



Monthly Digest

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Monthly Composite Coincident Index of the
province of Santa Fe
ICASFe

Bolsa de Comercio de Santa Fe
(Santa Fe's Chamber of Commerce)

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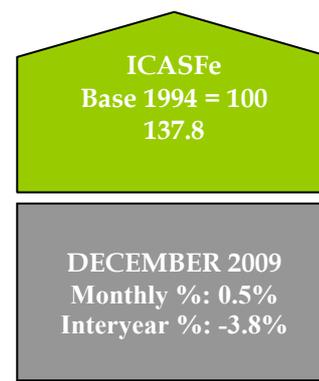
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First solid signal of a
possible recovery for
the province's
economic activity



October 2009's results show an expansion of 0.5% on the economic activity bringing some optimism to the year's last quarter although, technically, we still under recession.

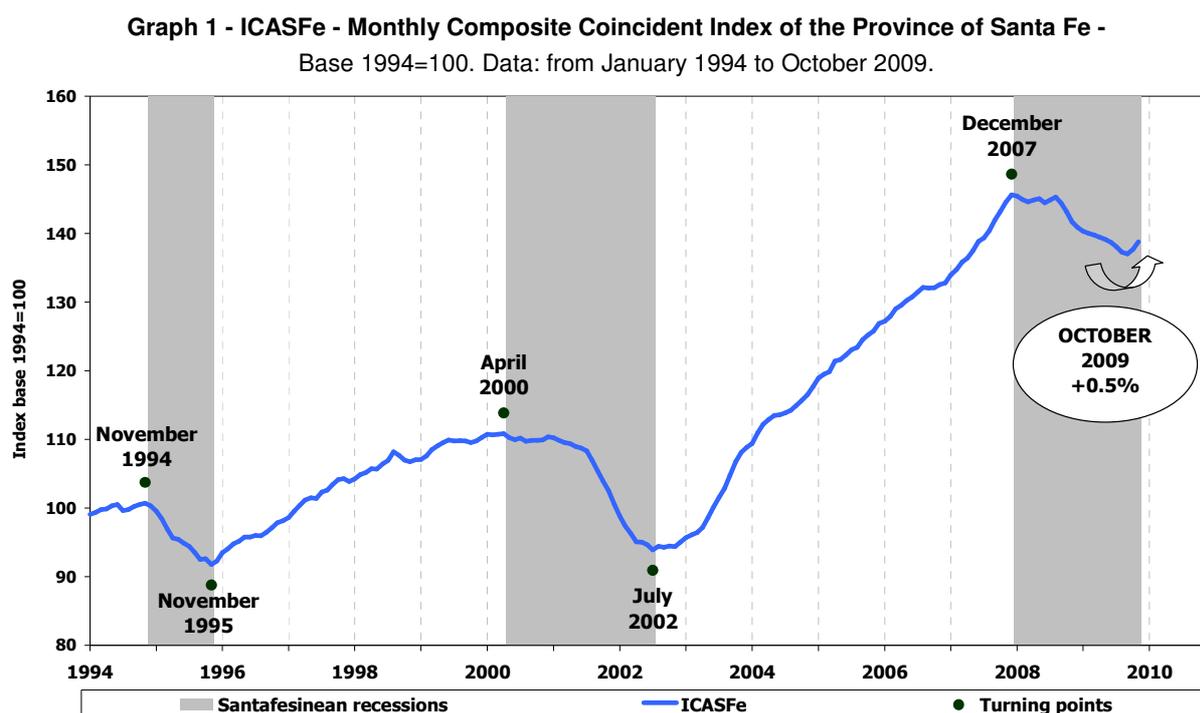
The Composite Coincident Index of the province of Santa Fe (ICASFe) constitutes a monthly indicator used to describe the global evolution of the province's economy. It allows us to determine the precise dates in which recessions/expansions begin and end, as well as following up the main economic sectors. 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 October 2009, the ICASFe was located at **137.8**, presenting a **0.5%** monthly variation with respect to September 2009.

The last 12 months' 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 that provides an input to our indicator.

o **Economic Activity**

During October 2009 the ICASFe increased 0.5% with respect to the previous month of September. This expansion represents the indicator's first positive rate since August 2008, when the santafesinean recession that started in December 2007 became stronger. Therefore, we can talk about two different stages inside the 22 months of this technical recession: (1) December 07-August 08: first stage of the recession that implied a moderated global economic contraction, with positive rates upon employment, real wages and consumption (supermarket retail sales and new vehicles' registrations); (2) Since September 08 and further on: during these 13 months the recession was related to continuous and sharp monthly negative variations of economic activity.



