

## Monthly Digest

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Bolsa de Comercio de Santa Fe



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

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Highest historical  
levels of consumption  
and public expenses

ICASFe  
Base 1994 = 100  
156.0

April 2011

Monthly %: 0.4%  
Inter-year %: 4.7%

*Increasing private and public monetary disposals (money supply) and aversion to maintain liquid assets as part of the inflationary process, have taken consumption to its highest historical level since 1994. Nevertheless, indicators related to secondary production are showing a heterogeneous behaviour.*

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.

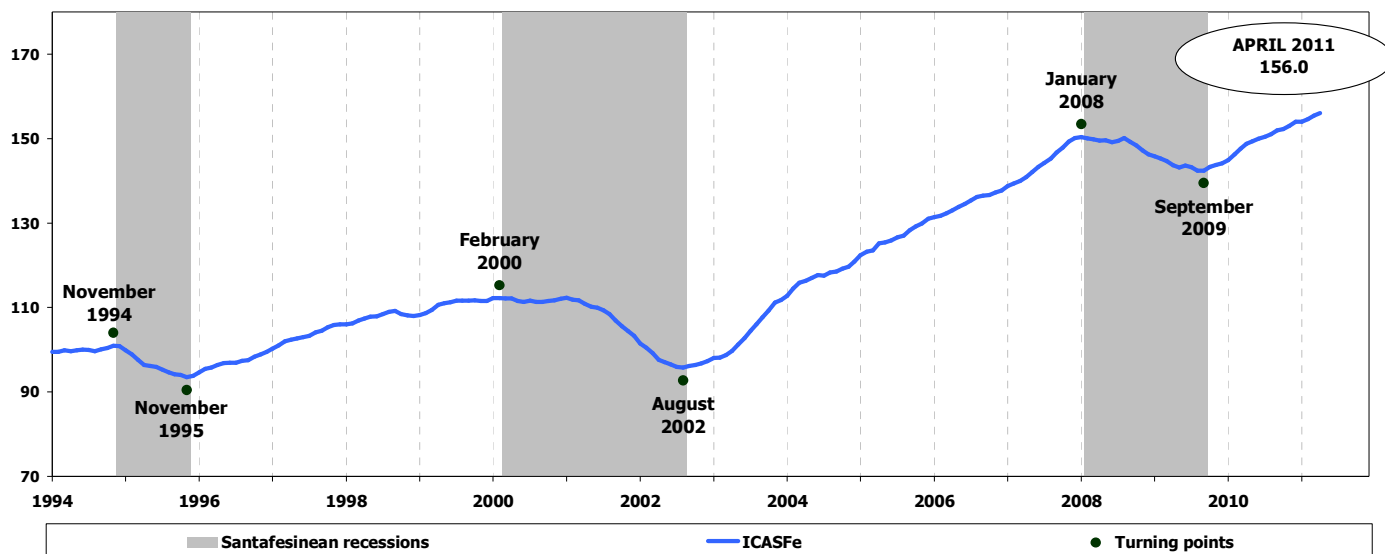
According to the last obtained results, during the month of April 2011, the ICASFe was located at **156.0**, presenting a **0.4%** monthly variation with respect to March.

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 April 2011 the province's economic activity experienced another positive monthly variation, this time of 0.4%. Considering all the particular results obtained along the first four months of the year, cumulated economic growth for 2011 is already calculated in 1.3%; a slower rate than during 2010's analogue period when 3.2% of increase was measured. Taking into account that the present phase began in September 2009, the province has just registered its 19th month of expansion.

**Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe -**  
Base 1994=100. Data: from January 1994 to April 2011.



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

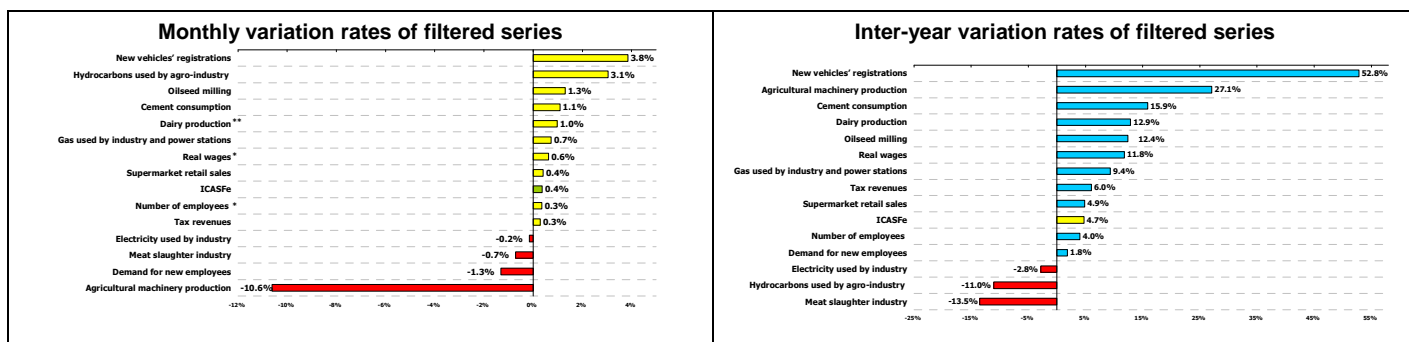
### Indicator by indicator

In April 2011, ten of the fourteen representative indicators of economic activity experienced positive variation rates. However 60% of them are, at the same time, suffering a slow down.

