

Tracking Covid-19: high frequency indicators



Economics & Financial Research

Update October 2, 2020



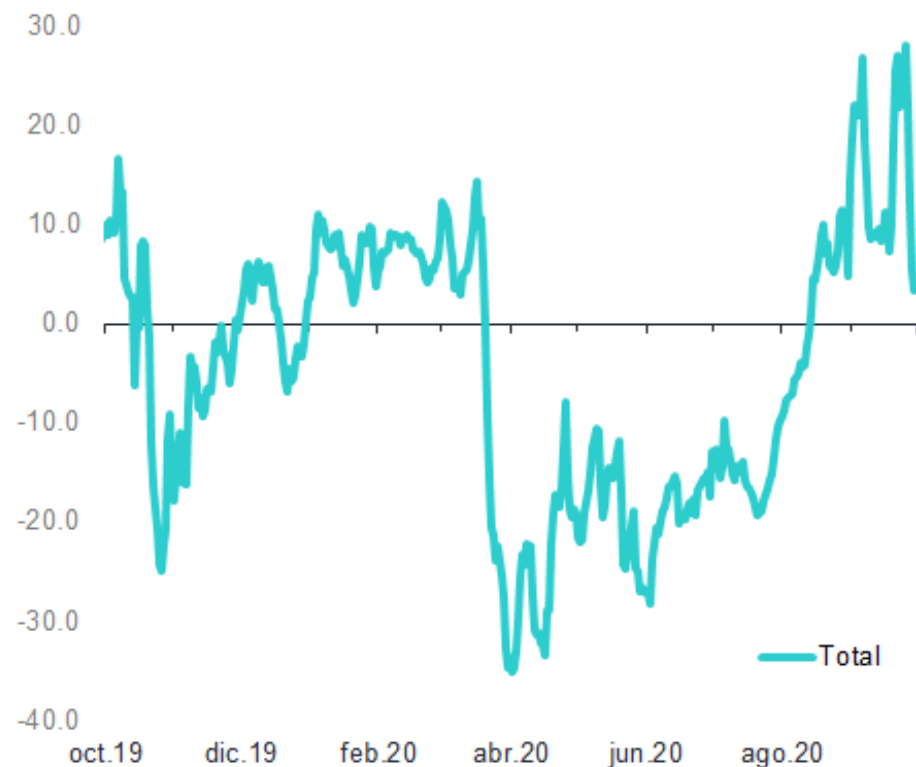
Key messages

- **Sales continue showing a strong recovery, exceeding pre-Covid levels and surpassing Christmas's expansions, albeit moderating in the last days.** We observe heterogeneity explained by the reopening process in the economy: retailers and supermarkets are receiving most of the liquidity from the withdrawal of Pension Funds and fiscal support, but other sectors/services are starting to recover as well. **Private consumption is expanding slightly above Christmas time, and the impulse will continue in October according to high-frequency data (contrary to consensus that think it ended up in Sept).**
- **Worrying slowdown in loans.** Credit has flowed counter-cyclically to firms, but it shows a worrying slowdown. We estimate "Fogape-Covid" loans have contributed around 9 percentage points (pp) to the annual growth of commercial loans in September. **This time, Central Bank should acknowledge the deceleration and the slower pace to close the huge output gap (more monetary stimulus needed?)**
- **After the disappointment in August's monthly GDP because of non-observable sectors linked to investment, we estimate that monthly GDP (proxy: Imacec) fell around 6% YoY in September and it will be around 0% YoY in October, both with downside risks.**
- **As we anticipated, Retail Sales showed a recovery in August, and in September/October they will also outperform (between 7 and 9% a/a in September). However, we still see risks -especially in private investment- associated to a persistent domestic political uncertainty.**

Strong injections of liquidity from Pension Funds and middle-class bonus are supporting private consumption, and the impulse will continue in October

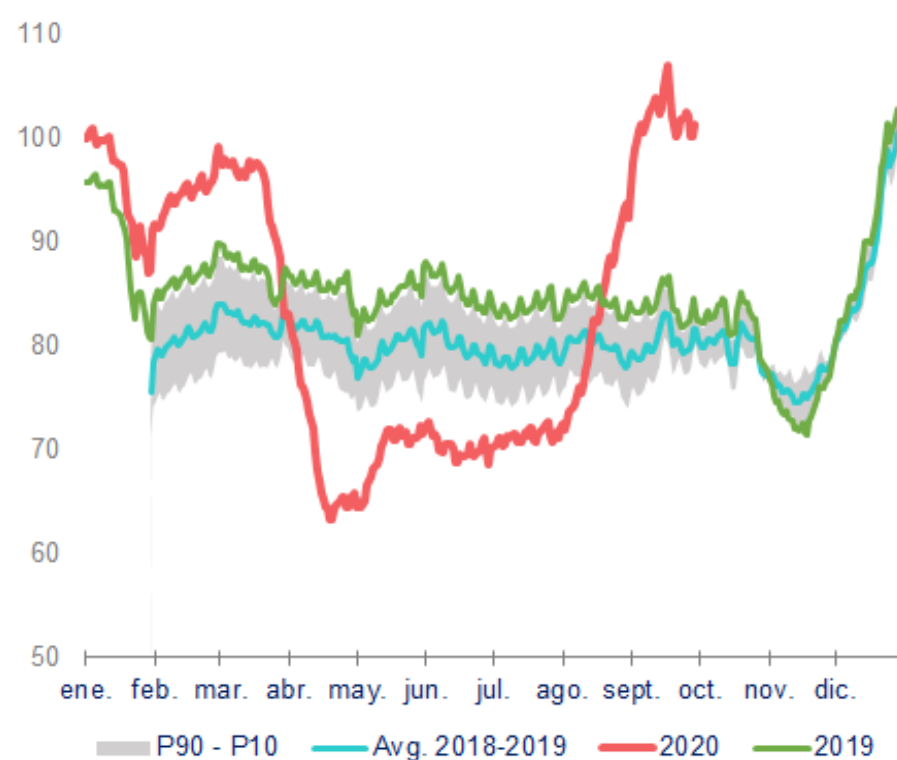
Purchases with credit & debit cards

(percentage, annual growth, 7-day moving average, up to Sept. 29)



Strong recovery in few days (debit)

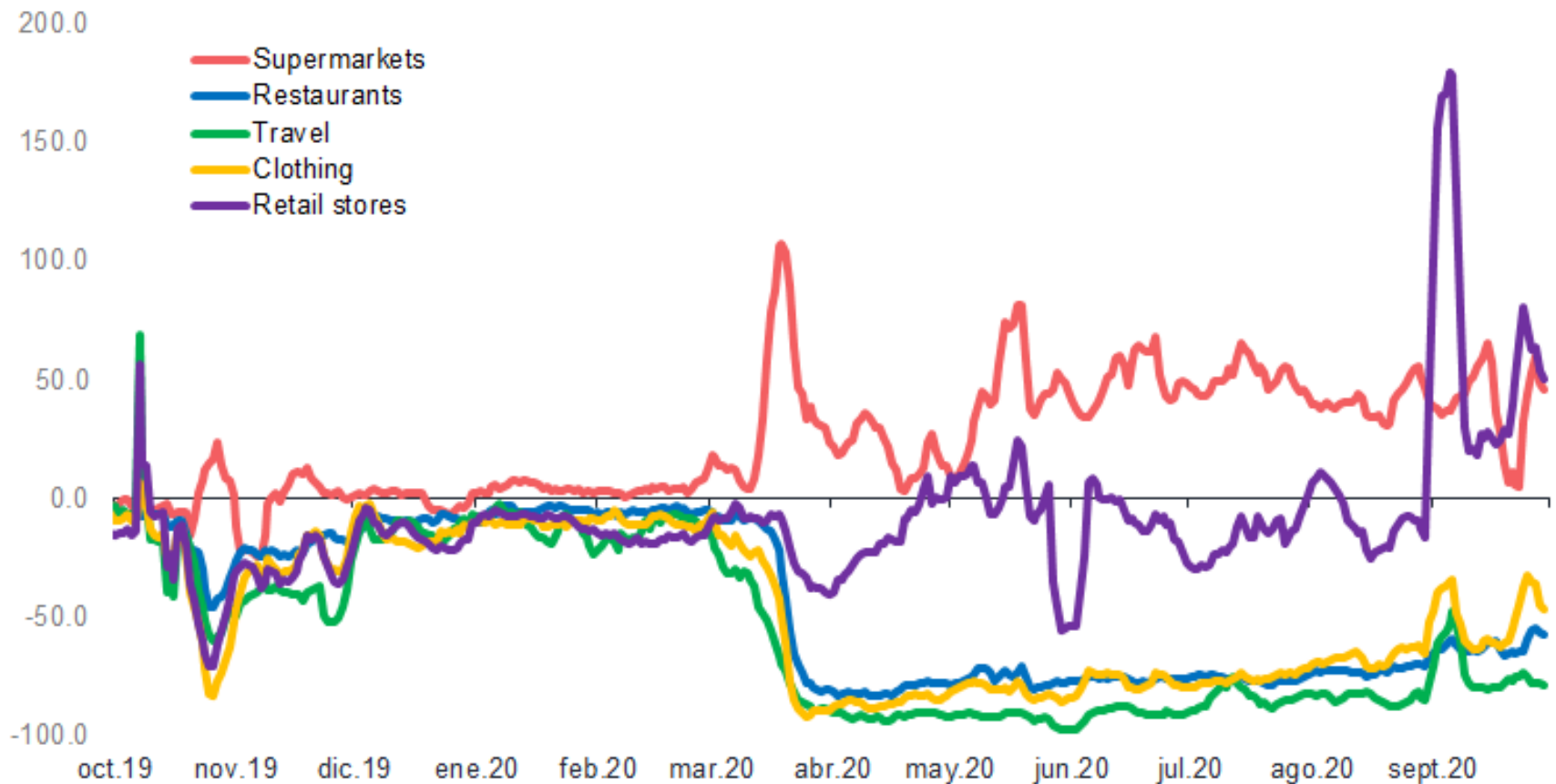
(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 29)



