

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

Monthly publication Nº 7/ Year 14

ISSN 2362-4884

Date: 07/09/2020



CENTRO DE ESTUDIOS Y SERVICIOS

Santa Fe's activity dropped **3.0%** during the first half of the year

Despite a slight rebound in June 2020, the economy recorded four uninterrupted quarters of decline.

ICASFe

June 2020

Level:

151.0

Monthly variation:

0.4%

Inter-year variation: -5.6%

2020's accumulated: -3.0%

MAIN RESULTS

ICASFE's level was located in **151.0**, presenting a monthly variation of **0.4%** in respect to May 2020.

Inter-year variation rates reached to **-5.6%** (comparing June 2020 vs. June 2019).

Cumulated results during 2020 were measured in **-3.0%**.

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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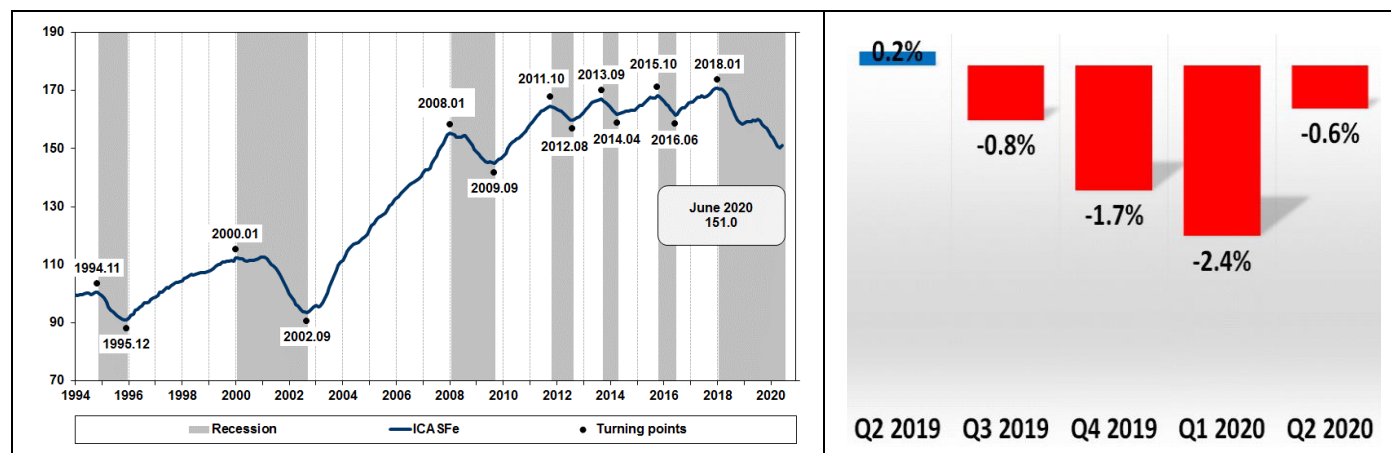
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Province of Santa Fe's economic activity

In June 2020, Santa Fe's economic activity showed a slight monthly improvement of 0.4%. However, the second quarter closed within a net fall of **-0.6%** added to the first quarter's contraction of **-2.4%**. These results imply the continuity of a recession that has already exceeded two consecutive years of duration.

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100. June 2020.

