Tracking activity: high frequency indicators

Anibal Alarcón

Waldo Riveras

Jorge Selaive

Updated February 17, 2022

Scotiabank

Key messages

- **GDP growth in 2022 will be the second-highest of the last 10 years. We estimate an expansion between 3.5% and 4.5% with upward bias. Even with the relevant political uncertainty coming from the constitutional process, strong consumption and resilient investment will go over Central Bank (and consensus) baseline scenario. Adjustment to long-run tendency will occur in 2023.** GDP expanded 12% in 2021, in the upper part of Central Bank´s baseline scenario. For January, we are forecasting monthly GDP growth between 11 and 12% y/y (+0.8/1.7 m/m).

- **Purchases with credit and debit cards remain remarkably strong in January and February.** Restaurants, hotels and consumption services showing relevant recovery, while Department stores continue to benefit from high liquidity. **We forecast Retail Sales expanding 20% y/y in January and in the range of 10 to 15% y/y in February.**

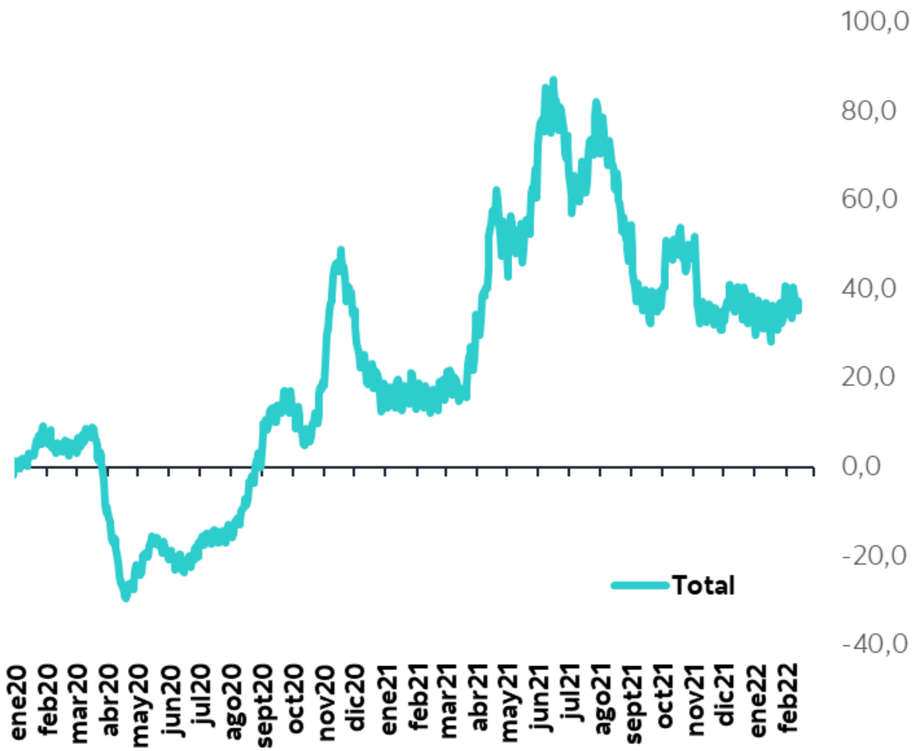
- **Banking credit lost dynamism in January**. Unsecure consumer and mortgage loans showed weakness amid rising interest rates and still ample liquidity in household´s pockets and firms´ balance sheets. Universal Pension is just another ingredient for consumption dynamism adding 0.3 pp of GDP growth to 2022 according to our estimates.

- **Central Bank will correct its baseline scenario for 2022 increasing inflation to the range 5.0/5.5% (from 3.7%). We expect MPR to reach 7.0/7.5% during the first semester with no cuts the rest of the year. CB will prefer to keep the MPR markedly above the neutral rate instead of fine tuning the withdrawal of monetary stimulus.** The integral of withdrawal of monetary stimulus will be the same but with better communication to market participants compared with the alternative of MPR reaching 8% with later cuts in 2022.

Private consumption remains strong. We still do not see a slowdown in consumption beyond what is seasonally expected.

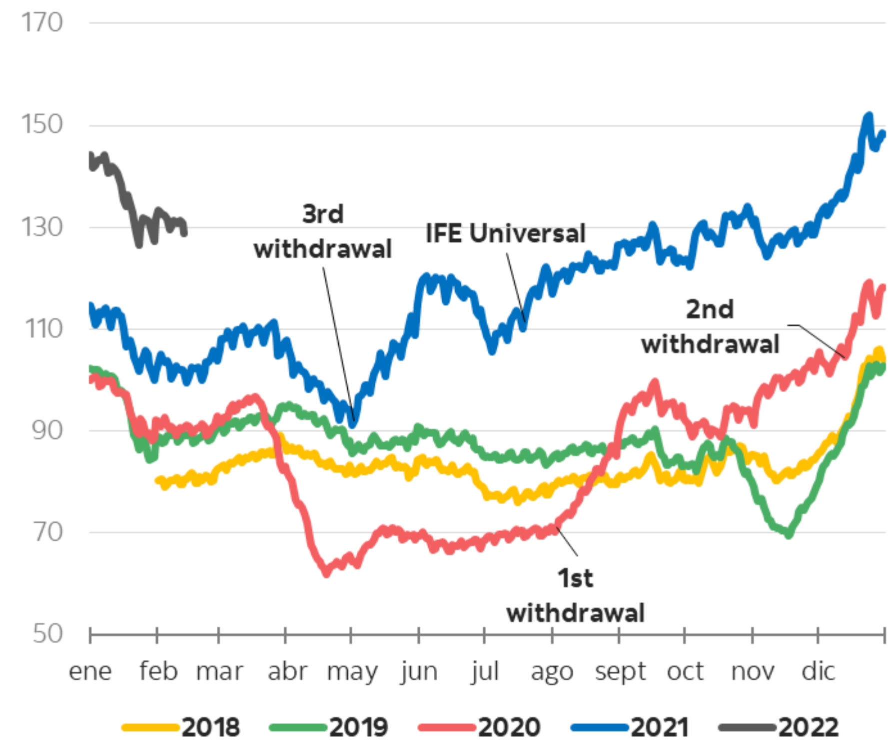
Annual growth of purchases with cards*

(percentage, annual growth, 30-day moving average, up to Feb. 14)



Level of purchases with credit & debit cards*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



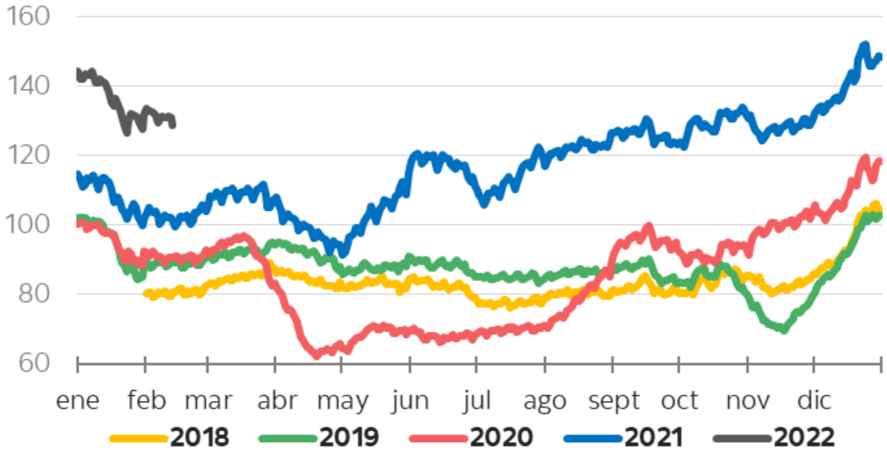
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.