Purchases with credit cards show a huge expansion in retail stores boosted by the CyberDay in early September. Also, we see some minor recovery in services.

Purchases with credit cards in different items

(percentage, annual growth, 7-day moving average, up to September 29)

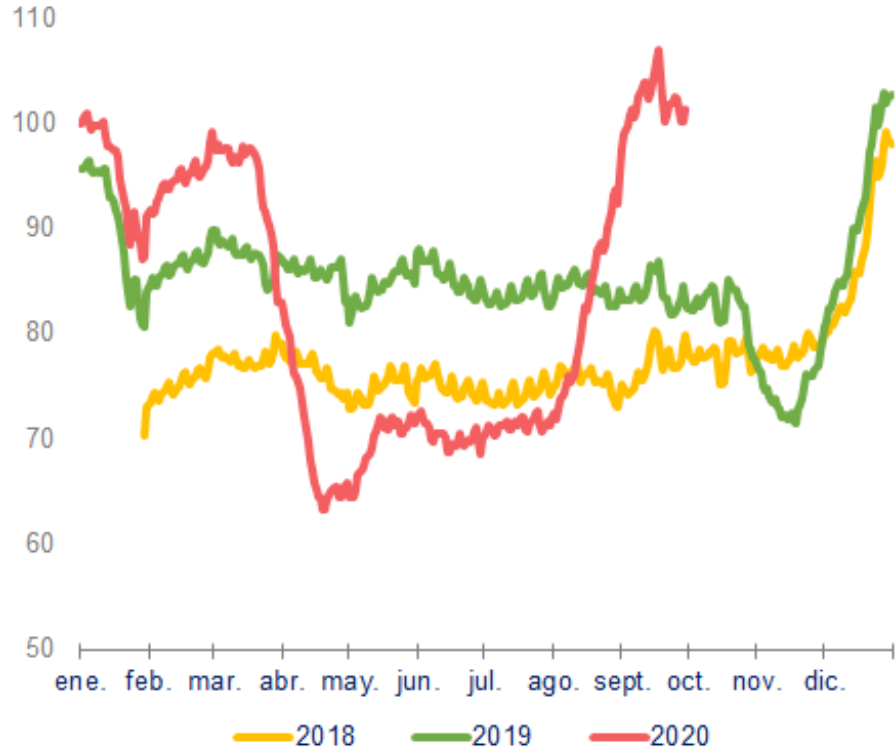


Source: Scotiabank Economics

Sales are still at highs but moderating in the margin

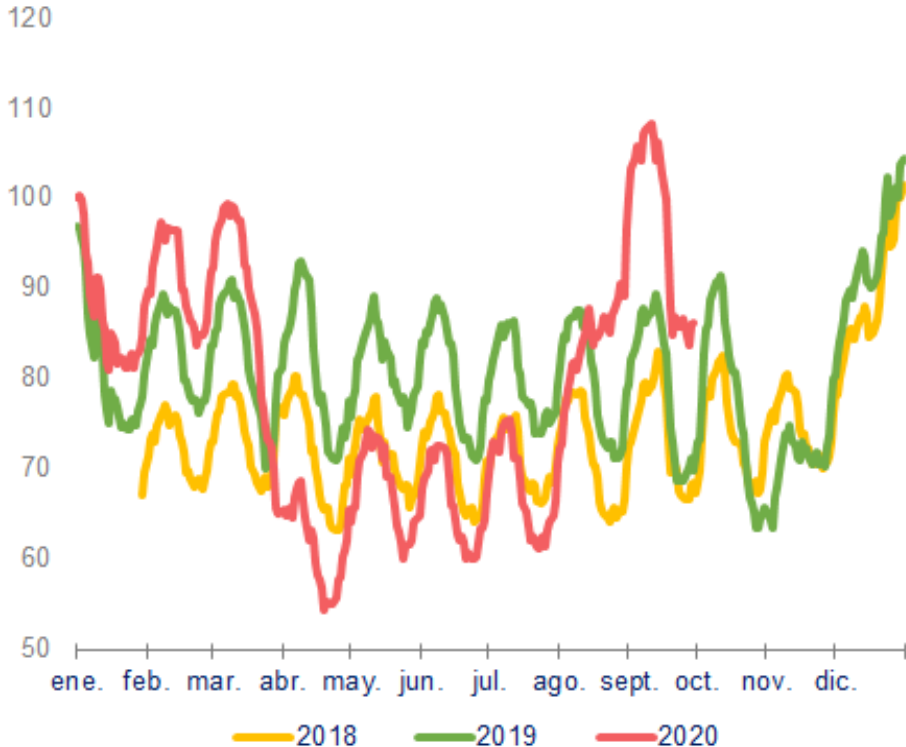
Level of purchases: 30 days moving sum

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 29)



Level of purchases: 15 days moving sum

(level, index 1-Jan-2020=100, 15-day moving sum, up to Sept. 29)

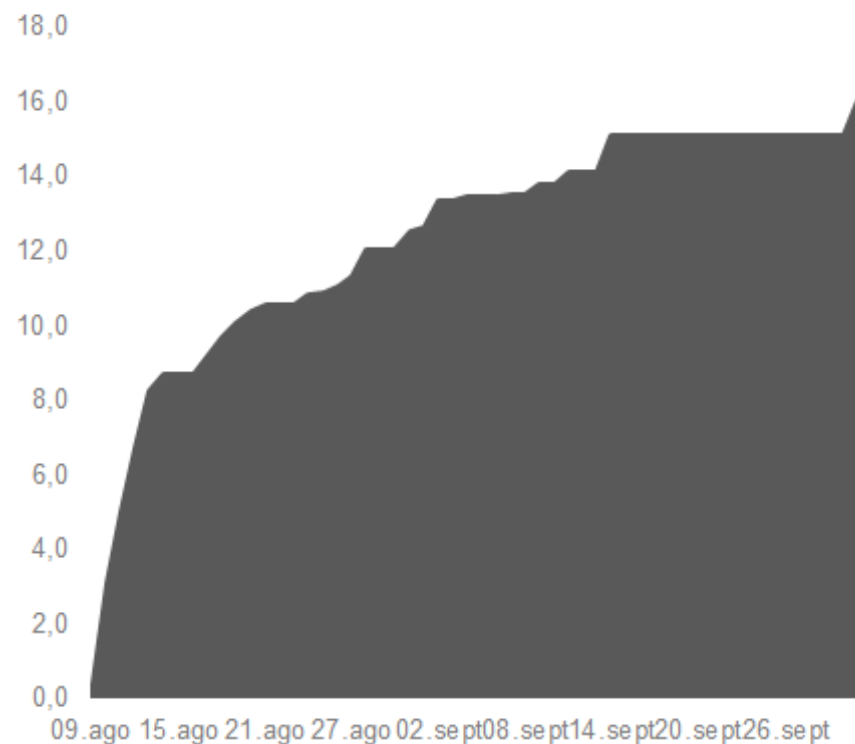


Source: Scotiabank Economics

Withdrawal payments have exceeded USD 16,000 million and 9.2 million people have received their funds. The average pay per person has been \$1.4 million pesos.

