

## Monthly Digest

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

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**Economic activity  
ends the first  
semester with a  
positive net balance**

**ICASFe**  
Base 1994 = 100  
**146.0**

**JUNE 2010**  
Monthly %: 0.4%  
Inter-year %: 3.9%  
Accumulated (Jan-  
Jun): 3.6%

*The province's economy keeps increasing its activity levels, even though it slowed down during 2010's second quarter. Setting proper incentives for productive investment seems to be the main issue in order to consolidate the expansion phase.*

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.

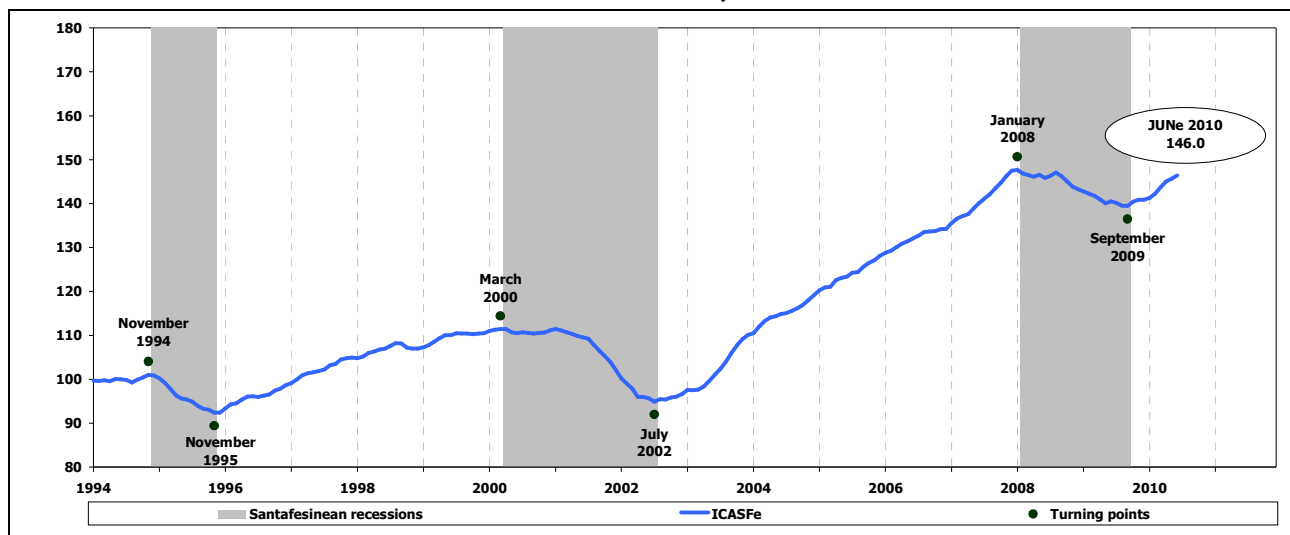
According to the last obtained results, during the month of June 2010, the ICASFe was located at **146.0**, presenting a **0.4%** monthly variation with respect to May.

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

Based on data from June 2010 the ICASFe increased 0.4% compared to its last measurement. This implies a net balance of 3.6% total expansion during the first six months of the year. Since Santa Fe's economic activity reopened its growing path in September 2009, this last semester's accumulated monthly rates were considerably higher than 2009's second semester's, which only reached 0.4%.

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



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

### Indicator by indicator

Between January and June 2010, eleven of the fourteen representative sub-indicators included in the coincident index registered positive monthly variation rates. In fact, considering the whole group, nine of them actually presented that same behavior in 2009's second semester.

Facing up against inflation most traditional financial tools for Argentineans, saving in international currency or contracting fixed-term deposits, are not being worthy. In this context, physical assets are gaining popularity. During 2010's first semester, new vehicles' registrations increased 23.0% and second hand cars trade grew 4.4%. In addition, cement consumption, which is related directly with the construction sector, improved 13.3% during that period of time.

In the case of cyclical tax revenues, the accumulated expansion rate for the first semester reached 14.9%. Nevertheless, most of the increment was observed between January and March (10.1%) and afterwards it slowed down accumulating only 4.8% during the next three months. In fact, a decline of 0.4% was registered in June.

The province's secondary sector constantly increased production during 2010's first the semester. Gas consumption presented an accumulated variation rate of 12.8% and electricity used by industry grew 10.8%. Oil seed milling recovered consistently and went up 23.9% during these six months. Let's remember that this activity suffered two consecutive contractions of **-0.2** and **-16.4%** during 2009's first and second semester, respectively. Agricultural machinery production registered a total increment of 10.9% during 2010. This signals a significant contrast against its past performance during 2009's analogue period of time, where its decline was measured in **-56.8%**. Dairy production increased as well, in this case 9.5%. In the opposite hand, meat slaughter sector was the only industrial indicator with an accumulated contraction (**-19.8%**). Finally, hydrocarbons used by agro-industry and transportation increased 4.9% along the semester, in opposition to an accumulated rate of **-11.8%** registered during that same semester but in 2009.

**Table 1: economic activity's indicators for the Province of Santa Fe.**

Accumulated variation rates during each semester.

