

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CES
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BCSF

ICASFe

Base 1994=100

JUNE 2022

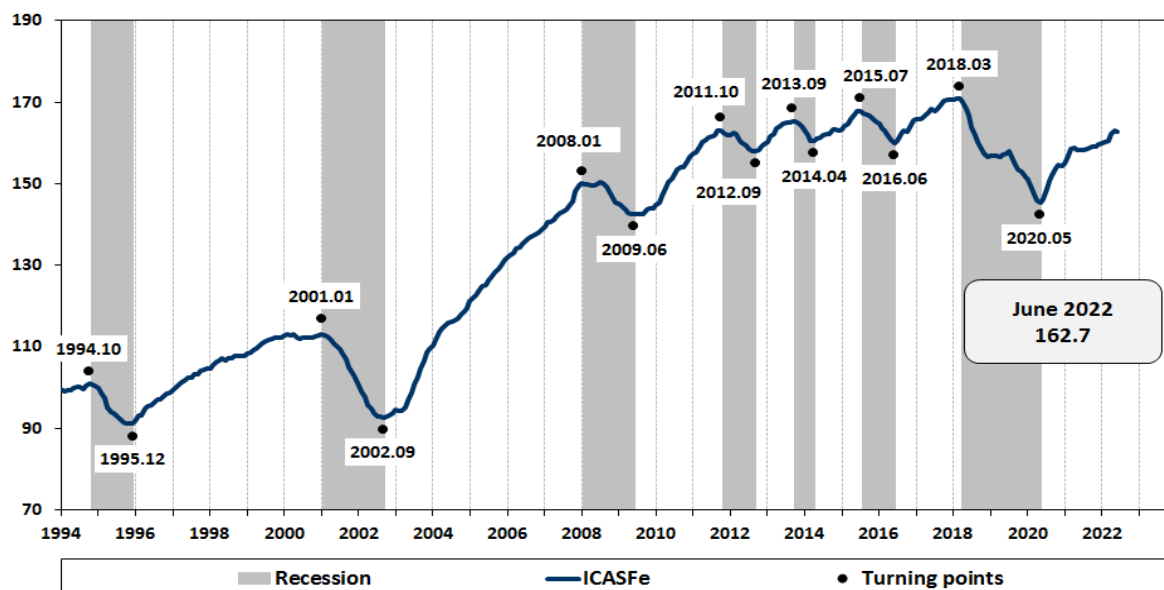
Level: 162.7

Monthly variation: -0.1%
Inter-year variation: 2.8%
2022's accumulated: 1.9%

Slight economic contraction in June 2022

Within a slow but steady recovery, and despite a negative monthly variation in June, Santa Fe's economy achieves an accumulated net variation of +1.9% during 2022's first semester.

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>

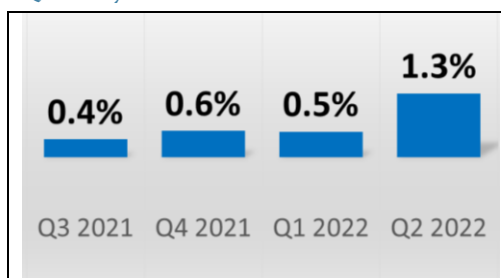
All series are filtered by seasonality and extreme values, using the X-13 ARIMA-SEATS program of the United States Census Bureau. In addition, information is always presented free of inflationary effects.

Output data considerations

The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

Quarterly results

Graph N° 2: Santa Fe's economic activity.
Quarterly accumulated variations.



Source: Research and Services Center, BCSF.

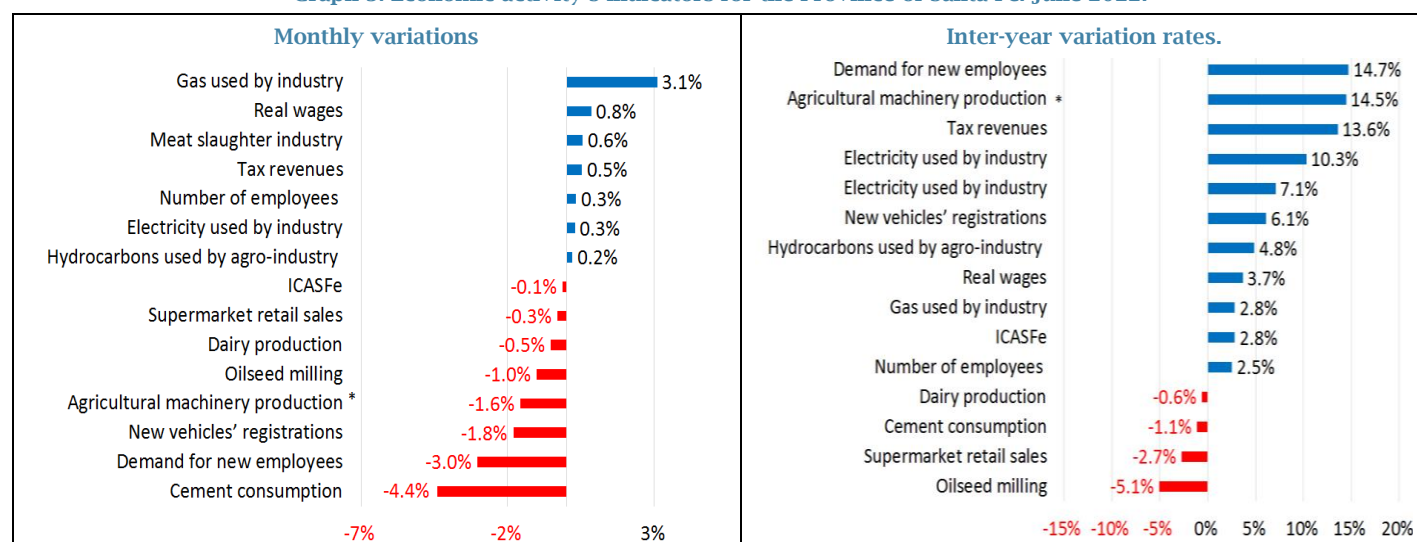
A new acceleration in Santa Fe's economic recovery was observed during 2022's second quarter. However, June's measurement signaled a slight contraction (-0.1%) and, in addition, July and August's expectations are not favorable in line with Argentina's macroeconomic issues.

