

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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Economic analysis at
the end of 2011's first
semester.

ICASFe
Base 1994 = 100
156.9

June 2011

Monthly %: 0.2%
Inter-year %: 4.7%

Leaving behind the first half of the year, the province's economic activity sums a total expansion of 2.1% during 2011. But considering this six months' period, only five indicators registered a relative superior variation rate compared to their performance along 2010's first semester.

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.

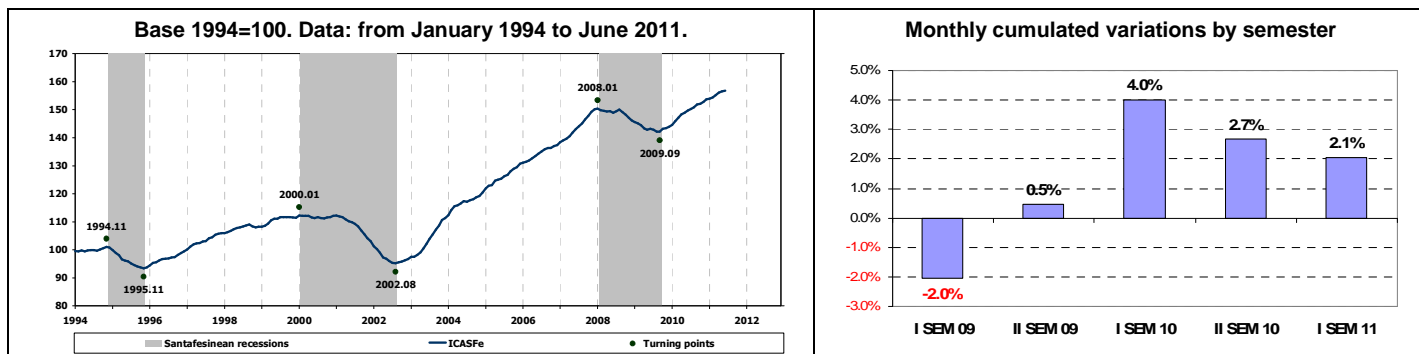
According to the last obtained results, during the month of June 2011, the ICASFe was located at **156.9**, presenting a **0.2%** monthly variation with respect to May.

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

In June 2011 the province's economic activity experienced a positive monthly variation of 0.2%. This means that during 2011's first semester cumulated economic growth reached to 2.4%; a slower rate than during 2010's analogue period. In fact, deceleration was also perceived in comparison to 2010's second half of the year (see Graph 1).

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



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

Indicator by indicator

In general, once economic activity touches any cycle's lowest relative level (trough) a strong bust comes along with the recovery process. This is so because at the end of recessions most sectors operate below their maximum utilization capacity rate; which means a fast initial expansion can be achieved without extra investment. Therefore, is not unusual to visualise (see Graph 1) that ICASFE's highest 6-moth cumulated expansion was measured in 2010's first semester (4.0%). A similar behaviour is, of course, individually followed by most series considered by the coincident indicator. That explains why nine of the fourteen sub-indicators registered lower relative growth rates during 2011's first semester compared to 2010's: new vehicles' registrations, hydrocarbons used by agro-industry, tax revenues, supermarket retail sales, cement consumption, and electricity used by industry; plus other three series which not only decelerated but turned negative as well: industrial gas consumption, oilseed milling and agricultural machinery production. Consequently, in 2011, only five sub-indicators achieved higher increases over their activities considering 2010's first semester: meat slaughter industry, demand for new employees, dairy production, real wages and number of employees.

Graph 2 - Economic activity's indicators for the Province of Santa Fe - Monthly cumulated variations by semester.

SERIES	I SEM 10	I SEM 11
Dairy production	6.7%	15.5%*
New vehicles' registrations	16.4%	10.8%
Demand for new employees	-1.7%	10.4%
Real wages	2.6%	5.7%***
Hydrocarbons used by agro-industry	8.9%	5.3%
Tax revenues	11.2%	4.5%
Supermarket retail sales	4.2%	3.9%
Number of employees	2.0%	2.3%***
ICASFe	4.0%	2.1%
Cement consumption	16.4%	1.8%**
Electricity used by industry	10.4%	0.9%
Meat slaughter industry	-19.9%	0.8%
Industrial gas	17.5%	-0.6%
Oilseed milling	26.4%	-1.2%
Agricultural machinery production	57.8%	-118.7%

* Updated to April 2011; ** Updated to May 2011; *** June 2011 was estimated.

