ICASFe
Monthly Composite Coincident Index for the province of Santa Fe

Bolsa de Comercio de Santa Fe

(Santa Fe's Chamber of Commerce)

President

Dr. Eduardo González Kees

Fundación Bolsa de Comercio

President

Dr. Eduardo González Kees

Executive Director

Dr. Gustavo Vittori

Research and Services Center

Director

CPN Fabio Arredondo

Coordinator

Lic. María Lucrecia D´Jorge

Researchers

Lic. Pedro P. Cohan

Sra. Carolina E. Sagua
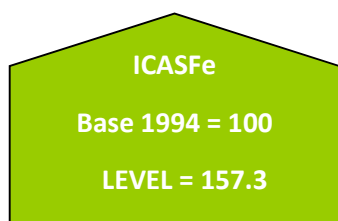
Sr. Roberto Miola

Monday, July 22, 2013. Monthly digest Nº 7, year 7.

THE PROVINCE'S ECONOMIC ACTIVITY REACHES THE SAME LEVEL DATED BEFORE THE RECESSION.

Seven months of economic recovery have located the coincident indicator just above October 2011's measures.

ICASFe

Base 1994 = 100

LEVEL = 157.3

APRIL 2013

Monthly var.: 0.2%
(in respect to March 2013)
Inter-year var.: 1.4%
(in respect to April 2012)
2013's balance: 1.2%

APRIL 2013'S MAIN RESULTS

*ICASFe's level was measured in **157.3**, presenting a monthly variation of **0.2%** in respect to March 2013.*

*The inter-year variation rates reached **1.4%** (comparing April 2013 vs. April 2012).*

*During 2013's first four months Santa Fe's economic activity grew **1.2%**.*

¿What is ICASFe for?

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).

Output data considerations

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

In April 2013 the coincident indicator grew 0.2% and reached a level of 157.3. These results locate the gauge 0.1% above its peak from October 2011, when the last dated recession for the province began. Technically, this situation implies the end of the recovery process economic activity is showing since September 2012.

Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe - Base 1994 = 100 -
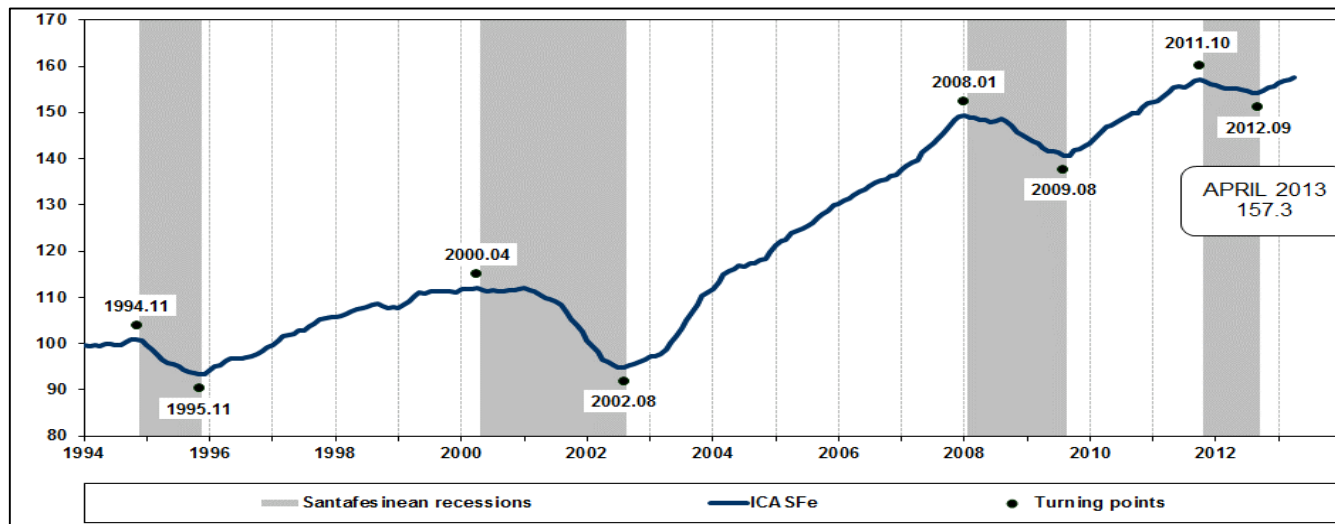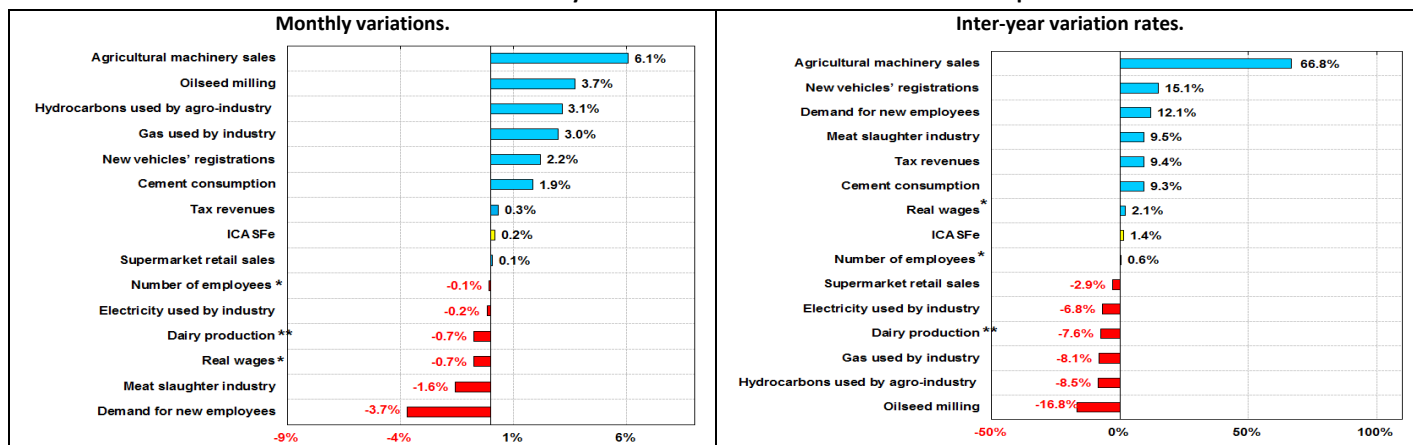

Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Considering the fourteen sub-indicators which are applied in order to calculate ICASFe, in April 2013 eight of them registered positive monthly and inter-year variation rates.

Pushed by good levels of soy production during campaign 2012/13, **agricultural machinery sales** recovered most of the contraction registered in 2012. It is also worth noting that since inflation is still accelerating in Argentina, durable goods keep gaining preference as store of value. In particular, the series presented high positive variations: 6.1% in terms of march 2013 and 66.8% on an inter-year comparison (nevertheless its present level is still below 2008's historical peak). **Oilseed milling** is one of the other sub-indicator which are recovering. This series registered a monthly increase of 3.7% although its inter-year variation rates are still negative (-16.8%). Similarly, **hydrocarbons used by industry** grew 3.1% in April but the series' inter-year variations kept signaling a negative rate of -8.5%.

Table 1 - Economic activity's indicators for the Province of Santa Fe - April 2013 -

References: (*) Contains estimated data for April; (**) Last available data refers to February.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

On the other hand, **dairy production** showed negative results in both monthly an inter-year variation rates. **Meat slaughter industry** also decreased in monthly terms (-1.6%) but compared to April 2012 production levels are 9.5% higher. In fact, besides some

individual recoveries, most secondary activities are rather indicating a negative sectorial performance. To this regard, **gas and electricity used by industry** showed negative inter-year results in April of -8.1 and -6.8%, respectively.

Labor market's indicators are not encouraging as well. **Registered jobs** (both private and public) revealed an estimated monthly decreased of -0.1% and an inter-year variation rate of only 0.6%. **Demand for new employees** also went down in monthly terms (-3.7%), stepping backwards from the recovery achieved during 2013 (in April the series presented an inter-year variation rate of 12.1%). Finally, **real wages** declined -0.7% but also remained mildly above April 2012's level (2.1%).

