

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Recovery: second quarter in a row

During 2016's last quarter Santa Fe's economy showed new favorable results and increased 0.8%.

ICASFe

DECEMBER 2016

Level:

153.6

Monthly variation:

0.1 %

Inter-year variation: -1.5%

2016's final result: -1.5%

MAIN RESULTS

ICASFe's level was located in **153.6**, presenting a monthly variation of **0.8%** in respect to November 2016.

Inter-year variation rates reached **-1.5%** (comparing December 2016 vs. December 2015).

Final cumulated contraction during 2016's was measured in **-1.5%**.

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 the coincident index. In addition, it is worth noting that all series internalized by this project, 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 | Go to <http://ces.bcsf.com.ar>
- Handbook of sub-indicators | Go to <http://ces.bcsf.com.ar>
- An on-line graphical tool to access historical data | Go to <http://www.bolcomsf.com.ar/ces/icasfe.php>



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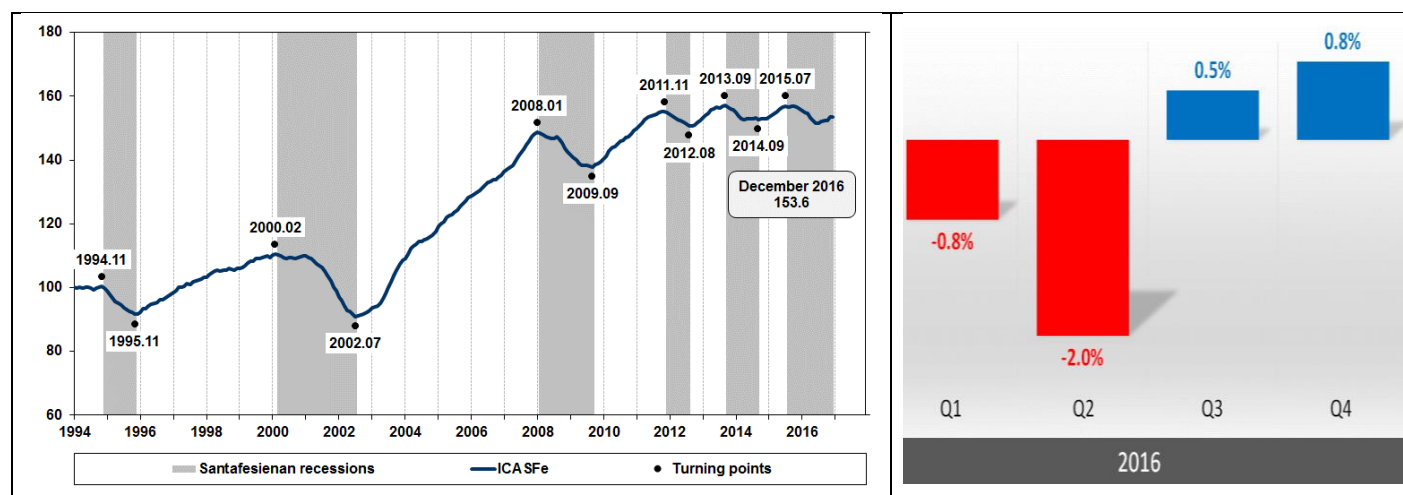
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Province of Santa Fe's economic activity

Santa Fe's economy ended 2016 within an inter-year contraction of **-1.5%**. To this regard, the second quarter's negative rate was measured as the worst outcome over 8 years and, therefore, during the first half of year economic activity declined **2.8%**. From there on, although the province is still under recession, a better performance allowed a partial recovery.

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

During 2016 six of the fourteen series considered by the coincident index experienced net positive variations (see Table 1). In addition, three of them were able to recover from first semester's declines.

