

Monthly Digest

Number 5
Year 5



Bolsa de Comercio de Santa Fe



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

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Santa Fe's economic
activity along the
second month of the
year

ICASFe
Base 1994 = 100
150.2

February 2011

Monthly %: 0.2%
Inter-year %: 5.2%

In February 2011 the province's economic activity registered its 17th month of expansion; cumulating a net increase of 7.8%. However, a signal of warning was revealed on public finances.

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 February 2011, the ICASFe was located at **150.2**, presenting a **0.2%** monthly variation with respect to January.

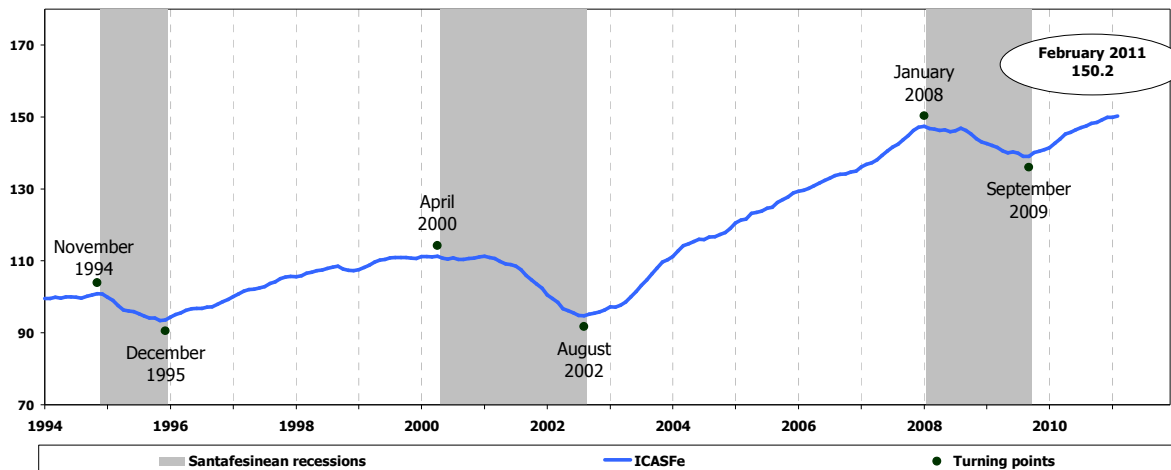
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and filtered by seasonality and outliers with the X12-ARIMA software.

Province of Santa Fe's economic activity

In February 2011 the province's economic activity experienced a monthly variation of 0.2%; compensating its previous contraction registered in January. The present expansion, initiated in September 2009, already counts 17 months of duration and measures a total increase of 7.8% over economic activity. This means an annualized growth rhythm of 5.5%. Nevertheless, its current global trend is still structurally below from the one registered between August 2002 and January 2008. In fact, it seems to share more similarities with the expansion phase dated between December 1995 and April 2000.

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

Base 1994=100. Data: from January 1994 to February 2011.



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

Indicator by indicator

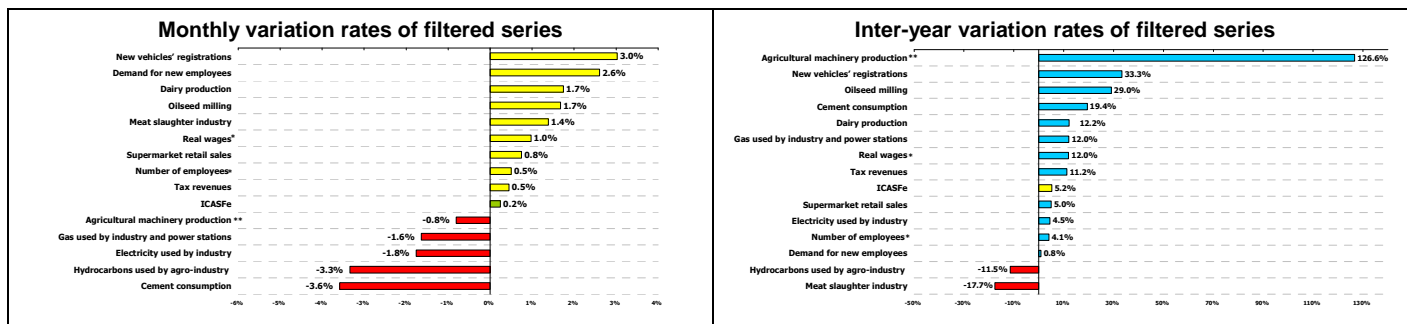
In February 2011 series related to consumption and durable-goods purchases showed positive variations. To this regard, new car's registrations increased 3.0%, recovering from previous month's contraction. Supermarket retail sales kept growing (0.8%) as well, also being able to revert their negative trend performed during most recent periods.

