

Monthly Digest

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Year 5



Bolsa de Comercio de Santa Fe



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

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Economic activity, Employment and Consumption

OCTOBER 2010

Monthly %: -0.1%
Inter-year %: 4.7%

ICASFe
Base 1994 = 100
146.7

In October 2010 a decline over economic activity was registered in the province of Santa Fe, hitting upon Consumption and Employment's further perspectives.

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.

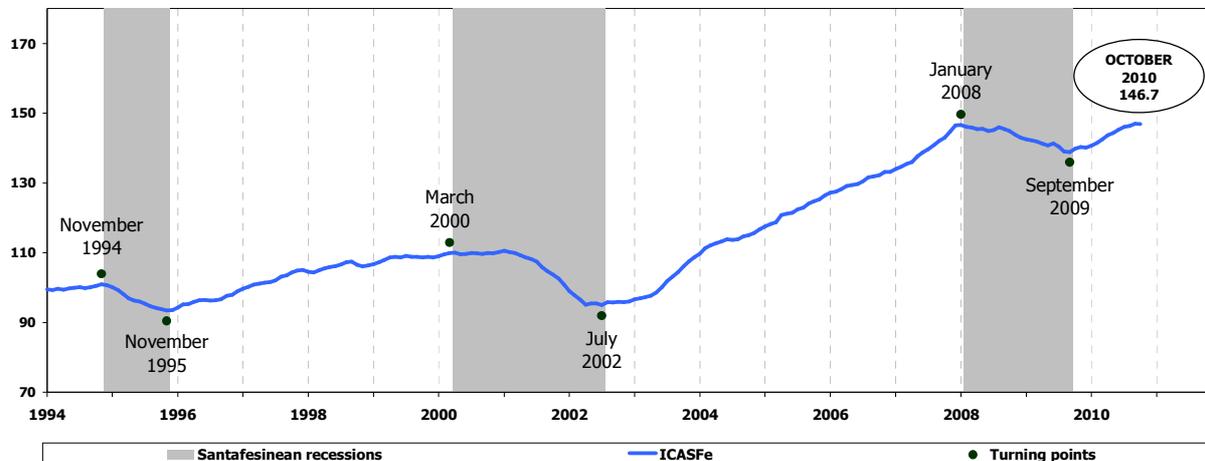
According to the last obtained results, during the month of October 2010, the ICASFe was located at **146.7**, presenting a **-0.1%** monthly variation with respect to September.

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.

o **Province of Santa Fe's economic activity**

As a result of the economic activity slowdown observed between June and September, 2010's fourth quarter began with a negative monthly variation. This contraction, signalled by most series included in the composite index, seems to be impacting over Employment and Consumption's expectations for the next semester.

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

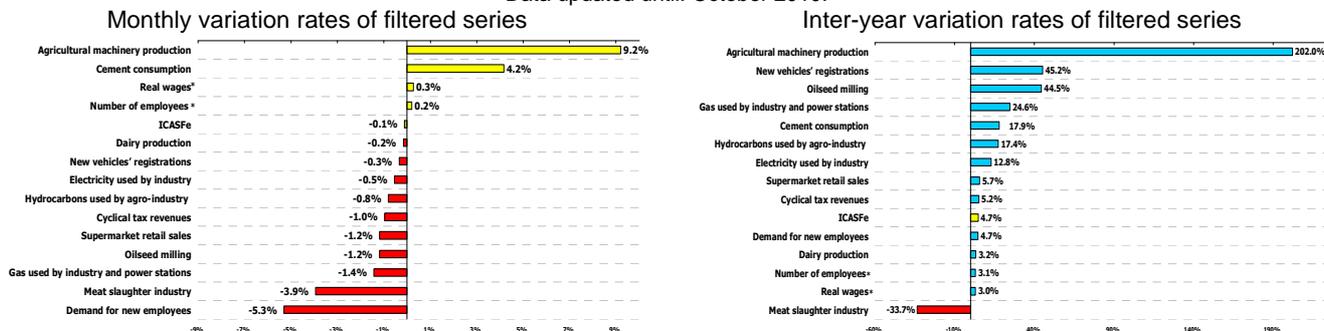


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

o **Indicator by indicator**

In October, agricultural machinery production increased 9.2% in terms of September 2010 and achieved the highest level in both charts included in Graph 2. This indicator was followed by cement consumption, which presented a monthly variation rate of 4.2% and reached an inter-year expansion of 17.9%; by relating its present level with October 2009.

Graph 2 - Economic activity's indicators for the Province of Santa Fe -
Data updated until: October 2010.



