

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CES
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ICASFe

Base 1994=100

MAY 2022

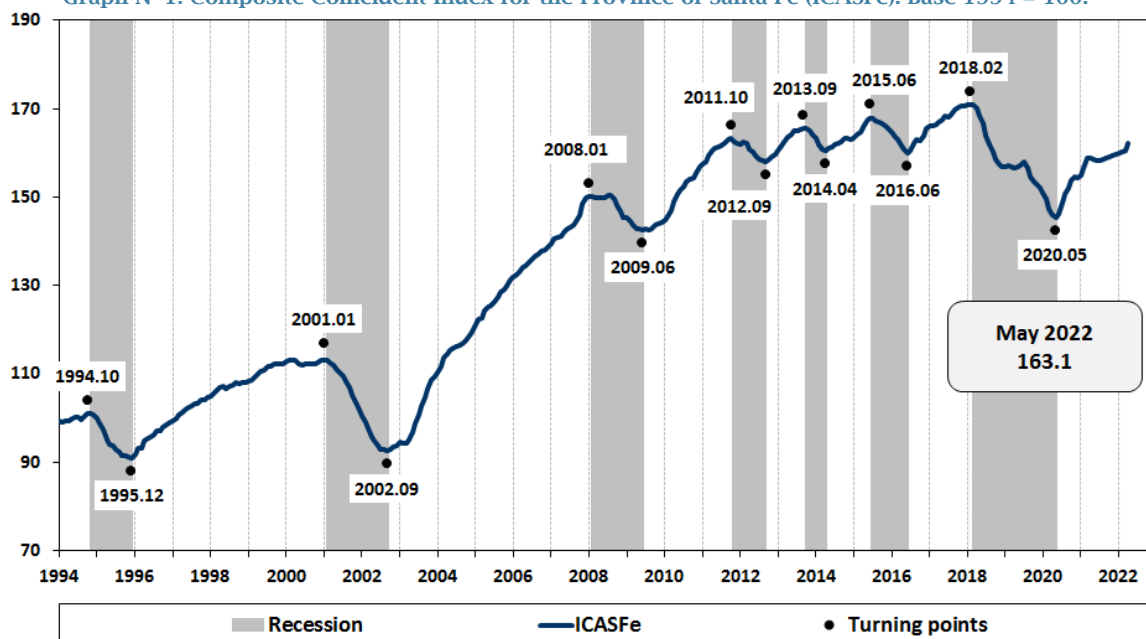
Level: 163.1

Monthly variation: 0.6%
Inter-year variation: 2.8%
2022's accumulated: 2.1%

Santa Fe's economic activity recovered another 0.6% in May

This report shows different sectors' situation, prior to June and July's macroeconomic tensions.

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



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

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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 *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>

All series are filtered by seasonality and extreme values, using the X-13 ARIMA-SEATS program of the United States Census Bureau. In addition, information is always presented free of inflationary effects.