In respect to agro-industrial sub-indicators, three of them presented positive variation rates in February. Dairy production increased 1.7%, cumulating 2.7% along the first two months of the year. Oilseed milling improved other 1.7%, although this expansion was achieved after four consecutive monthly declines which implied a total variation of -8.3%. In third place, meat slaughter industry went up 1.4% in February gaining a total 2.1% along the year. However, these results were not yet good enough to compensate the gauge's decline during 2009 and 2010 (-27.9%) making its present level far below its passed historic peak from May 2009.

In the case of hydrocarbons used by agro-industry and transportation, in fact, the series presented a monthly decline of -3.3%. So did machinery production with a negative variation rate of -0.8% (estimated data); to this matter, it's important to highlight that the indicator increased 96.4% in 2010. Electricity and gas consumed by Santa Fe's aggregated secondary sector declined in February as well. The first one experienced a negative monthly contraction of -1.8% and the latter one of -1.6%. Both series present negative cumulated variations in 2011: -1.1% and -1.7%, respectively.

Graph 2 - Economic activity's indicators for the Province of Santa Fe -

Updated until February 2011.



* Contains estimated data for February 2011; ** Updated to January 2011.

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

The construction sector, measured by cement consumption, decreased **-3.6%** in February 2011; summing up **-7.8%** during the first two months of the year. Moreover, this happens after the series showed certain impulse during 2010's fourth quarter when a 12.8% expansion was calculated.

In relationship to the labor market a positive push is being observed. In February real wages improved 1.0% and the quantity of declared jobs in the province increased 0.5%; keeping up with their expansion since October 2009 (data from January and February was estimated for both indicators). In the same direction, demand for new employees registered a monthly variation of 2.6% but, in this case, it only compensated part of a **-2.9%** decline from previous moth. This rate encourages future new jobs' vacancies even though the series' current level is still 42.4% below its historical peak from January 2008.

Tax revenues increased 0.5% in February as a result of higher incoming federal funds which were able to compensate a **-1.4%** monthly variation in the provincial level.

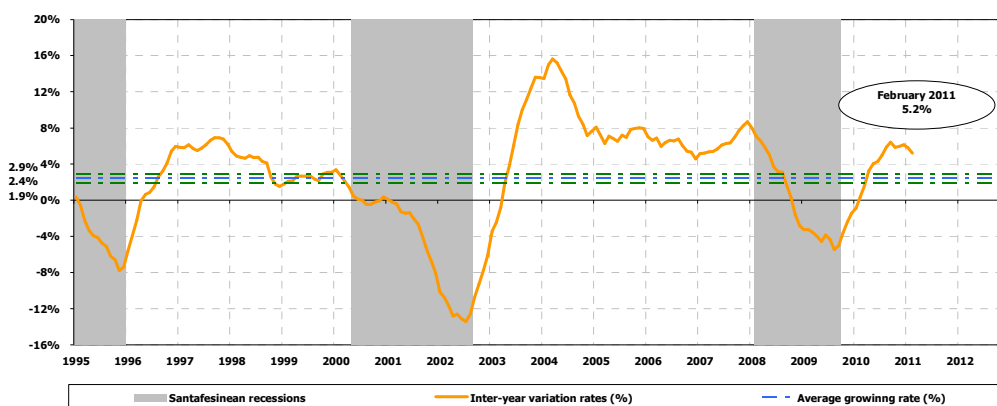
○ Further perspectives

Along 17 months of expansion, the province's economic activity presented increasing inter-year variation rates until September 2010, when the highest one was measured in 6.4%. From there on, some ups and downs were observed, reaching a 5.2% in February 2011. But lower levels of inter-year variation rates are actually reasonable, considering that January 2008's peak has been already overcome in August 2010. In fact, since the recovery process has also finished around the end of 2010, a mild expansion is expected to continue during the following months. Nevertheless, industrial capacity utilization is reaching its maximum level and investment is not speeding up simultaneously. Taking all these matters into account, negative variations observed over construction and industrial energetic inputs are rare, but understandable.

Finally, analyzing the province's public finances, a higher dependence over federal grants is being signaled. Specially, considering a real decline over provincial tax revenues. Moreover, government's debt at end of 2011's first fiscal quarter is calculated in **-505.2** million Argentinean pesos.

Graph 3 - Monthly Composite Index of the province of Santa Fe -

Inter-year variations. Data: from January 1995 to December 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>