



Bolsa de Comercio de Santa Fe



ICASFe

Monthly Composite Coincident Index for the province of Santa Fe

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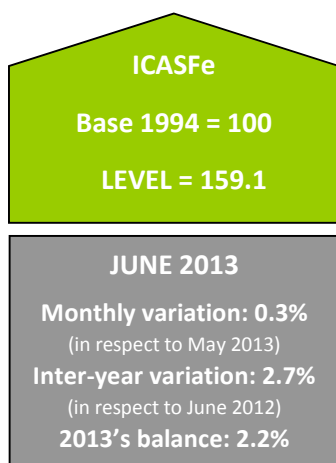
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¿How long will Santa Fe's economic expansion last?

A partial recovery experienced by agro-industrial activities and the construction sector allowed Santa Fe's economic activity to gain 2.2% during 2013's first semester. However, growth's speed shows signals of deceleration.



JUNE 2013'S MAIN RESULTS

ICASFe's level was measured in **159.1**, presenting a monthly variation of **0.3%** in respect to May 2013.

Inter-year variation rates reached **2.7%** (comparing June 2013 vs. June 2012).

Between January and June 2013 Santa Fe's economic activity grew **2.2%**.

¿What is ICASFe for?

The Composite Coincident Index for the province of Santa Fe (ICASFe) constitutes a monthly indicator used in order to monitor local economy's activity. To this regard, its main purpose is to capture cyclical movements, being able to determine the precise dates in which recessions/expansions begin and end; it also generates information about phase's duration, amplitude and diffusion.

As indicator, It provides a reliable source of information appropriate to support decision makers of public and private institutions. ICASFe was developed by a technical agreement with the *Universidad Nacional de Tucumán* (UNT).

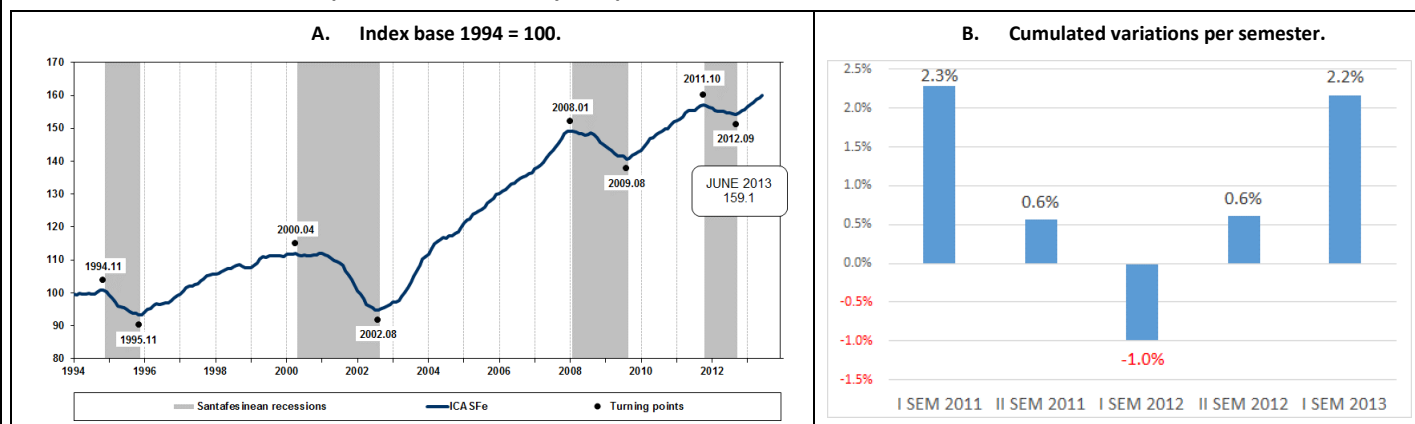
Output data considerations

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

Santa Fe's economic activity experienced its second consecutive semester of growth. In 2013, between January and June, the coincident indicator grew **2.2%**. Nevertheless, a deceleration was observed across the second quarter of the year (during the first quarter the gauge's increase was measured in 1.2% whereas, afterwards, the rate declined to 1.0%).

Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe -



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

Indicator by indicator

During 2013's first semester eleven of the fourteen sub-indicators which are applied in order to calculate the coincident index registered positive cumulated variation rates. By the contrary, during that period in 2012 only four sub-indicators grew (the province was going through its last dated recession).

Table 1 - Economic activity's indicators for the Province of Santa Fe - Cumulate variation rates per semester -

	I SEM 2012	II SEM 2012	I SEM 2013
Oilseed milling	-17.6%	-12.5%	28.5%
Agricultural machinery sales	15.8%	10.0%	23.9%
New vehicles' registrations	-9.0%	-1.1%	13.7%
Dairy production	-1.4%	-4.0%	8.8%
Cement consumption	-2.6%	-0.4%	7.9%
Gas used by industry	-15.8%	0.5%	5.5%
Tax revenues	-1.3%	7.7%	4.3%
Meat slaughter industry	2.0%	8.9%	3.0%
Supermarket retail sales	-0.6%	-0.8%	2.4%
ICASFe	-1.0%	0.6%	2.2%
Registered jobs *	0.5%	0.0%	0.5%
Real wages *	2.4%	0.6%	0.1%
Electricity used by industry	-1.9%	-2.1%	-0.5%
Hydrocarbons' consumption	-9.0%	-2.8%	-1.9%
Demand for new employees	-15.3%	12.8%	-2.7%