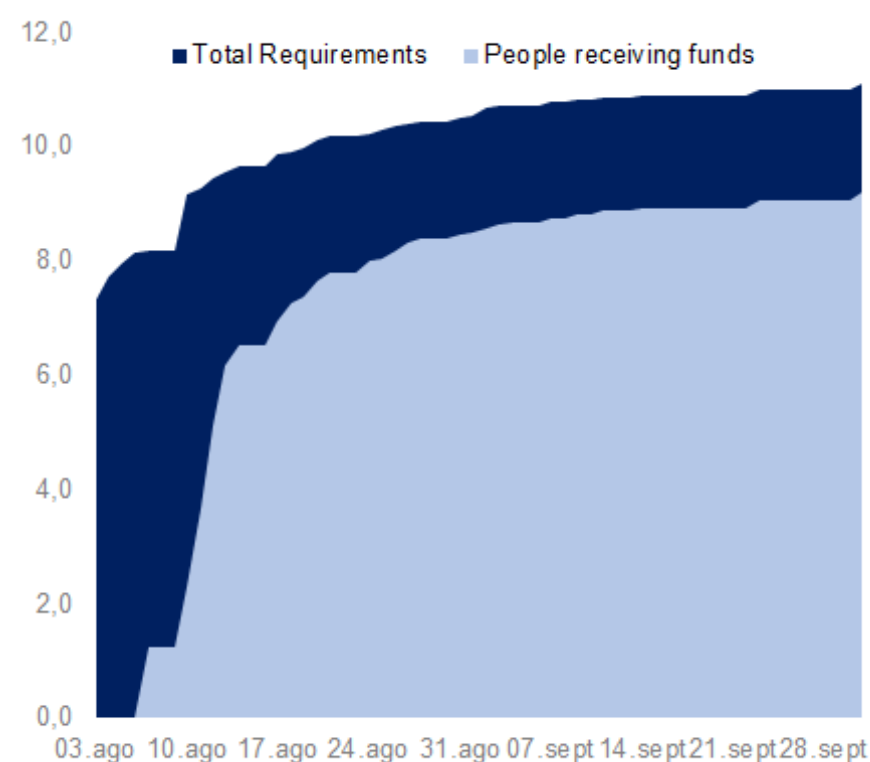
Accumulated withdrawals of pension funds

(USD billions, accumulated up to October 1)



Total requirements & people receiving funds

(millions of people, accumulated up to October 1)

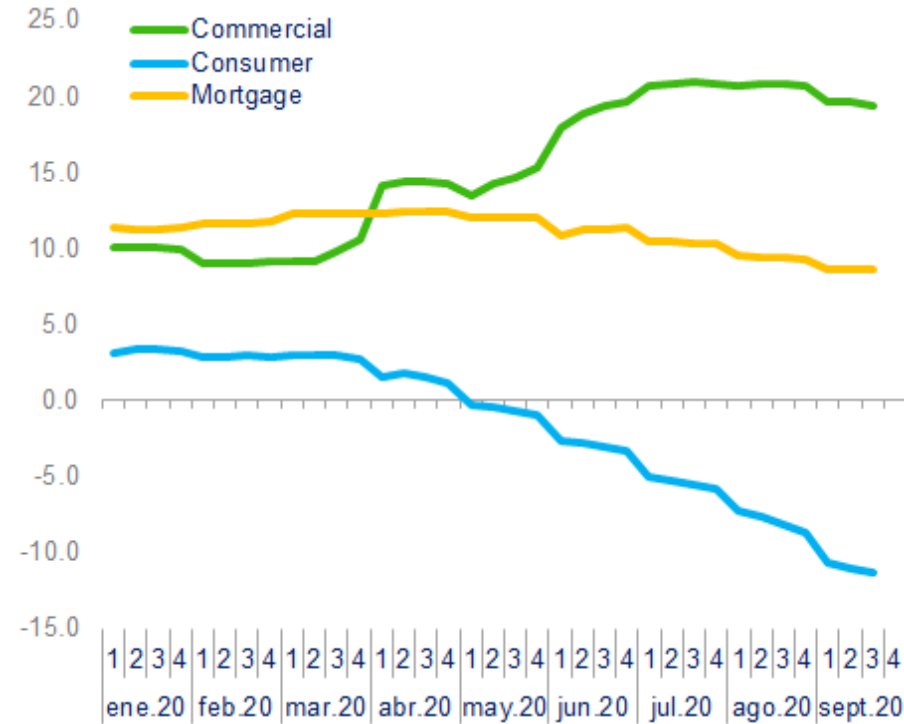


Source: Superintendencia de Pensiones, Scotiabank Economics

Counter-cyclically credit, but it is slowing down at the margin. As of the 3rd week of September, the slowdown in commercial and mortgage loans continues, and the decline in consumer loans deepens.

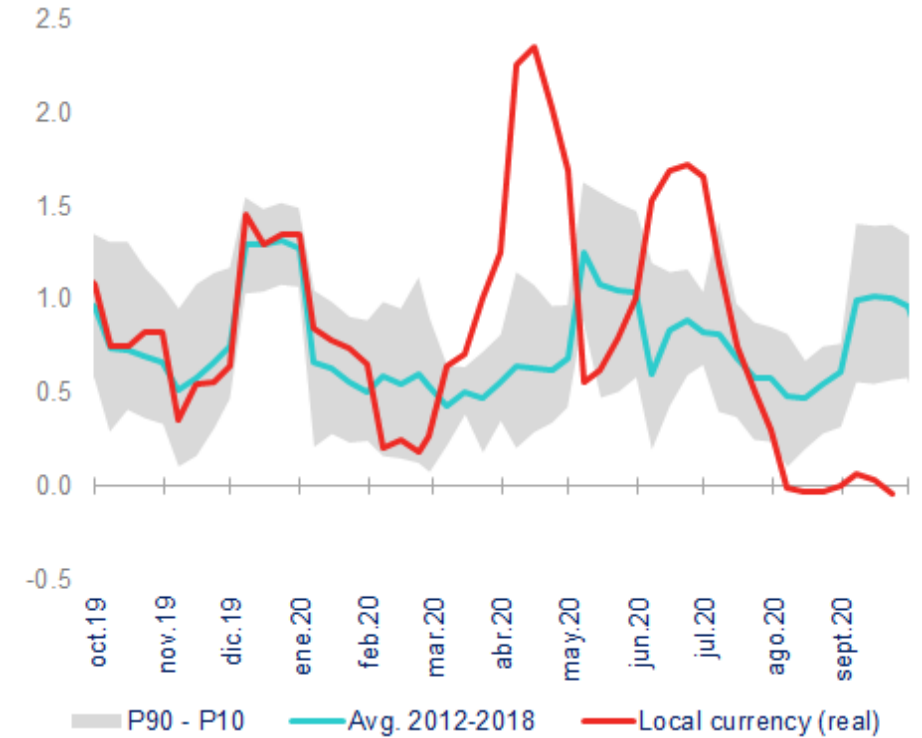
Loans in local currency

(percentage, real annual growth, weekly data)



Monthly dynamism of total loans

(percentage, real monthly growth, local currency, weekly data)