Source: Scotiabank Economics

Superb performance in Department Stores and stabilization in Supermarkets

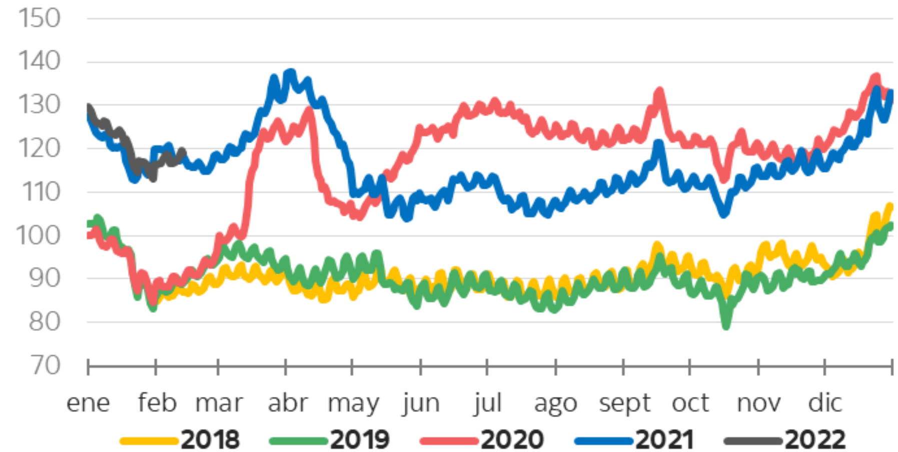
Total purchases*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



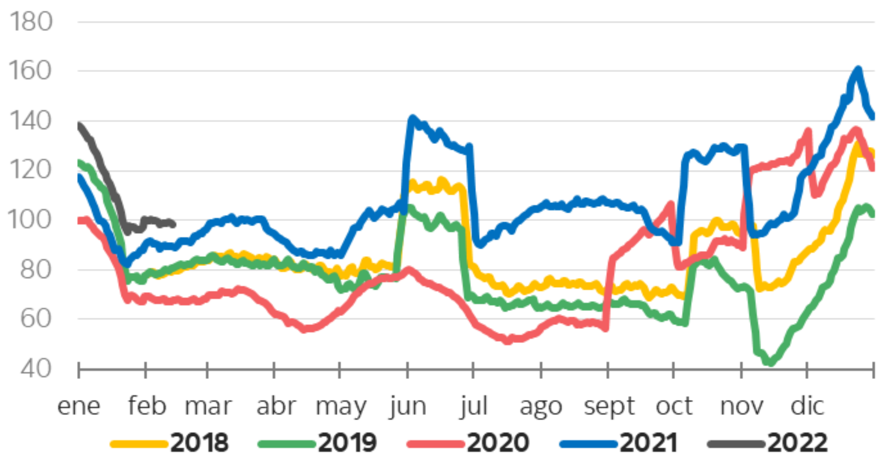
Supermarkets*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



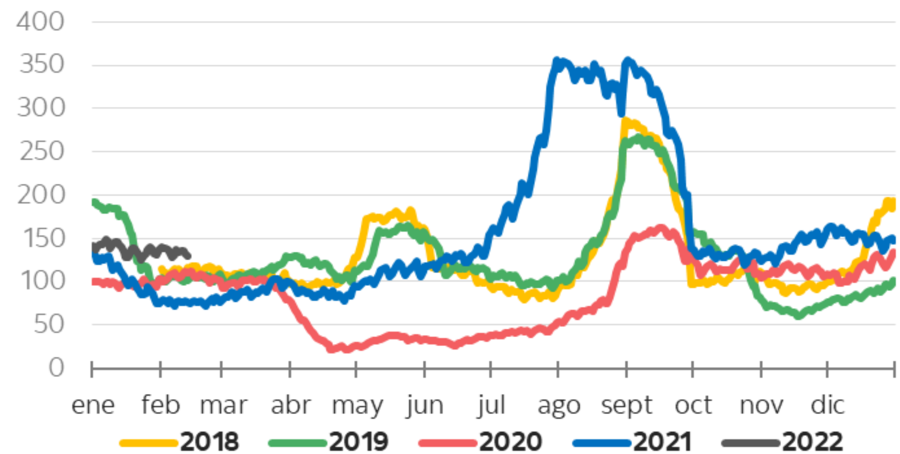
Department stores*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



Vehicles*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)

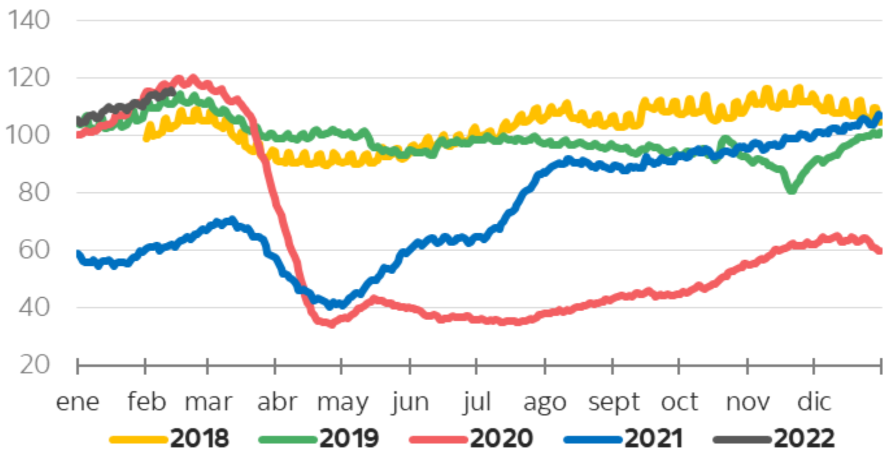


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Services (specially, restaurants and travels) show greater dynamism in Feb.

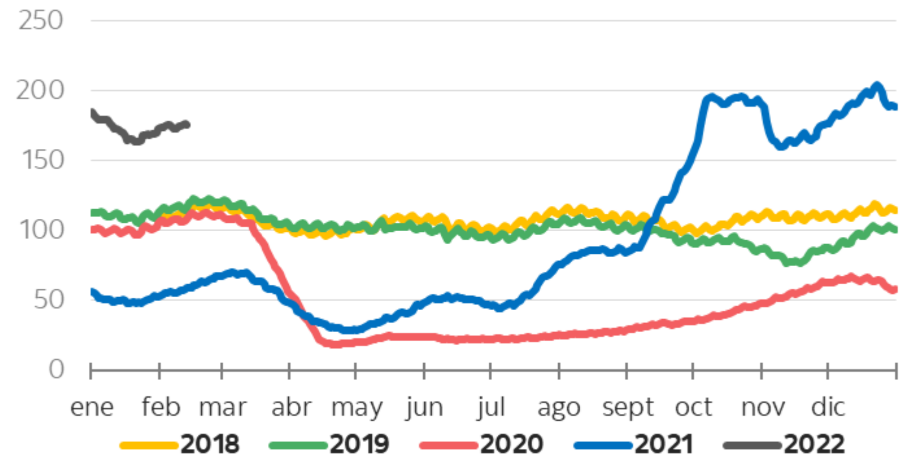
Fuels*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



