



Bolsa de Comercio de Santa Fe



ICASFe

Monthly Composite Coincident Index for the province of Santa Fe

Monday, January 20, 2014. Monthly digest N° 01, year 8.

The economy grows slower and with lower levels of consumption.

The province's economic activity increased 3.9% during the first ten months of the year and projections of 4.0% cumulated growth for 2013 are being corroborated.

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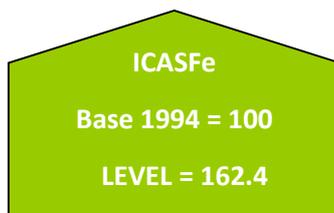
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OCTOBER 2013'S MAIN RESULTS

ICASFe's level was measured in **162.4**, presenting a monthly variation of **0.2%** in respect to September 2013.

Inter-year variation rates reached **4.5%** (comparing October 2013 vs. October 2012).

Between January and October 2013 Santa Fe's economic activity grew **3.9%**.

¿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).

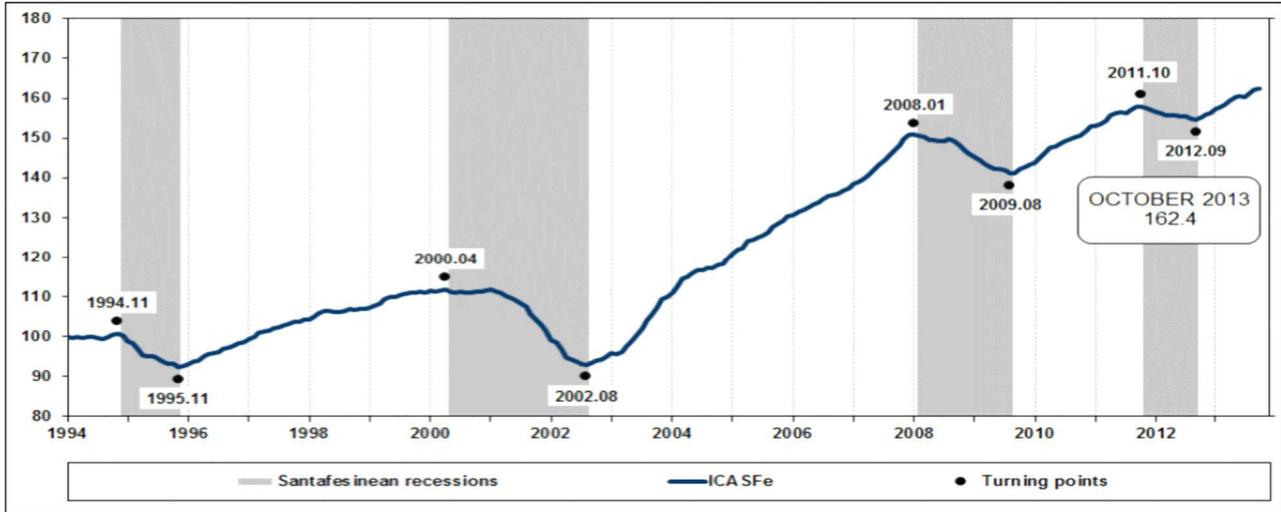
Output data considerations

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 X-13ARIMA-SEATS software produced and distributed by the US Census Bureau.

Province of Santa Fe's economic activity

Santa Fe's economic activity increased 0.2% in respect to September. However, this variation rate was lower than 2013's monthly average (0.4%) and, therefore, implies the persistence of deceleration. Cumulated growth along the first ten months of the year reached 3.9%.

Graph 1 - ICASFe - 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

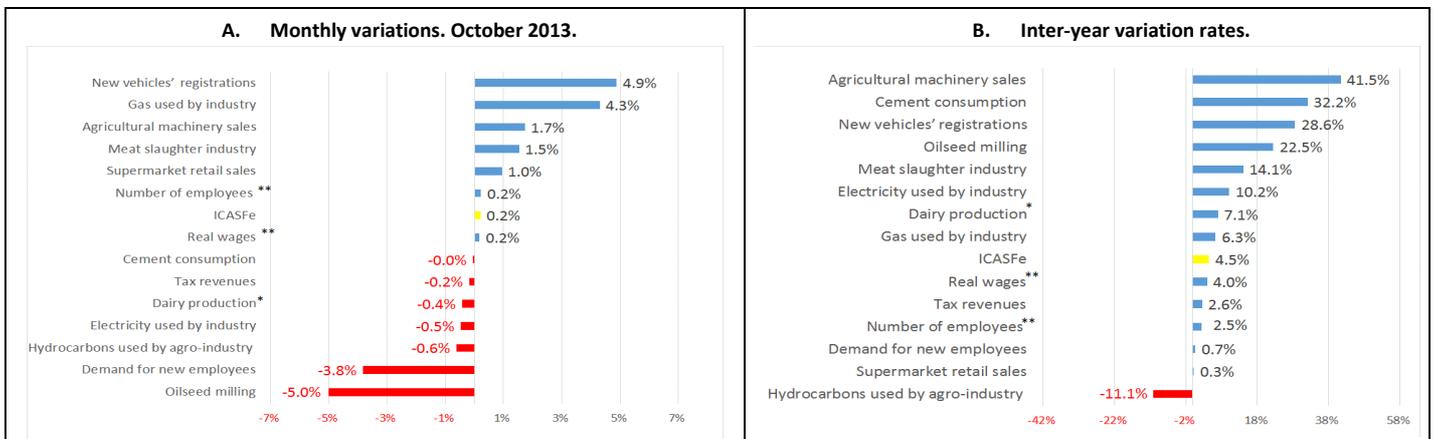
In October 2013 half of ICASFe's sub-indicators signaled negative monthly variation rates but only one of them declined on an inter-year comparison.

