

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Santa Fe's economy grew 2.2% in 2017

Consolidated data signals that economic activity finished the period on an uptrend, but below preliminary estimations.

ICASFe

DECEMBER 2017

Level:

164.2

Monthly variation:

0.1%

Inter-year variation: 2.2%

2017's final result: 2.2%

MAIN RESULTS

ICASFE's level was located in **164.2**, presenting a monthly variation of **0.1%** in respect to November 2017.

Inter-year variation rates reached **2.2%** (comparing December 2017 vs. December 2016).

Cumulated expansion during 2017's was measured in **2.2%**.

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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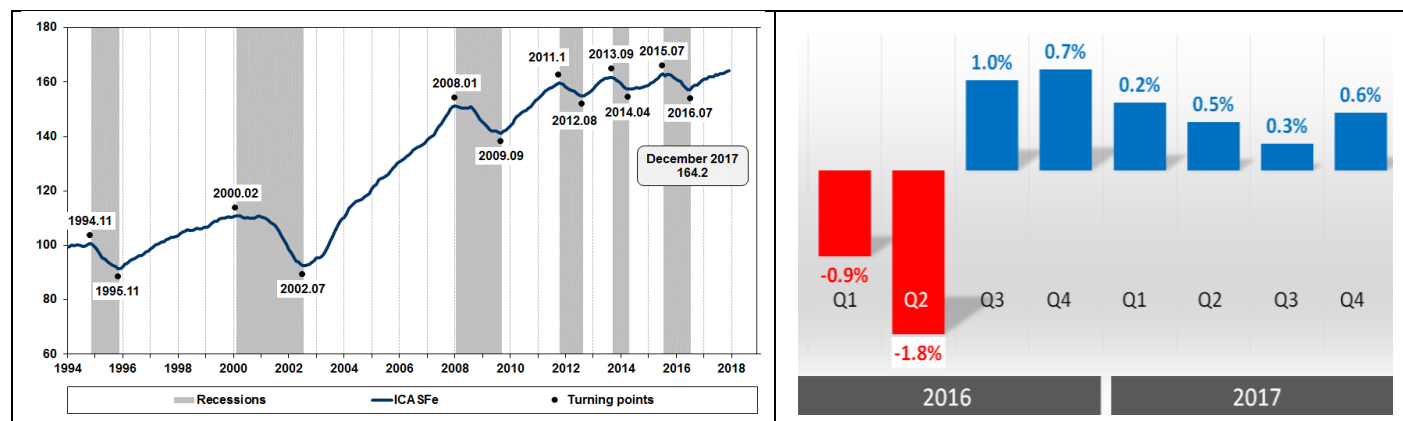
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Province of Santa Fe's economic activity

In December 2017 the coincident index increased 0.1% in respect to November, ending the year with a cumulative growth of 2.2%. Although initial projections were not fulfilled (3.0%), economic activity recovered from 2016's loss (-1.5%). Furthermore, the expansion phase, proving seventeen consecutive positive monthly variations, has overtaken the maximum level reached by the gauge in July 2015 (see Graph 1).

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

In 2017, ten of the fourteen considered series presented positive cumulative variation rates (see Table 1). Also, all the remaining indicators except **gas used by industry** and **oilseed milling** moderated their losses or recovered in terms of 2016. It is important to highlight that during the last quarter there was a 0.6% general improvement, the maximum quarterly rate within the period.

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

	2016's variation rates	2017's variation rates
Agricultural machinery sales	55.4%	50.1%
New vehicles' registrations	24.4%	23.5%
Cement consumption	11.1%	12.2%
Meat slaughter industry	7.2%	8.1%
Tax revenues	-3.5%	6.4%
Real wages	-3.7%	4.3%
Hydrocarbons used by agro-industry and transport	10.9%	3.1%
ICASFe	-1.5%	2.2%
Number of employees	-0.6%	1.9%
Supermarket retail sales	-17.1%	0.3%
Demand for new employees	-12.7%	-0.8%
Electricity used by industry	-11.3%	-2.1%
Índice compuesto de evolución industrial	-6.5%	-6.4%
Gas used by industry	2.7%	-10.3%
Oilseed milling	0.8%	-10.5%
Dairy production	-17.0%	-12.3%

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

Agricultural machinery sales led the growth's ranking for the second time in a row, gaining 50.1% in 2017. The two following indicators remained in the same place in respect to 2016. **New vehicle's registrations** and **cement consumption** finished the year increasing 23.5% and 12.2%, respectively.

