Santa Fe's economy falls for the 2nd year in a row

2019 registered a total drop of 1.1% after 24 consecutive months of contraction. At the same time, results for the 4th quarter signal a higher sectorial diffusion of the recession.

ICASFe
December 2019

Level:
156.8

Monthly variation:
-0.5%

Inter-year variation: -1.1%
2019's accumulated: -1.1%

MAIN RESULTS

*ICASFE's level was located in **156.8**, presenting a monthly variation of -**0.5%** respect to November 2019.*

*Inter-year variation rates descended to **-1.1%** (comparing December 2019 vs. December 2018).*

*Cumulated results during 2019's were measured in -**1.1%**.*

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.
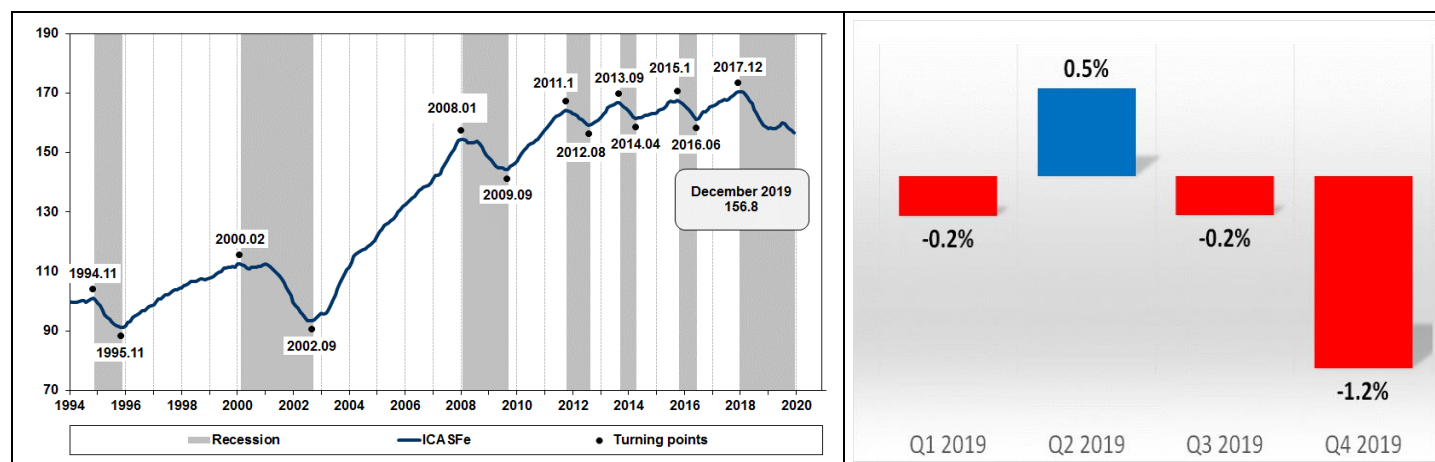
In order to download or get access to:

• 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

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Province of Santa Fe's economic activity

In December 2019 the province's economic activity declined 0.5% in respect to November and 1.2% during the fourth quarter of the year. This significant fall, offset by positive results in the second quarter, explains 2019's net contraction (-1.1%).

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

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

Indicator by indicator

Eight of the fourteen indicators considered by the coincident index ended 2019 within negative variations. However, some series improved in terms of 2018 or, at least, presented lower declines. Nevertheless, the main issue to remark is the clear persistence of the recessive context (See Table 1); even more if we take into account that the last quarter of the year intensified the contraction and that all the sub-indicators, except dairy production, decreased in December (See the Annex, at the end of the report).

Table N° 1. Economic activity series in the province of Santa Fe. Accumulated variations during 2018 and 2019.

	2018	2019
Meat slaughter industry	3.5%	21.4%
Demand for new employees	-21.1%	17.9%
Agricultural machinery sales***	-19.1%	13.8%
Hydrocarbons used by agro-industry	-7.8%	8.8%
Electricity used by industry	-7.5%	4.6%
Dairy production	-3.2%	4.2%
ICASFe	-7.0%	-1.1%
Number of employees	-1.1%	-1.2%
Oilseed milling	1.7%	-1.3%
Supermarket retail sales*	-6.6%	-2.8%
Tax revenues**	-6.7%	-5.8%
Real wages	-12.5%	-6.1%
Cement consumption	-25.5%	-11.0%
Gas used by industry	-2.3%	-12.8%
New vehicles' registrations	-52.1%	-16.9%

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

Meat slaughter industry leaded 2019's ranking within an expansion of 21.4% pushed by international markets (despite not having a good performance in the domestic one). It was followed by **agricultural machinery sales** which recovered 17.9% in contrast to its negative performance registered during 2018 (-21.1%).

