

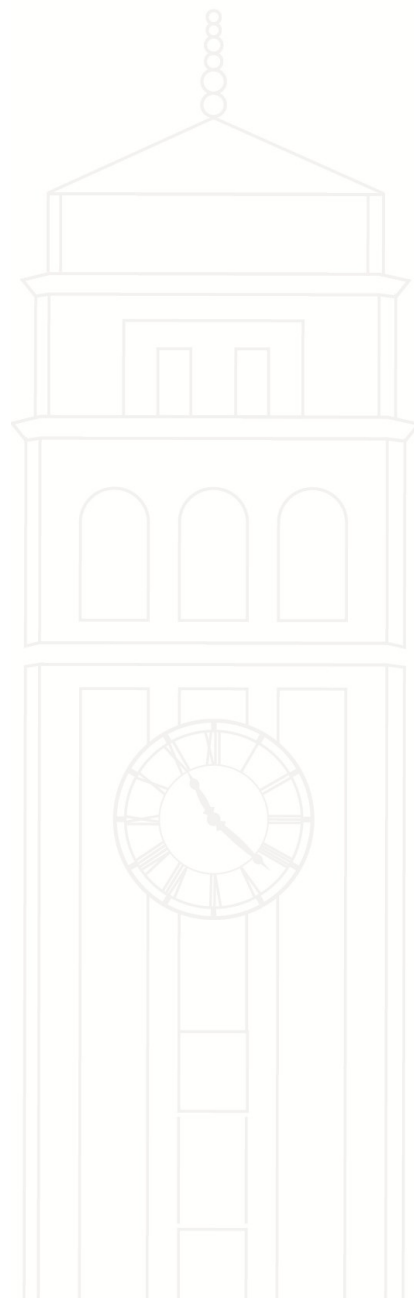


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Inventory of Monthly Economic Indicators Available for Puerto Rico and its Economic Activity

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I. Executive Summary

In this report the recent trends in economic activity in Puerto Rico are broadly evaluated and all the available and economically relevant monthly indicators are presented. The first graphs hold aggregate accounts such as Gross National Product, US subsidies to Puerto Rico, visitors to Puerto Rico, energy generation (with and without solar energy), and total employment. Then, labor market trends, along with demographic factors that may have an impact on them, are analyzed.

The report is divided into seven sections and has 39 economic variables illustrated in graphs or tables, including other economic data such as inflation, net tax revenues, total energy generation entrepreneurial activity, exports and imports, migration, birth, deaths, and poverty rates. Diverse sources such as US Census Bureau, Puerto Rico Planning Board, Puerto Rico Department of Labor, Puerto Rico Treasury Department, Puerto Rico Institute of Statistics, and the Puerto Rico Department of Economic Development and Commerce. All data are shown in fiscal years, unless otherwise stated.

It is found that, after the economic downturn caused by deindustrialization in 2006, the economy of Puerto Rico has grown in the last few years, mostly because of the post-Hurricane Maria reconstruction. This economic growth was observed in

both output (e.g. Gross National Product) and labor (e.g. unemployment rate) indicators.

In relative terms, the composition of the economy has changed: there are higher levels of tourism, solar energy, construction, and services. The case of tourism is particularly noteworthy, as its growth is probably unrelated to the ongoing reconstruction program. All in all, manufacturing is still the largest output sector, but services provide most of the employment.

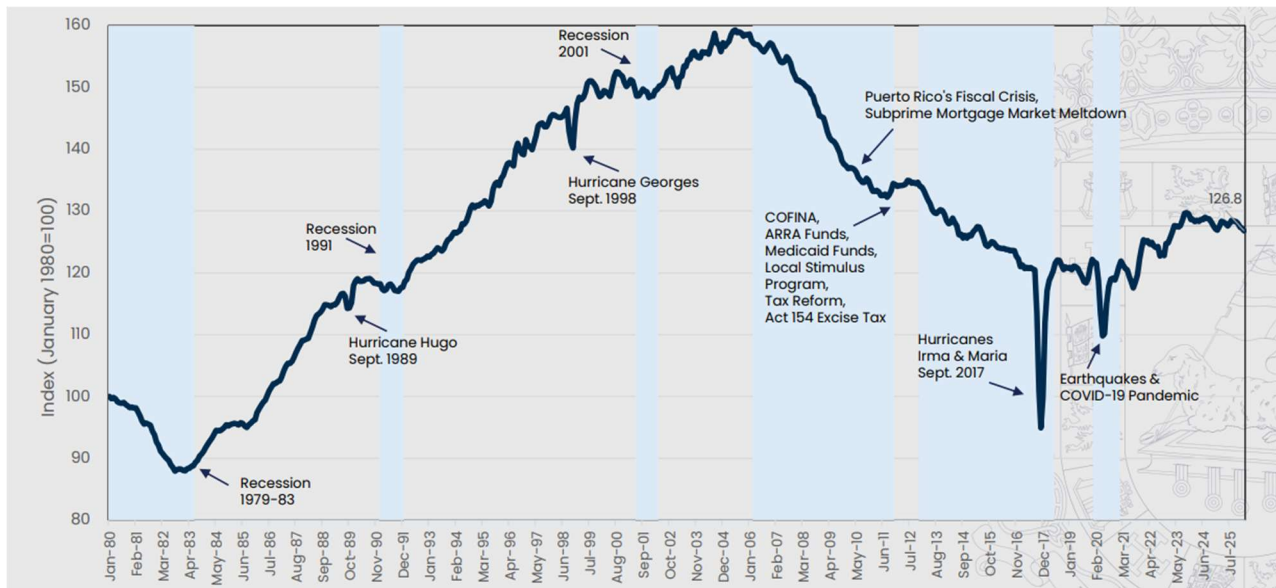
While presenting the macroeconomy, we have collected and presented all the monthly economic variables available for Puerto Rico. Because there are no monthly macroeconomic accounts published in Puerto Rico, this collection of variables is important for updating the Index of Economic Activity of Puerto Rico in the future. To do so, we recommend that this inventory of monthly indicators be evaluated, within a statistical model, in terms of its relevance to increasing the correlation with the preferred annual macroeconomic indicator in Puerto Rico; the Gross National Product. There are both monetary and non-monetary economic variables that can compose the index of economic activity for Puerto Rico. The advantage of the non-monetary variables is that they do not require a price index that removes the inflation effect from them. This point is explained in the sixth section of this report.

II. Macroeconomic Data

National accounts in Puerto Rico are published annually with a lag of 7-14 months. The index of economic activity (EAI) is often used as a timely indicator of the current economic activity. This is a coincidence index published monthly by the Puerto Rico Department of Economic Development and Commerce (DDEC), as shown in Figure 1. The EAI in Puerto Rico is composed of four non-monetary variables: gallons of gasoline sold, kilowatts generated, nonfarm employment and cement bags sold. It has been seasonally adjusted by the statistical technique called TRAMO Seats. The additional advantage of using this instrument was that we did not need price deflators, which could influence the results. The change in the EAI has a high correlation with the GNP, thus shows a similar pattern: the economy grew consistently up to 2006 and then started a downward trend that has been only reversed when additional federal funding was received.

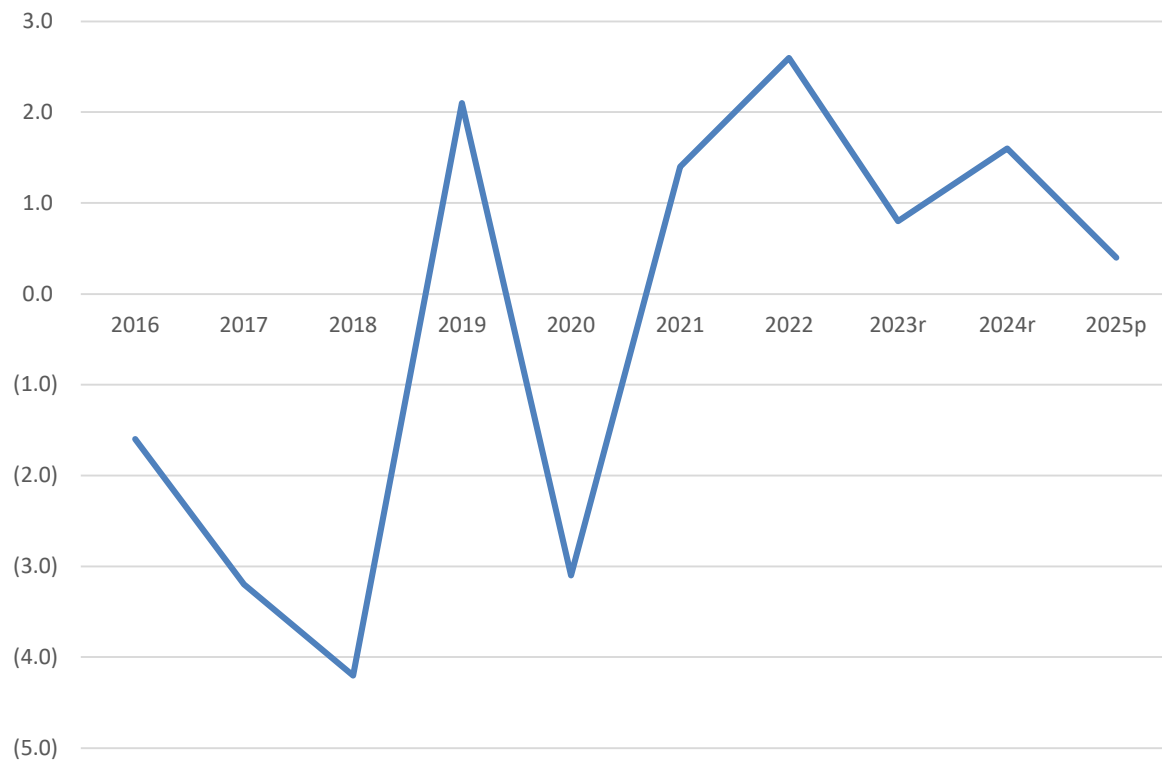
The economy of Puerto Rico entered a long recession since 2006, as a result of the deindustrialization process caused by the end of the federal tax incentives provided, pursuant of Section 936 (Caraballo and Lara 2018). However, this pattern was reversed in 2012, 2013, and 2019, probably because those years were impacted by a higher influx of federal funds, as shown in Figure 1.

Figure 1. Index of Economic Activity, 1980-2026



Source: Department of Economic Development and Commerce (2026)

Figure 2. Growth rate in the Gross National Product, 2016-2025



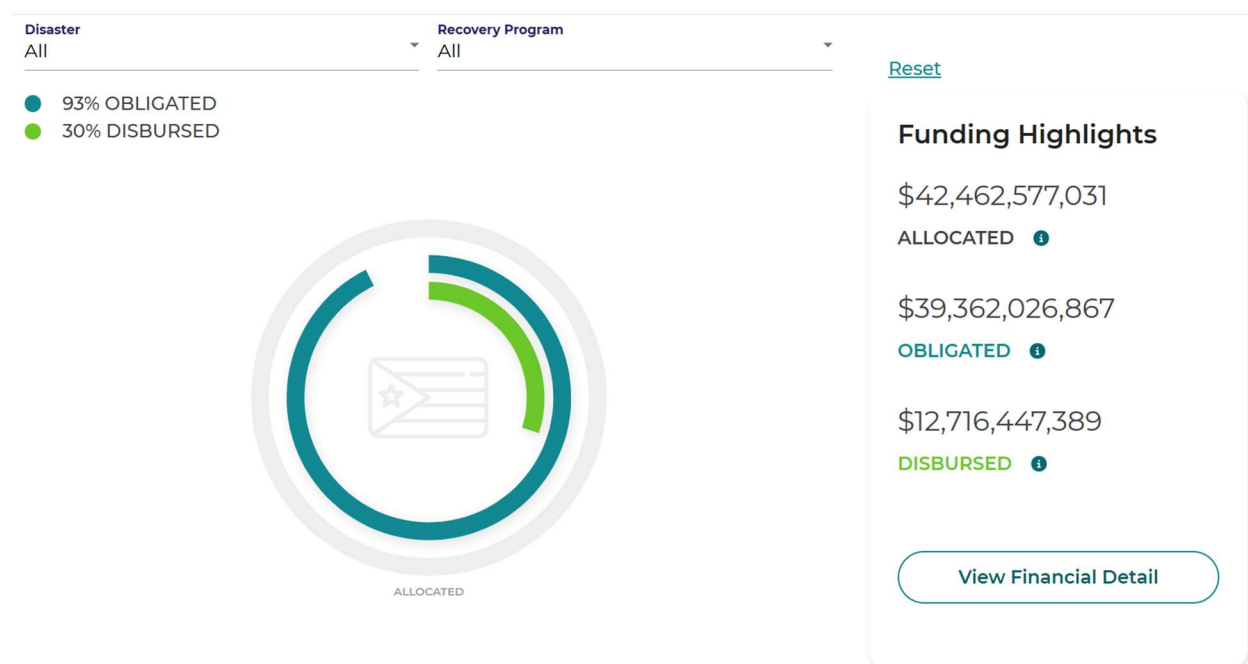
Source: Author's calculations based on Puerto Rico Planning Board (2026)

The recent trends in macroeconomic activity in Puerto Rico can be better observed in Figure 2, where the growth in Gross National Product (GNP) is shown. The economy of Puerto Rico started its recent growth in fiscal year 2019. Even though it decreased in 2020 because of the pandemic impact on economic activity, the growth path was recovered in 2021. In the latest year economic growth has been reduced, although remained positive for the recent period.

Note that we do not show the growth in the Gross Domestic Product (GDP), which is the most common in most economies around the world. In the case of Puerto Rico, GDP is affected by transfer pricing mechanisms of some economic actors.¹ Transfer pricing is probably the major reason why Puerto Rico has a GNP that consistently is almost 30% lower than its GDP. For instance, in 2023 the GNP was 31.2% lower than the GDP. Thus, most researchers (Grubert and Slemrod, 1998; Federal Reserve Bank of New York, 2012) prefer to use the GNP to model the Puerto Rico economy.

