THE PROVINCE OF SANTA FE´S ECONOMIC DIGEST

CES CENTRO DE ESTUDIOS Y SERVICIOS   BCSF

ICASFe

Base 1994=100

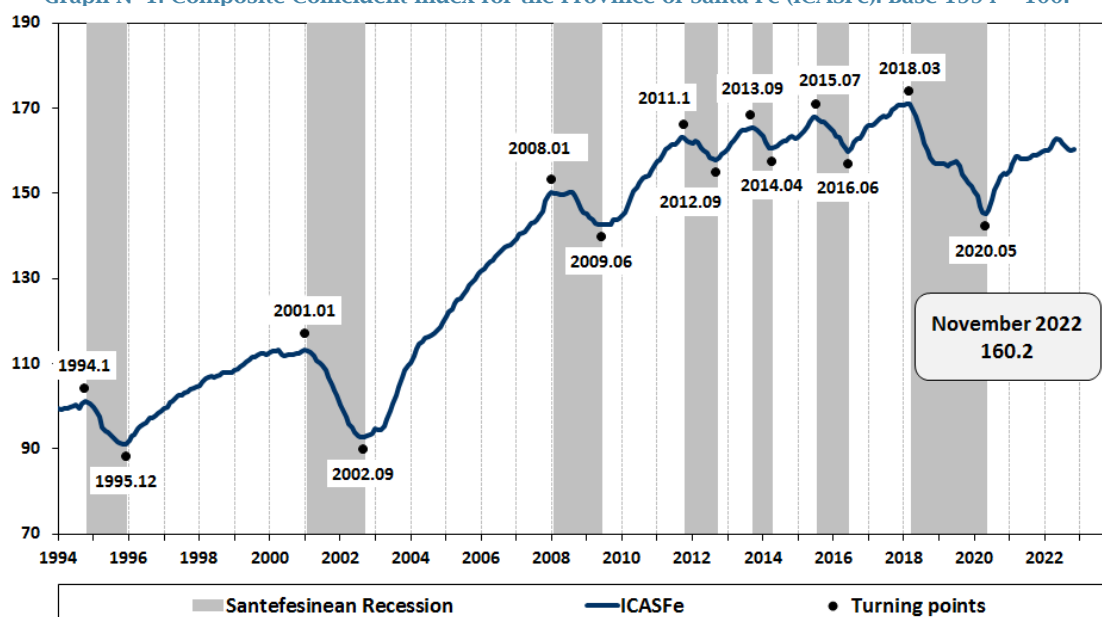NOVEMBER 2022

Level: **160.2**

Monthly variation: 0.02%
Inter-year variation: 0.7%
2022's accumulated: 0.3%

Due to effect of 'soybean dollar'?

After five consecutive months of contraction, remarkable levels of milling and agricultural exports gave a boost to Santa Fe's economy, achieving a minimum positive monthly variation of +0.02%.

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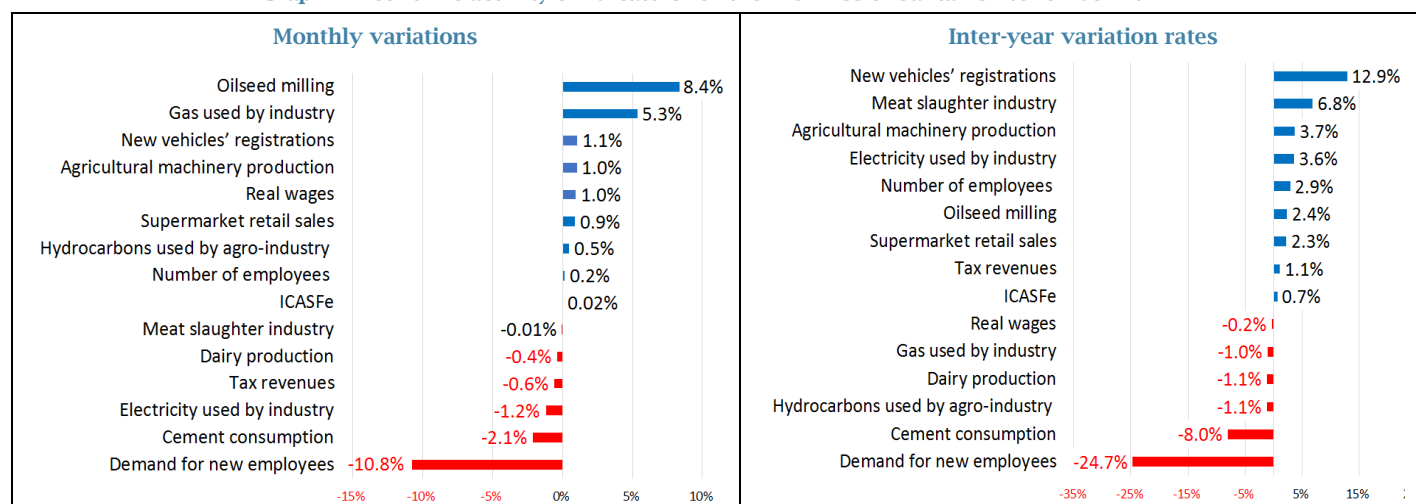
Output data considerations
The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

Indicator by indicator

A particular performance of some sectors allowed a slight general improvement in November 2022. However, results do not imply changes over trend, since a clear deterioration in key economic variables are still being observed.

