

Monthly Digest

Number 11  
Year 4

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

Bolsa de Comercio de Santa Fe  
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One year ahead of  
the end of economic  
recession in the  
province of Santa Fe.

ICASFe  
Base 1994 = 100  
148.3

SEPTEMBER 2010  
Monthly %: 0.4%  
Inter-year %: 6.3%  
Accumulated (Jan-  
Aug): 5.2%

*In September 2010, Santa Fe's economic activity consolidates its recovery. Nevertheless, the third quarter of the year signals a mild slowdown in growth's speed.*

The Composite Coincident Index for the province of Santa Fe (ICASFe) constitutes a monthly indicator used to describe the global performance of the province's economy. It allows us to determine the precise dates in which recessions/expansions begin and end, as well as following the most important economic sectors' behavior. 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 September 2010, the ICASFe was located at **148.3**, presenting a **0.4%** monthly variation with respect to August.

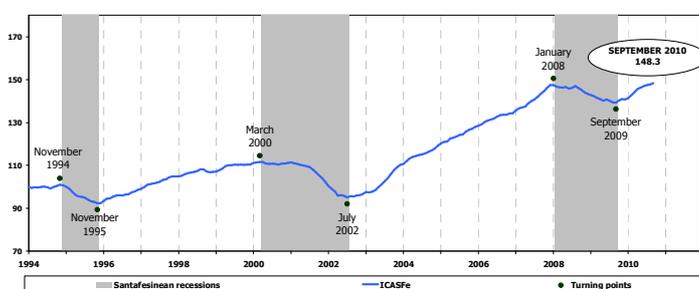
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and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

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

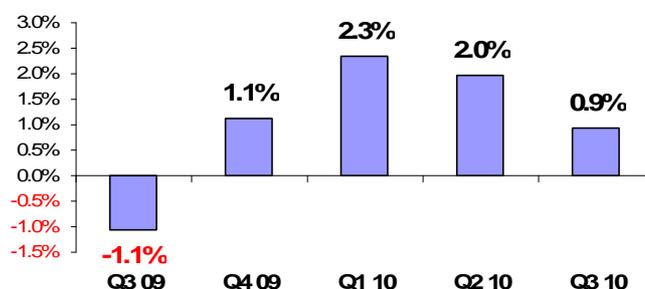
In September 2010 ICASFe's monthly variation rate was measured in 0.4%, which implies an accumulated expansion of 5.2% during the first nine months of the year. Within these results, the present growing phase has ended the economic recovery process. In fact, September was the second consecutive month where Santa Fe's economic activity level was already higher than in the previous peak, registered in January 2008. From now on, the expansion phase is starting a genuine growth process, technically known as a prosperity period. But, at the same time, in the third quarter of 2010 a slow down was signaled by the coincident indicator. To this regard, during the past three months, the ICASFe showed its lowest quarterly variation rate (0.9%) during the entire year; which is also lower than 2009's third quarter expansion of 1.1%.

**Graph 1 - ICASFe - Monthly Composite Coincident Index for the Province of Santa Fe**  
Data updated until: September 2010.

Index. Base 1994=100. Data: from January 1994 to September 2010.



Quarterly accumulated variations.



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

o **Indicator by indicator**

September 2009 was dated as the province of Santa Fe's last month of recession. Accordingly to that situation, during 2009's third quarter eleven of the fourteen representative sub-indicators were still showing negative accumulated variation rates. By the contrary, during 2010's third quarter only three components had a negative accumulated performance: dairy production, cement consumption and meat slaughter industry. All the other sub-indicators included in the ICASFe grew in the past quarter, even though not all of them presented the same behaviour during the rest of 2010.

