

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Sudden stop in economic activity

April's consolidated data signals a **0.5%** decrease in Santa Fe's coincident index. Within this result, partial cumulated contraction for 2018 is measured in **-0.4%**.

ICASFe

APRIL 2018

Level:

163.3

Monthly variation:

-0.5%

Inter-year variation: **0.8%**

2018's partial result: **-0.4%**

MAIN RESULTS

ICASFE's level was located in **163.3**, presenting a monthly variation of **-0.5%** in respect to March 2018.

Inter-year variation rates descended to **0.8%** (comparing April 2018 vs. April 2017).

Partial cumulated expansion during 2018's was measured in **-0.4%**.

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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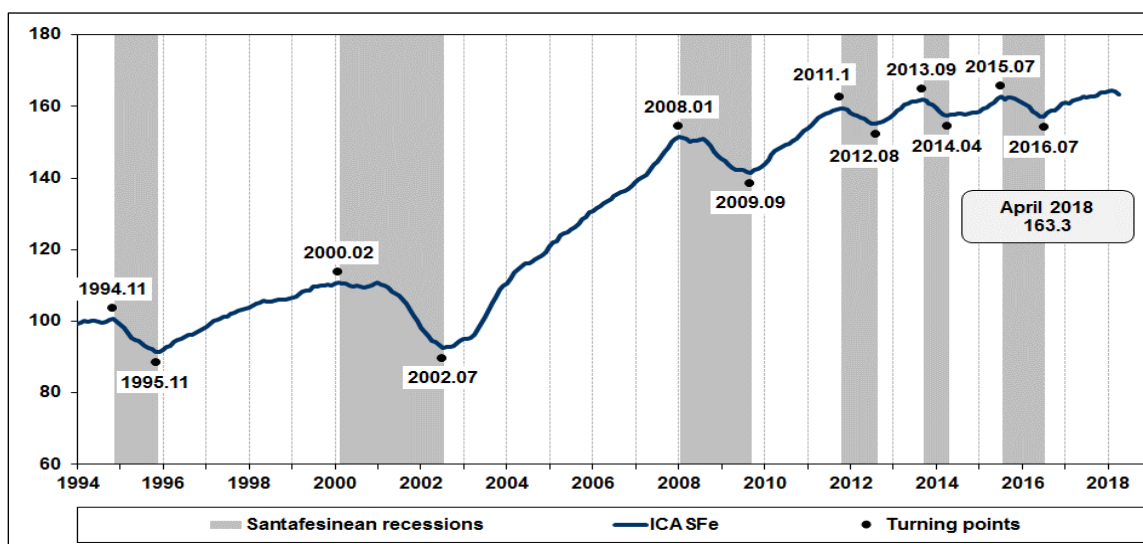
<http://ces.bcsf.com.ar> or

<http://www.bcsf.com.ar>

Province of Santa Fe's economic activity

In April 2018 the coincident index dropped **0.5%**. This means an important turnaround since the beginning of the expansive phase in August 2016. Moreover, inter-year variation rates are still positive (0.8%) but only because of 2017's growth, given that economic activity lost **0.4%** across 2018.

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



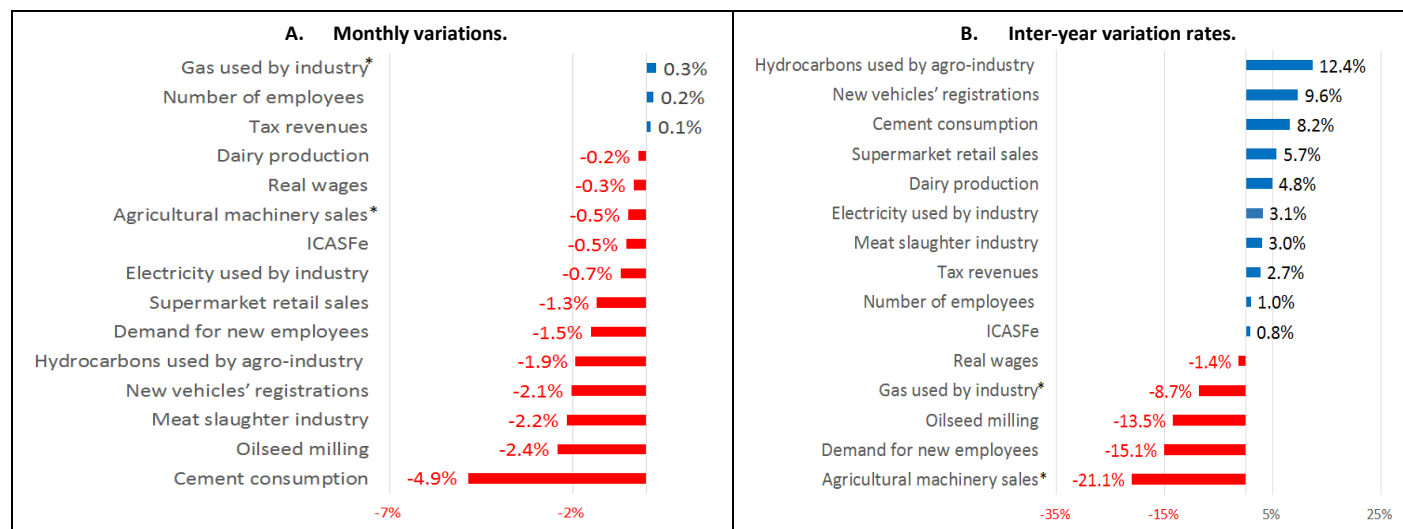
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

This month, eleven out of the fourteen series considered by the ICASFe signaled negative monthly variations. Furthermore, five of them also presented a negative inter-year behavior.

