

Tracking Covid-19: high frequency indicators



Economics & Financial Research

Updated March 10, 2021



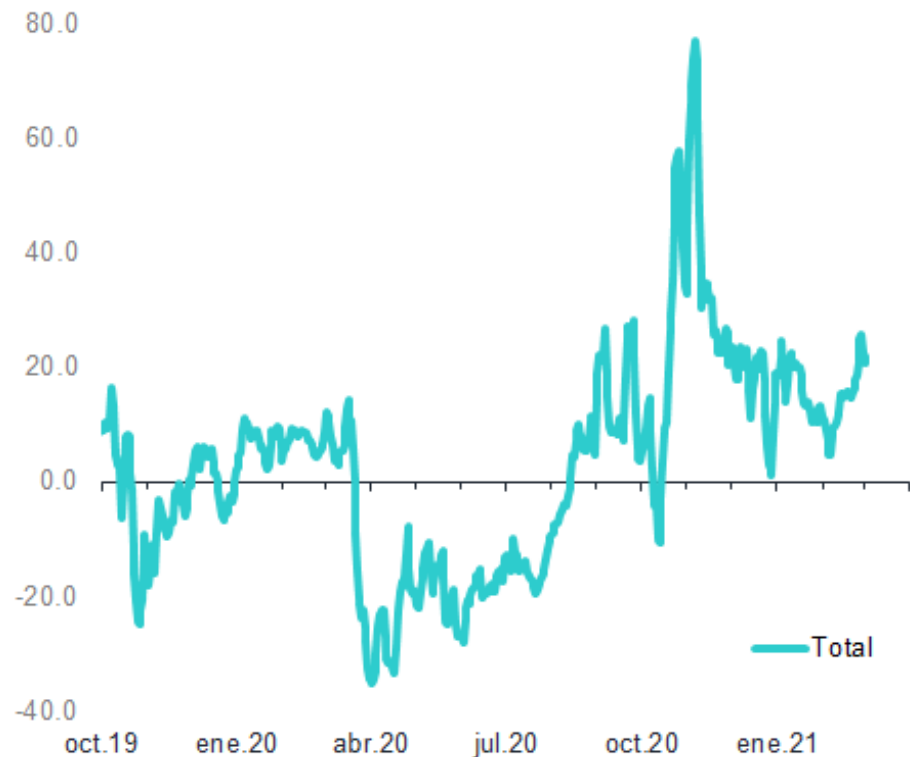
Key messages

- **Retail Sales experienced a new acceleration during the last weeks due to the still present liquidity of the second withdrawal of pension funds.** There is still heterogeneity explained by the reopening process: department stores and supermarkets are the main winners, and purchases in department stores have started to pick up again. The lower use of credit cards (relative to debit cards) reveals that the demand is mainly based on the greater liquidity provided by the withdrawals, which according to our estimates should last until March. **We rule out a third round of withdrawal of Pension Funds. Instead, we anticipate a new "government package" of around 2% of the GDP that should move some right-wing congressmen to vote against a new withdrawal.**
- **Loans begins to contract (in real annual terms) led by a slowdown in commercial loans.** At the end of February, the slowdown in commercial loans continued, and the decline in consumer loans deepened. Mortgage loans stabilize. We estimate "Fogape-Covid" loans have contributed around 9.8 percentage points (pp) to the annual growth of commercial loans in February. **The "Fogape Reactiva (2.0)" program has allowed some recovery in credit to SMEs during February.**
- **Using transactional data that has successfully allowed us to anticipate Retail Sales, we forecast an increase in Retail Sales of 6.5% y/y in February.** Furthermore, new car sales stabilize at low levels (24,492; -2.1% y/y).
- **We estimate that monthly GDP (proxy: Imacec) had a growth rate of around 0% y/y in February (close to 1% m/m).** For now, we keep our forecast of 6% GDP growth 2021 with an upward bias. Political uncertainty is still present, but some mitigators are observed. The result of the April 11 election could mark a further drop in the degrees of political uncertainty.

Strong injections of liquidity from Pension Funds and middle-class bonus continue to support private consumption. The level of purchases remains at highs after the second round of withdrawal of pension funds.

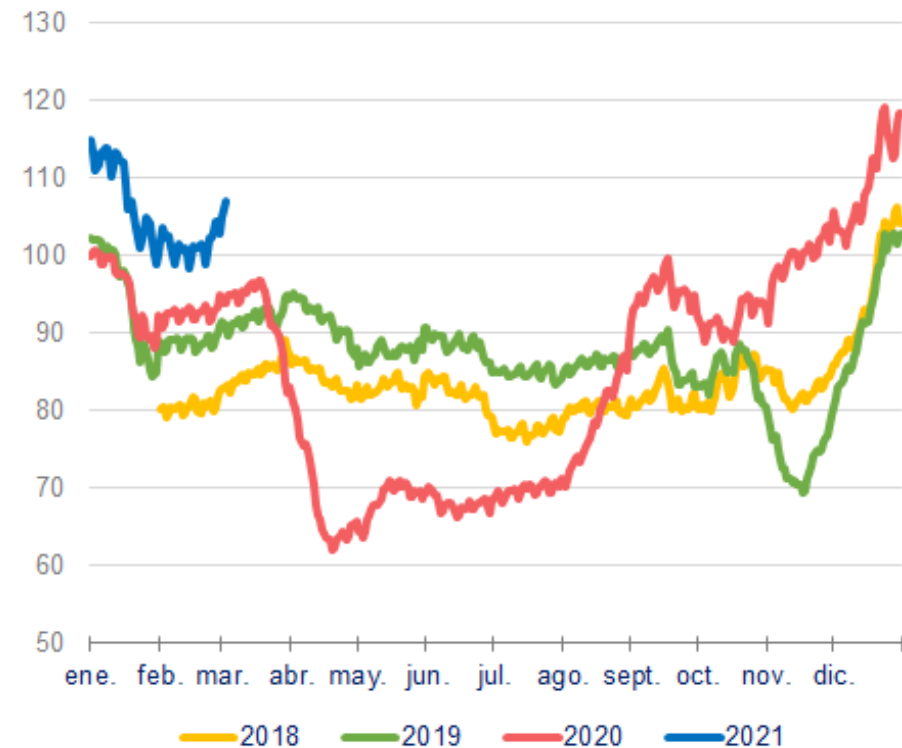
Annual growth of purchases with credit & debit cards: supported by pension funds*

(percentage, annual growth, 7-day moving average, up to Mar. 4)



Level of purchases (debit & credit) increases again*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)

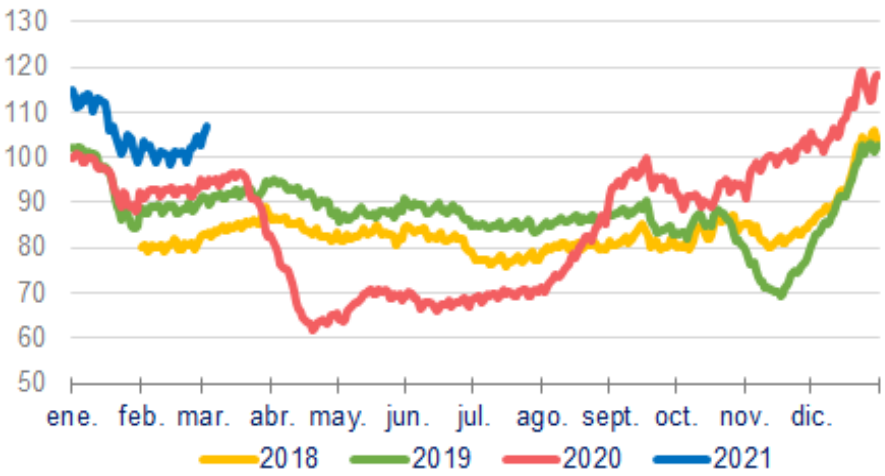


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Supermarkets and Retailers are the big winners

