

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Economic activity dropped slightly in February

In accordance with an unfavorable national context and primary production's difficult times, Santa Fe's economic activity lost **0.1%** in comparison to the previous month.

ICASFe

FEBRUARY 2018

Level:

164.5

Monthly variation:

-0.1%

Inter-year variation: 1.9%

2018's partial result: 0.1%

MAIN RESULTS

ICASFE's level was located in **164.5**, presenting a monthly variation of **0.1%** in respect to January 2018.

Inter-year variation rates reached **1.9%** (comparing February 2018 vs. February 2017).

Partial cumulated expansion during 2018's was measured in **0.1%**.

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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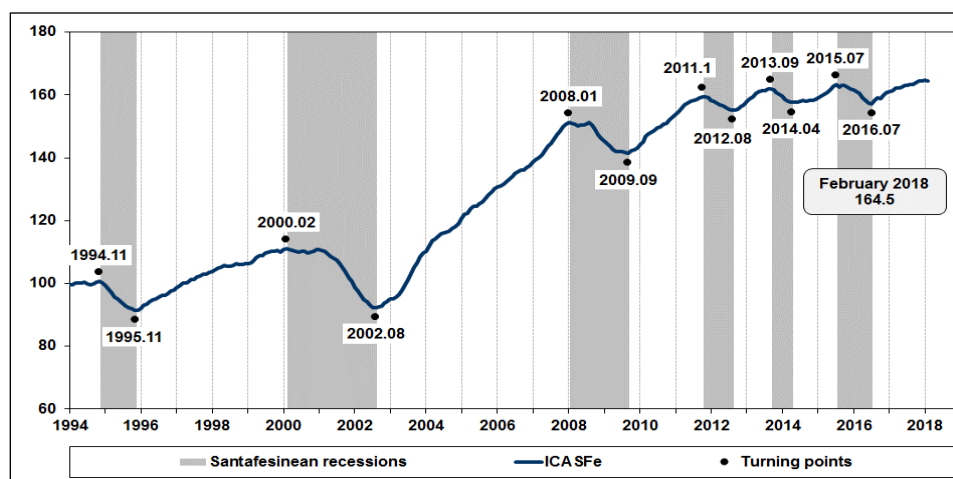
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Province of Santa Fe's economic activity

In spite of being experiencing an expansion phase that initiated 19 months ago, during February 2018 Santa Fe's economy decreased **0.1%**. This decline reduced the gauge's inter-year variation rates to 1.9% (in respect to February 2017). Therefore, 2018's partial result also went down to 0.1%.

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



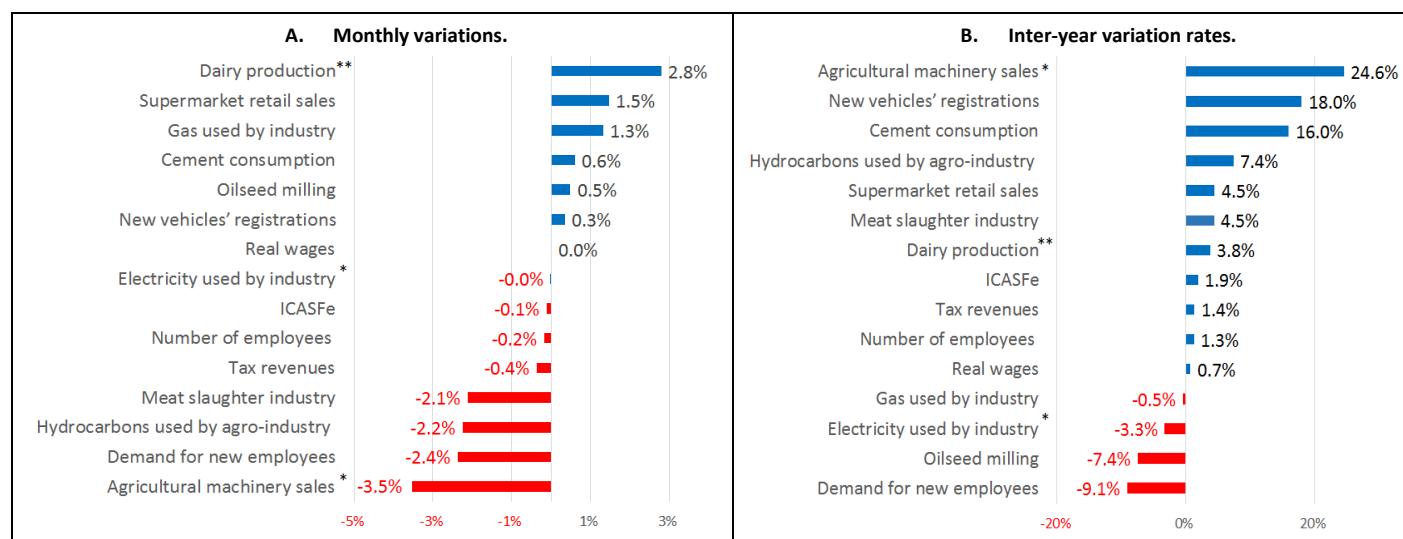
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

During this last measurement, eleven indicators held a positive inter-year variation rate (see Graph 2). Nevertheless, only six sub-indicators were able to achieve a monthly improvement, two remained unchanged and the remaining series dwindled.

