

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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Santa Fe's economic activity falls

January 2011

Monthly %: -0.2%
Inter-year %: 2.8%

ICASFe
Base 1994 = 100
158.4

After 2011's registered slowdown, in 2012 economic activity started up with a **-0.2%** monthly contraction.

According to the last obtained results, during the month of January 2012, the ICASFe was located at **158.4**, presenting a **-0.2%** monthly variation with respect to December.

The Composite Coincident Index for the province of Santa Fe (ICASFe) constitutes a monthly indicator used in order to monitor local economy's activity. To this regard, its main purpose is to capture cyclical movements, being able to determine the precise dates in which recessions/expansions begin and end; it also generates information about phase's duration, amplitude and diffusion.

As indicator, It provides a reliable source of information appropriate to support decision makers of public and private institutions. ICASFe was developed by a technical agreement with the *Universidad Nacional de Tucumán (UNT)*.

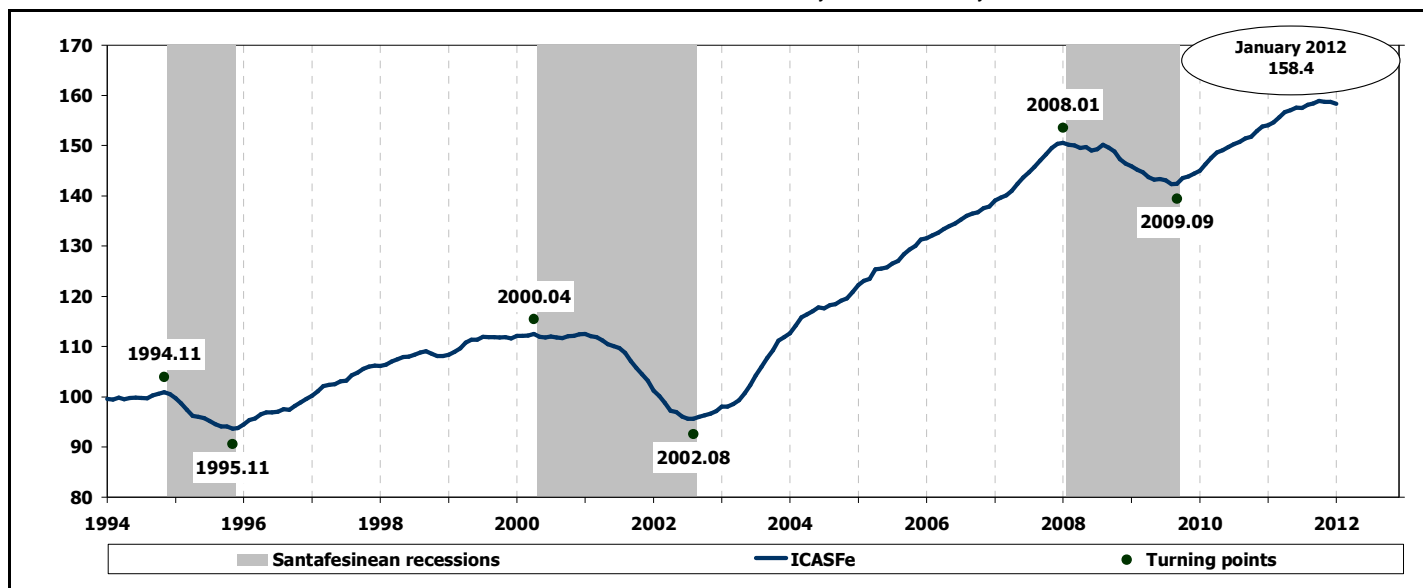
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and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

Province of Santa Fe's economic activity

The province's economic activity registered a monthly contraction of **-0.2%** in January 2012. This negative rate was shaped across 2011 along a strong deceleration which was especially captured by main economic indicators during the last quarter of the year.

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

Base 1994=100. Data: from January 1994 to January 2012.