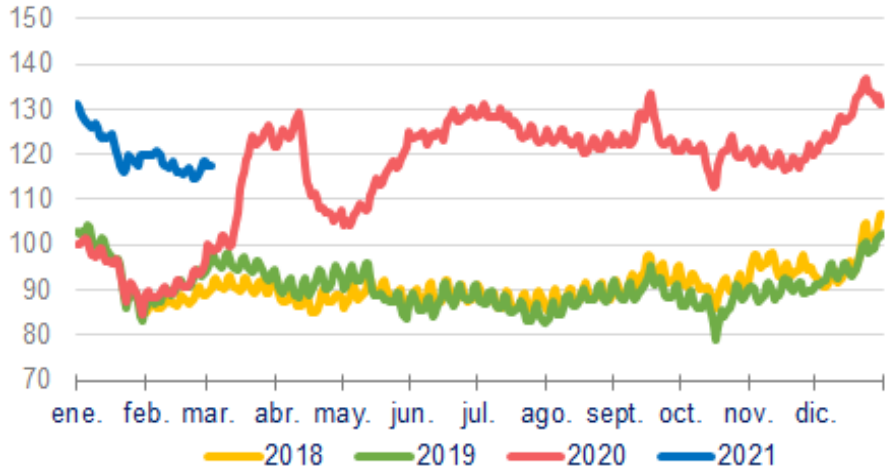
Total purchases*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



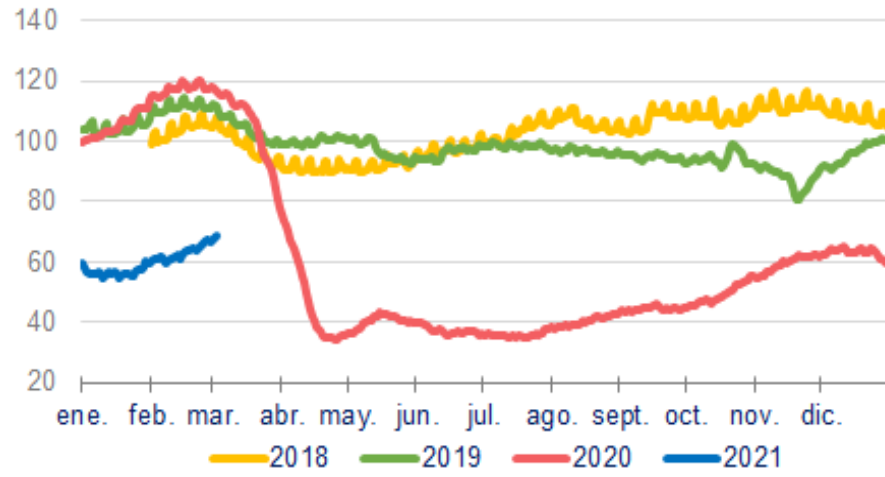
Supermarkets*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



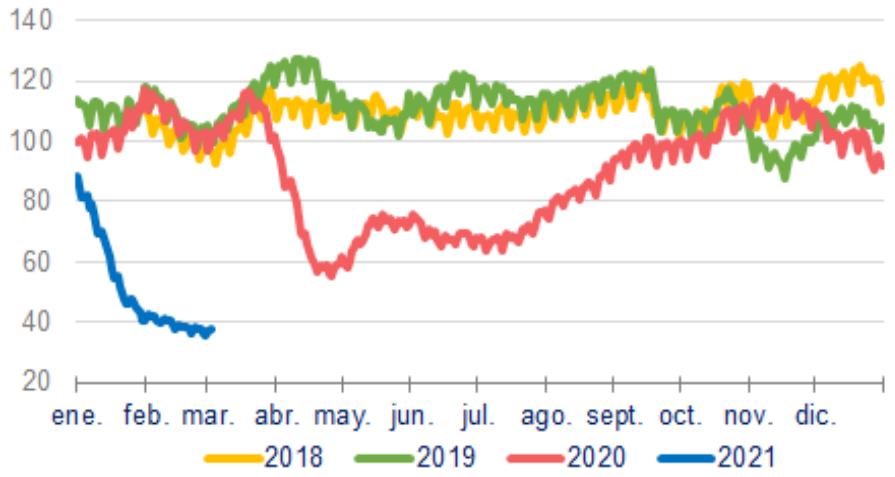
Fuels*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



Drugstores*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)

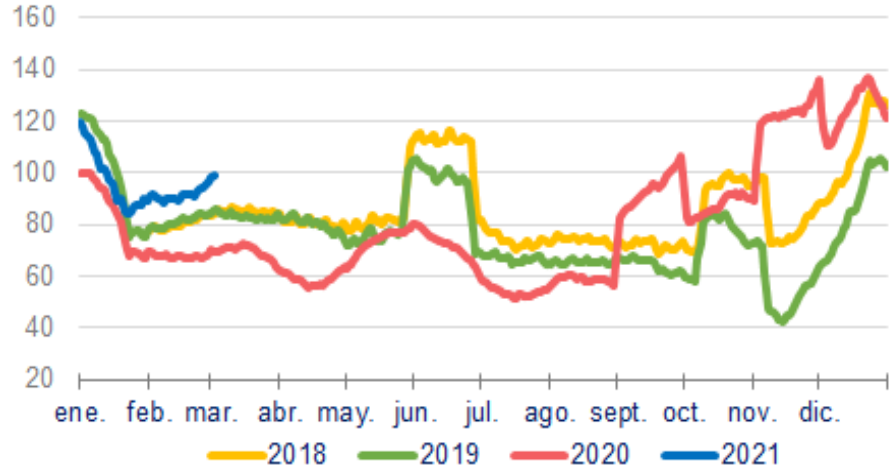


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Rebound of purchases in Department stores at the beginning of Mar. 2021

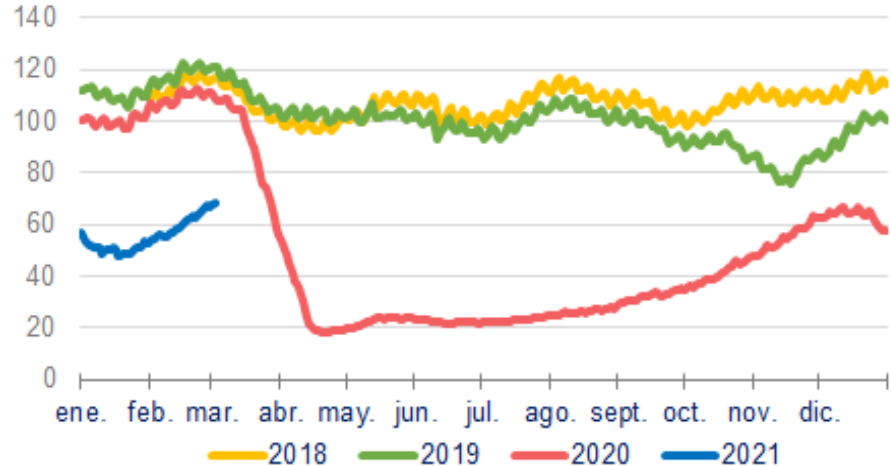
Department stores*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



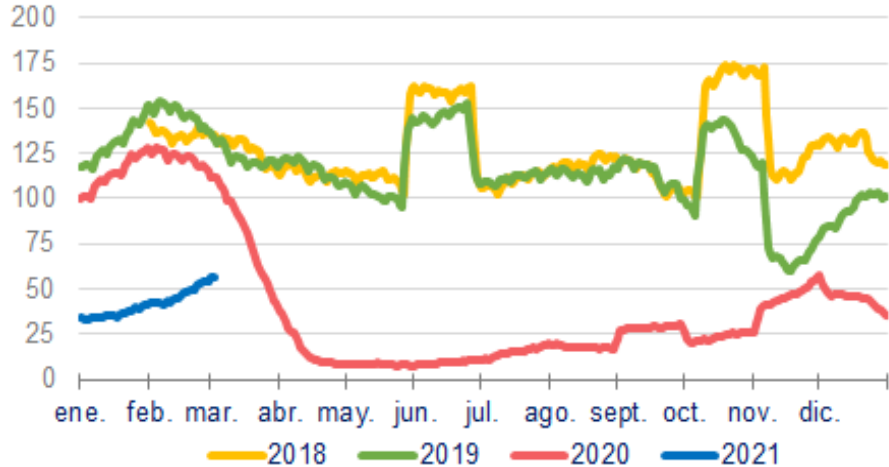
Restaurants*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



