Economic activity grew 0.6% between January and July 2019

Available data has proven that Santa Fe's economy achieved an incipient recovery prior to August's macroeconomic shock.

ICASFe
July 2019

Level:
159.4

Monthly variation:
0.3%

Inter-year variation: -3.1%
2019's partial result: 0.6%

MAIN RESULTS

ICASFE's level was located in 159.4, presenting a monthly variation of 0.4% respect to June 2019.

Inter-year variation rates descended to -3.1% (comparing July 2019 vs. July 2018).

Cumulated results during 2019 were measured in 0.6%.

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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 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 at 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 nothing 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

Province of Santa Fe's economic activity

In July 2019 Santa Fe's economic activity registered an increase of 0.3%, obtaining an accumulated balance of 0.6% during the first seven months of the year.

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100. July 2019.
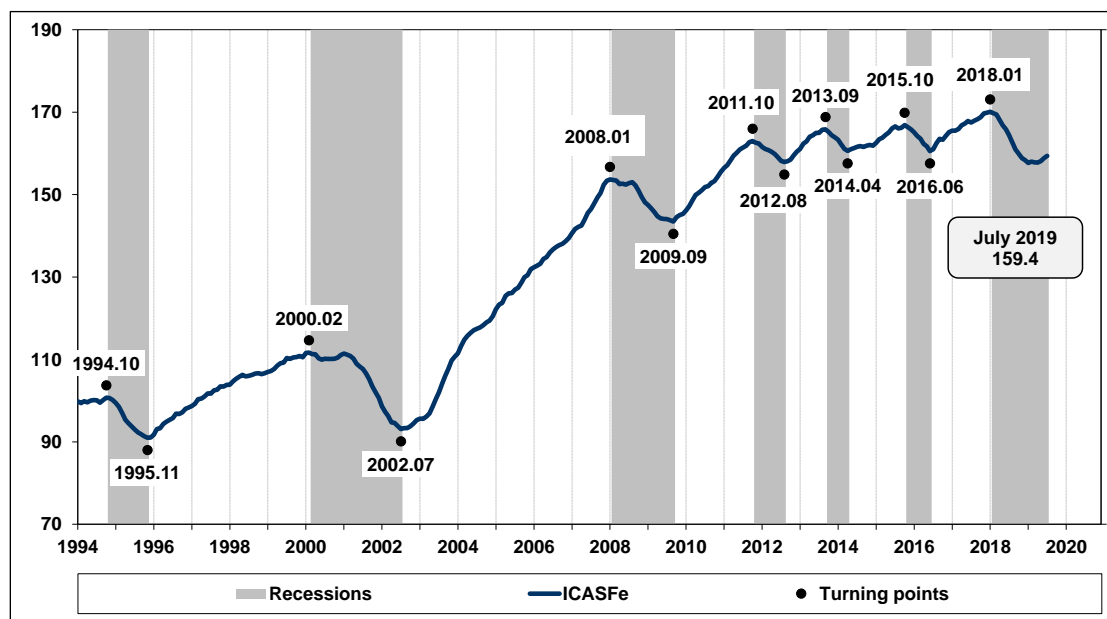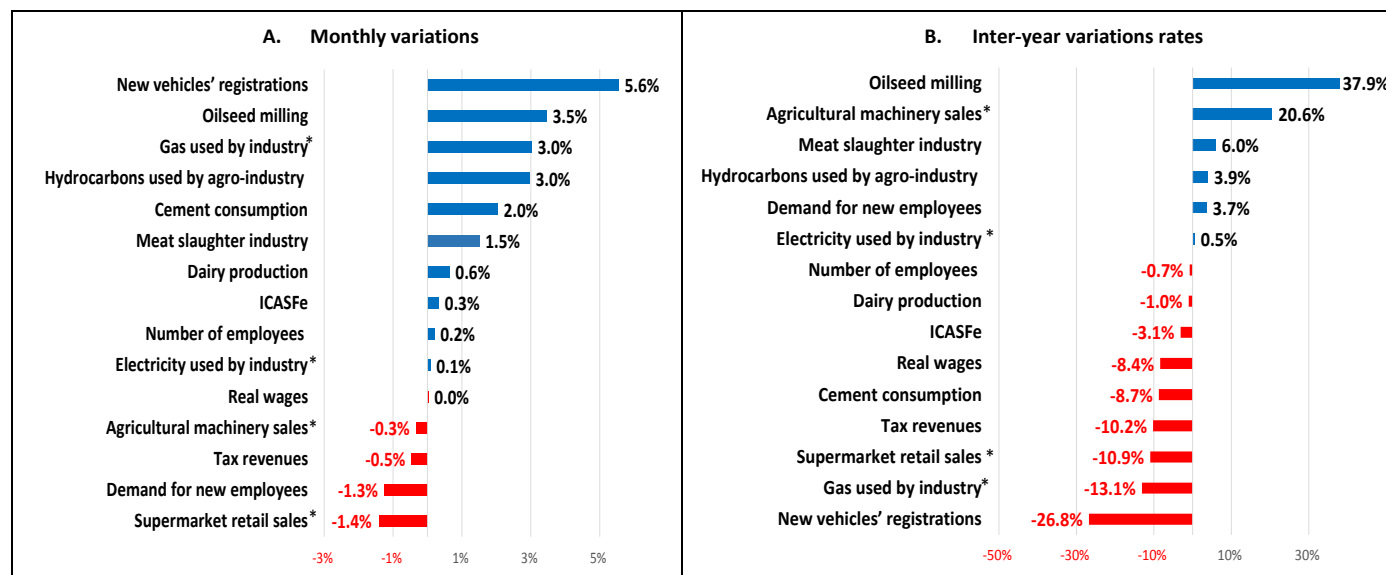

Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In monthly terms, nine of the fourteen included indicators presented positive variation rates (Graph N°2, left quadrant); whereas six of them also improved on an inter-annual comparison (Graph N°2, right quadrant).

