

Tracking Covid-19: high frequency indicators



Economics & Financial Research

Update May 11, 2021



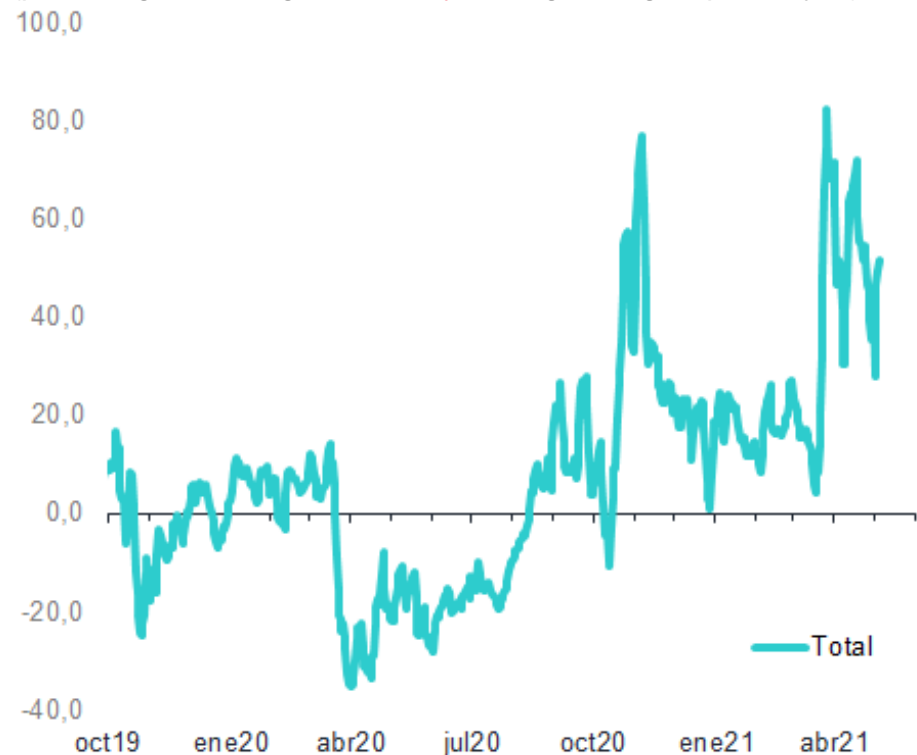
Key messages

- **Retail Sales decelerated month-over-month in April due to the new restrictions to mobility. Third withdrawal of pension funds will allow a recovery in May/Jun.** There is still sectoral heterogeneity explained by the reopening process: department stores and supermarkets are the main winners but showing some weakness in the margin.
- **Loans deepen their decline led by contraction in commercial loans (in real annual terms).** A greater weakness of commercial loans was observed in April (despite Fogape 2.0) as medium and large firms are still reluctant to borrow. Consumer loans were stable and mortgage continued recovering.
- Using transactional data, which has successfully allowed us to anticipate Retail Sales, **we forecast an increase in Retail Sales of 40-45% y/y in April, due to low bases of comparison and still ample liquidity in households' pockets.** New car sales remained low in April, but showing a high increase compared to April 2020 (27,241; +206% y/y).
- **We reaffirm GDP growth in 2021 of 7.5% as economy quickly adapts to quarantine measures. However, we still see risks, especially in private investment, associated to political uncertainty and deep weakness in the labor market.** Political uncertainty is still present, but some mitigators are observed. The result of the May 15/16 election could mark a further drop in the degrees of political uncertainty depending on the composition of the Constitutional Assembly. Monthly GDP contracted a modest 1.6% m/m in March as Services were affected by strict quarantine measures. **We estimate that monthly GDP had a expansion between 5 and 10% y/y in April (-8% to -5% m/m).**

The level of purchases decreased m/m in April due to the new restrictions to mobility. Base effects begin to favor the year-on-year comparison. Third withdrawal will allow a strong recovery in May and June.

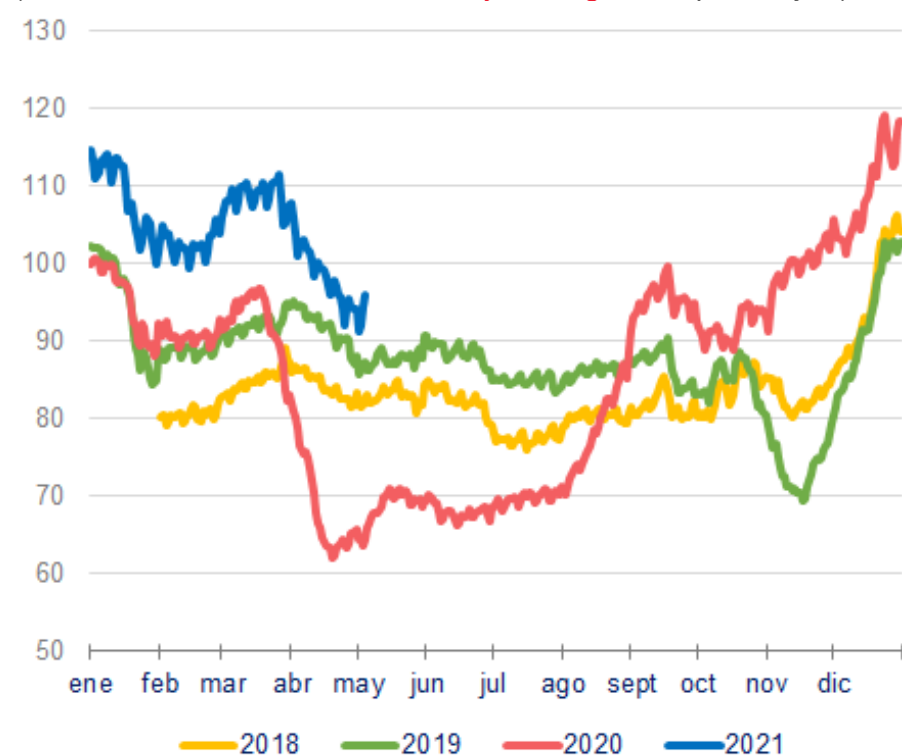
Annual growth of purchases with credit & debit cards: supported by pension funds*

(percentage, annual growth, 7-day moving average, up to May. 6)



Level of purchases (debit & credit) decrease due to quarantines*

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

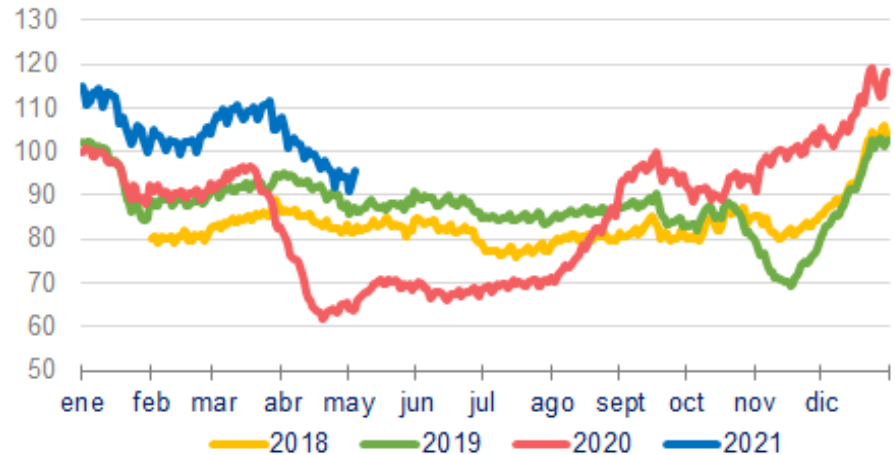


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Supermarkets and Retailers continue to be the big winners

