

June 2003



GDB

Puerto Rico's

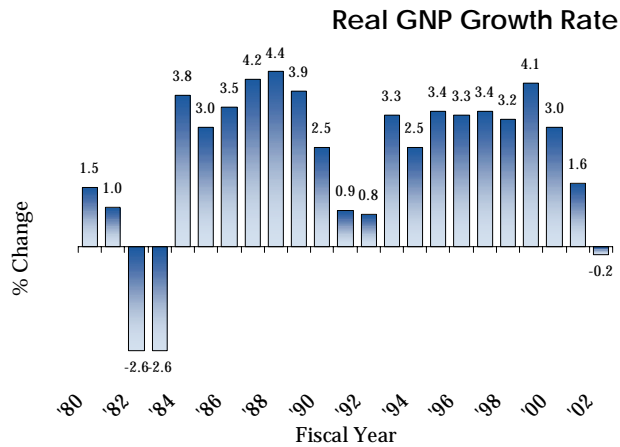
ECONOMIC TRENDS & OUTLOOK

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

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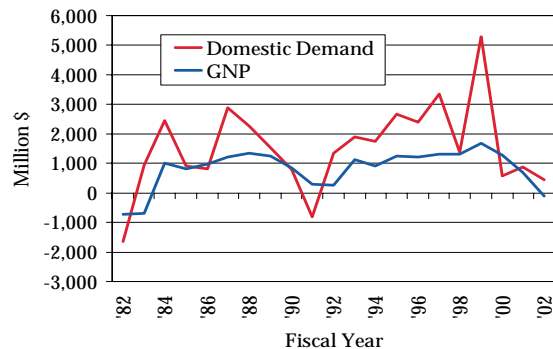
Economic Growth



GNP Identity

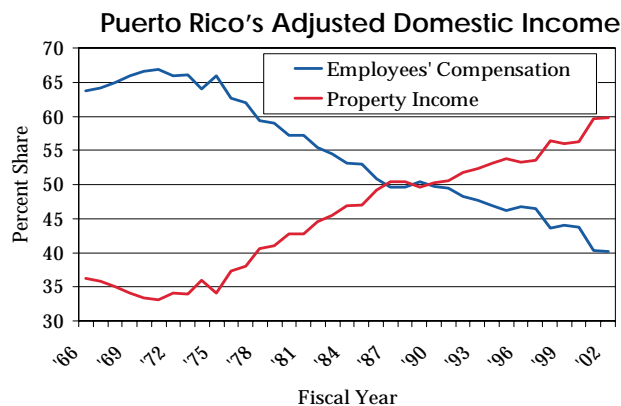
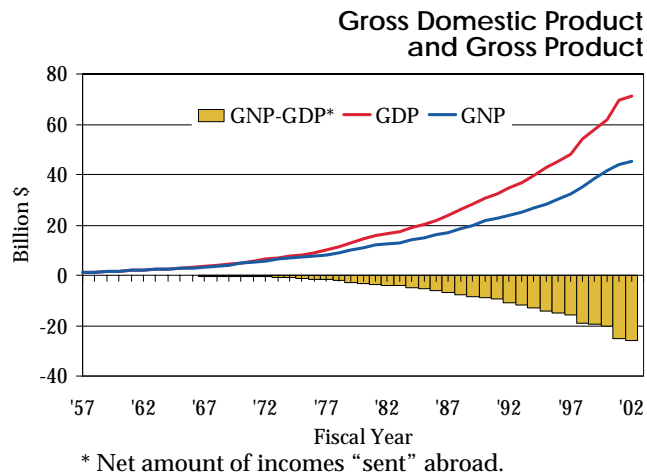
Domestic Demand	External Sector
GNP = C + I + G + (X - M)	
FY 2002 Real Growth Rates	
-0.2	1.4
-4.1	5.5
-3.0	-0.5

Real Growth in GNP & Domestic Demand (2002 Prices)



- The international and local environment of instability and uncertainty surrounding the economy intensified in FY02, causing a 0.2% decline in real GNP. In the U.S, a recession was declared starting in March 2001. The Business Cycle Dating Committee of the National Bureau of Economic Research, has not yet declared an ending date for that recession. This institution usually declares the beginning and ending dates of recessions with a lag of various quarters.
- The economy of Puerto Rico is closely linked to the United States. Except for the price of oil, all other key exogenous variables like exports, direct investment, transfer payments, interest rates, inflation, and tourist expenditures depend on the U.S. economy.
- The U.S. economy was dragged down by increases in the level of interest rate by the Fed in CY99 and CY00, that later was affected by the aftermath of the September terrorist attacks in CY01. At the same time, the capital market adjustments and the corporate accounting scandals contributed to the deceleration. As a result, consumer as well as business confidence retreated, with side effects to the economy of Puerto Rico.
- The real GNP decline of 0.2% in FY02 was short of the official forecast made in March 2002, which was 0.3% and -0.1% in the baseline and pessimistic scenarios, respectively. However, in contrast with other periods of recession or deceleration, like fiscal years 1982, 1983, 1991 and 1992, the growth in domestic demand stayed positive and slightly above the real GNP growth.

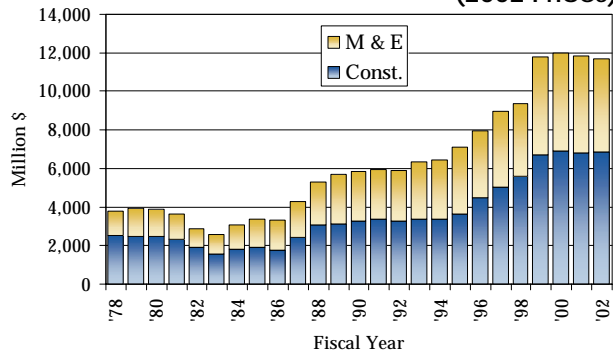
National Accounts: GDP & GNP



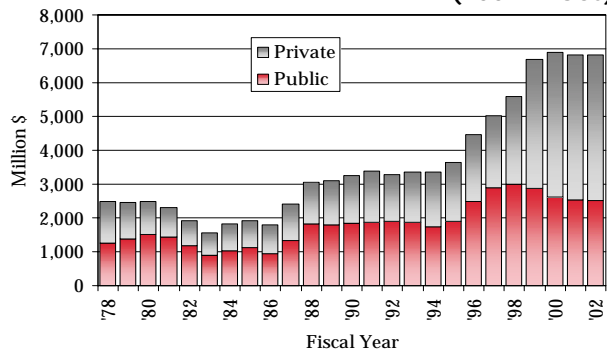
- The National Accounts are a series of macroeconomic variables summarized in a set of tables which together give a picture of the performance of the economy as a whole and of some of the important sectors. Two of the most important aggregate measures are Gross Domestic Product (GDP) and Gross National Product (GNP). The detailed National Accounts are published annually, on a fiscal year basis, which runs from July 1 to June 30.
- GDP and GNP are closely related measures. GDP measures the total output of the economy in a period (i.e., the value of work done by employees, companies and self-employed persons). This work generates incomes, but not all of the incomes earned in the economy remain as the property of residents (and residents may earn some income abroad). The total income remaining with Puerto Rico residents is the GNP and it differs from GDP by the net amount of incomes sent to or received from abroad.
- In Puerto Rico's case, for three decades, the amount paid to persons abroad has exceeded the amount received from abroad, due mainly to the profits of U.S. and foreign-owned companies, and our GDP is, therefore, higher than our GNP. That amount has grown over the decades, and in FY02 our GDP was 57.4%, or \$25.9 billion, higher than the GNP.
- Also, due to the large number of high-tech, capital intensive companies operating in the manufacturing sector, property income (mainly profits of mainland companies) now represents 60% of the Island's domestic income.

Fixed Investment

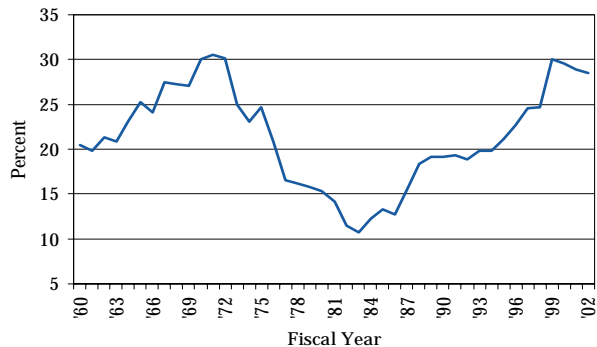
Real Fixed Domestic Investment
(2002 Prices)



Real Construction Value
(2002 Prices)



