

Tracking activity: high frequency indicators

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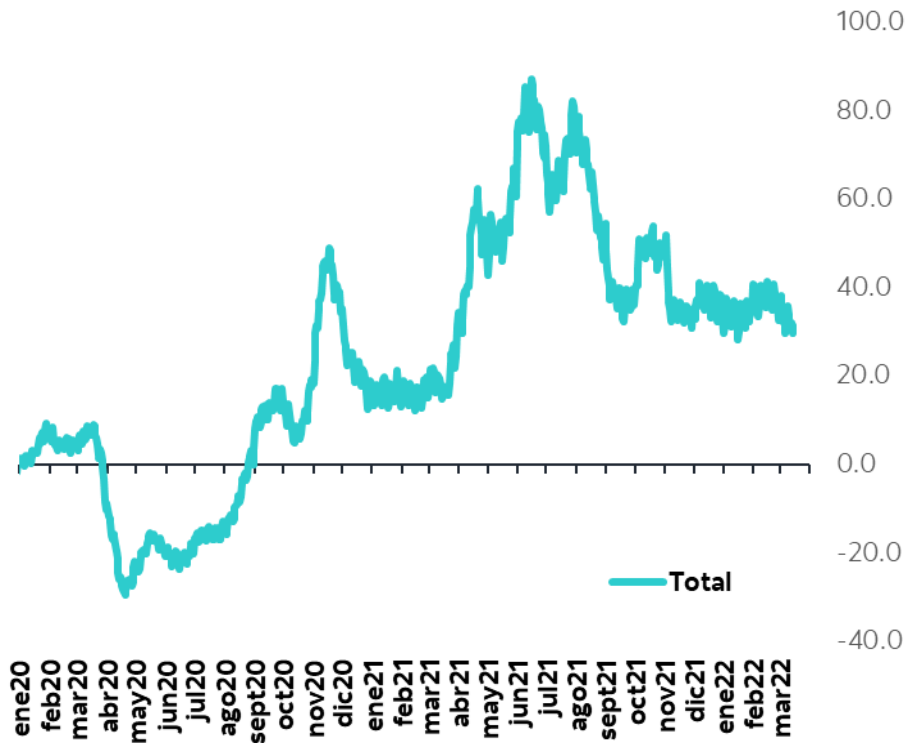
Key messages

- **We adjust downward our GDP forecast for 2022 towards 3.0%. We anticipate null (0%) GDP growth in 2023. Despite the worsening of the external scenario and the uncertainty regarding the constitutional process, we expect a soft landing in consumption (already in progress) and a marginal expansion in investment.** For February, we forecast monthly GDP growth between 8.5 and 9.0% y/y (0/0.5% m/m).
- **Purchases with credit and debit cards keep high dynamism in March.** Restaurants, hotels and consumption services showing relevant recovery, while Department stores continue to benefit from high liquidity. **We forecast Retail Sales expanding 10% y/y in February.**
- **Banking credit recovered dynamism in February.** Unsecured consumer, mortgage and commercial loans expanded amid rising interest rates and still ample liquidity in household's pockets and firms' balance sheets. In addition, Universal Pension will add USD 1.5 bn to high propensity to consumption households in 2022, contributing to a soft landing in private consumption.
- **We expect a hike of "no more" than 150 bp. in March's meeting with the benchmark rate not surpassing 8.0% (9% implicit in swap rates) in this tightening cycle. Deceleration of consumption, fiscal consolidation in progress, recent de-anchoring of long-term inflation expectations caused by a supply shock (with negative incidence on activity) and a less benign external scenario suggest not fine-tuning the benchmark rate.** CB will prefer to target a real monetary policy rate between 0.5-1% by the end of 2022. The new baseline scenario will reveal a significant upward revision of inflation for 2022 from 3.7% to around 7%.

Private consumption in a soft-landing mode.

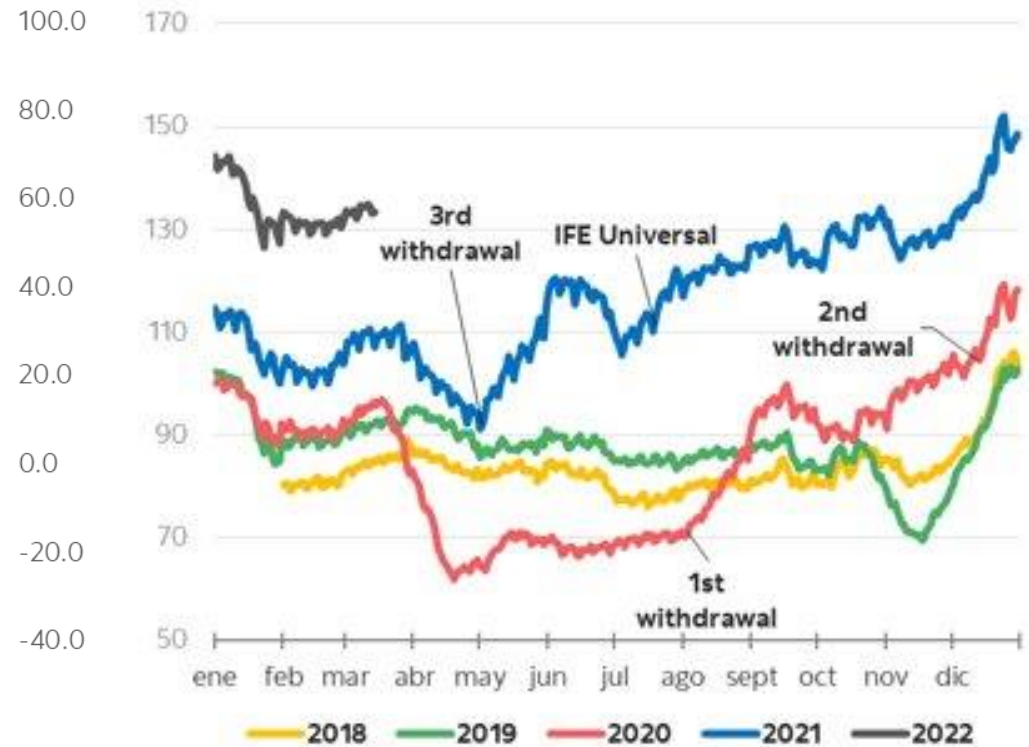
Annual growth of purchases with cards*

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



Level of purchases with credit & debit cards*

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

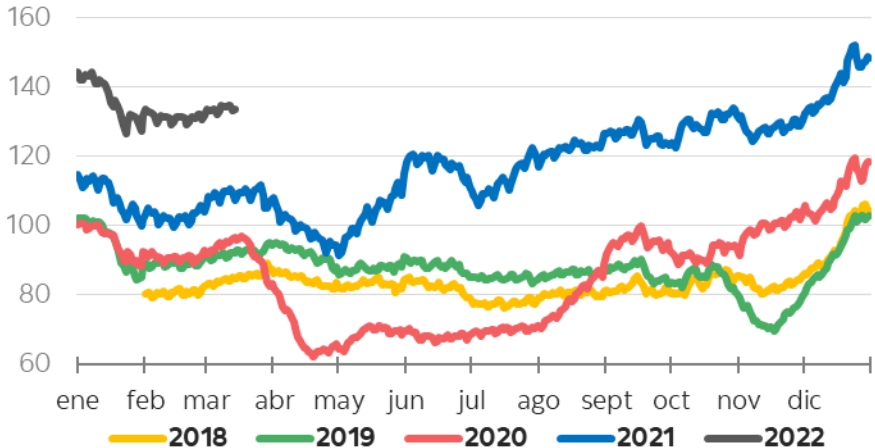


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Stabilization in Department Stores and Supermarkets.