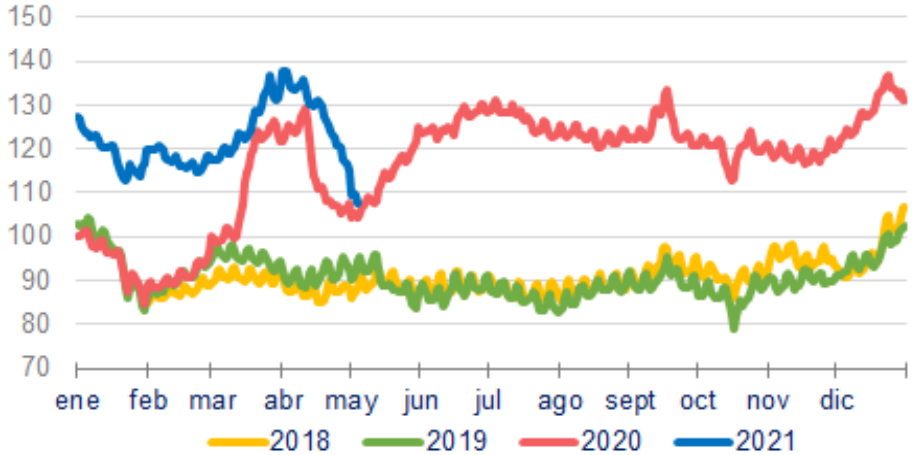
Total purchases*

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



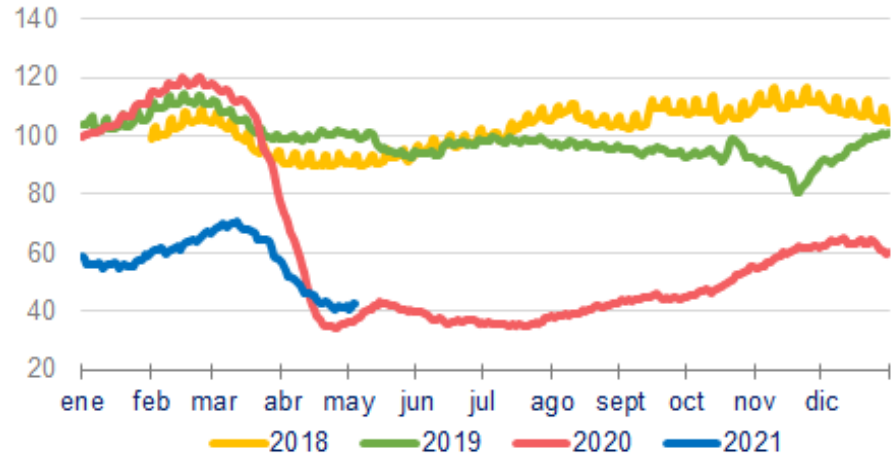
Supermarkets*

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



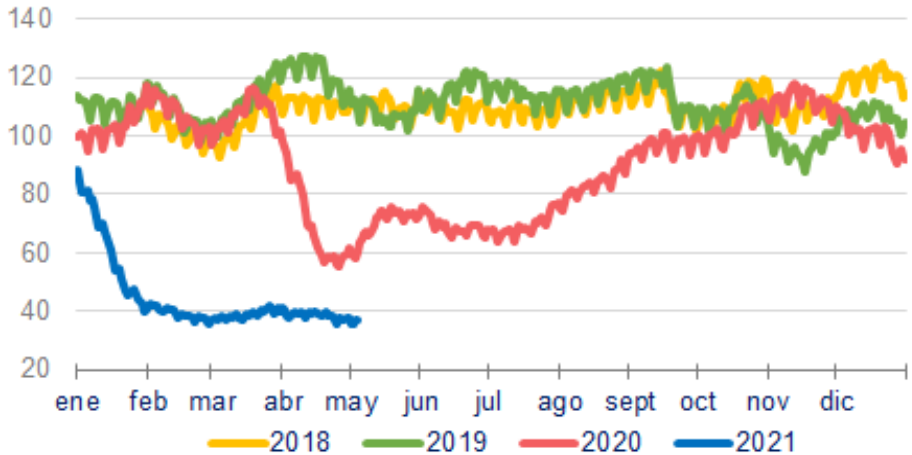
Fuels*

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



Drugstores*

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

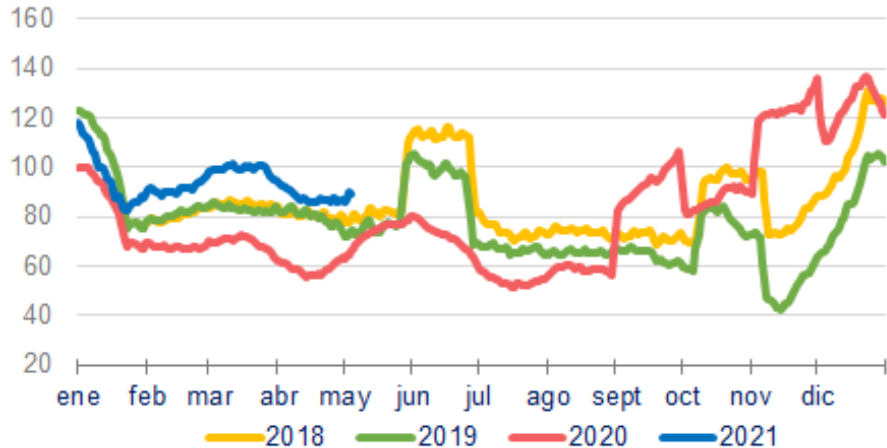


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Some rebound of purchases in Department stores at the beginning of 2021

