

Tracking Covid-19: high frequency indicators



Economics & Financial Research

Updated on July 12, 2021



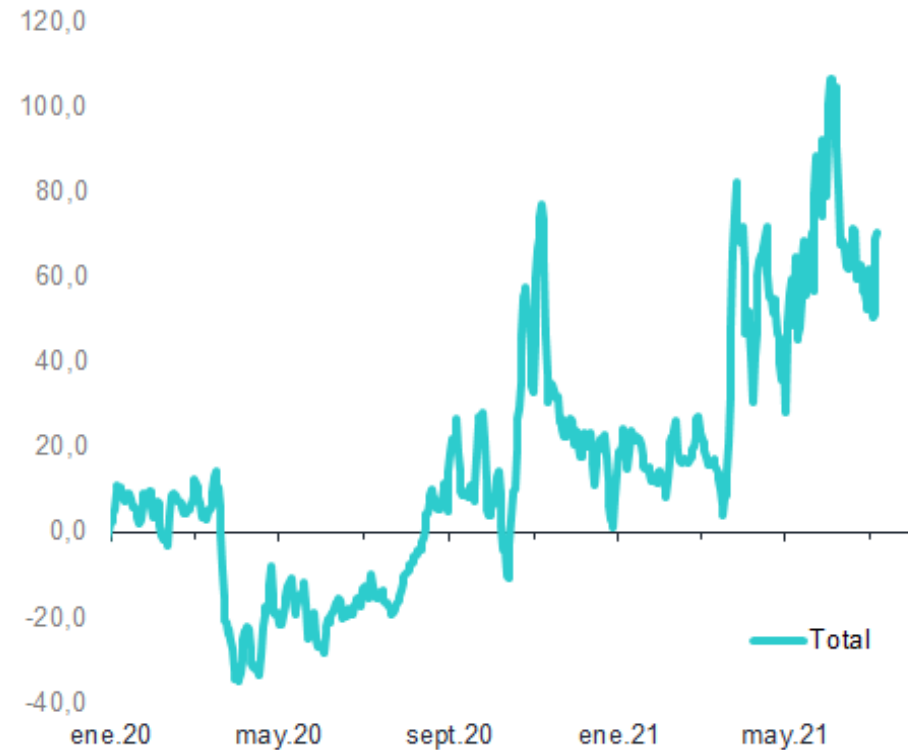
Key messages

- **Our high-frequency indicators point to a slowdown in purchases with credit and debit cards at the beginning of July, evidencing that the high liquidity coming from fiscal aid and the withdrawal of pension funds are being consumed, but a significant proportion is being saved (precautionary saving?).** Retail Sales remained high in June but we observe some deceleration in July driven by Supermarkets and Department Stores, and seasonal patterns after CyberDay. Too much liquidity on households' pockets?
- Using transactional data, which has successfully allowed us to anticipate Retail Sales, **we forecast an increase in Retail Sales in the range of 70 to 75% y/y in June, due to low bases of comparison and still ample liquidity.** New car sales remained high in June (35,499; +296% y/y), surpassing pre-Covid levels.
- **Loans continue declining in real annual terms, given the lack of dynamism of commercial loans despite Fogape 2.0.** Medium and large firms are still reluctant to borrow. Consumer loans decreased again and mortgages continued recovering.
- **We keep our forecast of GDP growth 2021 at 7.5-8.5%, below BCCh's baseline scenario (8.5-9.5%). We still see some risks in private investment, political uncertainty and a weak labor market.** Monthly GDP expanded 18.1% y/y in May (2.6% m/m), recovering pre-Covid levels, as the economy adapted to lockdown measures and receives significant fiscal support. **We estimate that monthly GDP (IMACEC) expanded around 18% y/y in June (0 to 1% m/m).**
- **Financial assets are pricing hikes in the MPR at this Wednesday's meeting, after the BCCh strongly signaled an early normalization based on better activity figures. Our view is that inflation will temper over the short term (June's CPI was the first example), leading the Central Bank to inject at most two hikes of 25 bp. in 2021.**

The level of purchases remained high in June. Even though, we see some deceleration in July. Base effects still favor year-on-year comparisons

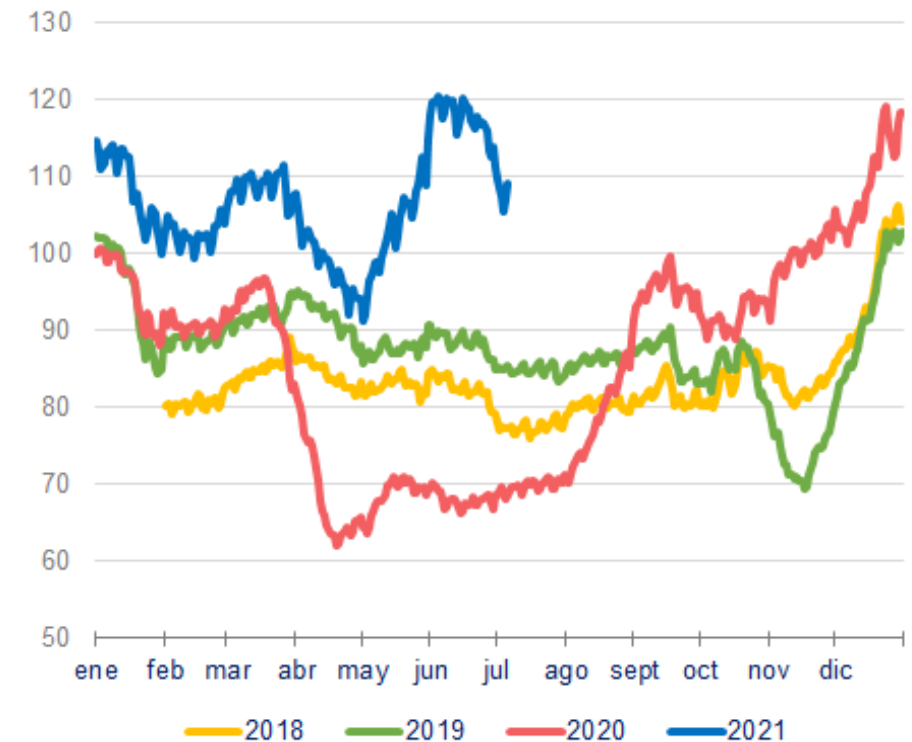
Annual growth of purchases with credit & debit cards: supported by pension funds*

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



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

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

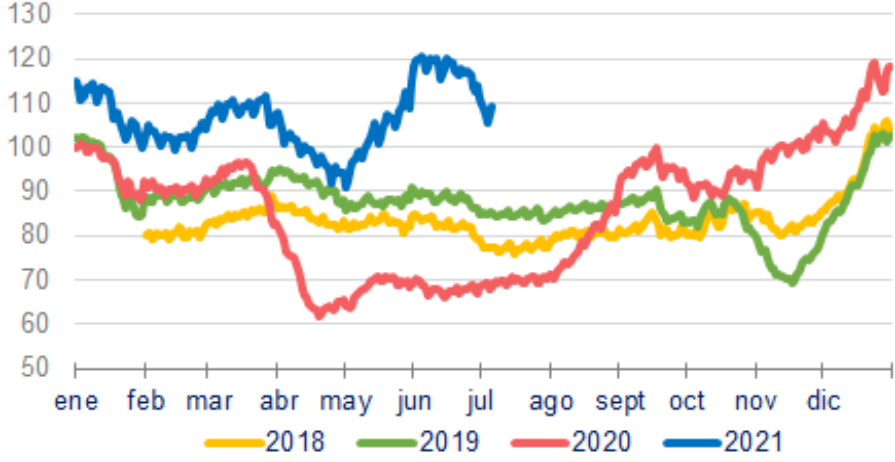


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Supermarket showing some weakness