Hydrocarbons used by agro-industry also improved in 2019 (8.8%), compensating the fall recorded the previous period (-7.8%). Similarly, **dairy production** grew 4.2% whereas in 2018 it had contracted 3.2%. **Oilseed milling** accumulated a drop of -1.3% during 2019 mainly recorded during the second half of the year.

Despite negative variations during the fourth quarter, **electricity used by industry** ended the year accumulating an increase of 4.6%. In respect to **gas used by industry**, the series decreased other -12.8%, added to 2018's negative results.

Cement consumption and **new vehicles registrations** kept falling in 2019, within variation rates of -11.0 and -16.9%, respectively. Moreover, these two representative indicators of investment in durable goods experienced the worst relative performance during the current recession.

Total number of jobs showed a drop of -1.2% strongly concentrated over private employment. On the other hand, **demand for new employees** accumulated an increase of 17.9% in the year although it suffered a new contraction in the fourth quarter. **Real wages** added a loss of purchasing power of 6.1% in 2019, which implies a total contraction of -18.0% during the recessive phase.
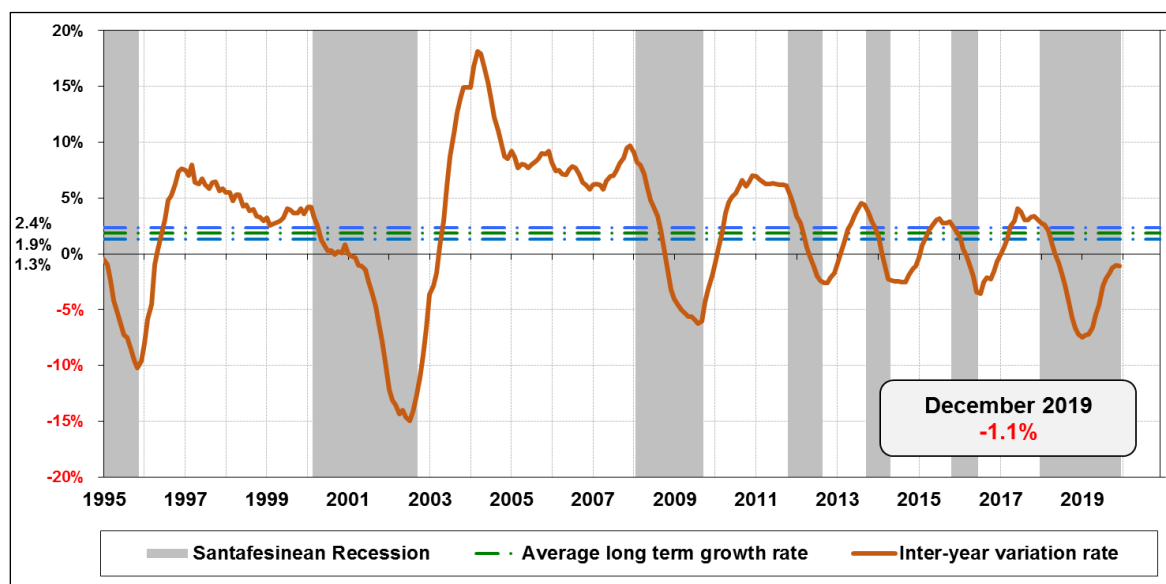
Regarding to retail consumption, **supermarket sales** accumulated a drop of -2.8%. Finally, **tax revenues** decreased -5.8%.

Summary and perspectives

ICASFe's inter-year variation rates were located at -1.1% in December 2019, remaining in negative territory since June of the previous year. In this sense, 2019's accumulated fall was lower than 2018's. However, this recession already counts twenty-four months and practically all sub-indicators showed a monthly contraction during the last measurement. In fact, only six sub-indicators grew up in the year-to-year comparison.