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

o **Recovery signals**

In October 2009 nine of fourteen economic activity's representative indicators show an expansion. The mayor recovery is observed in the construction sector with a monthly rate of 3.8% related to the cement consumption. Even dough, considering that during the first nine months of the year this variable accumulated a negative falling of -19.3%, its net balance until this date is still being negative. This behavior is replicated by most indicators which showed a positive monthly rate in October 2009.

Demand for new employees' accumulated growing rate for 2009's first ten months is -25%, while between September and October it increased 4.1%.

Oilseed milling (1.9%), dairy production (0.8%) and meat slaughter industry (0.5%) also present positive monthly variations. But, in spite of the industrial expansion observed in the slaughter industry, agents that belong to the meat primary production sector are not going through a particular good moment since the sustainability of their activity is still showing difficulties.

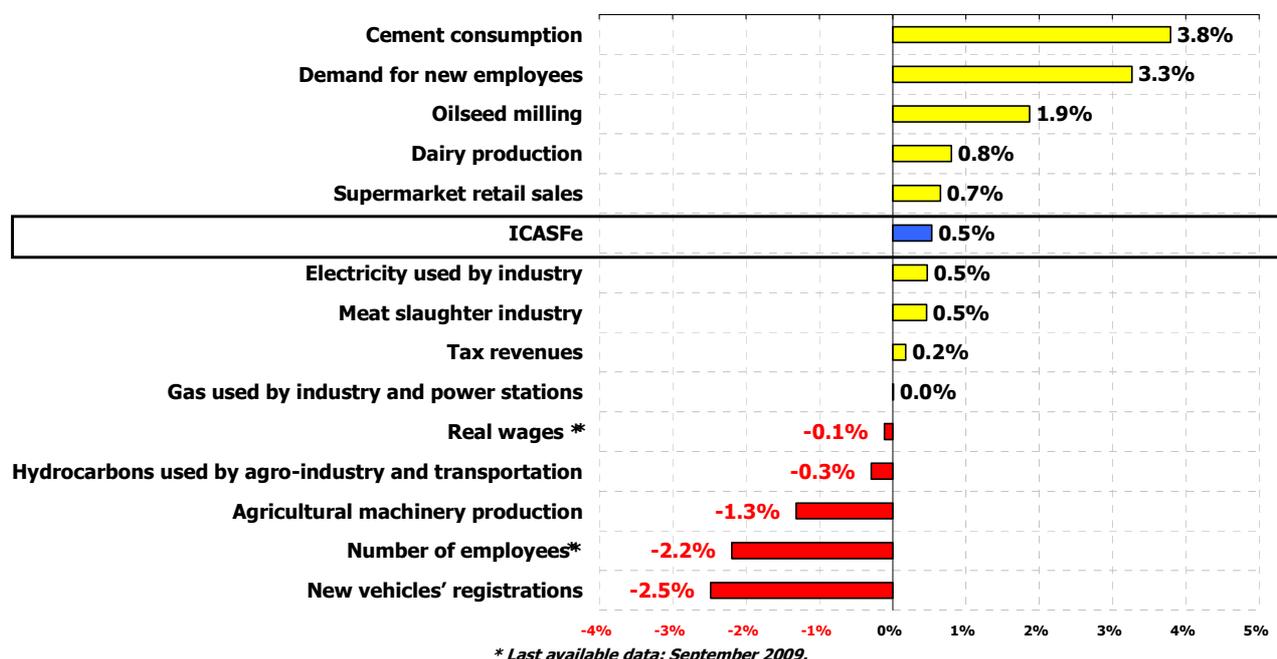
After some months of consecutive contraction, industrial energetic consumption finally increased in October 2009. In this matter, electricity used by industry showed a 0.5% monthly variation while gas presented

another 0.01%. Unfortunately, these levels are not high enough to compensate the sector's accumulated falling during the rest of the year. Nevertheless, the expansion can be considered an important signal since a similar behavior was only previously observed in July 2008 and March 2009. At the same time, the industrial activity is expected to keep recovering during the next few months.

Real governmental tax incomes on a provincial level have increased 0.2% in October 2009 and considering its performance during the other nine months of the year, its accumulated total expansion reaches 6% from January to October.

