

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

First quarter within positive results for Santa Fe's economic activity

Although the coincident index is still **10.0%** below its pre-recession level, the economy could have found its bottom.

ICASFe

September 2020

Level:

155.7

Monthly variation:

0.8%

Inter-year variation: **-1.2%**

2020's accumulated: **0.4%**

MAIN RESULTS

ICASFE's level was located in **155.7**, presenting a monthly variation of **0.8%** in respect to May 2020.

Inter-year variation rates reached to **-1.2%** (comparing Sept 2020 vs. Sept 2019).

Cumulated results during 2020 were measured in **0.4%**.

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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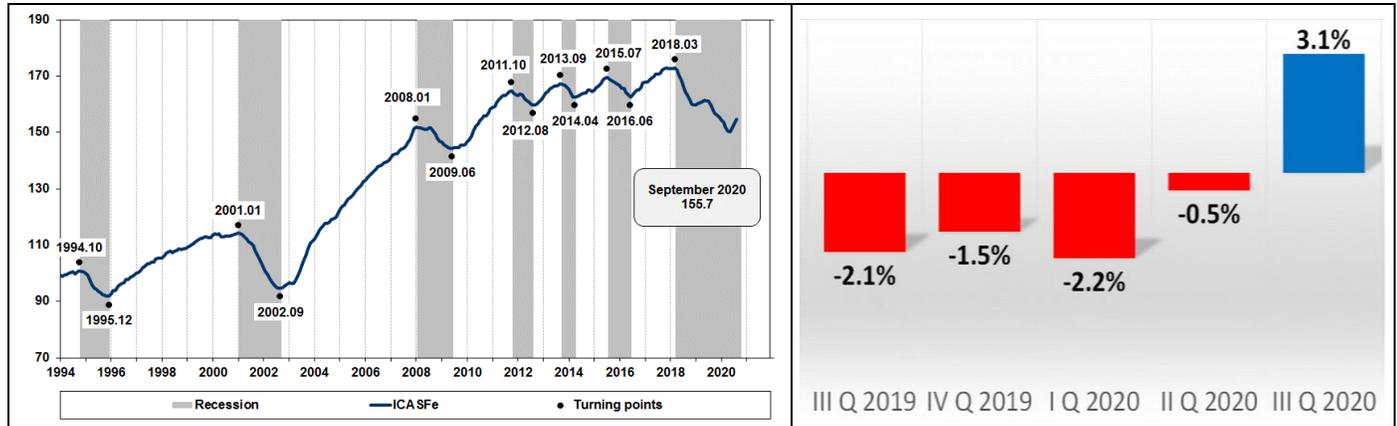


[Bolsa de Comercio de Santa Fe](http://www.bolsa.com.ar)

Province of Santa Fe's economic activity

In line with national indicators, the coincident index continued to show a rebound during September 2020, leaving a positive balance for the third quarter of the year. In this sense, after four periods of negative accumulated variations, an increase of 3.1% was finally registered in 2020-Q3 (see Graph 1).

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

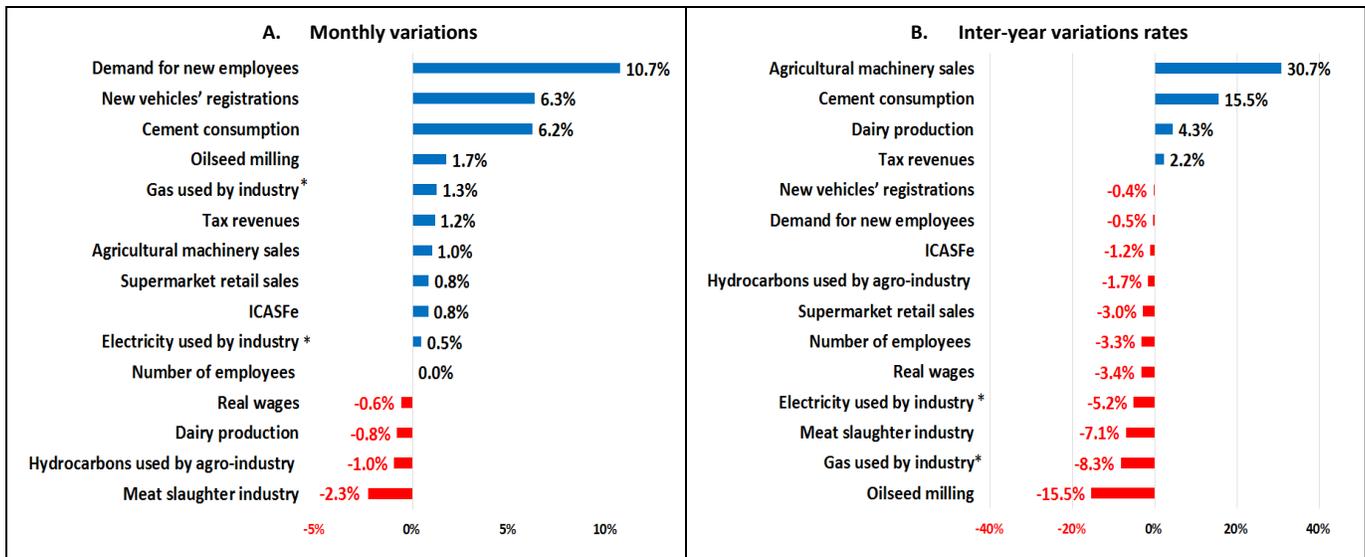


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In relation to the fourteen representative indicators of Santa Fe's economic activity, during September nine series presented positive monthly variations, one remained constant, whereas the last four of them declined. Moreover, in year-on-year terms, only four series were able to exceed September 2019's benchmark (see Graph 2).

