

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

In 2015, economic activity grew 2.5%

In spite of the decline registered during the last few months, first semester's boost allowed a net positive balance.

ICASFe

NOVEMBER 2015

Level:

161.5

Monthly variation:

-0.1%

Inter-year variation: 2.5%

2015's result: 2.5%

MAIN RESULTS

ICASFE's level was located in **161.5**, presenting a monthly variation of **-0.1%** in respect to November 2015.

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

Cumulated expansion during 2015 was measured in **2.5%**.

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.

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>



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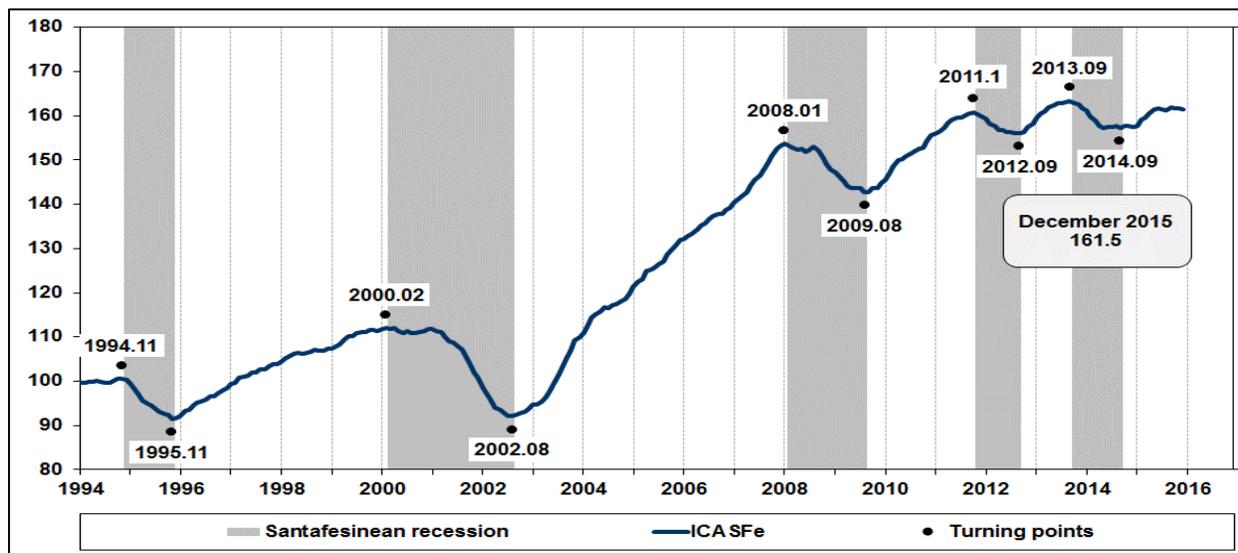
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Province of Santa Fe's economic activity

Across 2015, the province's economy experienced a process of uninterrupted deterioration. During the first semester cumulated growth reached 2.7%. Then, the third quarter presented a short state of inactivity giving place to a final contraction of **-0.3%** between October and December.

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFé). Base 1994 = 100.



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

Indicator by indicator

Considering the entire year, three of the fourteen economic sub-indicators ended 2015 within cumulated declines. However, if only the third and fourth quarter are taking into account, the number of series included in the coincident index which presented net contractions increase to more than 50%.

In terms of economic sectors, some series related to agro-industrial activities showed a better performance during the last quarter.

Oil seed milling, for example, experienced a strong push across the second semester, achieving a total expansion of 20.5% in 2015. These results are associated to better international prices' expectations and lower exportations' tax rates in addition to a more favorable currency exchange rate for local companies. **Hydrocarbons used by agro-industry** increased 2.9% in the last quarter and 3.2% considering the whole period. **Agricultural machinery sales** also improved during the second half of 2015 within a net balance of 6.4% across the year.

On the other direction, **dairy production** began a mild contraction in the third quarter which turned into a drop of 3.6% during the fourth one. Besides structural problems, the sector is facing an excess of milk supply in relationship to low external prices and concentrated demand. **Meat slaughter industry** went down as well, registering a negative cumulated variation of 3.6% in 2015 based on higher weigh minimum legal levels (in order to extend total supply) and lower activity upon the porcine sector.

