

## Monthly Digest

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## Monthly Composite Coincident Index of the province of Santa Fe ICASFe

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## Manufacturing sector leads the province's economic recovery

**ICASFe**  
Base 1994 = 100  
**140.0**

**FEBRUARY 2010**  
Monthly %: 0.5%  
Interyear %: -0.6%  
Accumulated (Jan-  
Feb): 0.9%

*General manufacturing activity is growing in Santa Fe since 2009's third quarter. However, agro-branches are still facing negative conditions; especially upon dairy and meat processing industries.*

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 February 2010, the ICASFe was located at **140.0**, presenting a **0.5%** monthly variation with respect to January.

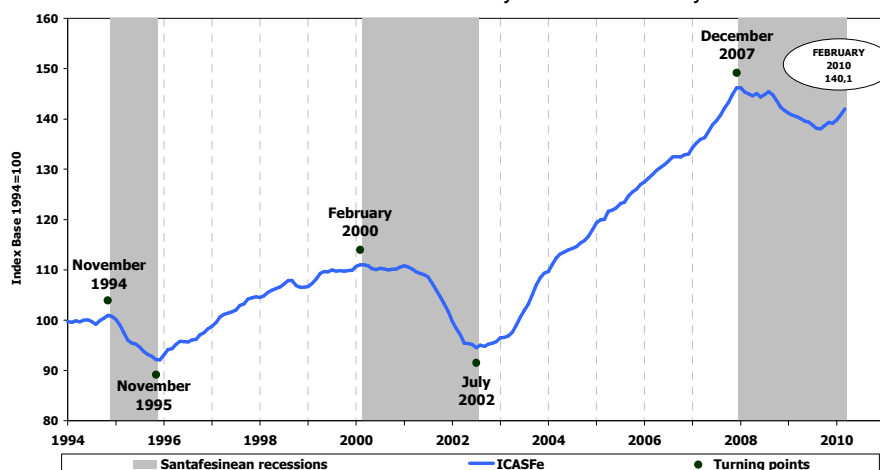
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and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

### Province of Santa Fe's economic activity

In February 2010 the Coincident Index for Santa Fe signaled a 0.5% monthly increment over the province's economic activity. This measurement actually matches with the previous growing path that has been observed by using the indicator, since September 2009. Total expansion accumulated during 2010's first two months was 0.9%.

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

Base 1994=100. Data: from January 1994 to February 2010.



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

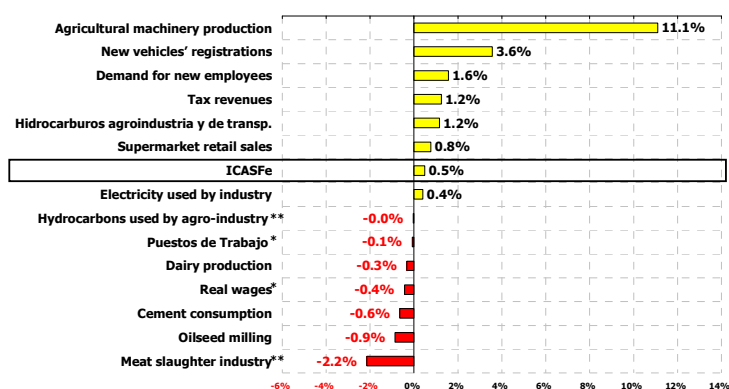
### Indicator by indicator

In February 2010, one half of ICASFe's sub-indicators showed positive monthly variations. In fact, most of them started to slow down their falling between 2009's second and third quarter. On the other hand, since their performance was mainly changeable, most evaluated time series are still below their maximum peaks reached during the previous economic expansion (July 2002 - December 2007).

Compared to January 2010 agricultural machinery production increased 11.1% during February. Moreover, the sector's

**Graph 2. Santa Fe's economic activity series.**

Monthly variations of filtered series. Data related to February 2010.



\* Data related to December 2009, \*\* Data related to January 2010

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

February 2010 and presented its lowest level during the recession in April 2009. This variable, which represents global secondary sector's evolution, shows a solid recovery since 2009's second semester. However, some particular agro-branches are still passing through a tough economic time, especially dairy and meat processing industries.

recovery strongly begun some months ago after it touched its lowest level in May 2009. Summarizing, during 2009's second semester production's net expansion reached 42.5%; afterwards it increased other 34.7% in 2010.

