

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

An encouraging signal after 10 months of contraction

The coincident index registered a positive monthly variation of 0.6%, helped by 80% of considered sub-indicators.

ICASFe

AUGUST 2016

Level:

151.7

Monthly variation:

0.6%

Inter-year variation: -3.1%
2016's partial result: -2.5%

MAIN RESULTS

ICASFE's level was located in **151.7**, presenting a monthly variation of **0.6%** in respect to 2016.

Inter-year variation rates reached **-3.1%** (comparing August 2016 vs. August 2015).

Partial cumulated contraction during 2016's was measured in **-2.5%**.

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 the coincident index. In addition, it is worth noting that all series internalized by this project, 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 | Go to <http://ces.bcsf.com.ar>
- Handbook of sub-indicators | Go to <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data | Go to <http://www.bolcomsf.com.ar/ces/icasfe.php>



Bolsa de Comercio de Santa Fe

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

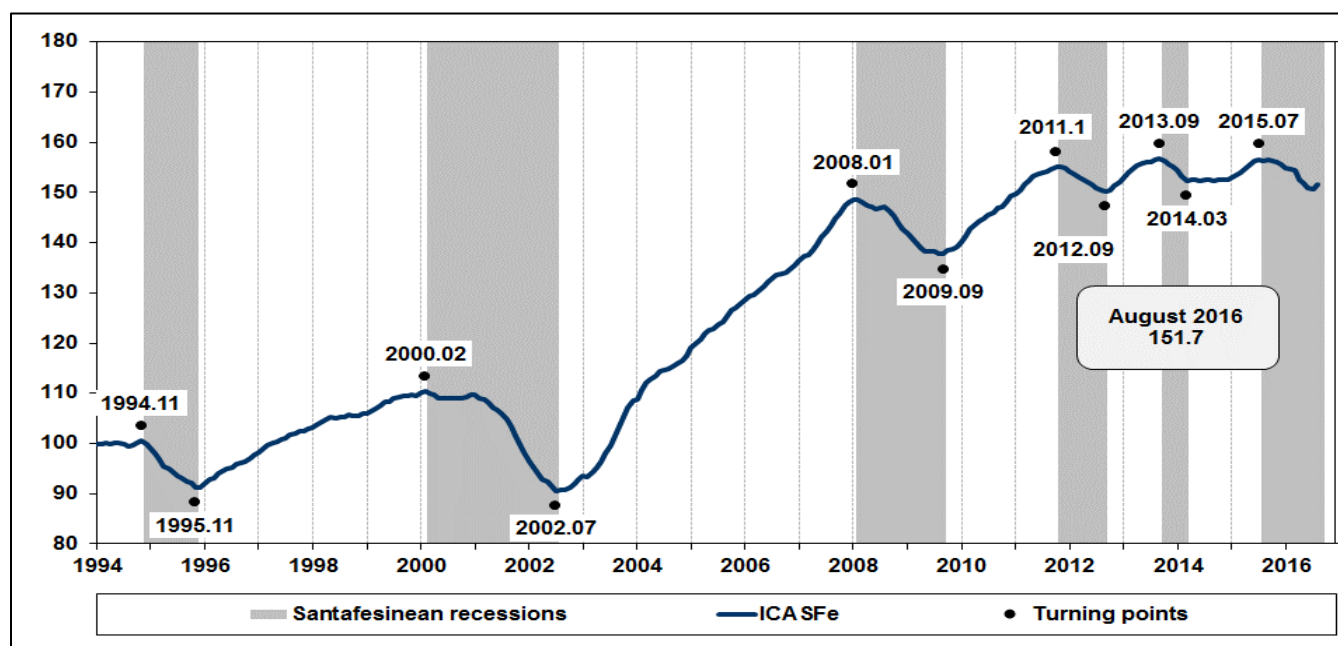
<http://ces.bcsf.com.ar> o

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Province of Santa Fe's economic activity

In August 2016 Santa Fe's activity registered a monthly increment of 0.6%. After ten consecutive months of economic contraction, these results imply a mild recovery. However, the partial cumulated balance for this part of the year is still negative: **-2.5%**.