The labor market experienced a good year, showing enhancements in all the indicators. The **number of employees** climbed 1.9% while **real wages** gained 4.3%, in tune with a lower inflation rate. **Demand for new employees** dropped 0.8%, but slower than during the previous year: in 2016 the series plunged 12.7%.

In regard to **tax revenues**, the sub-indicator rebounded from 2016's decline. In fact, the variable ended the year with a cumulative real growth of 6.4%. In addition, retail consumption (measured by **supermarket' sales**) stopped contracting and improved 0.3% across the year.

The manufacturing sector's performance did not reach 2017's expectations. Moreover, most industrial branches experienced negative results for the second consecutive year (in spite of certain particular activities). As examples, **dairy production kept facing a difficult scenario** and decreased 12.3% in 2017 whereas **oilseed milling** lost 10.5%. On the other hand, **meat slaughter industry** was able to expand again, achieving a cumulative growth of 8.1% during the last twelve months.

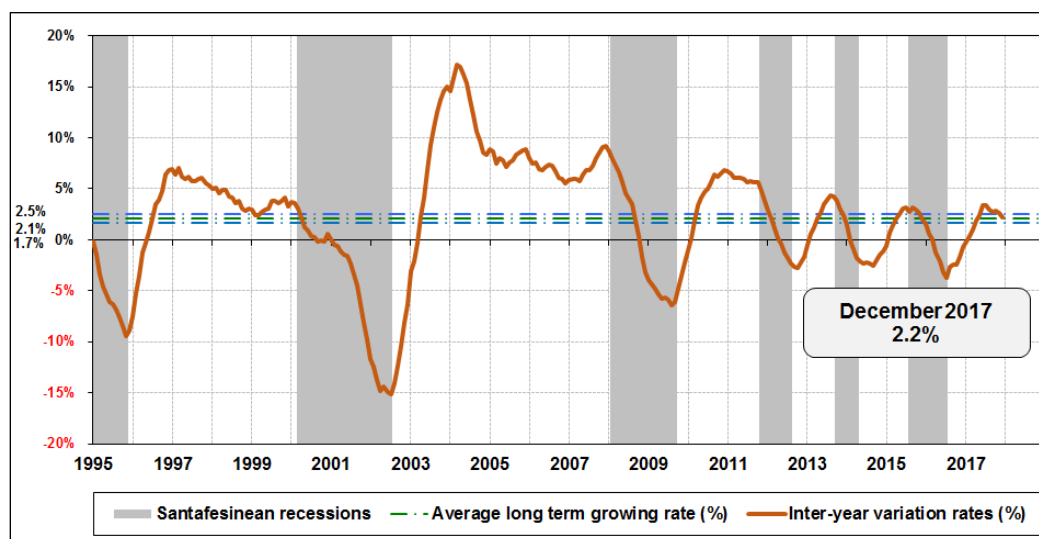
Summary and perspectives

Within its sixth consecutive quarter of growth, ICASFe's inter-year variation rates ended 2017 in 2.2% (a close position to its long term statistical growth rate; see Graph 2). To this regard, considering 2016's recession and past years' stagnation, these are very encouraging results.

Expectations for 2018 are favorable on a short-term horizon although there are still important challenges to face up from a wider perspective. In regard to Argentina's macroeconomics, inflation rates in 2017 already decelerated strongly but prospects for 2018 are still around 20%. In addition Government's fiscal conditions improved slowly whereas, by the contrary, the country's commercial deficit increased significantly. Until today the official strategy has been focused on equilibrate accounts gradually, financing the imbalances by taking external debt.

