

THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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BCSF

ICASFe

Base 1994=100

MARCH 2023

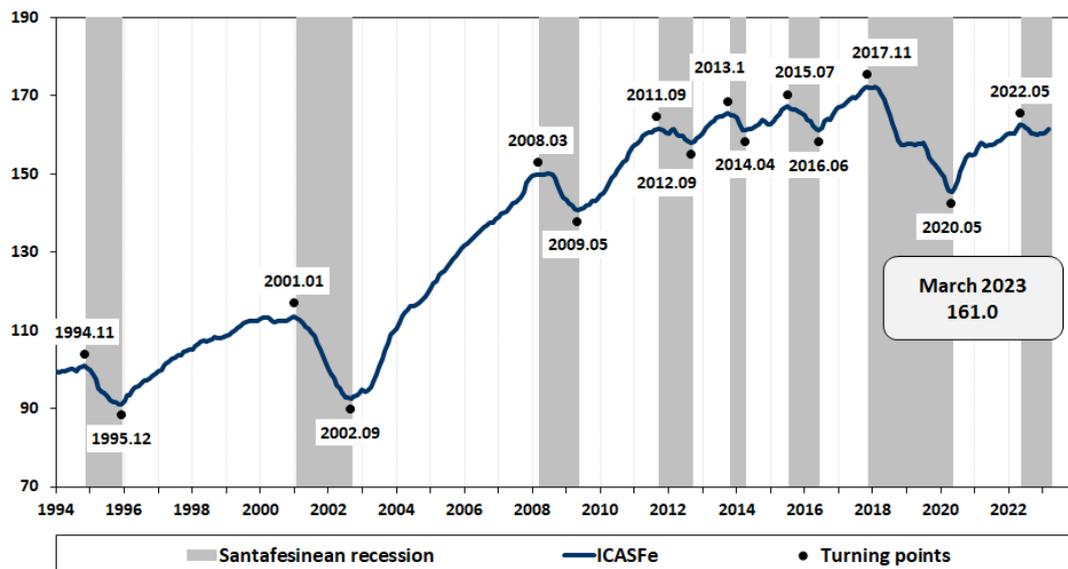
Level: 161.0

Monthly variation: 0.3%
Inter-year variation: 0.4%

Favorable results in the middle of recession

ICASFe index registered a slight increase both in March and during 2023's first quarter. Despite this, conditions are not encouraging enough to expect of a new turning point in a short-term horizon.

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.

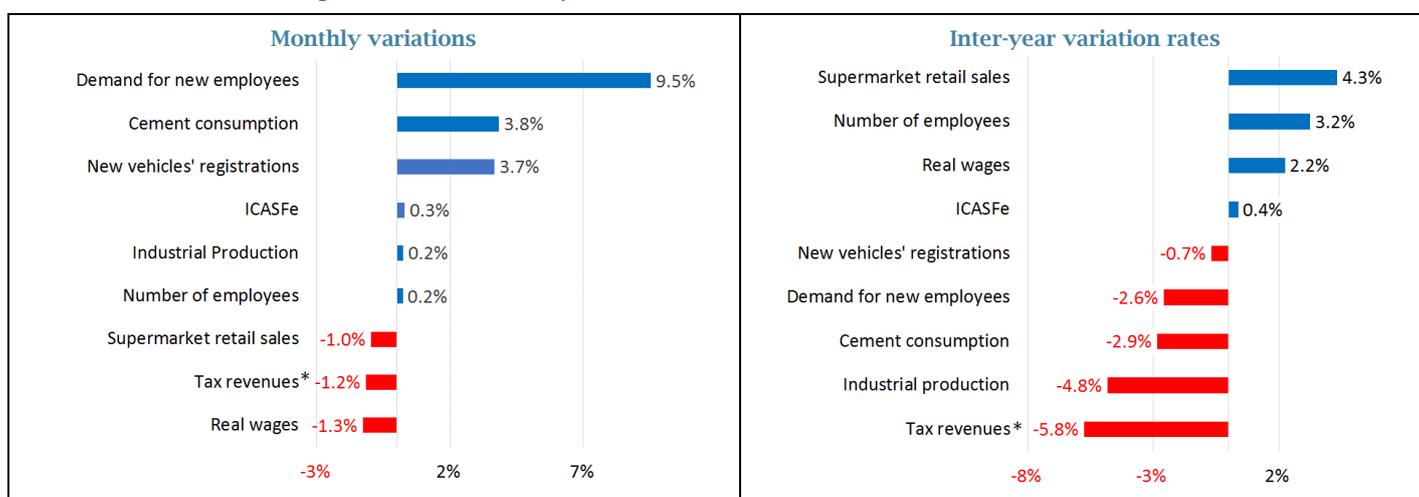
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf)

Santa Fe's business cycle indicators

Five of eight sub-indicators included in the coincident index presented positive monthly variations. However, negative rates predominated in interannual terms.

Number of employees (registered jobs) signaled a monthly rate of 0.2% in March 2023, continuing the recovery process registered since July 2020. This performance implied an increase of 3.2% in annual terms. Business expectations to increase personnel (**demand for new employees**) also obtained favorable results compared to February (+9.5%), although the series remains in a negative path considering year-on-year comparison (-2.6%, Mar 2023/Mar 2022). It should be noted that this sub-indicator is very volatile in its monthly behavior and, unlike number of employees, it is below post-pandemic recovery's level.

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



(*) Latest data available: February 2023. Missing figures were estimated.
Source: Research and Services Center, Santa Fe's Chamber of Commerce.

