The worst January of the last ten years

Santa Fe's economy is still under recession since the beginning of 2018. Moreover, comparing activity's level for each registered January, 2020's presents the lowest value within the last ten years.

ICASFe
January 2020

Level:
155.7

Monthly variation:
-0.3%

Inter-year variation: -1.7%

MAIN RESULTS

*ICASFE's level was located in **155.7**, presenting a monthly variation of **-0.3%** in respect to December 2019.*

*Inter-year variation rates descended to **-1.7%** (comparing January 2020 vs. January 2019).*

What is ICASFE for?

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.

Technically, the indicator is a composite coincident index developed by an agreement with the *Universidad Nacional de Tucumán* (UNT) which provides a reliable source of information appropriate to support decision makers of public and private institutions. Methodological information and related papers are available at http://ces.bcsf.com.ar

Output data considerations

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 the coincident index. In addition, it is worth nothing that all series internalized by this project, are handled in real terms and filtered by seasonality and outliers with the X-13ARIMA-SEATS software produced and distributed by the US Census Bureau.

In order to download or get access to:

• Statistical database, methodological documents and related publications | Go to http://ces.bcsf.com.ar

• Handbook of sub-indicators | Go to http://ces.bcsf.com.ar

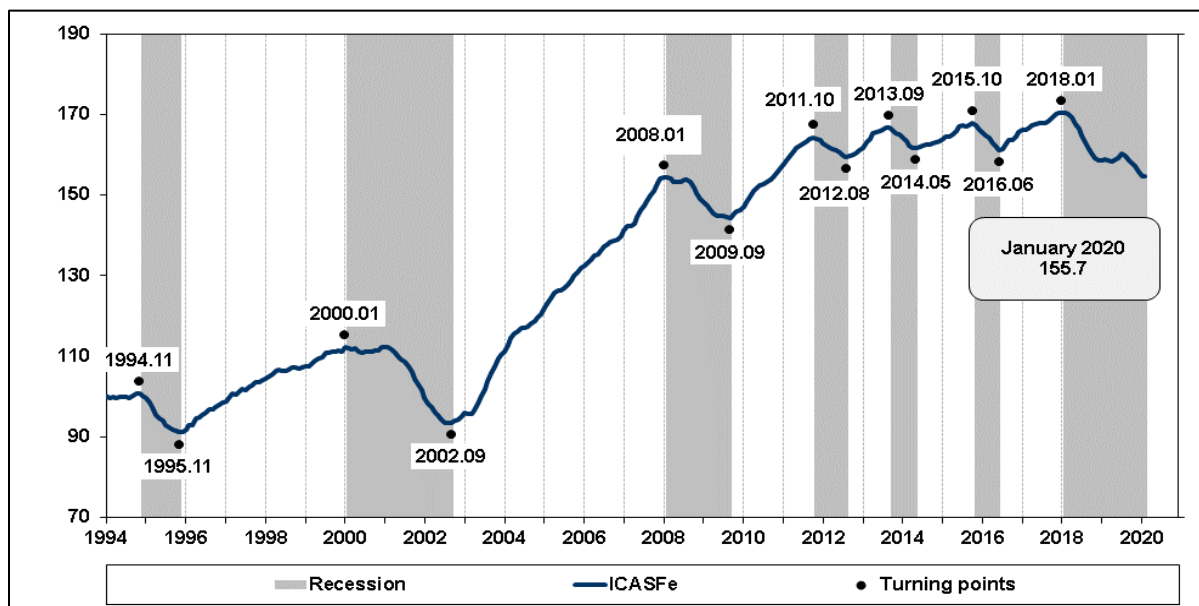• An on-line graphical tool to access historical data | Go to http://www.bolcomsf.com.ar/ces/icasfe.php

Province of Santa Fe's economic activity

In January 2020 the coincident index experienced a new monthly decline of -0.3%. This means, the current recession accumulates a total fall of 8.6% over 25 months of economic contraction; both figures already exceed those for 2008/09's recession.