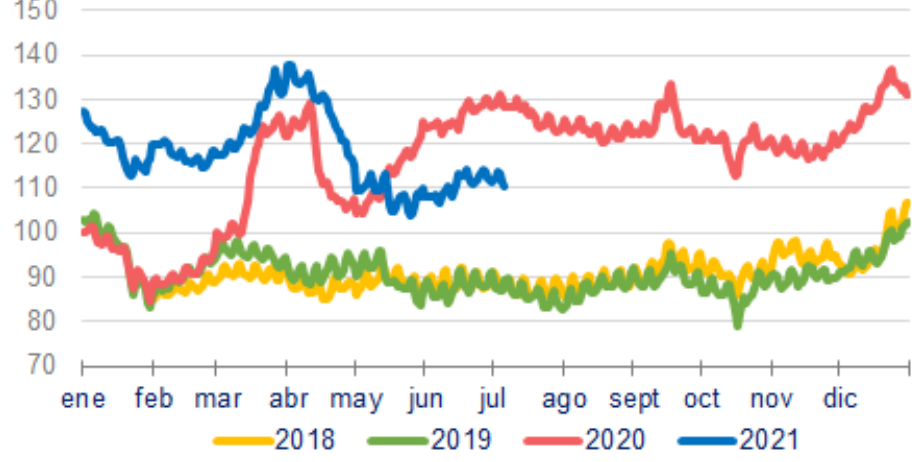
Total purchases*

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



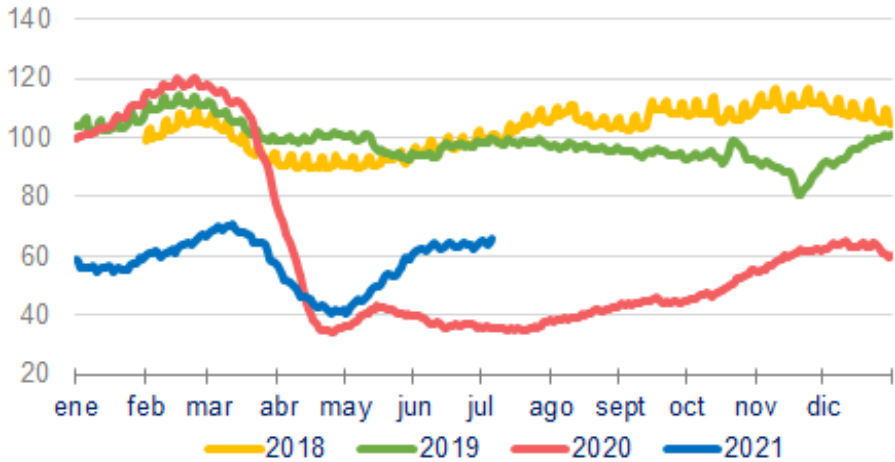
Supermarkets*

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



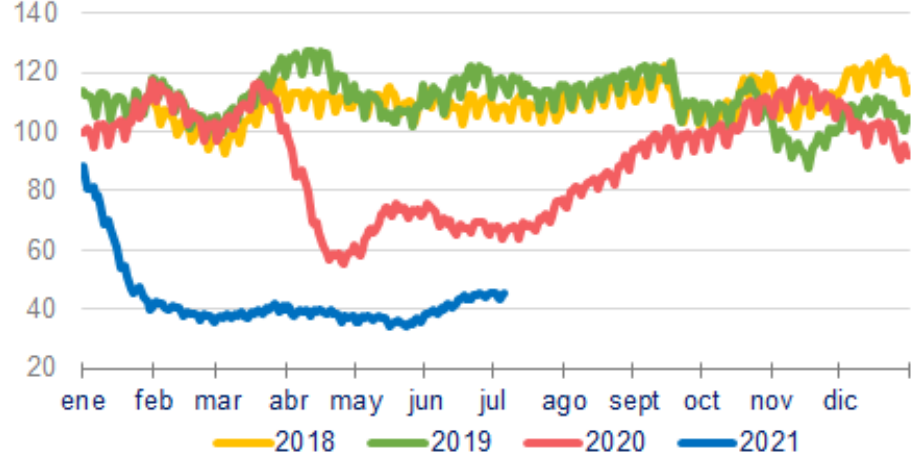
Fuels*

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



Drugstores*

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

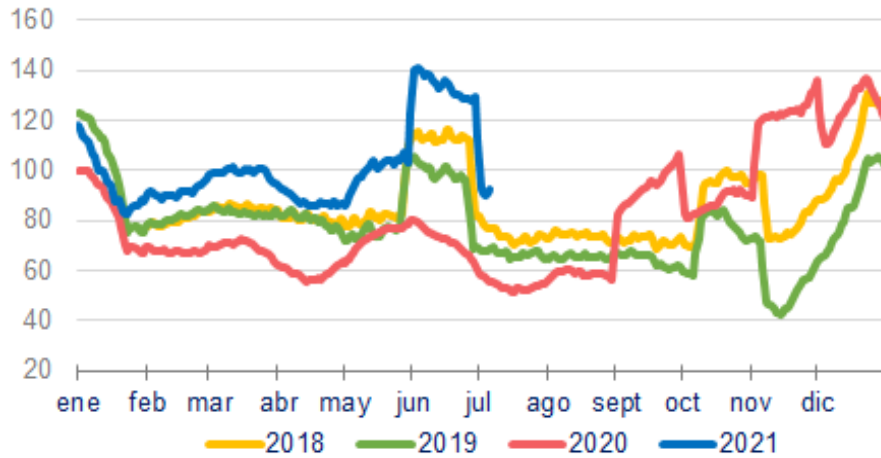


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Strong performance in Department stores but also showing some deceleration