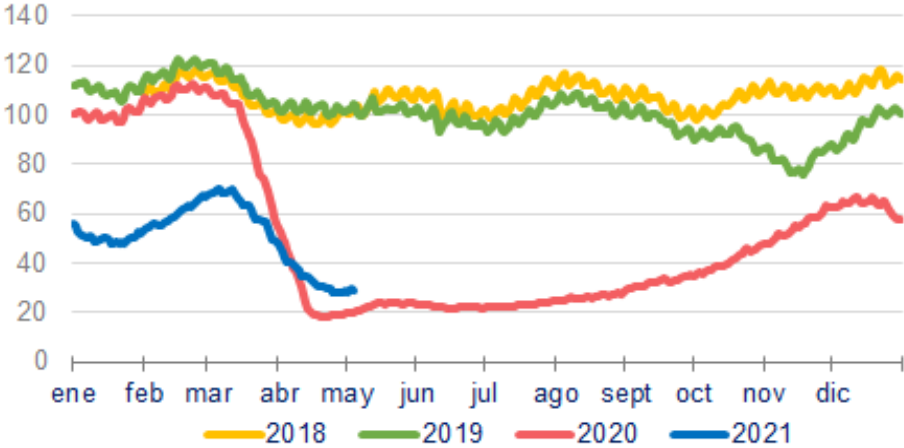
Department stores*

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



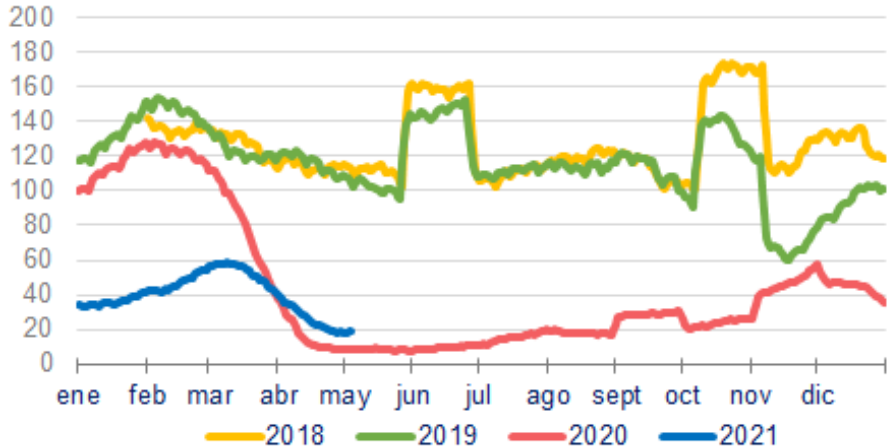
Restaurants*

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



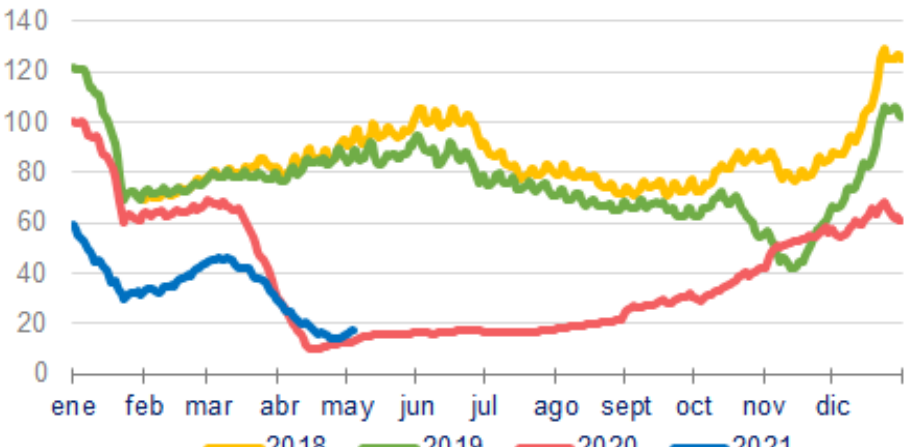
Tourism travel*

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



Clothing and footwear*

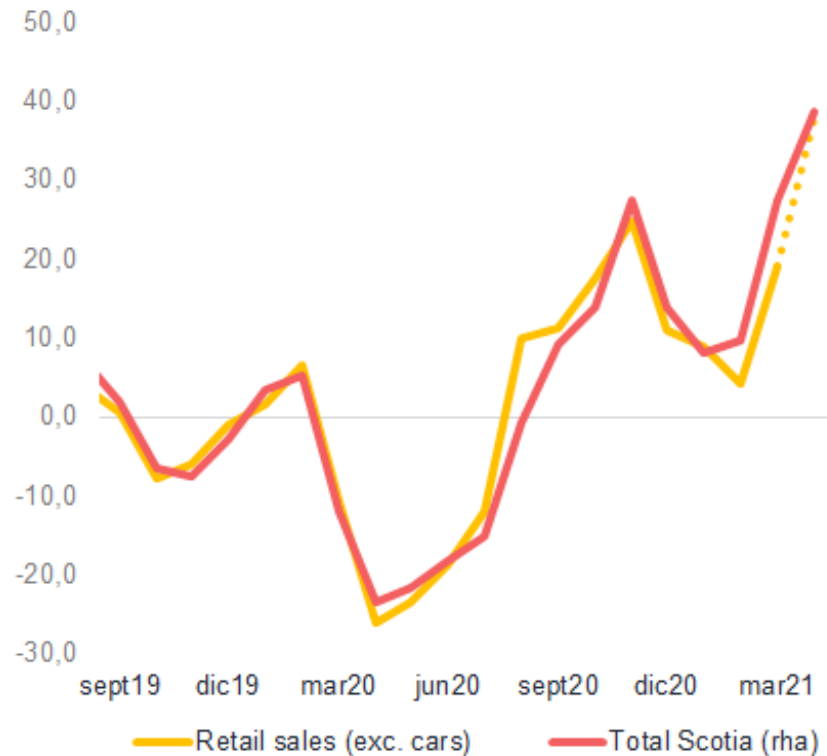
(level, index 1-Jan-2020=100, 30-day moving sum, up to May. 6)



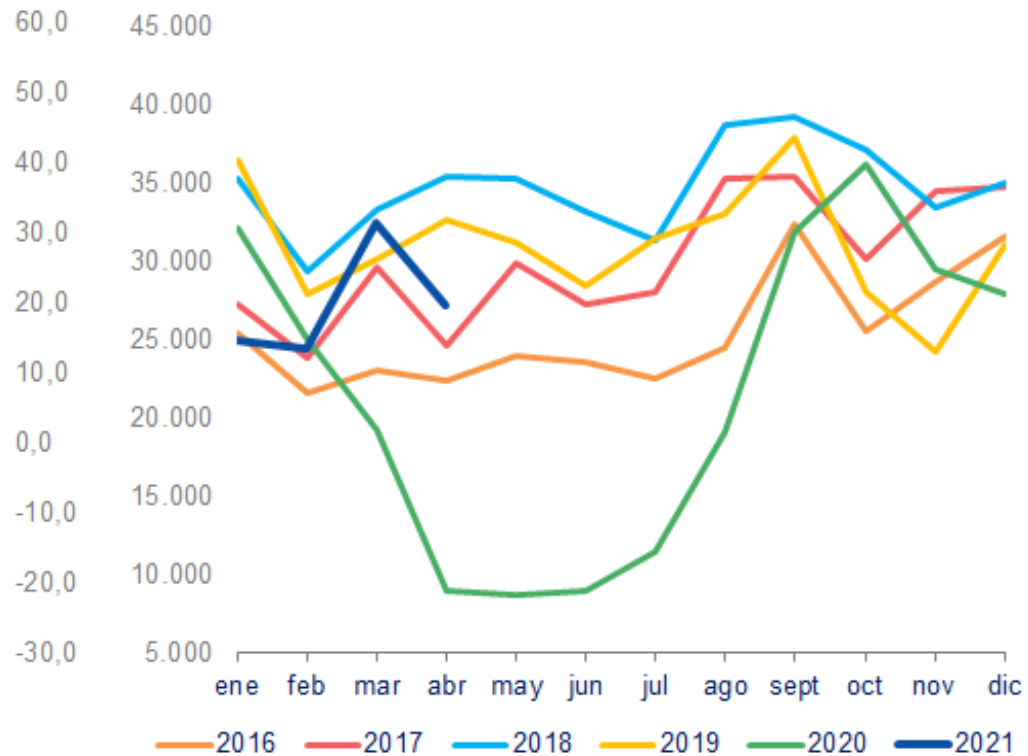
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Retail sales: we forecast an expansion between 40% and 45% y/y in April, due to low bases of comparison and still ample liquidity in households' pockets. New car sales remained low in April (27,241; +206% y/y)

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



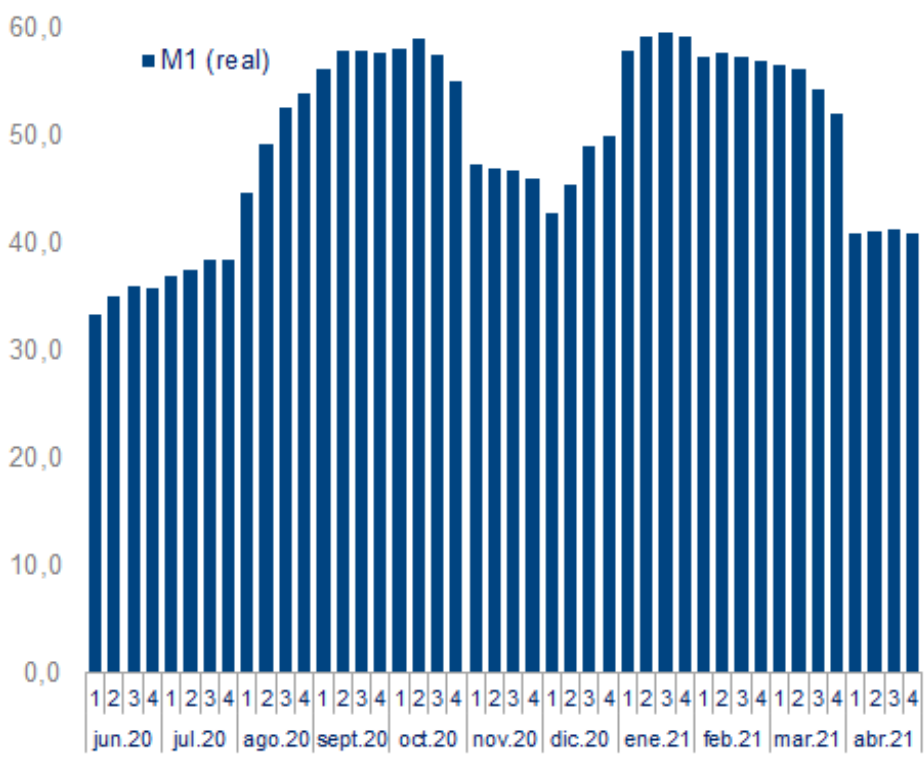
New car sales
(units per month)



