

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Economic recession and uncertainty

Between January and July 2018, Santa Fe's economic activity fell **2.3%**.

ICASFe

JULY 2018

Level:

163.3

Monthly variation:

-0.7%

Inter-year variation: **-1.6%**

2018's partial result: **-2.3%**

MAIN RESULTS

ICASFE's level was located in **163.3**, presenting a monthly variation of **-0.7%** in respect to June 2018.

Inter-year variation rates descended to **-1.6%** (comparing July 2018 vs. July 2017).

Partial cumulated expansion during 2018'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>



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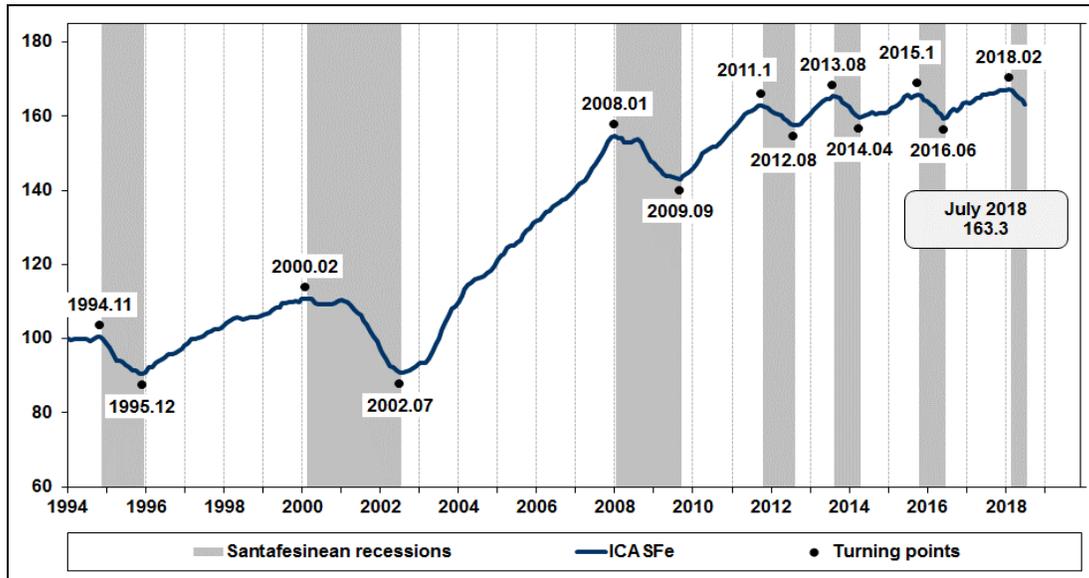
<http://ces.bcsf.com.ar> or

<http://www.bcsf.com.ar>

Province of Santa Fe's economic activity

In respect to June 2018 the coincident index tumbled 0.7%. As a consequence, the province's economic activity cumulated a total decline of 2.3% between January and July. It is worth noting that this is the fifth dated recession over the last 10 years.

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



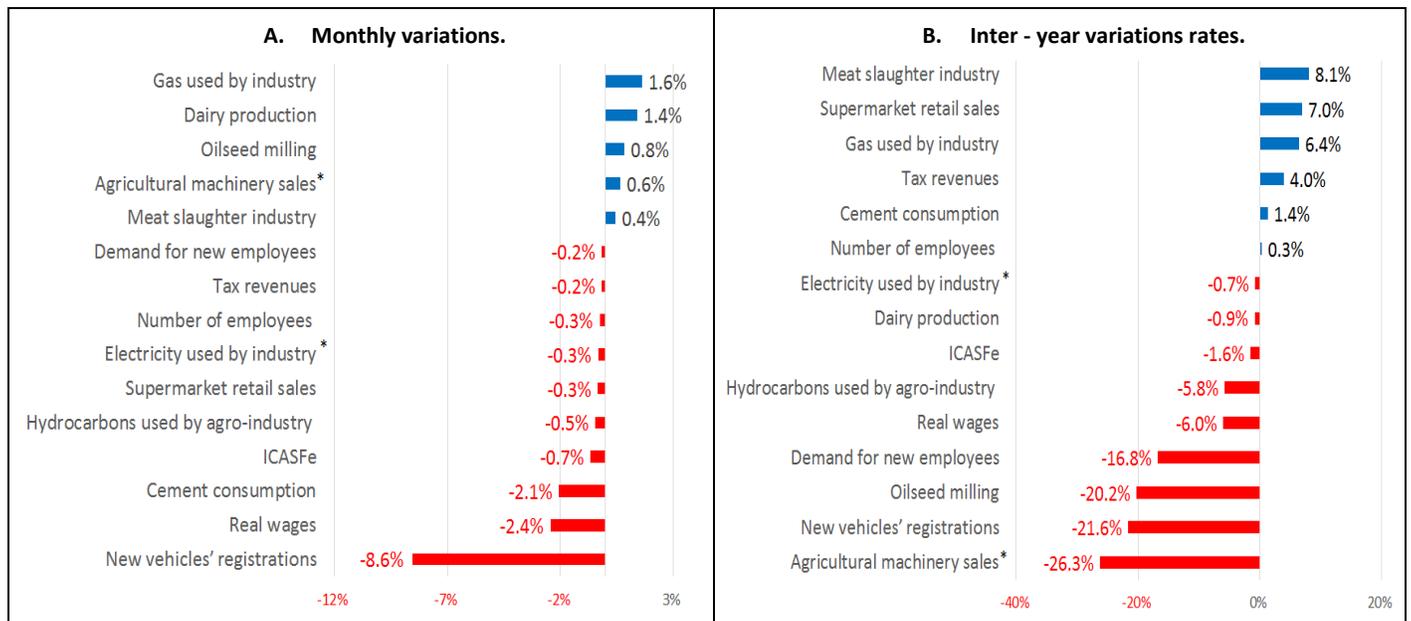
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