Employment rose 0.2% in April, and 1.0% inter-yearly. This sub-indicator may be momentarily unaffected by recession, but it surely will if the situation keeps getting worse. By de contrary, **real wages** continued facing unfavorable conditions and decreased **0.3%** monthly and **1.4%** on inter-year terms. Similarly **demand for new employees** declined **1.5%** in respect to March, which means a cumulative inter-year contraction of **15.1%**.

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



Last available data from: (*) March 2018. Unavailable data was estimated.

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

Supermarket retail sales were recovering but went down **1.3%** in April; although the series still holds a positive inter-year variation of 5.7%. Consumption of durable goods also presented negative monthly results: **new vehicle's registrations** fell **2.1%**, and **cement**

consumption shrank **4.9%**. Nevertheless, both sub-indicators retained a positive inter-year benchmark (9.6% and 8.2% respectively).

In relation to sub-indicators linked to the manufacturing sector, electricity used by industry diminished **0.7%** and its inter-year improvement went back to 3.1%. Estimations for **gas used by industry** also indicate a contraction of **0.3%** in April (**-8.7%** inter-yearly).

In regard to agro-industrial activities, **hydrocarbons' consumption** dropped **1.9%** but maintained a positive inter-year gauge, growing 12.4%. In addition, **diary production** lost **0.2%**; **meat slaughter industry** **2.2%** and **oilseed milling** **2.4%**, whereas their inter-year variation rates were 4.8, 3.0 and **-13.5%** respectively. In the same direction, based on available information, **agricultural machinery sales** went down **0.5%**, signaling a decrease of **21.1%** on inter-year terms.

Finally, **tax revenues** was one of the few series that achieved a positive monthly variation, growing 0.1% in terms of March and 2.7% in terms of April 2017.

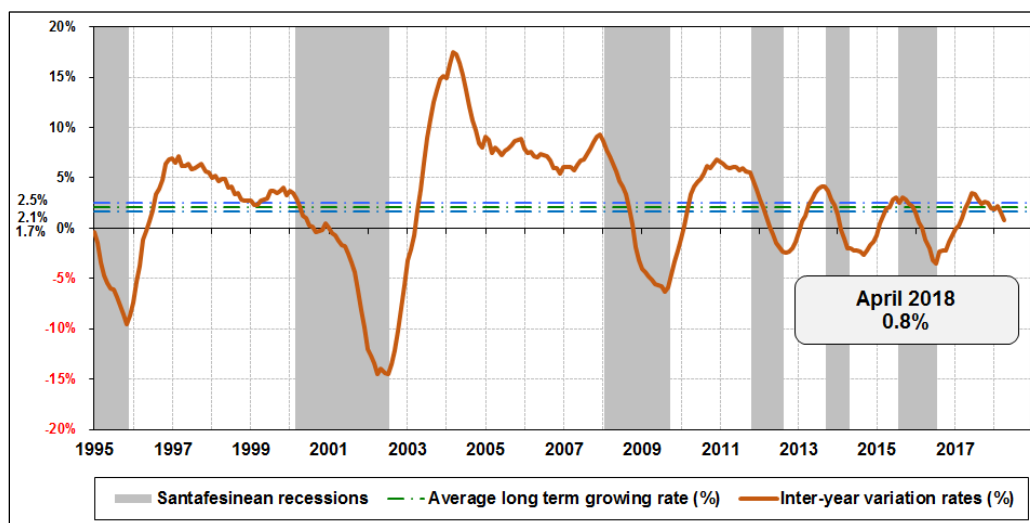
Summary and perspectives

In April 2018, ICASFe's inter-year variation rates were measured in 0.8%; which means a significant deceleration in economic growth. In fact, if this continues, the index could rapidly enter over negative territory.

Obtained results implied an unexpected outcome and, certainly, unpredictable considering last semester's performance. Although real wages have been diminishing for some months, the spike in exchange rates and financial struggle propagated to most sub-indicators.

Unfortunately, estimations for May and June are unfavorable and turns out to be difficult to know what can occur beyond 2018's first semester. The financial instability and devaluation of local currency will generate a short term negative impact over activity and prices; on a midterm horizon the economy may gain sustainability if the external accounts, the manufacturing sector, and agricultural activities' profits recover.

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



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