

# THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



## Drop in durable goods' investment.

Between 2008 and 2014 the province's economic activity increased, but only 0.03%. Moreover, during this period investment's indicators presented a negative net balance.

**ICASFe**  
**October 2014**

**Level: 155.1**  
**Monthly variation**  
**0.1%**

**Inter-year variation: -2.7%**  
**2014's contraction: -1.8%**

### Main results

*ICASFe's level was located in 155.1, presenting a monthly variation of 0.1% in respect to September 2014.*

*Inter-year variation rates reached **-2.7%** (comparing October 2014 vs. October 2013).*

*Cumulated contraction between January and October 2014 was measured in **-1.8%**.*

### **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.

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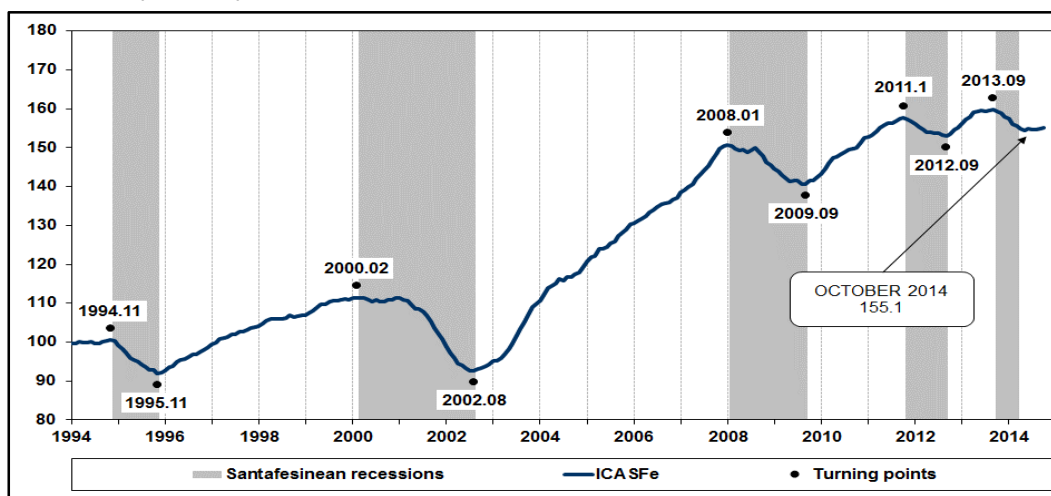
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### Province of Santa Fe's economic activity

Keeping up with the recession's slowdown observed during the third quarter, in October 2014 the province's economic activity grew 0.1%. As a consequence, the coincident indicator moderated its registered decline and total economic contraction for the first ten months of the year was measured in **-1.8%**.

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



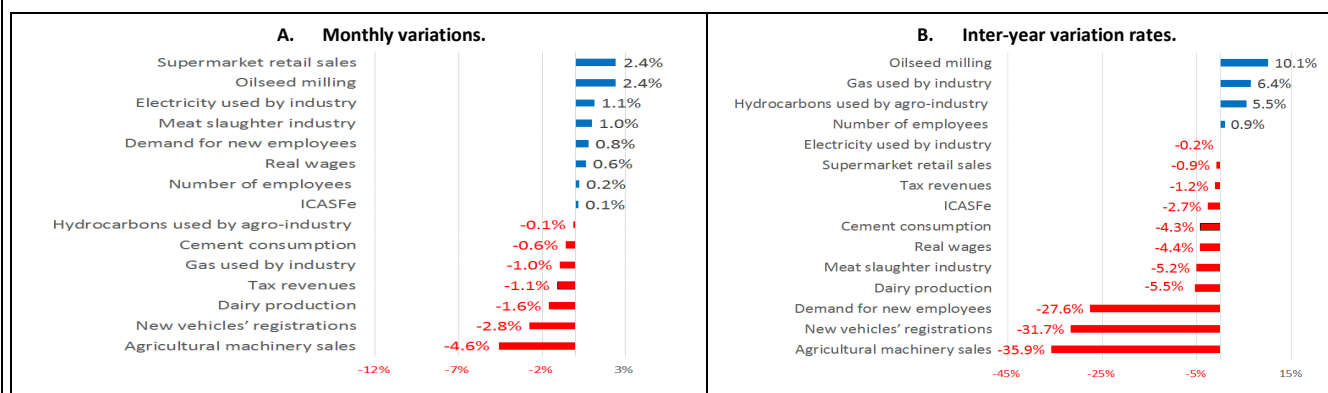
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

### Indicator by indicator

In October 2014 half of the fourteen economic sub-indicators considered by the coincident index experienced positive monthly variation rates, but only two of them grew inter-yearly (see Graph 2).