¹ Transfer pricing is a tax avoidance mechanism that works by shifting the sales location of a multinational, which in turn is done by inflating the prices of sales from one subsidiary located in a relatively high tax jurisdiction to another subsidiary located in a low tax jurisdiction. This transfer of sales implies a shift of profits, which reduces the tax burden of the multinational because under Section 933 of the US Internal Revenue Code (IRC), personal income and profits earned in Puerto Rico by US citizens living in this territory are not subject to federal taxation (Lowry, 2016).

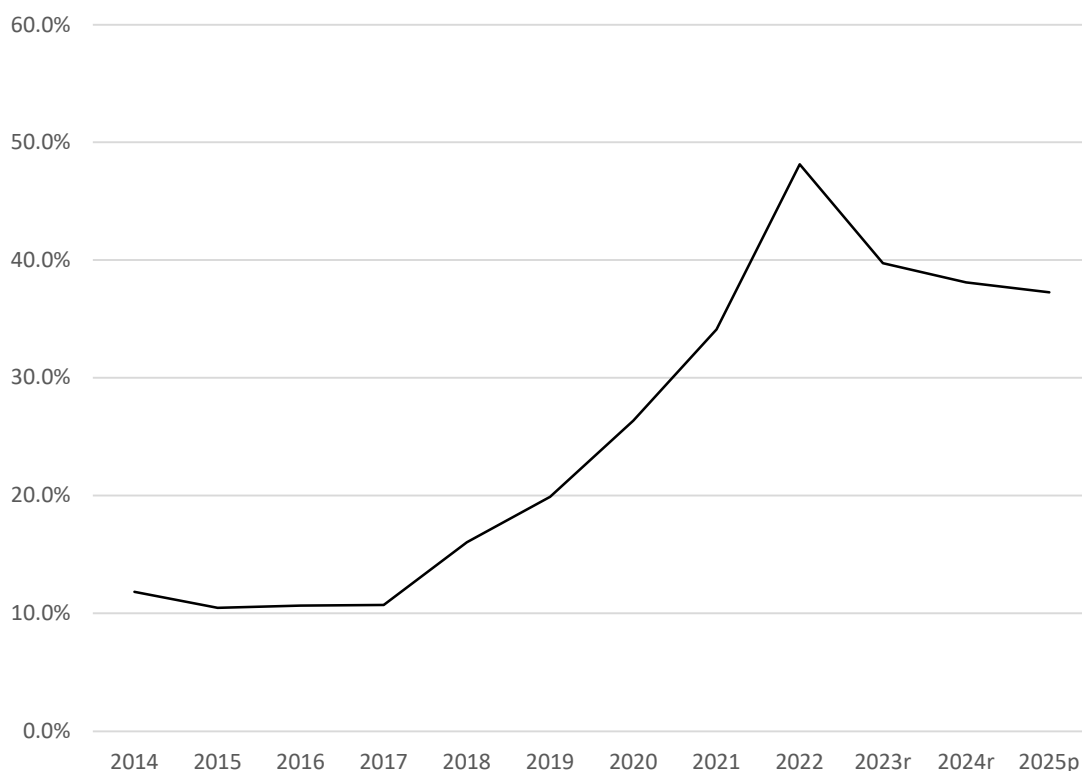
Figure 3. Disaster funds managed by Central Office for Reconstruction, Recovery and Resiliency (COR 3), 2026



Source: COR 3, (2026)

As of May 26th, 2026, \$12.7 billion dollars has been disbursed, only from the federal funds managed by Central Office for Reconstruction, Recovery and Resiliency (COR 3). These funds are part of the \$42.5 billion allocated by the federal government to the COR 3, for the reconstruction of the infrastructure damaged by Hurricane Maria. Even though most (70%) of the funds have not been disbursed, the share of federal funds in the economy of Puerto Rico has grown throughout recent years, as shown in Figure 4.

Figure 4. US subsidies received in Puerto Rico as a share of GNP, fiscal years 2014-2025

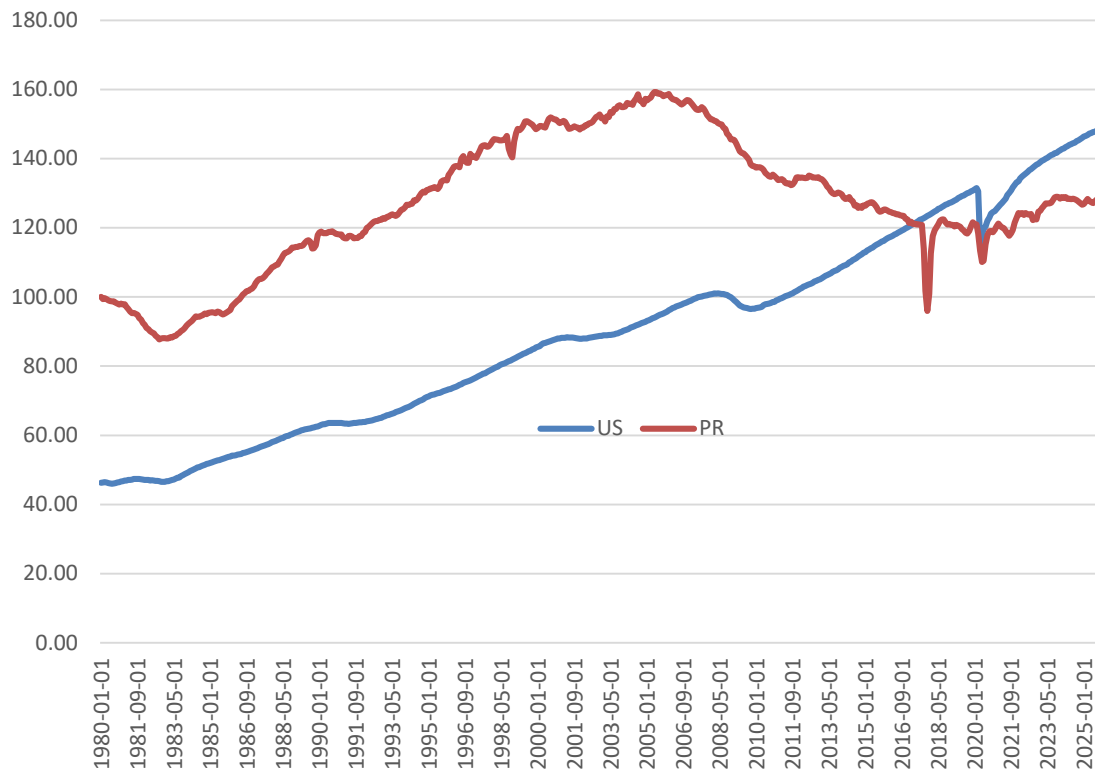


Source: Author's calculations based on Puerto Rico Planning Board (2026)

It is worth noting that the economy of Puerto Rico has not always been highly dependent on federal funds. The participation of federal funds on the Gross National Product (GNP) decreased from 1982 to 2005, when it hit a record low of 12%, as shown in Figure 4. Thus, there appears to be a correlation between economic growth and participation of federal funds in the economy: when the economy was growing, the participation of the economy decreased, and vice versa.

In consequence of such structural changes in 2006, the economy of Puerto Rico no longer follows the business cycle in the US, as shown in Figure 5. While the US economy had an upward trend throughout the decades, Puerto Rico generally grew in the period 1980-2006, but the island has had a downward trend since 2006. Thus, one may not use the US Index of Economic Activity to forecast the Puerto Rico economy.

Figure 5. Index of Economic Activity in US and PR, 1980-2025

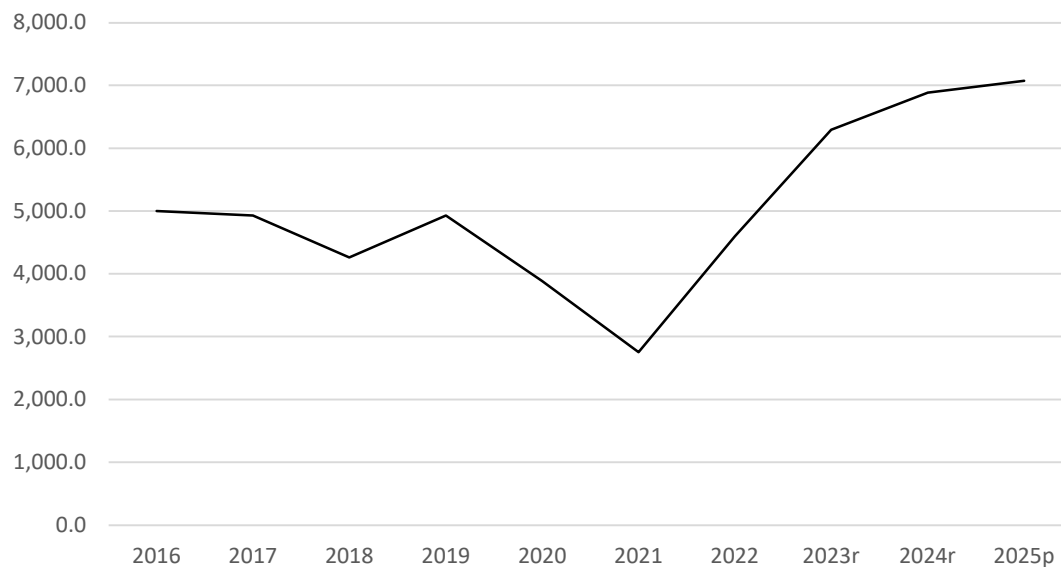


Source: Author's calculation based on Department of Economic Development and Commerce (2026) and FRED (2026)

Besides the reconstruction that is observed recently, the Puerto Rico economy has changed in certain ways. One of the largest changes is that it has now more

tourism than before, as shown in Figure 6. In particular, the number of visitors to Puerto Rico has increased consistently since 2021. In 2025, a year marked by the important events such as the Bad Bunny Residency (Díaz, 2025), Puerto Rico received 40% more visitors than in 2021.

Figure 6. Visitors to Puerto Rico, 2016-2025



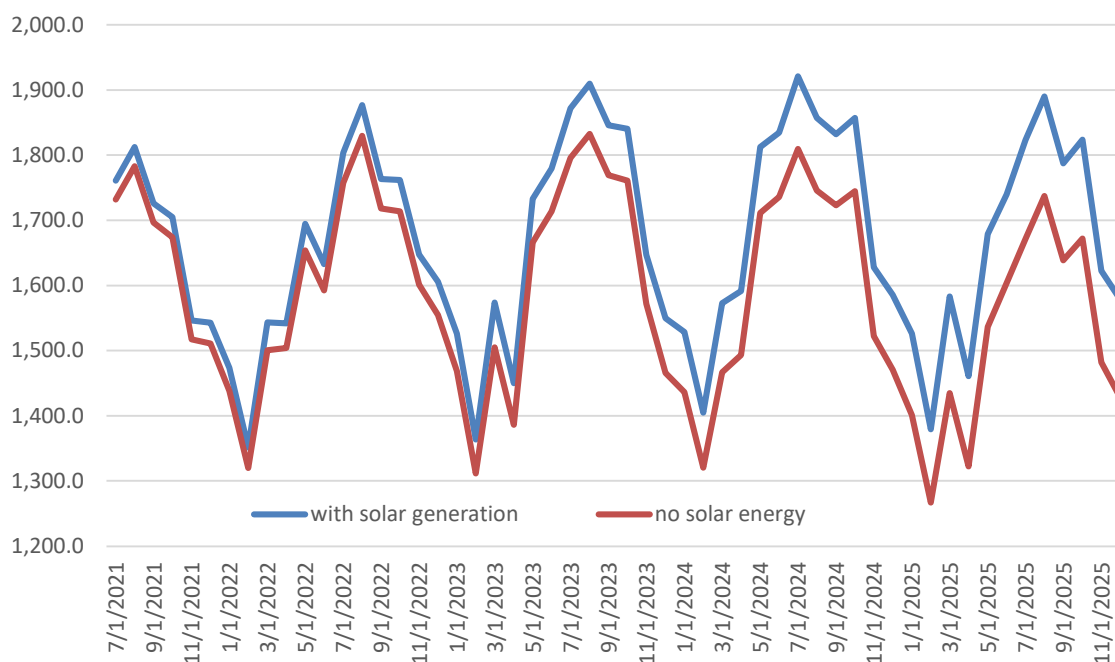
Note: figures are shown in thousands of visitors.

Source: Author's calculation based on the Puerto Rico Planning Board (2026)

Furthermore, there is an increasing solar power energy being consumed by both private and household sectors. Kunkel (2025) state that about 12% of houses in Puerto Rico now have solar energy. As of now, the EAI includes energy generation without solar consumption and the solar energy that consumers export to the system. Luma Energy has estimated the solar energy consumed and exported to the electrical grid. In Figure 7 we show the energy generation series with and without solar energy.

In 2021 and 2022 there were not many differences. However, since October 2023 we observe considerable differences between these series. In that month, the decrease in “no solar” generation was 64% larger than when solar energy is considered. In January 2024 the decline in “no solar” generation was 50% larger than when solar energy was included in the estimation. In April 2024 the “no solar” data increased 51% more than the series with solar energy.

