

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Economic recovery slows down

During 2017's first quarter economic activity grew 0.8%, mildly below 2016's last quarter's result.

ICASFe

MARCH 2017

Level:

153.9

Monthly variation:

0.4 %

Inter-year variation: **0.6%**
2017's partial result: **0.8%**

MAIN RESULTS

ICASFE's level was located in **153.9**, presenting a monthly variation of **0.4%** in respect to February 2017.

Inter-year variation rates reached **0.6%** (comparing March 2017 vs. March 2016).

Partial cumulated contraction during 2017's was measured in **0.8%**.

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>



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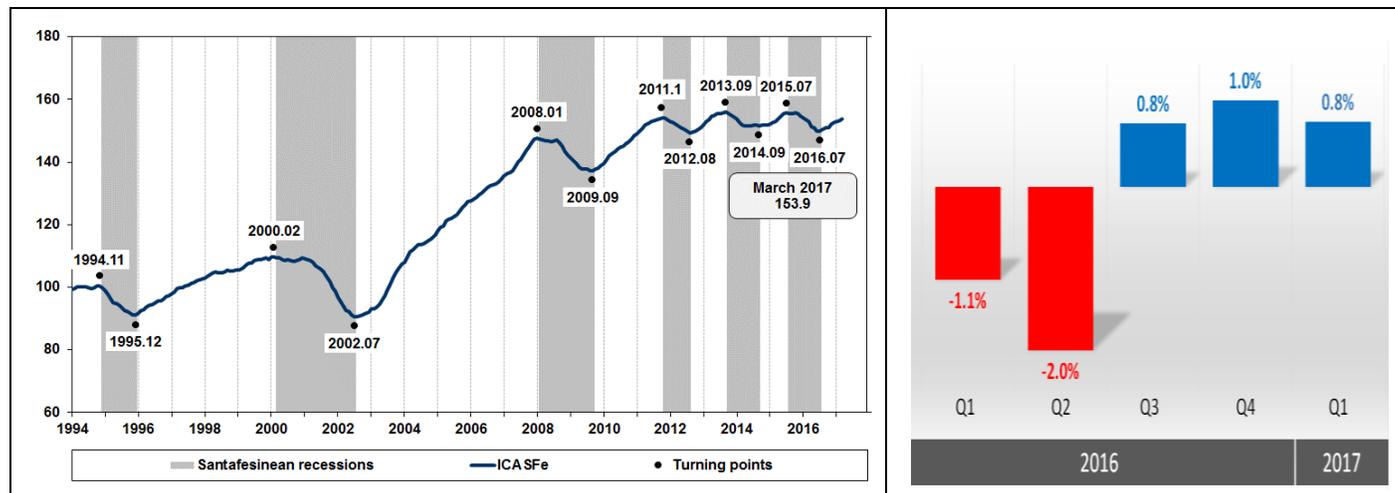
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Province of Santa Fe's economic activity

In March Santa Fe's economic activity increased 0.4%, cumulating a 0.8% during 2017's first quarter. Nevertheless, in spite of the favorable results, the recovery process from the last three quarters was only able to regain 2.6%, whereas Santa Fe's economy lost -3.1% between January and June 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

During 2017's first quarter nine of the series considered by the coincident index presented positive cumulated variation rates; it is worth noting that four of them ended 2016 within negative net balances.

Agricultural machinery sales added a new quarter of expansion to 2016's growth (63.7%), climbing another 12.8%. Similarly, **new vehicles' registrations** increased other 7.4%, whereas in 2016 its total growth was measured in 24.6%. For **cement consumption** rates were also positive: 1.9 and 10.8%, respectively.

