



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

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### Santa Fe deals with economic stagnation



*In November the coincident indicator has registered a new negligible variation rate and cumulates a negative growth of -1.0% during 2012.*

According to the last obtained results, during the month of November 2012, the ICASFe was located at **154.6**, presenting a **0.2%** monthly variation with respect to October.

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).

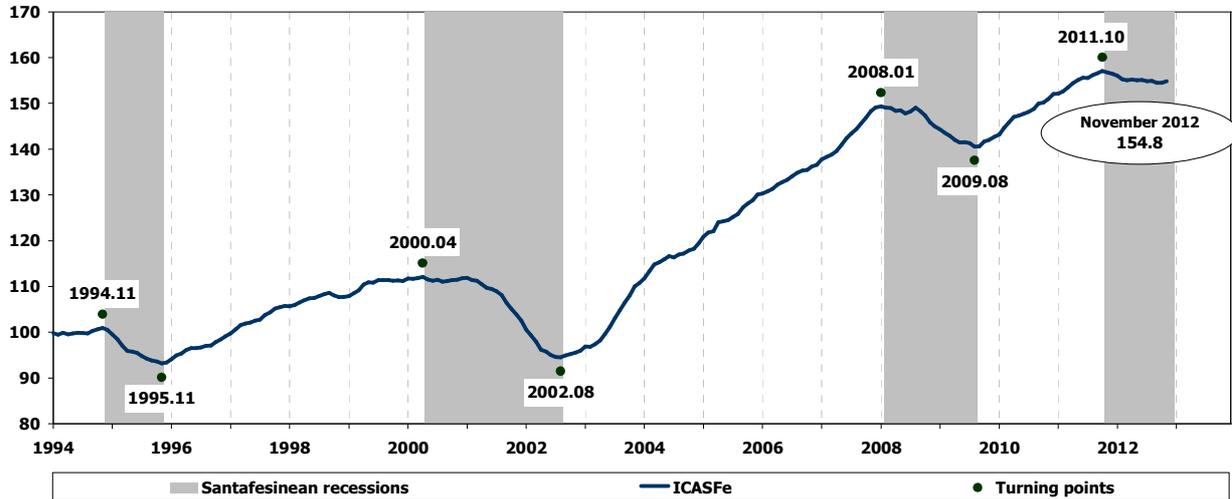
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and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

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

Santa Fe's economic activity registered a positive monthly variation rate of 0.2% in November. However this result does not imply a full recovery, by the contrary, the province's economy is facing stagnation. With a negative cumulated growth of **-1.0%** and considering that only December is not yet measured, 2012 is surely going to end under recession.

**Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe -**

Base 1994=100. Data: from January 1994 to November 2012.

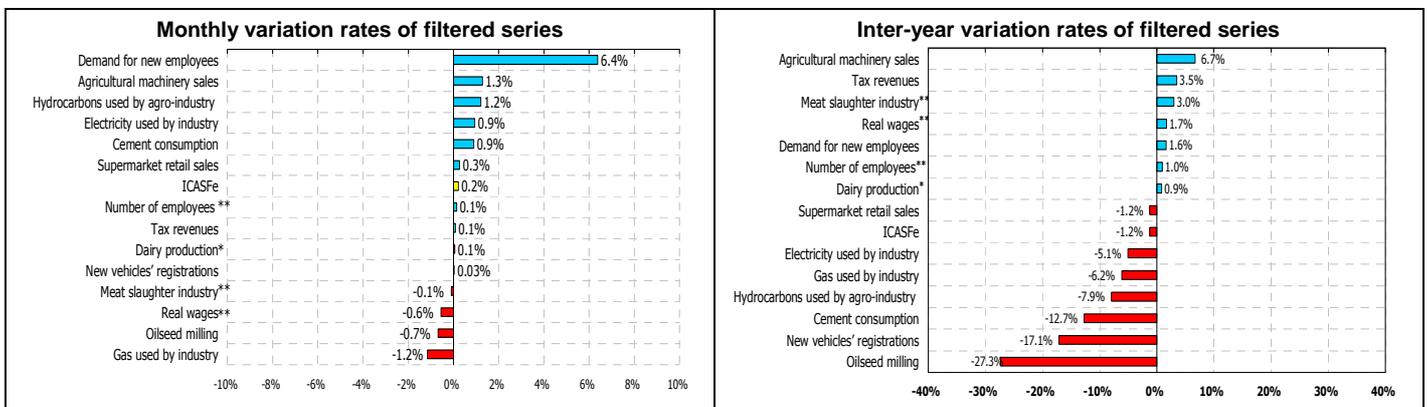


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

**Indicator by indicator**

Industry's indicators have been recently experiencing successive contractions and recoveries, not really showing any specific trend. Not even along particular sectors. To this regard, in November 2012, **gas used by industrial activities** was one of the most affected gauges, presenting a **-1.2%** monthly variation rate, what implies an inter-year decline of **-6.2%**. **Electricity consumption** grew 0.9% in respect to October but is located **-5.1%** in terms of November 2011. Moreover, **hydrocarbons used by agro-industry and transportation** increased 1.2% but is still far below 2011's level, signaling an inter-year decline of **-7.9%**. **Oil seed milling** went down again (**-0.7%** in November), which enlarges its inter-year contraction to **-27.3%**. **Meat slaughter industry** also decreased (**-0.1%**) although the series is 3.0% above November 2011's numbers. **Dairy production** (last available data refers to September), registers a mild positive behavior, monthly and inter-yearly speaking. Finally, **agricultural machinery sales** recovered 1.3% this month, reaching a total increase of 6.7% compared to November 2011.