Industrial gas consumption decreased **0.3%** between October and December but completed the year within a net growth of 2.7%. Similarly, **electricity used by the secondary sector** presented a contraction during the third quarter (**1.8%**) and reached a cumulated expansion of 2.6% considering the entire year.

Tax revenues registered positive variation rates in all quarters, growing 10.4% in 2015. It is worth noting that both local and federal resources improved. Especially these last ones, which grew significantly since December pushed by new rules for funds' distributions, more favorable for the province of Santa Fe.

Demand for new employees went backwards during 2015's second semester and finished the year within a net decrease of **2.0%**. Nevertheless, **total registered jobs** signaled a mild constant growth mainly sustained by the public sector. This allowed the series

to reach a total yearly expansion of 2.6%. **Real wages** performed similarly than expectations. The sub-indicator increased 4.6% during 2015 but switched downwards during the last quarter, which implied a partial contraction of **3.5%**.

Table 1: Economic activity's indicators for the Province of Santa Fe. Cumulated variation rates per period.

SERIES	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Oilseed milling	-0.9%	5.3%	7.8%	7.0%	20.5%
Tax revenues	2.2%	3.1%	0.9%	3.9%	10.4%
New vehicles' registrations	2.8%	5.1%	3.2%	-3.5%	7.5%
Gas used by industry	-8.6%	13.3%	3.0%	-0.3%	6.4%
Agricultural machinery sales	21.1%	-6.6%	-6.6%	0.7%	6.4%
Real wages	1.7%	1.1%	2.7%	-1.3%	4.1%
Hydrocarbons used by agro-industry	1.9%	-1.4%	-0.1%	2.9%	3.2%
Electricity used by industry	-0.6%	1.6%	-1.8%	3.5%	2.6%
Number of employees (*)	0.4%	1.0%	0.7%	0.4%	2.6%
ICASFe	1.3%	1.4%	0.1%	-0.3%	2.5%
Supermarket retail sales	-2.8%	1.6%	0.9%	1.6%	1.2%
Dairy production	2.2%	1.9%	-0.0%	-3.6%	0.4%
Demand for new employees	20.1%	0.3%	-3.7%	-15.6%	-2.0%
Cement consumption	6.9%	-0.2%	-7.2%	-1.1%	-2.1%
Meat slaughter industry	6.9%	2.0%	-6.8%	-5.1%	-3.6%

(*) Last available data refers to November 2015.

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

In relationship to consumption and durable goods' investment, **supermarket retail sales** slightly increased during 2015 (1.2%), whereas **cement dispatches** lost 2.1%. In respect to the automobile's market, **new registrations** grew 7.5% based on the first three quarters' expansion but then went down again **3.5%** between October and December.