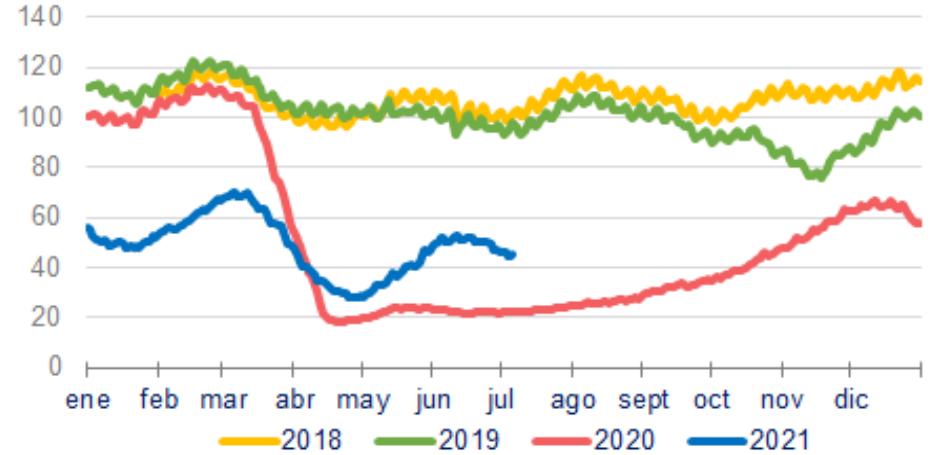
Department stores*

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



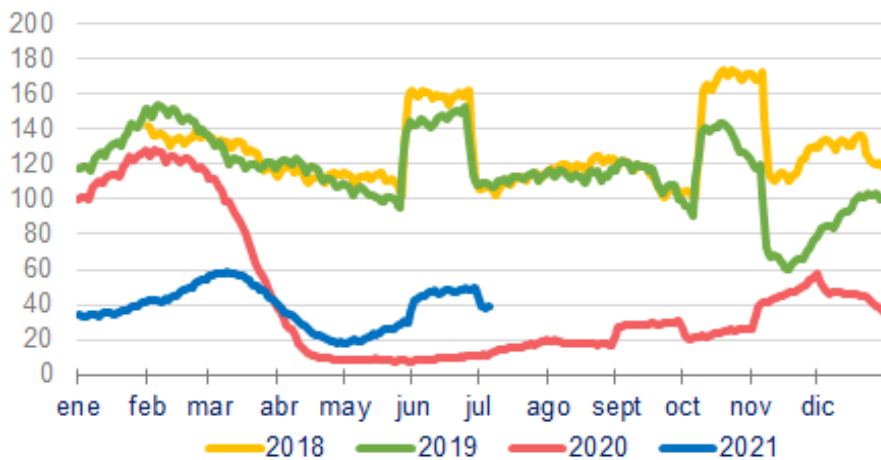
Restaurants*

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



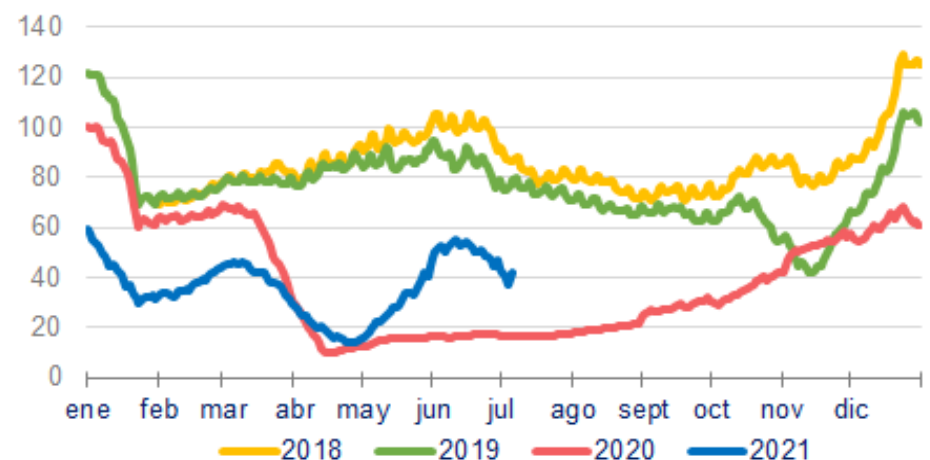
Tourism travel*

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



Clothing and footwear*

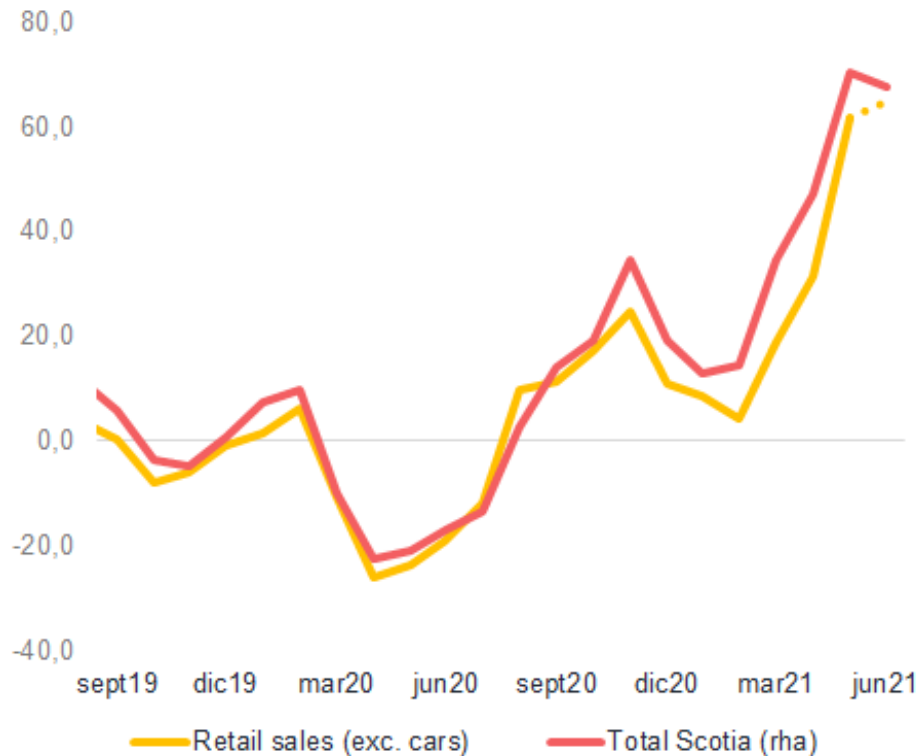
(level, index 1-Jan-2020=100, 30-day moving sum, up to July 6)



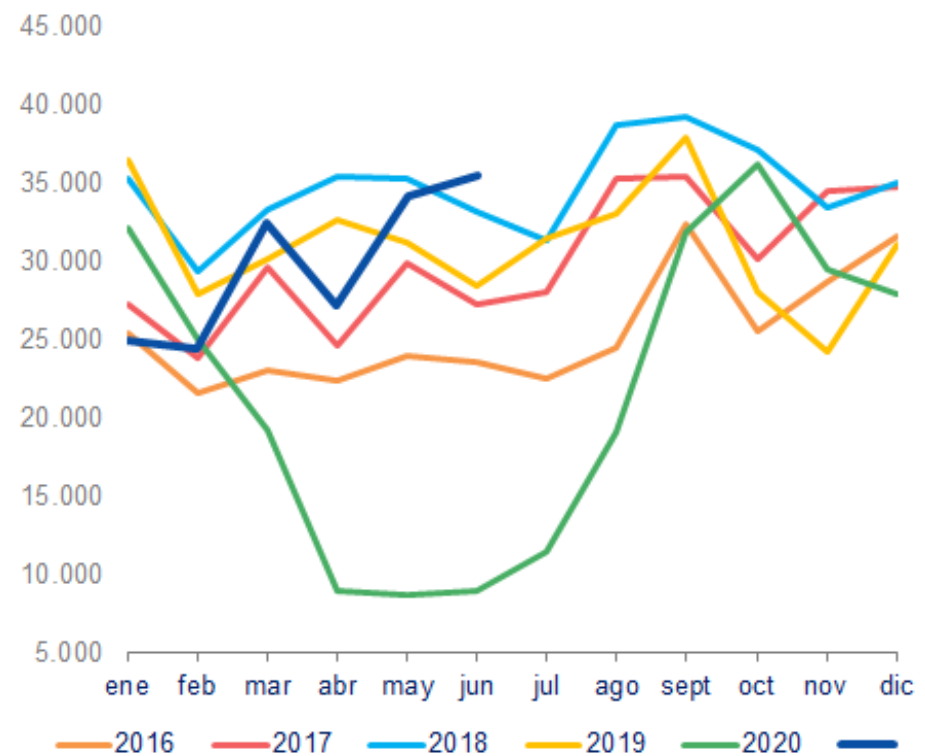
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Retail sales: we forecast an expansion between 70% and 75% y/y in June, due to low bases of comparison and still ample liquidity in households' pockets. New car sales remained high in June (35,499; +296% y/y)