	I SEM 09	II SEM 09	I SEM 10
Oilseed milling	-0.2%	-16.4%	23.9%
New vehicles' registrations	-9.3%	2.8%	23.0%
Cyclical tax revenues	1.2%	2.4%	14.9%
Cement consumption	-15.8%	-3.3%	13.3%
Gas used by industry and power stations	7.5%	-11.6%	12.8%
Agricultural machinery production	-56.8%	41.3%	10.9%
Electricity used by industry	-5.8%	2.6%	10.8%
Dairy production	2.2%	-5.6%	9.5%
Supermarket retail sales	-0.6%	0.7%	5.8%
Hydrocarbons used by agro-industry	-11.8%	17.2%	4.9%
<b>ICASFe</b>	<b>-2.0%</b>	<b>0.4%</b>	<b>3.6%</b>
Number of employees	-1.6%	0.0%	1.9%
Demand for new employees	-27.2%	12.5%	-1.2%
Real wages	-0.1%	1.5%	-1.4%
Meat slaughter industry	14.4%	-11.3%	-19.8%

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

Besides the acceleration in consumer prices which accumulated a raise of 13% during the past semester, supermarket retail sales measured in real terms still grew 5.8% in that period of time. Making a comparison, 2009's first semester showed a total different result. The province's gauge for inflation calculated by IPEC signaled an accumulated rate of 5.3% for the first six months of that year but supermarket retail sales, also measured in real terms, declined **-0.6%**.

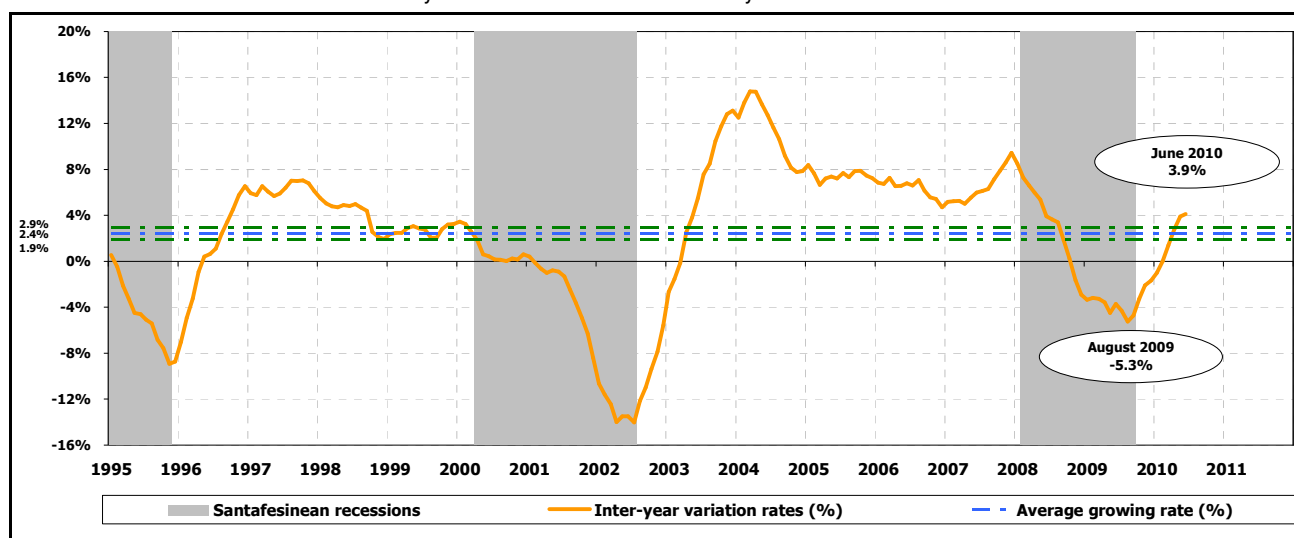
In general, the labor market presented better results and perspectives. Demand for new employees only declined **-1.2%** during 2010's first semester whereas it decreased **-27.9%** between January and June 2009. The total number of registered workers that went down on **-1.6%** during 2009's first semester turned directions and increased 1.9% since the beginning of 2010. Throughout the recession private workers were the most affected and their participation over total employment became lower; especially because the public sector kept hiring new human resources. After the last turning point, in September 2009, the situation reversed and 2010 already began with 78% of employees registered in the private sector. However, higher consumer prices are affecting salaries' purchasing power and real wages decreased **-1.4%** during 2010's first semester.

#### ○ **Perspectives on the province's further economic activity**

ICASFe's inter-year variation rate for June 2010 was calculated in 3.9% (see graph 2 in page 4). In fact, they are actually expected to keep growing strongly until September 2010 and afterwards economic activity could moderate its present expansion. This means that 2010's first semester ends with a positive net balance over the province's economic activity but the recovery is slowing down since the beginning of the second quarter of the year. In figures, during 2010's first quarter ICASFe's total expansion reached 2% whereas it only achieved 1.6% in the next three months. This performance was clearly captured by six of the fourteen representative sub-indicators included in the coincident index: new vehicles' registrations, cyclical tax revenues, cement consumption, agricultural machinery production, electricity used by industry and hydrocarbons used by agro-industry. Between April and June 2010 all listed series slowed down their acceleration process.

Nine months after the beginning of the new expansive phase (June 2010) economic activity in the province of Santa Fe is reaching its last peak's level from January 2008. Therefore unutilized productive capacity is also getting shorter. That's why setting proper incentives for productive investment seems to be the main issue in order to consolidate the expansion, process that does not appear to be a priority in the national policy agenda.

**Graph 2 - Monthly Composite Index of the province of Santa Fe -**  
Inter-year variations. Data: from January 1995 to June 2010.



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

*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>*