Figure 7. Monthly energy generation in Puerto Rico, 2021-2025



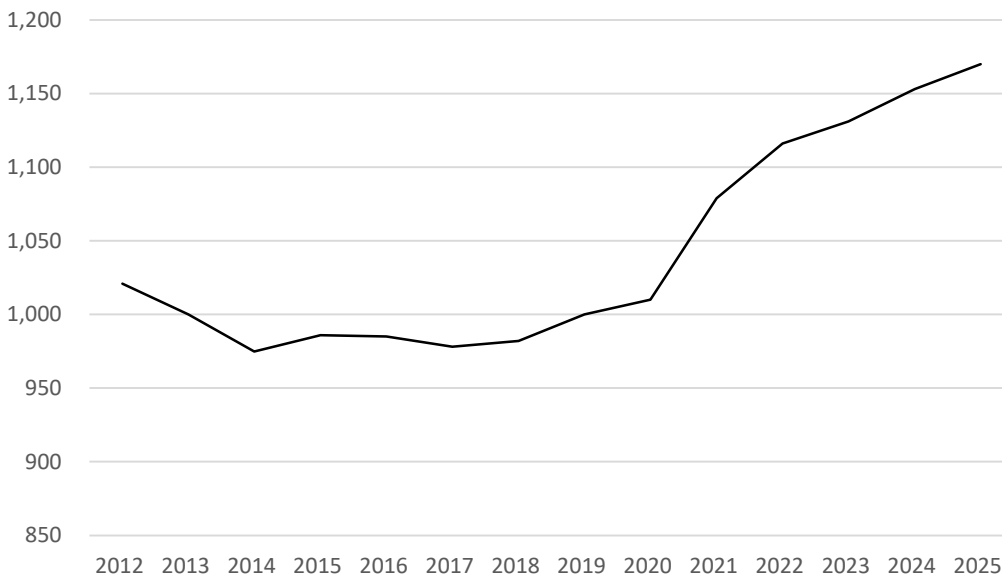
Notes: solar generation includes both solar energies exported to the system and an estimate of solar consumption at the exporting unit (in addition to the non-solar energy).

Source: Author's calculation based on Department of Economic Development and Commerce (2026)

III. Labor Market

In this section we show data related to the labor markets. We start with the total employment, which includes agricultural workers. It shows a somewhat different trend than GNP. From 2014 to 2018 total annual employment has been relatively stable, fluctuating around 975,000 jobs, as shown in Figure 8. However, from 2018 to 2025 total employment grew by 19.2%. It would appear that the reconstruction has been labor-intensive: small output growth was accompanied by large employment growth.

Figure 8. Total employment, natural years 2012-2025



Note: figures are shown by thousands of workers.

Source: Author's calculation based on the Puerto Rico Planning Board (2026)

The sectorial composition of output did not change much before and after Hurricane Maria: manufacturing represented from 44 to 48% of the total production in goods and services; finance, insurance, and real estate held 19 to 20% of total output; and trade (commerce) represented 9 to 10%. However, given that labor productivity is relatively high in Puerto Rico, the sectorial composition of employment in Puerto Rico has another picture.

Figure 9. Sectorial shares of employment, 2017 and 2025

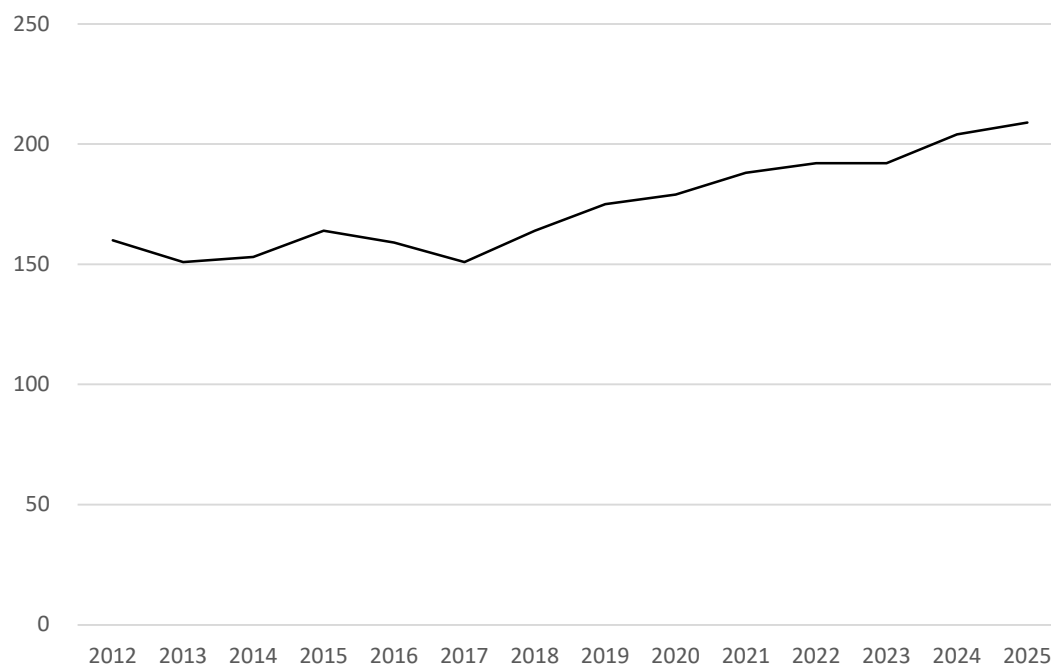
Sector	June 2017	June 2025
Government	20.0	15.6
Services	35.4	36.5
Transportation and Communications	1.4	2.4
FIRE	3.1	3.4
Manufacturing	8.0	9.1
Trade	23.2	24.8
Construction	3.3	5.7
Agriculture	1.8	1.4

Source: Author's calculation based on the Puerto Rico Planning Board (2026)

In fact, the sectorial employment also changed after Hurricane Maria. Construction is much larger now than before Hurricane Maria, as shown in Figure 9. The manufacturing, transport and communications, trade (commerce) and service sectors also have larger shares of employment. Government continues to be the third largest employer, but at much lower than before.

Besides the growth in construction employment, self-employment has also increased significantly in recent years, as shown in Figure 10. From 2018 to 2025 self-employment grew by 27.4%. Such growth rates were not seen in decades in Puerto Rico.

Figure 10. Self-employment, natural years 2012-2025

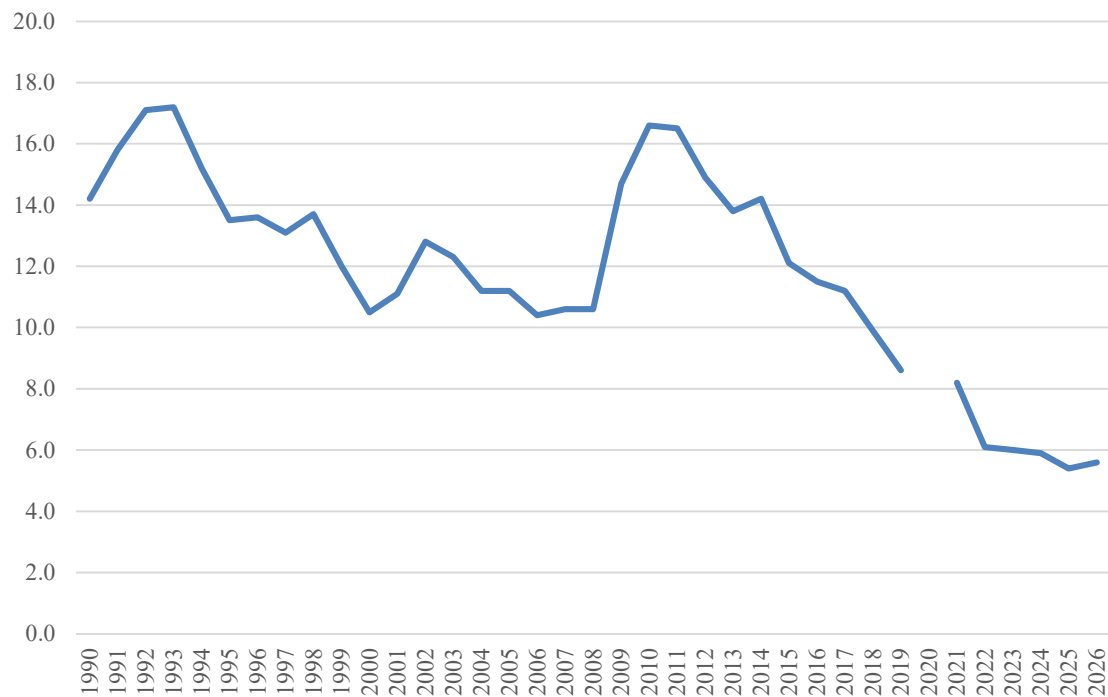


Note: figures are shown in thousands of workers.

Source: Author's calculation based on the Puerto Rico Planning Board (2026)

The improvement in the labor market is also reflected in the unemployment rate, which measures the proportion of individuals in the labor force that are actively looking for jobs. The unemployment rate for March 2026 (the latest month available) was 5.6%, one of the lowest ever since this statistic is measured in Puerto Rico. The comparison was done interannually to account for seasonal variations. Note that the downward trend in the unemployment rate was observed since 2010 when it was registered at 16.6%, as shown in Figure 11.

Figure 11. Unemployment rate for March, 1990-2026



Source: Author's calculation based on the Puerto Rico Department of Labor (2026)

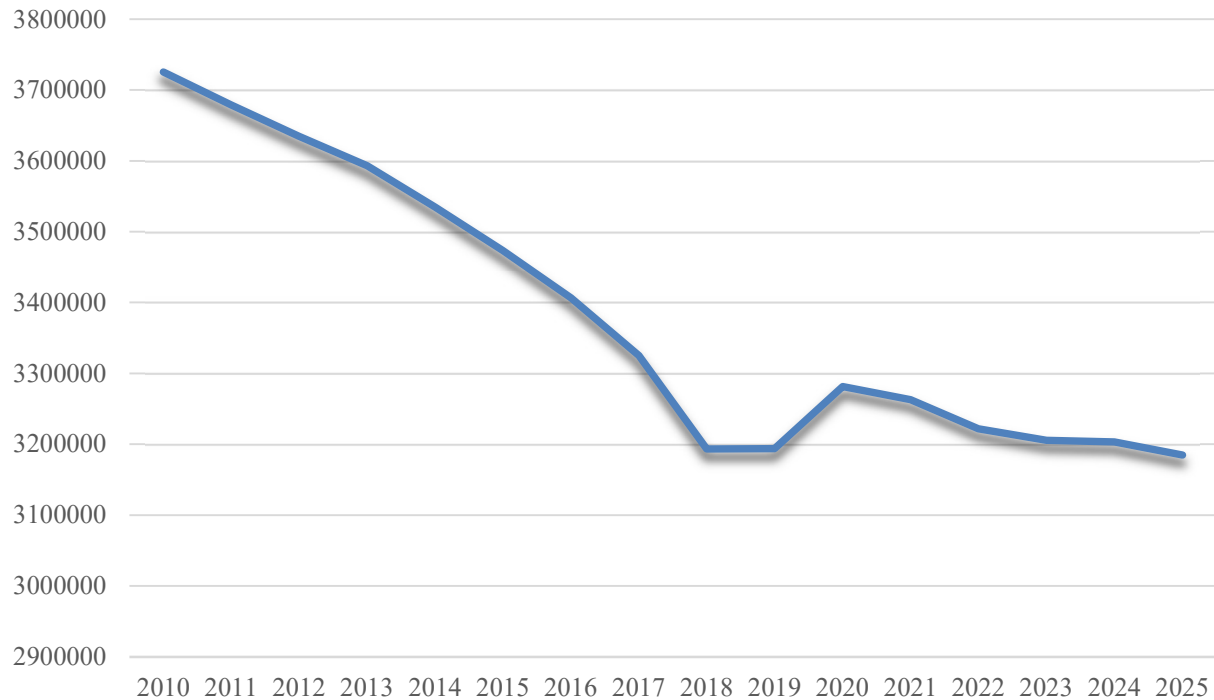
IV. Demographic Data

This section is dedicated to analyzing and illustrating demographic data. Most of the data comes from the US Census Bureau, who conducts the largest sociodemographic data collection in Puerto Rico such as the Puerto Rico Community Survey and the population census (Caraballo-Cueto, 2020). The demographic data published by the US Census Bureau are then used by local statistical departments, such as the Puerto Rico Planning Board and the Department of Labor, to construct data products such as labor force statistics.

Since the first time that the population was measured in Puerto Rico in the eighteenth century, the number of inhabitants grew consistently, until the 2000s when population of Puerto Rico started to decline (Caraballo-Cueto, 2020). In Figure 12 we observe the total population of Puerto Rico in the period 2010-2015.

One can state that one of the reasons for the decreasing trend in the unemployment rate in the period 2010-2017 was the decrease in total population in Puerto Rico. However, since 2018 the total number of inhabitants in the island has been relatively stable, fluctuating around 3.2 million inhabitants, as shown in Figure 12. Thus, one may not attribute the decline in the unemployment rate to population dynamics exclusively. In fact, from 2019 to 2020 there was an increase in total population; a landmark for this territory.