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



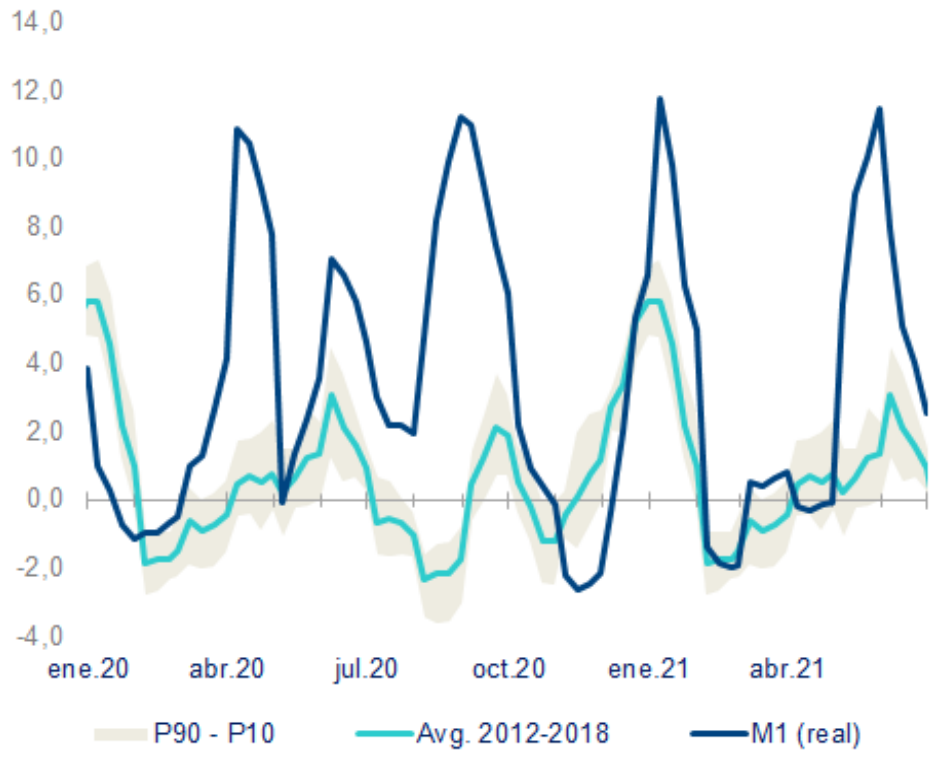
New car sales
(units per month)



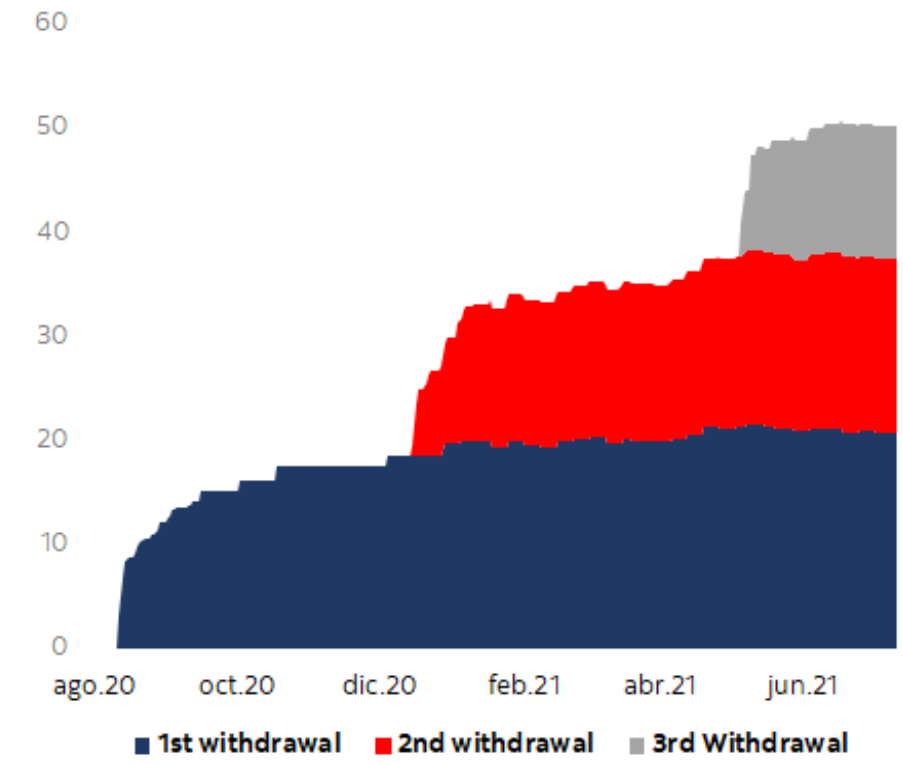
** This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.
Source: National Bureau of Statistics (INE), Scotiabank Economics

Liquidity indicators increase again after the third withdrawal of pension funds (USD 12.7 bn have already been withdrawn), similar to what happened in previous withdrawals

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



Pension fund withdrawal
(billions of USD)

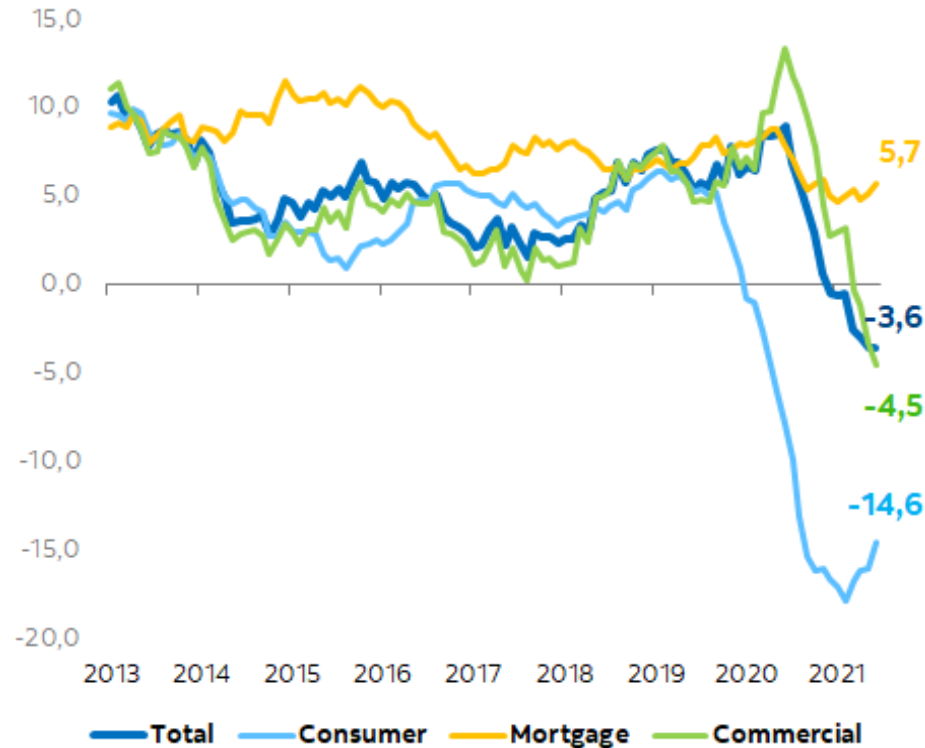


Source: Central Bank, Scotiabank Economics

Total loans continue declining in real annual terms, given the lack of dynamism of commercial loans, despite Fogape 2.0. Medium and large firms are still reluctant to borrow.

