

Monthly Digest

January 2010
Year 4, Number 1

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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Which sectors leaded
recovery signals at
the end of 2009?

ICASFe
Base 1994 = 100
138.3

JANUARY 2010
Monthly %: 0.5%
Interyear %: -2.3%

Economic activity showed some recovery signals at the end of 2009. Now it's important to analyze the process' sustainability since, technically, we are 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.

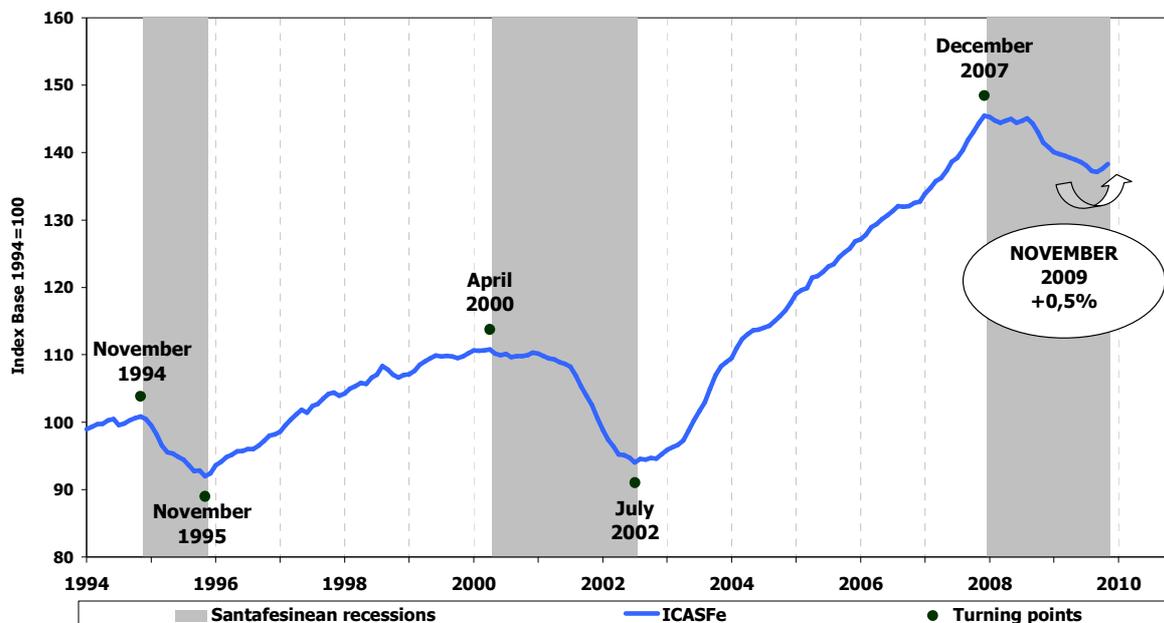
According to the last obtained results, during the month of November 2009, the ICASFe was located at **138.3**, presenting a **0.5%** monthly variation with respect to October 2009.

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**

In November 2009 the ICASFe grew 0.5% in terms of October. This economic activity's monthly expansion reinforces the first recovery signal observed upon the last digest. In fact, during the last two monthly measures the accumulated rate raised to 0.9%, compensating part of the previous **-2.6%** of contraction covered within 2009's first nine months.

Graph 1 - ICASFe - Monthly Composite Coincident Index of the Province of Santa Fe -
Base 1994=100. Data: from January 1994 to November 2009.



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

o **Indicators and recovery signals**

Eleven of fourteen indicators which are considered representative of santafesinean economic activity have showed a positive monthly variation in November 2009.

New vehicle's registrations were on top of the group. This variable, seasonally adjusted and filtered by irregulars, grew 7.9% with respect to October. On the other hand, before starting to recover, its accumulated contraction reached **-44.4%**, considering the period of time between May 2008 and March 2009. Since there on, even though it showed an erratic behavior with ups and downs, it has already increased an 8.8%. In addition, second hand vehicles' transfers in the province are also recovering since the beginning of 2009, after having decreased **-27.5%** between February and December 2008. During these last nine months the mentioned indicator grew 15.5%.