Table 1: Economic activity's indicators for the Province of Santa Fe

Series / Period	Year 2016	2017's first quarter
Agricultural machinery sales	63.7%	12.8%
Demand for new employees	-11.2%	9.5%
New vehicles' registrations	24.6%	7.4%
Meat slaughter industry	1.4%	4.2%
Supermarket retail sales	-16.4%	2.2%
Real wages	-4.0%	2.1%
Cement consumption	10.8%	1.9%
Gas used by industry	0.5%	1.4%
ICASFe	-1.3%	0.8%
Number of employees	-0.1%	0.6%
Oilseed milling	-2.6%	-0.2%
Electricity used by industry	-4.5%	-0.7%
Tax revenues	-2.2%	-2.2%
Dairy production	-11.7%	-5.8%
Hydrocarbons used by agro-industry	8.2%	-6.6%

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

In regard to industrial activities, **gas consumption** increased 1.4% between January and March while **electricity used by industry** declined 0.7%. The same performance was observed in 2016 when the former sub-indicator increased 0.5% and the latter dropped 4.5%.

Oilseed milling and **hydrocarbons used by agro-industry** decreased during 2017's first quarter, **0.2** and **6.6%**, respectively.

Registered jobs also belongs to the group of series which improved during 2017 within a positive variation rate of 0.6%; higher than 2016's cumulated decline of **0.1%**. Although the increase was not significant, its better performance began in 2016's last quarter. **Demand for new employees** also increased between January and March (9.5%), but still, could not recover 2016's levels (inter-year variation rates were located in **-11.2%**). In regard to **real wages**, the sub-indicator regained 2.1% in 2017's first quarter, what means about half of 2017's contraction (**-4.0%**). On the same direction, **supermarket retail sales** recovered 2.2% this last quarter (the series lost **16.4%** in 2016).

Finally, **tax revenues** declined another **2.2%** between January and March, almost the same contraction registered during the previous twelve months.

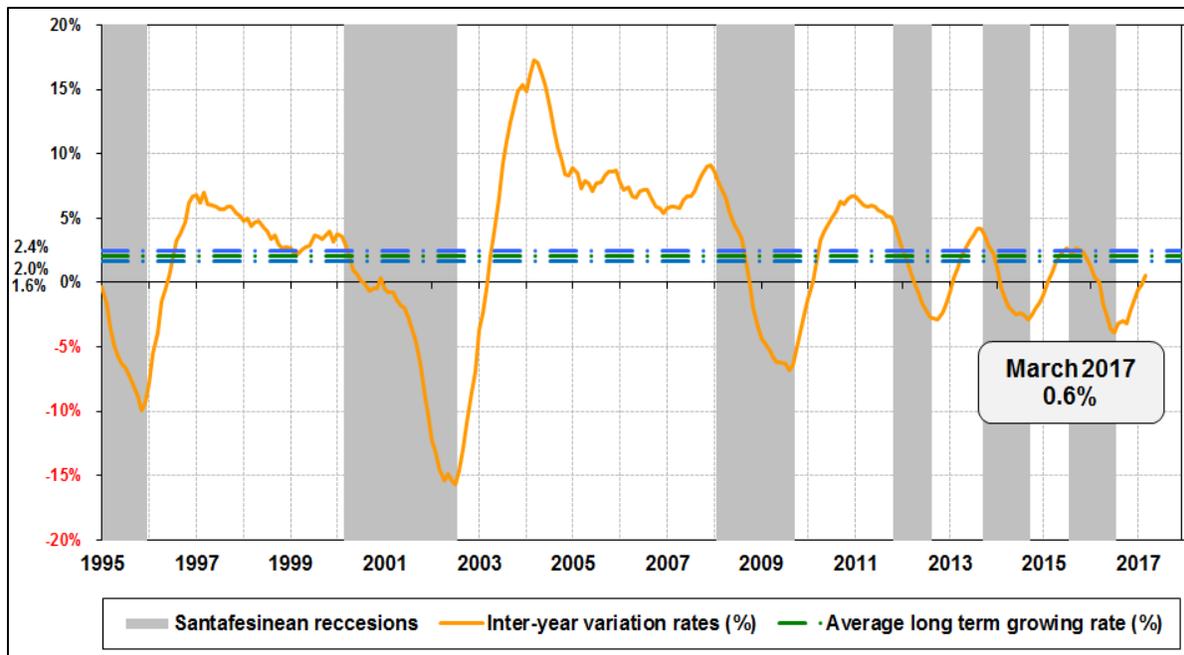
Summary and perspectives

After eleven months on negative terrain, ICASFe's inter-year variation rates reached 0.6% in March 2017 (see Graph 2).