Table 1: Economic activity's indicators for the Province of Santa Fe

	2016's first semester	Cummulated variation rate for the entire year
Agricultural machinery sales	39.1%	55.4%
New vehicles' registrations	4.9%	24.4%
Cement consumption	1.1%	11.1%
Hydrocarbons used by agro-industry	9.1%	10.9%
Meat slaughter industry	-0.0%	7.2%
Gas used by industry	-2.9%	2.7%
Oilseed milling	-16.2%	0.8%
Number of employees	-0.4%	-0.6%
ICASFe	-2.8%	-1.5%
Tax revenues	-3.6%	-3.5%
Real wages	-8.8%	-3.7%
Índice compuesto de evolución industrial	-12.6%	-6.5%
Electricity used by industry	-11.8%	-11.3%
Demand for new employees	-8.5%	-12.7%
Dairy production	-19.7%	-17.0%
Supermarket retail sales	-10.0%	-17.1%

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

This year, growth's ranking was led by **agricultural machinery sales** which gained 55.4% across 2016. However, it is worth noting that the series' inter-year benchmark was particularly low.

Sub-indicators related to investment and durable goods were listed in second and third place: **new vehicles' registrations** cumulated a total variation of 24.4%, and **cement consumption** 11.1%.

Many variables related to the agricultural sector showed signs of reactivation. **Hydrocarbons used by agro-industry and transportation** obtained a net balance of 10.9%; **oil-seed milling** achieved to recover from first semester's unfavorable results whereas the series lost **16.2%**. Similarly, **meat slaughter industry** managed to improve during 2016's second half and cumulated a total expansion of 7.2%. By the contrary **dairy production** decreased **19.7%** between January and June, afterwards the series experienced a mild push up during the third quarter, but ended the year within a net contraction of **-17.0%**.

Gas consumption reversed from first semester's fall (**-2.9%**), climbing up to 2.7% in December 2016. On the other hand, although certain activities improved during the last few months, **electricity used by industry** lost **-11.3%** (based on estimations).

Registered jobs only decreased **-0.4%** during 2016 whereas **demand for new employees'** decline showed more intensity (**-12.7%**).

Real wages lost **8.8%** of purchasing power during the first semester but then partially recovered reaching a final contraction of **-3.7%**. In regard to **supermarket retail sales**, the series ended at last place on growth's ranking (**-17.1%**), being consumption one of most affected elements during recession.

Finally, **tax revenues** could not reverse from first semester's drop, presenting a net balance of **-3.5%**.

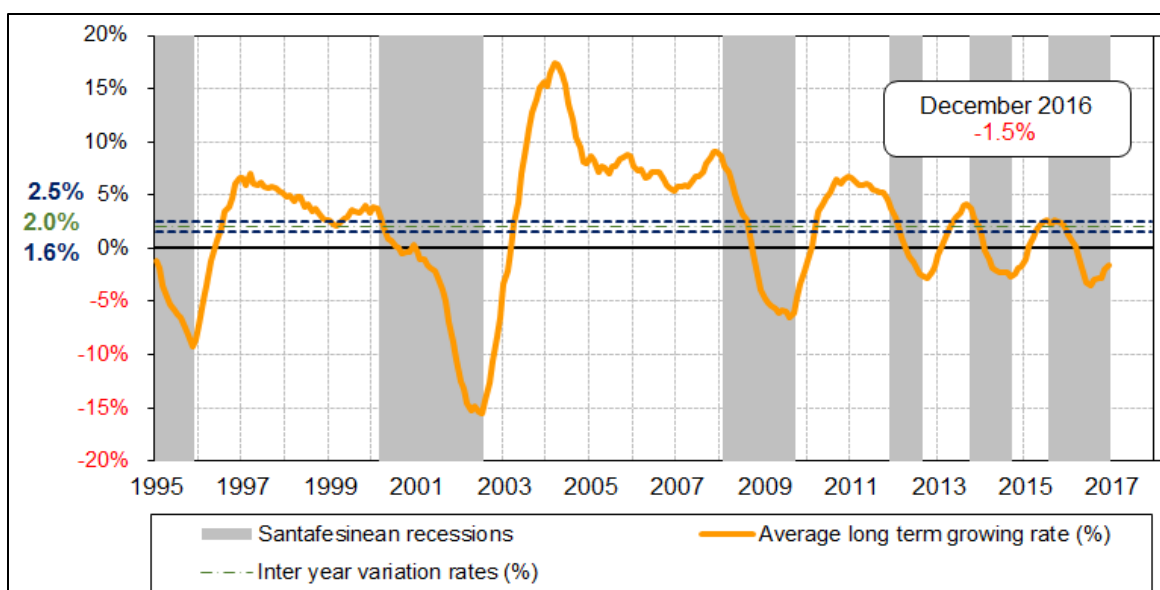
Summary and perspectives

ICASFe's inter-year variations strongly recovered during 2016's second semester (see Graph 2, page 4). Nevertheless, based on negative figures from the first half of the year, economic activity finished within a net contraction of **-1.5%**.

