

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



In 2014's first semester Santa Fe's economic activity decreased -2.0%

In terms of semesters, the province registered its second consecutive decline. In addition, last obtained results signal that the recessive process is becoming more severe.

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ICASFe

June 2014

Level: 156.4
Monthly variation
0.02%

Inter-year variation: -2.9%
2014's contraction: -2.0%

Main results

ICASFe's level was located in 156.4, presenting a monthly variation of 0.02% in respect to May 2014.

Inter-year variation rates reached -2.9% (comparing June 2014 vs. June 2013).

Cumulated contraction between January and June 2014 was measured in -2.0%.

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 the *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 in <http://ces.bcsf.com.ar>

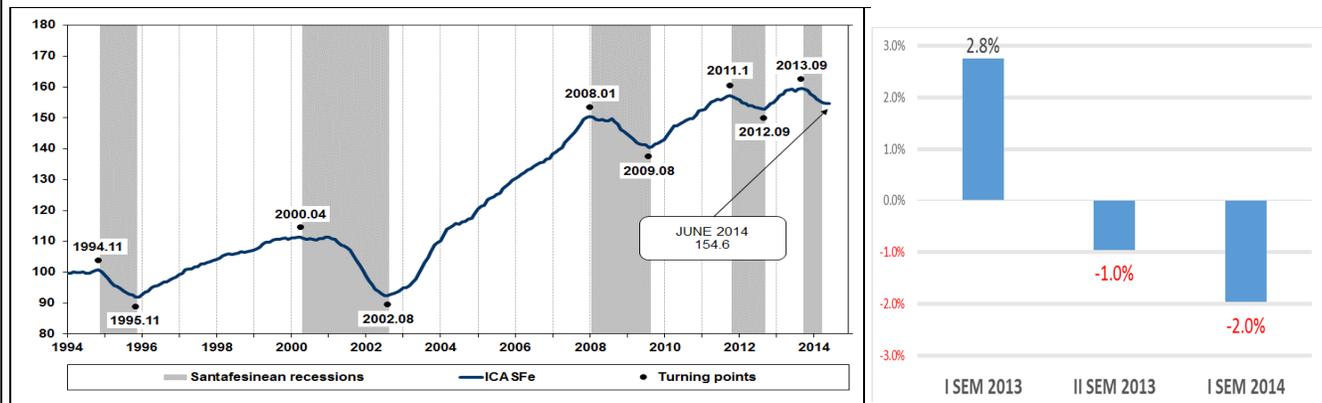
Output data considerations

The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and filtered by seasonality and outliers with the X-13ARIMA-SEATS software produced and distributed by the US Census Bureau.

Province of Santa Fe's economic activity

The province's economic activity presented an almost null variation in June 2014 (0.02%) and cumulated a total contraction of **-2.0%** across the first semester of the year. These results signal that the recessive process is becoming more severe: it is worth noting that the negative variation experienced during the last six months have compensated all 2013's economic growth.

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100.



