

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

Monthly publication N° 09, year 9.
ISSN 2362-4884

Date: 09/29/2015



Bolsa de Comercio de Santa Fe



The mildest expansion over the last 20 years

Santa Fe's economic activity increased 2.3% during 2015's first half of the year. However, compared to other expansions, growth's speed was rather slow.

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

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ICASFe

June 2015

Level: 161.1
Monthly variation
0.2%

Inter-year variation: 2.5%
2015's partial result: 2.3%

Main results

ICASFe's level was located in 161.1, presenting a monthly variation of 0.2% in respect to May 2015.

Inter-year variation rates reached 2.5% (comparing June 2015 vs. June 2014).

Cumulated expansion during the first six months of 2015 was measured in 2.3%.

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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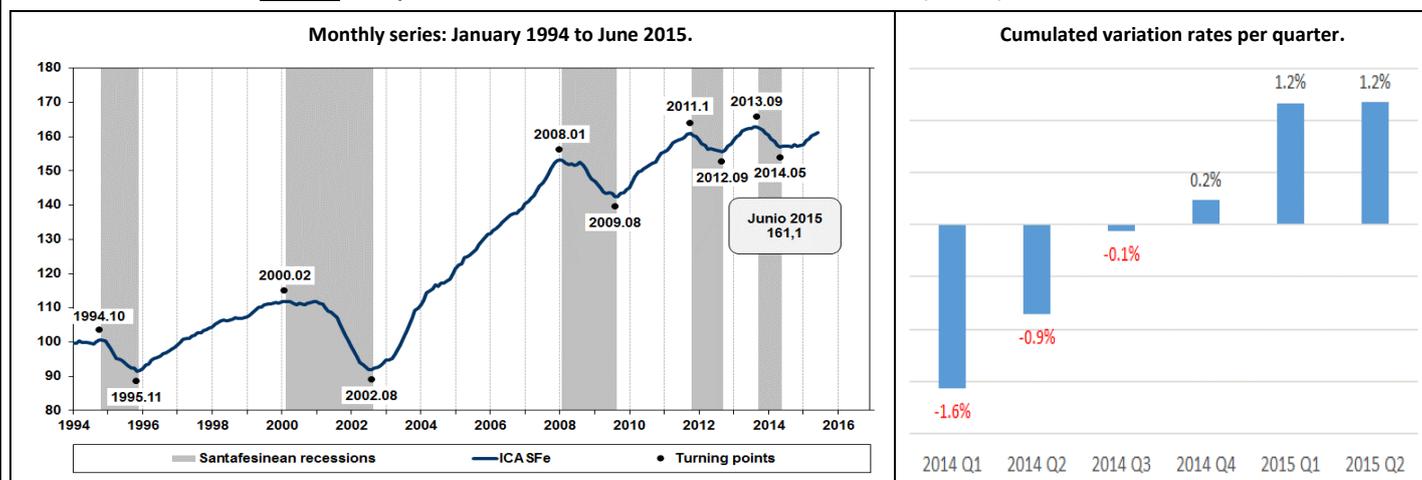
<http://ces.bcsf.com.ar> o

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Province of Santa Fe's economic activity

The province's economic activity presented a stable growth rate during 2015's first half, cumulating an increase of 1.2% in each quarter (see Graph 1, right side). Nevertheless, these results were not strong enough to totally recover from previous recession (dated in 2013/14).

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

Only two of the fourteen economic sub-indicators experienced negative variations during 2015's first semester. All others increased, but in most cases they were not able to totally recover from 2014's contraction.

Demand for new employees registered an expansion of 24.0% between January and June, although it declined 6.0% across the last monthly measure. However, in 2014 this series presented a total contraction of 29.0%. **Registered jobs** went on the same direction and improved 1.6% in the semester. To this regard it is worth noting that the indicator's inter-year variation rates accelerated during the second quarter, mainly because of public employment. Moreover, **real wages** grew 0.7%, partially recovering from 2014's drop (-3.5%).

Supermarket retail sales declined 1.5% in 2015 in spite of showing a better performance during the second quarter. By the contrary, **new vehicle's registrations** went up 3.2%, whereas in 2014 the series presented a 28.1% contraction.