Graph 1: **Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100. January 2020.**
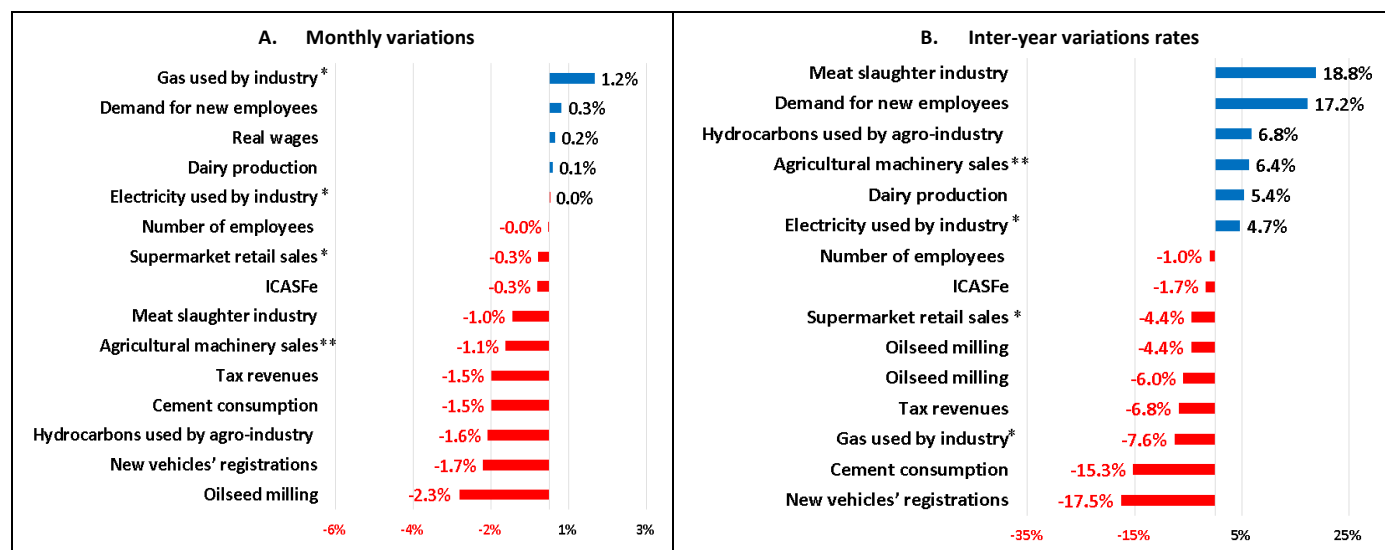

Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Only four of the fourteen considered series presented positive monthly variations during the first month of the year; two maintained their level, and the rest of them continued to fall. On the other hand, compared to January 2019, six sub-indicators registered positive rates.

Graph 2: **Economic activity's indicators for the Province of Santa Fe. January 2020.**

A. Monthly variations		**B. Inter-year variations rates**	
Gas used by industry *	1.2%	Meat slaughter industry	18.8%
Demand for new employees	0.3%	Demand for new employees	17.2%
Real wages	0.2%	Hydrocarbons used by agro-industry	6.8%
Dairy production	0.1%	Agricultural machinery sales**	6.4%
Electricity used by industry *	0.0%	Dairy production	5.4%
Number of employees	-0.0%	Electricity used by industry *	4.7%
Supermarket retail sales *	-0.3%	Number of employees	-1.0%
ICASFe	-0.3%	ICASFe	-1.7%
Meat slaughter industry	-1.0%	Supermarket retail sales *	-4.4%
Agricultural machinery sales**	-1.1%	Oilseed milling	-4.4%
Tax revenues	-1.5%	Oilseed milling	-6.0%
Cement consumption	-1.5%	Tax revenues	-6.8%
Hydrocarbons used by agro-industry	-1.6%	Gas used by industry*	-7.6%
New vehicles' registrations	-1.7%	Cement consumption	-15.3%
Oilseed milling	-2.3%	New vehicles' registrations	-17.5%

Last available data from: (*) December 2019, (**) September 2019. Unavailable data was estimated.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Among the series that show year-on-year increases, **meat slaughter industry** stands out with improvements of 18.8%. However, in terms of December 2019, the series decreased 1.0%, pushed by both international and internal market unfavorable conditions. Similar situation presented **hydrocarbons used by agro-industry**, whose rates were 6.8 and -1.6%, respectively. Another series

related to agribusiness, **dairy production** recorded a monthly rate of 0.1% and a year-on-year one of 5.4. **Oilseed milling** went down -2.3% in monthly terms, and -4.4% during the last year.

Construction activity fails to rcover. **Cement consumption** decreased other 1.5%, accumulating a total drop of 15.3% compared to January 2019. **New vehicle's registration** is also strongly affected, with rates of -1.7 and -17.5%, respectively.