New vehicles' registrations, which arrived at their lowest level in March 2009, went up 3.6% in February. During the last two months there were 10,608 new registrations in the province, compared to the 9,665 achieved during the same period, in 2009.

Electricity used by Industry increased 0.4% in

Oilseed milling decreased **-0.9%** in February as well, but there are promising expectations for this activity considering that soy's prospects for this season are showing record levels of production. In fact traffic has already showed the incoming movement and hydrocarbons' consumption, used by agro-industry and transportation, went up 1.2% in February 2010.

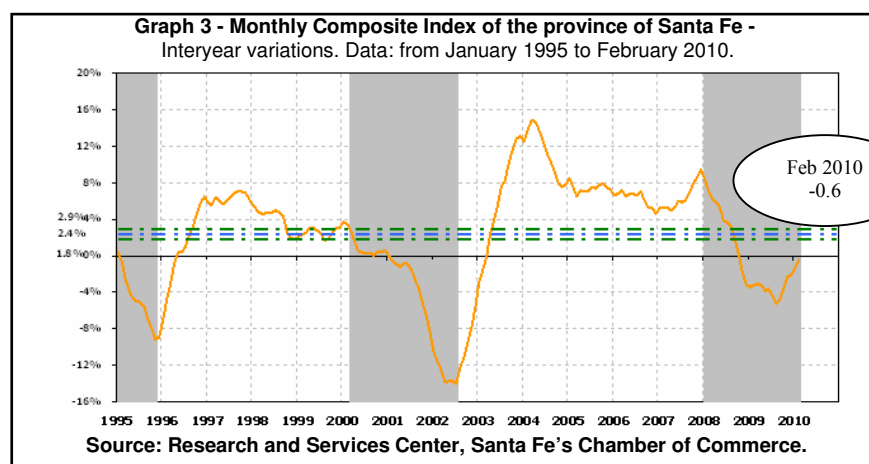
Demand for new employees kept growing with a 1.6% monthly expansion in February 2010; while its accumulated variation rate since September 2009 reached 13.3%. This recovery was not yet captured by labor market's employment statistics because last available data responds to December 2009.

Total real tax revenues grew 1.2% in February 2010. Nevertheless, taxes which are strictly related with economic activity had nominal contractions: "*Ingresos Brutos*" (**-8%**) and "*Sellos*" (**-10%**). On the contrary, other fiscal incomes increased significantly: "*Impuesto Inmobiliario*" (743%), "*Patentes*" (403%) and "*Aportes Sociales*" (127%); which compensates the first two one's falling and gives a positive rate to aggregated revenues.

Cement consumption improved at the end of 2009 but still wasn't able to catch up with the recession's effects. In February 2010 it showed a new negative monthly variation of **-0.6%**.

Real supermarket retail sales increased 0.8% in February. During the previous month they actually showed a mild contraction and, in fact, the indicator has been moving on a plateau since the beginning of 2009.

#### ○ **Economic activity's recovery pillars and further conditioning factors**



ICASFe's interyear variations have been negative for the last 16 months. Fortunately, they shifted directions in August 2009 getting closer to the zero percent line, where they would become positive. In February they reached **-0.6%**.

Lets see which were the sectors leading the recovery. In first place general industrial activity, and particularly agricultural machinery and automobile production. This performance is also related to higher international prices for

commodities and, therefore, better perspectives to the primary producers. On the vehicles' sector, increments were observed both in sales and manufacturing. Production in the province grew 72.2% between January 2009 and February 2010, while sales did 33.5% in the same period.

At this moment, economic activity's recessive phase is characterized by the reduction of savings and the increment of retail consumption as well as higher levels of durable goods' purchases. By the contrary at the beginning of the recession, during the first months of 2008, savings were expanding while, simultaneously, expenditures and investments were delayed. But this turn in global behavior is been mainly explained by today's inflation. Only in January and February 2010 consumer prices already grew 6% in the general level and 11% in the alimentary branch; adding uncertainty and complexity to both individuals and companies' decisions.

***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>***