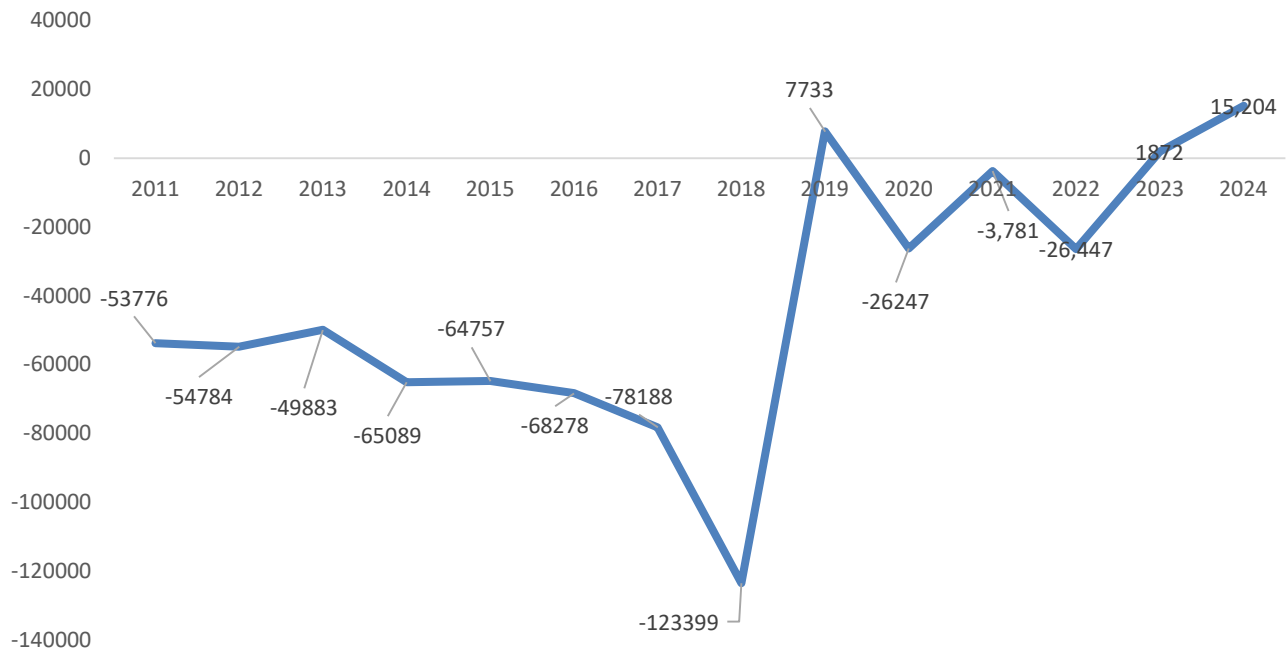
Figure 12. Total Population, 2010-2025



Source: Author's calculation based on the Puerto Rico Planning Board (2026)

One of the reasons for the stabilization in the total population was the decrease in outmigration. The number of outmigrants increased in 2018, the fiscal year impacted by Hurricane Maria (September 2017), as shown in Figure 13. However, in the post-Maria period the net migration was reduced significantly. This positive change in the migration trend might be the result of an improvement in the labor market, probably thanks to the large reconstruction that occurs in Puerto Rico, as shown in Figure 8 above.

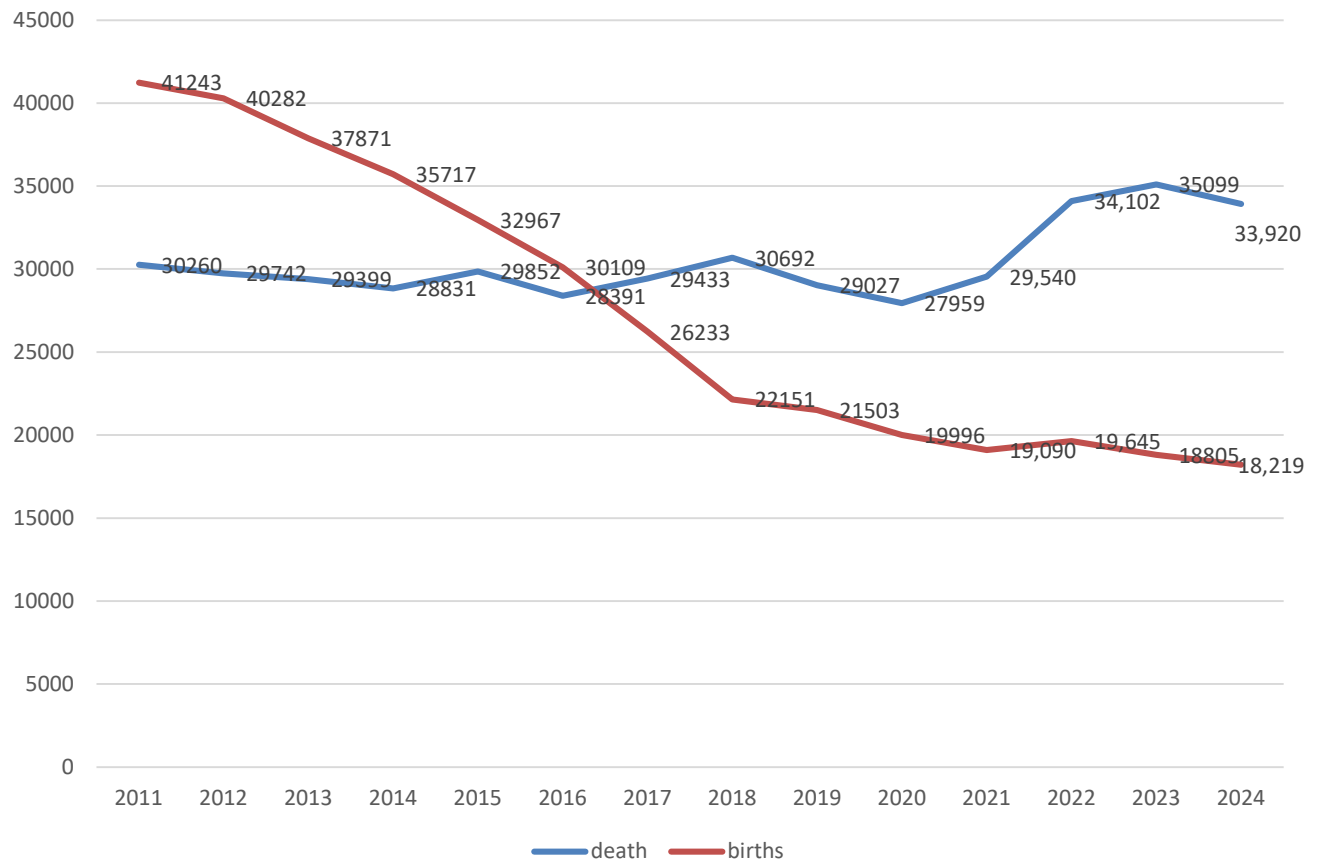
Figure 13. Net outmigration, 2011-2024



Source: Author's calculation based on the US Census Bureau (2026)

The improvement in birth and deaths also helped to stabilize population in Puerto Rico. The declining rate of birth has been reduced in the reconstruction period 2018 and onward. Births have fluctuated lately around 19 thousand inhabitants, as shown in Figure 14. Deaths, on the other hand, before Hurricane Maria were averaging almost 33 thousand per year. They increased during the pandemic, as occurred in most of the countries. However, since 2023 deaths have been reduced. In 2024 died 1,179 fewer individuals than in 2023.

Figure 14. Deaths and births, 2011-2024



Source: Author's calculation based on the US Census Bureau (2026)

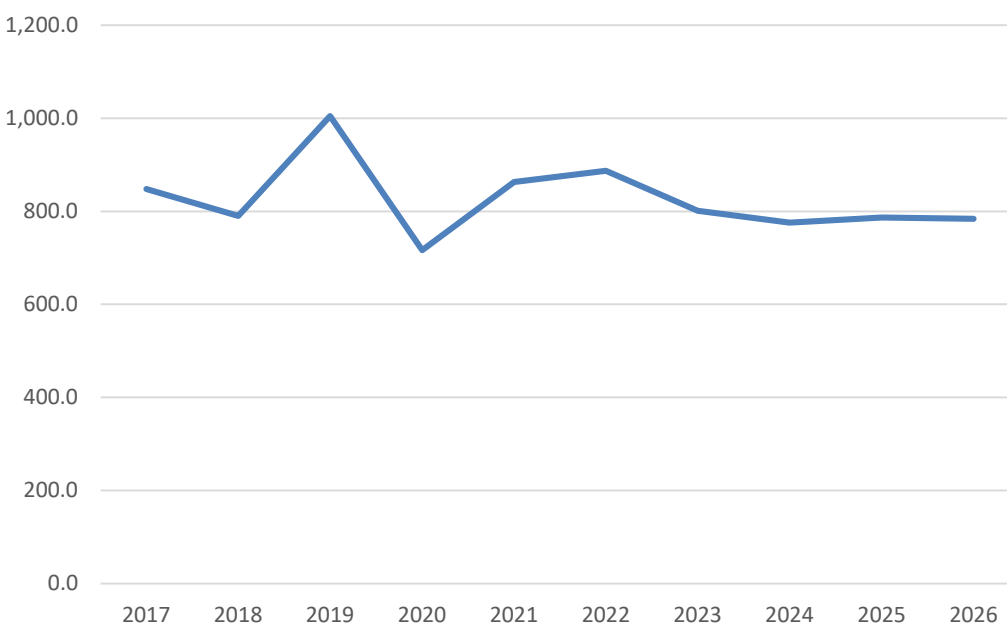
V. Other Economic Data

To observe the economic trends at large, we also gather other relevant economic data and illustrate them in this section. They include tax revenues published by the Puerto Rico Department of Treasury; the inflation rate published by the Puerto Rico Department of Labor; external trade balance published by the Puerto Rico Institute of Statistics; business closures published by Global Entrepreneurship Monitor, and the poverty rate published by the US Census Bureau.

Given that tax revenues are a share of the economy, one may observe them as another indicator of economic activity. In our case, we show net revenues to the general fund, which are main tax revenues collected by the central government in the form of income taxes to both corporations and individuals, sales taxes, and excise taxes, among other sources, minus reserves.

In March 2026 (the latest month available), net revenues to the general fund (adjusted by inflation) were -.36% lower than in March 2025 and 1% larger than in March 2024, as shown in Figure 15. In general, real net revenues to the general fund has been relatively stable since 2023.

Figure 15. Real net revenues to the general fund for March, 2017-2026

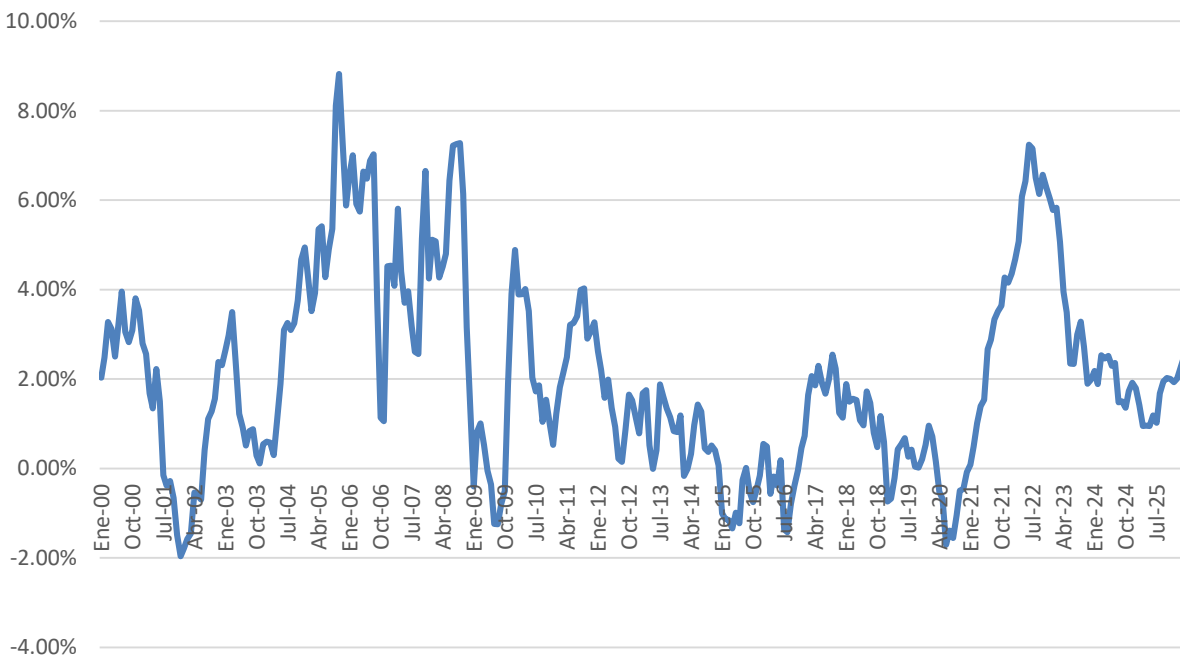


Note: "Real" indicates that it was adjusted by the Consumer Price Index.

Source: Author's calculation based on the Puerto Rico Department of Treasury and the Puerto Rico Department of Labor (2026)

Inflation is defined as the general increase in the average prices on goods and services. Inflation in Puerto Rico reach a recent peak in July 2022 when it was 7.24%, as shown in Figure 16. Then, inflation had a downward trend that ended in April 2025. Since then, the inflation rate has had an upward trend, probably reflecting the impact of federal tariffs. In March 2026 (the latest month available) this rate registered a 2.5%, which is still relatively low, but it may increase given the new geopolitical tensions in the Middle East (Wang et al., 2026).

Figure 16. Monthly inflation rate, 2000-2026



Note: Inflation is calculated as the growth rate in the Consumer Price Index.

