

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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BCSF

ICASFe

Base 1994=100

JUNE 2023

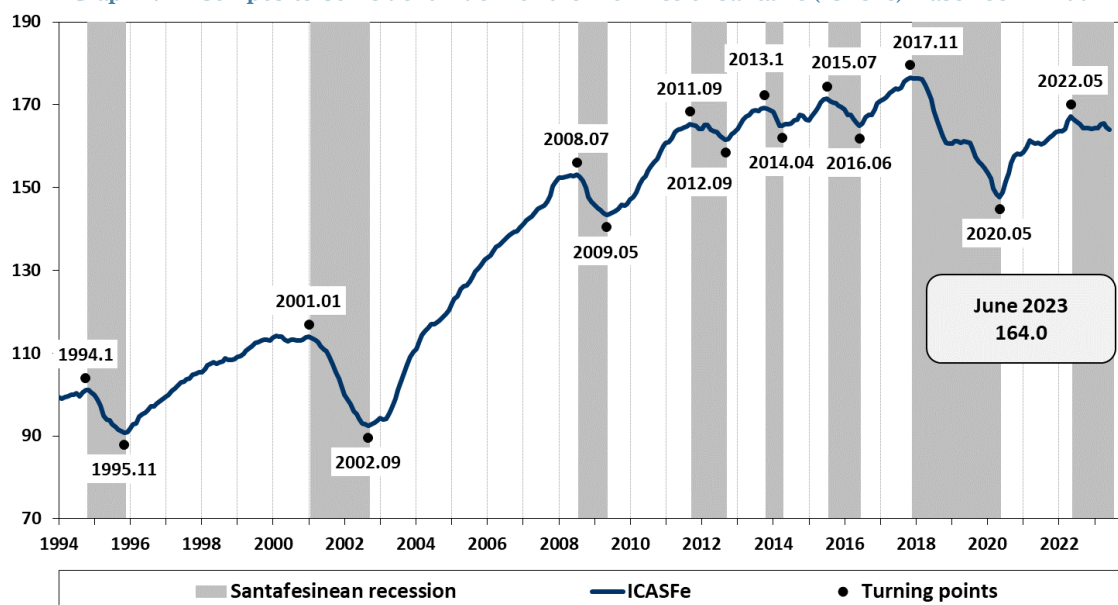
Level: 164.0

Monthly variation: -0.4%
Inter-year variation: -1.5%
6 months' accumulated: -0.1%

Falling on retail consumption adds to recession

In June 2023, rising inflation levels translated to a downward adjustment on supermarket sales. Santa Fe's economic activity accumulated an annual drop of **1.5%**, sharpening the recessive phase.

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 (Digital Graph | [Go to website](https://ces.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. The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