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

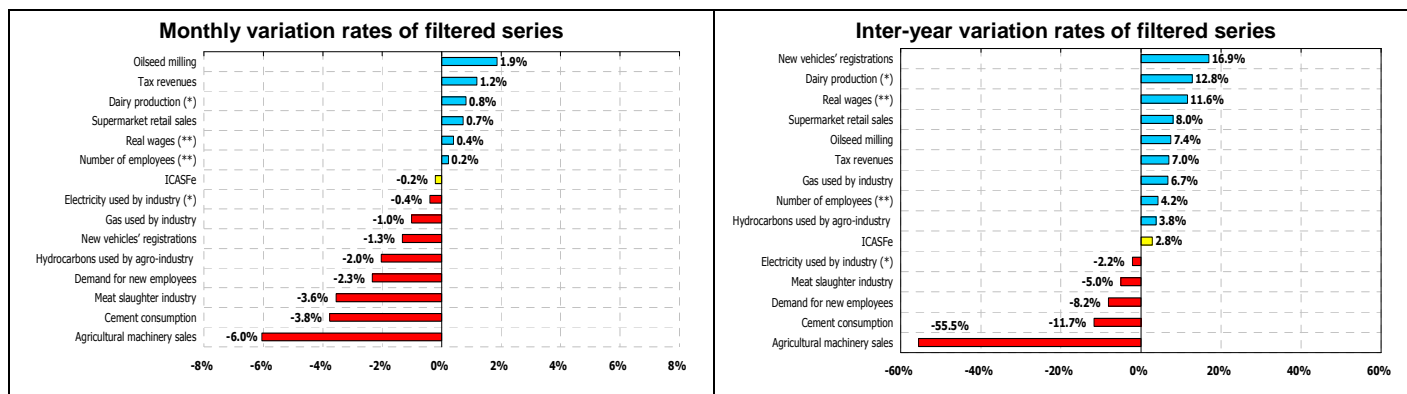
Indicator by indicator

In January 2012 oilseed milling grew 1.9%, pushing its inter-year variation rates to 7.4%. Dairy production (last available data refers to December 2011) also showed expansions in both gauges: 0.8 and 12.8%, respectively. By the contrary, all the other series related to industry presented a negative performance. Energy consumption experienced a monthly contraction of **-0.4%** in electricity (last available data refers to December 2011) and **-1.0%** in gas. On an inter-year comparison the first sub-indicator descended **-2.2%**, whereas the second one stood positive in 6.7%. At the same time, hydrocarbons used by agro-industry went down **-2.0%** in terms of December, but improved 3.8% in respect to January 2011.

Meat slaughter industry signaled a negative monthly variation of **-3.6%** and an inter-year contraction of **-5.0%**. To this regard, it's worth noting out that both components (bovine & porcine) registered declines in January 2012.

Agricultural machinery sales (tractors and combine/forage harvesters) decreased **-6.0%** in January; but it's important to consider that the decline does not strictly reflect a cyclical movement since a significant percentage of these sales are being limited by commercial restrictions to importations.

Graph 2 - Economic activity's indicators for the Province of Santa Fe - January 2012 -



** Contains estimated data for January 2012.

* Last available data from December 2011.

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

Tax revenues, which include both provincial and national resources, increased 1.2% in January. This implies an inter-year variation rate of 7.0%. Individually, local tax incomes decline **-0.2%** (mainly because of *Impuesto a los Sellos*); but resources sent by the National Government kept growing and compensated the fall.

Supermarket retail sales deflated by Santa Fe's CPI (published by IPEC) experienced a monthly increase of 0.7%; which mean an inter-year expansion of 8.0%.

New vehicles' registrations are leading inter-year variations' ranking (16.9%) but, monthly, they fell down **-1.3%**.

Cement consumption signals an unfavourable short term scenario for the construction sector with a negative monthly rate of **-3.8%**, and an inter-year one of **-11.7%**.

