

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

2018: activity points out a good beginning

Several sectors improved although employment moderated its rate of progress. On the other hand, industrial activities and retail consumption are not being able to take off.

ICASFe

JANUARY 2018

Level:

165.5

Monthly variation:

0.4%

Inter-year variation: **2.7%**
2018's partial result: **0.4%**

MAIN RESULTS

ICASFE's level was located in **165.5**, presenting a monthly variation of **0.4%** in respect to December 2017.

Inter-year variation rates reached **2.7%** (comparing January 2018 vs. January 2017).

Partial cumulated expansion during 2018's was measured in **0.4%**.

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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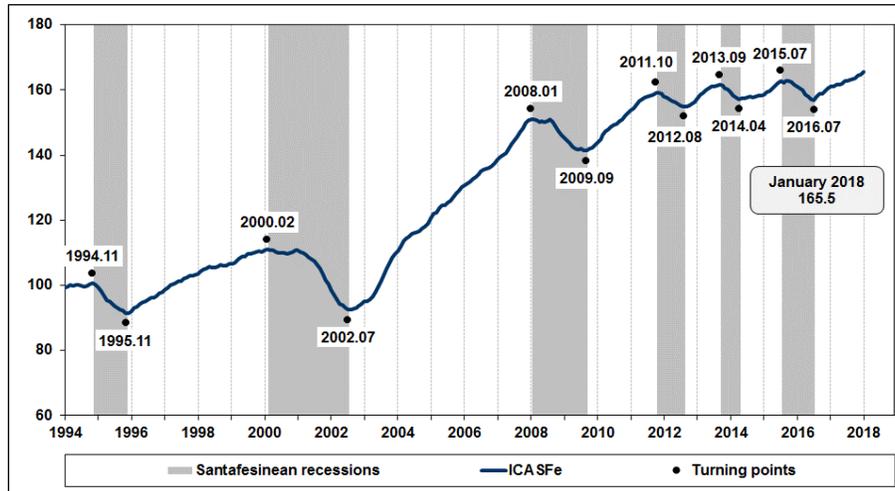
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Province of Santa Fe's economic activity

The coincident index started the year increasing 0.4% in respect to the previous month. This means Santa Fe's economic expansion phase already registered eighteen positive monthly variation rates since its last dated trough. Moreover, present activity's level went 1.5% above the maximum benchmark reached before last recession (see Graph 1).

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



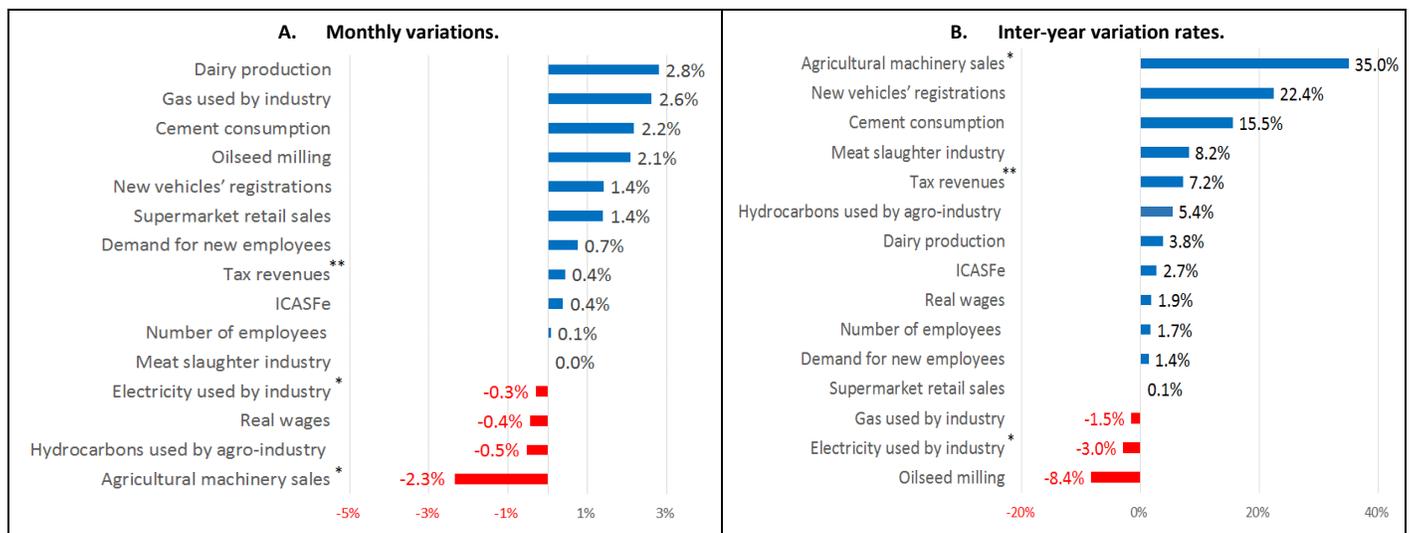
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In January 2018 ten indicators grew in comparison to December. Additionally, eleven confirmed an inter-year improvement (see Graph 2). In regard to the cycle's expansion, investment in durable goods continued boosting activity during 2017. However, considering last measurements' results, there are some structural changes that are worth noting.