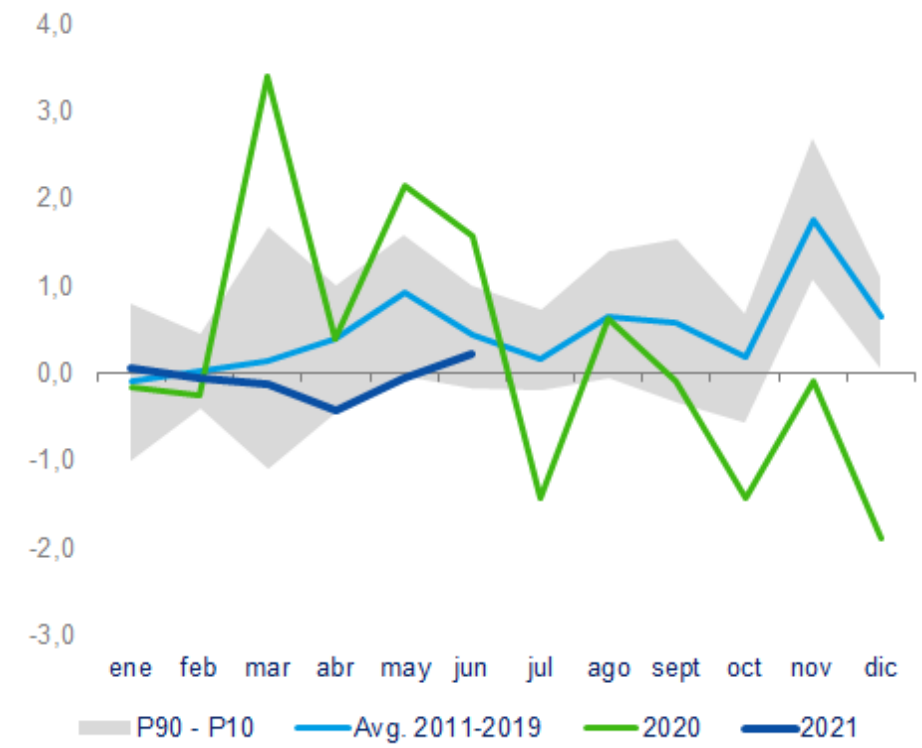
Loans by segment

(percentage, real annual growth)



Monthly dynamism of commercial loans

(percentage, real monthly growth)

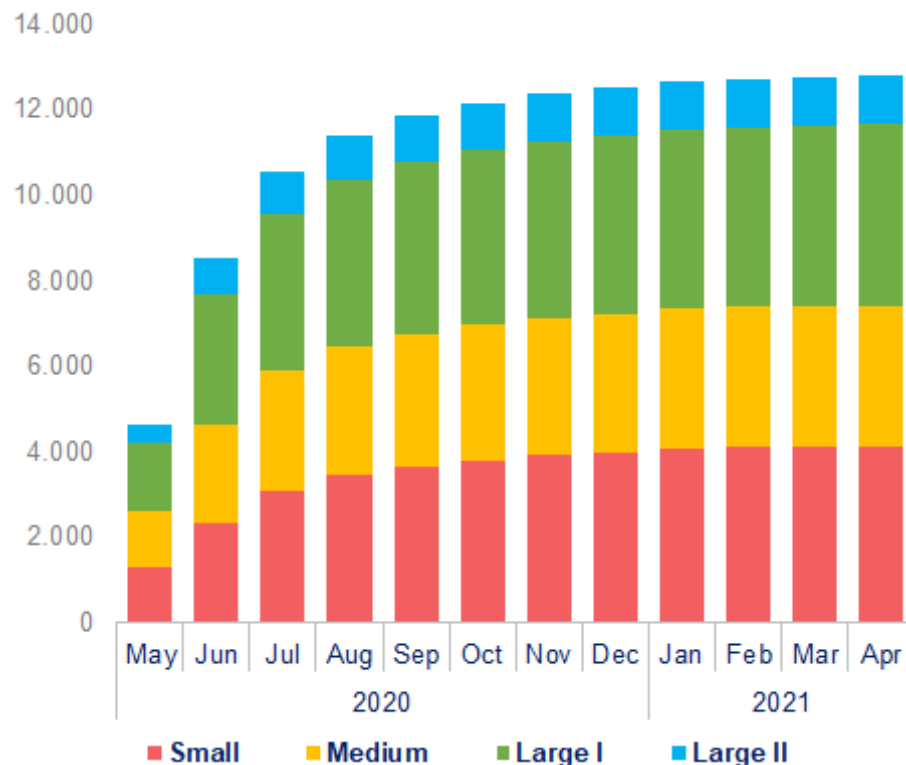


Source: Central Bank, Scotiabank Economics

State guaranteed Covid-19 credits (Fogape): new boost in credit mostly to SMEs thanks to Fogape 2.0

