



Monthly Digest

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Monthly Composite Coincident Index of the province of Santa Fe ICASFe

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Negative balance for the province's economic activity during the first semester of 2009

ICASFe
Base 1994 =100
139.5

June 2009
Monthly %: 0.08%
Interyear %: -3.3%

The first semester of 2009 ends with a negative balance for economic activity. Nevertheless, the evaluated time series showed a different behavior between the first and the second quarter of the year.

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 June 2009, the ICASFe was located at **139.5**, presenting a **0.08%** monthly variation with respect to April 2009.

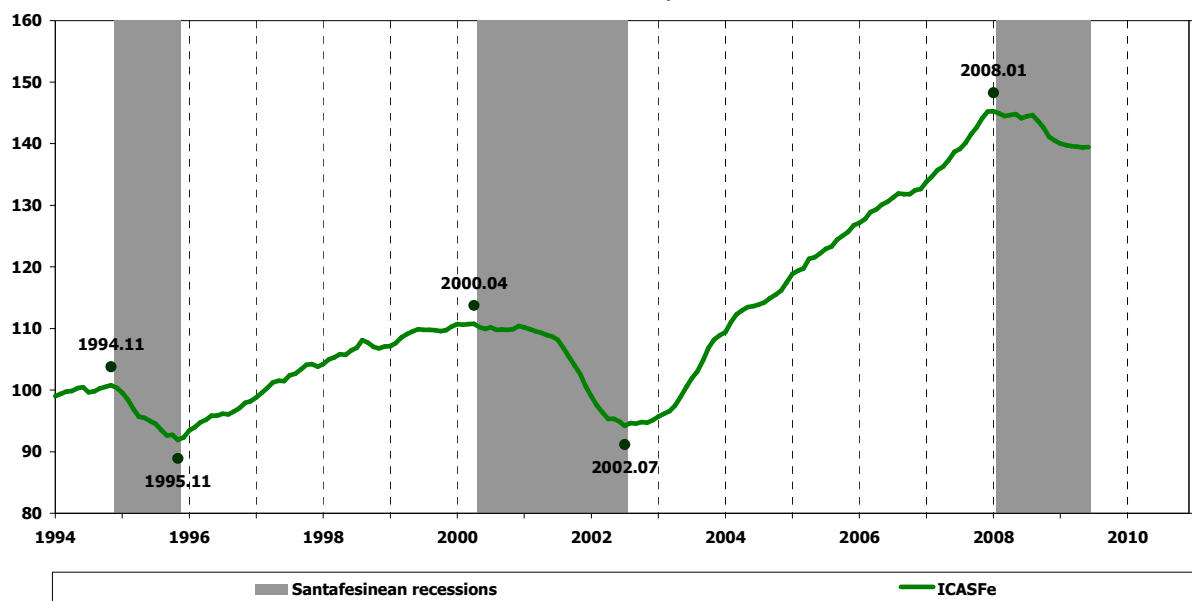
The last 12 months' results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data that provides an input to our indicator.

○ Santa Fe's economic activity

Although ICASFe's monthly variation for June was slightly positive, the first semester of 2009 ends with a negative balance for the province's economic activity. Between January and June, the accumulated monthly rate was **-0.72%**; a little bit deeper than 2008's that reached **-0.71%**. This means that during the first semester of the year the economic activity's contraction was really similar than 2008's. But looking inside this recessive context that started at the beginning of 2008, these past six months also showed different sectorial behaviors within the first and the second quarter of the year. On this matter the most particular turns were observed in new cars registrations and supermarket retail sales.

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

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



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

○ First semester of 2009

Based on the accumulated monthly rates, seven of the fourteen series included in the ICASFe had a negative growth during the first semester of 2009; but quarterly speaking, some particular contributions showed internal differences.

Upon the industrial sector, gas consumption presented an 18.9% accumulated growth with a constant behavior between quarters. On the other hand, electricity used by industry fell **-5.2%** in the first quarter of the year but was partially compensated with a 1.2% growth during the second quarter.

Meat slaughter industry and oilseed milling increased their activity in both evaluated quarters of 2009 but the second part of the semester had a lower performance. Dairy production and Hydrocarbons used by agro-industry and transportation grew during the first quarter but decreased during the second one. Their net balances reached 3.5% and **-6.6%**, respectively. Also related to the industrial sector, agricultural machinery production experienced a deep contraction of **-56.9%** for the total semester.

Table 1. Santa Fe's economic activity series.
Accumulated interyear variations of filtered series.

