

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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Twelve months under recession

September 2012

Monthly %: -0.04%
Inter-year %: -0.70%
2012's contraction: -0.50%

ICASFe
Base 1994 = 100
155.8

During 2012's third quarter Santa Fe's economic activity registers a total contraction of **-0.1%**. Production and investment were particularly affected.

According to the last obtained results, during the month of September 2012, the ICASFe was located at **155.8**, presenting a **-0.04%** monthly variation with respect to August.

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.

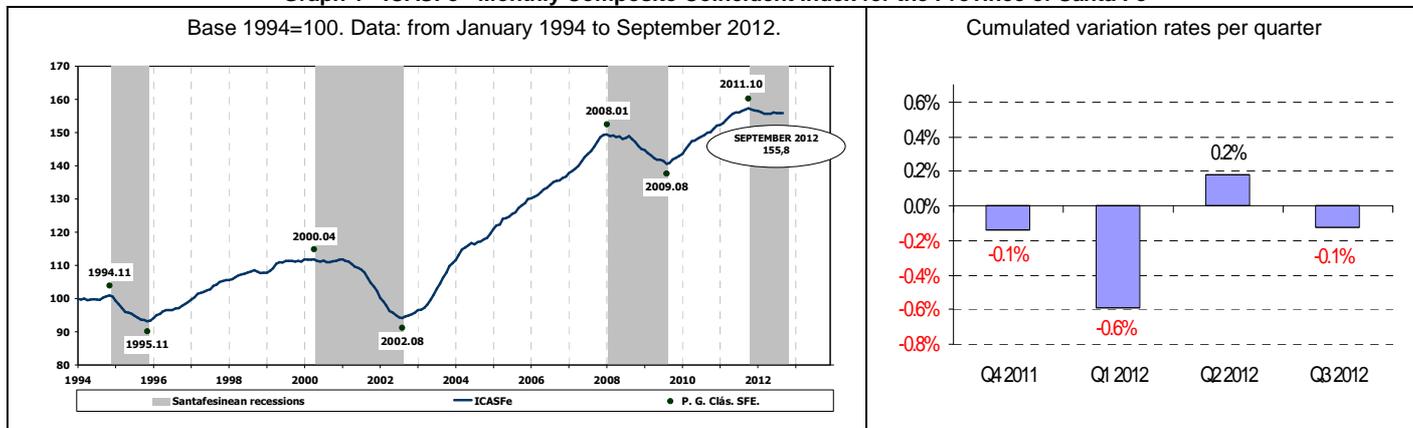
As indicator, It provides a reliable source of information appropriate to support decision makers of public and private institutions. ICASFe was developed by a technical agreement with the *Universidad Nacional de Tucumán (UNT)*.

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

Considering the twelve months dated along the present recession, 2012's first quarter has been identified with the most significant negative variation rate: **-0.6%**. During the second quarter of the year the province's economic activity registers a recovery of 0.2% and finally it declines again, another **-0.1%** in the third period. In monthly terms, between August and September, the ICASFe presents a mild contraction of **-0.04%**.

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

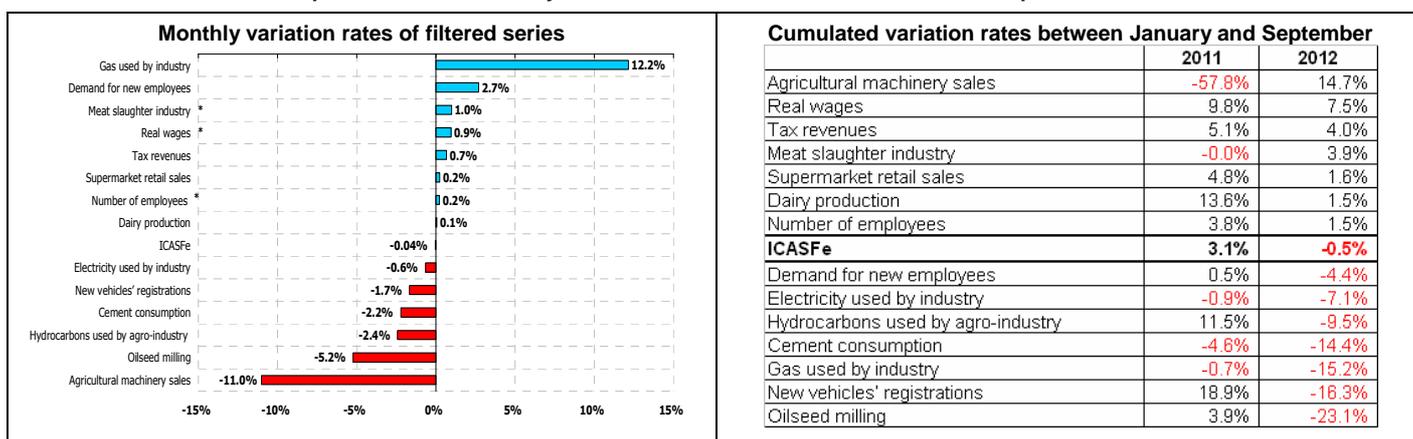


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Oilseed milling has been constantly declining since the beginning of 2012 and cumulates a negative variation of **-23.1%** across the first nine months of the year. However, by the contrary, other indicators related to agro-industry showed encouraging behaviors. **Dairy production** grew 1.5%; positive but far behind 2011's performance: between January and September of that year the series cumulated an increase of 13.6%. **Meat slaughter industry** also went up during the period (3.9%). Nevertheless, in a historical perspective this gauge keeps presenting very low levels, especially in the bovine category. **Agricultural machinery sales** increased 14.7% and regained some of the lost terrain. It is worth noting that between January and September 2011 the series decreased **-57.8%**.

