

# THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

## Real income: one of the most affected variables

Although economic activity and employment levels have not yet verified significant drops, wages lost **3.6%** of purchasing power during 2016's first two months.

### ICASFe

FEBRUARY 2016

Level:

**161.0**

Monthly variation:

**-0.1 %**

Inter-year variation: 0.9%

2016's partial result: -0.5%

### MAIN RESULTS

ICASFE's level was located in **161.0**, presenting a monthly variation of **-0.1%** in respect to January 2016.

Inter-year variation rates reached **0.9%** (comparing February 2016 vs. February 2015).

Partial cumulated contraction during 2016 was measured in **-0.5%**.

### 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.

### 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>



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### 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](mailto:ces@bolcomsf.com.ar)

### Websites

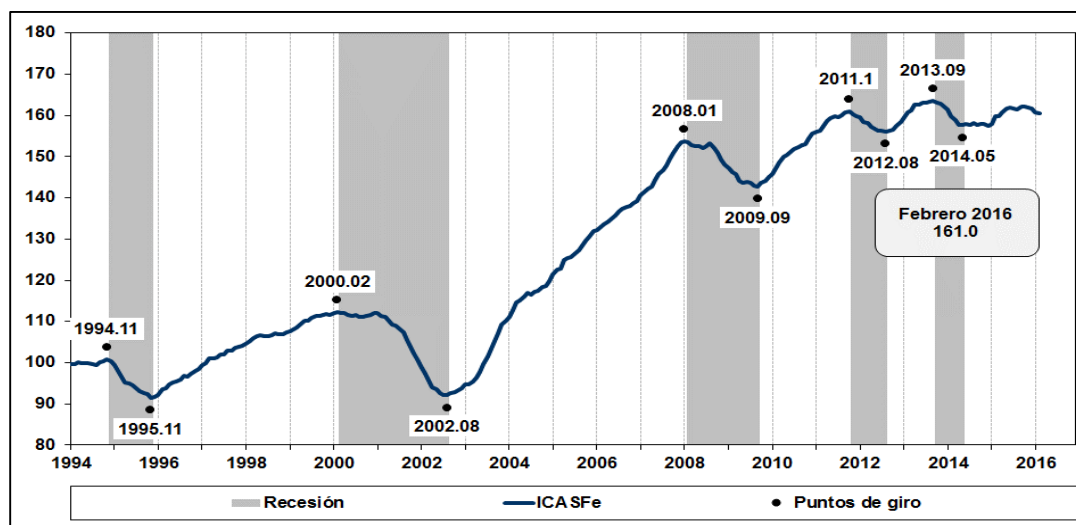
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## Province of Santa Fe's economic activity

In February Santa Fe's coincident index registered its fourth consecutive drop. In this opportunity the monthly contraction was measured in **0.1%**, which means a partial cumulated decline of **0.5%** during 2016's first two months.

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



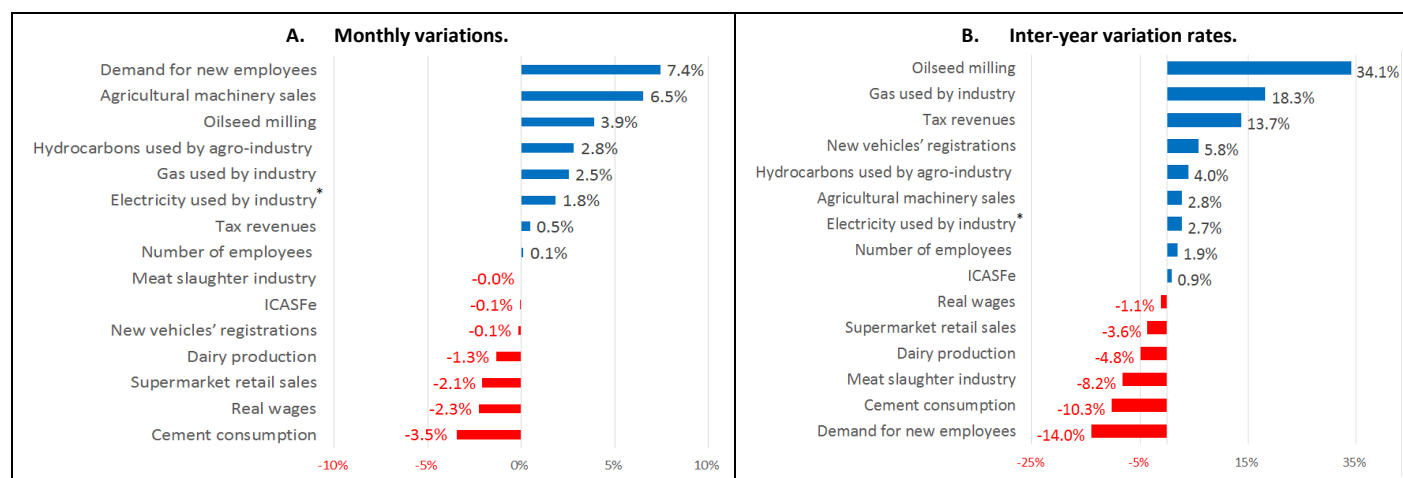
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

## Indicator by indicator

Most sub-indicators presented positive monthly variation rates in February: eight over fourteen. However, economic activity decreased as a consequence of the unfavorable series' relative weigh.

