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No signs of recovery

Economic activity contracted 3.2% during 2018's third quarter and there is not yet available data to objectively support a short term switch on actual trend

ICASFe

SEPTEMBER 2018

Level:

158.4

Monthly variation:

-1.1%

Inter-year variation: -5.0%
2018's partial result: -5.4%

MAIN RESULTS

*ICASFE's level was located in **158.4**, presenting a monthly variation of **-1.1%** in respect to August 2018.*

*Inter-year variation rates descended to **-5.0%** (comparing September 2018 vs. September 2017).*

*Partial cumulated expansion during 2018's was measured in **-5.4%**.*

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

Bolsa de Comercio de Santa Fe

President
Mr. Ulises Mendoza

Fundación Bolsa de Comercio
President
Mr. Ulises Mendoza

Executive Director
Dr. Gustavo Vittori

Research and Services Center

Director
Lic. María Lucrecia D´Jorge

Coordinator
Mg. Pedro P. Cohan

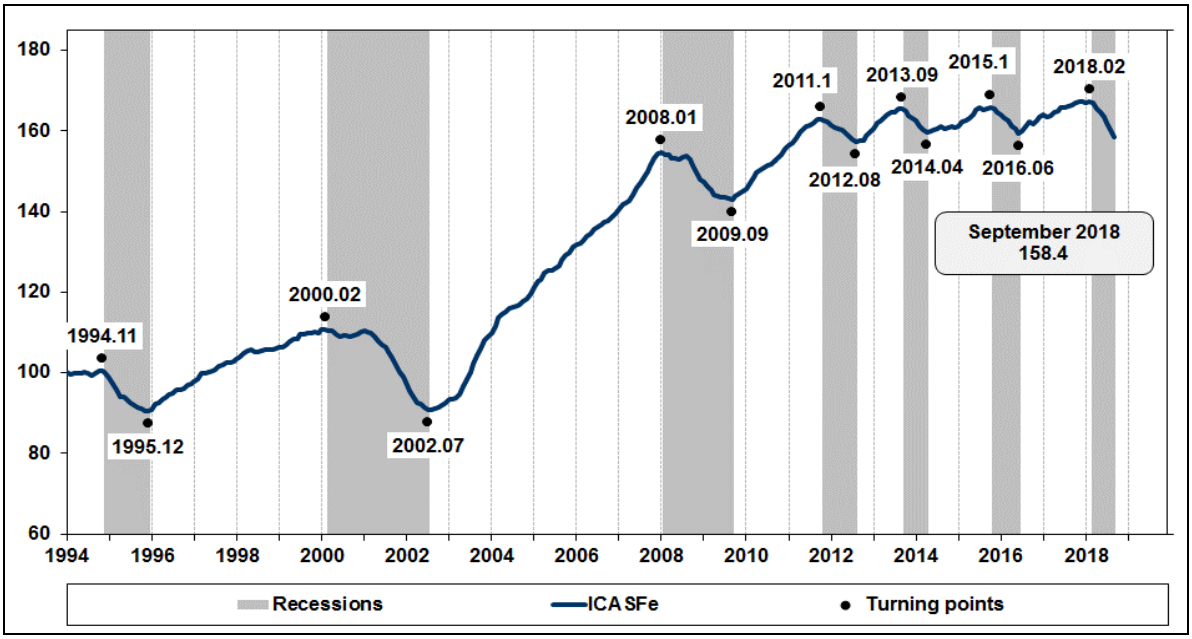
Researchers
Lic. Lautaro Zanini
María Florencia Camusso
Ignacio Francisco Falco
Ramiro Jorge

E-mail and contact information
ces@bolcomsf.com.ar
Websites
http://ces.bcsf.com.ar or
http://www.bcsf.com.ar

Province of Santa Fe's economic activity

In September 2018 the province's economic activity kept on with the recession, falling other 1.1% in respect to August. This meant a decrease of 3.2% during 2018's third quarter and 5.4% considering the last twelve months.

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

Between July and September, twelve out of the fourteen indicators considered by ICASFe presented negative variations rates; furthermore, most of them intensified the contraction experienced during the first and second quarters of the year.

Table 1. Economic activity's indicators for the Province of Santa Fe. Quarterly variation rates.

