

# THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



## The province's economy is still under recession

In spite of experiencing a mild positive variation rate of 0.2% in May, macroeconomic fundamentals signal economic activity's contraction phase is far to be over.

**ICASFe**

**May 2014**

**Level: 156.4**  
**Monthly variation**  
**0.2%**

**Inter-year variation: -2.0%**  
**2014's contraction: -1.3%**

### Main results

*ICASFe's level was located in 156.4, presenting a monthly variation of 0.2% in respect to April 2014.*

*Inter-year variation rates reached -0.2% (comparing May 2014 vs. May 2013).*

*Cumulated contraction between January and May 2014 was measured in -1.3%.*

### **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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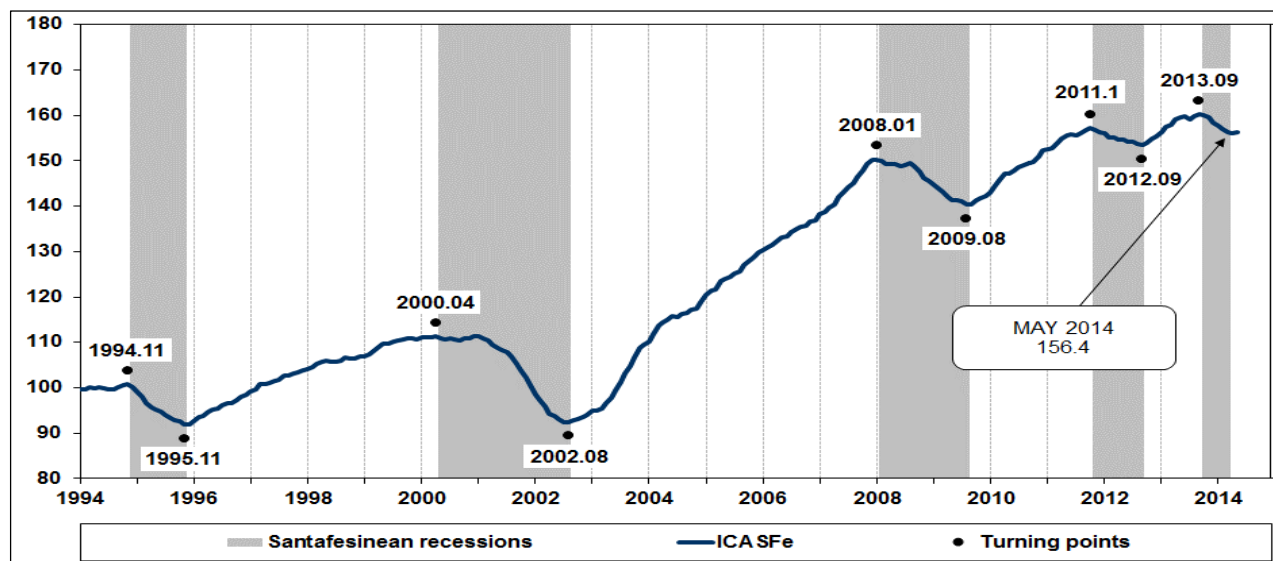
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### Province of Santa Fe's economic activity

The province's economic activity presented a mild increment of 0.2% in May 2014. Therefore, cumulated contraction during the first five months of the year recovered to **-1.3%**. To this regard, if the beginning of the recession is considered (September 2013), total contraction is measured in **-2.4%**.

**Graph 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.

### Indicator by indicator

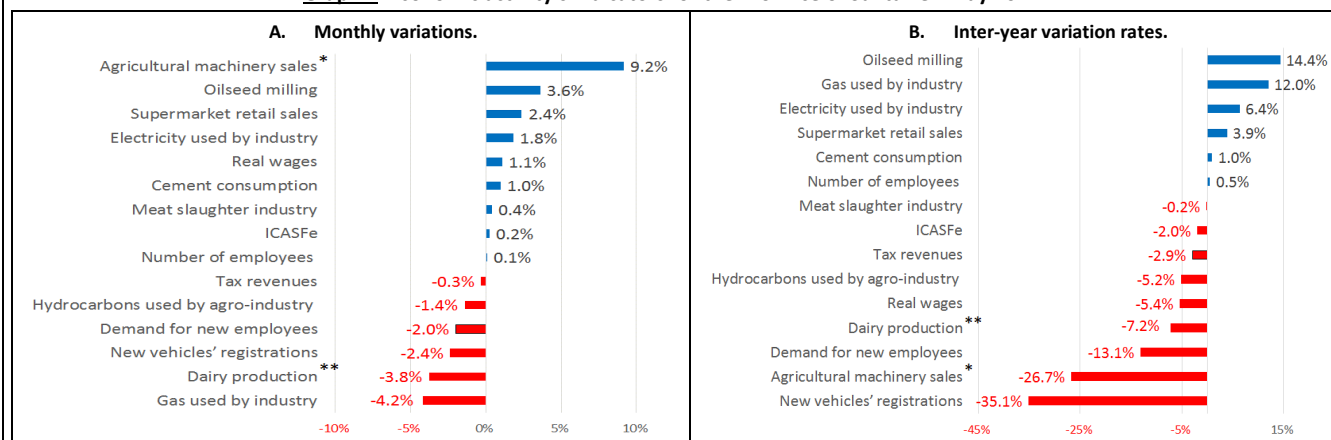
In May 2014 eight of the fourteen economic sub-indicators experienced positive monthly variation rates (see Graph 2, left side) and six of them grew on an inter-year comparison (Graph 2, right side).

