THE PROVINCE OF SANTA FE´S ECONOMIC DIGEST

25 ANIVERSARIO 1998 | 2023 CES CENTRO DE ESTUDIOS Y SERVICIOS
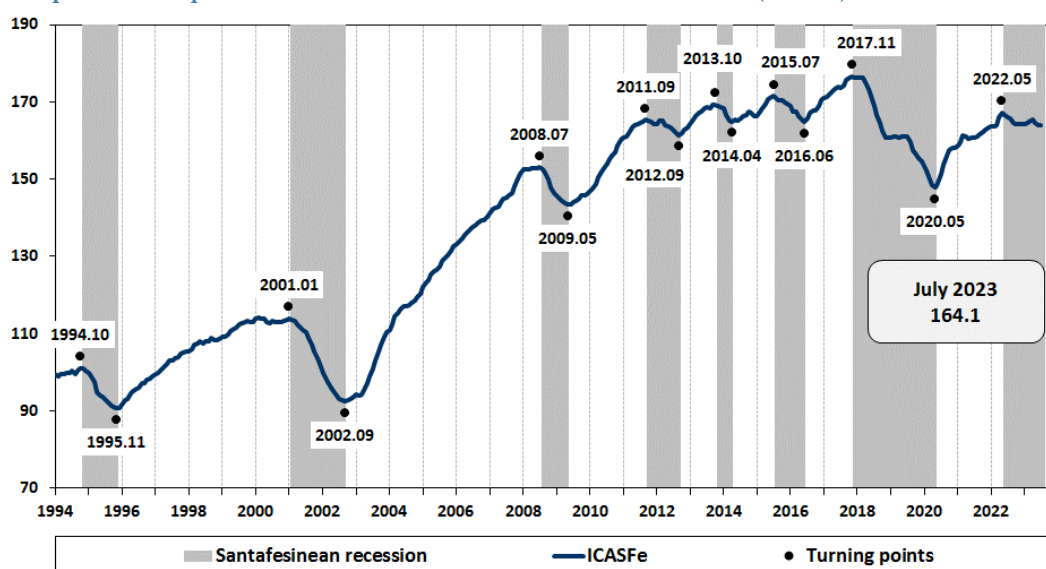
BCSF

ICASFe

Base 1994=100

JULY 2023

Level: **164.1**

Monthly variation: 0.1%
Inter-year variation: -1.3%
Accumulated during 2023: -0.1%

Santa Fe's economy previous to the PASO elections

In July 2023, Santa Fe's economic activity registered almost a null variation. Within a moderate recession framework, the annual accumulated decline reached -1.3%.

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 (Digital Graph | Go to website).

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. The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.
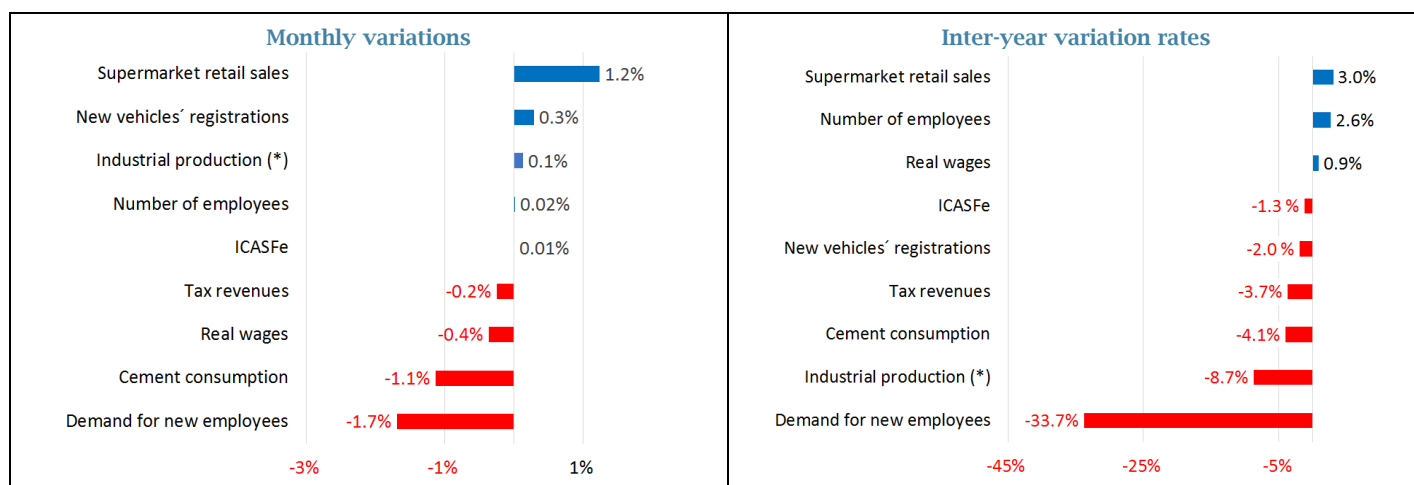
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan- Zanini.pdf)

Santa Fe's business cycle indicators

In July 2023, three sub-indicators presented positive monthly variations, although two of them were rather mild. One series experienced a practically null variation and the rest of them moved into negative territory. Decreases predominated over the interannual rates.

Number of employees (registered jobs) showed a monthly variation close to zero; in the annual comparison, although decelerating, the series achieved an improvement of 2.6% above July 2022´s level. For their part, business expectations to increase personnel (**demand for new employees**) were listed at the bottom of both tables, registering a monthly drop of -1.7%; intensifying the year-on-year balance to -33.7%.

Graph 2: Economic activity's indicators for the Province of Santa Fe. July 2023.

