



Monthly Digest

July 2009
Year 3, Number 7

Monthly Composite Coincident Index of the
province of Santa Fe
ICASFe

Bolsa de Comercio de Santa Fe
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**Tax revenues confirm
economic activity is
not recovering**

MAY 2009
Monthly %: -0.1%
Interyear %: -3.9%

ICASFe
Base 1994 = 100
140.7

Public incomes generated by provincial taxes are still declining indicating economic activity is not yet recovering.

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 May 2009, the ICASFe was located at **140.7**, presenting a **-0.1%** monthly variation with respect to April 2009.

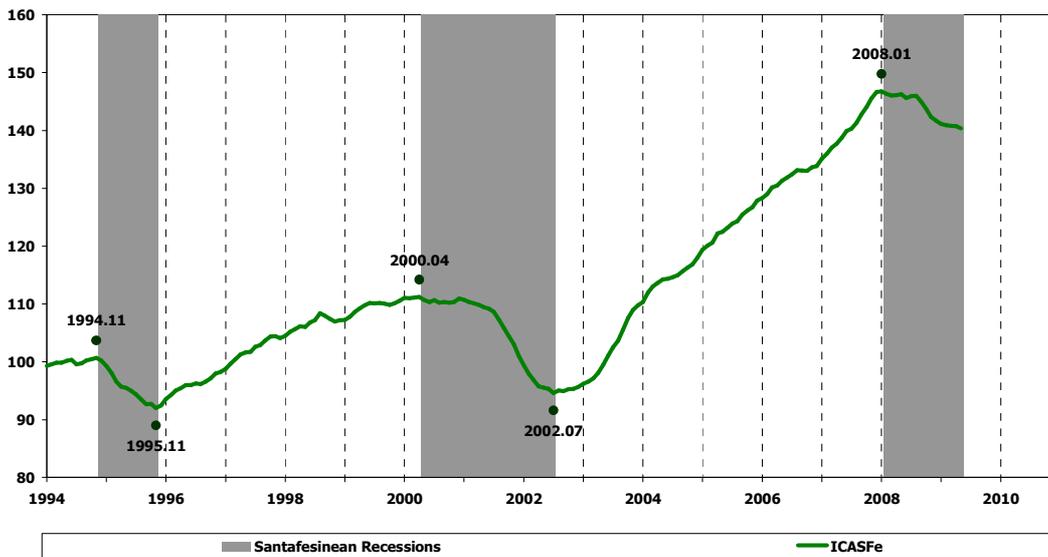
The last 12 months' results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data that provides and input to our indicator.

○ **Santa Fe's economic activity**

Province's economic activity fell again in May 2009 contrasting with the previous monthly obtained results. At the same time, between January and May 2009, ICASFe's accumulated growing variation rates reached **-0.7%** while during the same period but in 2008 they summarized **-0.3%**. In the present, main negative contributions are coming from indicators related to global investment. A moderated performance is particularly being observed in the construction sector and from general investment indicators like demand for new employees, new car registrations or agricultural machinery production.

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

Base 1994=100. Data: from January 1994 to May 2009.

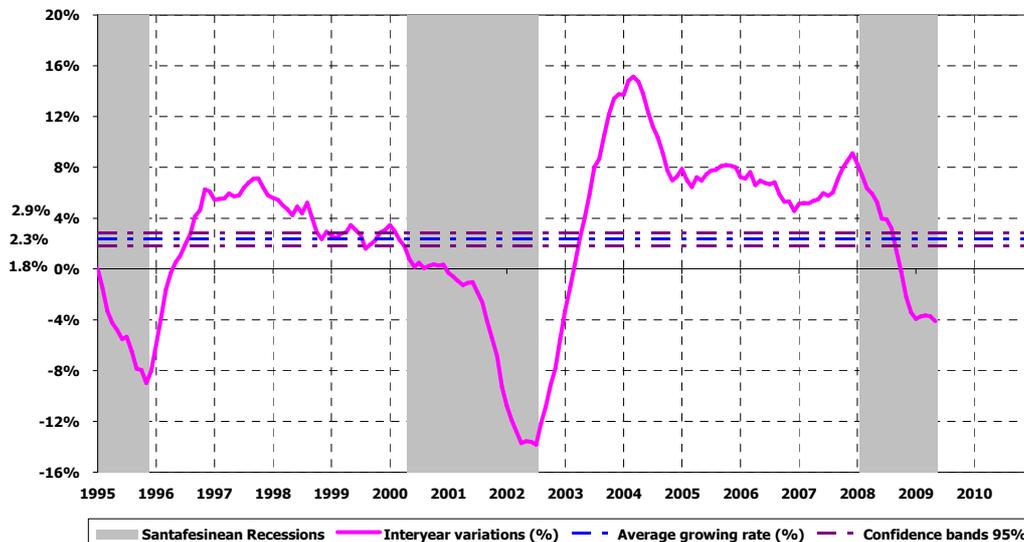


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

ICASFe's interyear variation rates are still below their long term average value. On the other side, even though April's measurement showed a potential recovering, unfortunately May's have confirmed a plateau.