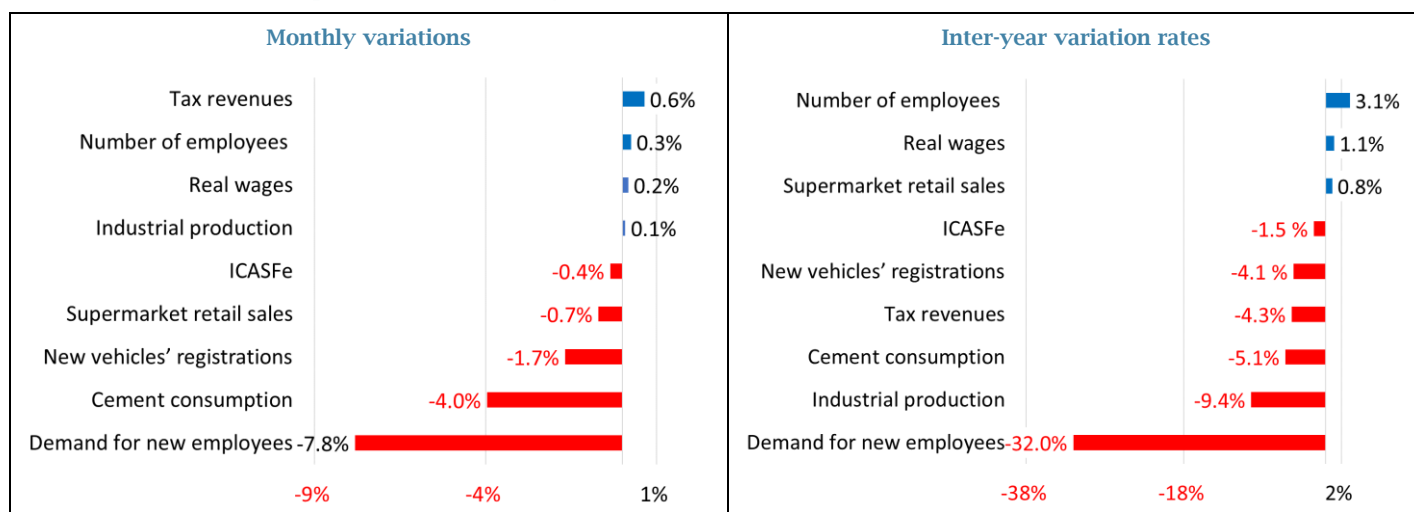
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf)

Santa Fe's business cycle indicators

In June 2023, the weight of sub-indicators with negative monthly variations predominated both on monthly and interannual variations' table.

Number of employees (registered jobs) signaled a slight monthly increase of 0.3%, remaining 3.1% above June 2022's level. Meanwhile, business expectations to increase personnel (**demand for new employees**) registered a fall of **-7.8%** in June, accumulating its ninth consecutive monthly decrease, within an inter-year drop of **-32.0%**. Despite being a series with great volatility, and after a partial recovery during first quarter of 2023, it is worth noting a negative trend on the gauge since current recession's beginning (May 2022).

Graph 2: Economic activity's indicators for the Province of Santa Fe (*). June 2023.



(*) See each series' individually evolution at <https://www.bcsf.com.ar/ces/base-datos/>

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

Real wages of registered jobs obtained a slight monthly increase of 0.2%. As mentioned in previous reports, this ratio may be based on the series' methodological construction: in current context, this improvement is mainly explained by the expansion of total number of jobs, whereas wages continue to lose purchasing power.

Whitin June's data, representative series of consumption, **supermarket retail sales** in the province of Santa Fe experienced a significant downward adjustment in line with inflationary effects on main items related to warehouses, dairy products, greengrocers and meats. In this sense, its seasonally adjusted rate in respect to May was **-0.7%**, its fourth negative monthly variation. However, although rapidly decelerating, the series remains in positive territory compared to June 2022 (+0.8%).

Cement consumption in the province, an indicator associated with the construction sector, showed its second negative monthly rate, being **-4.0%** during June. A similar situation is presented by **new vehicles' registrations**, another indicator of durable goods' consumption, with rates of **-1.7** and **-4.1%**, respectively.

Regarding to **industrial production**, the sector experienced a slight monthly increase of 0.1% in June. However, in interannual terms, this series accumulates a fall of **9.4%**. The following section details particular aspects that allow a full-scale analysis of the manufacturing sector evolution.

Representative series of **local tax revenues (in real terms)** registered a monthly increase of 0.6%, implying a succession of four consecutive monthly increases, between March and June. However, this series continues in a negative territory regarding its interannual variation (**-4.3%**; June 2023/June 2022).

Industrial sector's complementary indicators

Available data for the last two months, June and July 2023, indicates that oilseed milling in the province registered monthly seasonally adjusted falls of **-2.2** and **-3.7%**, respectively. To this regard, its accumulated drop during the last twelve months reached **24.0%**.