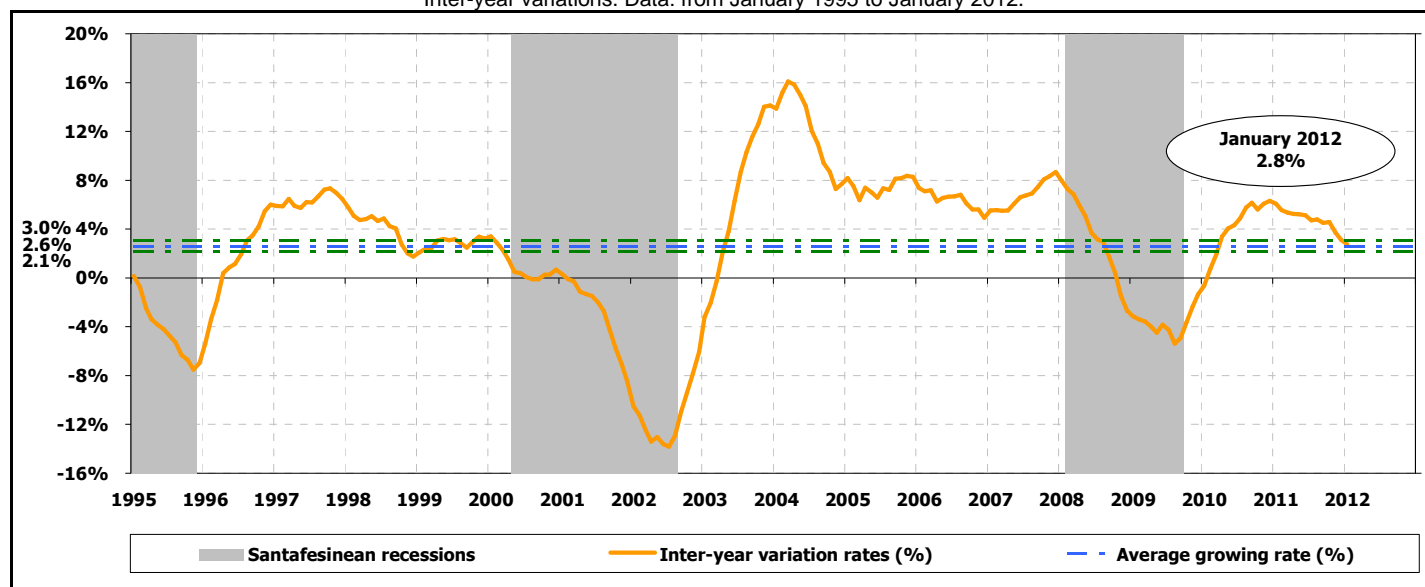
Within the labour market, demand for new jobs is decreasing since 2011's second semester. In numbers, its monthly variation for January was **-2.3%**, whereas its inter-year comparison reached **-8.3%**. On the other hand, total registered workers (from private and public sector) increased 0.2%, achieving a 4.2% inter-year expansion. Finally, in spite of a persistent inflation, their real wages also grew 0.4%, monthly, and 11.6% inter-yearly.

Summary and perspectives

Following 2011's registered deceleration, 2012 began with a monthly contraction upon economic activity. Mainly, this situation is being explained by the secondary sector, which is signaling an important decline over its capacity utilization. In addition, this negative flood is also being captured by the construction sector. All considered, it worries how this performance may affect employment. Somehow, Consumption is still increasing while Aggregated Supply is not (both in domestic and imported goods); neither is Credit, which is also adjusting towards lower levels.

ICASFe's inter-year variation rates were measured in 2.8% in January 2012. This result locates the indicator below its first statistical long term confidence band. To this point, considering a group of negative comments included in this digest, it's possible to affirm that the province's economic activity may be facing the beginning of a new recession.

Graph 3 - Monthly Composite Index of the province of Santa Fe -
Inter-year variations. Data: from January 1995 to January 2012.



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>

An on-line graphical tool is also available in our site, which allows to monitor all fourteen sub-indicators' performance individually: <http://www.bolcomsf.com.ar/ces/icasfe.php>