

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST



CENTRO DE ESTUDIOS Y SERVICIOS



140 años

Desde 1884

ICASFe

Base 1994=100

FEBRUARY 2024

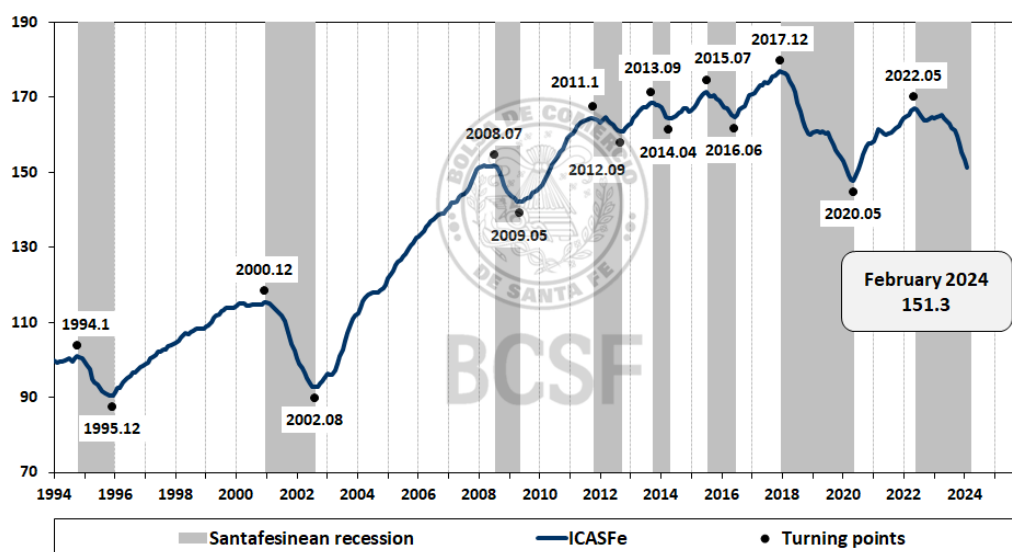
Level: 151.3

Monthly variation: -1.3%
Inter-year variation: +8.5%

Recession is being felt over consumption levels

In line with the contraction in wage earners' purchasing power, official data related to the second month of the year signals a sharpening in consumption's decline in Santa Fe.

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 (Digital Graph | [Go to website](#)).

✉ ces@bolcomsf.com.ar

🌐 ces.bcsf.com.ar

🌐 www.bcsf.com.ar

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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 *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 at <http://ces.bcsf.com.ar>

All series are filtered by seasonality and extreme values, using the X-13 ARIMA-SEATS program of the United States Census Bureau. In addition, information is always presented free of inflationary effects. The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf)

