

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Activity keeps falling down

Although moderately, 2016's first monthly result signaled that Santa Fe's economic contraction continues.

ICASFe

JANUARY 2016

Level:

161.4

Monthly variation:

-0.2%

Inter-year variation: 2.2%

2016's partial result: -0.2%

MAIN RESULTS

ICASFE's level was located in **161.4**, presenting a monthly variation of **-0.2%** in respect to December 2015.

Inter-year variation rates reached **2.2%** (comparing January 2016 vs. January 2015).

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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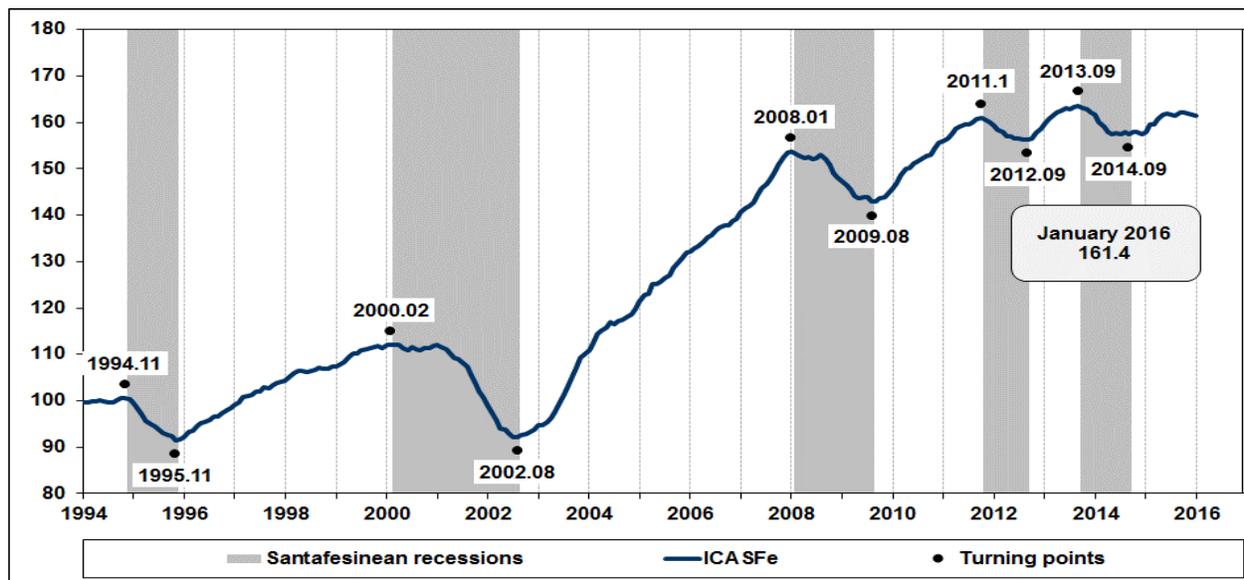
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Province of Santa Fe's economic activity

January 2016's outcome constitutes the fourth consecutive decline in Santa Fe's economic activity. This time, ICASFE's monthly variation rate in respect to December was measured in **-0.2%**, setting up a negative partial result for the first quarter.

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



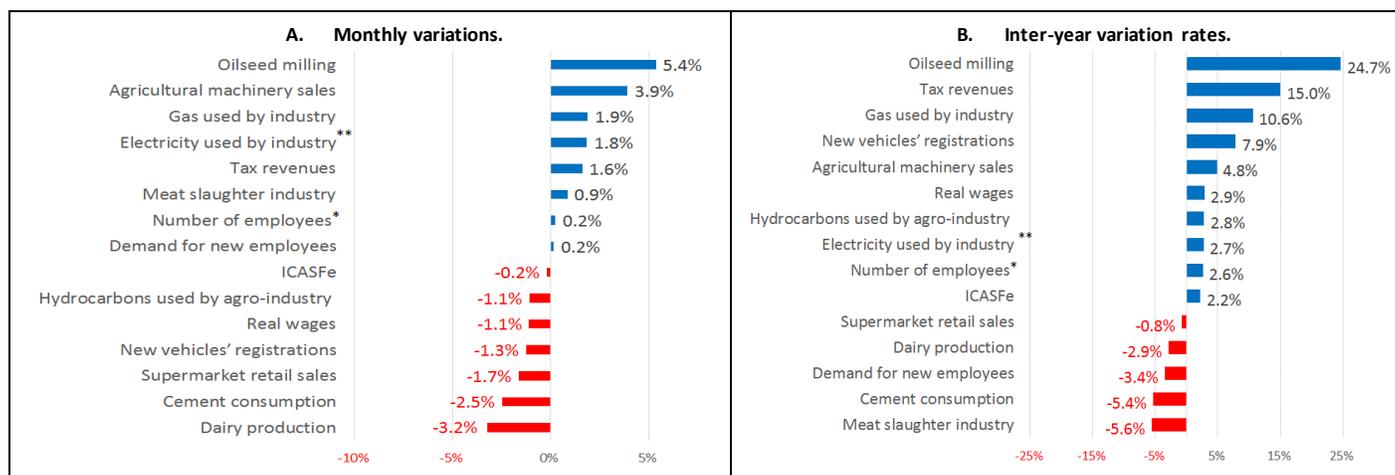
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In terms of diffusion, eight of the fourteen economic sub-indicators showed monthly expansions in January. However, the contraction registered by the other six series was strong enough to push down the general gauge.