Considering the whole group of sub-indicators, new car's registrations signaled the highest expansions: 3.8% in monthly terms and 52.8%, inter-yearly. Helped by these results, the series reached a maximum historical level of 5.862 registrations in April 2011. Its previous peak was placed in May 2008 and was related to 5.227 new vehicles.

Cement consumption, another sub-indicator linked to investment in durable goods, increased 1.1% in April 2011; gaining back part of the decline registered during the first quarter of the year.

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



\* Contains estimated data for April 2011; \*\* Updated to March 2011.

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

In real terms, supermarket retail sales improved 0.4% in April. Considering 2011's first four months, besides certain minor ups and downs, the series is showing a growing trend since 2010's second semester. In respect to Argentina's inflationary process, general prices are still accelerating. On the other hand, 2011 presents a different situation than 2010's in terms of its relative impact upon the CPI's components (the Consumer Price Index – CPI – made by the *Instituto Provincial de Estadísticas y Censos* is used in order to internalise inflation). Whereas the alimentary section grew 60% above general prices in 2010, this year their cumulated variation rates

are practically the same; 7.2% and 7.6%, respectively.

Real wages from registered jobs also reached their maximum historical level in April 2011. In first place, nominal increases were always above inflation rates along the past few years; besides, they didn't suffer an important decline during the past recession between 2008 and 2009, just a slow down. To this regard, higher real salaries imply higher available amounts of money disposals; which, pushed by the Argentinean inflation, are raising Consumption. In addition, a significant increase over personal loans for retail spending is being signalled as well by the monetary authority, the *Banco Central de la República Argentina*. In the province of Santa Fe, bank's credit for private and public agents experienced an inter-year variation rate of 47% in April; higher than the national aggregate, where a 39% inter-year increase was measured. Finally, the province's public resources are also increasing in nominally and real terms. Tax revenues grew 0.3 in April 2011.

In respect to the labour market, formal employment is apparently reaching a plateau and demand for new workers decreased **-1.3%** in April. Therefore expectations are not optimistic at least for a short term period.

Industrial energetic inputs increased 0.7% in gas consumption and declined **-0.2%** in electricity. But the first series is still showing a slow down and the second one already turned negative in absolute terms. Its inter-year variation rate for April was measured in **-2.8%**. The third gauge related to inputs, hydrocarbons used by agro-industry and transportation, presented a monthly variation rate of 3.1%, but its inter-year performance was also negative: **-11.0%**. To this connection, the main industrial branches are not having a common direction. Oilseed milling and dairy production were intensified 1.3 and 1.0%, respectively, in April 2011. By the contrary, agricultural machinery production and meat slaughter industry experienced negative monthly variation rates of **-10.6** and 0.7%. This last series gained a short recovery during the first three months of the year but its inter-year variation rates were still negative in April; **-13.5%**.

#### o Summary and further perspectives

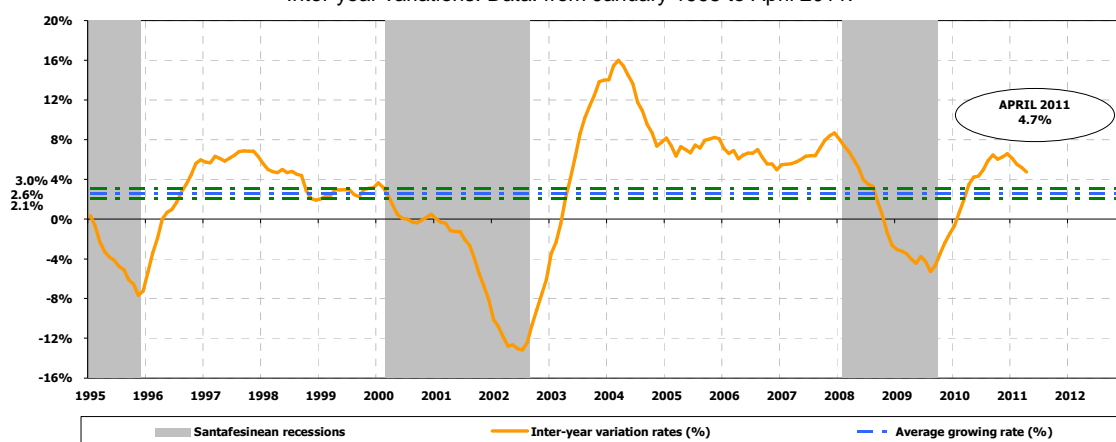
In April 2011 ICASFe's inter-year variation rates declined once again and reached 4.7%. Nevertheless, if the economic activity's expansion maintains its present velocity, the inter-year variation rates are soon expected to turn on the opposite direction.

This month, more than 70% of the representative sub-indicators contribute to keep up with the economic growth. In fact, five of them reached their maximum historical levels since January 1994: new car's registrations, real wages, supermarket retail sales, formal employment and tax revenues.

The continuous acceleration of prices inflation, low nominal returns of financial assets and, in short, not being able to maintain money and savings' purchasing power, has generated a context where economic agents are desperately emptying their pockets in exchange of goods. This circuit is boosted by higher levels of governmental expenses and soft credits for private agents; if destined to consumption. All said, this scenario of economic growth and inflation demands special attention from national monetary and fiscal policies.

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

Inter-year variations. Data: from January 1995 to April 2011.



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>*