# THE PROVINCE OF SANTA FE´S ECONOMIC DIGEST

CENTRO DE ESTUDIOS Y SERVICIOS          BCSF

## ICASFe
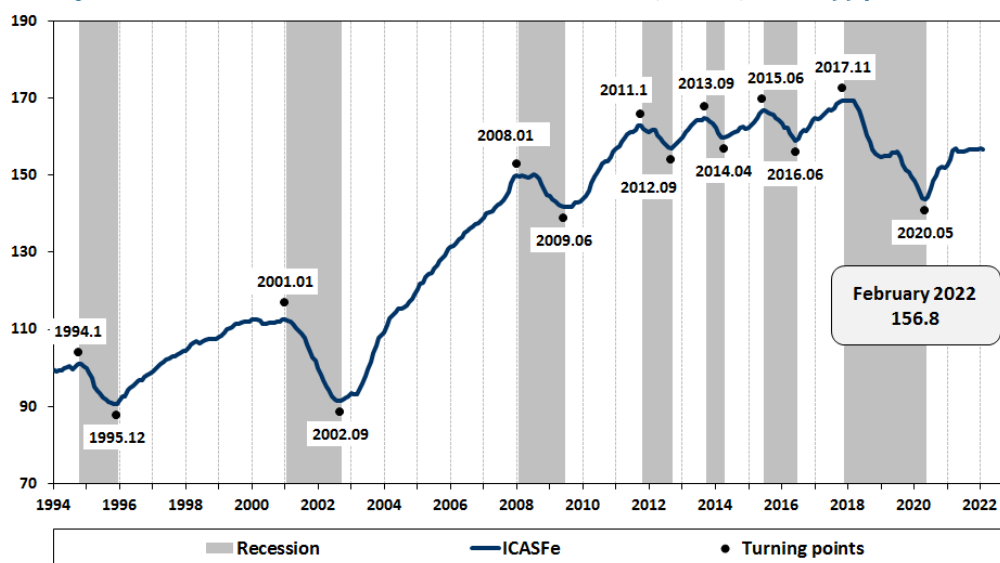
**Base 1994=100**

### FEBRUARY 2022

Level: **156.8**

**Monthly variation: -0.1%**
**Inter-year variation: 1.6%**
**2022's accumulated: -0.03%**

## A recovery short of dynamism

In February 2022, Santa Fe's economic activity presented a slight fall (-0.1%), going through the 21st month of an expansive phase which fails to advance beyond the recovery period. Moreover, a weak *performance* is observed across last year.

**Graph N° 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100. February 2022.**



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

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**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 *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
All series are filtered by seasonality and extreme values, using the X-13 ARIMA-SEATS program of the United States Census Bureau. In addition, information is always presented free of inflationary effects.

**Output data considerations**
The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.
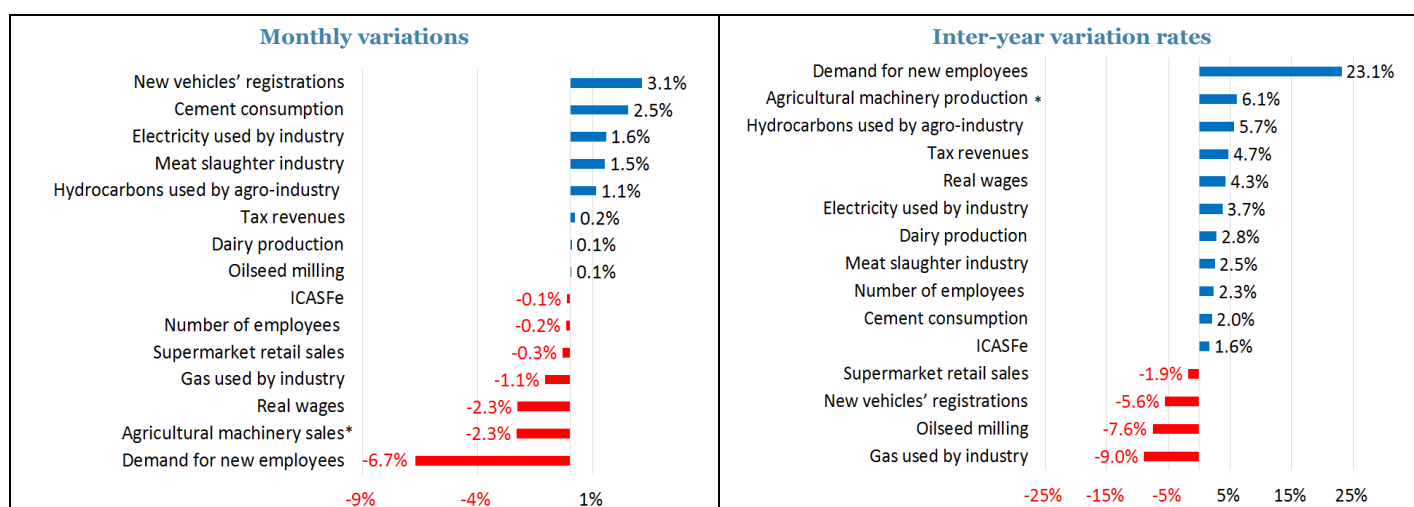
## Indicator by indicator

