

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Slight recovery for Santa Fe's economic activity

The recession registered certain improvements in June and July supported by sectors that were highly affected by the economic context.

ICASFe

July 2020

Level:

152.3

Monthly variation:

0.5%

Inter-year variation: **-5.1%**

Accumulated 2020: **-2.2%**

MAIN RESULTS

ICASFE's level was located in **152.3**, presenting a monthly variation of **0.5%** in respect to June 2020.

Inter-year variation rates descended to **-5.1%** (comparing July 2020 vs. July 2019).

The accumulated variation for 2020 was estimated in **-2.2%**.

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>



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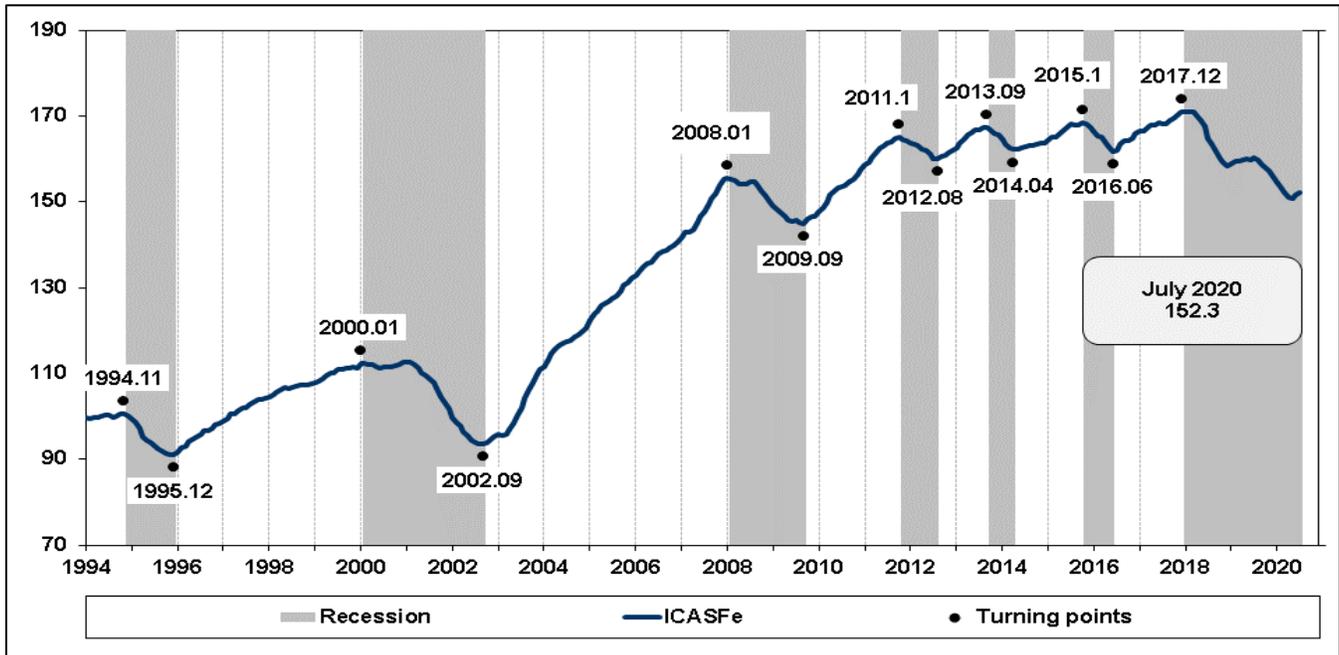
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Province of Santa Fe's economic activity

In July 2020 the coincident index experienced a positive monthly rate of 0.5%. This result cuts back on the gauge's net fall registered during the year. In this sense, the recession accumulates **-2.2%** for the first seven months of the year; whereas considering all 31 months of recession the figure rises to **-10.2%**.

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

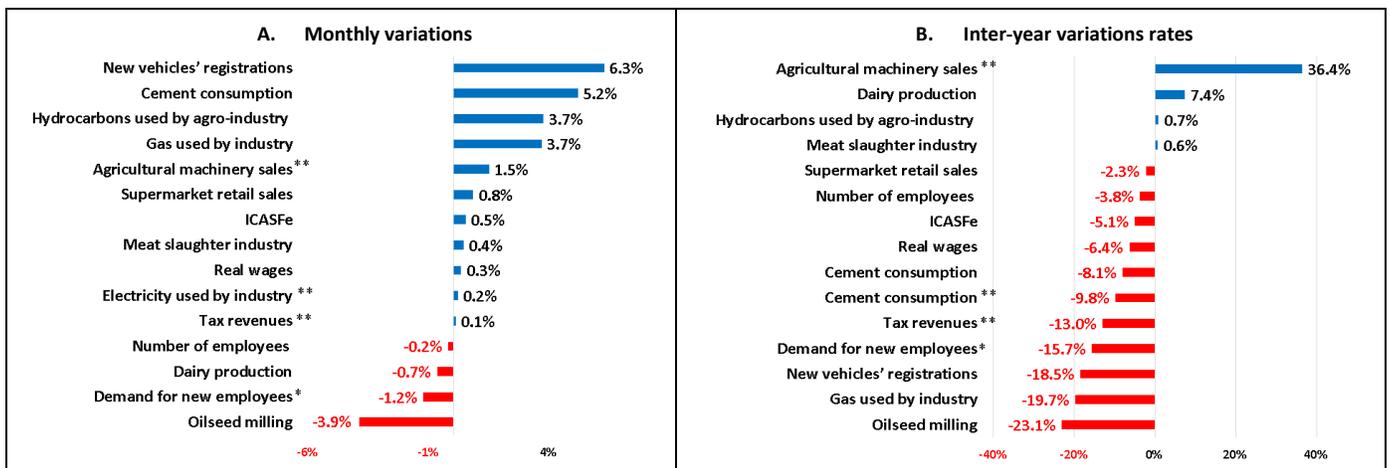


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Starting the third quarter of the year, ten of the fourteen representative indicators of the provincial economic activity presented positive monthly variations. On the other hand, in terms of their inter-year benchmark, only four series exceed the level reached in July 2019 (See Graph 2).

