

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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BCSF

ICASFe

Base 1994=100

APRIL 2023

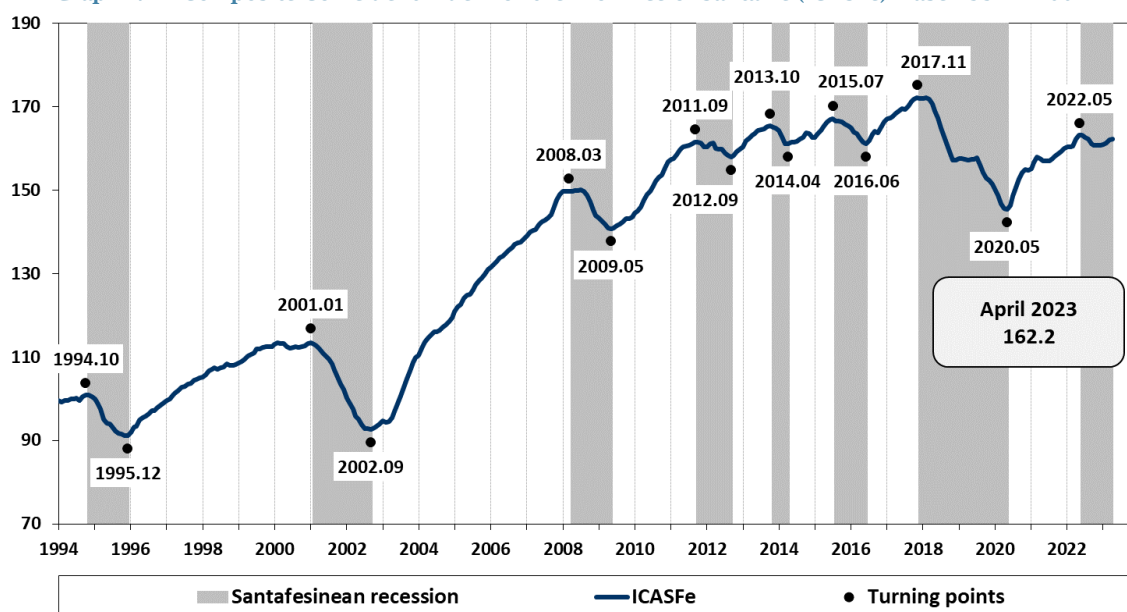
Level: 162.2

Monthly variation: 0.2%
Inter-year variation: 0.02%

Santafesinean economic activity stays at the same level than its interyear benchmark

After a slight rebound verified across the first quarter of the year, Santa Fe's economic activity stagnated again in April. Strong negative impact over general industrial sector, particularly observed in agribusiness.

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

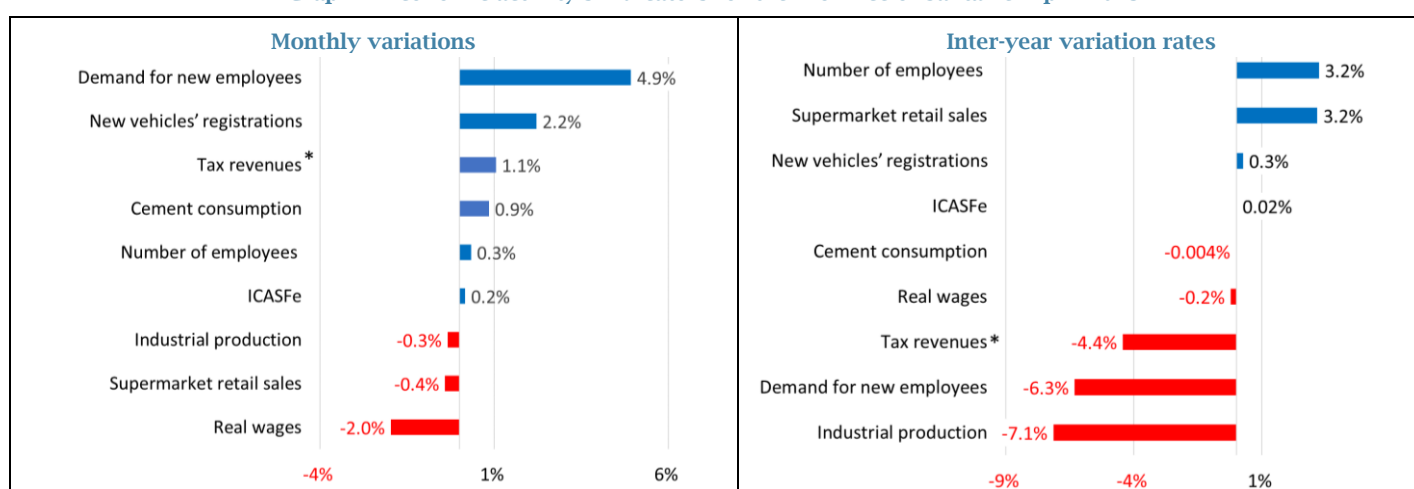
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf)