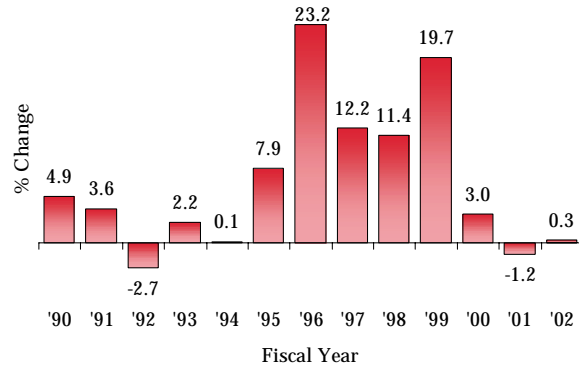
Real Investment Share of GNP



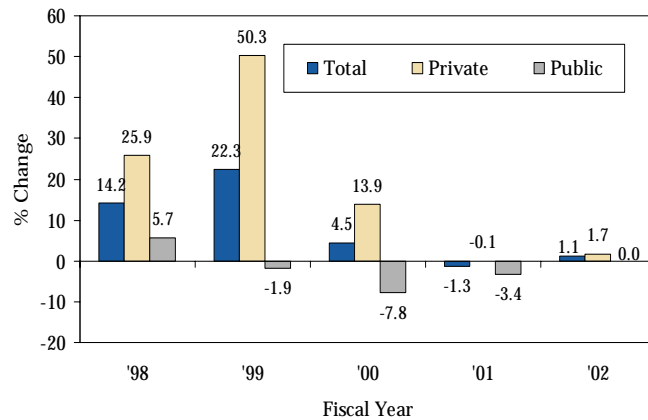
- Fixed investment, composed of construction and machinery and equipment (M&E) investment, was the main driving force behind the economic expansion of the second half of the last decade. Both of them reached record levels. Real M&E investment showed double digits growth rates in FY 95 and FY97, and in FY99 grew an unbelievable 34.5%. Even more important was the fact that the extraordinary level reached in FY99 was more or less maintained in the following years, with a small increase in FY00 and only slight declines in FY01 and FY02.
- Real construction investment advanced at an accelerated pace, almost doubling in the five years ended with FY99. Both, private and public investment contributed to the growth. Public investment reached its highest point in FY98 and has declined only slightly since then.
- Real private investment also grew at an extraordinarily rapid pace. Between FY95 and FY00 it more than doubled, growing 148%. In FY99 it grew 47% due primarily by an extraordinary increase in housing investment induced in part by the federal relief funds to repair the damages caused by hurricane Georges. Since then, private investment has grown somewhat, offsetting slight declines in public investment, thus maintaining the overall high level of total real construction investment. The relatively low level of interest rates has played an important role in this positive outcome.
- New government investment projects already started, in process and in the pipeline should maintain and expand the level of public construction investment. Indeed, the official capital improvement program of fiscal years 2003 and 2004 is at record levels. Thus, it is significant, that despite the slow economic growth of the last few years, construction investment has maintained and is forecast to maintain a high level of investment, thus avoiding the sharp declines of previous periods of economic deceleration or recession, thereby helping to mitigate the severity of the current economic decline.

Construction

Real Construction Investment



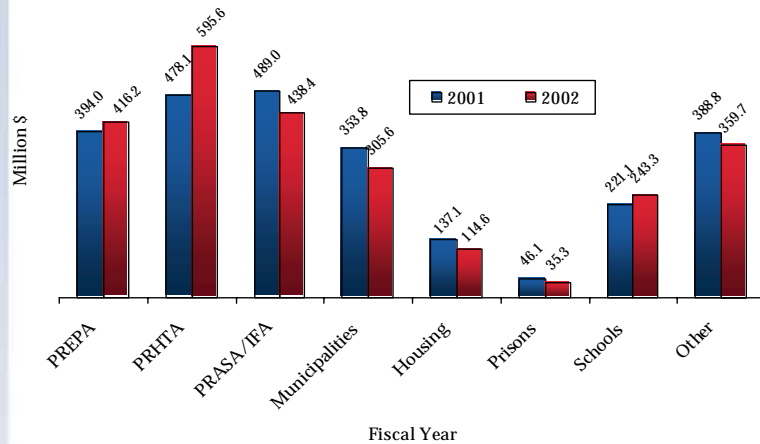
Nominal Construction Investment



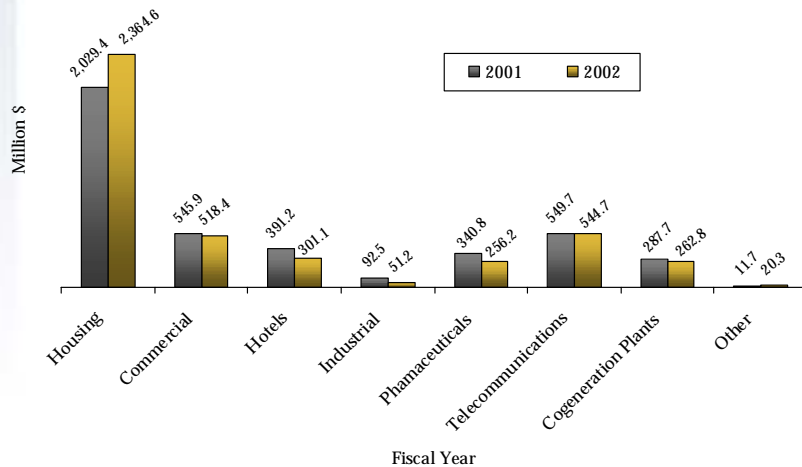
- After almost doubling during the five fiscal years ended FY99 growth of real construction investment growth decelerated to 3.0% in FY00. In FY01, it declined by 1.2%, and increased by 0.3% in FY02.
- Public construction investment, which has been an important contributor to the overall expansion of construction, stayed unchanged in FY02, after three declines in a row. This was the result of the completion or near completion of large investment projects, such as the urban train and the super-aqueduct, plus the rescheduling of some construction phases for other key projects to FY03 and beyond.
- The private sector, aided by a low interest rate environment, advanced 1.7% at current prices to \$4.3 billion. The 1.7% nominal growth in private construction investment in FY02 was very significant because it maintained the already high level of private construction investment. In just three years, FY97 to FY00, private investment more than doubled, growing 116%. As a result, for only the fourth consecutive year, and for the fourth time since 1974, the share of private construction activity in FY02 exceeded that of the government (63% to 37%).

Construction

Public Construction Investment



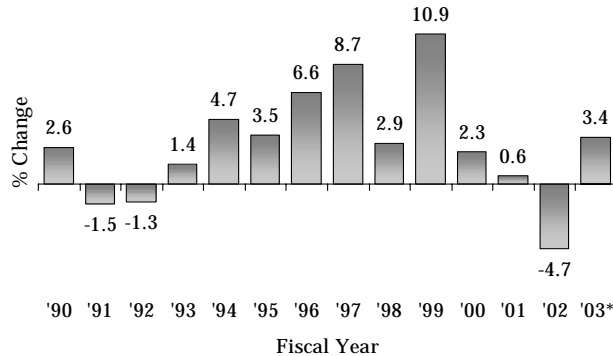
Private Construction Investment



- The public investment in key projects has been an important component in the strength of construction investment. This has included among others, the urban train and the super-aqueduct. In recent years, it also included an aggressive CIP in water related projects, schools, and housing.
- Traditionally, housing investment has been the principal segment of private construction activity. As before mentioned, after an extraordinary nominal increase of 42% in FY99, housing investment not only maintained its high level but registered further expansions in FY01 and FY02, surpassing the \$2 billion mark.
- Besides housing, other key components of private construction investment have been commercial, hotels, pharmaceutical, and telecommunication. Two cogeneration plants burning natural gas (Ecoeléctrica) and a coal (AES) are already in operation.

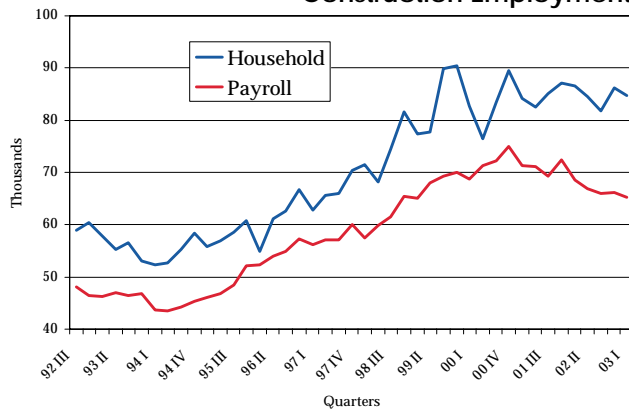
Construction

Cement Sales



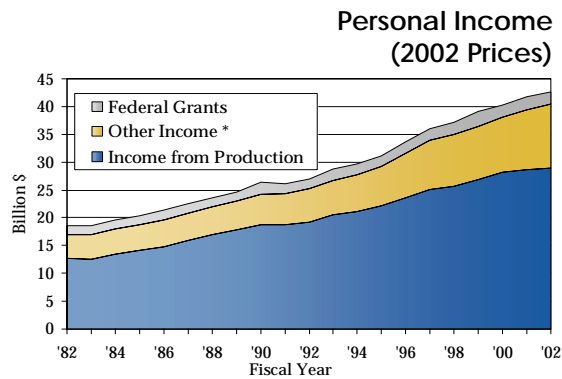
* Cumulative figures for the first nine months of FY03 (July 02 to March 03).