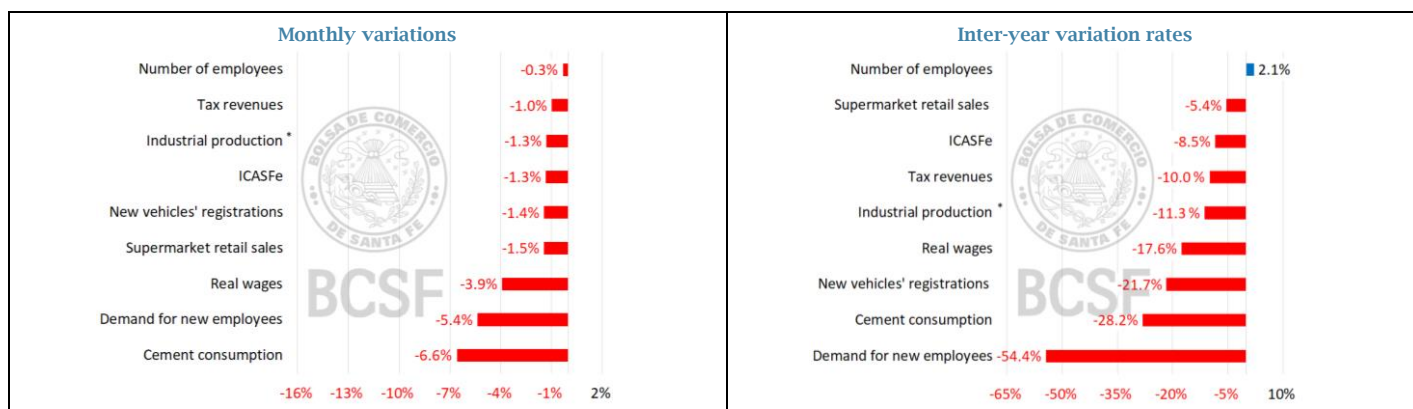
Santa Fe's business cycle indicators

In February 2024, all sub-indicators presented negative monthly variations. On a year-on-year basis, only registered jobs experienced a rise compared to February 2023.

Supermarket retail sales in the province of Santa Fe (large commercial areas) recorded their fifth consecutive negative monthly variation in February, in this case, **-1.5%**. It is worth noting that this series representative of retail consumption, kept growing until September 2023, despite the recessionary context. However, an accumulated decline in recent months led to a yearly net decrease of **-5.4%** in February, positioning the indicator 30.0% below its peak reached in 2015 (since then it has shown a certain downward trend).

Registered jobs decreased by **0.3%** during February, although they remain positive in a year-on-year comparison, accumulating a 2.1% increase. To this regard, private employment has experienced five consecutive months of decline. Meanwhile, **real wages** of registered employees in the province intensified their year-on-year decrease (**-17.6%** between February 2024 and February 2023), linked to a purchasing power loss of **3.9%** just between January and February 2024.

Graph 2: Economic activity's indicators for the Province of Santa Fe. February 2024.



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

(*) Latest data available: January 2024. Missing figures were estimated.

See each series' individually evolution at <https://www.bcsf.com.ar/ces/base-datos/>

Business expectations to increase personnel (**demand for new employees**) persist in a negative trend. Their monthly change rate was **-5.4%**, whereas the annual accumulated rate stood at **-54.4%**. It is worth noting that this series, which has been following the recession since its onset, exhibits greater volatility and higher amplitude than most other sub-indicators.

New vehicles' registrations experienced another monthly decline, this time of **-1.4%**, decelerating in terms of previous months. However, in year-on-year bases, the gauge's decrease was measured in **-21.7%**. Moreover, the series reached a historically low level, aligned to a context full of difficulties in commercialization and limited access to credit. Another indicator of investment in durable goods, **cement consumption** in the province, representative of the construction sector, showed variations of **-6.6** and **-28.2%** monthly and year-on-year, respectively, in February. These results respond to higher restrictions on allocated public funds to infrastructure, which directly impacts over the sector's labor market.

On the other hand, **industrial production** remained in negative territory in February, with declines of **1.3** and **-11.3%** monthly and year-on-year, respectively. The following section details particular aspects that allow a full-scale analysis of manufacturing sector's development. Information regarding to March 2024 is included if available.

Finally, the representative series of **local tax revenues (in real terms)** obtained its eighth consecutive monthly negative variation in February (**-1.0%**); where the year-on-year variations continue to accelerate downwards (**-10.0%**). It is worth noting that, in the last two months, the decline in total resources was mainly explained by the reduction of federal funds, while local taxes showed certain recovery.

Industrial sector's complementary indicators

Industrial electricity consumption in the province of Santa Fe experienced an incipient recovery between December 2023 and February 2024. These results were pushed by some agro-industrial sectors, which have rebounded after hitting bottom due to the drought that characterized the 22/23 agricultural campaign. Nevertheless, the series' year-on-year variations stood at **-2.7%**. To

this regard, **soybean and sunflower seeds milling** showed a remarkable recovery during 2024's first quarter, accumulating a 17.0% increase in the first three months of the year. In March 2024, approximately 500,000 tons more were allocated to processing in the provincial territory compared to February. Similarly, **consumption of liquid hydrocarbons** in the province of Santa Fe (excluding naphtha and fuel oil) experienced an incipient recovery in February, signaling a slightly positive seasonally adjusted monthly rate of 0.5%. Moreover, in a year-on-year comparison, after two consecutive months of slightly negative figures (December and January), the gauge grew by 2.0%.

