

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Santa Fe's activity in contraction

National macroeconomic issues in addition to the province's hydric emergency consolidated a drop in Santa Fe's economy.

ICASFe

MARCH 2016

Level:

160.6

Monthly variation:

-0.02 %

Inter-year variation: 0.6%

2016's partial result: -0.7%

MAIN RESULTS

ICASFE's level was located in **160.6**, presenting a monthly variation of **-0.02%** in respect to February 2016.

Inter-year variation rates reached **0.6%** (comparing March 2016 vs. March 2015).

Partial cumulated contraction during 2016's first quarter was measured in **-0.7%**.

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 our indicator. Time series 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 | <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data (series) | <http://www.bolcomsf.com.ar/ces/icasfe.php>



Bolsa de Comercio de Santa Fe

President

Ing. Agr. Olegario Tejedor

Fundación Bolsa de Comercio

President

Ing. Agr. Olegario Tejedor

Executive Director

Dr. Gustavo Vittori

Research and Services Center

Director

Lic. María Lucrecia D'Jorge

Coordinator

Lic. Pedro P. Cohan

Researchers

Melisa B. Lazzaroni

Alfonso Cherri

E-mail and contact information

ces@bolcomsf.com.ar

Websites

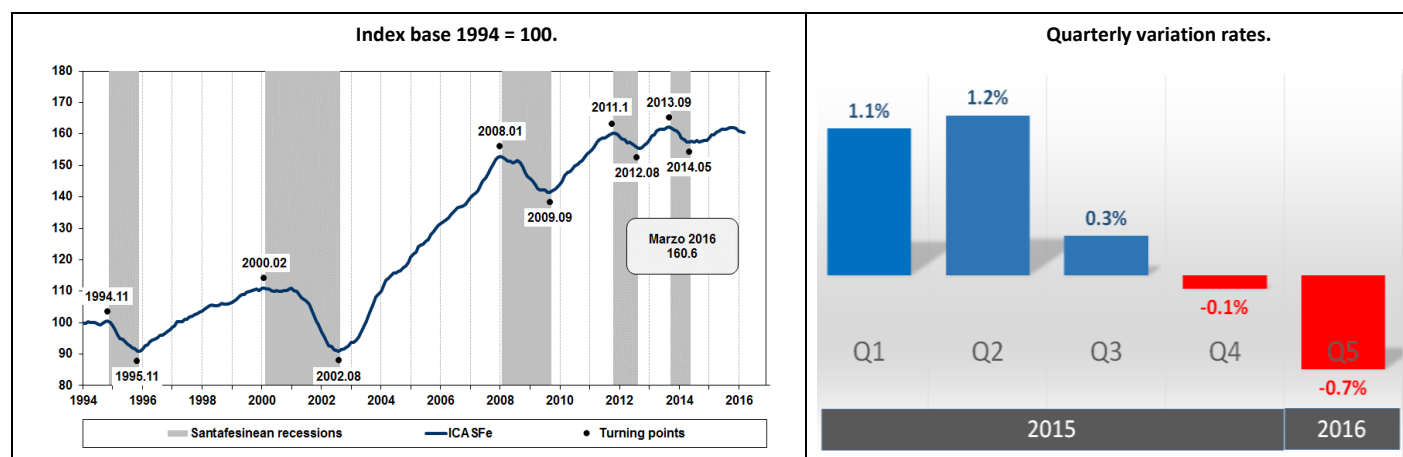
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Province of Santa Fe's economic activity

In March 2016 Santa Fe's economic activity registered a new monthly decline of **-0.02%**, which measures a total cumulated contraction of **0.7%** during the first quarter of the year. These results also imply a verification of the unfavorable trajectory that the coincident index started signaling in 2015's last quarter.

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



Indicator by indicator

Between January and March 2016, ICASFe and other six of the fourteen considered sub-indicators ended with a negative balance.

Table 1: Economic activity's indicators for the Province of Santa Fe.

Series	Cumulated variation in 2016:Q1
Agricultural machinery sales	14.5%
Oilseed milling	7.7%
Demand for new employees	6.3%
Gas used by industry	4.1%
Tax revenues	2.6% (*)
Hydrocarbons used by agro-industry	0.7%
New vehicles' registrations	0.4%
Number of employees	-0.1%
ICASFe	-0.7%
Real wages	-3.1%
Meat slaughter industry	-3.8%
Supermarket retail sales	-4.9%
Cement consumption	-5.8%
Dairy production	-11.7%

Electricity used by industry was not included because data is not available // (*) Refers to February 2016.

