

Tracking Covid-19: high frequency indicators



Economics & Financial Research

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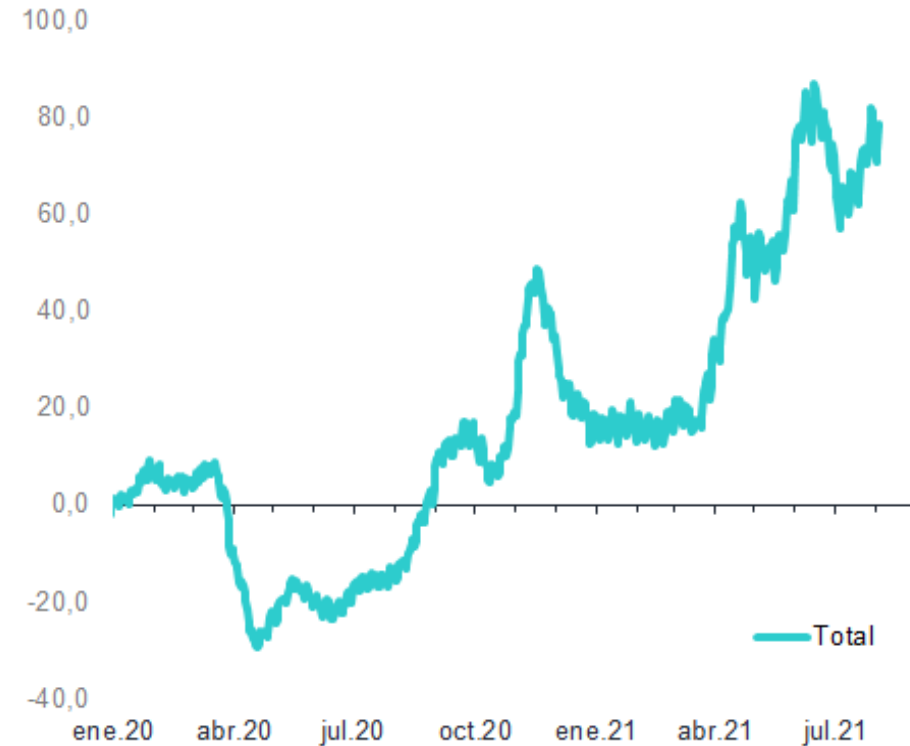
Key messages

- **Our high-frequency indicators point to a new upturn in purchases with credit and debit cards in July and August, evidencing that the liquidity coming from fiscal aid and the withdrawal of pension funds is being consumed intensely.** However, liquidity in non-remunerated bank accounts (mainly "Cuenta Rut Banco Estado") has doubled that of a year ago, signaling that a significant part of the liquidity has been saved or kept aside. Department stores continue to benefit from high liquidity. Rebound in the consumption of services and fuel reflect the increased mobility of the economy.
- **We forecast an increase in Retail Sales in the range of 70 to 75% y/y in July, due to low bases of comparison and still ample liquidity.** New car sales hit a record in July (38,226 units) and import of consumer and capital goods remain strong.
- **Total loans show some dynamism explained by commercial loans to medium and large firms.** On the contrary, mortgages and consumer loans exhibit some weakness that we consider transitory. A certain recovery of credit relative to debit cards may reveal the beginning of the process of normalization in the demand for credit.
- **GDP growth would reach 8.5% in 2021 even with the strong additional fiscal support announced recently. In our baseline scenario, we assume a new wave of covid cases during the last quarter of this year that will affect the recent impressive performance of the economy.** Monthly GDP (IMACEC) expanded 20.1% y/y in June (2.1% m/m) and the level of GDP exceeded pre-Covid levels. **We estimate that IMACEC expanded in the range of 16 to 18% y/y in July.**

The level of purchases rebounded in July and August. Base effects still favor year-on-year comparisons

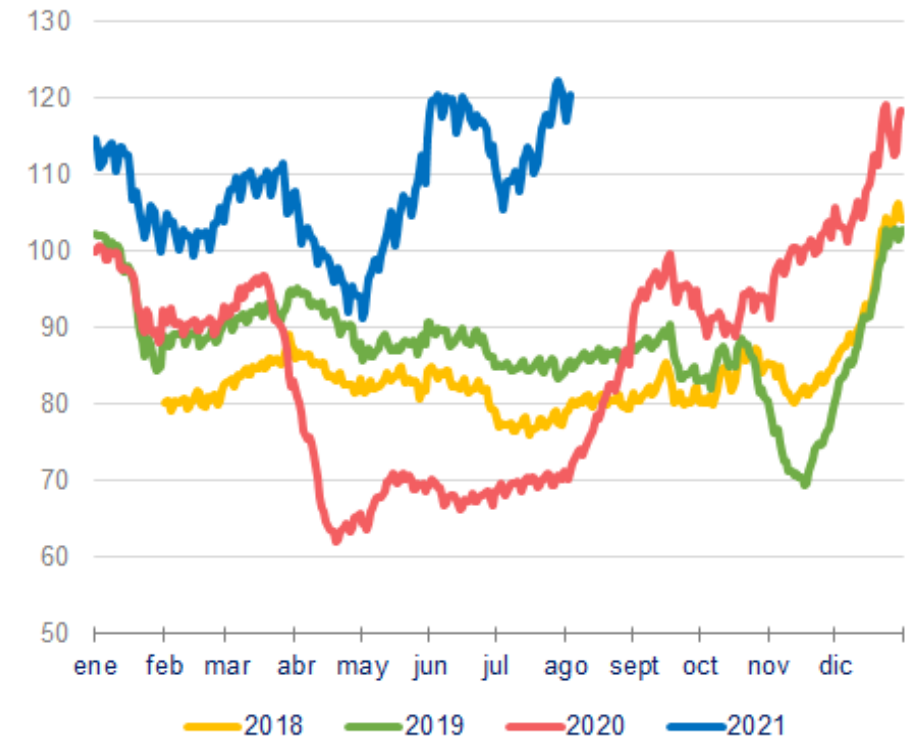
Annual growth of purchases with credit & debit cards*

(percentage, annual growth, 30-day moving average, up to August 6)



Level of purchases with credit & debit cards*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)

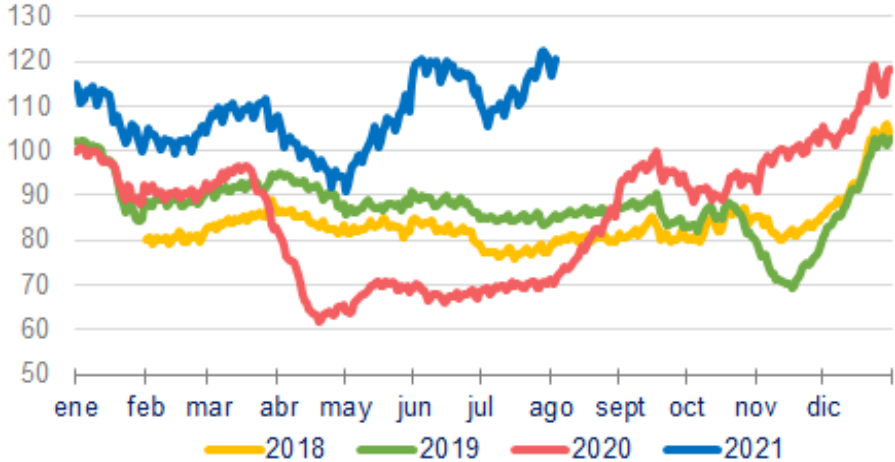


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Supermarket showing some deceleration in last months

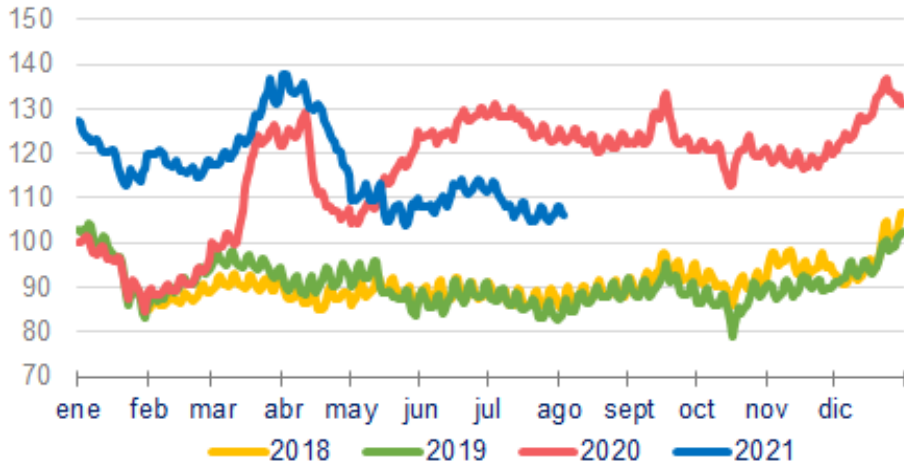
Total purchases*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)



