

# ECONOMIC NEWSLETTER



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Welcome to the 2021 first issue of the ***Puerto Rico Chamber of Commerce Economic Newsletter***. This monthly report, prepared by economist Gustavo Vélez, from Inteligencia Económica, will report about economic trends in the United States and Puerto Rico. During these uncertain times, it is more valuable than ever to keep informed and have hands-on information on the tendencies and forces shaping our economy. Please enjoy this issue and let us know your comments and recommendations.

Juan Carlos Agosto  
President & Chairman of the Board  
Puerto Rico Chamber of Commerce



This first issue of 2021 of the ***Puerto Rico Chamber of Commerce Economic Newsletter*** hopes to shed light on the events during January 2021 and what we can expect in the coming months. This monthly newsletter is prepared by economists and researchers at Inteligencia Económica, with the support of the Puerto Rico Chamber of Commerce. We hope this adds value to your business decisions and provide a clearer view of economic trends and business intelligence. If you want more detailed analysis, please access our platform at [EconomiaPR.com](http://EconomiaPR.com). Thank you for your support!

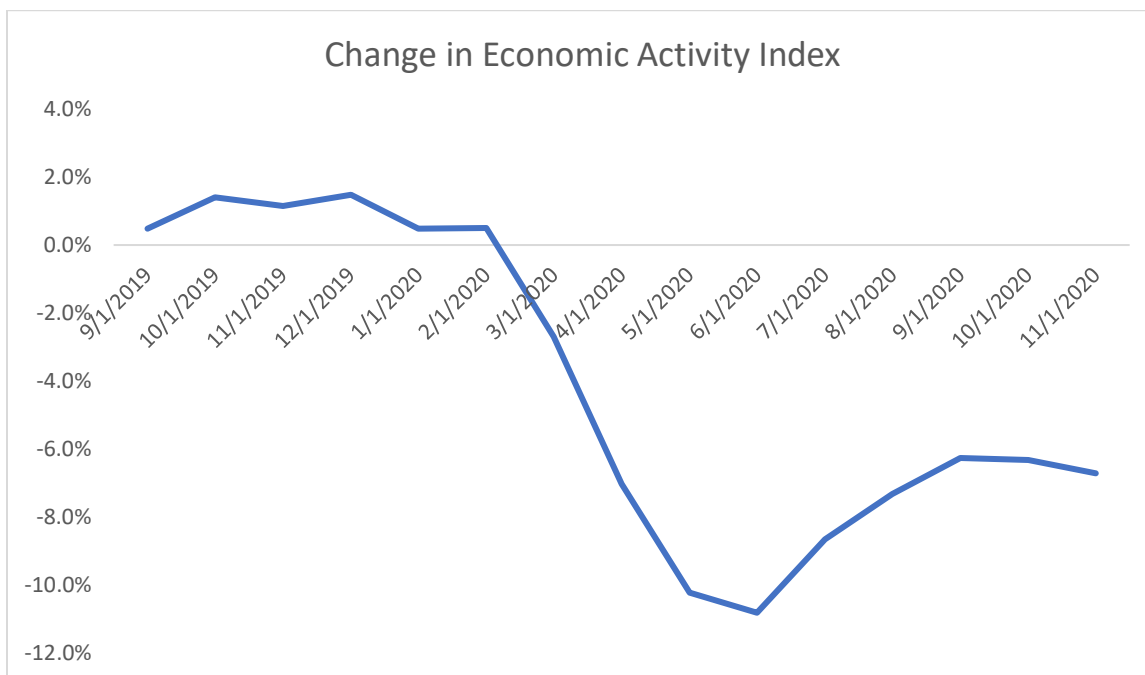
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Senior Economist & Founder  
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# Economic Activity Index down 6.7%

The economic activity index, a primary measure of economic growth on the island, has been showing a downwards tendency since the beginning of the COVID-19 pandemic. Measures that have been necessary to control the spread of COVID-19 have taken a heavy toll on the island's economy.

The economic activity index for the month of November in Puerto Rico stood at 115.1. Compared with the previous month, there was a decrease of 0.4 index points, or 0.3%. Compared with November 2019, there was a decrease of 8.3 index points, or 6.7%.

