



Bolsa de Comercio de Santa Fe



ICASFe

Monthly Composite Coincident Index for the province of Santa Fe

Tuesday, March 18, 2014. Monthly digest N° 03, year 8.

During 2013 Santa Fe's economy grew only 2.6%.

In December 2013 the coincident index registered its third consecutive monthly contraction and, therefore, net economic activity's growth ended the year behind preliminary projections.

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DECEMBER 2013

Monthly variation: -0.2%
(in respect to November 2013)

Inter-year variation: 2.6%
(in respect to December 2012)

2013's balance: 2.6%

ICASFe

**Base 1994 = 100
LEVEL = 159.6**

DECEMBER 2013'S MAIN RESULTS

*ICASFe's level was measured in **159.6**, presenting a monthly variation of **-0.2%** in respect to November 2013.*

*Inter-year variation rates reached **2.6%** (comparing November 2013 vs. November 2012).*

*Between January and December 2013 Santa Fe's economic activity grew **2.6%**.*

¿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).

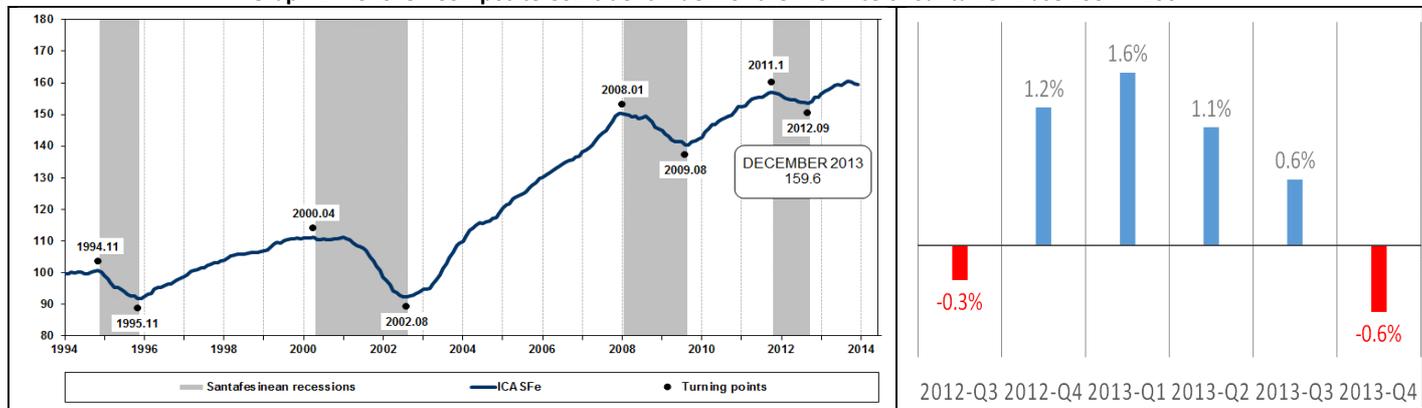
Output data considerations

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 X-13ARIMA-SEATS software produced and distributed by the US Census Bureau.

Province of Santa Fe's economic activity

The province's economic activity declined **-0.2%** in December, cumulating a **-0.6%** negative variation rate during 2013's last quarter. Consequently, net economic growth for 2013 kept falling, reaching only 2.6%. These results could be signaling the beginning of a new recession, to be confirmed in case the negative performance develops across 2014's first quarter.

Graph 1 - ICASFe - Composite Coincident Index for the Province of Santa Fe - Base 1994 = 100 -



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

Indicator by indicator

Main economic indicators presented a remarkably different behavior during 2013's first and second semester. Whereas most of them improved within the first half of the year, during the second one, eight of the fourteen series cumulated negative variation rates. Moreover, the other remaining six sub-indicators grew between July and December but less than during the first semester.

Electricity used by industry grew 10.5% during 2013's second semester (mainly pushed up by the third quarter's results). **Gas consumption** presented a similar behavior and increased 1.4% during that period in spite of registering a **-3.2%** decline in the last quarter of the year. By the contrary, **hydrocarbons used by agro-industry and transportation** went down in both semesters, cumulating a total contraction of **-4.4%** in 2013.

