THE PROVINCE OF SANTA FE´S ECONOMIC DIGEST

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ICASFe
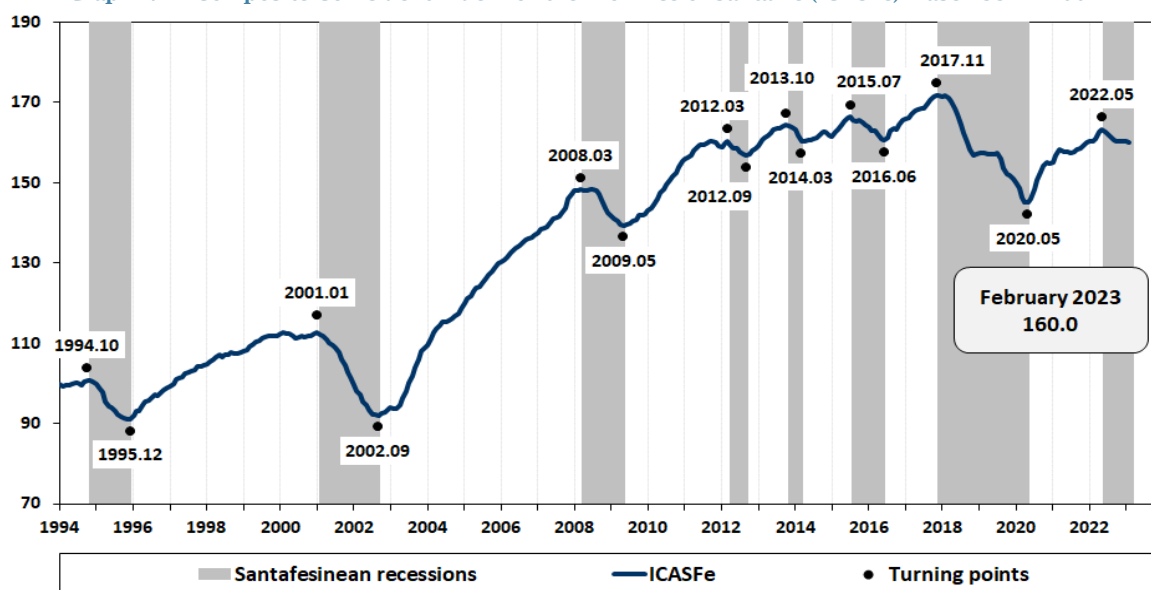
Base 1994=100

FEBRUARY 2023

Level: **160.0**

Monthly variation: -0.1%
Inter-year variation: -0.2%

Santafesinean economic activity persists on stagnation

ICASFe index, which summarizes main representative series of Santa Fe's economic activity, signaled a decrease of 0.1% in February, compared to January.

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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Bolsa de Comercio de Santa Fe

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. The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.
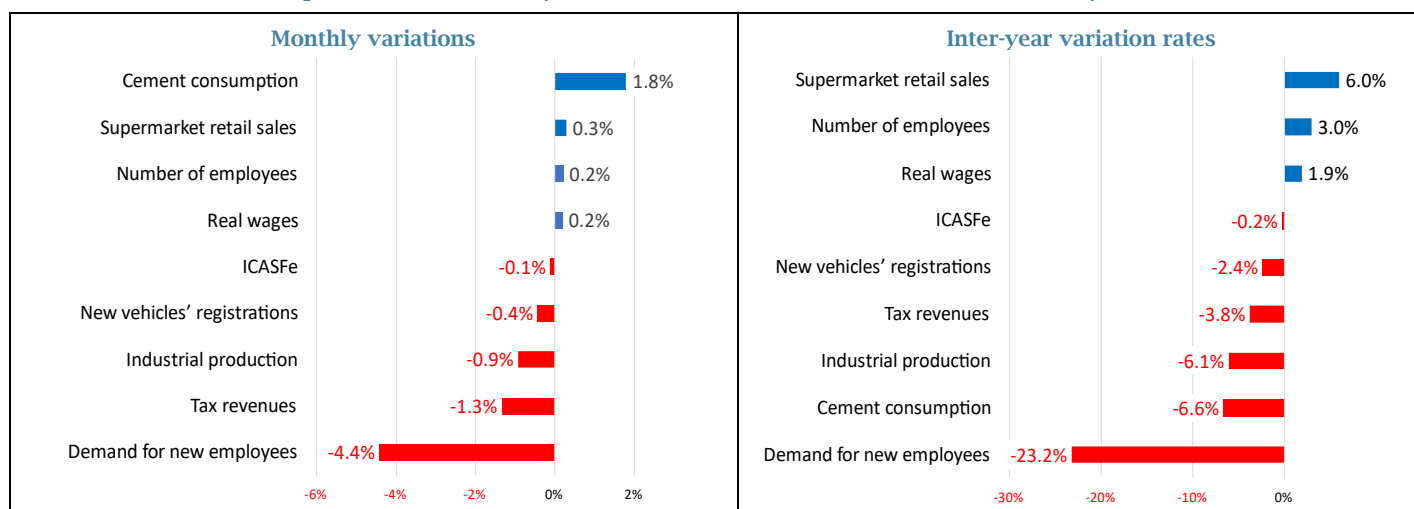As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan- Zanini.pdf)

Santa Fe's business cycle indicators

Four of eight sub-indicators included in the coincident index presented positive monthly variations. However, negative rates predominated in interannual terms.

