

Monthly Digest

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Year 7



Bolsa de Comercio de Santa Fe



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

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Unequal signals in Santa Fe's Economy

December 2012

Monthly %: -0.01%
Inter-year %: -0.7%

2012's contraction: -0.7%

ICASFe
Base 1994 = 100
155.1

In spite of two positive cumulated variation rates during 2012's first and third quarter, the province's economic activity finished the year with a net contraction of -0.7%.

According to the last obtained results, during the month of December 2012, the ICASFe was located at **155.1**, presenting a **-0.01%** monthly variation with respect to November.

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.

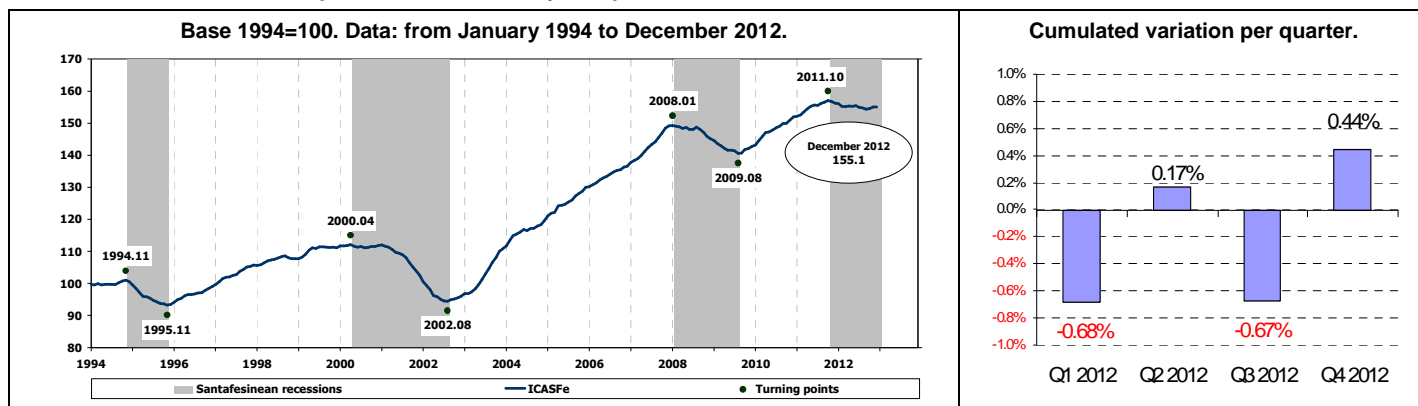
As indicator, It provides a reliable source of information appropriate to support decision makers of public and private institutions. ICASFe was developed by a technical agreement with the Universidad Nacional de Tucumán (UNT).

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

Santa Fe's economic activity ended 2012 with a negative net balance of **-0.7%**. In terms of quarters, contractions registered during Q1 (-0.68%) and Q3 (-0.67%) were only partially compensated by two expansions in Q2 (0.17%) and Q4 (0.44%). Therefore, the economy is still moving along a mild recession showing a very similar level than in October 2011 (when the contraction phase began).

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

Considering the six sub-indicators which ended 2012 with positive cumulated variations, only two of them grew more than during 2011. To this regard, **tax revenues** increased 6.1% during this last year whereas in 2011 its cumulated variation rate reached 3.0%. The improvement was mainly explained by a favorable impulse of local resources, experienced after the fourth quarter when new rates were applied. In fact, federal funds sent to province decreased during 2012.

In relationship to the labor market, **new registered jobs** increased just 0.7% in 2012 (against 4.6% in 2011) and **demand for new employees** declined **-5.7%**. **Real wages** also went up but only 0.03% considering the whole period. On the other hand, in 2011, the series presented a cumulated expansion of 13.5% above nominal inflation. A similar performance was observed by **supermarket retail sales** which declined **-1.5%** in 2012 against a positive cumulated rate of 5.9% during 2011.

Table 1 - Economic activity's indicators for the Province of Santa Fe. Cumulated variation rates during 2011 and 2012.

	2011	2012
Agricultural machinery sales	-59.1%	13.5%
Meat slaughter industry (*)	0.6%	9.3%
Tax revenues	3.0%	6.1%
Number of registered jobs (*)	4.6%	0.7%
Dairy production (*)	12.7%	0.4%
Real wages (*)	13.5%	0.03%
ICASFe	2.8%	-0.7%
Supermarket retail sales	5.9%	-1.5%
Industrial electricity consumption	-2.4%	-4.1%
Demand for new employees	-9.0%	-5.7%
Cement consumption	-13.4%	-6.0%
Hydrocarbons used by agro-industry	9.5%	-10.7%
New car's registrations	14.5%	-11.6%
Industrial gas	4.5%	-15.9%
Oil seed milling	4.2%	-27.9%

(*) Contains estimated data.

