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## Latam Daily: Chile's MoF Revises GDP Growth Up

- **Chile: Ministry of Finance raises GDP growth forecast for 2022**

### CHILE: MINISTRY OF FINANCE RAISES GDP GROWTH FORECAST FOR 2022

On Tuesday, July 12, the Ministry of Finance (MoF) published its Public Finance quarterly report, corresponding to the second quarter of 2022. A key change from the last report is the upward revision in GDP growth for 2022, which increased from 1.5% in April to 1.6%. According to the MoF, the main driver of projected economic growth this year will be the resilience of private consumption, which during the first half of this year was higher than anticipated. In contrast, the MoF projects a GDP contraction of 0.1% for 2023 (compared to +0.4% in the April projection), based on lower private consumption owing to the reduction in household liquidity, higher inflation, and lower annual real wage gains. **At Scotiabank Economics, we expect GDP to expand 2.1% in 2022 and decline 0.9% in 2023.**

The MoF projects an improvement in the effective fiscal deficit from 1.7% to 0.1% of GDP for 2022, thanks to higher revenues than projected for income taxes, higher inflation, and the depreciation of the Chilean peso (CLP). Likewise, the structural fiscal deficit is projected to improve to 1.3% of GDP (compared to 3.3% of GDP in the April projection), while gross public debt is expected to decline from 38.8% of GDP to 38.0%. For the long term, the government's fiscal commitment implies convergence to a structural fiscal deficit of 0.3% of GDP by 2026 (consistent with an effective fiscal deficit of 0.7% of GDP), considering a prudent level of gross public debt of 45% of GDP. The MoF also projected a positive fiscal slack until 2026.

—Anibal Alarcón

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