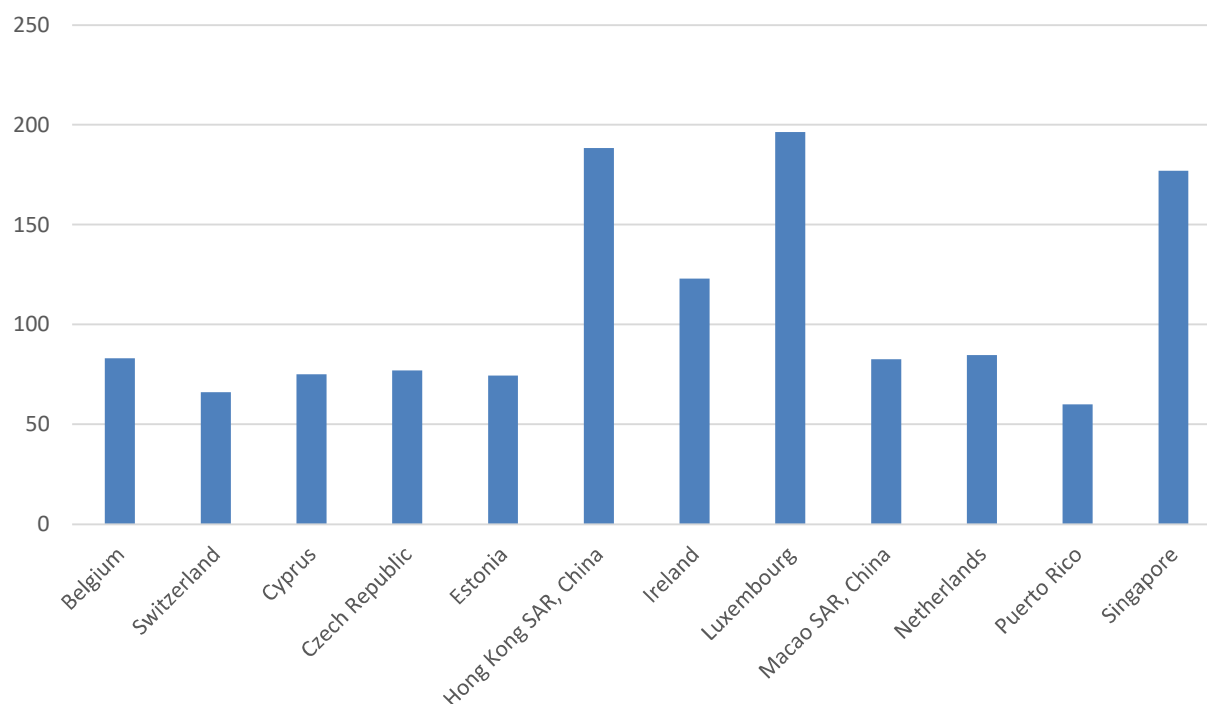
Source: Author's calculation based on the Puerto Rico Department of Labor (2026)

In terms of external accounts, the Puerto Rico Planning Board published annual data on export and imports of goods and services, as well as other balance-of-payments data such as federal funds and remittances. However, in terms of monthly data, there is only available the trade balance (exports minus imports) in goods.

In Figure 17 we can observe that most of the small economies around the world that have relatively high average incomes also have a relatively high export

to GDP ratio. While in Puerto Rico this ratio was 60% in 2018, in Singapore it was 177%, in Ireland 122%, and in Macao 83%.

Figure 17. Export to GDP ratio, 2018

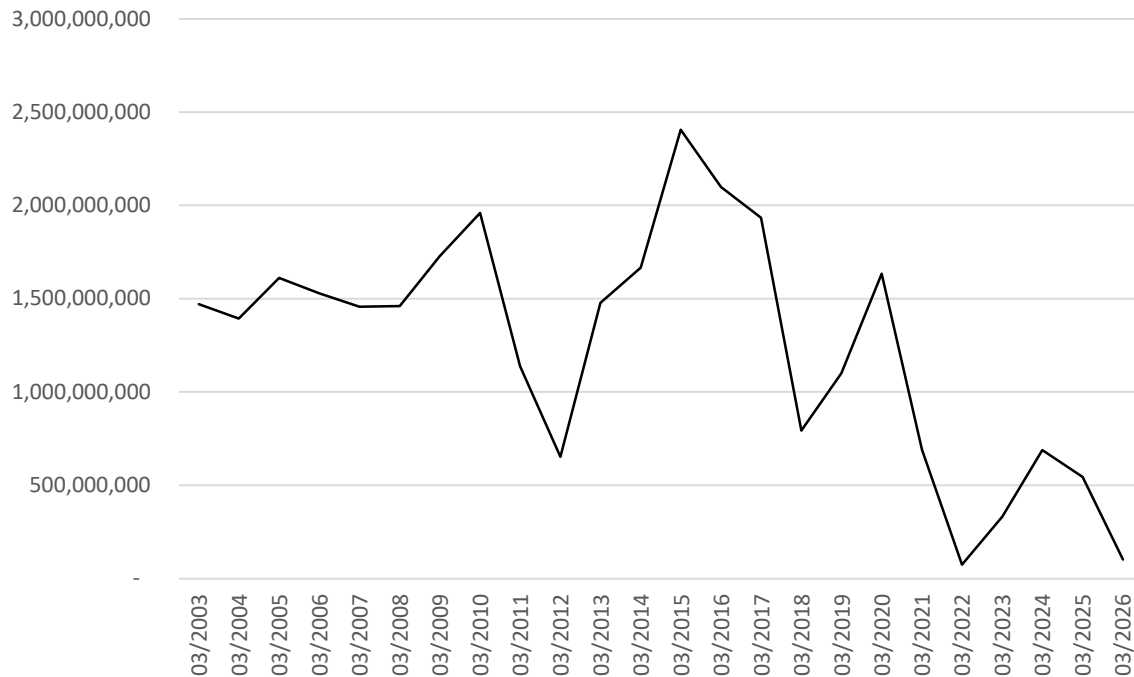


Source: Author's calculation based on World Bank (2026)

In Figure 18 the trade balance in goods for Puerto Rico is shown for the months of March (latest available), after adjusting it by inflation. Since March 2015 there has been a general downward trend in the trade balance that reached its lowest level in March 2022 and March 2026. During those months, the traditional positive balance that Puerto Rico has enjoyed for several decades was almost closed. This is due to the fact that exports have decreased, but imports have been

growing. For instance, real imports increased 6% from March 2015 to March 2026, while real exports declined by 39%.

Figure 18. Real trade balance in goods for March, 2003-2026



Note: "Real" indicates that it was adjusted by the Consumer Price Index. Trade balance is difference between the exports and imports in goods.

Source: Author's calculation based on the Puerto Rico Institute of Statistics (2026) and the Puerto Rico Department of Labor (2026)

In terms of entrepreneurial activity, we looked in the database of the Global Entrepreneurship Monitor (GEM), which is a partnership between the London Business School and Babson College. Local partners of GEM administrate a comprehensive and large study of entrepreneurial dynamics in many countries around the world. In its Adult Population Survey, GEM asks individuals aged 18–64 that measures their attitudes, aspirations, and participation in different phases of the entrepreneurial process. Puerto Rico has participated continuously in GEM since 2013.

One of the challenges that the Puerto Rico economy faced lately is that the percent of entrepreneurs who decided to end their business decreased in 2022, but increased again in 2023 and 2024, as shown in Figure 19. In fact, in 2024 reached a record high of 5.7%. According to GEM (2026), Puerto Rico ranked 43 out of 51 economies in this rate. Puerto Rico has ranked low in other entrepreneurial indicators in GEM. For instance, the Established Business Ownership Rate was one of the lowest in the world, though surveyed participants perceived “good opportunities to start a business” (Aponte et al. 2021).

Figure 19. Percent of entrepreneurial activity ended, 2013-2024

2013	1.8%
2014	3.6%
2015	0.9%
2016	2.5%
2017	2.7%
2018	3.1%
2019	2.2%
2020	4.3%
2022	2.5%
2023	3.1%
2024	5.7%

Source: GEM (2026)

In the case of agriculture, we evaluate the agricultural census that takes place every five years in Puerto Rico. In 2022 the number of farms decreased by 7.6% when compared to the 2017 agricultural census, but the land dedicated to farming increased by 1.4%, as shown in Figure 20. This finding indicates that the sector is becoming larger but with a higher concentration in the product market.

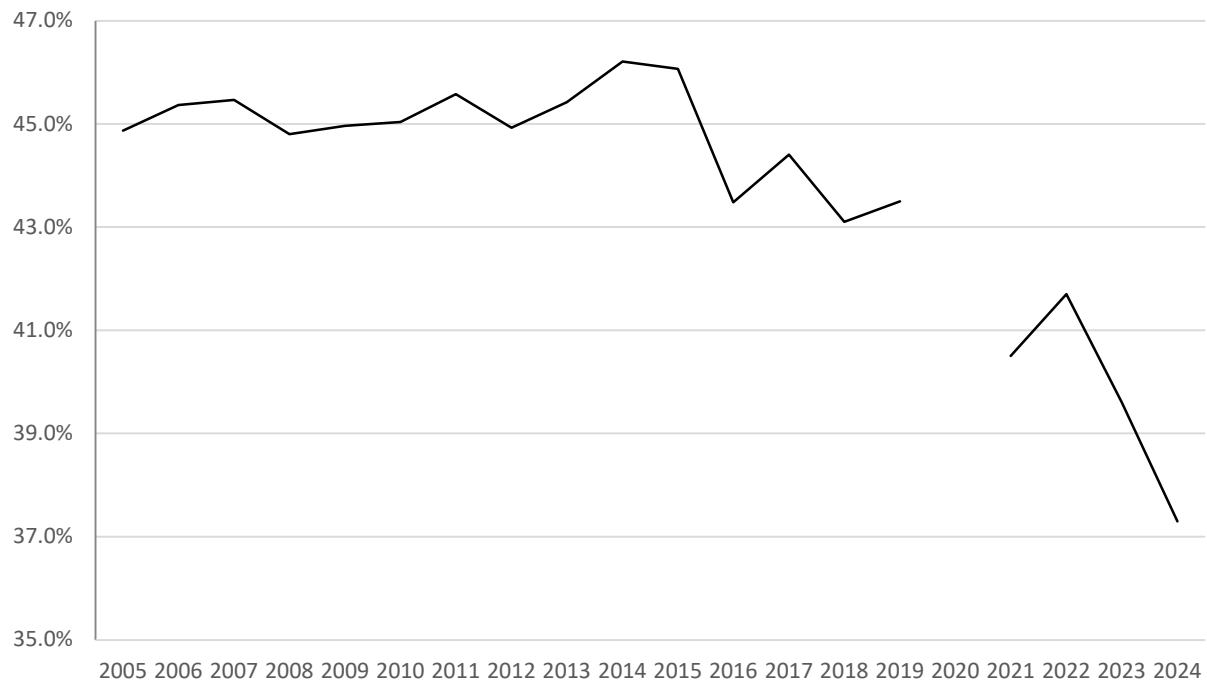
Figure 20. Farms and Farmland, 2018 and 2022

	2018	2022	% change
Number of Farms	8,230	7,602	-7.6
Land in farms (cuerdas)	487,775	494,481	1.4
Average farm size (cuerdas)	59.3	65.0	9.6

Source: Author's calculation based on the US Census Bureau (2026)

Finally, the percent of inhabitants living under the poverty line has decreased significantly in the last three years, as shown in Figure 21. From the record high of 46.2% in 2014, the poverty rate was 37.3% in 2024 (the latest year available).

Figure 21. Poverty rate in Puerto Rico, 2005-2024



Source: Author's calculation based on the US Census Bureau (2026)

VI. Inventory of economic variables published monthly in Puerto Rico

As stated earlier, many macroeconomic variables in Puerto Rico are published annually. That is the case of the Gross National Product, gross income per economic sector, visitors' expenditures, and most of the variables included in the Statistical Appendix of the Puerto Rico Planning Board.

Applications for new businesses in the Register of Corporations are published annually. Data from the financial sector, such as bank assets or auto loans inventories, are published either annually or quarterly by the Office of the Commissioner Financial Institutions. The "total sales of new construction permits" is a variable currently being updated by DDEC.

Thus, in order to revise the EAI, we need to identify the variables published monthly in Puerto Rico. Among the non-monetary variables we have the unemployment rate, the total employment, energy consumption and generation, gasoline consumption, and cement sales and production, all of which were discussed earlier. The advantage of non-monetary variables is that they do not require a price index for deflation.

There are other non-monetary variables that have not been mentioned and will be presented below. From this inventory, we exclude three variables that are not macroeconomic indicators: air cargo, housing foreclosures, and number of

cruise ships arriving at the San Juan port. We did include maritime cargo, housing units sold (both new and existent housing units), and the number of cruise ships passengers.

Let us begin with the labor force participation rate, shown in Figure 22.

Labor force participation is defined as the proportion of the employed and unemployed over the population aged 16 years and older.

Figure 22. Labor force participation rate for December, 2000-2025

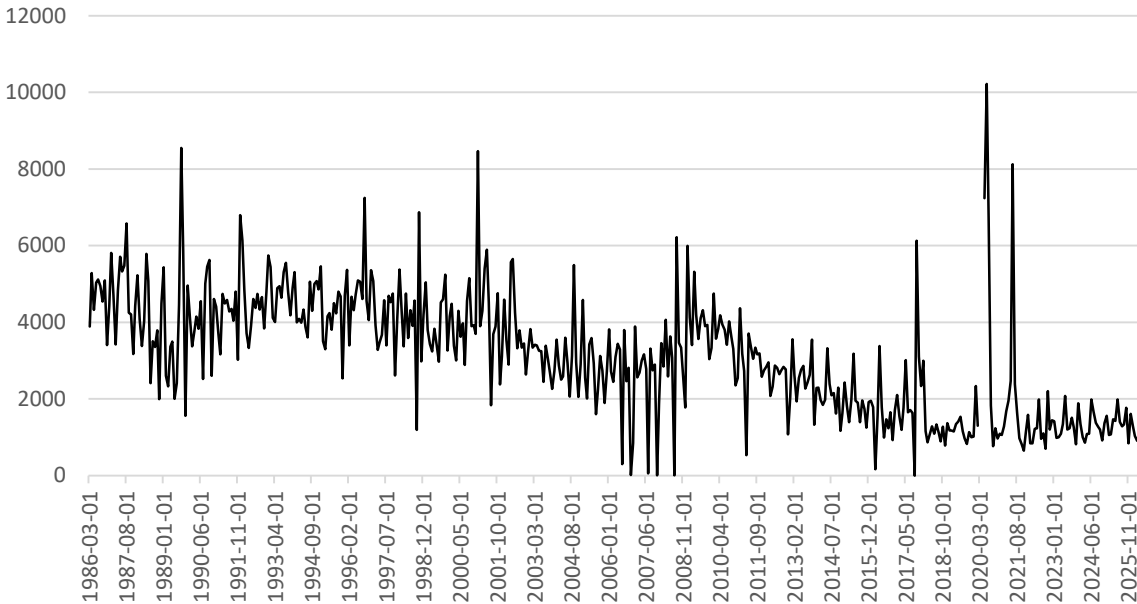


Source: Author's calculation based on the Puerto Rico Department of Labor (2026)

Figure 22 shows that the labor force participation rate for December reached its maximum point in 2006, then observed a downward trend up to 2014 when it began to stabilize until 2020. In 2021 there was a significant surge, followed by

small increments in the following years, consistent with the economic impact of reconstruction. However, the peak reached in 2006 has never been found again.