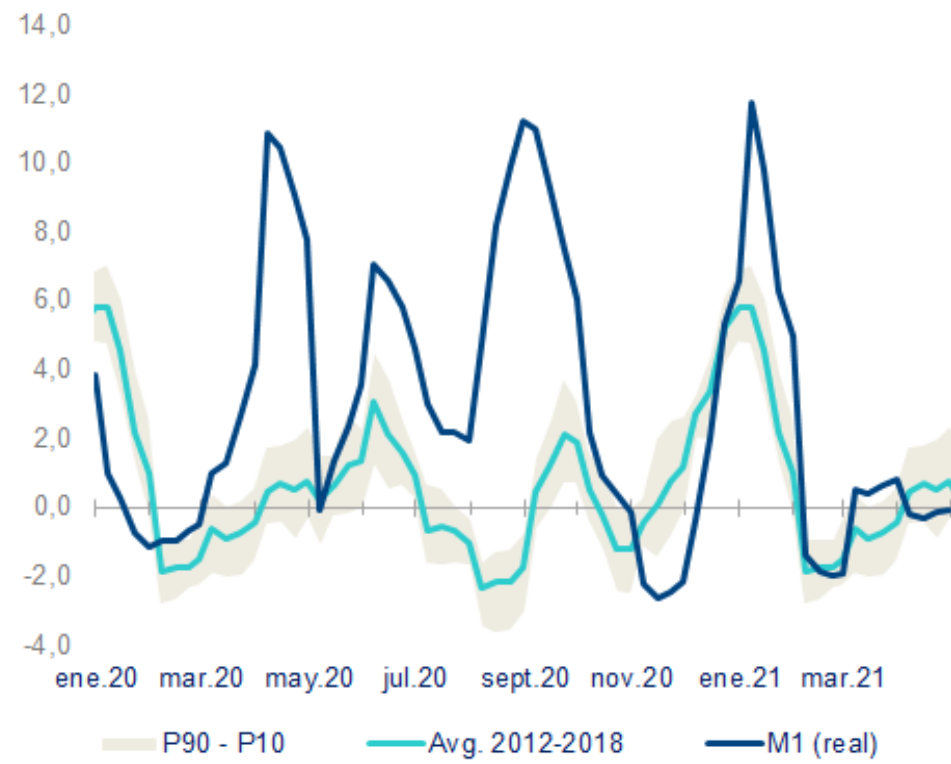
** This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.
Source: National Bureau of Statistics (INE), Scotiabank Economics

Liquidity measures show some normalization during the last months. The third withdrawal of pension funds will give a new boost

Money aggregate (M1)
(percentage, real annual growth, weekly data)



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

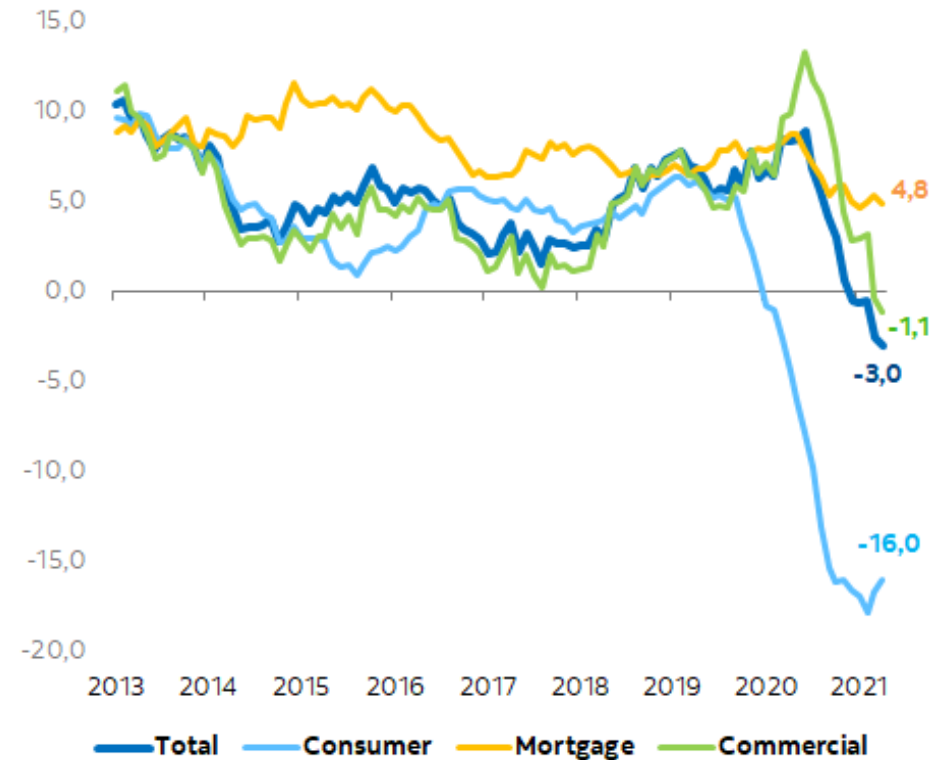


Source: Central Bank, Scotiabank Economics

Total loans deepen their decline led by contraction in commercial loans. Credit flowed counter-cyclically to firms for much of 2020, which represents a high level of comparison. A greater weakness of commercial loans in medium and large firms was observed in April.

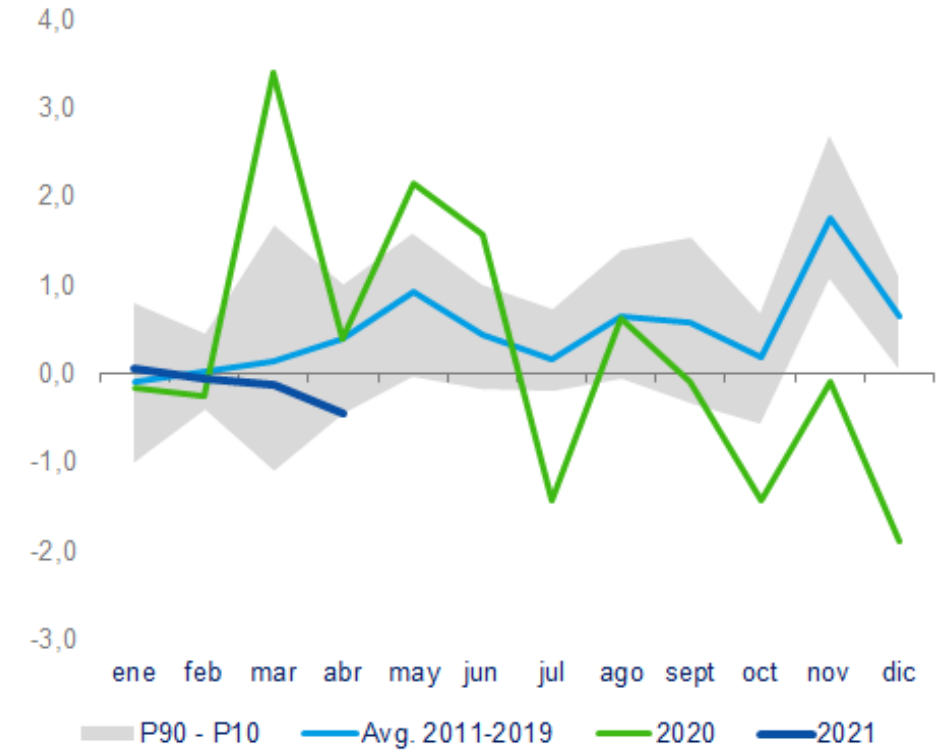
Loans by segment

(percentage, real annual growth)



Monthly dynamism of commercial loans

(percentage, real monthly growth)

