

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



Santa Fe's economic activity is experiencing its third recession within the last six years.

Started in September 2013 the present contraction phase is expected to get more severe during 2014's second quarter.

Bolsa de Comercio de Santa Fe

(Santa Fe's Chamber of Commerce)

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ICASFe

March 2014

Level: 156.5

Monthly variation

-0.4%

2014's cumulated

contraction

-1.4%

Main results

ICASFe's level was measured in 156.5, presenting a monthly variation of **-0.4%** in respect to February 2014.

Inter-year variation rates reached **-0.9%** (comparing March 2014 vs. March 2013).

Cumulated contraction in 2014's first quarter: **-1.4%**.

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 the *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 in <http://ces.bcsf.com.ar>

Output data considerations

The last twelve monthly results exposed in this document are based on preliminary information and hence subject to further revisions. Calculated values gain consistency while primary sources publish consolidated data which provides an input to our indicator. Time series are handled in real terms and filtered by seasonality and outliers with the X-13ARIMA-SEATS software produced and distributed by the US Census Bureau.

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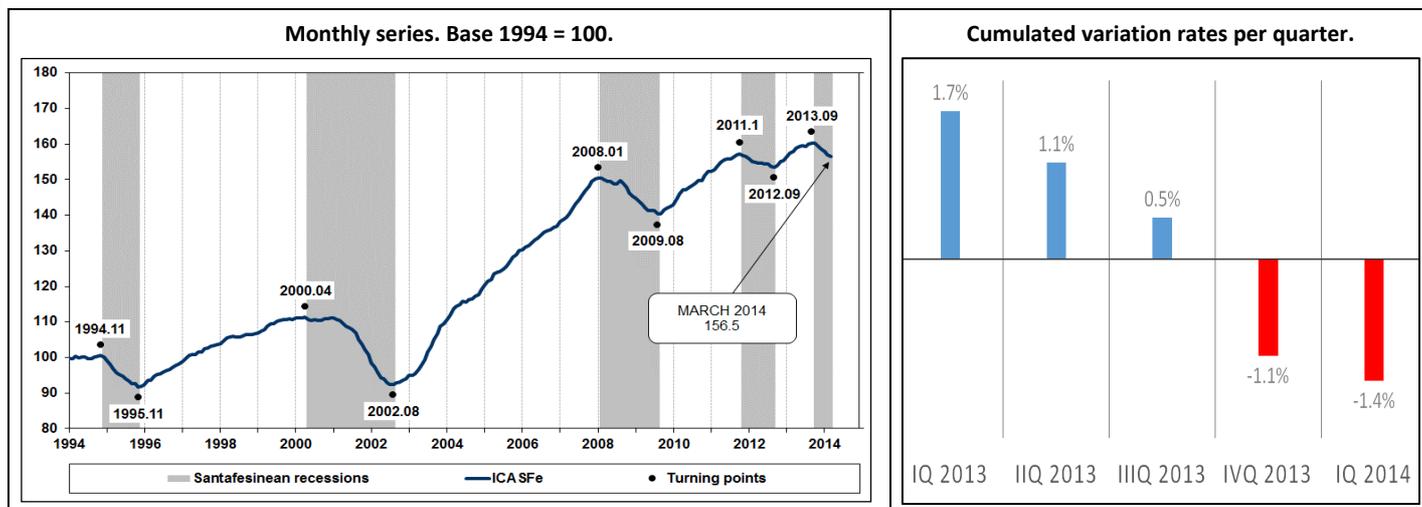
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Province of Santa Fe's economic activity

ICASFe's monthly variation rate was measured in **-0.4%** in respect to February. Moreover, the province's economic activity registered its second quarterly contraction in a row and, between September 2013 and March 2014, cumulates a total decline of **-2.4%**.

Graph 1 - ICASFe - Composite Coincident Index for the Province of Santa Fe.



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

Indicator by indicator

In March 2014 eight of the fourteen economic sub-indicators experienced positive monthly variation rates (see Graph 2, left side). Nevertheless, nine of them are below March 2013's level. To this regard, the improvement of some particular sectors helped out slowing down the recession during the first quarter of the year.

In general, industrial activities showed a mild recovery between January and March 2014 but it is worth noting that perspectives for the 2nd and 3rd quarter of the year are not favorable; specially considering some particular sectors which are having mayor problems (local automotive industry for example).

