

# THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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BCSF

## ICASFe

Base 1994=100

JANUARY 2023

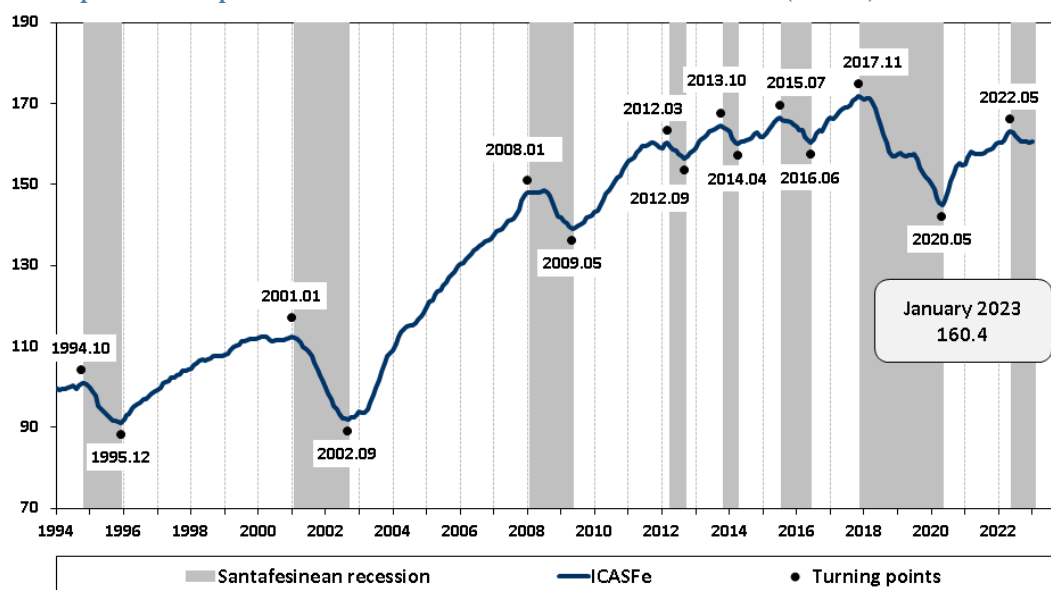
Level: **160.4**

Monthly variation: 0.1%  
Inter-year variation: 0.01%

## Post-pandemic recovery process is getting weaker

Due to macroeconomic context and the beginning of drought's negative effects, a new recessive phase in Santa Fe's economic activity would be confirmed. However, compared to December 2022, the coincident index signaled a slight positive variation of 0.1%.

Graph N° 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.

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### 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 *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>

All series are filtered by seasonality and extreme values, using the X-13 ARIMA-SEATS program of the United States Census Bureau. In addition, information is always presented free of inflationary effects. The last twelve-monthly results exposed in this document are based on preliminary information and hence subject to further revisions.