Industrial gas consumption in the province of Santa Fe also showed a slight monthly increase of 1.2% in February, although, compared to February 2023, the series stayed **-4.2%** behind tis benchmark.

Diary production in Santa Fe has accumulated a year-on-year decrease of around **-12.1%** since February 2023, due to adverse weather conditions and an unfavorable price-input scheme. In monthly terms, seasonally adjusted rate for February 2024 was measured in **-1.2%**.

Updated information for March 2024, signals that **agricultural machinery production** in the province of Santa Fe presented a monthly rate of **-7.1%** (which implied the 12th negative consecutive monthly variation). In fact, the series maintains the same trend in a year-on-year comparison, recording negative variations for the past 19 months (since September 2022), accumulating a total drop of **-44.6%**. **Bovine slaughter** in the province registered its second consecutive monthly decline, in this case, by **2.9%**. In a context of restrictions, cost increases, and lower demand, the year-on-year decrease was **6.1%**. Regarding to **pig slaughters**, the rates were **-1.6** and **-4.0%**, respectively.

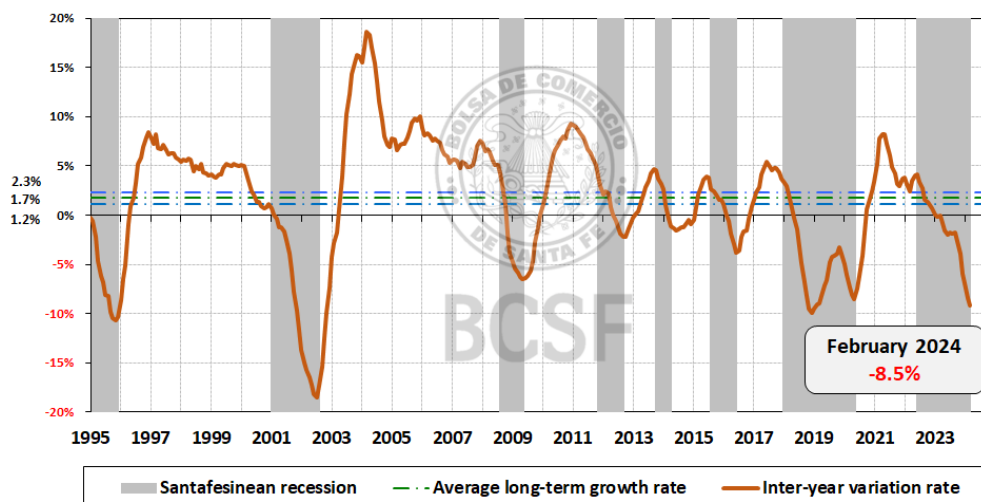
Summary and perspectives

Coincident index's interannual variation rates reached **-8.5%** in February 2024 (see Graph 3), placing the gauge in a similar level than May 2020's. This means that the year-on-year decline rate is approaching to COVID-19's pandemic lockdown period.

Internalizing data for the second month of the year, it is worth noting that retail consumption collapsed over the last five months, measured by sales in supermarkets. By definition, consumption indicators are clearly classified as coincident components of provincial economic activity. In the specific case of Santa Fe's economy, during all registered recessions dated from 1994 onwards, this premise had been fulfilled. However, although the current recession began in May 2022, consumption had remained in positive territory until the middle of last year, encouraged by short-term policies and consumers' need to anticipate purchases in order to, somehow, deal against the inflationary process.

For the coming months, a similar scenario is expected, in a context where the new economic model is still being outlined.

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



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

Santa Fe's Chamber of Commerce

President

Escribano Martín Vigo Lamas

Research and Services Center

Executive Director

Escrib. Martín Vigo Lamas

Director

Lic. María Lucrecia D'Jorge

Coordinator

Mg. Pedro P. Cohan

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