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

Agricultural machinery sales grew 3.5% in March, cumulating the highest expansion during 2016's first quarter (14.5%). **Oil seed milling** decreased **1.4%** in respect to February but still reached the ranking's second place. Helped by favorable international prices and the reduction of exportations' taxes the gauge cumulated an increase of 7.7%.

Industrial gas consumption and **hydrocarbons used by agro-industry** both registered positive quarterly variation rates of 4.1 and 0.7%, respectively. By the contrary, **meat slaughter industry** declined **1.9%** in March, cumulating a total drop of **3.8%** during 2016.

So did **dairy production**, which suffered the most significant monthly contraction of the last 20 years (**-6.5%**) closing the first quarter within a total decline of **11.7%**.

Demand for new employees increased 4.1% in March and 6.3% considering the entire quarter. Furthermore, **total registered jobs** improved 0.1% in monthly terms but cumulated a negative net balance during 2016 (**-0.1%**). Moved by a deceleration of inflation, real wages also signaled a recovery in March; however, purchasing power decreased around **3.1%** during the quarter.

Based on available information, **tax revenues** increased approximately 2.6% in 2016. Nevertheless, it is worth noting that federal resources' flow declined and that March's data is not yet published.

Supermarket retail sales lost **4.6%** during 2016's first three months, a drop that was not registered since 2008's second quarter. On the other direction, **new vehicles' registrations** recovered from January and February's contraction and cumulated a total expansion of 0.4%. Finally, **cement consumption** achieved a mild positive monthly variation (0.1%) but not strong enough to revert a net quarterly reduction of **5.8%**.

Summary and perspectives

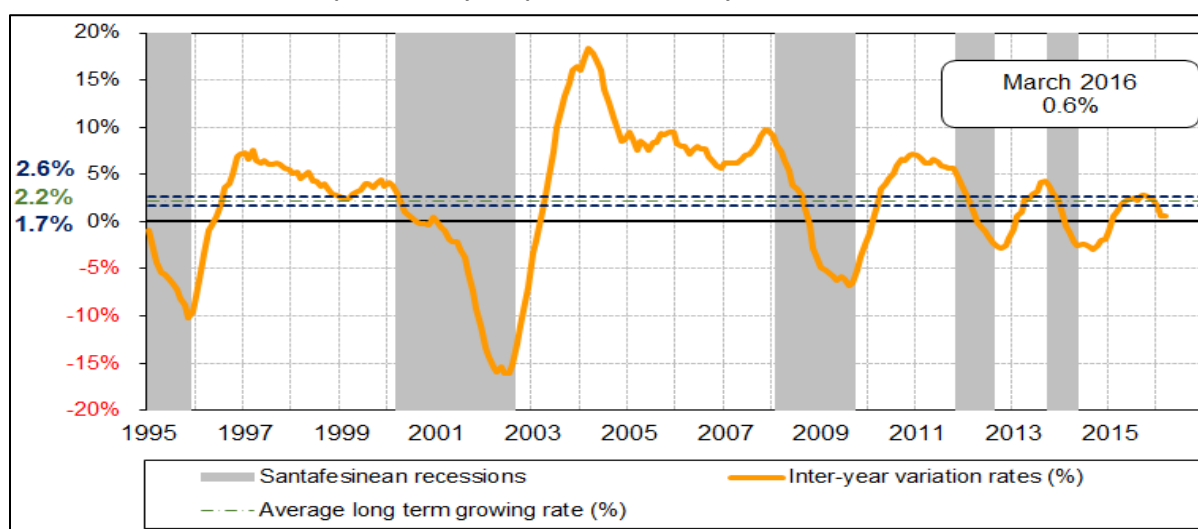
The coincident index's inter-year gauge keeps fading away from economic activity's long term growing rate (see Graph 2), going down again to 1.0%.

During this first quarter the province's economy received an unfavorable impact from national macroeconomic variables, in particular, linked to the acceleration of inflation and higher interest rates. In this context, consumption levels and purchasing power kept losing intensity. So did industrial activities whereas construction seem to be one of the most harmed sectors.

