

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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First semester under recession

ICASFe
Base 1994 = 100
156.0

June 2012
Monthly %: 0.2%
Inter-year %: -0.05%
2012's contraction: -0.4%

*In spite of a positive monthly variation registered in June, during 2012's first semester Santa Fe's economic activity suffered a net contraction of **-0.4%**.*

According to the last obtained results, during the month of June 2012, the ICASFe was located at **156.0**, presenting a **0.2%** monthly variation with respect to May.

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.

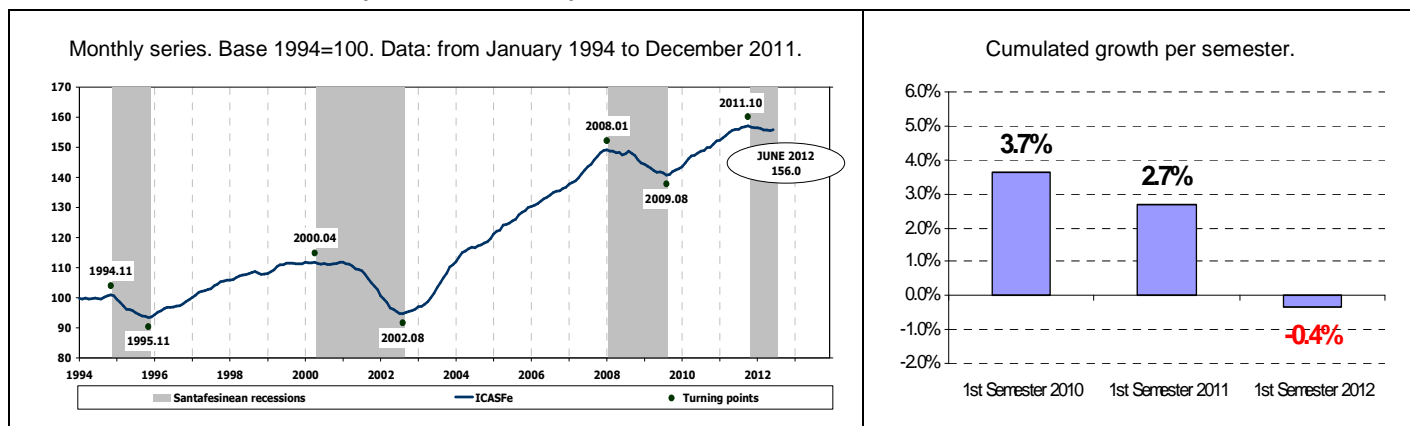
As indicator, It provides a reliable source of information appropriate to support decision makers of public and private institutions. ICASFe was developed by a technical agreement with the Universidad Nacional de Tucumán (UNT).

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 June 2012 the coincident indicator presented a monthly increment of 0.2%, compensating part of the net contraction cumulated along the year. In fact, the province's economic activity declined **-0.4%** between January and June. By the contrary, considering 2010 and 2011's first semester, the gauge registered two expansions of 3.7 and 2.7% respectively.