*Although eight of the fourteen representative series of Santa Fe's economic activity achieved positive monthly variations, February ICASFe's result was rather negative. The magnitude and persistence of unfavorable monthly results for a set of series explain the gauge's aggregate outcome. On the other hand, ten sub-indicators improved in terms of February 2021 (see Graph Nº 2). A description for each indicator is exposed right below.*

**Demand for new employees**, measured by the business expectations index, which had been leading monthly positive variations' table, registered a monthly decrease of 6.7%, cutting up its inter-year growth to 23.1%.

**Formal employment** showed a negative monthly variation of -0.2%, in February 2022. However, it registered an increase of 2.3% during the last twelve months.

**Graph 2: Economic activity's indicators for the Province of Santa Fe. February 2022.**



| Monthly variations | | Inter-year variation rates | |
|---|---|---|---|
| New vehicles' registrations | 3.1% | Demand for new employees | 23.1% |
| Cement consumption | 2.5% | Agricultural machinery production * | 6.1% |
| Electricity used by industry | 1.6% | Hydrocarbons used by agro-industry | 5.7% |
| Meat slaughter industry | 1.5% | Tax revenues | 4.7% |
| Hydrocarbons used by agro-industry | 1.1% | Real wages | 4.3% |
| Tax revenues | 0.2% | Electricity used by industry | 3.7% |
| Dairy production | 0.1% | Dairy production | 2.8% |
| Oilseed milling | 0.1% | Meat slaughter industry | 2.5% |
| ICASFe | -0.1% | Number of employees | 2.3% |
| Number of employees | -0.2% | Cement consumption | 2.0% |
| Supermarket retail sales | -0.3% | ICASFe | 1.6% |
| Gas used by industry | -1.1% | Supermarket retail sales | -1.9% |
| Real wages | -2.3% | New vehicles' registrations | -5.6% |
| Agricultural machinery sales* | -2.3% | Oilseed milling | -7.6% |
| Demand for new employees | -6.7% | Gas used by industry | -9.0% |

*Last available data from: (*) January 2022. Methodological clarification: since February 2022, information from Santa Fe's Index of Industrial Activity published by IPEC is incorporated in order to improve agricultural machinery production's series. Now on, this indicator only includes data related to Santa Fe's geographical limits.*

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

Inflation particularly affected February's **real wages** which signaled a monthly decrease of 2.3%. Nevertheless, the series remained in positive ground in relation to February 2021 (+4.3%). **Supermarket retail sales** once again registered a monthly decline, in this case of 0.3% and 1.9% interannually.

In addition, **electricity used by industry** experienced a monthly and also an interannual increase of 1.6 and 3.7%, respectively.

On the opposite, **gas used by industry** contracted again, 1.1% compared to January, and 9.0% compared to February 2021.

**Oilseed milling** registered a monthly increase of 0.1%, but lost 7.6% compared to January 2021. So far, in 2022, the series showed a slightly positive behavior, putting an end to 2021's downturn. However, the series is still below previous peak's level.

