

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CES
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BCSF
BOLSA DE COMERCIO DE SANTA FE

ICASFe

Base 1994=100

MARCH 2022

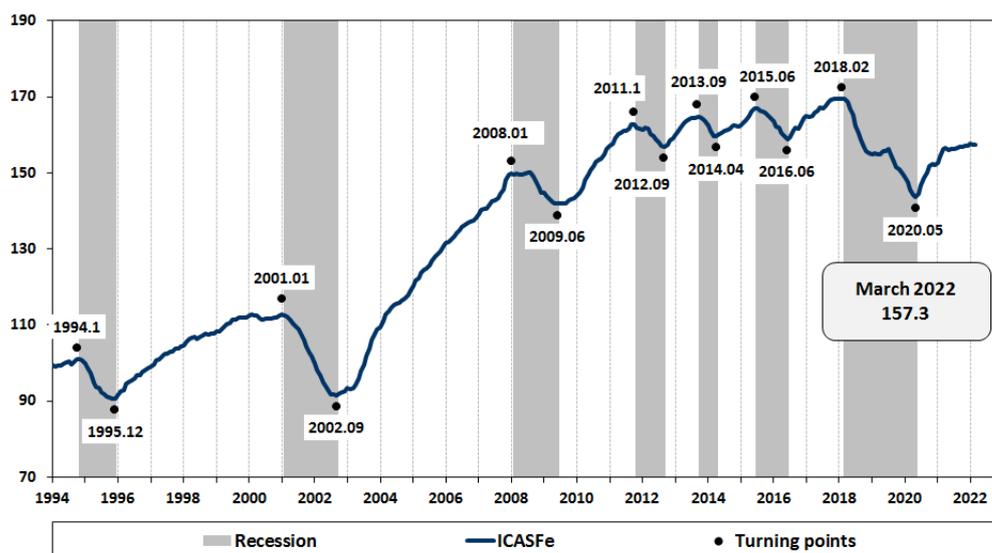
Level: 157.3

Monthly variation: -0.1%
Inter-year variation: 0.7%
2022's accumulated: 0.02%

New signals of stagnation

Santa Fe's economic activity registered a monthly decrease of **0.1%** in March 2022. According to this result, 2022's first quarter obtained a practically null accumulated variation.

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



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.

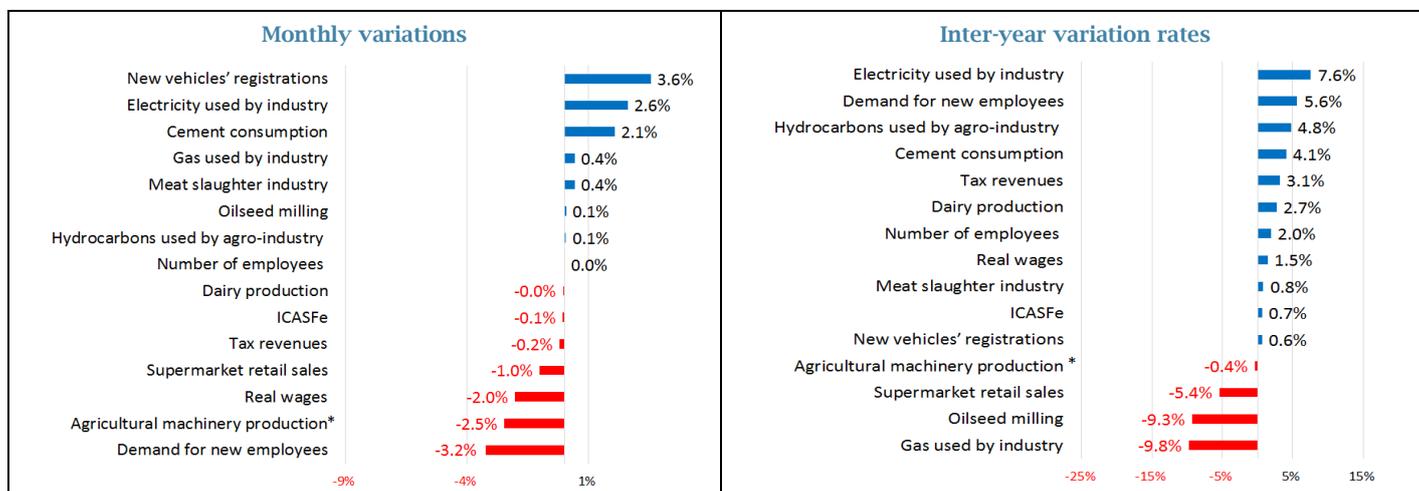
Indicator by indicator

In March 2022, eight of the fourteen representative series of Santa Fe's economic activity achieved positive monthly variations. On the other hand, ten sub-indicators improved considering their interannual benchmark (see Graph N° 2). However, all rates were only of one digit, and provincial aggregate results for the last twelve months were rather poor. A description for each indicator is exposed below.

New vehicles' registrations signaled a monthly increase of 3.1% in March and managed to cross into a positive ground in the interannual movement (registering a rate of 0.6%). **Cement consumption**, another indicator of durable goods' investment, improved 2.1 and 4.1%, respectively; which fulfils recent growth expectations. However, in levels, the series is still 15.0% below 2018's economic peak.