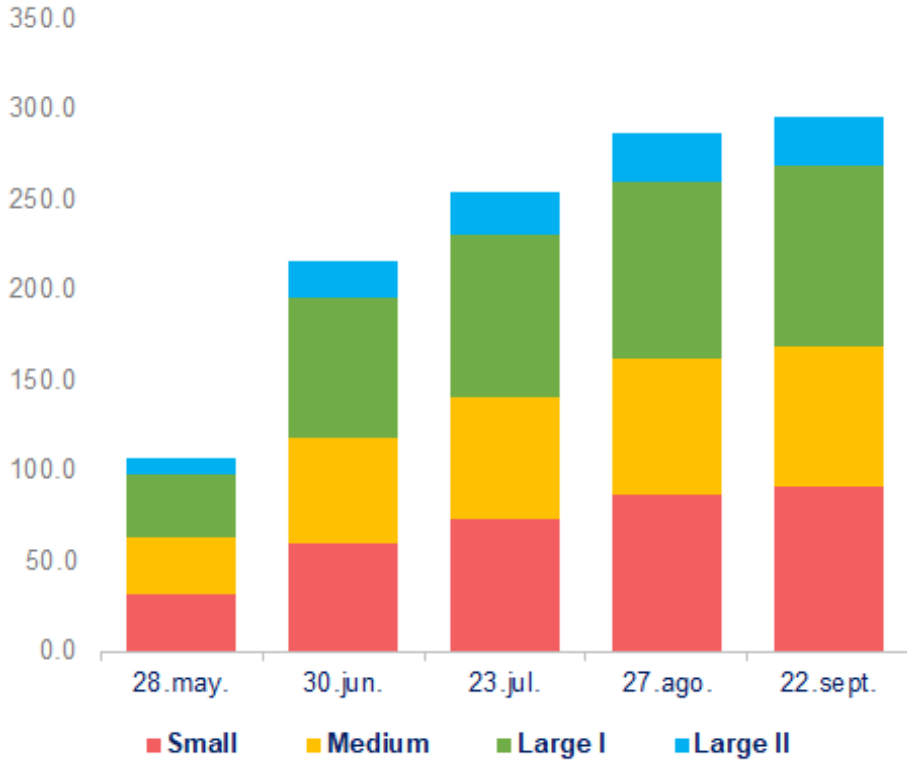


Source: Central Bank, Scotiabank Economics

Credit to SMEs: state guaranteed Covid-19 credits (FOGAPE)

Amount of credits by firm size

(millions of UF, up to September 22)



FOGAPE loans	May	June	July	August	September
% of total commercial loans	3.4%	6.8%	8.0%	8.8%	9.0%

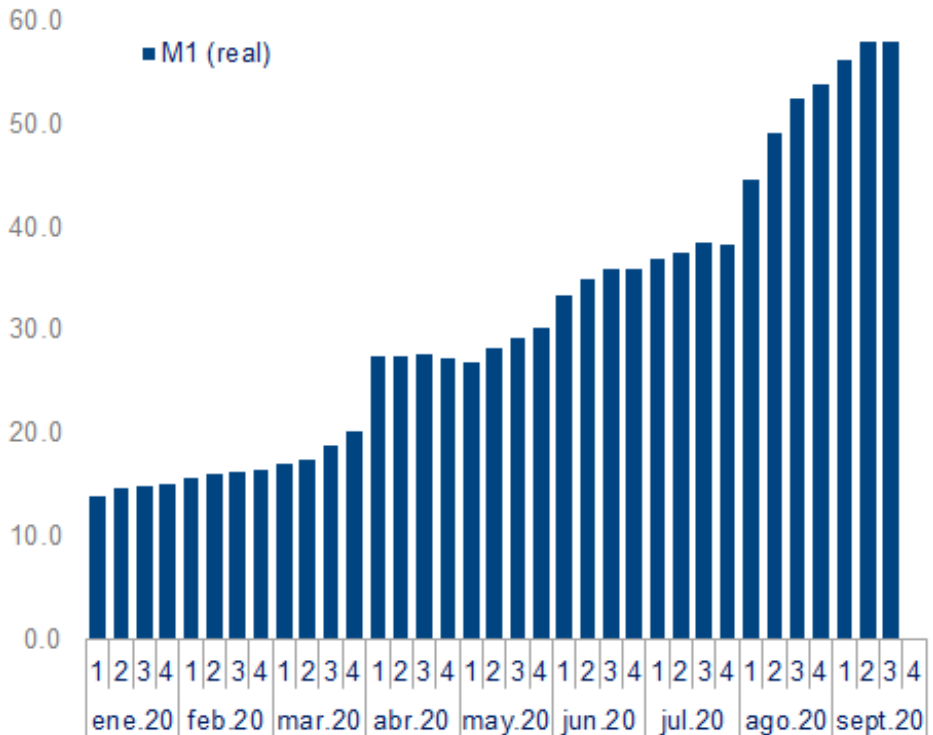
[See the complete report](#)

Source: Ministry of Finance, CMF, Scotiabank Economics

Expansion of liquidity stabilizes at highs

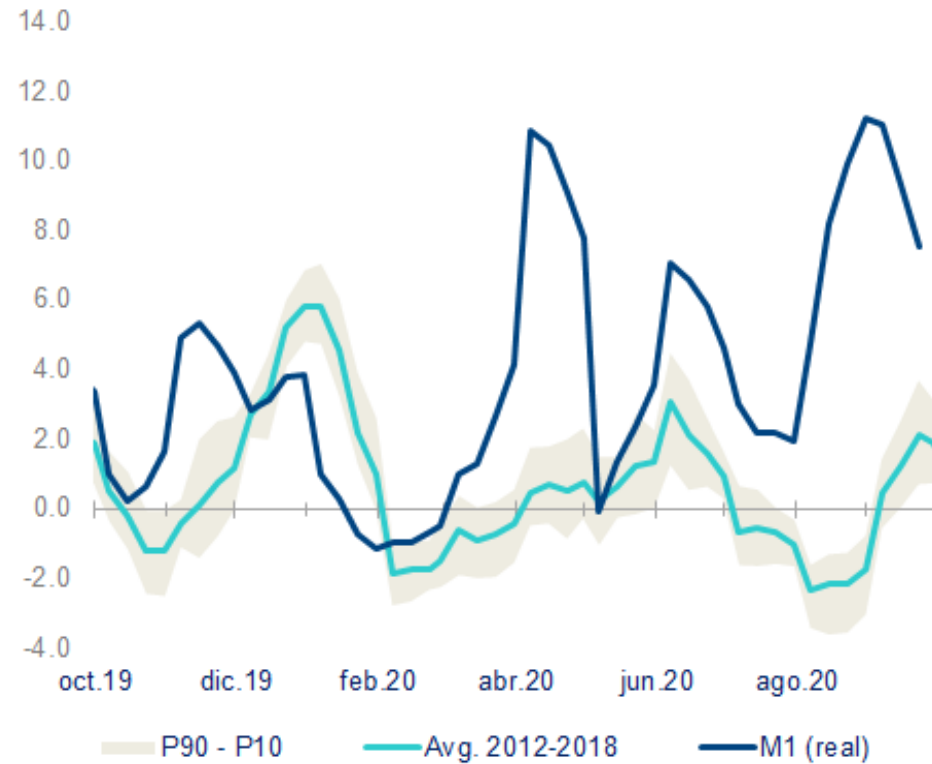
Money aggregate (M1)

(percentage, real annual growth, weekly data)



Monthly dynamism of M1

(percentage, real monthly growth, weekly data)