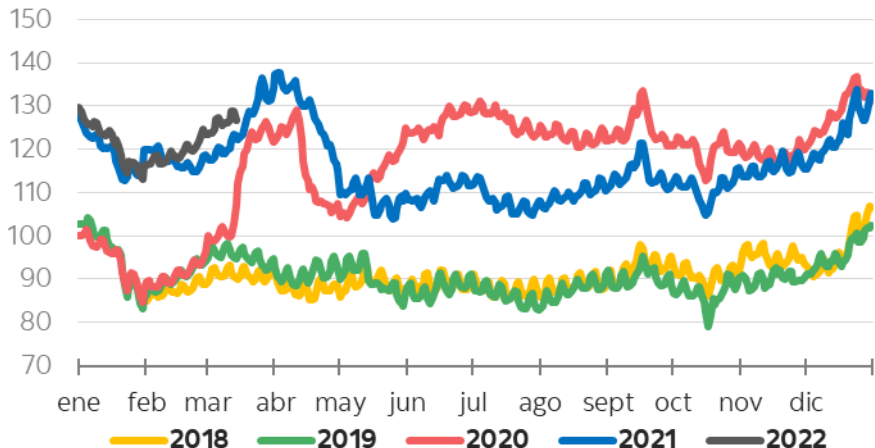
Total purchases*

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



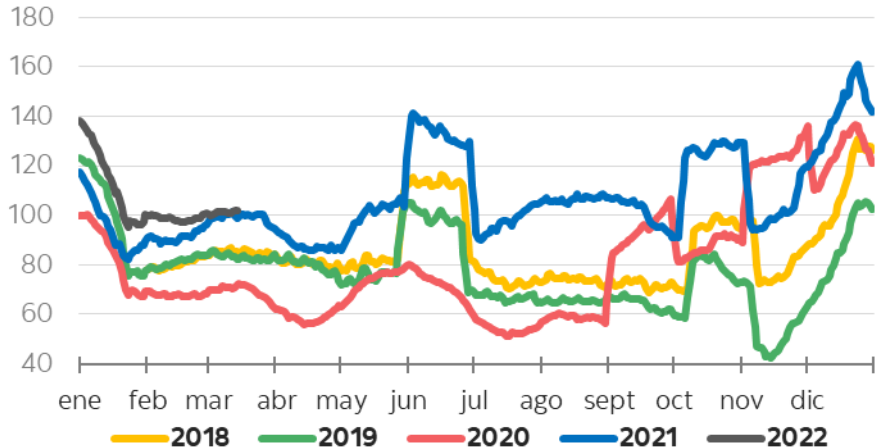
Supermarkets*

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



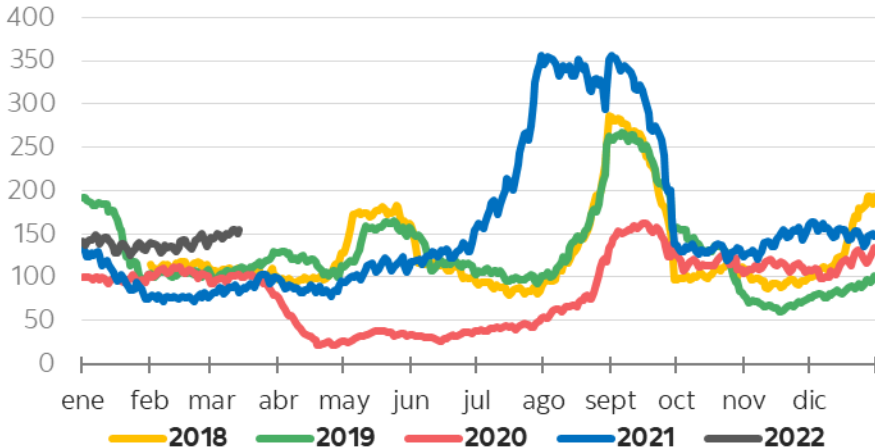
Department stores*

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



Vehicles*

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

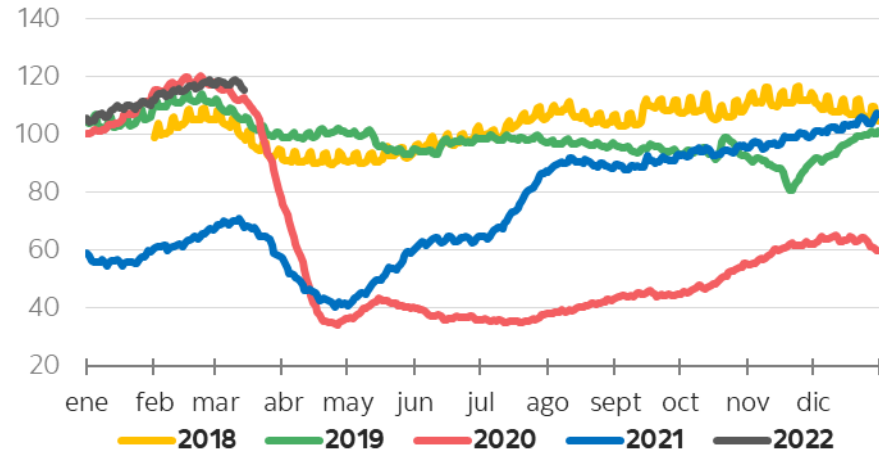


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Services (specially, restaurants and travels) supporting commerce in March.

