

Monthly Digest

Number 10  
Year 4

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

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Agricultural  
commodity prices'  
impact over the  
province's economic  
activity

ICASFe  
Base 1994 = 100  
147.2

AUGUST 2010  
Monthly %: 0.1%  
Inter-year %: 5.4%  
Accumulated (Jan-  
Aug): 4.5%

*Taking into account Santa Fe's most representative indicators, in August 2010, machinery production, oilseed milling and hydrocarbons consumption were on top of the economic expansion. By the contrary, dairy production and meat slaughter industry are not showing a better behaviour.*

The Composite Coincident Index for the province of Santa Fe (ICASFe) constitutes a monthly indicator used to describe the global performance of the province's economy. It allows us to determine the precise dates in which recessions/expansions begin and end, as well as following the most important economic sectors' behavior. 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 August 2010, the ICASFe was located at **147.2**, presenting a **0.1%** monthly variation with respect to July.

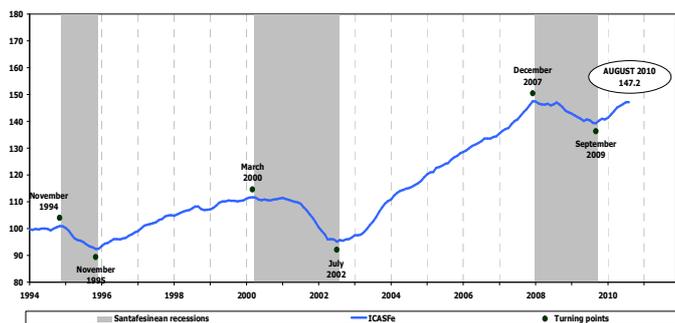
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and filtered by seasonality and outliers with the X12-ARIMA software.

o **Province of Santa Fe's economic activity**

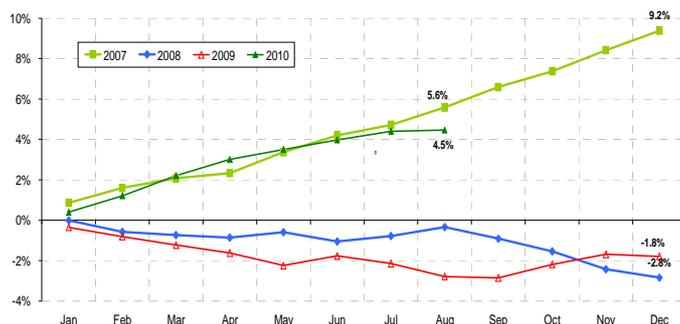
In August 2010 a new moderate positive monthly variation rate was calculated for the province's economy. This time ICASFe's results showed an increase of 0.1%. This means that, considering 2010's first 8 months, the accumulated growth over economic activity was around 4.5%.

In the same order of ideas, 2007 registered the most important expansion of the last 6 years in the province's economy (see graph 2). To this regard, between January and July 2010, monthly variations were following 2007's; but in August 2010 both lines began to diverge since present growth is getting smoother.

**Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe - Base 1994=100. Data: from January 1994 to August 2010.**



**Graph 2 - Accumulated monthly variation rates over economic activity - Period: 2007-2010.**



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

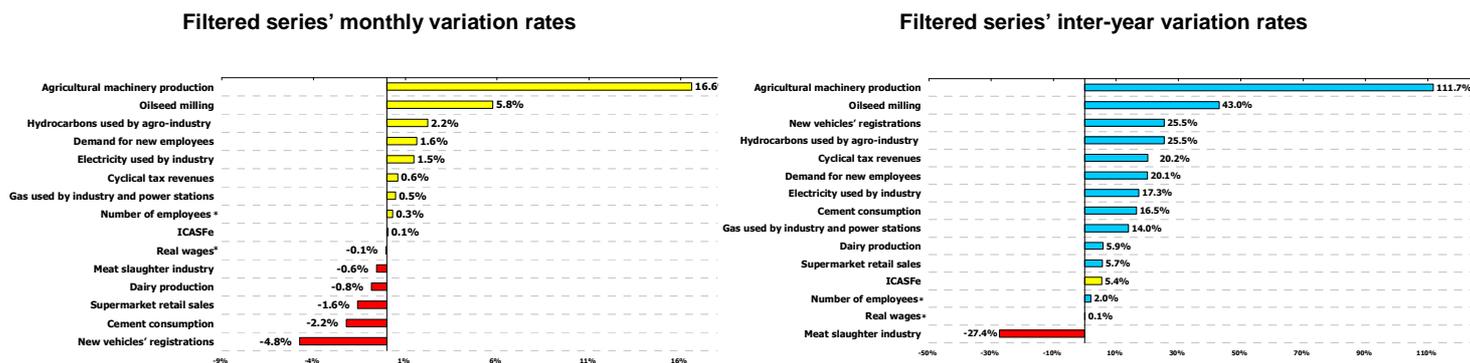
o **Indicator by indicator**

Based on last obtained results, August's economic expansion in Santa Fe was led by machinery production and oilseed milling. The former indicator registered a monthly increase of 16.6%, which locates its present level, 11.7%, over August 2010's. The latter one, oilseed milling, experienced a positive monthly variation rate of 5.8% and achieved an inter-year growth of 43%. This behaviour was favoured by a proper national context related with available stocked inputs and unutilized industrial capacity, jointly with higher international prices for most agricultural commodities.

The third place, in accordance to the previous paragraph's ranking, was obtained by hydrocarbons consumption, an indicator related to agricultural industry and transportation of agricultural goods. Its monthly variation rate was measured in 2.2% whereas its inter-year one reached 25.5%.

