

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

Monthly publication Nº 07 / Year 12

ISSN 2362-4884

Date: 08/02/2018



CENTRO DE ESTUDIOS Y SERVICIOS

Economic contraction deepens

During the first semester of the year, economic activity shrank **1.3%**. This result wipes out more than half of 2017's growth.

ICASFe

JUNE 2018

Level:

165.1

Monthly variation:

-0.1%

Inter-year variation: **-0.1%**

2018's partial result: **-1.3%**

MAIN RESULTS

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

Inter-year variation rates descended to **-0.5%** (comparing June 2018 vs. June 2017).

Partial cumulated expansion during 2018's was measured in **-1.3%**.

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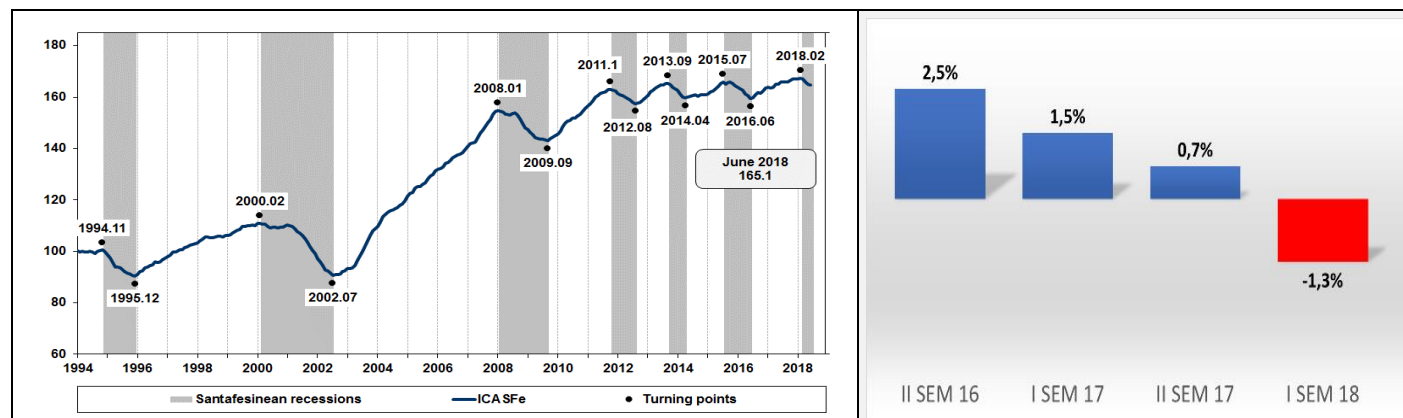
<http://ces.bcsf.com.ar> or

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

Province of Santa Fe's economic activity

In June 2018 Santa Fe's economy decreased **0.1%**. This means an accumulated contraction of **1.3%** during the first semester of the year, after three consecutive periods of expansion (see Graph 1, right side).

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

2018's results show that ten out of the fourteen series considered by ICASFe signaled negative inter-year variations. This indicates that recession already hits most santafesinean economic sectors. Moreover, considering that some series regularly lag in turning due to legal and structural properties: like employment and retail consumption.

Table 1: Economic activity's indicators for the Province of Santa Fe. Total variation rates for each period.

	2017	I SEMESTER 2018
Gas used by industry	-8.5%	9.0%
Tax revenues	2.6%	8.9%
Supermarket retail sales	0.1%	5.2%
Electricity used by industry (*)	-1.0%	2.0%
Number of employees	1.7%	-0.2%
Meat slaughter industry	8.0%	-0.3%
ICASFe	2.3%	-1.3%
Dairy production	-7.5%	-3.7%
Real wages	3.8%	-5.1%
Hydrocarbons used by agro-industry and transport	4.2%	-5.3%
Cement consumption	13.8%	-5.3%
Oilseed milling	-14.8%	-5.5%
Agricultural machinery sales	-2.4%	-13.3%
Demand for new employees	1.3%	-16.5%
New vehicle's registrations	26.5%	-19.6%

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

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

As can be observed, tax revenues increased 8.9% during 2018's first semester. This rate is 2.6% above its inter-year benchmark. To this regard, it is worth mentioning that the indicator gathers information from not only provincial but also national resources that are federally distributed. Therefore, the series could probably reverse within next months.

