

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Ten months of recovery

Economic expansion has not yet accomplished a proper intensity, but a better performance shown by industrial activities and consumption could push it up.

ICASFe

MAY 2017

Level:

161.7

Monthly variation:

0.01 %

Inter-year variation: 2.1%

2017's partial result: 0.7%

MAIN RESULTS

ICASFE's level was located in **161.7**, presenting a monthly variation of **0.01%** in respect to April 2017.

Inter-year variation rates reached **2.1%** (comparing May 2017 vs. May 2016).

Partial cumulated expansion during 2017's was measured in **0.7%**.

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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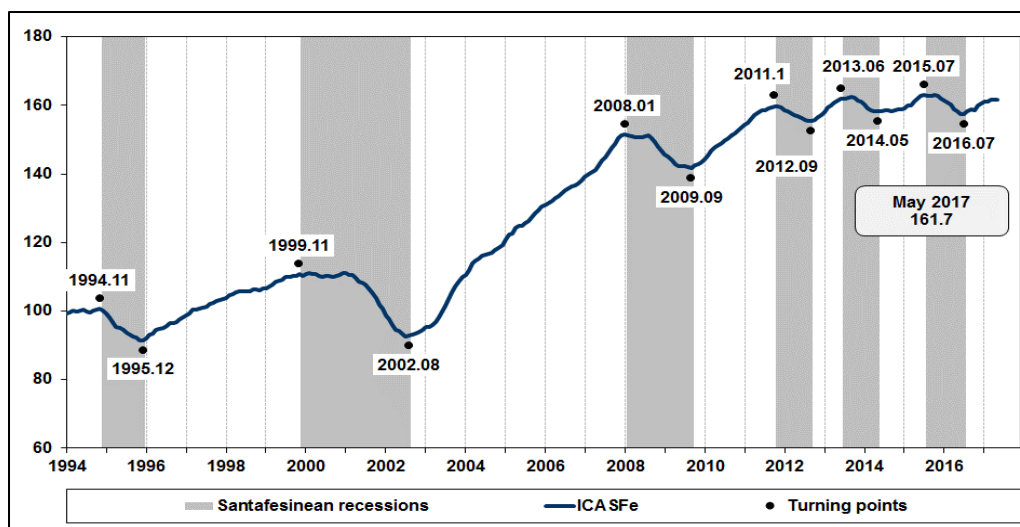
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Province of Santa Fe's economic activity

In May 2017 the index's monthly variation rate was almost null (0.01%). However, the present expansion, which began in August 2016, went through its tenth month of recovery cumulating a total growth of 2.7%.

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.

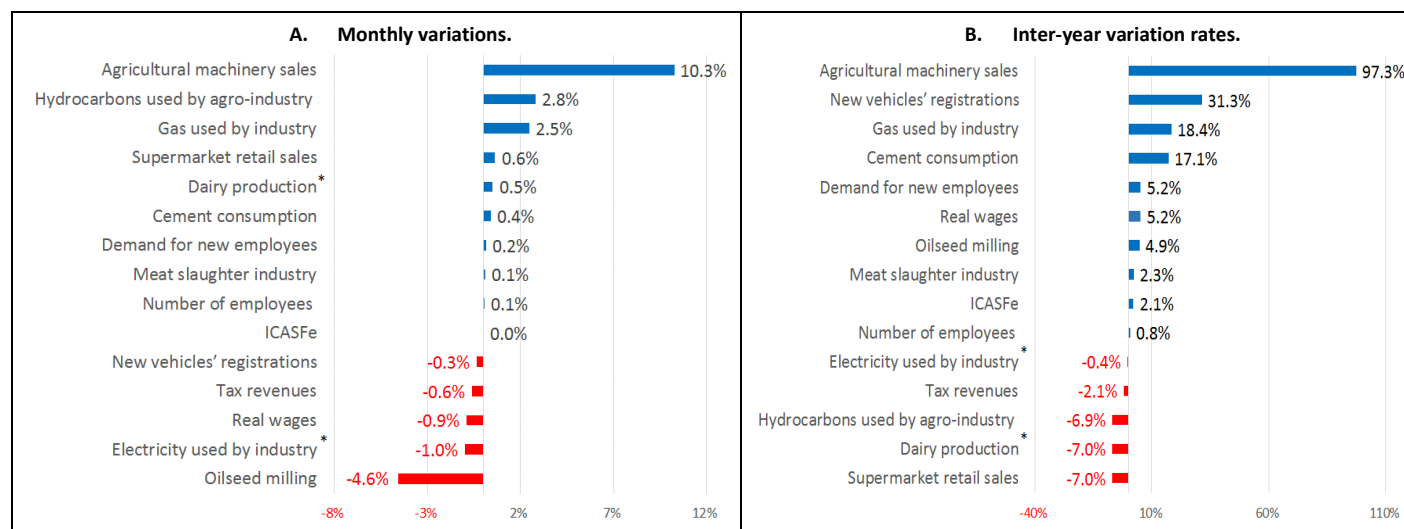
The expansion's intensity was stronger during its first five months; afterwards, across 2017, economic activity kept growing but mildly. In fact, compared to previous analog phases (2009-2011, 2011-2013 y 2014-2015), current yearly growth rate is actually the less significant.