Supermarket retail sales showed a monthly expansion of 0.7% that helps compensating its accumulated falling during the first and third quarter of the year. Despite this final recovery, its net balance between January and October is **-1.3%**.

Graph 2 - Economic activity's indicators -
Filtered series' monthly variations. Data: until October 2009.



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

Employment and real wages belong to the group of indicators that present negative variations. In both cases, last available data is updated to September 2009, but based on that information private sector's number of employees in the province went down from 470,137 to 462,239, between the first and the third quarter of 2009. This situation results consistent with employment's lagged characteristics which implies that this variable usually delays its recovery facing a new expansive face of the economy.

Hydrocarbons used by agro-industry and transportation decreased **-0.3%** in October 2009, presenting a total contraction of **-10.6%** during the first ten months of the year.

Durable goods' segment, reflected by new vehicles' registrations, keeps showing negative rates although there is certain optimism for 2010. Between January and October 2009 it accumulated a total contraction of **-10%**.

Agricultural machinery production grew 10.5% between June and August 2009. But because of its deep falling during the first part of the year and since its monthly variation for October was **-1.3%**, the variable's accumulated rate for 2009 is **-55.7%**. This scenario indicates that we are under the presence of one of the worst affected sectors during the recession. Fortunately, 2010 comes with a better perspective.

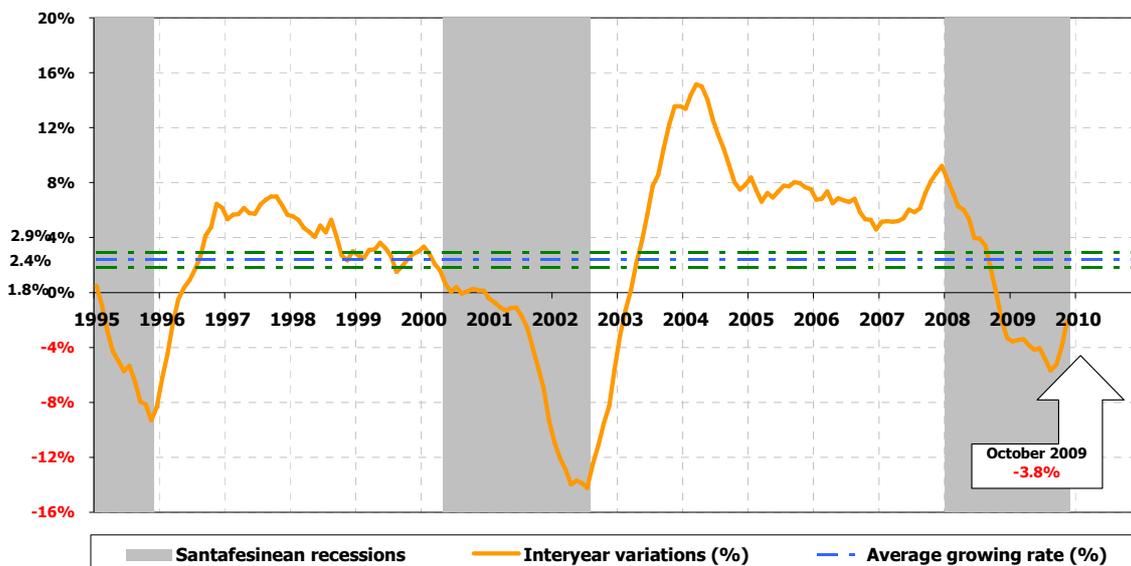
o **Further perspectives**

Although ICASFe’s interyear variations are still being negative (-3.8%) and technically the province continues under recession, October meant the second consecutive month where Santa Fe’s economic activity mightily approached to its long run growing statistical bands.

In June 2009, when most international leading indicators started to present some “green lights”, the ICASFe simultaneously captured a better economical behavior but only in some insolated variables. In that moment, we descried a better performance based on the fact that our province has a strong relationship with international commerce, but we also left space for some negative expectations related to internal conditions, specially the fiscal unbalances.

October 2009 informs the first solid signal of global recovery upon the province’s economy. This time, based on the behavior of most cyclical variables that are studied, as a matter of agreement among the leading indicators that were anticipating the recovery (the ICASFe already counts with 13 leading economic indicators technically tested). Nevertheless, the social and fiscal issues are still under alert; especially if we picture that we are going trough an inflationary spiral and political disagreements.

Graph 3 - Monthly Composite Index of the province of Santa Fe -
 Interyear variations. Data: from January 1995 to October 2009.



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>