THE PROVINCE OF SANTA FE´S ECONOMIC DIGEST

CENTRO DE ESTUDIOS Y SERVICIOS   BCSF

ICASFe

Base 1994=100

OCTOBER 2022

Level: **160.0**

Monthly variation: -0.1%
Inter-year variation: 0.6%
2022's accumulated: 0.2%

New contraction upon economic activity level

In October 2022, Santa Fe'e economy experienced a slight fall (-0.1%), the fifth consecutive negative monthly variation registered by the coincident index.

Graph N˚ 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100.
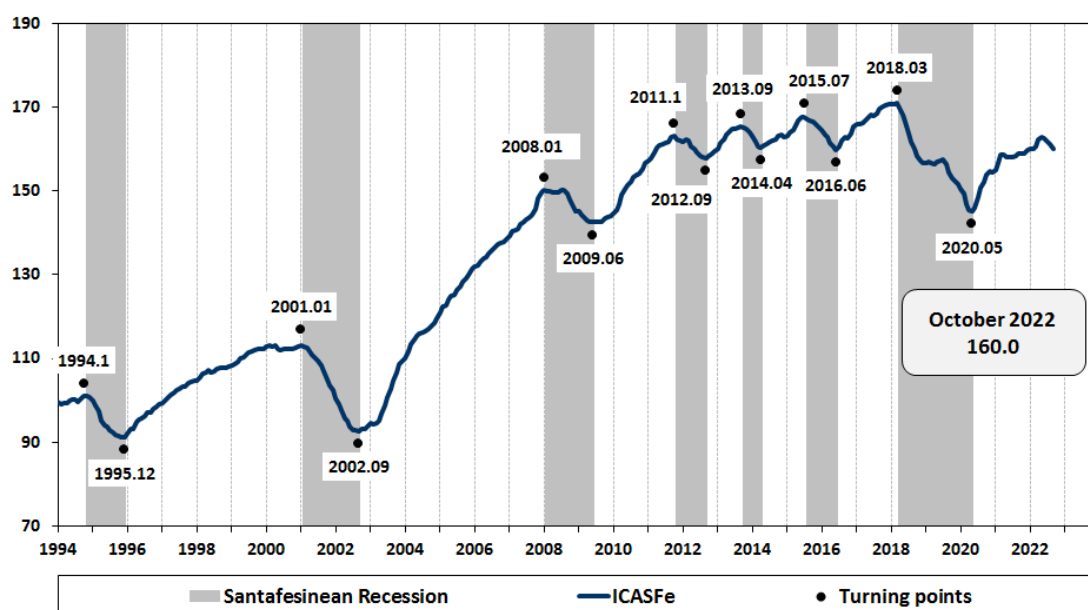
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