Graph 2. Monthly Composite Index of the province of Santa Fe.

Inter-year variations. Data: from January 1995 to May 2009.

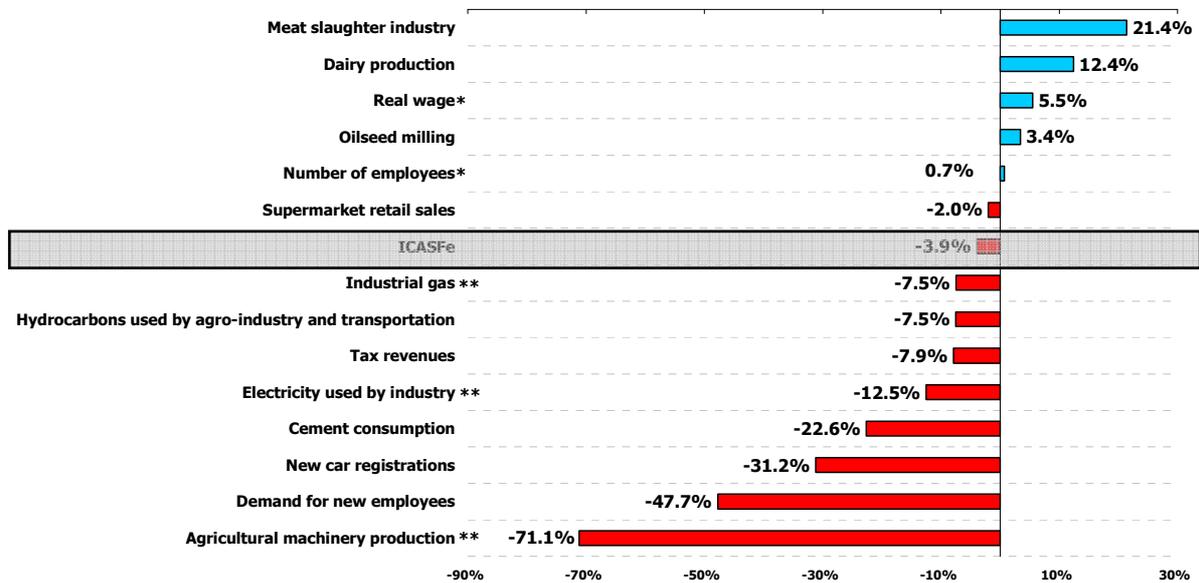


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

o **Interyear variations of series related to economic activity**

Only five of the fourteen series presented positive interyear variations rates in May 2009, meaning they had an improvement on their performance compared to 2008. However, both indicators directly related to the labor market (real wage and number of employees) were just updated until February because that's last official available data. But, at the same time, parallel information that approaches the subject is anticipating a further negative tendency for the next few months. As a case in point, in the construction sector, the "Instituto de Estadística y Registro de la Industria de la Construcción (IERIC)" indicates that gross employment fell down 24.9% in the province from April 2008 to April 2009. In Addition, this month global demand for new employees in Santa Fe presented an interyear variation rate of **-47.7%**.

Graph 3. Santa Fe's economic activity series.
Interyear variations of filtered series. Data related to May 2009.



* Last available data: February 2009 ** Last available data: April 2009.

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

Considering a group of representative indicators, santafesinean industrial sector had an approximate accumulated contraction of **-18.5%** during the present recession (that already counts 16 months). On a comparative horizon, last previous recession dated between 2000 and 2002, had an approximate contraction of **-20.6%** and lasted 27 months. Gas consumption and electricity used by industry, two series that measure industrial energetic inputs, have negative interyear variation rates of **-7.5** and **-12.5%**, respectively. Hydrocarbons used by agro-industry and transportation are moving on the same direction with a **-7.5%**. But compared with their performance in December 2008, even dough activity level is still low, the industrial sector seems to be hopefully entering a better situation.

In other respects, Oilseed milling presents an interyear variation rate of 3.4% although it's important to say that we are comparing actual levels with 2008's, which was a really bad year for the sector.

