

# Planning Board: PR economy will shrink in Fiscal '17, '18

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Planning Board President María del C. Gordillo

The Puerto Rico Planning Board released economic projections for fiscal years 2017 and 2018, which reflect drops in the Gross Domestic Product of 1.7 percent and 1.5 percent, respectively.

The base of the real GDP at constant prices for fiscal year 2017 would be \$6.1 billion — a reduction of 1.7 percent compared to fiscal 2016, Planning Board President María del C. Gordillo said.

“The macroeconomic activity is dynamic, which is why it is important that the projections are updated periodically based on the changes that occur therein; both the performance and accuracy of the projections depend on factors, some endogenous and other exogenous, which affect the economy,” she said.

For fiscal year 2018, it is expected that the real GDP in its baseline scenario will reach \$6.0 billion, a decrease of 1.5 percent. At current prices, the GDP was projected at \$70.4 billion and \$70.7 billion for fiscal years 2017 and 2018, respectively.

Aside from the baseline projection, the Planning Board also prepares minimum and maximum scenarios, in other words pessimistic and optimistic projections. The pessimistic estimate for Fiscal 2017 is -2.6 percent, while for 2018 it is -2.0 percent, the agency said.

In an optimistic scenario projected for Fiscal 2017, a 0.8 percent decrease and 0.9 percent for Fiscal 2018.

The factors taken into consideration in the preparation of projections are: the performance of the economy in the rest of the United States and worldwide and the prime rate.

In addition, oil prices, adjusted merchandise exports, personal consumption expenditures, visitor spending, investment in construction, machinery and equipment, and federal transfers are also considered.

“Any economic projection must be subject to revision in line with changes occurring in these factors and the various assumptions used in the economic projection,” Gordillo said. “For this reason, projections are traditionally reviewed in October to incorporate the latest conditions in economic activity.”