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

Cement consumption partially recovered during 2012's fourth quarter and finished the year with a net balance of **-6.0%**. Nevertheless, this negative variation was actually milder than 2011's, when the series decreased **-13.4%**. The same behaviour was measured by **new cars' registrations**: the series increased during 2012's last quarter but closed the year with a net cumulated rate of **-11.6%**. By the contrary, during 2011 the sub-indicator achieved a positive balance of 14.5%.

Measured in monetary units, **agricultural machinery sales** increased 13.5% during 2012 recovering part of the significant decline

registered during 2011 (-59.1%). However, in terms of units (tractors and harvesters) sales decreased twice in a row; passing from 7.187 in 2010 to 5.227 in 2011 and finally reaching 4.505 in 2012. **Meat slaughter industry** increased 9.3% in 2012 but it is also below 2009 and 2011's historical levels. **Dairy production** did not have a constant behaviour during the year and finally closed 2012 with a negligible positive variation rate of 0.4% (in 2011 the series grew 12.7%).

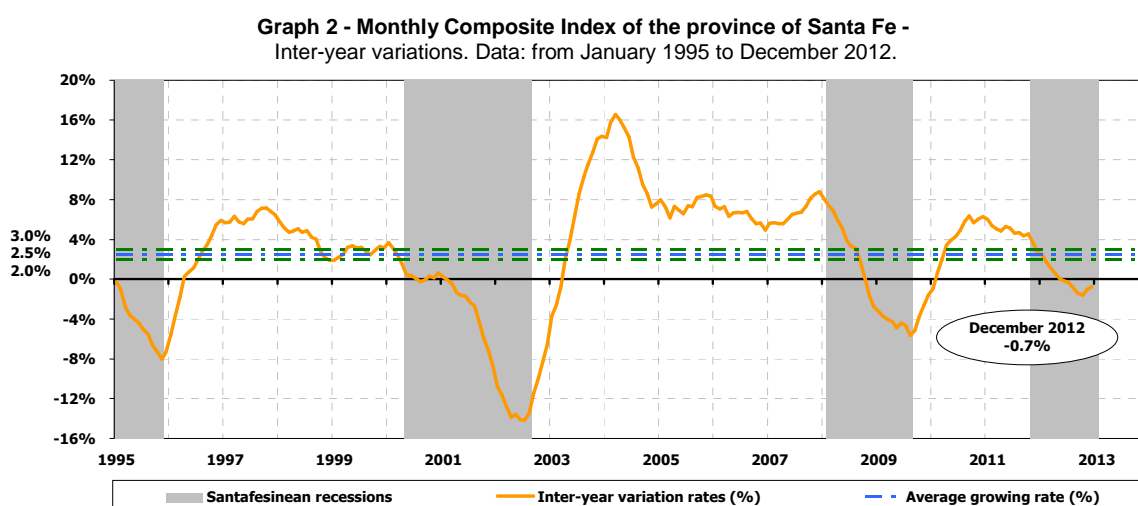
Because of a poor domestic soy's primary production during campaign 2011/12 and commercial barriers in order to import the grain from other countries, **oilseed milling** went down -27.9% during 2012. As a matter of fact, agro-industrial capacity utilization dropped in Argentina from 84.0 to 78.8% along 2012.

In general, industrial energetic consumption presented pessimistic results during 2012. **Gas used by industry** declined -15.9% whereas the series improved 4.5% in 2011. **Electricity consumption** only decreased -4.1% but just because it showed a mild recovery during the third quarter. Finally, **hydrocarbons used by agro-industry** presented a negative cumulated variation of -10.7% in 2012 (against 9.5% during 2011).

Summary and perspectives.

Last available measurements signal that Santa Fe has ended 2012 under economic stagnation. An unexpected level of production for 2011/12's agricultural campaign and higher costs because of inflation are undoubtedly two main issues related to the Economy's meagre performance. But legal and heterodox barriers to external commerce, in addition to an unofficial exchange monetary market, are also an important part of macroeconomic limitations.

However, during 2012's last quarter, some series as cement consumption, energy utilisation and tax revenues showed certain positive behaviour. The problem is that most other sub-indicators are starting 2013 facing contractions.