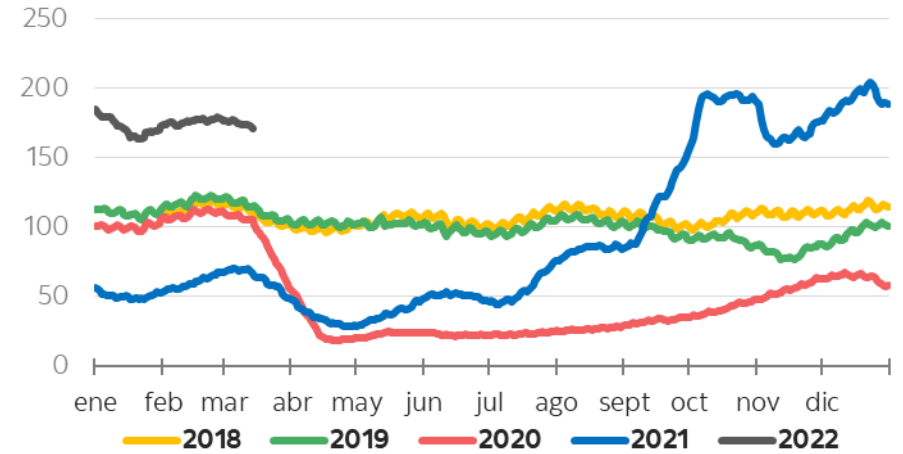
Fuels*

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



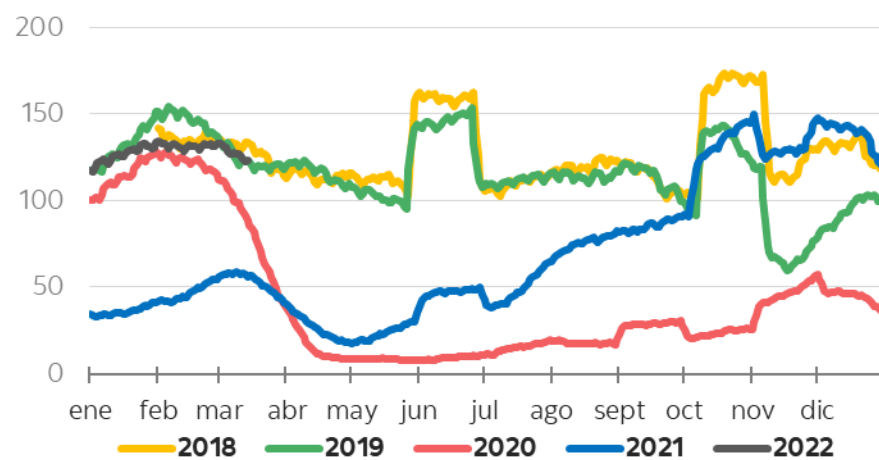
Restaurants*

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



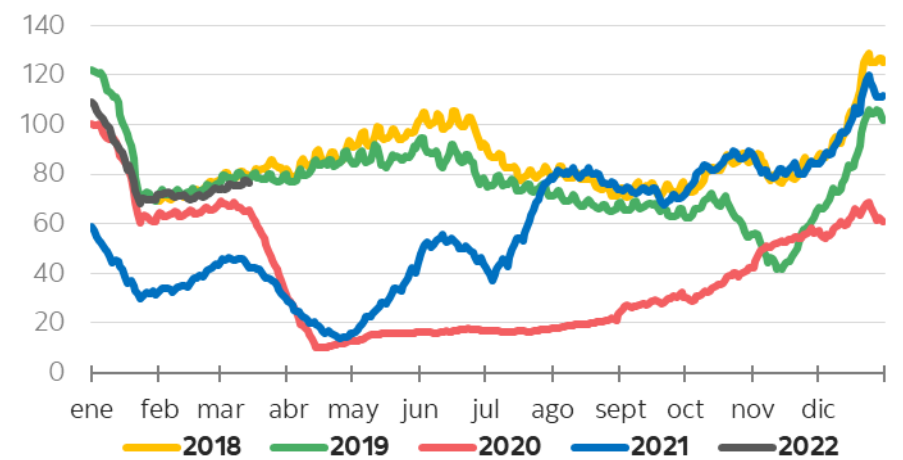
Tourism travel*

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



Clothing and footwear*

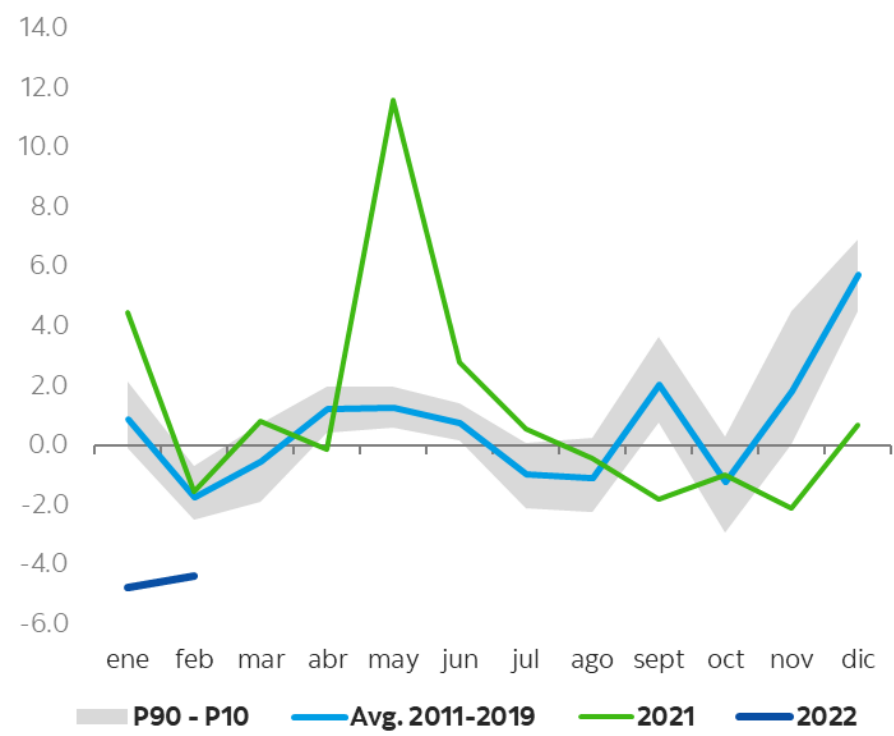
(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 14)



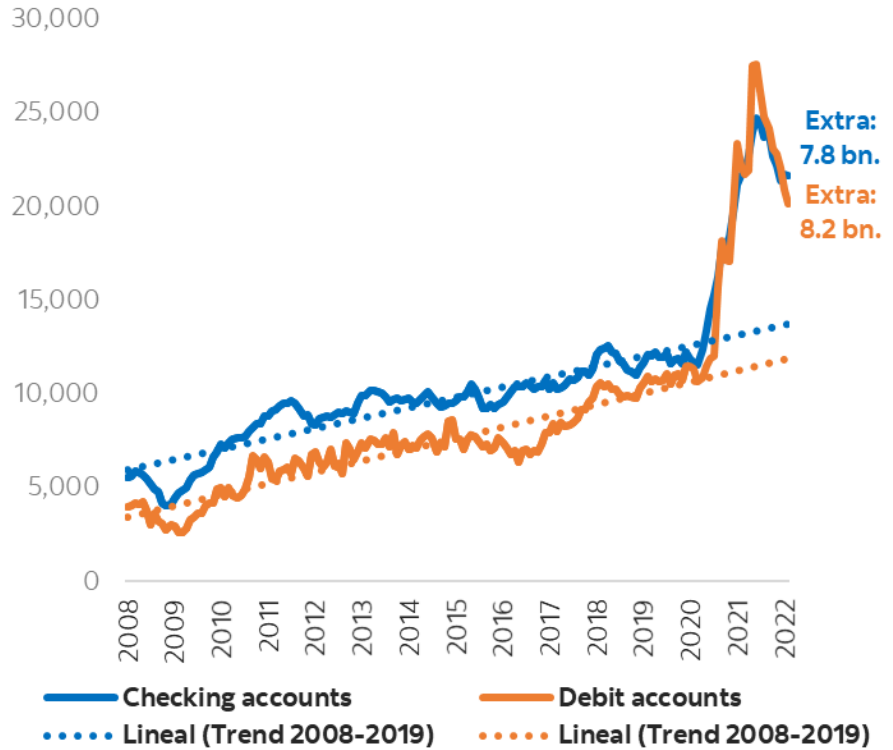
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Liquidity drain continues, but there is still USD 16 bn in checking and debit accounts that will allow a smooth deceleration of private consumption. On top of that, the Universal Pension will add USD 1.5 bn to high marginal propensity to consume households in 2022.

Monthly dynamism of M1
(percentage, real monthly growth)



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



Source: Central Bank, Scotiabank Economics

Retail sales still expanding two-digits: we forecast an expansion of 10% y/y in February.

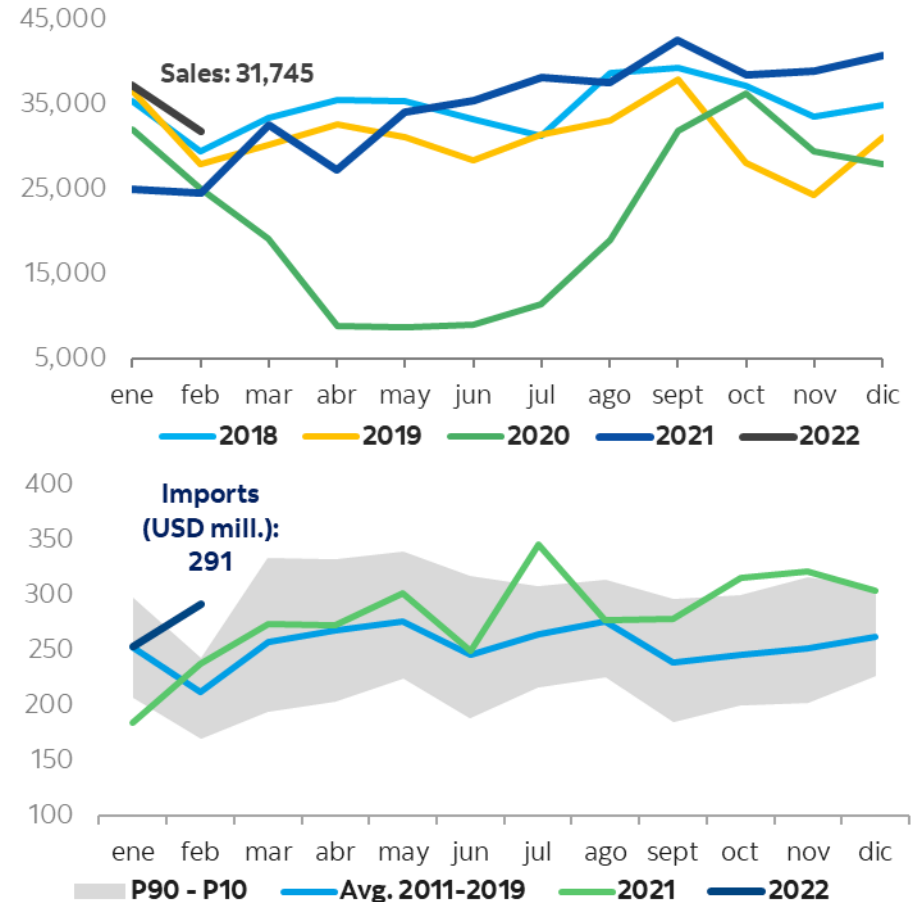
Retail sales (INE) vs Transactional data*