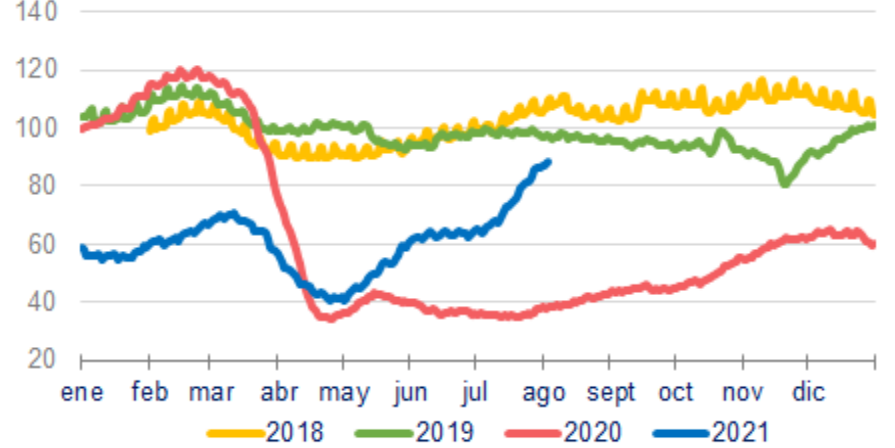
Supermarkets*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)



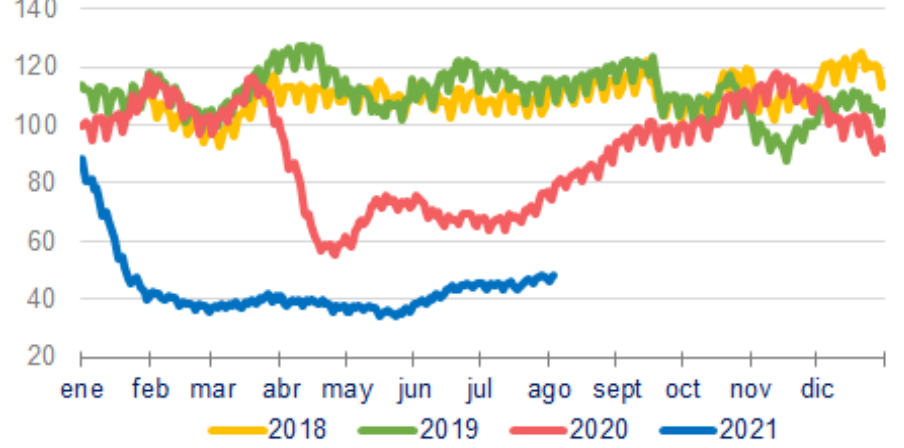
Fuels*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)



Drugstores*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)

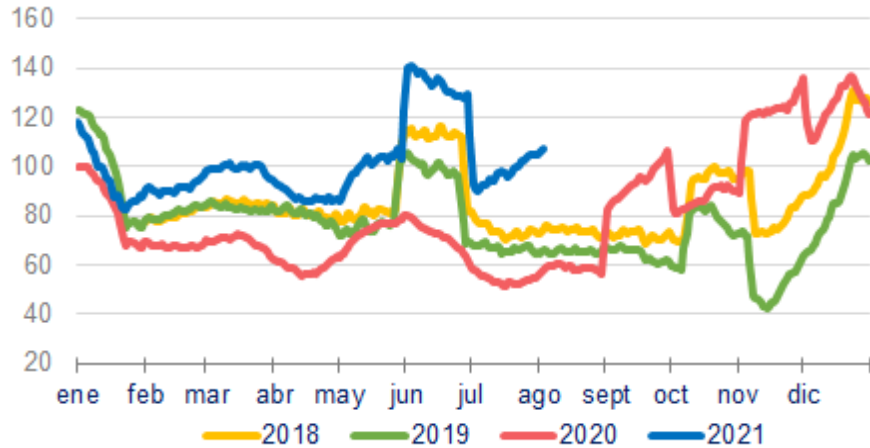


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Strong performance in Department and higher dynamism in services (greater mobility)

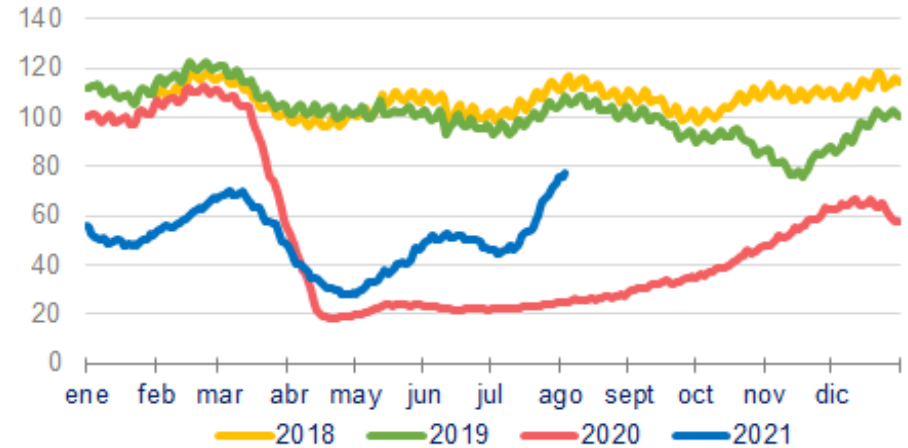
Department stores*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)



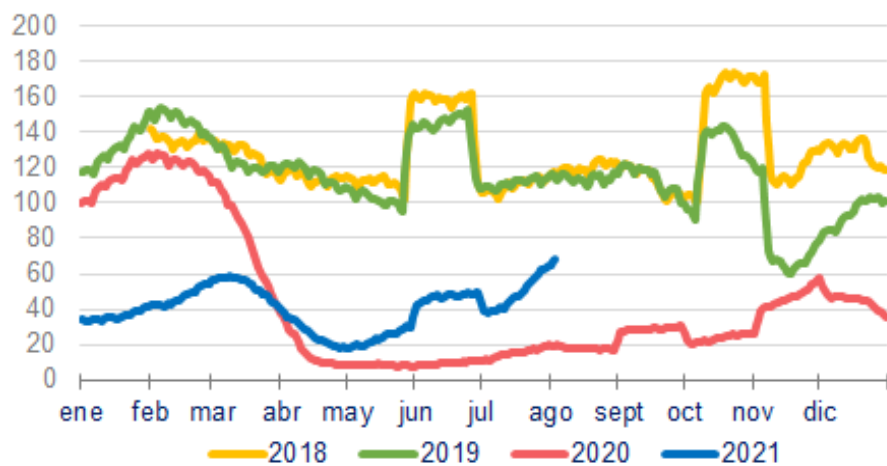
Restaurants*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)



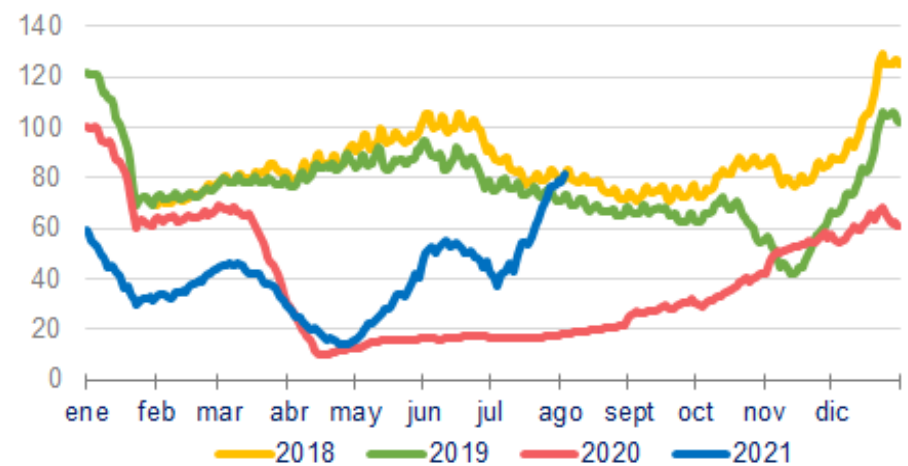
Tourism travel*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)



Clothing and footwear*

(level, index 1-Jan-2020=100, 30-day moving sum, up to August 6)

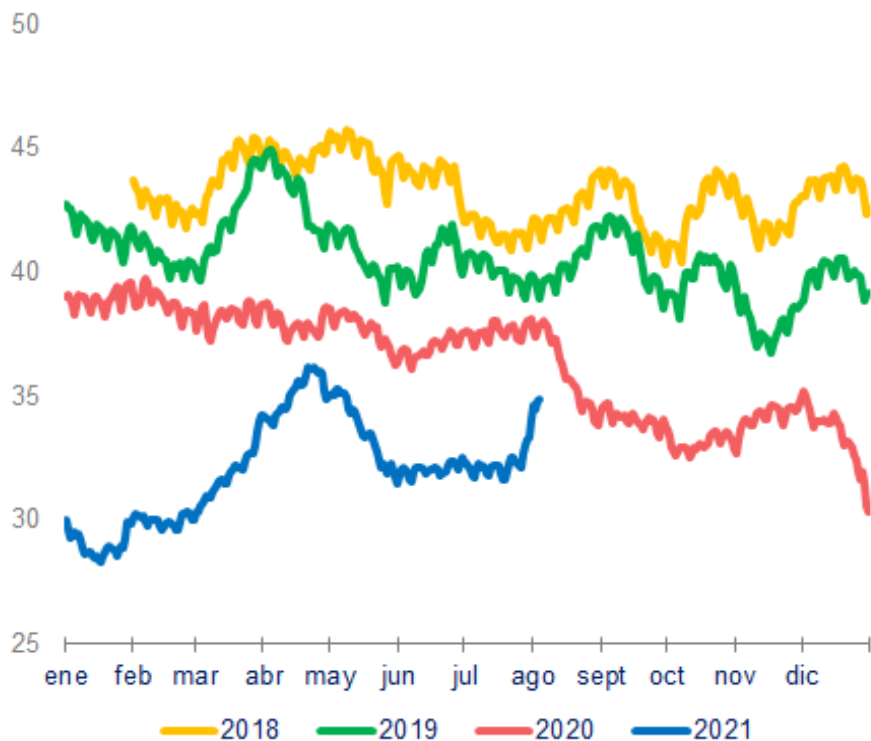


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Recovery of credit relative to debit cards may reveal the beginning of the process of normalization in the demand for credit (back to 35% of total purchases in August). However, there is still high liquidity in people's pockets from pension fund withdrawals and fiscal aid