SERIE	Q1 2018	Q2 2018	Q3 2018
Oilseed millling	1.8%	-10.4%	7.4%
Diary Production	3.4%	-5.2%	6.0%
Number of employees	-0.2%	-0.0%	-0.1%
Tax revenues	0.6%	3.2%	-2.2%
Meat slaughter industry	-0.6%	-0.4%	-2.3%
Hydrocarbons used by agro-industry	-1.7%	-5.1%	-2.8%
ICASFe	**-0.1%**	**-2.1%**	**-3.2%**
Electricity used by industry*	1.8%	-5.6%	-4.3%
Supermarket retail sales	5.7%	-1.3%	-4.9%
Gas used by industry *	4.5%	8.4%	-6.3%
Agricultural machinery sales	-11.9%	-4.3%	-7.2%
Real wages	-2.6%	-2.6%	-7.9%
Cement consumption	2.3%	-8.0%	-8.1%
Demand for new employees	-10.2%	-8.3%	-8.8%
New vehicle's registrations	-4.5%	-19.9%	-24.5%

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

Oilseed milling is one of the two indicators that showed a positive performance throughout the third quarter, gaining 7.4%. The second series was **diary production**, which rose 6.0%. Nevertheless, from a historical perspective, the gauge is still recovering.

Hydrocarbons used by agro-industry plunged 2.8% over the past three months, whereas **meat slaughter industry** diminished 2.3%. Moreover, **agricultural machinery sales** declined 7.2%.

Gas delivered to the industrial sector fell 6.3% in 2018's Q3 and **electricity used by industry** went down 4.3% (declining for the second quarter in a row).

In regard to employment, **total number of workers** lost other 0.1%. In addition, **real wages** signaled a drop of 7.9%, increasing the erosion of purchasing power. As a consequence, **supermarkets retail sales** presented a negative variation rate in the third quarter (4.9%).

In regard to durable goods' consumption, **new vehicle's registrations** plummeted 24.5% during last quarter, whereas **cement consumption** shrank 8.1%.

Finally, **tax revenues** registered a negative cumulative variation rate for the first time in the year, falling 2.2%. This decline was mainly due to smaller transfers of revenues from federal resources.

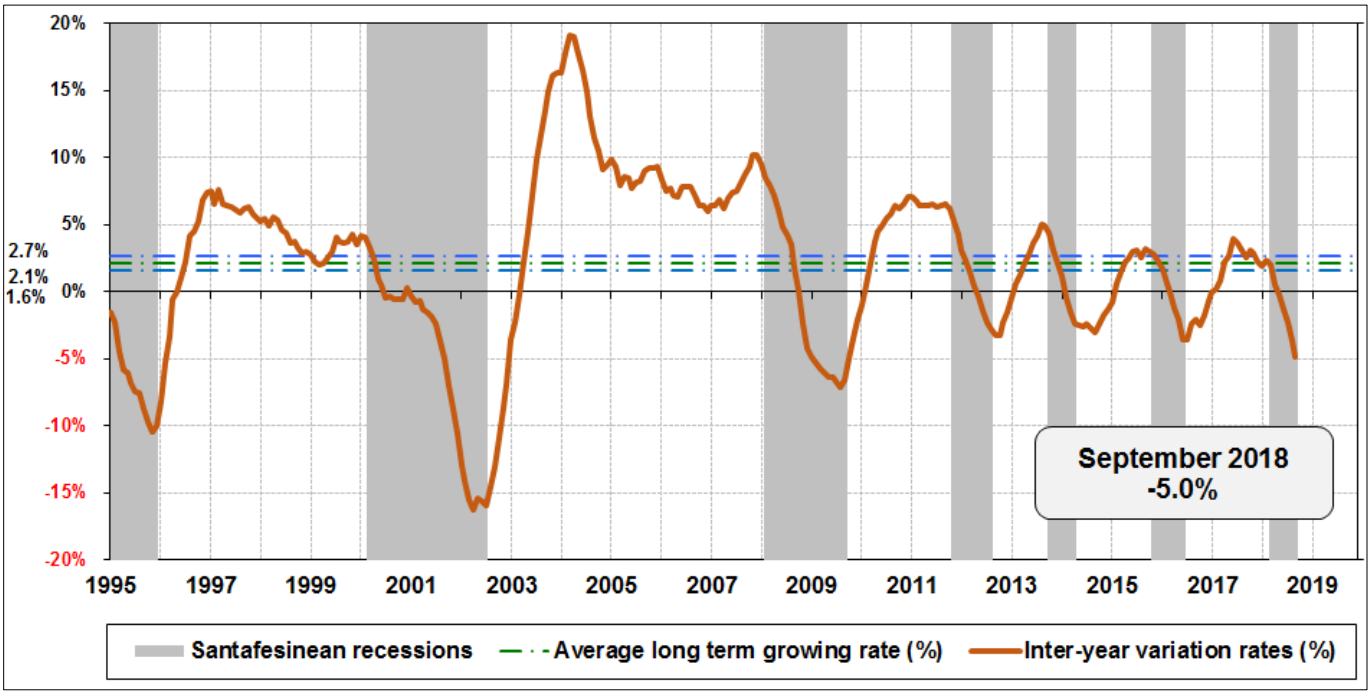
Summary and perspectives

Since the beginning of the recession in the first quarter of the year, the province's economic activity deteriorated month after month. In September 2018, the annual variation rate ended at -5.0%, a number unregistered during the last three recessions (see Graph 2).