On the other hand, **real wages** of registered jobs experienced a monthly decrease of 1.3% between February and March, while in the inter-year comparison it registered an increase of 2.2%. A similar behavior was presented by **supermarket retail sales**, within a monthly contraction of 1.0%, indicating an interruption of its recovery from previous five months. To this regard, both series showed a relative maximum at the beginning of 2018, then a significant drop during 2018-2020's recession, a situation that could not be surpassed during post-pandemic scenario. The first series is more than 17 percentage points (pp) from maximum referred to, while for the second, the distance is 13 pp. In addition, it should be noted that inflation has already accumulated 20.0%, within an inter-year rate computed around 104.2%.

In regard to series related to investment in durable goods, **cement consumption** in province, an indicator associated with construction sector, experienced a monthly increase once again, in this case of 3.8%. Despite this, the sub-indicator remained below previous year's benchmark (-2.9%). For its part, **new vehicles' registrations** improved 3.7% in March, which reduced its inter-year decrease to -0.7%.

Moreover, **industrial production** registered a slight increase of 0.2% between February and March 2023. This is explained by growth verified in some branches, among which, *Base metals* production stands out, due to importance that covers within industrial framework and, secondly, *chemical substances and products*. The following section details other relevant issues related to manufacturing performance.

Finally, the sub-indicator related to **local tax revenues** (in real terms), registered its ninth negative monthly rate, in this case of -1.2%, which places it 5.8% below March 2022's level.

Industrial sector's complementary indicators

Hydrocarbons used by agro-industry (except naphtha and fuel-oil) in Santa Fe's province had a seasonally adjusted monthly drop of 2.5% in March, accumulating a significant decrease during last four months (-8.0%). Likewise, it continues to fall in year-on-year terms: -11.6%. These results were based on lower agricultural and agro-industrial activity.

Furthermore, **oilseed milling** in Santa Fe registered its sixteenth negative monthly variation, being **-0.8%** in April. Compared to April 2022, the decrease was around **-26.0%** (April 2023/April 2022). Soybean oil exported tons, fell by **22.2%** during the first four months of the year, compared to the same period in 2022; whereas sunflower oil exports did so by **25.7%**.

Meat slaughter industry at the province grew by 1.7% in April compared to March, registering an improvement in the inter-year comparison of 7.4% (April 2023/April 2022). According to data published by the Chamber of Industry and Commerce of Meat and Derivatives of the Argentine Republic (CICCRA), during this month female's participation in total slaughter reached a peak of 50.2%. As regarding to pigs, a practically null monthly rate was registered, whereas year-on-year increase was 2.7%. During last April, **dairy production** registered a monthly increase of 0.7%, and an inter-year of 1.4%.

Summary and perspectives

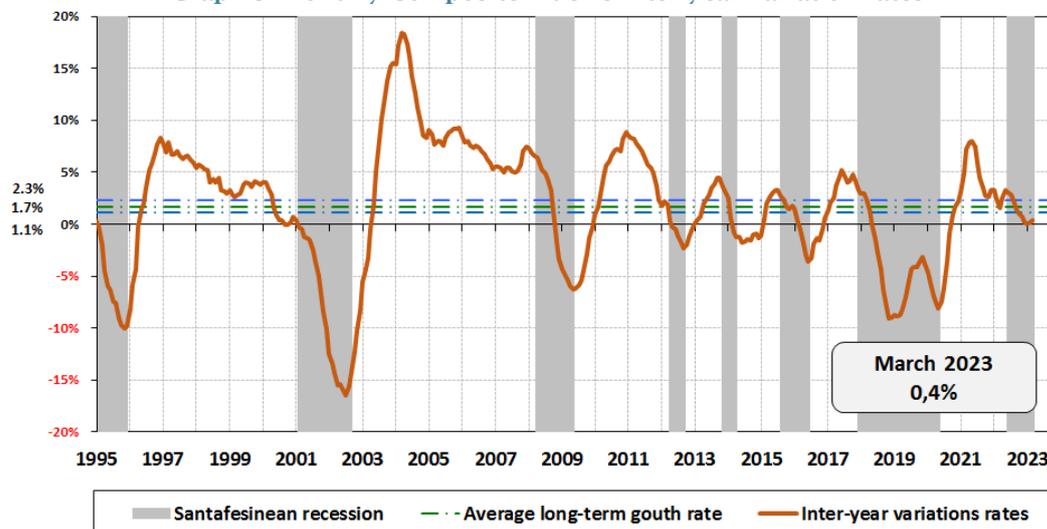
In March 2023, Santa Fe's economic activity registered an inter-year variation of 0.4%. This improvement allowed first quarter's results to continue in positive path, although below its long-term confidence band.

To this regard, there are some elements to highlight from current recessive period. First, there has been no interruption in registered net job creations (which began in 2020). Moreover, some series have shown an incipient recovery in recent months, such as construction industry and new vehicles' registrations. These series' performance depends on prevailing macroeconomic conditions, which deserve permanent attention in the current complex and changing context, in order to forecast their behavior for subsequent periods.

Another essential aspect is that, during March, indicators whose performance is directly impacted by inflation signaled new alerts (wages and retail consumption). In the same direction, another crucial fall was registered in resources available for provincial administration.

In summary, March's favorable data interrupted a negative path observed since May 2022; but this was not strong enough to think of a nearby turning point. Especially, taking into account the effects of Santa Fe's recent drought that will continue impacting over second quarter's results; plus an unfavorable national and international macroeconomic context.

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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