Figure 23. Initial unemployment claims, 1986-2026



Source: Author's calculation based on FRED (2026)

To better observe the rest of the series, in Figure 23 we have removed two outliers generated during the pandemic (March and April 2020). In general, we observed that there is a trend amid the noise in the data: unemployment insurance claims were higher during the 2000s, then they declined during the 2010s, and stabilize during the 2020s.

Figure 24. Payroll employment



Source: Author's calculation based on the Puerto Rico Department of Labor (2026)

Payroll employment includes all employees who pay payroll taxes and excludes agricultural workers and the self-employed. It is a census based on administrative databases from the Puerto Rico Department of Labor and has a lag of two months. The Puerto Rico Department of Labor conducts a survey of businesses to estimate employment one month ahead of the census publication. In Figure 24 we can observe that payroll employment declined from 2005, when it was above one million workers, to January 2009. It showed a modest increase during 2012 but continued its downward trend until October 2017, when an inflexion point was observed. The upward trend was interrupted by the pandemic

in April 2020, and the pre-pandemic level was reached again in July 2021. Since October 2023, this variable has been stable at around 950,000 workers.

Figure 25. Real Average Hourly Earnings of All Employees per Month, 2013-2026



Note: Data includes total private in Puerto Rico without seasonal adjustment. Nominal data was adjusted by the CPI.

Source: Author's calculations based on FRED (2026) and the Puerto Rico Department of Labor (2026)

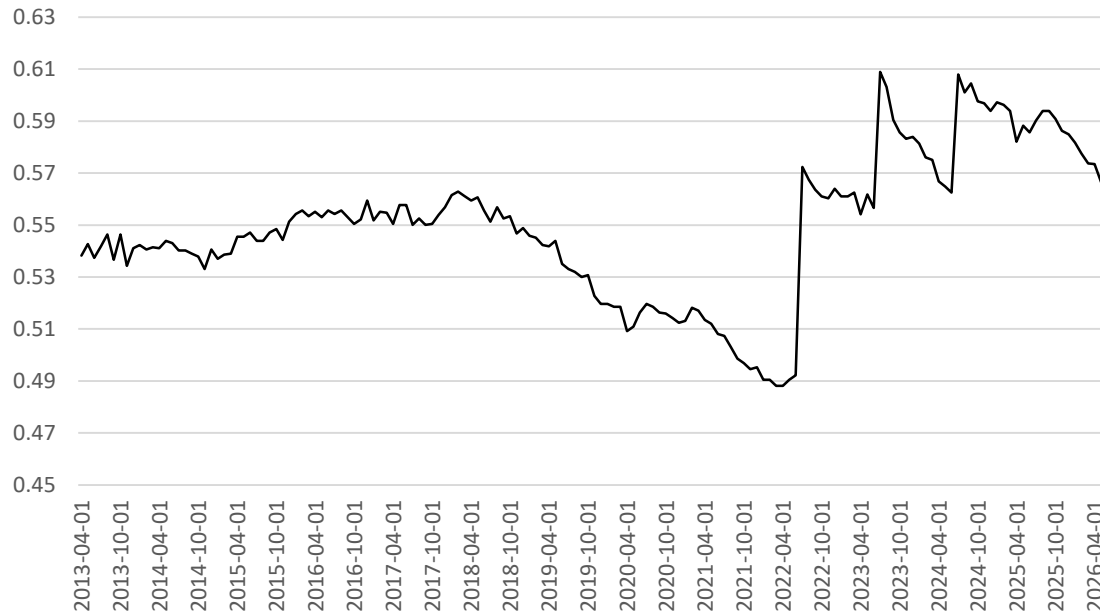
In Figure 25 we show the real average earnings of workers in the private sector of Puerto Rico, published with a two-month lag. Mean earnings, adjusted for inflation, declined until September 2018. Since then, the real earnings per hour in the private sector have been growing cyclically. In February 2015, the real average

earnings per hour reached a peak that was only consistently surpassed in August 2023. In March 2026, this variable was 11% higher than in February 2015.

These wage increases are probably associated with: (1) the improvement in the unemployment rate and (2) the increases in the minimum wage in 2022 to \$8.50 per hour, in 2023 to \$9.50 per hour, and in 2024 to \$10.50 per hour. On one hand, economic theories such as the old Phillips curve that state that there is an inverse relationship between unemployment rates and wage increases (Ascari et al., 2023; Karanassou et al., 2010). Given the unusually low unemployment rates observed in Puerto Rico during the reconstruction period, wages would be expected to rise. In practice, this may occur when employers raise wages to attract workers, who are scarce in tight labor markets.

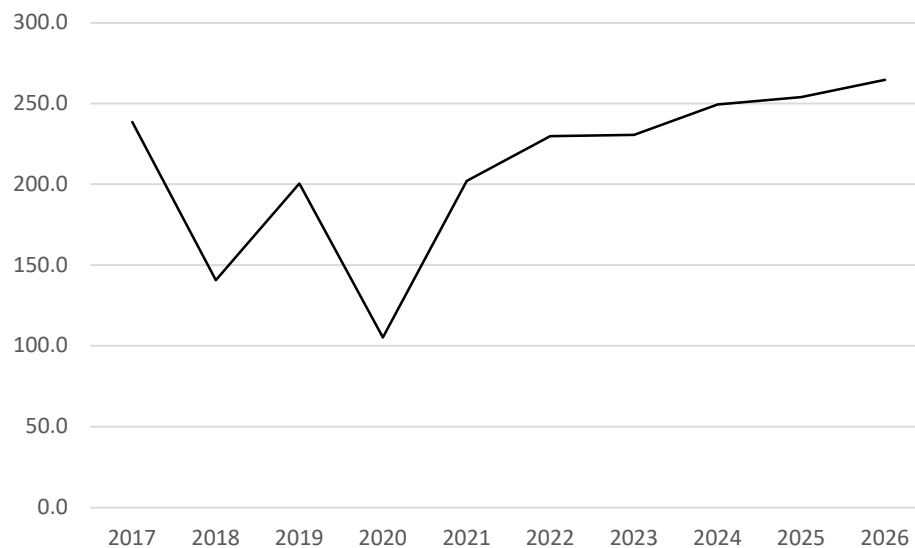
On the other hand, to evaluate how dramatic the changes in the minimum wages have been relative to the market average, in Figure 26 we show the Kaitz ratio, which is the quotient of the minimum wage divided by the mean earnings. At the first minimum wage increase, the Kaitz ratio increased to 0.57, a little higher than in February 2018. During the last month available (May 2026), the Kaitz ratio declined to 0.566. These figures do not account for the reduction in total compensation that occurred in January 2017 with the labor reform.

Figure 26. Kaitz ratio per month, 2013-2026



Note: Data includes total private in Puerto Rico without seasonal adjustment. Nominal data was adjusted by the CPI.
Source: Author's calculations based on FRED (2026) and the Puerto Rico Department of Labor (2026)

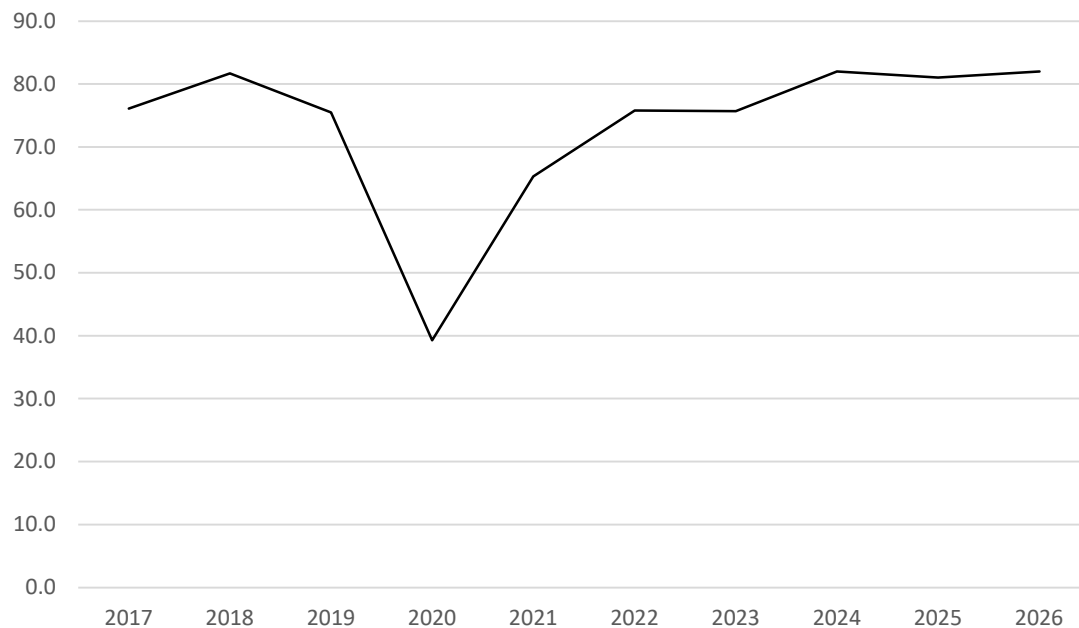
Figure 27. Hotel and Paradores Total Registrations for March, 2017-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

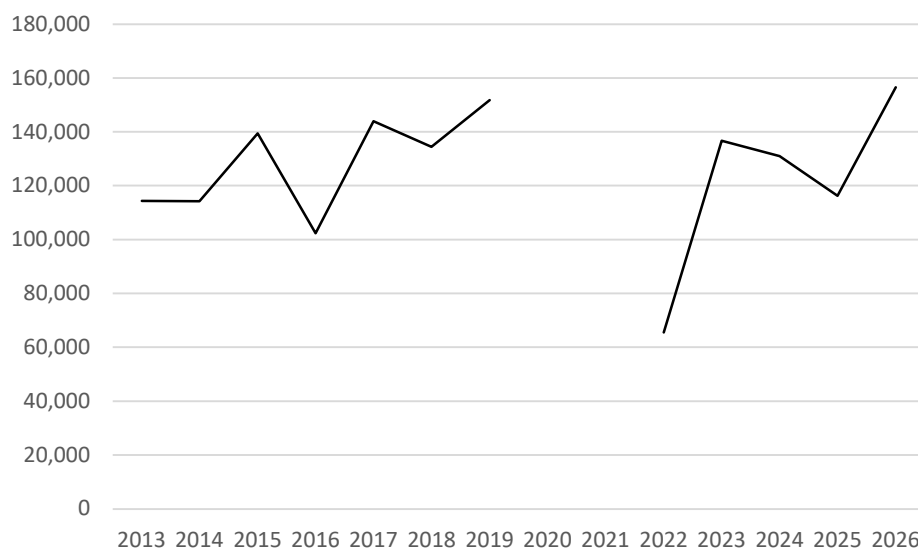
As noted above, tourist sector has strengthened its position during the last few years. This can be observed in the hotel occupancy rate as well. In the period 2024-2026, the hotel occupancy rate doubled the occupancy rate of the 2020, as shown in Figure 28. The growth in this variable has flattened in the last few years, which is consistent with the movements in the economic activity index. However, the relevance of this variable to integrate an index of economic activity has to be judged against other variables within a statistical model, which is a task for a future analysis.

Figure 28. Hotel Occupancy Rate for March, 2017-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

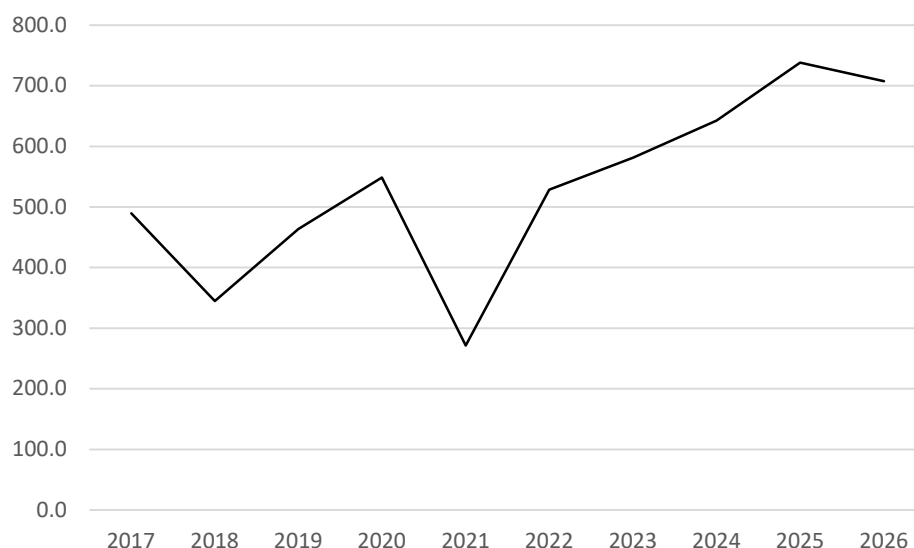
Figure 29. Movement of passengers on cruise ships (Port of San Juan) for April, 2013-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Figure 29 illustrates the movement of passengers on cruise ships in the port of San Juan, which is the largest in Puerto Rico, for the months of April. Because of the pandemic policies, the port of San Juan was closed from March 15, 2020, to August 3, 2021, and the data is not shown for those years. In April 2026 (latest month available) the number of passengers exceeded the pre-pandemic levels. So far all tourism indicators point to the same direction: tourism has increased in Puerto Rico in the last few years.