**Graph 2 - Economic activity's indicators for the Province of Santa Fe - November 2012 -**



(\*) Last available data from September 2012; (\*\*) Contains estimated data for November 2012.

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

**Demand for new employees** increased 6.4% this month, reaching a positive inter-year variation rate of 1.6%. However, the series is located far below its pre-recession's level. In the case of **registered jobs**, the series kept growing slowly with a 0.1% monthly

expansion. This means the province's employment increased 1.0% in terms of November 2011. Considering a stable number of workers, the monthly falling experienced by **real wages** (-0.6%) basically reflects the erosion in salaries' purchasing power because of inflation. Nevertheless, disposable incomes' inter year variation rate is still positive at 1.7%.

**Tax revenues** presented a monthly variation rate of 0.1% and an inter-year one of 3.5%. To this regard, in November, provincial resources played a significant role as a consequence of new rates applied to local taxes since October. By the contrary, federal resources registered a negative monthly rate of -0.1%.

**Cement consumption**, as a proxy of durable good's investment, grew 0.9% in November; although the series is suffering an important inter-year contraction of -12.7%. A similar behaviour was shown by **new car's registrations**, which increased 0.03% whereas their inter-year variation rate was -17.1%. **Supermarket retail sales** also improved in November (0.3%) even though their inter-year comparison was negative (-1.2%).

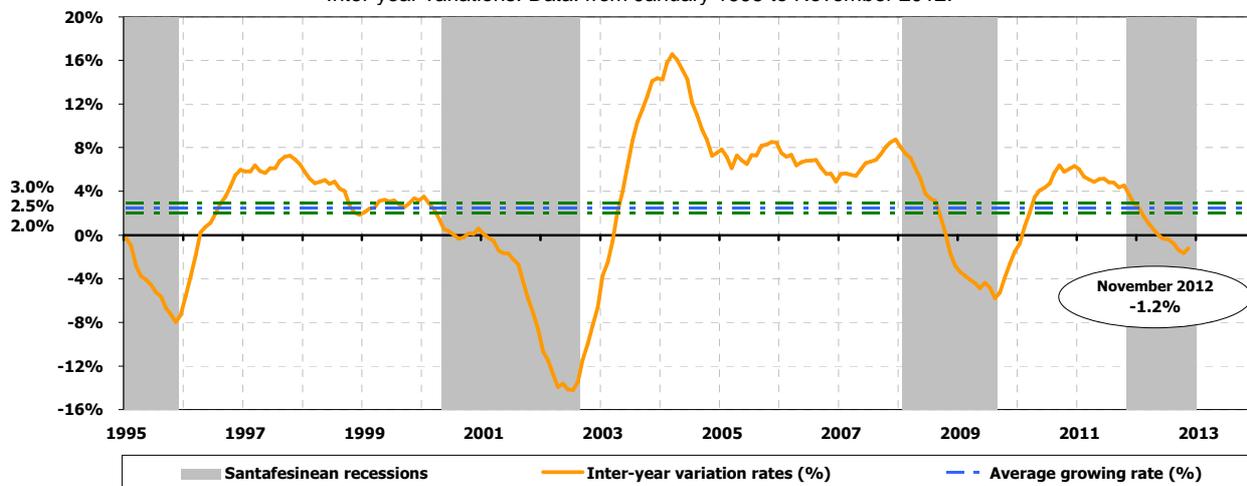
### Summary and perspectives

In November 2012 ICASFe's inter-year variation rates were located at -1.2%. A soft movement of this indicator towards the 0.0% level signals certain improvement but also strengthens the presence of a mild recession; an idea which has been externalised in most previews digests. After a significant contraction experienced between October 2011 and March 2012, economic activity began a smother performance but does not signal structural solutions against stagflation.

Considering the index's sub-indicators, November's monthly expansion is a result of slight positive variation rates registered by ten series. Nevertheless, this outcome does not mean an important recovery considering activity levels from before recession. Furthermore, only five sub-indicators are showing positive inter-year variations.

Summarising, the province's economy is still under recession, milder than past registered contraction phases, but, at the end, leaving behind a negative net balance for 2012.

**Graph 3 - Monthly Composite Index of the province of Santa Fe -**  
Inter-year variations. Data: from January 1995 to November 2012.



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

**In order to download or get access to:**

- 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>