

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CES
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BCSF

ICASFe

Base 1994=100

SEPTEMBER 2022

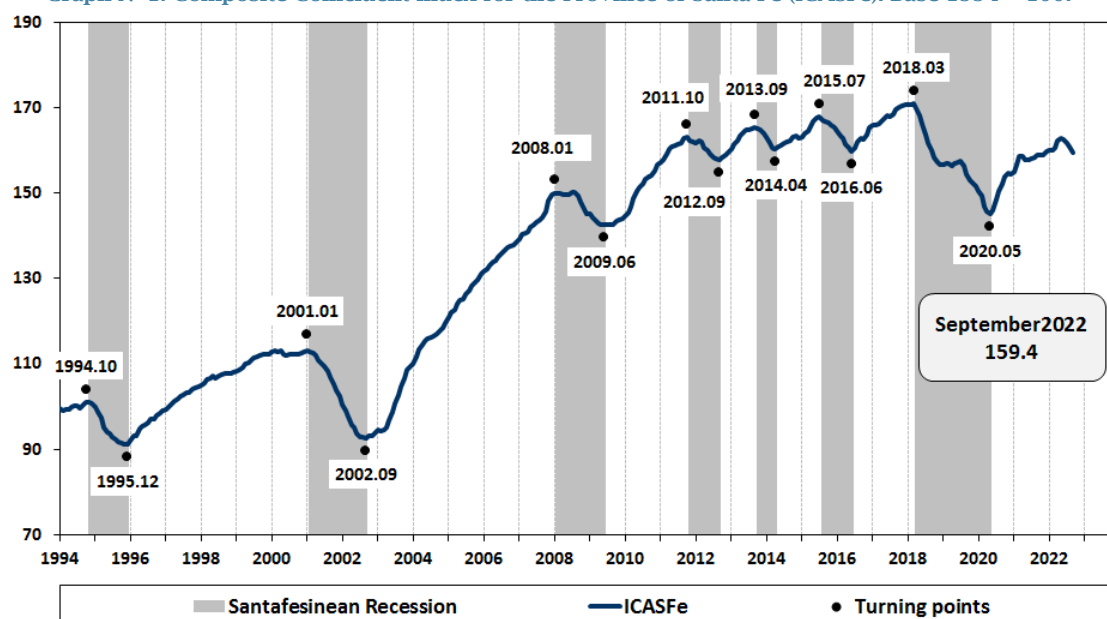
Level: 159.4

Monthly variation: -0.9%
Inter-year variation: 0.4%
2022's accumulated: -0.2%

Negative results for Santa Fe's economic activity across the 3rd quarter of the year

Between July and September 2022, the coincident index accumulated a fall of **2.0%**, reversing previous months' improvement.

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.

✉ ces@bolcomsf.com.ar

🌐 ces.bcsf.com.ar

🌐 www.bcsf.com.ar

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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