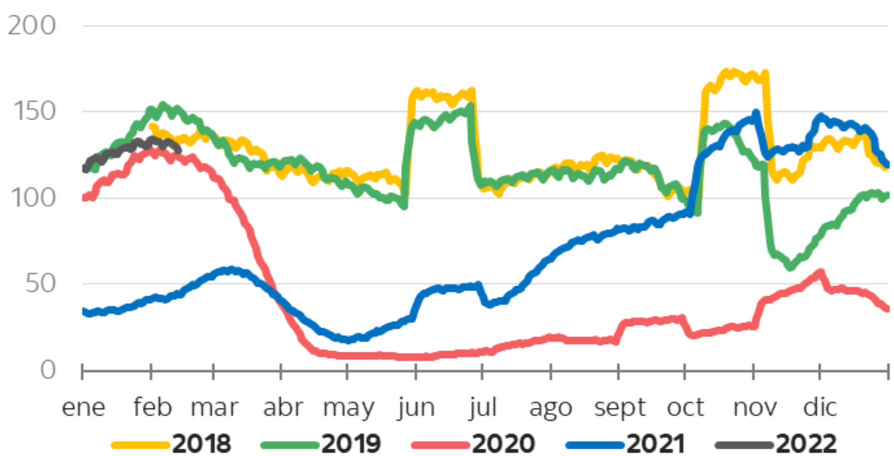
Restaurants*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



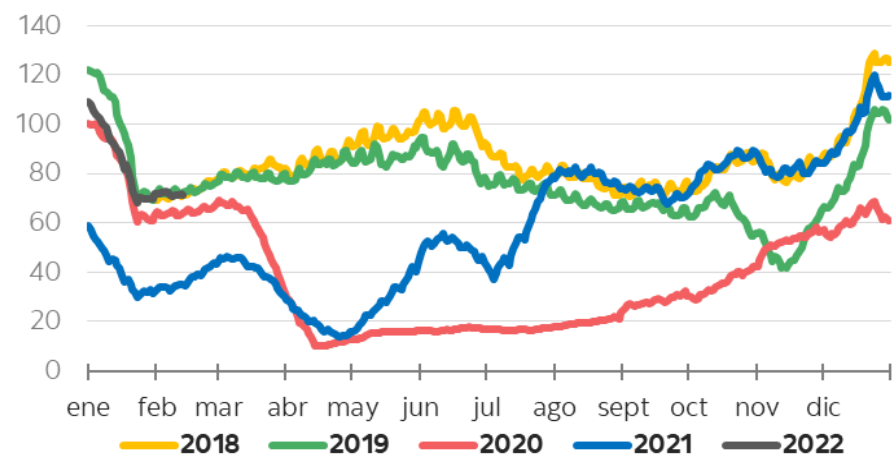
Tourism travel*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



Clothing and footwear*

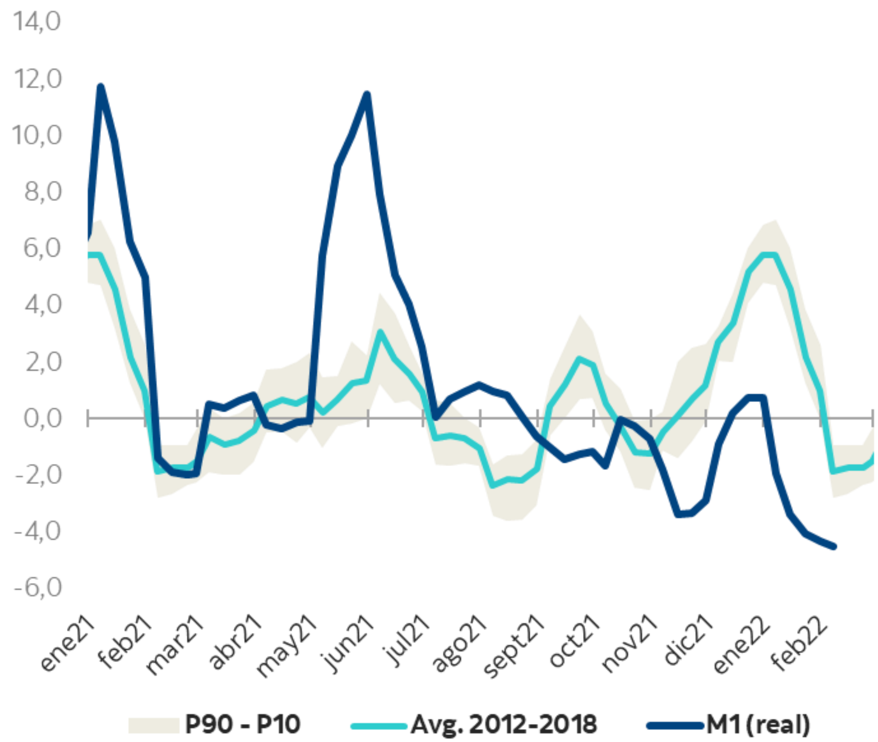
(level, index 1-Jan-2020=100, 30-day moving sum, up to Feb. 14)



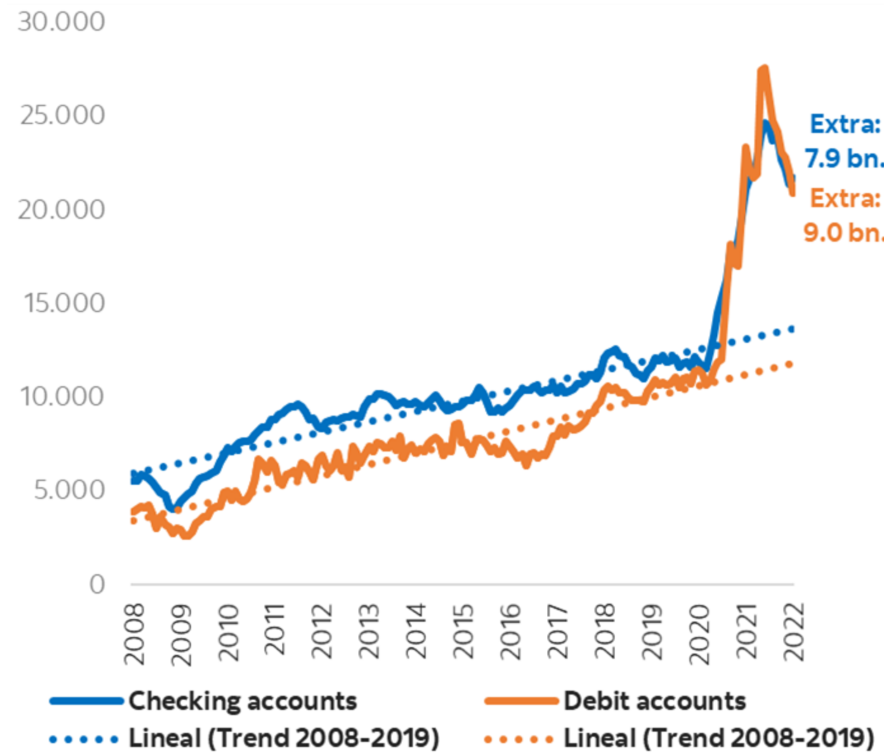
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Liquidity is normalizing in last months, but there is still USD 17 billion in checking and debit accounts that will allow a smooth deceleration of private consumption. On top of that, the Universal Pension will add close to USD 1.5 bn. to high propensity to consumption households' pockets in 2022.