* Last available data refers to September 2010.

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

Meat slaughter industry, which is showing a negative performance since November 2009, decreased another -3.9% during the last measured month. So did dairy production and oilseed milling. The first one declined -2.5% between August and October and the latter -1.2%, related to September 2010. However, as a matter of fact, machinery production and milling were the most important factors explaining economic expansion; at least, since the beginning of 2010.

In spite of registering a monthly negative variation rate of -0.8% in October, hydrocarbons used by agro-industry achieved and accumulated expansion of 6.7% during the pasted 10 months of the year.

In accordance with our previous digests, Cyclical tax revenues expressed in real terms, are keeping with a negative trend. To this regard, in October 2010 their monthly variation rates were measured in -1.0%; 0.2 points over September's level (-0.8%).

Energy used by industry went down in October; -0.5% in the case of electricity inputs and -1.4% in gas consumption. Both indicators showed a strong deceleration in 2010's third quarter but only electricity consumption had a previous negative variation rate in September 2010 (-2.0%).

Regarding to the labor market, the number of registered employees increased only 0.2% during October. Real wages also went up mildly and presented a 0.3% expansion in terms of September 2010. In reverse order, demand for new human resources decreased significantly: **-5.3%** in October and **-0.4%** in September. Although the variable was lately presenting certain signals of recovery, the accumulated decline, adding September and October's monthly variations, sums **-5.7%**. As an implication of these results, a further weakening over the labor market could be expected.

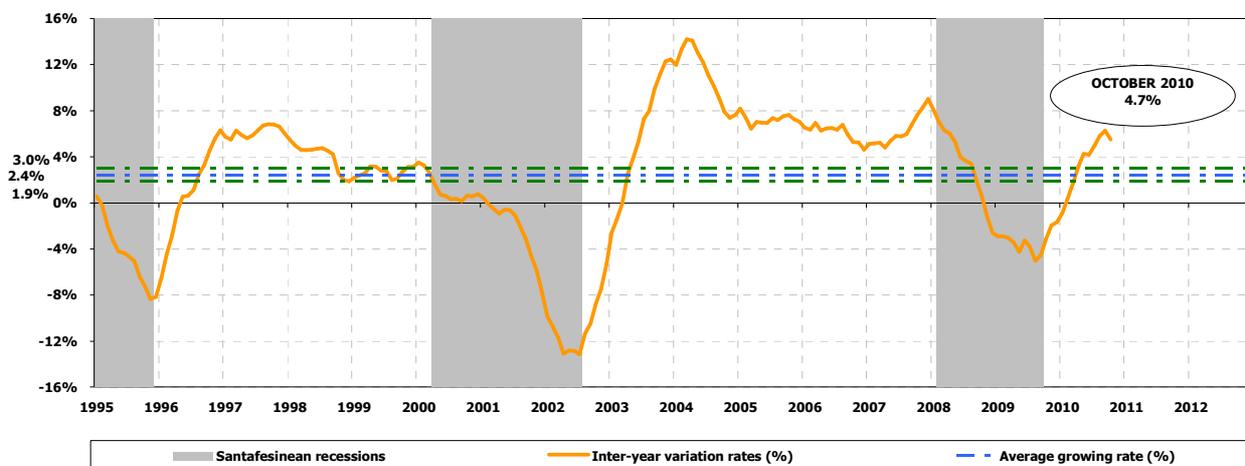
Concerning to flows of Consumption, supermarket retail sales and new vehicles' registrations dropped in October **-1.2** and **-0.3%**, respectively. During September both indicators registered mild positive variation rates.

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

In October 2010 ICASFe's inter-year variation rates slowed down from 5.5% to 4.7%. Two factors can be mentioned as an explanation to this behaviour. In the first place, until September 2010, when ICASFe's inter-year variation rates were calculated, the last obtained levels of the coincident indicator were compared to data belonging to a period of economic contraction (last recession ended in September 2009). This process helps out having increasing positive inter-year variations within the first year of expansion. The second source for explaining economic activity's decline in the province has no relationship at all with a mathematical issue. In fact, ICASFe's negative monthly variation rate was a direct effect of a simultaneous contraction observed in ten of its fourteen sub-indicators during October 2010.

For the further periods a negative impact is expected over Employment and Consumption. Especially considering that industrial activity slowed down strongly after achieving a total recovery process and that demand for new employees felt down for two consecutive months. Consumption and real wages will keep increasing, nominally speaking, but during 2011 inflation levels are probably going to be higher than salary indexation; affecting real purchasing power.

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