The first of the index's 4 components, non-farm payroll, totaled 819,700 workers for the month of November. Out of the 115,000 jobs that were lost at the beginning of the pandemic, 55,000 have been recovered.

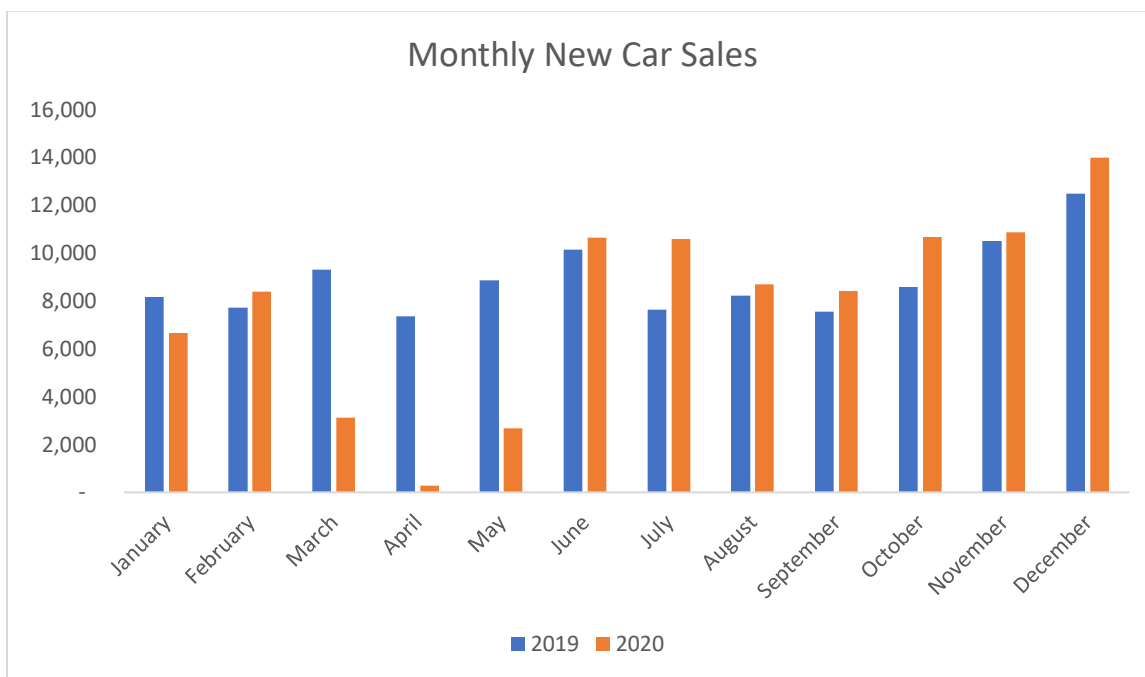


The second of the index's components, energy generation, totaled 1,558 million kilowatt hours. Compared with November 2019, there was a 42.1 mKwh decrease, or 2.6%.

The third of the index's components, gas consumption, totaled 67.6 million gallons in November. Compared with November 2019, there was a 7.1-million-gallon decrease, or 9.5%. This was the tenth consecutive month with a year over year decrease in gasoline consumption.

The last of the index's components, cement sales, totaled 1,253.3 thousand 94lb sacks or a 7.8% reduction in November when compared to the previous month. Heading into December, we can expect this tendency to continue.