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

	Year 2014	2015's first semester
Demand for new employees	-29.0%	24.0%
Agricultural machinery sales	-33.5%	20.4%
Meat slaughter industry	-2.9%	10.8%
Cement consumption	0.7%	7.4%
Dairy production	-3.6%	4.7%
Tax revenues	0.4%	4.2%
Oilseed milling	20.0%	3.3%
New vehicles' registrations	-28.1%	3.2%
ICASFe	-2.2%	2.3%
Number of employees	0.8%	1.6%
Gas used by industry	4.3%	1.3%
Real wages	-3.5%	0.7%
Electricity used by industry	1.6%	0.2%
Hydrocarbons used by agro-industry	-4.0%	-1.4%
Supermarket retail sales	-2.4%	-1.5%

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

Series regarding to the secondary sector increased during the first semester, although production keeps suffering stagnation on mid-term basis. **Industrial electricity** improved 0.2% and **gas consumption** 1.3%. In both cases, between May and June the series compensated negative results obtained between January and April. On the other direction, **hydrocarbons used by agro-industry and transportation** intensified its declined during the second quarter and cumulated a total contraction of 1.4% in 2015.

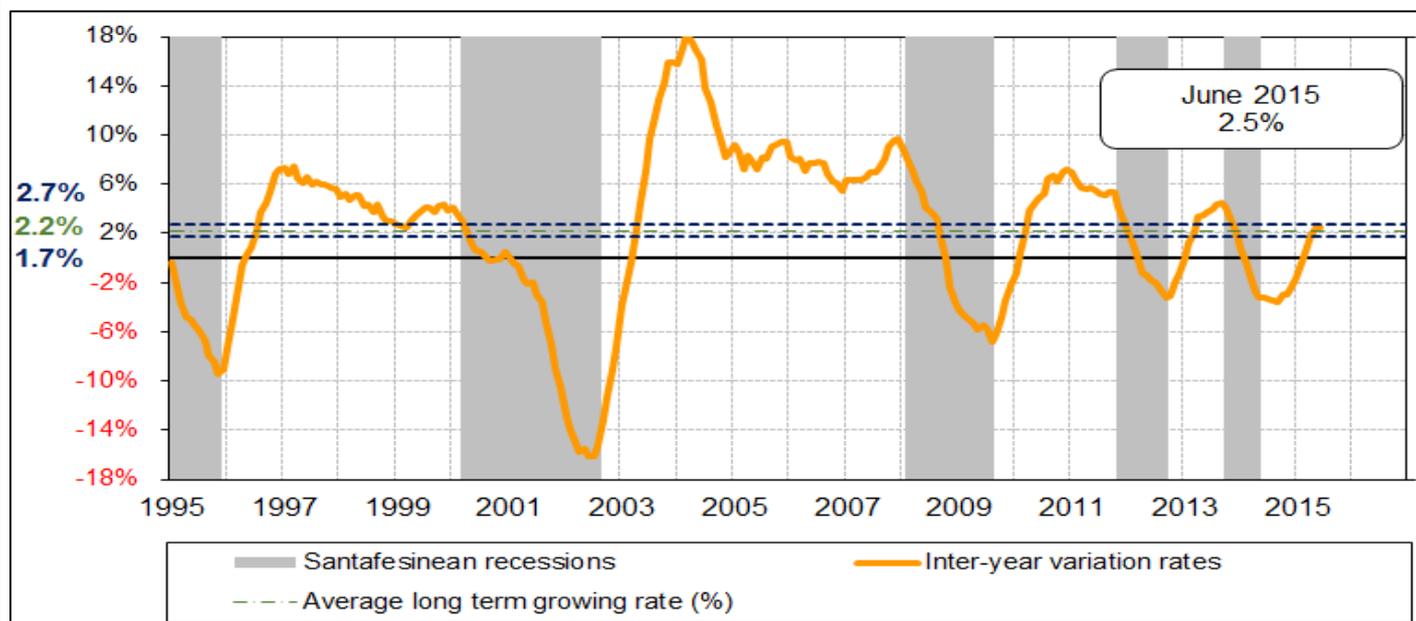
Agricultural machinery sales, which are characterized by their high amplitude, increased 20.4% in 2015's first half. Nonetheless, in spite of this improvement the series could not entirely recover from 2014's drop, and the situation is even worse if compared to 2010 or 2008's levels. **Meat slaughter industry** gained 10.8% considering both quarters while **oilseed milling** also experienced a positive variation rate but slighter (3.0%). In the case of **dairy production** its net result was located in 4.7%, although the series declined 0.1% in June. **Cement consumption** presented the same behavior and cumulated a total expansion of 7.4% even though its monthly rate from June was negative (-1.5%). It is worth noting, as mentioned in previous digests, that during the last year cement sold by bulk, related to big scale constructions, kept dominating the market.

Finally, helped by federal resources and local incomes, **tax revenues** increased 4.2% in the semester. Nevertheless, expenditures increased more than proportionally and therefore budget deficit reached \$ 2.427 million during 2015.

