

Latam Daily: Chile's Third Quarter GDP, Pensions Bill

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CHILE: THIRD QUARTER GDP UP; CONGRESSIONAL MIXED COMMISSION DISCUSSES REVISIONS TO PENSIONS WITHDRAWAL BILL

I. GDP grew 17.2% in Q3-2021, as expected

On Thursday November 18, the central bank [released](#) GDP growth for Q3-2021, which was 17.2% y/y (4.9% q/q), without relevant changes compared to the preliminary figures. We anticipate some adjustments in the BCCh's projections during the next *Monetary Policy Report* (December 15), moving closer to our baseline scenario, mainly on inflation and GDP growth. As a reminder, we expect an increase of 7.0% y/y in the CPI to December of this year, and 4.5% y/y for the end of 2022. Also, we forecast a GDP growth of 12% for 2021 and no less than 4.5% for 2022, taking into consideration a fourth withdrawal of pension funds.

II. Congressional mixed commission started discussing the pension fund withdrawal

On Wednesday, November 17, the appointed mixed legislative commission of deputies and senators held its first meeting to discuss the bill that would allow a fourth withdrawal of pension funds. The meeting ended without agreement on when a vote would be held. However, the members defined nine key discussion points needed to reach approval in both Houses. Those, as expected, are related to introducing some restrictions to the bill, such as a reduction in the maximum withdrawal amount; income tax on withdrawals; divide the benefit in two payments; an agreement to ensure this is the last withdrawal, among others.

It should be noted that the mixed commission is formed by six parliamentarians of opposition parties and four from government parties. We believe it is likely that the fourth withdrawal of pension funds will be approved, probably after the first round of the presidential election. In that case, the left's presidential candidate, Mr. Gabriel Boric, would likely leverage the bill as a campaign issue.

—Anibal Alarcón

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