

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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The economic slow
down persists.

ICASFe
Base 1994 = 100
156.4

July 2011

Monthly %: **-0.004%**
Inter-year %: **4.1%**

Economic activity increased 1.8% between January and July 2011; implying that cumulated net growth during this year is going to close positive but also considerably below 2010's (6.6%).

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 July 2011, the ICASFe was located at **156.4**, presenting a **-0.004%** monthly variation with respect to June.

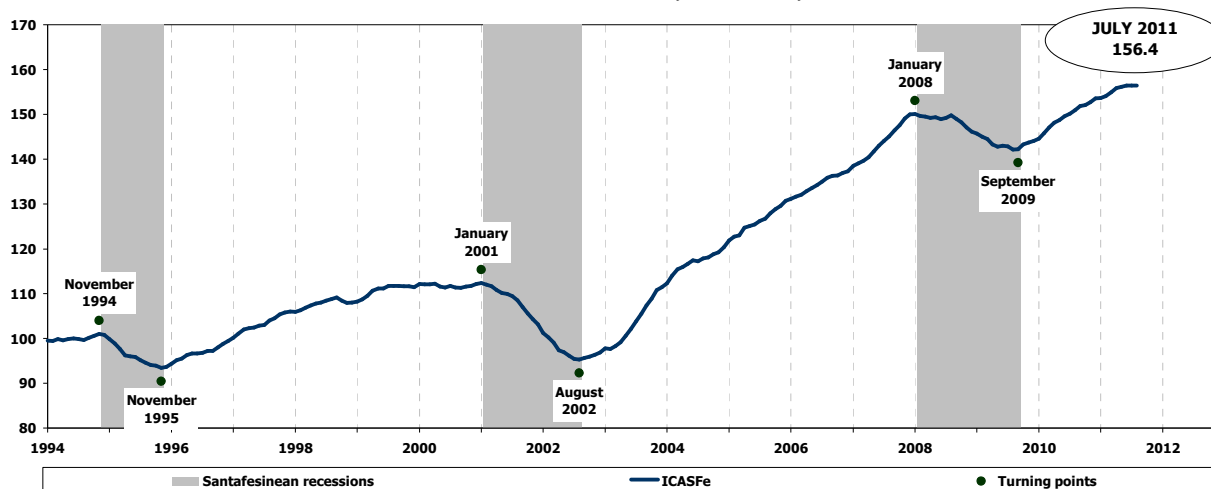
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and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

Province of Santa Fe's economic activity

In July 2011 the province's economic activity experienced a mild monthly variation of **-0.004%**. This means that during 2011's first seven months of the year cumulated economic growth reached to 1.8%; a slower rate than during 2010's analogue period (4.2%). Moreover, along its 22nd month of expansion the province's economy reached a plateau right after having achieved a new maximum level (compared to its previous peak)

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

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



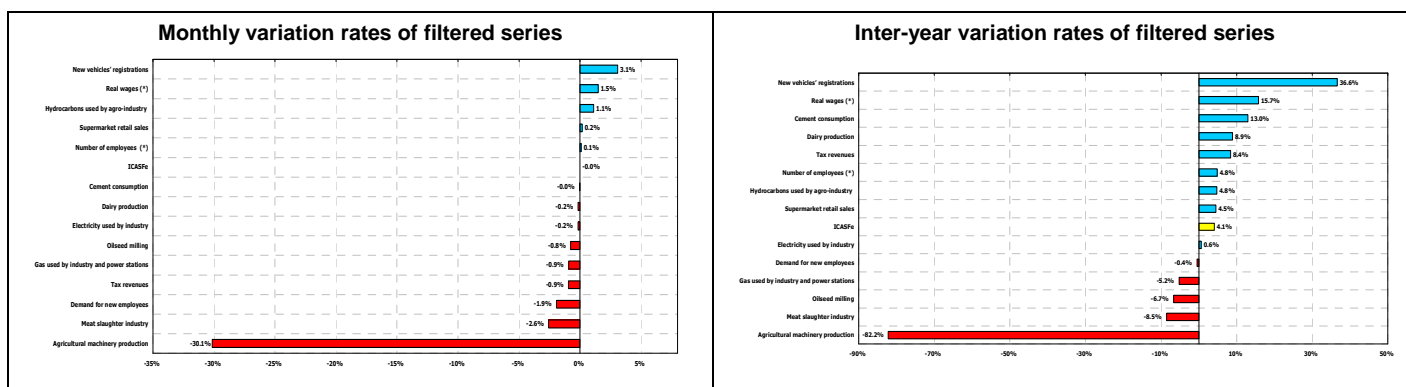
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Only five of the fourteen indicators included in the coincident economic index, 35.7%, registered positive monthly variations in July 2011. Nevertheless, diffusion (calculated as the percentage number of series which contributed favourably during the previous six months) was measured around 57.2%; a level which does not yet deserve to be technically internalised as a concern.