	QI 09	QII 09	I SEM 09
Industrial gas	9.5%	9.4%	18.9%
New cars registrations	-12.5%	6.4%	-6.1%
Meat slaughter industry	10.6%	5.3%	15.9%
Oilseed milling	7.2%	4.1%	11.2%
Tax revenues	0.8%	1.8%	2.6%
Supermarket retail sales	-1.4%	1.7%	0.3%
Real wage	0.1%	0.2%	0.3%
ICASFe	-0,6%	-0,2%	-0,72%
Dairy production	5.5%	-2.0%	3.5%
Number of employees	-0.4%	-2.3%	-2.7%
Electricity used by industry	-5,2%	1,2%	-3,9%
Cement consumption	-4.6%	-7.4%	-12.0%
Demand for new employees	-19.4%	-8.2%	-27.6%
Hydrocarbons agro-industry/transportation	3.9%	-10.5%	-6.6%
Agricultural machinery production	-34.3%	-22.5%	-56.9%

* Last available data: May 2009.

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

Supermarket retail sales and new cars registrations switched signs showing an accumulated contraction during the first quarter that turned into an expansion during the second part of the semester. In fact, in supermarket's case last accumulated growth allowed the indicator to close the semester with a positive balance while registrations couldn't reach that point (**-6.1%** net balance).

The construction sector continues with a negative performance, decreasing a total **-12.0%** during 2009's first semester (considering cement consumption).

Series related to the labor market presented an unpleasant outlook. Last available data of May 2009 measures an accumulated fall (January-May) of **-2.7%** in the province's total number of registered workers. In addition, demand for new employees fell **-27.6%** and real wages stood almost invariable with a positive accumulated rate of 0.3%.

Tax revenues ended the semester with a positive 2.6% expansion but during June and July its interyear variations went down on **-0.2%** and **-2.0%**, respectively.

○ Perspectives

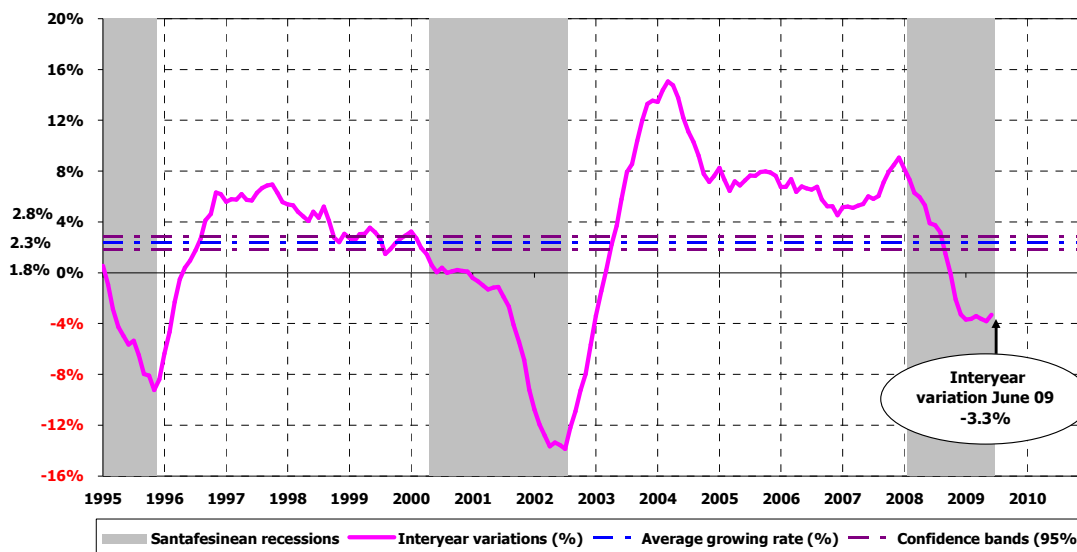
ICASFe's interyear variations are still being negative since October 2008, indicating that the province's economic activity keeps up with the recession. But during 2009's first semester these rates flowed around **-3%** without showing a clear perspective for the further next months.

In order to explain some elements of the present recession, along the past digests we've already provided some ideas linked to its background on a local, national and international level. On this matter, we emphasized that public finances on a provincial level are going through a delicate situation in Santa Fe. On the other hand, the conflict between many agro sectors and certain national policies is not over yet and has been actually gotten worse because of the drought that affects the region.

Moreover, in order to interiorize private perspectives, variables related with investment are always a group of

interest indicators. Unfortunately cement consumption, agricultural machinery production and demand for new employees are still falling down and only new cars registrations showed a better performance during the second quarter.

Graph 2. Monthly Composite Index of the province of Santa Fe.
Inter-year variations. Data: from January 1995 to June 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.

Finally, it's important to say that based on our group of leading indicators' behavior (speaking in terms of business cycles), which anticipated past recoveries of the santafesinean economic activity, by the moment we have no signals of a possible turning point during the second semester of 2009.

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