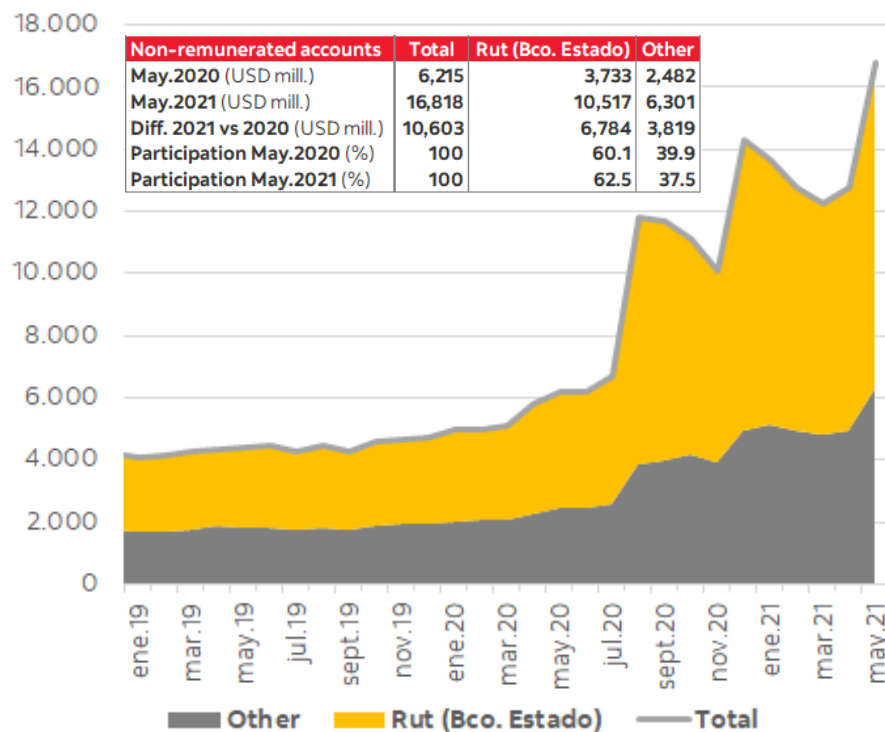
Use of credit cards

(% of total purchases, up to August 6)



Liquidity in non-remunerated accounts

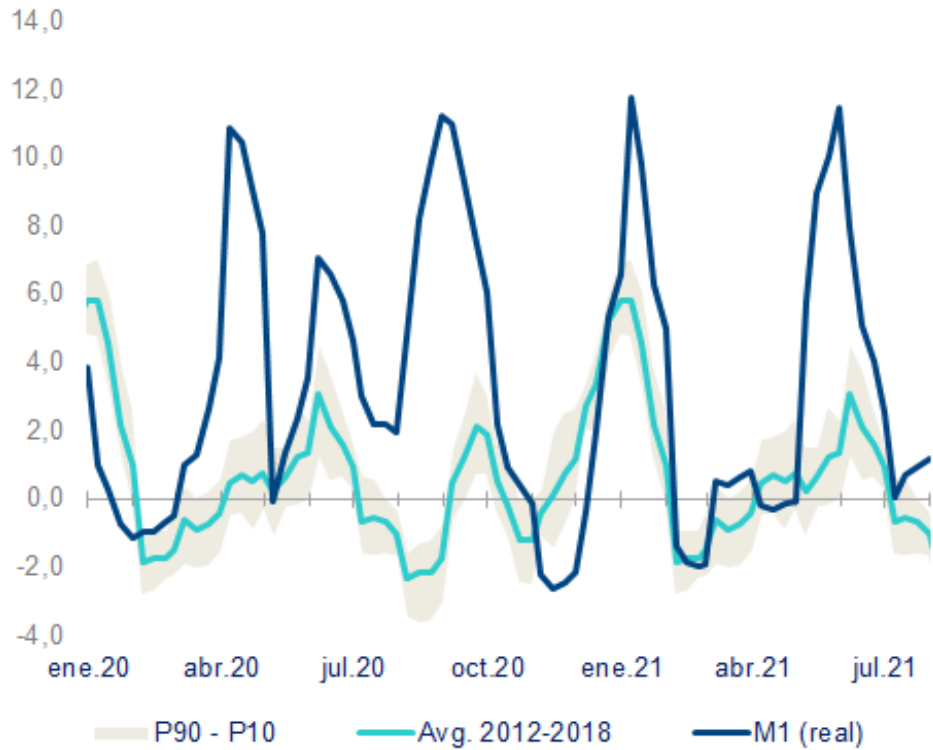
(millions of USD, balances at the end of the month)



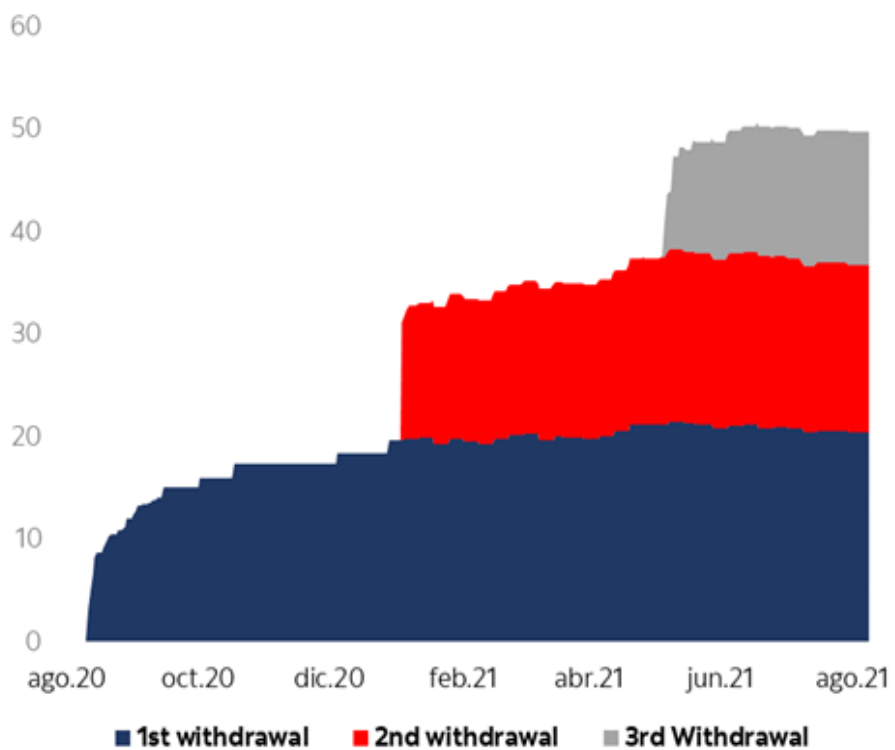
Source: CMF, Scotiabank Economics

Liquidity indicators are in high level thanks to the withdrawal of pension funds (USD 50 bn have already been withdrawn)

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



Pension fund withdrawal
(billions of USD)

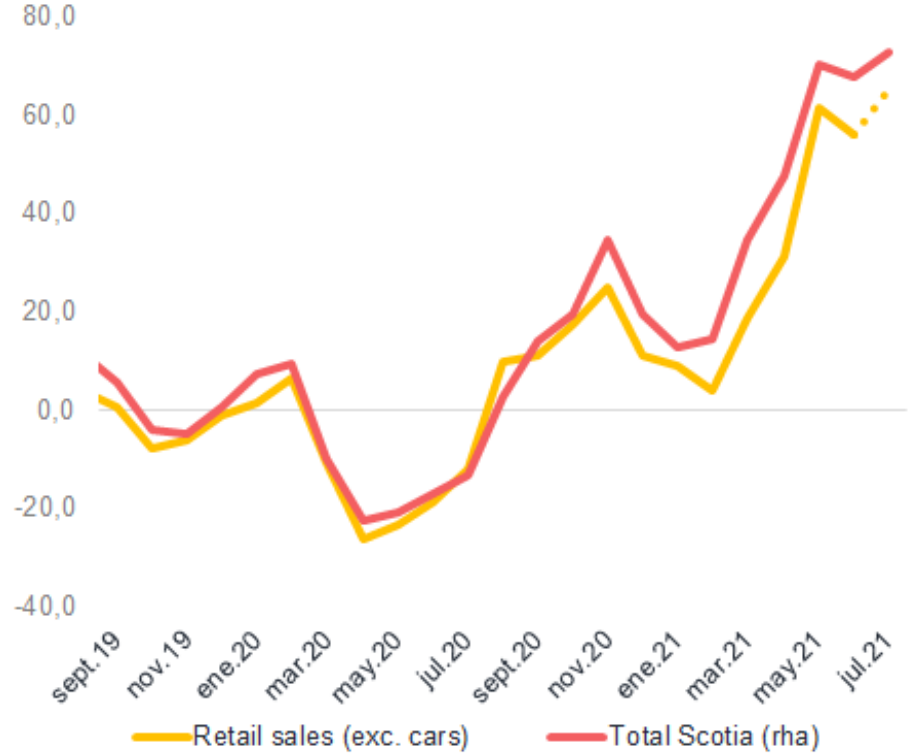


Source: Superintendencia de Pensiones, Central Bank, Scotiabank Economics

Retail sales: we forecast an expansion between 70-75% y/y in July, due to low bases of comparison and still ample liquidity in households' pockets. New car sales hit a record in July (38,226 units) and car imports remain strong