Construction Employment



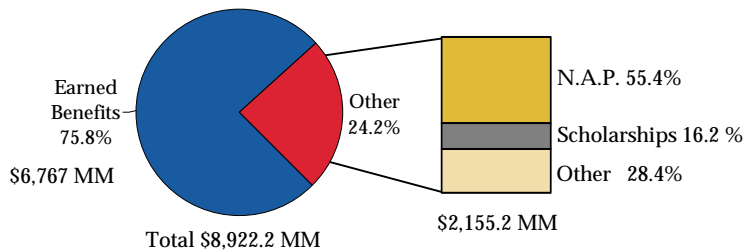
- Concurrent with the recent slowing of construction growth as shown in the real construction investment chart on page 6, the growth in cement sales has decelerated since FY00. However, the cumulative figures for the first nine months of FY03 show an increase in cement sales of 3.4%.
- The total value of construction permits, another indicator of trends in construction, also is showing a rebound in FY03. After a 27% decline in FY02, the total value of construction permits increased 26% in the first nine months of FY03. The growth is distributed among industrial, commercial, and residential permits.
- Construction employment, according to the Household Survey, which includes self-employment, has remained more or less flat in the last few years, but at a relatively high level of employment. However, the results of the new benchmark revision of the Payroll Survey showed that the sector lost payroll jobs in FY02 and during the first nine months of FY03.

Personal Income

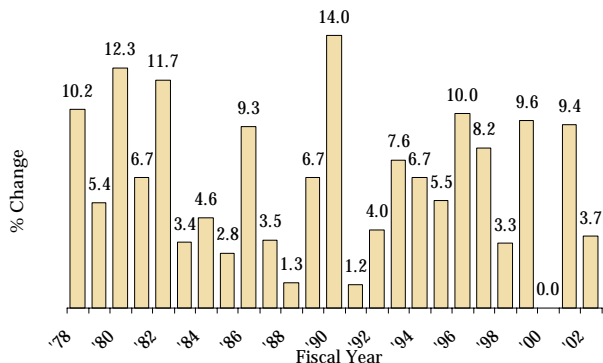


* Includes federal & local earned benefits.

Federal Transfer to Persons 2002



Change of Federal Transfers to Persons



- Income derived from production activities (mainly employees' compensation) rose 2.8% in FY02. Income from production activities was responsible for 68% of total personal income in that same year.
- Federal transfers to persons reached \$8.9 billion in FY02. This amount represented an increase of \$316.3 million, or 3.7% over the FY01 numbers. Social Security benefits provided 97% of that growth. Indeed, in the last three fiscal years, Social Security benefits grew by more than one billion dollars, the equivalent of a 31% increase.
- Earned benefits, like Social Security, Medicare and Veterans' benefits, amounted to 75.8% of federal transfers to persons, and grants made up the balance. Grants consist primarily of transfers through the Nutritional Assistance Program (former food-stamp program) and scholarships (Pell Grants).

Economic Sectors

Net Income by Economic Sector
Fiscal Year
(Percent Share)

	1980	2002
	%	%
Agriculture	3.5	1.0
Construction	2.7	2.6
Manufacturing	38.4	45.7
Mining	0.1	0.1
Government	15.3	10.2
Total Service	39.9	40.5
TCPU	8.3	5.7
Trade	13.0	9.8
FIRE	9.7	15.0
Service	9.0	10.0

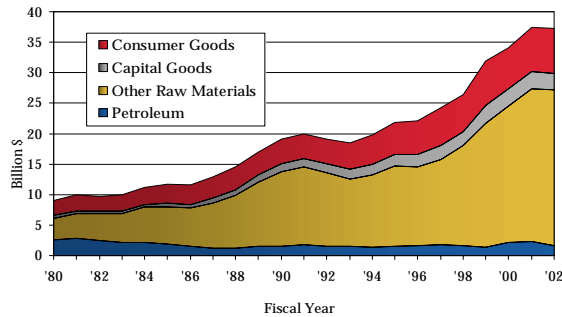
Non-Farm Payroll Employment
by Economic Sector
Fiscal Year
(Percent Share)

	1980	2002
	%	%
Construction	5.5	7.1
Manufacturing	22.7	13.1
Mining	0.1	0.1
Government	36.4	27.9
Total Service	35.2	51.7
TCPU	2.5	3.3
Trade	16.6	21.8
FIRE	3.9	4.7
Service	12.2	21.9

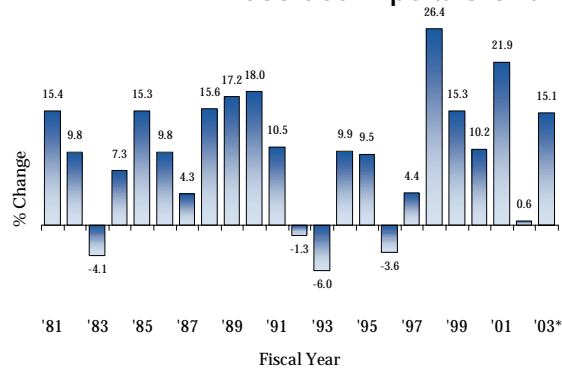
- Total net domestic income grew 3.2% to \$61.5 billion in FY02. Manufacturing net income, which in FY01 grew an outstanding 21%, as a result of strong growth in exports, increased another 4%, in nominal terms, in FY02.
- The slow growth in manufacturing net domestic income in FY99 and FY00 apparently is related to the conversion to Controlled Foreign Corporations (CFC) of key manufacturing companies. Under the new corporate scheme, manufacturing companies pay royalties to their parent companies and a 10% tax to the local Treasury Department. As a result of these conversions, this amount of funds represents a cost for the company instead of a profit.
- Services continue to dominate the job market. In FY02, its combined share of payroll employment increased to 51.7% from 51.5% in FY01. The government share of total payroll employment has continued to decline. In FY00 it dropped below 30% of total employment, and in FY02 stood at 27.9% of non-farm payroll employment.
- In addition to its role in generating income and jobs, key activities within the services sector are an important counter-cyclical force during the downside of the business cycle.

External Trade

Economic Classification
Adjusted Merchandise Imports

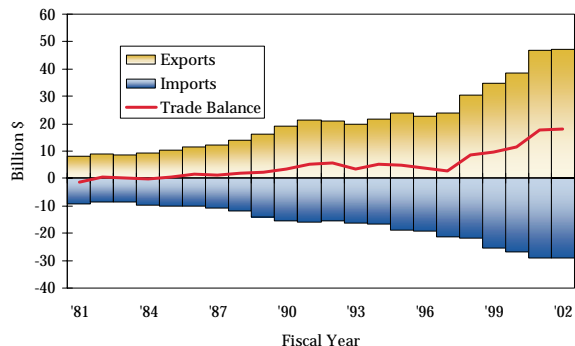


Recorded Exports Growth



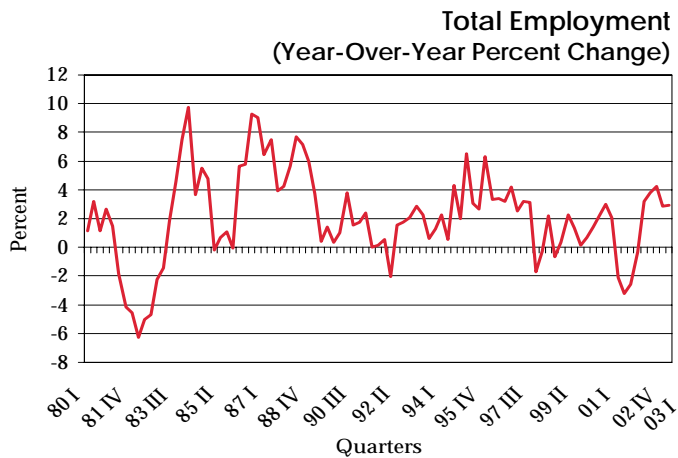
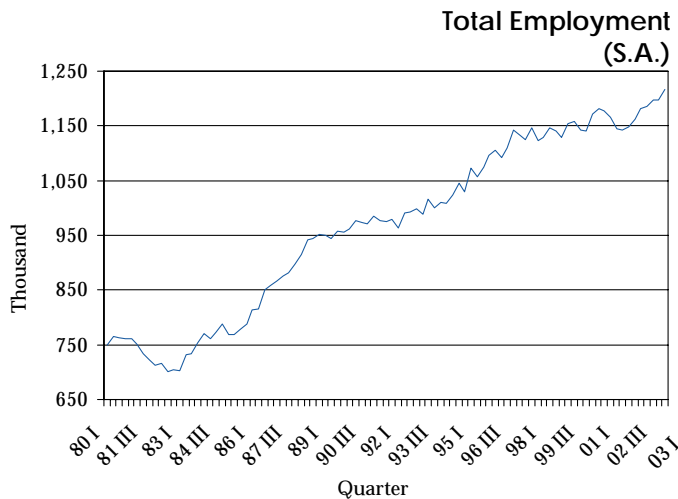
* Cumulative figures from July to March 2003.

Recorded Merchandise Trade



- Puerto Rico imports most of the raw materials and petroleum products needed for production and consumption. The growth of manufacturing exports explains the strong increase in raw materials imports, a nominal increase of 82.4% in the last five fiscal years (FY97 to FY02).
- Since FY97, recorded exports have almost doubled, with a cumulative increase of 97%. After a pause in FY02, exports continued growing in FY03, with a 15.1% increase in the first nine months of the fiscal year.
- Pharmaceutical exports have been the driving force behind total exports growth. In just four years, drug exports have more than tripled, from \$8.3 billion in FY97 to \$31.1 billion in FY02. Antidepressants, tranquilizers, and antibiotics have been at the top of the list.
- Petroleum imports have declined in the last two fiscal years, as a result of a slower economy, more efficiency in the use of energy and the phase-in of operations of two electricity cogeneration plants, one burning natural gas and the other coal.