Output data considerations

The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

Indicator by indicator

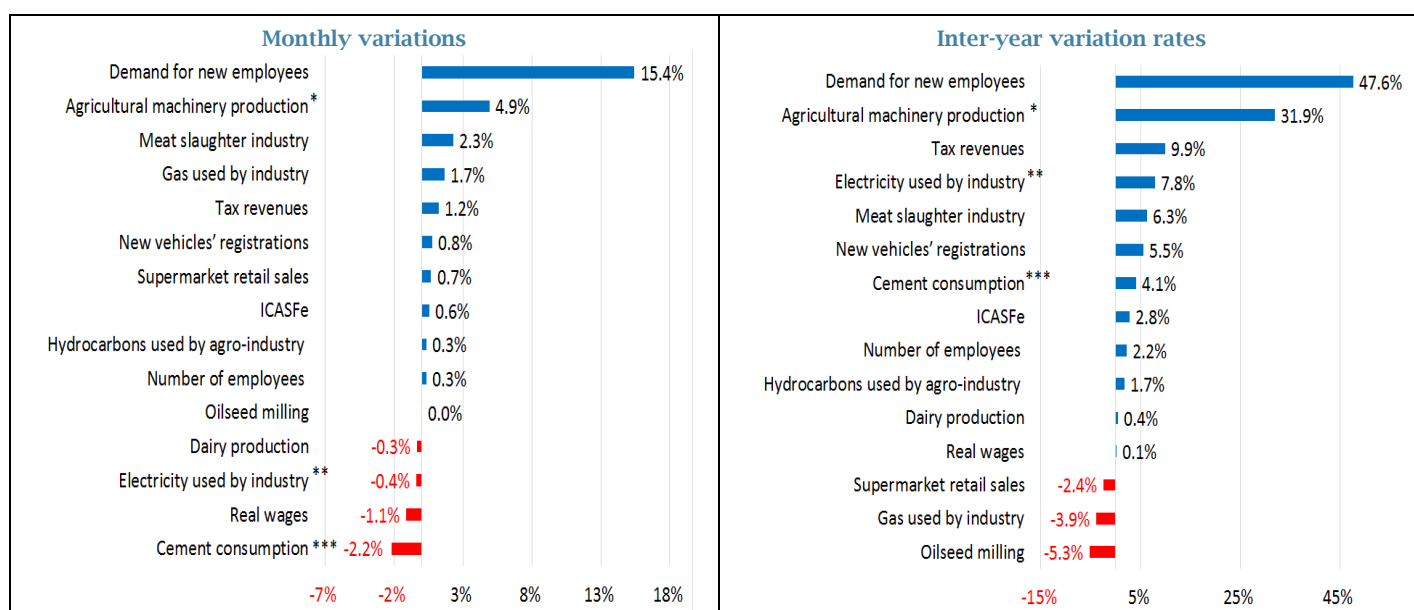
During May 2022, nine of fourteen representative series registered positive monthly variations, one of them remained practically null, and the rest decreased. In the interannual rates' table, positive signs also predominated (see Graph 2). A description for each indicator is exposed below.

Number of employees signaled a slight monthly increase of 0.3%, staying 2.2% above May 2021's benchmark. It should be noted that this improvement is driven by private sector's segment, which shows a persistent recovery since August 2020. **Demand for new employees**, measured by the business expectations index, also obtained a positive monthly rate of 15.4% and an interannual one of 47.6% (these variations are in line within the series regular volatility).

By the contrary, **real wages** related to formal employment contracted again, experiencing a monthly decline of 1.1% compared to April and a slight interannual increase (+0.1%).

Supermarket retail sales in Santa Fe presented a monthly improvement of 0.2%; whereas the interannual drop continues, within a total loss of -2.4%.

Graph 2: Economic activity's indicators for the Province of Santa Fe. May 2022.



Last available data from: (*) March 2022 | (**) April 2022 | Methodological clarification: from May 2022 on, Cement consumption is estimated based on national levels' evolution of aggregate data; sub-national publications were discontinued (<https://www.afcp.org.ar/datos-definitivos>).

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

Meat slaughter industry showed a monthly increase of 2.3%, improving 6.3% above May 2021's value. These results were mainly driven by bovine's category, despite this series is below 2019's benchmark. **Oilseed milling** maintained a practically null monthly variation, and an inter-year contraction of 5.3%. **Dairy production** experienced its sixth consecutive monthly fall, -0.3% in May 2022.

Hydrocarbons used by agro-industry went up by 0.3 monthly and 1.7%, interannually. In addition, **agricultural machinery production**, increased by 4.9% compared to April, and 31.9% respecting to May 2021.

Electricity used by industry obtained estimated rates of -0.4 and 7.8%, monthly and interannually, respectively. Meanwhile **gas used by industry** registered a monthly increase of 1.7%, and an interannual drop of 3.9%.

Local tax revenues (in real terms) indicate a monthly improvement of 1.2%, continuing within an impulse over gross income tax collection's growth (which represents more than 70.0% of total revenues). Also, Federal resources increased as well, allowing an inter-year total expansion of 9.9%.

