

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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BCSF

ICASFe

Base 1994=100

AUGUST 2023

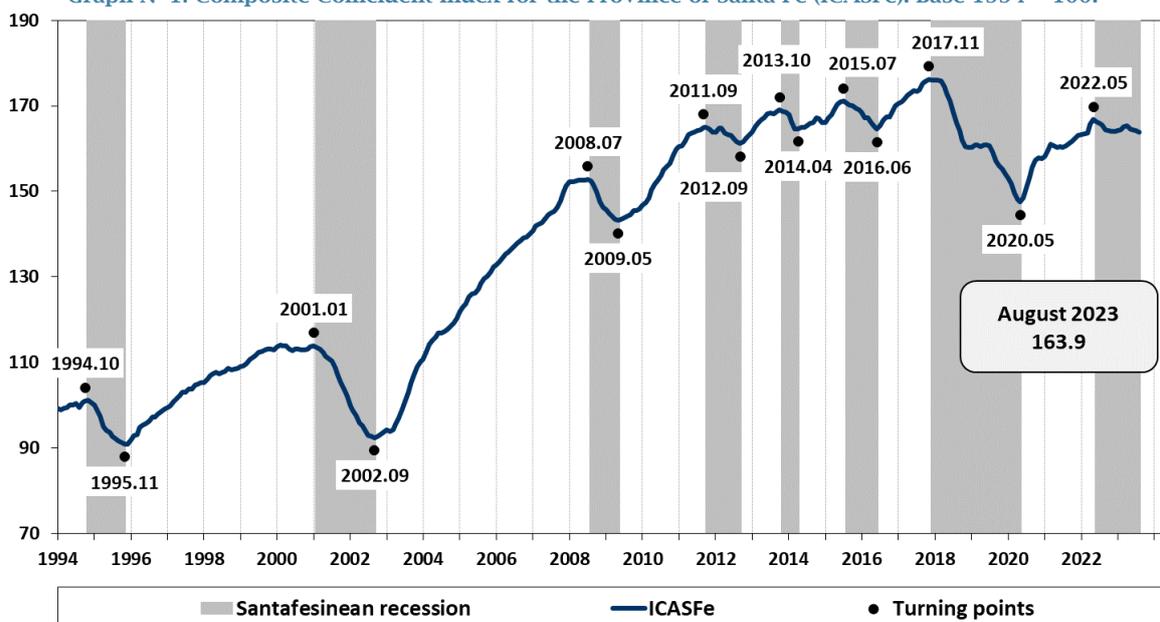
Level: 163.9

Monthly variation: -0.2%
Inter-year variation: -0.9%
Accumulated during 2023: -0.1%

The recession is getting longer

In August 2023, within a monthly fall of **-0.2%**, Santa Fe's economic activity keeps going through a moderate contraction phase, in the context of a medium-term stagnation.

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](#)).

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

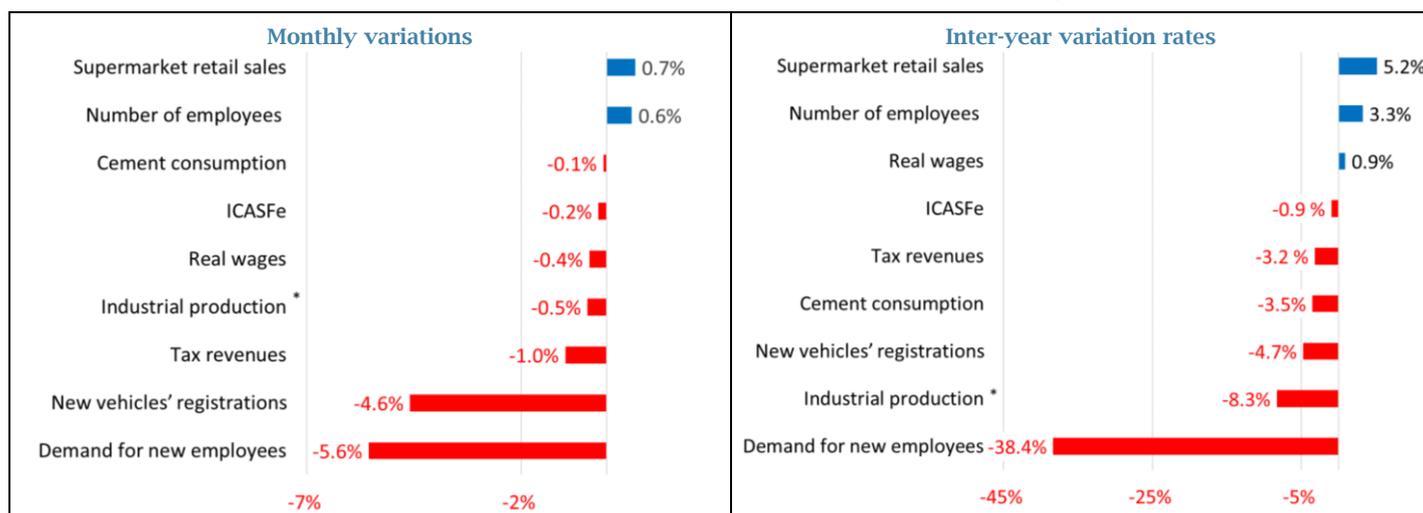
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf)

Santa Fe's business cycle indicators

In August 2023, only two sub-indicators presented positive monthly variations. Negative rates also predominated over the interannual rates' table.

Business expectations to increase personnel (**demand for new employees**) were listed at the bottom of both tables for four consecutive months, registering a monthly drop of **-5.6%** in August 2023; intensifying the year-on-year balance to **-38.4%**. Despite this, **number of employees** (registered jobs) maintained a slight monthly increase (0.6%), improving 3.3% in terms of August 2022's level.

