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Monthly Composite Coincident Index of the province of Santa Fe
ICASFe

Bolsa de Comercio de Santa Fe

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The province's economic activity synopsis at the first month of 2009

ICASFe
Base 1994 =100
143

January 2009
Monthly %: 0.7%
Interyear %: -1.4%

Falling observed in economic activity's indicators got worse during January 2009.

The Composite Coincident Index of the province of Santa Fe (ICASFe) constitutes a monthly indicator used to describe the global evolution of the province's economy. It allows us to determine the precise dates in which recessions/expansions begin and end, as well as following up the main economic sectors. 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 January 2009, the ICASFe was located at **143**, presenting a **0.7%** monthly variation with respect to December 2008.

The last 12 months' 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 that provides and input to our indicator.
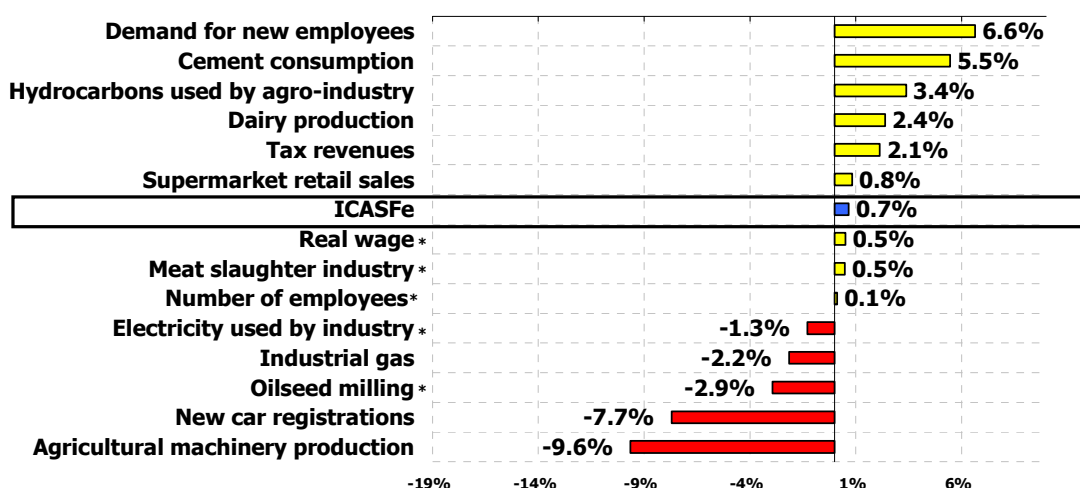
o **First month of the year**

Santa Fe's economic activity started over 2009 dragging on a recessive scenario on its economic structure's most representative sectors. This process that began with a deep deceleration in 2007 and got worse during 2008 marked up the initial period of a technical recession in the province. Indicators' monthly performance for January 2009 underlined that five of the fourteen representative series of economic activity are expressing **negative variations** for the province.

In the secondary sector, electricity used by industry went down -1.3% and industrial gas had the same pattern with a -2.2%. At the same time, oilseed milling and agricultural machinery production presented reductions of -2.9% and -9.6%, respectively.

Speaking about Consumption, new cars registrations presented a monthly variation of -7.7% and supermarket retail sales, seasonally adjusted and corrected by inflation, showed an increment of 0.8%; but its growing is decelerating since September 2008.

Santa Fe's economic activity series.

Monthly variations of filtered series. Comparison between January 2009 and January 2008.

* Last available data: December 2008.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

After presenting a significant monthly accumulated reduction during the last quarter of 2008, between the first month of 2009 and December 2008 there are indicators that now support some positive variations. On this regard the series that stand out are: cement consumption with a 5.5% expansion -strongly related to the province's construction activity-; tax revenues (2.1%); hydrocarbons used by agro-industry (3.4%); and the demand for new employees (6.6%). In reference to labor market's variables there was a slight improvement in the quantity of declared jobs (0.1%) and real wages (0.5%). Although since the beginning of 2008 the private sector is decelerating its rate of formal human resources' incorporation, the public sector – on a national and provincial level – shows a sustained increment.