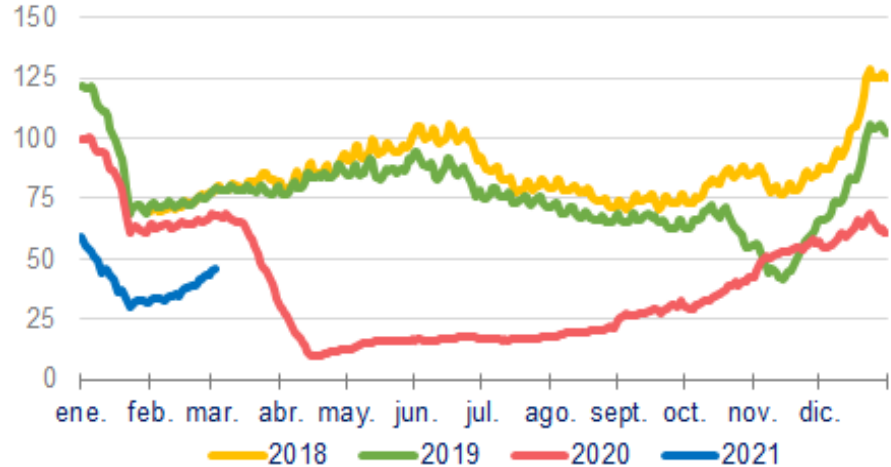
Tourism travel*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



Clothing and footwear*

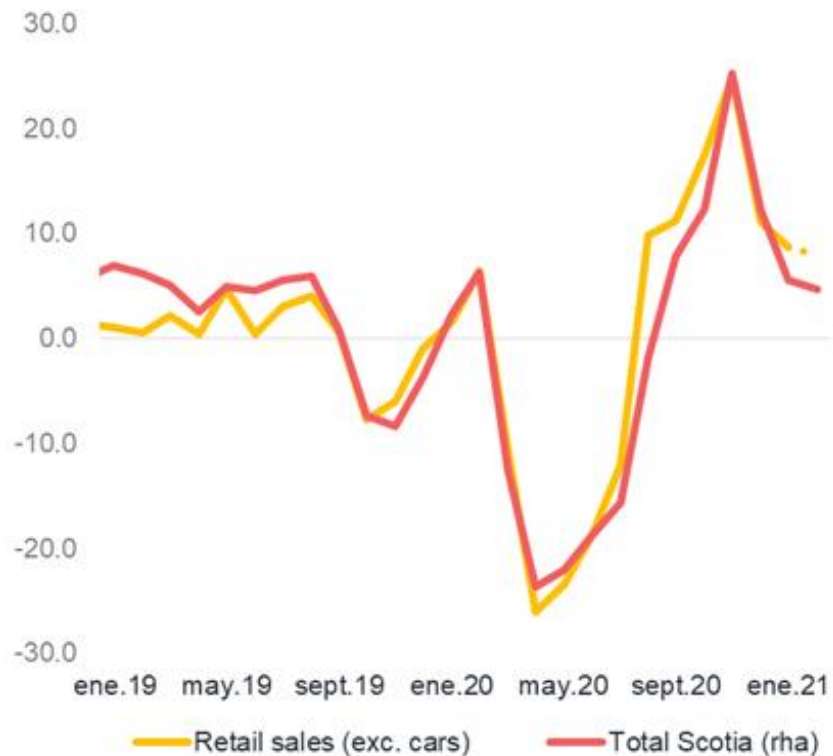
(level, index 1-Jan-2020=100, 30-day moving sum, up to Mar. 4)



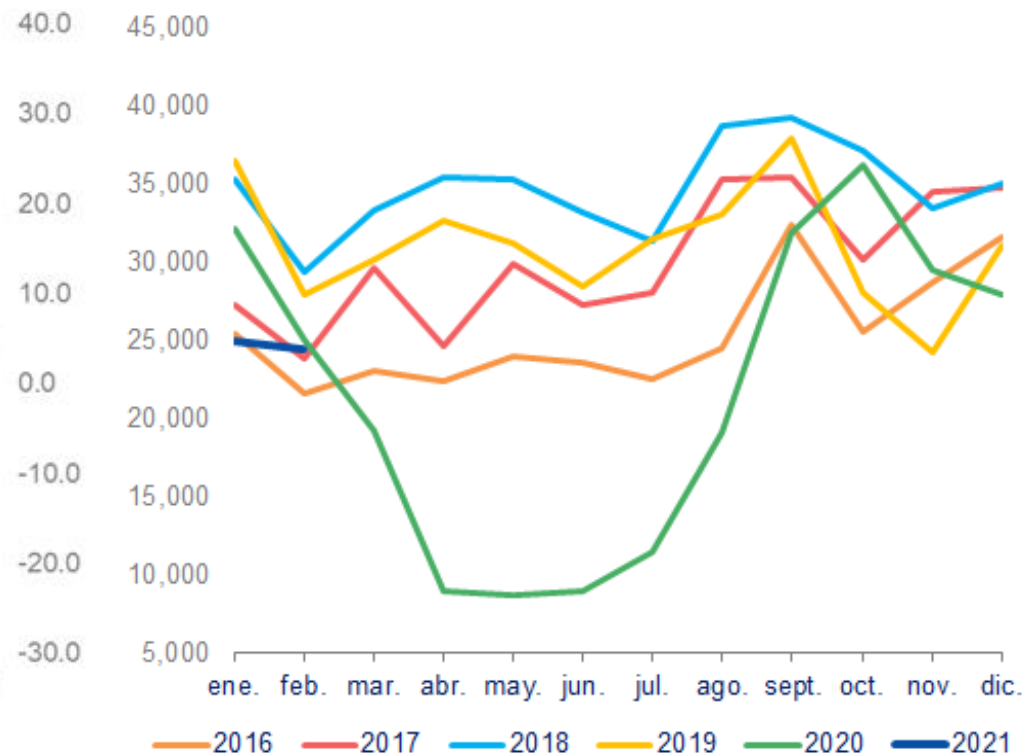
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Retail sales: we forecast +6.5% y/y in February, due to ample liquidity in households' pockets. New car sales stabilize at low levels (24,492; -2.1% y/y in February).

Retail sales (INE) vs Transactional data**
(percentage, annual growth)



New car sales
(units per month)

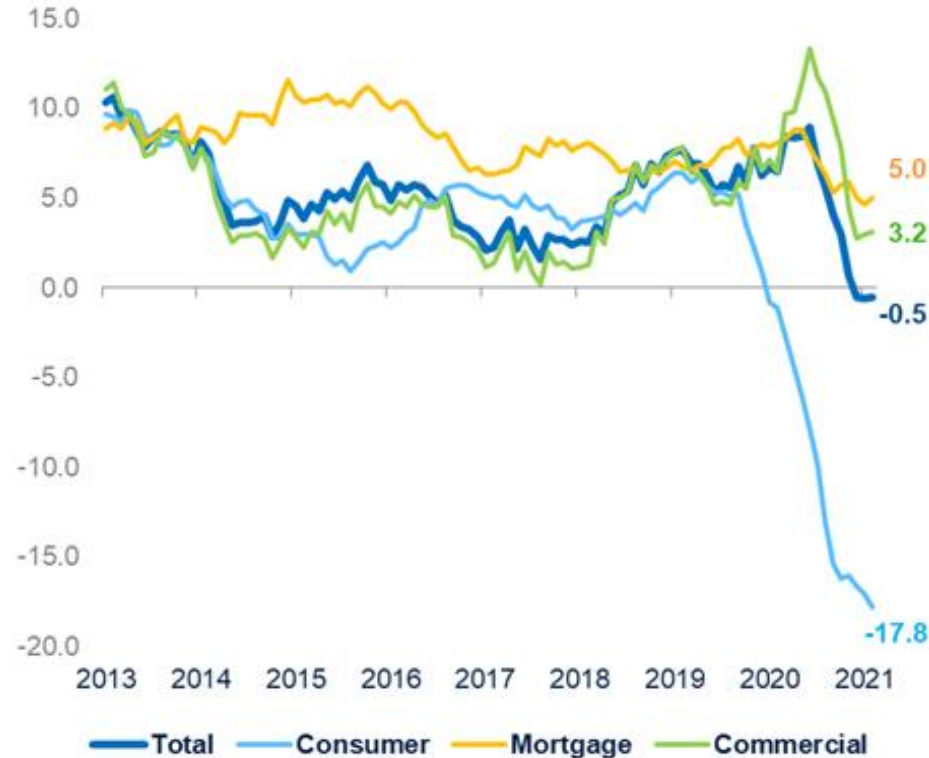


** This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.
Source: National Bureau of Statistics (INE), Scotiabank Economics

Total loans begin to contract (in real annual terms) led by a slowdown in commercial loans. Credit flowed counter-cyclically to firms for much of 2020, but at the end of February, the slowdown in commercial loans continued, and the decline in consumer loans deepened. Mortgage loans stabilize.