Agricultural machinery sales kept dropping in February. Estimated data signaled a decrease of **3.5%** although the sub-indicator is still on front of inter-year expansions' rank. In the same direction, **new vehicle's registrations** maintained a positive net result but lost its first place on the table (presenting an inter-year improvement of 18.0% in respect to February 2017). Similarly, **cement consumption** obtained an inter-year growth of 16.0%.

Graph 2: Economic activity's indicators for the Province of Santa Fe - February 2018 -



Last available data from: (*) December 2017; (**) January 2018. Unavailable data was estimated.

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

In spite of higher inflation, **supermarket retail sales** have grown for the last three months, accumulating an inter-year climb of 4.5%. In contrast, real **tax revenues** diminished for the sixth consecutive month. However, over the past year this indicator gained 1.4%, mainly due to its good performance during 2017's second semester.

Santa Fe's labor market began to show signs of vulnerability. **Registered jobs** declined **0.2%** in respect to January, **demand for new employees** plunged **2.4%** (its third negative monthly variation in a row), whereas **real wages** remained steady. Anyway both, **registered jobs** and **real wages**, retained a positive inter-year gauge.

The manufacturing sector is still facing an unfavorable context. To this regard, activities linked to primary production were the most affected during these past months. In fact, even though it is too early to make a statement, the coincident index might be capturing the consequences of the current agricultural crisis. Moreover, **electricity used by industry** showed an almost null movement in February, and accumulates a decline of **3.3%** in the past twelve months. In addition, **hydrocarbons used by agro-industry** also descended, trimming its inter-year expansion. By the contrary, **gas used by industry** kept going up in line with higher costs in electricity that changed relative prices.

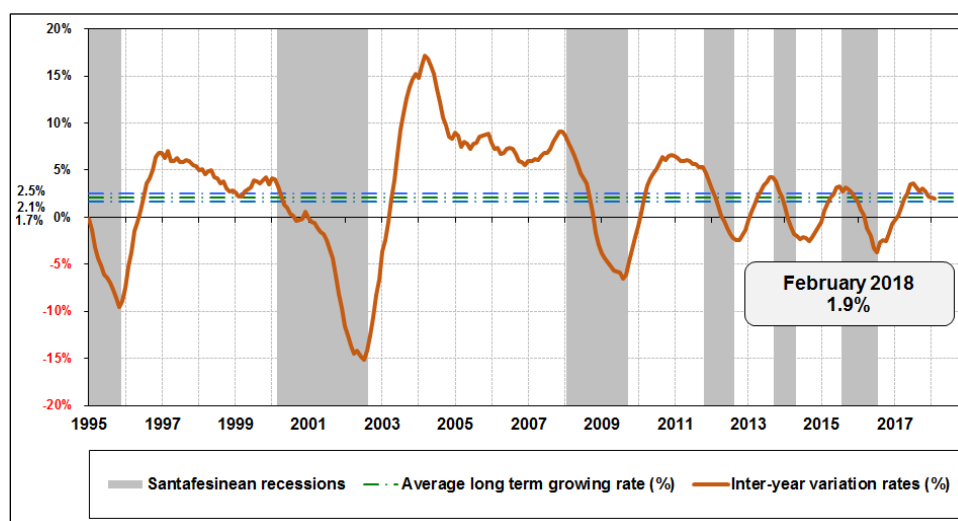
Dairy production and **oilseeds milling** both kept recovering, rising 2.8 and 0.5% respectively. But it is worth noting that part of oilseed milling's improvement is based on stocks, whereas dairy production recently touched a historical low level. In the meantime, **meat slaughter industry** sank **2.1%**, giving a negative surprise considering previous expectations.

Summary and perspectives

In accordance to national economic activity which declined **0.2%** in February (based on official data), the province of Santa Fe also signaled a negative monthly variation. However, the economy is still experiencing an expansion phase and its inter-year gauge was measured in 1.9% (see Graph 3).

Outlooks for the next few months are still optimistic in spite of additional expected negative effects coming from the agricultural sector. On the other hand, the contribution of different activities to the expansion phase is changing. Series that were the most important during the economic recovery are losing relative influence (cycle's diffusion).

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



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