For the third time in a row **oil seed milling** was on top of the list, reaching a new historical level. To this regard, the series presented a monthly variation rate of 5.4% and a cumulated expansion of 24.7% in reference to January 2015. **Agricultural machinery sales** are following this trend as well, and obtained a 3.9% growth in respect to December. This means an inter-year recovery of 4.8%, although this series has not yet regained its historical benchmarks from 2008, 2010 and 2013. **Industrial gas consumption** increased 1.9% and 10.6%, respectively; whereas **hydrocarbons used by agro-industry** also improved inter-yearly (2.8%) in spite of registering a monthly drop of **1.1%**.

Graph 2: Economic activity's indicators for the Province of Santa Fe - January 2016 -



(*) Last available data refers to November 2015; (**) Last available data refers to December 2015.

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

Keeping up within a negative performance, **dairy production** declined another **3.2%** in January. Moreover, the sub-indicator signaled a **2.9%** inter-year contraction, which reinforces an unfavorable trend. By the contrary, **Meat slaughter industry** experienced a mildly recover of 0.9% partially compensating its adverse inter-year result that moved to **-5.6%**.

Cement consumption intensified a disappointing development which began after 2015's third quarter. In January, the series decreased **2.5%**, reaching an inter-year drop of **5.4%**.

On the opposite direction, **tax revenues** is one of the series which registered a significant growth. The sub-indicator improved 1.6% in respect to December and gained 15.0% compared to January 2015. Nevertheless, it worth noting that this increments are mostly based on a higher tax burden over the private sector and more relative incoming federal resources.

Demand for new employees recovered 0.2% in January but stayed behind its inter-year benchmark (**-3.4%**). In addition, **registered jobs** remained stable. At least considering last available information. To this regard, data for public employment refers to November 2015. By de contrary, **real wages** kept going down within a negative monthly variation rate of **1.1%**.

In relationship to consumption and durable goods' investment, **supermarket retail sales** declined **1.7%** in terms of December. As a consequence, the series registered an inter-year contraction of **0.8%**. **New vehicles' registrations** also signaled a negative variation rate in January (**1.3%**) but presented an inter-year recovery of 7.9% (considering 2015's initial level).

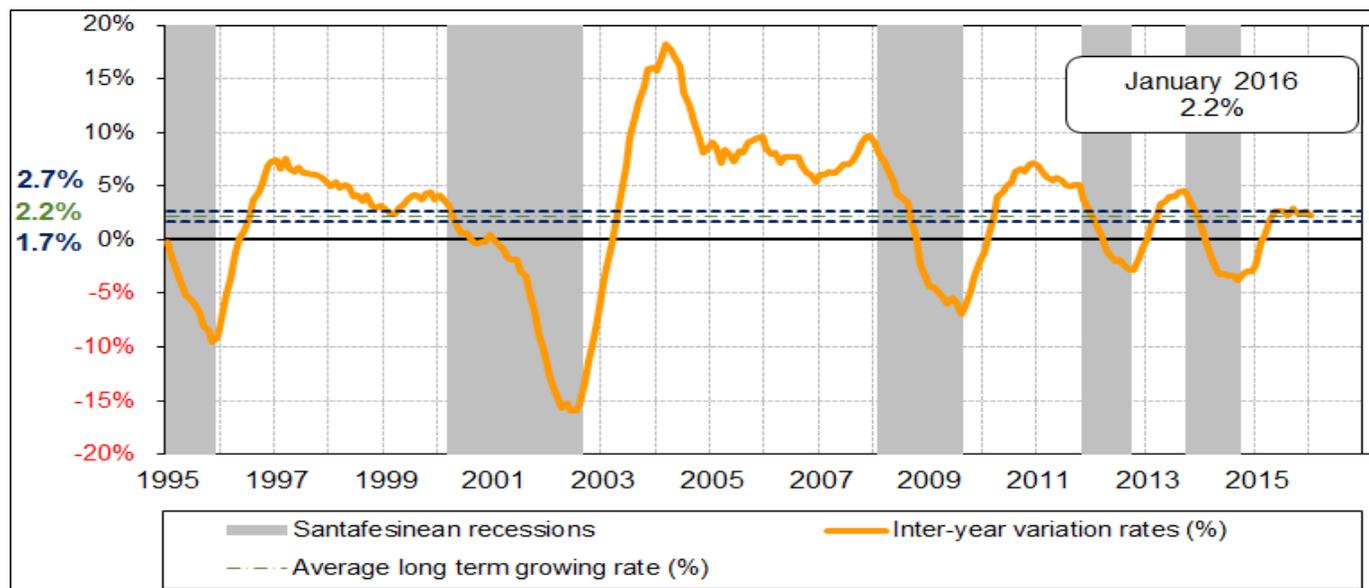
Summary and perspectives

The coincident index's inter-year gauge decreased to 2.2% in January 2016, remaining nearby the average long term growing rate for the province.

Oilseed milling and commodities' exportations show a strong boost in response to new policies but, on the other hand, many industrial companies and agricultural specific activities are still facing structural issues. Moreover, the construction sector, one of most dynamic economic segments in Santa Fe, also experiences an unfavorable short term performance. Disposable resources are controversial as well. Public funds are increasing significantly whereas private incomes are losing purchasing power and retail consumption shrinks.

In this context, the economy is experiencing a transition and expectations are rather positive but delayed, focusing over 2016's second semester.

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



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