Monthly dynamism of M1
(percentage, real monthly growth, weekly data)



Liquidity in non-remunerated accounts
(millions of USD, natural persons, as of January 2022)



Source: Central Bank, Scotiabank Economics

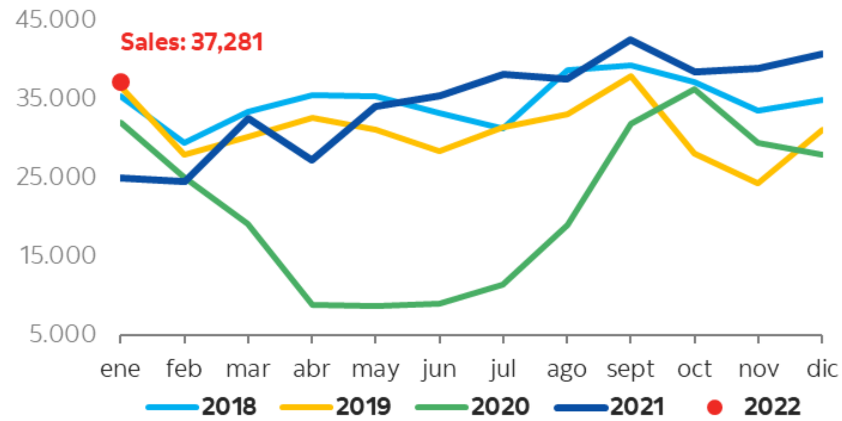
Retail sales expanding two-digits: we forecast an expansion of 20% y/y in January. Strong demand for durable goods with car sales hitting records (37,281 units).

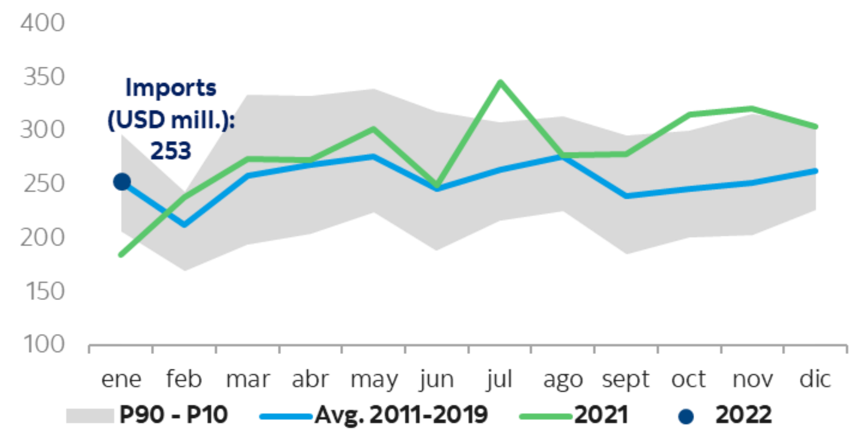
Retail sales (INE) vs Transactional data*

(percentage, annual growth)

New cars: sales & imports

(**Sales**: units per month; **Imports**: USD millions)





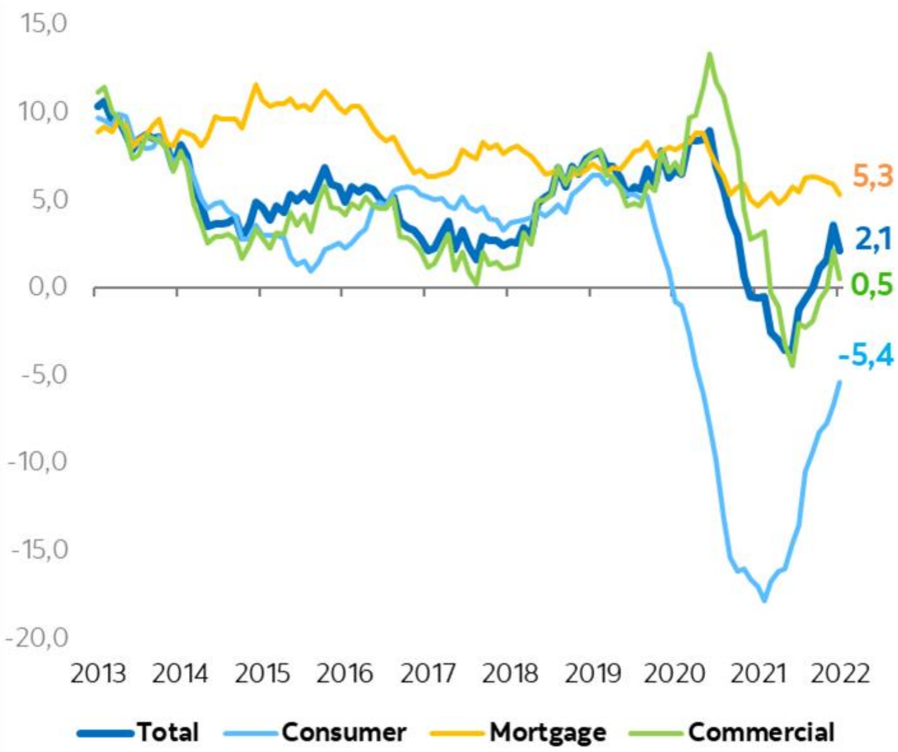
* This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.

Source: National Bureau of Statistics (INE), ANAC, Central Bank, Scotiabank Economics

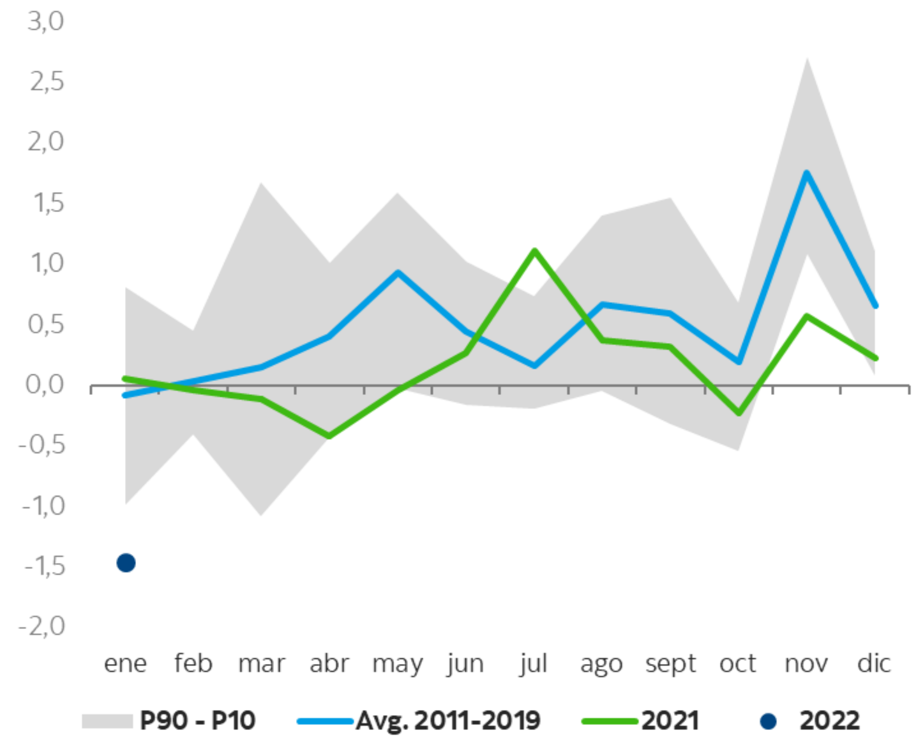
Scotiabank

Total loans lost dynamism due to the monthly drop in commercial loans. Still ample liquidity in firms' balance sheets

