

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

Monthly publication Nº 05, year 9.
ISSN 2362-4884

Date: 06/01/2015



Bolsa de Comercio de Santa Fe



Seven months of stability

During the last seven months the province's economic activity has showed a stable performance within a mild increment in 2015. However, these favorable results are not yet representative and if national macroeconomic conditions do not improve is rather difficult to conceive a further sustainable expansion.

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de Santa Fe**
(Santa Fe's Chamber of Commerce)

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ICASFe

February 2015

Level: 155.6
Monthly variation
0.4%

Inter-year variation: -0.6%
2015's net result: 0.6%

Main results

ICASFe's level was located in 155.6, presenting a monthly variation of 0.2% in respect to January 2015.

Inter-year variation rates reached -0.6 % (comparing February 2015 vs. February 2014).

Cumulated expansion during 2015 was measured in 0.6%.

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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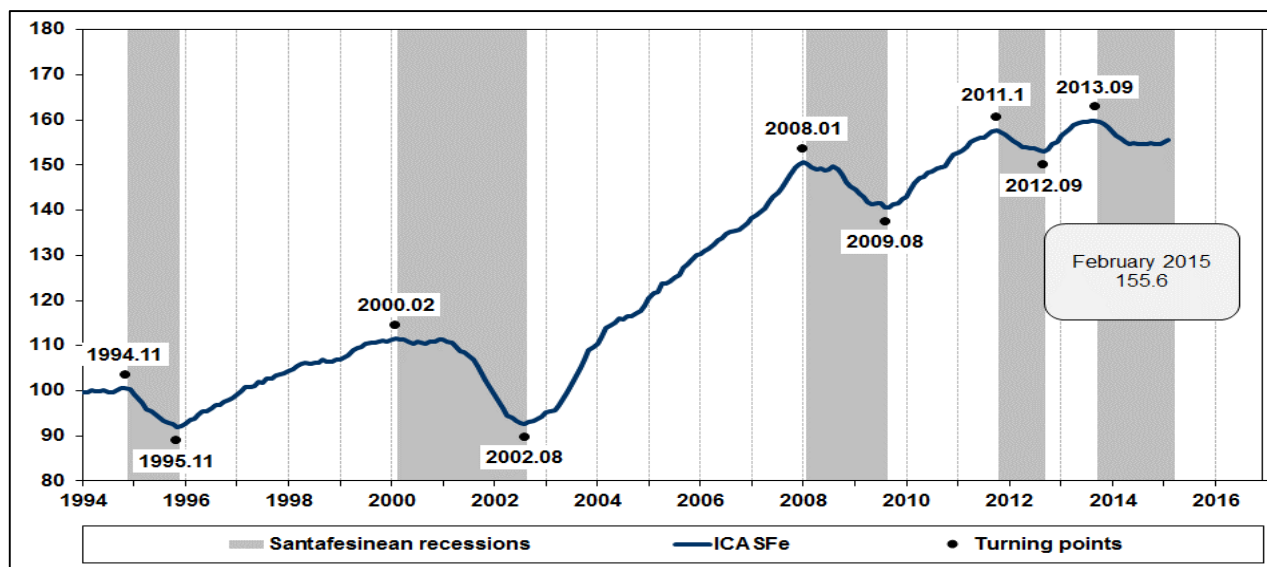
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Province of Santa Fe's economic activity

Within a monthly variation rate of 0.4% in respect to January, economic activity kept growing, cumulating a 0.6% expansion in the first two months of 2015. To this regard, the coincident indicator has reached a similar level than the one registered four years ago.