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



Last available data from: (*) August 2020. Unavailable data was estimated.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Demand for new employees continues to lead the table of monthly variations (10.7%), approaching its level from September 2019, within an interannual variation of **-0.5%**. On the other hand, **number of employees** presented a null monthly rate (0.0%), reaching an accumulated drop of **-3.3%** during the last twelve months. **Real wages** also registered a decrease in purchasing power, measured in **0.6%** compared to August, and **-3.4%** in respect to its interannual benchmark.

New vehicles' registrations obtained a monthly rate of 6.3%, and **cement consumption** 6.2%. Within these figures, the first series remains on negative territory (-0.4%), whereas the latter registered an increase of 15.5%, in interannual terms. **Agricultural machinery sales** indicates a monthly improvement of 1.0%, and of 30.7% year-on-year.

Hydrocarbons used by agro-industry fell 1.0% monthly and 1.7% interyearly. In addition, **dairy production** registered rates of -0.8 and 4.3%, respectively. Similarly, **oilseed milling** recovered part of the accumulated fall once again (+1.7% in September), but continued to decline in the year-on-year comparison (-15.5%). On the other hand, **meat slaughter industry** rates were -2.3 and -7.1%, respectively.

Considering the manufacturing sector, **electricity used by industry** grew 0.5%, reducing the year-on-year decrease to -5.2%. For **gas used by industry** rates were 1.3 and -8.3%, respectively.

Supermarket retail sales registered a slight monthly increase of 0.8%, but the sub-indicator declined in respect to September 2019 (-3.0%, year-on-year). For **tax revenues**, the gauge signaled increases of 1.2 and 2.2%, respectively.

Summary and perspectives

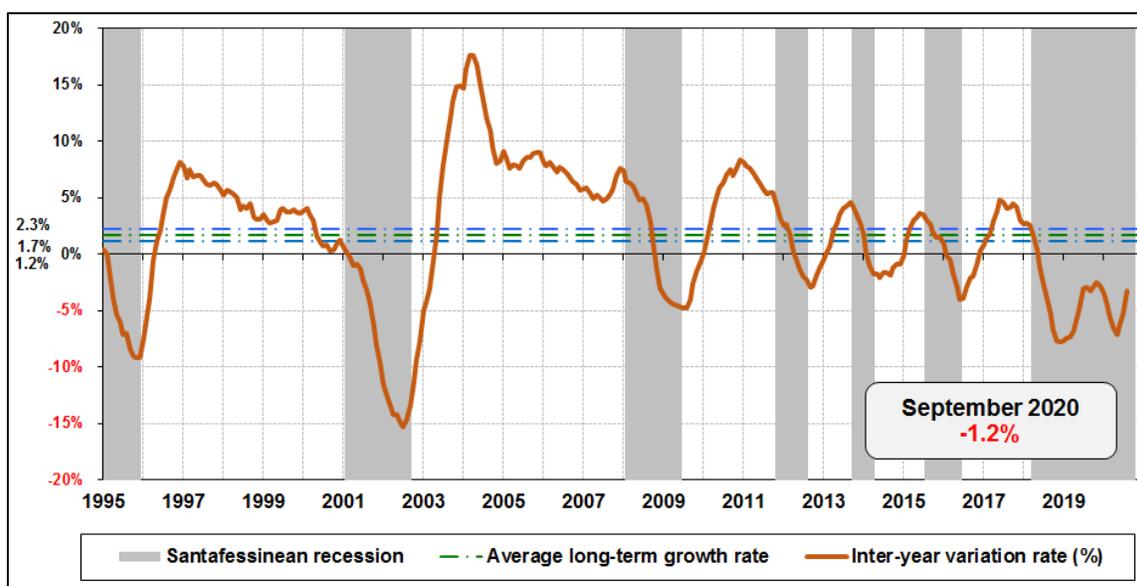
Icasfe's inter-year variation rates improved considerably towards the ninth month of the year, going from -7.2% in May 2020 to -1.2% in September (see Graph 3).

During this last month, a picture within a predominance of positive monthly variations has been consolidated although it is not replicated in inter-year terms. This indicates that end of a hard version of isolation against COVID-19 meant a relief in the short term, which nevertheless, does not yet represent a solid recovery. By the contrary, the outbreak of the pandemic has caused a little-known silhouette over the coincident index, difficult to compare with previous periods.

To this regard, there is a significant disparity in the performance of different sub-indicators. Although there are series that showed a recovery during the last quarter, most of them still maintain a very low level in historically terms. Moreover, expectations for the labor market improved, but until today the recovery in formal jobs has not yet been registered. In addition, an acceleration over inflation is also projected for the fourth quarter and, therefore, wages' purchasing power scenario is not encouraging.

Thus, facing towards the end of 2020 challenges related to Health are losing strength whereas macroeconomic issues are becoming more relevant.

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



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