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

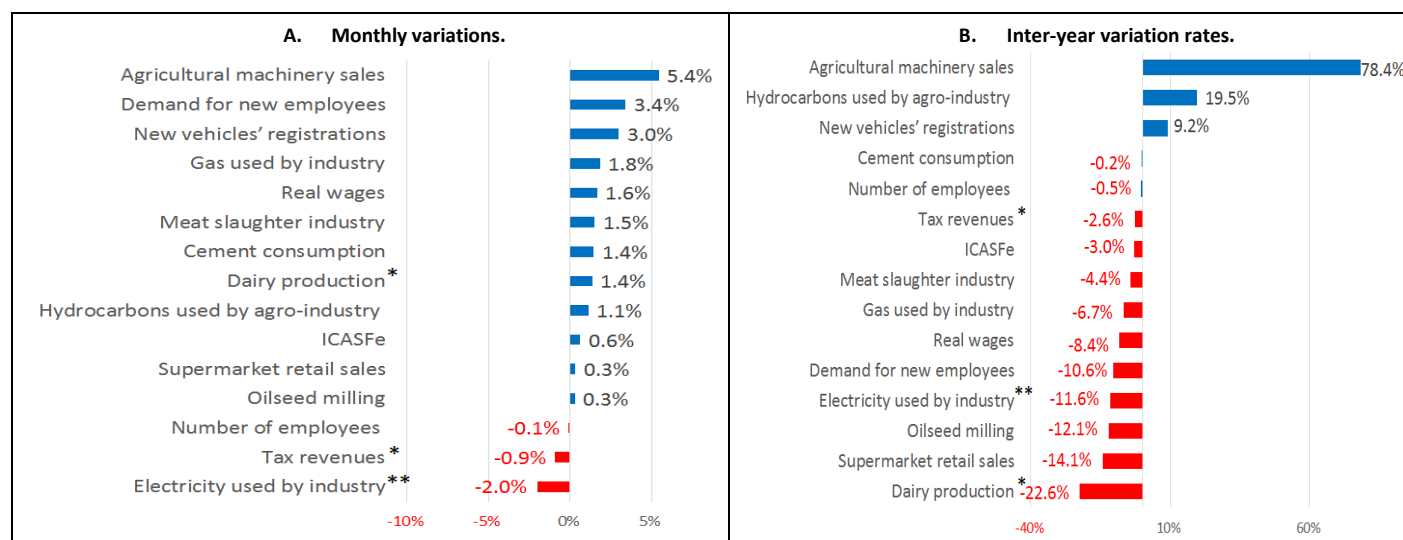


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Santa Fe's economy showed a favorable performance during August. To this regard, eleven of the fourteen series considered by the coincident index presented positive monthly variation rates. Nevertheless, this improvement was not yet internalized on inter-year terms.

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



Last available data refers to: (**) June 2016; (*) July 2016.

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

Although **agricultural machinery sales** faced a difficult scenario during the last five years, in August the series was once again on top of the ranking within rates of 5.4 and 78.4%, respectively (it is also worth noting that this series presents a significant high

amplitude). On the same direction **new vehicles' registrations** increased 3.0%, keeping up with 2016's favorable performance. In terms of August 2015 the series improved 9.2%. The other sub-indicator related to durable goods, **cement consumption**, also grew in respect to July (1.4%) but stayed **-0.2%** behind its inter-year benchmark.

Hydrocarbons used by agro-industry registered a positive monthly variation rate of 1.1%, and reached the second position in last 12 months' growth (19.5%). Moreover, **gas consumption** improved 1.8% in August, but signals an inter-year drop of **6.7%**. Since official data was not available, in the case of **electricity used by industry** variations for July and August were estimated.

Oil-seed milling experienced a slight recovery of 0.3% and its inter-year gauge went up to **-12.1%**. Likewise, **meat slaughter industry** registered rates of 1.5 and **-4.4%**, respectively. **Dairy production's** level stayed closed to 2008's records, about 20% below its last peak from August 2015.