By looking at the series' interyear variations, that is to say the comparison between any month and its equivalent value of one year before, the decreasing trend gets even worse. Under this perspective **nine of the fourteen series** show a **negative interyear growing rate**, meaning approximately 64% of all the indicators.

Even dough 2008 began with an important deceleration reflected on economic activity's main indicators, at that moment, most of them were presenting positive interyear variations that, in general, referred to absolute values highly superior to the ones related to January 2009. Nevertheless, these numbers seem reasonable with the recessive process that economic activity is experiencing in Santa Fe.

Agricultural machinery production shows a -64.4% interyear rate variation among oilseed milling that also presents a significant fall down of -27.4%, while meat slaughter industry decreases -11,2%.
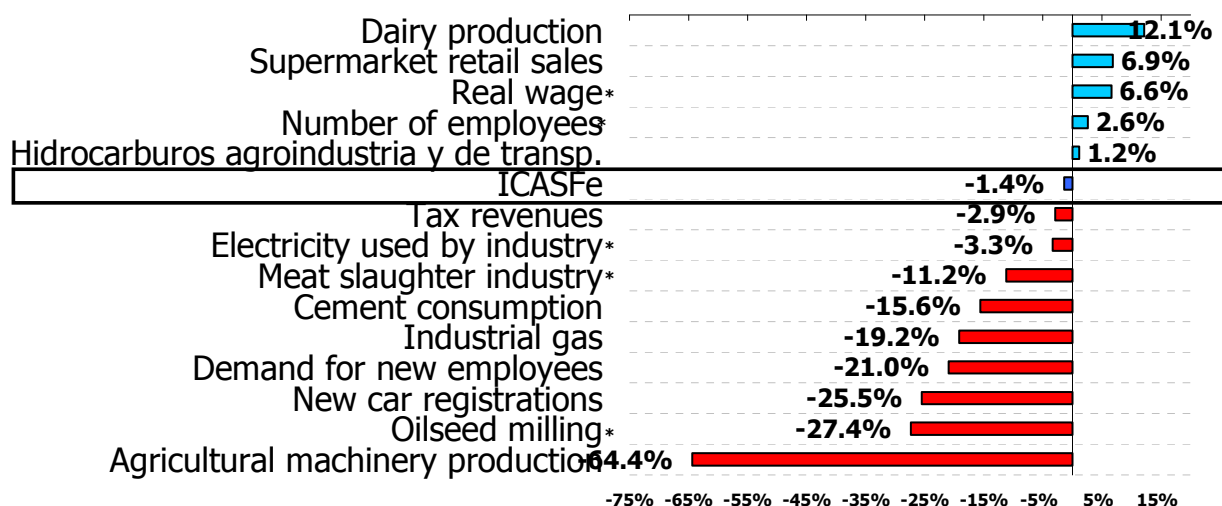
Electricity consumption and industrial gas, which are representatives of the entire sector's evolution, show negative interyear rates of -3.3% and -19.2%, respectively. In January 2008 these rates were 8.2% and 4.7%.

Cement consumption that showed an interyear growing rate of 32.5% in January 2008 now presents a -15.6%. Tax revenues have a similar behavior. They had a positive 20.1% interyear variation in January 2008, but in January 2009 this indicator is -2.9%.

Santa Fe's economic activity series.

Inter-year variations of filtered series. Comparison between January 2009 and January 2008.

