The industrial sector fails to fully engage

During the last twelve months the province's economic activity improved 2.8%. However, some manufacturing branches presented adverse figures.

ICASFe
NOVEMBER 2017

Level:
164.4

Monthly variation:
0.4%

Inter-year variation: 2.8%
2017's partial result: 2.3%

MAIN RESULTS

*ICASFE's level was located in **164.4**, presenting a monthly variation of **0.4%** in respect to October 2017.*

*Inter-year variation rates reached **2.8%** (comparing November 2017 vs. November 2016).*

*Partial cumulated expansion during 2017's 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 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
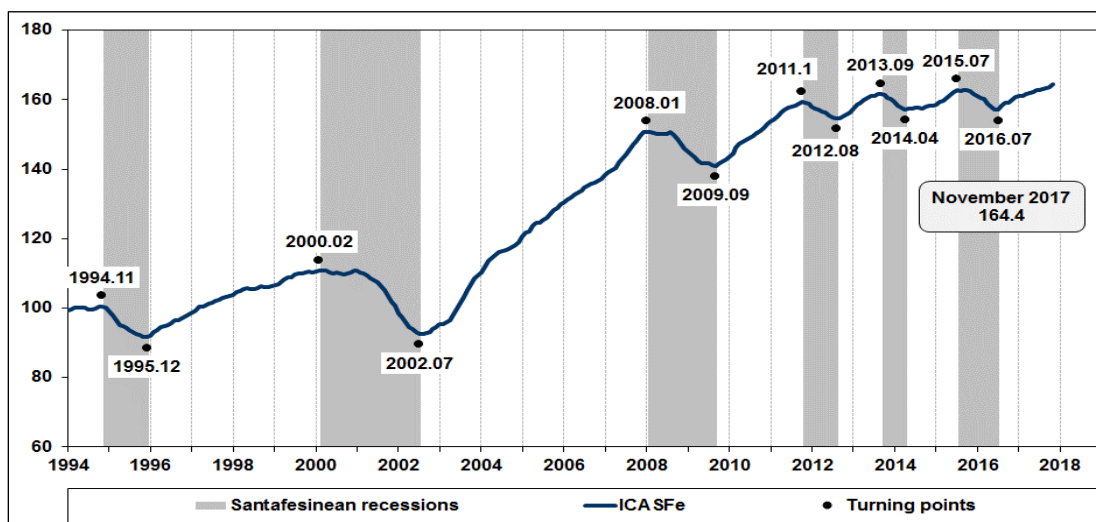
Province of Santa Fe's economic activity

In November 2017 Santa Fe's economic activity increased 0.4% in respect to October, growing 2.8% during the last year. Moreover, the coincident index obtained its sixteenth consecutive positive monthly result since the beginning of the present expansion phase, in August 2016 (see Graph 1).

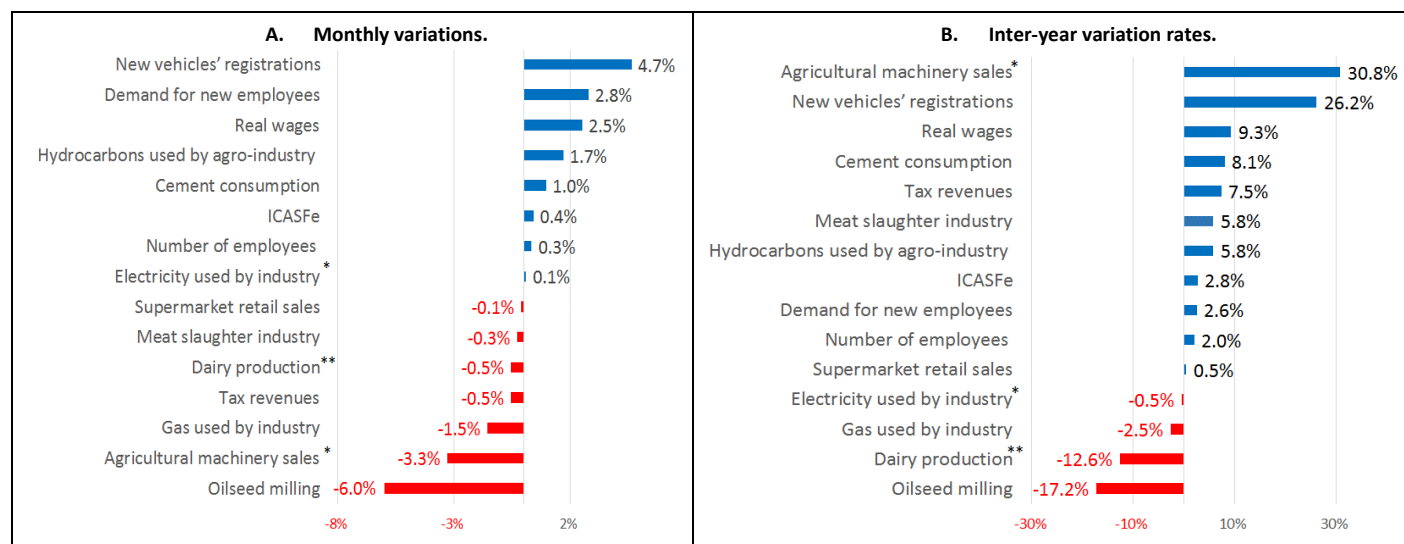**Graph 1**: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100.

