

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Santa Fe's economic rebound continues

In line with positive results for June, July and August 2020, activity's inter-year contraction improved to **-4.6%**.

ICASFe

August 2020

Level:

152.5

Monthly variation:

0.6%

Inter-year variation: **-4.6%**

Accumulated 2020: **-1.7%**

MAIN RESULTS

ICASFE's level was located in **152.5**, presenting a monthly variation of **0.6%** in respect to July 2020.

Inter-year variation rates descended to **-4.6%** (comparing August 2020 vs. August 2019).

The accumulated variation for 2020 was estimated in **-1.7%**.

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 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>

To take into account: in September 2020, adjustments for trend and amplitude were updated within 2019's GDP data. In addition, since October 2020, "Demand for new employees" was recalculated by using an alternative series from the same source. The original one was discontinued by MTEySS de la Nación.

- To expand, see methodology at: <http://ces.bcsf.com.ar>



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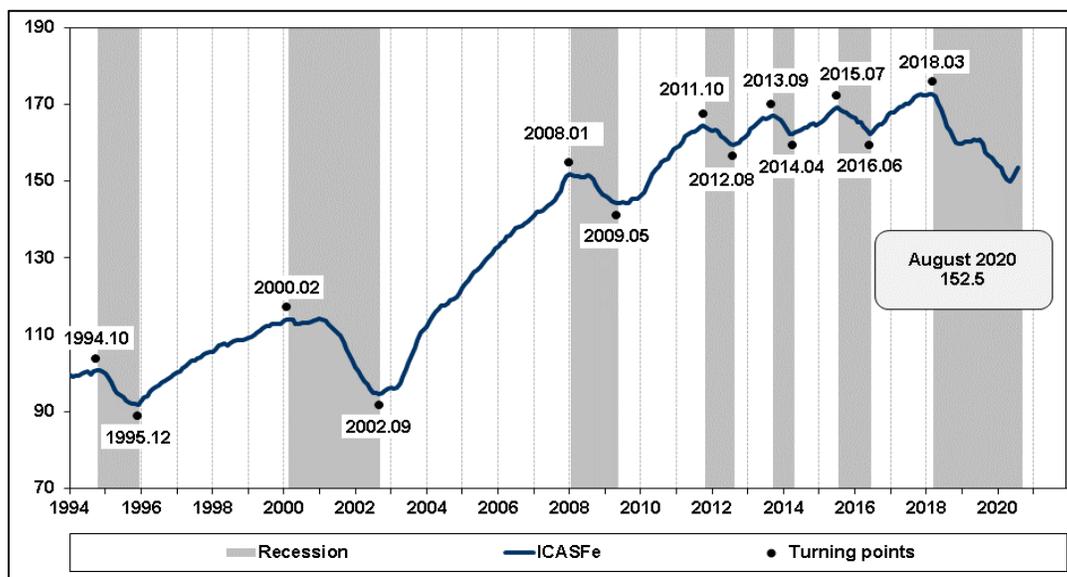
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Province of Santa Fe's economic activity

The coincident index registered its third positive monthly rate; this time +0.6% in respect to July. Within this results, the accumulated fall between January and August dropped to **-1.7%**. Nevertheless, considering the recession's beginning (2018.03), total economic contraction raises to **-11.8%** (see Graph 1).

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

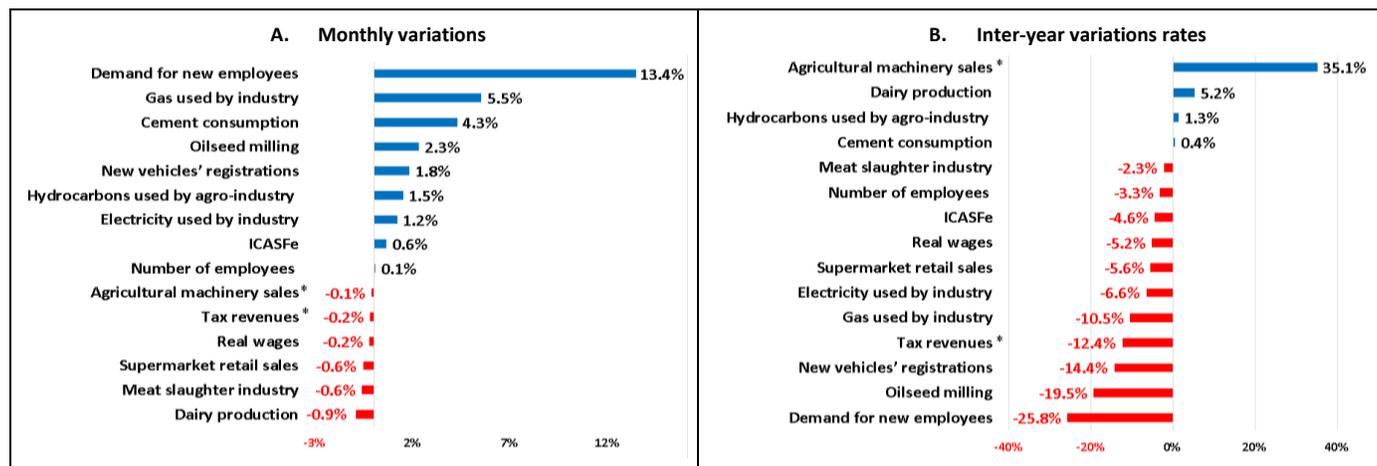


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In regard to the representative indicators of Santa Fe's economic activity, during August eight series signaled positive monthly variations. However, on inter-year terms, only four of them were able to exceed August 2019's level (see Graph 2).