Graph 2: Economic activity's indicators for the Province of Santa Fe. July 2019.

Last available data from: (*) June 2019. Unavailable data was estimated.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

In regard to indicators linked to agribusiness, **oilseed milling** registered a monthly increase of 3.5%, and a 37.9% year-on-year. Moreover, **meat slaughter industry** continued a significant recovery process, within rates of 1.5 and 6.0%, respectively. **Dairy production** improved 0.6% in respect to June but presented a 1.0% drop in relationship to July 2018. Regarding to **hydrocarbons**

used by agro-industry, the figures were located at 3.0 and 3.9%. Finally, **agricultural machinery sales** signaled a slight decrease of 0.3%, although the gauge increased 20.6% in terms of its interyear benchmark.

Indicators related to investment in durable goods presented positive monthly variations but failed to compensate previous' year fall. This is the case, for example, of **cement consumption**, with rates of 2.0 and -8.7%, and **new vehicles' registration** (5.6% monthly and -26.8% year-on-year). Estimations for **gas and electricity used by industry** go in the same direction: in July, monthly increases were observed despite the fact that both indicators are at relatively low levels compared to their medium-term performance.

In regard to the labor market, **number of employees (net registrations)** grew 0.2% in terms of June, but they are still 0.7% below July 2018's level. **Real wages** remained unchanged, within an annual loss of purchasing power in the order of 8.4%.

In respect to **supermarket retail sales**, the indicator registered a new decline of 1.4%, which implies a -10.9% inter-year variation rate.

Finally, **tax revenues** suffered a real contraction of 0.5% in July, accumulating a total decrease of 10.2% across the last year.
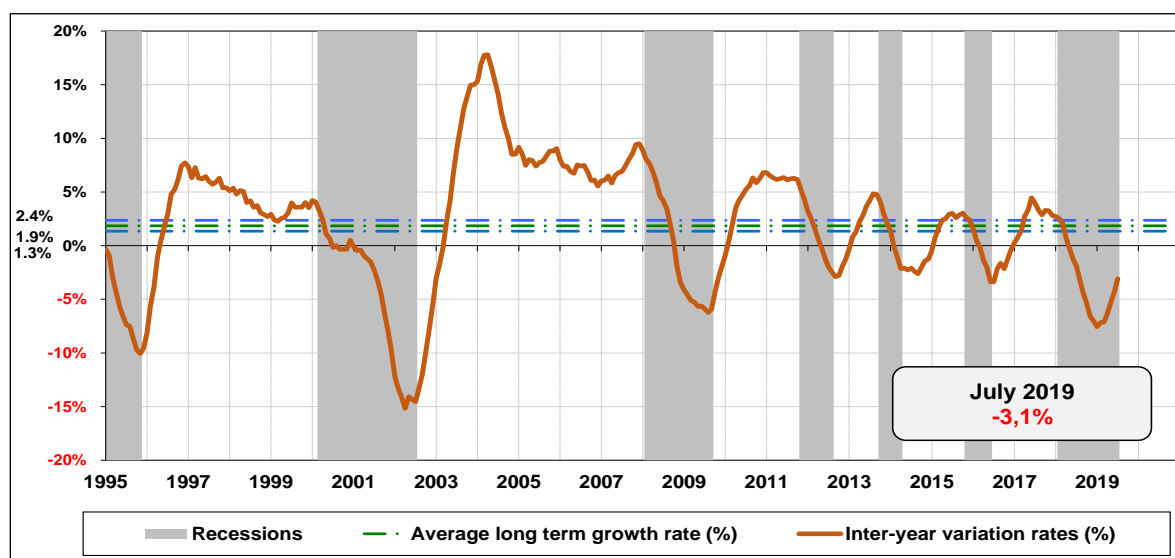

Summary and perspectives

ICASFe's inter-year variation rates kept moderating in July 2019, reaching -3.1%. In this sense, the recession phase that started in January 2018 continued recovering in the context prior to the elections known as PASO (*Primarias, Abiertas, Simultáneas y Obligatorias*).

However, in terms of diffusion, most sub-indicators measured in monetary values are strongly affected. In addition, inflation accelerated again in August (3.7% monthly), and therefore it is likely to anticipate that they will continue in negative territory. A greater impact on domestic prices is also expected as a spread of devaluation (which increased 24.0% from 07/30/19 to date). On the other hand it remains to know how the shock will impact over companies with high level of competitiveness and oriented towards foreign trade; especially in those related to agribusiness which have been the engine of the mild recovery.

In this context, by the end of the year, a polarization in the performance of different sectors is expected. An issue that unfortunately will not contribute to the consolidation of the economy.

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

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