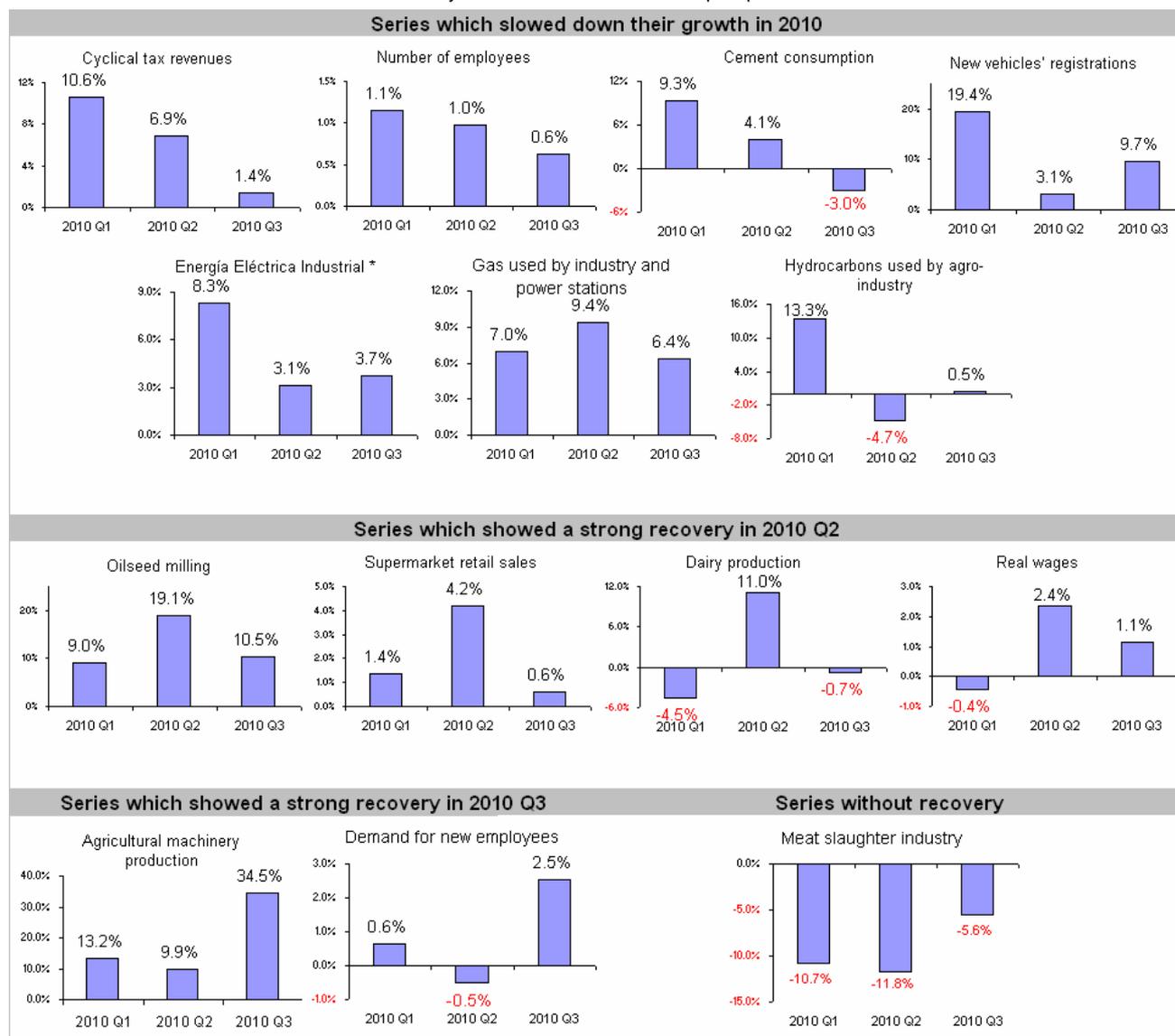
Electricity used by industry increased 3.7% in the third quarter and 3.1% in the second, respectively. Nevertheless, both expansions were significantly lower than during the first quarter, where the improvement was measured in 8.1%. Oilseed milling increased 10.5% in 2010's third quarter and 19.1% during the previous one. Hydrocarbons used by agro-industry also accumulated a positive variation rate in the third quarter (0.5%) reverting its partial decline of -4.7% in the second quarter.

Agricultural machinery production kept growing rapidly and registered a 34.5% positive variation during the third quarter; which allowed a total 57.6% expansion between January and September 2010. In the opposite direction, dairy production and meat slaughter industry decreased during 2010's third quarter based on negative monthly variation rates. The first one actually had a positive performance through the second quarter showing an increase of 11% but, as mentioned, it could not maintain that course in the following months.

The number of registered jobs also grew during the third quarter of the year presenting a positive variation rate of 0.6%, lower than the previous quarter's expansion rate. Enterprises' expectations are pointing out in the same direction

increasing 2.5% in the last measured quarter, although they decreased **-0.5%** in 2010's second quarter. Real wages slowed down but kept increasing, showing an expansion of 2.4% in the second quarter followed by 1.1% in the third. This means that registered employees are having nominal adjustments upon their salaries which are measured above the general inflation signalled by the "Instituto Provincial de Estadísticas y Censos (IPEC)"; even though, inflation is closing up this gap if we compare the second and the third quarter's behaviour over both nominal and real wages. In accordance to this analysis supermarket retail sales increased 0.6% in 2010's third quarter, seven times behind the expansion of the second one when they grew 4.2%.

**Graph 2 - Economic activity's indicators for the Province of Santa Fe -**  
Monthly variation rates accumulated per quarter.