New vehicle's registrations presented the highest monthly variation rate with 4.9% which allowed the series to obtain a 28.6% inter-year expansion achieving a new historical record. **Cement consumption** also showed a significant growth with a 32.2% inter-year rate in spite of presenting a monthly decline of -0.05% in October.

Agricultural machinery sales are still behind their historical benchmark but are hastily recovering terrain with rates of 1.7% (monthly) and 41.5% (inter-yearly). On the other hand, **oilseed milling** went down -5.0% in October but production levels are still high if data from last decade is taken into account. Its inter-year variation rate was measured in 22.5%.

Meat slaughter industry increased 1.5% in respect to September and reached a 14.1% inter-year growth feed up by both bovine and porcine sectors. To this regard it is worth noting that whereas cattle's slaughters are going through a long term stagnation, the other category is rather showing a favorable performance.

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



(*) Last available data from August 2013; (**) Contains estimated data.

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

Electricity used by industry suffered a monthly decline of **-0.5%** although its inter-year comparison presented a positive rate of 10.2%. By the contrary, **gas consumption** registered a monthly increase of 4.3% and also grew 6.3% in terms of October 2012. Finally, **hydrocarbons used by agro-industry and transportation** decreased both monthly and inter-yearly **-0.6** and **-11.1%**, respectively.

Demand for new workers fell over **-3.8%** in October and continues to be on a really low level on a long term perspective. However, total number of **registered jobs** and **real wages** registered a mild monthly increment of 0.2%. In fact, even though both indicators follow the economy's expansion, their intensity is lower than general activity's (inter-year speed: 4.5% for ICASFe against 2.5 and 4.0% for labor indicators, respectively). **Supermarket retail sales** are even going across a more difficult situation since their growth is basically standstill since 22 months ago, with an inter-variation rate of 0.3% registered for October 2013. Let's remember that until 2011 this sub-indicator was one of Santa Fe's key economic sectors; during that year the series grew 5.6% whereas general activity only increased 2.6%.

Tax revenues experienced a mild negative variation of **-0.2%** in October. This contraction was registered by both local incomes and federal resources and, therefore, represent a strong signal worth to be followed along the next few months.

Summary and perspectives

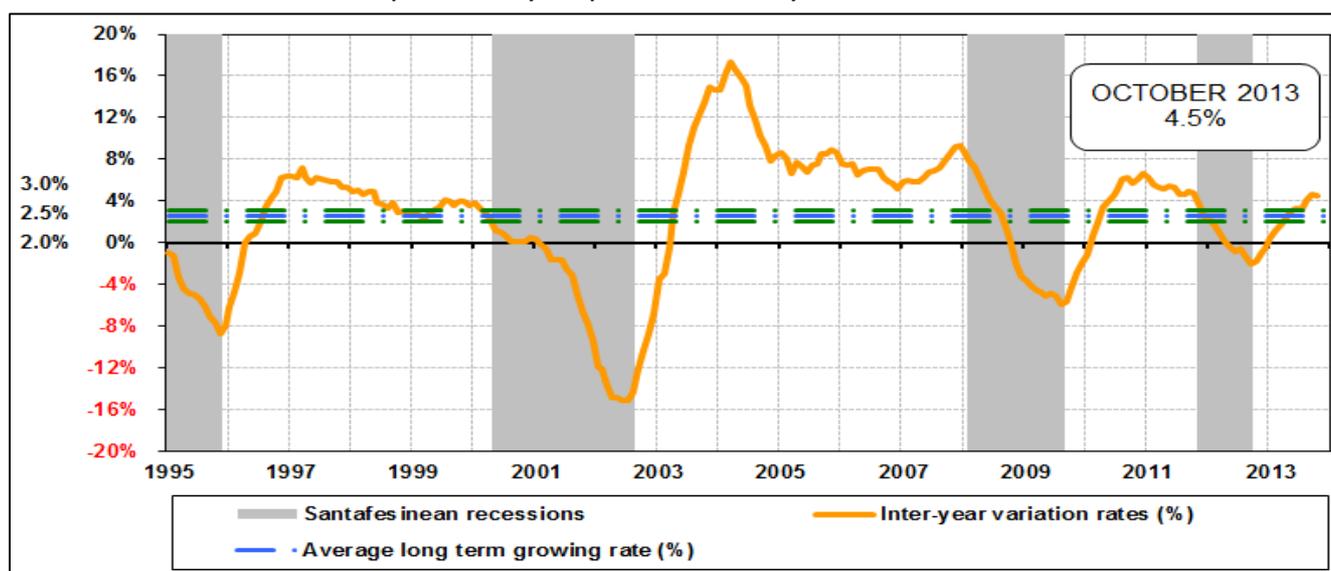
The coincident index's inter-year variation rates slowed down and reached 4.5% in October. This means that only after 13 months of economic expansion, signals of alert are already being observed.

Along the year 2013 the productive sector was still pushing up economic activity even though profits have been falling fast because of inflation and lower sales. Moreover, main macroeconomic policies' reform do not seem to be on agenda and therefore structural problems are hardly going to be banished in the short run. Furthermore, domestic unbalances are propagating to commerce and external accounts. On this context, if economic issues are not resolved properly, deceleration may have an important chance to become a contraction, hitting internal employment.

Consumption is also losing relative importance in Santa Fe's economy: whereas durable goods are acquired in order to confront inflation (store of value), retail sales growth practically stalled. Moreover, the combination of a smaller public budget (in real terms) plus increasing expenses are not leaving much room for policy maneuvering.

In sum, disposable data suggests that the province's economic activity will cumulate a positive variation rate close to 4.0% during 2013 while 2014's projections are rather unfavorable.

Graph 3 - Monthly Composite Index's inter-year variation rates -



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

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- 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>