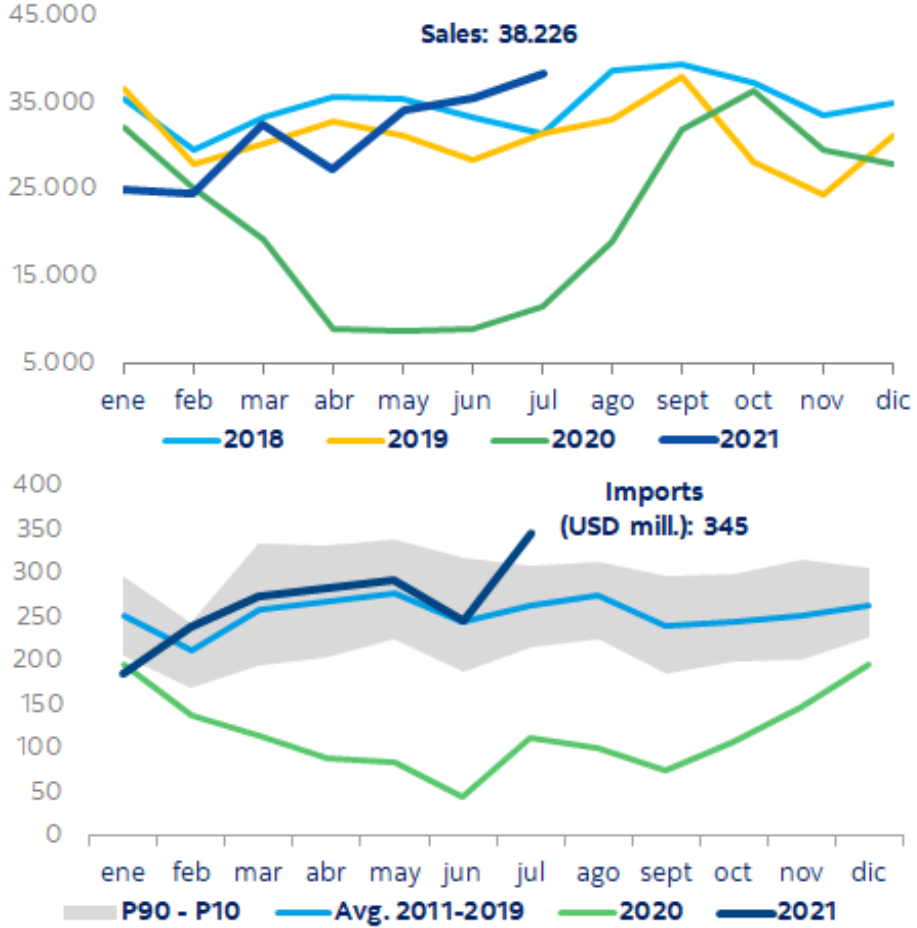
Retail sales (INE) vs Transactional data**

(percentage, annual growth)



New cars: sales & imports

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

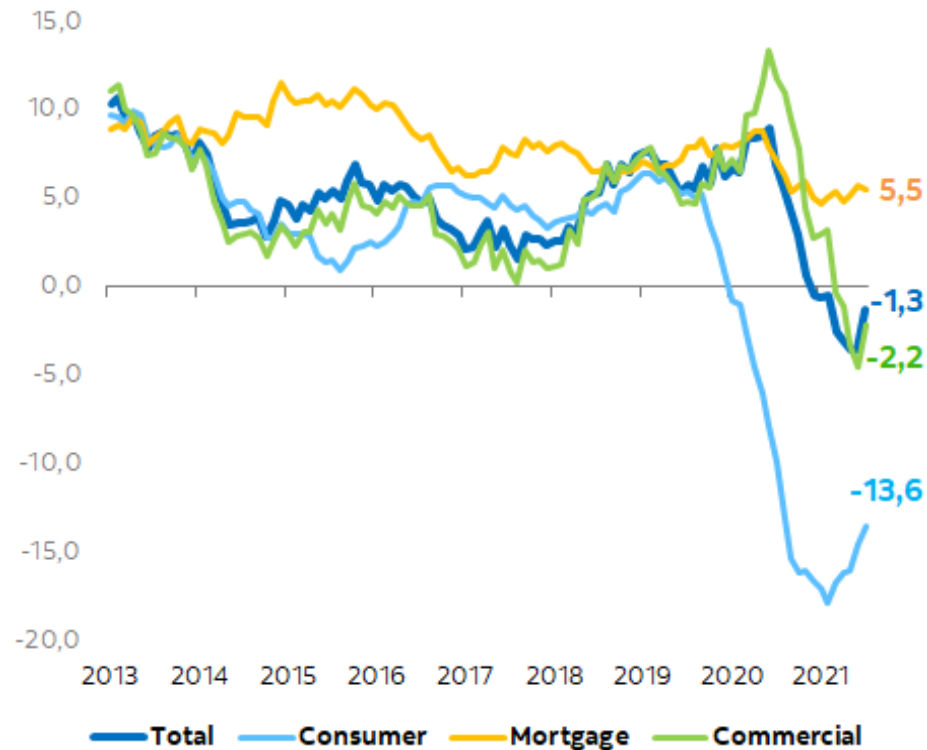


** This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.
 Source: National Bureau of Statistics (INE), ANAC, Central Bank, Scotiabank Economics

Total loans show some dynamism explained by commercial loans to medium and large firms

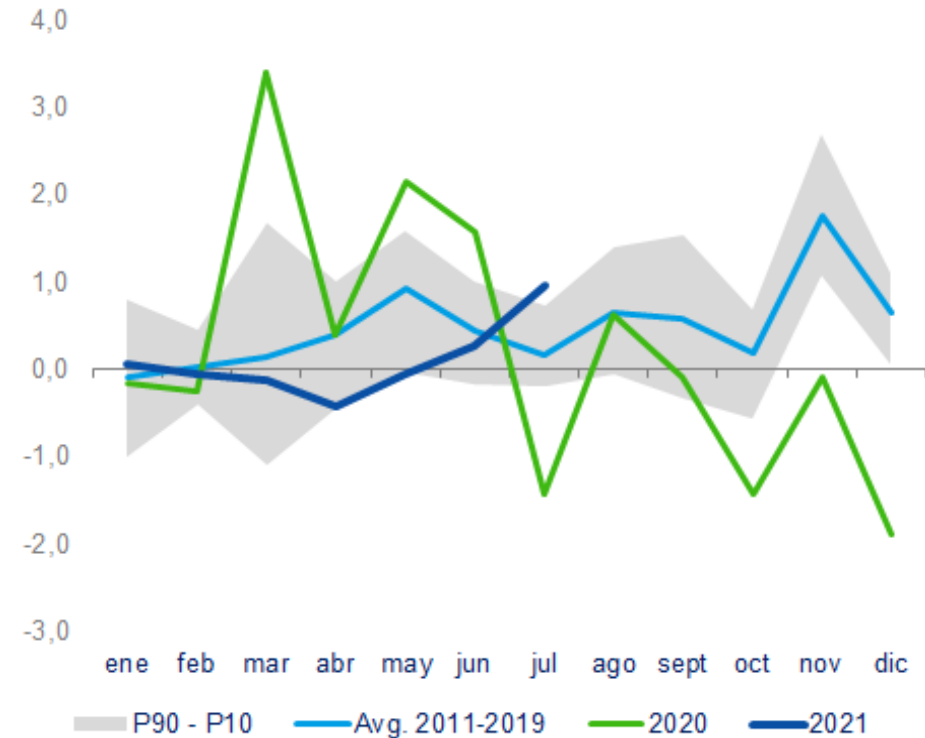
Loans by segment

(percentage, real annual growth)



Monthly dynamism of commercial loans

(percentage, real monthly growth)

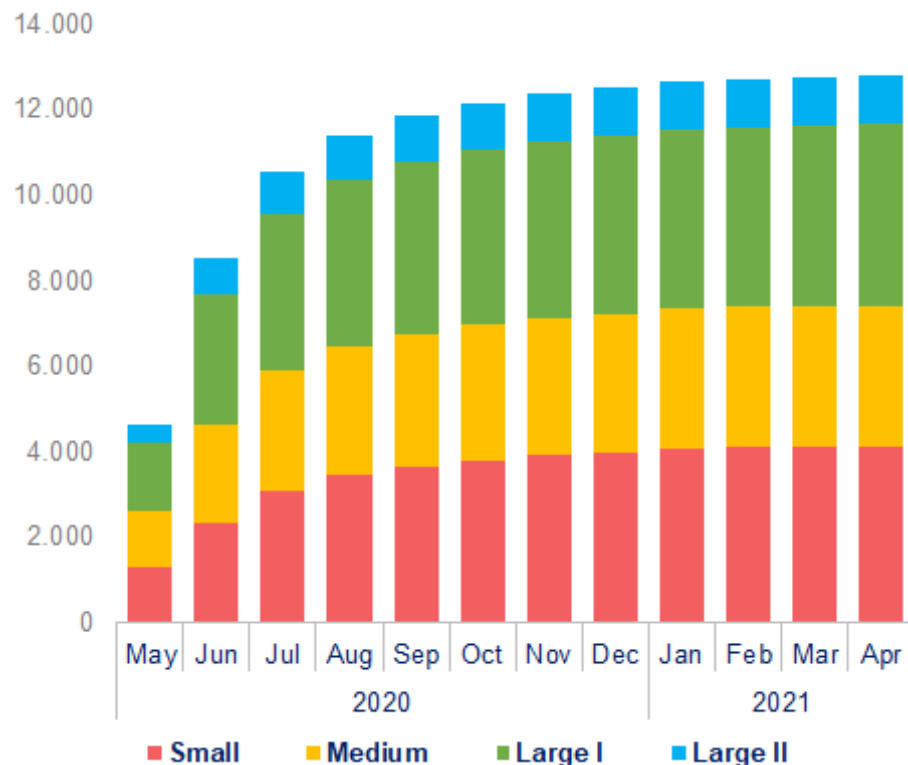


Source: Central Bank, Scotiabank Economics

State guaranteed Covid-19 credits (Fogape): Fogape Reactiva loses dynamism in the last weeks

