

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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Bolsa de Comercio de Santa Fe



Slight positive net balance for 2015's first quarter

Since June 2014 the province's economic activity has improved mildly but continuously. In this context, between January and March net cumulated growth was measured in 0.8%.

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

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ICASFe

March 2015

Level: 155.7

Monthly variation

0.1%

Inter-year variation: 0.1%

2015's net result: 0.8%

Main results

ICASFe's level was located in 155.7, presenting a monthly variation of 0.2% in respect to February 2015.

Inter-year variation rates reached 0.1% (comparing March 2015 vs. March 2014).

Cumulated expansion during 2015 was measured in 0.8%.

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>

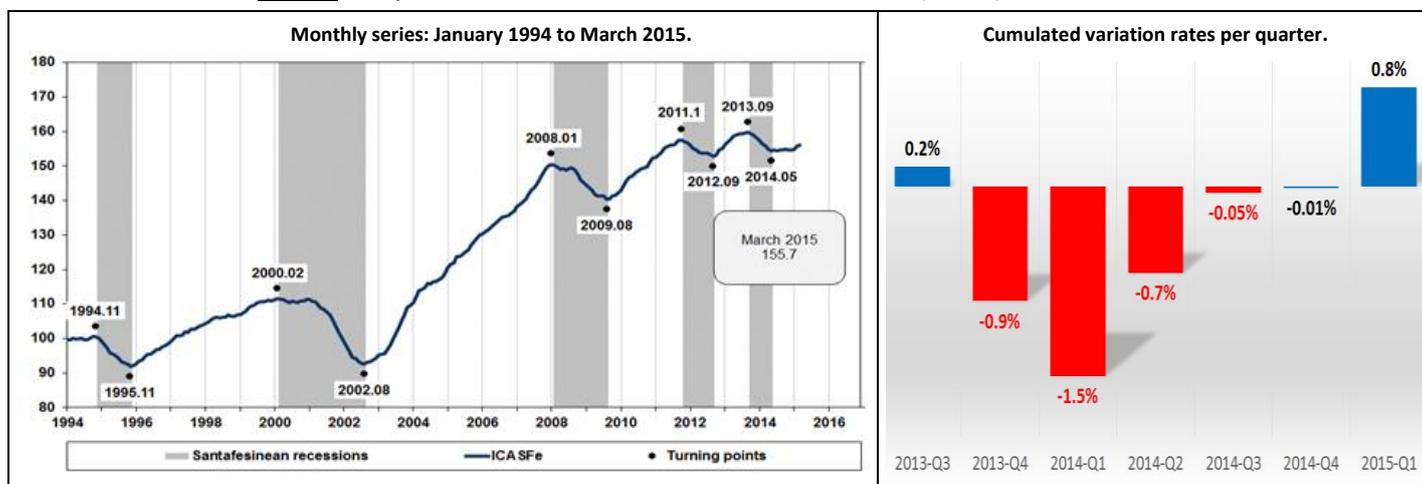
Output data considerations

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.

Province of Santa Fe's economic activity

Within a monthly variation rate of 0.1% in respect to February, the coincident index increased 0.8% during the first three months of 2015. These results imply that, technically, the province's economic activity began a new expansion phase in June 2014. However, on a historical comparison, registered growth has been rather weak.

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 2015's first quarter nine of the fourteen economic sub-indicators considered in the analysis registered positive cumulated variation rates and partially recovered from 2014's decline.

Agricultural machinery sales and **demand for new employees** were on top of the ranking (see Table 1). After suffering a strong contraction in 2014 of **33.4** and **27.8%** respectively, these two series recovered 26.3 and 19.5% during 2015's first quarter. To this regard, It is worth noting that both sub-indicators are highly sensitive to cycles and therefore their present improvement was somehow expected. Nevertheless, on a mid-term horizon, both series are still behind their benchmarks. **Meat slaughter industry** shows a similar behavior but, in relative terms, its cumulated expansion during the past quarter (9.3%) was even more significant.

Oilseed milling, one of the least affected sectors during the recession, increased in 2015 Q1 but only 0.7%. Unfortunately, this result could be signaling the beginning of an unfavorable scenario, related to profits' issues in domestic agricultural markets. Similarly, **dairy production** obtained a positive variation rate of 1.0% between January and March, but this advance was not enough to recover last year's contraction.

