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First quarter: modest improvement

Economic activity grew 0.5% between January and March 2018, a rate below preliminary estimations which raises certain concerns.

ICASFe

MARCH 2018

Level:

165.1

Monthly variation:

0.1%

Inter-year variation: 2.2%
2018's partial result: 0.5%

MAIN RESULTS

*ICASFE's level was located in **165.1**, presenting a monthly variation of **0.1%** in respect to February 2018.*

*Inter-year variation rates reached **2.2%** (comparing March 2018 vs. March 2017).*

*Partial cumulated expansion during 2018's was measured in **0.5%**.*

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

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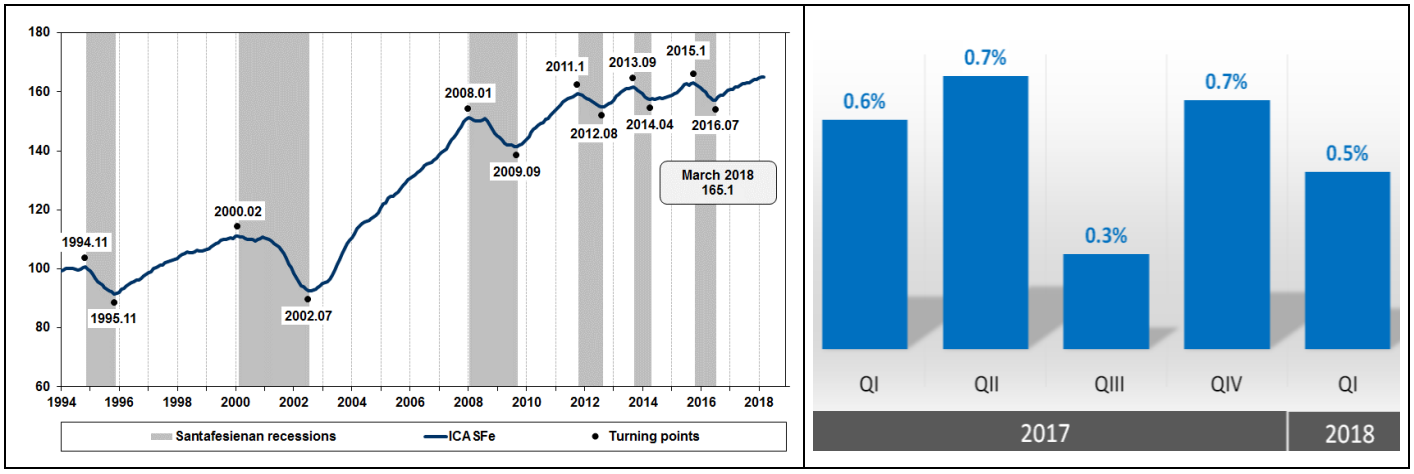
Province of Santa Fe's economic activity

In March 2018 the coincident index increased 0.1%, achieving an accumulated growth of 0.5% during the first quarter. Although its variation rate remained positive, inline to the expansion phase that started in August 2016, the result was lower than past year's average.

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 the first quarter, nine out of the fourteen series considered by the ICASFe obtained positive variations. In addition, three of them also recovered from their losses in 2017. However, it is important to notice that seven sub-indicators declined in respect to February.

Supermarket retail sales increased 5.8% in 2018, keeping up within a better performance. In December 2017 the series was 13.0% below its maximum level reached in 2015. In regard to durable goods, **new vehicle's registrations** and **cement consumption** increased 3.6 and 4.2% respectively.

Table 1: Economic activity's indicators for the Province of Santa Fe. Accumulated growth for 2017 and 2018's first quarter.

	2017	2018 Q1
Supermarket retail sales	0.5%	5.8%
Dairy production (**)	-5.0%	5.7%
Cement consumption	13.6%	4.2%
New vehicle's registrations	21.0%	3.6%
Gas used by industry	-7.4%	3.6%
Hydrocarbons used by agro-industry	2.4%	1.6%
Tax revenues	3.9%	1.3%
ICASFe	2.3%	0.5%
Electricity used by industry (*)	-2.2%	0.4%
Meat slaughter industry	7.8%	0.2%
Number of employees	1.8%	-0.3%
Oilseed milling	-13.0%	-0.6%
Real wages	4.4%	-2.5%
Demand for new employees	-0.5%	-6.3%
Agricultural machinery sales*	47.8%	-6.9%

Last available data from: (*) December 2017; (**) January 2018. Unavailable data was estimated.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Estimations for **agricultural machinery sales** reveal a decrease of 6.9% in 2018 Q1. This drop implies a significant deviation from last year's performance, when the series grew 47.8%. Nevertheless, despite this reversal, the gauge retained an increase of 61.0% above its previous maximum level reached in 2016.

Diary production climbed 5.7%, leaving behind last year's losses (-5.0%). Yet, the indicator holds a weak position in comparison to previous periods. Meanwhile, **meat slaughter industry** slightly grew 0.2% whereas **oilseed milling** kept dropping down (last year the series fell 13.0%), signaling a 0.6% decrease during the first quarter

Hydrocarbons used by agro-industry gained 1.6% between January and March, after rising 2.4% in 2017. Moreover, most manufacturing activities showed improvements. Estimations for **electricity used by industry** reveal an increase of 0.4% during 2018's first quarter; **gas used by industry** grew 3.6%.

In contrast, the labor market is going through an unpleasant situation. The **number of registered employees** dropped 0.3% during the quarter, as in 2017 the series improved 1.8%. **Real wages** sank 2.5% and the **demand for new employees** failed to recover, accumulating a 6.3% decrease.