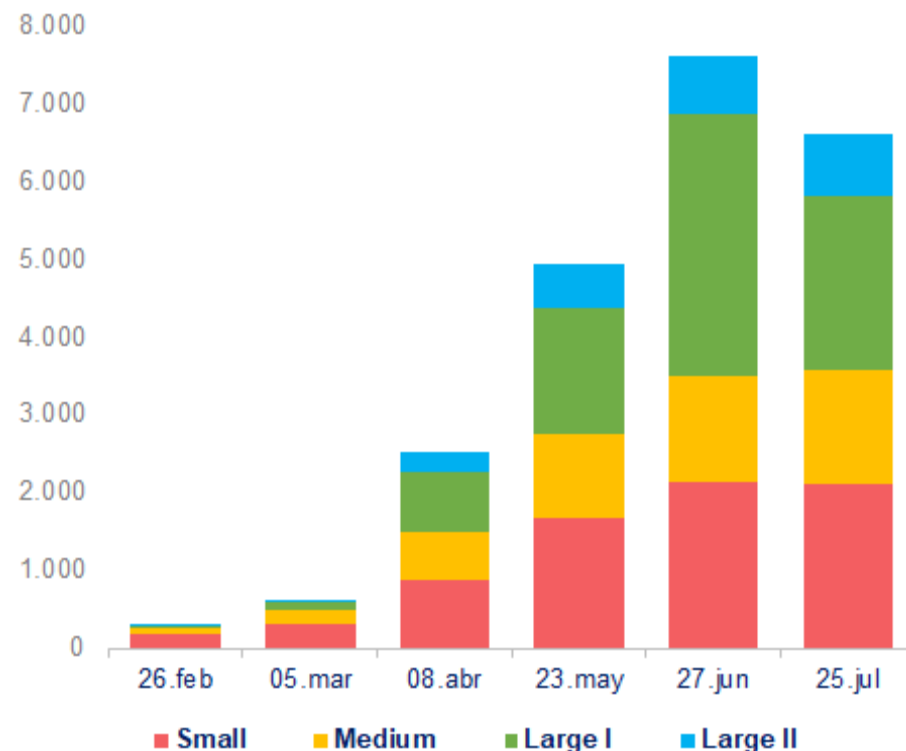
Amount of credits: Fogape Covid

(millions of USD)



Amount of credits: Fogape 2.0 (Reactiva)

(millions of USD)



FOGAPE Reactiva

% of total commercial loans

Feb.21

Mar.21

Apr.21

May.21

Jun.21

Jul.21

0.2%

0.5%

2.0%

3.8%

5.7%

5.1%

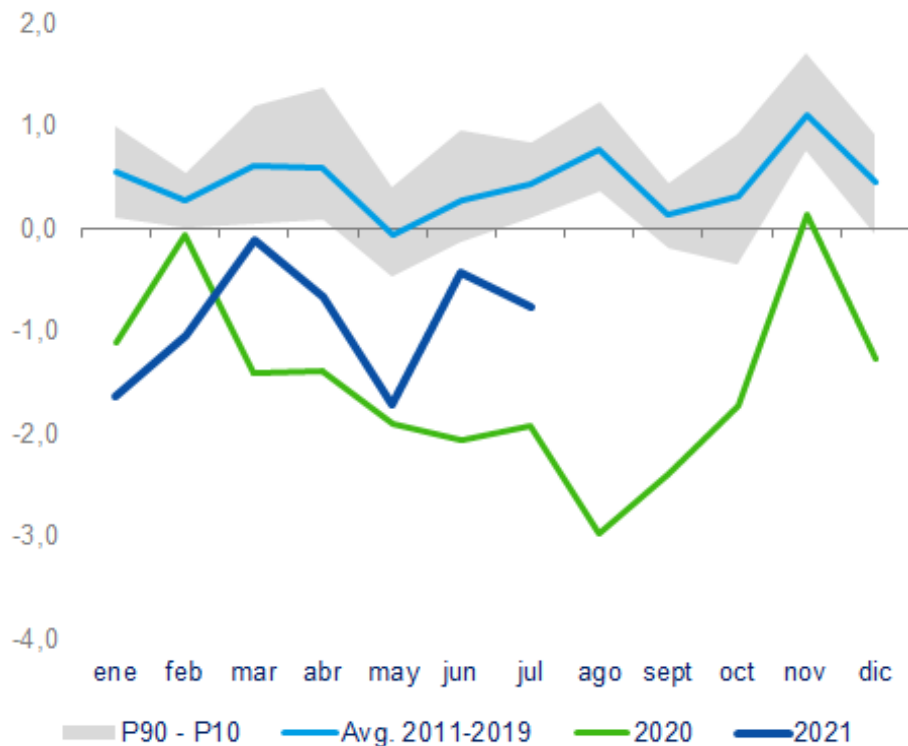
[See the complete report](#)

Source: Ministry of Finance, CMF, Scotiabank Economics

Consumer loans still decreasing MoM (in real terms), and mortgages showed some weakness in July

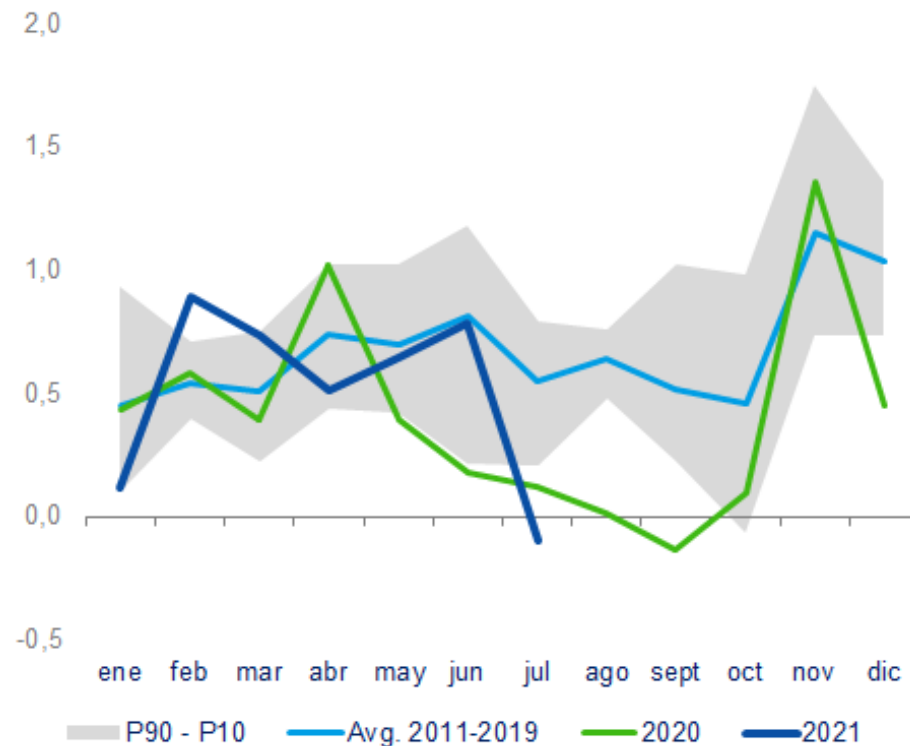
Monthly dynamism of consumer loans

(percentage, real monthly growth)



Monthly dynamism of mortgage loans

(percentage, real monthly growth)