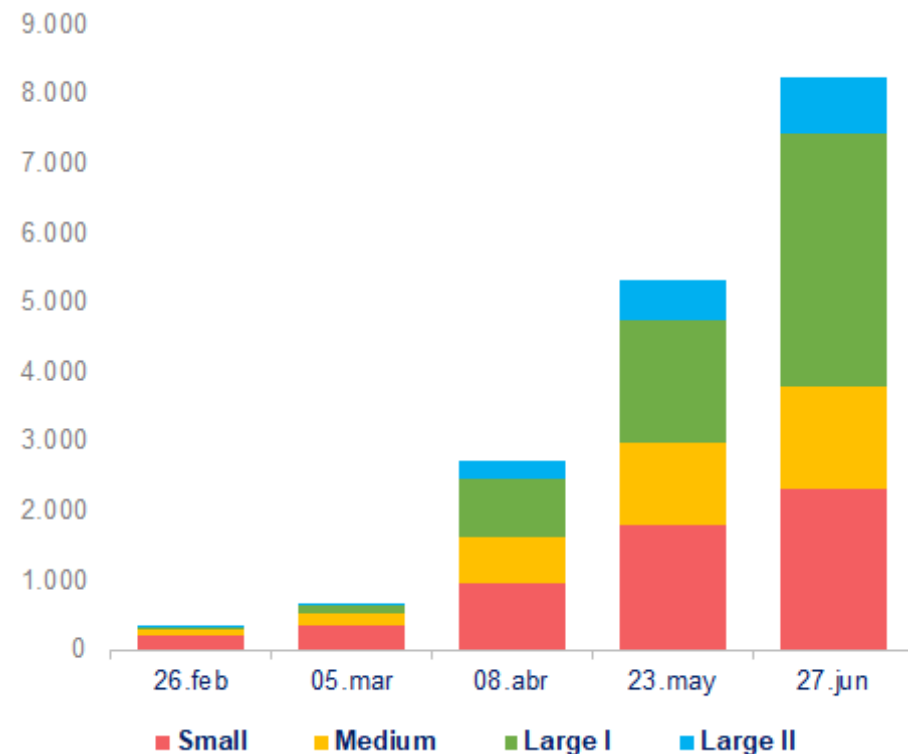
Amount of credits: Fogape Covid

(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

0.2%

0.5%

2.0%

3.8%

5.7%

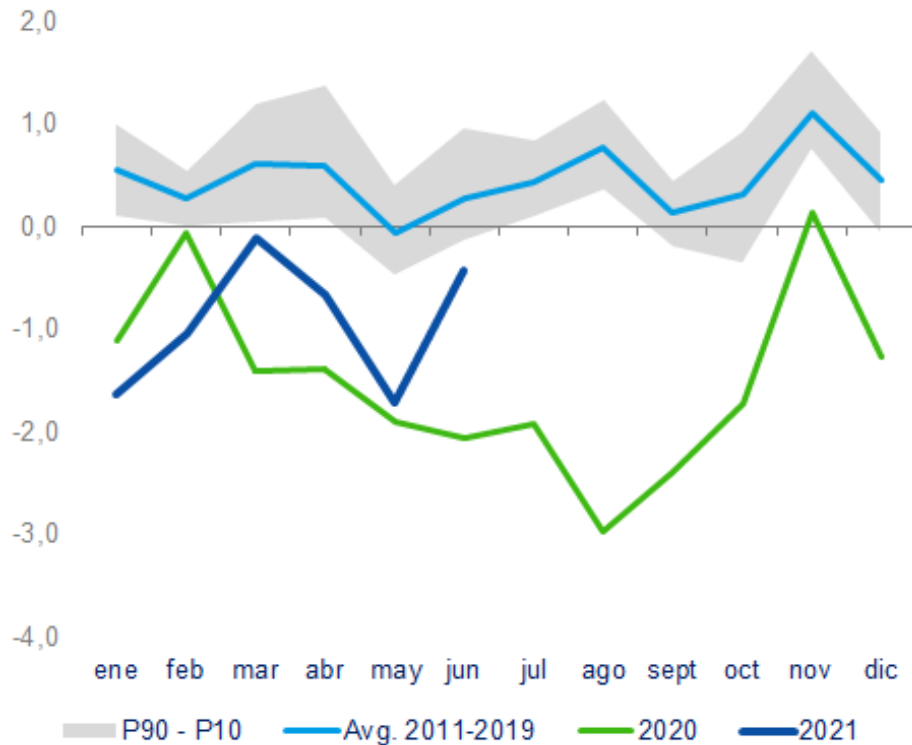
[See the complete report](#)

Source: Ministry of Finance, CMF, Scotiabank Economics

Consumer loans decreased again, and mortgages continued recovering

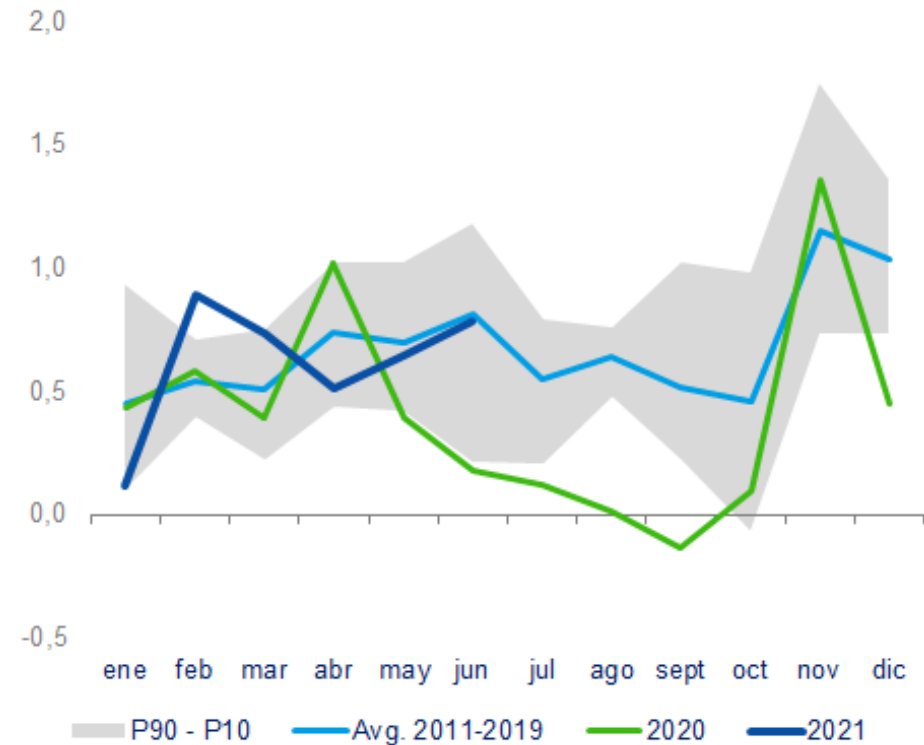
Monthly dynamism of consumer loans

(percentage, real monthly growth)



Monthly dynamism of mortgage loans

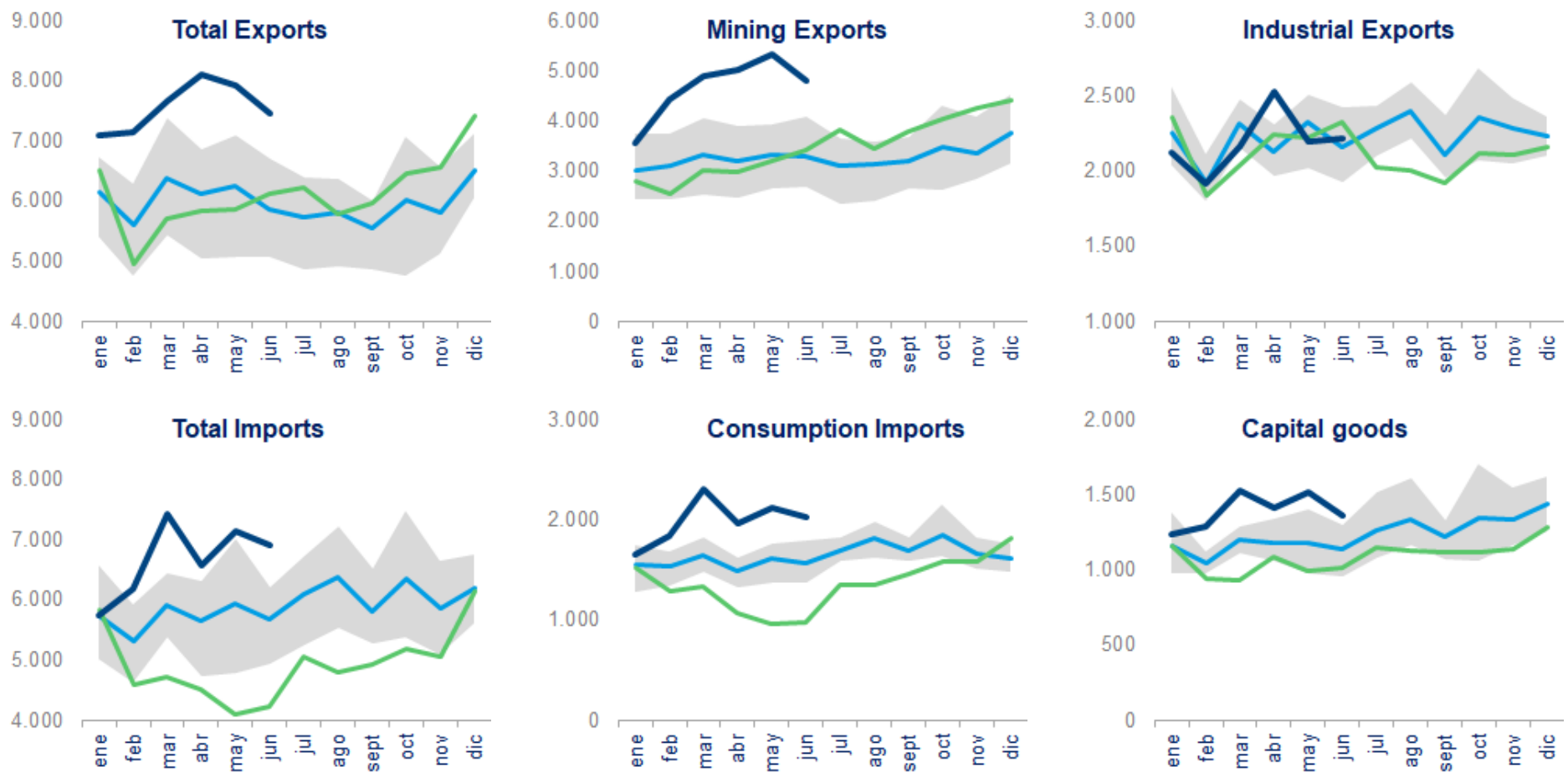
(percentage, real monthly growth)



