

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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The province's
economic activity grew
3.4% during 2011.

ICASFe
Base 1994 = 100
159.0

December 2011

Monthly %: 0.2%
Inter-year %: 3.4%

In spite of a positive net balance, 2011's economic expansion was significantly lower than 2010's (6.6%). Uncertainties over the Economy's performance along 2012 are intensifying.

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.

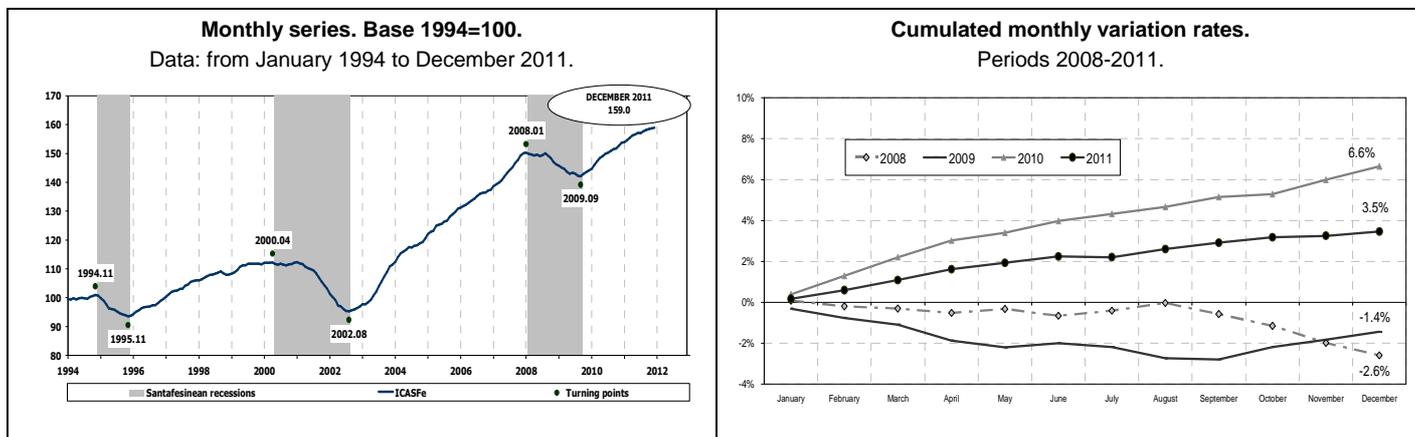
According to the last obtained results, during the month of December 2011, the ICASFe was located at **159.0**, presenting a **0.2%** monthly variation with respect to November.

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

After increasing 0.2% in December, the province's economic activity ends 2011 with a total cumulated growth of 3.4%. This implies a positive net balance but lower than 2010's (6.6%). Comparing data from the last two years, five of the fourteen representative indicators improved their performance during 2011: dairy production, real wages, hydrocarbons used by agro-industry, number of employees and meat slaughter industry. Only supermarket retail sales had a similar behavior in both periods. By the contrary, the other eight series experienced an unfavorable development.

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

New vehicles' registrations was the series with the highest cumulated expansion during 2011 (15.9%). Nevertheless, this rate represents about half of the growth achieved in 2010 (36.8%). To this regard, an interesting point to be considered is that in today's expansion scenario, an increasing number of registrations are related, at least partially, to the difficulties inflation is adding to saving capabilities. Furthermore, as proxy of retail businesses, supermarkets sales grew 4.7% in 2011, 0.3% perceptual points over 2010's expansion (analyzed in real terms).

Incoming tax resources obtained a cumulated variation rate of 4.8% along the year which means a deceleration in terms of 2010 (14.9%). In fact, the series is still above its last registered peak (December 2007); but during the last quarter some important contractions were signaled, especially if only the province's jurisdiction is considered.

In general, indicators related to the labor market showed a good performance. The total number of registered jobs (public and private) grew 5.4% in 2011 (contains estimated data for December) - it is worth noting out that the increment was higher than during 2010 (4.0%) -. Because of salary agreements real wages increased 10.7% in 2011. Therefore, the only negative information was expressed by demand for new jobs which experienced a net contraction of -8.9%. Indeed, the series reached a plateau at the beginning of 2010 registering a total expansion of a mild 1.6% during that year.