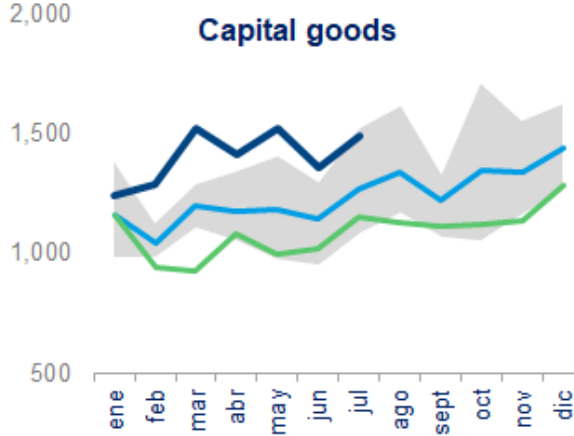
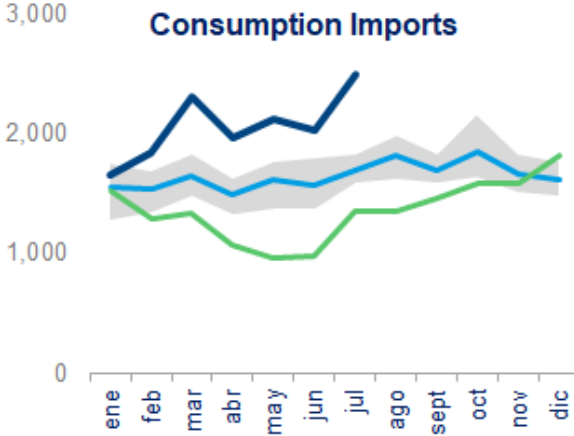
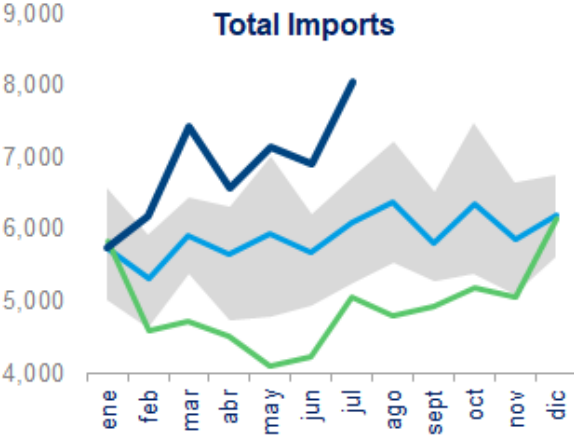
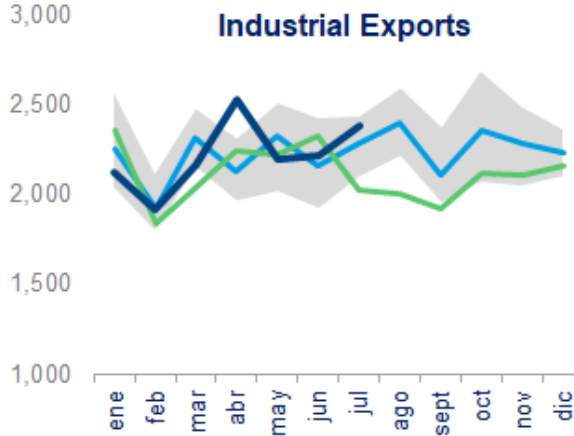
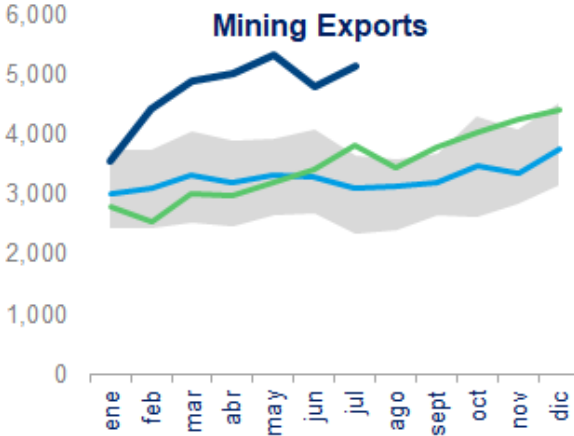
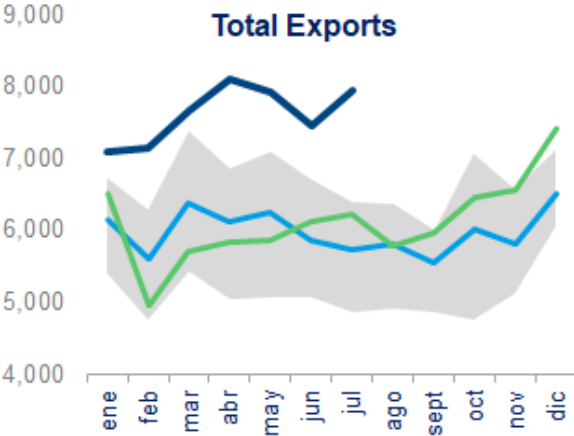


Source: Central Bank, Scotiabank Economics

Strong recovery in exports (copper price) and imports (more inventories)

Monthly flow of Exports and Imports

(level, USD millions per month)

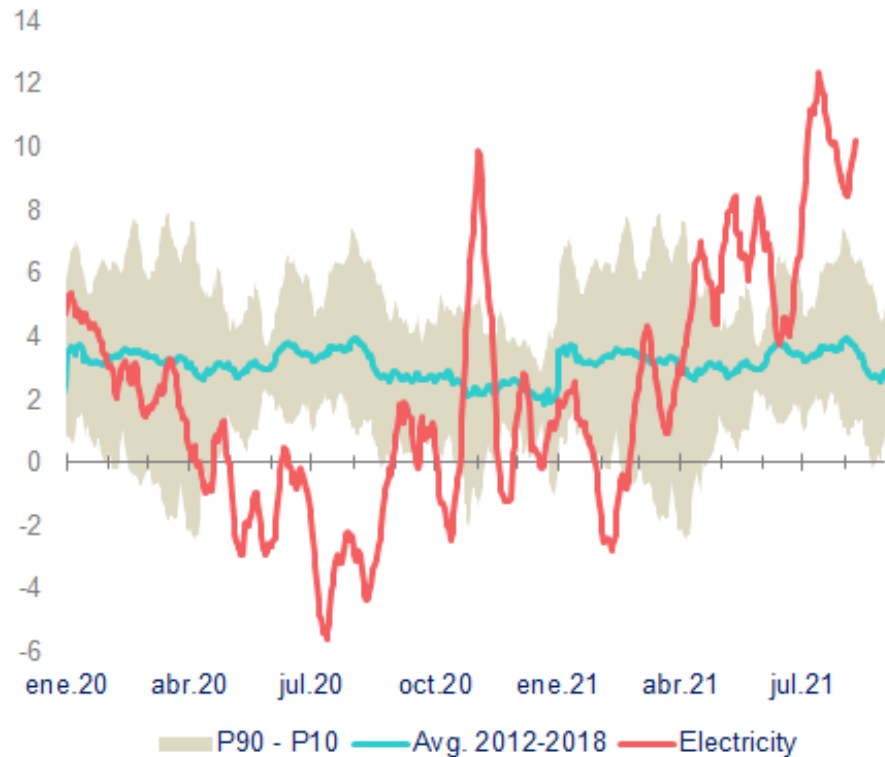


P90 - P10
 Avg. 2011-2019
 2020
 2021

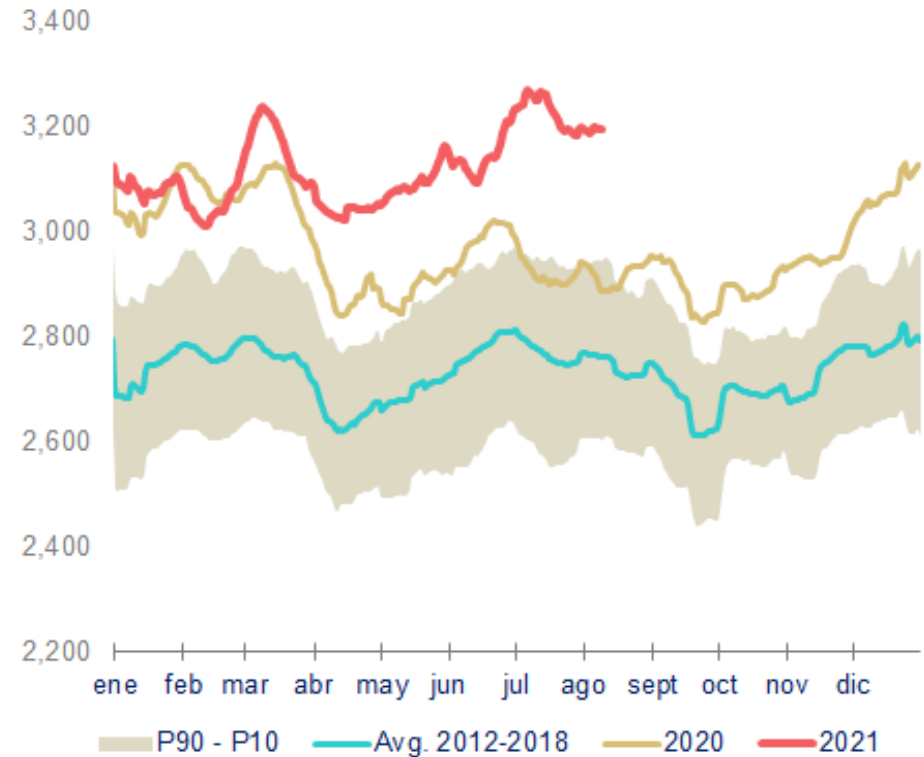
P90 and P10 represent the 90th and 10th percentile.
Source: Central Bank, Scotiabank Economics

Electric demand shows persistent normalization as the economy quickly adapted to quarantine measures. Only 0.2% of the population is in lockdown by early August

Annual growth of electricity generation
(percentage, annual growth, 14-day accum., up to August 9)



Level of electricity generation
(percentage, annual growth, 14-day accum., up to August 9)