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

Monthly flow of Exports and Imports

(level, USD millions per month)



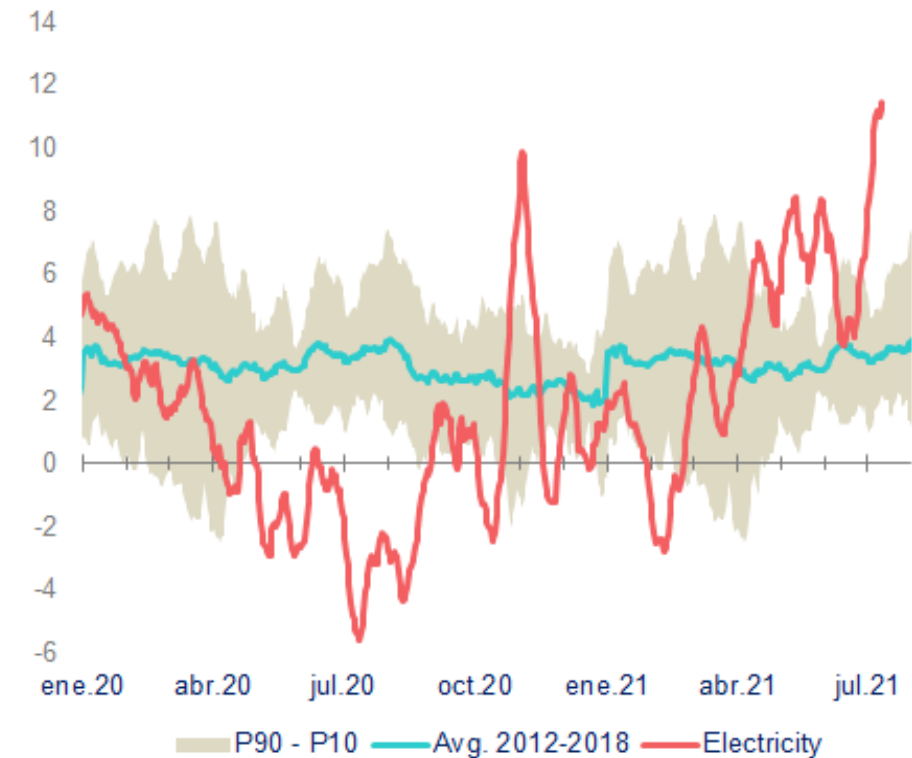
■ P90 - P10 — Avg. 2011-2019 — 2020 — 2021

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

Recent restrictions affected demand for electricity. However, the impact has been less than in 2020, as economy quickly adapts to quarantine measures

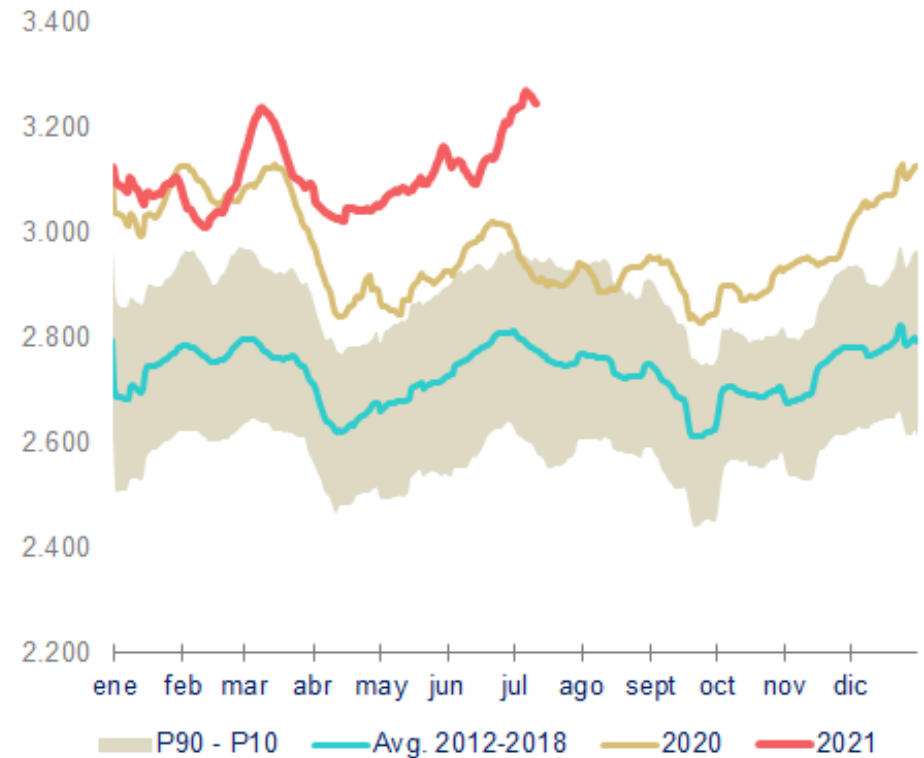
Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to July 11)



Level of electricity generation

(percentage, annual growth, 14-day accum., up to July 11)

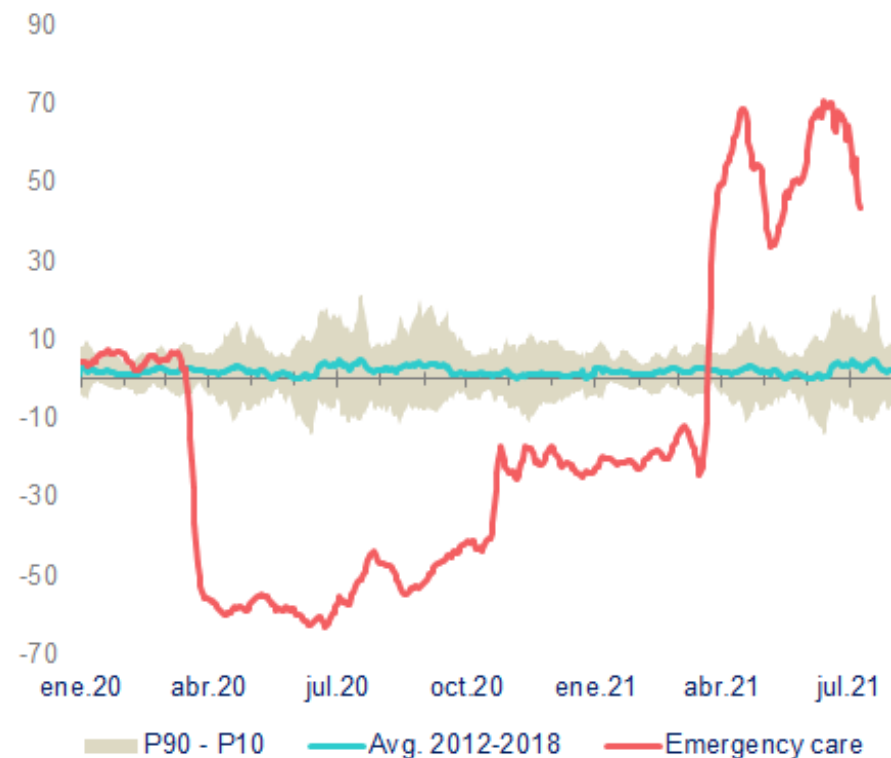


P90 and P10 represent the 90th and 10th percentile.
Source: *Coordinador Eléctrico*, Scotiabank Economics