Meat slaughter industry improved 2.2% between July and December 2013, less than during the first semester (4.3%). **Dairy production** cumulated a negative variation rate of **-5.3%** in the second semester and **oilseed milling** decreased **-9.5%** during that period (whereas it grew 21.9% in the first half of the year). **Agricultural machinery sales** finished the year basically without any movement, since during the second semester the series declined and compensated most of its expansion registered between January and June.

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

SERIES	I SEM 13	II SEM 13
Electricity used by industry	2.1%	10.5%
Cement consumption	9.5%	3.2%
Supermarket retail sales	2.7%	3.4%
Meat slaughter industry	4.3%	2.2%
Gas used by industry	0.5%	1.4%
Number of employees	1.4%	1.0%
ICASFe	2.6%	0.0%
Hydrocarbons used by agro-industry	-4.1%	-0.3%
Real wages	2.9%	-1.0%
Tax revenues	3.3%	-1.4%
Demand for new employees	-0.3%	-3.3%
Dairy production	6.9%	-5.3%
New vehicles' registrations	10.9%	-8.3%
Oilseed milling	21.9%	-9.5%
Agricultural machinery sales	46.3%	-46.1%

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

Cement consumption, a proxy of the construction sector, also decelerated in 2013's second semester as a consequence of a verified contraction during the fourth quarter (cumulated variation rates reached 9.5 and 3.2% in each semester).

Helped by public sector Santa Fe's **labor market** presented a mild enlargement in 2013. But private employment practically didn't show any improvement. Furthermore, **demand for new jobs** dropped down along both semesters, and **real wages** declined **-1.0%** in the second part of the year.

Consumption is decelerating as well. **Supermarket retail sales** grew 3.4 and 2.7% each semester. **New vehicles' registrations** increased 10.9% in the first semester but then fell over **-8.3%** in second part of the year.

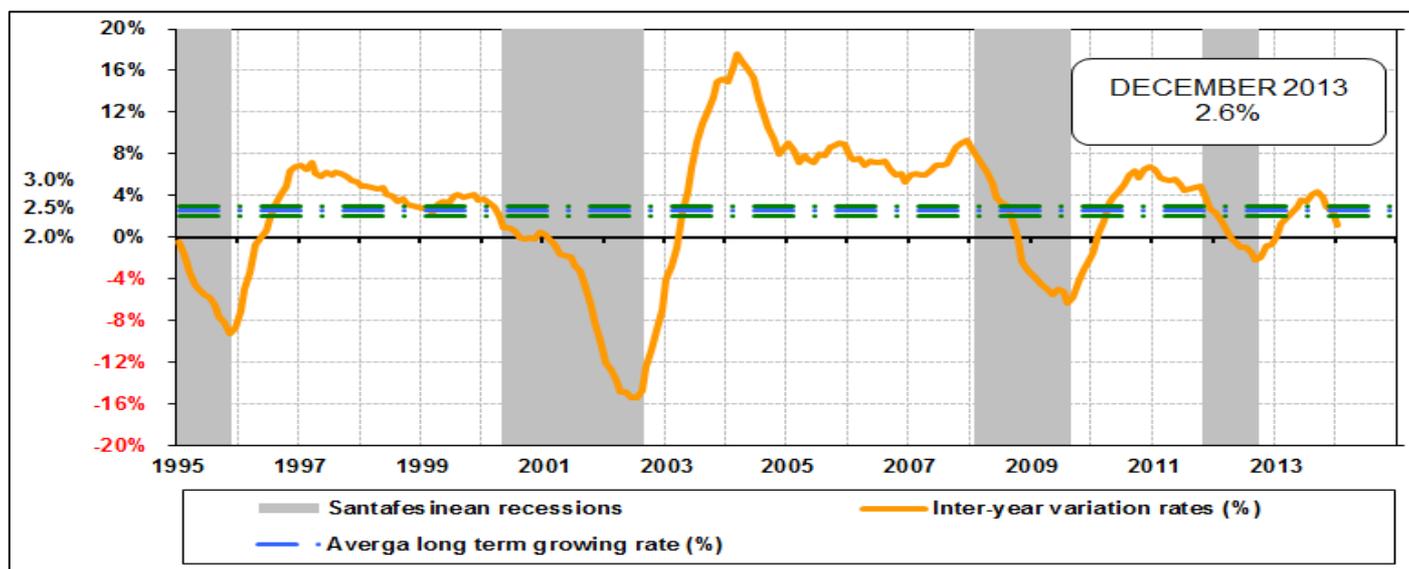
Disposable public resources also decreased in real terms during the second semester (**-1.4%**) - as they grew nominally but slower than inflation - These unfavorable results are mostly explained by the contraction of *Sellos'* revenues while federal resources are being halted.