Indicator	Value
Dairy production	12.1%
Supermarket retail sales	6.9%
Real wage*	6.6%
Number of employees*	2.6%
Hidrocarburos agroindustria y de transp.	1.2%
ICASFe	-1.4%
Tax revenues	-2.9%
Electricity used by industry*	-3.3%
Meat slaughter industry*	-11.2%
Cement consumption	-15.6%
Industrial gas	-19.2%
Demand for new employees	-21.0%
New car registrations	-25.5%
Oilseed milling*	-27.4%
Agricultural machinery production	-64.4%

-75% -65% -55% -45% -35% -25% -15% -5% 5% 15%

* Last available data: December 2008.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Labor market information stands a negative interyear variation rate of -21% for the demand of new employees but a 2.6% for the number of created jobs. In January 2008 both series were presenting interyear positive variation rates of 17.7% and 5.3%, respectively. Interyear variations of real wages belonging to public and private institutions grew up 6.6% in January 2009, showing a clear deceleration since they improved 20.3% during January 2008.

In the particular case of aggregated consumption there are two different visible symptoms. Supermarket retail sales are not yet reflecting a deep deceleration. But, as we already mentioned on previous digests, this behavior can be considered a regular response of the variable to a recessive process, since it usually presents an expansion during the first months of a recession. On the other side new cars registrations show a deep deterioration with an interyear variation rate of -25.5% even dough one year before, in January 2008, this indicator was 21,8% - always considering seasonally adjusted series corrected by extreme irregular values-.
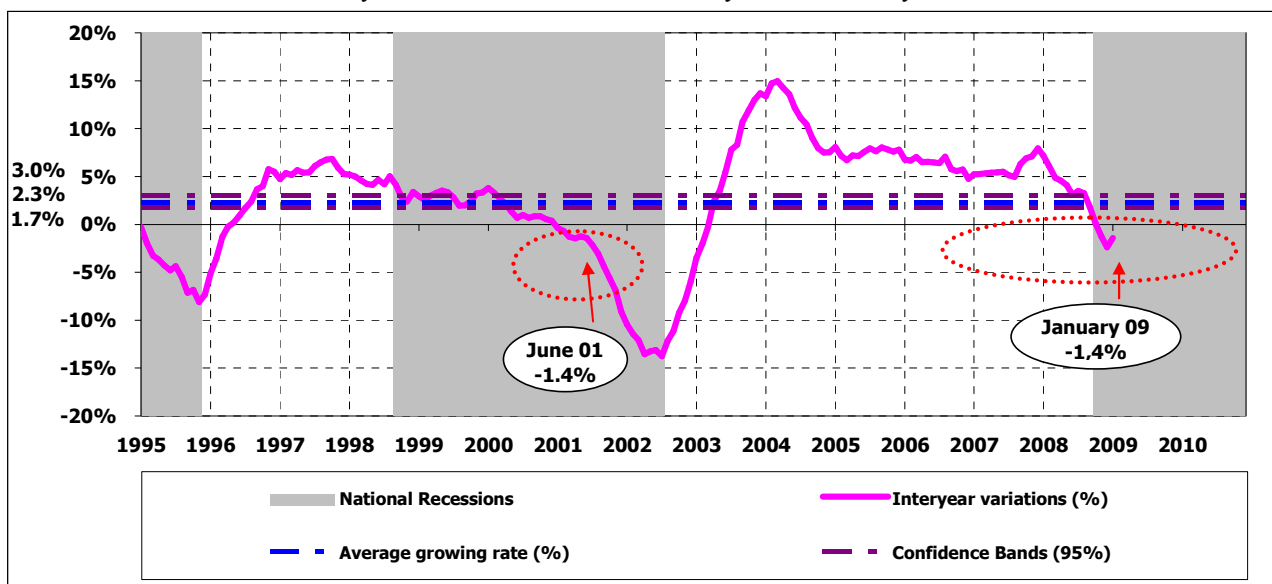
o **Perspectives**

In January 2009 ICASFe's interyear variation rate was -1.4%. This value is similar to the one reached during June 2001 when the province's economic activity was going through its 14th month of recession.

Thinking about future perspectives for the next months, it's important to remark that interyear variations crossed trough graph 3's lowest band in October 2008 (0.1%). Afterwards the equivalent measurement for November of that year abruptly fell down and the indicator began to signal a negative rate of -1.2%. This means that during the last 5 months (between September 2008 and January 2009) ICASFE's interyear variations pierced the 3 confidence bands achieving to be located below 0%.

