

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



Lower activity in July

The second semester began with minor expectations for Santa Fe's economic activity whereas the coincident index signaled a contraction of **0.1%** in terms of June.

**Bolsa de Comercio
de Santa Fe**
(Santa Fe's Chamber of Commerce)

President

Ing. Agr. Olegario Tejedor

Fundación Bolsa de Comercio

President

Ing. Agr. Olegario Tejedor

Executive Director

Dr. Gustavo Vittori

Research and Services Center

Director

Lic. María Lucrecia D'Jorge

Coordinator

Lic. Pedro P. Cohan

Researchers

Melisa B. Lazzaroni

Alfonso Cherri

E-mail and contact information

ces@bolcomsf.com.ar

Websites

<http://ces.bcsf.com.ar> o

<http://www.bcsf.com.ar>

ICASFe

July 2015

Level: 161.3
Monthly variation
-0.1%

Inter-year variation: 2.7%
2015's partial result: 2.4%

Main results

*ICASFe's level was located in 161.3, presenting a monthly variation of **-0.1%** in respect to June 2015.*

Inter-year variation rates reached 2.7% (comparing July 2015 vs. July 2014).

Cumulated expansion during the first seven months of 2015 was measured in 2.4%.

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>

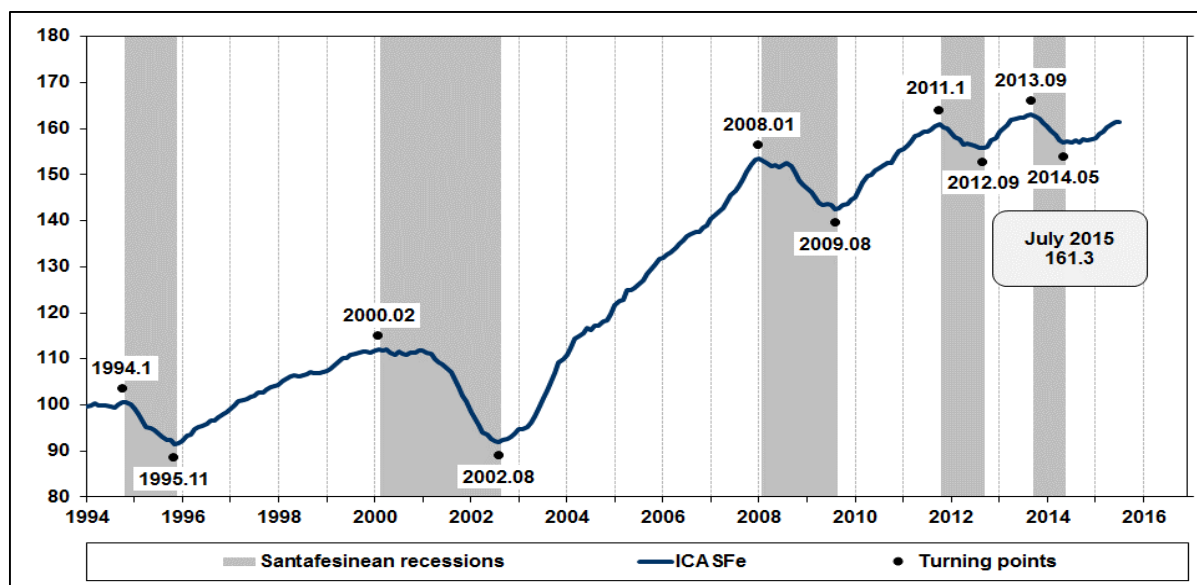
Output data considerations

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

In July 2015 the province's economic activity decreased **0.1%**. This result implies only the first monthly negative rate measured by the coincident index across the year but, nevertheless, aggravates a problematic on an economic background unable to regain 2011's levels.

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



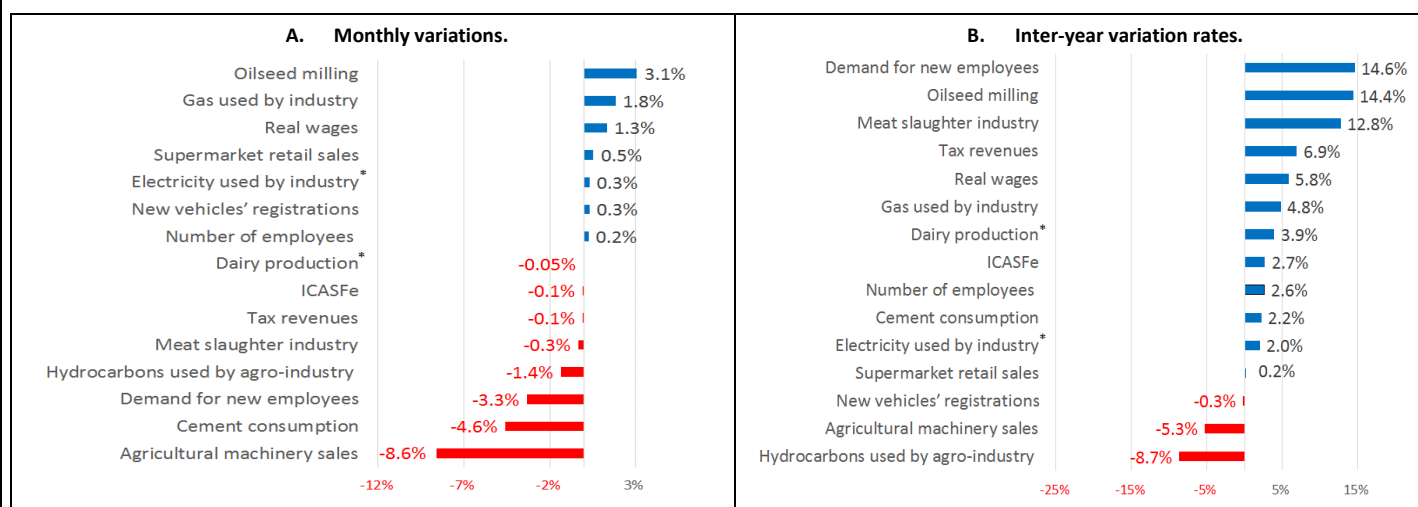
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Seven of the fourteen economic sub-indicators began the second semester presenting positive monthly variations. Moreover, based on a reduced benchmark, eleven series also experienced inter-year expansions.