Ten out of the fourteen series considered by ICASFe signaled negative monthly variations in July; in addition, eight of them also worsened in terms of their inter-year benchmarks.

Employment registered a monthly decline of -0.3%, but held a positive inter-year variation rate (0.3%). **Real wages** dropped 2.4%, and 6.0% in respect to July 2017. This means a significant fall in domestic purchasing power.

Graph 2: Economic activity's indicators for the Province of Santa Fe. July 2018.



Last available data from: (*) June 2018. Unavailable data was estimated.
 Source: Research and Services Center, Santa Fe's Chamber of Commerce.

In regard to retail consumption, **supermarkets sales** signaled a decrease of **0.3%**, although the series kept a positive inter-year performance.

New vehicle's registrations displayed at the bottom of the table within rates of **8.6** and **21.6%**, respectively. On the same direction was **cement consumption**, presenting a negative monthly variation of **2.1%**. Nevertheless, in spite of this result, the series was 1.4% above its inter-year benchmark. **Agricultural machinery** sales showed a better performance this month, rising 0.6%. Despite this recovery, the series is also **26.3%** behind its inter-year benchmark.

In relationship to indicators linked to the manufacturing sector, **gas used by industry** was on positive territory, sustaining gains of 1.6% in respect to the last month and 6.4% over the year. **Electricity used by industry** decreased **0.3%** in terms of June and **0.7%** compared to July 2017; whereas **hydrocarbons used by agro-industry and transportation** dropped **0.5** and **5.8%** respectively.

In line with an unfavorable primary production level during 2017 and 2018, **oilseed milling** experienced a mild improvement of 0.8% in July, but its inter-year variation rate plummeted **20.2%**. Dairy production recovered 1.4%, nonetheless the series' inter-year gauge is still negative: **-0.9%**. **Meat slaughter industry** grew 0.4 and 8.1% over the year.

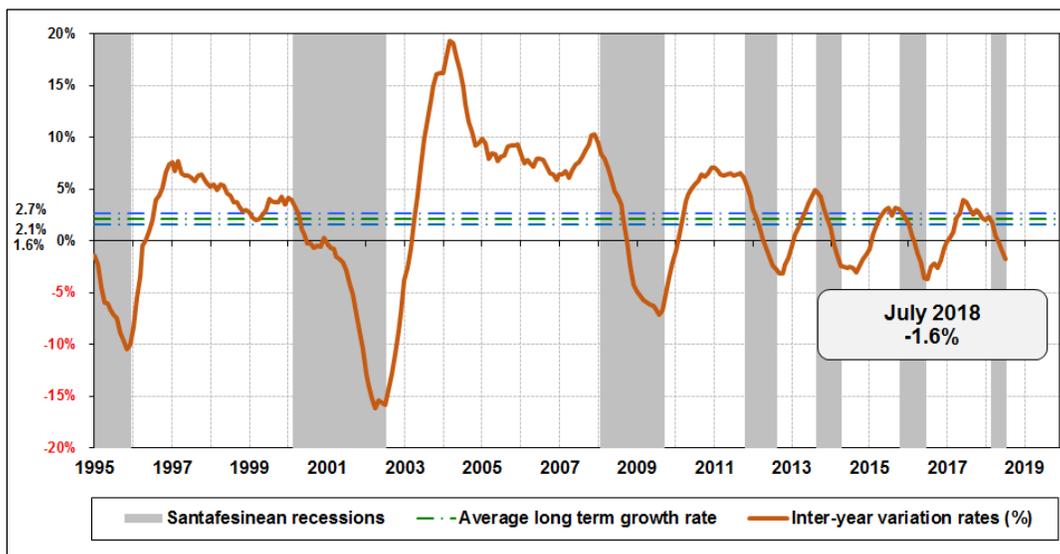
Finally, **tax revenues** diminished **0.2%**, affected by the contraction of provincial revenues and federal resources. Compared to July 2017, the series rose 4.0%.

Summary and perspectives

ICASFe's inter-year variation rate dropped from **-0.9%** in June to **-1.6%** in July. To this regard, the recession phase intensified at the beginning of the second half of the year (see Graph 3).

Indicators linked to investment kept falling down, as well as purchasing power of public and private agents. Moreover, this negative scenario for macroeconomic variables and in particular for aggregated demand seem unlikely to recover in the short term. As for the supply side, all sub-indicators signaled a similar behavior. In perspective, this level of sectorial propagation (recession's diffusion), plus an increasing inflation and currency exchange rate volatility, shapes an unfavorable economic background and uncertainties for a midterm horizon.

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



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