Agricultural machinery production kept falling with a deep negative interyear rate of **-71.1%**. This number, nevertheless, has to be read carefully because this indicator is characterized by having a strong volatility related with the sector's regular fluctuation.

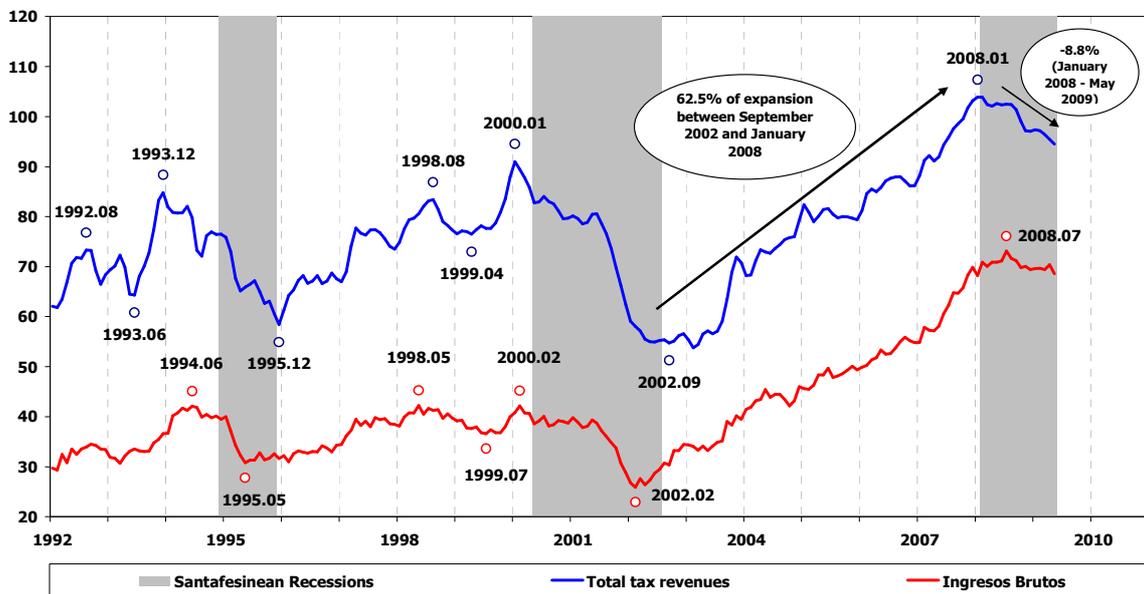
Supermarket retail sales, considering constant seasonally adjusted values corrected by inflation levels, show a

real interyear variation rate of **-2.0%**. This means a deceleration of its negative behavior compared to the first months of the year. Furthermore, represented by new car registrations and cement consumption, durable goods indicators also presented negative interyear variation of **-31.2** and **-22.6%**, respectively.

○ **Public incomes generated by provincial taxes**

In real terms total public incomes generated by provincial taxes showed an accumulated rate of **-8.8%** during these last 16 months of recession. In this connection its interyear variation rate of May 2009 was a **-7.9%** indicating a deterioration of the variable that is taking place since October 2008 when the rate was **-0.5%**. Our composite index includes total tax revenues as one of its sub-indicators being “Ingresos Brutos” and “Sellos” the most important cyclical sub-variables. Additionally, they also explain an important part of total revenues in absolute terms with a **75.0** and an **11.0%** of participation, respectively.

Graph 4. Total taxes revenues and incomes generated by “Ingresos Brutos”.
Constant 1994 millions of Pesos. Filtered series.



Sources: API and Research and Services Center, Santa Fe’s Chamber of Commerce.

Measured in constant values of 1994, total incomes generated by provincial taxes grew approximately 62.5% over the cyclical expansion dated from 2002 to 2007 (see graph 4) reaching higher levels than any other moment since 1992. From January 2008 onward total incomes started to fall, in part because “Ingresos Brutos” decreased **-3.6%** (this accumulated rate was calculated with data from July 2008 to May 2009).

The “Impuesto a los Sellos”, a representative coincident component, has already accumulated a **-20.0%** of falling since January 2008.

As it can be observed in Graph 4, provincial recessions were always well illustrated on the whole temporal period by the series related to taxes and, unfortunately, referring to May 2009, both indicators are still showing a negative flow that confirms economic activity’s contraction.

In order to download our statistical database as well as methodological documents and other related publications, please visit our websites in: <http://ces.bcsf.com.ar>