Supermarket retail sales increased 0.1% in April whereas the series' inter-year variation rate was measured in -2.9%.

New vehicles' registrations kept growing and the sub-indicator reached a new historical record. This time its monthly variation rate was 2.2% which implies a 15.1% expansion in terms of April 2012. In addition, **cement consumption** also improved with rates of 1.9 and 9.3%, respectively.

Propelled by both local and federal resources, **tax revenues** increased 0.3% in April obtaining a 9.4% inter-year positive variation rate. In fact, this series together with agricultural machinery sales, new vehicles' registrations and cement consumption were behind economic activity's recent recovery.

Summary and perspectives

After a mild recession (short in duration and not very significant in terms of amplitude), the beginning of a new expansive phase is technically being dated in September 2012. Moreover, the next seven months' results have allowed the province to consolidate its recovery process and now economic activity faces a potential scenario for growth (at least considering a short term horizon).

Economic activity's cumulated increase for the last 18 months was basically null. Indeed, if population growth is taking into account the net balance should be rather considered negative. Nevertheless, ICASFe's inter-year variation rates have recovered terrain and are already close by the inferior long term statistical band (see Graph 3). Still, if all sub-indicators are considered, the recovery appears to be ambiguous; since it is basically centered on soy's production and investments destined to automobiles and real state (just in order to cover liquid assets from inflation). To these regards, public resources are not yet showing contractions but the industrial sector did not take off solidly and employment is not reactivating as desired. If macroeconomics' issues are added to the equation, truth is this expansion phase it's starting up with important limitations.

Graph 3 - Monthly Composite Index of the province of Santa Fe - Inter-year variation rates -
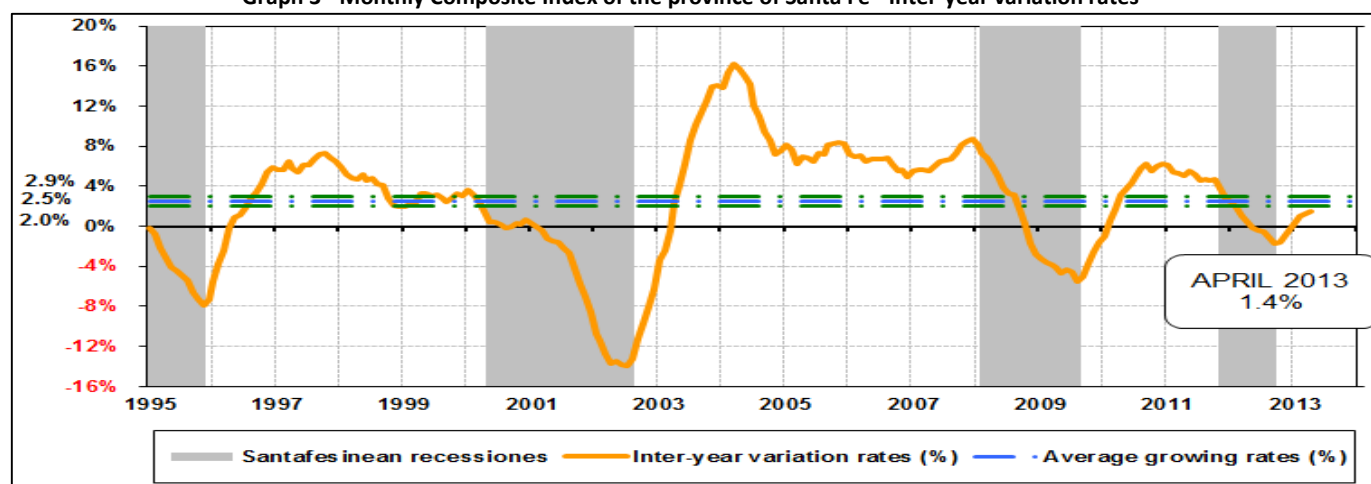
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

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 to access historical data (series)| http://www.bolcomsf.com.ar/ces/icasfe.php