Number of employees (registered jobs) signaled a slight increase of 0.2% in February 2023, in respect to January. It should be noted that this series includes under dependency relationship jobs, both public and private, as well as autonomous activities, which implies a possible compensation effect between different categories. Moreover, business' expectations to increase personnel (**demand for new employees**) registered a monthly fall of 4.4%, accumulating a decrease of 23.2% during the last year (February 2023/ February 2022).

Graph 2: Economic activity's indicators for the Province of Santa Fe. February 2023.

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

Real wages of registered jobs also obtained a slightly positive monthly rate of 0.2%; signaling an increase of 1.9% on an interannual comparison. In addition, **supermarket retail sales** showed an increase of 0.3% compared to January, and accumulated a rise of 6.0% during last year. It should be noted that this indicator refers to large commercial areas' sales performance, which concentrate most price agreements and discounts offered by credit cards.

Remaining sub-indicators referring to investment in durable goods presented ambiguous results. **Cement consumption** in the province, an indicator associated with the construction sector, signaled an increase of 1.8% in February. However, the series remains below its inter-year benchmark, accumulating a contraction of -6.6% during the last twelve months. Furthermore, **new vehicles' registrations** declined 0.4% monthly, and 2.4% interannually.

Since January 2023's measurement, Santafesinean industrial activity, as aggregated data, is exposed on a single sub-indicator (called **Industrial production**). This series showed a retraction of 0.9% compared to January, and 6.1% respecting to February 2022. To this regard, the following section approaches some complementary industrial indicators.

Finally, the sub-indicator related to **local tax revenues** (in real terms), experienced rates of -1.3% and -3.8%, monthly and interannually, respectively.

Industrial sector's complementary indicators

Electricity used by industry fell by 2.5% in February compared to previous month, and accumulates a drop of 7.5% during last year (February 2023/February 2022). For **gas used by industry** both rates were also negative, including total and disaggregated data for SME sector. Regarding aggregate data, rates were -4.8% and -8.9%, respectively.

Hydrocarbons used by agro-industry (except naphtha and fuel-oil) in Santa Fe signaled a monthly fall of 1.8% in February. Furthermore, in interannual terms, the series declined -8.1%.

Meat slaughter industry registered negative monthly variations both in February and March 2023's measurement (being last rate -0.2%). This is mainly due to a contraction in the bovine segment. In interannual terms the series remains in a positive ground (5.9%).

Dairy production returned to a negative path, being monthly variations of -0.6% and -0.8% for February and March, respectively. In interannual terms, it registered the sixth consecutive fall.

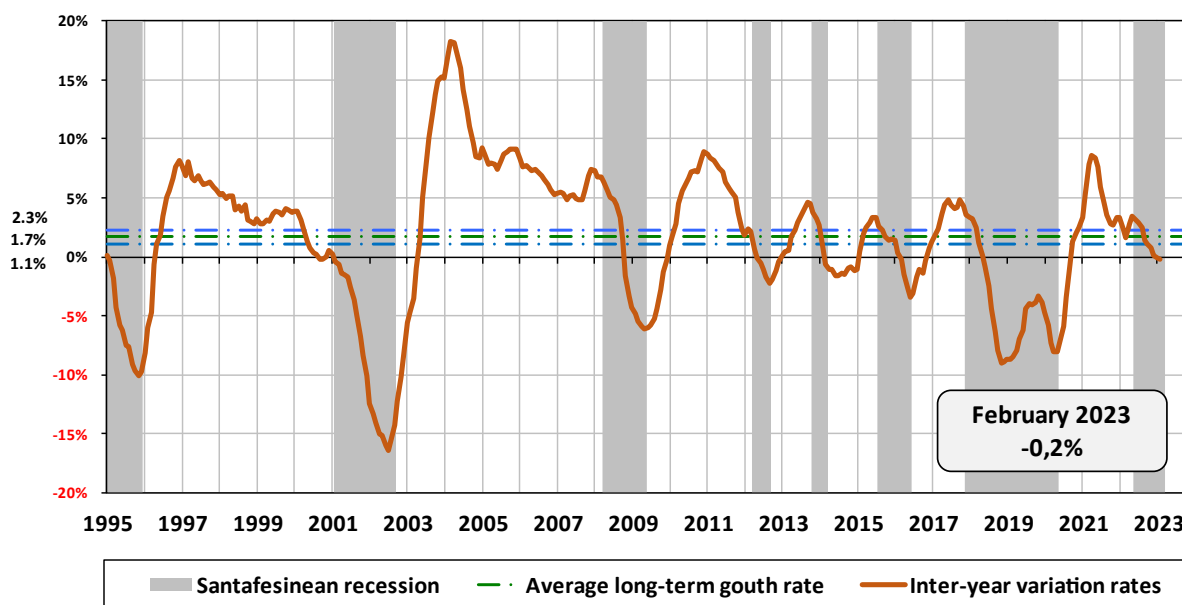**Oilseed milling** in the province continued falling down within a decrease of 0.3% in March, reaching a total decline of -21.4% in the last twelve months**.** In addition, soybean oil exports decreased by 8.8% per month.

Summary and perspectives

According to February 2023's data, ICASFe's interannual variations reached -0.2%, signaling a persistence in economic stagnation. To this regard, Santafesinean economic activity has registered five contraction phases and four expansions during the last eleven years. Focusing in recessions, in terms of duration and depth, the contraction dated over 2018 and 2020 was the steepest; when a domestic recession was intensified because of the pandemic. In this case, current economic contraction began in May 2022, and cumulates a total decline of 1.9%.

Perspectives for further months are also negative, within a complex national macroeconomic scenario in addition to regional drought's impact.

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

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