

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Reaching one year of recession

Santa Fe's economic activity has been in recession for twelve consecutive months and, however, there are not yet signs of recovery.

ICASFe

January 2019

Level:

155.2

Monthly variation:

-0.4%

Inter-year variation: -7.9%

2019's partial result: -0.4%

MAIN RESULTS

ICASFE's level was located in **155.2**, presenting a monthly variation of **-0.4%** in respect to December 2018.

Inter-year variation rates descended to **-7.9%** (comparing January 2019 vs. January 2018).

Cumulated results during 2019's were 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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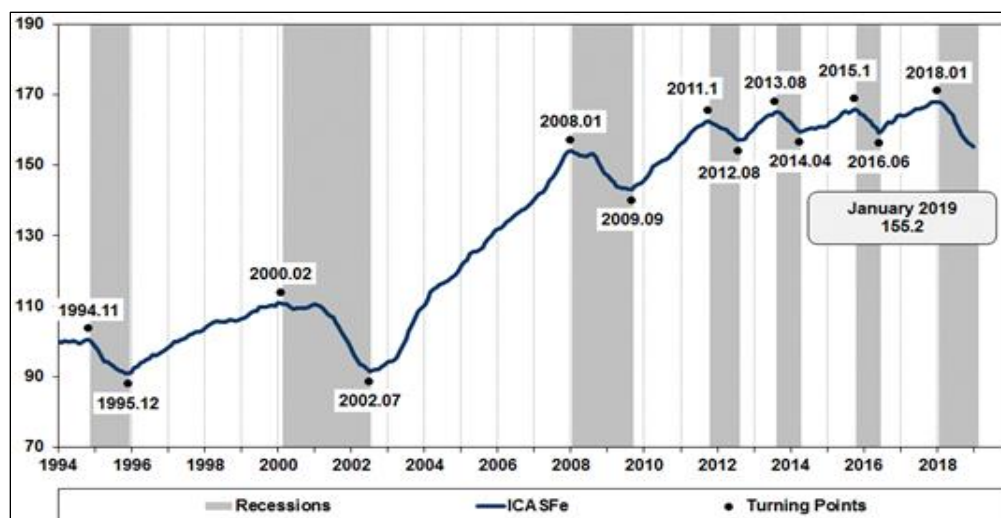
<http://ces.bcsf.com.ar> or

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Province of Santa Fe's economic activity

In January 2019 Santa Fe's economic activity declined **0.4%** in respect to December 2018. This negative variation represents Santa Fe's twelfth month of contraction, in which the coincident index cumulated a net decrease of **7.9%**.

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

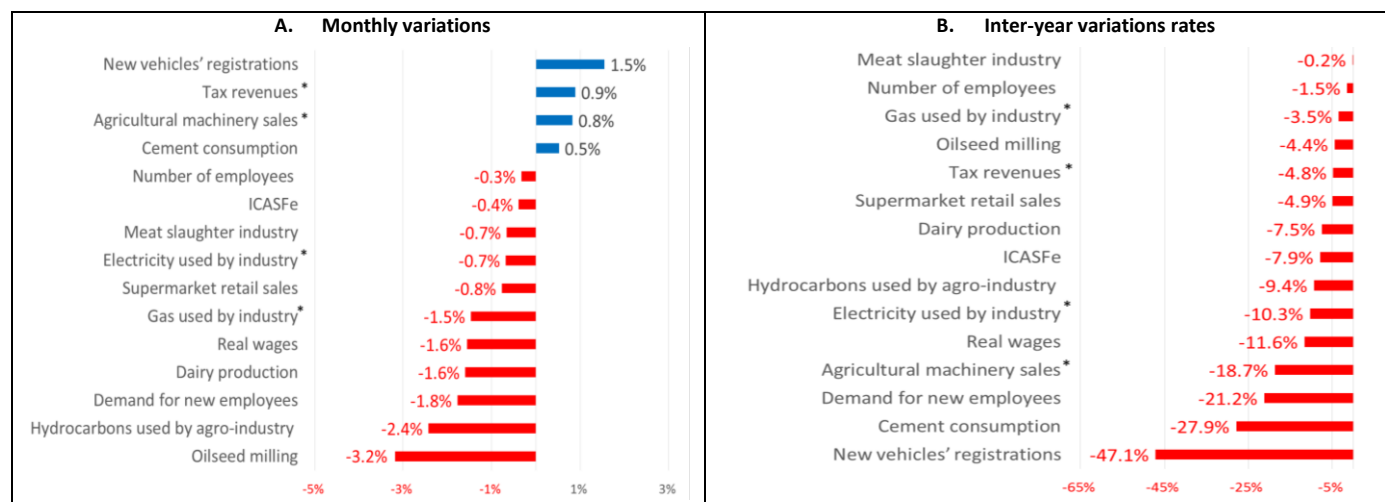


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Last measurement revealed a worrying situation: only four out of fourteen indicators considered by ICASFe registered monthly gains, whereas all the other series were in negative territory considering their inter-year benchmark (see Graph 2).