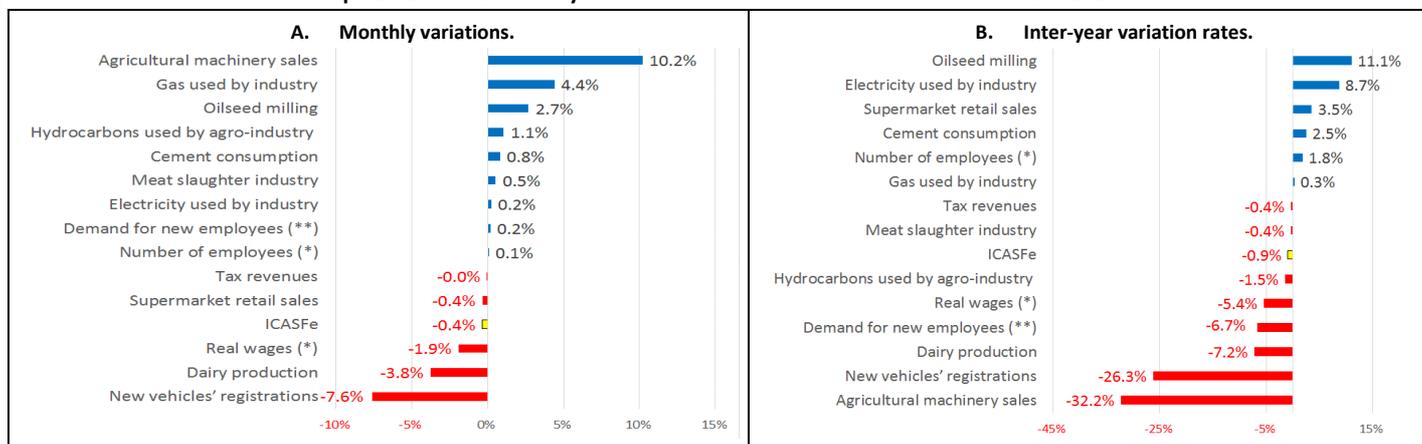
Electricity consumption registered a monthly increment of 0.2% and its inter-year variation rates reached 8.7%. In the case of **industrial gas** rates were measured in 4.4 and 0.3%, respectively; and **hydrocarbons used by agro-industry and transportation** increased 1.1% in March but its inter-year gauge is still negative in **-1.5%**.

Oilseed milling increased 4.2% in 2014's first quarter and was one of main indicators behind the industrial partial recovery. In fact, the series led the inter-year variations' ranking once again, this time within a rate of 11.1%.

Meat slaughter industry registered a positive monthly variation of 0.5% which allowed the series to be only **-0.4%** below March 2013's benchmark; but compared to 2008's levels, both bovine and porcine sub-sectors are still far behind historical peaks.

On the other direction, **dairy production** presented unfavorable results in monthly and inter-yearly terms with rates of **-3.8** and **-7.2%**, respectively. Agricultural machinery sales recovered 10.2% but are still showing a strong inter-year decrease of **-32.2%**.

Graph 2 - Economic activity's indicators for the Province of Santa Fe - March 2014 -



(*) March's data was estimated; (**) Last available data from February 2014.

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

Cement consumption increased 0.8% in March 2014, obtaining a positive inter-year variation rate of 2.5%. However, the series' monthly expansion was not strong enough to revert January and February's results and, therefore, 2014's first quarter ended with a negative cumulated variation of **-1.1%**.

During the last few months Santa Fe's labor market has stayed static. In March, **total registered jobs** increased 0.1% and presented an inter-year variation rate of 2.5%. The case of **real wages** is more disturbing. The series dropped down three quarters in a row and presents a negative inter-year variation rate of **-5.4%** (comparing March 2014 with March 2013). Finally, **demand for new jobs** is still presenting low historical levels which implies employment may start decreasing soon, as long as recession keeps moving forward.

Supermarket sales, as proxy of retail expenditures, maintained a negative performance and declined **-0.2%** in March. Even more adverse results were observed on **new vehicles' registrations** with rates of **-7.6** and **-26.3%**, respectively.

