

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

Monthly publication N° 6 / Year 16
ISSN 2362-4884
Date: 06/30/2022

CES
CENTRO DE ESTUDIOS Y SERVICIOS



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ICASFe

Base 1994=100

APRIL 2022

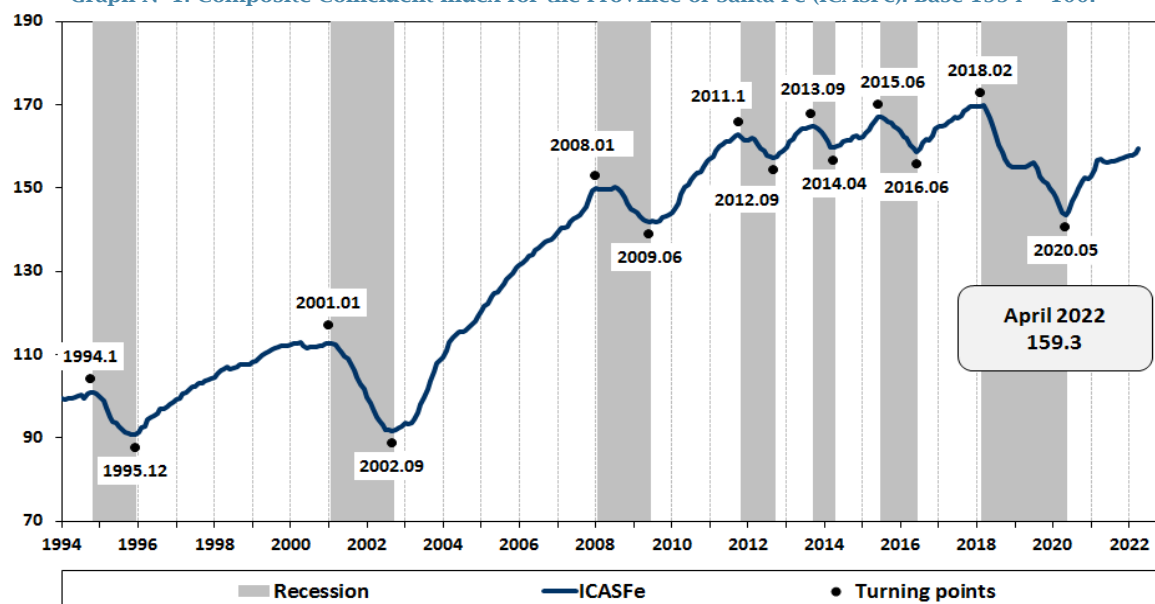
Level: 159.3

Monthly variation: 0.7%
Inter-year variation: 1.5%
2022's accumulated: 1.2%

More ups and downs for Santa Fe's economy

Santa Fe's economic activity registered a monthly improvement of 0.7% during April 2022, but facing an uncertain context towards the second semester of the year.

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.

✉ ces@bolcomsf.com.ar

🌐 ces.bcsf.com.ar

🌐 www.bcsf.com.ar

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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

