

Monthly Digest

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Year 4

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

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Economic activity's
growth speeds up

ICASFe
Base 1994 = 100
146.1

MAY 2010
Monthly %: 0.6%
Interyear %: 4.0%
Accumulated (Jan-
May): 3.7%

During the fifth month of 2010, ICASFe's inter-year variation rates exceeded economic activity's long run average growing rate (1994-2009).

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.

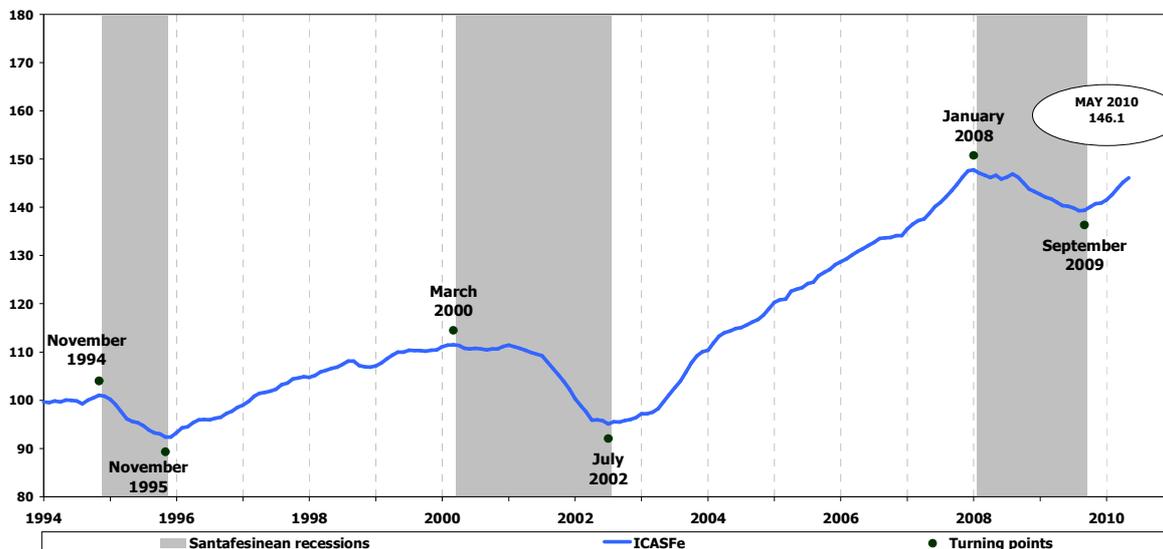
According to the last obtained results, during the month of May 2010, the ICASFe was located at **146.15**, presenting a **0.6%** monthly variation with respect to April.

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**

The province's economic activity registered an increment of 0.6% between April and May 2010. This implies that the accumulated relative variation since the beginning of the present expansion, in September 2009, has already reached 4.8%. These results located the calculated economic activity level near by the last peak of January 2008, achieved during the previous cyclical growth phase.

Graph 1 - ICASFe - Monthly Composite Coincident Index of the Province of Santa Fe -
Base 1994=100. Data: from January 1994 to May 2010.



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

○ **Indicator by indicator**

In May 2010, nine of the fourteen economic representative sub-indicators included in our coincident index had positive monthly variation rates; twelve of them also registered increments over their inter-year comparisons. Moreover, seven time series of this latter group are speeding up, showing a better growing performance considering April.

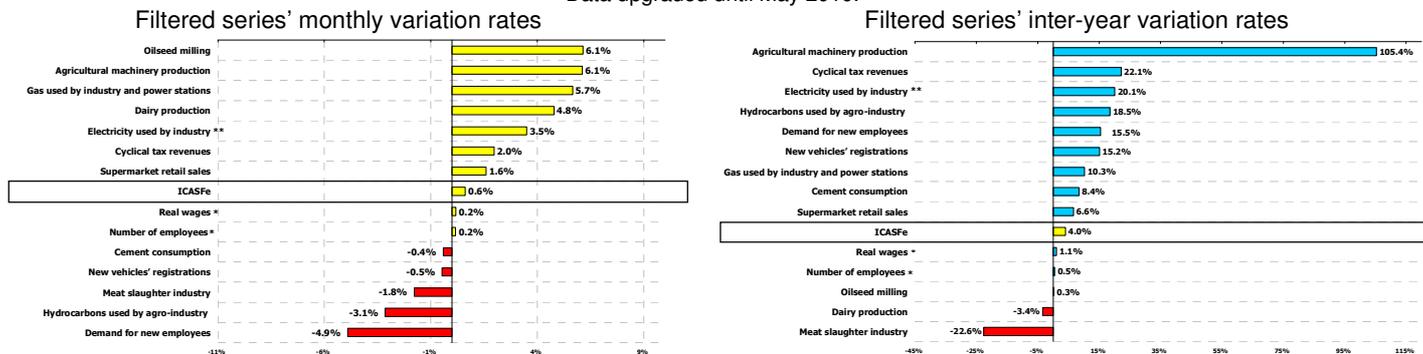
In accordance with its characteristic short term volatility, agricultural machinery production experienced a monthly expansion of 6.1%, and an inter-year one of 105.4%. Therefore, it basically reached twice the level of production calculated in May 2009. Oilseed milling increased 6.1% as well, but its inter-year variation rate was only 0.3%. Probably, because this sector did not suffer the recession with the same intensity as other did. Dairy production improved 4.8% in May, but it still is behind last year's activity levels and therefore had a negative inter-year variation rate of **-3.4%**. On the other hand, hydrocarbons used by agro-industry and transportation declined by the third consecutive time, in this case with a monthly variation of **-3.1%**. However, compared to May 2009, it increased 18.5%. Meat slaughter industry moved on the same direction and decreased **-1.8%**, monthly, and **-22.6%**, inter-yearly.

