

Monthly Digest

Number 8
Year 5



Bolsa de Comercio de Santa Fe



Monthly Composite Coincident Index for the province of Santa Fe (ICASFe)

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Lower influence
between economic
activity and
employment's growth

ICASFe
Base 1994 = 100
157.5

May 2011

Monthly %: 0.6%
Inter-year %: 5.6%

As measured along the present expansion phase, an increment over the province's economic activity of 1.8% is related, approximately, to an improvement of 1.0% in registered employment. Nevertheless, their long term relationship is 1.5% to 1.0%.

The Composite Coincident Index for the province of Santa Fe (ICASFe) constitutes a monthly indicator used to describe the global performance of the province's economy. It allows us to determine the precise dates in which recessions/expansions begin and end, as well as following the most important economic sectors' behavior. Finally, it provides a reliable source of information appropriate to support decision makers of public and private institutions.

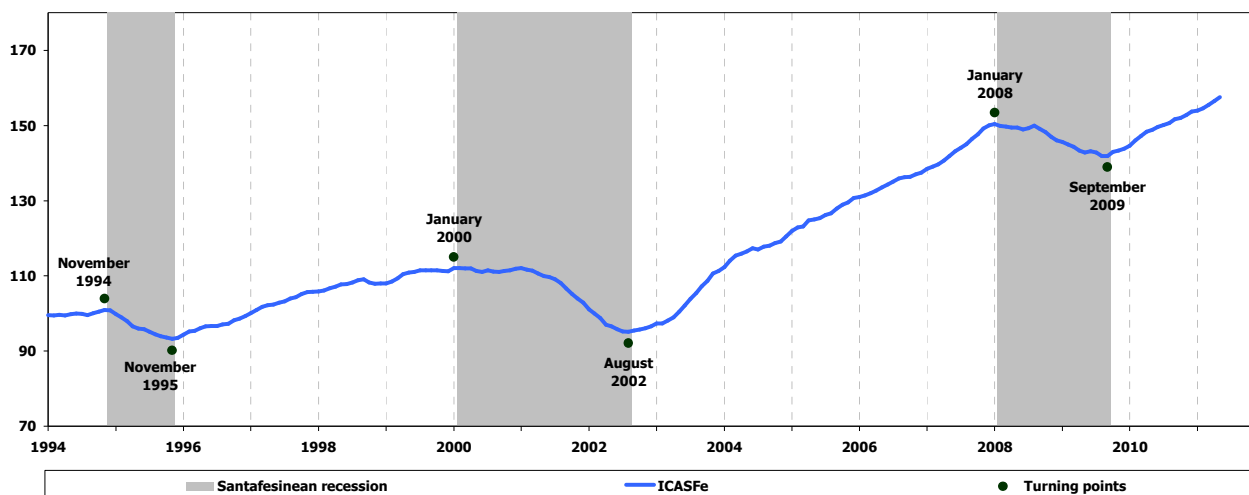
According to the last obtained results, during the month of May 2011, the ICASFe was located at **157.5**, presenting a **0.6%** monthly variation with respect to April.

The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and filtered by seasonality and outliers with the X12-ARIMA software.

Province of Santa Fe's economic activity

In May 2011 the province's economic activity experienced a positive monthly variation of 0.6%. Considering all the particular results obtained along the first five months of the year cumulated economic growth until this point is calculated in 2.4%; a slower rate than during 2010's analogue period when 3.2% of increase was measured. Taking into account that the present phase began in September 2009, the province has just registered its 20th month of expansion.

Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe -
Base 1994=100. Data: from January 1994 to May 2011.



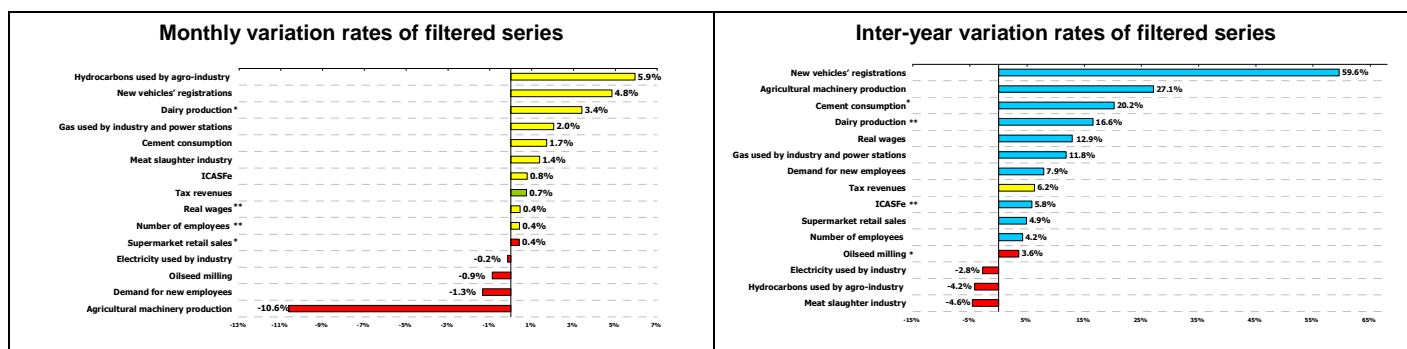
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

According to processed information, nine of the fourteen representative indicators of economic activity experienced positive variation rates in May 2011. These series represent about 64.2% of all the components taking into consideration in order to calculate ICASFe's monthly variations.