Graph 2 - Economic activity's indicators for the Province of Santa Fe - September 2012 -



References: (*) contains estimated data for September.

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

Sub-indicators related to energy consumption gave evidence of industry's poor performance. **Gas consumption** increased 12.2% in September but its cumulated variation rate for the first nine months of year was measured in **-15.2%**. **Electricity** used by the manufacturing sector declined **-7.1%**, whereas in 2011 its contraction during the same period was measured in only **-0.9%**. **Hydrocarbons assigned to agro-industry** also decreased (**-9.5%**) inverting a positive movement captured during 2011 between January and September of 11.5%. The three series are below their maximum levels reached before the recession.

As a particular characteristic of the prevailing economic context, 2012 has faced a disruption in durable goods' consumption. To this regard, **new vehicles' registrations** fell down **-16.3%** between January and September; whereas the series increased 18.9% during

that period in 2011. **Cement consumption**, an indicator related to the construction sector, also declined: **-14.4%** during 2012's first three quarters, compared to a **-4.6%** cumulated during 2011's. On the other direction, retail consumption, measured by **supermarket's sales**, grew 1.6%. This means that it is showing a deceleration compared to 2011, when its total expansion reached 4.8%.

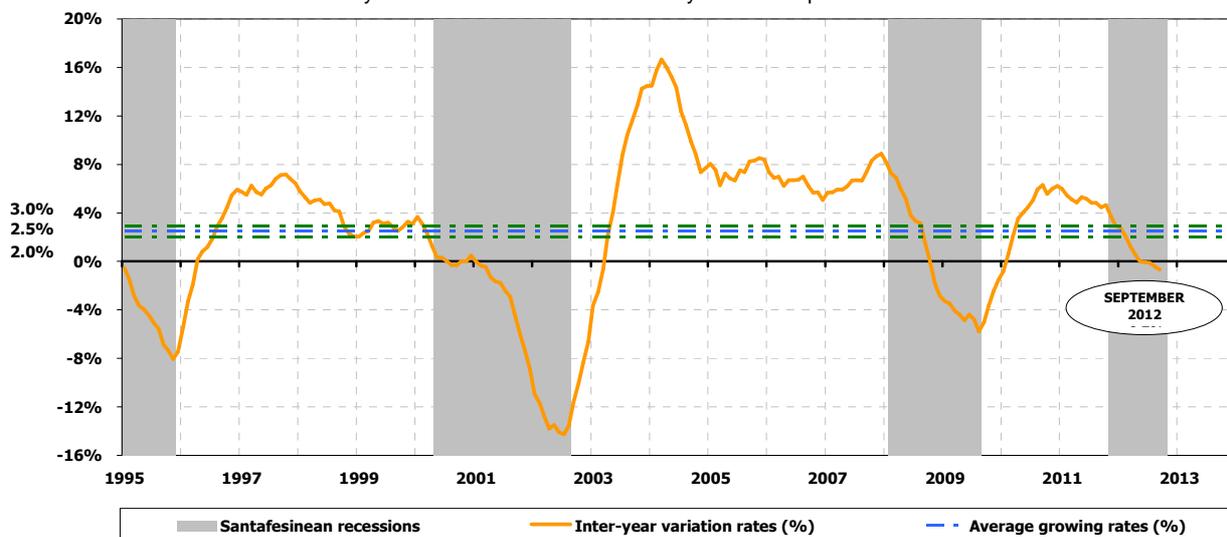
Formal employment improved during the analyzed period but less than in 2011: 1.5% this year against 3.8%. **Real wages** presented a similar situation with rates of 7.5% and 9.8%, respectively. On the other hand, the last indicator related directly to the labour market, **demand for new employees**, declined **-4.4%** during 2012's first three quarters. Therefore, considering available information up to September, employment is showing a deceleration but nominal salaries have grown above inflation rates (in terms of Santa Fe's consumer price index published by IPEC, which signals a cumulated inflation of 14.3% between January and September). Since the beginning of the year **tax revenues** increased 4.0%. During the second quarter local resources experienced a deep contraction but were sustained by federal incomes; along the third quarter both categories grew as a result of a fiscal reform.

Summary and perspectives

Compared to previous dated recessions (1994/95, 2000/02 and 2008/09) Santa Fe's present contraction phase is still being considered moderate. Between January and September 2012 economic activity's cumulated variation rate reached **-0.5%**, whereas during that period it declined **-0.9%** in 2008 and **-2.9%** in 2009. Nevertheless, throughout the last few months, an accelerating inflation rate and increasing market regulations are intensifying the process, which is spreading faster to all manufacturing activities. In addition, investment in durable goods is also being importantly affected.

Finally, ICASFe's inter-year variation rate for September was located in **-0.7%**. It is true that these results imply a smother negative trend but, at the same time, allow us to presume that 2012 is closing under recession.

Graph 3 - Monthly Composite Index of the province of Santa Fe -
Inter-year variations. Data: from January 1995 to September 2012.



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

In order to download or get access to:

- Statistical database, methodological documents and related publications: <http://ces.bcsf.com.ar>
- An on-line graphical tool which shows all fourteen sub-indicators' historical information (series): <http://www.bolcomsf.com.ar/ces/icasfe.php>