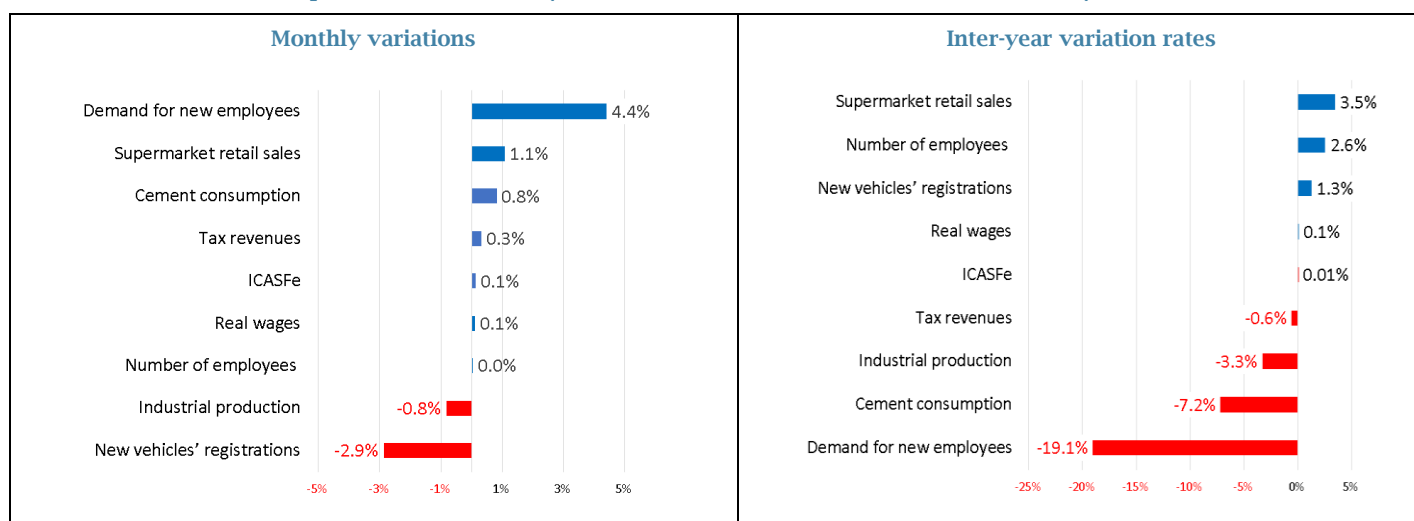
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at [https://www.bcsf.com.ar/ces/pdf/2022\\_Cohan-Zanini.pdf](https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf))

## Santa Fe's economic cycle indicators

Although some series showed improvements in latest measurement, vehicles' registrations and industrial production began the year within a negative performance. In interannual terms, four indicators are below January 2022's level.

From January 2023's measurement, Santa Fe's manufacturing sector (aggregated data) is presented in a single sub-indicator (called Industrial production). Compared to December 2022, the series signaled a negative variation of **0.8%**, accumulating an interannual fall of **3.3%** (methodological information is available in <https://www.bcsf.com.ar/ces/icasfe.php>)

Graph 2: Economic activity's indicators for the Province of Santa Fe. January 2023.



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

**Number of employees** (registered jobs) increased 2.6% in reference to January 2022, achieving a higher level than during previous peak, reached before 2018-2020 recession. Moreover, **demand for new employees** (based on business expectations) raised 4.4% compared to December. However, this series is **19.1%** below its interyear benchmark and employment recovery was practically null in January 2023.

On the other hand, **real wages** of registered jobs obtained a slight positive rate of 0.1% both in monthly and interannually variations, after closing 2022 within a net loss of purchasing power. **Supermarket retail sales**, a representative series of retail trade, registered an increase of 1.1% in January, accumulating an improvement of 3.5% during last year.

Furthermore, a gauge related to durable goods and investment, **new vehicles' registrations**, ranked at the bottom of monthly variation's table within a monthly fall of **2.9%**, after presenting a net increase during 2022's last quarter. Regarding to **cement consumption** in the province, the series increased 0.8% in January, after accumulating a fall of **8.4%** during 2022.

The sub-indicator related to **local tax resources** (in real terms), also experienced an interannual fall of **0.6%**, explained by both a decrease in resources linked to main local tax (gross revenue) and a lower level of federal funds. Despite of this situation, it signaled a slight increase of 0.3% in January compared to December.

## Industrial sector's complementary indicators

Similarly, as in aggregate economy, Santafesinean industrial activity began 2023 in decline. In fact, the IPF (*Índice Industrial de FIEL*) already signaled a preliminary recessive phase dated since past April 2022 (see [http://www.fiel.org/publicaciones/PartesDePrensa/PTE\\_PRENSA\\_1679504067911.pdf](http://www.fiel.org/publicaciones/PartesDePrensa/PTE_PRENSA_1679504067911.pdf))

**Oilseed milling** in the province continued falling down within a decrease of **3.7%** in January, reaching a total decline of **-21.4%** during the last twelve months. In addition, soybean oil exports also decreased by **4.7%** in terms of December 2022.