Santa Fe's business cycle indicators

Sub-indicators' monthly variations included in the coincident index maintained a predominance of positive contributions in April. By the contrary, the situation is rather negative when regarding to inter-year rates.

Number of employees (registered jobs) continued within a recovery process registered since July 2020, signaling a monthly rate of 0.3% in March 2023 (this means an inter-year expansion of 3.2%). Moreover, business expectations to increase personnel (**demand for new employees**) improved by 4.9% in the fourth month of the year. Nevertheless, in terms of levels, this series is almost 35 percentage points below its maximum reached before 2018-2020 recession; and remains in a negative ground in respect to its interannual benchmark (-6.3%, Apr 2023/Apr 2022).

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



(*) Latest data available: March 2023. Missing figures were estimated.

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

On the other hand, **real wages** of registered jobs experienced its second consecutive monthly decrease, in this case of **2.0%** between March and April 2023. This situation directly impacted over its inter-year figures, which decreased to **-0.2%**, showing a new loss of purchasing. **Supermarket retail sales** also showed another monthly contraction of **-0.4%**, indicating downward levels in a medium-term scenario.

In regard to series related to investment in durable goods, **cement consumption** in the province, an indicator associated with the construction sector, reduced its monthly growth rate to 0.9%, slowing down its recovery process registered across 2023's first quarter. Similarly, **new vehicles' registrations** grew by 2.2%, and 0.3% in regard to April 2022.

Moreover, **industrial production** registered a fall of **-7.1%** during the last twelve months, and a monthly variation of **-0.3%** in April. Finally, sub-indicator's estimations related to **local tax revenues**, registered a monthly increase of 1.1% (in real terms), mainly due to favorable incidence from federal resources.

Industrial sector's complementary indicators

Oilseed milling in Santa Fe (which includes soybean and sunflower seed sent to be milled) registered two consecutive seasonally adjusted monthly increases of 0.6 and 1.7% in April and May, respectively. It is worth noting that current dynamic captures the results of "Export Increasing", a public program implemented between April 10th and first days of June 2023.

After a few months of recovery, meat slaughter industry at the province decreased by **-1.3%** in May compared to April, reducing its improvement in annual terms to 1.5% (May 2023/May 2022). As regarding to pigs, both rates were negative, showing figures of **-1.0** and **-0.7%**, respectively. As observed in meat slaughter industry series, dairy production also returned to negative rates in May 2023 (**-0.3%** and **-1.4%**, respectively).

Hydrocarbons used by agro-industry (except naphtha and fuel-oil) in Santa Fe's province presented a slight monthly increase in May (+0.6%) although at the interannual level, this series accumulates a fall of **6.4%**. These results were aligned within lower levels of agricultural and agro-industrial activity.