Time series directly related to the aggregated industrial sector – energy consumption – registered encouraging fluctuations. Especially industrial gas consumption which increased 5.7% during the last month, and 10.3% compared to May 2009.

Supermarket retail sales also went up, in this case 1.6%, improving their recent negative behavior from April. Apparently, part of this expansion was based on higher nominal salaries in registered jobs. Our estimations, by the contrary, are signaling that general real purchasing power is reaching a plateau (besides the regular differences between sectors). Concerning to the labor market, the number of total registered employees in the province mildly increased, keeping up with a slow recovery since the end of the recession.

New vehicles' registrations, a proxy for investment in durable goods, fell down for the second month in a row; this time **-0.5%**. Even though, their inter-year variations were positive and reached 15.2%. Cement consumption for private constructions also decreased in monthly terms (**-0.4%**) and improved inter-yearly (8.4%).

Graph 2: economic activity's indicators for the Province of Santa Fe.
Data upgraded until May 2010.



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

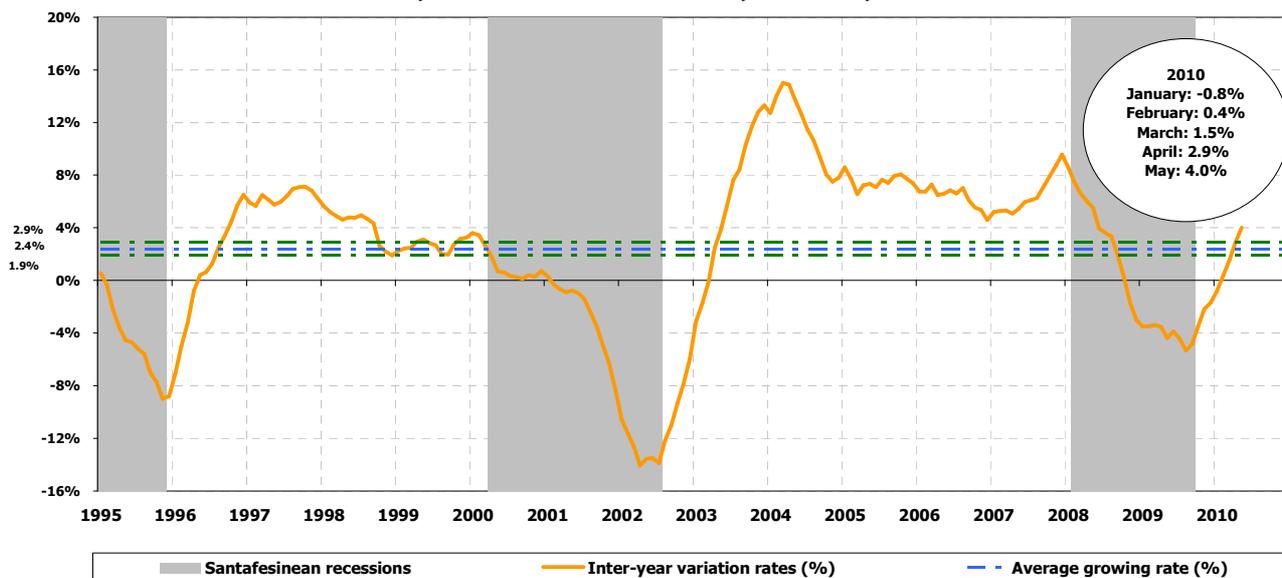
Tax revenues of "Ingresos Brutos" and "Sellos" increased 2.0% during May 2010 with an inter-year variation of 22.1%. These enlarged incomes were based on better levels of economic activity but also because of certain changes over the tax rates in "Ingresos Brutos". At the same time, additional amount of funds were collected as a result of a tax regularization process for historical debtors, known as "moratorium".

Finally, demand for new employees kept showing a positive inter-year variation of 15.5% but also experienced a monthly contraction of **-4.9%**.

o **Perspectives on the province's further economic activity**

With an annual expansion of 4.0% in May 2010, ICASFe's inter-year variation rates exceeded economic activity's long run average growing rate (1994-2009).

Graph 3 - Monthly Composite Index of the province of Santa Fe -
Inter-year variations. Data: from January 1995 to May 2010.



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

To this regards, it's important to highlight that the results are showing that economic growth in Santa Fe speeded up during the first five month of the year: located at **-0.8%** in January, inter-year variations went above 0% and reached the first confidence band in March (1.5%), to finally achieve a 4.0% in May 2010 (beyond the second band). This implies an incredible reversal in the direction followed by the inter-year variation rates in only one semester. Moreover, just two ICASFe's sub-indicators had negative annual relative variations (dairy production and Meat slaughter industry). All the other moved along the positive current and, therefore, perspectives for the rest of 2010 are still encouraging.

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>