

Monthly Digest

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Bolsa de Comercio de Santa Fe



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

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The productive
sector faces a delicate
situation.

ICASFe
Base 1994 = 100
158.1

October 2011

Monthly %: 0.2%
Inter-year %: 4.1%

In October 2011 ICASFe's inter-year variation rate was 4.1%; however, this expansion was achieved with only 50.0% of representative series showing a favorable monthly performance.

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 October 2011, the ICASFe was located at **158.1**, presenting a **0.2%** monthly variation with respect to September.

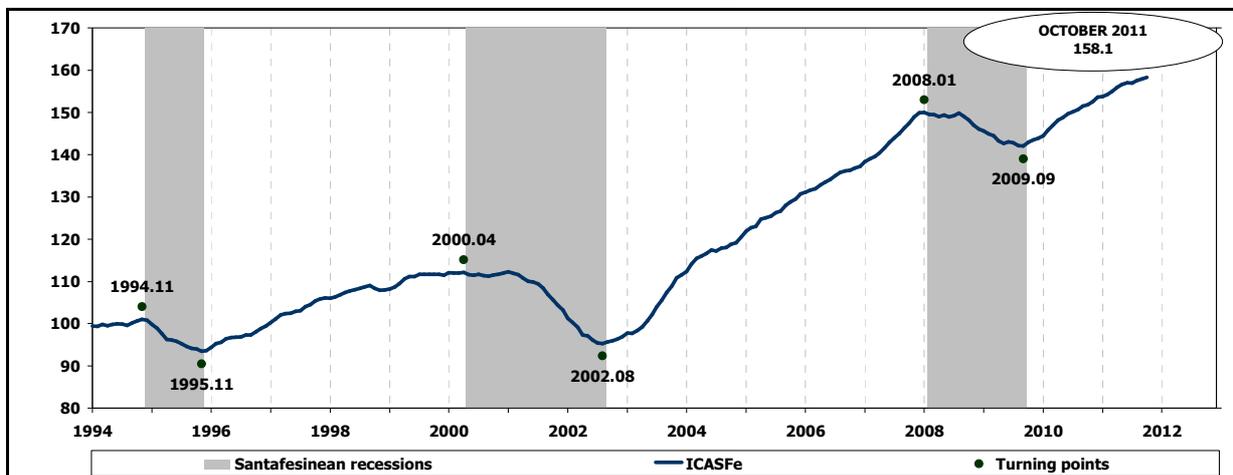
The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and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

Province of Santa Fe's economic activity

The province's economic activity increased 0.2% and traveled through its twenty-fifth month of expansion. According to this result, economic growth from January to October 2011 was measured in 2.9%. This means a total increase between a range of 3.0 and 4.0% during the whole year. Nevertheless, we must consider that only 50.0% of the fourteen indicators used in order to monitor economic activity had positive monthly variation rates in October.

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

Base 1994=100. Data: from January 1994 to October 2011.



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

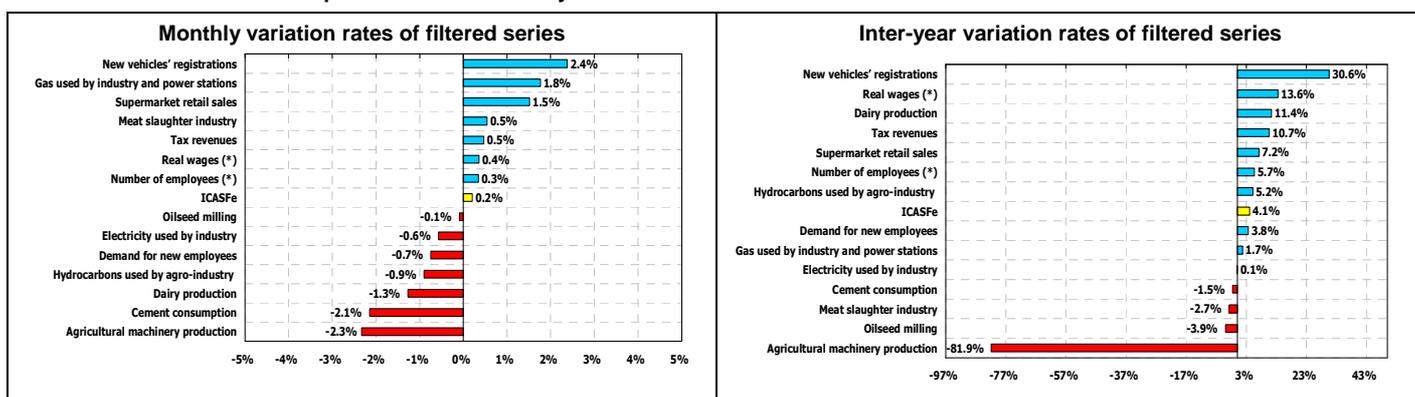
Indicator by indicator

Once again, new vehicles' registrations were leading positive variations with a monthly rate of 2.4% in October. This time a total number of 6.177 units were registered, meaning a 30.6% inter-year increase. In fact, this month the series went above its last historic peak (May 2008) as a result of having grown consistently since May 2010.

Gas used by the manufacturing sector and power stations increased 1.8% whereas industrial electricity and hydrocarbons consumption both declined -0.6 and -0.9%, respectively. Even so, all three indicators are still showing positive inter-year variations: 1.7, 0.1 and 5.2%, respecting the exposed order.