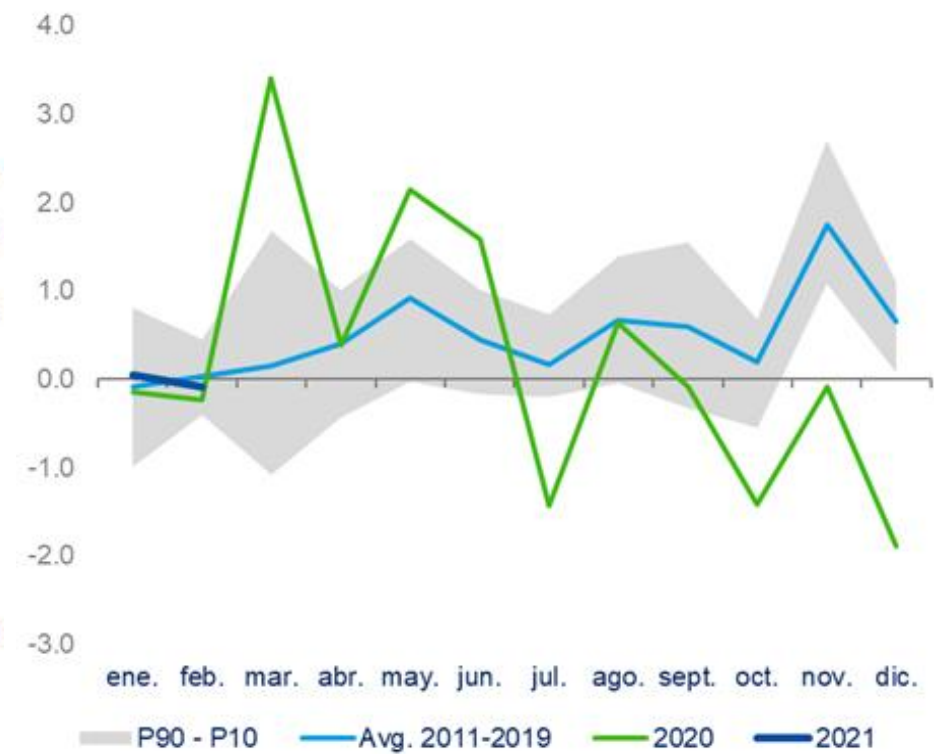
Loans by segment

(percentage, real annual growth)



Monthly dynamism of commercial loans

(percentage, real monthly growth)

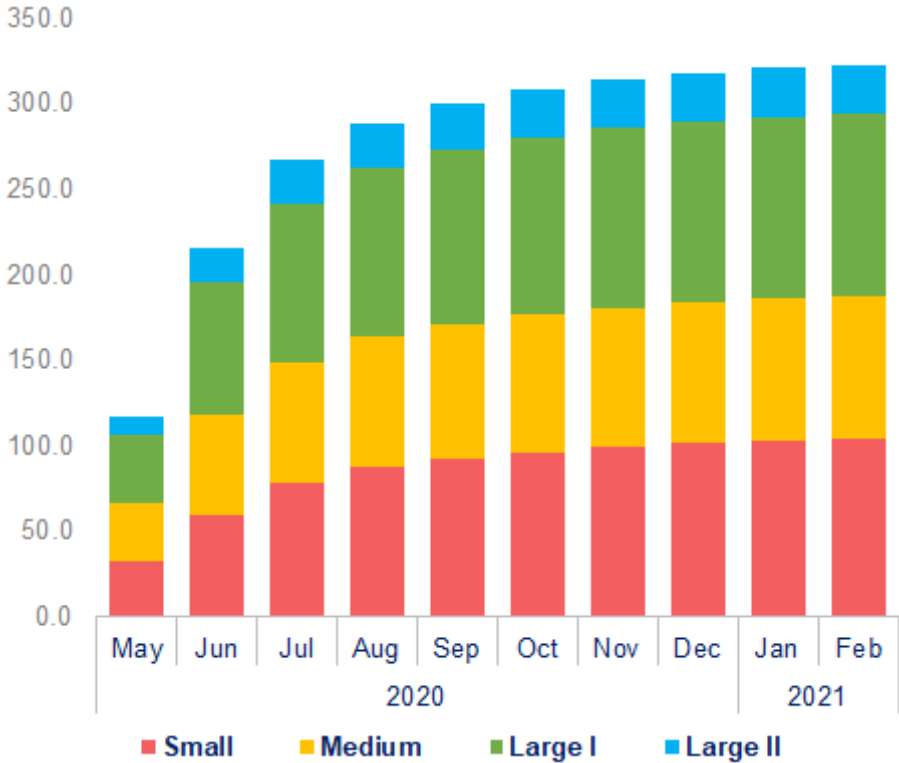


Source: Central Bank, Scotiabank Economics

State guaranteed Covid-19 credits (Fogape): new boost in credit to small firms in February due to Fogape 2.0

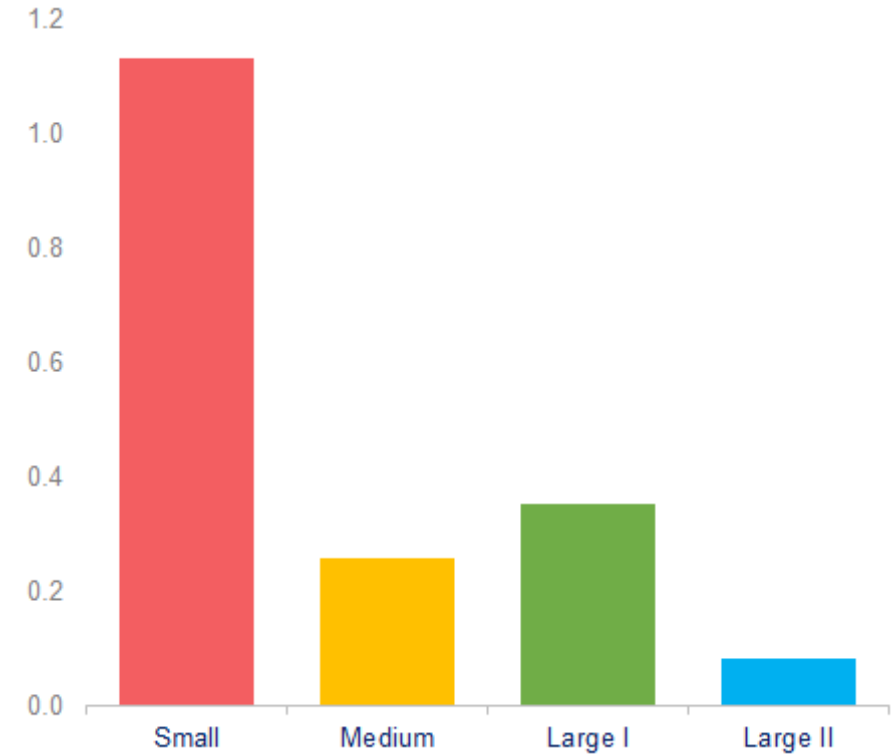
Amount of credits by firm size

(millions of UF, up to February 28)



Credit increase during February

(millions of UF)



FOGAPE loans	May.20	Jun.20	Sep.20	Dec.20	Jan.21	Feb.21
% of total commercial loans	3.8%	6.9%	9.4%	9.6%	9.7%	9.8%

