

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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A tough quarter

Although a better performance is expected for the second part of the year, present registrations internalize a recession within a wide sectorial diffusion.

ICASFe

MAY 2016

Level:

158.0

Monthly variation:

-0.5 %

Inter-year variation: -2.1%

2016's partial result: -2.4%

MAIN RESULTS

ICASFE's level was located in **158.0**, presenting a monthly variation of **-0.5%** in respect to April 2016.

Inter-year variation rates reached **-2.1%** (comparing May 2016 vs. May 2015).

Partial cumulated contraction during 2016's 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.

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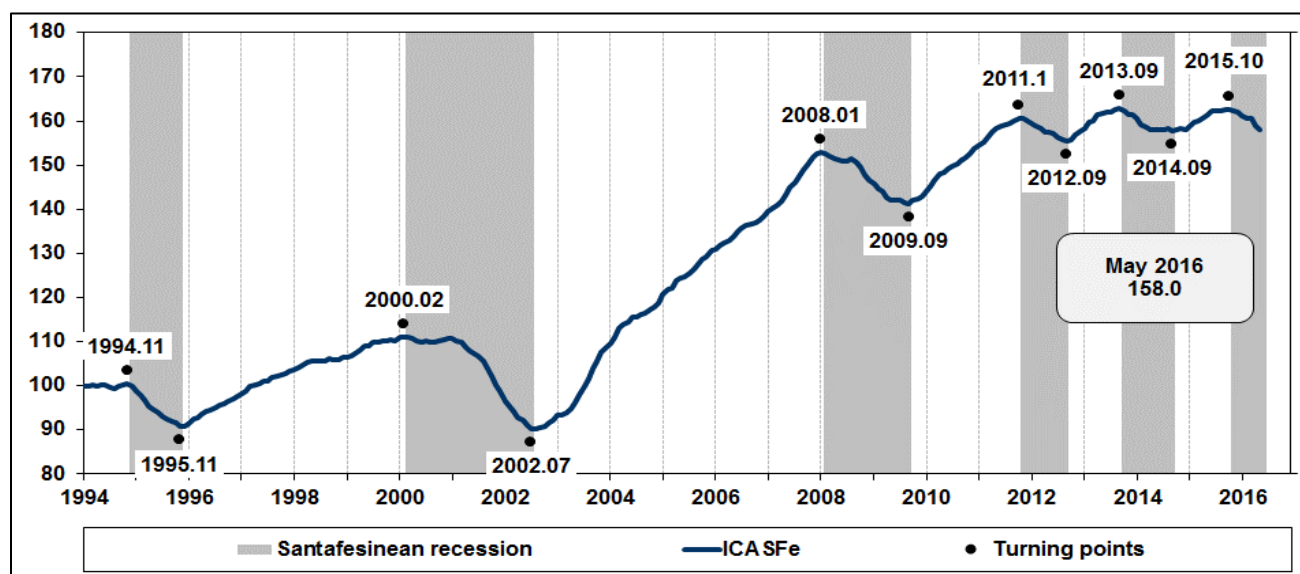
<http://ces.bcsf.com.ar> o

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Province of Santa Fe's economic activity

Throughout its seventh month of recession, Santa Fe's economic activity decreased other **0.5%** in May and cumulates a total contraction of **2.4%** across 2016.

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

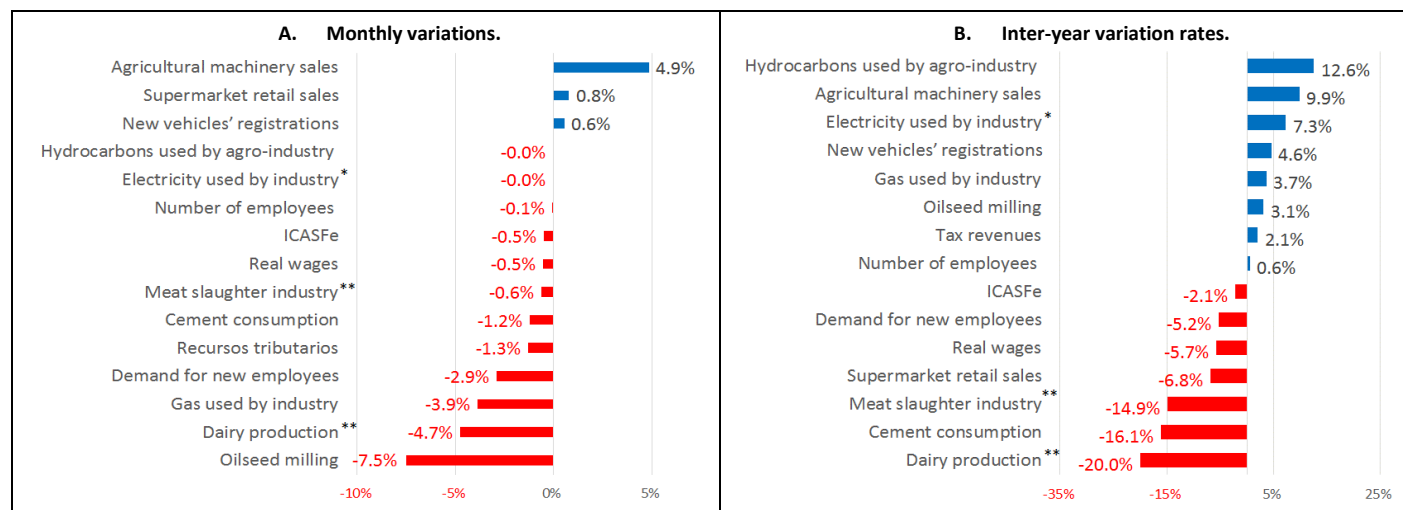


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Only three of the fourteen series considered by the coincident index experienced positive monthly variation rates during the last measurement. The rest of them offered a negative contribution, although, inter-yearly, eight sub-indicators are still located above their benchmarks.

