THE PROVINCE OF SANTA FE´S ECONOMIC DIGEST

BCSF
BOLSA DE COMERCIO DE SANTA FE

CES
CENTRO DE ESTUDIOS Y SERVICIOS

ICASFe

Base 1994=100

### DECEMBER 2023

Level: **155.0**

Monthly variation: -1.6%
Inter-year variation: -5.9%
Accumulated 2023's 4th quarter: -4.1%

Santafesinean recession deepened in the 4th quarter

During 2023, Santa Fe's economic activity signaled a total contraction of -5.9%. Although this fall was rather moderate in the first semester, due to a strong acceleration across last months, 2023 ended within a decrease of -1.6% in December.

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994=100.
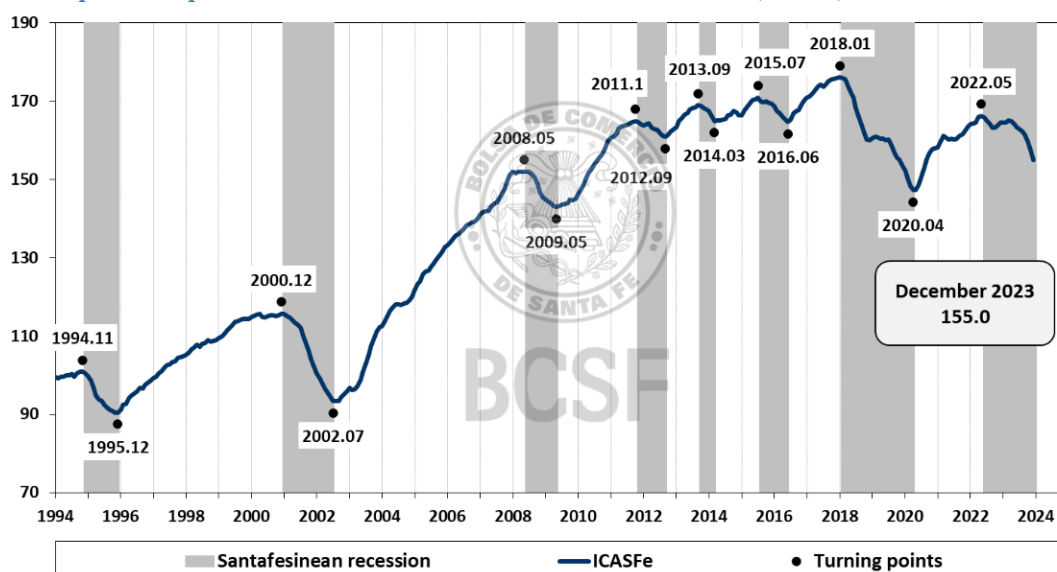
Source: Research and Services Center, Santa Fe's Chamber of Commerce (Digital Graph | Go to website).

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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 December 2023, all sub-indicators registered negative variations (although two of them were practically null). On a year-on-year basis, falls also predominated, and only two indicators obtained a positive balance.

Supermarket retail sales in the province of Santa Fe (large commercial areas) had a positive performance during 2023 (+6.7%), but began a decreasing path in recent months, ending the year within a variation of -0.5% in December. Similar behavior experienced **number of registered jobs**, which ended 2023 with an interannual expansion of 3.2%; although it decreased -0.02% in respect to November (pushed mainly due to a slowdown on private sector's registered jobs, which presented negative rates from October onwards).

Graph 2: Economic activity's indicators for the Province of Santa Fe. December 2023.
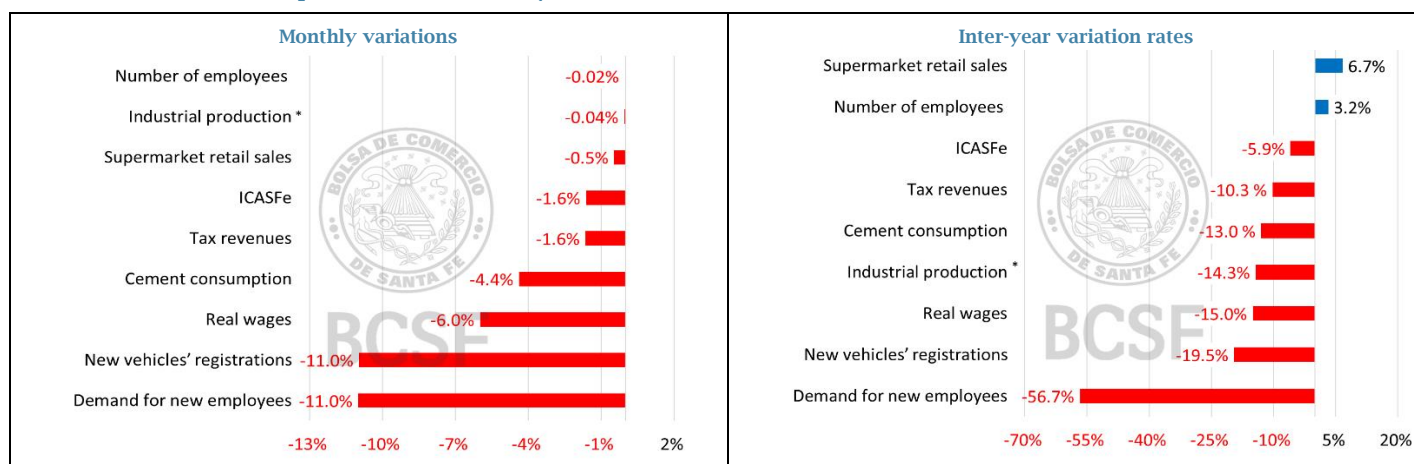
(*) Latest data available: November 2023. Missing figures were estimated.
See each series' individually evolution at https://www.bcsf.com.ar/ces/base-datos/
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

To this regard, business expectations to increase personnel (**demand for new employees**) continue to deepen their decline, placing themselves at the bottom of the list in both monthly and interannual variations. In December, this series decreased by -11.0%, showing a drop of -56.7% in terms of its interannual benchmark. These results are pointing out that labor market will turn downward across the coming months.