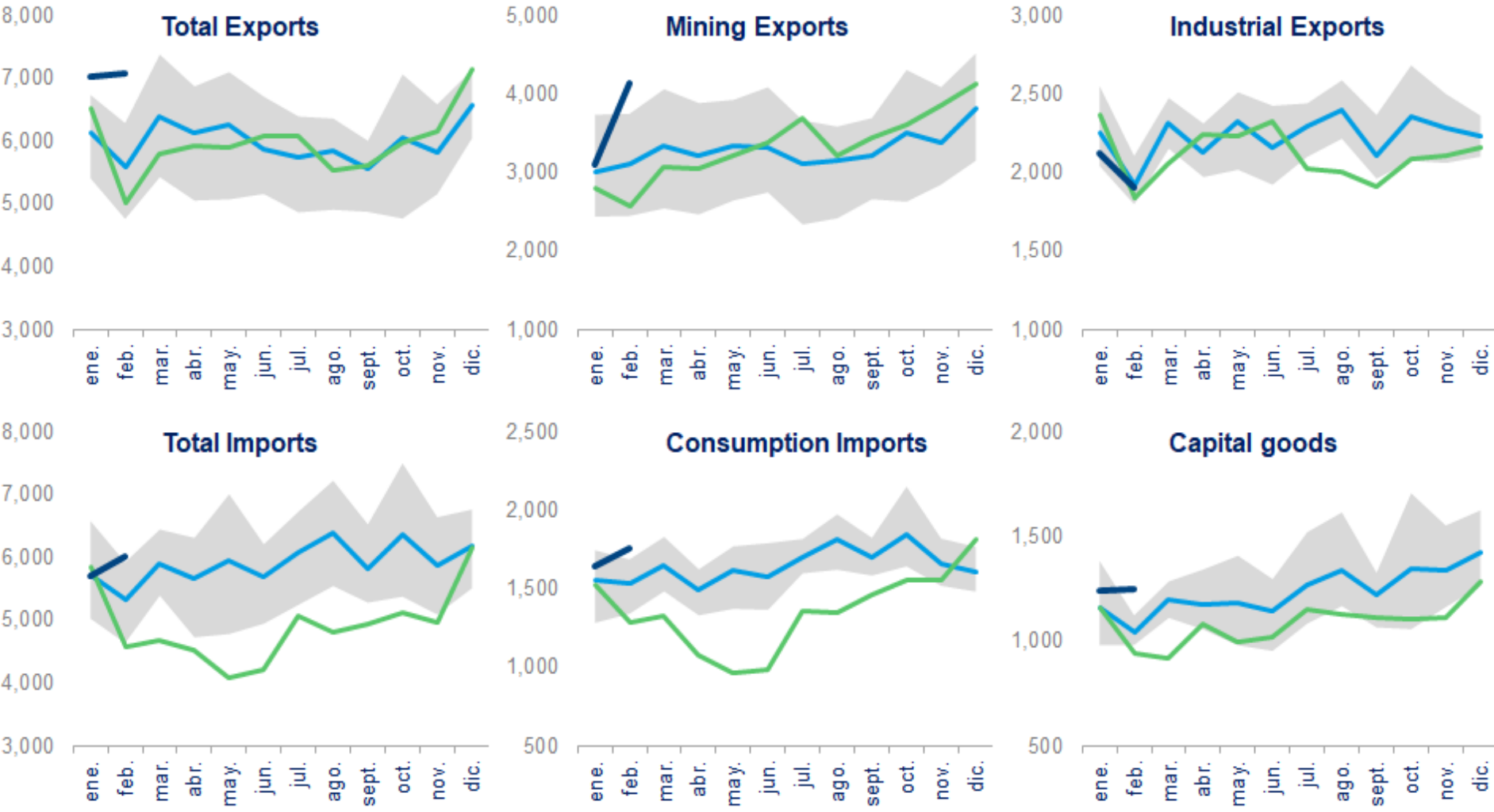
[See the complete report](#)

Source: Ministry of Finance, CMF, Scotiabank Economics

Clear signs of recovery in exports and imports

Monthly flow of Exports and Imports

(level, USD millions per month)



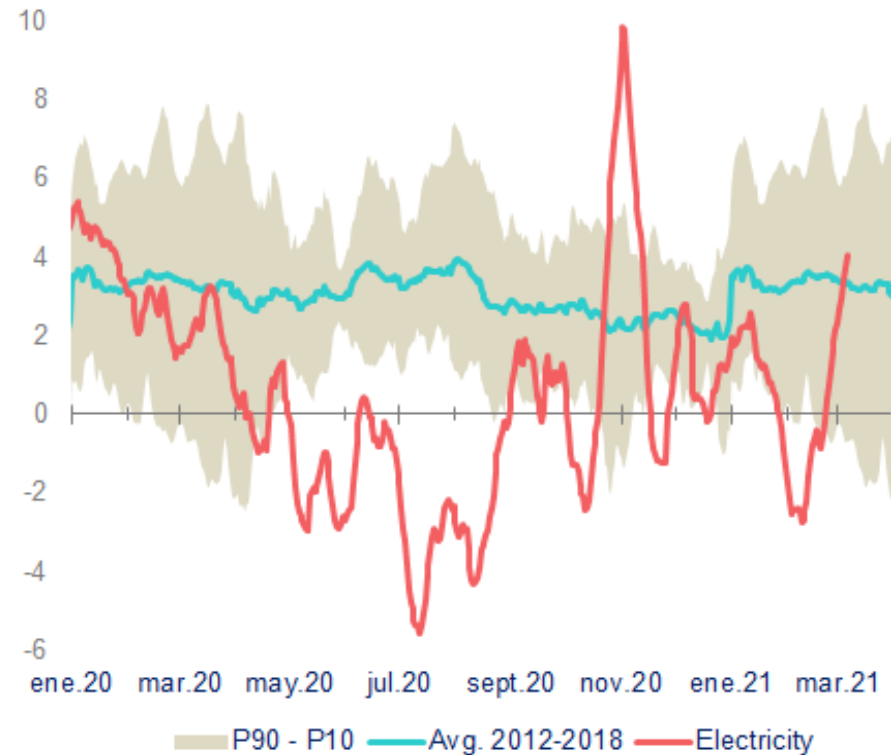
P90 - P10
 Avg. 2011-2019
 2020
 2021

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

Higher demand for electricity reveals progress in the reopening of the economy – around 90% of economy has resumed activities.

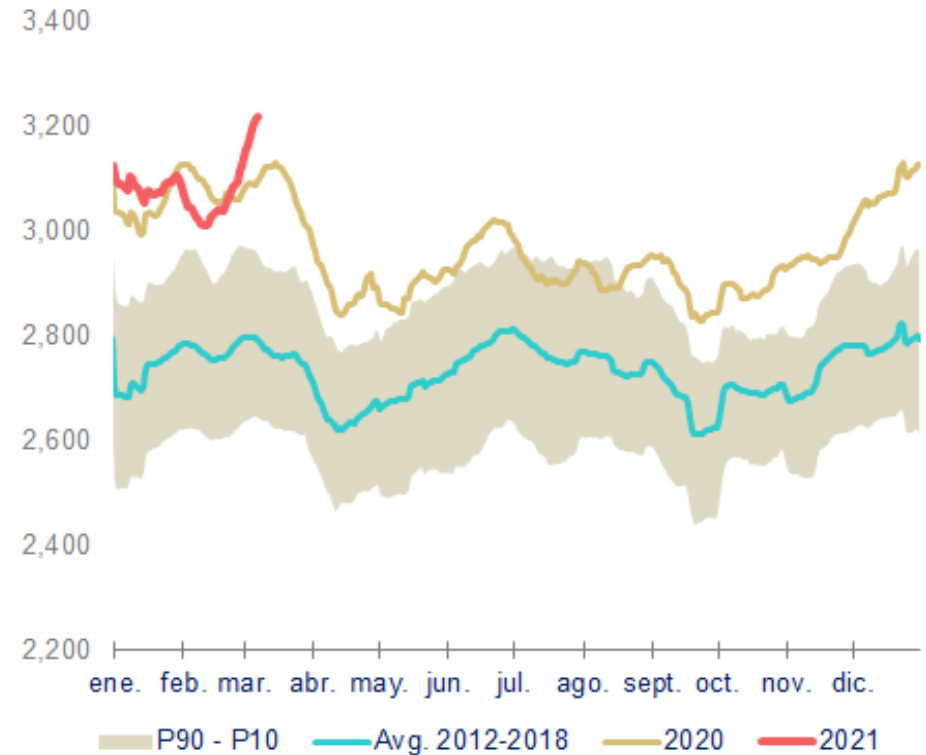
Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to March 7)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to March 7)