In regard to the labor market, **demand for new employees** signaled a 3.4% monthly recovery but its inter-year comparison is still negative (**-10.6%**). **Registered jobs** declined **0.1%** and cumulates a total **-0.5%** contraction during the last twelve months. This negative performance was mainly pushed by the private sector. In spite of these results, inflation deceleration and nominal salaries' adjustments allowed **real wages** to regain 1.6% in August, catting their inter-year decline to **-8.4%**. **Supermarket retail sales** obtained rates of 0.3 and **14.1%**, respectively.

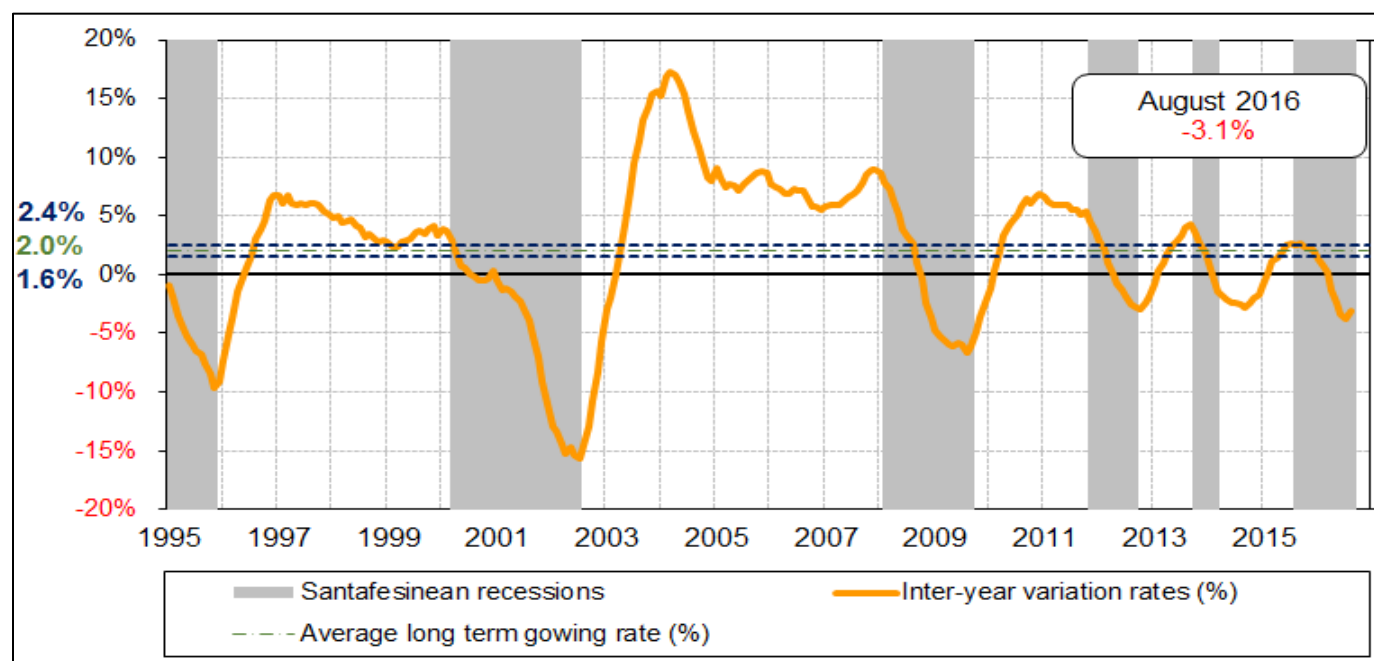
Finally, **tax revenues'** monthly variation for August was estimated in **-0.9%** (official data was not available).

Summary and perspectives

After a significant drop in Santa Fe's economic activity registered since 2015's last quarter, the coincident index is still signaling a negative net balance for the last twelve months. However, based in August's recovery, ICASFe's inter-year variation rates went from **-3.8** to **-3.1%**.

If inflation levels are in fact contained, this partial recovery is expected to be extended to other sectors; especially when recently applied policies become entirely active. Furthermore, if economic activity actually turns, some sectors already have a short path to walkthrough before reaching their full capacity once again. Therefore, in our opinion, a sustainable long term development is going to require not only efforts and macroeconomic coordination but also, and most important, higher levels of investment.

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



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