**Oil-seed milling** increased 2.4% in respect to September in line with a recovery of 2.0% in oil's exportations (which cumulated a total drop of **11.5%** across the previous four months). **Meat slaughter industry** also went up, in this case 1.0%. To this regard, it is worth noting that although both bovine and porcine categories are improving, the first one sets over a significantly low historical level and that's why the series is still actually showing a negative inter-year variation rate (**-5.2%**). **Dairy production** decreased **1.6%** in October and presents an inter-year contraction of **-5.5%**, whereas international prices are not helping up the sector. Between February and October milk powder's value went from USD 5.125 to USD 2.725 (**-46.8%**). **Agricultural machinery sales** fell down **4.6%**, going **35.9%** backwards in inter-year terms.

**Graph 2: Economic activity's indicators for the Province of Santa Fe - October 2014 -**



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

**Gas used by industry** presented a negative monthly variation rate of **-1.0%** which slowed down its inter-year growth to 6.4%. But small and medium-sized companies reduced their inter-year consumption in **7.5%**. By the contrary, **electricity consumption**, increased 1.1% in October but it was still 0.2% below its inter-year benchmark. In the case of **hydrocarbons used by agro-industry**, the series' results were **-0.1** and 5.5%, respectively.

**Cement consumption** registered a monthly drop of **0.6%** and shows a negative inter-year movement of **-4.3%** in spite of a partial recovery experienced during the third quarter of the year.

After four months of favorable results **tax revenues** decreased **1.1%** pushed by lower incomes from both local and federal resources (this situation was not observed since June 2014). Moreover, on an inter-year comparison the series is **1.2%** behind October 2013's levels.

**Registered jobs** grew only 0.2% in October whereas the sub-indicator is practically immobilized since 2013 (its inter-year variation rates reached 0.9%). On the other hand, **demand for new workers** improved 0.8% in October but suffers an important inter-year decline of **27.6%**. **Real wages** presented a similar behavior with a monthly recovery of 0.6% contrasted to a negative balance of **-4.4%**, compared to October 2013. It is worth noting that the series considers both private and public formal employment.

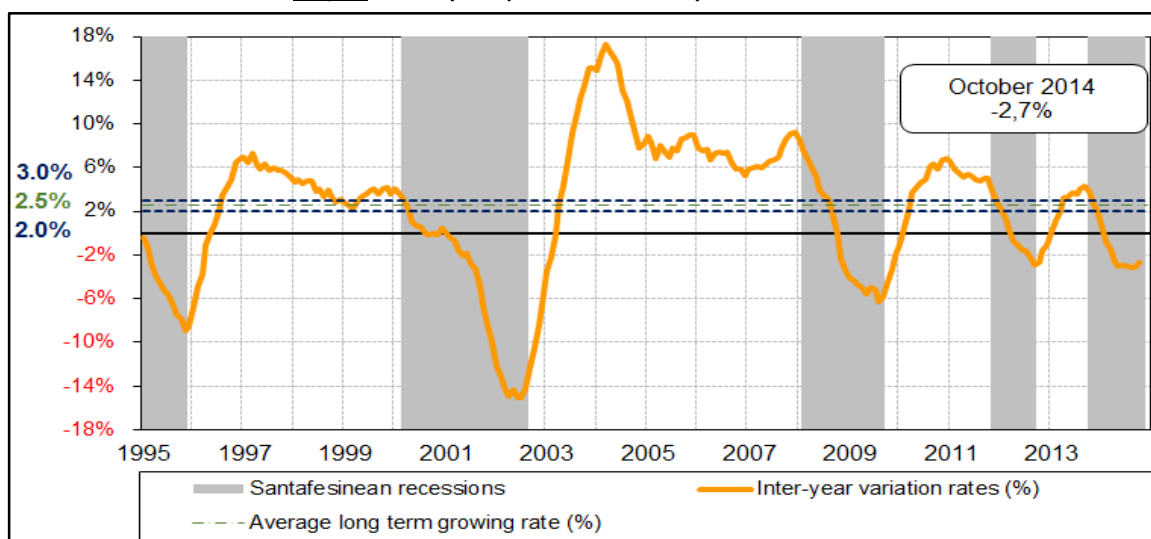
**Supermarket sales** increased 2.4% in terms of September, relieving its inter-year decline from **3.2** to only **0.9%**. Finally, **new vehicles' registrations** continued falling down, **2.8** monthly and **31.7%** inter-yearly. A similar but smoother deteriorated prospect is being observed over vehicles' second hand market, with drops of **-0.8** and **-5.2%**, respectively.

### Summary and perspectives

Since 2014's third quarter the province's economic contraction process has slowed down. Consequently, ICASFe's negative inter-year variation rates stepped back from **-3.6** to **-2.7%** between August and October (see Graph 3). However, with only two months ahead to close 2014's final measures, projections are signaling a total drop of at least **2.0%**.

On the other hand, considering that this is the third recession registered in the past seven years, middle term economic growth has become indeed low in Santa Fe. Between January 2008 and October 2014 the province's activity levels increased only 0.03% and, in addition, investment in durable goods' performance have turned negative. Agricultural machinery sales, for example, decreased **67.2%** in this period, the construction sector **12.1%** (measured by cement consumption), and new vehicles' registrations other **3.6%** (in spite of having achieved a historical record on April 2013).

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



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

#### In order to download or get access to:

- 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>