Employment Household Survey



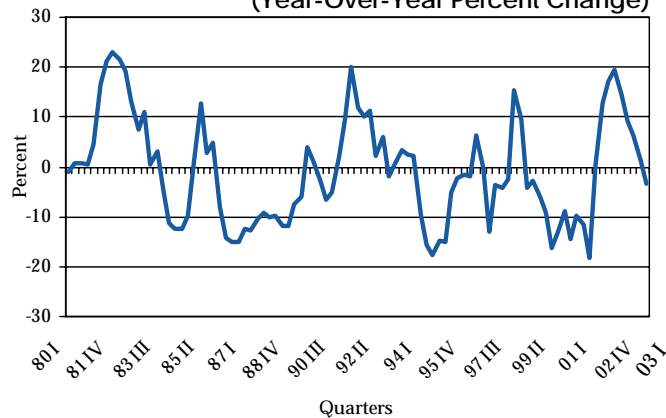
- In FY02, total employment, according to the Household Survey, grew 1% to 1,169,600, for a gain of 11,700 jobs from FY01.
- The Household Survey, which includes self-employment, has increased by 3.3%, or 38,700 jobs, in the first nine months of FY03, which is the highest annual increase for the first nine months of a fiscal year since FY97. If this trend continues, it should have a positive impact on FY03 overall growth.
- The Household Survey's total employment has followed a long-term expansion trend. Total employment, according to the Household Survey, increased from 976,900 in FY90 to 1,200,300 in the first nine months of FY03. The annual compound growth rate has averaged 1.6% over the last thirteen years. The annual growth rate accelerated to 3.7% during FY95 to FY97 and then fell to 0.7% between FY97 and FY02. The growth rate rebound to 3.3% during the first nine months of FY03.

Unemployment

Unemployment Rate (S.A.)

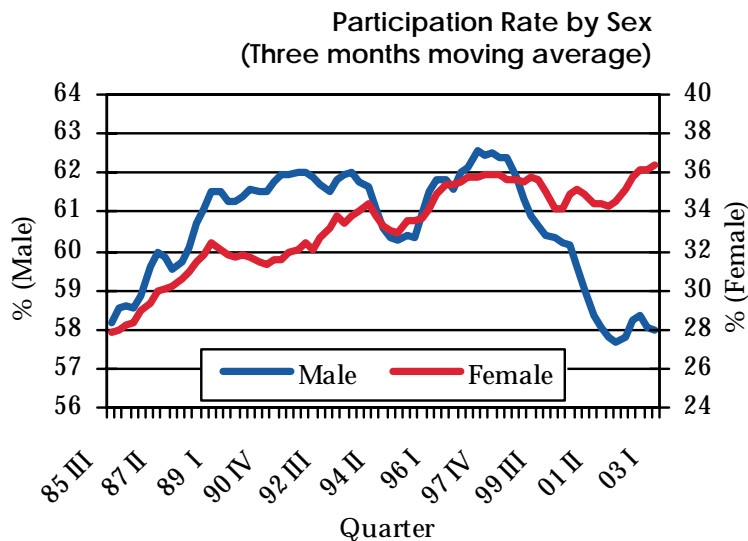
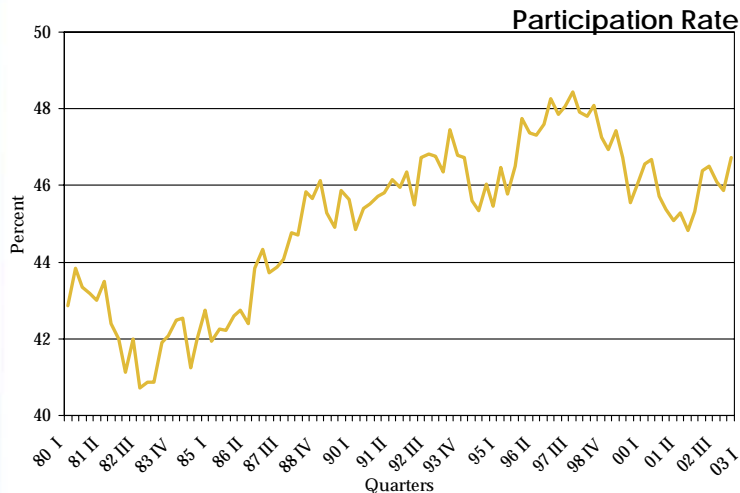


Unemployment Rate
(Year-Over-Year Percent Change)



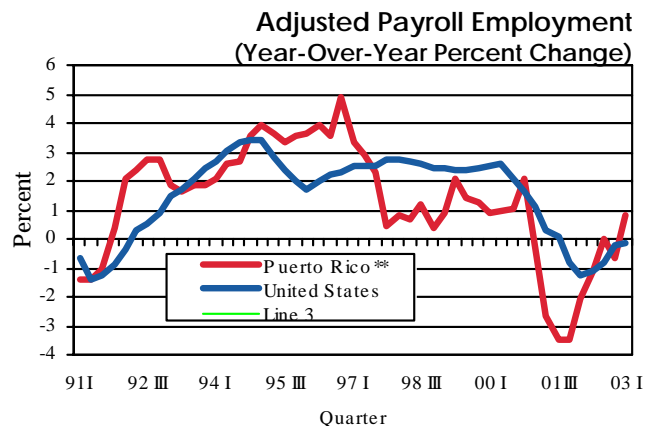
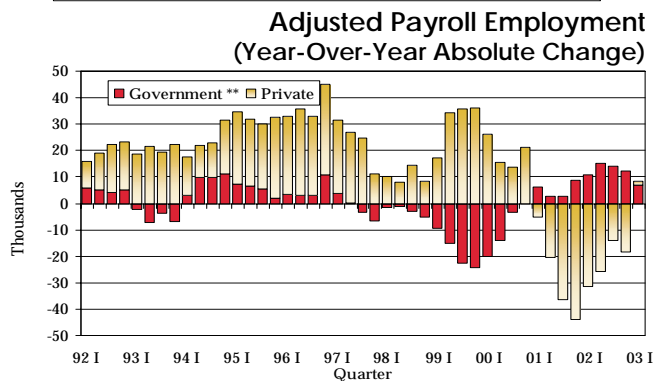
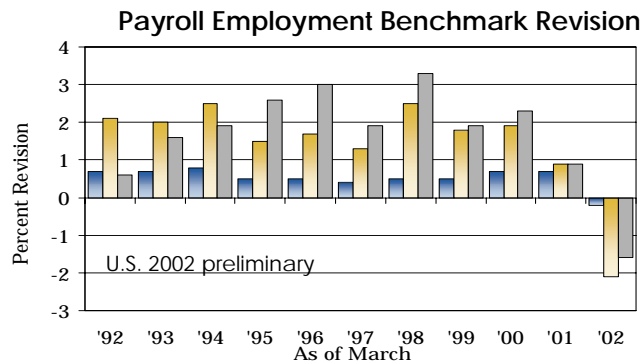
- As economic activity slowed during FY02, unemployment rose with the unemployment rate rising 1.5 points, up from 10.5% in FY01 to 12.0% for FY02.
- An above average increase in the non-institutional civilian population 16 years and over, combined with an increase in the participation rate explains some of the growth in employment and unemployment in FY02 and in the first nine months of FY03.
- Over the last 20 years, Puerto Rico's unemployment rate has declined by about 50% and, despite a recent reversal corresponding to the slowing economic activity, is at a long-term low.

Participation Rate



- The participation rate shows the percentage of the working age population that is part of the labor market, either employed or unemployed. In FY02, the participation rate was 45.8%, up slightly from 45.4% in FY01. After hitting a 10 year low of 45%, the rate has begun to trend upward. The average rate of the first nine months of FY03 shows further growth in this key indicator, caused in part by an increase in female participation.
- The counterpart of the participation rate, called the employment rate, is the number of persons employed divided by the non-institutional civilian population 16 years and over. For FY02 that rate was 40.3%, down from a record level of 41.7% in FY97. However, the cumulative figures for FY03, up to march, show a slight increase after five consecutive declines since FY97.
- More important than these numbers, is the sharp decline in the participation rate of the male population that has occurred since FY98. The drop of four percentage points in just four years is almost unprecedented and despite a leveling off during the first nine months of FY03 it represents a real challenge for policy planners to reverse.