Summary and perspectives

2015 first semester's results allowed Santa Fe's activity to recover from 2014's drop, but still, the economy could not reach last peak's level (dated in September 2013). Unfortunately, due to the unfavorable context, a new deceleration is expect for the third quarter. On a national level, most important issues are related to the monetary sector. To this regard, Argentina is facing troubles within its informal currency market, problems with real exchange rates, high levels of inflation (27.0% between June 2015 and June 2014), and narrow central bank's reserves. From a fiscal approach, public expenditures should also decline in order to fix budget's unbalances. On an international level, commodity prices are not helping up Argentinean exports, especially considering most countries with similar commerce structures are depreciating their currency's purchasing power in terms of American dollars. In June 2015 the coincident index's inter-year variations reached 2.5%, and stayed right below the upper long term growing rate band (see Graph 2).

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



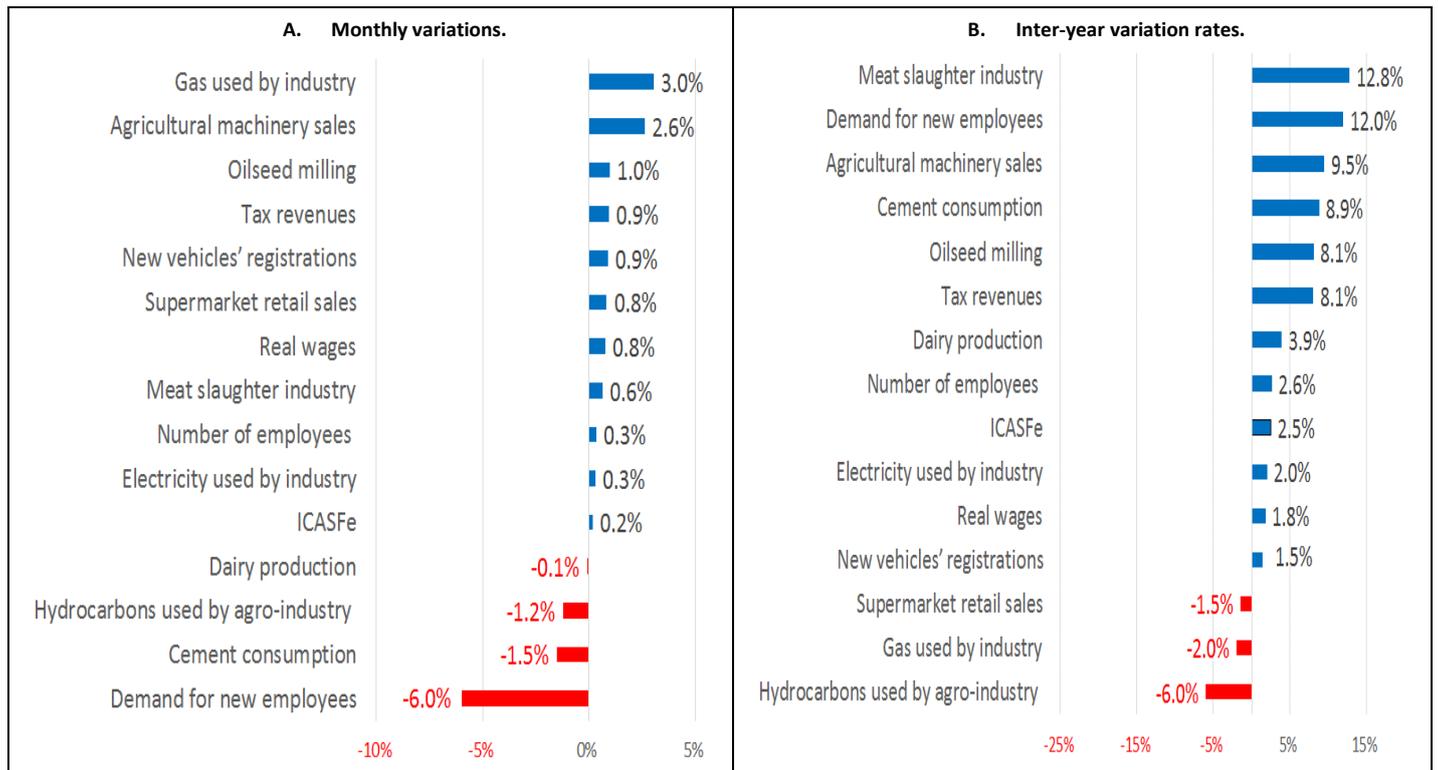
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

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 - June 2015 -



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