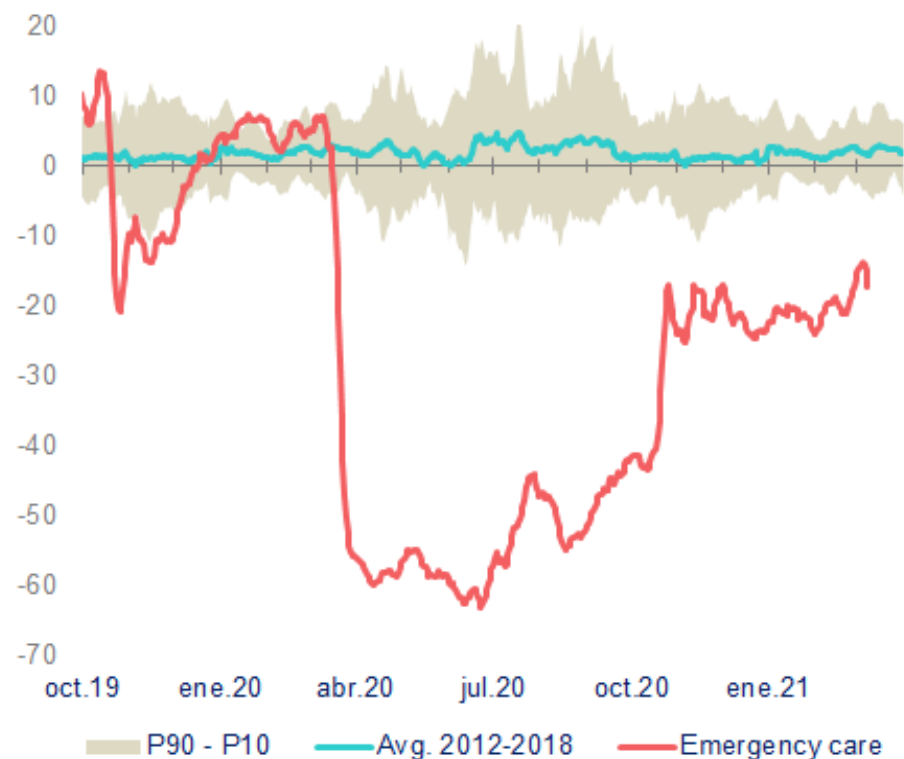


P90 and P10 represent the 90th and 10th percentile.
Source: *Coordinador Eléctrico*, Scotiabank Economics

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

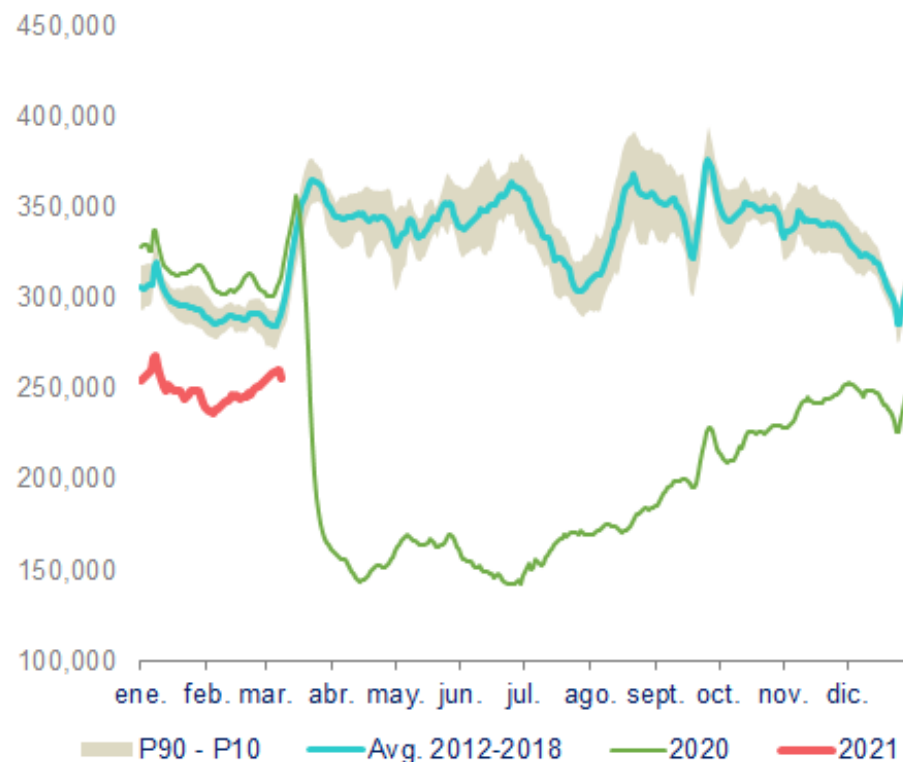
Annual growth in Emergency Care

(percentage, annual growth, 7-day mov. sum, up to March 8)



Number of Emergency Care attentions

(number of daily attentions, 7-day mov. sum, up to March 8)