**Oil seed milling** increased five times in a row during 2014 with a monthly expansion of 3.6% in May and an inter-year variation rate of 14.4%. Last available data indicates that **agricultural machinery sales** went on the same direction in April and recovered 9.2%; however the series is still showing a strong inter-year decline of **-26.7%**.

**Meat slaughter industry** presented a positive monthly rate of 0.4% but registered a negative inter-year one of **-0.2%** and continues far behind its historical benchmark.

In regard to the secondary sector, **industrial electricity consumption** increased 1.8% in May 2014 which implies a 6.4% expansion in terms of May 2013. **Gas consumption** experienced a significant drop of **-4.2%** in May but stays 12.0% above its inter-year level. Finally, **hydrocarbons used by agro-industry and transportation** decreased in both monthly and inter-year terms with rates of **-1.4** and **-5.2%**, respectively.

**Graph 2: Economic activity's indicators for the Province of Santa Fe - May 2014 -**



(\*) Last available data from April 2014; (\*\*) Last available data from March 2014.

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

**Cement consumption** signaled its third consecutive monthly increment and went beyond May 2013's level by 1.0%. Nevertheless, the series could not yet reach past year's peak, dated in September.

In real terms **fiscal incomes** went down again, **-0.3%** in terms of April and **-2.9%** on an inter-year comparison. To this regard, since October 2013 local taxes are the most affected component but federal resources also declined during the last few months.

**Total registered jobs** presented a mild improvement of 0.1% and went over May 2013's level by 0.5%. However, in line with Santa Fe's labor market's stagnation, **demand for new jobs** decreased other **-2.0%** and registers an inter-year negative rate of **-13.1%**. On the other direction, **real wages** increased 1.1% in May pushed by short term nominal adjustments but because of inflation the series suffered a contraction of **-5.4%** during the last 12 months.

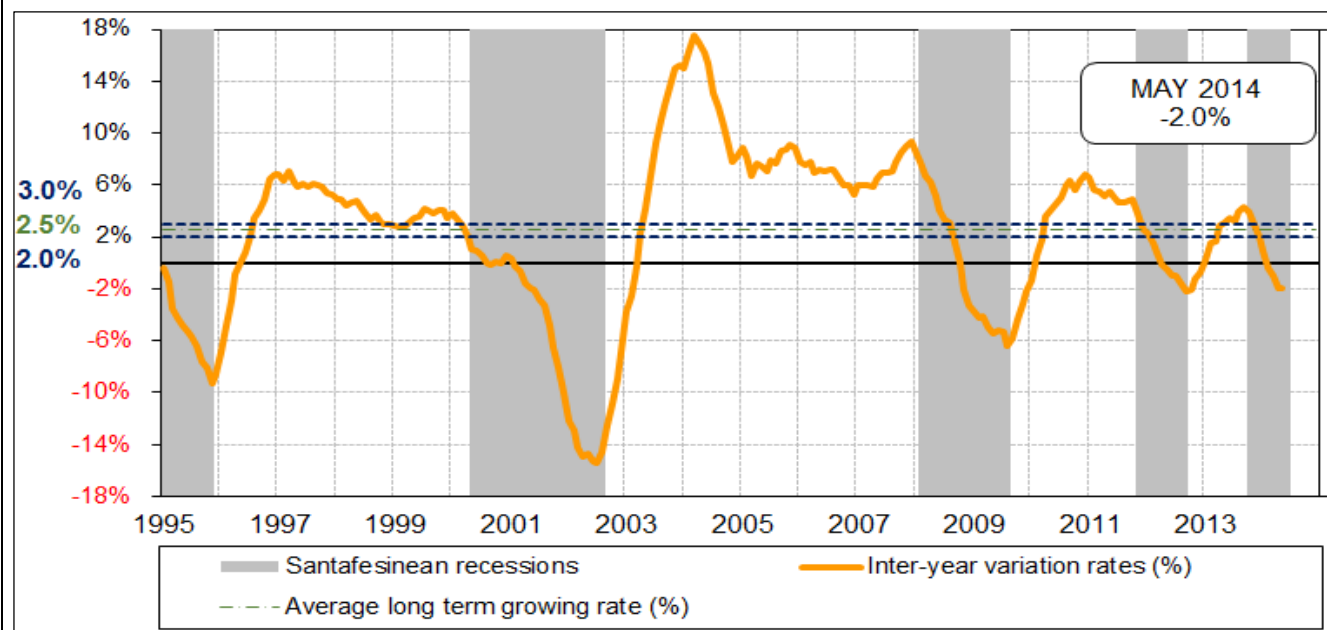
**Supermarket sales** registered a positive monthly variation rate of 2.4% and grew 3.9% inter-yearly, in spite of presenting a significant deceleration on a mid-term horizon; between January 2012 and May 2014 the series' monthly average rate was measured in only 0.1%. **New vehicles' registrations** is being strongly harmed by the recession and fell down other **-2.4%** in May; whereas its inter-year variation rate reached **-35.1%**.

### Summary and perspectives

In May 2014 Santa Fe's economic activity registered a contraction speed of **-2.0%** per year; the result is similar to the indicator's level during the worst moment of the previous contraction phase, in September 2012 (see Graph N° 3).

Further perspectives on this subject are still being unfavorable in spite of the positive monthly variation rate registered by the coincident index in May; which responds only to a partial recovery of some particular sectors. To this regard, it is worth noting that between 2008 and 2014 the province has experienced three recessions, and not only production levels but also consumption and personal incomes are suffering stagnation. Moreover, the presence of inflation and other macroeconomic unbalances harming the economy for so many years have unstabilized regular rentability of most representative activities; therefore, expectations and general confidence of economic agents are also not optimistic.

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



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

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- 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>