References: () Contains estimated data for June.*

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

Oilseed milling, pushed forward by good levels of primary production and favorable international prices, improved 28.5% during 2013's first semester. This performance allowed the series to recover most part of 2012's contraction. **Agricultural machinery sales** kept growing, in fact, more intensively than during the two previous semesters (23.9%). However, in terms of 2008, this sub-indicator is still behind its full potential. **Dairy production** increased 8.8% in 2013's first semester and it's already above pre-recession's activity. **Meat slaughter industry** improved 3.0% in this period mainly supported by the porcine sector. To this regard, whereas bovines' branch is operating far below 2009's registered record, porcines' achieved a new historic mark in June 2013 (62.125 heads). Industrial energetic consumption in 2013 showed monthly volatility but also a stable movement if the whole semester is considered. **Electricity** used by secondary activities registered, between January and June 2013, a cumulated variation rate of **-0.5%**. **Gas consumption** grew 5.5% during this period and, by the contrary, **hydrocarbons used by agro-industry and transportation** declined **-1.9%**.

The construction sector (measured by **cement consumption**) recovered 7.9% in 2013's first semester. However, within the last quarter the gauge signaled a deceleration that actually turned into a mild contraction in June. Moreover, if 2007's performance is taking into account, the series' present level is still far below historic records.

Province's fiscal incomes presented a 4.3% cumulated variation rate during the semester pushed up by increments in *Ingresos Brutos, Sellos, Inmobiliario* and *Patentes*. Federal funds are still representing the most important share in total revenues but during the last six months they grew slower than local taxes.

During the first semester of the year the total number of **registered jobs** showed a slight improvement of 0.5% whereas **demand for new employments** (expectations) decreased **-2.7%**. Furthermore, **real wages** are basically immobilized with a cumulated variation rate of 0.1% between January and June 2013.

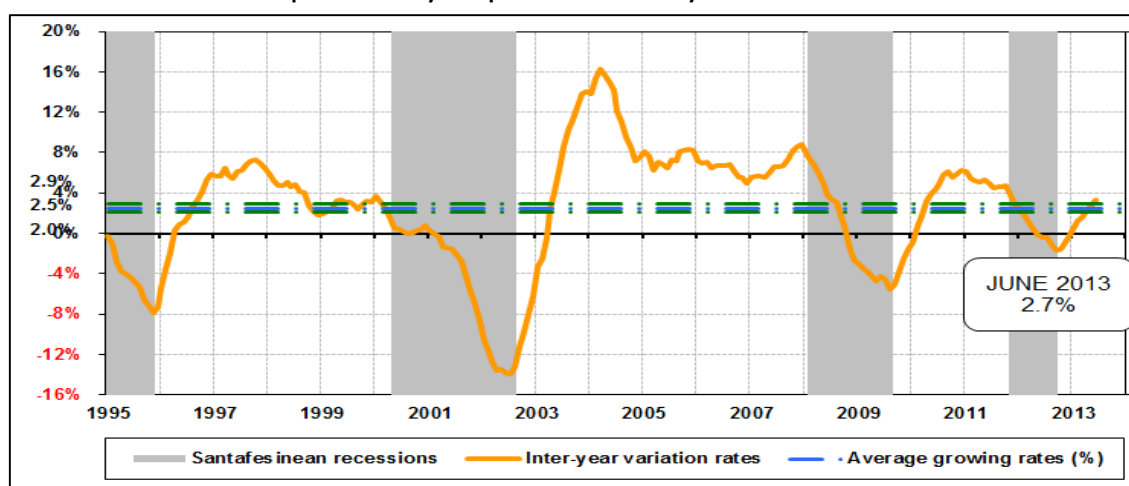
Supermarket retail sales are experiencing a stable behavior since the beginning of 2012. In terms of rates, the series presented negative results during 2012 and recently recovered 2.4% across 2013's first semester. **New vehicles' registrations** reached a new historic record and grew 13.7% in 2013.

Summary and perspectives

Santa Fe's economic activity achieved its second semester of consecutive growth and the coincident index's inter-year variation rates reached 2.7%. These favorable results have been conquered across the first half of the year as a consequence of a positive performance experienced by agricultural activities and helped by the recovery of many series which were particularly affected during the recession that lasted until September 2012. Nevertheless, although the present expansion's rhythm is in accordance to a long term established standard (see statistical bands in graph 2), fact is most representative sectors in the province are going through a difficult time because of macroeconomic pressures.

In order to think about a possible scenario for the second half of the year and 2014's first quarter, one of the main economic issues that must be internalized is inflation. Companies' costs keep raising while consumers and savers are losing purchasing power, this problematic situation is already reproduced by many sub-indicators. Another problem that must be considered in the analysis refers to present uncertainty in terms of currency exchange rates and domestic relative prices, facing US dollars' shortage. As a consequence, profits and investments during the further months are also going to suffer. In addition, employment is not signaling a proper reactivation and fiscal resources are starting to be limited in order to cover the budget. Moreover, perspectives for wheat and sunflower's campaigns are not favorable either because of the drought experienced in Santa Fe's central and northern region.

Graph 2 - Monthly Composite Index's inter-year variation rates -



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

In order to download or get access to:

- Statistical database, methodological documents and related publications | <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data (series) | <http://www.bolcomsf.com.ar/ces/icasfe.php>

Graph 3 - Economic activity's indicators for the Province of Santa Fe -