### Car Sales Down 10.8% for the year



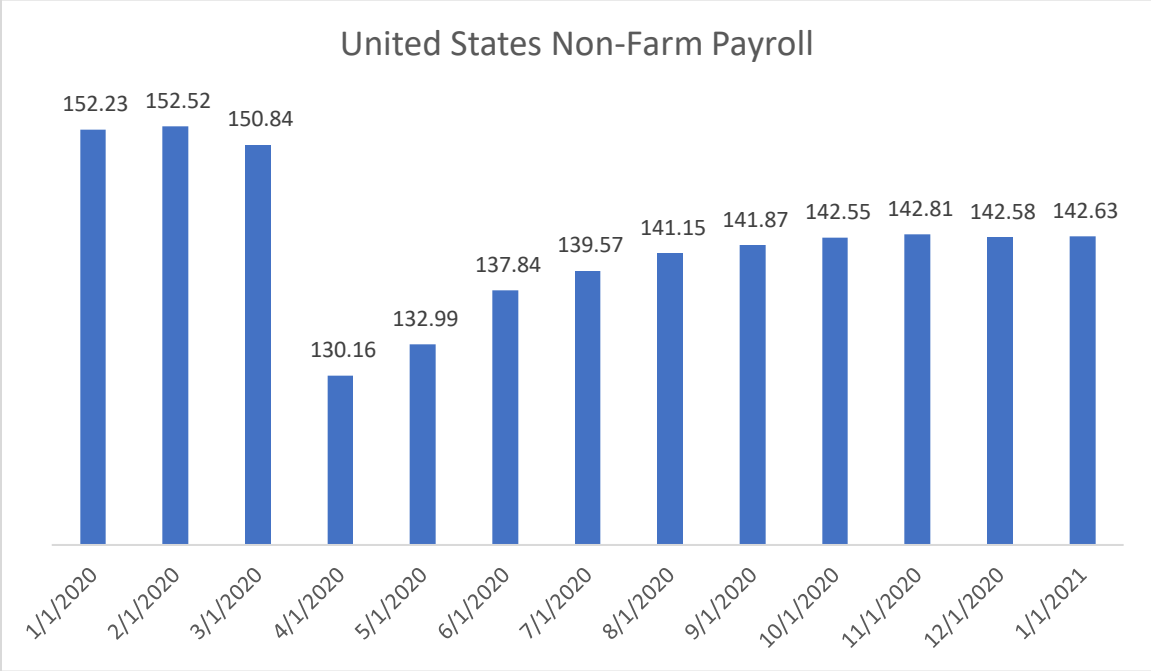
Car sales were amongst the most affected sectors of the local economy due to the closing down of in-person sales in the month of March. Since then, car sales have been above 2019 levels and have shown a high level of growth.

New car sales totaled 95,019 in the year 2020. Compared with 2019, sales decreased by 11,605 units, or 10.8%. This decrease in sales was due to the economic shutdown put in place between March and June because of the COVID-19 pandemic. Sales in these months totaled just 6,085.

The month of December was the best months for car sales in the past 7 years, with a total of 13,983 units being sold. This was an increase of 1,485 units, or 12%, compared to December 2019. It was also the third consecutive month with more than 10,000 new cars sold.

Sales increased after the end of the shutdown; averaging 10,554 units sold each month between June and December. Low interest rates and federal stimulus payments contributed to this boom in sales.

**49,000 new jobs in January in the United States**



The pandemic caused the largest decrease in jobs in the United States since the Great Depression. Employment has been growing since then, but at a slow pace. This tendency seen in the United States could be similar to what we ultimately see in Puerto Rico as we head towards recovery.

Non-farm payroll in the United States totaled 142,631,000 for the month of January 2021. Compared with the previous month of December, 49,000 jobs were added, a growth rate of 0.3%. According to a Reuters report, 50,000 jobs were expected to be added, which makes growth this month a bit below expectations.

Compared to January 2020, non-farm payroll is 6.3% lower. Congressional Budget Office estimates show that these 9.6 million jobs that have yet to be recovered from before the COVID-19 pandemic could take until 2024 to come back.

Bureau of Labor Statistics data shows that retail, leisure and hospitality and healthcare employment are still significantly down compared to before the pandemic. Even with vaccines currently being given to healthcare workers and people over 65 in the United States, current high infection levels make it unlikely that pandemic related economic restrictions currently in place in many states will be able to be lifted any time soon.

Now in 2021, there is reason for optimism. Puerto Rico is amongst the top jurisdictions worldwide in terms of vaccination, which is what will ultimately lead to the end of the pandemic. Coupled with the upcoming stimulus package currently being debated in Congress, job recovery in Puerto Rico looks set to keep going at a steady pace.

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