Loans by segment
(percentage, real annual growth)



Monthly dynamism of commercial loans
(percentage, real monthly growth)

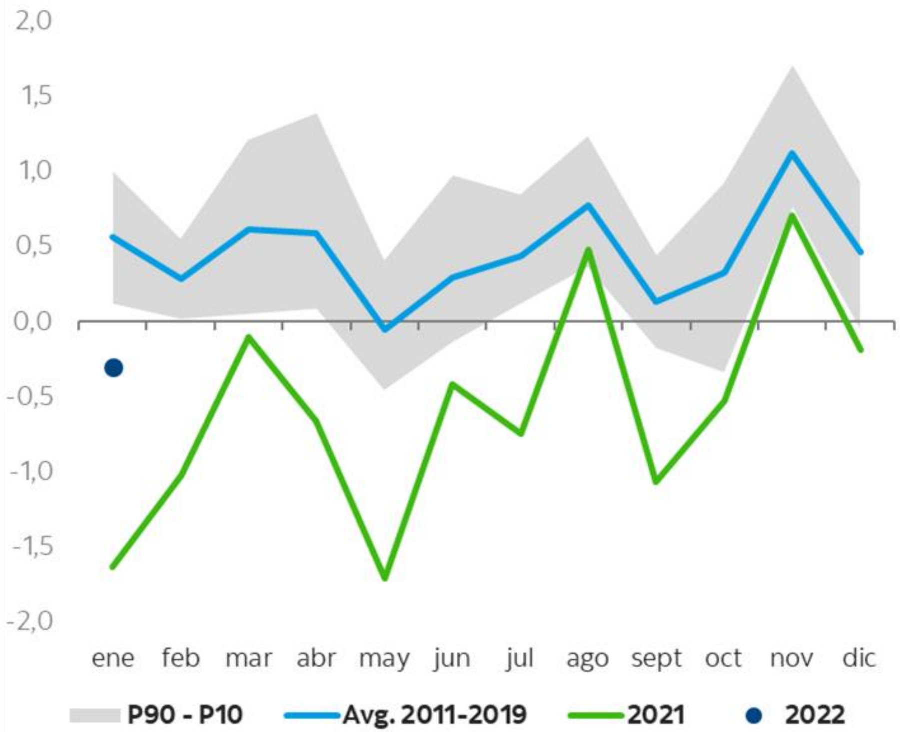


Source: Central Bank, Scotiabank Economics

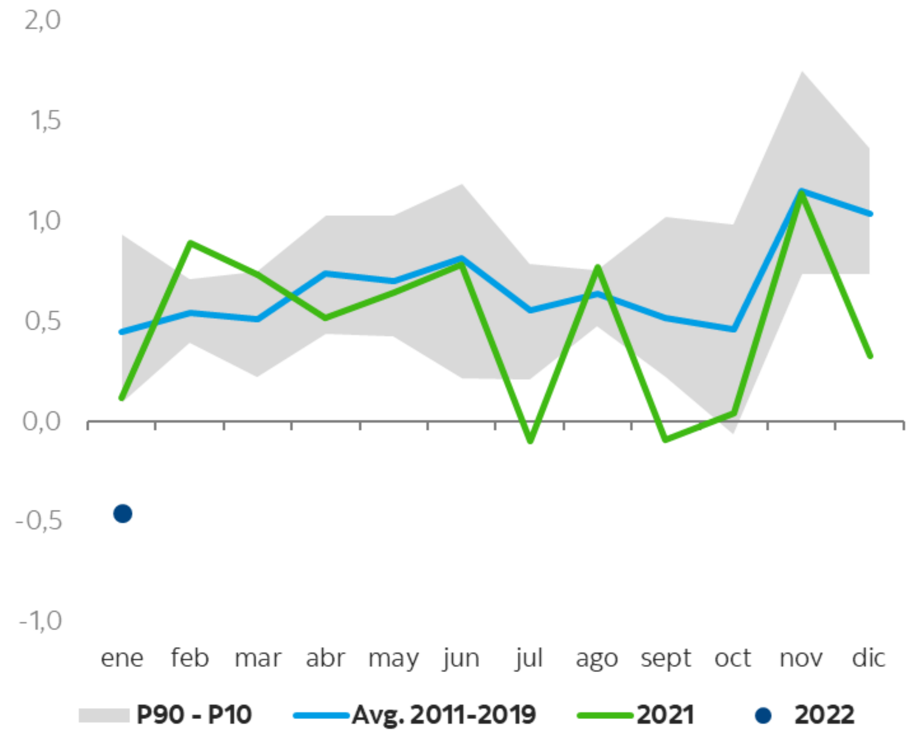
Scotiabank

Unsecured consumer and mortgage loans show weakness amid rising rates and widespread liquidity.

Monthly dynamism of consumer loans
(percentage, real monthly growth)



Monthly dynamism of mortgage loans
(percentage, real monthly growth)

