

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Recovery does not strengthen

Despite certain favorable results since May 2020, activity is still 15.9 points below its previous maximum level, and only some few sectors explain partial increases.

ICASFe

February 2021

Level:

157.7

Monthly variation:

0.1%

Inter-year variation: 2.8%

2021 Accumulated: -0.1%

MAIN RESULTS

ICASFE's level was located in **157.7**, presenting a monthly variation of **-0.1%** in respect to January 2021.

Inter-year variation rates reached to **2.8%** (comparing February 2021 vs. February 2020).

The accumulated variation in 2021 is estimated at **-0.1%**.

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



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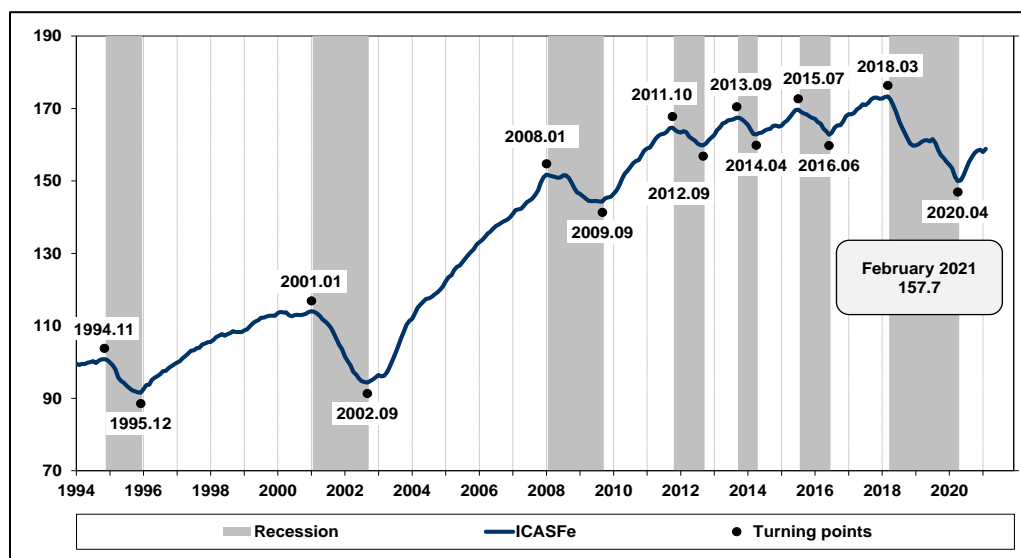


[Bolsa de Comercio de Santa Fe](https://www.linkedin.com/company/Bolsa de Comercio de Santa Fe)

Province of Santa Fe's economic activity

In February 2021, the coincident index showed a slight increase of 0.1% compared to January. However, the coincident index' silhouette remains unchanged, meaning that economic activity has returned to its clear process of stagnation (see Graph 1).

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100. February 2021.

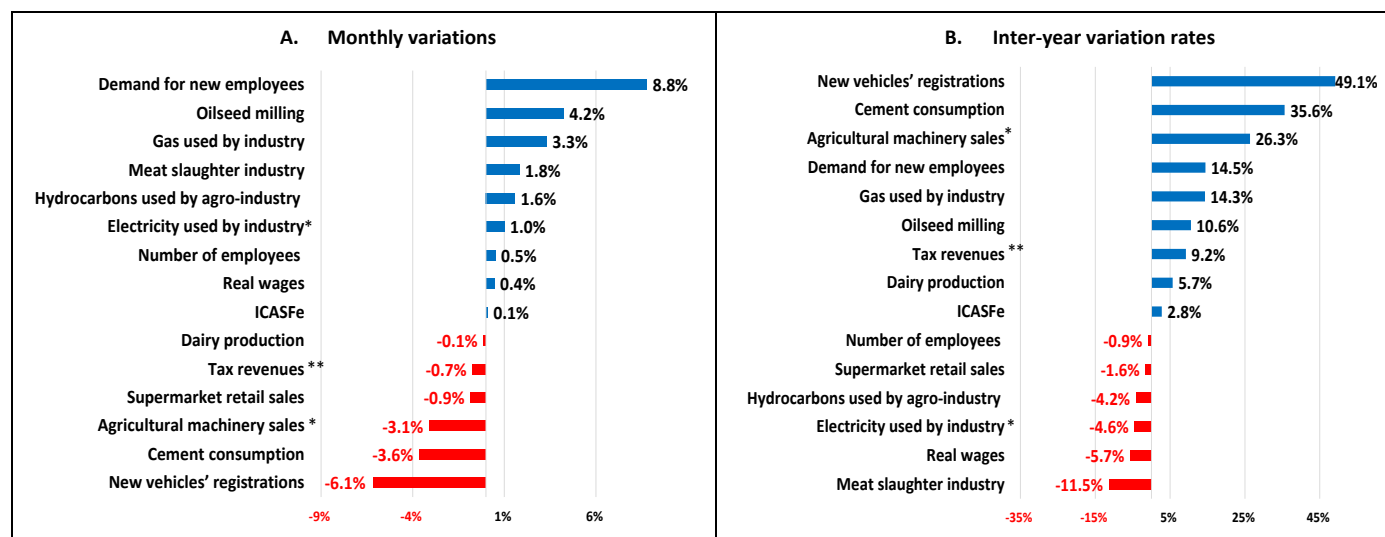


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In regard to the variables considered to define Santa Fe's economic cycle, a group of three indicators presented positive monthly and interannual variations in February 2021: labor demand, oilseed milling and consumption of industrial gas. Moreover, other five indicators also recorded positive monthly rates, whereas another five, only grew in the year-on-year comparison (see Graph 2).

