

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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BCSF

ICASFe

Base 1994=100

OCTOBER 2023

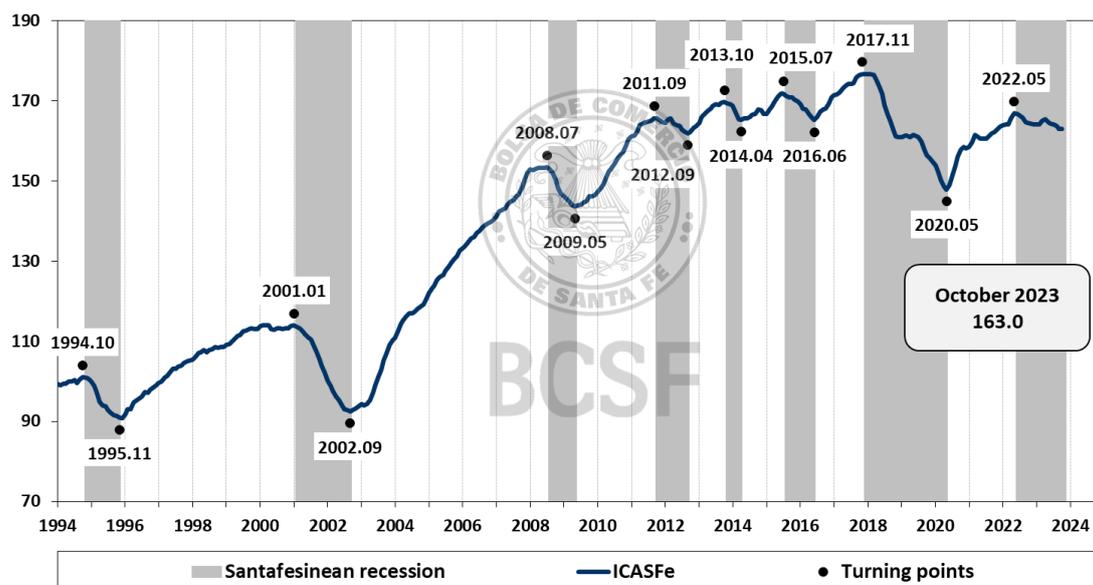
Level: 163.0

Monthly variation: -0.01%
Inter-year variation: -0.8%
Accumulated during 2023: -0.7%

Santa Fe's activity counts 17 months of recession

Between January and October 2023, Santa Fe's economy signaled a net contraction of **-0.1%**. Although this fall is rather moderate, it reveals prevailing macroeconomic uncertainty's effects in a particular year, distinguished by elections in all jurisdictional levels.

Graph 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.

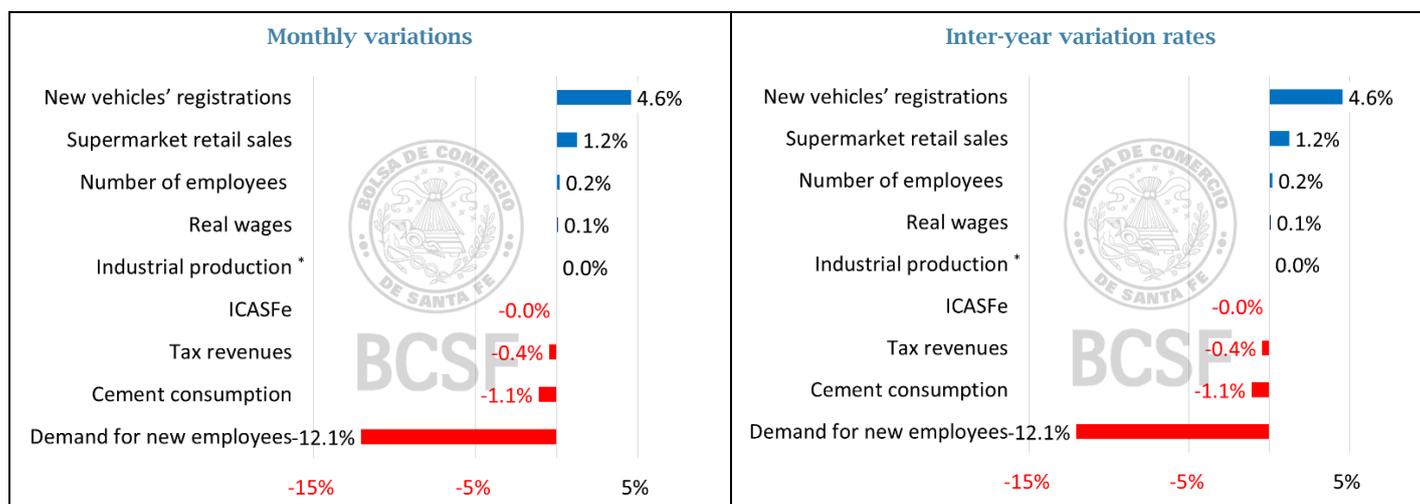
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf)

Santa Fe's business cycle indicators

In October 2023, four of the eight considered sub-indicators registered positive variations (three of which were minor); one series remained neutral and the rest of them decreased. On a year-on-year basis, falls predominated.

Supermarket retail sales in the province of Santa Fe (large commercial areas) increased again: a typical behavior when a significant rise in prices is anticipated for the next months. In particular, rates were 1,2 and 13,7%; monthly and interannually, respectively. Two other indicators within positive results were **number of registered jobs**, increased 0.2% in October and experienced an interannual expansion of 3.8%; and (as a counterpart) **real wages** of registered employees, showing improvements of 0,1 and 0,8%; respectively. It is worth noting that private employment has already begun to fall slightly, offset, for the moment, by increases in the public sector.

