

# THE PROVINCE OF SANTA FE'S ECONOMIC DIGEST

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## ICASFe

Base 1994=100

MAY 2023

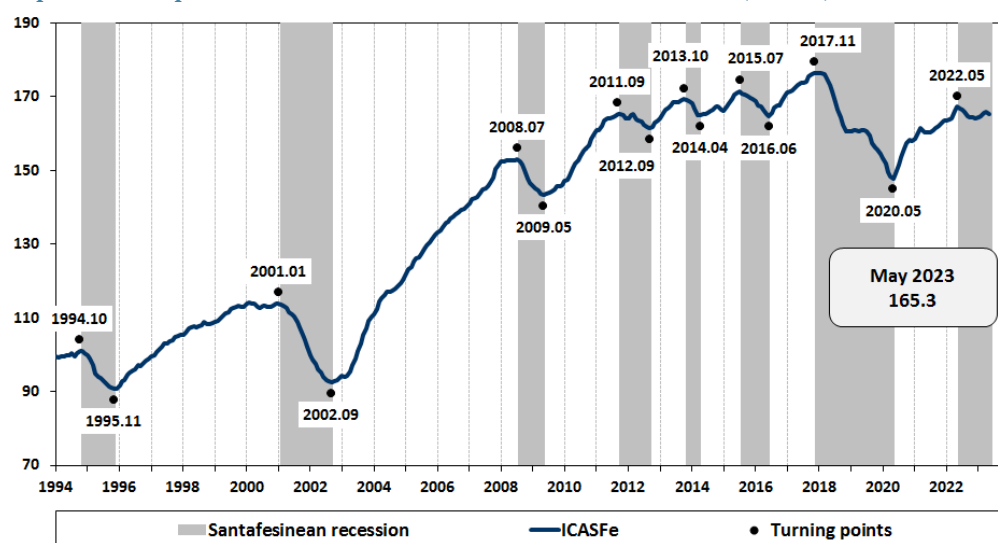
Level: 165.3

Monthly variation: -0.3%  
Inter-year variation: -1.1%  
5 months' accumulated: 0.6%

## By May 2023, the recessive phase was consolidated

One year after the beginning of the current recession, Argentinean macroeconomic scenario and the drought experienced by the region sharpened the trend. Provincial economic activity accumulated an annual drop of **1.1%**.

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.

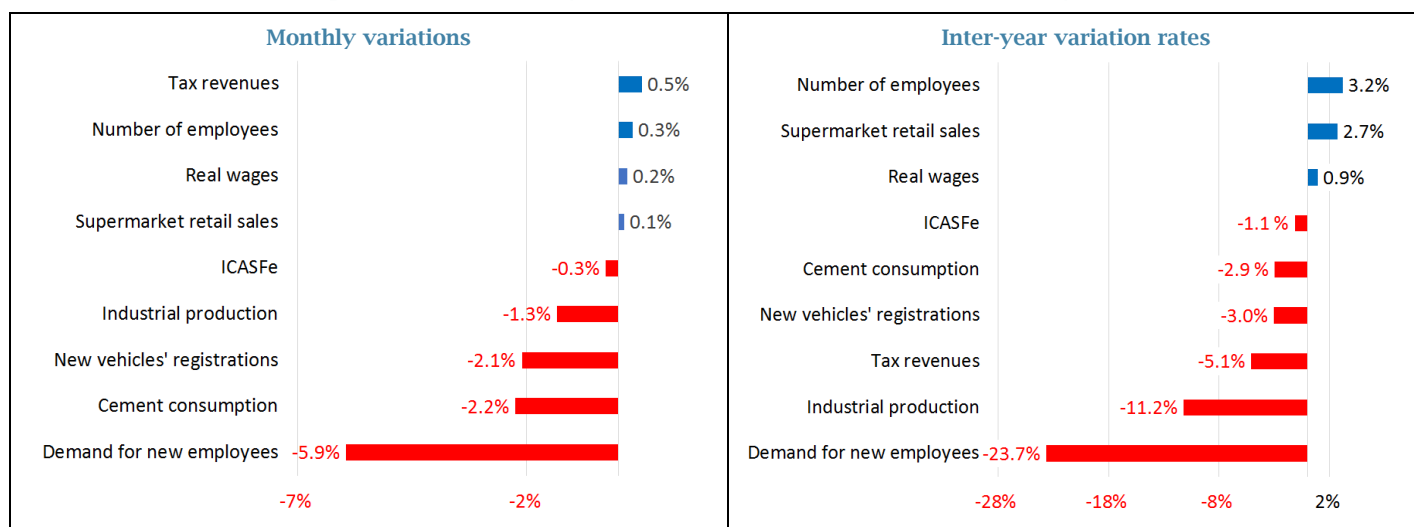
As of publication No 3, Year 17, improvements in data's structure were incorporated in order to gain precision over the industrial production component (see academic document at [https://www.bcsf.com.ar/ces/pdf/2022\\_Cohan-Zanini.pdf](https://www.bcsf.com.ar/ces/pdf/2022_Cohan-Zanini.pdf))

## Santa Fe's business cycle indicators

In May, sub-indicators within favorable contributions to ICASFe's monthly results were reduced. Therefore, negative rates predominated on interannual variations' table.

**Number of employees** (registered jobs) signaled a monthly increase of 0.3%. Moreover, the series achieved a year-on-year growth of approximately 3.2%. By the contrary, after four months of consecutive monthly increases, business expectations to increase personnel (**demand for new employees**) experienced a fall of **-5.9%** during May. Within this result, their interannual decline reached **-23.7%** (May 2023/May 2022).