**Dairy production** obtained a monthly rate of 0.1% in February 2022, whereas interannual growth was measured in 2.8%. In the medium term, the series is 8.0% above February 2018's peak, but it still well behind historical highs.

**Meat slaughter industry** experienced a monthly rate of 1.5% explained by an incipient growth verified in bovine's category. To this regard, its inter-annual performance turned positive (+2.5%) after seventeen consecutive negative rates. It is worth notting that between 2020 and 2021, the series had accumulated an approximate fall of 18.5%. **Hydrocarbons used by agro-industry** also improved in February within a monthly increase of 1.1%, and 5.7% interannually.

**Agricultural machinery production** (see note at the end of Graph 2) showed a decrease of -2.3% compared to January 2022. After approaching historical maximums, the series experienced a negative evolution. In this context, interannual rates fell to 6.1%.

**New vehicles' registrations** increased by 3.1% in February but decreased 5.6% during the last twelve months. Also, **Cement consumption** achieved a positive monthly rate of 2.5% in February, allowing a net recovery of 2.0% within respect to the same period of the previous year. On a medium-term perspective, the series shows a stagnation trend since 2007, within a historical peak in January 2018. To this regard, the series' current level is still 17.3% below that benchmark.

**Tax revenues** registered a slight increase by 0.2% monthly and accumulates a total rise of 4.7% since February 2021. Federal resources mainly explain these results.
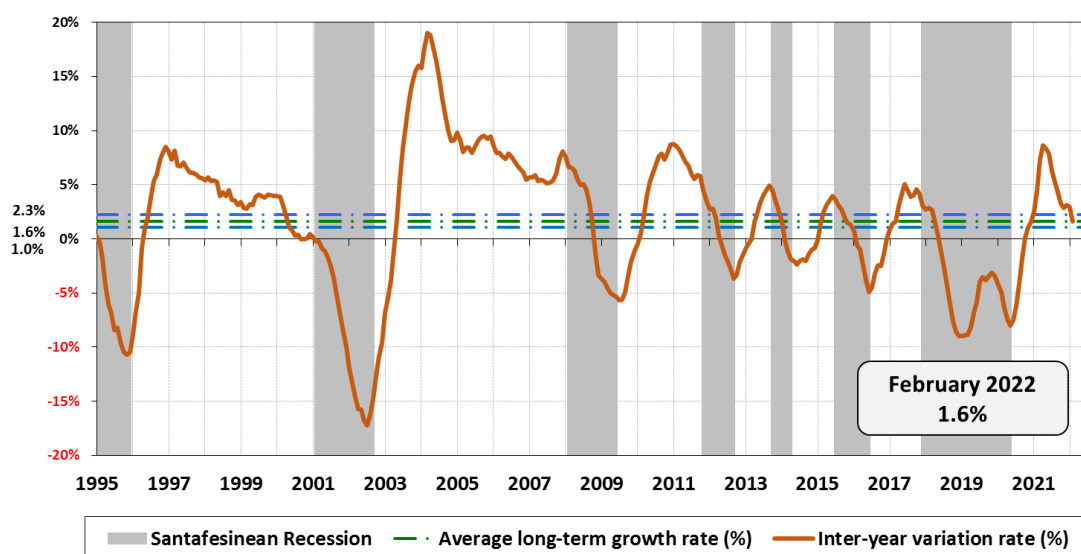
## Summary and perspectives

Coincident index's interannual variations reached 1.6% in February 2022, signaling a notable slowdown compared to the previous measurement (3.1%). By the contrary, 2022 began within a significant acceleration of inflation, without any doubt, the most challenging issue that faces local economic activity's recovery.

Regarding to most affected variables, the inflationary process has a significant impact on family income's purchasing power. To this regard, although there is no specific data related to the province, national's salary index indicates that unregistered workers were even more damaged than formal ones. In this context, consumption, another determinate component in terms of an economic cycle, also maintains a negative trend.

On the other hand, the set of sectorial indicators continues to experience certain intermittency, which does not contribute to consolidate a solid recovery process.

At national level, a recovery's plateau is being observed in a certainly ambiguous international context for Argentina, which, unfortunately, either helps up within domestic macroeconomic imbalances that have intensified in recent years.

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



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