

## Monthly Digest

Number 7  
Year 6



Bolsa de Comercio de Santa Fe



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

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The province's  
Economy is under  
recession



Although during March and April 2012 two monthly increments were registered by the coincident index, since October 2011 a new contraction phase was dated in Santa Fe.

According to the last obtained results, during the month of April 2012, the ICASFe was located at **155.6**, presenting a 0.1% monthly variation with respect to March.

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.

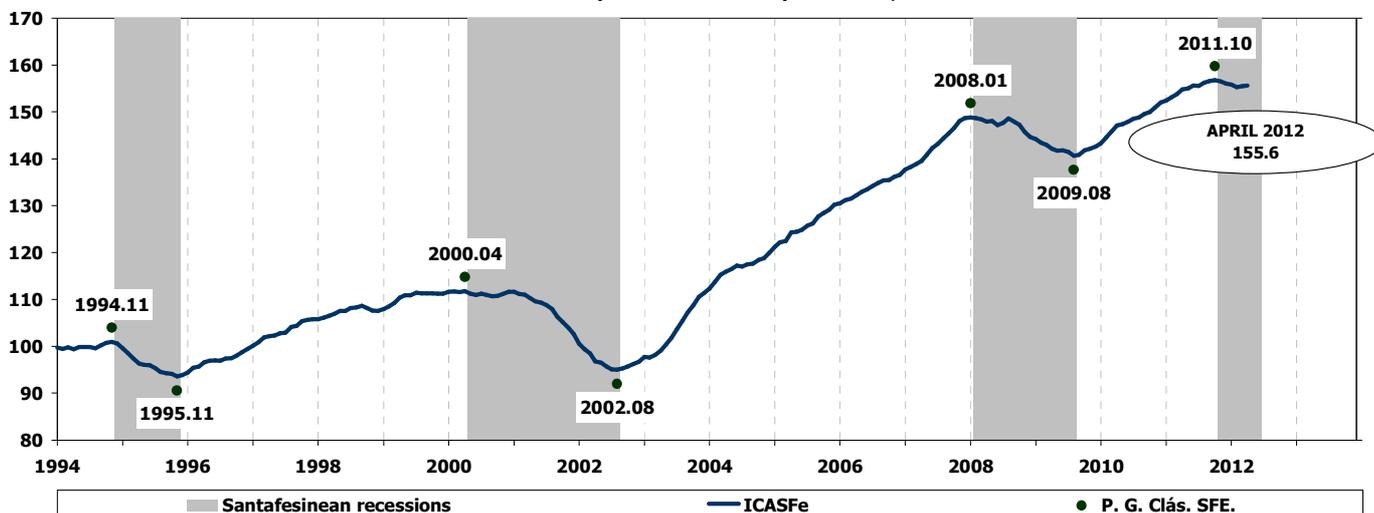
As indicator, It provides a reliable source of information appropriate to support decision makers of public and private institutions. ICASFe was developed by a technical agreement with the *Universidad Nacional de Tucumán (UNT)*.

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

In March and April 2012 two mild monthly increments were registered in Santa Fe's economic activity. Nevertheless, during the first four months of the year ICASFe's net cumulated rate was calculated in **-0.4%**. These results determined the beginning of a new recession dated in October 2012 (turning point).

**Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe -**  
Base 1994=100. Monthly data: from January 1994 to April 2012.



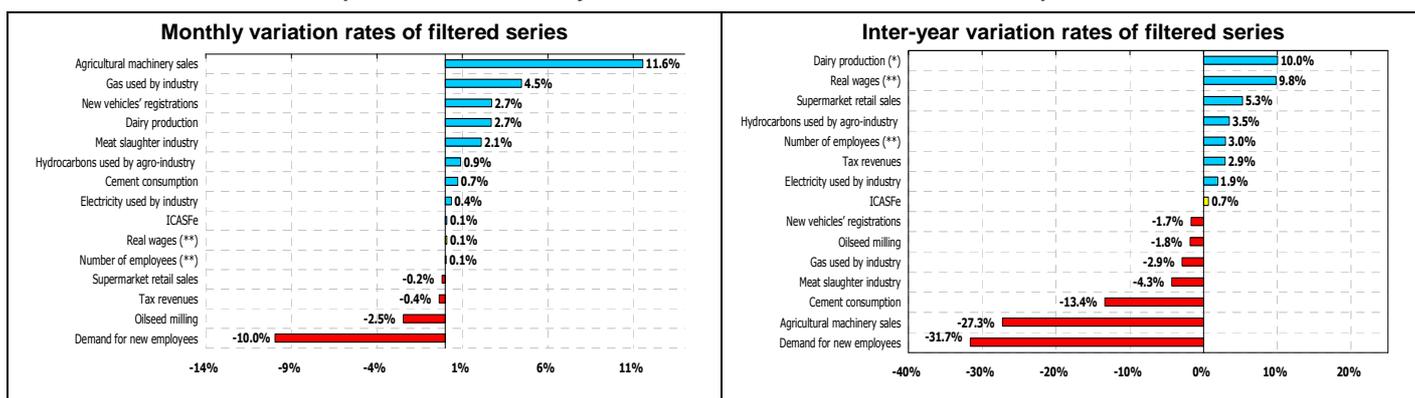
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

### Indicator by indicator

In April 2012 **agricultural machinery sales** are 69.1% below their maximum historical level achieved in December 2010. The series showed a monthly recovery of 11.6%, after a total cumulated contraction of **-84.9%** measured since its last registered peak. To this regard, its inter-year variation (compared to April 2011) was **-27.3%**.