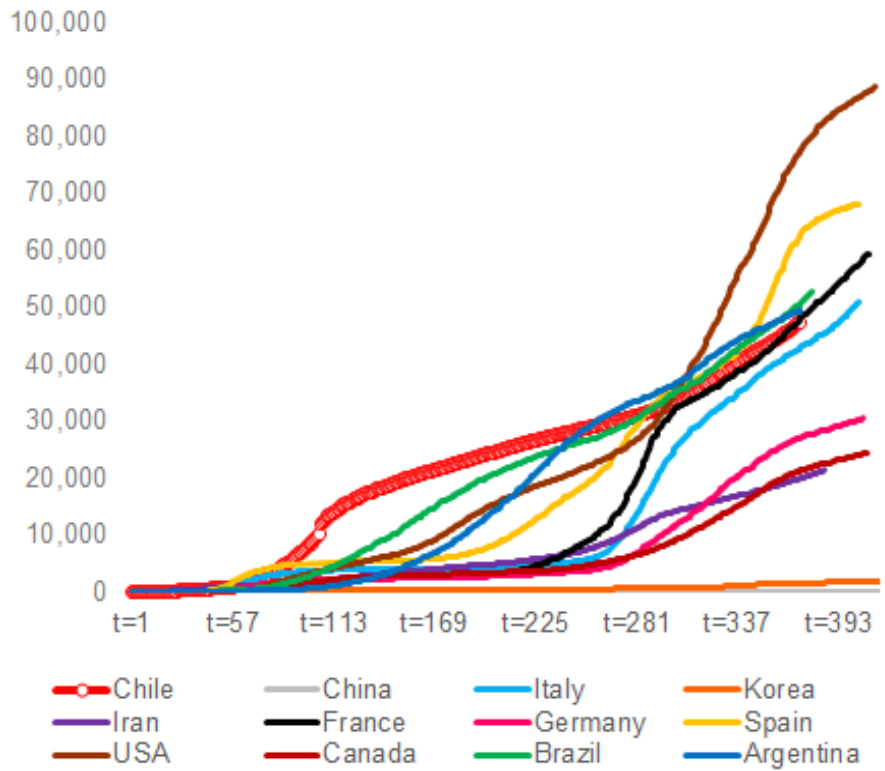


Source: Ministerio de Salud (DEIS), Scotiabank Economics

Covid-19 outbreak all over the world – Chile is no exception

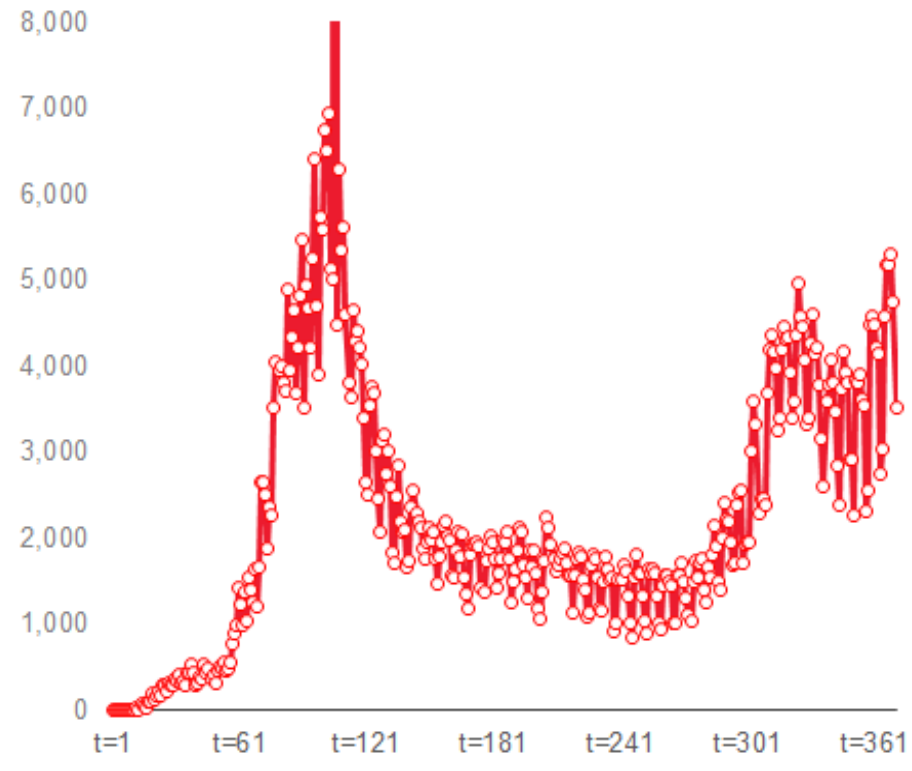
COVID-19, selected countries

(cases/population x 1.000.000, t=1 first case, up to March 9)



New cases COVID-19 in Chile

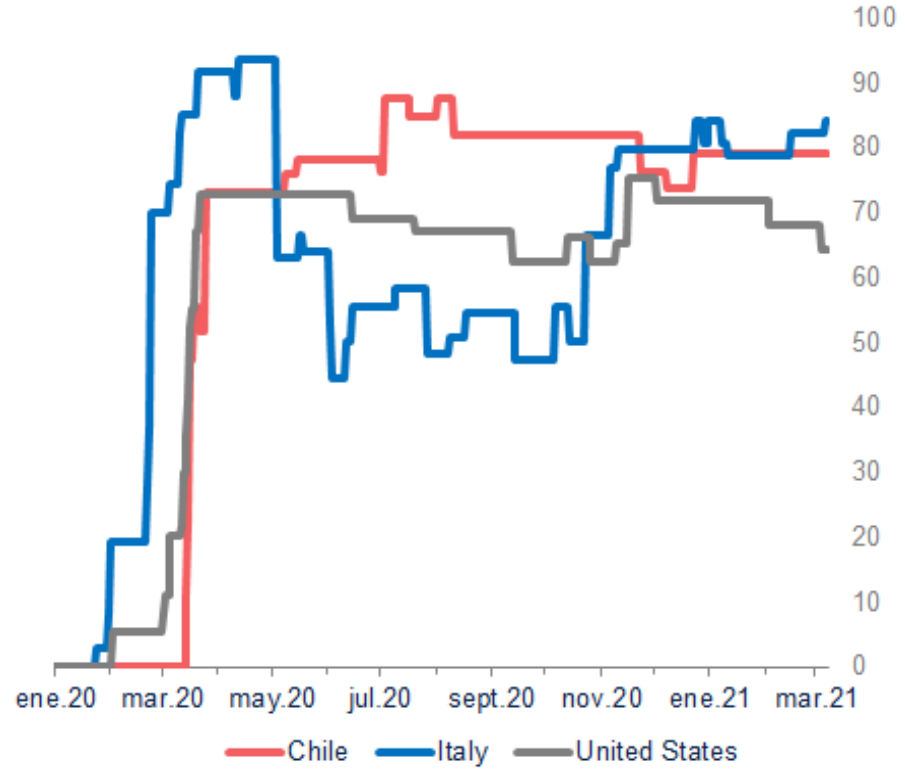
(number of new cases per day, t=1 first case, up to March 9)



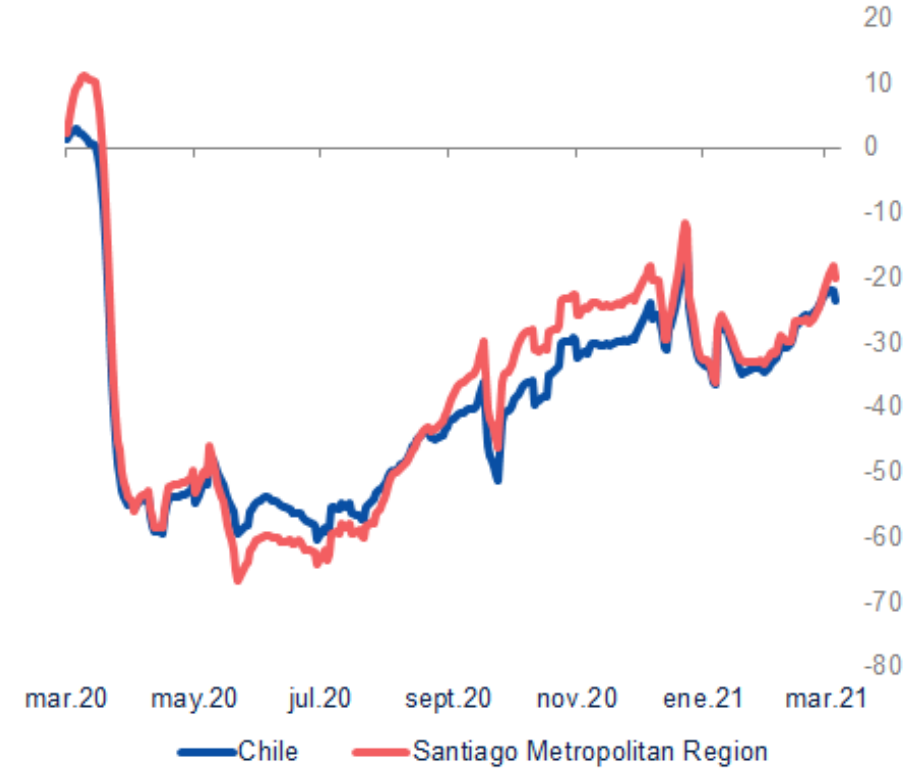
Source: WHO; Ministerio de Salud, Scotiabank Economics

Stringency measures and mobility trends: back to restrictions

Oxford stringency index*
(index, strictest response=100, up to March 8)



Google mobility trends**
(percentage compared to baseline, 7-day mov. avg, up to March 6)

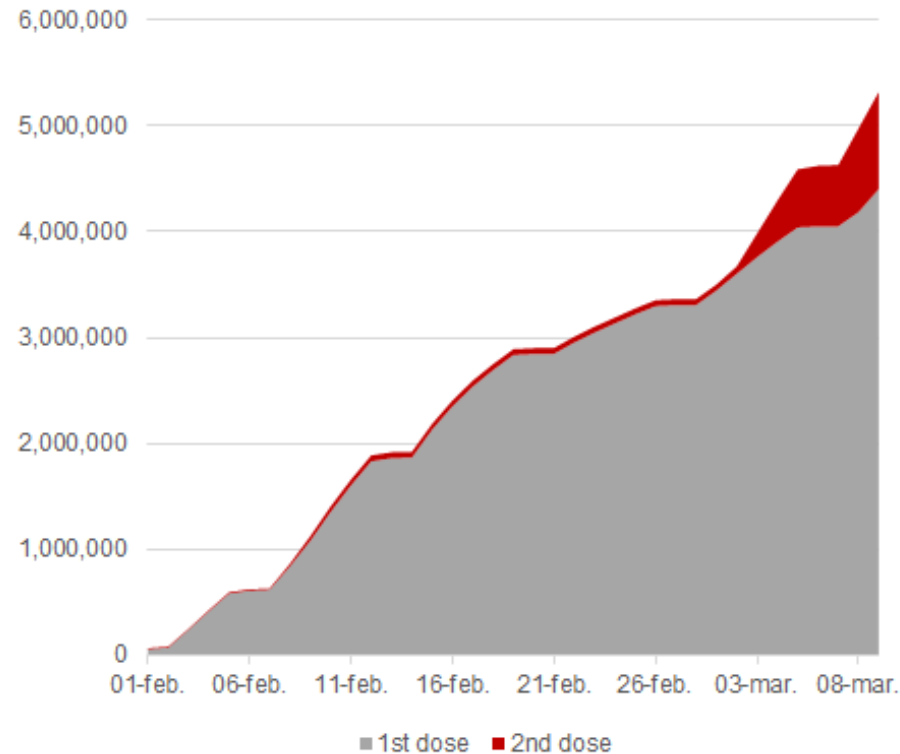


* The **Oxford Stringency Index** is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100.
 ** Google Mobility index: 7-day moving average of Google mobility indices (excludes residential).
 Source: Oxford University, Google Mobility report, Scotiabank Economics

More than 5.3 million doses have been administered in Chile (Pfizer & Sinovac). Johnson & Johnson vaccine (also purchased by Chile) has shown promising results in US. ICU-bed occupation at highs.