By the moment main santafesinean economic indicators' evolution is far away for being encouraging, directly influenced by an unfavorable national and international context.

Graph 3. Monthly Composite Index of the province of Santa Fe.

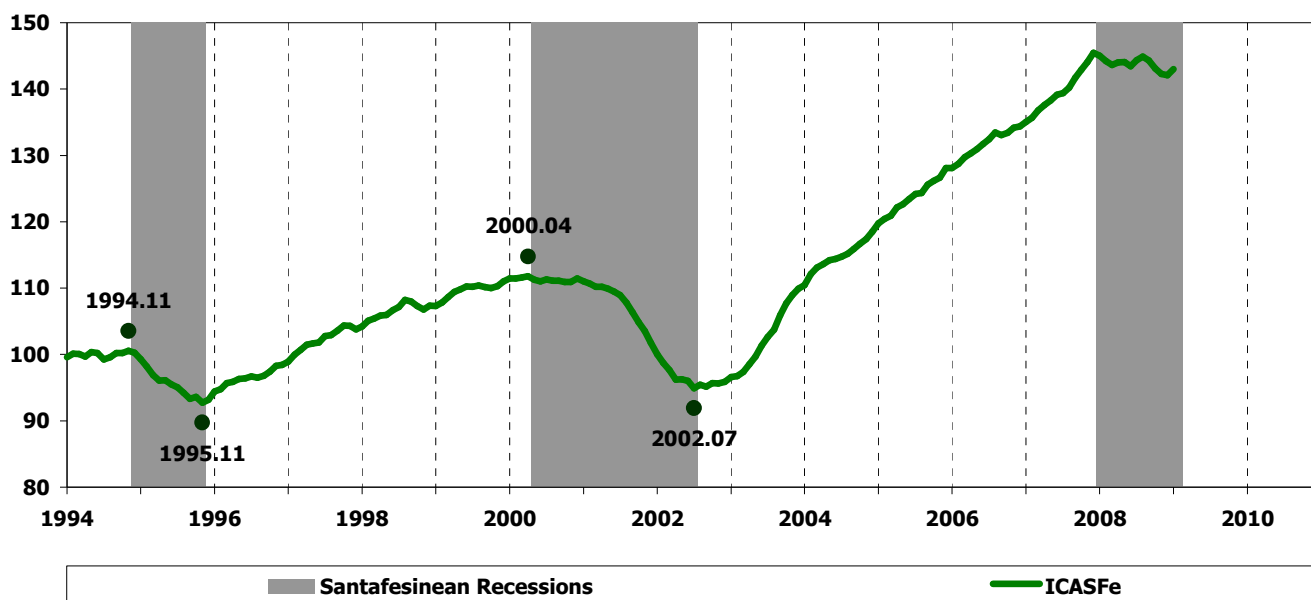Inter-year variations. Data: from January 1995 to January 2009.

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

Interpreting confidence bands: ICASFe's Interyear variations, the comparison between the monthly variation's present value and its corresponding measure on the same month from one year before, bring information about the trend related to economic activity's evolution. At the same time, confidence bands can be consider as reliable tools proper to evaluate these rates since they represent statistical values which signal the mean of the economic activity's long term glowing rate. Whenever the interyear variations are located between the two bands, it means that the economy is growing on a long term speed and when they are upon the highest band its growing rate is showing a faster expansion than the average. Instead, when they fall under the lowest band we have a strong signal of deceleration on the province's economic activity.

Graph 4 - ICASFe - Monthly Composite Coincident Index of the province of Santa Fe -

Base 1994=100. Data: from January 1994 to January 2009.

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

In order to download methodological documents as well as other related publications, please visit our websites in: http://www.bcsf.com.ar or http://ces.bcsf.com.ar/icasfe