As to the cycle's diffusion, the gauge that indicates the average percentage of series that contributed over the last six months continued falling; only 13.8% added a positive push to the coincident index during last measurement.

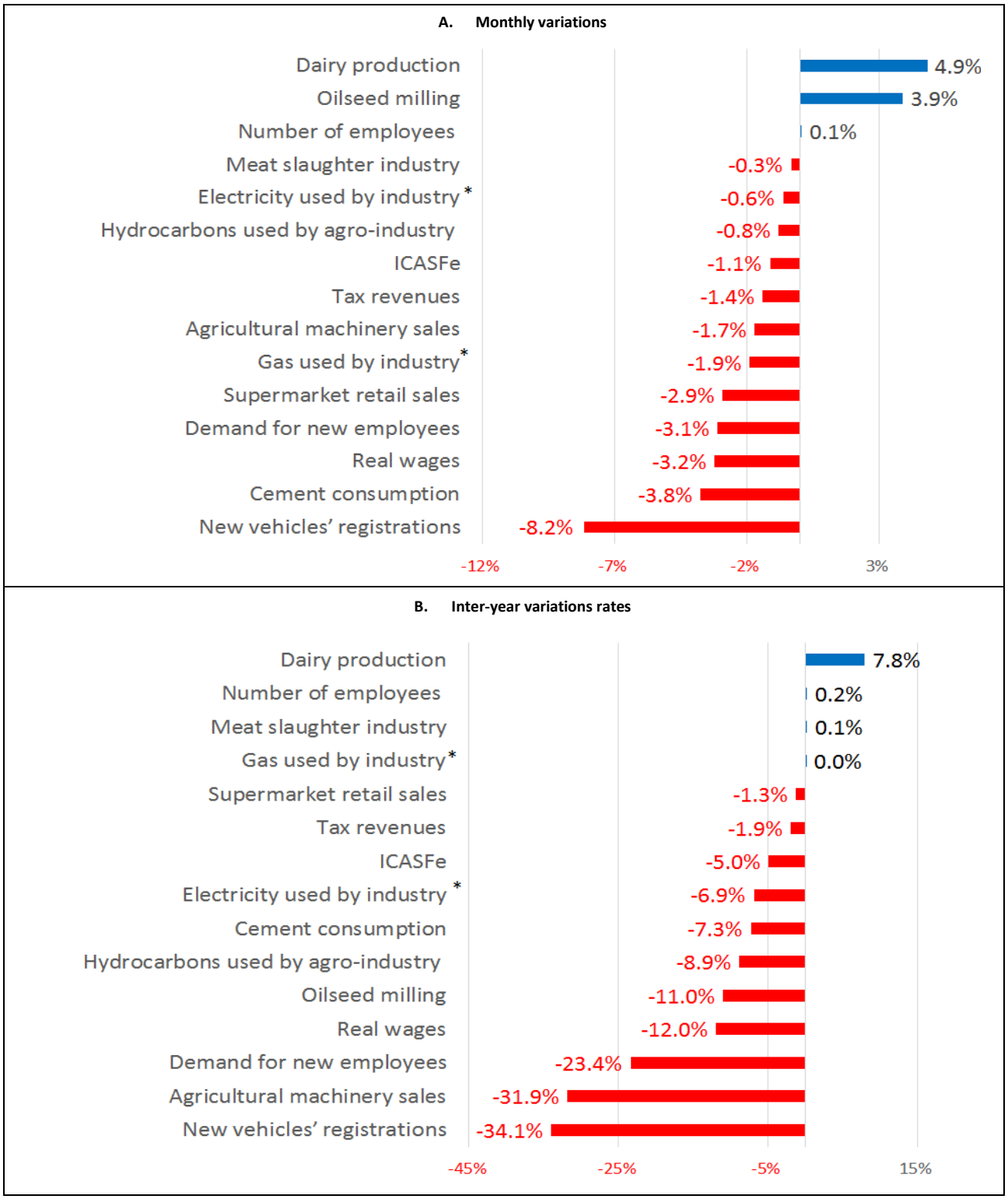
In terms of perspectives, certain improvements are being already captured by indicators linked to agro-industry. Unfortunately, from an objective point of view, aggregated data is still pointing out unfavorable results. Therefore, is not proper to expect a recovery in the short term.

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. September 2018.



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