Summary and perspectives

Santa Fe's economic activity closed 2013 within a net expansion but also presented a negative variation rate during the 4th quarter that could mean the province is already under recession. Technically, in order to confirm the beginning of a new contraction phase, economic activity has to keep going down during 2014's first quarter. To this regard ICASFe's inter-year variation rates dropped to 2.6% in December going through the lowest confidence statistical band (see Graph 2).

The general deceleration registered during the first semester in some main economic sectors became an actual contraction during the second part of the year. Fortunately, the propagation process did not yet significantly spread to employment. On the other hand, disposable incomes are being damaged as both Consumption and Investment levels fight against inflation. All said, 2014's first semester shows unfavorable perspectives for economic activity.

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

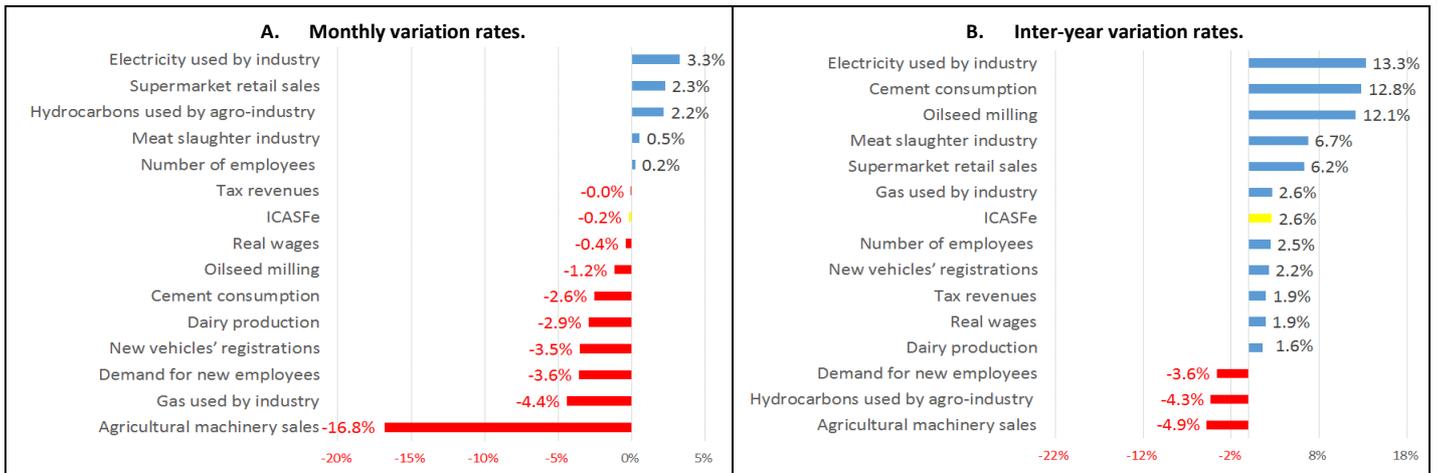


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

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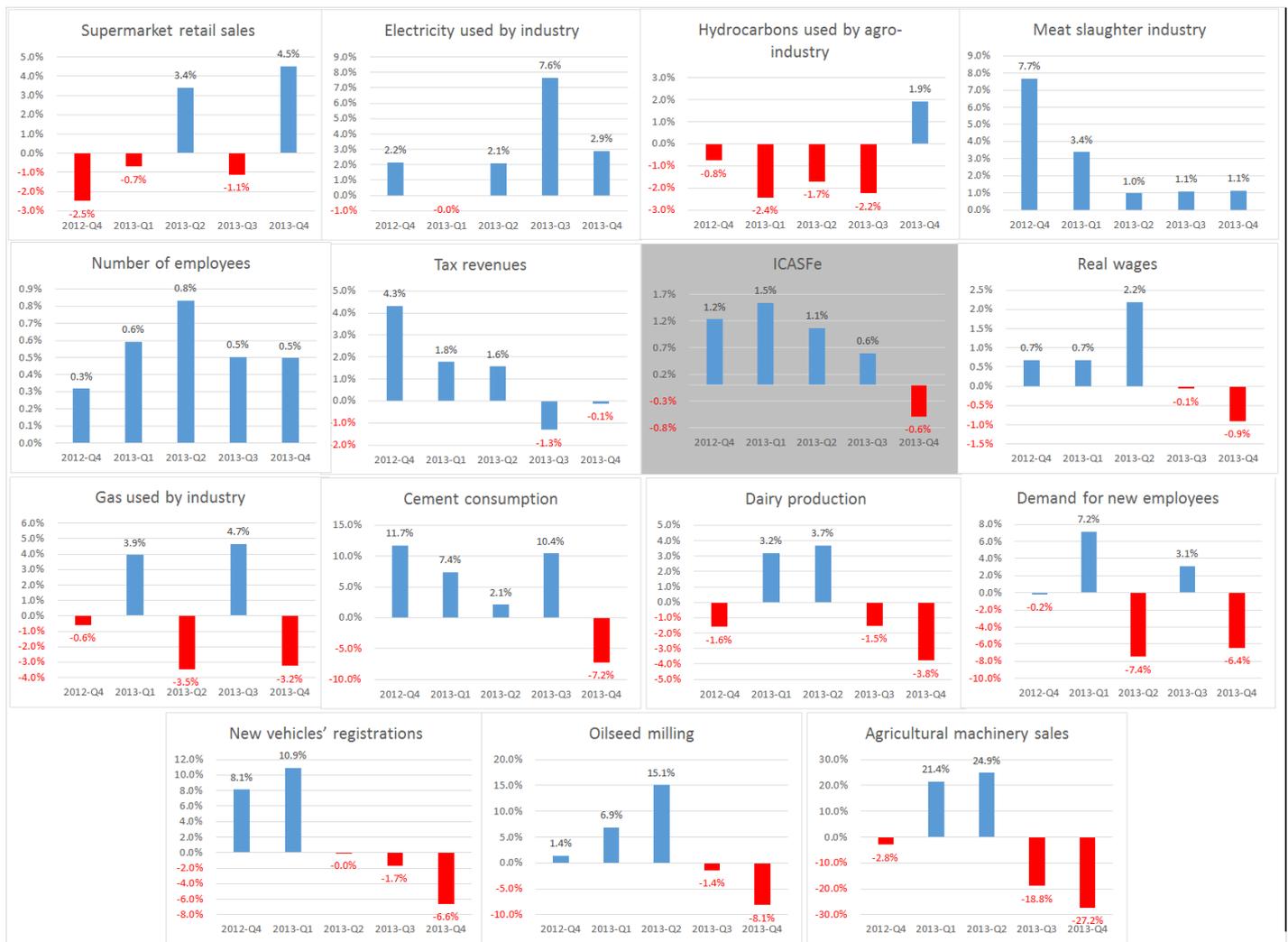
- Statistical database, methodological documents and related publications | <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data (series) | <http://www.bolcomsf.com.ar/ces/icasfe.php>

Graph 3 - Economic activity's indicators for the Province of Santa Fe - December 2013 -



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

Graph 4 - Economic activity's indicators for the Province of Santa Fe – Cumulated variation rates per quarter.



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