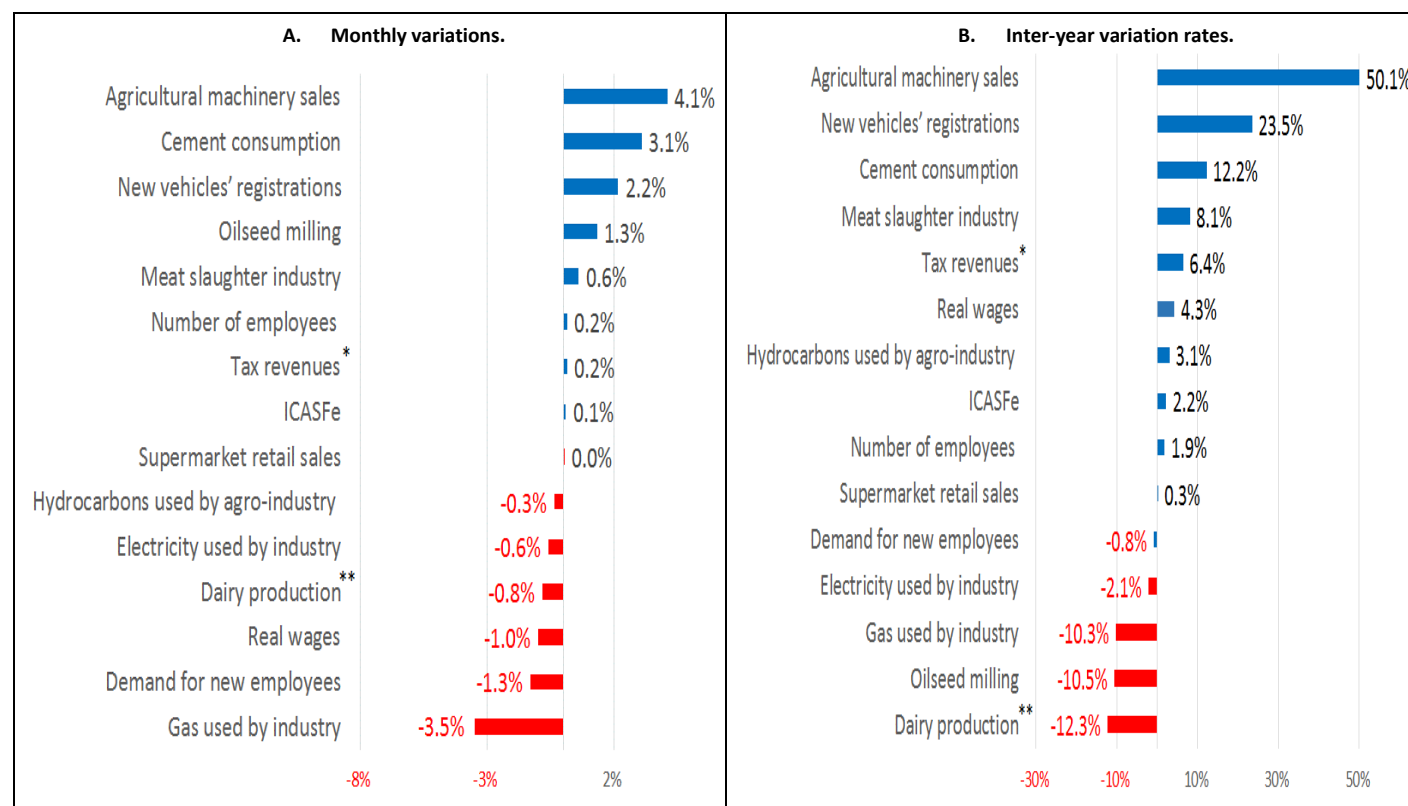
Another relevant element to consider on 2018's economic performance is related to the legislative background. This period the political agenda includes certain topics of strong influence over economic activity (changes on labor legislation and taxes, among others).

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 - December 2017 -

Last available data from: () November 2017; (**) September 2017.*
Source: Research and Services Center, Santa Fe's Chamber of Commerce.