

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



Recession: economic activity fell down **2.0%** in 2014

The contraction process slowed down across the year but the period ends with a negative net balance.

ICASFe

November 2014

Level: 155.0

Monthly variation

0.3%

Inter-year variation: -2.1%
2014's contraction: -2.0%

Main results

ICASFe's level was located in 155.0, presenting a monthly variation of 0.3% in respect to November 2014.

Inter-year variation rates reached **-2.1 %** (comparing December 2014 vs. December 2013).

Cumulated contraction during 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.

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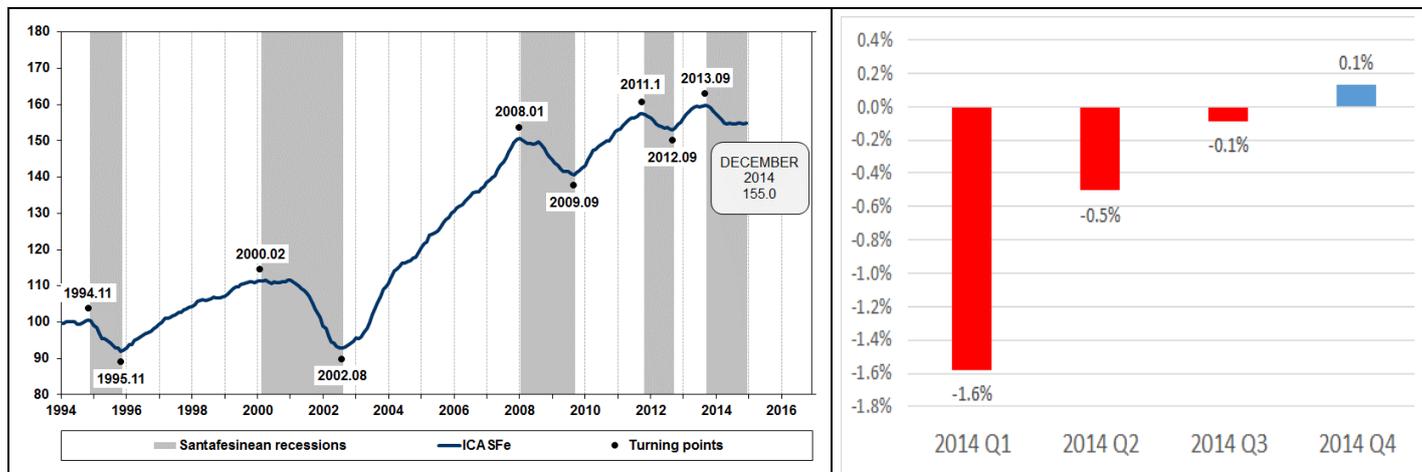
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Province of Santa Fe's economic activity

In December the coincident index registered a monthly variation rate of 0.3% which made possible a mild positive result for 2014's fourth quarter (0.1%). However, if the whole year's performance is taking into account its net balance was still negative, measured in **-2.0%**.

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 2014, eight of the fourteen economic sub-indicators considered by the coincident index registered negative cumulated variation rates. Moreover, three of those which actually obtained positive results only grew 1.0%.

Oil-seed milling finished on top of the ranking with a total expansion of 13.5% across the year, only 0.6 points behind 2013's results. Another indicator related to agro-industrial activities was located in second place: **dairy production**. In this case the series increased 4.2% improving previous year's benchmark. Unfortunately, this process may surely change as 2015 is presenting adverse weather conditions.

Meat slaughter industry declined **3.4%** during the last year, stepping back from its partial recovery in 2013. Cattle's sector is actually showing a negative trend since 2009 but this past year porcine's one went down as well although activity is still experiencing high historical levels.

Agricultural machinery sales kept signaling an important retraction of investment within a cumulated variation rate of **-36.1%** during 2014. This negative results in fact tripled 2013's (**-10.5%**)

Table 1: Economic activity's indicators for the Province of Santa Fe. Cumulated expansions / contractions during 2013 & 2014.

	2013	2014
Oilseed milling	14.1%	13.5%
Dairy production	0.01%	4.2%
Electricity used by industry	0.9%	2.2%
Number of employees	2.4%	0.8%
Cement consumption	9.3%	0.6%
Tax revenues	1.7%	0.02%
Gas used by industry	4.2%	-0.2%
Hydrocarbons used by agro-industry	-2.7%	-1.6%
Supermarket retail sales	2.7%	-1.9%
ICASFe	2.0%	-2.0%
Meat slaughter industry	6.3%	-3.4%
Real wages	2.2%	-3.4%
New vehicles' registrations	2.9%	-28.7%
Demand for new employees	-5.2%	-30.2%
Agricultural machinery sales	-10.5%	-36.1%

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

Based on a favorable *performance* during the second half of the year, **industrial electricity consumption** closed 2014 with a positive net balance of 4.2%. On the other hand, gas used by the secondary sector declined **0.2%** lined up to a significant drop which began in August, mostly centered on small and middle companies' consumption.