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

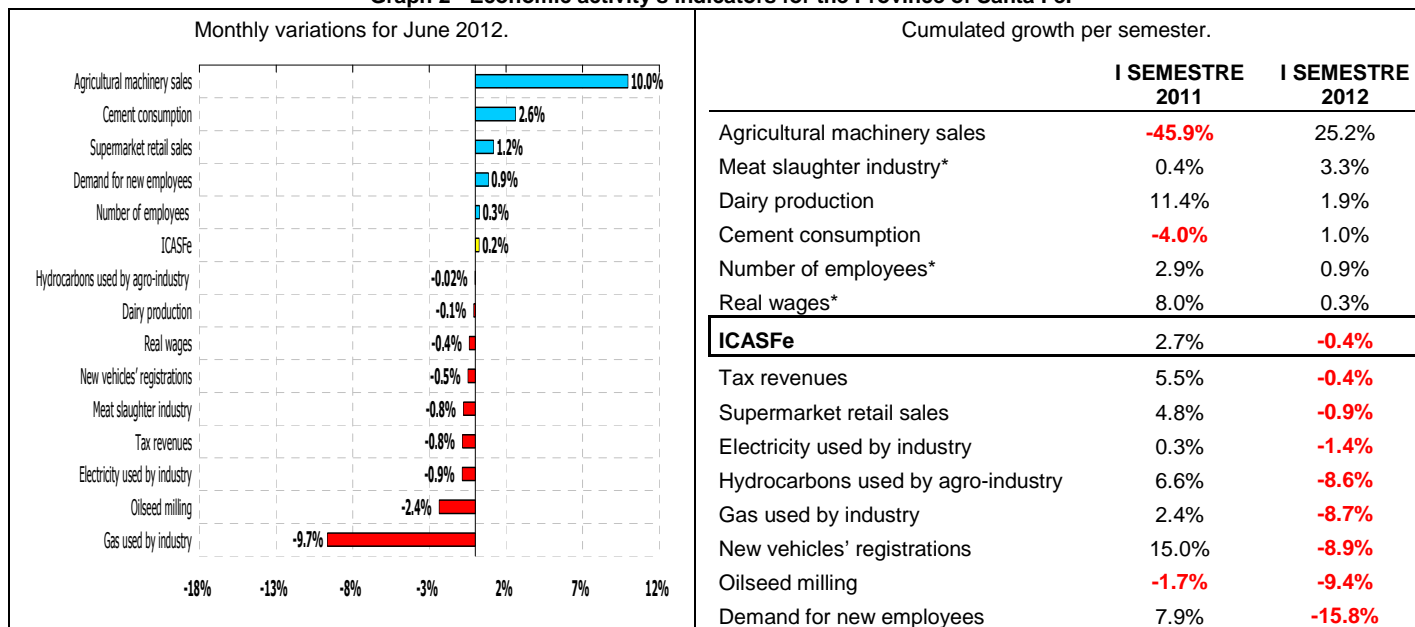


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Meat slaughter industry increased 3.3% during the first six months of the year. However the series is still showing a low historical level - especially across the bovine segment -. Approximately 150.000 heads were slaughtered in this category in June 2012, whereas 250.000 were accounted in that month in 2012. **Dairy production** also grew during 2012's first semester with a positive cumulated variation of 1.9% (lower than 2011's first semester: 11.4%). Nevertheless, this indicator is fluctuating close by its historical peak since the beginning of the year.

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



* Contains estimated data for June 2012.

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

Oilseed milling signalled a constant decrease during the period, cumulating a net variation of **-9.4%**. These results were basically related to an inferior level of soy's production between campaigns 2010/11 and 2011/12. Moreover, during 2011's first semester a milder decline of **-1.7%** was also measured by this sub-indicator. On the other hand, **agricultural machinery sales** went up 25.2% considering the entire semester, which helped the series to recover from a very low previous level.

All the indicators related with industrial energy consumption fell down during 2012's first semester. **Electricity** cumulated a negative rate of **-1.4%**, whereas **gas** and **hydrocarbons** registered a total decline of **-8.7** and **-8.6%**, respectively. It is worth noting that during

2011's first semester these three series presented positive variations.

Cement consumption closed the semester with a mild recovery of 1.0%; after suffering an important decline of **-16.4%** cumulated between December 2010 and February 2012. At the same time, surface authorized for construction in the main province's urban areas (source: INDEC), went from 377.417 m² during 2011's first semester to 325.163 m² during 2012's. This implies a relative contraction of approximately **-13.8%**.

In relationship with the labour market, a cumulated growth of 0.9% was estimated for **registered employment** during 2012's first semester. This represents an important slow down considering an expansion of 2.9% observed during that period in 2011. **Real wages** increased as well, 0.3% between January and June 2012 (also estimated); but two consecutive negative monthly variations were measured along last calculations. In the case of **demand for new jobs**, the series presented a strong net decline in the semester: **-15.8%**.