Concerning about the group of series related to agro-industrial activities, meat slaughter segment grew for its second month in a row with a relative variation of 0.5% in October. This improvement was mainly associated with a larger number of bovines sent to factory, even though its present level still is 34.8% below its maximum historic peak (June 2009). As a matter of fact the sector is definitely going trough a difficult time. Oilseed milling decreased -0.1% this last month and reached an -3.9% inter-year contraction. To this regard, a lower volume of oil exports (soy and sunflower) dated since May 2011 seems to be sharply affecting production. Finally, dairy manufacturing decreased -1.3% in October but its inter-year variation gauge is still positive in 11.4%. This series has been showing a good performance since November 2010 and just during 2011's second semester went trough its previous record from February 1999.

Graph 2 - Economic activity's indicators for the Province of Santa Fe - October 2011 -



* Contains estimated data for October 2011.

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

Agricultural machinery production, which has been falling dramatically over these last months, turned down, at lower speed in this opportunity, about **-2.3%** in October 2011.

Province's fiscal incomes had a positive monthly variation of 0.5% sustained by federal recourses. In deed, local tax revenues decreased **-0.4%**. This month total collected funds were \$139.1 millions over the budget but, nevertheless, the Saving, Investment, and the Financial System registers a negative cumulated result of **-\$713.6 millions**, between January and October 2011 (incomes increased 6.0% whereas expenditures did 13.0%).

Formal employment reached another historic record after a monthly expansion of 0.3%; this implies an inter-year variation of 5.7%. In the case of demand for new jobs, expectations are actually going on the other direction since they declined **-0.7%** in October. Real wages also went up 0.4% monthly, and 13.6% inter-yearly. This means that registered nominal salaries are growing above inflation (considering the Province's Statistical Institute as source – IPEC –); which explains how sales, measured in real terms, also increase. Supermarkets' transactions grew 1.5% in October 2011 and 7.5% compared to October 2010.

Finally, cement consumption felt **-2.1%** during last measured month, highlighting construction sector's breakdown captured since the beginning of 2011.

Summary and perspectives

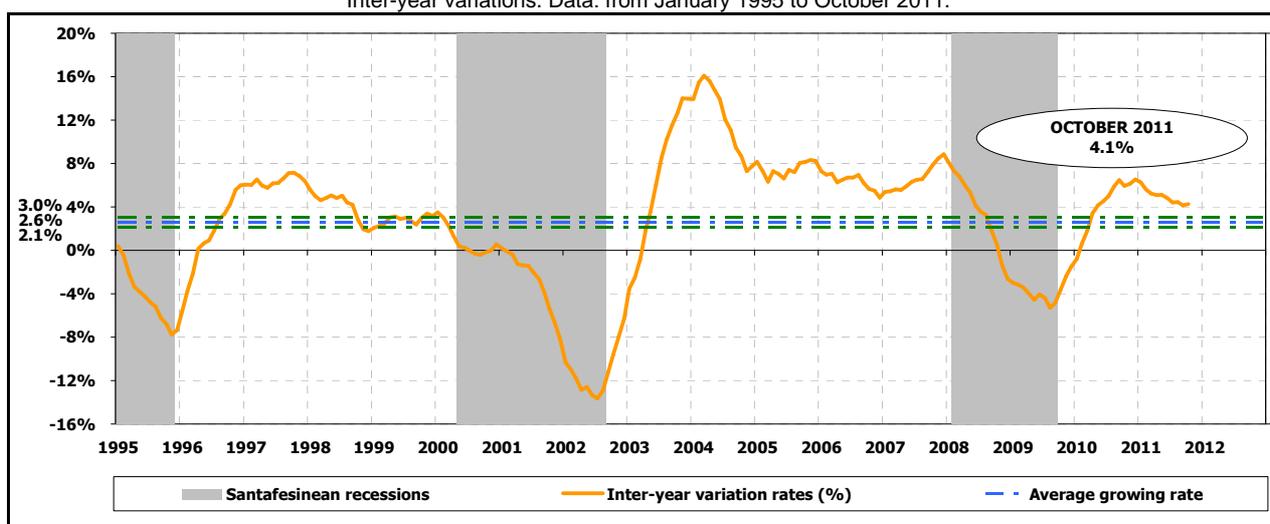
ICASFe's inter-year variation rate for October was measured in 4.1%. However, this expansion was achieved with only 50.0% of representative series following an upwards direction.

Retail sales and vehicles' transfers are the series which present the best recent progress. But far from being positive news this confirms today's shortage in saving alternatives (given Argentinean inflation and considering that all traditional financial assets have negative real interest rates).

Within the group of unfavorable economic indicators, those related to agro-manufactures showed to be the most affected. Especially meat slaughter industry and oilseed milling, in that order. This bad scenario could actually get even worst during 2012 considering recent drought's regional extension. Besides, a similar unenthusiastic situation is being signaled by energetic consumption's indicators; which means that problems have spread all over the secondary sector. Construction is experiencing a similar situation. Finally, an alert signal was observed over the province's public accounts which have been behind balance the entire year 2011.

Having pointed out all these issues, next few months are definitely going to be dealing among increasing limitations in order to keep up with economic growth.

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