Graph 2: Economic activity's indicators for the Province of Santa Fe. August 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 than July 2022's (0.9%). In regard to consumption, **supermarket retail sales** in the province of Santa Fe (large commercial areas), once again registered an increase, although a slight monthly variation (0.7%), accumulating an interannual recovery of 5.2%.

Cement consumption in the province, an indicator associated with the construction sector, experienced a drop of **0.1%**, obtaining its four consecutive negative monthly rate. In the year-on-year comparison, this series showed a fall of **3.5%**.

Another indicator of durable goods' consumption, **new vehicles' registrations**, worsened its decline, registering a monthly rate of **-4.6%**. For its part, its accumulated variation during last year showed a value of **-4.7%**.

Regarding to **industrial production**, the series decreased **-0.5%** between July and August 2023; and **-8.3%** compared to August 2022. 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 **1.0%** in August 2023, and **-3.2%** in the accumulated annual period. To this regard, it is worth noting that main local taxes actually improved in August but federal resources declined strong enough to push a combined retraction.

Industrial sector's complementary indicators

Industrial energy consumption in the province (which does not include cooperatives) registered practically null variations in July and August. However, in the year-on-year comparison, consecutive negative rates prevail since January 2023. Gas industrial consumption presented a downward trend, within rates of **-2.2%** monthly, and **-16.9%**, year-on-year. Consumption of liquid hydrocarbons in agribusiness and transportation experienced a monthly rate of around 1.5% in terms of July 2023. In respect to August 2022, it also achieved a positive rate (4.0%) after twelve consecutive variations in negative territory (in line with lower levels of agricultural and agroindustrial activity).

Below, we provide data from series which are already updated with information from **September 2023**. To this regard, soybean and sunflower seeds milling in Santa Fe continues an uninterrupted decline which began in January 2022. During last monthly

measurement, its rate was **-3.6%**, implying an interannual variation of around **-30.0%**. These results are being based on a significant reduction over production levels from last campaign and to the shortage in delivery of raw materials

In aggregate terms, representative series of total slaughter (cattle and pigs) in the province showed its second consecutive monthly drop (**-1.8%** in September 2023), reversing part of the recovery observed since mid-2021. During the last twelve months the series declined **-2.1%**. This situation sums evidence of productive problems throughout agro-industrial framework as a consequence of both, the drought and country's macroeconomic instabilities. It should be noted that, in particular, bovine slaughter's drop has been accentuated in the province of Santa Fe although the series is still performing on high historical levels. By the contrary, pig slaughter industry grew by 1.2% during September.

Finally, dairy production experienced a monthly drop of **-0.8%** in September 2023, pushing its interannual variation to **-3.5%** (September 2023/ September 2022).

Summary and perspectives

Local economic activity's interannual variation rates, measured by the coincident index, remained in a negative territory, standing at **-0.9%** in August 2023 (see Graph 3).

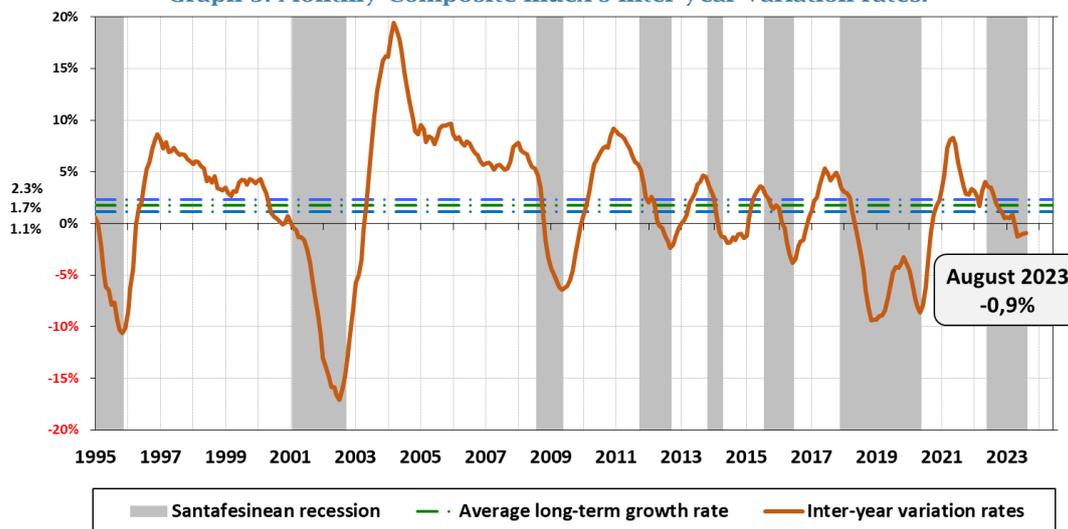
This means that into the eight month of the year the contraction phase continues, but the recession seems to be more moderate than expected.

For agribusiness, the situation is rather aggravated by drought's impact. Fortunately, registered jobs in the region are not yet affected; by the contrary, real wages are falling steadily, especially if measured in international terms.

It is also worth mentioning that present recession is certainly being "contained" by the inflationary process and by short-term policies that encourage consumption. Increasing prices are accelerating spending decisions of economic agents, which try to take cover by purchasing as many goods as possible; in addition, a package of measures called "fiscal relief", implemented after national PASO elections of August 13th, is also helping up with some variables' sustainability.

In this context, *ceteris paribus*, perspectives towards the end of the year indicate that the recessive process will continue to be modest, but full of uncertainty. Argentina's macroeconomic scenario is reaching a limit, becoming increasingly difficult to stabilize without underlying definitions.

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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<https://www.bcsf.com.ar/ces/quienes-somos.php>