In addition, industrial energy consumption, which has available data for April, also presented an unfavorable scenario. Electrical energy consumption decreased by **1.9%** in respect to March, accumulating a total fall of **8.0%** across last year. Also, gas consumption had rates of **-0.2** and **-14.1%**, respectively.

Summary and perspectives

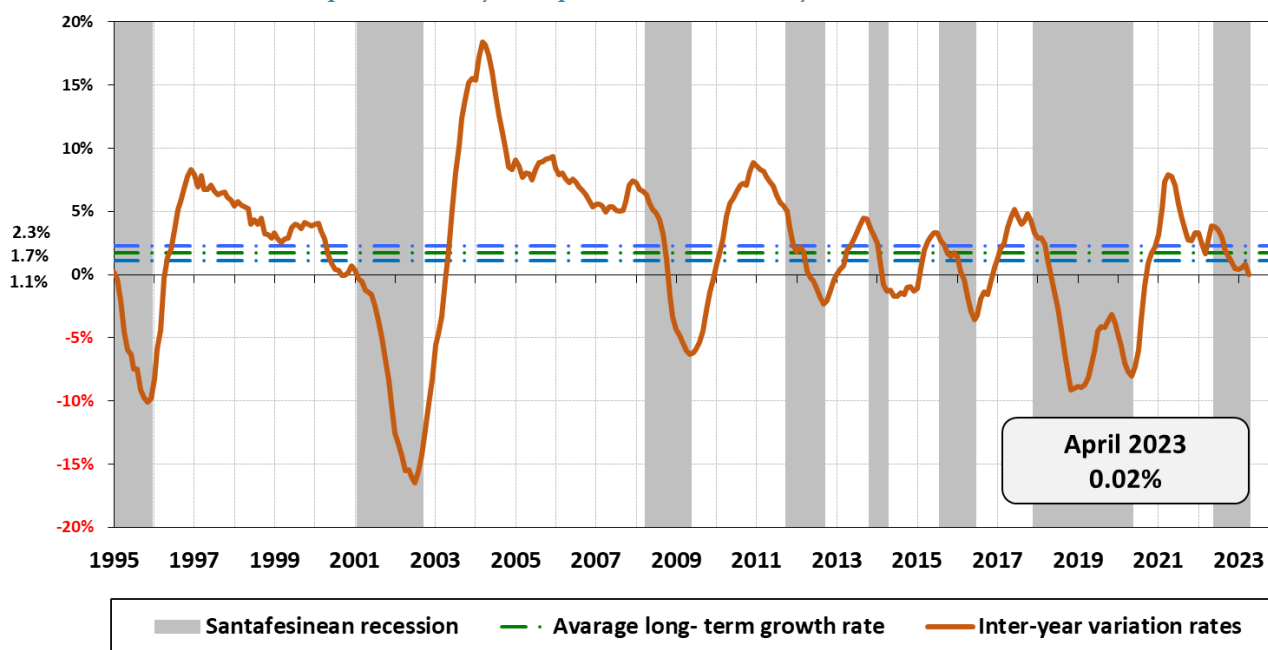
In April 2023, Santa Fe's economic activity inter-year variation were practically null (0.02%). Despite an incipient improvement along 2023's first quarter, ICASFe's current level is below its average long-term growth rate (see Graph 3).

Domestic industrial sector experienced a significant contraction during April. Agribusiness, in particular, within available data for May, directly reflects recent drought's impact. In addition, indicators related to aggregate manufacturing sector, also left evidence of problems associated with tensions around multiplicity of currency exchange rates, importations' public restrictions, and credit crunch. All these issues, affect inputs' availability and production processes predictability, which harms April 2023's results.

At the same time, favorable results for construction activity during the first quarter has already decelerated, and both families' purchasing power and retail consumption registered two consecutive negative monthly rates.

In summary, within a hostile national and international macroeconomic context, report's data reveals a new stagnation of provincial economic activity during last twelve months under analysis.

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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