The province's **fiscal incomes** showed a negative variation of **-0.4%** during last semester, although an expansion of 5.5% was achieved in 2011's first half of the year. To this regard, the main difficulty was related with local taxes which declined **-1.7%** (in real terms). Anyways the series is still located closed to a high historical level.

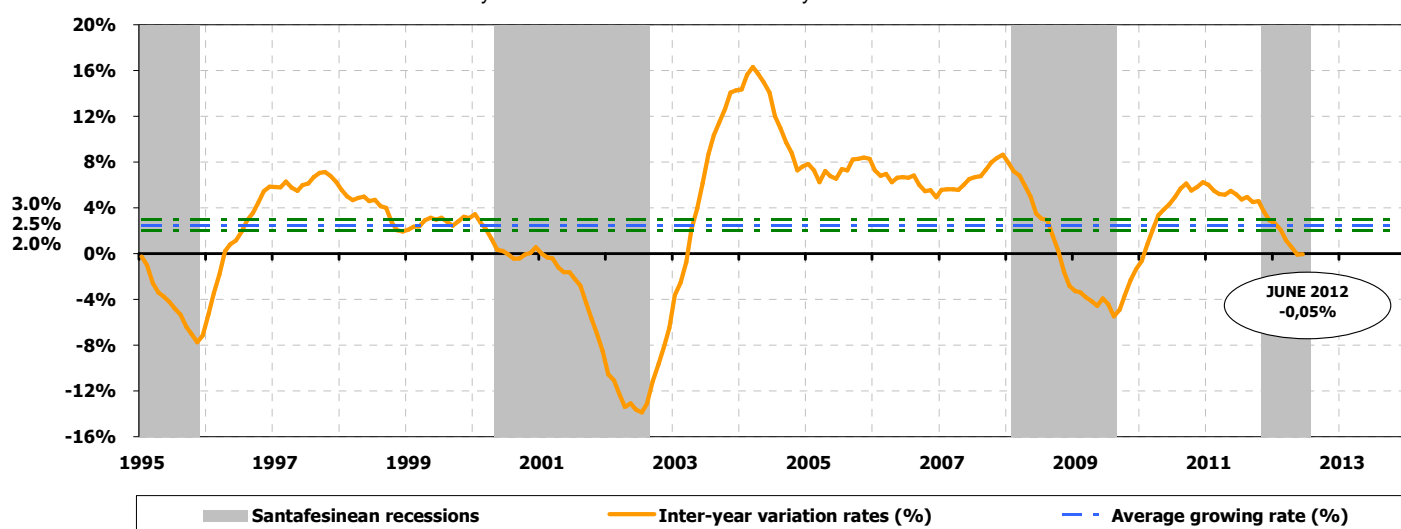
Supermarket retail sales went down **-0.9%** during the first semester whereas **new vehicles' registrations** did **-8.9%**. Furthermore, an evident retraction is being observed in demand for both durable and consumable goods even though these two series actually grew 4.8 and 15.0% respectively, during 2011's first semester.

Summary and perspectives

In June 2012 ICASFe's inter-year variation rates remained close to 0.0% after a mild monthly contraction of **-0.05%**. This implies economic activity kept declining but moving with slow intensity. As a matter of fact, during 2012's first semester, the coincident index and eight of its fourteen sub-indicators all presented negative cumulated variations. To this regard, recession is spreading to more economic activities although the labour market is not yet deeply affected.

As a domestic issue Inflation is still hitting over real disposable incomes in both private and public sectors. But the second half of the year's performance is probably going to be more associated to the international context, considering favorable commodities' prices but moderate trade expectancies in terms of volume.

Graph 2 - Monthly Composite Index of the province of Santa Fe -
Inter-year variations. Data: from January 1995 to June 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>