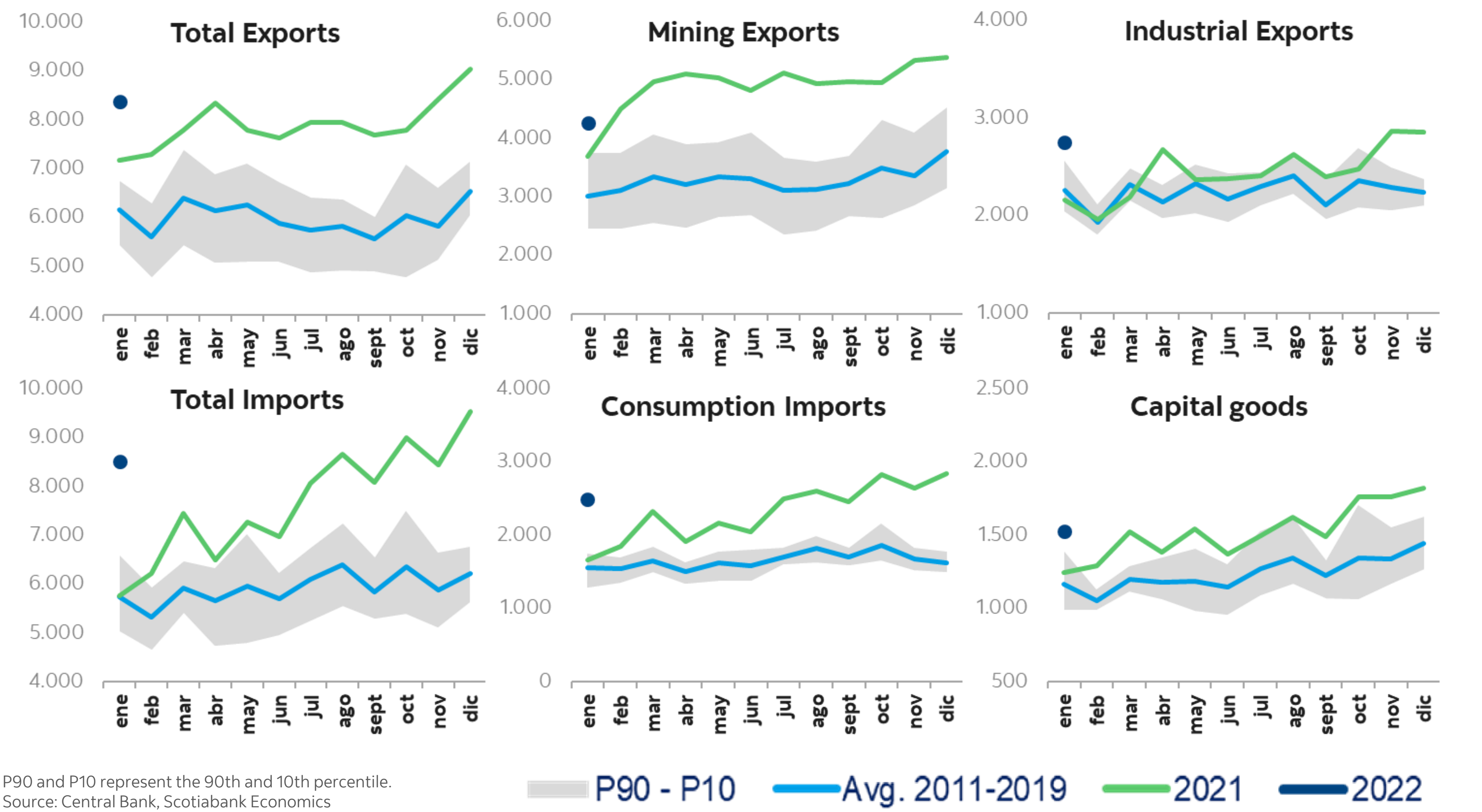


Source: Central Bank, Scotiabank Economics

Scotiabank

Strong recovery in exports. Inventory replenishment continues and capital goods imports remain very solid.

Monthly flow of Exports and Imports
(level, USD millions per month)

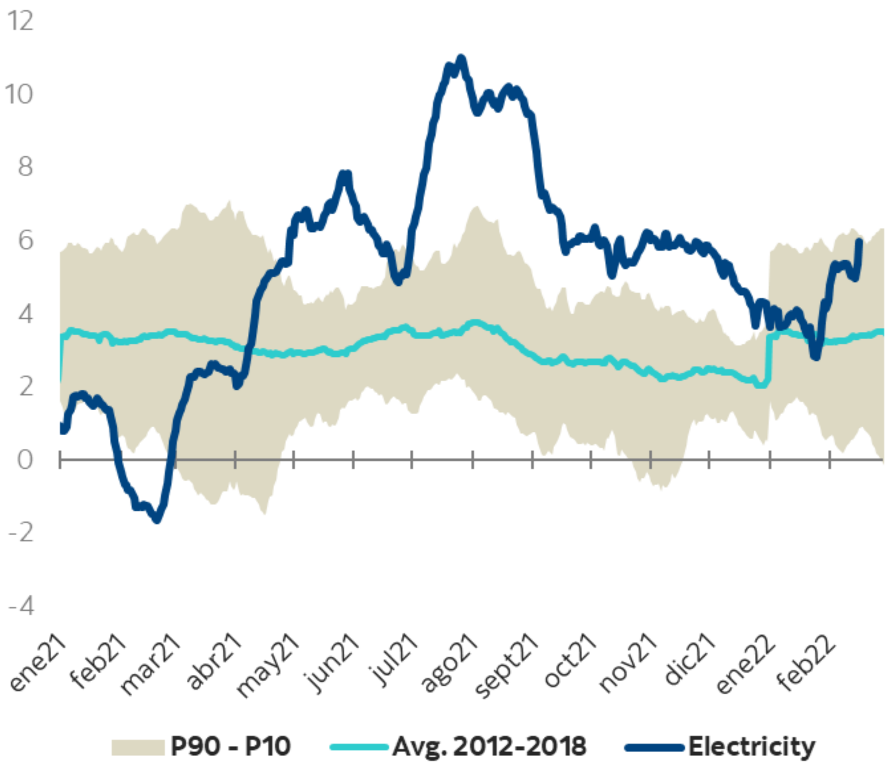


P90 and P10 represent the 90th and 10th percentile.
Source: Central Bank, Scotiabank Economics

Demand for electricity remains strong despite recent mobility restrictions

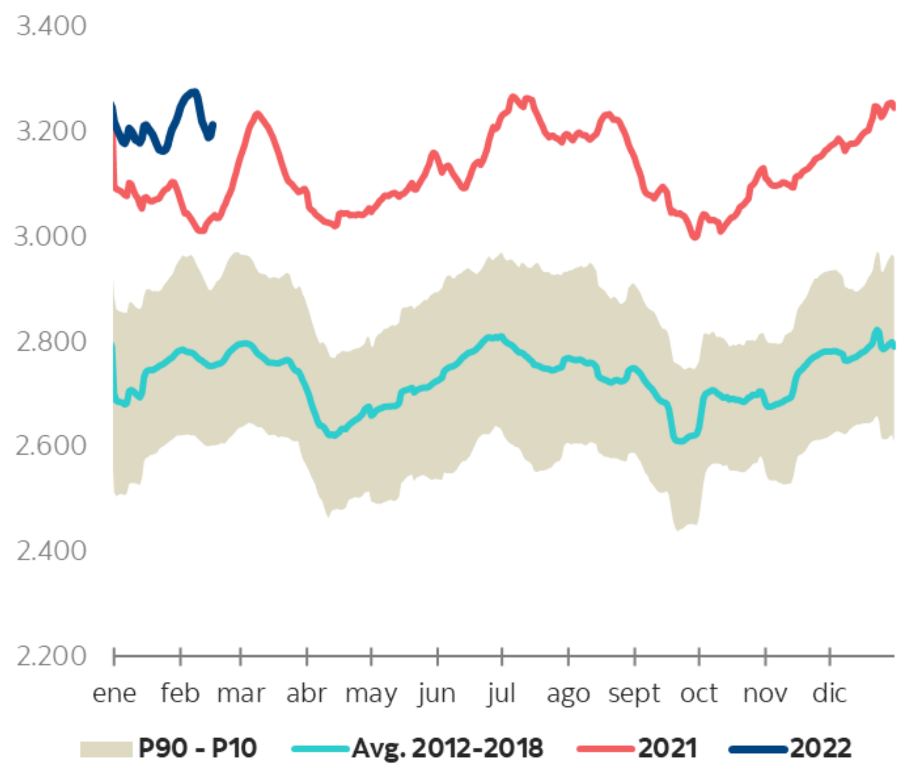
Annual growth of electricity generation

(percentage, annual growth, 28-day accum., up to February 16)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to February 16)