Bovine slaughter industry increased 1.1% in July, and 3.0% compared to its inter-year benchmark. This situation is taking place in a productive context that has been greatly affected by the drought and unfavorable internal market conditions, which are causing an excessive selling out of *stocks*. In particular, pigs' segment is also growing, within monthly and interannual rates of 1.6 and

2.2%, respectively. Dairy production continues to show a stagnant silhouette, despite registering a slight monthly growth during July (0.4%). In interannual terms, this series registered its tenth consecutive month of year-on-year fall, in this case of **-0.6%**. Hydrocarbons used by agro-industry (except naphtha and fuel-oil) in Santa Fe's province presented a monthly increase of 1.3% during July, which means its fifth consecutive positive rate. However, in interannual terms, this series continues to fall, reaching an accumulative rate of **-1.6%** compared to July 2022.

Finally, industrial energy consumption presented a mild positive monthly variation during June. Nevertheless, in an interannual comparison, both series showed a negative performance of **-4.9** and **-9.3%**, respectively.

Summary and perspectives

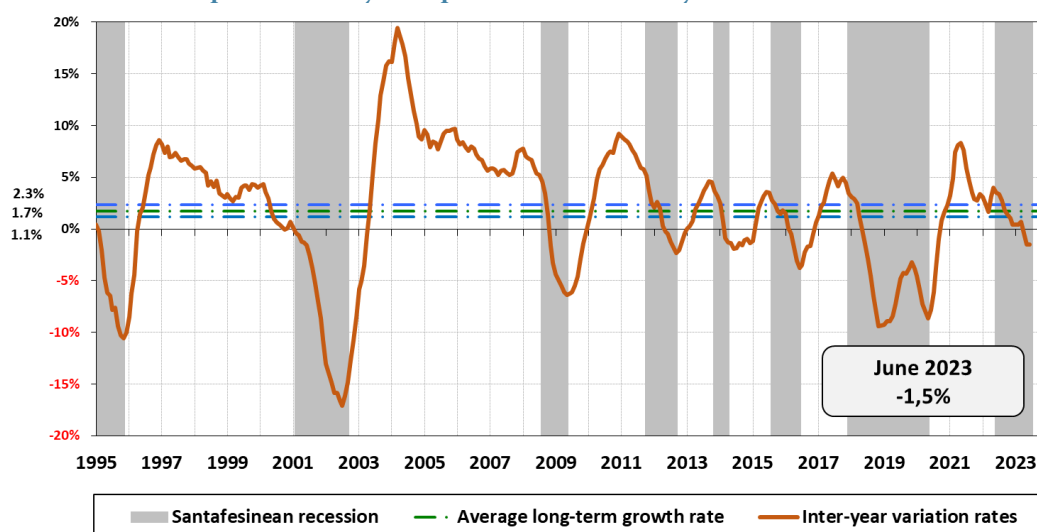
Santa Fe's economic activity registered an inter-year variation of **-1.5%** during June 2023, signaling a significant contraction towards the middle of the year (see Graph 3).

In fact, during the first semester there were two well differentiated stages. Between January and March most of indicators considered by the coincident index contributed positively, resulting in a partial recovery from current recession (which began in May 2022). But during the second quarter, more national restrictions and inflation pushed economic activity back to contraction. In this sense, it is important to highlight the downward adjustment experienced by retail consumption in the province along June's data. This situation allows us to internalize population's loss over purchasing power, within a vision towards economic informal sectors.

On the other hand, although some particular industrial activities showed slight improvements during June and July, the manufacturing sector as a whole is still performing at low levels on a medium-term horizon. Post-pandemic recovery allowed industrial activity to go above 2018's peak; but, by the contrary, since May 2022, accumulates a fall of more than 10 percentage points.

Going forward, perspectives are not encouraging. Next few months will continue, at the minimum, within the same line of behavior observed during the second quarter. Moreover, this situation may be exacerbated by tightening inflation, and economic policy measures across increasing uncertainty linked to Argentinean electoral process.

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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<https://www.bcsf.com.ar/ces/quienes-somos.php>