In monthly terms **gas industrial consumption** increased 4.5% and so did **industrial demand for electricity** (0.4%). Both indicators' inter-year growths were **-2.9** and 1.9%, respectively. In third place, **hydrocarbons used by agro-industry** grew 0.9% in April; which implies an inter-year rhythm of 3.5%. In general, during 2011 and between January and April 2012, these series' performance was stable but also presented a neutral trend; this means the manufacturing sector has certainly reached a plateau.

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



(\*) Last available data: March 2012; (\*\*) Contains estimated data for April 2012.

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

**Dairy production** registered a positive monthly variation of 2.7% and a 10.0% inter-year expansion. In the case of **meat slaughterer industry** (bovine and porcine), the series grew 2.1% in April 2012 but it's still **-4.3%** below April 2011's level. **Oilseed milling** declined **-2.5%** in respect to March 2012 and **-1.8%** in respect to April 2011.

In relationship to Investment and durable goods, **new cars' registrations** presented their second monthly expansion (2.7%) after having cumulated a net contraction of **-11.5%** between November 2011 and February 2012. Its inter-year variation rate, nevertheless,

was measured in **-1.7%**. **Cement consumption** also increased for second time in a row (0.7%) and is catching up from a cumulated negative balance of **-16.6%** between December 2010 and February 2012.

On the opposite direction **supermarket retail sales** kept growing until February 2012 and then decreased **-0.7%** considering March and April. In fact, along this negative behaviour its last inter-year variation rate was located in 5.3% while it was 8.0% at the beginning of the year.

Public **tax revenues** showed a stable performance since 2011's second semester. Although a **-0.4%** monthly variation was registered in April, considering the whole period the series grew 2.9% during 2012. About its different components, federal resources were the most affected ones with a **-1.6%** variation in April whereas the province's own incomes declined **-0.2%**.

Purchasing power, measured by **real wages**, registered a mild 0.1% expansion in April 2012 in accordance to a clear deceleration. The series grew 0.5% in the first four months of the year and 1.7% during the same period in 2011. In order to calculate the series' performance in real terms, data from the province's consumer price index was internalised. To this regard, cumulated inflation between January and April reached 8.7% in 2012 and 7.4% in 2011.

The **number of registered jobs** also increased 0.1% in April, mainly pushed forward by public employment. Last processed information implies an inter-year expansion of 3.0%. On the other hand, some private sector's industrial branches already presented declines in terms of employment and general perspectives for the labor market are also pointing down(measured by **demand for new employees**): **-10.0%** monthly and **-31.7%** considering April 2011.

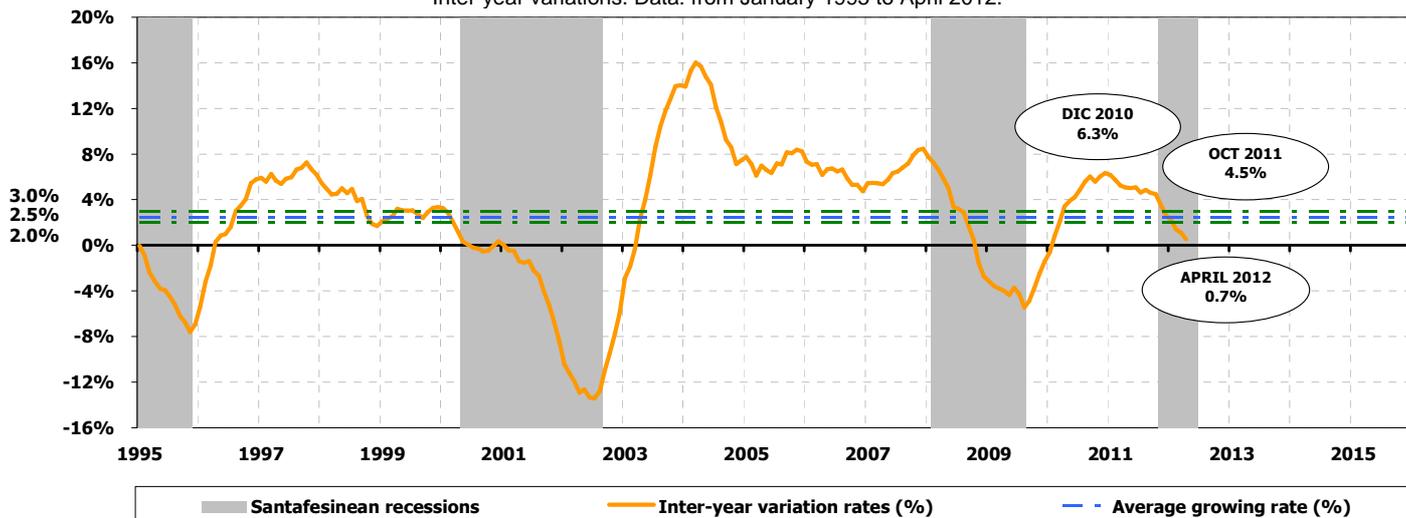
### Summary and perspectives

Although during March and April two monthly increments were registered by the coincident index, technically speaking since 2011's last quarter a new contraction phase has began in the province of Santa Fe. Moreover, the new turning point dated in October 2011 gave end to an expansion of twenty six months and 11.5% amplitude.

Compared to 2008/09's recession, fundamentally related to internacional issues, the present contraction sensed by Santa Fe's economic activity is basically linked to domestic causes: increasing inflation since 2007, retarded exchange rate and further beginning of a parallel USD black market, and persistent sectorial regulations. In accordance to higher costs and legal uncertainty, international commerce and Investment are being strongly affected.

As it can be seen in Graph 3, ICASFe's inter-year variation rates are still positive but powerfully decelerating, similarly than during previous recessions.

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