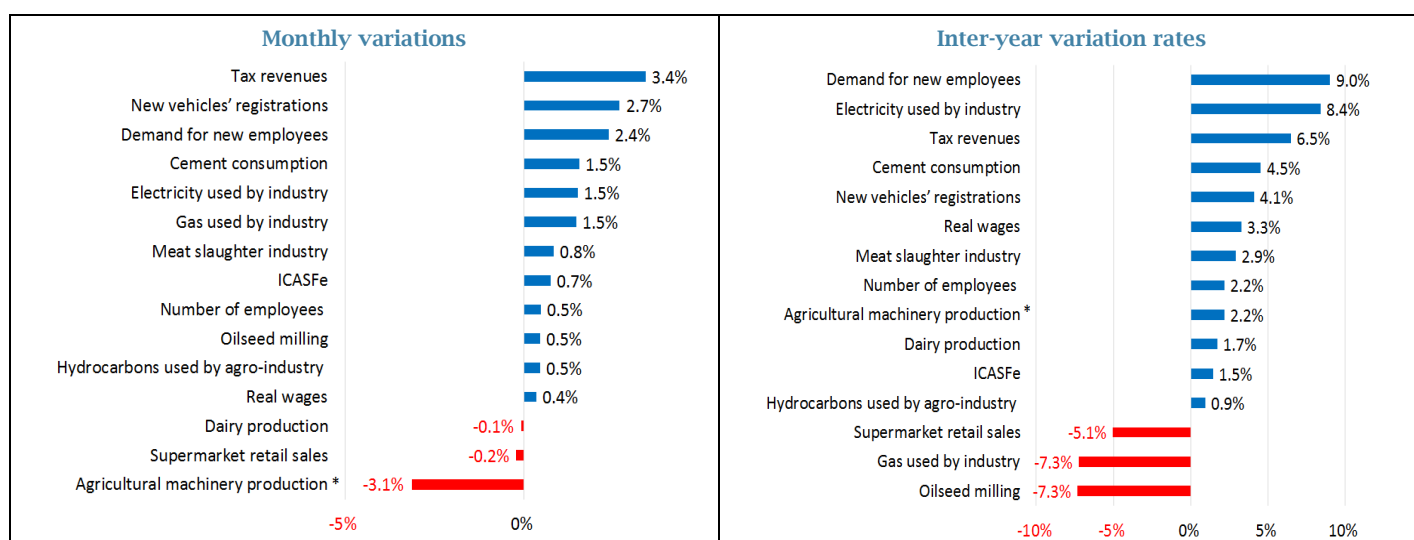
During the fourth month of the year there was a predominance of positive variations in monthly rates' table. In addition, eleven sub-indicators increased on an interannual comparison (see Graph N° 2). A description for each indicator is exposed below.

Number of employees showed a slight monthly increase of 0.5%, staying 2.2% above April 2021's benchmark. **Demand for new employees**, measured by the business expectations index, also registered a positive monthly rate (+2.4%), after first quarter's accumulated fall (-4.7%) and continuing, basically, within an erratic behavior. Its interannual variation stood at 9.0%.

Moreover, **real wages** related to formal employment improved 0.4%, due to a combination of two issues: on one hand, registered jobs keep increasing; and, on the other, a positive income from syndical agreements over salary negotiations. In this context, the series achieved an interannual increase of 3.3%.

By the contrary, **supermarket retail sales** in Santa Fe's province presented a monthly contraction again, in this case of 0.2%; whereas the interannual drop was 5.1%. To this regard, it seems that formal wages' recovery did not leak into Consumption.

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



Last available data from: () February 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

Local tax revenues (in real terms) indicate a monthly increase of 3.4%, fundamentally driven by gross income tax collection's growth (which represents more than 70.0% of total revenues). Federal resources improved as well, which allowed an inter-year total increase of 6.5%.

New vehicles' registrations signaled a monthly variation of 2.7% in April 2022, managing an interyear recovery of 4.1%. **Cement consumption**, another indicator related to durable goods' investment, obtained rates of 1.5 and 4.5%, respectively. In fact, the series accumulates four consecutive positive monthly variations, but it is still more than 10 percentage points below 2018's historical level.

Energy consumption related to industrial series grew again in relation to March 2022, showing an improvement of 1.5% in both **electricity and gas used by industry**. However, in the interannual comparison, the first one continued to grow (8.4%), whereas the latter fell within negative rate of -7.3%.

Oilseed milling went up by 0.5% in April, obtaining its fourth positive monthly rate in a row; although it is still below April 2021's level (-7.3%). On the opposite direction, **dairy production** experienced its fifth consecutive monthly fall; within a negative rate of 0.1% in terms of March, which leaves its interannual improvement in only 1.7%. **Meat slaughter industry** increased both monthly (+0.8%), and interannually (+2.9%). Where cattle and pigs jointly contributed to these results.

Hydrocarbons used by agro-industry also obtained a positive monthly variation (0.5%), and its interannual rate was 0.9%. In addition, **agricultural machinery production**, showed a monthly fall of -3.1%, cutting its interannual variation rate to 2.2%. To this regard, it should be noted that last two variations were estimated.