Series on top of Graph 2's ranking are showing increases in both monthly and inter-year variations. New car's registrations grew 3.1% in monthly terms and 36.6% considering July 2010's level. The first sub-indicator was followed by real wages which grew 1.5 and 15.7%, respectively (meaning that nominal salaries are still being adjusted over inflation rates). Hydrocarbons used by agro-industry and transportation were in third place, experiencing a monthly expansion of 1.1% and an inter-year variation rate of 4.8%. Just two other series presented a positive monthly performance: supermarket retail sales and formal employment; although in both cases their increases were not significant.

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



* Contains estimated data for July 2011.

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

To this matter, is interesting to highlight that somehow economic activity's engine is moving from the province's main productive structure to other indicators rather linked to investment in durable goods and consumption. A scenario which is actually understandable considering higher real wages and increasing inflation; economic agents intent to acquire assets in order to preserve

their wealth.

On the other hand, eight of the fourteen representative indicators registered minor monthly variations in July 2011; within a range of data between +/- 1.0%. The following series were listed on this group: supermarket retail sales, number of registered jobs, cement consumption, dairy production, industrial electric energy, oilseed milling, gas used by industry and tax revenues. But, in spite of some negative variations, most of these series present a higher activity level than before the recession.

Finally, both charts included in Graph 2 give evidence about a set of five indicators which experienced negative monthly and inter-year variations: demand for new employees, gas used by industry, oilseed milling, meat slaughter industry and agricultural machinery production. Leaving demand for new employees apart, all the other series are related to the province's agro-industrial sector.

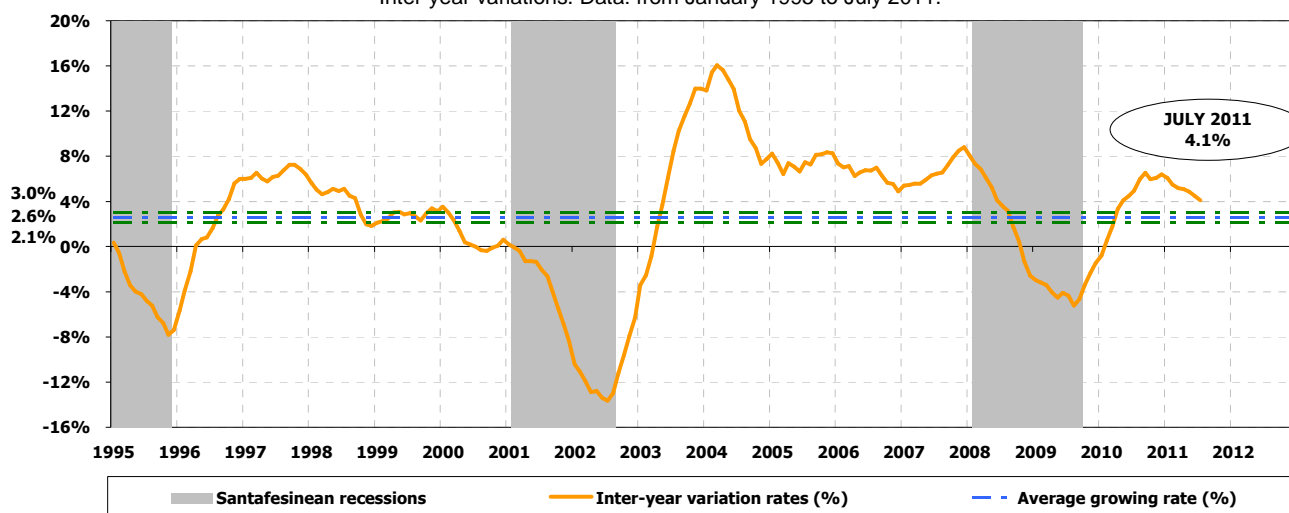
○ Perspectives

In July 2011 ICASFe's inter-year variation rates descended again; this time to 4.1%. In fact, the deceleration process has been registered since December 2010 and is forcing the variations' gauge to reach its upper long term statistical band (3.0%).

As mentioned along the digest serial diffusion did not yet reach a critical level, being measured in 57.2%. To this regard, investment, consumption and employment appear to be compensating the registered contraction among agro-industrial series.

Maintaining an objective point of view based on present disposable information it should not be silenced that economic activity has reached a plateau. This means that 2011 could certainly finish with a total cumulated growth below 2010's (6.6%).

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