(percentage, annual growth)



New cars: sales & imports

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

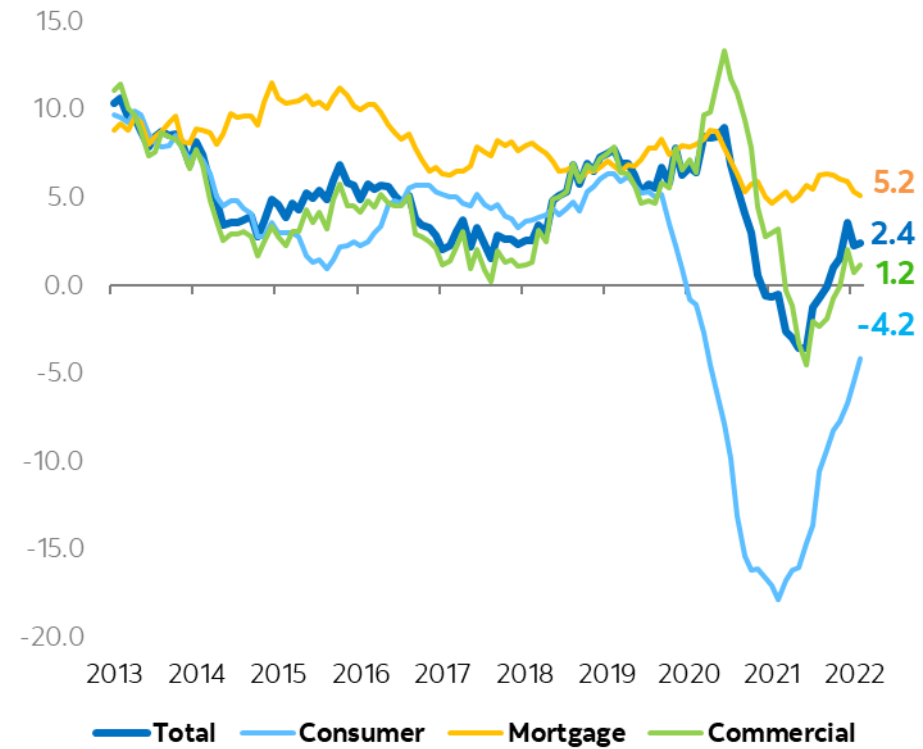


* This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.
Source: National Bureau of Statistics (INE), ANAC, Central Bank, Scotiabank Economics

Total loans recovered dynamism due to a rebound in commercial loans. Still ample liquidity in firms' balance sheets.

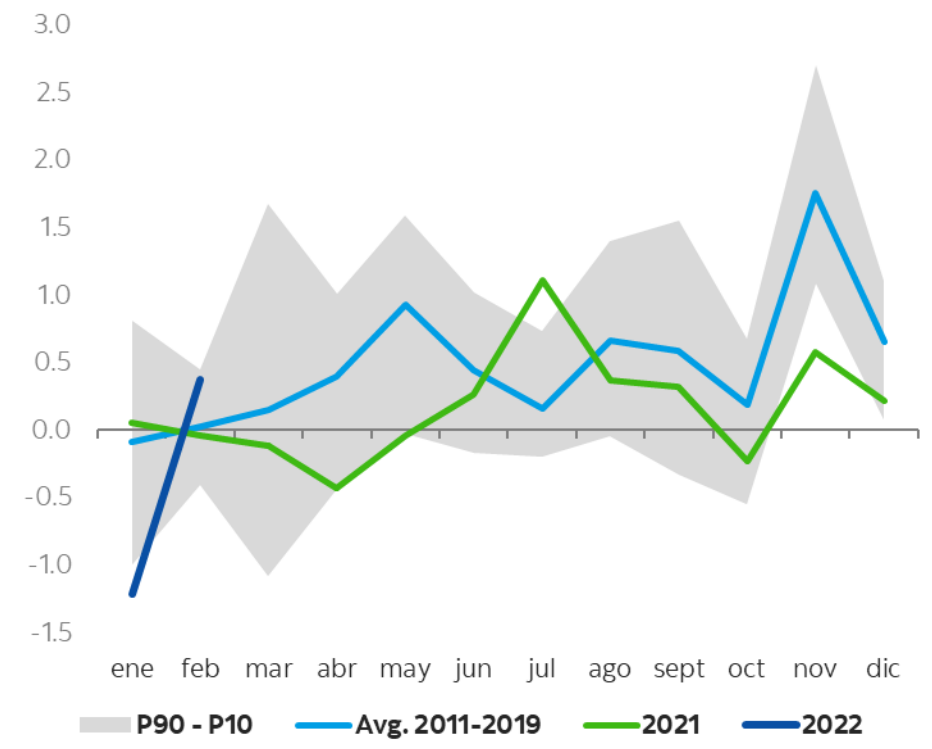
Loans by segment

(percentage, real annual growth)



Monthly dynamism of commercial loans

(percentage, real monthly growth)

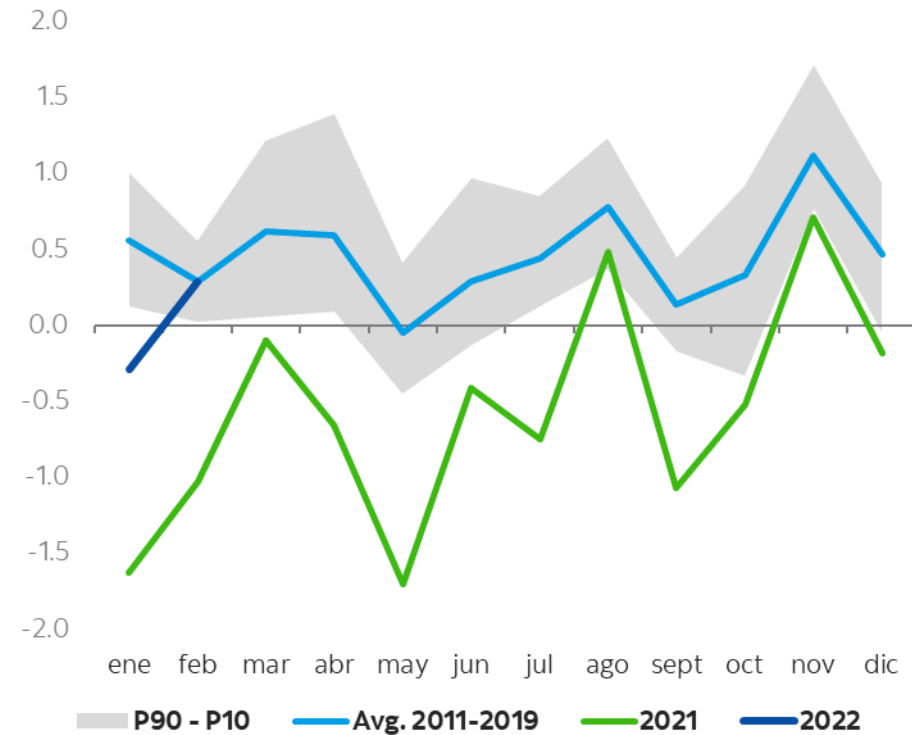


Source: Central Bank, Scotiabank Economics

Unsecured consumer and mortgage loans recovered in February.