Indicator by indicator

Nine of the fourteen series considered by the coincident index presented favorable results; these positive variations were observed in both monthly and inter-year rates (see Graph 2).

Agricultural machinery sales increased other 10.3% in May, achieving an inter-year expansion of 97.3%. By the contrary, **new vehicles' registrations** dropped 0.3% after 14 consecutive months of recovery; this sub-indicator also registers an important inter-year growth (+31.3%). The third series related to durable goods, **cement consumption**, obtained rates of 0.4 and 17.1%, respectively.

Graph 2: Economic activity's indicators for the Province of Santa Fe - May 2017 -



(*) Data related to May was estimated.

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

Gas consumption increased 2.5% in May and cumulates a total variation of 18.4% Durant the last year. In the case of **electricity used by industry** calculated estimations signaled an opposite behavior within rates of **-1.0** and **-0.4%**, respectively.

Oilseed milling ranked at the bottom of Graph 2's section A, presenting the lowest monthly variation rate in respect to April: **-4.6%**. However, the series is still 4.9% above its inter-year benchmark. By the contrary, **hydrocarbons used by agro-industry** improved 2.8% although the gauge cumulated a total decline of **6.9%** in terms of May 2016.

Registered jobs kept showing a stable performance and grew 0.1% in respect to April, which implies an inter-year increment of 0.8%. Moreover, **demand for new employees** obtained rates of 0.2 and 5.2%, respectively. **Real wages'** inter-year comparison presented the same result (5.2%), even though the series declined **0.9%** in May. To this regard, it is worth noting that **supermarket retail sales** recovered its first 0.6%, which allowed the sub-indicator's inter-years gauge to drop to **-7.0%**.

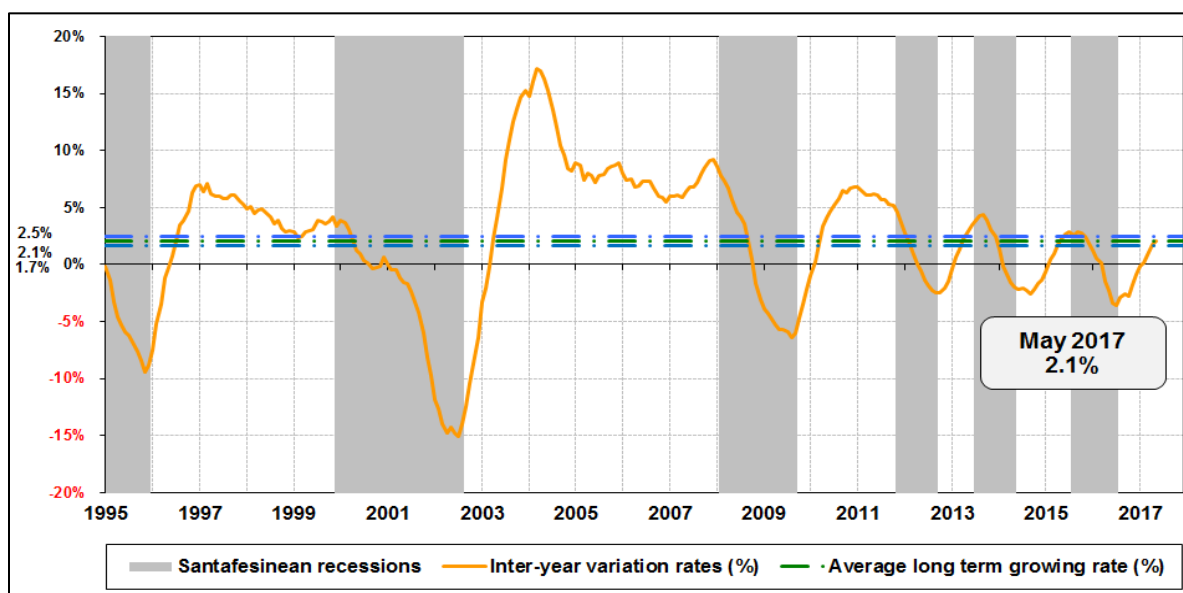
Lastly, in spite of receiving incremental federal resources, **tax revenues** presented a new contraction of **0.6%** in May and stayed **2.1%** behind its inter-year benchmark.

Summary and perspectives

ICASFe's inter-year variation rates reached 2.1% in May 2017 (see Graph 3). This means that, although economic growth slowed down during the last few months, its net balance kept improving. Consequently, the challenge for the second semester will be regaining intensity in order to boost the recovery process.

In respect to considered sub-indicators and taking into account other relevant economic variables from database, it is clear that, at least until this moment, durable goods and construction were leading the expansion. Fortunately, during this last measurement some other series have also joined the process. To this regard, it is worth noting that many industrial activities are already recovering; and, in addition, retail consumption apparently reached the bottom. Meanwhile, registered jobs and real wages kept improving; in fact, purchasing power is expected to continue in this path as inflation backs down.

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



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