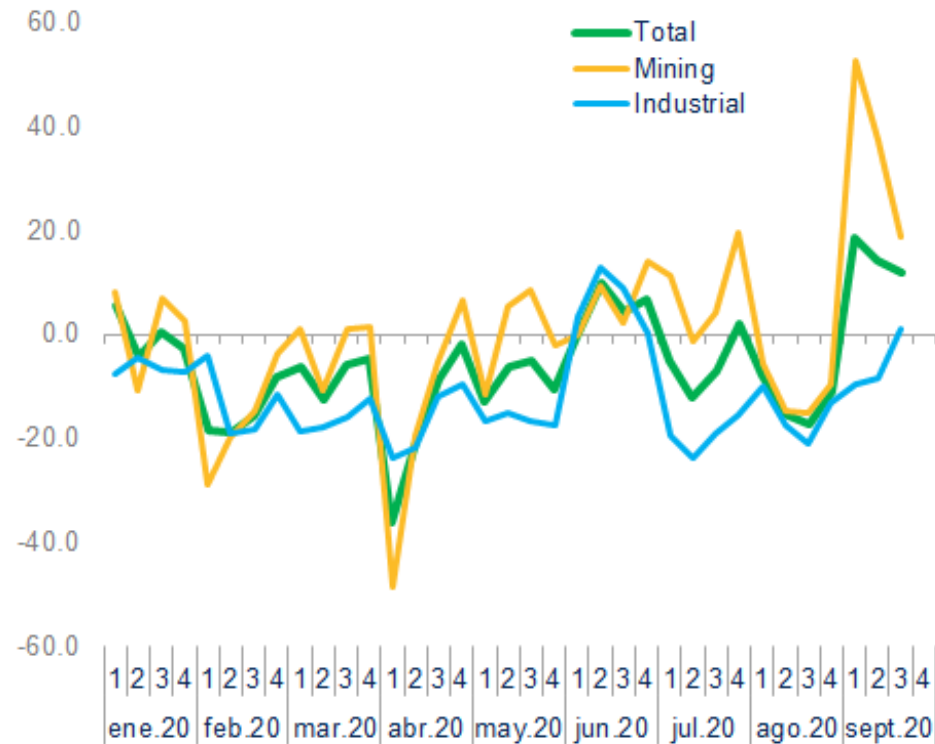


Source: Central Bank, Scotiabank Economics

Green shots in exports and imports – Capital goods imports are crucial to foster a more homogeneous recovery

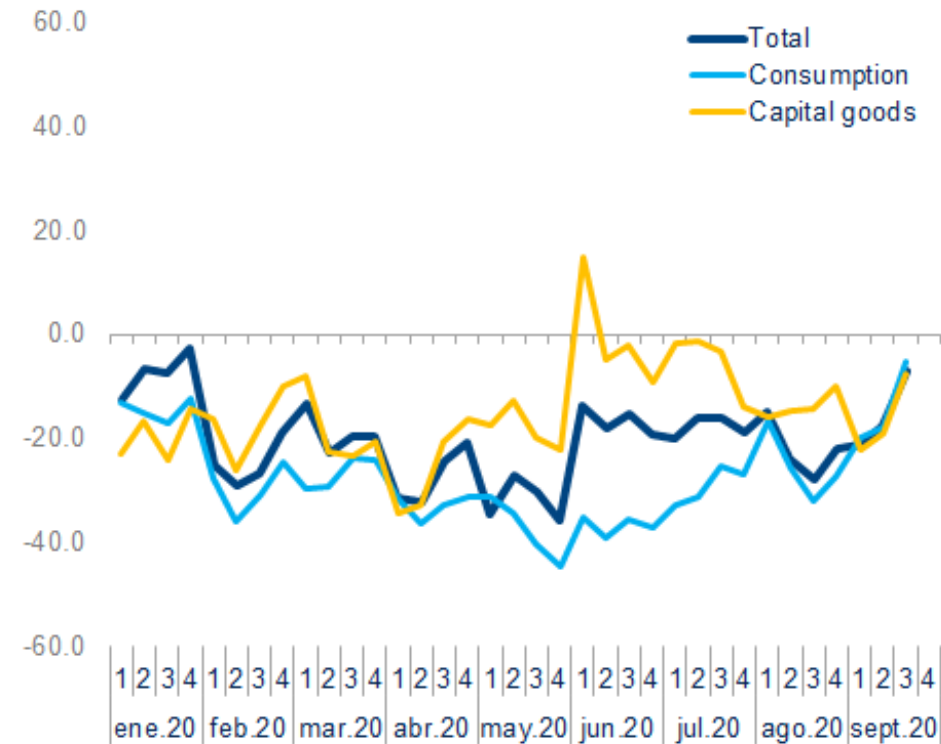
Exports by the 3rd week of Sept.: +11.8% y/y

(percentage, annual growth, weekly data, acumm. in the month)



Imports by the 3rd week of Sept.: -7.2% y/y

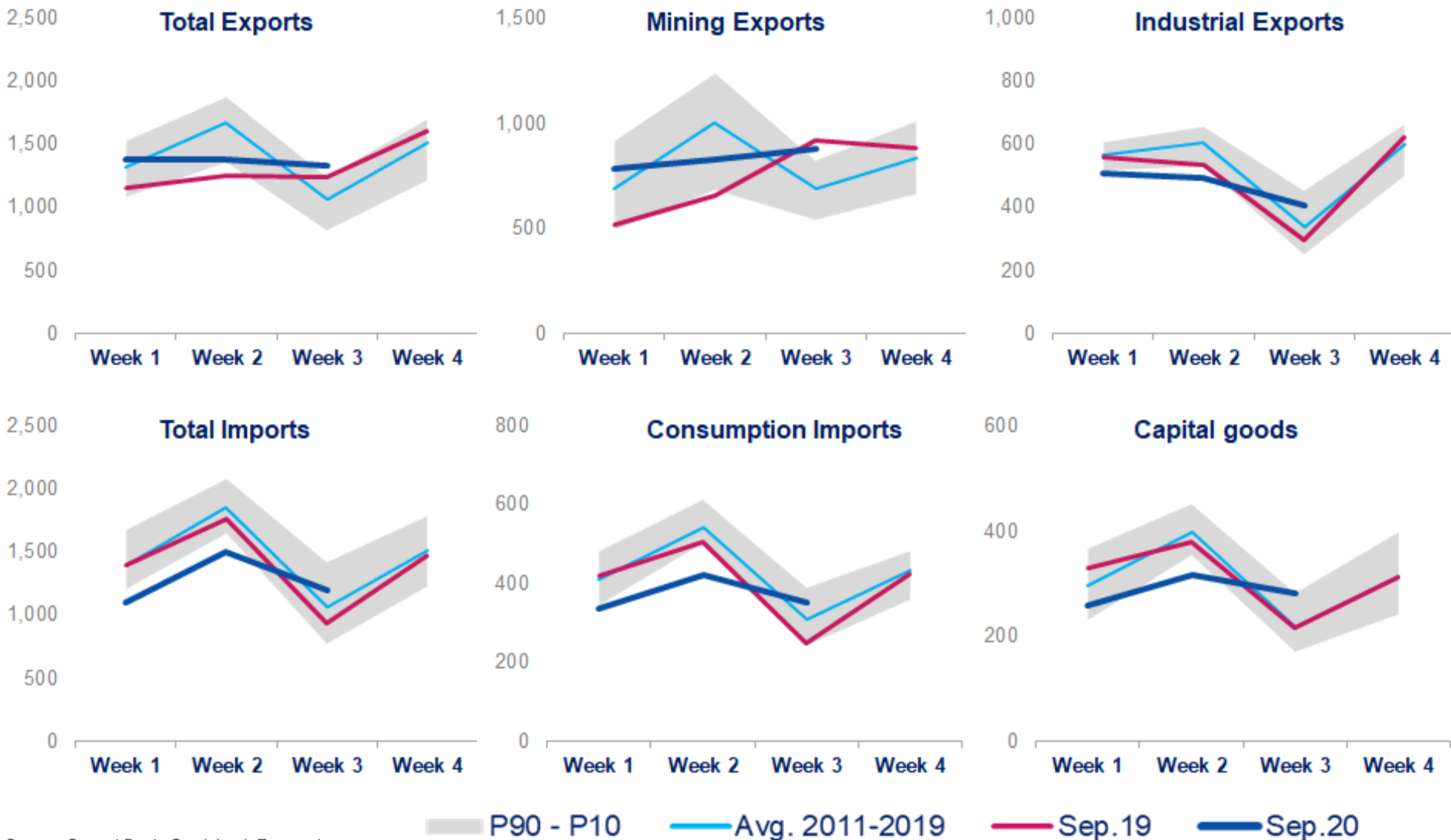
(percentage, annual growth, weekly data, acumm. in the month)



Clear signs of recovery in exports and imports

Weekly flow of Exports and Imports in September

(level, USD millions per week)