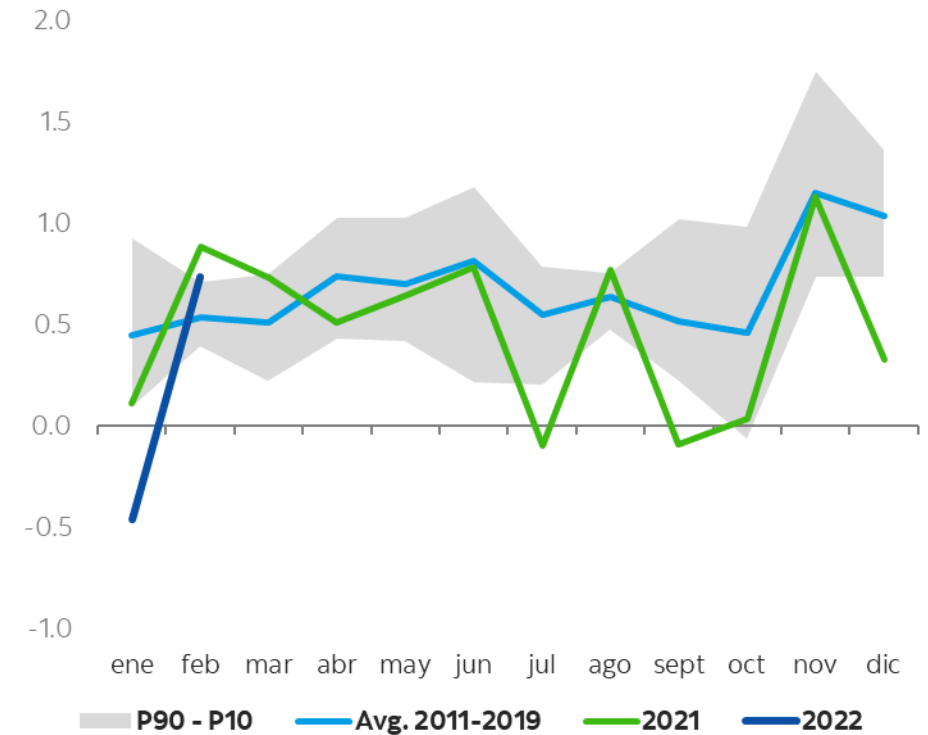
Monthly dynamism of consumer loans

(percentage, real monthly growth)



Monthly dynamism of mortgage loans

(percentage, real monthly growth)

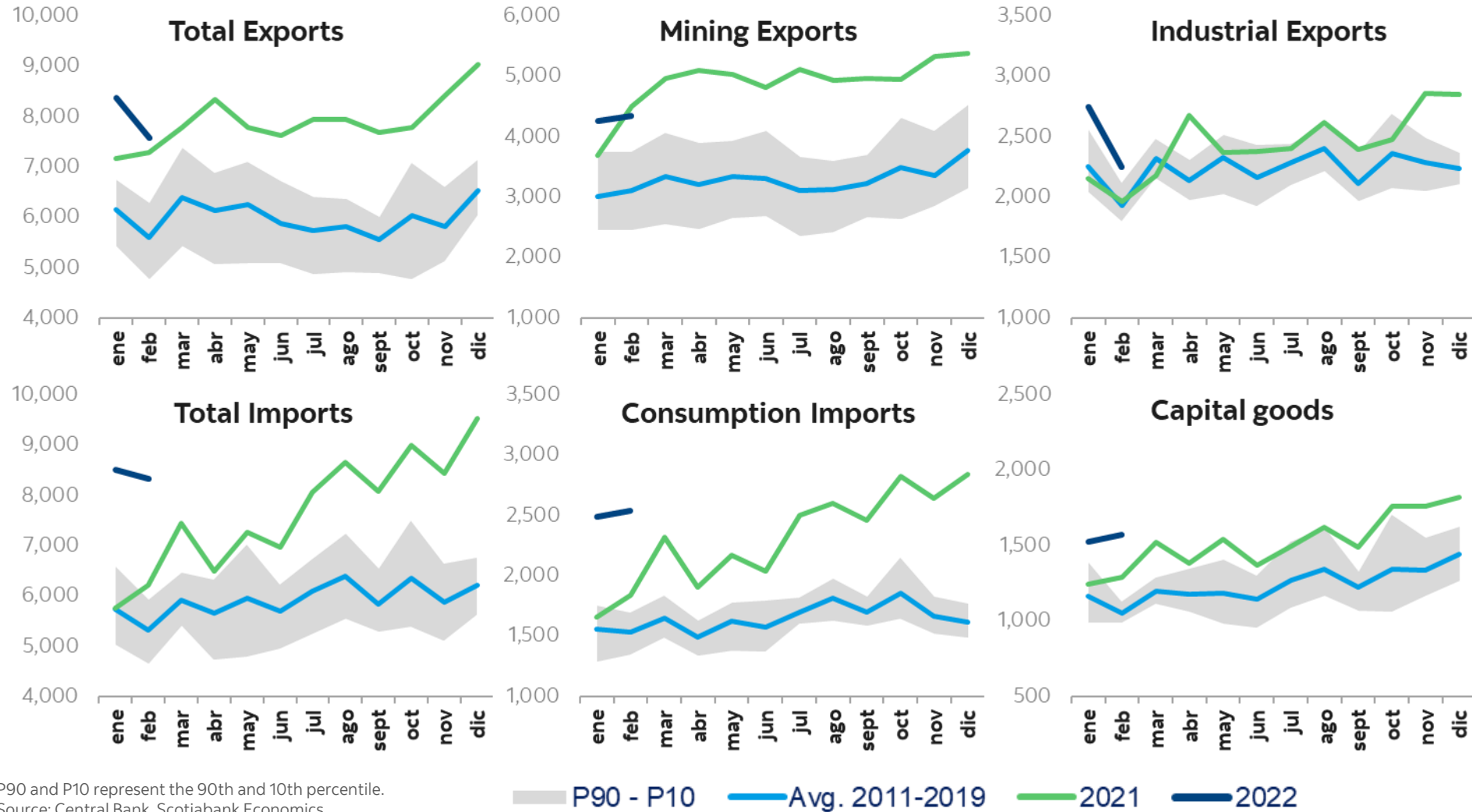


Source: Central Bank, Scotiabank Economics

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

Monthly flow of Exports and Imports

(level, USD millions per month)