In relationship to indicators linked to the manufacturing sector, **gas used by industry** stood out gaining 9.0%. But the gauge's performance was related to variations in energy's relative prices. **Electricity used by industry** accumulated an increase of 2.0%, however projections for the next semester indicate a further decline. On the other hand, **hydrocarbons used by agro-industry and transport** dropped 5.3% during the period, whereas in 2017 it climbed 4.2%. On the same direction, **oilseed milling and agricultural machinery sales** diminished 5.5 and 13.3% respectively. **Dairy production** registered a negative variation rate of 3.7% at the semester, and **meat slaughter industry** dwindled 0.3%.

Number of employees experienced a decline of 0.2% during the last six months and, as previously mentioned, the series is likely to deteriorate. In fact, **demand for new employees** contracted 16.5% in the first semester and **real wages** dipped 5.1%.

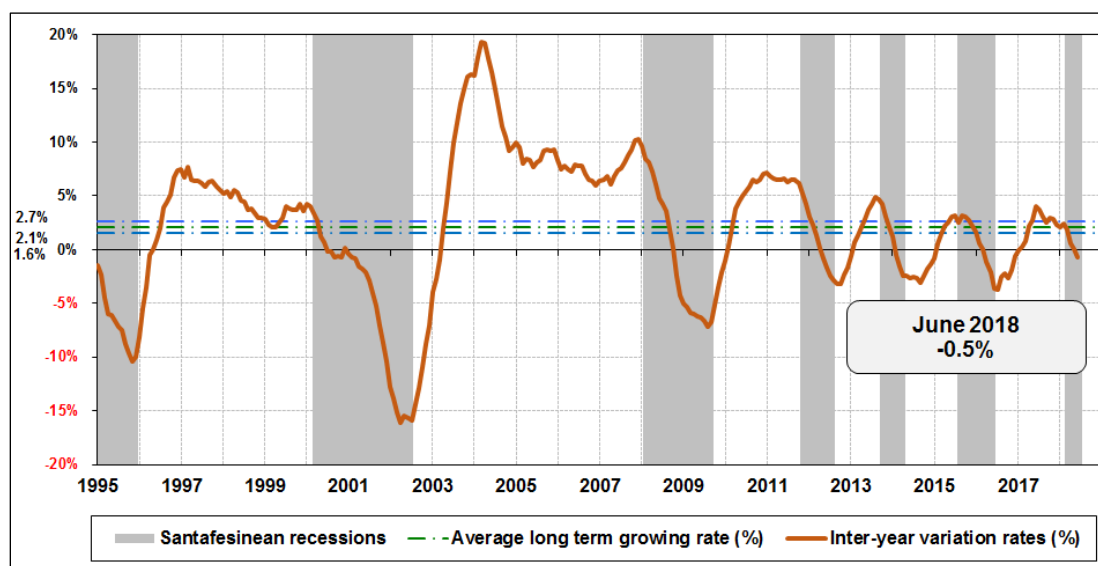
As regard to retail consumption, **supermarkets sales** gained 5.2% between January and June 2018. But since this indicator only internalizes big scale markets, the rise could not be representative as smaller groceries have less flexibility in managing inflation. Furthermore, the series remained behind its historical peak. In respect to durable goods' consumption, **new vehicle's registrations** slumped 19.6%, whereas **cement consumption** tumbled 5.3% during the semester.

Summary and perspectives

In June 2018 ICASFe's inter-year gauge entered in negative terrain (-0.5%), dragged by a considerable contraction at the first semester of the year (see Graph 2).