On this occasion, eight of fourteen representative series of Santa Fe´s economic activity signaled favorable results, whereas the other six showed a negative performance, both on intermonthly and interannual measurements (see Graph 2).

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

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

Oilseed milling led monthly increases once again, in this case within a rate of 8.4%. These results are in line with an improvement in milling sector at national level which, according to CIARA-CEC, responds to a remarkable agro-export performance, boosted by a short-term policy called 'soybean dollar'. **Agricultural machinery production** also continued to improve, within rates of 1.0% monthly and 3.7% interannually.

On the contrary, **meat slaughter industry,** as well as **diary production,** presented falls compared to October: -0.01 and -0.4%, respectively. Considering last twelve months, first series continues to stays above November 2021's levels (+6.8%),whereas diary production is 1.1% behind.

For its part, **gas used by industry** experienced an increase of 5.3%, cutting its interannual fall to -1.0%. **Hydrocarbons used by agro-industry** showed a very similar behavior, achieving a positive monthly improvement of 0.5%, which places the series in an interannual position of -1.1%. In the opposite direction, **electricity used by industry** experienced a fall compared to October (-1.2%) but continues above its interannual benchmark (+3.6%).

Another indicator among a good *performance* during November was **new vehicles' registrations.** It signaled a monthly growth of 1.1%, standing the highest inter-year growth (+12.9%).

Remaining indicators within favorable results were **number of employees** (registered jobs), **real wages** and **supermarket retail sales**. Their monthly variations were 0.2, 1.0 and 0.9%, respectively. It is worth noting that only real wages experienced a negative result in interannual terms (-0.2%).

Demand for new employees returned to the bottom of monthly variations' table, falling another 10.8% compared to October, within an accumulated interyear rate of -24.7%. **Cement consumption** was also listed in the group of indicators which presented unfavorable results. This series experienced another fall (-2.1 %), which implies a contraction of 8.0% compared to November 2021.

Lastly, **local tax revenues** (in real terms) declined by 0.6% monthly, although the indicator remains in a positive interannual position (+1.1%).
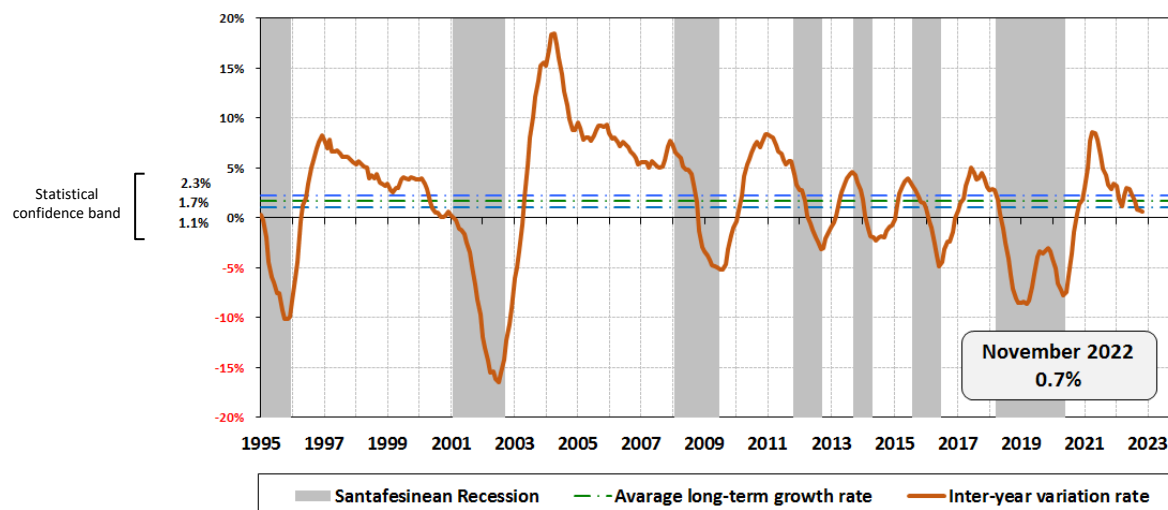
Summary and perspectives

Coincident index's interannual variations were located at 0.7% in November 2022, below the statistical confidence band of average long-term growth rate (see Graph 3). To this regard, no significant variations are observed respecting to the contractive course that ICASFe has been showing in recent months.

However, November's measurement suggests a positive spillover effect from milling and agro-export sectors, which allowed a slight monthly improvement in economic activity.

In fact, and despite of region's significant drought, government's short-term incentives generated by a preferential operating mechanism for oilseed exporters gave stimulus to sale previous campaign stocks, helping up conjunctural results.

In relation to expectations for further months, no new information was added in order to counteract a complex scenario. December sales may continue to moderate this context, but supply chains' global environment is rather experiencing a delicate situation. Additionally, macroeconomic scenario has not been able to strengthen-up, which definitely does not collaborate within climate restrictions, neither in favor of those economic sectors which were already showing signals of stress.

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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