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



(*) Latest data available: September 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.

To this regard, business expectations to increase personnel (**demand for new employees**) continue to deepen their decline, registering a monthly variation of **-12.1%** in October 2023 and accumulating **-49.0%** in the last twelve months. This situation of coexistence of registered employment growth within a substantial decrease in demand has been maintained since the second quarter of the year, confirming labor market will turn downward across the coming months.

Cement consumption in the province, an indicator associated with the construction sector, obtained a monthly decline of **-1.1%**, whereas its year-on-year comparison showed a variation of **-6.6%**. Meanwhile, the series is **25.2%** below last maximum's level (from May 2022). For its part, **new vehicles' registrations**, presented a monthly increase of 4.6%, but remains in a negative territory on an interannual comparison.

Industrial production presented a practically null variation in terms of September, but a contraction of **11,6%** compared to October 2022. The following section details particular aspects that allow a full-scale analysis of the manufacturing sector development.

Finally, the representative series of **local tax revenues (in real terms)** accumulated a decline of **-3.0%** over the last twelve months, whereas its variation compared to September was **-0.4%**. Among its components, the most important contraction is recorded from federal resources.

Industrial sector's complementary indicators

In October 2023, **Industrial gas consumption** in Santa Fe registered its second monthly recovery. However, 2023's net balance is still around **-14,2%**. By the contrast **Industrial electricity consumption** (which does not include cooperatives) signaled a negative monthly variation during October of **-1,4%**, accentuating its interannual drop to **-10,7%**.

Consumption of liquid hydrocarbons in agribusiness and transportation of the province (excluding gasoline and fuel oil) reached its eighth consecutive positive monthly rate in October (seasonally adjusted). This upward trajectory began in February 2023 (a

trough in the series) and it is approaching a new historical level. In October 2023, its monthly variation was 0.9%, and its interannual one was 5.6%.

Below, we present data from some series that already have updated information for November 2023. **Dairy production** continues its decline beginning in December 2021, which implies a two-year trajectory of uninterrupted contraction (except for a slight recovery at the end of 2022). Its monthly variation in November was **-0.4%**, whereas its interannual variation remained at **-4.6%**. Since last peak (December 2021), this series' fall has accumulated **-5.9%**, although its present level is still above 2016-2020's period.

Soybean and sunflower seeds milling in Santa Fe, also experienced an important decline during 2023, after 22 consecutive monthly drops. In this regard, its seasonally adjusted monthly variation for November was **-1.2%** and, on an interannual basis, the series stands at **-33.0%**. These results are mainly explained by harvest low levels obtained in the 22/23 cycle, added to lower volumes of external purchases, which implied a lack of availability of soybean and sunflower seeds for processing, in addition to shortage of intermediate supplies.

As for representative series of **cattle slaughtering** (aggregate data) in the province of Santa Fe registered a slight monthly recovery of 1.3% in November, mainly explained by an increase of around 2.0% in bovine sector. On a year-on-year basis, aggregate series' variation was practically null.

Summary and perspectives

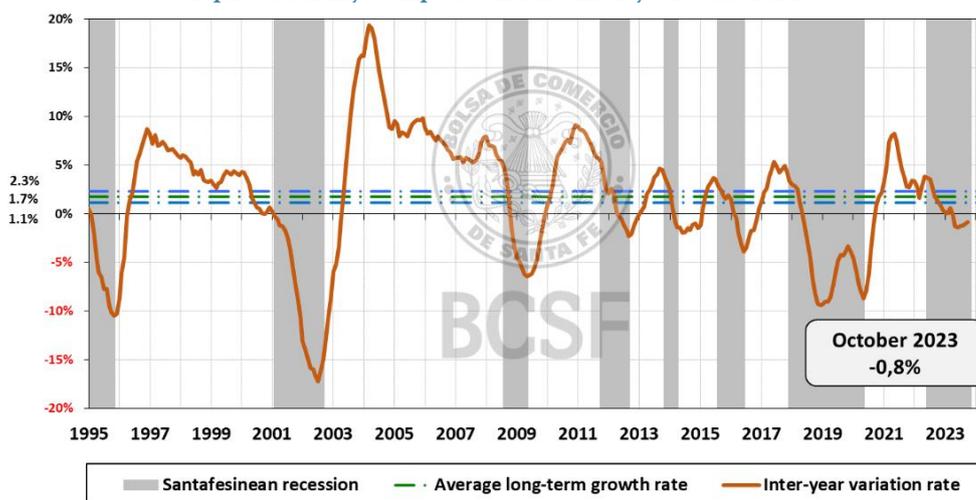
Local economic activity's interannual variation rates, measured by the coincident index, reached **-0.8%** in October 2023 (see Graph 3); remaining in a negative state for the last seven months.

For now, general characteristics of this recession have maintained a similar line since its beginning, in terms of duration and amplitude; shaping a moderate phase compared to previous periods. Despite this, within seventeen months of contraction, a hinge point was recorded in April 2023, differentiating two subperiods: June 2022-April 2023, and May 2023-October 2023. The accumulated fall related to the first part, which accounts a duration of 11 months, was barely **-0.8%** (since it incorporates a short recovery at the beginning of 2023). In contrast, the second part lasted six months so far, and has already accumulated a decrease of **-1.4%**.

The deepening over decline incorporates a significant impact on industrial sector in general, and agroindustrial in particular, key economic sectors of Santa Fe's economy. In addition, series related to the labor market, both employment and real wages, also began to show signs of deceleration.

From now on, a worsening of these effects is expected, at least in 2024's first semester, until a new macroeconomic configuration is consolidated.

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>