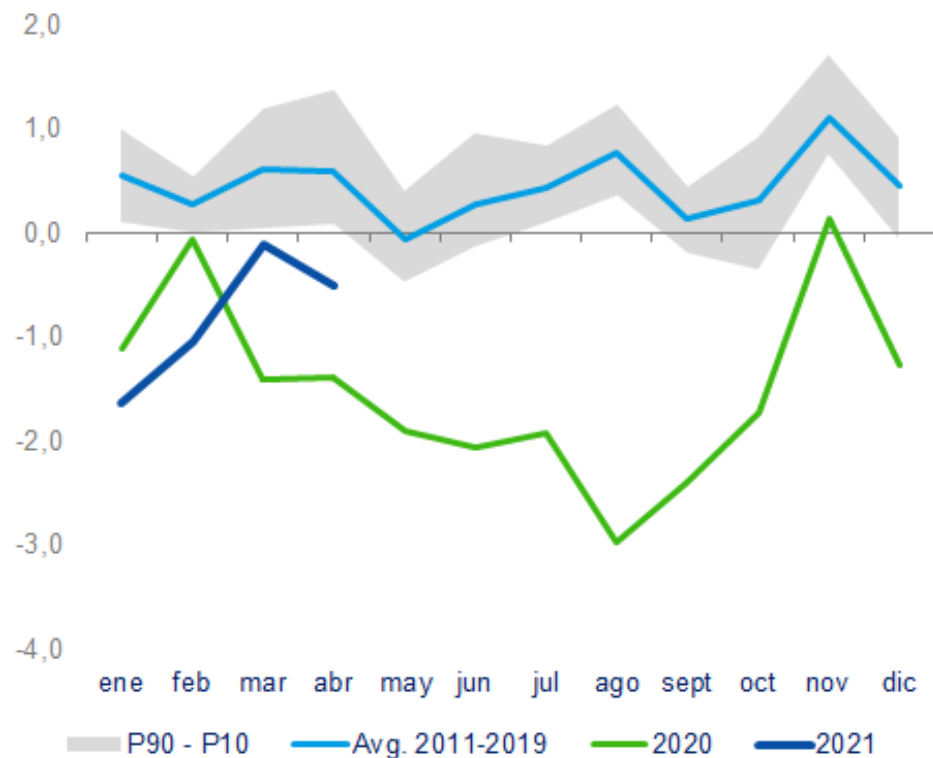


Source: Central Bank, Scotiabank Economics

Consumer loans remained weak, but showing signs of stabilization. Mortgage loans continued recovering

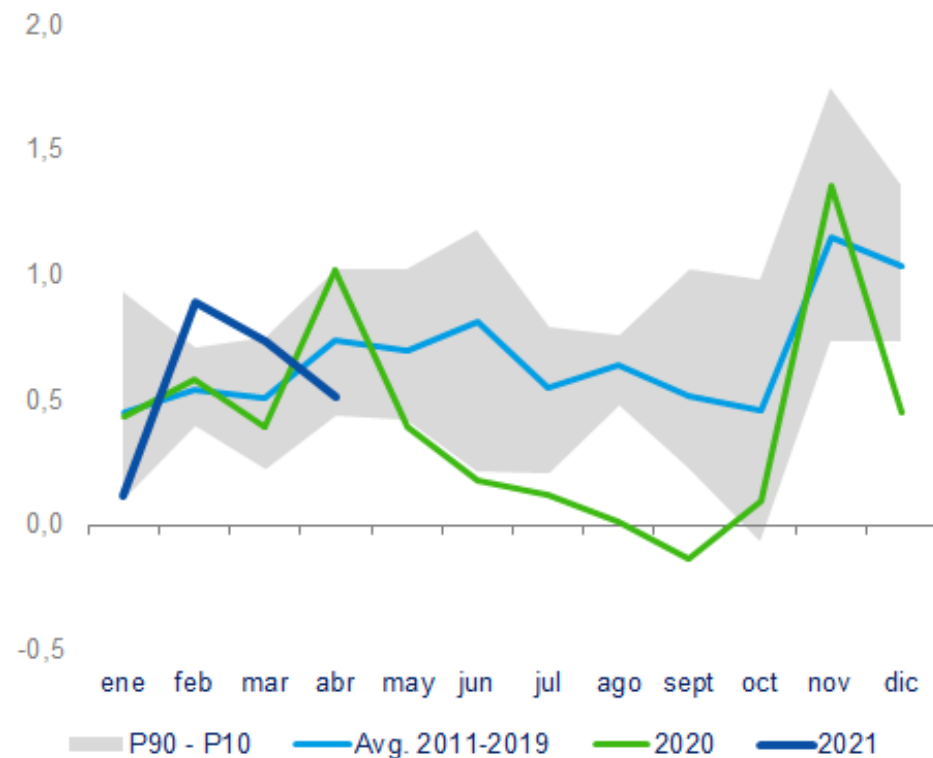
Monthly dynamism of consumer loans

(percentage, real monthly growth)



Monthly dynamism of mortgage loans

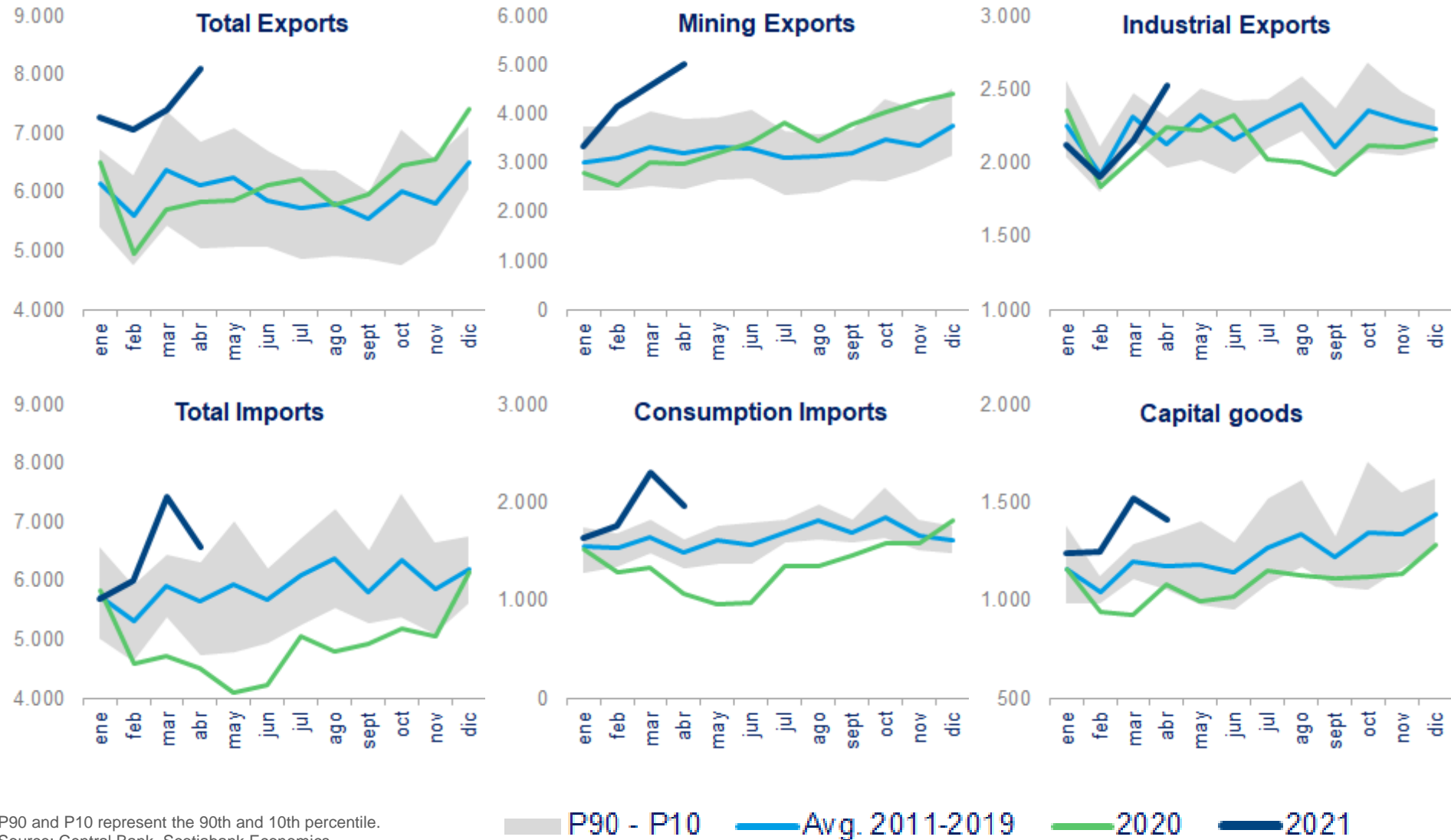
(percentage, real monthly growth)



Clear signs of recovery in exports (copper) and also in imports

Monthly flow of Exports and Imports

(level, USD millions per month)