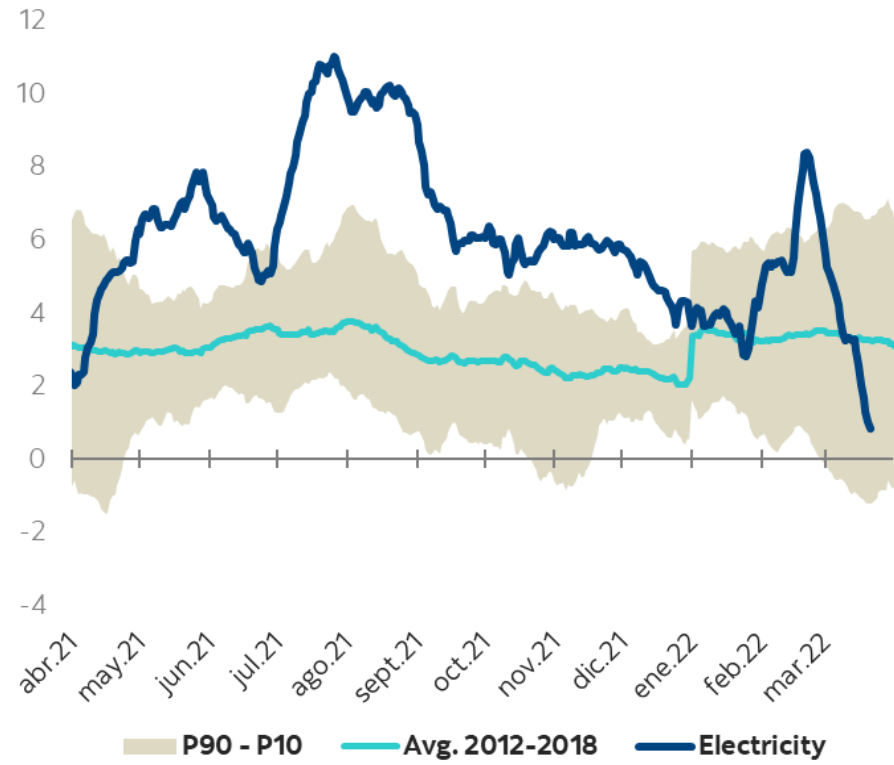


P90 and P10 represent the 90th and 10th percentile.
Source: Central Bank, Scotiabank Economics

Demand for electricity shows a mild deceleration in the margin.

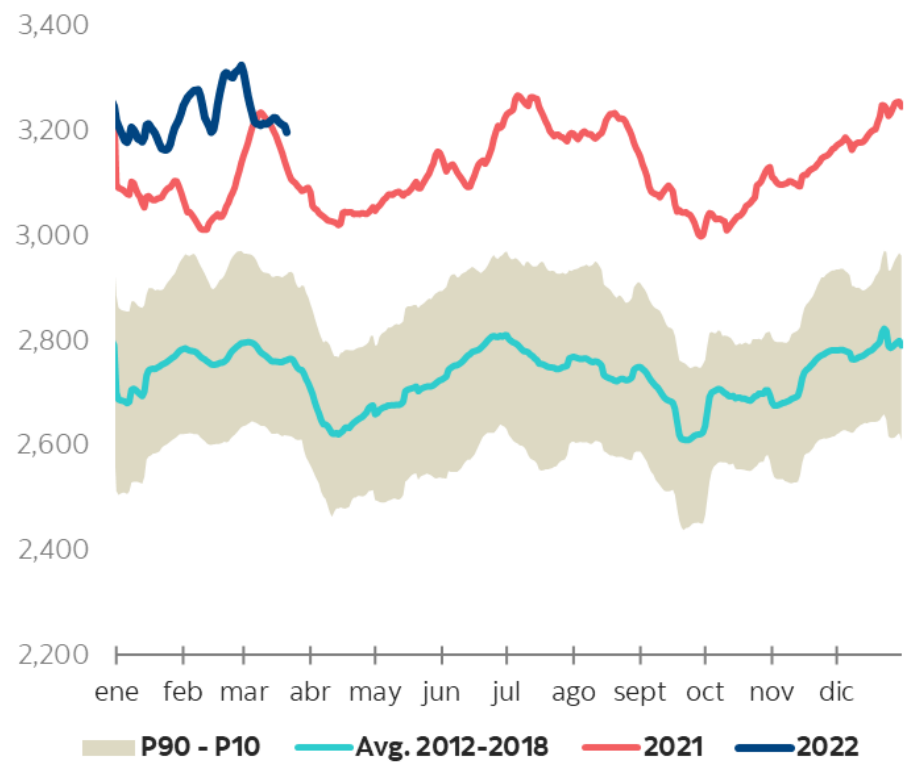
Annual growth of electricity generation

(percentage, annual growth, 28-day accum., up to March 21)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to March 21)

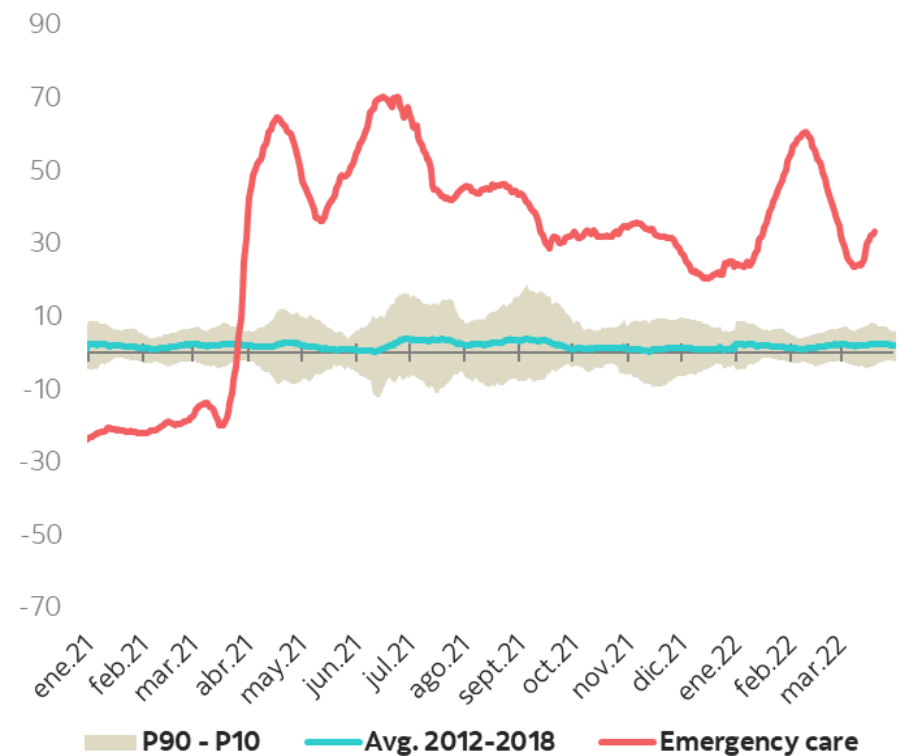


P90 and P10 represent the 90th and 10th percentile.
Source: Coordinador Eléctrico, Scotiabank Economics

Emergency care attentions –not related to COVID– are in high levels, above expected for the beginning of the year. Health services would support activity in coming months.

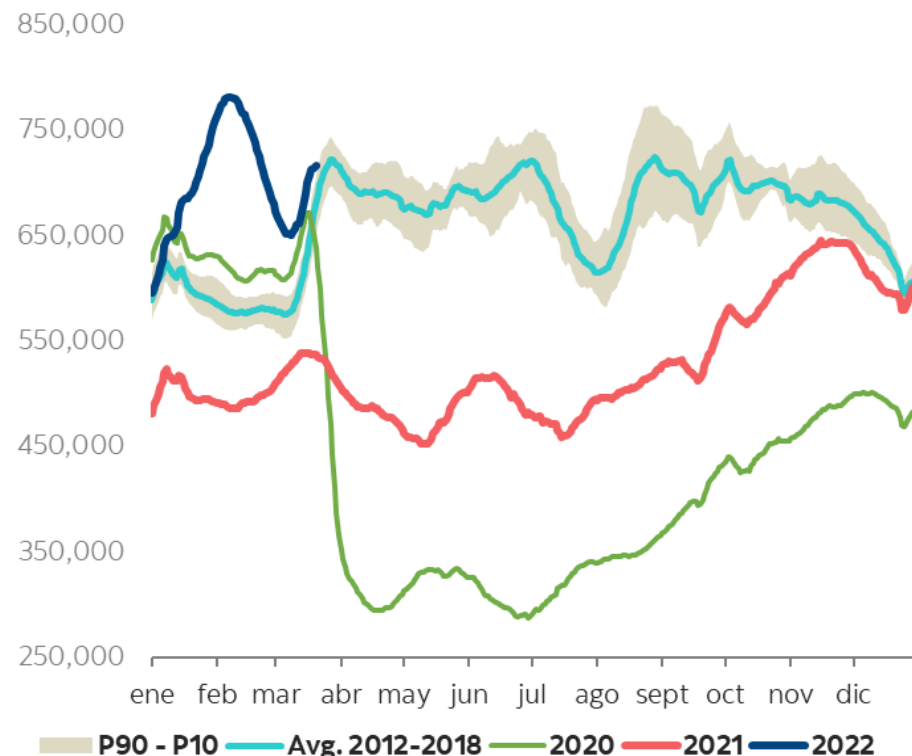
Annual growth in Emergency Care

(percentage, annual growth, 14-day mov. sum, up to March 20)



