

Monthly Digest

Number 6
Year 5



Bolsa de Comercio de Santa Fe



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

Bolsa de Comercio de Santa Fe (Santa Fe's Chamber of Commerce)

President
Dr. Eduardo González Kees

Fundación Bolsa de Comercio de Santa Fe

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

Email Contact Information
ces@bolcomsf.com.ar

Websites
<http://ces.bcsf.com.ar> o
<http://www.bcsf.com.ar>

Positive net balance
for Santa Fe's
economic activity
during the first quarter

ICASFe
Base 1994 = 100
155.4

March 2011

Monthly %: 0.6%
Inter-year %: 5.2%

The province's economic activity kept growing achieving a positive quarterly net balance but presenting lower rates than during previous periods. Consumption indicators are leading the expansion.

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.

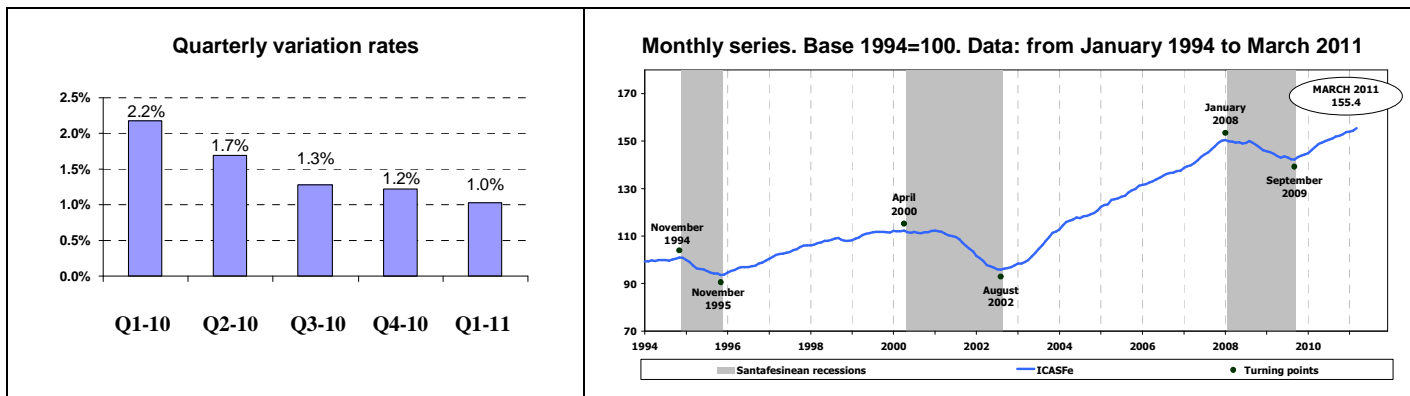
According to the last obtained results, during the month of March 2011, the ICASFe was located at **155.4**, presenting a **0.6%** monthly variation with respect to February.

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 March 2011 the province's economic activity experienced a positive monthly variation of 0.6%. However, as shown in Graph 1, accumulated expansions in quarterly terms were gradually descending along the year. Starting over with a 2.2% variation rate obtained between January and March 2010, an increase of just 1.0% was measured during 2011's first quarter.

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

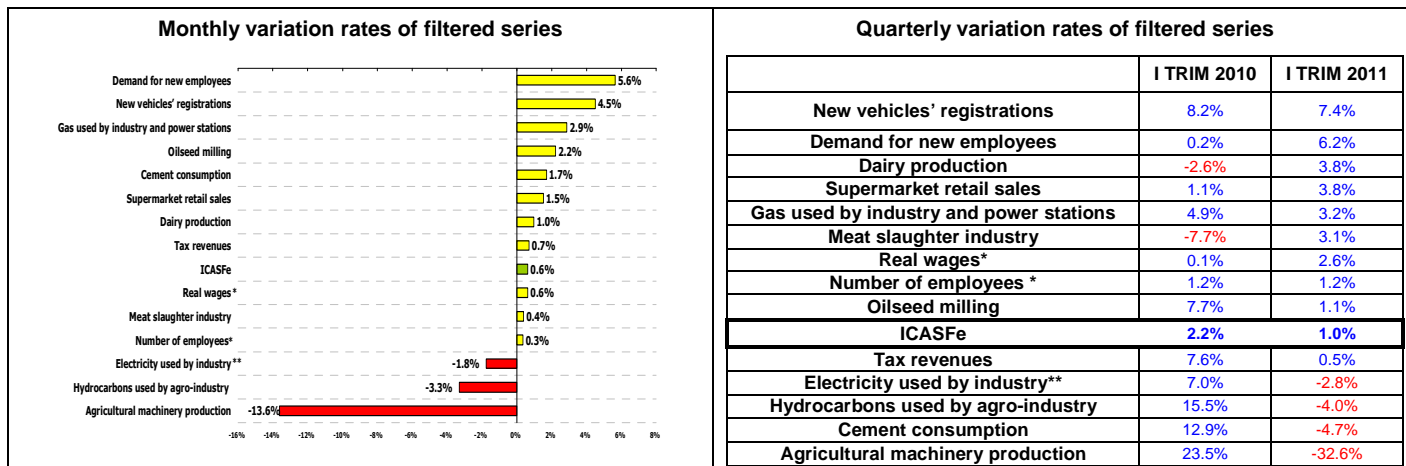


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator. Quarterly analysis.