**Meat slaughter industry** achieved a positive monthly variation in January (+0.7%), but estimations for February already indicate a further contraction of **1.5%**. In an interannual comparison, this series kept improving but around a very particular context. **Dairy production** presented a slight increase of 0.4% in relation to December 2022, but in inter-year terms, it remains in negative territory.

**Hydrocarbons used by agro-industry** (except naphtha and fuel oil) in Santa Fe registered a slight negative monthly variation (-0.6%), after closing 2022 within a monthly average of -0.3%. Moreover, interannual rates for January stayed in negative territory (-5.1%), being the sixth consecutive negative variation.

Lastly, **gas used by industry** in the province of Santa Fe registered a negative seasonally adjusted monthly rate of around -3.8% in January, and a practically null monthly average (0.1%) for last year's measurements.

### Summary and perspectives

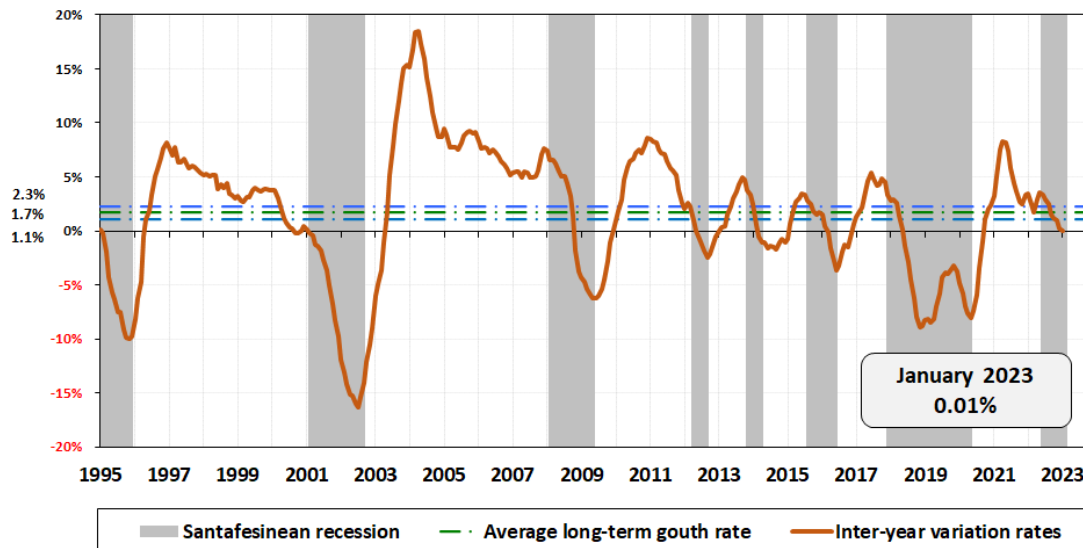
Coincident index's interannual variation rates were located closed to zero in January 2023, indicating economic activity is basically at the same level it was in January 2022. To this regard, local results are actually in line within national macroeconomic imbalances, which characterized 2022's 2nd semester.

The presence of a peak (relative maximum) in May 2022 technically implies the beginning of a new recession in Santa Fe's economy. In fact, although the emergence of the contractive phase is still incipient, implications are rather significant considering present scenario.

Giving the relevance of agricultural and agro-industrial activities in Santa Fe's economy, it should be noted that region's drought has not yet fully impacted over activity's data. The issue has been already mentioned in previous reports, as we informed an alert over profits due to production activities, based on lower incomes and higher costs. But unfortunately, negative effects are going to strongly increase, as primary production problematic start spilling over other sectors such as trade, services and construction. In addition, regarding to national scenario, restrictions over imports (due to the shortage of foreign currency reserves) will continue to affect all economic activity branches. All this, in an inflationary context where last official measurements showed an interannual consumer price index increase of 102.5%.

In this context, and internalizing both domestic and international's 2023 perspectives, we understand that recession could extend throughout first semester, even in an election year.

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



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

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