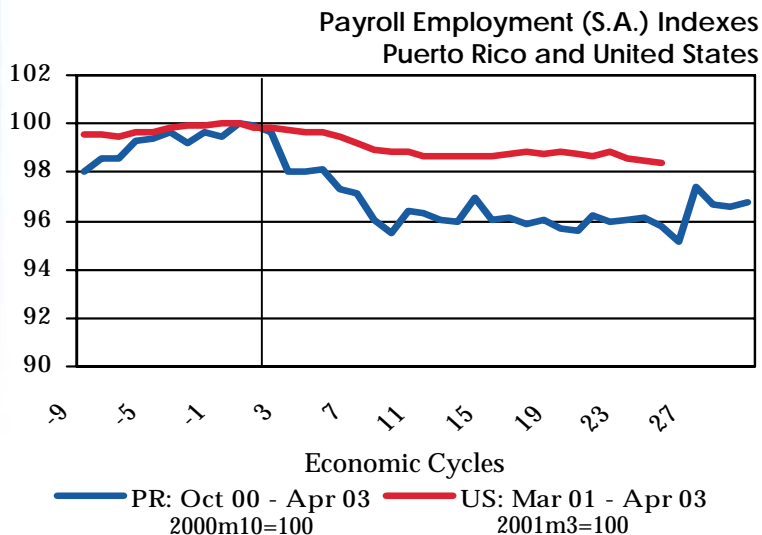
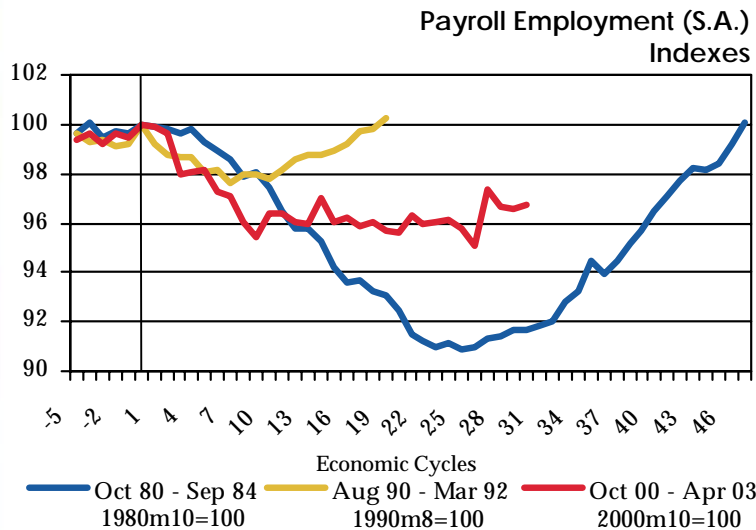
Employment Payroll Survey



- With the release of payroll employment estimates for January 2003, the Puerto Rico Labor Department incorporated the March 2002 benchmarks and converted the data to conform to the 2002 North American Industry Classification System (NAICS). These changes affect data analysis and comparison, primarily at the industry level.
- The same changes were implemented in the U.S. as part of a Federal-State cooperative program, known as the Current Employment Statistics (CES), that produces monthly estimates of payroll employment. CES estimates are among the most closely watched and widely used economic indicators by U.S. public and private policymakers.
- With the release of data for January 2003, the sample based estimates have been adjusted to new benchmarks – comprehensive counts of employment – based primarily on unemployment insurance tax records filed by employers in P.R. and the U.S. with State Employment Security Agencies. The revisions incorporate March 2002 benchmarks and affect data from 2001 forward.
- As shown in the first graph, and according to the methodology and the experience with the Payroll Survey, during periods of economic expansion those revisions mean an improvement over the preliminary report. During periods of contraction or low growth, those revisions mean only a small improvement or decrease over the preliminary report.

** Excludes government summer job programs.

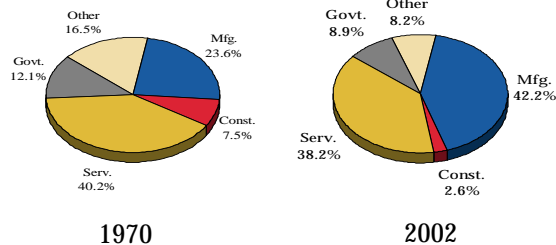
Employment Payroll Survey



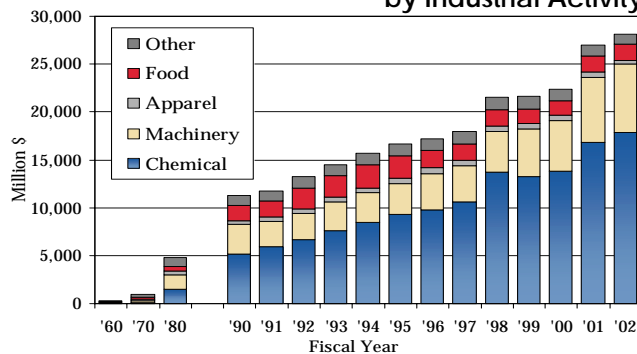
- The first graph shows how payroll employment behaved during the recession of fiscal years 1982 and 1983, the growth pause of fiscal years 1991 and 1992, and during the most recent recession in Puerto Rico. The blue line shows that during the recession of 1982-1983, it took the economy 47 months to regain the pre-recession level of payroll employment. The gold line shows that during the growth pause of 1992 and 1993, it took a little over 2 years to reach pre-recession levels of payroll employment.
- The current decline in the payroll employment indexes of the first graph (red line), is somewhat deeper than the experienced during the growth pause of 1991 and 1992. But it also shows that it was less deep than the recession of 1982 and 1983.
- The monthly data also suggest that we have already hit bottom and are going through a turnaround. All these figures already incorporate the January 2003 release of the benchmark revision for March 2002, which affects data from 2001 forward.
- The second graph shows that in a comparison with the U.S., Puerto Rico began the slowdown five months before and it has lost proportionally more jobs than the U.S. This could be tied to the structural problems of the Island's manufacturing sector, which has lost a significant amount of jobs in the last few years, primarily in labor intensive industries.

Manufacturing

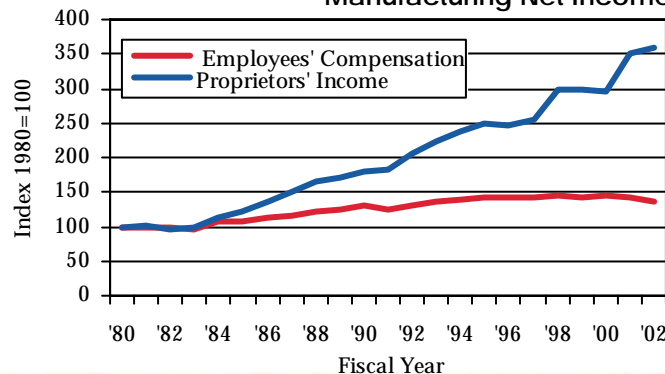
Gross Domestic Product
by Economic Sector
(Percent Share)



Manufacturing Net Domestic Income
by Industrial Activity

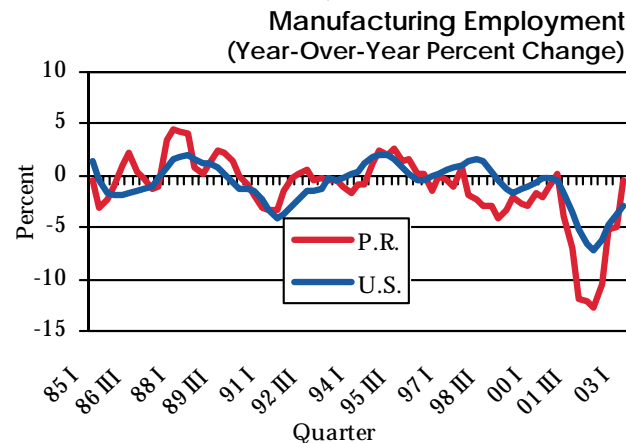
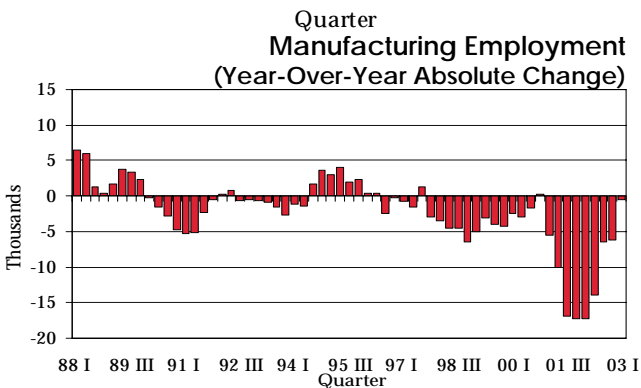


Manufacturing Net Income



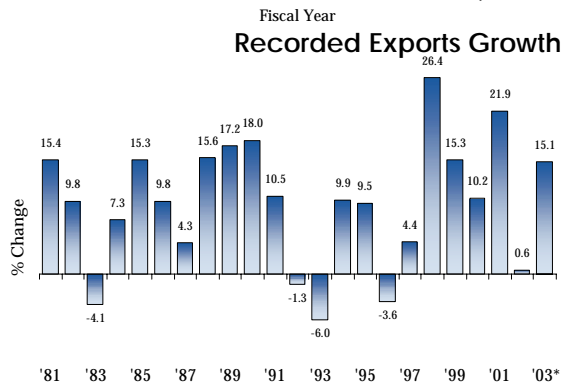
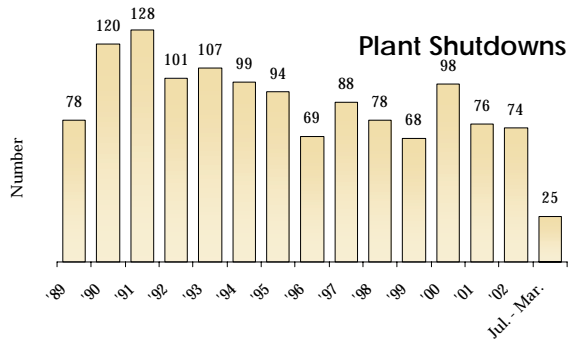
- Manufacturing remains a major force behind the economy. The share of manufacturing in Gross Domestic Product in FY70 was 23.6%. By FY02, manufacturing accounted for 42.2% of GDP.
- In terms of net domestic income, the chemical industry is the cornerstone of the manufacturing sector, with a 63.7% share. In FY02, the industry's net domestic income grew 6.5% in line with the 8.3% nominal increase in chemical exports in FY02.
- Due to the large number of capital intensive industries in the manufacturing sector, total property income (mainly profits) has increased at a rate faster than total employees' compensation. This is "indicative" of a significant growth in manufacturing productivity.