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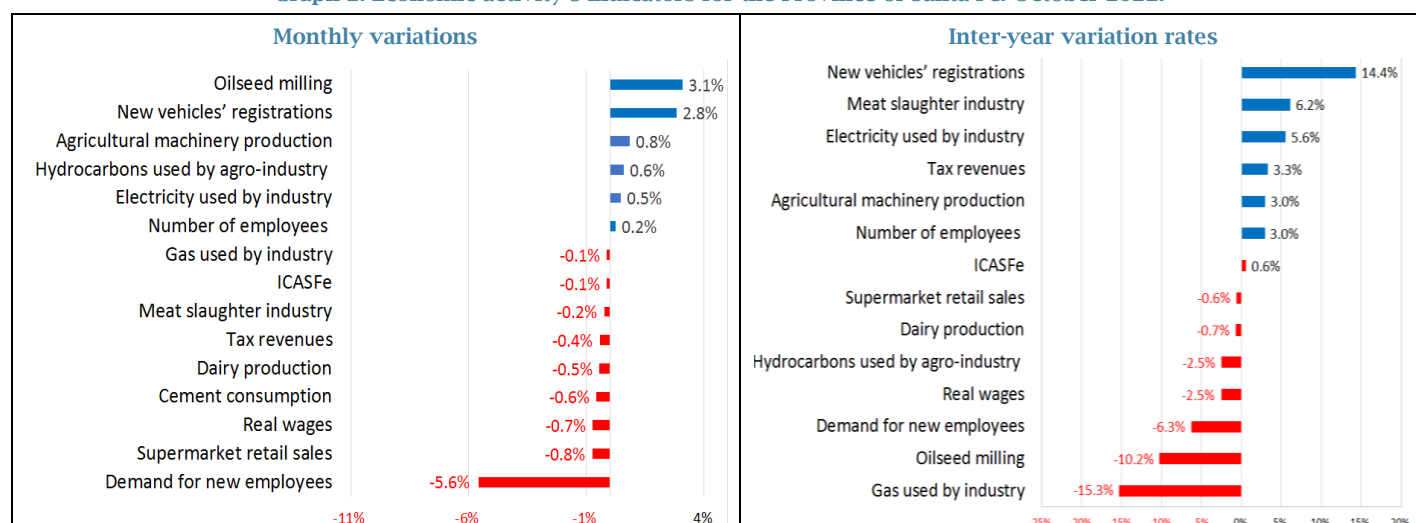
Output data considerations
The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

Indicator by indicator

In October 2022, sectors within a negative performance decreased.

Compared to previous report, in October 2022 more representative series of Santa Fe´s economic activity signaled favorable results. Both on intermonthly and interannual measurements, six of the fourteen sub-components showed positive variations, whereas eight series went on the opposite direction (see Graph 2).

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

Monthly variations	
Oilseed milling	3.1%
New vehicles' registrations	2.8%
Agricultural machinery production	0.8%
Hydrocarbons used by agro-industry	0.6%
Electricity used by industry	0.5%
Number of employees	0.2%
Gas used by industry	-0.1%
ICASFe	-0.1%
Meat slaughter industry	-0.2%
Tax revenues	-0.4%
Dairy production	-0.5%
Cement consumption	-0.6%
Real wages	-0.7%
Supermarket retail sales	-0.8%
Demand for new employees	-5.6%

Inter-year variation rates	
New vehicles' registrations	14.4%
Meat slaughter industry	6.2%
Electricity used by industry	5.6%
Tax revenues	3.3%
Agricultural machinery production	3.0%
Number of employees	3.0%
ICASFe	0.6%
Supermarket retail sales	-0.6%
Dairy production	-0.7%
Hydrocarbons used by agro-industry	-2.5%
Real wages	-2.5%
Demand for new employees	-6.3%
Oilseed milling	-10.2%
Gas used by industry	-15.3%

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

It is worth noting that most indicators which experienced positive monthly variations are related to the industrial sector. **Oilseed milling** presented the most significant rise within 3.1%, although the series stays below October 2021's level (-10.2%). On the other hand, consumption of **hydrocarbons used by agro-industry** and **electricity used by industry** showed monthly increments of 0.6 and 0.5%, respectively. In addition, these sub-indicators obtained interannual variations of 5.6% and -2.5%. **Agricultural machinery production** remained in positive ground, signaling a monthly variation of 0.8% and standing 3.0% above its inter-year benchmark.

Moreover, **gas used by industry** showed a slight monthly contraction (-0.1%) continuing at the bottom of interannually rates' table (-15.3%). **Meat slaughter industry** and **diary production** presented ratios of -0.2 and -0.5%, respectively. On an interannual comparison, the first gauge continues above October 2021's levels (6.2%) although the second one is 0.7% below this parameter.

In addition, **new vehicles' registrations** signaled a positive recovery of 2.8% in monthly terms, reaching the highest interannual growth (14.4%). The last sub-indicator which achieved a positive balance was **number of employees** (registered jobs); increasing 0.2 and 3.0% monthly and interannually, respectively. By the contrary, the other two series regarding to the labor market experienced an unfavorable performance. **Demand for new employees** returned to the bottom of monthly variations' table within a fall of 5.6% compared to September and **real wages** related to formal employment decreased 0.7%. Both sub-indicators also presented negative interannual results: 6.3 and 2.5% respectively.