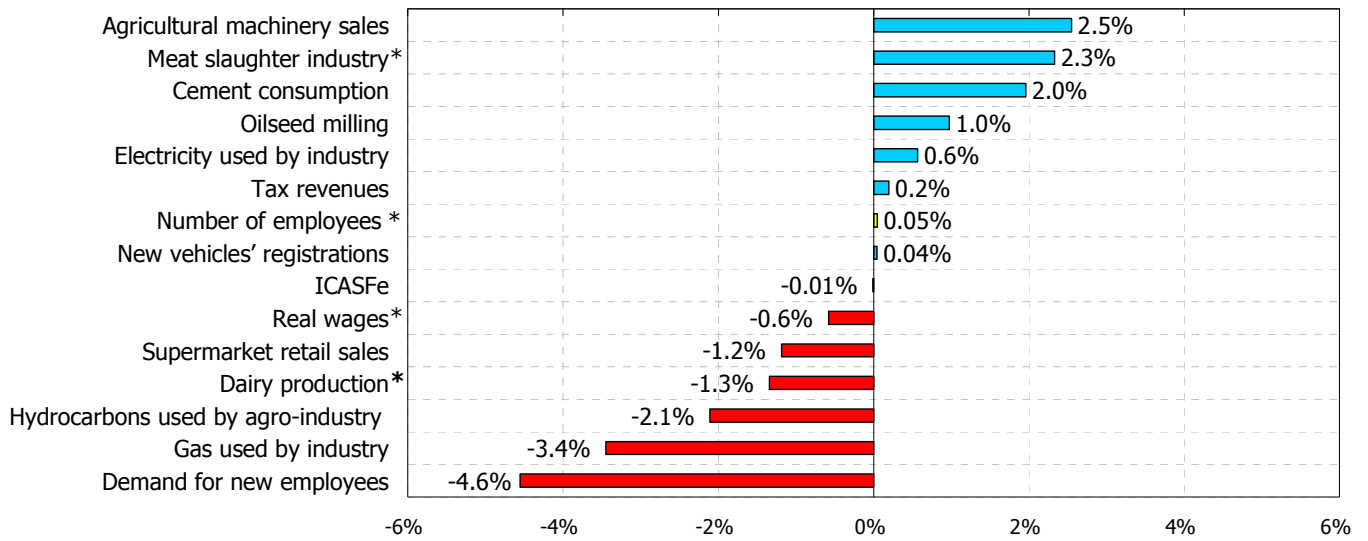
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

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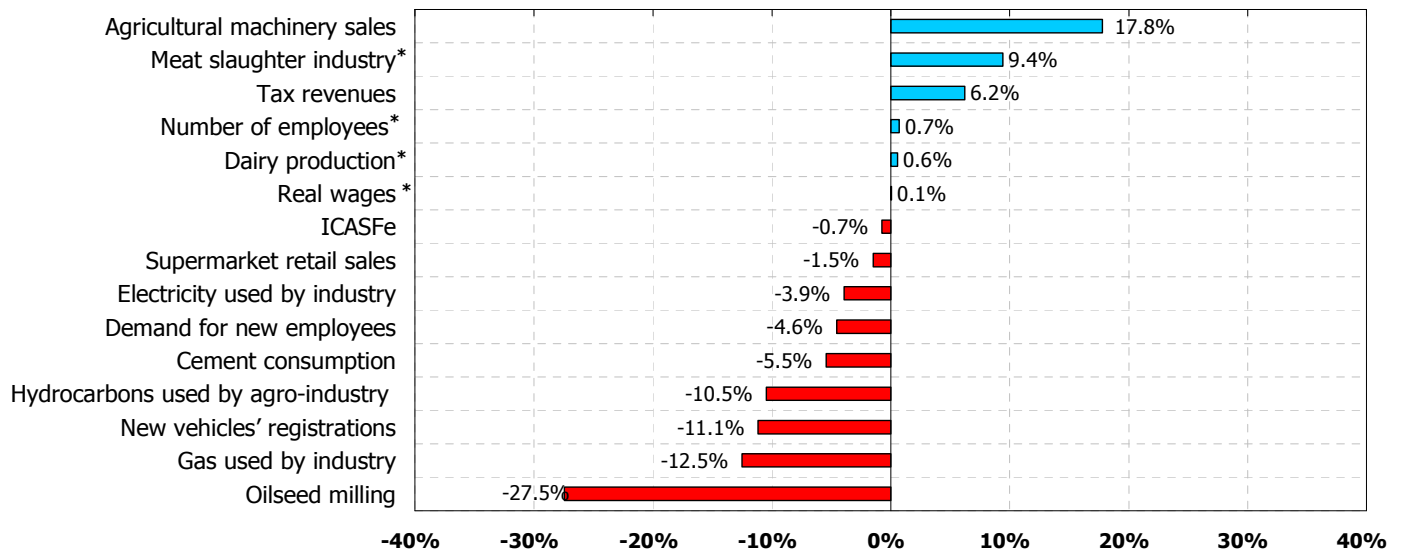
- Statistical database, methodological documents and related publications: <http://ces.bcsf.com.ar>
- An on-line graphical tool which shows all fourteen sub-indicators' historical information (series): <http://www.bolcomsf.com.ar/ces/icasfe.php>

ANNEX: Economic activity's indicators for the Province of Santa Fe - December 2012 -

Monthly variation rates.



Inter-year variation rates.



(*) Contains estimated data.

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