To this regard, Santa Fe's economy achieved its third consecutive quarterly expansion but, compared to previous growing phases, these results are rather mild. In fact, 2017's first quarter showed a deceleration in respect to 2016.

On the other hand, macroeconomic issues kept cumulating pressure by the government's budget deficit and inflation. In addition, currency exchange rates are not following domestic prices, which implies an unfavorable scenario for many economic sectors, (especially some related to industrial activities). Nevertheless, it is worth noting that both real wages and demand for employees improved in 2017 and expectations for economic activity is still favorable for the further quarter.

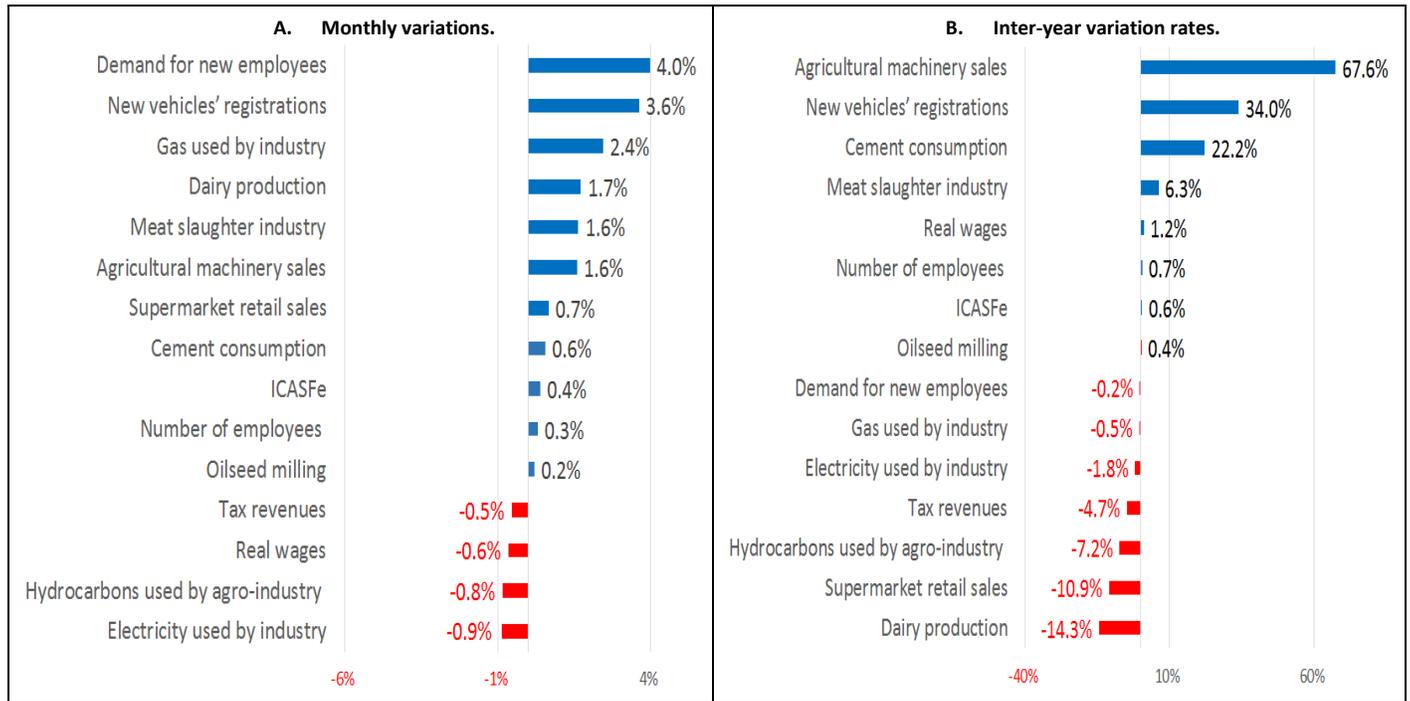
Graph 2: Monthly Composite Index's inter-year variation rates.



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

Attachments to the document

Graph 3: Economic activity's indicators for the Province of Santa Fe - March 2017 -



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