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

Indicator by indicator

Although ten sub-indicators improved in terms of their inter-year benchmarks, monthly results were rather divergent. Eight of the fourteen considered series increased in respect to October but the other six went on the opposite direction (see Graph 2, left side).

Agricultural machinery sales is still leading inter-year expansions (30.8%), but its monthly variation rate was -3.3%. **New vehicles' registrations** was located in second place, within a cumulated growth of 26.2% between January and November. **Cement consumption** increased 1.0% in respect to October and 8.1% during the last year.

Graph 2: Economic activity's indicators for the Province of Santa Fe - November 2017 -

Last available data from: (*) October 2017; (**) September 2017.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Tax revenues also signaled an inter-year positive performance (7.5%). However, during the last semester the series actually decreased on several monthly measurements based on real declines of both local and federal resources.

The labor market kept showing a proper response to economic growth. **Registered jobs** gained 0.3% and cumulated a total 2.0% expansion during the last year. In addition, a deceleration in prices allowed **real wages** to recover 9.3% across the period, reaching a similar level than during its last peak in 2015. The series related to **demand for new employees** turned positive, signaling an inter-year increment of 2.6%. Nevertheless, retail consumption (measured by **supermarket' sales**) din not internalized a mayor improvement, losing 0.1% in terms of its inter-year benchmark.
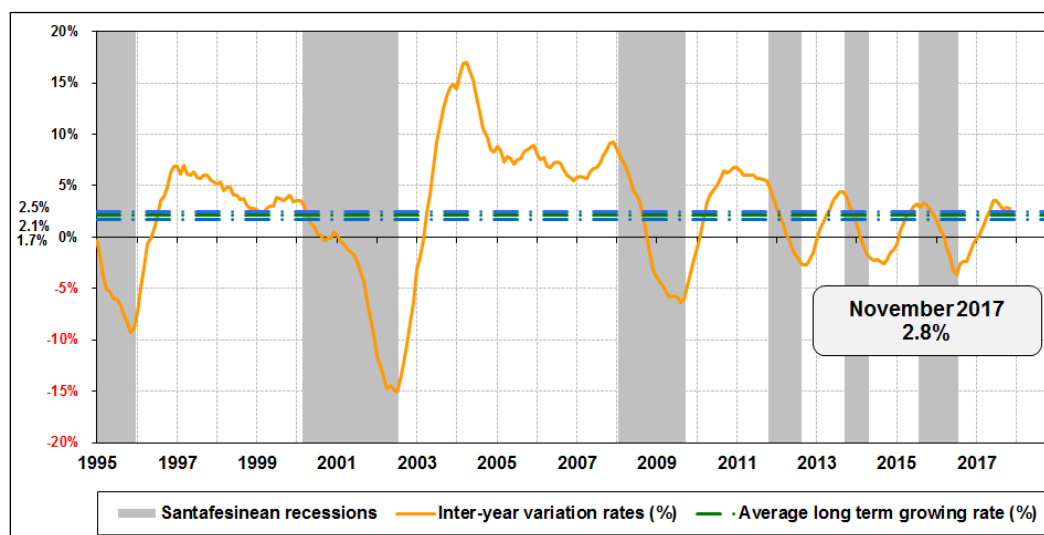
The most remarked differences are being captured by certain industrial activities. In fact, only **meat slaughter industry** and **hydrocarbons used by agro-industry** were able to maintain a positive result within the last year (5.8% in both cases). By the contrary, all other sub-indicators presented relative drops. **Gas consumption** decreased 1.5% in November and 2.5% in respect to October 2016. Similarly, **industrial electricity** lost 0.5% during the last twelve months. Series specifically related to agro-industry also signaled a negative performance. **Oilseed milling** experienced a monthly contraction of 6.0% and stayed 17.2% behind its inter-year benchmark. **Dairy production** is also going through a difficult time and declined 0.5% in respect to October and 12.6% inter-yearly.

Summary and perspectives

Economic activity shows a good performance within an inter-year expansion of 2.8%. Furthermore, ICASFe's gauge stayed nearby the upper statistical band for long term growing rate (see Graph 3). In addition, based on sixteen consecutive positive monthly variations, the index has already overcome 2015's historical peak; and expectations for December 2017 and 2018's first quarter are favorable.

However, on a midterm horizon some variables are cause of concern. Inflation's prospects for 2018 begin in 20% and exchange rates became more reasonable but still lagged. Therefore, even most competitive sectors are facing difficult times and commercial deficit increases. Public accounts improved but slowly; and higher interest rates on the international market demand a limit to external debt.

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

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