During 2011's first quarter, ten of the fourteen representative indicators of economic activity experienced positive quarterly variation rates. Nevertheless, as also signalled by ICASFe's general level, eight of them are decelerating compared to last year's performance. New car's registrations, for example, grew 4.5% in March accumulating a total expansion of 7.4% in 2011's first quarter. Unfortunately these results are still a bit lower than 2010's when an 8.2% increase was measured between January and March. Cement consumption, another indicator related to investment in durable goods, also had a positive relative variation in March 2011 (1.7%) but considering the whole quarter it declined -4.7%.

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



* Contains estimated data for March 2011; ** Updated to February 2011.

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

Demand for new employees improved 5.6% in March 2011 obtaining a total expansion of 6.2% along 2011's first quarter. In the same direction real wages grew 2.6% during the last quarter; above 2010's variation rate which only reached 0.1%. Yet some particular factors should be taking into account in order to make a fair analysis. In first place, as a deflated indicator, underlying inflation must be considered. In the province of Santa Fe, consumer prices (IPC-SFE published by IPEC) increased 5.0% in 2011's first quarter while in 2010's equal period inflation was measured in 8.3%. Secondly, general level of consumer prices is showing a significant difference between sections and increases over Food & Beverages are one of the most affected components. This means that even though real wages are growing, low income families, which assign most of their resources to this section, are having an unequal adjustment of their real purchasing power.

Showing a 0.3% monthly variation rate in March, the total number of employees in the province grew approximately 1.2% both in

2010 and 2011's first quarter. This information is actually consistent with labour market' stylized facts; these series usually present smoother movements than most other indicators'.

Certain heterogenous performance prevailed over series related to industrial energy consumption. Gas inputs, for example, went up 2.9% in March and reached a 3.2% expansion during 2011's first quarter. On the other hand, and considering the same period, electricity consumption fell down **-2.8%** whereas hydrocarbons used by agro-industry experienced a contraction of **-4.0%**. These series decreased **-1.8%** and **-3.3%** in March 2011, respectively.

Dairy production and meat slaughter industry are both reverting part of their passed decline; although their present level has not yet reached their previous peaks. In March, their monthly variation rates were 1.0% and 1.4%, respectively. Oilseed milling is also recovering; it experienced a monthly expansion of 2.2% in March after two consecutive contractions during January and February which implied about **-1.2%**. Agricultural machinery production registered a **-13.6%** monthly variation in March 2011, accumulating **-32.6%** of contraction only in the first quarter of the year.

Supermarket retail sales increased 3.8% during 2011's first quarter; which represents a higher expansion than during 2010's analogue period (1.1%). Finally, taxes revenues had a positive monthly variation of 0.7% in March, closing the quarter with an accumulated expansion of 0.5%.

o Summary and further perspectives

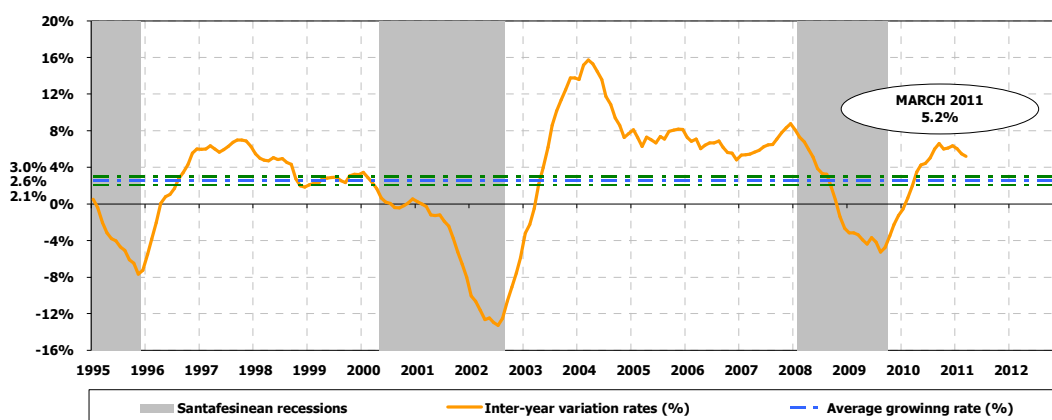
In march 2011 increases over the province's economic activity are still less significant than during 2010. To this regard, ICASFe's inter-year variation rates were located at 5.2%, which means that the present expansion is slowing down. Nevertheless, and after a consistent contraction that was captured by 60% of the sub-indicators in January 2011, today's scenario is fortunately more optimistic. A group of series leaded by new cars' registrations, supermarket retail sales and demand for new jobs recovered their growth path and presented a positive net balance in 2011's first quarter of the year. Jointly, these indicators are related to consumption of durable and nondurable goods as well as expectations along the labor market. By the contrary, industrial production fell down between January and March 2011 even though most agro braches were rising.

Fiscal policy keeps being aimed to expand public expenses, particularly since 2011 is an electoral year. Thus, monetary decisions are certainly at fiscal disposal; and, obviously, this context has implications over Argentinean exchange rates, prices expectations, interest rates, inflation and, therefore, feeds both sertorial and distributive macroeconomic disorders.

Disposable information signals that against this inflationary context, economic agents are directing their efforts towards consumption. In this sense higher preferences for both retail and durable goods are being observed, in simultaneous with a significant decline over demand for money. These particulars are surely giving a short term bust to economic activity which sustains growing perspectives, at least, during the next few months.

Graph 3 - Monthly Composite Index of the province of Santa Fe -

Inter-year variations. Data: from January 1995 to March 2011.



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>