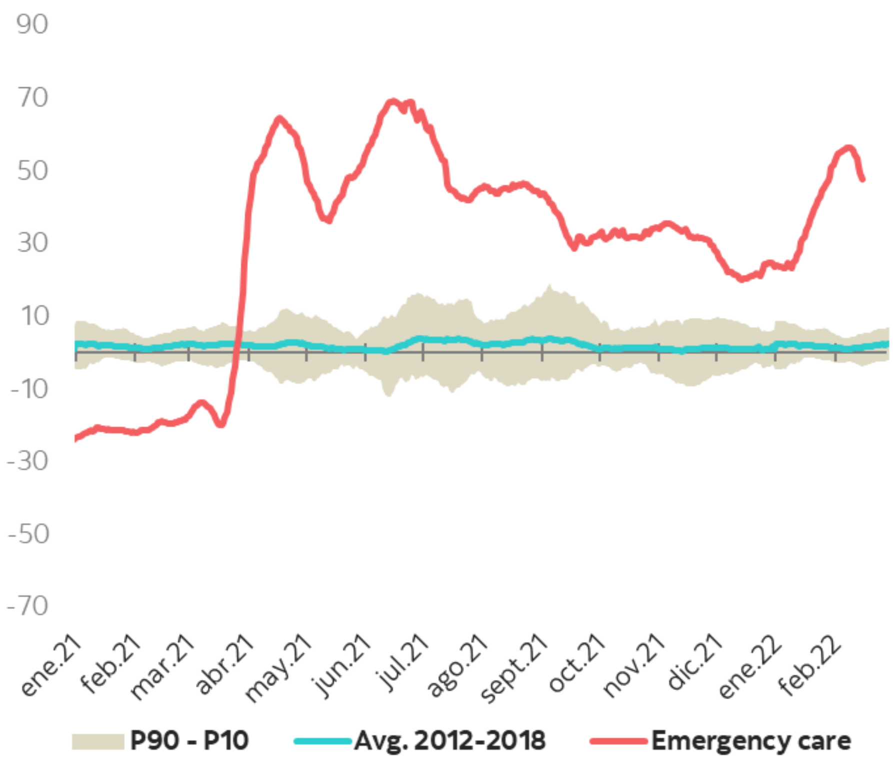
P90 and P10 represent the 90th and 10th percentile.
Source: *Coordinador Eléctrico*, Scotiabank Economics

Scotiabank

Emergency care attentions –not related to COVID– are in high levels, above expected for the beginning of the year

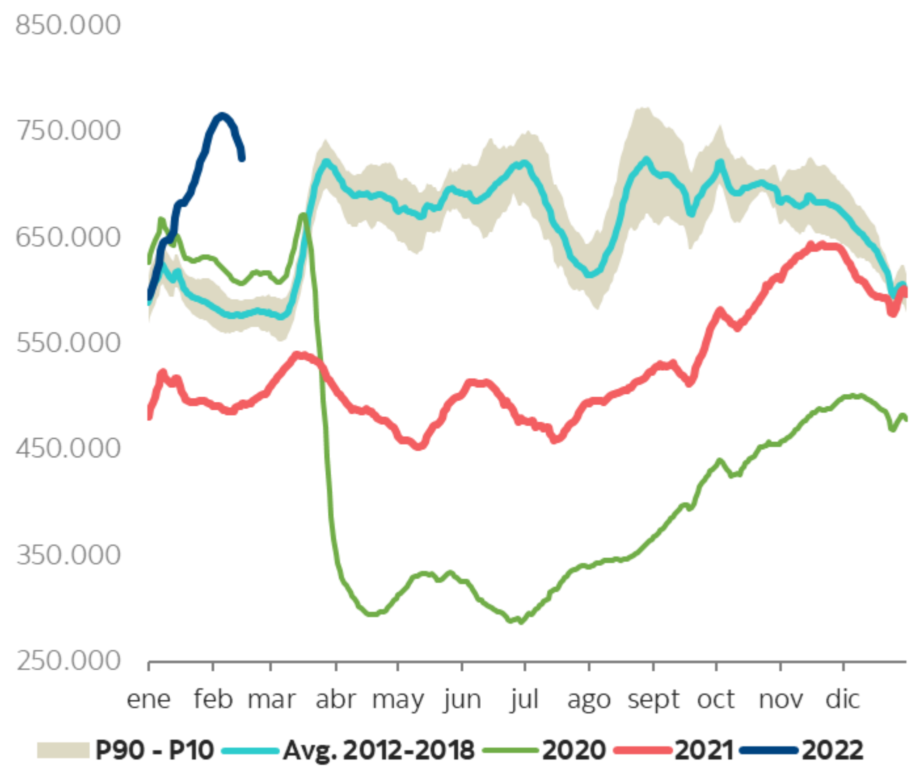
Annual growth in Emergency Care

(percentage, annual growth, 14-day mov. sum, up to February 15)



Number of Emergency Care attentions

(number of daily attentions, 14-day mov. sum, up to February 15)

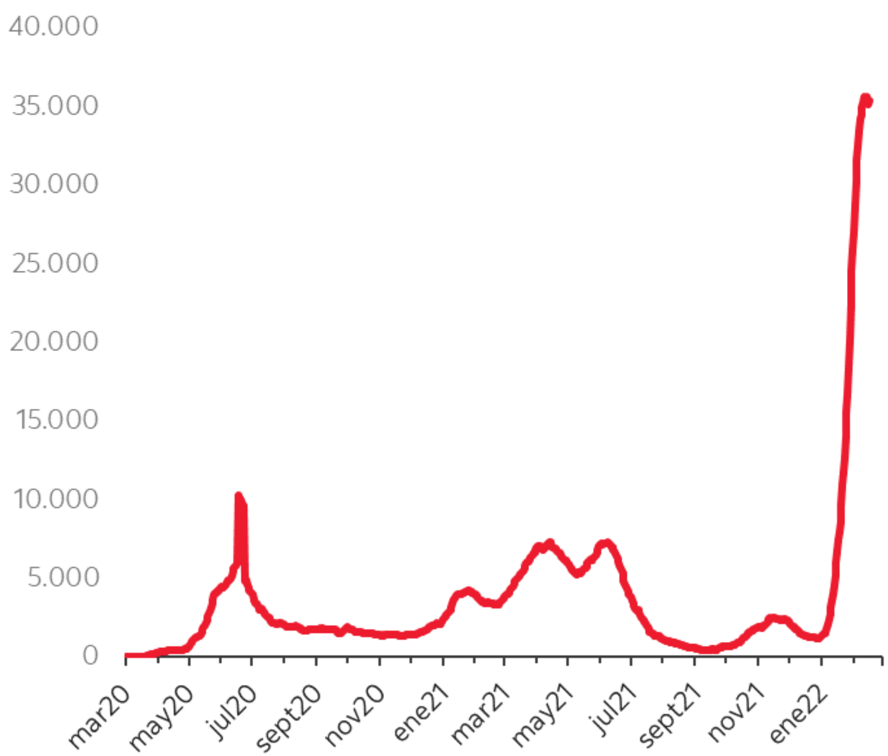


Source: *Ministerio de Salud (DEIS)*, Scotiabank Economics

Rise in new COVID 19 cases (Omicron) increases ICU-bed occupancy, but still below previous episodes.

