

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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CENTRO DE ESTUDIOS Y SERVICIOS

Economic activity declines for the second month in a row

Partial recovery registered during 2020's 2nd semester is losing strength, and activity levels seem to be reorientated to previous mid-term stagflation.

ICASFe

January 2021

Level:

157.9

Monthly variation:

-0.1%

Inter-year variation: **2.3%**

MAIN RESULTS

ICASFE's level was located in **157.9**, presenting a monthly variation of **-0.1%** in respect to December 2020.

Inter-year variation rates reached to **2.3%** (comparing January 2021 vs. January 2020).

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 at <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 nothing 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>
- To expand, see methodology at: <http://ces.bcsf.com.ar>



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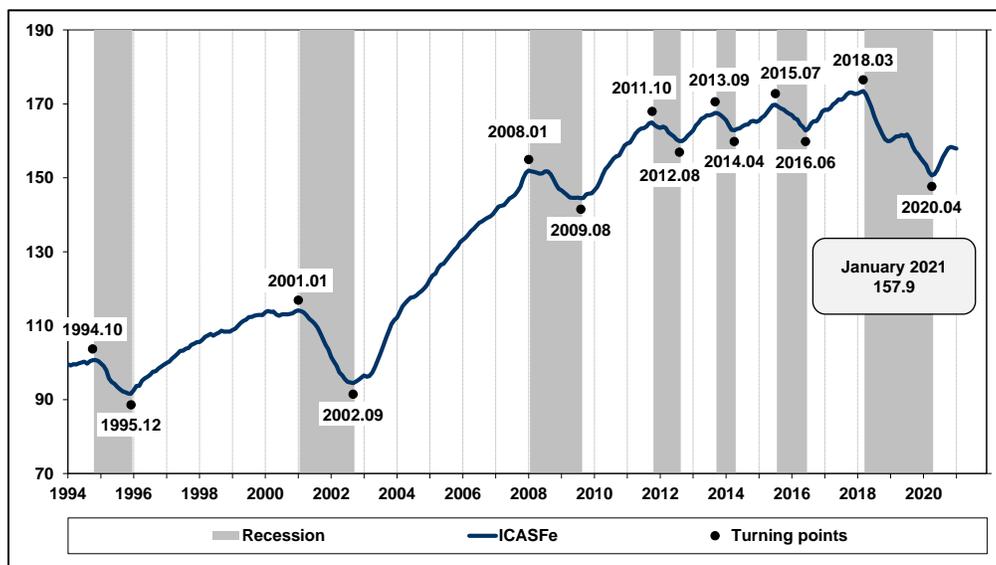


[Bolsa de Comercio de Santa Fe](http://www.bolsa.comercio.com.ar)

Province of Santa Fe's economic activity

In January 2021, the province's economic activity registered a new monthly contraction, presenting a variation rate of **-0.1%**. Within this result, recent economic recovery measured between May and November 2020 is giving place to a renewal of a downward trend's scenario (see Graph 1).

Graph 1: Composite Coincident Index for the Province of Santa Fe (ICASFe). Base 1994 = 100. January 2021.

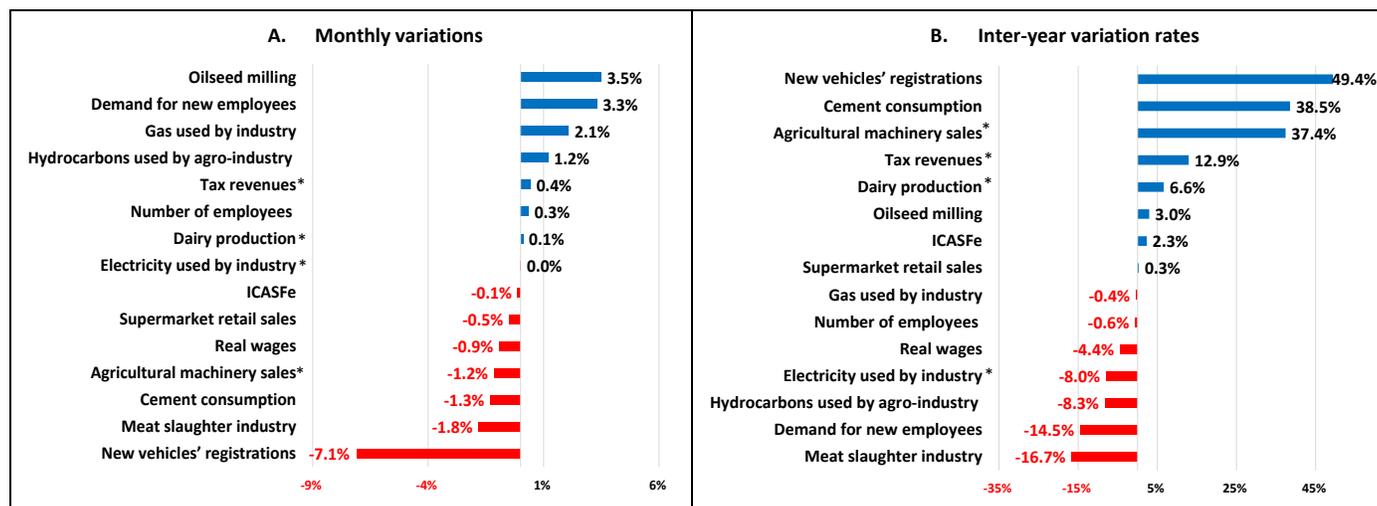


Source: Research and Services Center, Santa Fe's Chamber of Commerce.