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



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

**Real wages** of registered jobs obtained a slight monthly increase of 0.2%. This improvement is mainly explained by the expansion of total number of jobs, whereas wages continue to lose purchasing power. On the other hand, **supermarket retail sales** also showed a mild monthly improvement of 0.1%, after two consecutive falls. It should be noted that the series keeps failing on taking off significantly, and it is still 13 p.p. below its peak, reached before 2018.

After four consecutive increases that indicated an incipient recovery, **cement consumption** in the province, an indicator associated with the construction sector, obtained a monthly rate of **-2.2%**. This implied a cumulative drop of **2.9%** during the last twelve months. In addition, **new vehicles' registrations**, another indicator of durable goods' consumption, shows a clearly oscillating behavior. Particularly in May, the gauge declined **2.1%**, which implied an inter-year fall of **3.0%**. Moreover, second hand vehicles' transfers experienced a similar performance.

In regard to **industrial production**, the series verified a monthly drop of **1.3%** in May, accumulating a total contraction of **11.2%** during last year. The following section details particular aspects that allow a full-scale analysis of the manufacturing sector evolution.

Finally, estimations related to **local tax revenues** indicate a monthly increase of 0.5% in May, pushed forward by three consecutive monthly increases over Gross Income Tribute (the most representative local tax), and improvements on federal resources. However, the series accumulates a fall of **5.1%** during last year (May 2023/May 2022).

## Industrial sector's complementary indicators

Seasonally adjusted data for oilseed milling in the province, presented a new monthly decrease in June 2023 (**-0.4%**), after two consecutive monthly increases. It is worth noting that the series accumulated an interannual drop of **23.9%**, in line with 2022/23's soybean campaign; which finished within an inter-year production decline of around **51.2%**.

For bovine and swine slaughter industry, the last two monthly variations were negative, being the corresponding to June, of **-0.6%** and **-0.1%**, respectively. This behavior is generating an important change in both series' silhouette. In particular, pigs' segment presented a peak in October 2022, after three and a half years of growth.

Dairy production data for the first semester of the year also shows a downward turn, a practically null variation in June, and an accumulated annual fall of **-1.1%**.

Hydrocarbons used by agro-industry (except naphtha and fuel-oil) in Santa Fe's province presented a monthly decrease of **3.9%** during June, accounting the aggravated context that face agricultural and agro-industrial activities. The series' cumulative annual drop amounts to **11.2%**.

Finally, industrial energy consumption presented positive monthly variations of 0.4 and 1.6% in May and June, respectively. Nevertheless, the series is located **-4.9%** below its inter-year benchmark.

### Summary and perspectives

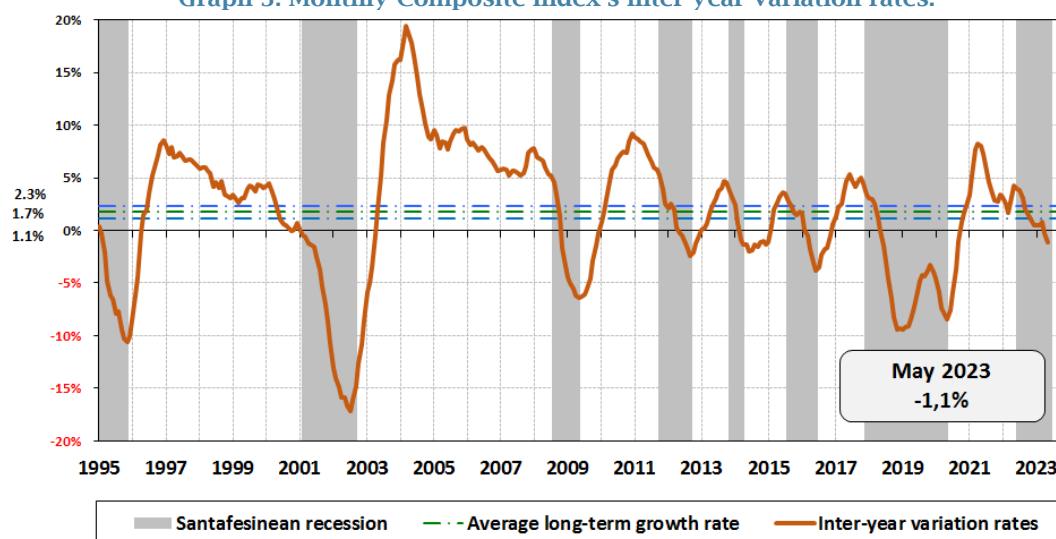
One year after the beginning of a certainly moderate recession, coincident index' interannual variations went into negative territory, signaling a contraction of **-1.1%** (see Graph 3).

This scenario responds fundamentally to a negative propagation that affects the industrial sector in general, and agro-industrial activities in particular, as a result of the unfavorable national macroeconomic context, as well as the significant drought experienced by the main productive areas of the country. In addition, improvements from durable consumption indicators have also stagnated.

Among sub-indicators that are still reducing contraction's amplitude, employment levels are on top of the ranking, presenting a solid growth despite the recessive context. According to data reported by official sources, this phenomenon is mainly sustained by industrial activities, commerce and services; at least until the first quarter of the year. On the other hand, total wages oscillate between negative and positive monthly variations, accumulating a practically null result on interannual terms. Furthermore, supermarket retail sales, although positive, registered a significant slowdown during the first five months of 2023.

Regarding to perspectives, the next few months will continue to incorporate a negative effect from lower agricultural activity. If employment variables become contagious, and the recession spreads to the entire industrial framework, it will be extremely difficult to evolve to a more optimistic scenario in the short-term.

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



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

### Santa Fe's Chamber of Commerce

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Escribano Martín Vigo Lamas

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