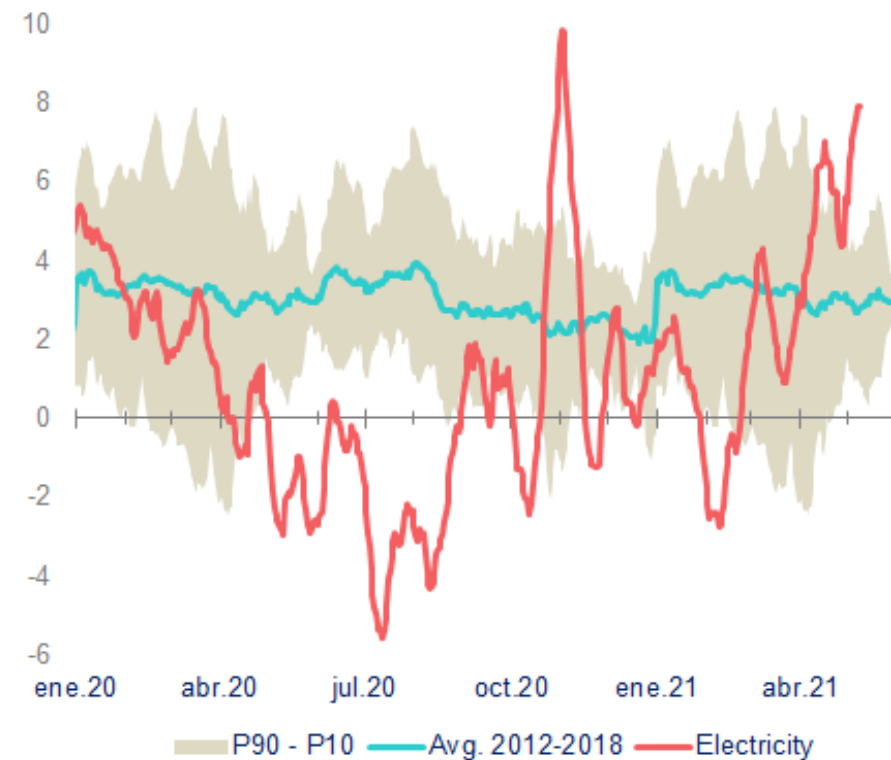


P90 and P10 represent the 90th and 10th percentile.
 Source: Central Bank, Scotiabank Economics

Recent restrictions affected electricity demand during April. However, the reopening of the economy has started again with close to 50% of the economy unlocked.

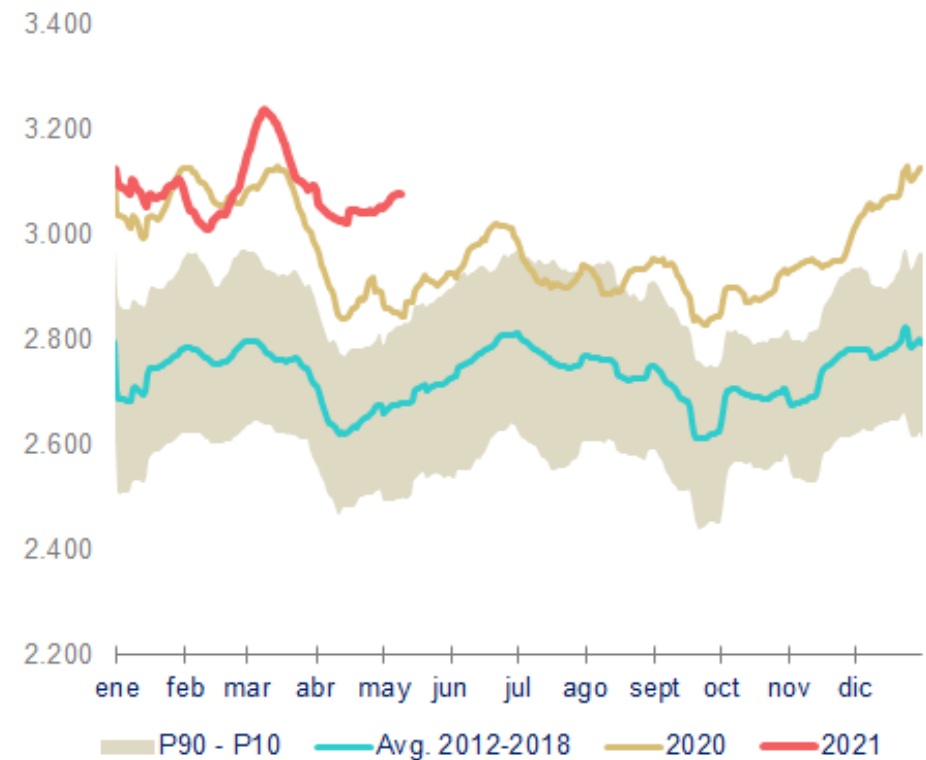
Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to May 9)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to May 9)

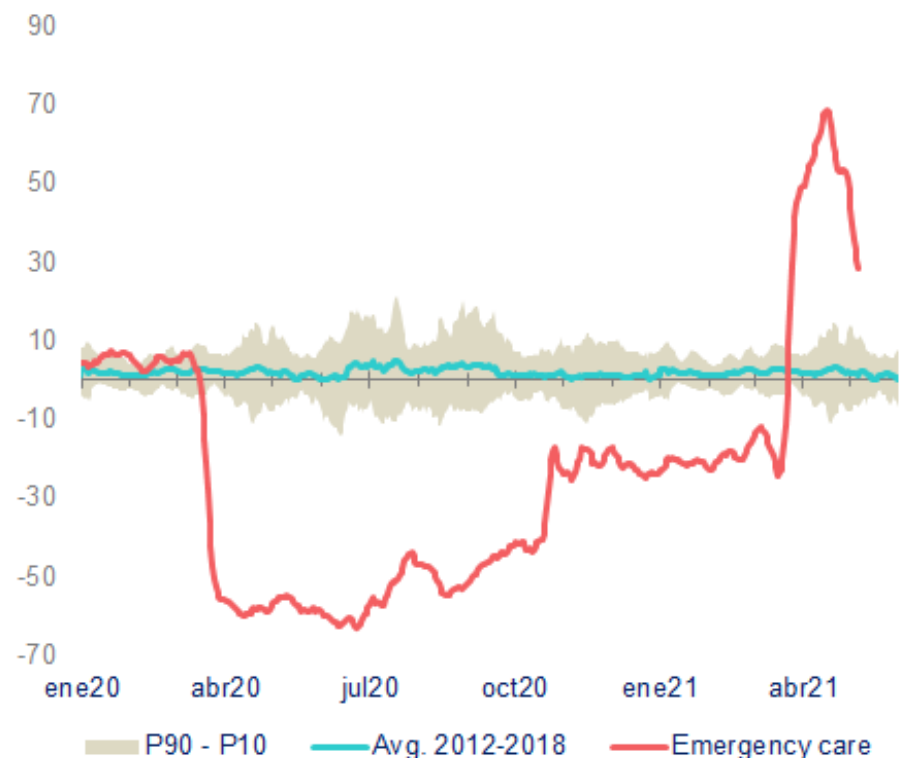


P90 and P10 represent the 90th and 10th percentile.
Source: *Coordinador Eléctrico*, Scotiabank Economics

Emergency care attentions –not related to COVID– are decreasing again as people avoid people avoid going to the hospital due to fears of contagion

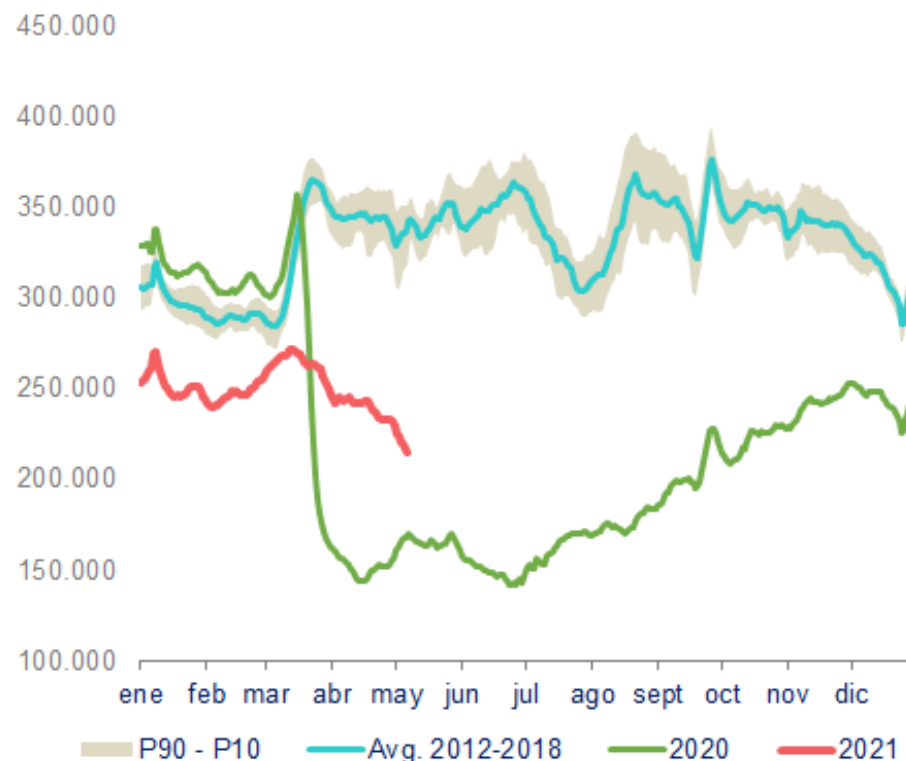
Annual growth in Emergency Care

(percentage, annual growth, 7-day mov. sum, up to May 6)