In 2011 the Commodity Food and Beverage Price Index (Source: International Monetary Found) presented a negative variation of -8.4%. So did Chicago's soybean futures contract which declined -13.2%. In addition, Santa Fe's production descended from 10,432,721 to 9,741,349 metric tons between campaigns 2009/10 and 2010/11. In this context, oilseed milling was only intensified 2.8% across the year. This means an impressive slow down for 2011 (compared to 2010; when a positive cumulated rate of 28.4% was registered). Moreover, soy oil commercialized by santafesinean ports during 2011 dropped -15.3% (a significant number if we consider that about 80% of Argentinean soy's milling and about 90% of its exportations are produced by the Province of Santa Fe). Agricultural machinery manufacturing fell -70.2% in 2011; but this happens after having an important expansion along 2010. Dairy industry kept showing a good general performance in spite of a registered decline between September and November 2011. Considering the whole period its cumulated variation rate reached 12.6% (above 2010's 5.5%).

Although is still far away from its historical 2009's peak, the province's meat slaughter industry closed 2011 with a positive 2.6% improvement. Moreover, its global increase was explained by the porcine segment; in fact, the bovine one presented a negative net balance of -0.4% during 2011. A recent publication released by the *Sociedad Rural Argentina* points out three of the main causes behind that contraction: the elimination of feedlot's public financial assistance, higher costs and an unfavorable commercial relationship. In addition, an important raise over relative prices is moving retail meat consumption to a truly low historical level.

**Table 1 - Economic activity's indicator for the Province of Santa Fe.
Cumulated monthly variation rates of filtered series during 2010 and 2011.**

	2010	2011
New vehicles' registrations	36.8%	15.9%
Dairy production	5.5%	12.6%
Real wages*	9.3%	10.7%
Hydrocarbons used by agro-industry	3.4%	8.4%
Gas used by industry and power stations	16.2%	7.0%
Number of employees*	4.0%	5.4%
Tax revenues	14.9%	4.8%
Supermarket retail sales	4.4%	4.7%
ICASFe	6.6%	3.4%
Meat slaughter industry	-24.0%	2.6%
Oilseed milling	28.4%	2.3%
Electricity used by industry**	11.6%	-1.9%
Cement consumption	38.7%	-2.5%
Demand for new employees	1.6%	-8.9%
Agricultural machinery production	133.2%	-70.2%

* Contains estimated data for December 2011.

** Last available data from November 2011.

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

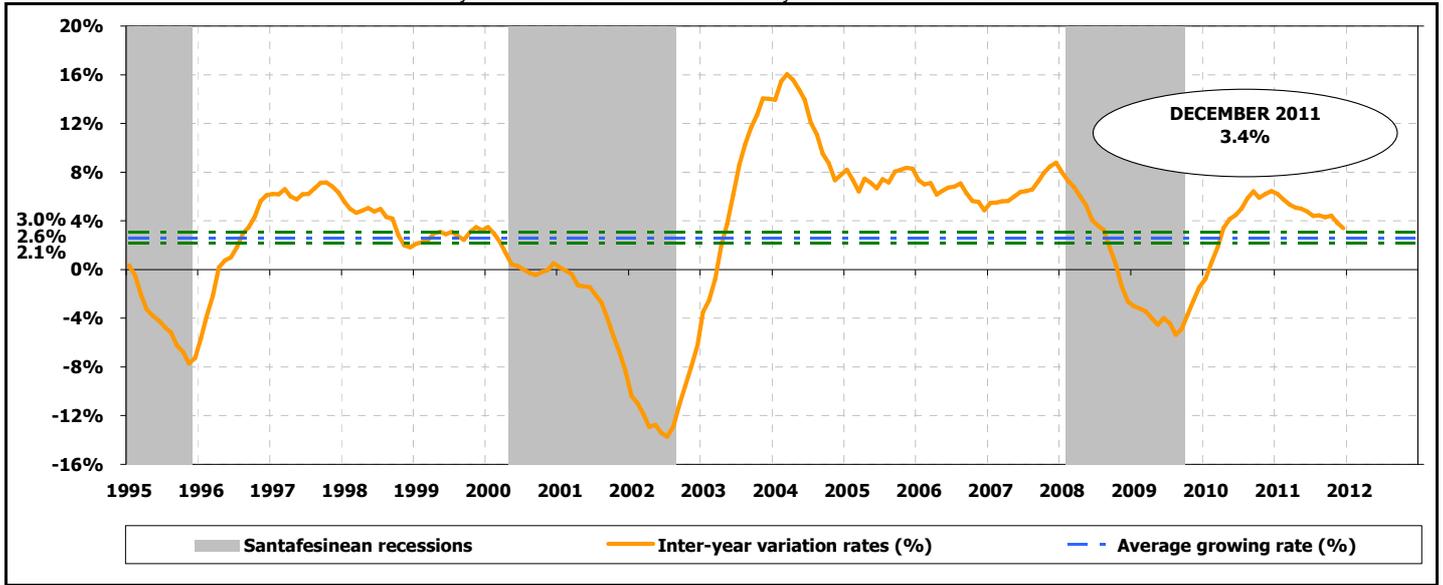
Measured by cement consumption, the construction sector cumulated a negative rate of **-2.5%** in 2011; in contrast to its previous year's expansion of 38.7%. This activity was actually one of 2010's main pillars in Santa Fe's economic recovery after the recession. However, in 2011 an erratic movement of ups and downs left the series around a certain plateau. In effect, a similar behaviour was observed over industry and transportation's energetic consumption. Hydrocarbons used by agro-industry, for example, signaled a positive cumulated rate of 8.4% in 2011 but with a strong deceleration since the beginning of the 4th quarter. Gas used by industry and power stations grew only 7.0%, about one half of 2010's expansion (16.2%). Finally, electric industrial energy declined **-1.9%** between January and November 2011; whereas during 2010 it grew 11.6%.