\* September's variation rate was estimated.

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

During 2010's first two quarters, cyclical tax revenues particularly increased based on rises upon rates in "Ingresos Brutos" and an additional amount of funds collected as a result of a tax regularization process for historical debtors. Afterwards, during the third quarter, its expansion slowed down to 1.4%, lower than the previous ones which were measured in 10.6 and 6.9%, respectively. In fact, seasonally adjusted and expressed in real terms, the series actually had a monthly negative variation in September 2010 of **-0.6%**.

New vehicles' registrations increased 9.7% in 2010's third quarter, after showing a deceleration during the second one that ended with 3.1%; but its relative variation for the first 3 months of the year was about 19.4%. In the case of cement consumption this indicator is growing among a constant deceleration which is intensifying every quarter and actually presented a negative performance during the last measured period. Its quarterly rates for 2010 were: 9.3%, 4.1% and -3.0%.

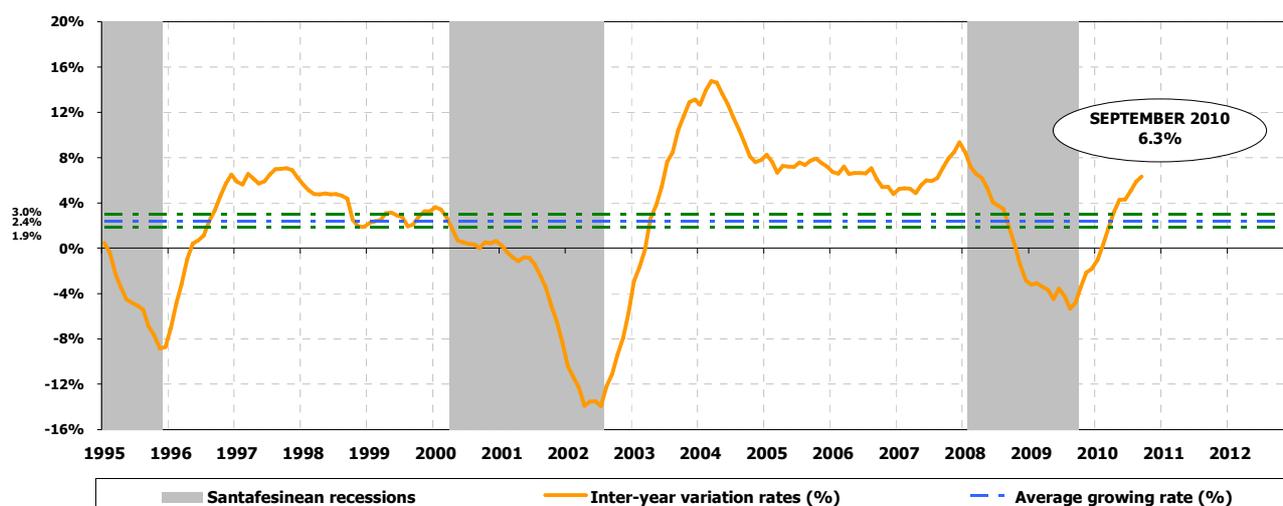
○ **Perspectives on the province's further economic activity**

Internationally and nationally speaking, Consumption was one of the main economic aggregates which were aimed as political targets in order to consolidate a secure exit from the past recession. Nevertheless, since the beginning of 2010's third quarter, statistical evidence is moving forward to signal that this kind of economic policies are losing effectiveness. During this last period of 3 months, in the province of Santa Fe, the confidence consumer index accumulated a negative variation of -4.0%. At the same time, supermarket retail sales speeded down strongly and, in addition, a quarterly contraction was registered by cement consumption (a representative indicator of the construction sector).

New registered jobs kept growing during the third quarter of the year but slower than during the second one. This scenario, which is partially reproduced on a national level, is starting to affect public incomes. In September 2010 the province's tax revenues had a negative variation in both own collections and funds sent by the Federal Government. This contraction was also observed on public expenses which felt -2.0% during 2010's third quarter (deflated and seasonally adjusted).

Summarizing, most sub-indicators related to consumption presented a deceleration or even a contraction during 2010's third quarter. Anyways, in certain cases, the analysis is not as clear because inflation is modifying the decisionary process of private and public agents; plus, in Argentina, official statistics are going through an important loss of credibility. Technically, in September 2010, the economic recovery process has ended after one year of expansion. To this regard, this last month ICASFe's inter-year variation rate was measured at 6.3%. During the following periods a new deceleration is expected upon growing general economic activity.

**Graph 3 - Monthly Composite Index of the province of Santa Fe -**  
Inter-year variations. Data: from January 1995 to August 2010.



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

*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>*