(*) Latest data available: June 2023. Missing figures were estimated.
See each series' individually evolution at https://www.bcsf.com.ar/ces/base-datos/
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Real wages of registered jobs signaled a monthly decline of -0.4%, reaching about the same level of July 2022´s (0.9%). In regard to consumption, **supermarket retail sales** in the province of Santa Fe (large commercial areas) showed a monthly increase of 1.2%, which was mainly explained by the fact that, in current values, sales´ increase was much higher than inflation; a situation that will probably be reversed in the next monthly measurement. In this sense, the year-on-year comparison also showed a rebound, standing at 3.0%.

Cement consumption in the province, an indicator associated with the construction sector, obtained its third negative monthly rate, being -1.1% during July. Despite a partial recovery registered during the first months of the year, the series, once again, stood 4.1% below its interyear benchmark. Another indicator of durable goods' consumption, **new vehicles' registrations**, showed a slight monthly increase of 0.3%. However, it continues in negative territory in the year-on-year comparison (-2.0%), as a result of increasing governmental barriers in order to import supplies.

Regarding to **industrial production**, the gauge experienced a slight monthly increase of 0.1% in July. However, in year-on-year terms it has accumulated a drop of 8.7%. The following section details particular aspects that allow a full-scale analysis of the manufacturing sector development.

Representative series of **local tax revenues (in real terms)** registered a monthly decrease of 0.2%, after having achieved four consecutive monthly improvements. It is worth noting that provincial tax collection has shown an increase, led by Gross Income, but federal resources went on the opposite direction. In the year-on-year comparison, they present a rate of -3.7% (July 2023/July 2022).

Industrial sector's complementary indicators

Oilseed milling in the province experienced a significant drop in August 2023 in a context of shortages in raw materials, after the deep drought that particularly affected Santa Fe's agricultural production. To this regard, seasonally adjusted monthly variation for August was around -3.5%, but interyear variations experienced their 19th consecutive negative drop, reaching -23.2%.

Bovine slaughter industry also decreased in August, adjusting July's variation downward as well. Meanwhile, interannual variations staid in positive territory, although slowing a significant decline (going from 8.5% in January to 0.3% in August 2023). For its part, pig slaughters improved again in August, within rates of 0.9 and 3.5% monthly and year-on-year, respectively. During August, dairy production gained its third consecutive positive monthly rate (+0.4%). However, it continues to show certain stagnation. In year-on-year terms, it registered its eleventh consecutive month of decline, in this case of -0.4%.

Industrial energy consumption in the province (which does not include cooperatives) registered practically nulls variations both in July and August (0.1%; 0.04%) after having recorded slightly positive rates in the months of May and June (0.3 and 1.4% respectively). However, in the year-on-year comparison, negative rates prevail since January 2023. Finally, gas industrial consumption presented a downward trend, within rates of -5.7% monthly, and -18.0%, year-on-year.
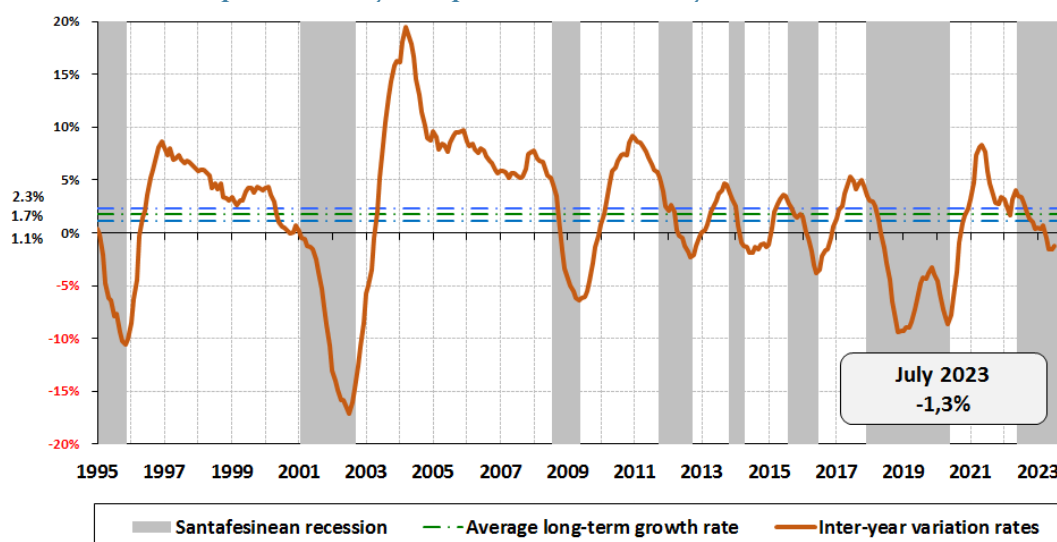
Summary and perspectives

Local economic activity's interannual variation rates reached **-1.3%** during July 2023, signaling a slight deceleration in relation to June´s level (see Graph 3).

Inflationary pressure, drought's impact, and latest economic policy measures -which permanently modify economic incentives- guided provincial economic activity during the first seven months of the year.

In this context, santafesinean recession has accumulated 14 months of duration and a total amplitude of -1.8%; moreover, certain particularities are worth mentioning. Firstly, series related to registered jobs, an indicator that has maintained positive monthly variations for thirty-five months in a row, began to show a slowdown among latest measurements. On the other hand, actions implemented by the national government in favor of personal income and consumption somehow explained last year's performance in real wages and supermarkets retail sales (this push will continue during the following months).

Regarding to perspectives, although consolidated data processed in this report corresponds to July 2023, we currently have partial information from August that allows us to confirm that the recession will remain, completely affecting 2023's third quarter.

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

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