In this context, there was also a significant drop in series linked to disposable income. **Real wages** declined -6.0% in December and -15.0% on its interannual measurement. In this case, December's inflation acceleration played a predominant role, added to an incipient decline in number of registered jobs.

For its part, **new vehicles' registrations**, presented a monthly decrease of -13.0%, ending the year with a cumulative fall of -19.5%. **Cement consumption** in the province, an indicator associated with the construction sector, experienced a monthly decline of - 4.4%, whereas its year-on-year comparison showed a variation of -13.0%.

Meanwhile, **Industrial production** presented a slight negative variation of -0.04% compared to November, and a contraction of -14.3% compared to December 2022. The following section details particular aspects that allow a full-scale analysis of the manufacturing sector development.

Finally, the representative series of **local tax revenues (in real terms)** accumulated a decline of -10.3% over the last twelve months, whereas its variation compared to November was -1.6%. It is noteworthy that this sub-indicator's fall accelerated towards the second half of 2023, due to a decrease in federal resources; but during the last months local tax collection also suffer a clear deterioration.

Industrial sector's complementary indicators

Representative series of industrial energy consumption in the province of Santa Fe picture a complex scenario for manufacturing activities. Considering all 2023, **industrial electricity consumption** decreased -10.1%, while **consumption of liquid hydrocarbons**

remained practically unchanged (-0.2% interannually, but with significant monthly falls during the last quarter). Meanwhile, **Industrial gas consumption** in Santa Fe contracted by -24.7% in 2023.

Below, we present data from some series that already have updated information for January 2024. **Soybean and sunflower seeds milling** in Santa Fe –probably the most affected sector by 2022/23's drought– accumulated a total drop of around -25.5% throughout 2023. However, within the last quarter the series presented positive rates, extended into January 2024 (+5.4%).

Bovine and pig slaughter (in aggregate terms) in the province of Santa Fe registered a monthly recovery in January of 1.2%, mainly explained by an increase of around 1.8% from the bovine sector. But on a year-on-year basis, this series continues in negative territory, within a drop of -1.3% in terms of January 2023.

For its part, **agricultural machinery's registrations**, which is considered as an indicator of their industrial production, had a negative variation in January of -5.0%, whereas in the last twelve months its contraction reached -26.8%. This is another sector that could be expected to reverse falls if a good agricultural campaign is confirmed.
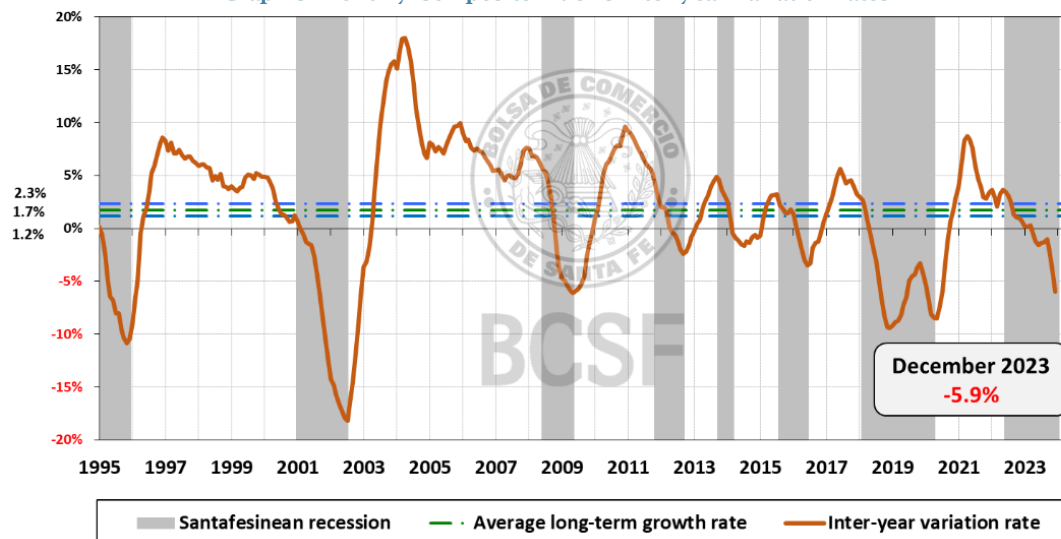
Summary and perspectives

During 2023, local economic activity declined -5.9%, in line with the coincident index's interannual variation rates for December 2023 (see Graph 3). To this regard, economic contraction accelerated throughout the period, gaining greater depth during 2023's 4th quarter. Furthermore, within a cumulative duration of 19 months, and a net drop of -6.7% in activity's level since May 2022, ongoing contraction phase is already shaping up to be one of the longest and deepest recessions from last three decades.

National macroeconomic instability continues to largely explain provincial contraction, although it also persists, to a lesser extent, region's drought effects, which particularly affected agricultural sector's activities, linked chains, and, indirectly, the entire local economic framework. In fact, this report's measurements, signal that all ICASFe's components were affected by recession in December 2023.

Regarding to 2024's perspectives, inertia from the context described above, together with spending adjustments led by national public sector and inflationary dynamics, foresee activity will continue to decline in coming months. At least, until economic structure is reorganized and provides a favorable scenario for main sectors to begin a recovery phase.

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

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