Number of Emergency Care attentions

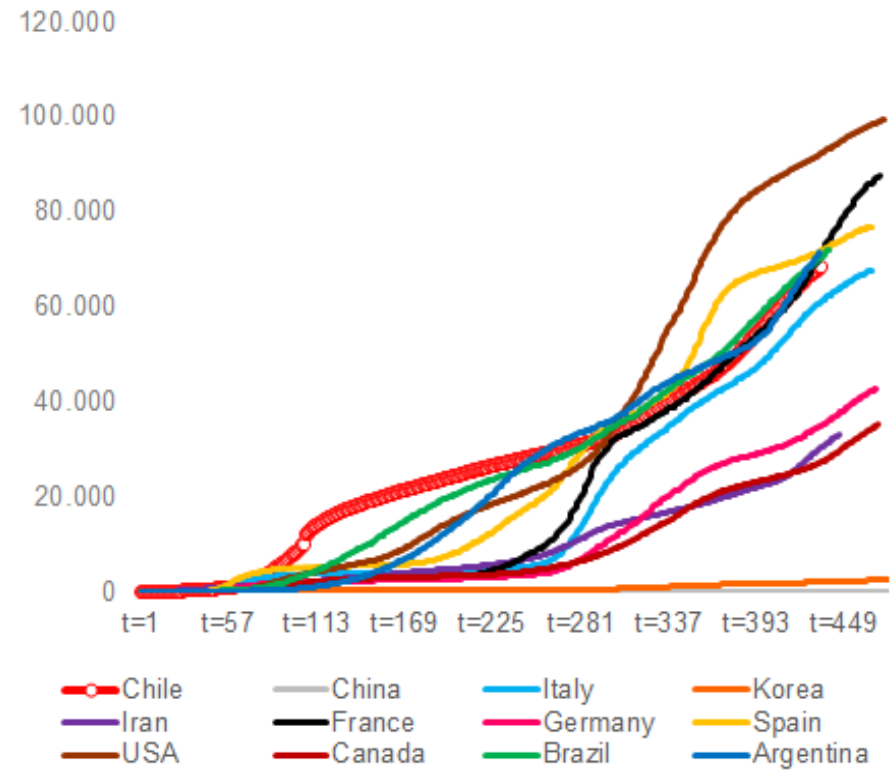
(number of daily attentions, 7-day mov. sum, up to May 6)



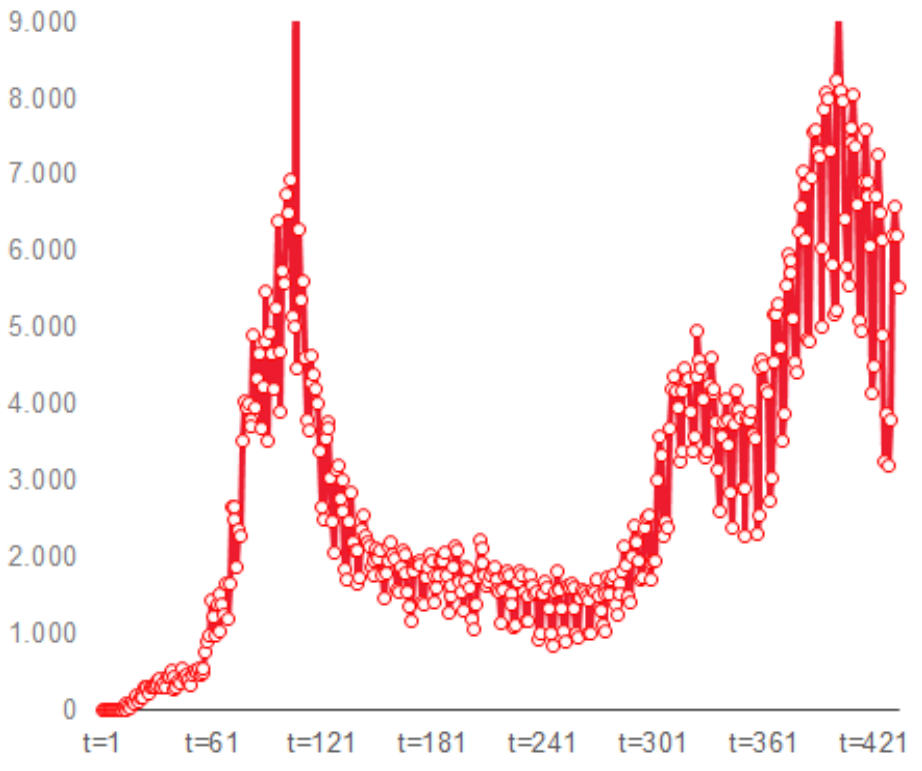
Source: Ministerio de Salud (DEIS), Scotiabank Economics

Covid-19 outbreak all over the world – Chile is no exception: Cases have surged among young people. Some stabilization in the margin

COVID-19, selected countries
(cases/population x 1.000.000, t=1 first case, up to May 9)



New cases COVID-19 in Chile
(number of new cases per day, t=1 first case, up to May 9)

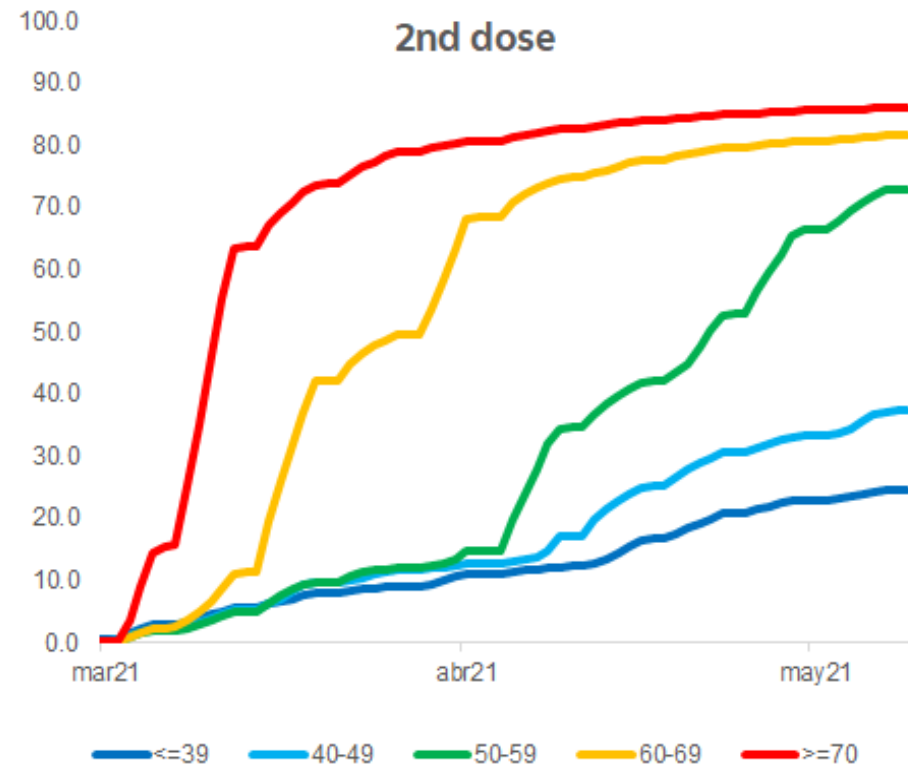


Source: WHO; Ministerio de Salud, Scotiabank Economics

Mass vaccination started in February 2021. Promising results have been shown in older people regarding ICU-bed occupancy. As younger people get their shots, total bed occupancy should decline. Vaccination or quarantines?