The contraction of purchasing power is also reflected in the behavior of **supermarket retail sales.** The series declined 0.8% in respect to September and 0.6% compared to October 2021. **Cement consumption** (estimated data) indicates both a monthly and an interannual decrease of 0.6% and 5.6%, respectively.

Lastly, **local tax revenues** (in real terms) declined by 0.4% in respect to September due to a significant drop in local taxes collection, despite an increase in federal resources. On an interannual position, the series remained in positive ground (+3.3%).
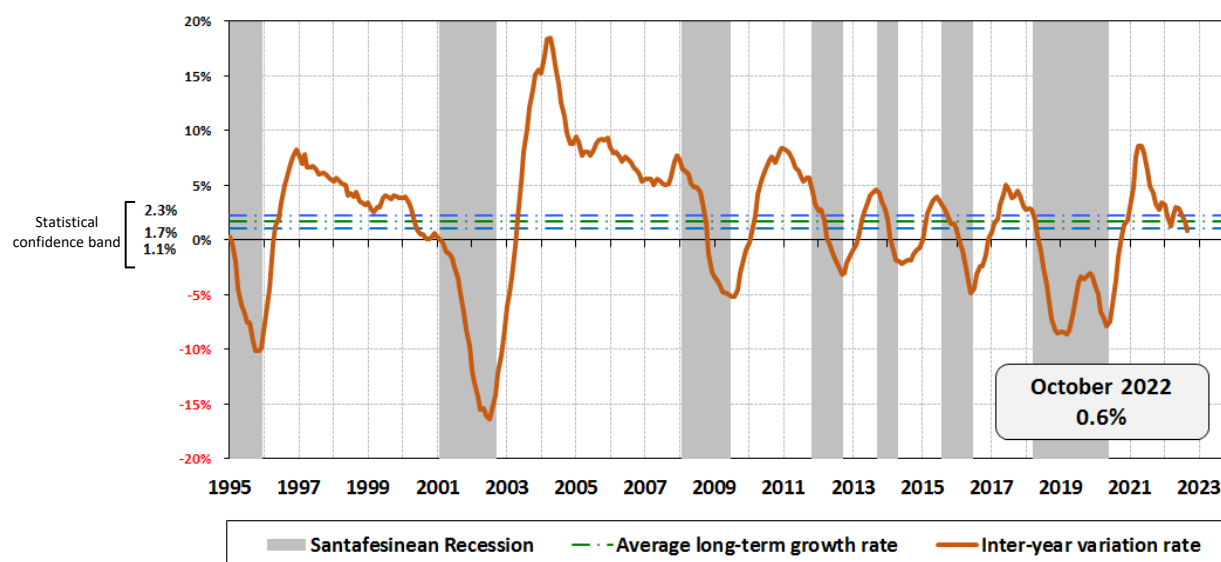
Summary and perspectives

The coincident index's inter-year variation rates continued slowing-down. In fact, within five consecutive monthly negative rates, the recovery phase appears to be ending. To this regard, Santa Fe's economy presented an interannual variation of 0.6%, standing below average long-term growth statistical confidence band (see Graph 3).

Across the second half of the year, macroeconomic imbalances and tensions generated by national policies focused on short-term issues in order to achieve IMF's agreed goals, clearly affected economic activity. Indeed, more restrictive actions regarding to industrial inputs importations continued to cause uncertainty and distortions over reference prices.

In addition, inflationary acceleration in the second half of the year corroded population's purchasing power, generating a very negative effect over domestic consumption.

Perspectives for further months are also unfavorable based on a significant drought that affects main Argentinean agricultural region, adding negative expectations for local economy.

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

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