Figure 30. Inbound-Air Passenger Traffic in all airports for December, 2017-2026

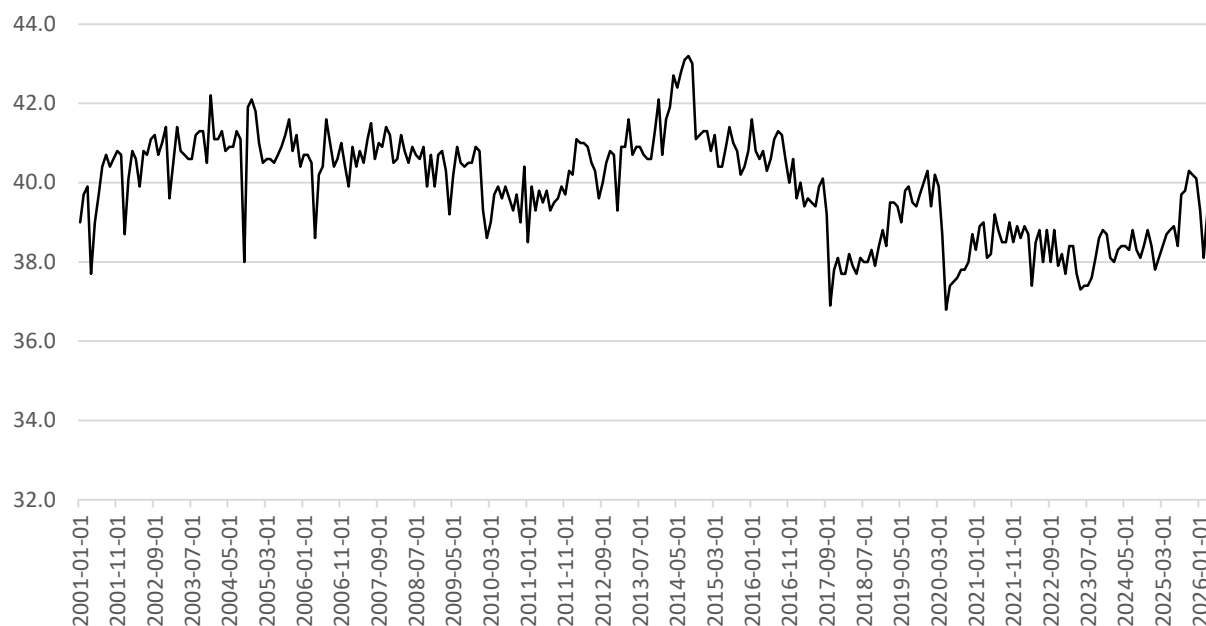


Note: Figures are in thousands.

Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Since 1990, the Bureau of Transportation Statistics (BTS) collected data about domestic and international airline passengers and freight from airlines throughout the United States and its territories such as Puerto Rico (Caraballo-Cueto, 2020). Airline passenger data from the BTS is then collected by DDEC. Since 2023 the number of incoming passengers to airports in Puerto Rico consistently exceeded the pre-pandemic levels, as shown in Figure 30. In December 2025 a small decline in the inbound passengers was observed when compared to December 2024, but it was still 29% over December 2019, which is a remarkable growth.

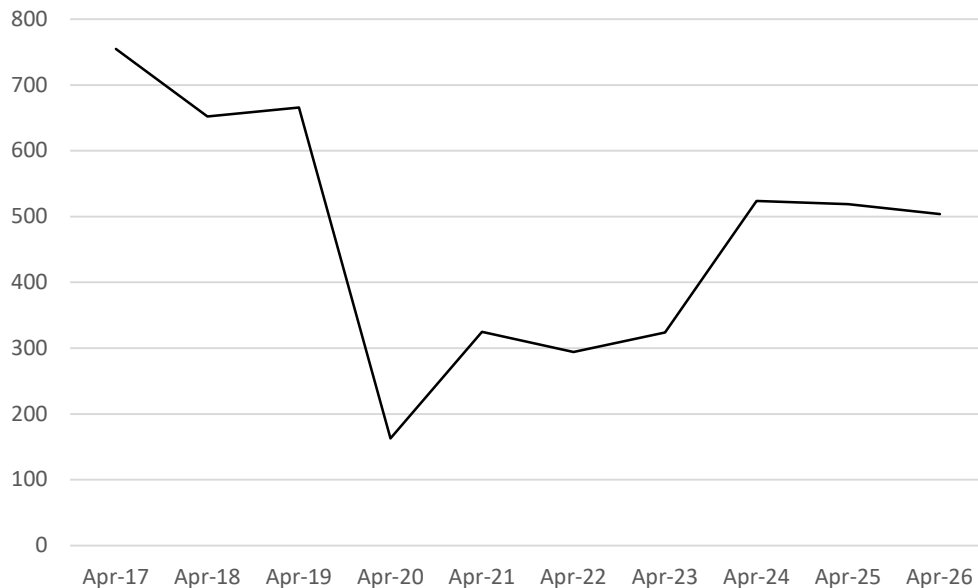
Figure 31. Average Weekly Hours of Production Employees: Manufacturing in Puerto Rico



Source: Author's calculation based on FRED (2026)

The average weekly hours worked in manufacturing in Puerto Rico trended lower during the 2020s than during the 2000s and 2010s, as shown in Figure 31. This indicator exhibits relatively high volatility. The cyclical component can also shed light on the seasonality in the labor required by manufacturing in Puerto Rico. Since 2017, manufacturing has on average no longer required overtime work, stabilizing between 38 and 40 hours per week.

Figure 32. Bankruptcy cases during April, 2017-2026



Source: Author's calculation based on Puerto Rico Institute of Statistics (2026)

During the last month published (April), the number of bankruptcy cases decreased 3% with respect to April 2025, as shown in Figure 32. These data include all types of bankruptcy cases (chapters 7, 11, 12, and 13) and can track the inverse of economic activity: the lower the bankruptcy cases, the larger the economic activity. However, the pandemic was an abnormal year: bankruptcy cases decreased not because of an improvement in economic activity, but because of the relatively strict lockdown that was implemented.

Figure 33. Consumption of Gasoline for March, 2017-2026

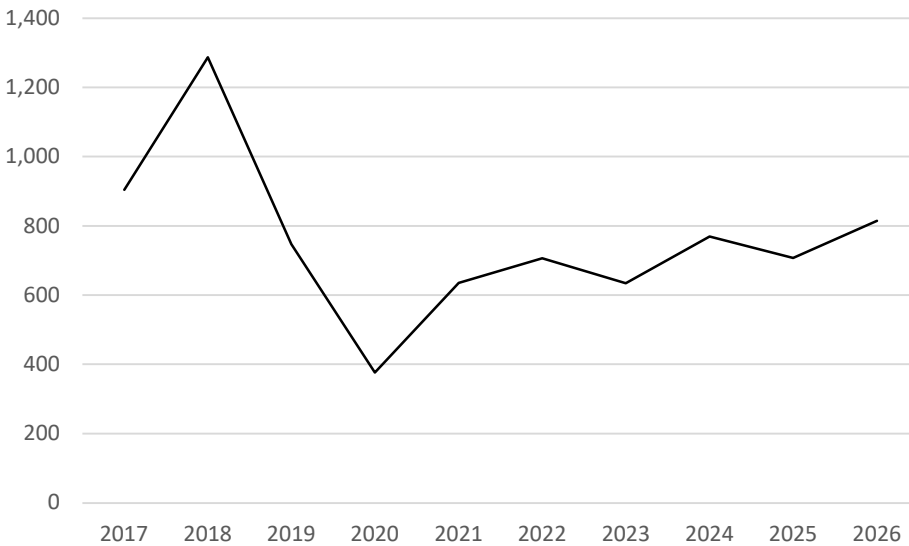


Notes: data is shown in millions of gallons.

Source: Author's calculation based on Department of Economic Development and Commerce (2026)

The consumption of gasoline in Puerto Rico is published by the DDEC, who in turn used data from the Puerto Rico Department of Treasury. This indicator currently is one of the components of the Economic Activity Index. In Figure 33 it is shown that gasoline consumption grew during from March 2017 to March 2018 but then decreased until 2021. From 2021 to 2023 there was considerable growth in gas consumption, but in 2026 was much lower than in 2023. The large price swings during this period may have a dent in the consumption of gasoline as consumers may adjust their consumption based on the price. Thus, some of the changes in gasoline consumption do not necessarily reflect changes in the macroeconomy, but on the price of gasoline.

Figure 34. Cement Production (94lb. bags) for April, 2017-2026

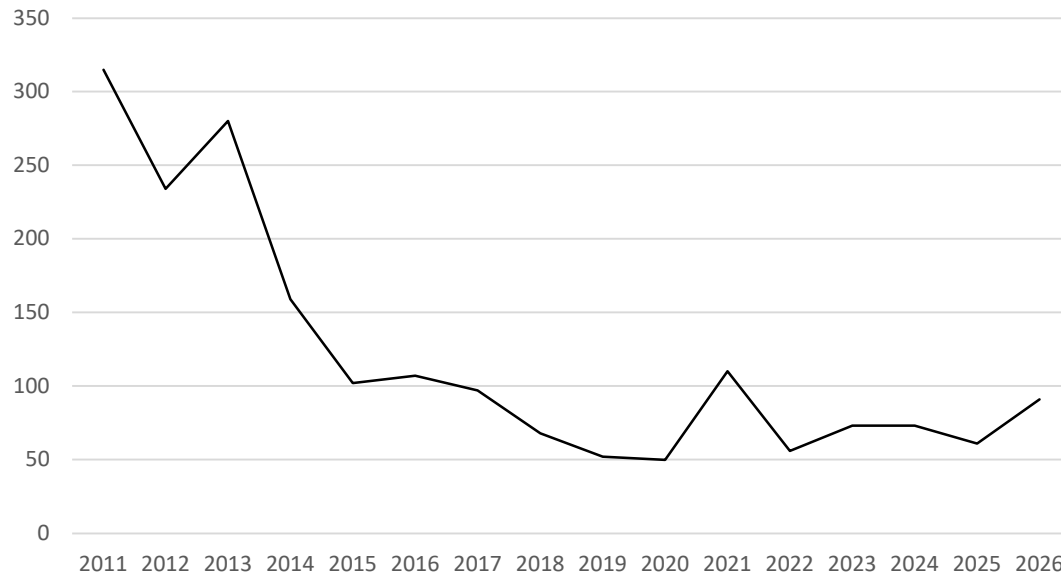


Notes: data is shown in thousands of bags.

Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Another non-monetary variable is the production of cement bags, which currently is one of the components of the Economic Activity Index. In Figure 34 we observed that production of cement bags increased during the first year of the reconstruction (2018), followed by sudden declines in 2019 and 2020. Since then, the production of cement grew consistently, which was expected due to the fact that the island was in middle of a reconstruction, as already noted before.

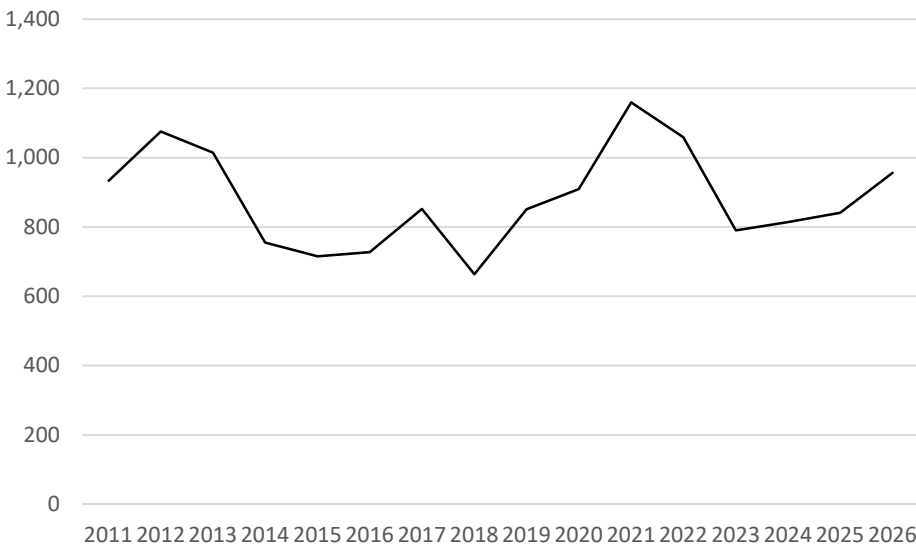
Figure 35. New housing units sold for December, 2011-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Another indicator of the construction sector is the number of housing units sold. In Figure 35 we first show data for new housing units and then for existing housing units in Figure 36. The number of new housing units during the latest month available (December 2025) was higher than in December 2024, December 2023, December 2022 and December 2021, but lower than December 2020. The new housing market has ended the collapse observed from 2011 to 2019, but the growth has been modest so far, probably responding to the higher input costs and limits to hire new construction workers in the relatively tight labor market.