Agricultural machinery production received a second place in the global economic activity's expansion. Let's remember that this sector was strongly affected during 2008 and the beginning of 2009, not only because of the international financial crisis but also because of the conflict established between the Argentinean National Government and the Institutions aligned with agro-activities. Between February 2008 and May 2009, considering the filtered indicator, production levels went down by **-152.2%**; while between June and November 2009 they already grew 12.8%.

The construction sector also showed some positive results upon the measures related to cement consumption, although last available data published on a provincial level is still belong to October 2009. But in this matter, we've already pointed out during our previous digest that this variable's last calculated monthly

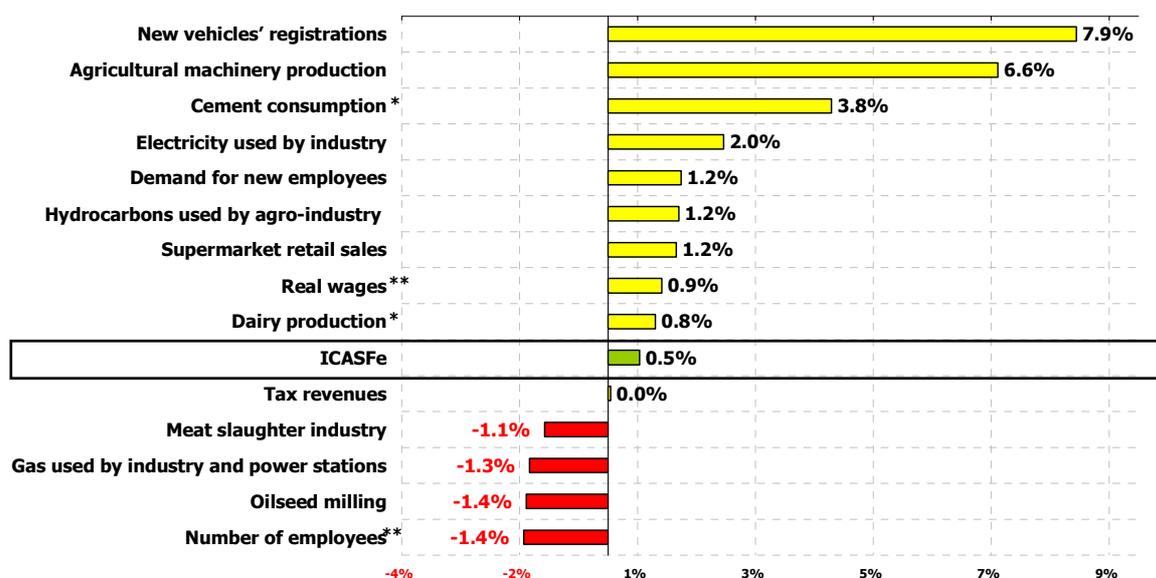
expansion is not yet enough to compensate its deep preceding contraction, suffered during the rest of the year.

Electricity used by industry presents its second consecutive month of expansion with a total increase of 2.7%, while during the other nine months of the year its net balance was -5.5%. In an opposite direction, it's interesting to highlight that gas used by industry had a total different behavior. Actually, it grew 9.3% during the first five months of 2009 and then it started to decrease showing a -9.3% contraction between June and November. This means, in certain way, that part of the increments observed in industrial electricity is a substitution based on lower levels of gas consumption.

In November 2009 labor market's indicators are showing an estimated falling of -1.4% in the number of registered jobs, accumulating a total -8.1% since October 2008 (first month when this variable indicated a negative rate). On the other side, demand for new employees is expressing positive signals since September 2009. Between that month and the present November santafesinean companies' intentions of generating new jobs expanded 5.9%. This particular situation clearly reflects how employment has lagged characteristics while demand for new jobs is quite a leading variable in terms of santafesinean economic cycles.

Graph 2 - Economic activity's indicators -

Filtered series' monthly variations. Data: until November 2009.



* Last available data October 2009; **Estimated data until November 2009

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

According to our calculations, during November 2009, wages had a real increase of 0.9% - taking under consideration the official Consumer Price Index (CPI) published for our province which accumulates 11.3% of inflation between January and November 2009 -. Supermarket retail sales, also deflated by Santa Fe's CPI, grew 1.2% with respect to October, compensating the first nine months' -1.6% contraction and closing with a net expansion of 0.3% between January and November 2009.

