Economic recovery loses strength

2020's 4th quarter signaled a slowdown in Santa Fe's recovery process, an economy that faces great difficulties to get out of the particular stagnation of recent years.

ICASFe
December 2020

Level:
158.0

Monthly variation:
-0.3%

Inter-year variation: 1.6%
2020's accumulated: 1.6%

MAIN RESULTS

*ICASFE's level was located in **158.0**, presenting a monthly variation of- **0.3%** in respect to November 2020.*

*Inter-year variation rates reached to **1.6%** (comparing Dec 2020 vs. Dec 2019).*

*Cumulated results during 2020 were measured in **1.6%**.*

BOLSA DE COMERCIO DE SANTA FE

BCSF

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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 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
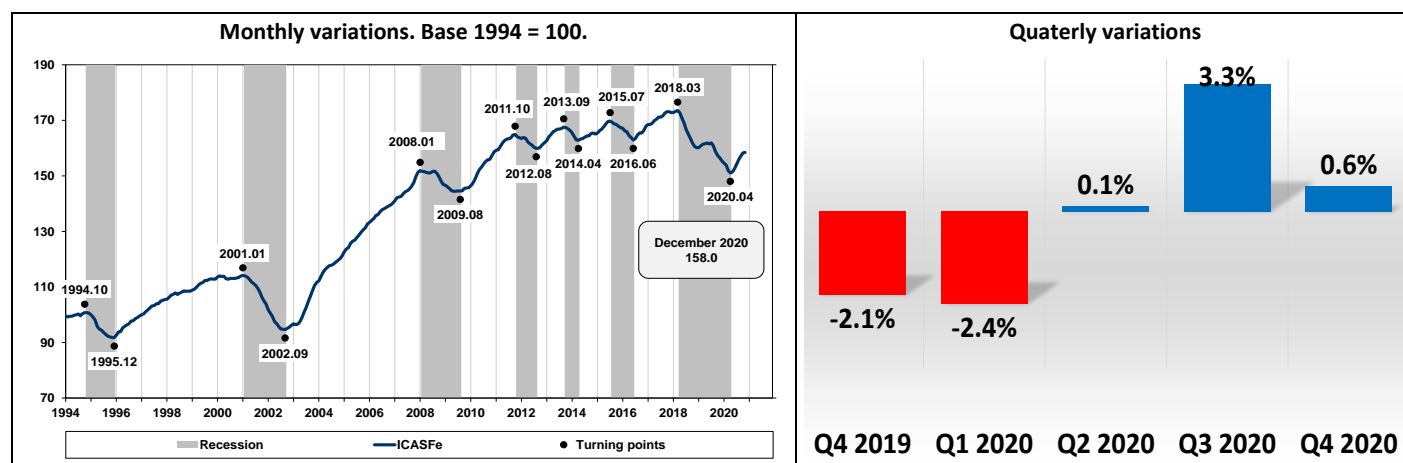
Province of Santa Fe's economic activity

In December 2020, the coincident index registered a decrease of 0.3%, leaving a net balance of only 0.6% for the fourth quarter of the year. Nevertheless, despite of the slowdown in the recovery, 2020 closed positively as a result of a very low benchmark related to 2019's economic contraction (previous to the pandemic outbreak | see Graph 1).

**Graph 1**: Composite Coincident Index for the Province of Santa Fe (ICASFe).

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

Indicator by indicator

In regard to the indicators selected to define the cycle of Santa Fe's economic activity, seven series presented positive monthly variations in December 2020, whereas six also grew on inter-year terms (see Graph 2).

Graph 2: Economic activity's indicators for the Province of Santa Fe. December 2020.
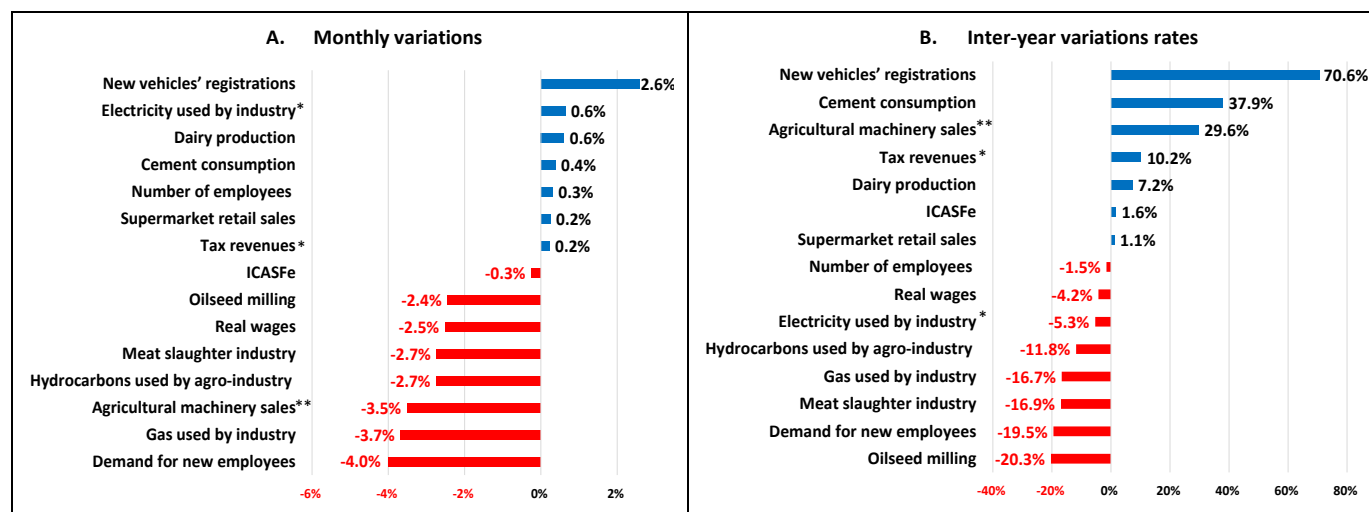
Last available data from: (*) October 2020, (**) September 2020. Unavailable data was estimated.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