Graph 2: Economic activity's indicators for the Province of Santa Fe. December 2018.



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

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

New vehicles' registrations, agricultural machinery sales and cement consumption slightly increased in the first month of the year. However, all these indicators related to durable goods' consumption are listed at the end of inter-year variations' rank, declining **47.1**, **18.7** and **27.9%** respectively (see Graph 2, right side).

The remaining series that moved up in January, **tax revenues** (0.9%), partially recovered from previous months' losses, but still stayed behind its benchmark from 2018 (**-4.8%**).

Meat slaughter industry is among the best performing sectors on a yearly basis, droved mainly by the increase of exportations. Nevertheless, this result does not reflect the stress over the whole productive chain. As for **oilseed milling**, the indicator was volatile during last year, growing until October, and then contracting in the last two months of the year. In January 2019, the series was **4.4%** below January 2018's level.

Dairy production continued on a downtrend, decreasing **1.6%** in January and **7.5%** over the last twelve months. From a different perspective, the poor performance of agro-industrial activities spread to manufacturing sectors. In fact, aggregated industrial energy consumption (**electricity, gas and hydrocarbons used by industry**), all diminished over the last month.

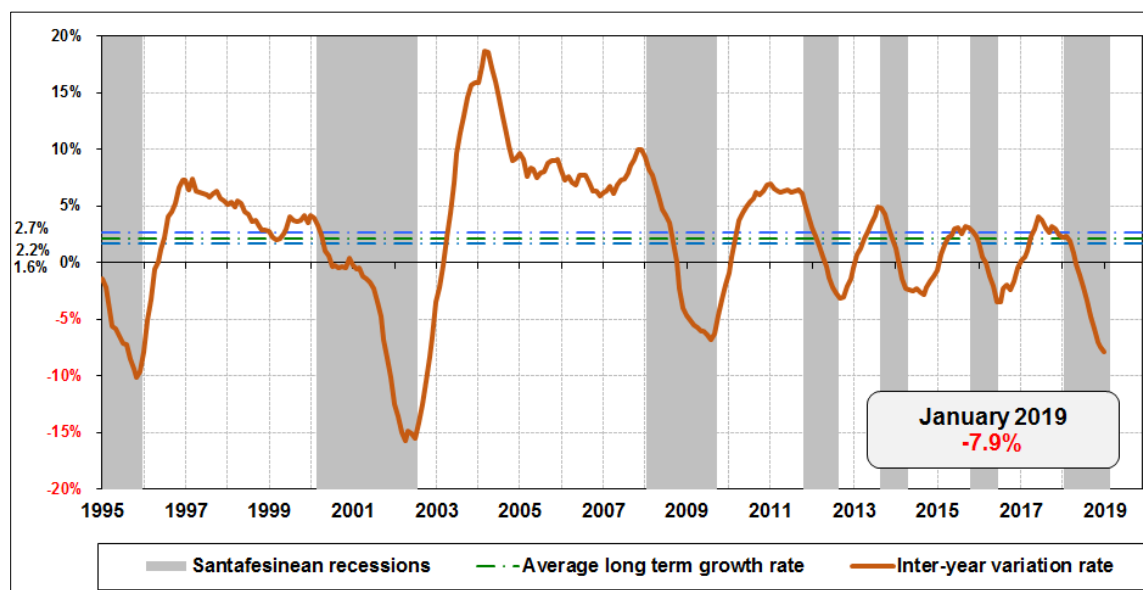
Moreover, the labor market is also internalizing the effects of recession. **Total number of jobs** fell **0.3** and **1.5%** over the last twelve months; whereas **demand for new employees** dropped **1.8** and **21.2%**, respectively. **Real wages** plunged **1.6%** in January, and registered a decreased of **11.6%** over the last year. As a consequence, retail consumption is also experiencing a contraction. **Supermarket retail sales** declined **0.8%** in respect to December and **4.5%** in comparison to January 2018.

Summary and perspectives

Taking the last year into account, the coincident index registered a contraction of **7.9%**. However, in spite of the recession's intensity, Santa Fe's economic activity does not yet appear to have bottomed out. To this regard, although the rhythm of contraction is decelerating, in January only four series showed monthly improvements.

Under these circumstances, expectations for a short-term recovery are rather linked to agricultural exports; in line with harvest's agenda (February, March and April are months with high seasonality).

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



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