Energy consumption related to industrial series also went up in March compared to February. **Electricity used by industry** registered a monthly rate of 2.6%, whereas **gas used by industry** increased 0.4%. The first one continued to show a clear interannual growth (7.6%), but the latter decreased **-9.8%** in terms of March 2021.

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



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.

Oilseed milling registered a slight monthly increase of 0.1% in March, maintaining an incipient recovery. Nevertheless, it is still **9.3%** below March 2021's level. **Dairy production** obtained a practically null monthly rate, and an interannual growth of around 2.7%. **Meat slaughter industry** experienced a monthly increase of 0.4%, and 0.8%, interannually. Bovine's category showed a better performance, but the gauge is still around 15.0% below 2019's maximum level. At the same time, porcine slaughters seem to have reached a plateau across last measurements.

Hydrocarbons used by agro-industry kept recovering within rates of 0.1 and 4.8%, respectively. **Agricultural machinery production** (see note at the end of Graph 2), obtained a monthly estimated fall of **-2.5%** compared to February 2022.

Demand for new employees, measured by the business expectations index, showed a second consecutive monthly decrease: **-3.2%** in respect to February, reducing its interannual increase to 5.6%. **Number of employees** also experienced a null monthly variation, and an increase of 2.0% in terms of March 2021.

Real wages suffered a new monthly decline, in this case of **2.0%**. However, this series stays 1.5% above previous year's level, although it should be noted that its interannual benchmark is relatively low on a medium-term context. **Supermarket retail sales** registered a monthly contraction once again (**1.0%**), which makes its interannual fall even more significant (**-5.4%**). Considering its behavior contextualized on present recovery framework, it is one of the few series that registers a negative accumulated rate between May 2020 (beginning of the phase) and March 2022.

Total tax revenues registered a monthly decrease of **0.2%** although federal resources continued to grow.

Summary and perspectives

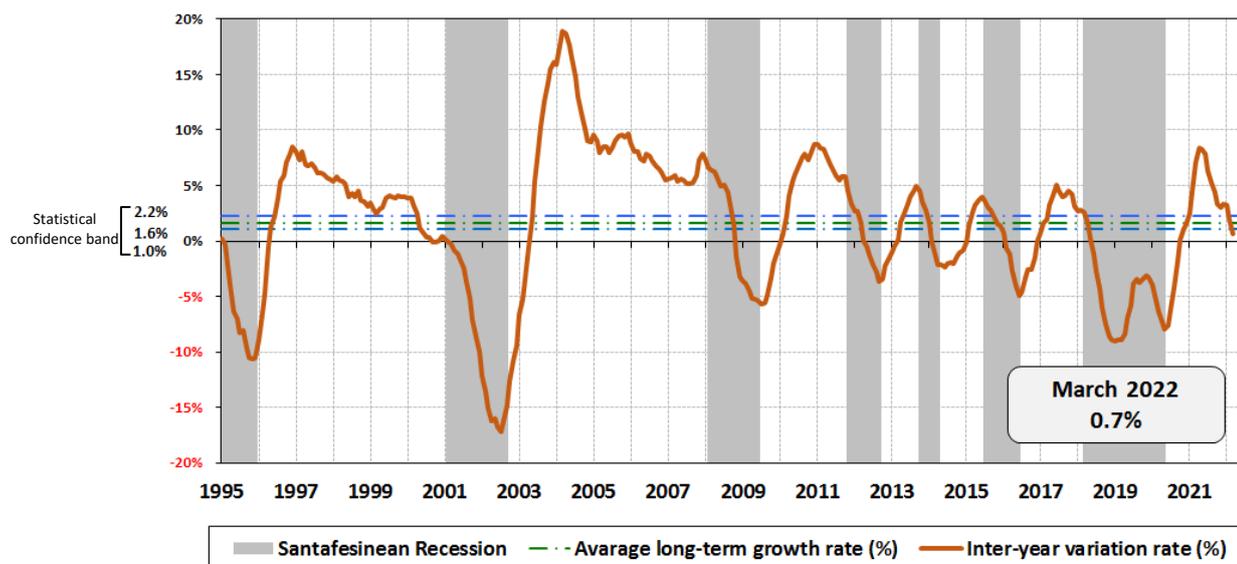
Coincident index's interannual variations reached 0.7% in March 2022, signaling a significant slowdown compared to the previous measurement (1.9%). Thus, results were located below the "statistical confidence band" (see Graph N°3), which indicates Santa Fe economy's broke under long-term growth rates.

Regarding to economic cycle's diffusion, one of most affected indicators is still income's purchasing power, both private and public. This problematic is obviously also reflected in consumption, within an accumulated inflation rate of 16.1% during the first quarter, and high expectations for the rest of the year.

Moreover, indicators related to industry in general and to agribusiness in particular, showed some recovery in March; but most of them are suffering certain intermittent behavior and did not yet plently recovered on a medium-term horizon.

For what's coming, during the second quarter the province of Santa Fe acquires great importance in the national context as it is the period of strong harvest (specifically of soybean), through which a significant amount of foreign currency flows into the country. The start of fine grain campaign also takes place during the next few months. However, problems related to fuel supply, increasing costs of production inputs, and fiscal uncertainty over taxes, leave open questions in order to summer 2022's net potential balance.

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



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

Santa Fe's Chamber of Commerce

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