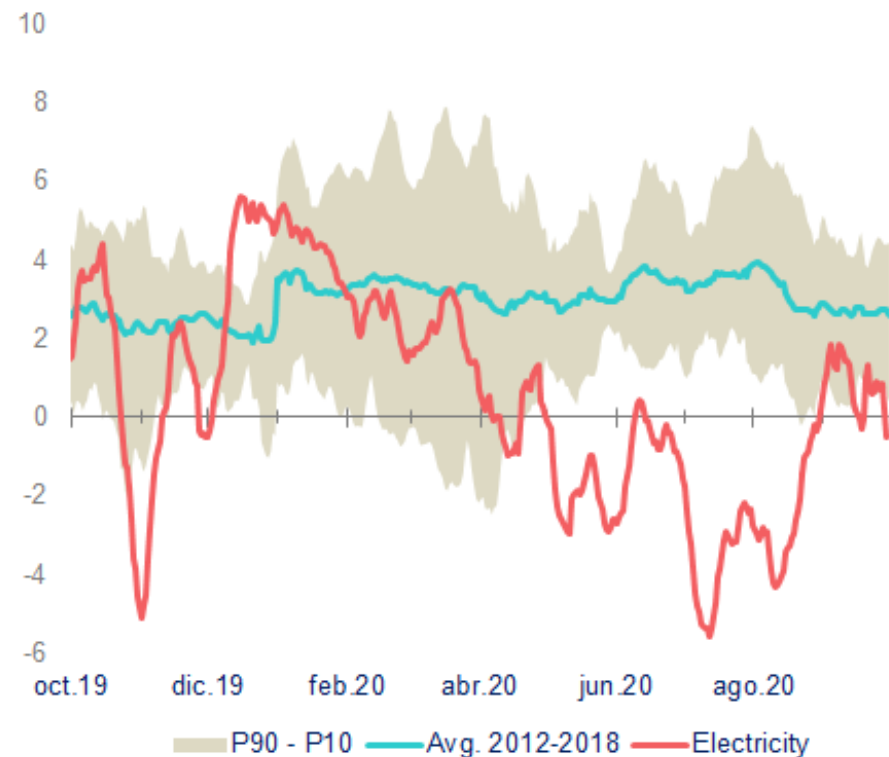


Source: Central Bank, Scotiabank Economics

Higher demand for electricity reveals progress in the reopening of the economy – Slightly above 80% of the economy's GDP is already unlocked

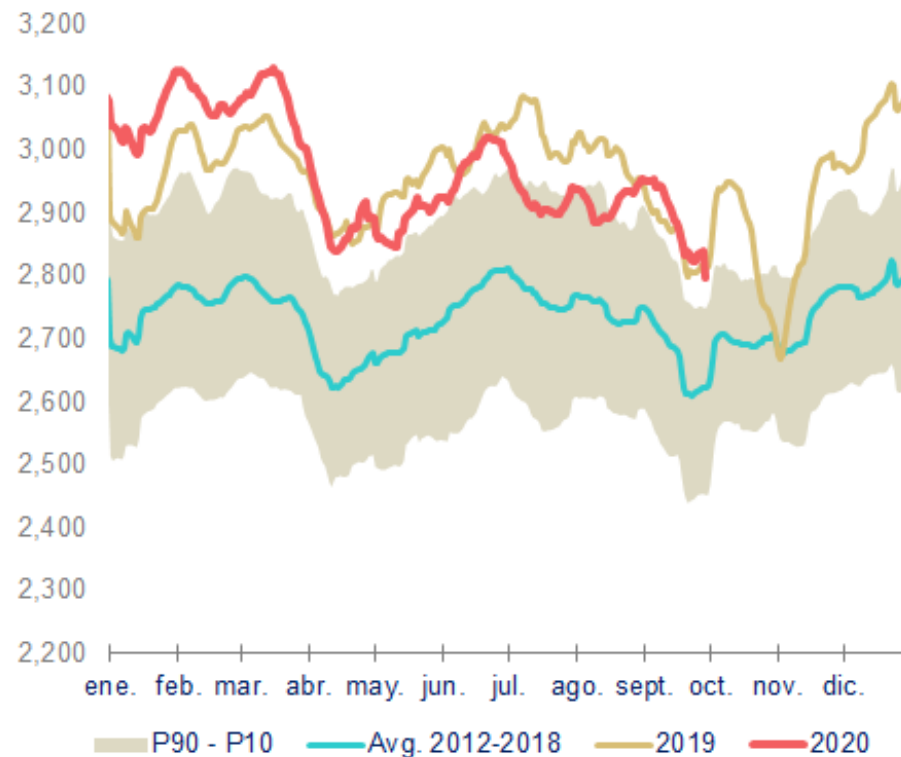
Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to September 29)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to September 29)

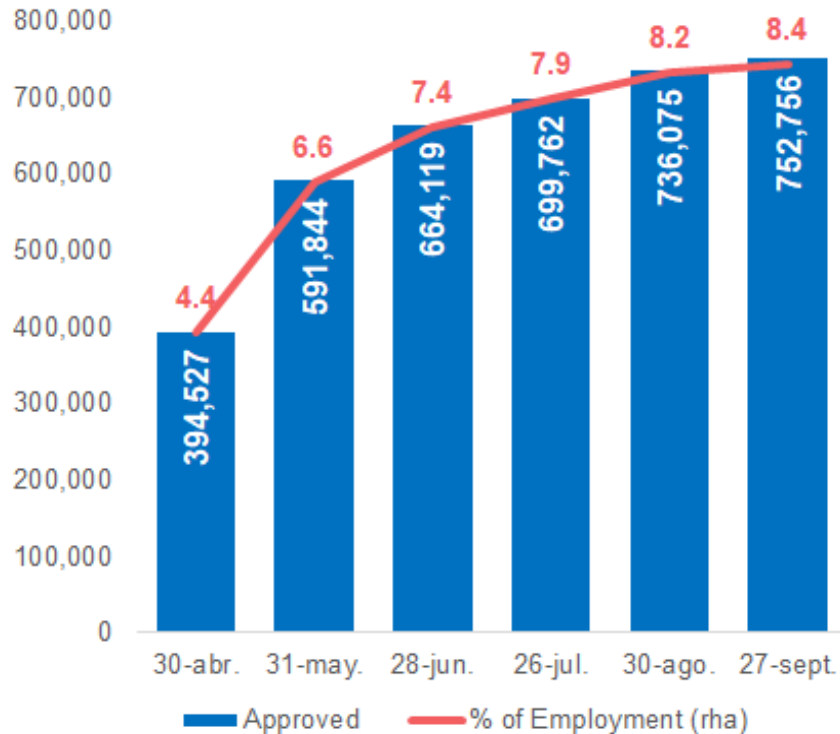


Source: *Coordinador Eléctrico*, Scotiabank Economics

Employment Protection Plan: the more cyclical, the more affected

Approved requests

(number of employees, % of total employment)



Approved requests by sector

(up to September 27, Law 21.227)

Sector	Number	% total	% of sectoral employment
Agriculture	8,183	1.1	1.3
Mining	2,040	0.3	0.8
Manufacturing	70,291	9.3	8.4
Elect. and gas	1,164	0.2	2.4
Water and waste	1,010	0.1	1.7
Construction	161,359	21.4	20.5
Commerce	174,721	23.2	10.1
Transport	39,458	5.2	8.8
Food and accomm.	121,608	16.2	20.8
Communications	10,016	1.3	6.1
Financial act.	6,904	0.9	4.2
Real estate act.	7,335	1.0	8.8
Professional act.	30,199	4.0	10.0
Administrative act.	46,821	6.2	19.8
Public Adm.	78	0.0	0.0
Education	16,085	2.1	2.0
Health	16,132	2.1	2.9
Rec. and culture	14,275	1.9	10.3
Other services	24,047	3.2	8.9
Other activities	1,030	0.1	0.3
Total	752,756	100.0	8.4

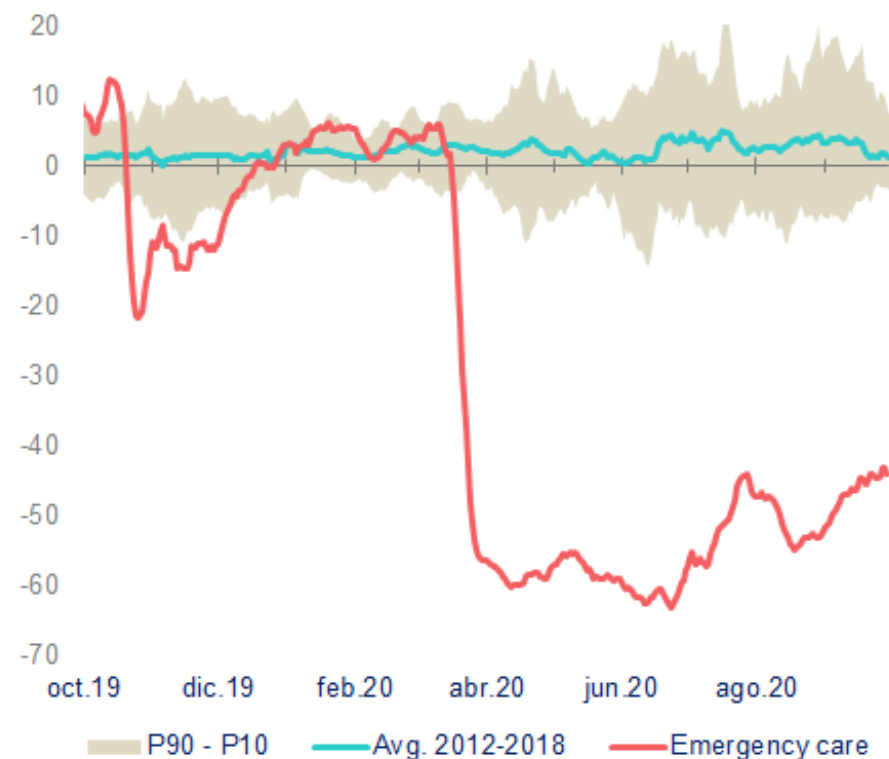
[See the complete report](#)

Source: National Bureau of Statistics (INE), Superintendencia de Pensiones, Scotiabank Economics

Emergency care –not related to COVID– is recovering very slowly

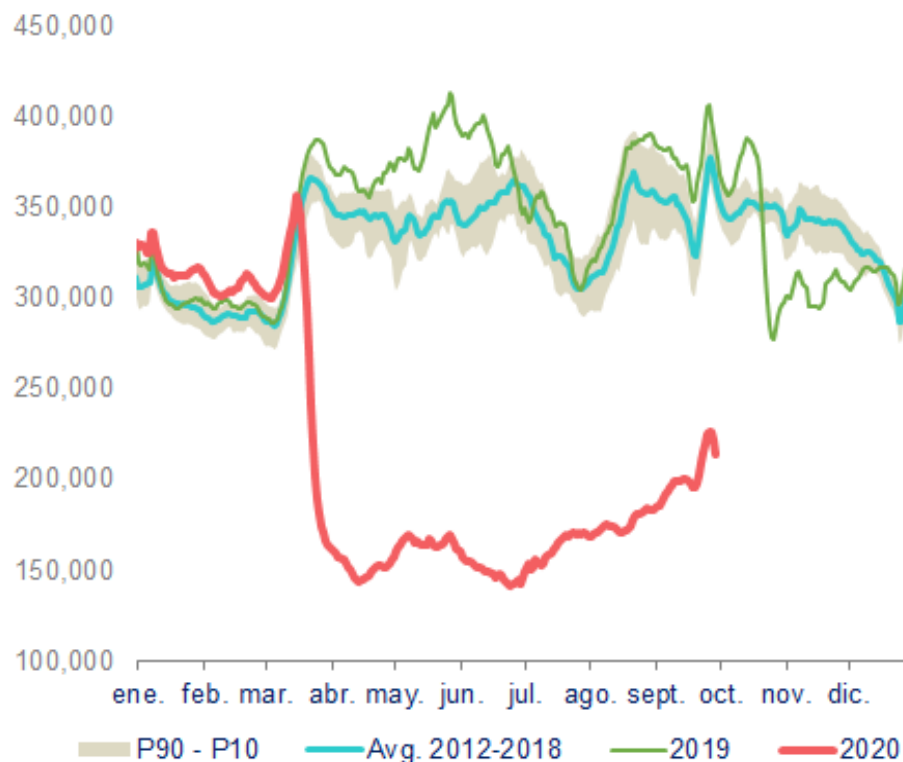
Annual growth in Emergency Care

(percentage, annual growth, 7-day mov. sum, up to September 29)



Number of Emergency Care attentions

(number of daily attentions, 7-day mov. sum, up to September 29)

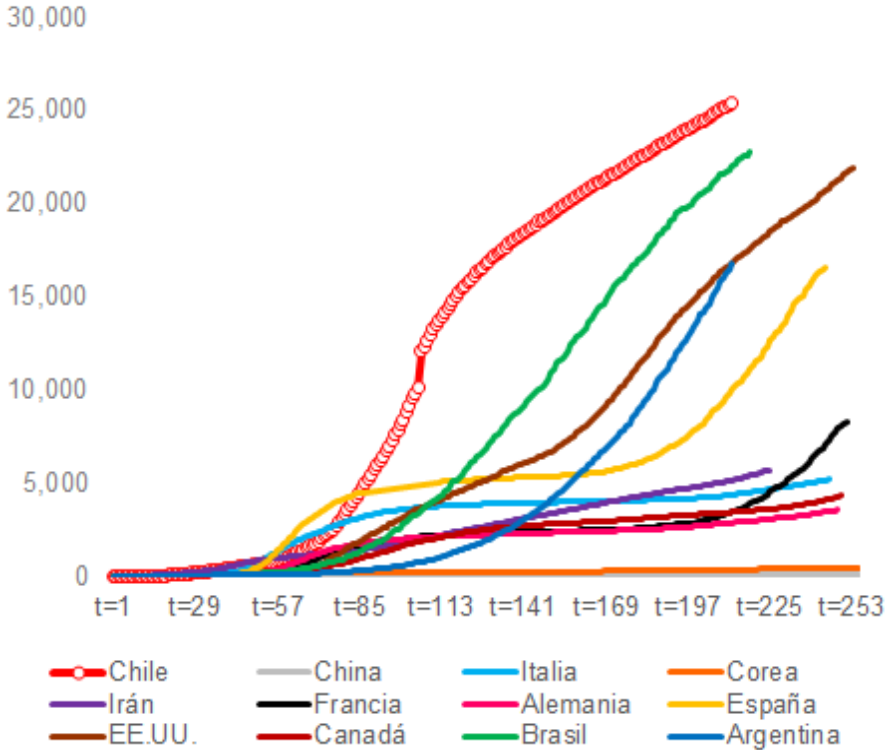


Source: Ministerio de Salud (DEIS), Scotiabank Economics

Situation of Covid-19: stabilization but still at high levels

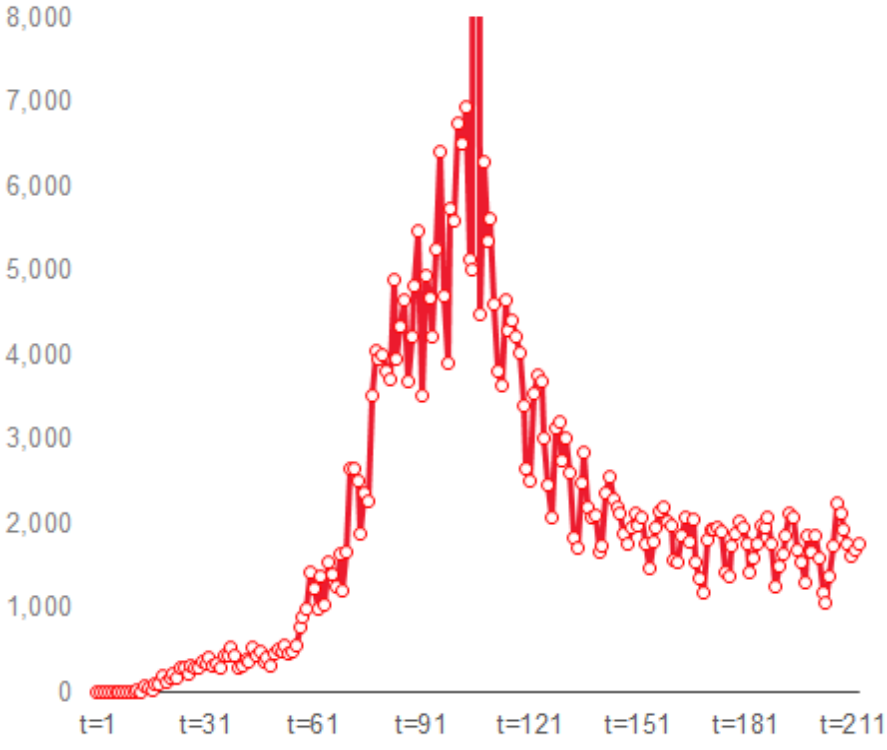
COVID-19, selected countries

(cases/population x 1.000.000, t=1 first case, up to September 30)



New cases COVID-19 in Chile

(number of new cases per day, t=1 first case, up to September 30)

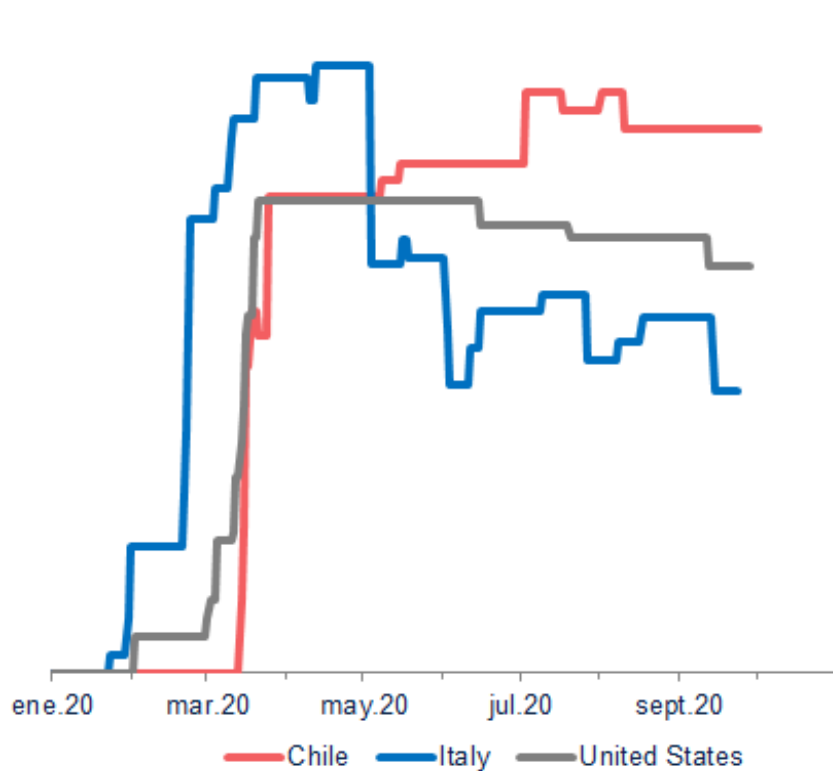


Source: WHO; Ministerio de Salud, Scotiabank Economics

Stringency measures and mobility trends: slowly coming back to the "new normal"

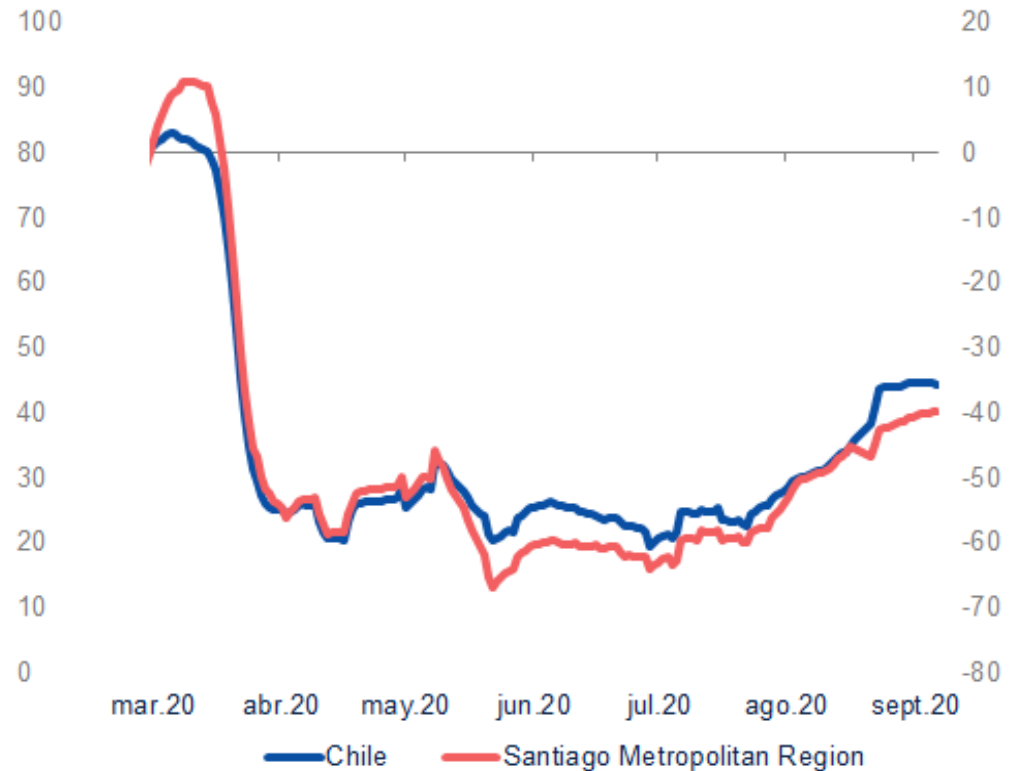
Oxford stringency index*

(index, strictest response=100, up to September 30)



Google mobility trends**

(percentage compared to baseline, 7-day mov. avg, up to Sept. 27)



* The Oxford Stringency Index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100.

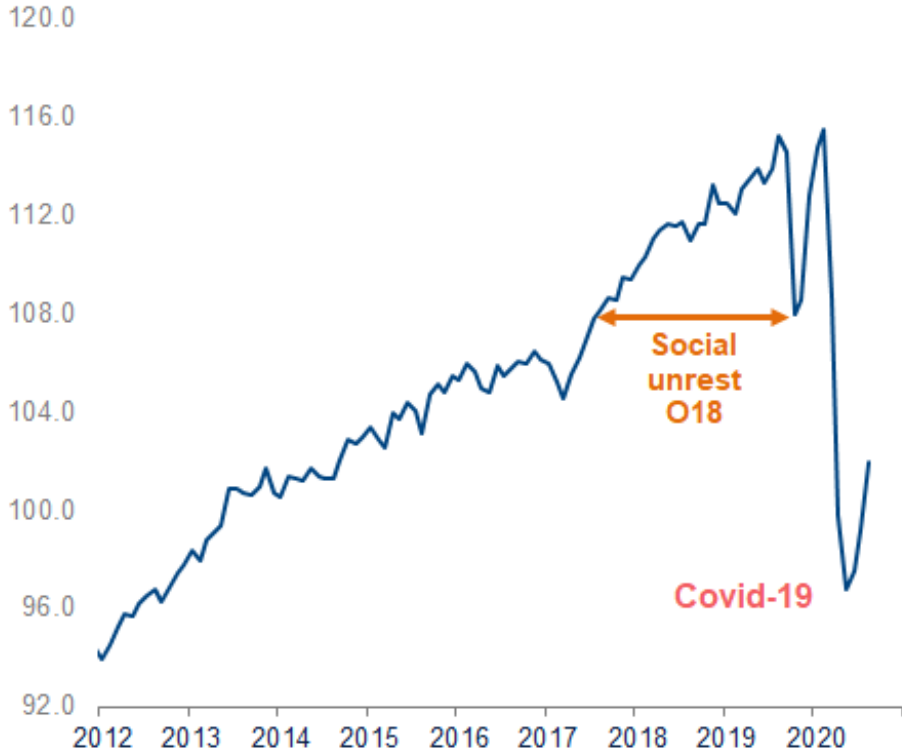
** Google Mobility index: 7-day moving average of Google mobility indices (excludes residential).

Source: Oxford University, Google Mobility report, Scotiabank Economics

Slow recovery during 2H 2020, but better prospects for 2021

GDP level

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



GDP growth in 2020

(percentage, annual growth, monthly data)



Short run forecasts: growth of monthly GDP	August-20	September-20(f)	October-20(f)
Imacec (% , y/y)	-11.3%	-7 to -5%	-2 to 2%

Source: Central Bank, Scotiabank Economics

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