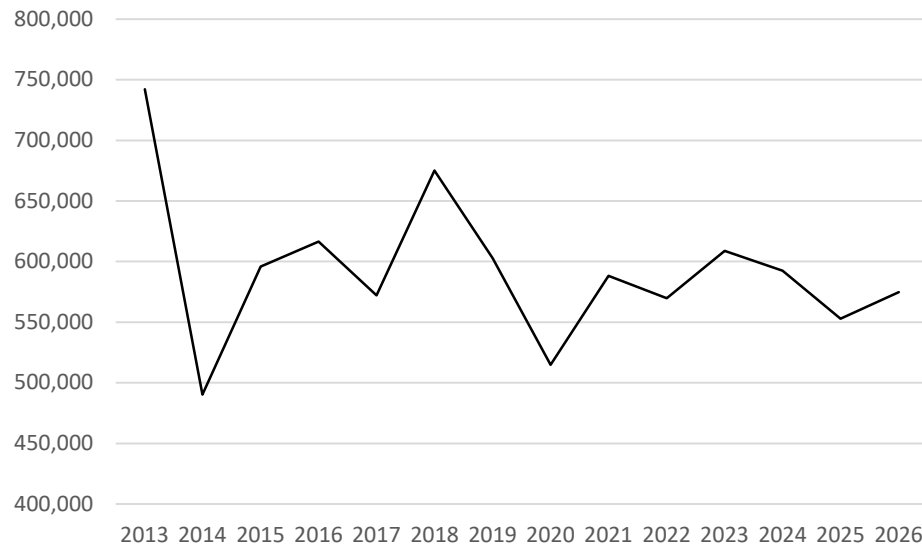
Figure 36. Existing housing units sold for December, 2011-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Existing housing units sold outnumbered new units and the reduction in sales in the period 2011 to 2019 was more modest than in the new housing market. However, the number of existent housing units sold in December 2025 was higher than in December 2024, December 2023, and December 2022, but lower than in December 2021 and December 2020. In addition, existent housing units sold in December 2025 were higher than in the same month during the period 2013-2019. Overall, the recovery in the existent housing market was faster than in the new housing market and reached pre-Hurricane Maria levels.

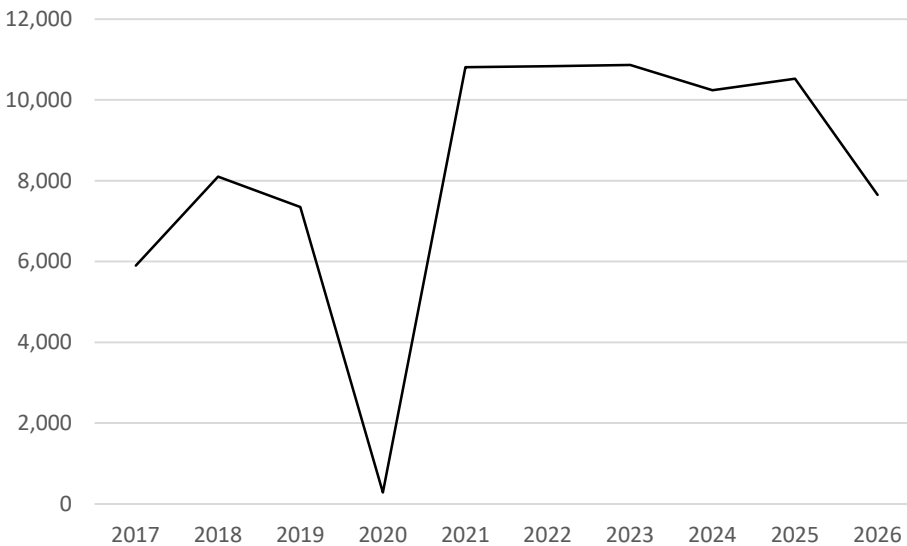
Figure 36. Cargo Movement in Port of San Juan (Tons) for December, 2011-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Another non-monetary variable is cargo movement in the main port of Puerto Rico; San Juan. More cargo was moved in the latest month (December 2025) than in December 2024 and December 2021, but lower than in December 2022 and December 2023, as shown in Figure 36. Overall, there is a modest improvement in cargo related to external trade, but there are considerable differences with respect to the previous years and with pre-Maria levels.

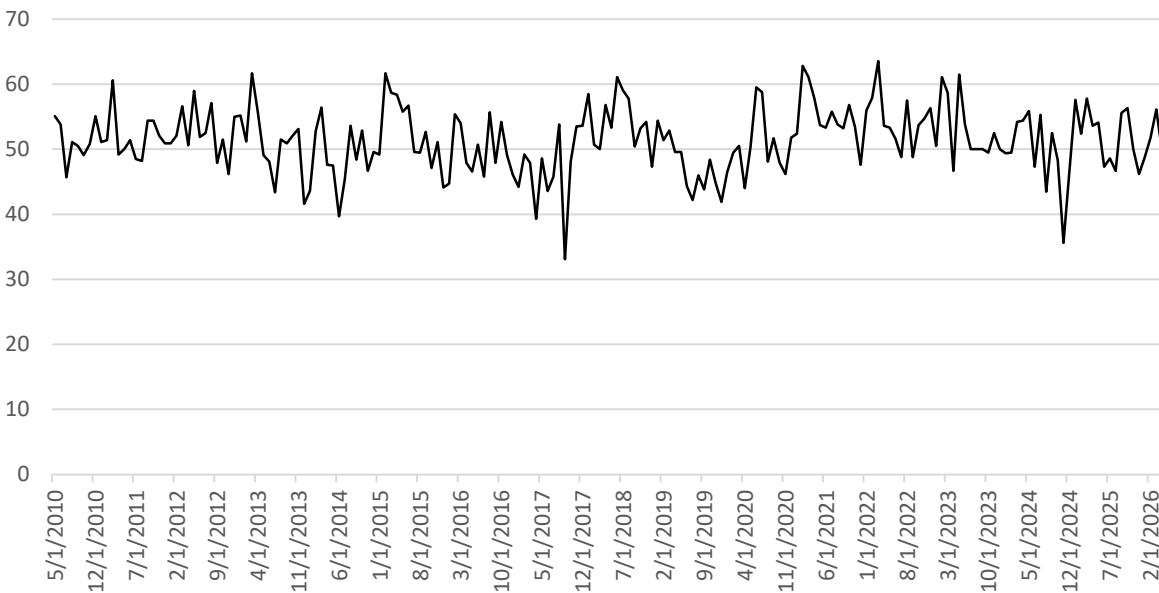
Figure 37. Total number of autos sold for April, 2017-2026



Source: Author's calculation based on Department of Economic Development and Commerce (2026)

Auto sales are used as a leading indicator of current economic activity in many countries. In the latest month available (April 2026), the total number of autos sold was 38% lower than in April 2025, but above the pre-pandemic level. After the pandemic, there was a high growth in auto sales that lasted until 2025, as shown in Figure 37. This can be caused by the federal tariffs applied to cars which led some consumers to buy them ahead of time or to postpone the purchase decision.

Figure 38. Purchasing Manager Index in Manufacturing



Source: Author's calculation based on the Puerto Rico Institute of Statistics (2026)

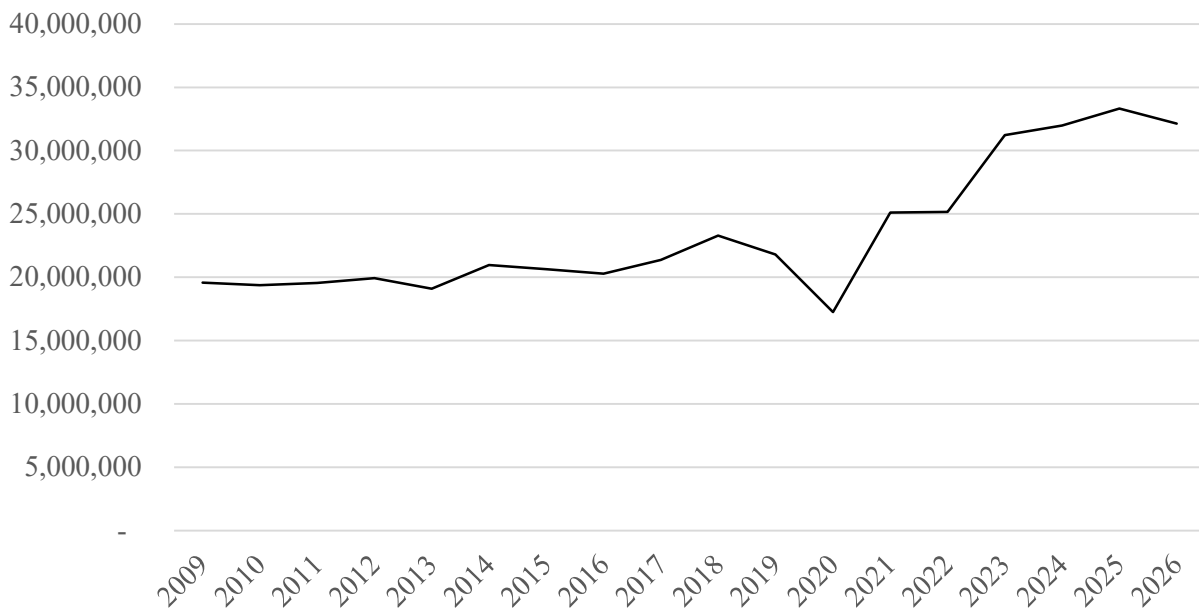
The Puerto Rico Manufacturing - Purchasing Managers' Index (PMI) is a diffusion index based on data electronically collected from the largest manufacturing companies in Puerto Rico. These data include New Orders, Production, Employment, Supplier Deliveries, Inventories, Prices Paid for company inputs, Backlog of Unfilled Orders, and New Export Orders. Data shown in Figure 30 reflects a cyclical component that can shed light on how the largest output sector in the Puerto Rico economy is behaving. Caraballo-Cueto (2014) find that the PMI was correlated with some macroeconomic indicators.

Monetary variables

Among the monthly monetary variables, we have exports and imports of goods and net revenues to the general fund, both of which were discussed earlier. There is another monetary variable worth discussing.

Retail sales are published monthly by DDEC, with a lag of almost three months. Figure 39 shows that retail sales adjusted for inflation were stable from 2009 to 2016. They then increased in 2017 and 2018. However, a declining trend was observed from 2019 to 2020, which was subsequently reversed. The disadvantage of these data is that they are now based on sales tax data, rather than on an independent survey, as originally envisioned.

Figure 39. Real retail sales for March, 2009-2026



Note: "Real" indicates that it was adjusted by the Consumer Price Index.

Source: Author's calculation based on the Puerto Rico Department of Labor (2026) and the Puerto Rico Institute of Statistics (2026)

The challenge with monetary variables is finding an appropriate price index to remove the inflation effect from them. The Consumer Price Index (CPI) is the only general price index available for Puerto Rico on a monthly basis. The growth in the Puerto Rico CPI, presented in Figure 16 above, has been consistently lower than in the US, even though most imports to Puerto Rico come from the US. Based on data from the US Census Bureau (2024) and the Puerto Rico Planning Board (2026), we can see that the US is Puerto Rico's leading trade partner. In 2023, 56.9% of total imports to Puerto Rico came from the US (\$32,052.5 million), representing 63.6% of the total consumption of goods. All in all, if the growth in the measured inflation rate is not very different to reality, CPI can still be used to deflate the monetary variables (this would be the case if actual inflation is just higher than the measured inflation, but they move in tandem).

VII. Conclusions

This report has two major and interrelated objectives. First, it describes the macro- and socio-economic environment in Puerto Rico as it stands today, drawing on the most recent indicators. Second, it presents a comprehensive inventory of monthly economic variables, to assess their potential for improving the economic activity index. After analyzing 39 economic variables across a wide range of economic variables, several overarching conclusions emerge.

First, the economy of Puerto Rico has grown in the last few years, mostly because of the fiscal stimulus generated by the post-Hurricane Maria reconstruction. This marked an inflection point with respect to the downward trend that followed the deindustrialization process associated with the elimination of the federal tax incentive known as Section 936. This growth is observed in both product and labor markets: the Gross National Product, the Index of Economic Activity, the total employment, and the unemployment rate all improved. Payroll employment and real average earnings per hour also surpassed their pre-Hurricane Maria levels. Even the demographic dynamics changed after this reconstruction. For instance, outmigration was reduced (and for some years was reversed) and births stabilized, causing the population to hold steady around 3.2 million inhabitants.

Second, in relative terms, the composition of the economy has changed: there are higher shares of tourism, solar energy, construction, and services. Manufacturing is still the largest sector in this economy in terms of output, but not in terms of employment, which is led by the service sector. The surge in tourism was observed in almost all indicators from this sector and is particularly interesting as it is probably unrelated to reconstruction. Puerto Rico can thus be described as a service economy with a highly productive manufacturing sector. Understanding this duality is essential for economic policy and for a potential update to the economic activity index.

While analyzing the economy, we were able to gather a complete inventory of the monthly economic variables that are available in Puerto Rico and that can be used to update the Economic Activity Index, given its predicted power to model the Gross National Product. The inventory assembled for this report covers both monetary and non-monetary variables. Non-monetary variables include the unemployment rate, total employment, energy generation, gasoline consumption, cement production, labor force participation, and average weekly hours worked in manufacturing. Non-monetary variables have the practical advantage of not requiring price deflation. Among the monetary variables that can be used, after being deflated by the single monthly general price index (CPI), are retail sales, exports, imports, and net revenues to the general fund.

The relevance of each variable to integrate an index of economic activity must be assessed against other variables within a statistical model, a task reserved for a future analysis. Under such a statistical framework, one can expect that some non-monetary variables can enter a revised index of economic activity. Perhaps the number of auto sales (whether lagged or current) or hotel registrations can compose a revised index of economic activity. Some monetary variables, such as real retail sales or real net revenues for the general funds, could also be included in that revised index of economic activity. Variables with high volatility, such as the unemployment insurance claims and the purchasing manager index, may have a low likelihood of composing a revised index of economic activity, but the selection of variables should ultimately be determined empirically, following the principal of “letting the data speak”, as articulated by Sims (1980). That is, we recommend the statistical model to pick the factors that best predict the Gross National Product, but intuition and critical thinking should always accompany such advanced statistical analysis, which exceeds the scope of this report.

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