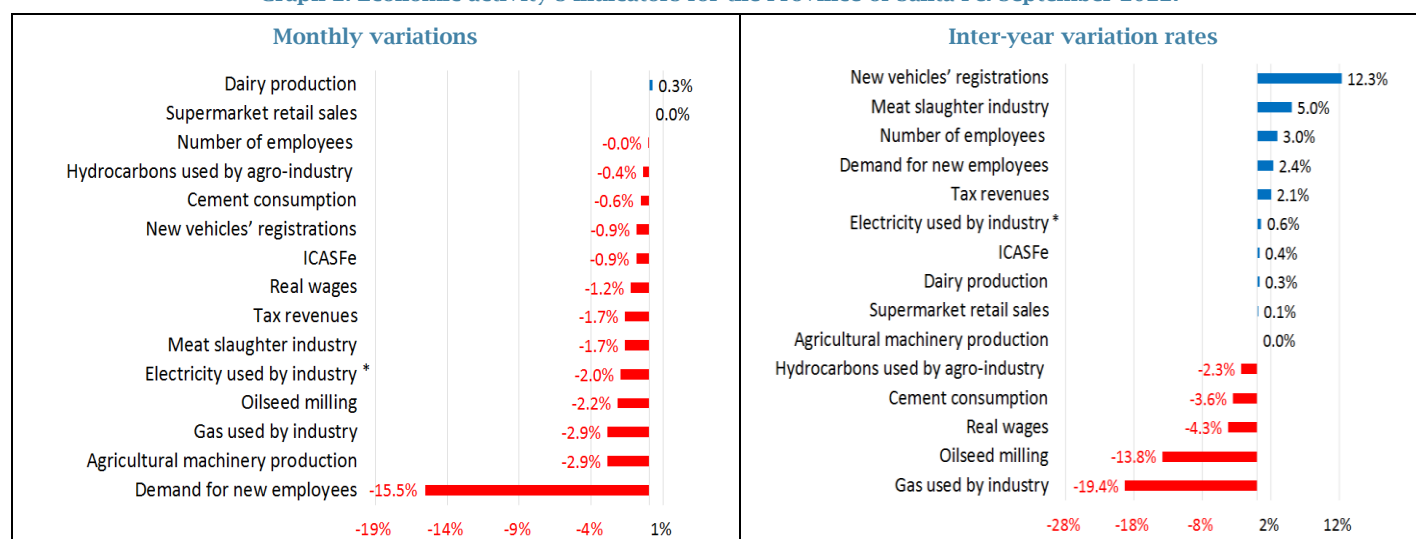
The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

Indicator by indicator

Monthly variations' table was stained red in the ninth month of the year.

In September 2022, eleven of fourteen representative series of Santa Fe's economic activity signaled negative monthly variations, two of them registered practically null rates and the last one grew slightly. By the contrary, on interannual variations' table, although with lower values, eight series were still above September 2021's benchmarks (see Graph 2).

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



Latest data available: (*) August 2022. Missing data was estimated.

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

Representative series of industrial sector experienced significant falls in monthly terms. **Electricity and gas used by industry** presented rates of **-2.0** and **-2.9%**, respectively. On an interannual comparison, first sub-indicator reduced its interannual position to 0.6%, whereas the latter one decreased to **-19.4%**. **Oilseed milling** fell down again, this time within a monthly rate of **-2.2%**, which locates the series below September 2021's level. **Hydrocarbons used by agro-industry** showed rates of **-0.4** and **-2.3%** monthly and interannually, respectively. Moreover, **diary production** was the only series that obtained a positive monthly variation (+0.3%). In addition, most manufacturing activities continue to face a complex scenario, related to increasing uncertainty across raw material stocks and prices. **Meat slaughter industry** presented a monthly variation of **-1.7%** and an interannual recovery of 5.0%. To this regard, the bovine segment experienced a new monthly fall. **Agricultural machinery sales** showed a slight monthly contraction of **-0.7%**, although maintained a favorable positions of 3.2% respecting to September 2021's parameter.

Demand for new employees ranked at the bottom of monthly variations' table within a fall of **15.5%** compared to August, revealing a breakdown on expectations and high volatility. In addition, **number of employees** (registered jobs) experienced a practically null variation in September, maintaining an interannual increase of around 3.0%. On the other hand, **real wages** related to formal employment are still accounting losses on purchasing power: **-1.2%** in September. To this regard, the series registered its third interannual fall, reaching **-4.3%**. **Supermarket retail sales** (large stores) in Santa Fe registered a slight monthly increase once again of +0.1%. However, the series presents a depressed silhouette since mid-2018.

Regarding to **new vehicles' registrations**, the indicator points out a slight fall of **-0.9%** in comparison to August. Cutting down its interannual recovery to 12.3%. **Cement consumption** (estimated data) indicates both a monthly and interannual decrease of **-0.6%** and **-3.6%**, respectively.