Electricity used by agro-industry remained stable in relation to December 2019, with an inter-year recovery of 4.6%. For its part, **gas used by industry** signaled a monthly increase of 1.2%, but was 7.6% lower in the year-on-year comparison.

Number of employees presented a null monthly variation, although the series dropped 1.0% during 2019. **Demand for new employees**, obtained rates of 0.3% and 17.2%, respectively. **Real wages** registered a slight 0.2% monthly increase, but the loss of purchasing power of all formal workers in relation to January 2019 was measured in 6.0%.

Supermarket retail sales also declined (0.3%), reaching a total inter-year contraction of 4.4%. For **tax revenues**, both variations are estimated in 1.5 and -6.8%, respectively.
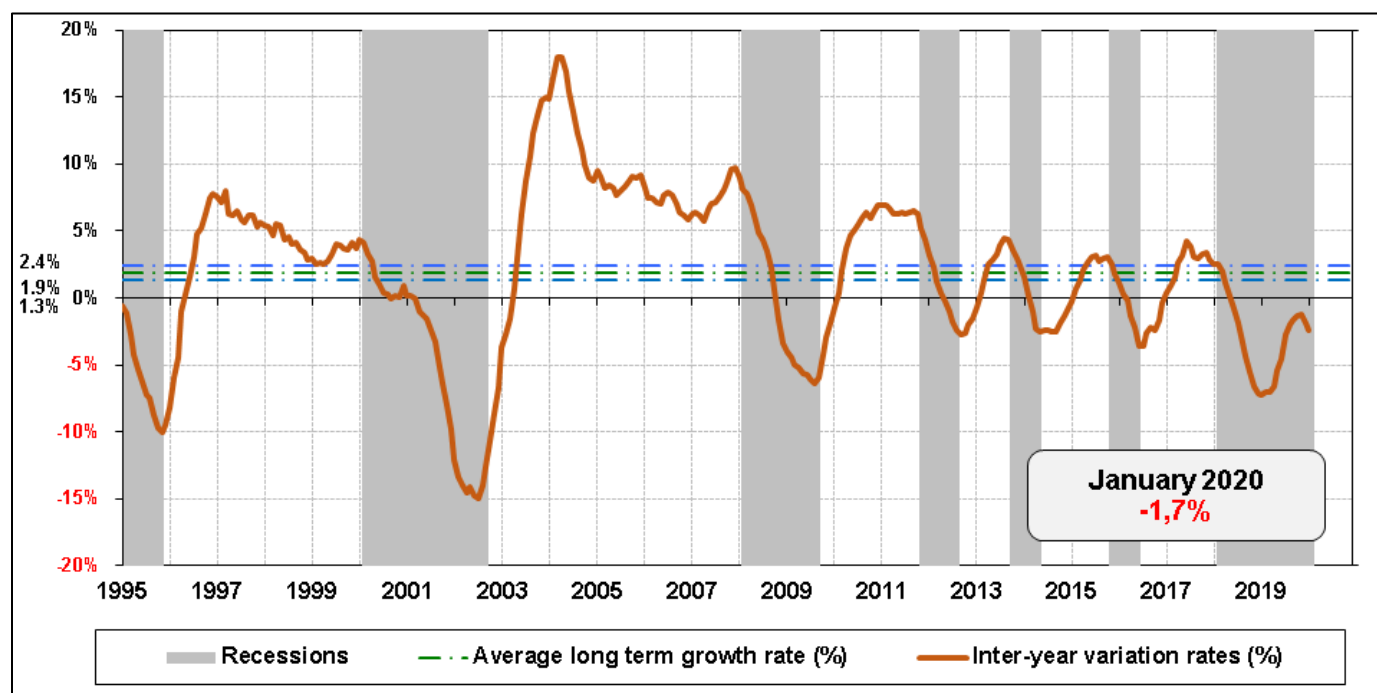
Summary and perspectives

ICASFe's inter-year variation rates reached -1.7% in January 2020. To this regard, the gauge presents a turn towards the area of negative values, accounting a deepening of the recession. These results in economic activity for the beginning of 2020 imply a fragile foundation in order to face COVID-19's effects.

In this sense, it is worth noting that regional main productive activities were already affected by internal issues even before 2020's pandemic.

In this context, perspectives for further months are rather unfavorable whereas a new national and international scenario will be configured. Nonetheless, in our opinion, a complete diagnosis for Santa Fe's economy will rely on agricultural and food markets' reactions; key sectors for regional budget.

Graph 3: Monthly Composite Index's inter-year variation rates.

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