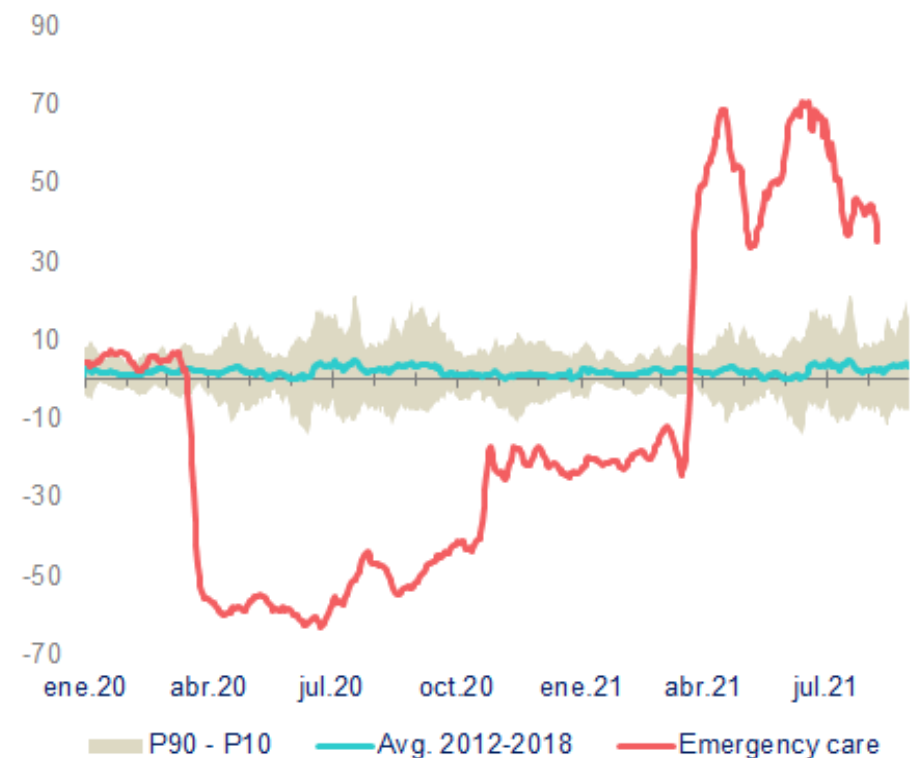


P90 and P10 represent the 90th and 10th percentile.
Source: *Coordinador Eléctrico*, Scotiabank Economics

Emergency care attentions –not related to COVID– remain stable at low levels

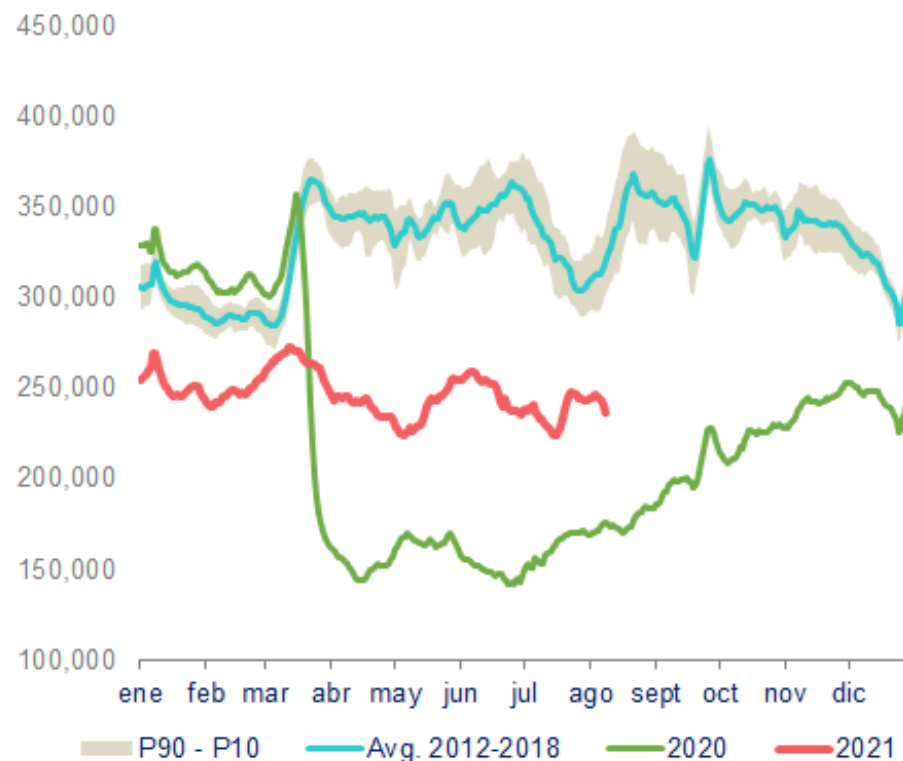
Annual growth in Emergency Care

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



Number of Emergency Care attentions

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

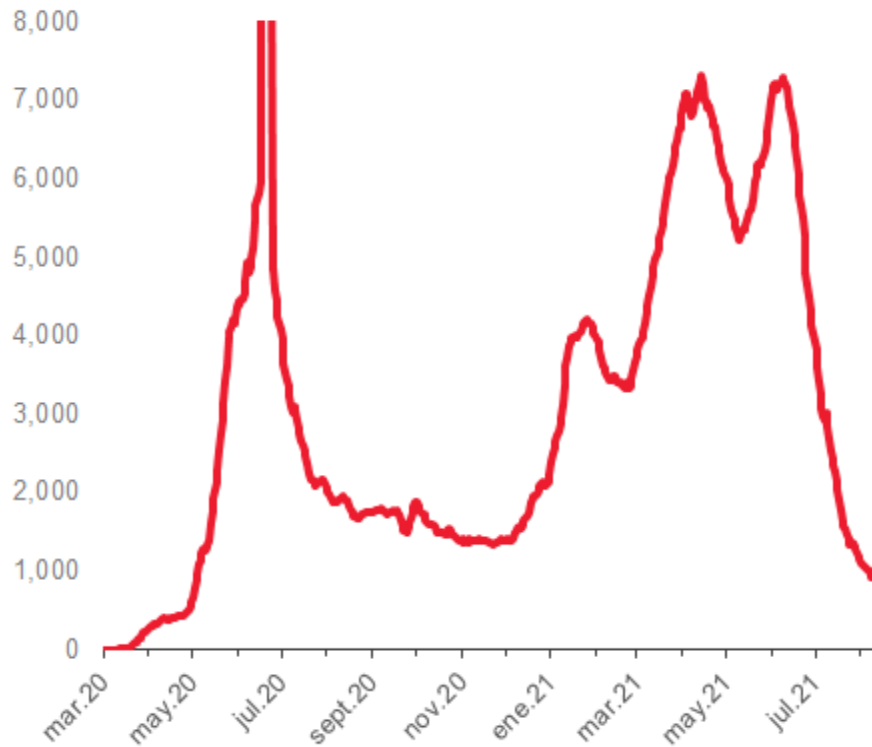


Source: Ministerio de Salud (DEIS), Scotiabank Economics

Fall in cases and low ICU-bed occupancy continues to support a relaxation of mobility restricting measures and re-opening of the economy. Risk of new variants is still present (Delta)