Moreover, Santa Fe's economy is still below March 2018's maximum peak (see Graph N° 1).

Indicator by indicator

In June 2022, taking into account a total of fourteen representative series, seven of them showed positive rates, whereas the other seven went on the opposite direction. Differently, interannual results continued to be mostly positive within only four series below June 2021's levels (see Graph N° 3).

Graph 3: Economic activity's indicators for the Province of Santa Fe. June 2022.



Last available data from: (*) April 2022. Unavailable data was estimated.

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

In line among national published results, **electricity used by industry** in Santa Fe's increased 0.3% in June within an interannual increase of 10.3%. **Hydrocarbons used by agroindustry** also obtained positive variations of 0.2 monthly and 4.8% interannually. In the case of **gas used by industry**, rates were 3.1 and 2.8%, respectively.

Oilseed milling registered a new drop in terms of May (-1.0%), accumulating an annual contraction of 5.1%. **Dairy production** represents another agribusiness branch in decline within rates of -0.5 and -0.6%, respectively. June's estimations for **agricultural machinery sales** also indicate a negative result (-1.6%), cutting-up its interannual growth to 14.5%. On the other hand, **meat slaughter industry** obtained a monthly variation of 0.6%, which implies a net improvement of 7.1% during the last twelve months. Contributions from the bovine segment pushed up, whereas pigs slaughter industry continued in retraction.

Formal employment (net additions) kept rising, 0.3% compared to May and 2.5% compared to June 2021. Moreover, **real wages** also signaled a slight monthly increase of 0.8%, reaching an interannual recovery of 3.7%. However, on a medium-term perspective, this improvement does not yet compensate series' previous decline. In fact, wages' purchasing power is still 17.0% below 2017's peak. **Demand for new employees** began to show unfavorable short terms signs (-3.0%), nevertheless the series

maintains a solid interannual recovery of 14.7%. **Supermarket sales** (large stores) registered a new monthly drop (-0.3%) implying an interannual contraction of 2.7%.

New vehicles' registrations fell -1.8%, reducing its net annual improvement to 6.1%. **Cement consumption** also decreased in June 2022, but series is still experiencing an insignificant net contraction on interannual terms (-1.1%).

Regarding to **tax revenues** in Santa Fe (in real terms), the gauge improved 0.5% compared to May, within an increase of 13.6% in terms of June 2021.

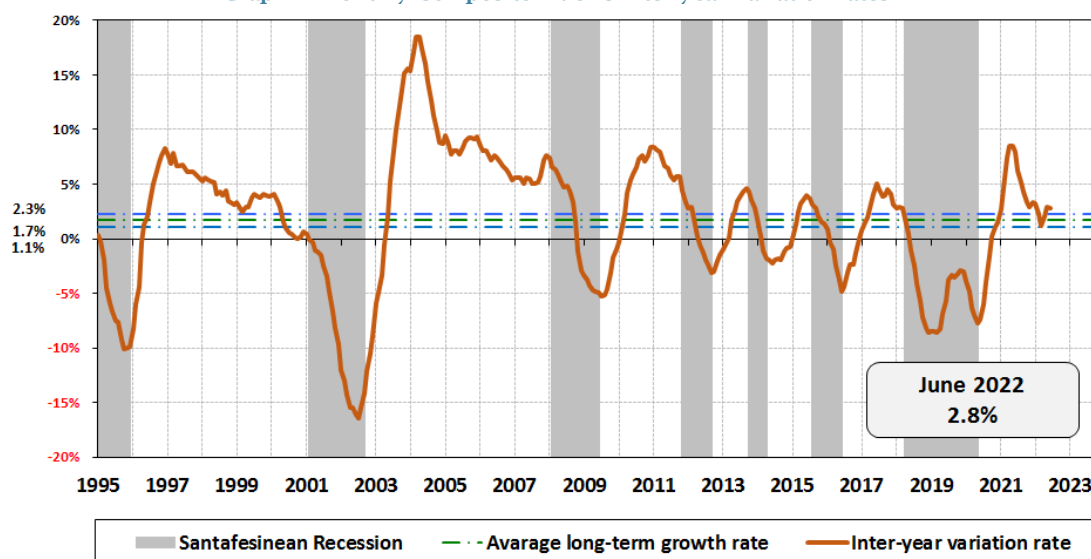
Summary and perspectives

Coincident index's interannual variations reached 2.8% in June 2022, staying above its average long term growth confidence band (see Graph N° 4).

As a summary for the first semester, it is worth noting a continuity on the economic recovery process. In particular, the second quarter of the year registered an increase of 1.3%. However, considering all the recovery phase (which began in May 2020), two different periods become clear. The first one started right after pandemic hard restrictions were disabled; the second one began in March 2021, when recovery process slowed down, even below regular speed from previous analogue periods. Moreover, June measurement was slightly negative.

Looking ahead to 2022's second semester, negative effects associated with an inflationary context are shaping unfavorable expectations. In addition, retail consumption and some industrial branches continue to warn further difficulties due to increasing restrictions over inputs' importations. To this regard, July and August's reports will be very relevant to take a first objective measurement on how political tensions and macroeconomic issues are hitting over local economic activity.

Graph 4: 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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