New vehicles' registrations, showing certain slowdown, signaling a rise of 0.8% in May 2022. However, the series is located 5.5% above May 2021's level. **Cement consumption**, as an indicator related to construction activity, obtained a negative monthly rate of -2.2%, although on an interannual comparison, reached a positive balance of 4.1%. It is worth noting that May 2022 was estimated based on national data (See methodological clarification at the bottom of Graph 2).

Summary and perspectives

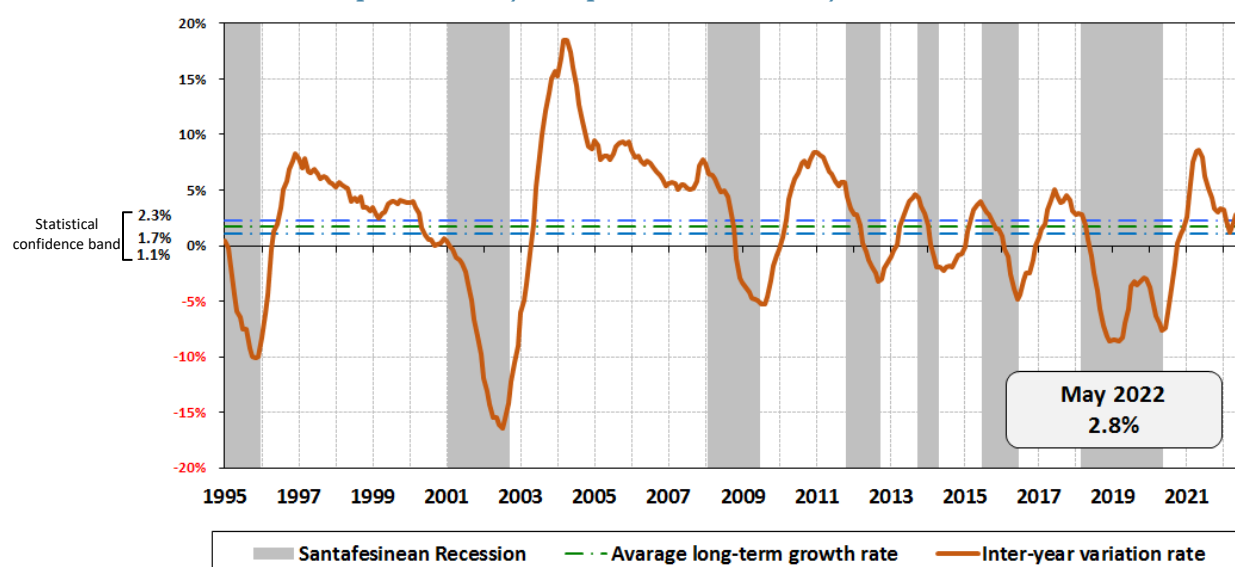
Coincident index's interannual variations reached 2.8% in May 2022, staying above its average long-term growth rate (see Graph 3). However, this result achieved towards May is basically explained by issues far from optimistic considerations.

As we have been pointing out in previous reports, inflationary process in Argentina's economy keeps worrying-up; in fact, going through the second half of the year there are still no objective signs which allow assuming a short-term moderation in prices.

In practice, 2021 and 2022 did not offer many available instruments to protect financial assets from effective depreciation. During first months of the year, greater monetary circulation may have prompted-up certain favorable movement to economic activity, but this responds to the fact that economic agents tried to cover themselves from expected inflation and further restrictions to replace stocks, accelerating expenditures. This also means that, somehow, agents foresaw June and July institutional crisis in the political-economic framework.

For the rest of the year, it can be said that Santa Fe's economy, although strengthened by its productive diversity, will not avoid Argentina's macroeconomic challenges and international context externalities. In particular, next measurements will internalize negative effects from imports breakdown and currency runs occurred during the last two months.

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



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

Santa Fe's Chamber of Commerce

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