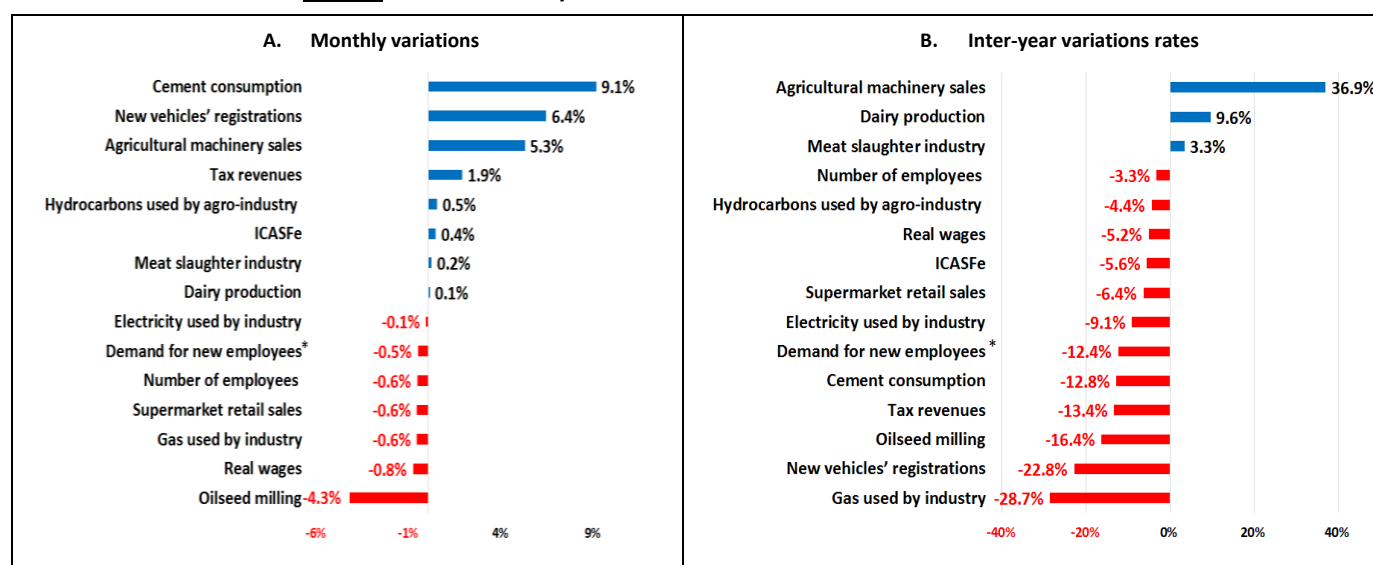


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Moreover, positive monthly variations registered in June were driven by seven of the fourteen representative indicators of Santa Fe's economic activity. On the contrary, only three of them grew in terms of June 2019 (see Graph N° 2 right quadrant).

Graph 2: Economic activity's indicators for the Province of Santa Fe. June 2020.



Last available data from: (*) February 2020. Unavailable data was estimated.

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

Cement consumption showed a monthly increase of 9.1%, recovering part of the fall registered during the current recession; nevertheless, the series is still **12.8%** below June 2019's level. **Agricultural machinery sales**, which registered an increase of 5.3% in respect to May, leads the table of inter-year variations (36.9%). Regarding to **new vehicles' registrations**, the gauge obtained a monthly rate of 6.4% and a cumulative increase of 5.2% during the second quarter of the year. On the other hand, this improvement was barely enough to recover part of the fall recorded in the first quarter (see ANNEX, at the end of the digest).

In regard to agro-industrial sub-indicators, **dairy production** registered rates of 0.1 and 9.6% monthly and interannual, respectively. **Oilseed milling** was at the bottom of monthly variations' table within a rate of **-4.3%**. In addition, the series remained **-16.4%** below

its inter-year benchmark. **Meat slaughter industry** registered a slight recovery of 0.2%, and stayed in positive territory in terms of June 2019 (3.3%). **Hydrocarbons used by agro-industry** registered variations of 0.5% monthly and -4.4% year-on-year.

Electricity used by industry marked a monthly contraction of 0.2%, and a year-on-year of 9.1%. While gas used by industry had rates of -0.6 and -28.7%, respectively.

Number of employees fell 0.6% monthly, expanding the accumulated fall to 3.3% in relation to the level corresponding to June 2019. Additionally **real wages** indicates a loss of purchasing power of -0.8% monthly and -5.2%, interannual. In **demand for new employees**, the rates were -0.5 and -12.4%, respectively.