Movements along indicators related to agriculture and agro-exportations showed certain diversity. Hydrocarbons used by agro-industry and transportation presented a monthly variation of 5.9% whereas dairy production, which increased 3.4%, got closer to its highest historical level. By the contrary, meat slaughter industry experienced a positive monthly variation of 1.4% but its present level still is significantly below than its long term average. In fact both, cattle and pig's slaughter branches, are recovering from an important contraction which lasted about 18 and 27 months, respectively. Moreover, oilseed milling decreased -0.9% in May and agricultural machinery production registered its third consecutive decline; this month presenting a hard contraction of -9.0% with respect to April. Industrial gas consumption showed an increment of 2.0% in May 2011 and electricity's fell down -0.2%. Within these monthly results both mentioned indicators have accumulated a total variation along the year of 8.7% and 3.4%, respectively.

Graph 2 - Economic activity's indicators for the Province of Santa Fe -



* Updated to April 2011; ** March 2011 was estimated.

Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Investments on durable goods kept growing along more new cars' registrations (4.8%) and higher levels of cement consumption (1.7%). Regarding to consumption, supermarket retail sales are still showing a favorable performance although they presented a

negative **-0.5%** monthly variation in May 2011. In fact, this was the series' only monthly contraction along the year.

In monthly terms, tax revenues improved 1.8 and real wages 0.4%. This means that Santa Fe's real disposable incomes are keeping up within the expansion in both, public and private sectors.

The province's total number of declared jobs increased 0.4 and 4.2%, on a monthly and an inter-year comparison, respectively. To this regard, considering the period 1994-2011, an increment of 1.0% in employment is correlate with an expansion of approximately 1.5% over economic activity. Nevertheless, if only the present growing phase is taking into account, the relationship between economic activity and employment gets slightly softer. Our measures signal that during this period about 1.8% of economic growth is needed in order to raise employment about 1.0%. On the other hand, short term expectations for the labor market are still positive. In spite of a monthly decline of **-1.3%** in May 2011, demand for new employees improved 7.9% compared to May 2010.

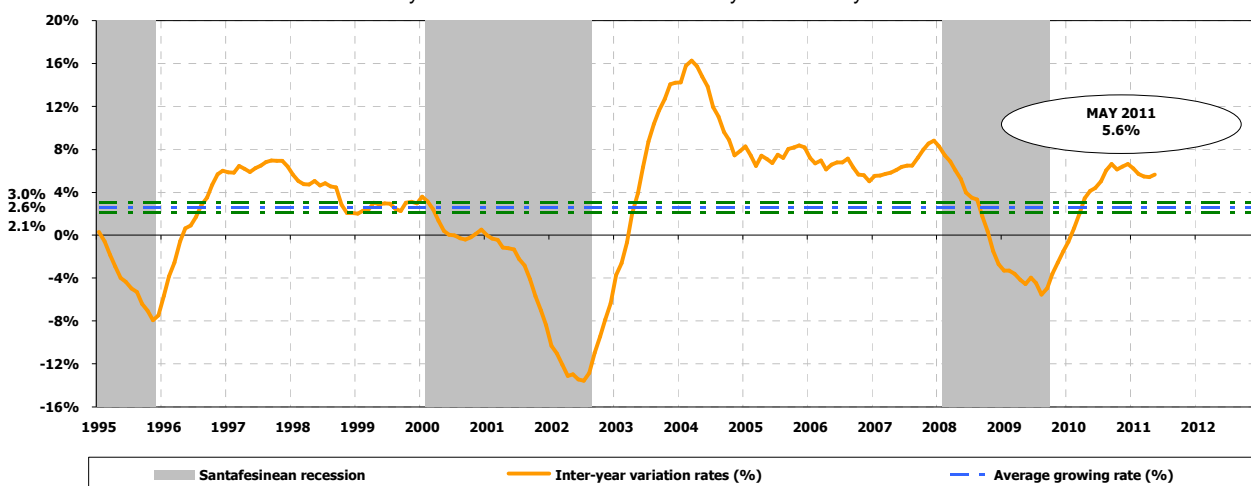
○ Perspectives

These last months the economic activity has grown with a solid rhythm allowing ICASFe's inter-year variation rates to turn and regain a raising fluctuation; in May 2011, an expansion of 5.6% was registered by this indicator.

Regarding to the present cycle phase's duration, 20 months of growing activity have already been accounted. On the other hand, this expansion's main impulse is coming from tax revenues, real wages and new car's registrations; but, in general, indicators related directly to production are not following their path with the same strength. This could actually be translated as a lower effect over employment, at least on a long term horizon.

In terms of amplitude 2011's first semester is definitely going to close positive but its total cumulated growth is also expected to be a little bit below 2010's. Finally, in our opinion, second semester's economic expansion's magnitude is going to be determined by the secondary sector's general performance and, particularly, by agro-industry's. At the same time, as mentioned before, inflation is moving disposable incomes to assets and durable goods but, it must be pointed out, that is also implying an incremental risk for the economic structure.

Graph 3 - Monthly Composite Index of the province of Santa Fe -
Inter-year variations. Data: from January 1995 to May 2011.



Source: Research and Services Center, Santa Fe's Chamber of Commerce.

In order to download our statistical database as well as methodological documents and other related publications, please visit our website in: <http://ces.bcsf.com.ar>