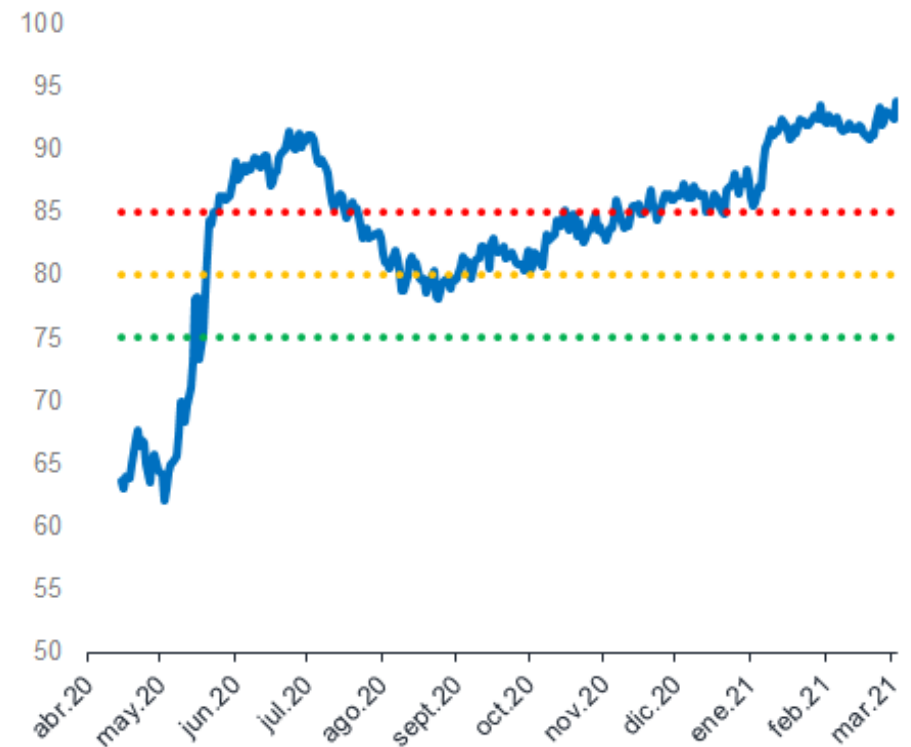
Confirmed vaccinations administered

(total number of 1st and 2nd doses administered, up to March 9)



ICU-bed occupation

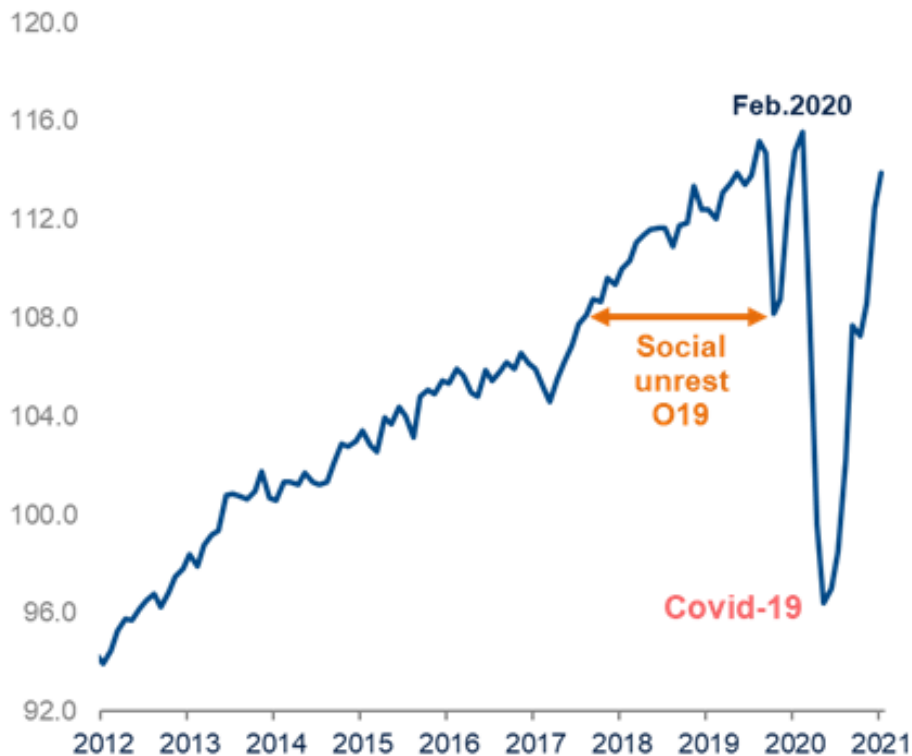
(percentage of total beds available, up to March 2)



Slow and heterogeneous recovery. We forecast 6% GDP growth as "a lower bound" in 2021.

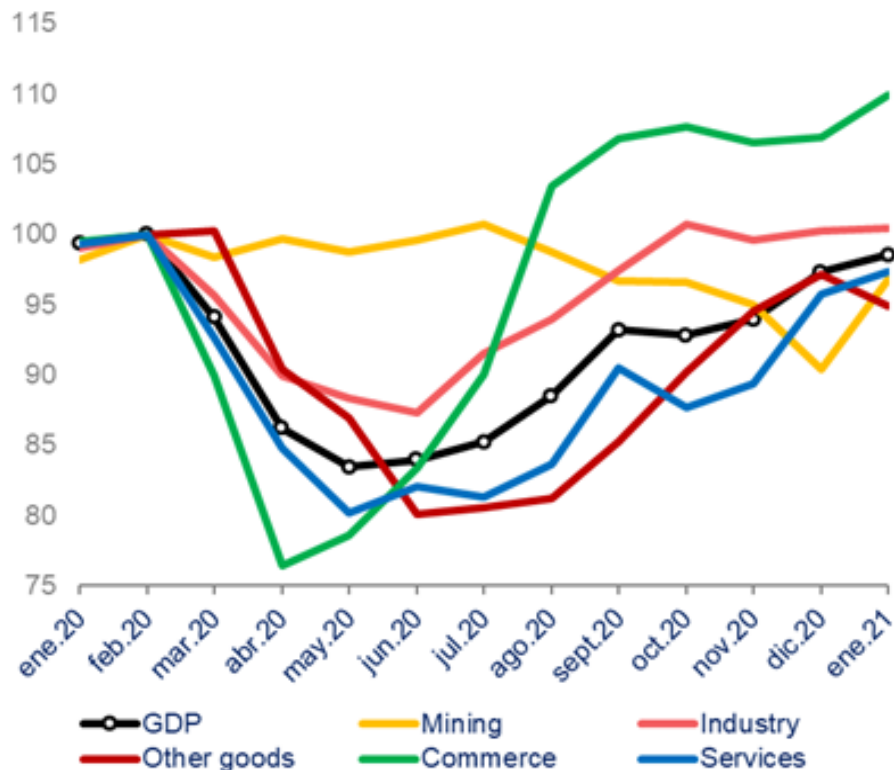
GDP level

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



GDP level by sector

(index, February 2020=100, monthly data)



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

December-20

January-21

February-21(f)

Imacec (% , y/y)

-0.4%

-3.1%

~ 0%

Source: Central Bank, Scotiabank Economics

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