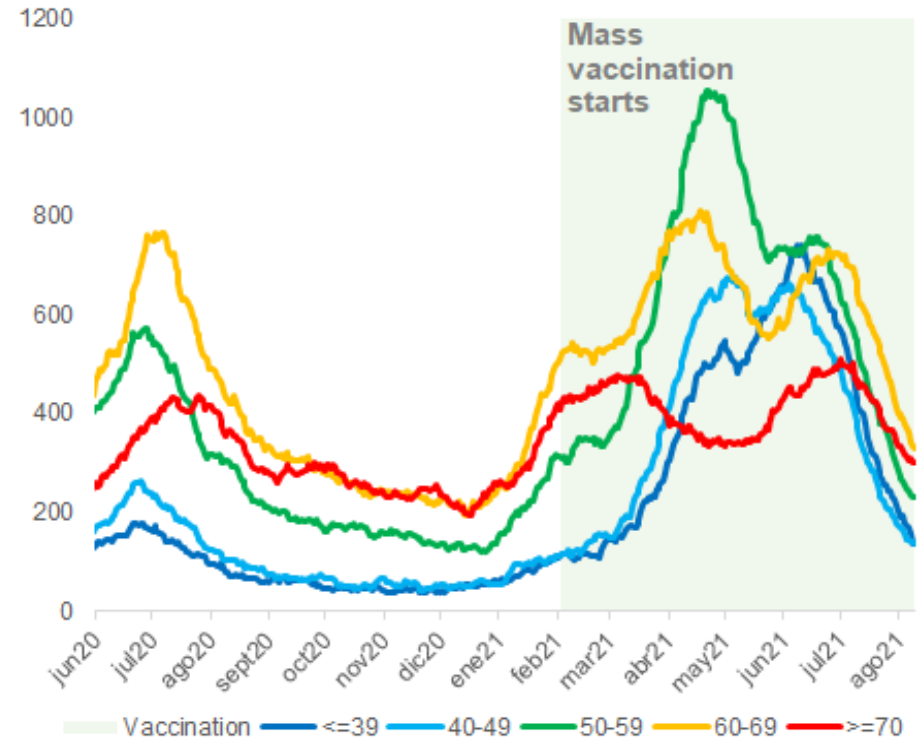
New cases COVID-19 in Chile

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



ICU-bed occupancy

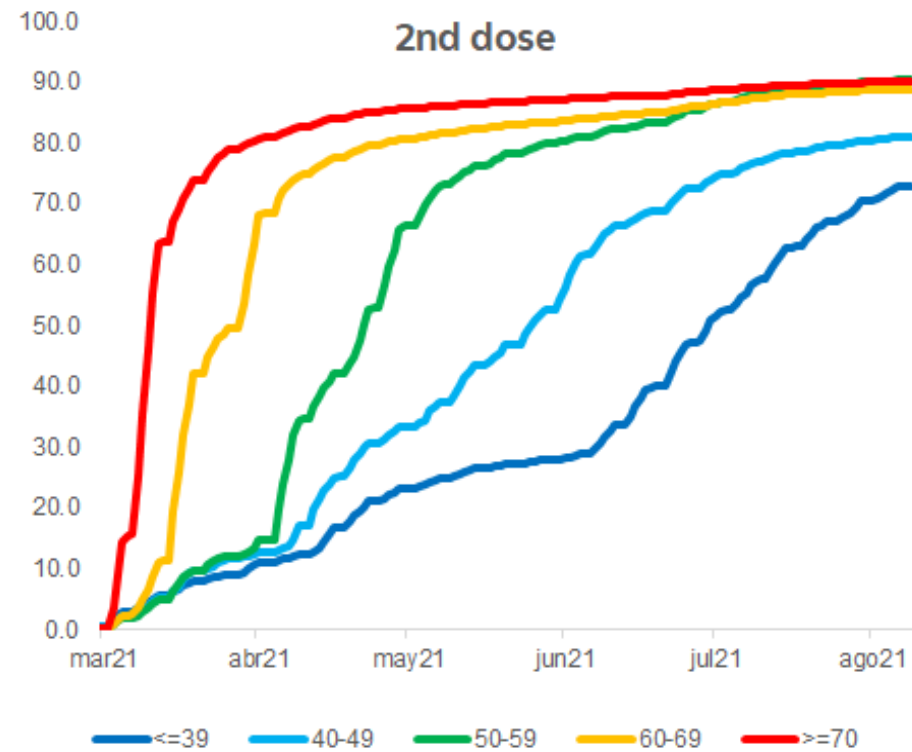
(number of beds, up to August 9)



Mass vaccination started in February 2021 (74% Sinovac; 22% Pfizer). Vaccine effectiveness remains high, but decreases in the margin to avoid symptomatic cases. The application of the 3rd dose begins in priority groups

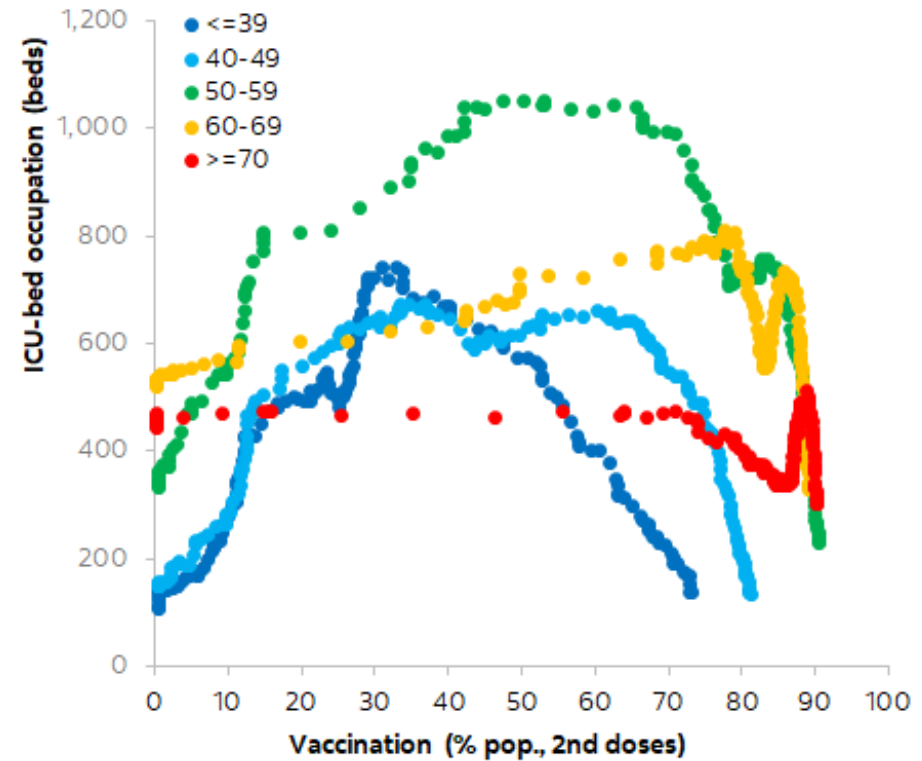
Vaccination by age group

(% of each group's total population, up to August 9)



ICU-bed occupancy and vaccination by age

(beds and % of population by age group, up to August 9)

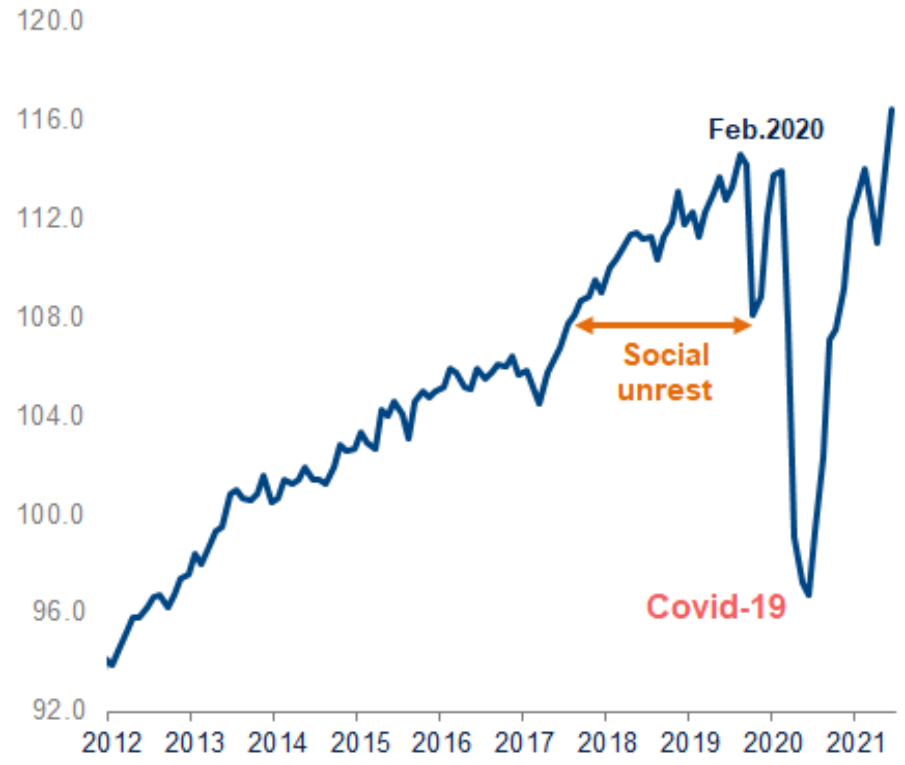


Source: Health Ministry, ICovid Report, Scotiabank Economics

Level of GDP exceeded pre-Covid levels. Imacec expanded 20.1% y/y in June (2.1% m/m). GDP growth would reach 8.5% in 2021. **We estimate that Imacec expanded in the range of 16 to 18% y/y in July**

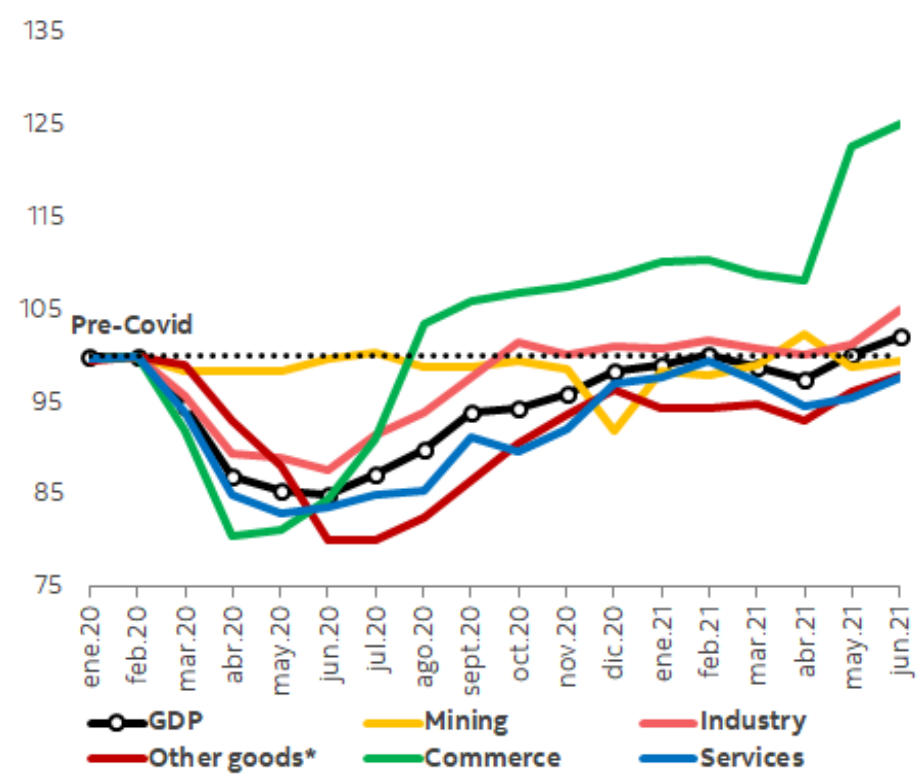
GDP level

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



GDP level by sector

(index, February 2020=100, monthly data)



Short run forecasts: growth of monthly GDP	May-21	June-21	July-21(f)
Imacec (% , y/y)	18.1%	20.1%	16 to 18%

Source: Central Bank, Scotiabank Economics

CONTACTS

Jorge Selaive | Chief Economist

jorge.selaive@scotiabank.cl

Waldo Riveras

waldo.riveras@scotiabank.cl

Aníbal Alarcón Astorga

anibal.alarcon@scotiabank.cl

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