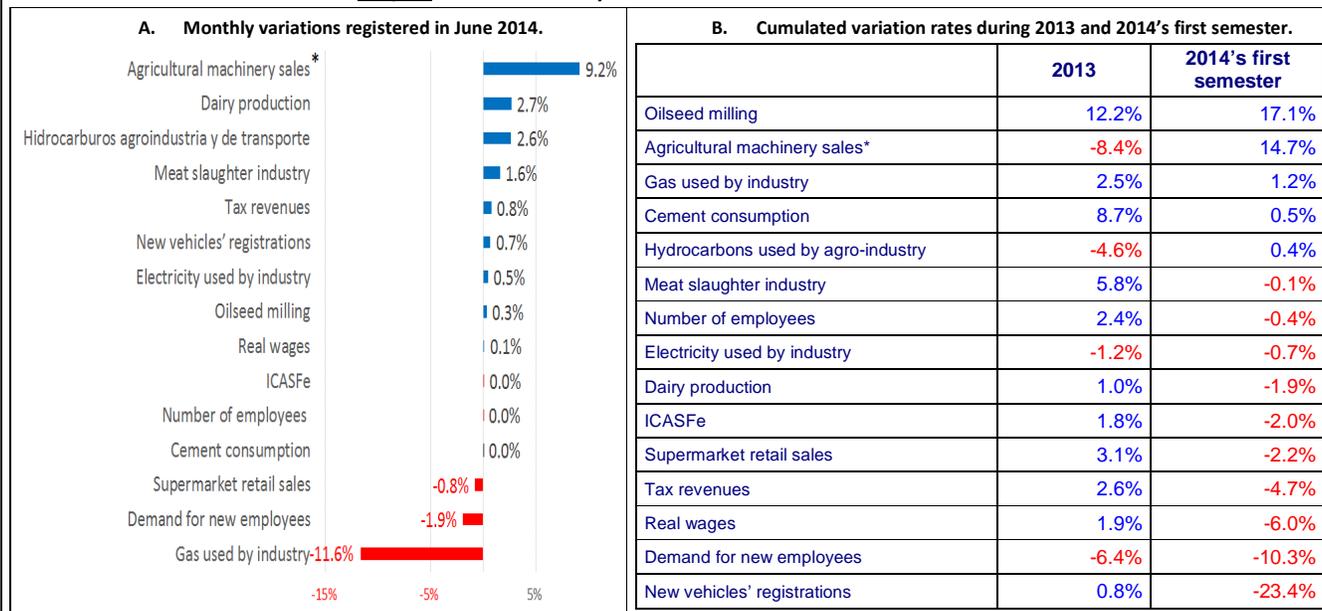
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In June 2014 nine of the fourteen economic sub-indicators registered positive monthly variation rates (see Graph 2, left side), two of them practically did not experience any change, and other three showed a decline. However, these last group's contraction almost tripled the first group's average increment - in absolute terms -.

Boosted by favorable results in Argentinean soy's primary production, during 2014's first semester **oil seed milling** increased 17.1%, which implies about five percentage points over 2013's performance. **Agricultural machinery sales** also improved in comparison to 2013's levels but this result is expected to change once information from May and June are published (last available data refers to April). One of the other few indicators which cumulated a positive variation rate in the past semester was **hydrocarbons used by agro-industry** (0.4%). Nevertheless, the series could not yet compensate 2013's contraction of **-4.6%**. On the other direction, both **meat slaughter industry** and **dairy production** decreased during the last semester **-0.1** and **-1.9%**, respectively.

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



(*) Last available data from June 2014.

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

In reference to the secondary sector, **electricity consumption** declined **-0.7%** between January and June 2014. Moreover, although **industrial gas** registered an expansion of 1.2% considering the entire semester, the series experienced the strongest decline in June (**-11.6%**).

Cement consumption increased only 0.5% in the past semester and shows an unfavorable global behavior since 2013's fourth quarter.

In real terms, **fiscal incomes** declined **-4.7%** during the last six months; this contraction almost doubles 2013's total growth (2.6%). While Inflation keeps intensifying, local taxes and federal resources decelerate.

Total registered jobs decreased **-0.4%** in 2014's first semester whereas demand for new workers went down **-10.3%**, exteriorizing negative business' expectations. **Real wages** declined as well during this period: **-6.0%**. This means that short term nominal adjustments in salaries are losing the battle against inflation and, therefore, purchasing power is plunging.

Consumption is also being affected by recession and **supermarket sales** decreased **-0.8%** in June, cumulating a total contraction of **-2.2%** in the semester. Lastly, **new vehicles' registrations** showed a significant contraction of **-23.4%** in 2014.

Summary and perspectives

The province of Santa Fe's economic activity registered its fourth quarterly contraction in a row within an inter-year speed of **-2.9%** (see Graph N° 3).

In terms of economic growth, during 2014's first semester ten of the fourteen representative sub-indicators have deteriorated their relative situation compared to 2013. In this sense, we are allowed to claim that the recessionary process have clearly gained significance.

In second place, Santa Fe's economic structure is suffering a sectorial contagion (diffusion). The labor market is already affected and although registered jobs only presented a mild contraction, real wages and demand for new workers fell over significantly. Excluding oilseed mailing that was pushed forward by soy's primary production most of the other industrial sectors are also suffering a negative impact from recession.

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



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

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- Statistical database, methodological documents and related publications | <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data (series) | <http://www.bolcomsf.com.ar/ces/icasfe.php>