Under the consideration that their exportable supply was systematically restricted over the past years, dairy production and meat slaughter industry are still showing a negative performance. The first indicator, which recovered 12.3% after four consecutive expansions between April and July, went down again **-0.8%** in August 2010. The second series is just keeping up with its free falling, started 10 months ago. During the past 8 months of the year its accumulated variation rate is calculated in **-26.6%**. To this regard, both indicators evidence a different scenario. While dairy production shows a positive inter-year variation of 5.9%, meaning its present level is higher than its level from one year before, meat slaughter industry registered a negative inter-year variation rate of **-27.4%**.

**Graph 3 - Economic activity's indicators for the Province of Santa Fe -**  
Data updated until: August 2010.



\* Last available data refers to June 2010.

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

Cement consumption experienced a negative monthly variation rate of **-2.2%** in August 2010. Nevertheless, its present level is higher than August 2009's, signaled by its inter-year variation of 16.5%. A similar behavior was observed in new vehicles' registrations, which showed a monthly decrease of **-4.8%** and an inter-year expansion of 25.5%.

Measured in real terms, cyclical tax revenues slowed down and registered a mild expansion of 0.6%, in August 2010. At the same time, its inter-year variation was calculated in 20.2%.

Consumption of most representative industrial energetic inputs kept rising. Electricity showed a monthly positive variation of 1.5% and gas presented a 0.5%. In an inter-year comparison, the first indicator increased 17.3% and the second one 14%, respectively. Industrial favourable performance was also captured by demand for new employees, which increased 1.6% between July and August, registering an inter-year variation rate of 20.1%.

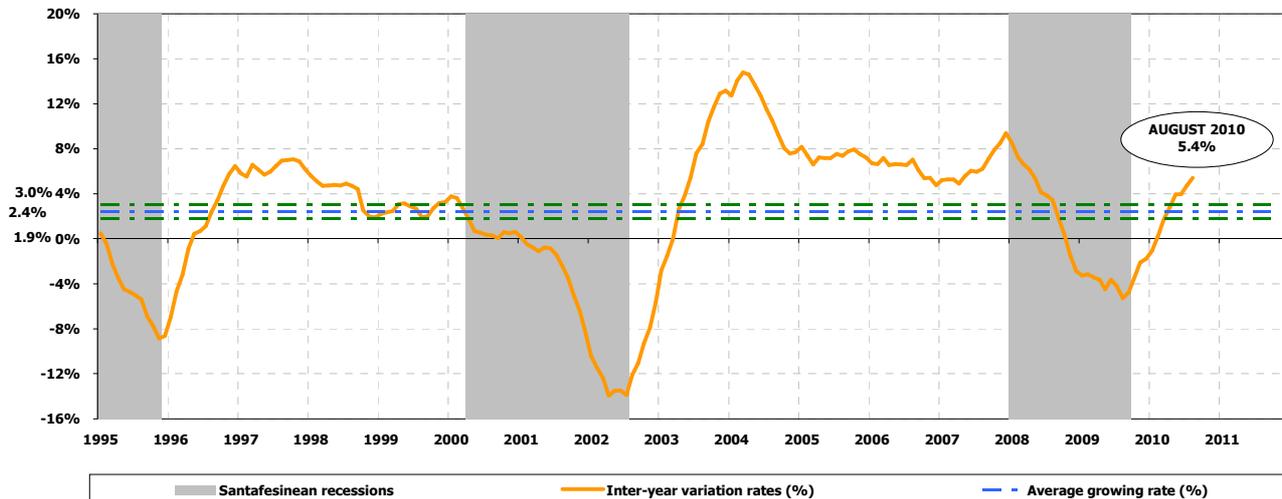
Supermarket real incomes, related to general retail sales' behaviour, decreased **-1.6%** in August 2010, after reaching an accumulated expansion of 5.9% during the first seven months of the year. To this regard, an important issue worthy of being highlight is that Santa Fe's consumer price index is signalling an accumulated expansion of 15.4% between January and August 2010. This means that general inflation was basically doubled compared with 2009's 7.6% rising over the first eight months of that year. Within the alimentary segment the relation is even more observable since it tripled from 7% in 2009 to 21.5% in 2010.

o **Perspectives on the province's further economic activity**

In August 2010, ICASFe's inter-year variation rates reached 5.4%, a similar position than June's 2003 whereas the province's economy was right in the middle of a recovery in terms of its cyclical phases. Nevertheless, a more accurate comparison between these two moments shows significant differences between present and past growth rhythm. In fact, this idea does not only fit among general economic activity, but also with particular performances of its main representative components. As an example, during the previous expansion, inter-year variations went from 0 to 5.4% in only four months (between March and June 2003); while in this case the same process took seven months (between February and August 2010). On the other hand, in June 2003, eleven month after the previous expansion began; the recovery was strongly captured by nine of ICASFe's fourteen components. By the contrary, being next to close up with the third quarter of 2010, present perspectives are clearly positive only for sectors related somehow to agricultural commodities. This means that not all industrial branches are sharing a positive performance. Dairy production and meat slaughter industry, for instance, are still suffering the consequences of unfavorable regulations.

Although many sub-indicators presented encouraging inter-year levels, in August 2010 a signal of slow down was also registered upon investment in durable goods (construction and new vehicles), as well as over retail consumption (supermarkets' real sales). Anyways, it's reasonable to believe that these punctual decreases do not belong to a persistent shift over trend but, at the same time, during the next months it will be important to follow these indicators cautiously.

**Graph 4 - Monthly Composite Index of the province of Santa Fe -**  
Inter-year variations. Data: from January 1995 to August 2010.



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>*