Agricultural machinery sales and **new vehicle's registrations** are still leading inter-year expansions, accumulating 35.0 and 22.4% respectively. Nevertheless, from a monthly perspective, the first series obtained a negative variation rate in January (-2.3%) whereas the second was relegated to a middle-ranking position. Construction industry keeps strengthening and **cement consumption** maintained the third place in the table within a 15.5% inter-year variation.

Graph 2: Economic activity's indicators for the Province of Santa Fe - January 2018 -



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

Tax revenues (its performance was estimated since last official available data is from November 2017) climbed 7.2% in respect to January 2017. To this regard, it's important to mention that during the past twelve months both local and federal revenues have grown in real terms.

The labor market kept showing favorable results but main variables are decelerating. The number of **registered jobs** increased 0.1%, accumulating an inter-year improvement of 1.7%. Furthermore, **demand for new employees** partially recovered, climbing 1.4% during the last twelve months; whereas **real wages** are struggling to retain 2017's performance reducing its inter-year gauge to 1.9%.

Supermarket's sales are facing a stagnant market. In spite of an increment of 1.4% in respect to December 2017, the series signaled an inter-year growth of only 0.1%. To this regard, inflation seemed to be slowing down during the past year but public services and regulated prices pushed retail prices once again in January and February 2018.

Santa Fe's industrial sector kept internalizing negative indicators. Electricity consumption decreased 0.3% in January, which means a cumulative inter-year contraction of 3.0%. However, certain activities related to agriculture appear to celebrate a better situation. **Meat slaughter industry** holds a positive inter-year variation of 8.2% and **dairy production** jumped 3.8%. Nevertheless, it is worth noticing that this series suffered a mayor contraction during the last three periods, reaching 70% of usual level production. In addition, **oilseed milling** did not perform as expected in 2017 but got off in the right foot this year growing 2.1%.

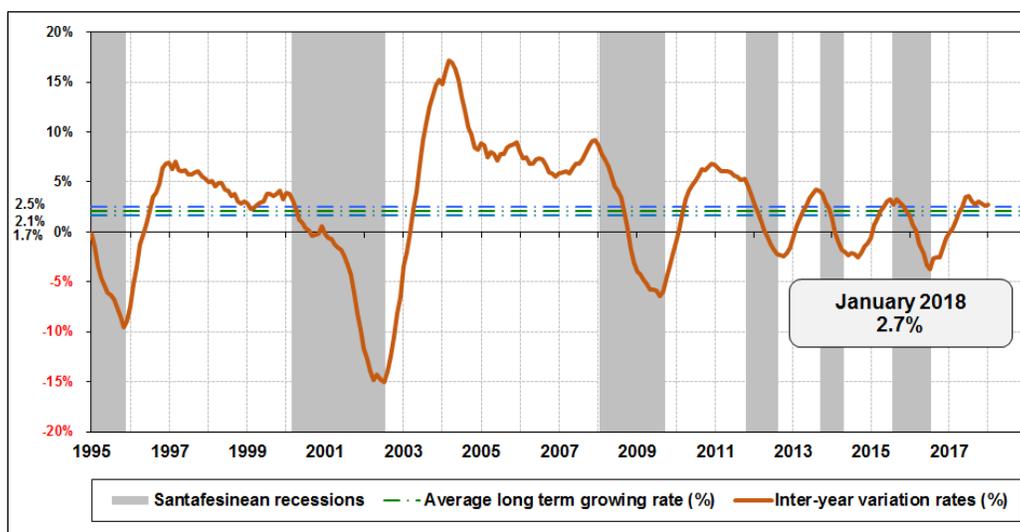
Summary and perspectives

Economic activity experienced a new positive monthly variation rate at the beginning of the year, signaling an inter-year expansion of 2.7%. Moreover, the composite index's inter-year gauge stayed close to the upper statistical band for long term growth (see Graph 3). In fact, registered rates for the past quarter exceeded previous' semester.

On the other hand, from a macroeconomical point of view, this expansion phase is still listing some mid-term issues. To this regard, main problems are related to domestic currency appreciation, inflation, low private profits and, in the province, a difficult situation linked to an agricultural emergency caused by a drought.

All taking into account and considering eighteen consecutively monthly improvements, Santa Fe's economy upholds favorable perspectives for 2018's first semester.

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



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