Number of Emergency Care attentions

(number of daily attentions, 14-day mov. sum, up to March 20)

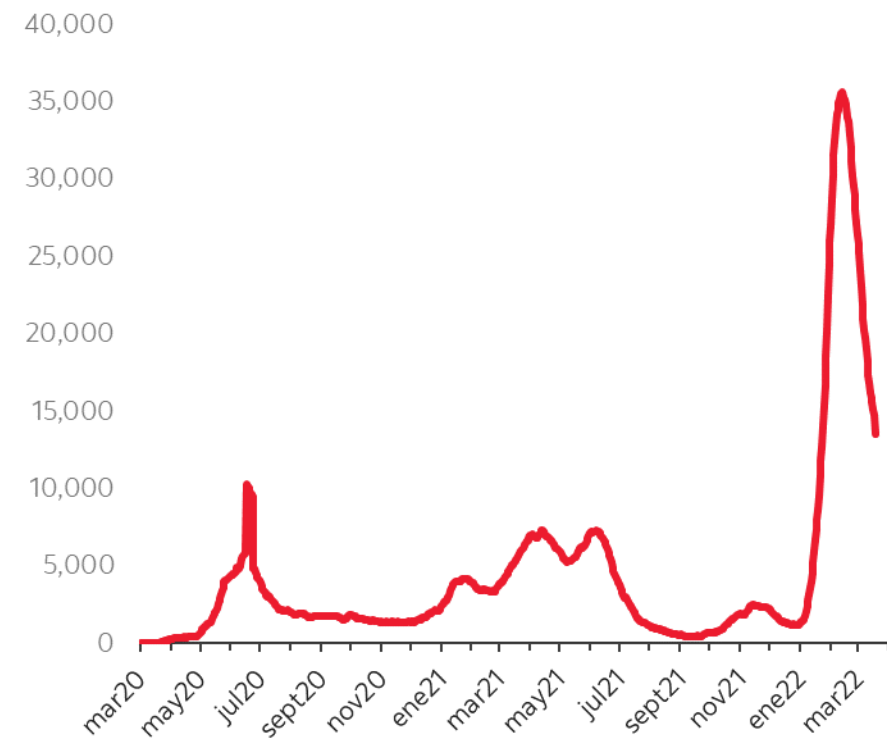


Source: Ministerio de Salud (DEIS), Scotiabank Economics

Drop in new COVID 19 cases (Omicron) and ICU-bed occupancy, but still in high levels.

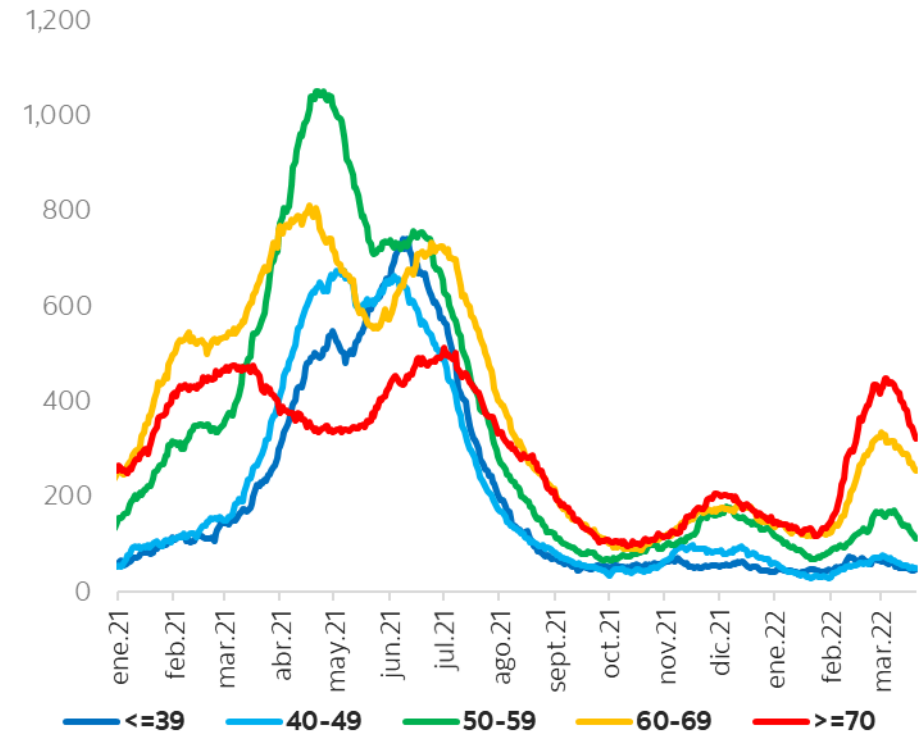
New cases COVID-19 in Chile

(number of new cases per day, 7-day mov. avg., up to March 18)



ICU-bed occupancy by age

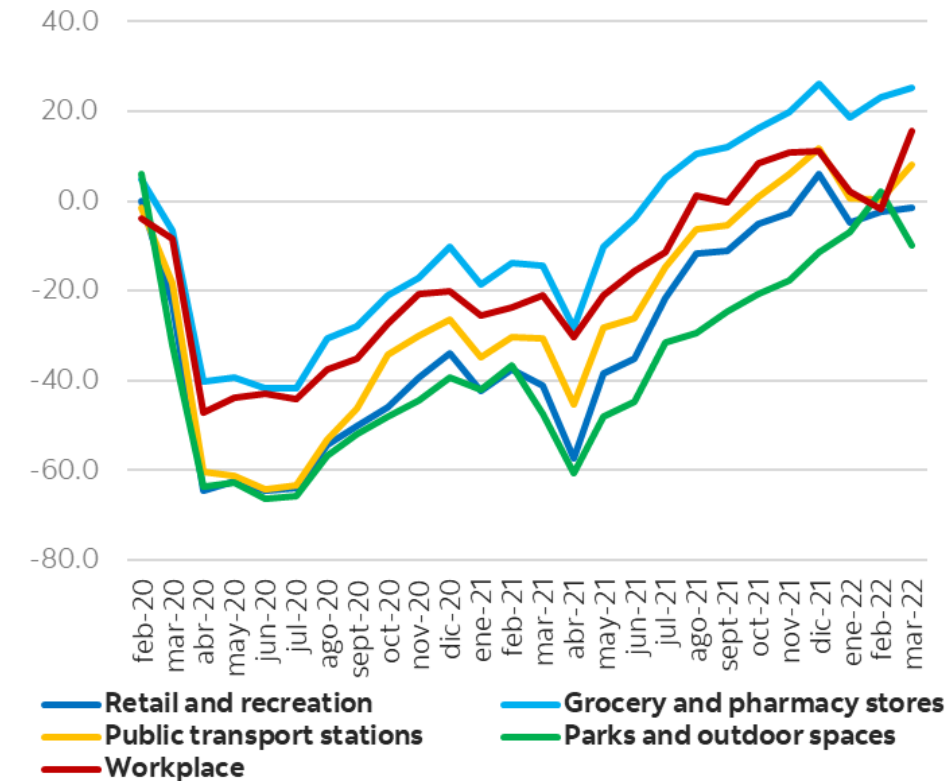
(beds by age group, up to March 20)



Recent activity figures aligned with community mobility trends. Even with a reduction in mobility, GDP growth rebounded in January.