On the other direction, oilseed milling and agricultural machinery sales showed a positive performance. But this better perspective is not yet generalized and many agro-industrial activities have a long way to go, especially considering the province's hydric emergency.

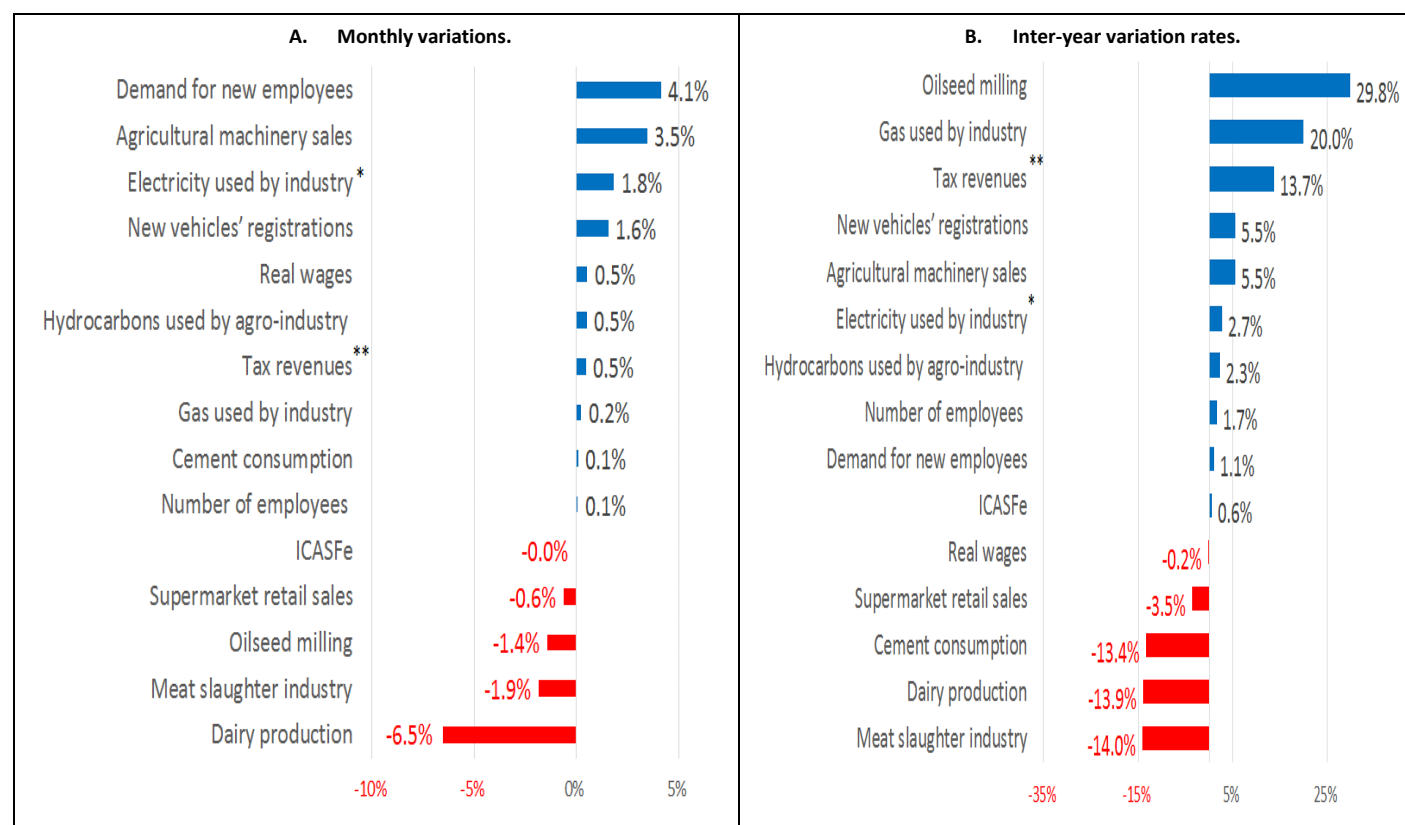
In regard to further perspectives, if national economic activity really begins to stabilize during the second semester, then Santa Fe's could turn over in 2016's last quarter.

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

Graph 3: Economic activity's indicators for the Province of Santa Fe - March 2016 -

(*) Last available data refers to December 2015 // (*) Last available data refers to February 2016.

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