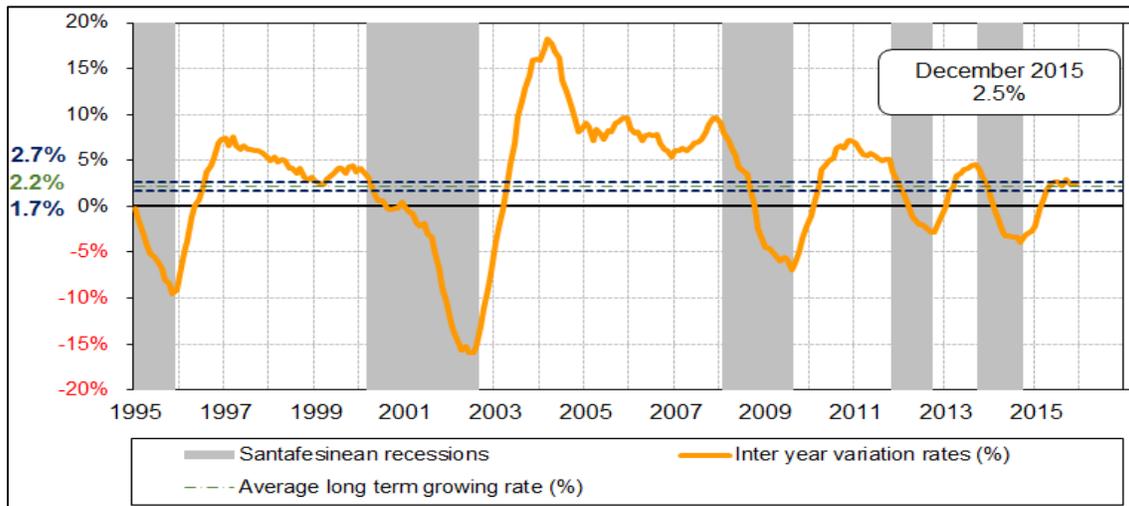
Summary and perspectives

The coincident index's inter-year gauge reached 2.5% in December, signaling a total expansion for Santa Fe during 2015 similar than Argentina's (based on official statistics after recent revisions). However economic activity experienced a process of deterioration across the year, registering a contraction of **0.3** in the last quarter. In addition, main economic sectors face very different scenarios. To this regard, companies related to the soy's productive chain showed significant progress since 2015's third quarter. On the other hand, many other activities like the construction sector, industry in general, dairy production and certain segments related to the meat market could not yet recover.

Moreover, although occupation levels kept growing during 2015, expectations over employment for further months are rather negative. From these perspective, the economic drop may last at least two more quarters, especially if inflation and other mayor macroeconomic issues are not resolved shortly.

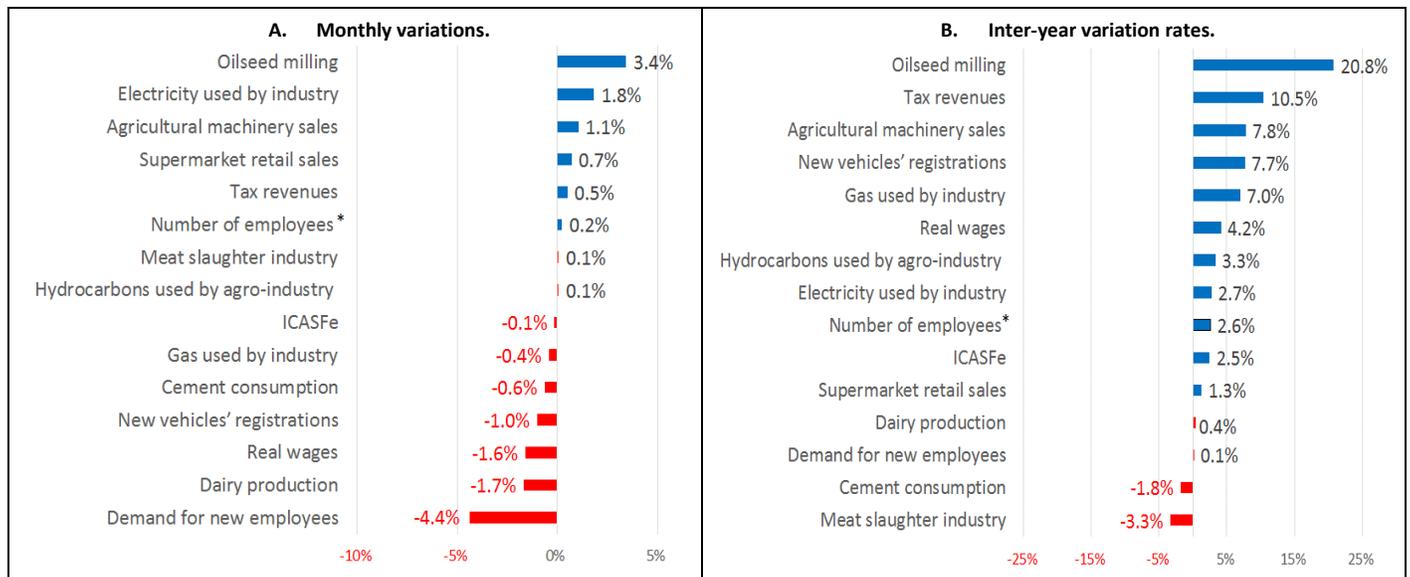
Attachments to the document

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



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

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



(*) Last available data refers to November 2015.

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