Compared to February, **tax revenues** showed almost a null variation. Actually, their inter-year gauge signaled a mild contraction of **-0.4%**. Since the series is expressed in real terms, this means it's basically moving at inflation's speed.

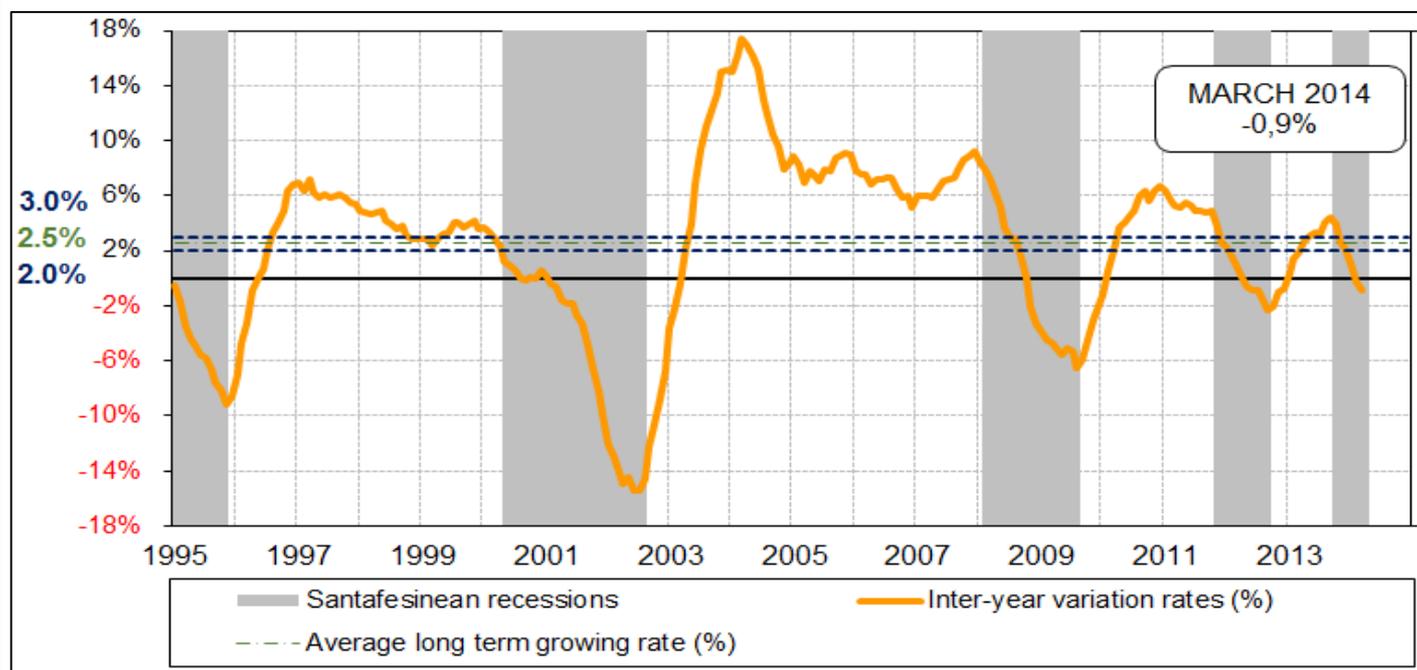
Summary and perspectives

Santa Fe's economic activity registered its sixth monthly decline and cumulates a total contraction of **-2.4%**. In this context, ICASFe's inter-year variation rates turned negative for the first time after 2011/12's recession (see Graph N° 3).

In a midterm horizon, economic activity is experiencing an increasing cyclical recurrence with short and mild phases. To this regard, expansions like 2003/08's (long and intense) are hardly going to be observed during this decade. Present recession is actually the third contraction phase registered in only six year; but this time economic activity is falling faster than during 2009 and 2011. Moreover, in this case most key economic sectors are deteriorating even before they could recover 2008's levels.

Short term perspectives signal that both Santa Fe's and Argentinean contraction phases will keep getting stronger at least during the next two quarters. In fact, if inflation and fiscal deficit keep growing while the exchange monetary market's problems stay unresolved, is most likely for the recession to get even more severe.

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



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

In order to download or get access to:

- Statistical database, methodological documents and related publications | <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data (series) | <http://www.bolcomsf.com.ar/ces/icasfe.php>