Manufacturing

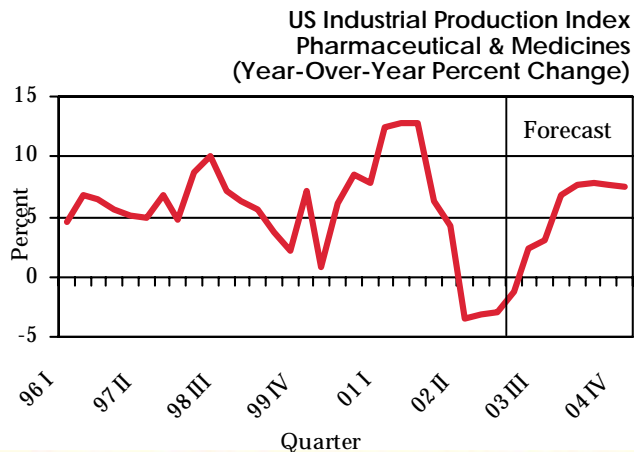


- As in the U.S., manufacturing employment was especially hard hit by the recent recession. Employment lost in this sector came primarily from labor intensive textiles, apparel, leather and canned tuna.
- Mixed employment results occurred in electronics and instruments due to some labor-intensive operations similar to apparel and volatile, short product life cycles, but high value-added operations are expanding.
- While labor intensive manufacturing continues its downward trend, most high-tech manufacturers are expanding their operations as Controlled Foreign Corporations (CFC). The pharmaceutical industry, for instance, recorded a 6.9% and 6.3% increase in employment in CY01 and CY02, respectively, the highest growth rates in many years. The comparative rates for the U.S. were 2.6% and 2.7% in the same period.
- The pharmaceutical industry is an anti-cyclical industry which always has shown great resilience during the downside of the business cycle. This industry, which has developed blockbuster drugs and technology to maintain its global competitiveness, has been the driving force of the growth in exports in the last few years.

Manufacturing



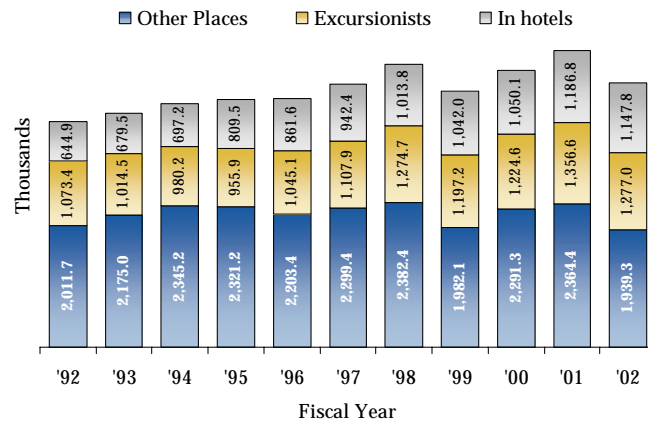
* Cumulative figures from July to March 2003.



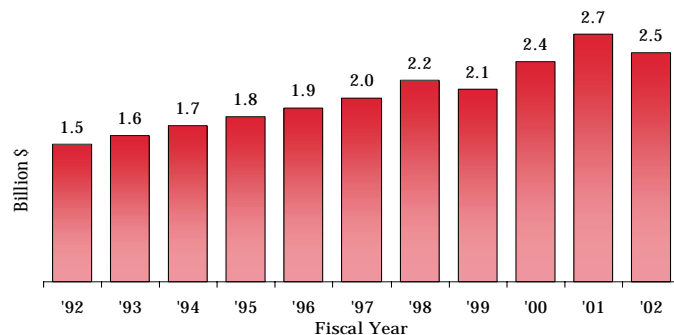
- In FY01, there were 76 plant shutdowns. Total jobs lost amounted to 4,156. In FY02, a total of 2,498 jobs were lost from 73 plant shutdowns, a significant reduction in lost employment that continues into FY03. In the first nine months of FY03, there were 25 plant shutdowns with a total job loss of 464.
- Despite the drop in employment, total manufacturing production remained strong as reflected in export growth. Merchandise exports, primarily from the pharmaceutical industry, have grown significantly since FY97. Occurring without large employment gains, this performance "suggests" an extraordinary increase in manufacturing labor productivity.

Tourism

Number of Visitors

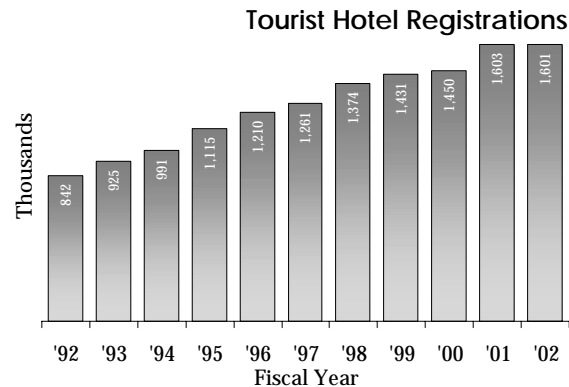
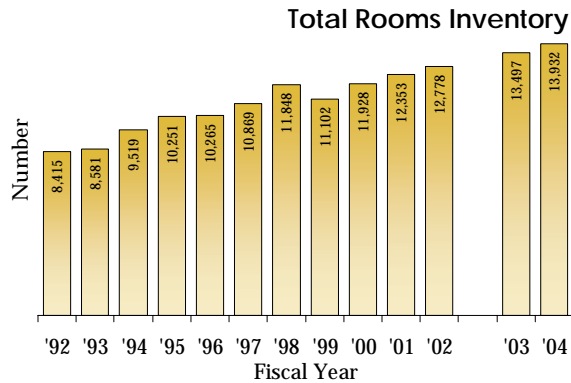


Visitor Expenditures



- When measured in terms of direct expenditures by non-residents tourists, tourism represents a small segment of the economy. The current 5.5% share of GNP suggests that tourism activity has a relatively small impact on general economic activity. However, its importance is much greater, in terms of employment and income multipliers, than what this figure would suggest. Nonresident as well as resident expenditures in tourism activities provide links, directly and indirectly, to such economic activities as transportation, communications, trade, service, restaurants, entertainment, and many others.
- Throughout the last decade Puerto Rico experienced consistent growth in the number of visitors coming to the island. Up to FY02, the average annual growth rate has been 1.6%. This growth is fundamentally due to tourist lodging in hotels, which has grown 5.9% annually during this period. The only years where this was not true were FY99 and FY02, due to the effects of Hurricane Georges and the recent recession, respectively. In spite of these events, the number of US visitors coming to the island remains strong. Over 4 million visitor arrivals were recorded during FY02, 71% were tourists and 37% of these made their lodgings in the island's hospitality industry. Approximately, 90% of tourists staying in hotels came from the US.
- Over 90% of visitors expenditures can be classified as tourist related. This illustrates the importance of non resident land base expenditures to the island's tourism sector.

Tourism



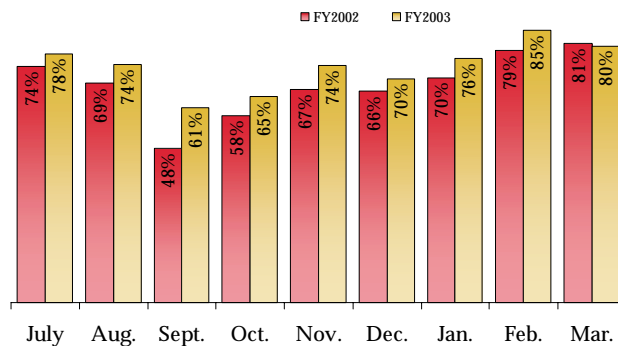
Tourist Hotel Construction for Fiscal Year 2003-05

Hotel	Location	Num. of Rooms	Beginning Year of Operations	Approximate Costs (millions)
Costa del Sol	Aguadilla	160	March 2003	\$365
Casa Bonita	Culebra	164	March 2003	20
Cayo Largo Intercontinental	Fajardo	314	April 2003	119
Caguas Hampton Inn	Caguas	125	June 2003	30
Paradisus-Sol Meliá	Río Grande	490	Nov. 2003	147
Ponce Hilton (Expansion)	Ponce	100	March 2004	16
Condado Beach Trio	San Juan	319	Nov. 2004	183
King's Palace Resort	Aguadilla	110	Dec. 2004	11
Condado Lagoon Villas	San Juan	264	Dec. 2005	39
Fairmont Resort	Río Grande	412	May 2005	158
Legado Resort	Guayama	189	June 2006	105