Hydrocarbons used by agro-industry presented a total contraction of **1.6%**, keeping up with a negative trend in spite of having achieved better results than during 2013 (**-2.7%**).

Cement consumption presented a cumulated expansion of 0.6% in 2014, reverting part of the series' contraction registered during the previous year.

Considering the whole year **tax revenues** presented almost a null variation rate of 0.02%, in spite of having experienced a strong increment during the third quarter (2.5%). The sub-indicator felt down again during the last quarter (**-0.1%**).

Registered jobs maintained a stable performance reaching a total increment of 0.4% in 2014, although inferior to 2013's (2.4%). However, **real wages** related to formal employment from both public and private sectors decreased **3.4%**; which implies salaries kept losing purchasing power because of inflation. **Demand for new** workers intensified its decline during the last few months, and finished the year with a total contraction of **30.2%**. In relation to this unfavorable context, **supermarket sales** presented a decline of **-1.9%** during 2014, whereas the series actually grew 2.7% in 2013.

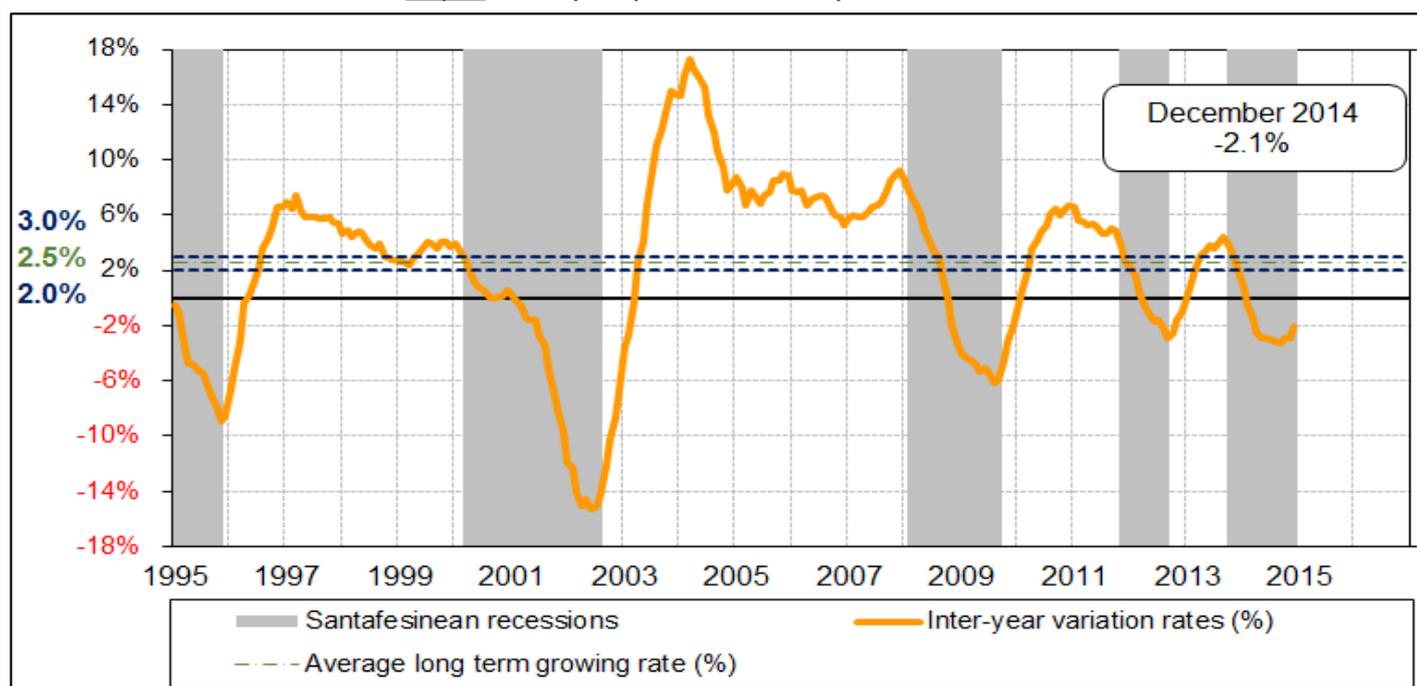
New vehicles' registrations went through a particularly bad year and presented a final variation rate of **-28.7%** in spite of experiencing a mild recovery during the third quarter.

Summary and perspectives

Santa Fe's recessive process slowed down across 2014. In fact, last quarter's results were mildly positive but not strong enough to compensate previous contraction. In this context, economic activity's net balance for the year was measured in **-2.0%**. To this regard, ICASFe's inter-year variation rates also signaled the recovery, stepping back favorably to **-2.1%** in December.

All taken into account, local activity still travels into stagnation, where disposable incomes, private resources and investment in durable goods are particularly affected. Therefore, expectations for 2015's first semester do not necessarily show a promising scenario.

Graph 2: 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>