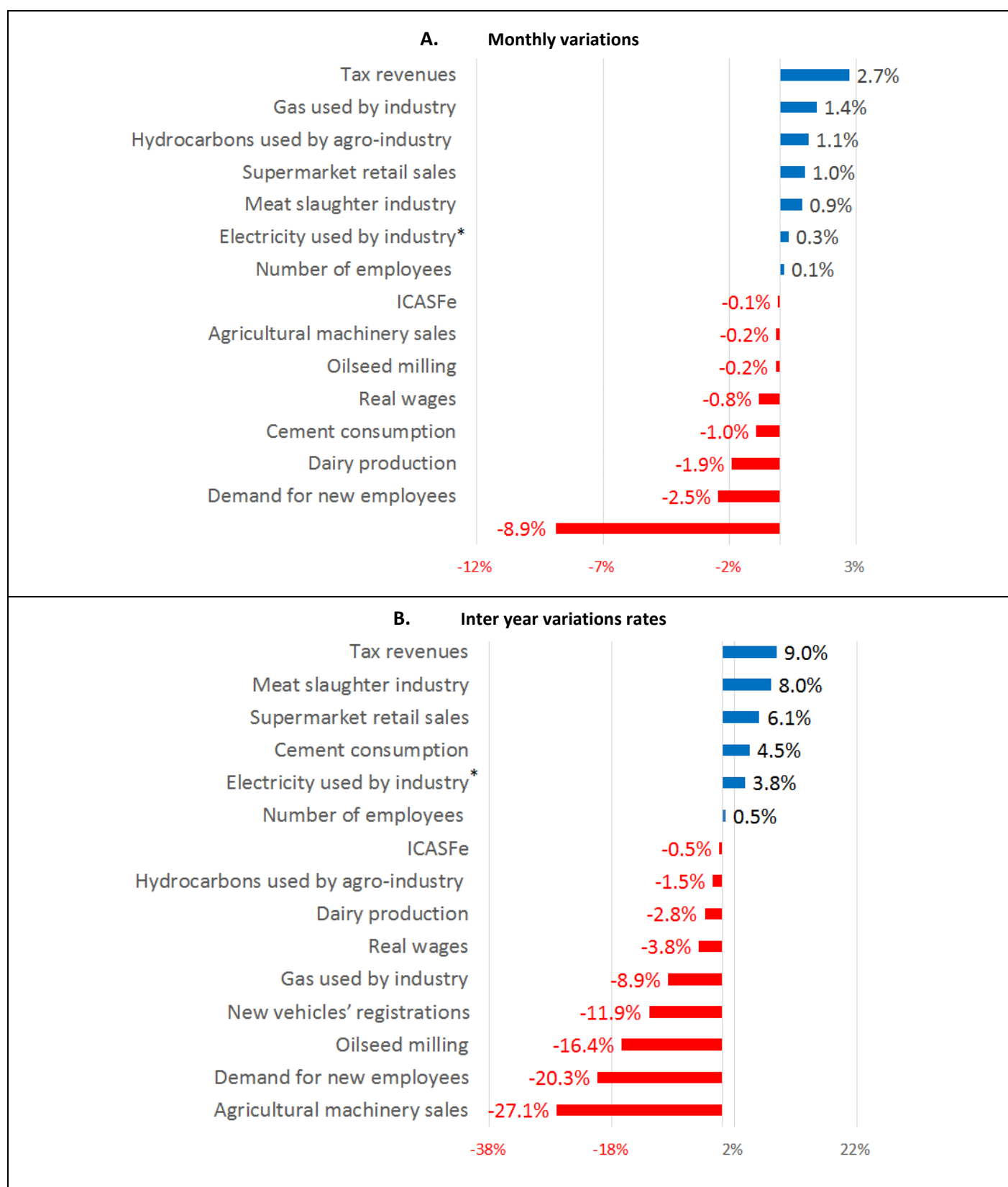
The last expansion phase in the province – between July 2016 and February 2018 – lasted twenty months, registering an increase of 5.1%. This implies an average annual growth rate of 3.1%. Nowadays recession – in just four months – plunged Santa Fe's economic activity -1.6%. This means an annualized rate of -4.9%. Hence, the coincident index reveals a difficult scenario for aggregate economy. Moreover, taking into account that certain series delayed the effects of recession and will be most probably contributing within negative results across the second semester.

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



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

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