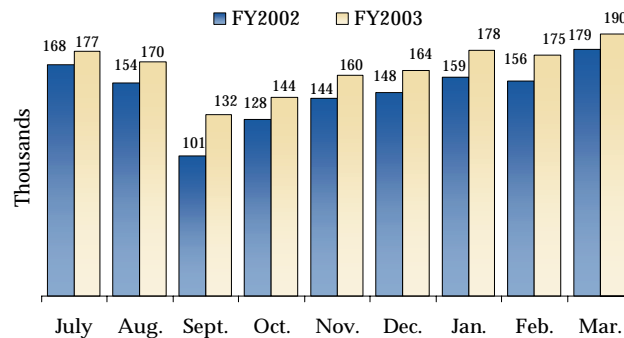
- From FY92 to FY00 the total stock of rooms grew from 8,415 to 11,928, an average increase of 4.5% per year. 2,536 new tourist rooms were added, amounting to 72.8% of the total new rooms. This translated into an increase of approximately 5.0% in tourist room availability. Most of the increase came from the opening of major hotel chains such as Westin Rio Mar, Embassy Suites, San Juan Colony, The Wyndham Old San Juan, Hampton Inn and the Ritz Carlton, which together added more than 2,250 rooms. Since FY00 the yearly increase in inventories has been around 3.5%, and over 400 units have been added to the stock of tourist rooms.
- In spite of this expansion, the overall occupancy rate at tourist hotels during this period has been, on average, around 70%. When measured by room occupancy, the demand for lodging in tourist hotels outpaced growth in room availability by 1.0%. In terms of tourist room registrations, the demand has grown even faster, 7.0% annually during the same period. Over 70.0% of those registrations are by non residents.
- The long run trend in new hotel construction is expected to continue, although not at the same pace as the decade before. As of February 2003, new additions to the total supply of lodging facilities amount to 669 rooms. The recent reopening of Marriott Courtyard (formerly Crowne Plaza) in Isla Verde and the formal opening of Martineau Bay Resort (construction ended two years ago) have added 411 tourist rooms, 61.4% of the new additions. Still under construction is the Hotel Sol Meliá, part of one of Europe's largest hotel chains and the first all-inclusive resort on the Island which will add more than 490 rooms to the island's inventory. Also under construction are Cayo Largo Resort, Caguas Hampton Inn, Condado Lagoon Villas, Costa Bonita, Costa Caribe (Ponce Hilton) and Legado Resort which are expected to add a total of 1,646 new rooms.

Tourism

Daily Occupancy Rates

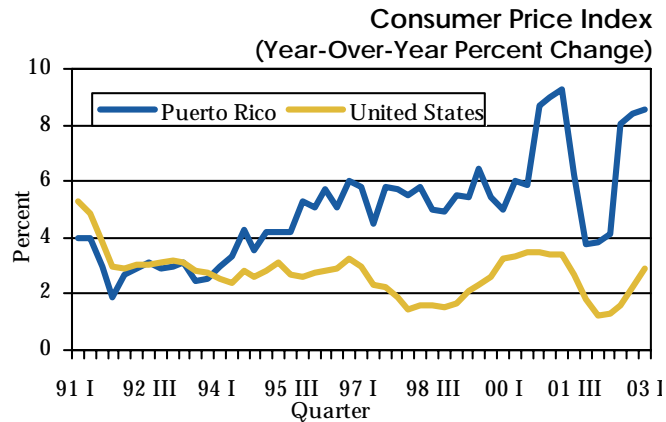


Hotel Room Occupancy

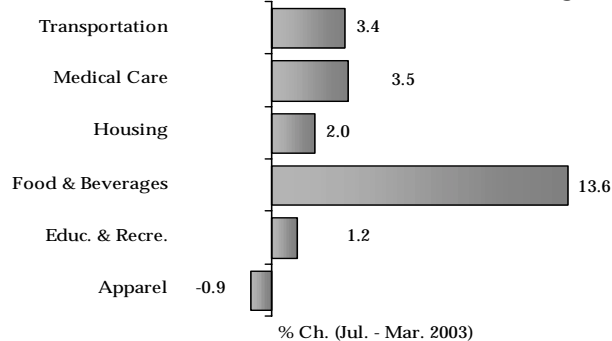


- According to the current daily hotel occupancy survey (designed to measure short term trends), the island's overall occupancy rates show the same level than last year's comparable figures. Although daily occupancy rates (DOR) tend to be slightly higher than the actual monthly occupancy rates, during the first nine months (July through March) of the present fiscal year, DOR averaged 80%. For FY02 the rates for the comparable months averaged 81%. Both DOR rates are fairly high, particularly when we consider the uncertainty that has prevailed in the travel market since the events of September 2001 and the possible adverse consequences of the war with Iraq.
- The present high season (December through April) will probably show a higher room occupancy than the previous high season. Up to February 2003, room occupancy had grown 11.8% while rooms available were up by 4.1%. The DOR rate stood at 76.6%.

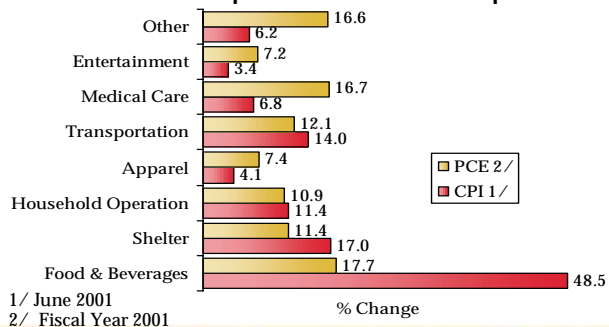
Inflation



Consumer Price Index by Principal Category
(Year-Over-Year Percent Change)



Consumer Price Components' Relative Importance

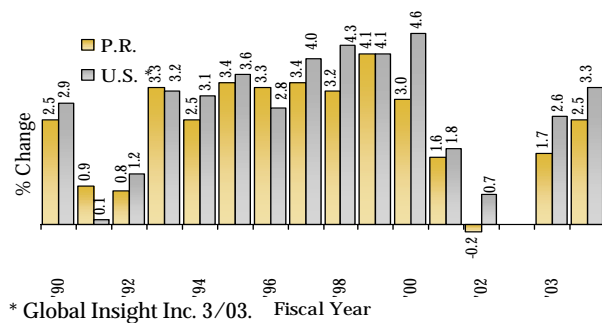


- A growing trend in consumer price rises with annual rates in excess of 5%, even at a 9% level just a few quarters ago, has come to a halt in the last few months. The divergence from price trends in the U.S. persisted for six fiscal years. For the first time since FY95, inflation increased around the 4% level in FY02.
- The main reason for this divergence has to do with the fact that the market basket of goods and services used to estimate changes in prices is based on the 1977 Study of Income and Expenditures of Families. This system of weights has become outdated and, we believe, has significantly overstated the overall movements of the CPI, given the changes in consumer consumption patterns that have occurred over the last two decades. A new government funded Study of Income and Expenditures is now underway at a cost of \$4 million. The study was expected to be finished by the end of CY01, but delays have moved the ending date to this summer.
- Instability and uncertainty in the energy front continue to put upward pressure on oil prices.

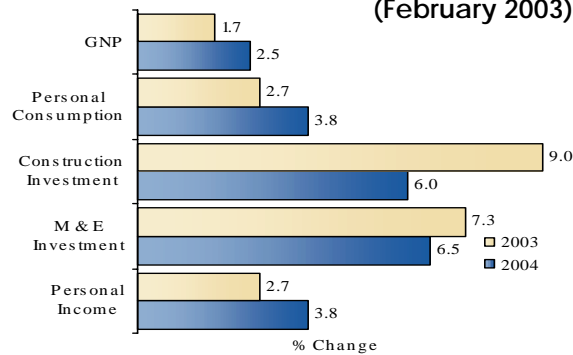
* Estimated with January and February figures.