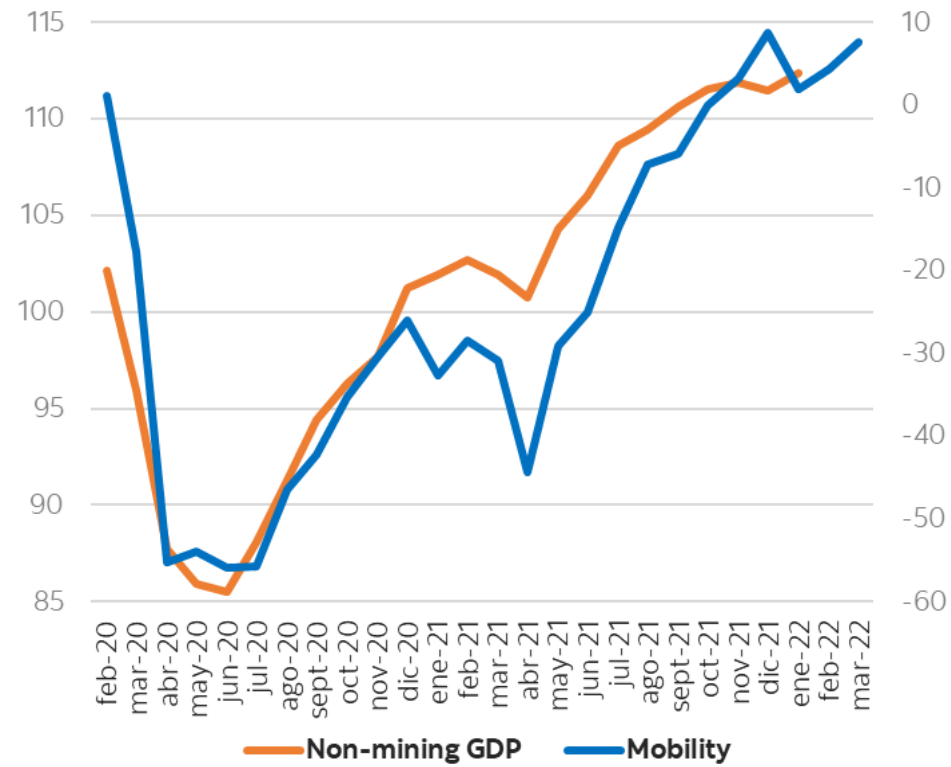
Mobility index (Google)*

(index compared to baseline, 7-day mov. avg., up to March 18)



Non mining GDP & mobility index

(levels, index 2018=100 SA and index compared to baseline)

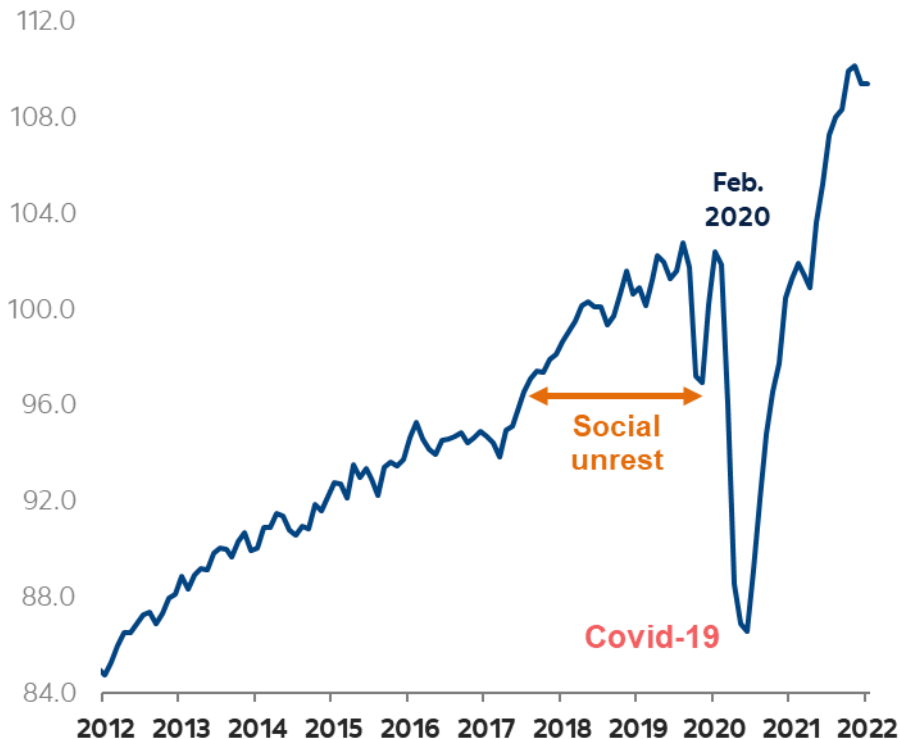


(* **Google mobility index** shows how the number of visitors (or time spent) in categorized places has changed compared to baseline days (the median value for the 5-week period from January 3 to February 6, 2020). This index is smoothed to the rolling 7-day average.
Source: WHO; *Ministerio de Salud*, Scotiabank Economics

GDP expanded 11.7% in 2021. We forecast GDP growth around 3.0% in 2022 and 0% in 2023. We estimate Imacec expanded 8.5 to 9% y/y in February.

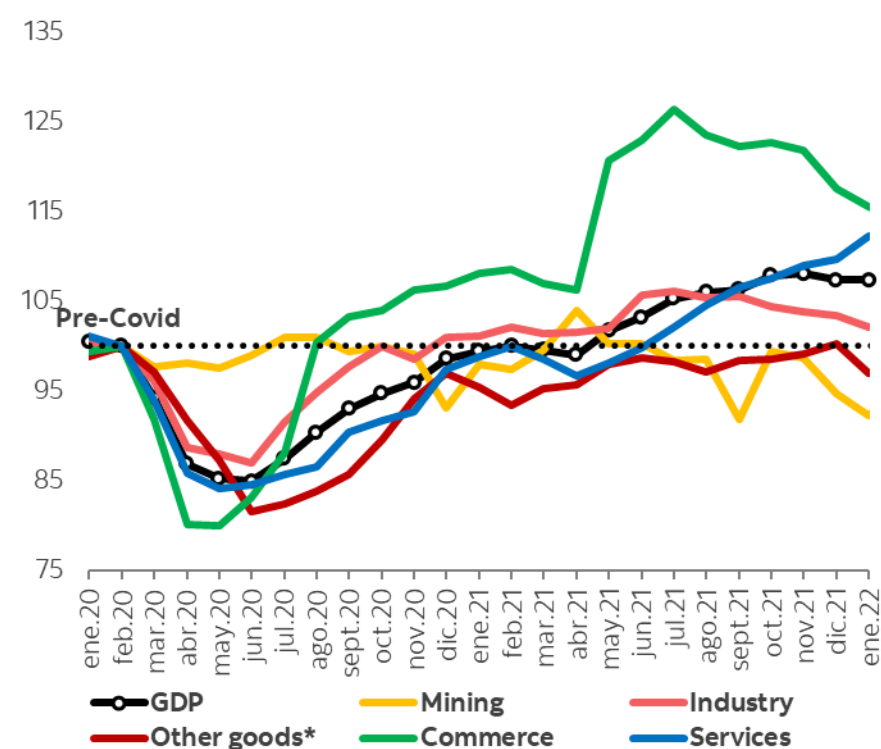
GDP level

(level, 2018=100, seasonally adjusted, monthly data)



GDP level by sector

(index, February 2020=100, monthly data)



**Short run forecasts:
growth of monthly GDP**

December-21

January-22

February-22(f)

Imacec (% y/y)

8.8%

9.6%

8.5 to 9%

Source: Central Bank, Scotiabank Economics

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