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



Last available data refers to: (*) December 2015; (**) April 2016.

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

Agricultural machinery sales increased 4.9% in respect to April, reaching an inter-year recovery of 9.9%. Moreover, **new vehicles' registrations** presented rates of 0.6 and 4.6%, respectively. The third sub-indicator with favorable results during May 2016 was **supermarket retail sales**, which improved 0.8%. However, the series is still behind May 2015's level (-6.8%).

In regard to the labor market, **demand for new employees** decreased **2.9%** and stays **5.2%** behind its inter-year benchmark. **Registered jobs** went on the same direction within a monthly contraction of **0.1%**. In addition, although the series improved 0.6% during the last twelve months, the sub-indicator is still disrupted from its long term growing rate (2.9%). In fact, if only the private sector is taken into account, the unfavorable performance actually goes back to 2012. Furthermore, **real wages** also presented negative rates of **0.5** and **5.7%**, respectively.

The secondary sector, in general, is going through a difficult time. Within a monthly decline of **7.5%**, **oil-seed milling** was listed at the end of the ranking. However, the series' net balance during the last twelve months is still positive (3.1%). **Dairy production** and **meat slaughter industry** both signaled significant drops as well. In the case of **hydrocarbons used by agro-industry** its monthly variation rate was practically null (**-0.02%**). Yet, it is worth noting that this sub-indicator remains over its long term average level and presents an inter-year growth of 12.6% in terms of May 2015. **Industrial gas consumption** revealed a similar behavior and decreased **3.9%** in respect to April in spite of an inter-year recovery of 3.7%. In regard to **electricity used by industry**, exposed data was estimated since official information for 2016 is not available.

Cement consumption experienced a monthly contraction of **1.2%** and cumulates a total drop of **16.1%** during the last year. Finally, **tax revenues** registered another negative rate in May (**-1.3%**), cutting down its inter-year expansion from 4.8 to 2.1%.

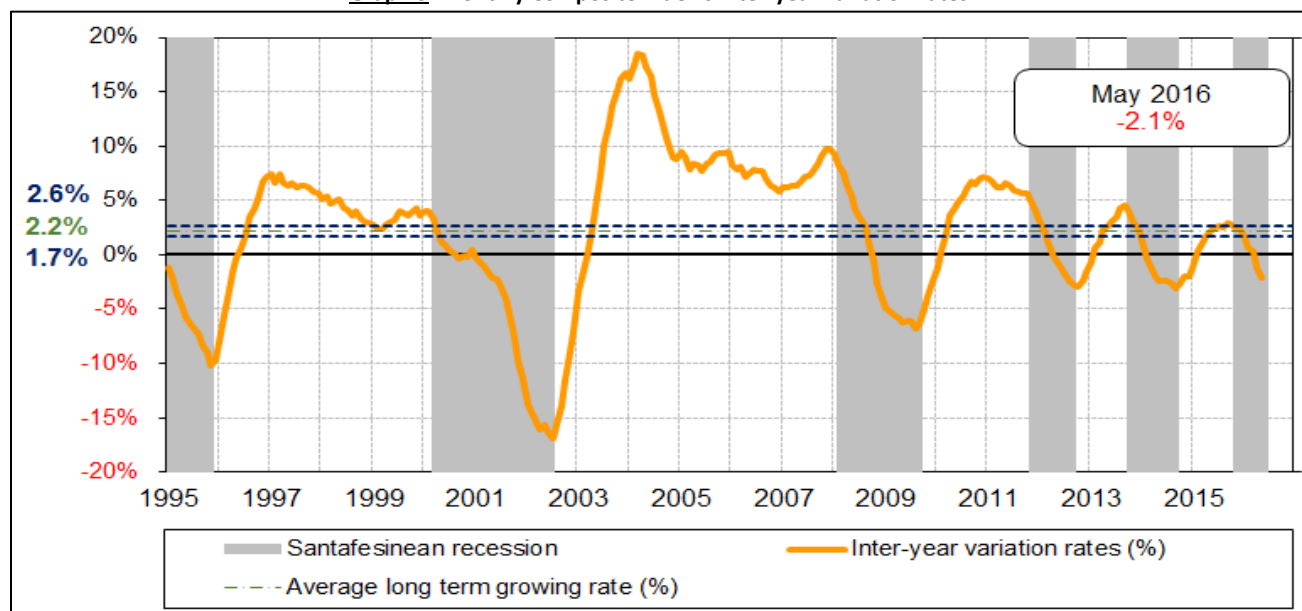
Summary and perspectives

ICASFe's inter-year variation rates decreased to **-2.1%** within an intensity that suggests the economic recession will continue during the next few months.

The province's economy signals the symptoms of seven consecutive months of contraction in which may be considered the most compromised quarter of the year. In addition, this recession is showing a wide sectorial diffusion and, socially speaking, more complex characteristics than previous' phases. It is worth noting that the construction sector and industrial activities have not yet recovered and, therefore, private employment keeps lagging.

Nevertheless, a better performance is expected for the third and fourth quarter of the year as inflation decelerates and the economy moves to a potential trough.

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



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