Oilseed milling increased 3.1% in July, improving its inter-year growth to 14.4%. In fact, the series reached a new historical record although, to this regard, it is worth noting that many agents sold grain based on short term financial requirements and pushed by lower expected international prices. **Industrial gas consumption** moved on the same direction gaining 1.8 and 4.8%, respectively. By the contrary, **hydrocarbons used by agro-industry and transportation** declined **1.4%** in terms of June, which leaves the series **8.7%** behind its inter-year comparison. In the same direction, both, **dairy production (-0.05%)** and **meat slaughter industry (-0.3%)** presented negative monthly variations in July.

Graph 2: Economic activity's indicators for the Province of Santa Fe - July 2015 -



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

Agricultural machinery sales decreased other **8.6%** during this last measurement and stays **5.3%** below July 2014's benchmark. However, this sub-indicator refers mainly to large-sized companies. Small and medium enterprises are more sensitive and signal a worse impact since the productive sector in Argentina is facing serious problems in terms of profits.

Registered jobs increased 0.3% in July boosted by public employment. Unfortunately, the private sector continues on a plateau. In addition, **demand for new employees** dropped **3.3%** in terms of June, which shows unfavorable perspectives for the second semester.

Real wages, which represent formal employees' incomes, improved 1.1% and reached an expansion of 5.3% compared to July 2014. In line with this results, **supermarket retail sales** presented a monthly variation rate of 0.5% and an inter-year one of 0.2%. **New vehicle's registrations** also increased in July (0.3%), but stayed behind its inter-year benchmark (-0.3%).

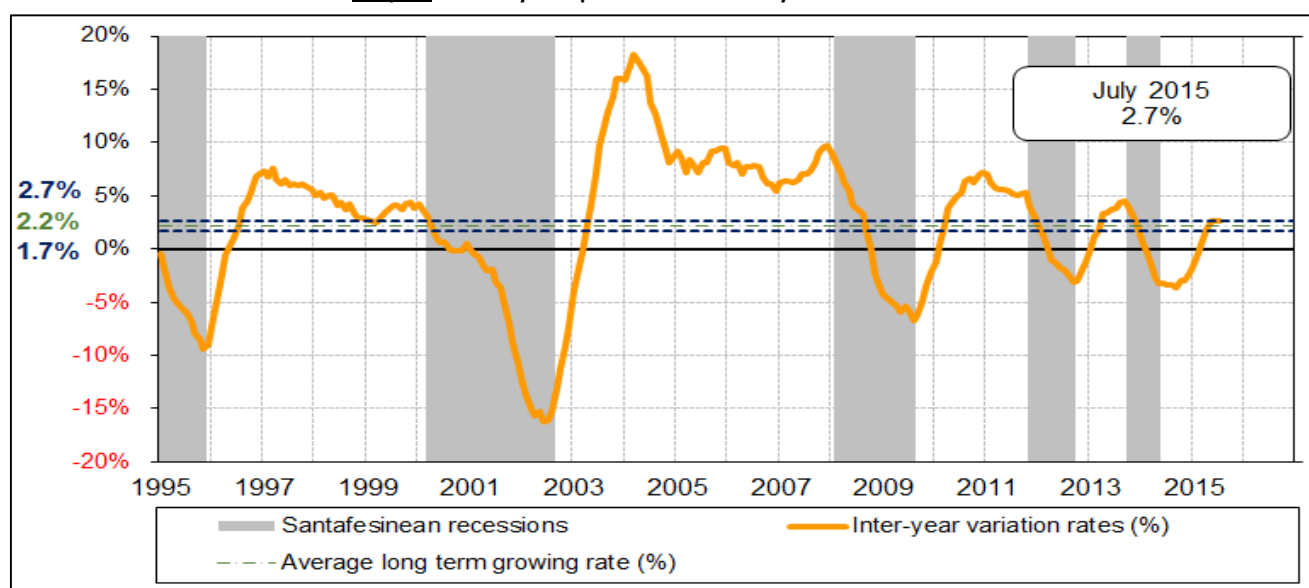
Cement consumption went down again (4.6%) but helped by a good performance in 2014's second semester the series' inter-year variation rate is still positive in 2.2%. **Tax revenues** also declined in July, 0.1% because of less federal resources. However, from a long term perspective, the series signals a particular high level and, in fact, improved 6.9% in terms of July 2014.

Summary and perspectives

In accordance with our assessments from previous digests, 2015 first semester's boost began to decelerate before economic activity was able to regain last recession's pre-levels. In July the coincident index declined 0.1%, forcing the inter-year gauge to stay in 2.7%, upon the long term growth's superior statistical band (see Graph 3).

This year, between January and June, the economy was pushed forward by extraordinary public expenses but in return of higher budget unbalances. Moreover, most relevant macroeconomic variables are facing serious pressures and, in addition, economic agents are taken decisions under increasing uncertainty. To this regard, main issues are related to the systematic decline over private profits and an extended delay on domestic currency's depreciation. Furthermore, international prices are not as favorable as they were for Argentina during the last few years and local inflation (higher costs) are shortening companies' external competitiveness.

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>