In this context, in which there is no glimpse of recovery in any particular sector, it is difficult to expect short-term improvements over economic activity.
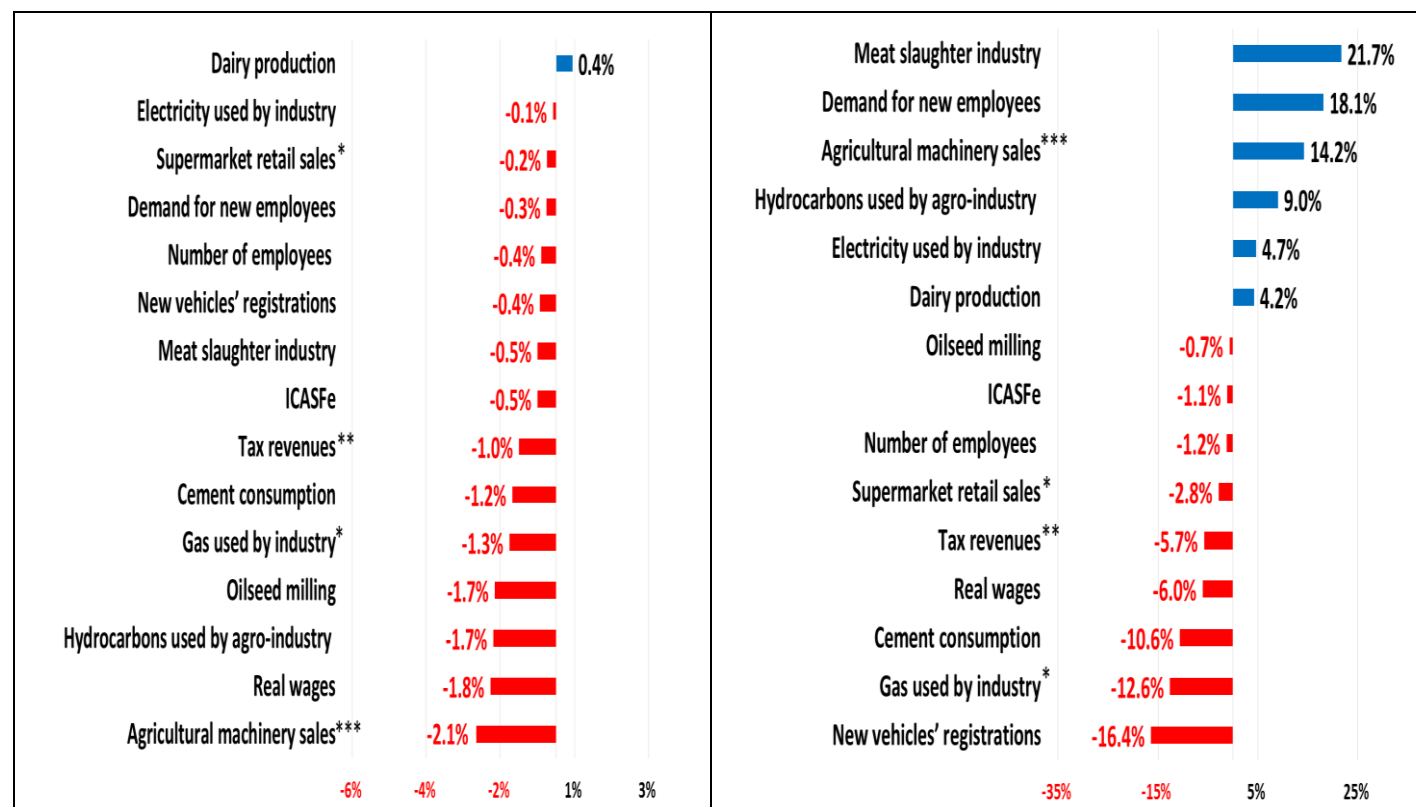
Graph 3: Monthly Composite Index's inter-year variation rates.

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

ANNEX

Graph X: Economic activity's indicators for the Province of Santa Fe. December 2019.

Indicator	Value
Dairy production	0.4%
Electricity used by industry	-0.1%
Supermarket retail sales*	-0.2%
Demand for new employees	-0.3%
Number of employees	-0.4%
New vehicles' registrations	-0.4%
Meat slaughter industry	-0.5%
ICASFe	-0.5%
Tax revenues**	-1.0%
Cement consumption	-1.2%
Gas used by industry*	-1.3%
Oilseed milling	-1.7%
Hydrocarbons used by agro-industry	-1.7%
Real wages	-1.8%
Agricultural machinery sales***	-2.1%

Indicator	Value
Meat slaughter industry	21.7%
Demand for new employees	18.1%
Agricultural machinery sales***	14.2%
Hydrocarbons used by agro-industry	9.0%
Electricity used by industry	4.7%
Dairy production	4.2%
Oilseed milling	-0.7%
ICASFe	-1.1%
Number of employees	-1.2%
Supermarket retail sales*	-2.8%
Tax revenues**	-5.7%
Real wages	-6.0%
Cement consumption	-10.6%
Gas used by industry*	-12.6%
New vehicles' registrations	-16.4%

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