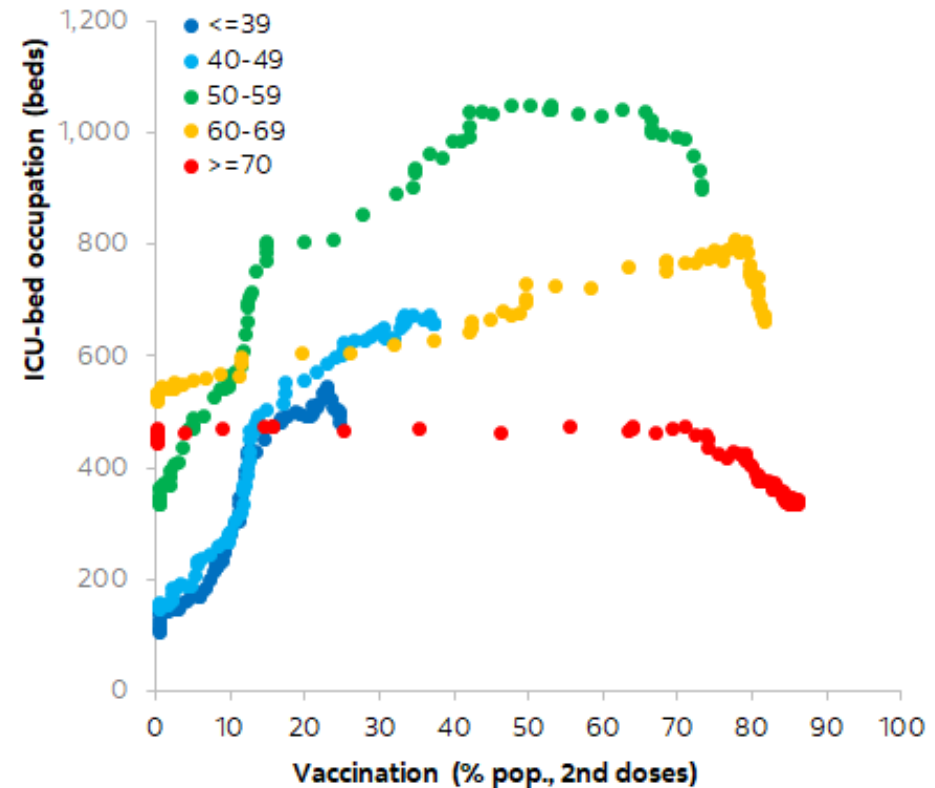
Vaccination by age group

(% of each group's total population)



ICU-bed occupation and vaccination by age

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

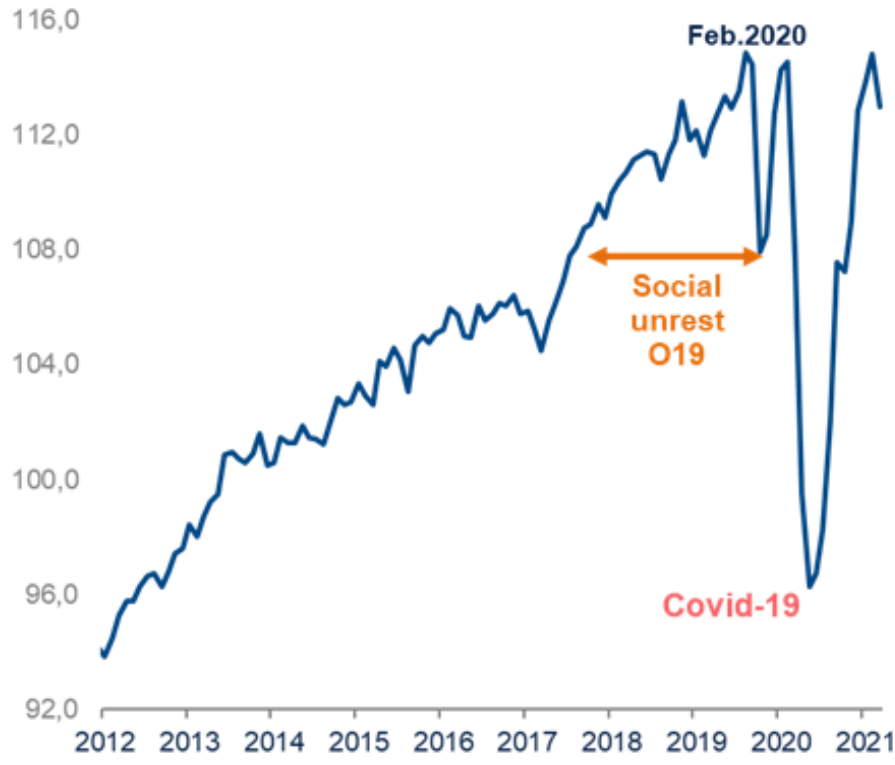


Source: Health Ministry, ICovid Report, Scotiabank Economics

We reaffirm GDP growth of 7.5% in 2021 as economy quickly adapts to quarantine measures. Monthly GDP contracted a modest 1.6% m/m in March. We will see the worst in April (-8 to -5% m/m; 5 to 10% y/y)

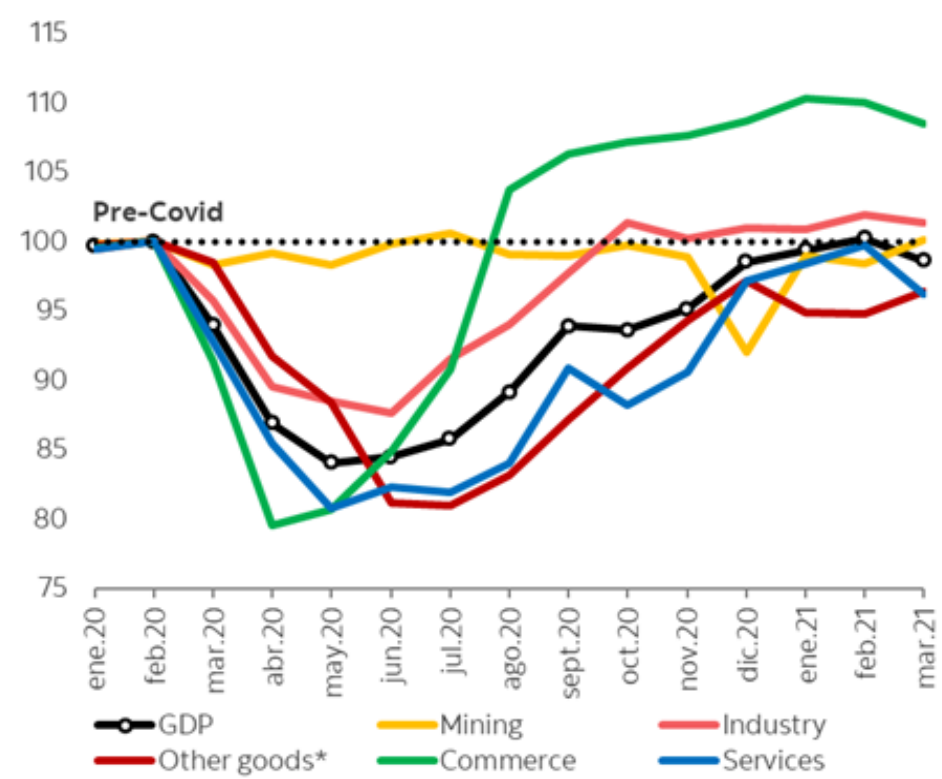
GDP level

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



GDP level by sector

(index, February 2020=100, monthly data)



Short run forecasts: growth of monthly GDP	February-21	March-21	April-21(f)
Imacec (% , y/y)	-2.2%	+6.4%	5 to 10%

Source: Central Bank, Scotiabank Economics

CONTACTS

Jorge Selaive | Chief Economist

jorge.selaive@scotiabank.cl

Waldo Riveras

waldo.riveras@scotiabank.cl

Carlos Muñoz Cárcamo

carlos.munoz@scotiabank.cl

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