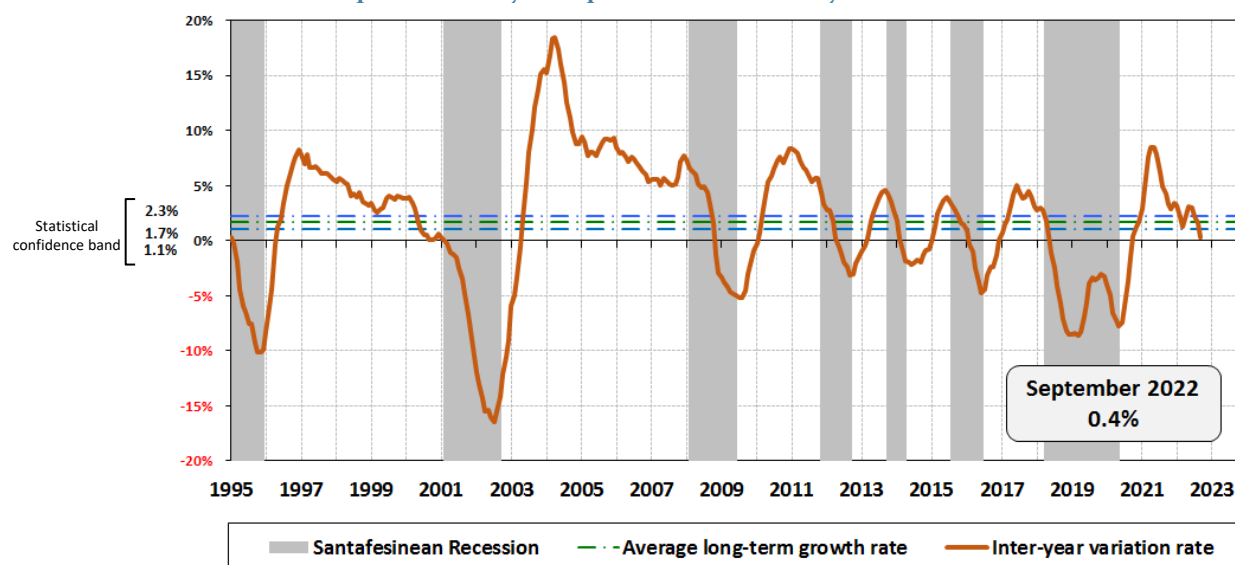
Lastly, **local tax revenues** (in real terms) declined by **1.7%** in respect to August, explained by lower incomes from both local taxes and federal resources. On an interannual position, the series maintained a favorable balance of +2.1%.

Summary and perspectives

In line within four consecutive monthly declines, the coincident index's interannual variations could barely stay in positive ground. The figure corresponding to September 2022 stands at 0.4%, 2.8 percentage points below May's value (see Graph 3). This means a considerable interannual slowdown, based on economic activity's fall during the third quarter and in contrast to the recovery experienced between January and June. To this regard, it is worth noting that first semester's improvements were supported, mainly, by industrial activities and the construction sector. Some companies linked to commerce and services also helped on the same direction. Despite the fact that some restrictions from the pandemic context were still active, most relevant activities in terms of job creation showed a proper a performance allowing an extension of the recovery process.

Then, national macroeconomic imbalances and measures focused on addressing short-term difficulties in order to achieve IMF's agreed goals, started polluting local economic rebound. In fact, monetary and inflationary problems had been causing very negative effects over markets and agents. In addition, the second semester began within more restrictive actions regarding to industrial inputs importations. Plus, the formalization of a wide range of differential currency rates for exports continued to fuel uncertainty and interfering over reference prices. Finally, a key element that adds negative expectations for Santa Fe's economy, is the impact of a significant drought which affects current agricultural season and could generate an unfavorable spillover effect.

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

President

Eno. Martín Vigo

Research and Services Center

Executive Director:

Eno. Martín Vigo

Director:

Lic. María Lucrecia D' Jorge

Coordinator:

Mg. Pedro P. Cohan

Researchers:

Lic. Lautaro Zanini

María Florencia Camusso

Lic. Ramiro Emmanuel Jorge

Agustín Rodríguez

Milena Ballarino

Martina Mas

Abog. Maria Eugenia Veglia