**Demand for new employees** was on top of the ranking within an increment of 7.4% in respect to January; but this outcome occurs after four monthly declines and the series stayed below its inter-year benchmark (**-14.0%**). In addition, **registered jobs** showed a mild improvement of 0.1% and grew 1.9% compared to February 2015. By the contrary, **real wages** was one of the most affected variables, experiencing a negative monthly variation rate of **2.6%** and an inter-year drop of **1.1%**.

**Graph 2: Economic activity's indicators for the Province of Santa Fe - February 2016 -**



(\*) Last available data refers to December 2015.

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

**Industrial gas consumption** and **hydrocarbons used by agro-industry** improved in both, monthly and inter-yearly terms; with rates of 2.5 and 18.3%, and 2.8 and 4.0%, respectively. **Oil seed milling** presented positive variations of 3.9% in respect to January 2016

and 34.1% compared to February 2015. So did **agricultural machinery sales** which increased 6.5% and stayed 2.8% above its inter-year benchmark.

Regarding to **dairy production**, the series declined by the fifth month in a row (-1.3% in February), reaching an inter-year contraction of -4.8%. **Meat slaughter industry** also showed an unfavorable performance and, although its monthly rate was almost null, compared to February 2015 the sub-indicator declined 8.2%.

Helped by more incoming federal resources, **tax revenues** experienced a monthly growth of 0.5%. Moreover, during the last twelve months the series gained 13.7% in real terms (adjusted by inflation).

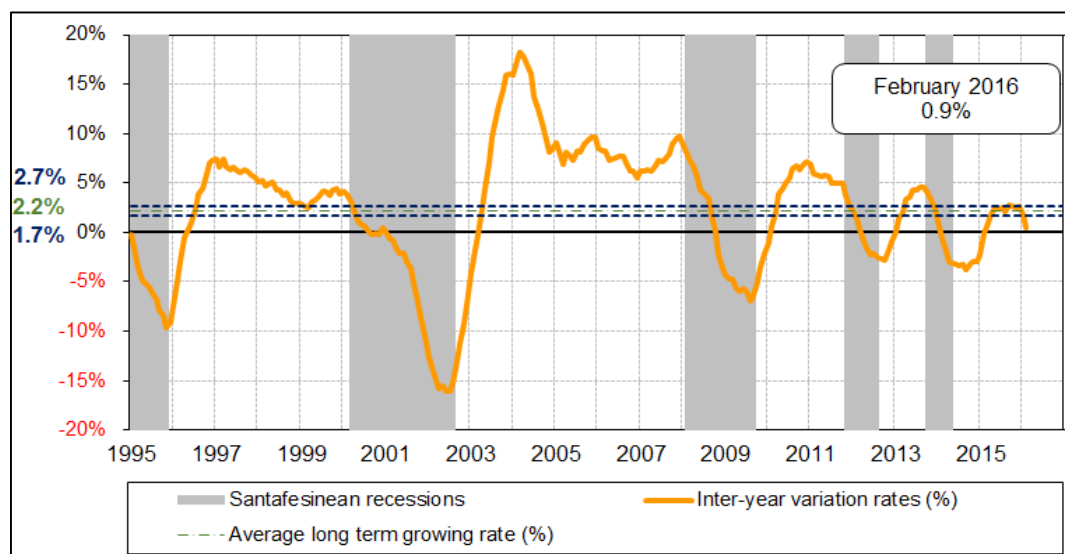
Consumption keeps falling down whereas **supermarket retail sales** declined 2.1% in respect to January and 3.6% on an inter-year comparison. **New vehicles' registrations** also signaled a negative variation rate in February (0.1%) but still shows an inter-year recovery of 5.8%. Finally, **cement consumption** dropped 3.5%, which implies an inter-year contraction of 10.3%.

### Summary and perspectives

As a consequence of a mild but continuous drop experienced by economic activity since 2015's third quarter, the coincident index's inter-year gauge decreased to 0.9% in February 2016. These results locate the series under the province's average long-term growing rate.

It is worth noting that during these first two months of the year the economic contraction was not generalized (in terms of diffusion) and, by the contrary, some activities already presented relative improvements. In addition, registered jobs are not falling as expected, although because of inflation real wages are one of the most affected variables. To this regard, as purchasing power falls, consumption, investments in durable goods and the contraction sector are also facing retractions. Unfortunately, it is very likely to suppose that this worrying situation could be even worst on vulnerable population (official statistics are not available). On the other hand, sectors related to agro-commodities are clearly experiencing an incipient reactivation. However, it is important to point out that this present digest has not yet internalized the consequences of Argentinean hydric emergency.

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



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