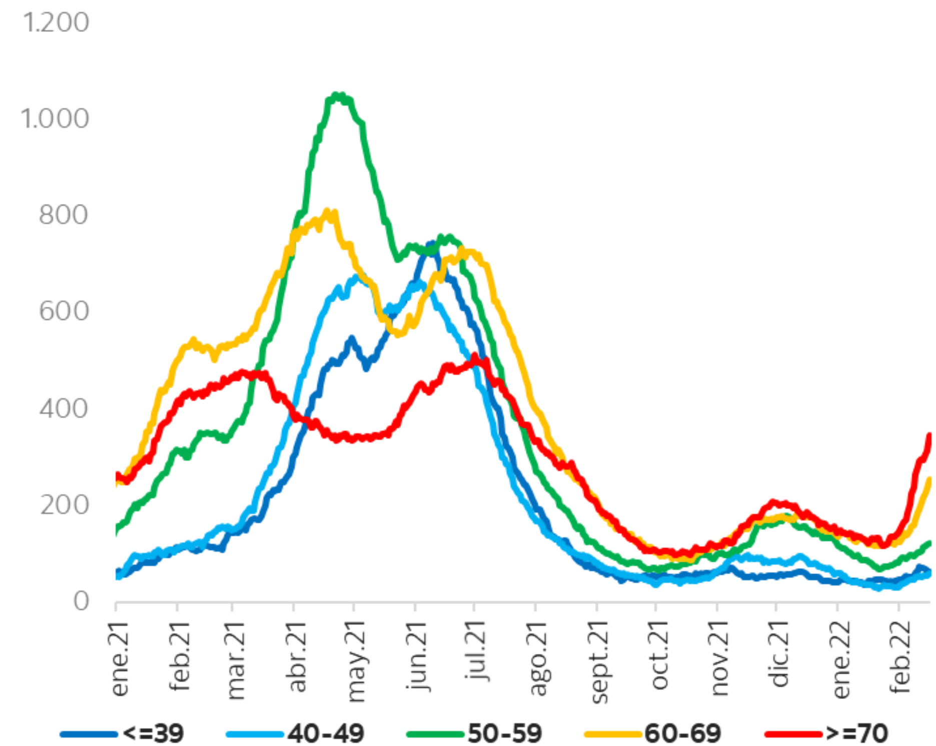
New cases COVID-19 in Chile

(number of new cases per day, 7-day mov. avg., up to February 16)



ICU-bed occupancy by age

(beds by age group, up to February 16)

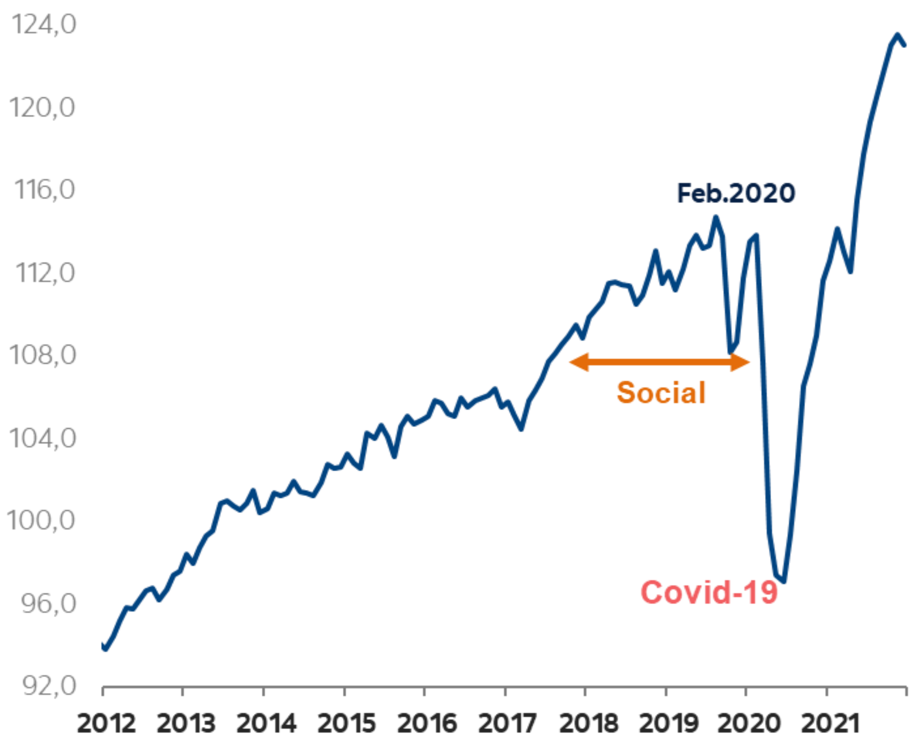


Source: WHO; *Ministerio de Salud*, Scotiabank Economics

GDP expanded 12% in 2021. We forecast GDP growth between 3.5-4.5% with upward bias in 2022. We estimate Imacec expanded 11-12% y/y in January.

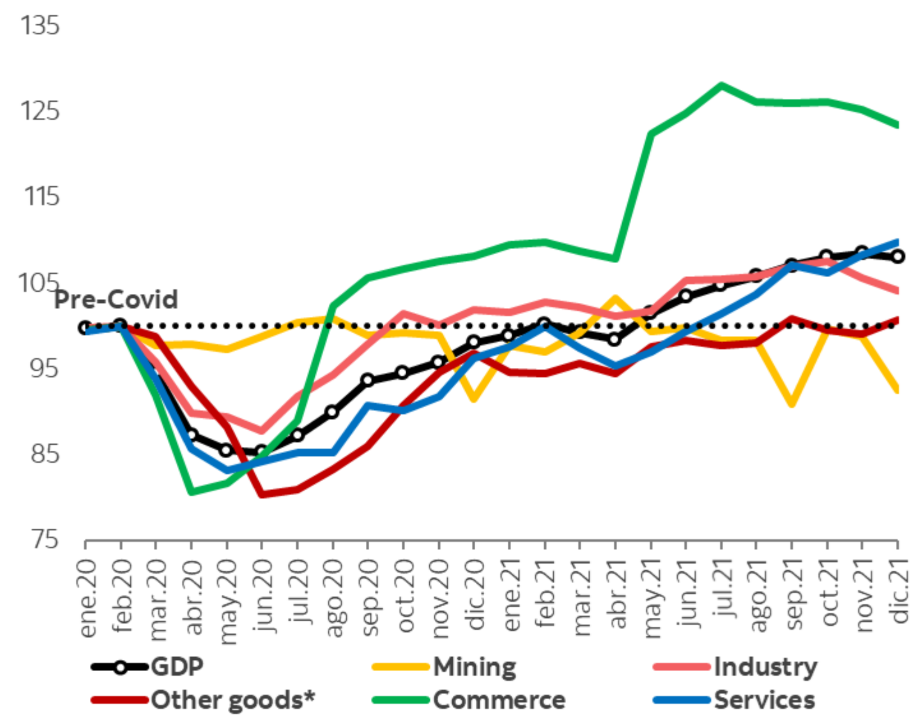
GDP level

(level, 2013=100, seasonally adjusted, monthly data)



GDP level by sector

(index, February 2020=100, monthly data)



Short run forecasts: growth of monthly GDP	November-21	December-21	January-22(f)
Imacec (%, y/y)	14.3%	10.1%	11 to 12%

Source: Central Bank, Scotiabank Economics

Scotiabank

CONTACTS

Jorge Selaive | Chief Economist
jorge.selaive@scotiabank.cl

Waldo Riveras
waldo.riveras@scotiabank.cl

Aníbal Alarcón Astorga
anibal.alarcon@scotiabank.cl

DISCLAIMER

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate.