

Tracking Covid-19: high frequency indicators



Economics & Financial Research

Update October 21, 2020



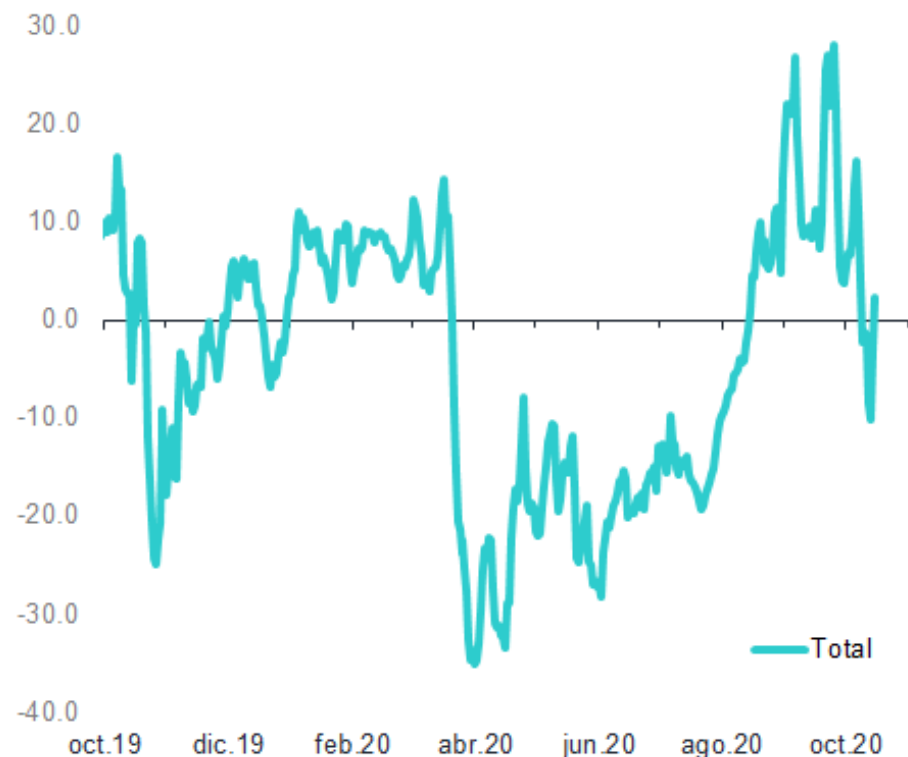
Key messages

- **Sales continue on a path to recovery but there is a clear deceleration in October.** We still observe heterogeneity explained by the reopening process: retailers and supermarkets are receiving most of the **decelerating** liquidity from the withdrawal of Pension Funds and fiscal support.
- **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 9.2 percentage points (pp) to the annual growth of commercial loans in October. **Finally, Central Bank acknowledged the deceleration in loans in the last monetary policy meeting (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.**
- Using transactional data (credit & debit cards), **we forecast +12% y/y increase in retail sales in September, and some stabilization in October (between +11/13% y/y).** However, we still see downside risks -especially in private investment- associated to a persistent domestic political uncertainty and deep weakness in the labor market.

Strong injections of liquidity from Pension Funds and middle-class bonus supported private consumption, but the impulse slowed down in October, approaching to 2019 levels.

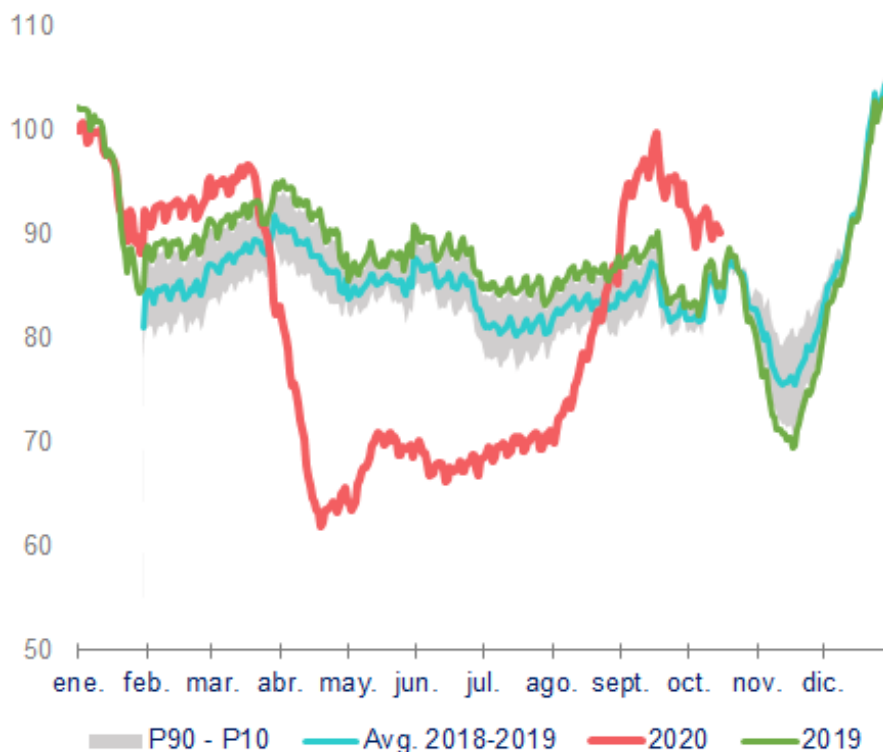
Purchases with credit & debit cards decelerating but still resilient

(percentage, annual growth, 7-day moving average, up to Oct. 15)



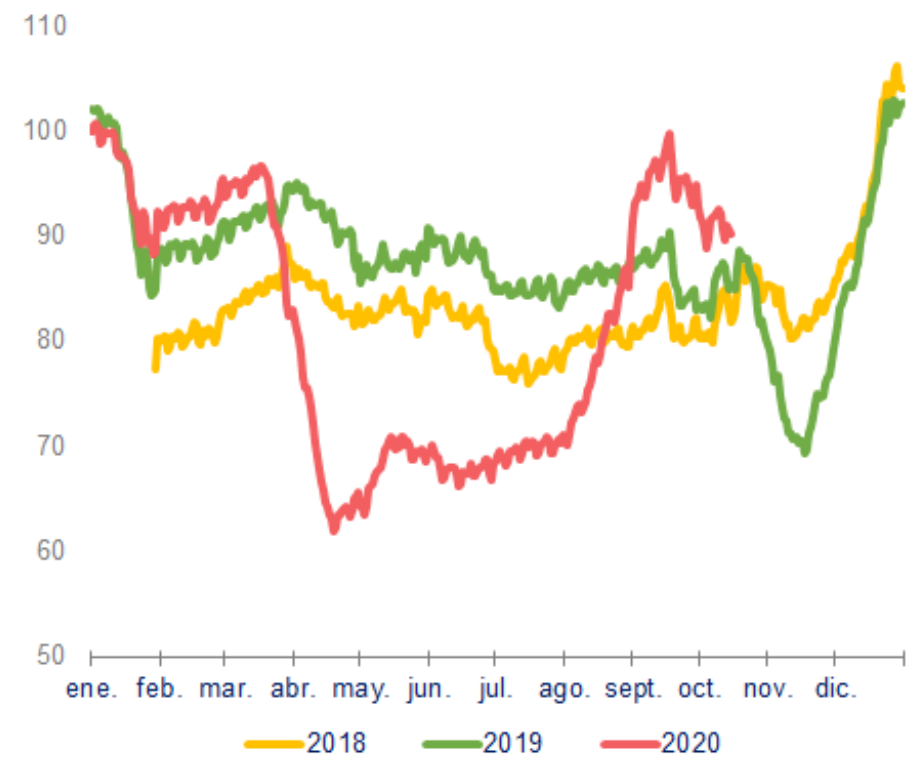
Strong recovery in few days (debit & credit), but vanishing in October

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)

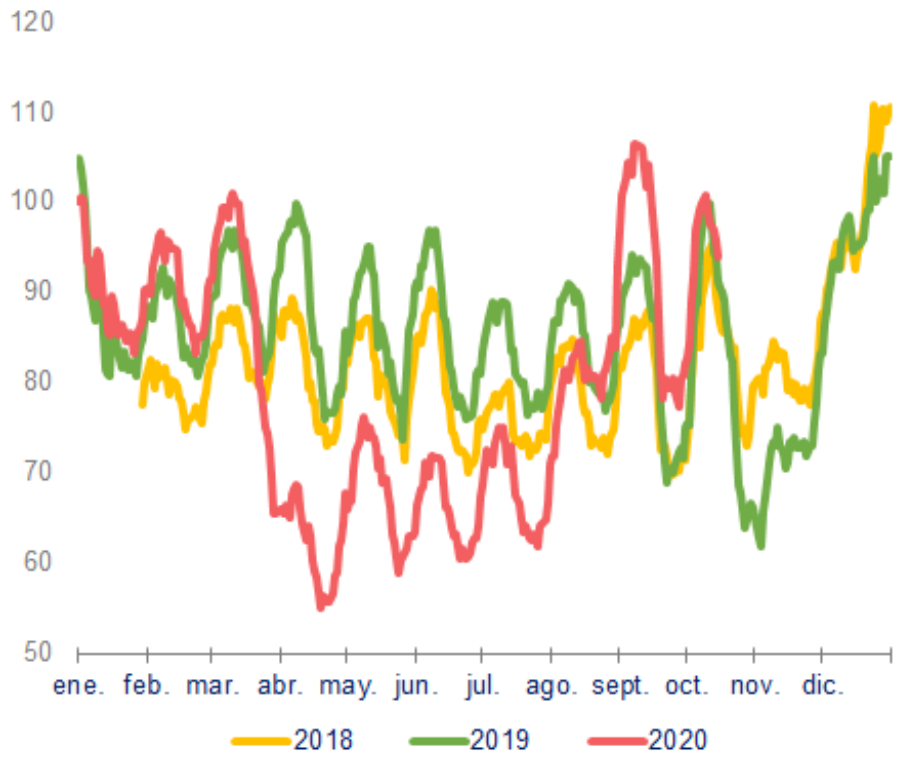


Retails sales started to moderate in October

Level of purchases: 30 days moving sum
 (level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



Level of purchases: 15 days moving sum
 (level, index 1-Jan-2020=100, 15-day moving sum, up to Oct. 15)

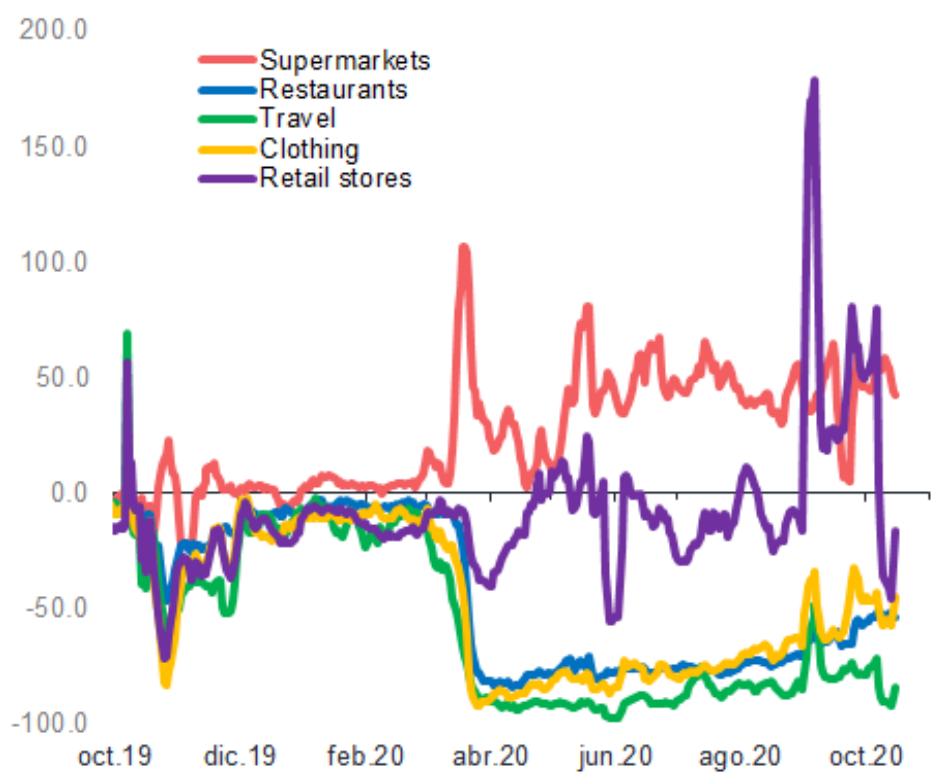


Source: Scotiabank Economics

Deceleration in the use of credit cards after withdrawal of Pension Funds and fiscal support vanished – Retail Sales show signs of moderation

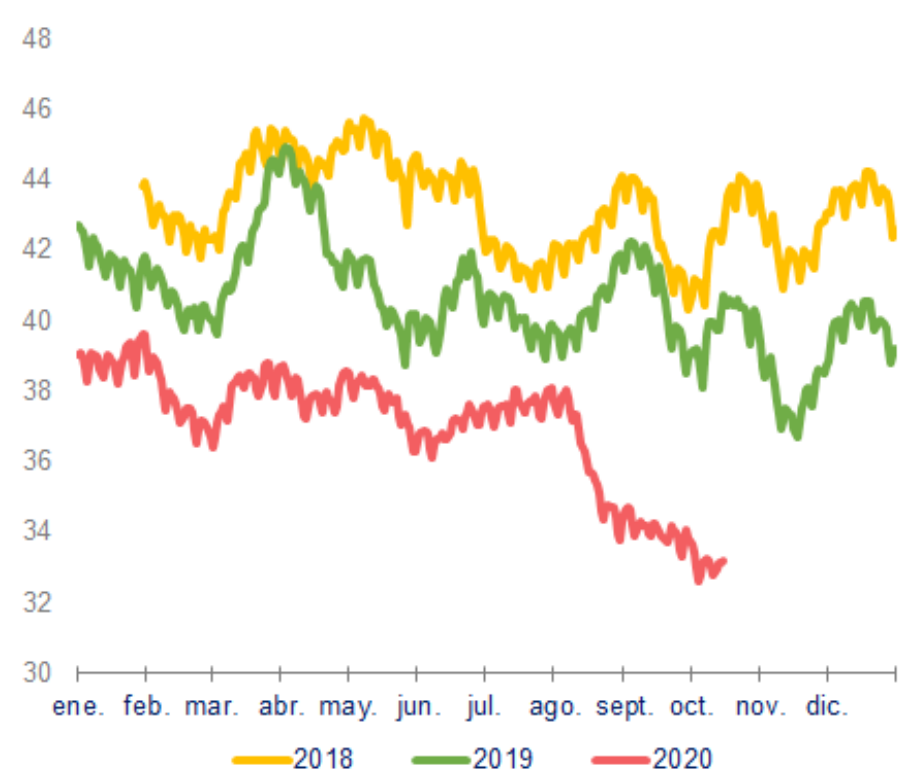
Annual growth of purchases: credit cards

(percentage, annual growth, 7-day moving average, up to Oct. 15)



Purchases with credit cards

(% of total purchases, 30-day moving average, up to Oct. 15)

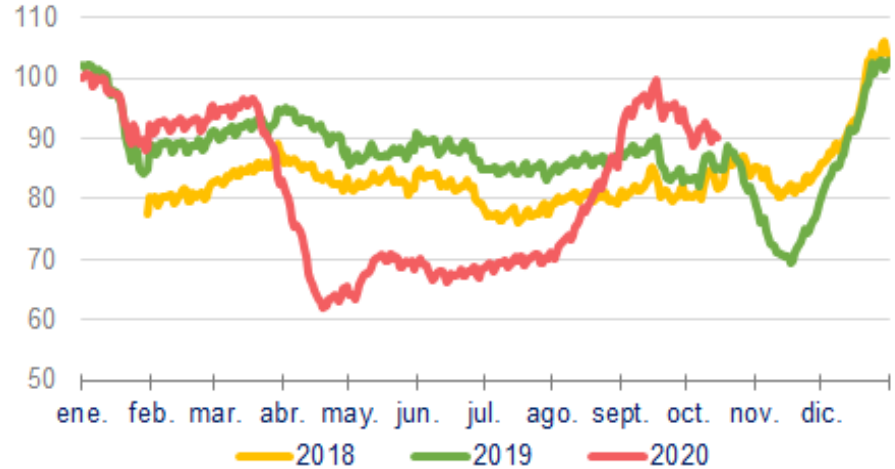


Source: Scotiabank Economics

Supermarkets were the big winners and Retailers followed behind

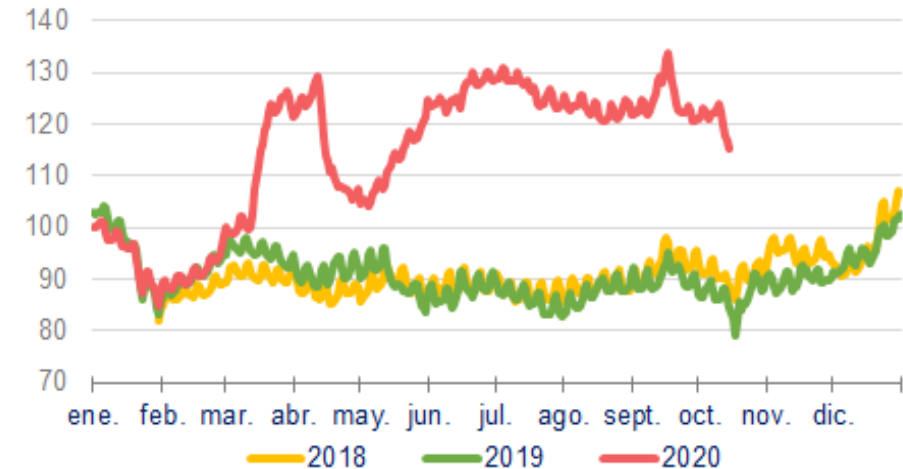
Total purchases

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



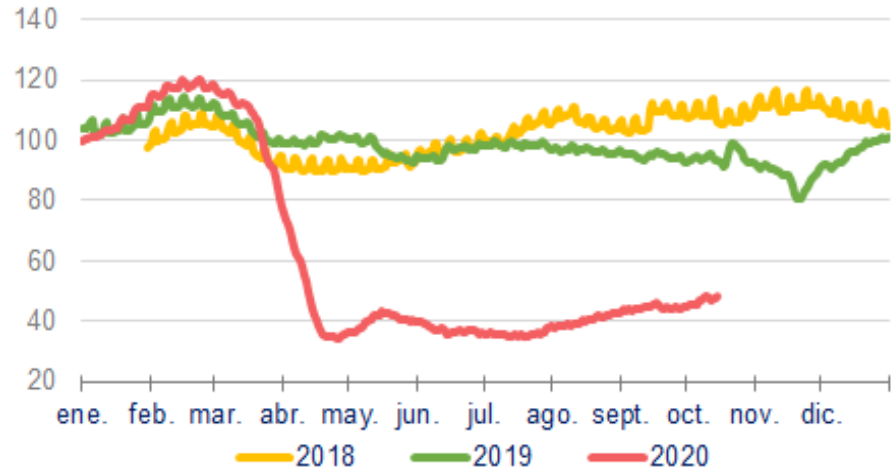
Supermarkets

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



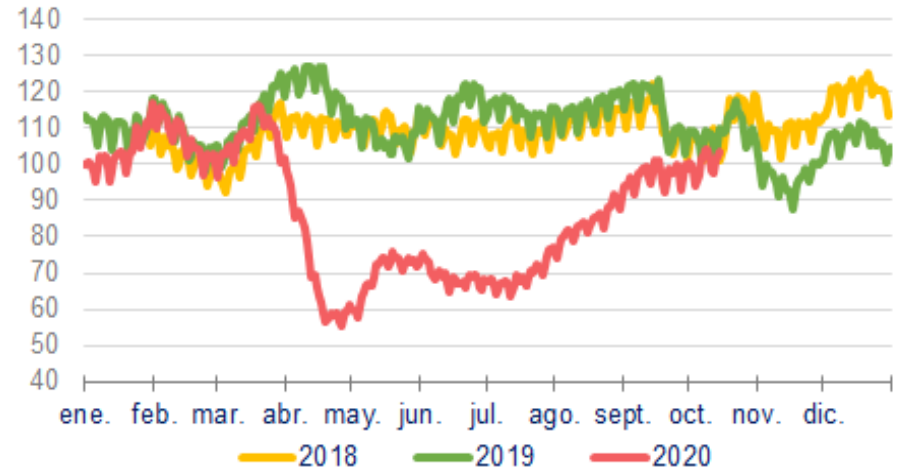
Fuels

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



Drugstores

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)

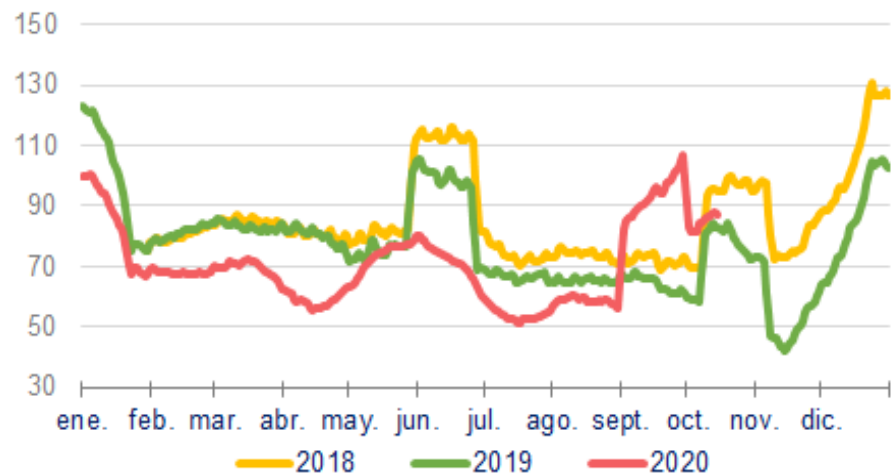


Source: Scotiabank Economics

Strong recovery in retail stores: e-commerce and Cyberday

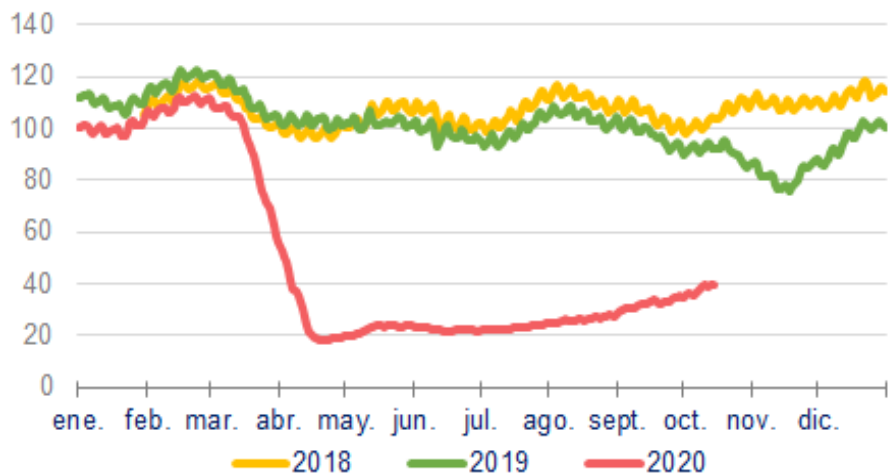
Retail stores

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



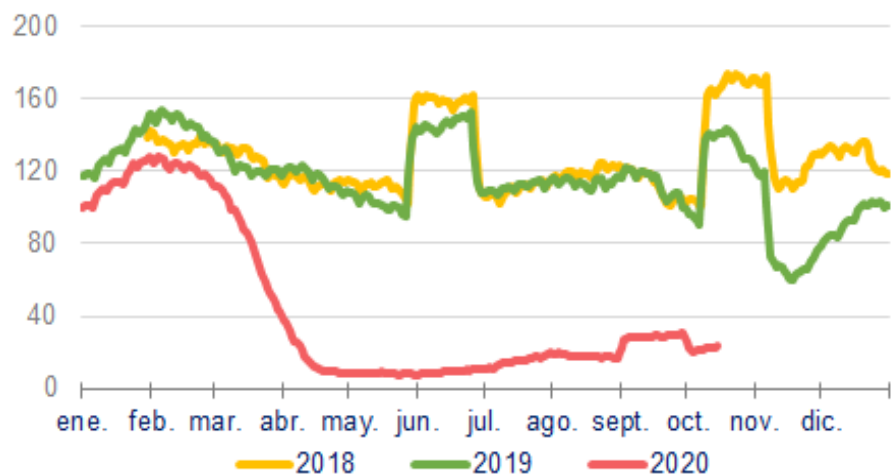
Restaurants

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



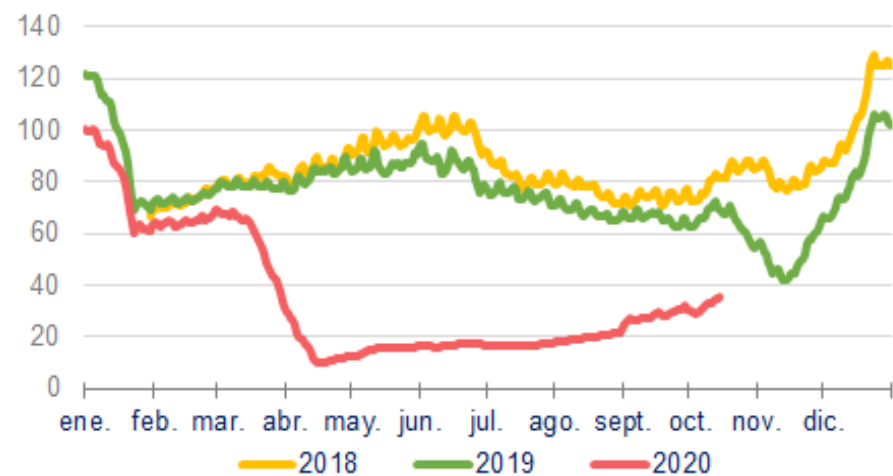
Tourism travel

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)



Clothing and footwear

(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 15)

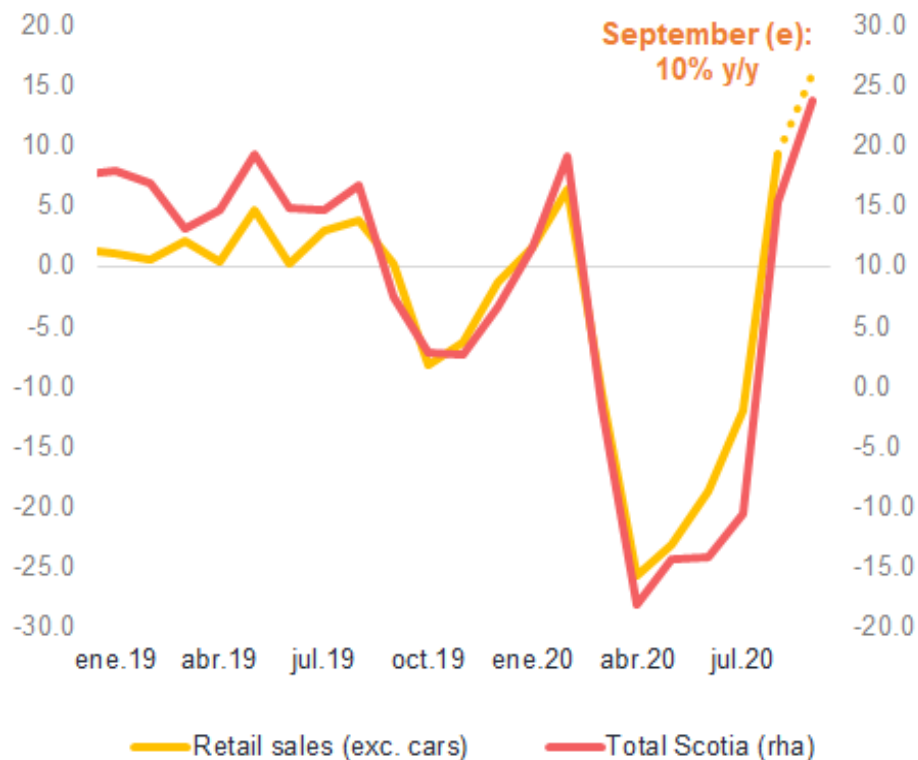


Source: Scotiabank Economics

Retail sales: we forecast +12% y/y increase in September, due to strong injection of liquidity and recovery in car sales (31,897; -16% y/y).

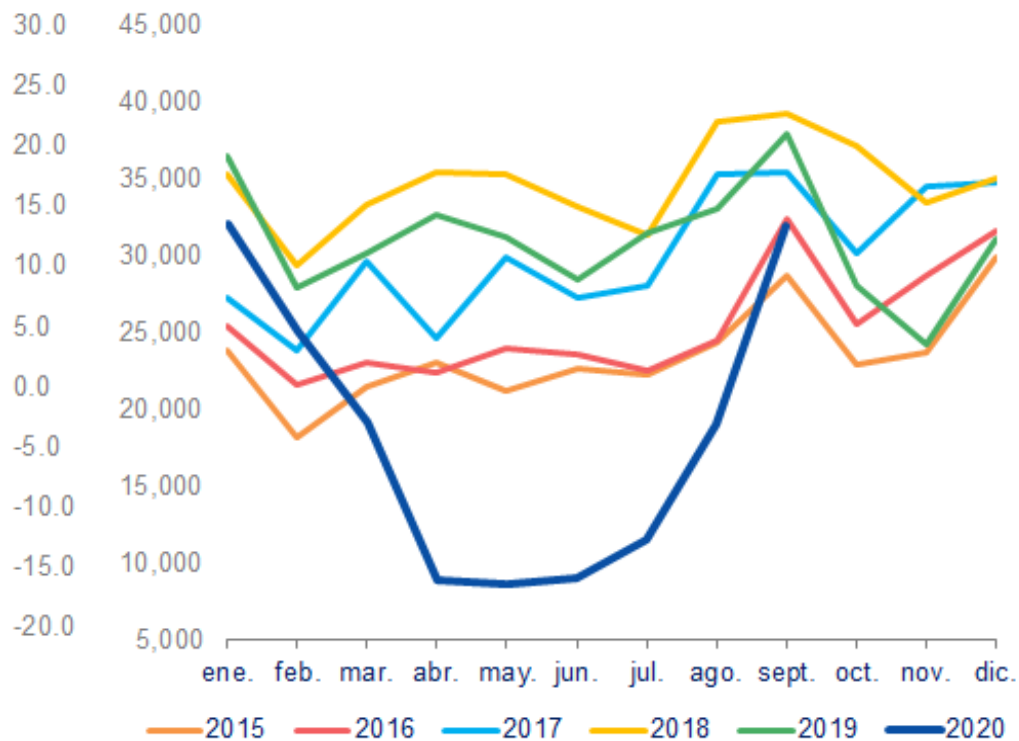
Retail sales vs Transactional data

(percentage, annual growth)



New car sales

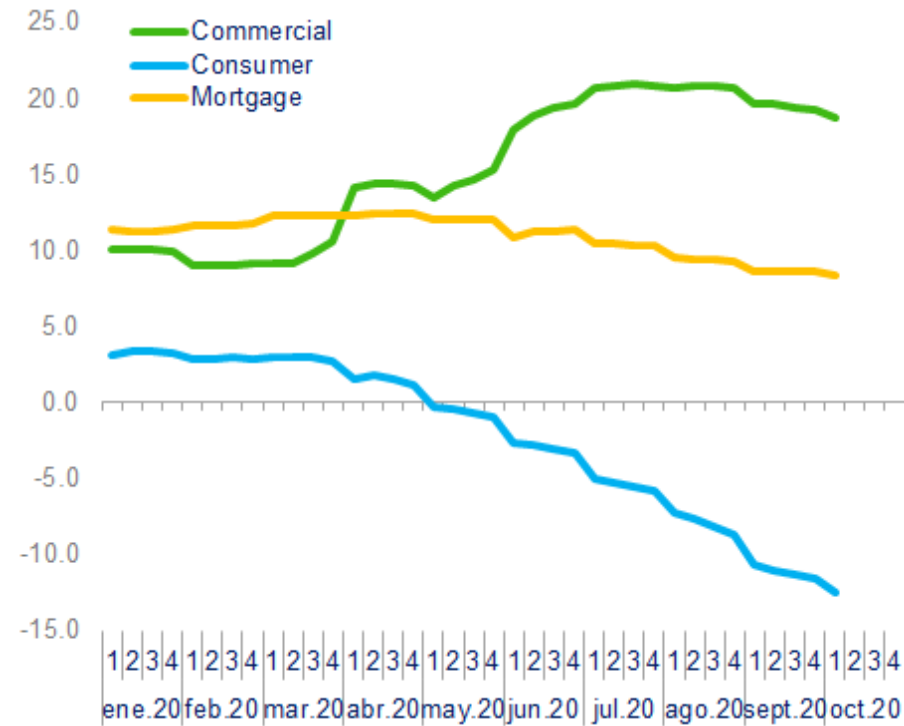
(units per month)



Counter-cyclically credit flows, but slowing down in the margin. As of the 1st week of October, the slowdown in commercial and mortgage loans continues, and the decline in consumer loans deepens.

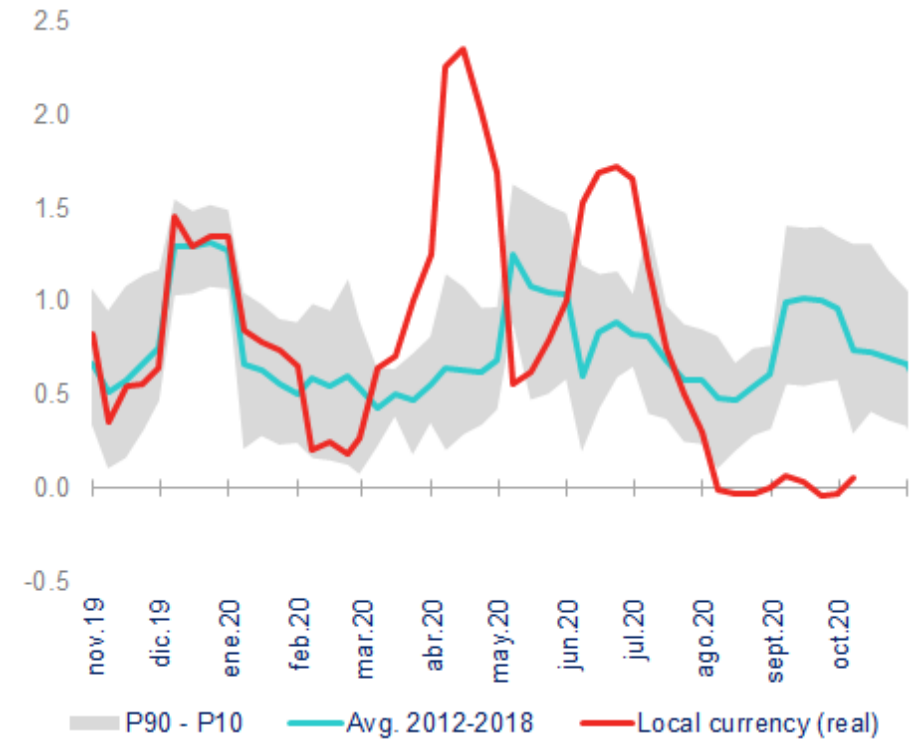
Loans in local currency

(percentage, real annual growth, weekly data)



Monthly dynamism of total loans

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

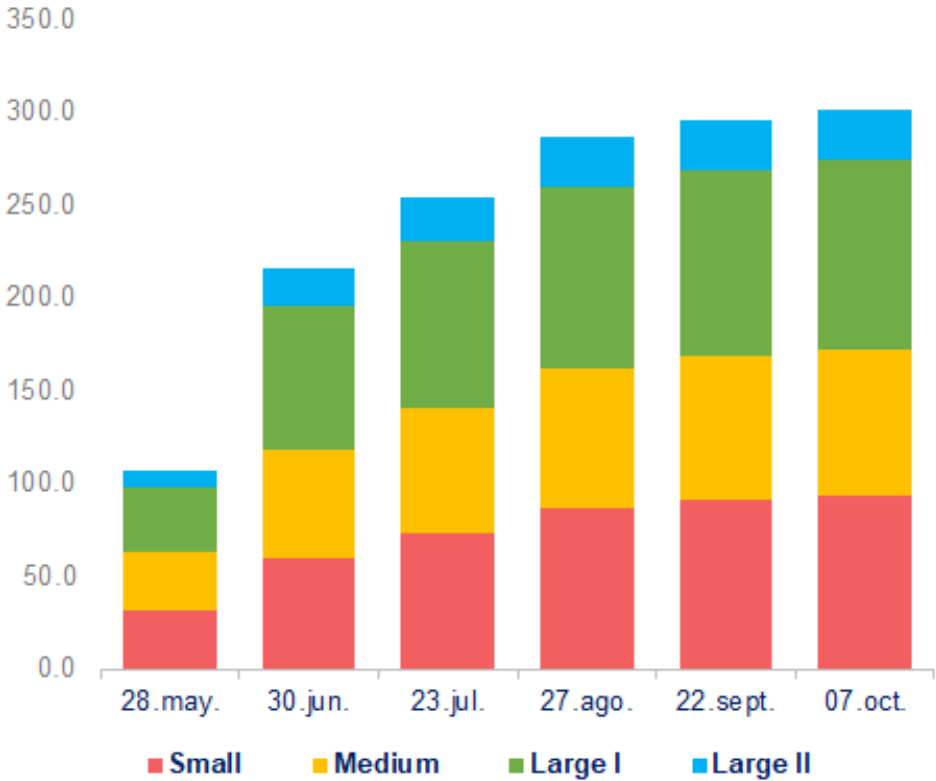


Source: Central Bank, Scotiabank Economics

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

Amount of credits by firm size

(millions of UF, up to October 7)



FOGAPE loans	May	June	July	August	September	October
% of total commercial loans	3.4%	6.8%	8.0%	8.8%	9.0%	9.2%

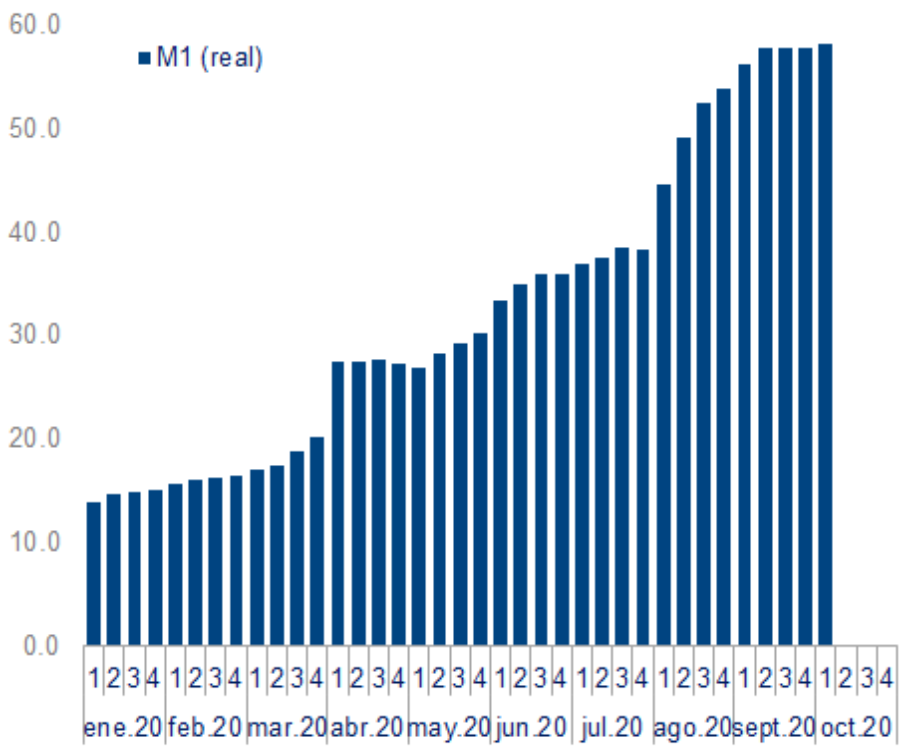
[See the complete report](#)

Source: Ministry of Finance, CMF, Scotiabank Economics

Expansion of liquidity stabilizes at highs

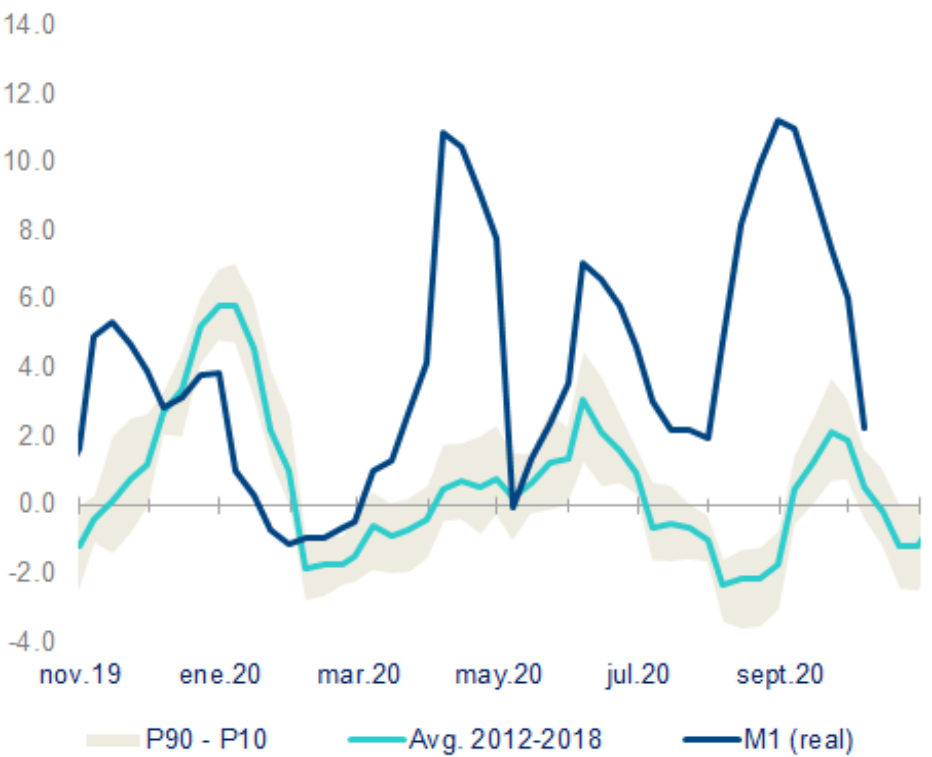
Money aggregate (M1)

(percentage, real annual growth, weekly data)



Monthly dynamism of M1

(percentage, real monthly growth, weekly data)

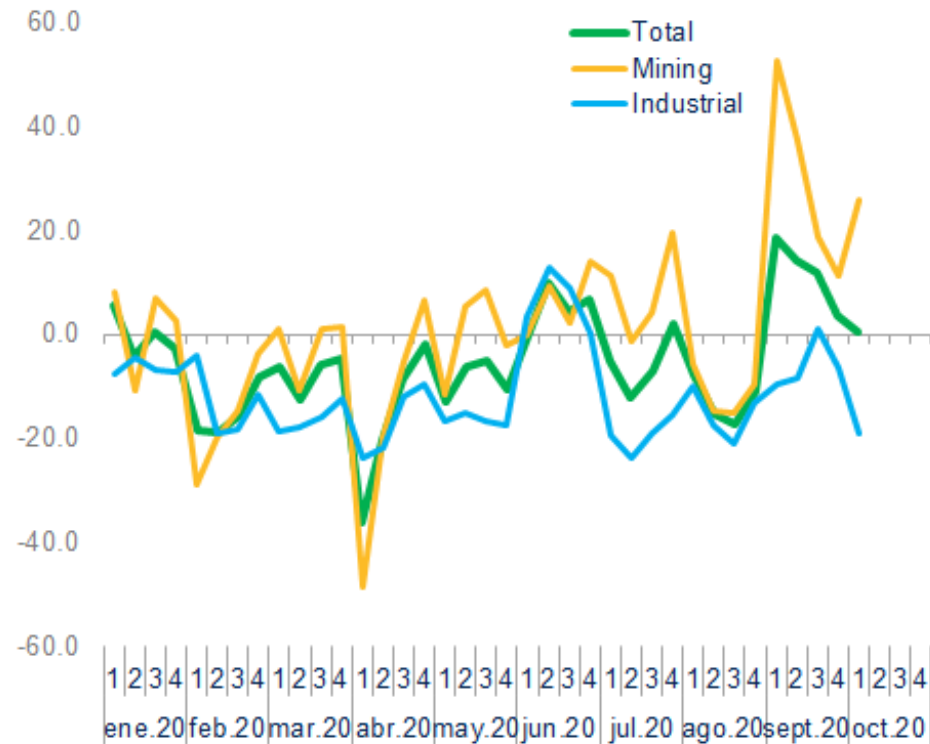


Source: Central Bank, Scotiabank Economics

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

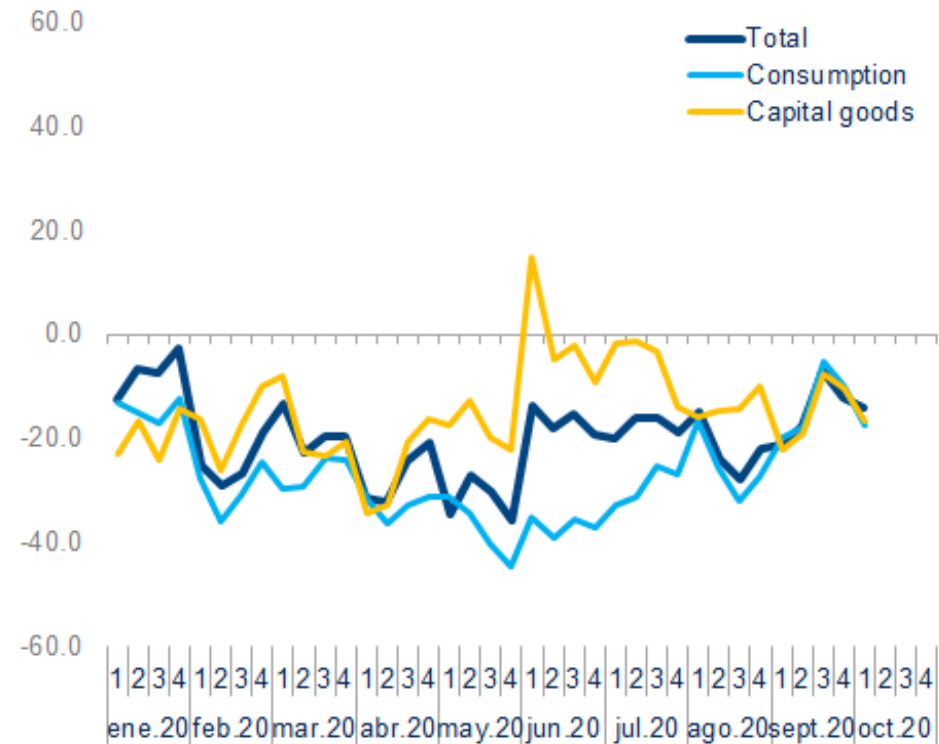
Exports by the 1st week of Oct.: +0.5% y/y

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



Imports by the 1st week of Oct.: -13.9% y/y

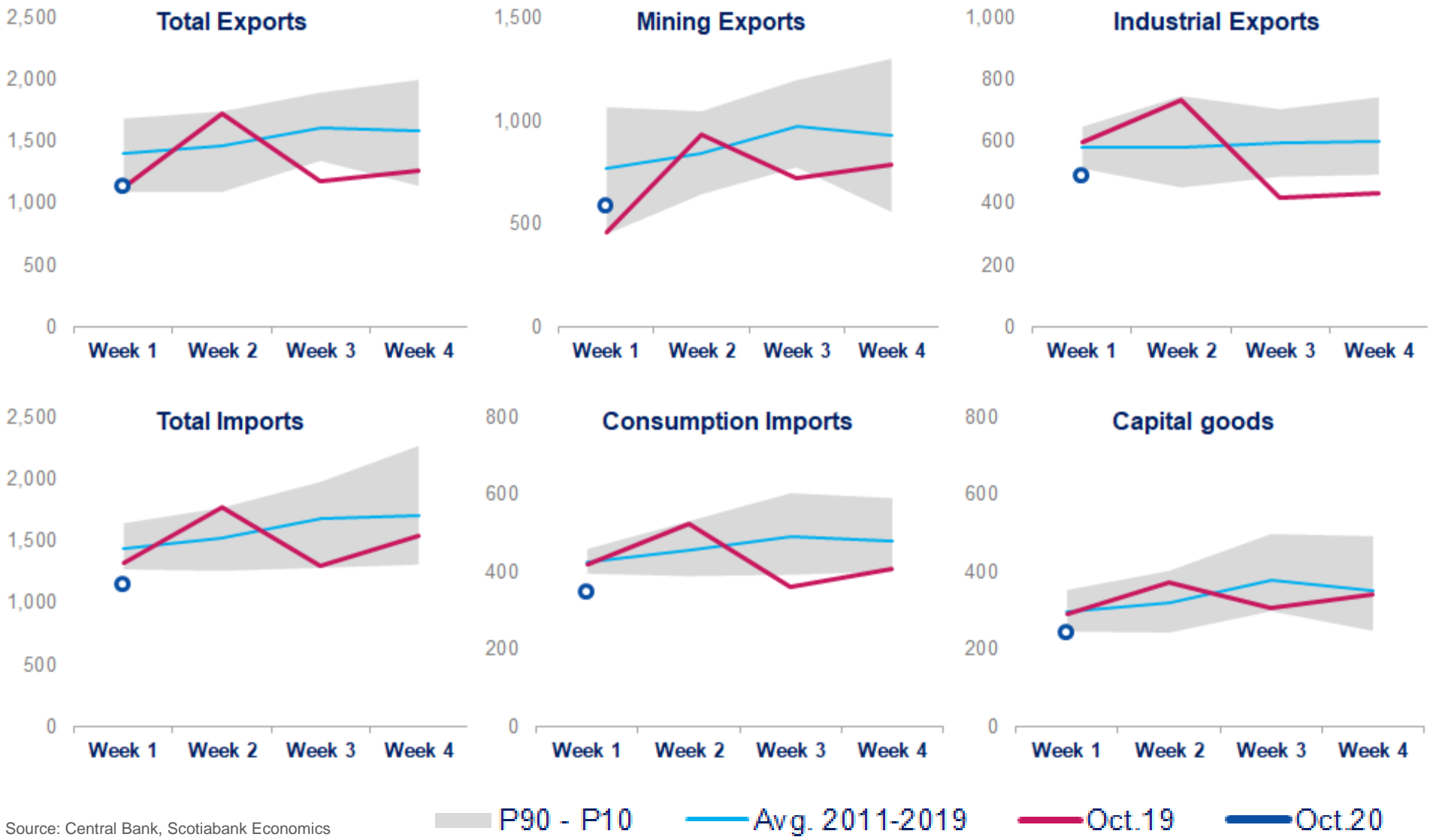
(percentage, annual growth, weekly data, acumm. in the month)



Clear signs of recovery in exports and imports

Weekly flow of Exports and Imports in October

(level, USD millions per week)

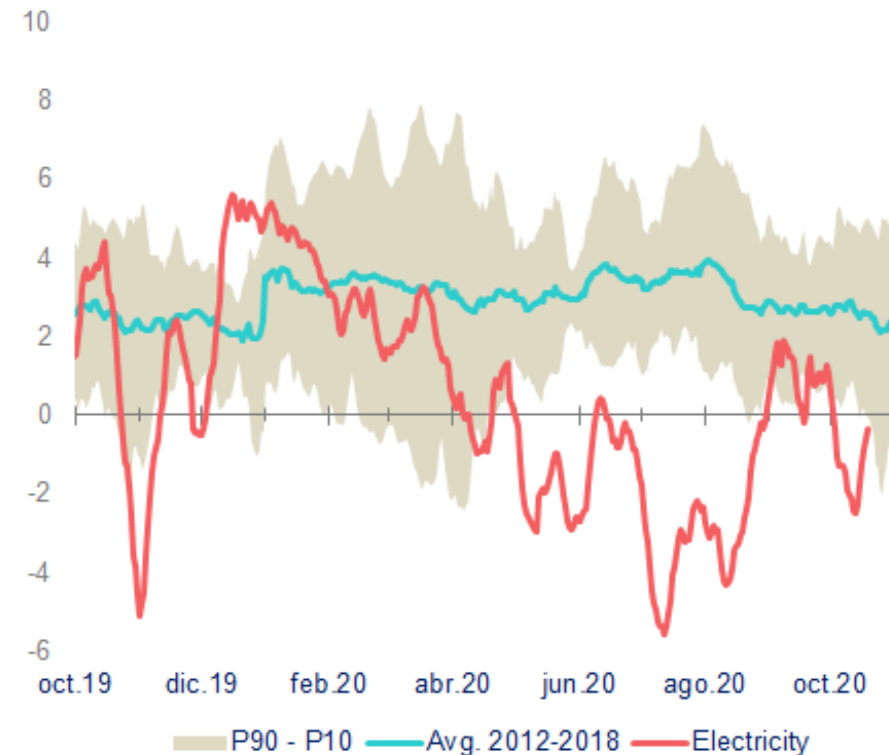


Source: Central Bank, Scotiabank Economics

Higher demand for electricity reveals progress in the reopening of the economy – around 86% of the economy's GDP is already unlocked

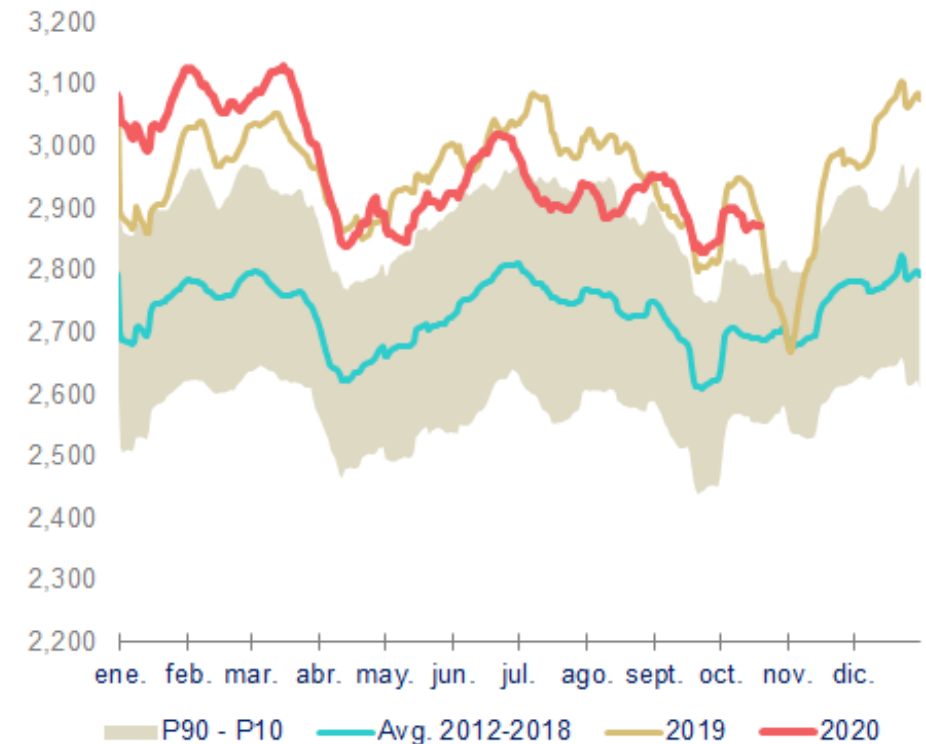
Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to October 19)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to October 19)

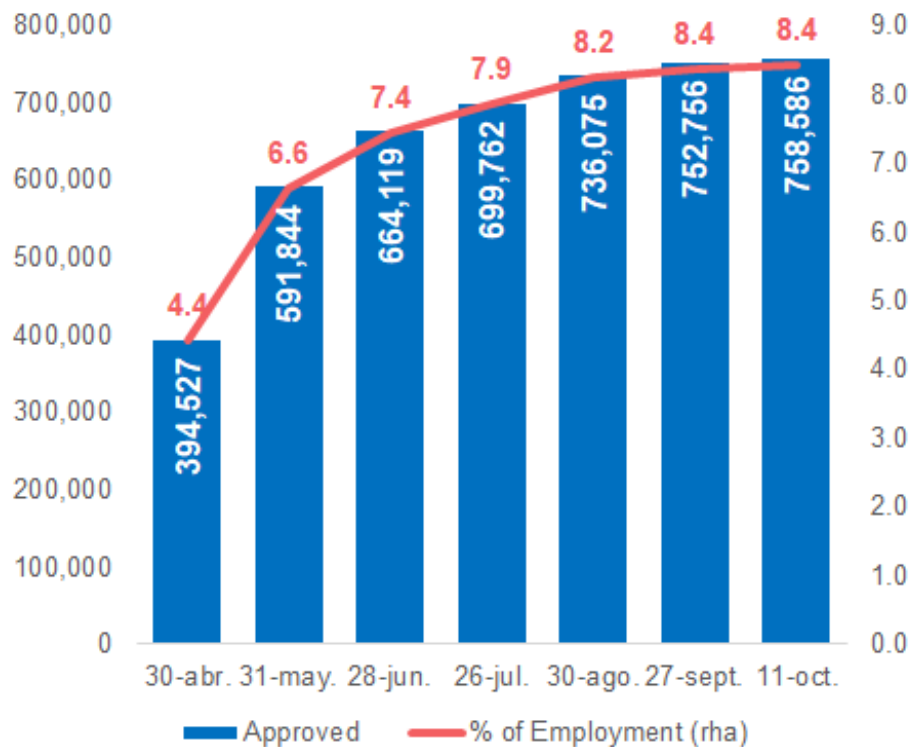


Source: *Coordinador Eléctrico*, Scotiabank Economics

Employment Protection Plan: the more cyclical, the more affected

Approved requests

(number of employees, % of total employment)



Approved requests by sector

(up to October 11, Law 21.227)

Sector	Number	% total	% of sectoral employment
Agriculture	7,295	1.0	1.1
Mining	2,140	0.3	0.9
Manufacturing	70,872	9.3	8.3
Elect. and gas	1,186	0.2	2.5
Water and waste	978	0.1	1.7
Construction	163,528	21.6	20.5
Commerce	175,907	23.2	10.3
Transport	39,920	5.3	6.7
Food and accomm.	122,161	16.1	27.0
Communications	10,107	1.3	6.6
Financial act.	6,932	0.9	4.0
Real estate act.	7,426	1.0	8.9
Professional act.	30,516	4.0	9.4
Administrative act.	47,472	6.3	20.8
Public Adm.	96	0.0	0.0
Education	16,270	2.1	2.0
Health	16,265	2.1	2.9
Rec. and culture	14,360	1.9	10.5
Other services	24,290	3.2	8.8
Other activities	865	0.1	0.2
Total	758,586	100.0	8.4

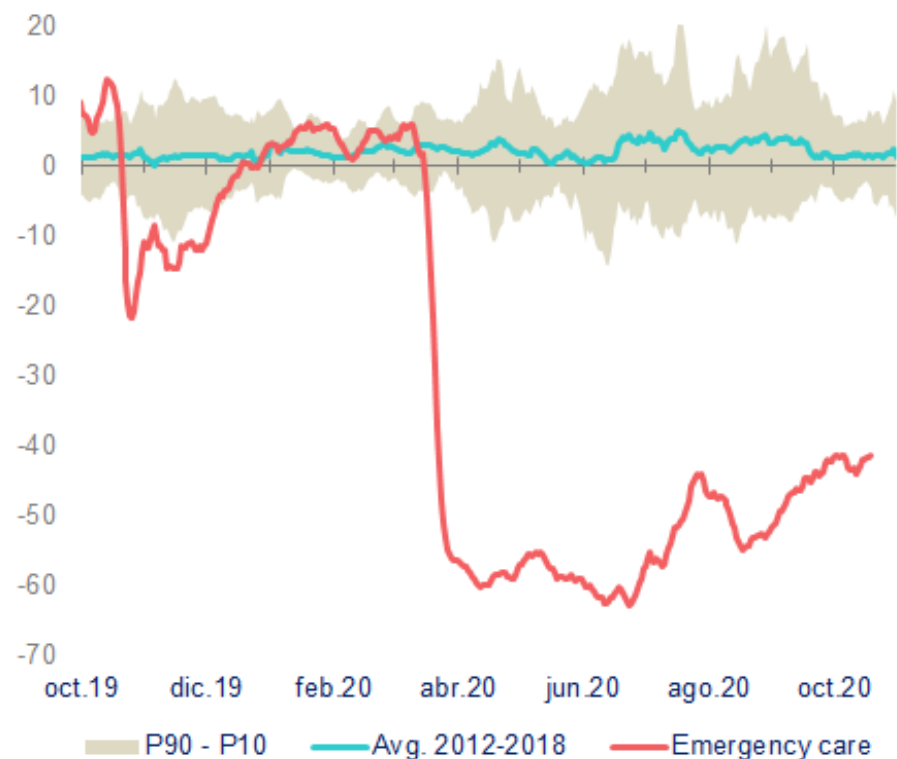
[See the complete report](#)

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

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

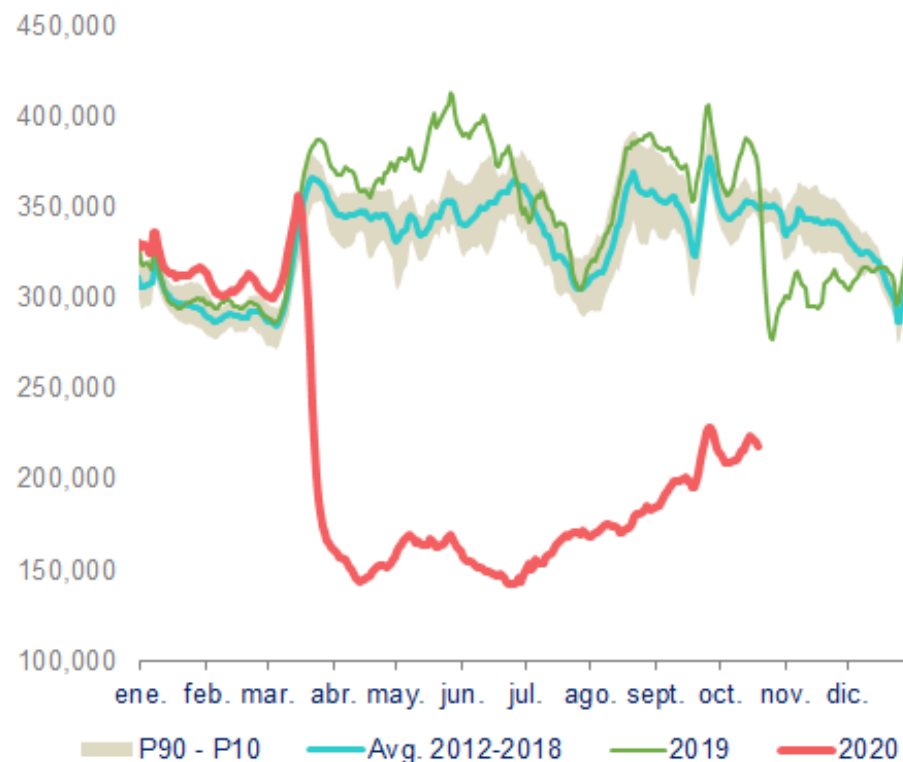
Annual growth in Emergency Care

(percentage, annual growth, 7-day mov. sum, up to October 19)



Number of Emergency Care attentions

(number of daily attentions, 7-day mov. sum, up to October 19)

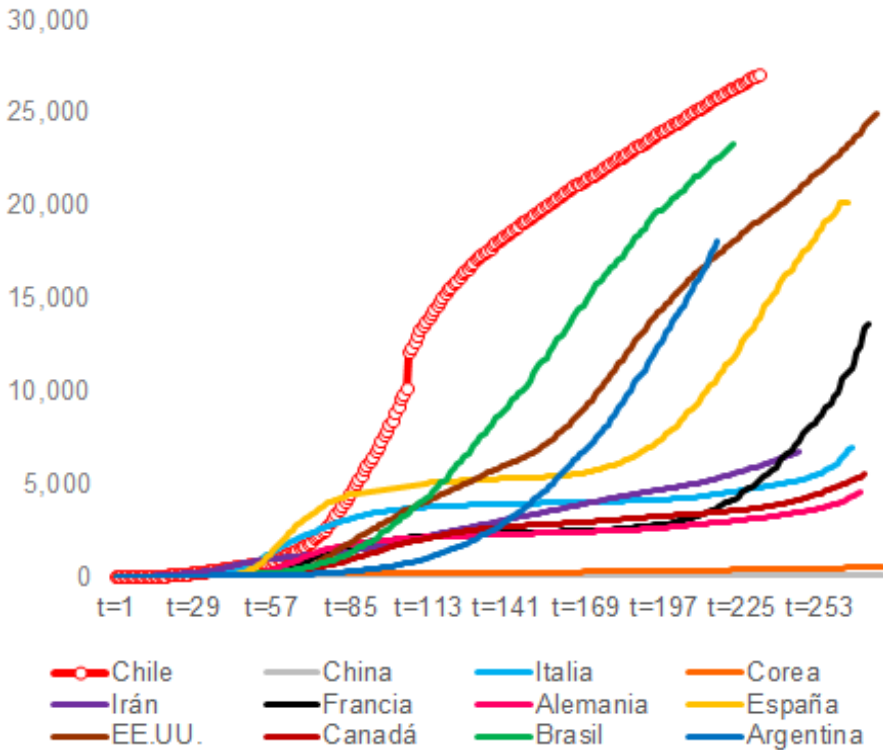


Source: *Ministerio de Salud (DEIS)*, Scotiabank Economics

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

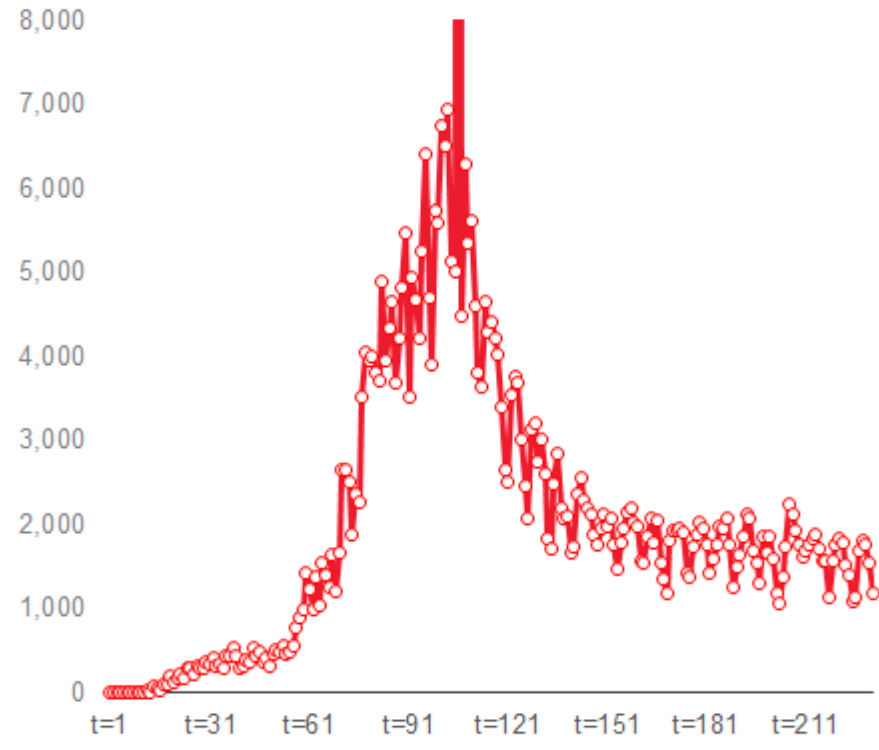
COVID-19, selected countries

(cases/population x 1.000.000, t=1 first case, up to October 20)



New cases COVID-19 in Chile

(number of new cases per day, t=1 first case, up to October 20)

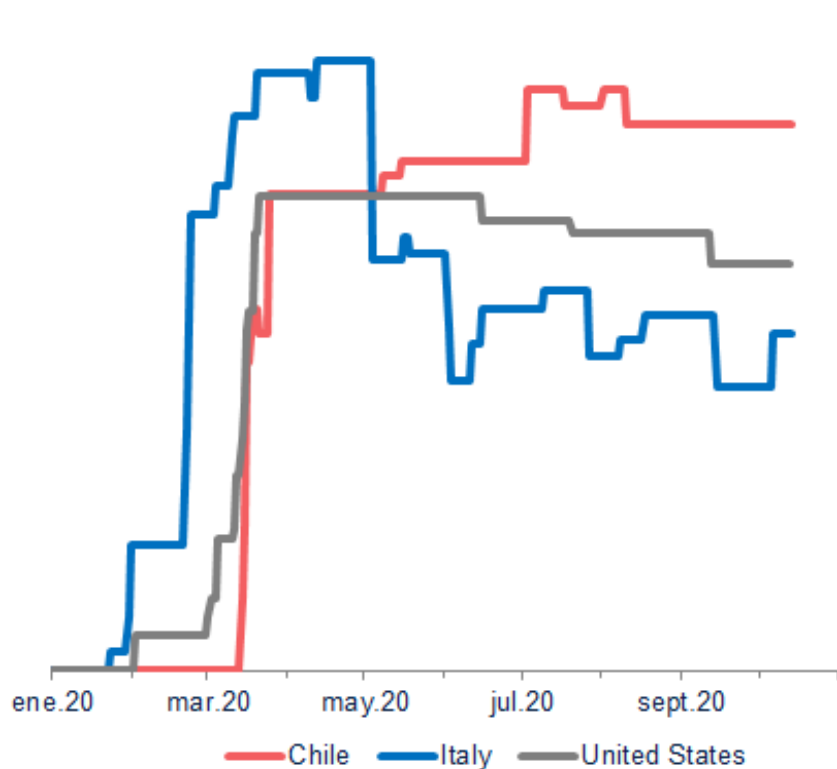


Source: WHO; Ministerio de Salud, Scotiabank Economics

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

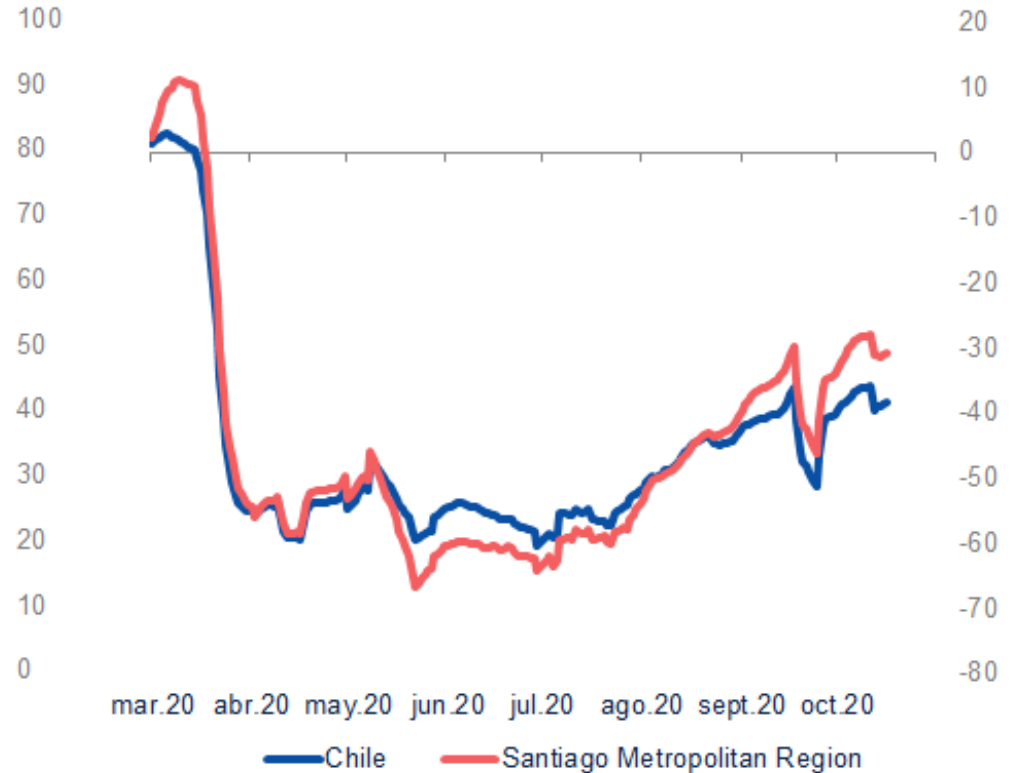
Oxford stringency index*

(index, strictest response=100, up to October 13)



Google mobility trends**

(percentage compared to baseline, 7-day mov. avg, up to Oct. 16)



* 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.

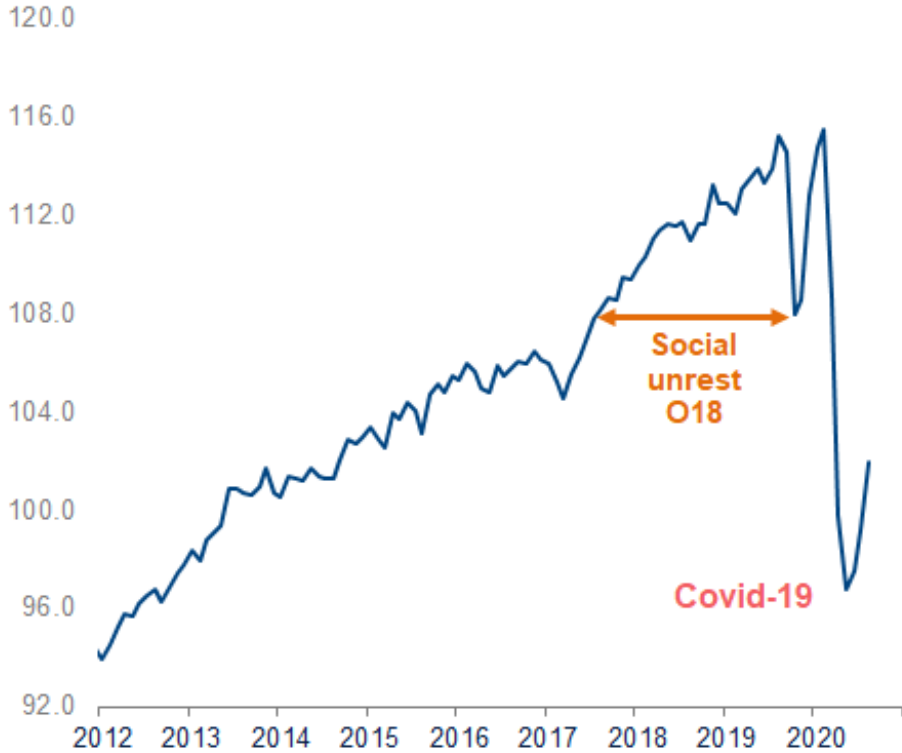
** Google Mobility index: 7-day moving average of Google mobility indices (excludes residential).

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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