Graph 2: Economic activity's indicators for the Province of Santa Fe. February 2021.



Last available data from: (*) December 2020; (**) January 2021. Unavailable data was estimated.

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

Oilseed milling kept recovering part of 2020's drop, within increases of 4.2 and 10.6%, monthly and interannually, respectively. **Meat slaughter industry** also showed a favorable performance in February (+1.8%), although it continues in negative territory in the year-on-year comparison (-11.5%). Regarding to **dairy production**, rates were -0.1 and 5.7%, respectively. In this context, **hydrocarbons used by agro-industry** obtained a monthly increase of 1.6% but also stayed behind its inter-year benchmark (-4.2%).

Demand for new employees registered a positive monthly rate of 8.8%, reaching an inter-year increase of 14.5%. Despite these favorable results, the indicator remains at very low historical levels, especially when comparing its performance prior to 2018's recession. **Number of employees** improved slightly in terms of January 2021 (+0.5%), although interannual variations signaled a contraction of **-0.9%**. **Real wages** also achieved a mild monthly improvement of 0.4%, but purchasing power of formal workers continued to lose in respect to inflation, within an interannual drop of **-5.7%**. Regarding to **supermarket retail sales**, the gauge lost another **0.9%** in February, which means a total annual decline of **-1.6%**. In fact, although the series improved during 2020's second half, it has accumulated 30 consecutive months of decline in year-on-year terms.

New vehicles' registrations fell **6.7%** compared to January, although it remains in positive territory in the inter-year comparison (+49.1%). To this regard, **cement consumption** showed a similar behavior with rates of **-3.6** and 35.6%, respectively. Moreover, **agricultural machinery sales** experienced a monthly decrease of **3.1%**, and stayed 26.3% above its inter-year benchmark.

Industrial energy consumption continues at low levels. However, **gas used by industry**, obtained monthly and interannually rates of 3.3 and 14.3%, respectively. In regard to **electricity consumption**, the series signaled estimated rates of 1.0 and **-4.6%**.

Finally, **tax resources** fell **0.7%** compared to January, although it is still above February 2020's level by 9.2%.

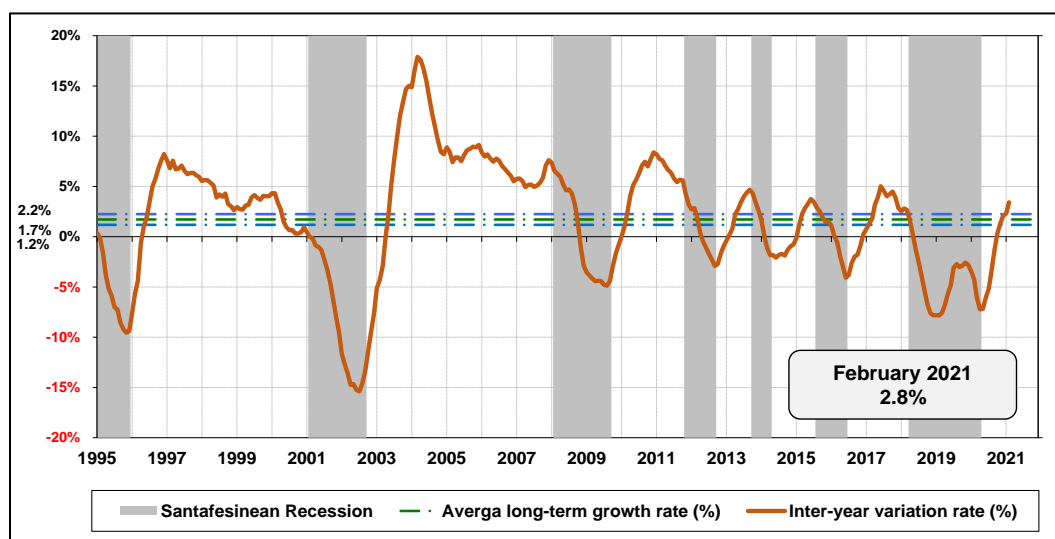
Summary and perspectives

In February 2021, ICASFe's interannual variation rates reached 2.8%. However, these results are being based on a statistical matter, given that the comparison benchmark concerns to a historically low level (see Graph 3). Furthermore, the economic trend since 2018 is still negative, adding this performance to a decade of stagnation that explains the fact that activity levels in the province currently resemble 2010/11's records.

In terms of perspectives, uncertainty is deepening around the lack of a national economic plan, putting more pressure to underline problems. In addition, public debt negotiations did not mature as expected, leaving a smaller space for maneuver. So, at this moment, the Government is conditioned to increase international reserves' levels in a context where the monetary issue ends up being the only tool to face fiscal deficit, enlarged within the attention of the pandemic. Unfortunately, but as expected, inflation seems to have jumped to a new step.

In this context, purchasing power and retail consumption, both, keep retracting, intensifying urban agglomerates' difficulties in terms of unemployment. Nevertheless, indicators related to agribusiness are somehow sustaining the meager recovery on aggregated levels.

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



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