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



Last available data from: (*) February 2020, (**) June 2020. Unavailable data was estimated.

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

New vehicles' registrations led the table of monthly variations with an improvement of 6.3%; however, compared to the previous year, it registered a drop of **18.5%**. The sub-indicator was followed by **cement consumption**, representative of the construction

activity, within rates of 5.2 and **-8.1%**, respectively. **Agricultural machinery sales** obtained a monthly increase of 1.5%, leading the table of interannual variations with an improvement of 36.4%.

Hydrocarbons used by agro-industry increased by 3.7% compared to June, reaching practically the same level of July 2019 (0.7% year over year). **Dairy production** registered monthly and interannual rates of **-0.7** and 7.4%, respectively. **Oilseed milling** was at the bottom of both tables showing results of **-3.9%** in July, and **-23.1%** interannually. For its part, **meat slaughter industry** signaled slight upturns of 0.4 and 0.6%, respectively.

Electricity used by industry grew 0.2% in July but stayed **9.6%** behind its inter-year benchmark. Moreover, **gas used by industry** obtained rates of **-3.7** and **-19.7%**, respectively.

Number of employees fell another **0.2%** in terms of June, registering a decrease of **3.8%** inter-yearly. On the other side, **real wages** recovered 0.3%, pushing purchasing power's annual loss to **-6.4%**. **Demand for new employees**, got rates of **-1.2** and **-15.7%**, respectively.

Supermarket retail sales gained 0.8%, which means a decline of **-2.3%** compared to July 2019. Finally, **tax revenues** available to the provincial administration, had rates of 0.1% and **-13.0%**, respectively.

Summary and perspectives

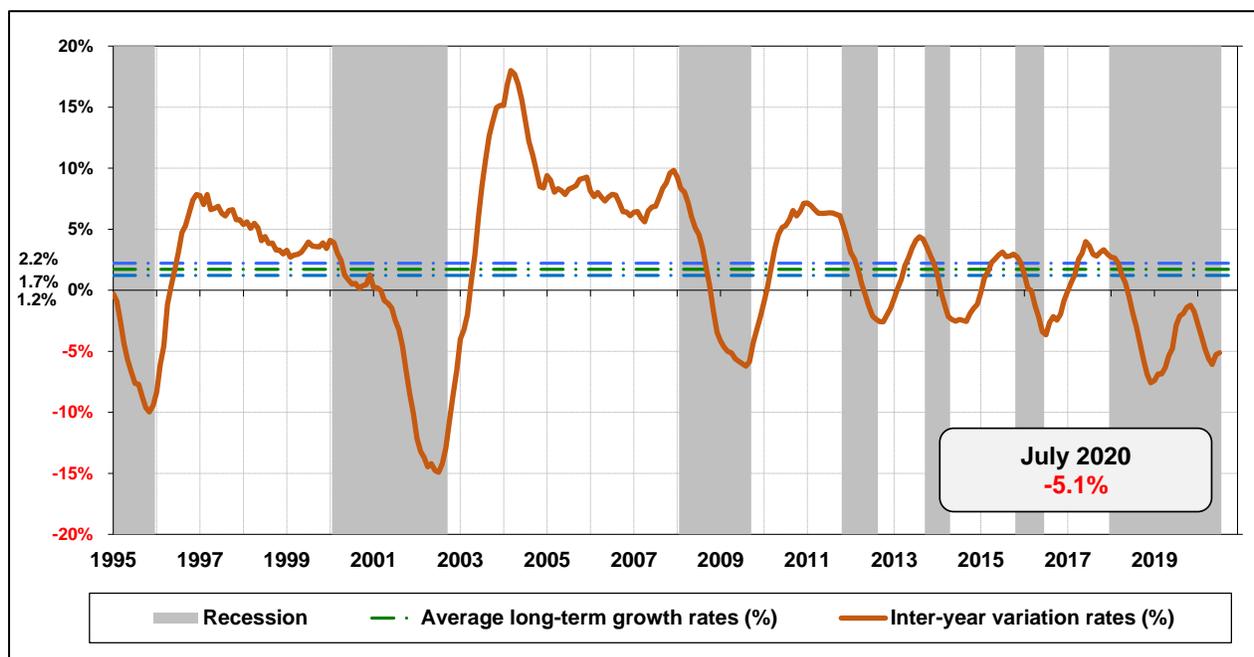
ICASFe's interannual variations stood at **-5.1%** in July 2020, slowing down recession's intensity and turning upwards in contrast to April and May (see Graph N° 3).

In this context, the contraction phase already lasted 31 months, which makes it similar to the recession dated between 2000 and 2002. A long and pronounced downturn that became a milestone in Argentina's economy.

However, there are some differences between the two periods. The 2000/02 recession began with a full year of stagnation and a subsequent sharp drop in activity. In this case, the recession that we are going through began with a contraction of **7.3%** during the first year (2017.12 to 2018.12). This was followed by a slight recovery of 1.1% during the first seven months of 2019 that failed to consolidate and ended in a new downward step. At this moment the economy returned to the contractive path that was later combined with the effect of COVID-19.

In 2020, the recovery of June and July could be shaping a new step, driven by increases in indicators that had lagged far behind, such as cement consumption and the patenting of new vehicles.

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



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