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

As expected, during 2010's first semester all industrial sub-indicators signaled a strong expansion over the secondary sector's activity. By the contrary, in 2011 only fallings and decelerations were measured by most of these series. Industrial electricity consumption, for example, increased 0.9% during 2011's first semester whereas a 10.4% growth was captured in 2010's analogue period. Making the same comparison, industrial gas consumption declined -0.6% this year, against a positive 17.5% obtained along I SEM 10. Hydrocarbons used by agro-industry registered cumulated rates of 5.3 and 8.9%, respectively. But most significant declines were observed in oilseed milling and machinery production. The former one, which grew 26.4% in 2010's first semester, had a -1.2% contraction during this year; the latter indicator's reversion was even more pronounced. It passed from positive 57.8% to negative

-118.7%. Anyways, this certainly goes in accordance to its historical high amplitude.

On the other hand, meat slaughter industry and dairy production have improved their relative performance considering both semesters. The first series, which declined -19.9% between January and June 2010, just presented a 0.8% expansion along 2011. Dairy production also showed a better development passing from 6.7% to 15.5%.

A sizeable deceleration was measured upon durable goods' consumption. New vehicles' registrations went from a 16.4 to a 10.8% expansion, comparing 2010 and 2011's first semester. But cement consumption's slowed down was actually more significant, passing from a positive 6-moth cumulated rate of 16.4% over the first half of 2010 to a 1.8% in 2011's. Nevertheless, it's important to highlight that both sub-indicators obtained significant cumulated expansions during 2010's second semester.

In terms of retail consumption, supermarket sales registered an increment of 3.9% along the first six months of 2011. A similar rate of 4.2% was measured for 2010's initial half. Yet, during the last few months, an unpredictable run of ups and downs pushed the indicator closed by to an incoming plateau.

All three indicators related to the labor market kept growing during 2011's first semester. Considering 2010's first half, demand for new employees passed from a cumulated contraction of -1.7% to a positive 10.4%. Moreover, real wages not only grew but also increased their intensity passing from 2.6 to 5.7%, respectively. Finally, the total number of registered jobs in the province increased 2.0% in I SEM 10 and 2.3% in I SEM 11.

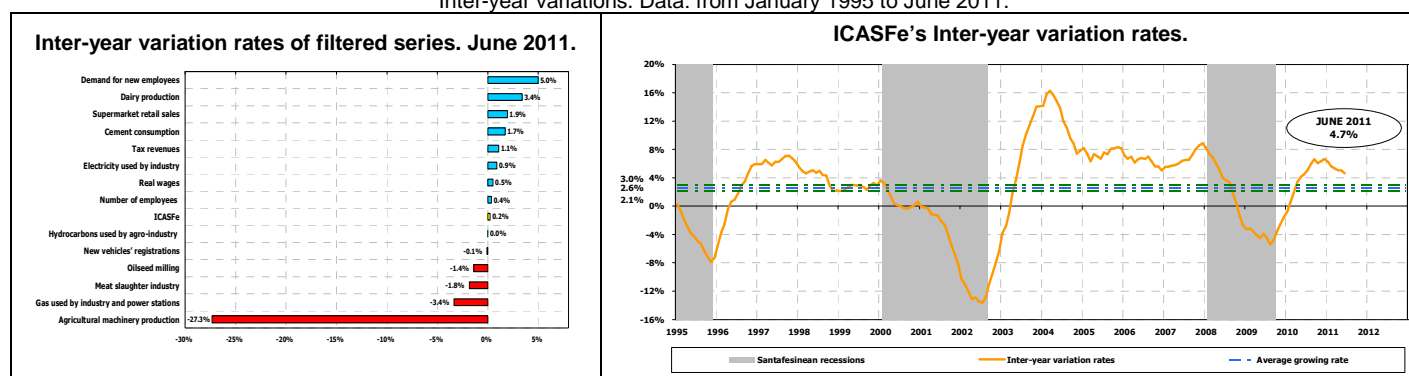
Even in real terms, tax revenues and general public incomes are located at their highest historical level. Although, during 2011's first semester, their expansion rate (4.5%) was milder than during 2010's (11.2%).

Summary until June 2010 and perspectives for 2011's second semester

As it happened in May 2011, during this last month, ICASFe's inter-year variation rates presented another decline; passing from 5.0 to 4.7%. Briefly, five included series are being responsible of slowing down economic activity's growing speed: three of them related to agro-industry, gas used for production and new car's registrations.

Considering general and particular economic series' behavior, the contemporaneous expansion is showing certain similarities with the year 1998 (there is an economic expansion dated between 1995.11 and 2000.01). At the beginning of both mentioned growing phases, inter-year variation rates parted from a comparable level; especially if 2002's is taking into account. To this regard, in case both phases maintain their analogy, during 2011's second semester it would be reasonable to expect inter-year variation rates to stabilize around long term statistical bands (see Graph 3, second quadrant). If so, at the end of the day, 2011 is going to register a less significant expansion than 2010's.

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