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



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

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

Demand for new employees¹ leads monthly variations' ranking, although it is worth noting that the series is at a very low historical level; within an interannual contraction of **-25.8%**. Moreover, **registered employees** presented a slightly positive monthly rate (+0.1%), accumulating a total decrease of **-3.3%** during the last twelve months. On the other side, **real wages** lost another **0.2%** compared to July, and interannual decrease of purchasing power dropped **-5.2%**.

¹ Please read methodological references on the cover of this report.

Indicators related to investment in durable goods showed some positive signs. In August, **new vehicles' registrations** improved 1.8%, and **cement consumption** 4.3%. In addition, construction activity reached an inter-year recovery of 0.4%, whereas vehicles' registrations reduced its inter-year contraction to **-14.4%**. Regarding to **agricultural machinery sales**, the series decreased **-0.1%** compared to July, but it continues to lead the table of inter-year variations within an increase of 35.1%.

Hidrocarbons used by agro-industry augmented by 1.5% monthly, and 1.3% compared to August of the previous year. **Dairy production** registered rates of **-0.9** and 5.2%, respectively. Similarly, **oilseed milling** recovered part of the accumulated fall (+2.3% in August), but continued to decline in the year-on-year comparison (**-19.5%**). On the other hand, for **meat slaughter industry**, rates were **-0.6** and **-2.3%**, respectively.

In regard to the manufacturing sector, **electricity used by industry** grew 1.2%, reducing its inter-year decrease to **-6.6%**. For **gas used by industry** rates were 5.5 and **-10.5%**, respectively.

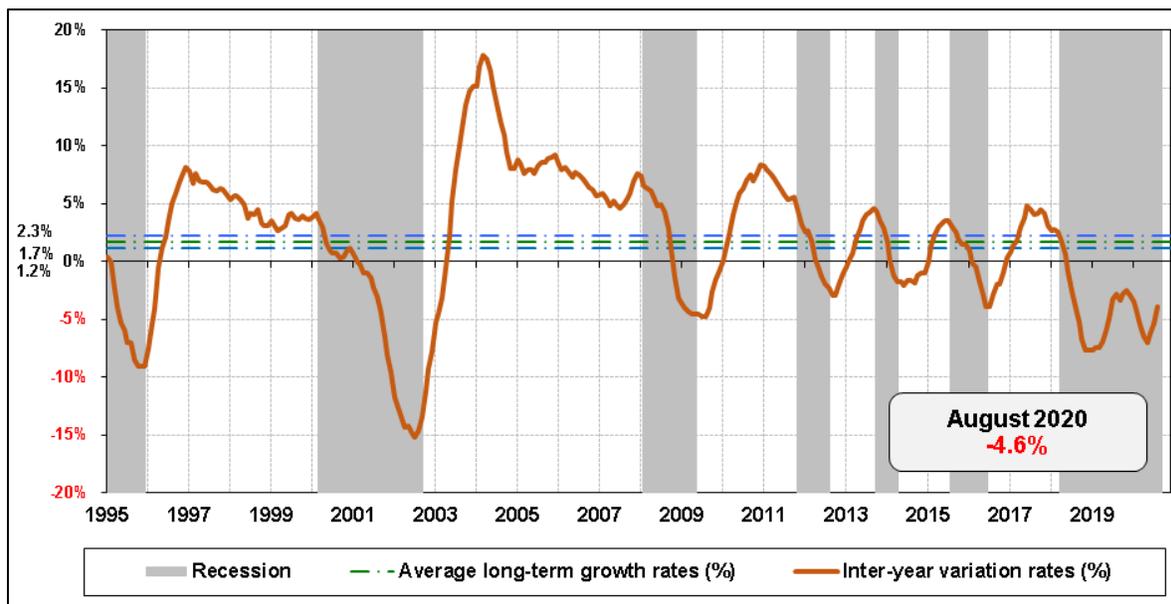
Supermarket retail sales decreased another **0.6%** monthly, reaching a retraction of **-5.6%** in terms of August 2019. Lastly, **tax revenues** registered figures of **-0.2** and **-12.4%**, respectively.

Summary and perspectives

In response to favorable results across the last analyzed three months, the coincident index's inter-annual variations improved to **-4.6%** in August 2020 (see Graph 3). More specifically, this rebound registered between June and August, responds fundamentally to the reactivation of those activities partially or totally disabled by imposed social isolation. Furthermore, preventive measures continue to affect certain sectors to a greater or lesser extent and, therefore, a plenty recomposition of domestic economy will continue to be heterogeneous among the different production chains. This is clearly seen in the labor market and in consumption indicators, which are both in a very depressed situation.

Looking at the medium term, the question remains to be to determine whether this improvement can be consolidated. From the essentially technical, there are two elements to contribute to this discussion which indicate that the minimum conditions to sustain an economic recovery are not yet in place. First, in order to be able to date a turning point (trough), at least five consecutive positive monthly variations are needed (among other objective factors). Secondly, the diffusion index, which measures the percentage of series that contributed positively during the last 6 months, should be above 50.0% (currently it's in 37.7%).

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



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