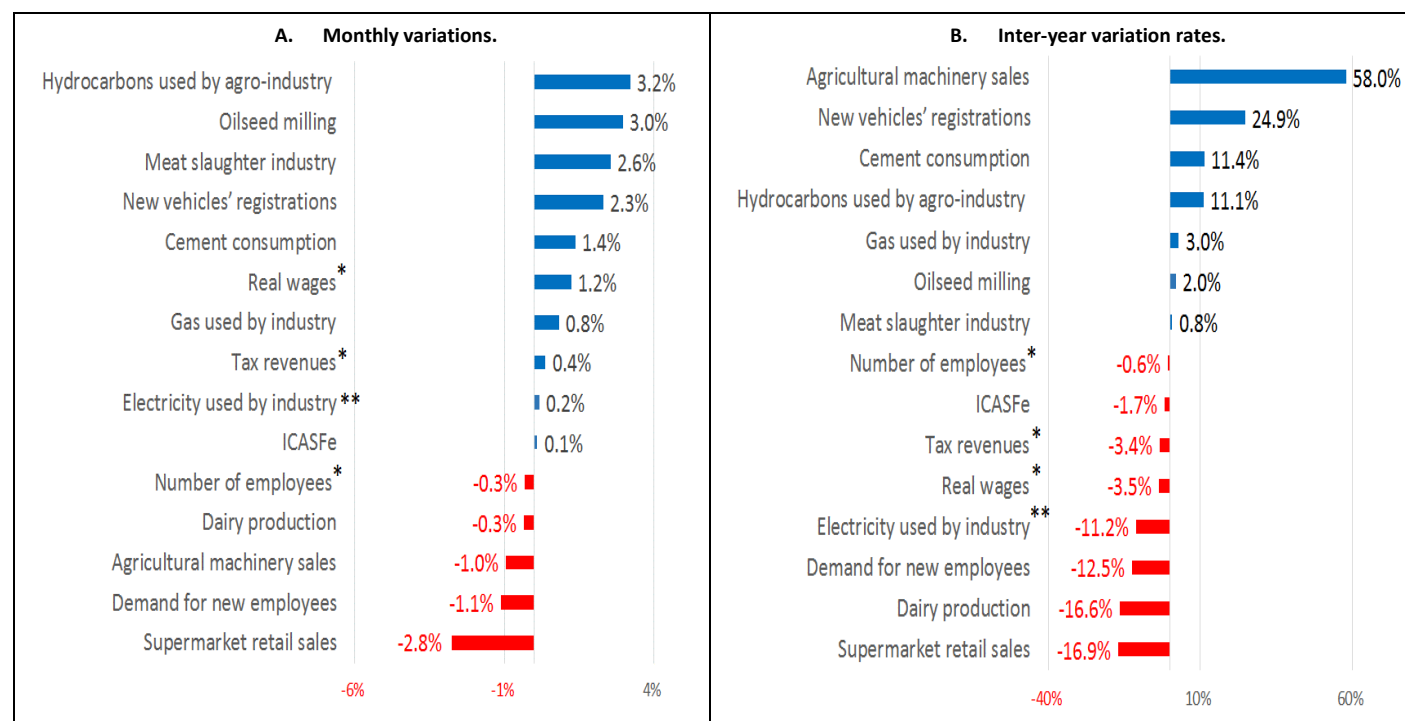
The period began facing many macro-economic issues like inertial inflation, recession, and institutional problems. To this regard, at first, new policies actually implied even more pressure while gradually generated favorable results. In addition, Santa Fe's economy also suffered from a hydric crisis which affected most province's territory.

In spite of the unpromising context, during the third and fourth quarter activity started to regain speed and recovery could spill over some relevant economic sectors. In this scenario, perspectives for 2017 keep being rather favorable.

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 2016 -

Last available data: (*) November 2016; (**) October 2016.

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