This month agro-industry indicators had an ambiguous behavior. Dairy production presented an estimated growth of 0.8%; hydrocarbons consumption increased 1.2%; and meat slaughter industry went down in -1.1%. Oilseed milling became more volatile during 2009 and showed a negative monthly variation of -1.4% in November. Considering the last eleven months, its total decrease during 2009 reaches -22.1%; while the most significant falling was dated between June and August.

At last, real tax revenues increased 0.04% - deflated and seasonally filtered – during November, reaching a total 3.1% expansion since January 2009. During those eleven months, but in 2008, the variable fell out - 5.2%.

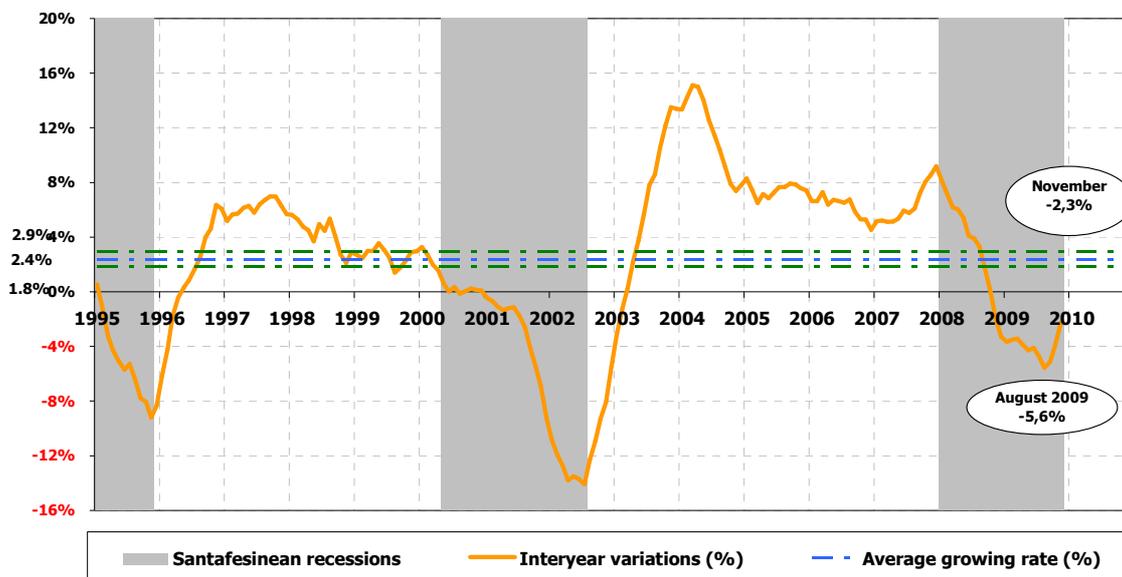
o **Recovery's sustainability**

Eighty percent of representative economic indicators on a provincial level have shown recovery signals over the last two months of 2009. In fact, some of the sectors which are now leading this positive behavior were sincerely punished since the beginning of the recession in December 2007. In this sense, the most significant achievements are coming from construction, machinery production and general industry. These results allow us to anticipate that 2009's economic activity is going to end with a lower contraction than the one calculated for 2008 (-3.2%).

But we must also speak about certain limitations. Since 2003, the Agro-industry has become one of the main columns in our province's economic activity. Unfortunately, its present scenario is uploaded by many trade regulations (export taxes, price ceiling, export quantities limits), the financial crisis' effects, and the unresolved conflict between the government and sectorial institutions. This means that even though the primary grain production is expected to go through a record campaign in Argentina, some related activities are not necessarily expressing better perspectives. By the contrary, dairy production, oilseed milling and meat slaughter industry have not yet been capable of reaching a sustainable growing path.

On a social perspective, a higher demand for new jobs may eventually help with the present situation by risen labor market's size. Nevertheless, the number of total registered employees is expected to recover on a slow and gradual way, subject to each sector's particularities.

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