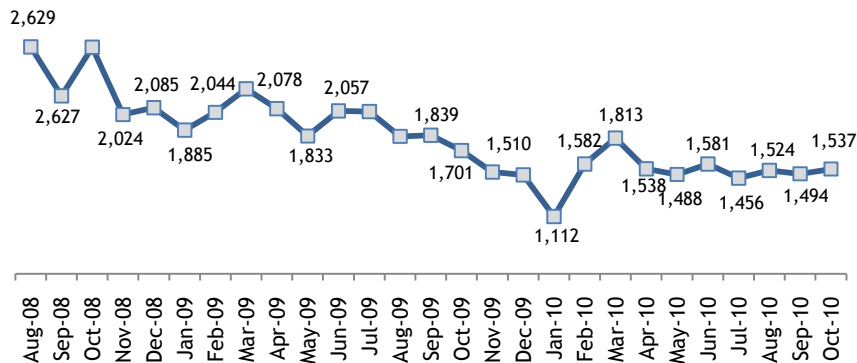
(Thousands of jobs)



- The services sector continues its improving trend, adding 12,300 jobs in October 2010, with respect to October 2009; which implied a year-over-year growth rate of 4.1% in this sector.
- Total payroll employment declined by 2.0%, the lowest inter-annual reduction since December 2008.

Cement Sales

(Cement Bags sold, in thousands)



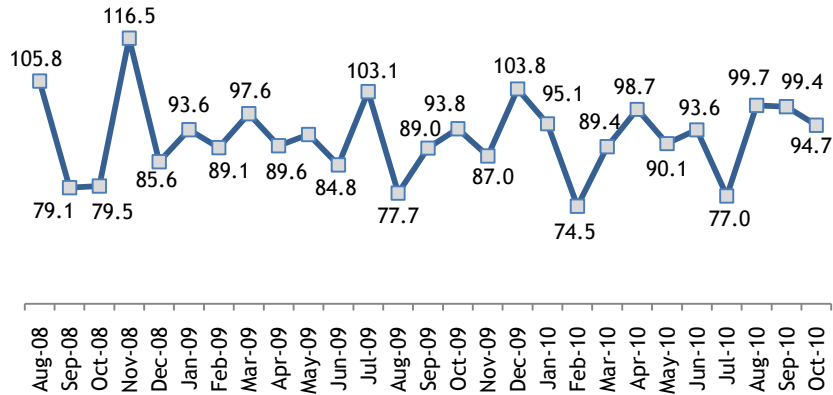
- Cement sales reported during the month of October were 1.537 million, a month-over-month increase of 2.9%.
- The inter-annual reduction during the first four months of FY 2011 was 19.0%, less than the reduction of 27.6% for the first four months of FY 2010.



GDB Economic Activity Index Components

Gasoline Consumption

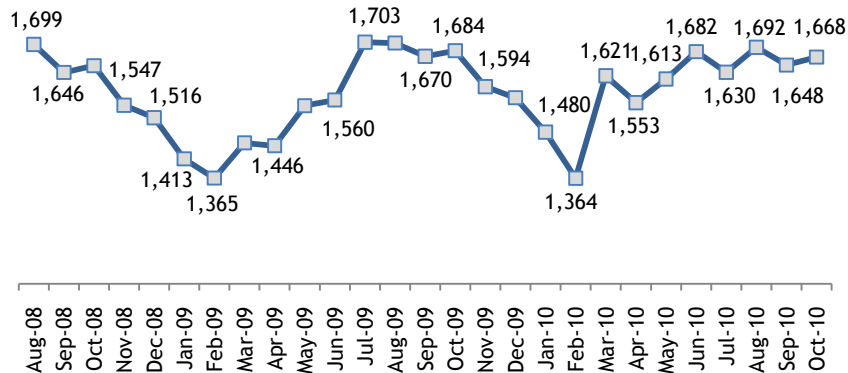
(Millions of gallons)



- Gasoline consumption during the month of October 2010 totaled 94.7 million gallons.
- During calendar year 2010 (January to October) fuel consumption is 0.1% above 2009 levels, while so far this FY 2011 (July to October), fuel consumption is 1.9% over the same period of FY 2010.

Electric Power Consumption

(Millions of kWh)



- Electricity consumption was 1,668 million kWh during the month of October 2010.
- During calendar year 2010 (January to October) electricity consumption is 2.6% above 2009 (15,544.5 million kWh from January to October 2009, to 15,951.1 million kWh from January to October 2010).



Description of the GDB-Economic Activity Index

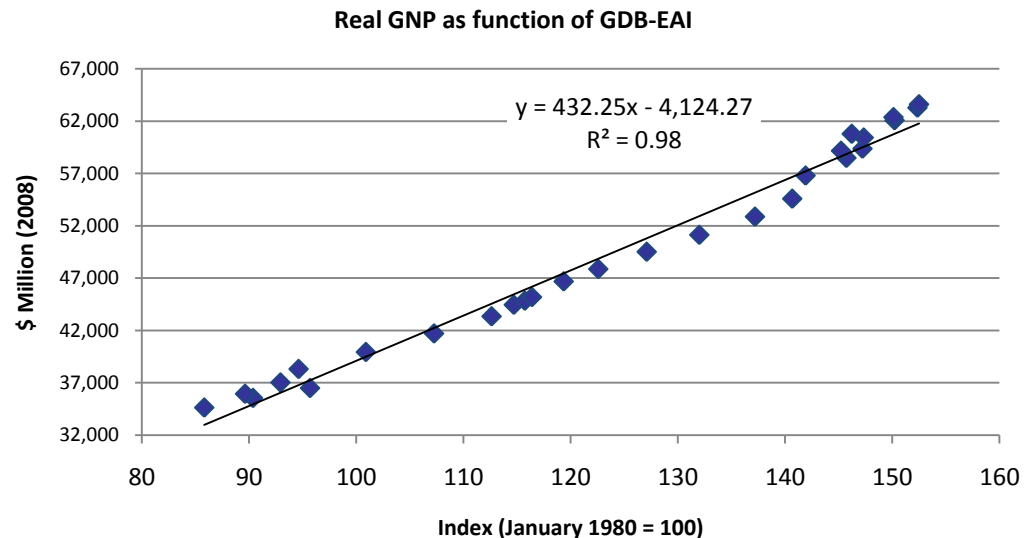


Description of the GDB-Economic Activity Index (GDB-EAI)

- 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.