Table 1: Economic activity's indicators for the Province of Santa Fe. Cumulated expansion/contraction.

	Period 2014	2015's first quarter
Agricultural machinery sales	-33.4%	26.3%
Demand for new employees	-27.8%	19.5%
Meat slaughter industry	-2.6%	9.3%
Cement consumption	0.8%	6.6%
Hydrocarbons used by agro-industry	-3.5%	2.3%
Real wages	-3.5%	1.5%
Dairy production	-3.5%	1.0%
ICASFe	-2.2%	0.8%
Oilseed milling	15.4%	0.7%
Number of employees	0.8%	0.5%
Tax revenues	0.3%	-1.1%
Electricity used by industry (*)	-2.3%	-1.8%
Supermarket retail sales	-2.3%	-2.8%
New vehicles' registrations	-28.1%	-4.9%
Gas used by industry	3.4%	-7.9%

(*) Data for March 2015 was estimated.

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

Most sub-indicators related to the secondary sector kept experiencing complications. **Industrial electricity** exhibited a decline of **2.3%** in 2014 and one of **1.8%** during 2015's first quarter. In addition, **gas consumption**, which grew 3.4 in 2014, also presented a drop of **7.9%** this last quarter. In this context, **hydrocarbons used by agro-industry** was the only series of the group which actually registered an expansion between January and March 2015 (2.3%), but its present performance is still very poor compared to 2011.

Cement consumption increased 6.6% this year and keeps improving on an unfavorable scenario for saving on local monetary assets because of inflation. By the contrary, **retail consumption** and **new vehicles' registrations** (investment in durable goods) registered new contractions and fell again this passed quarter: **2.8** and **4.9%**, respectively.

In 2014 **tax incomes** gained 0.3% mainly pushed forward by federal resources. However, during the last three months local revenues have dropped significantly and therefore the series presented a negative cumulated rate of **1.1%**.

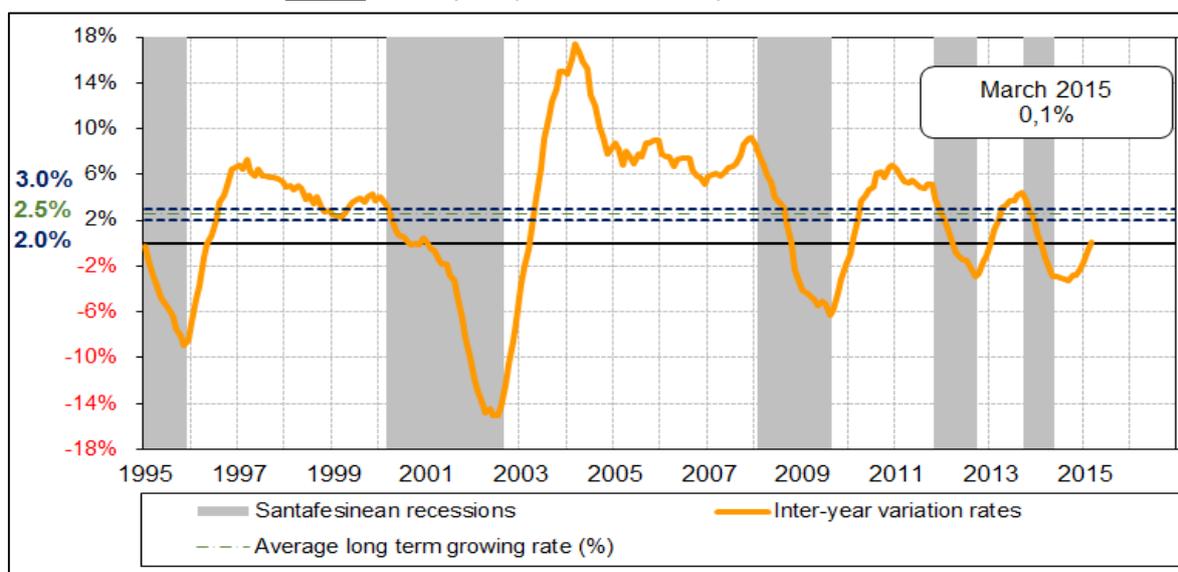
Finally, **total registered jobs** went up 0.5% in 2015's first quarter based on more public employment. This mild but positive result, in addition to lower levels of inflation, allowed **real wages** to improve 1.5% in this period.