Summary and perspectives

A stable creation of jobs rhythm was registered during 2011 as well as an increment over real salaries (despite inflation). In addition, improvements over public resources incomes were achieved (even though they were inferior than 2010's). The important fact is that the province's Economy had enough monetary fluency to assure growth upon Consumption indicators along 2011. Nevertheless, that situation changed this last December as both series related to Consumption, retail sales and new vehicles' registrations, declined. In our opinion the swing could be a response to increasing uncertainty over nominal adjustments to salaries; considering inflation's persistence and acceleration. Furthermore, general liquidity is also starting to enter in a different scenario as national public subsidies decrease and cyclical tax revenues begin to decelerate.

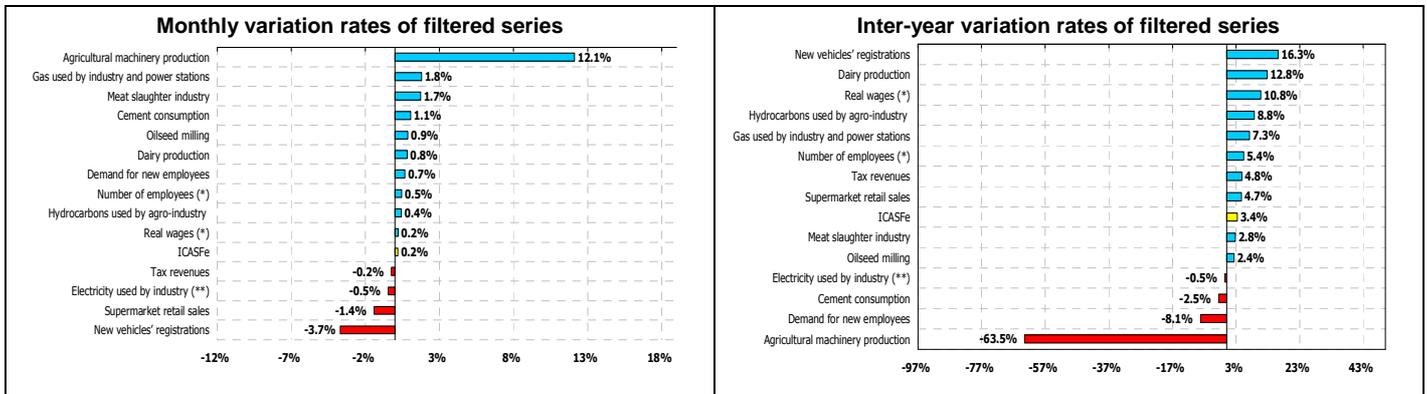
Other issue to think about is Argentinean politics in terms of external trade. Increasing limitations are being introduced to the system in order to maintain a commercial surplus, guarantying a positive net entrance of foreign currency but also affecting domestic productive sectors. Finally, public expenses are somehow being financed with heterodox tools (through ANSES and BCRA's assets, for example); which is clearly a step back upon our country's institutionalism. All these matters are going to feed deceleration and mean an evident obstacle in order to maintain a solid expansion during 2012.

Graph 2 - Monthly Composite Index of the province of Santa Fe - Inter-year variations. Data: from January 1995 to December 2011.



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

Graph 3 - Economic activity's indicators for the Province of Santa Fe - December 2011 -



* Contains estimated data for December 2011.

** Last available data from November 2011.

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>