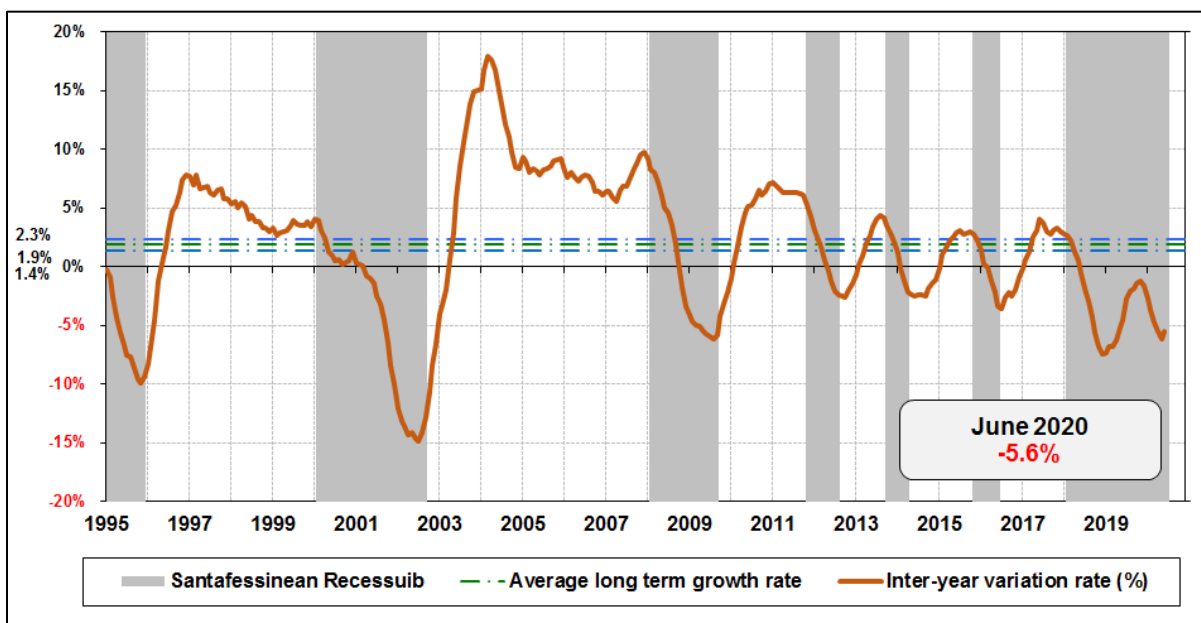
Regarding retail consumption, **supermarket retail sales** showed a contraction of 0.6% monthly, and 6.4% year-on-year. Finally, **tax revenues** showed an increase of 1.9% compared to May, although in the inter-year comparison they remain in negative territory (-13.4%).

Summary and perspectives

The interannual variation of the ICASFe was -5.6% in June 2020, slowing down the rate of decline again (see Graph No. 3). In this sense, analyzing in perspective the trajectory of the indicator in the last year, it is observed that the combination of the effects of the recession and the preventive and mandatory social isolation caused a very pronounced net fall during March and April, but the situation gradually relaxed since there.

However, the limitation for the normal development of a broad set of activities as a consequence of the attention to the health issue related to the COVID 19 pandemic, still prevents projecting a sustained recovery in the medium term. To this must be added latent macroeconomic difficulties, prior to the start of the pandemic. Within this framework, the alert regarding labor market indicators, inflationary pressure, the fiscal deficit and restrictions on the exchange market is once again highlighted, are some of the main issues to be resolved.

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



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

ANNEX: Series of economic activity in the province of Santa Fe. Data accumulated in the period.

SERIES	2020 Q1	2020 Q2
Agricultural machinery sales	15.6%	21.7%
Cement consumption	-9.3%	15.8%
New vehicles' registrations	-12.5%	5.2%
Dairy production	3.5%	2.8%
ICASFe	-2.4%	-0.6%
Meat slaughter industry	-4.7%	-0.8%
Hydrocarbons used by agro-industry	-7.7%	-0.9%
Real wages	0.8%	-1.4%
Number of employees	-0.7%	-1.8%
Electricity used by industry	-5.8%	-2.0%
Tax revenues	-6.4%	-3.0%
Supermarket retail sales	-1.9%	-3.3%
Oilseed milling	-0.1%	-4.6%
Demand for new employees	-10.4%	-5.9%
Gas used by industry	-7.8%	-8.8%

Last available data from: () February 2020. Unavailable data was estimated.*

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