Summary and perspectives

The coincident index's inter-year variation rates climbed above zero, reaching 0.1% in March 2015. Nonetheless, this recovery process has last almost a whole year and the comparison was made against a truly negative quarter (which does not apply as a proper benchmark). As a consequence, even though the province's recession has ended in May 2014, it gave space to a pretty particular expansion phase which does not indicate solid characteristics. To mention an example, during the previous recession inter-year variation rates only needed three months to recover.

On the other hand, it's true that global activity is mildly improving but many key economic sectors are still facing mayor problems. Moreover, main macroeconomic variables on a national level are still unfavorable, although somehow minimized by the elections. In other terms, the recovery appears to be weak and unstable.

Graph 2: Monthly Composite Index's inter-year variation rates.



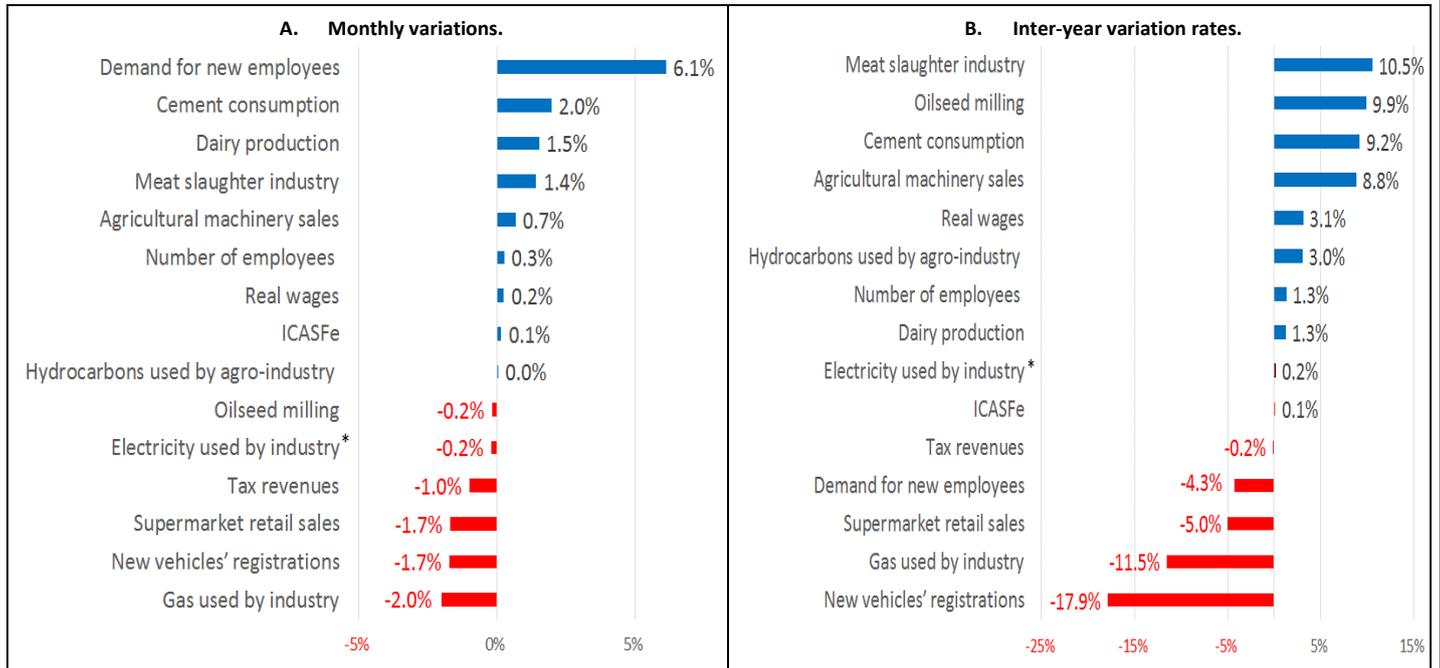
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

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>

Attachments to the document

Graph 3: Economic activity's indicators for the Province of Santa Fe - March 2015 -



(*) Data for march 2015 was estimated.

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