Summary and perspectives

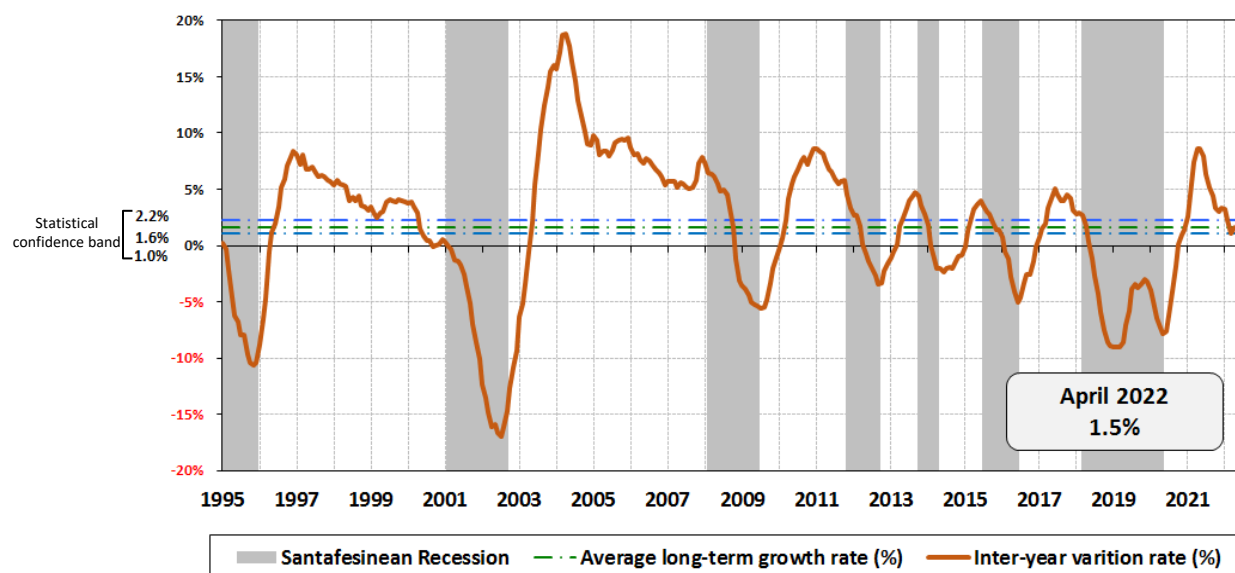
Coincident index's interannual variations stood at 1.5% in April 2022; but it is worth noting that 2021's comparison's base belongs to a period in which pandemic effects worsened again (see Graph N°3).

Since the recovery phase began in May 2020, two well-differentiated sub-periods continue to be observed. The first, which runs through the first quarter of 2021 inclusive, is related to a rebound in response to most restrictive pandemic period's finalization. The second begins in April 2021 and shows a more plateaued profile, characterized, in addition, by certain intermittence in economic activity's behavior.

In this scenario, 2022's fourth month captured good relative industrial sub-indicators' performance. In particular, construction activity, measured by cement consumption, also continued to fuel the incipient rebound verified since the beginning of the year. Nevertheless, in a medium-term perspective, Santa Fe's economic activity is below 2018's maximum peak and, at the same time, it is practically in the same level it was in October 2011.

In other words, domestic economy still needs an important impulse in order to emerge to a new growing path. In this framework, as we have been emphasizing in previous reports, imbalances around national macroeconomics are not helping out. Considering main issues, inflation's acceleration and fiscal deficit are most worrying; plus, international reserves accumulation keeps declining, rarely, in a period of time such as gross harvest's liquidation.

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

President

Eno. Martín Vigo

Research and Services Center

Executive Director:

Eno. Martín Vigo

Director:

Lic. María Lucrecia D' Jorge

Coordinator:

Mg. Pedro P. Cohan

Researchers:

Lic. Lautaro Zanini

María Florencia Camusso

Lic. Ramiro Emmanuel Jorge

Agustín Rodríguez

Camila Valeria Tonetti

Martina Mas

Abog. Maria Eugenia Veglia