New vehicles' registrations notably moderated its speed of recovery both monthly and inter-yearly, with rates of 2.6% compared to November, and 70.6%, compared to December 2019. **Cement consumption** remained on positive ground within monthly rates of 0.4 and 37.9% year-on-year. It should be noted that, although the series has partially recovered, it is still far below from its historical peak. In addition, **agricultural machinery sales** improved 29.6% in terms of 2019's benchmark.

Demand for new employees was located at the bottom of monthly variations' ranking (-4.0%), and compared to December 2019 it registered a total fall of -19.5%. By the contrary, **number of employees** improved slightly against November (0.3%), but the series lost -1.5% during 2020. Regarding to **real wages**, purchasing power for formal workers kept losing against inflation: in fact, in December the gauge suffered its largest monthly drop (-2.5%), reaching a year-to-year contraction of -4.2%.

Hydrocarbons used by agro-industry presented a monthly rate of -2.7%, cumulating a total fall of -11.8% in 2020. **Oilseed milling** also closed the year in decline, within a monthly variation of -2.4% and an inter-year one of -20.3% (the most significant annual drop in the last eight years). Moreover, **meat slaughter industry** registered a monthly rate of -2.7% in December, and an inter-year one of -16.9%. On the other side, **dairy production** showed figures of 0.6 and 7.2%, respectively.

Industrial energy consumption continues at low levels. Regarding to **electricity used by industry**, the series decreased -5.3% during the last twelve months; **gas consumption** experienced a monthly drop of 3.7% in December, losing 16.7% across 2020.

Supermarket retail sales continued with an incipient recovery recorded since the second half of the year. The sub-indicator gained other 0.2% in December, closing the year within an increase of 1.1%.

Finally, **tax revenues'** evolution towards the end of the year was slightly more favorable than at the beginning; the series improved 0.2% in real terms, and accumulated an annual increase of 10.2%.
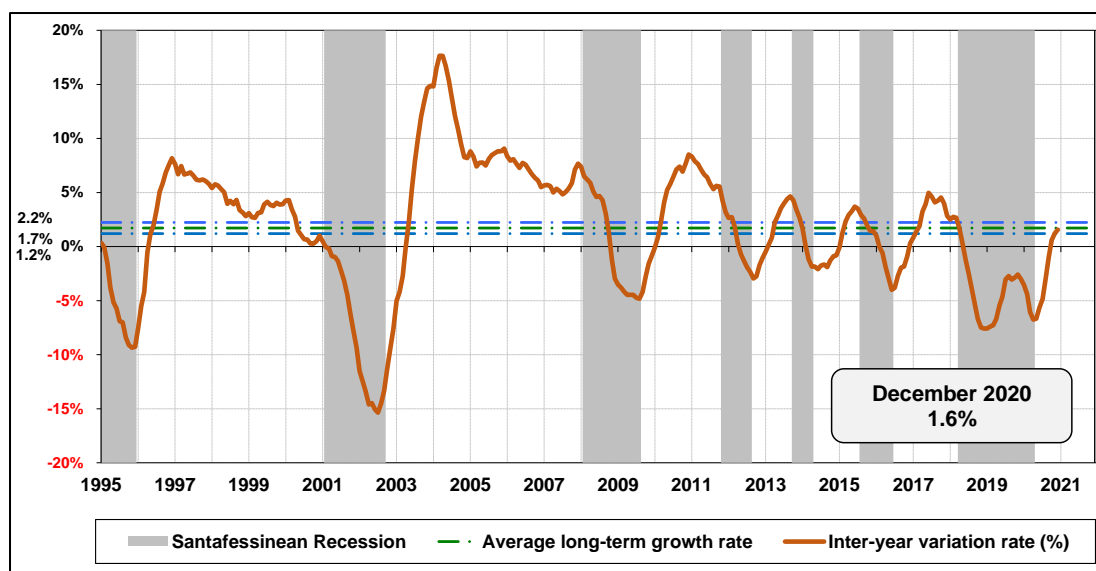
Summary and perspectives

In December 2020 ICASFe's inter-annual variation rates increased to **1.6%**, remaining inside the statistical bands' area that indicates a long-term average growth rate (dotted lines in Graph 3). Moreover, the rebound observed after the hard isolation lost strength and activity's performance may readjust to last years' trend.

In our opinion, 2020 was characterized from the beginning by the effects of a recessive context, aggravated by the conditions of Argentina's economy since August 2019. To this regard, the pandemic outbreak only worsened the situation, taking the province's economic activity to 2010's levels. It is worth noting that indicators related to consumption of durable goods experienced certain recovery during the 2nd semester as a result of opportunities given by devaluation and inflation, but also because they were at their worst levels in historical terms. This scenario continues towards the end of the period, but without a solid behavior; in addition, the year ends within accumulated falls across the industrial sector, as well as within the labor market.

To sum up, there are still no signs of a genuine recovery that may allow us to talk about a concrete economic growth in the short term.

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

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