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

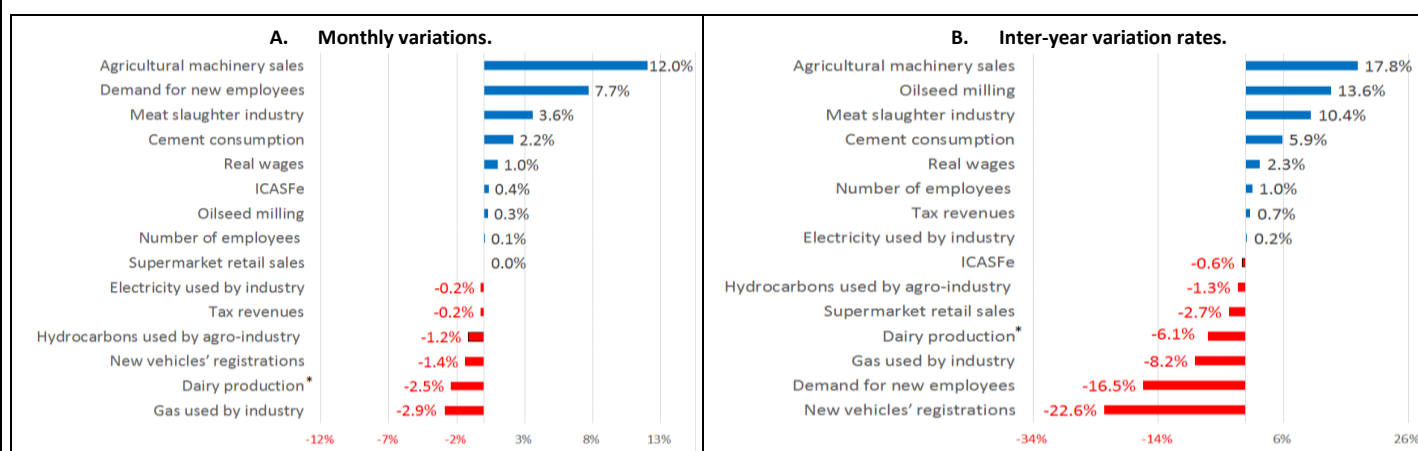
In February 2015 seven of the fourteen economic sub-indicators considered in the analysis registered positive monthly variation rates, six of them negative and the last one experienced a practically null movement.

Agricultural machinery sales increased 12.0% in respect to January and recovered on inter-year terms (17.8%). It is worth noting that this sector's fluctuations present a regular high amplitude and therefore the series' results exposed in Graph 2 should not be considered especially uncommon. In fact, if the last eight years are taking into account, the sub-indicator is still showing a low historical level.

After a particular unfavorable performance during 2014, **meat slaughter industry** kept recovering and grew 3.6% in February. In this context, the series' inter-year variation rates were measured in 10.4%. Even so, the bovine segment's activity is 20.0% below 2009's registrations.

Oil-seed milling increased 0.3% in February and achieved an inter-year growth of 13.6%, although the series is rather stable since the 2014's second semester. On the other direction, weather conditions forced **dairy production** to decline 2.5% in monthly terms and 6.1% on an inter-year comparison.

Graph 2: Economic activity's indicators for the Province of Santa Fe - February 2015 -



(*) Data for February 2015 was estimated.

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

Most sub-indicators related to the secondary sector are pointing down. **Industrial electricity** and **gas consumption** have deteriorated in February with rates of -1.3 and -2.9%, respectively. Moreover, considering their registrations from one year ago, the first series grew only 0.2%, whereas the second one cut down 8.2%.

To this regard, small and middle size companies, which usually lead the province's business cycle, are also reducing gas consumption; furthermore, **hydrocarbons used by agro-industry**, fell **1.2%** in February and **1.3%** during the last twelve months.

In relationship to the construction sector, and above expectations, **cement consumption** signaled a positive monthly variation of 2.2% and an inter-year expansion of 5.9%. Although pre-recession levels are not yet reached by the series, the increments are registered in both unpackaged (bulk) and sacks' segment.