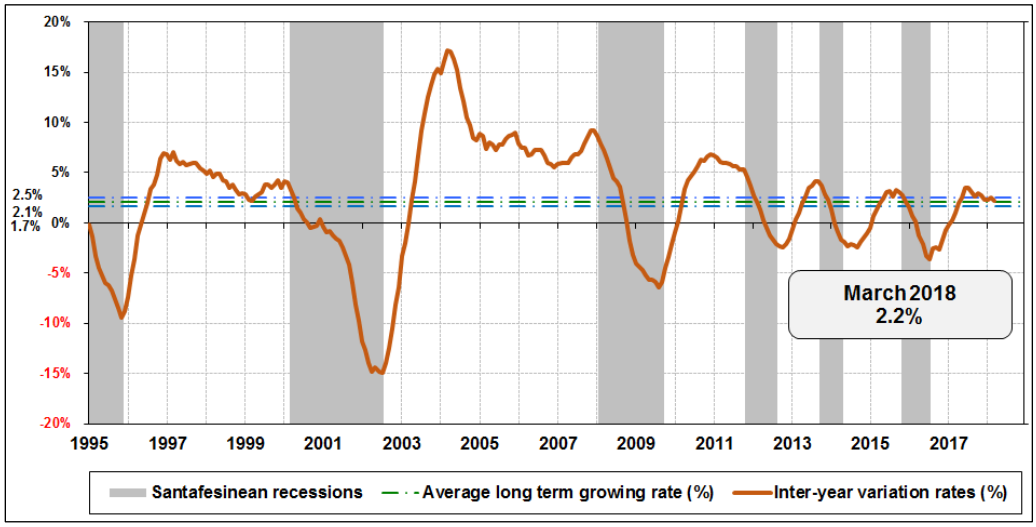
Finally, **tax revenues** registered a 1.3% growth, pushed forward by increasing federal resources.

Summary and perspectives

In March 2018, ICASFe's inter-year variation rates ended in 2.2%. This result means a deceleration of growth in Santa Fe's economic activity, although the expansion phase goes through its 19th month of duration.

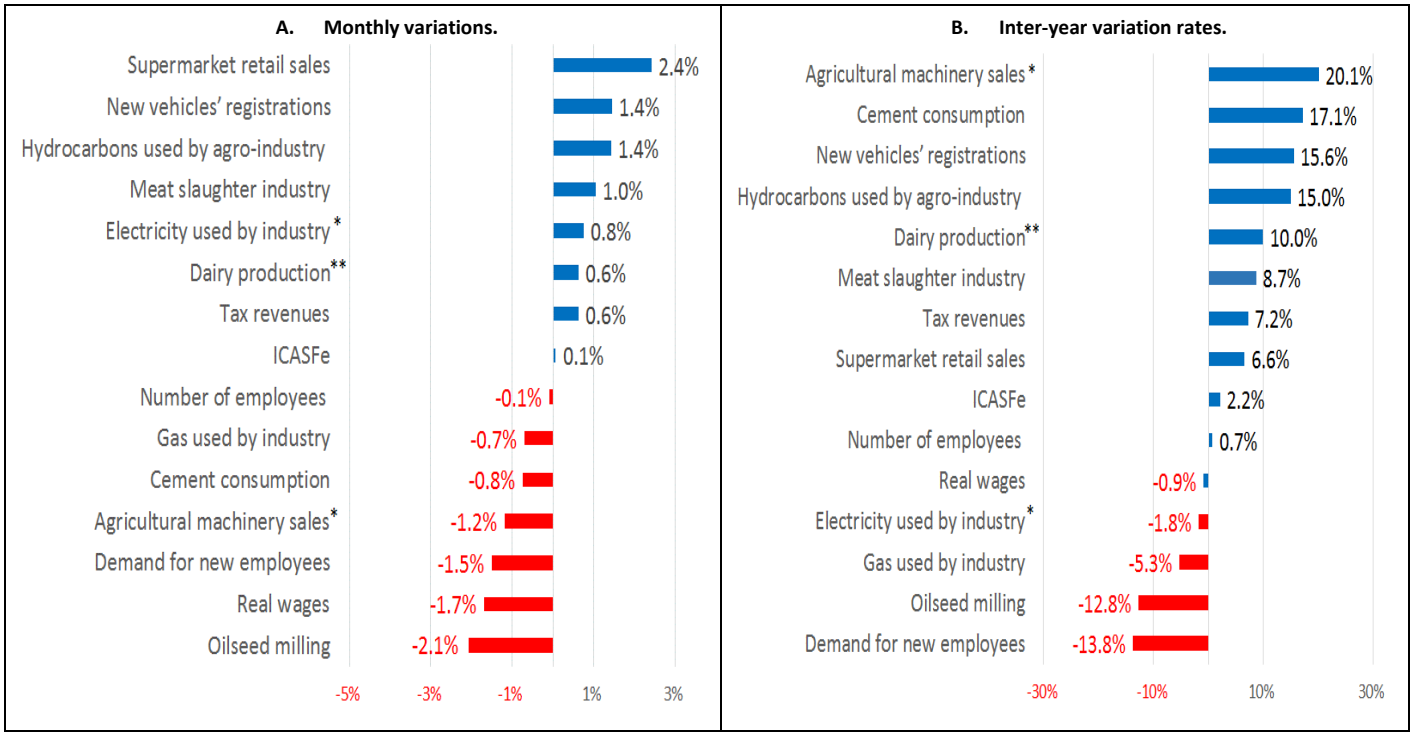
However, it is worth to mention that the consequences of the recent acceleration of inflation and currency depreciation remain to be reviewed. Even though economic activity seems to improve, certain indicators are deteriorating, such as those related to the labor market. Furthermore, wages' purchasing power has fallen during the first quarter; something rather strange during expansion periods.

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



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

Graph 3: Economic activity's indicators for the Province of Santa Fe - March 2018 -



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

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