Forecast

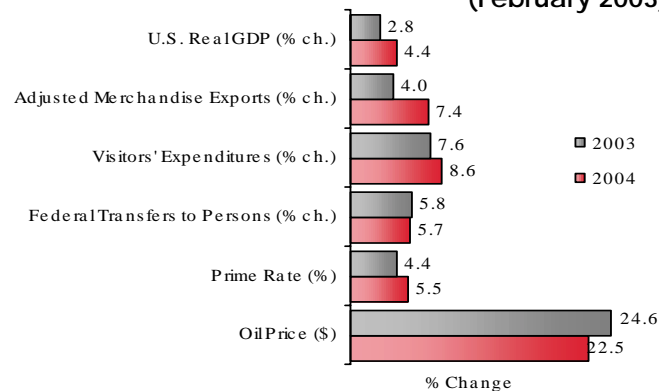
Real GNP Growth Rate



Macroeconomic Variables for GNP Forecast
(February 2003)

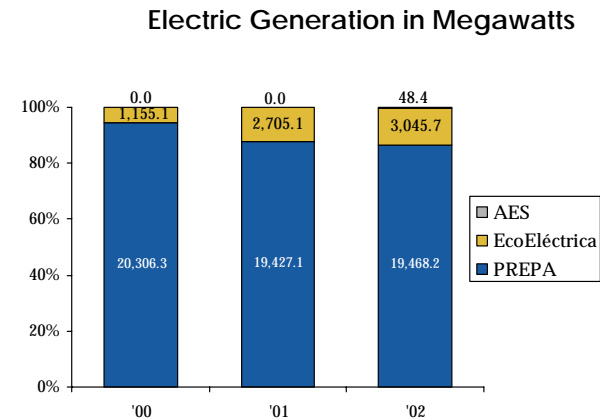
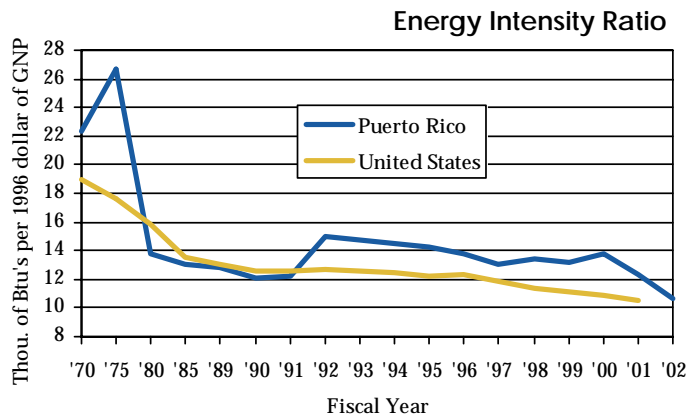
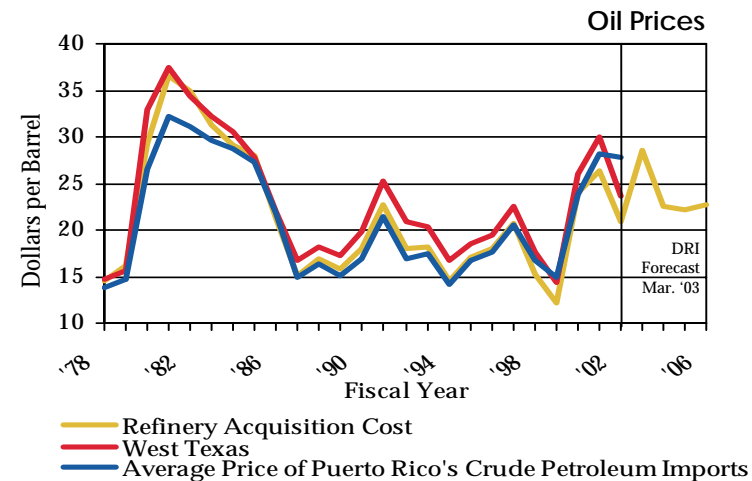
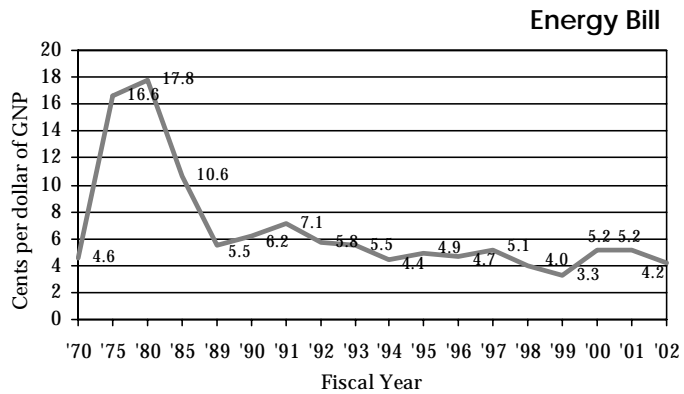


Exogenous Variables for GNP Forecast
(February 2003)



- The Planning Board, the agency that prepares the official economic forecast, is projecting slow recovery in FY03. According to the Board, growth for FY03 should be around 1.7%. Following the U.S. economic trend, in FY04, economic growth should rebound to 2.5%.
- The major risks in the near term are: the length of the war in Iraq, further terrorist attacks, increases in oil prices beyond those already forecast, and a decrease in total recorded exports, which could affect the leading role that the external sector has played in the last few years. If this occurs, then the domestic demand (i.e., personal consumption expenditures, fixed capital investment, and government expenditures) will have to fill the void of the external sector in order to avoid further economic declines.

Energy Trends





Sensitivity Analysis

Impact of the Growth of the United States GNP and Oil Prices on the Puerto Rico GNP Growth Rate March 2003

Oil Price	US GNP Growth (%)												
	0.0	0.6	1.1	1.6	2.1	2.6	3.1	3.6	4.1	4.6	5.1	5.6	6.1
11.00	1.94	2.40	2.79	3.17	3.56	3.94	4.32	4.71	5.09	5.48	5.86	6.24	6.63
12.00	1.74	2.20	2.59	2.97	3.36	3.74	4.12	4.51	4.89	5.28	5.66	6.04	6.43
13.00	1.54	2.00	2.39	2.77	3.15	3.54	3.92	4.31	4.69	5.07	5.46	5.84	6.23
14.00	1.34	1.80	2.18	2.57	2.95	3.34	3.72	4.10	4.49	4.87	5.26	5.64	6.02
15.00	1.14	1.60	1.98	2.37	2.75	3.13	3.52	3.90	4.29	4.67	5.05	5.44	5.82
16.00	0.94	1.40	1.78	2.16	2.55	2.93	3.32	3.70	4.08	4.47	4.85	5.24	5.62
17.00	0.73	1.20	1.58	1.96	2.35	2.73	3.12	3.50	3.88	4.27	4.65	5.04	5.42
18.00	0.53	0.99	1.38	1.76	2.15	2.53	2.91	3.30	3.68	4.07	4.45	4.83	5.22
19.00	0.33	0.79	1.18	1.56	1.94	2.33	2.71	3.10	3.48	3.86	4.25	4.63	5.02
20.00	0.13	0.59	0.97	1.36	1.74	2.13	2.51	2.89	3.28	3.66	4.05	4.43	4.81
21.00	-0.07	0.39	0.77	1.16	1.54	1.93	2.31	2.69	3.08	3.46	3.85	4.23	4.61
22.00	-0.27	0.19	0.57	0.96	1.34	1.72	2.11	2.49	2.88	3.26	3.64	4.03	4.41
23.00	-0.47	-0.01	0.37	0.75	1.14	1.52	1.91	2.29	2.67	3.06	3.44	3.83	4.21
24.00	-0.68	-0.22	0.17	0.55	0.94	1.32	1.70	2.09	2.47	2.86	3.24	3.62	4.01
25.00	-0.88	-0.42	-0.03	0.35	0.73	1.12	1.50	1.89	2.27	2.65	3.04	3.42	3.81
26.00	-1.08	-0.62	-0.23	0.15	0.53	0.92	1.30	1.69	2.07	2.45	2.84	3.22	3.61
27.00	-1.28	-0.82	-0.44	-0.05	0.33	0.72	1.10	1.48	1.87	2.25	2.64	3.02	3.40
28.00	-1.48	-1.02	-0.64	-0.25	0.13	0.51	0.90	1.28	1.67	2.05	2.43	2.82	3.20
29.00	-1.68	-1.22	-0.84	-0.46	-0.07	0.31	0.70	1.08	1.46	1.85	2.23	2.62	3.00
30.00	-1.89	-1.43	-1.04	-0.66	-0.27	0.11	0.49	0.88	1.26	1.65	2.03	2.41	2.80
31.00	-2.09	-1.63	-1.24	-0.86	-0.47	-0.09	0.29	0.68	1.06	1.45	1.83	2.21	2.60
32.00	-2.29	-1.83	-1.44	-1.06	-0.68	-0.29	0.09	0.48	0.86	1.24	1.63	2.01	2.40
33.00	-2.49	-2.03	-1.65	-1.26	-0.88	-0.49	-0.11	0.27	0.66	1.04	1.43	1.81	2.19
34.00	-2.69	-2.23	-1.85	-1.46	-1.08	-0.70	-0.31	0.07	0.46	0.84	1.22	1.61	1.99
35.00	-2.89	-2.43	-2.05	-1.67	-1.28	-0.90	-0.51	-0.13	0.25	0.64	1.02	1.41	1.79
36.00	-3.10	-2.63	-2.25	-1.87	-1.48	-1.10	-0.71	-0.33	0.05	0.44	0.82	1.21	1.59
37.00	-3.30	-2.84	-2.45	-2.07	-1.68	-1.30	-0.92	-0.53	-0.15	0.24	0.62	1.00	1.39
38.00	-3.50	-3.04	-2.65	-2.27	-1.89	-1.50	-1.12	-0.73	-0.35	0.03	0.42	0.80	1.19
39.00	-3.70	-3.24	-2.86	-2.47	-2.09	-1.70	-1.32	-0.94	-0.55	-0.17	0.22	0.60	0.98
40.00	-3.90	-3.44	-3.06	-2.67	-2.29	-1.90	-1.52	-1.14	-0.75	-0.37	0.02	0.40	0.78
41.00	-4.10	-3.64	-3.26	-2.87	-2.49	-2.11	-1.72	-1.34	-0.95	-0.57	-0.19	0.20	0.58