Moved by a significant drop in local revenues, **tax incomes** decreased **0.2%** in respect to January, holding a similar level than one year ago (0.7%). **Total registered jobs** stayed stable. The series increased 0.1% in February and cumulated an inter-year growth of 1.0%. To this regard, private employment improved only 0.7% during the last twelve months, whereas public jobs increased 2.4%. **Real wages** developed as well, with rates of 1.0 and 2.3%, respectively. Finally **demand for new workers** recovered 7.7% in February but its inter-year comparison maintains a negative balance of **-16.5%**.

Supermarket sales are suffering an inter-year contraction of **2.7%** and so is **new vehicles' registrations** which went down **1.4%** in respect to January and **22.6%** in respect to February 2014.

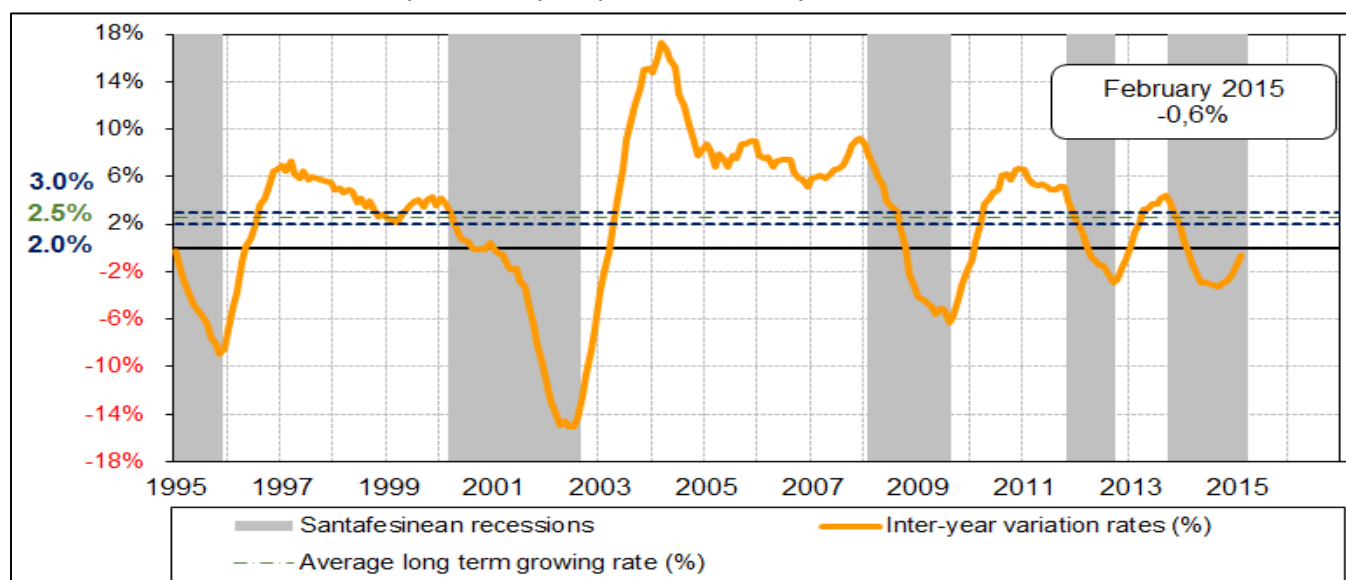
Summary and perspectives

The province's recessive process, in progress since September 2013, arrived to a possible fracture in July 2014. From that moment on, the coincident indicator registered an average level of 155.0 points and its inter-year gauge reached **-0.6%** in February. If this behavior persists the series will soon cross the zero line.

Nevertheless, most positive results registered in 2015 belong to short-term improvements in particular economic sectors and it is worth noting that analyzed sub-indicators haven't yet recovered their historical peaks reached during the last eight years. In addition, national macroeconomic conditions are still unfavorable and companies are pointing out serious issues in terms of profits. Fortunately, employment levels have not been strongly harmed, but consumption and investment in durable goods are retracting; a phenomenon which was not present in previous recessions.

All said, it's rather difficult to oversight a sustainable recovery if national policy makers do not harmonize within economic agents and focus on a proper set of adjustments.

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>