Indicator by indicator

In regard to the variables considered by the coincident index, seven sub-indicators presented positive monthly variations in January 2021; one of them remained unchanged, whereas the other signaled declines in terms of December 2020. In respect to January 2021, seven series registered positive rates (see Graph 2).

Graph 2: Economic activity's indicators for the Province of Santa Fe. January 2021.



Last available data from: (*) December 2020. Unavailable data was estimated.

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

Oilseed milling began the year recovering part of 2020's drop, within increases of 3.5 and 3.0%, monthly and interannual respectively. **Dairy production** improved 0.1 and 6.6%. On the other side, **meat slaughter industry** registered falls of **-1.8%** with respect to December, and of **-16.7%** in relation to January 2020. In this context, **hydrocarbons used by agro-industry** obtained a monthly rate of 1.2% but decreased in the interannual comparison (**-8.3%**).

Demand for new employees began the year with a positive monthly rate (3.3%), but remained showing a negative performance in respect to its inter-year benchmark (-14.5%). Moreover, **number of employees** improved slightly compared to December 2020 (0.3%), although the series' inter-year variation was measured in -0.6%. Regarding to **real wages**, purchasing power of formal workers continues to lose against inflation, starting the year within a monthly drop of 0.9%, which implies an inter-year drop of -4.4%.

New vehicles' registrations also registered a fall of 7.1% compared to December, although it recovered 49.4% across the last twelve months. In addition, **cement consumption** signaled a similar behavior, a monthly decline of -1.3% and an improvement of 38.5%, in terms of January 2020. **Agricultural machinery sales** lost 1.2%, cutting down its inter-annual increase to 37.4%.

Industrial energy consumption continues at low levels. **Electricity used by industry**, recorded a null monthly variation and an inter-annual contraction of 8.0%; whereas **gas consumption** increased 2.1% in January.

Regarding to **supermarket retail sales**, the series began the year losing 0.5%, moderating its interannual increase to 0.3%.

Finally, **tax revenues**, in real terms, gained 0.4 and 12.9%, monthly and interannually.

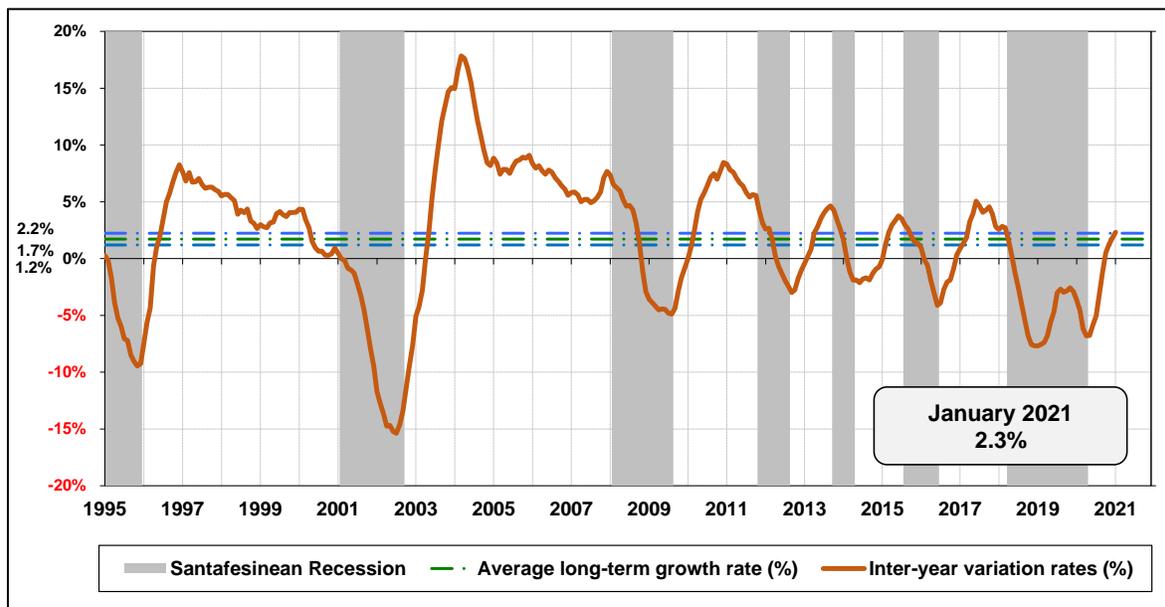
Summary and perspectives

In January 2021, ICASFe's inter-annual variation rates reached 2.3% (see Graph 3). However, these results are still supported by a statistical matter, given that the comparison baseline, January 2020, is identified as a historically low outcome.

In terms of diffusion, certain recovery is observed from indicators related to agro-industry, but on the other hand, variable related to investment in durable goods are rather signaling a contraction (a key issue when thinking about a solid long-term growth). In relationship to the labor market, net total jobs slightly improved in recent months, but this partial recovery was not strong enough to compensate their inter-year contraction. Even less, to redirect a process of labor pauperization that gained strength along with the pandemic. To this regard, purchasing power and real wages are still going down because of inflation, a situation that is reflected in the lack of recovery over consumption.

Briefly, in line within a medium-term scenario of stagnation, short-term results add uncertainty to the recovery that was visualized between May and November 2020.

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



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