Emergency care attentions –not related to COVID– are decreasing again as people are avoiding to go to the hospital due to fears of getting infected

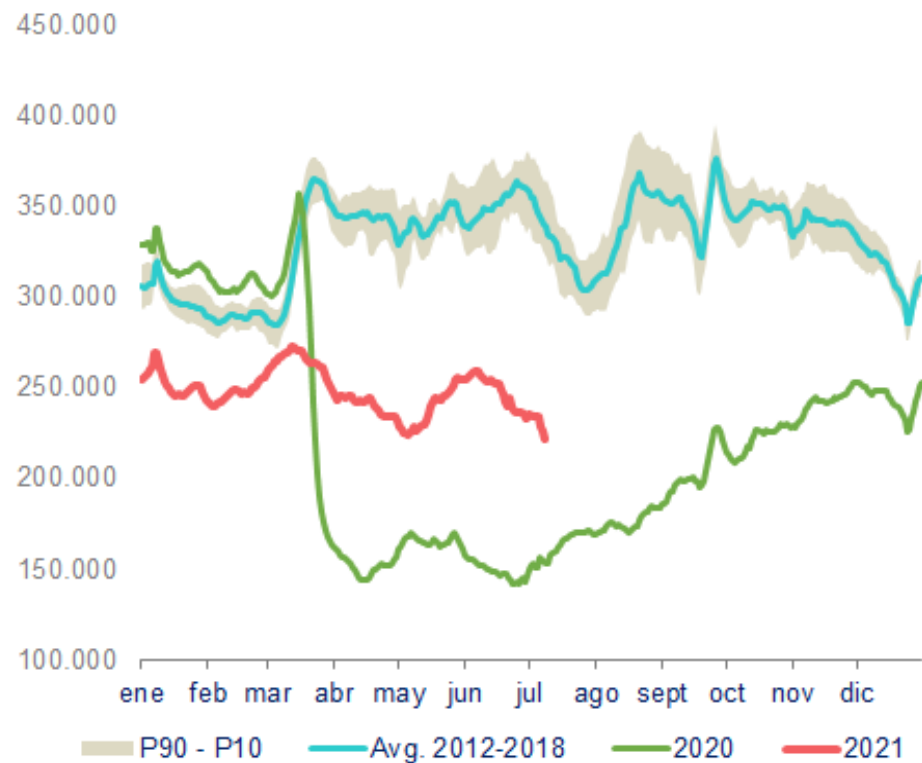
Annual growth in Emergency Care

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



Number of Emergency Care attentions

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

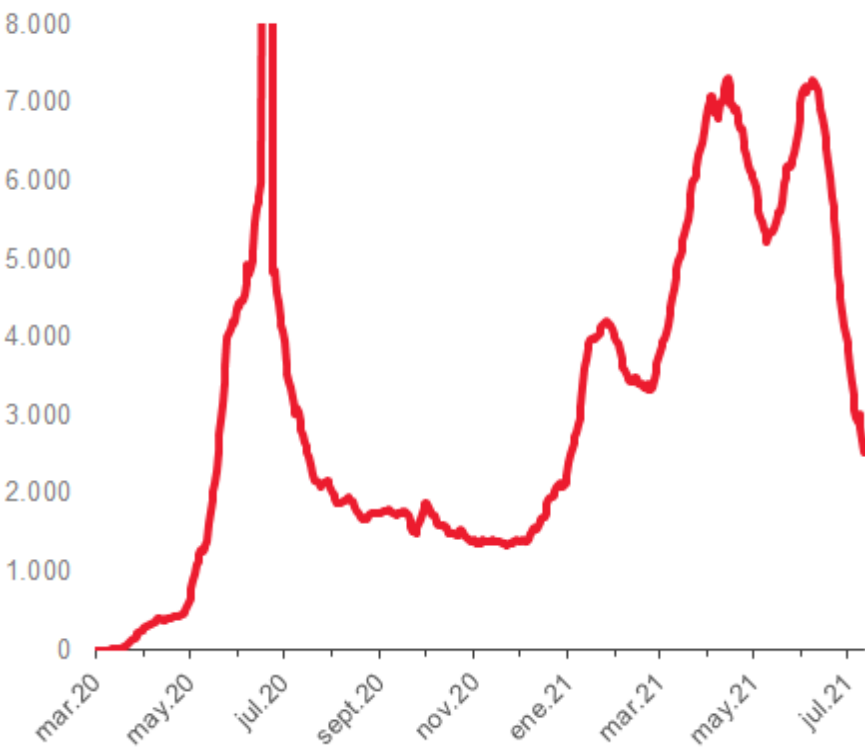


Source: Ministerio de Salud (DEIS), Scotiabank Economics

Covid-19 cases have surged among young people - Some stabilization in the margin

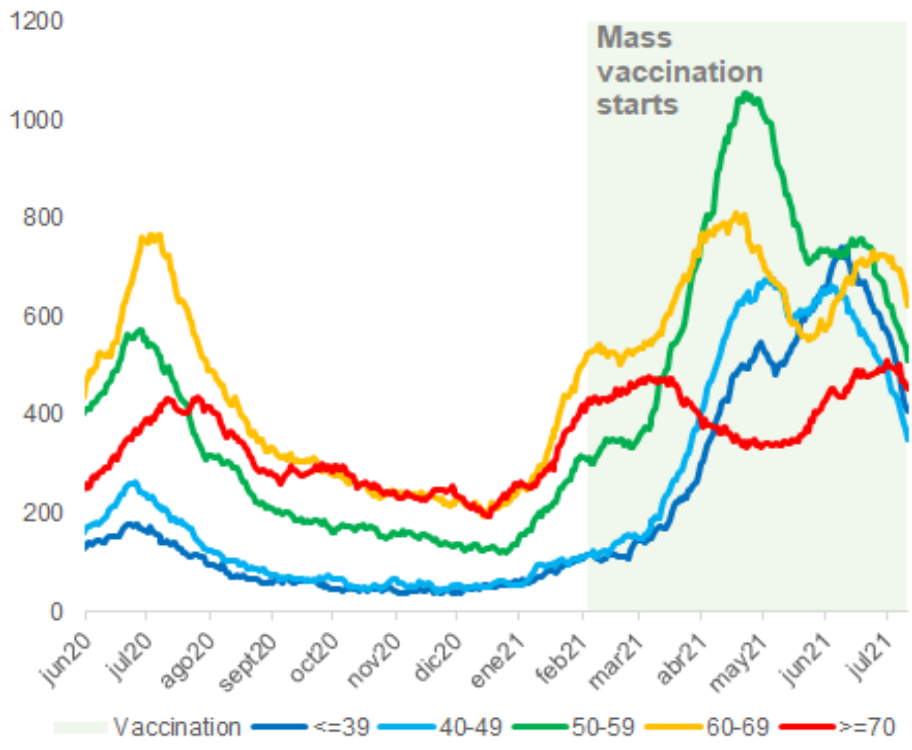
New cases COVID-19 in Chile

(number of new cases per day, t=1 first case, up to July 11)



ICU-bed occupancy

(number of beds, up to July 11)

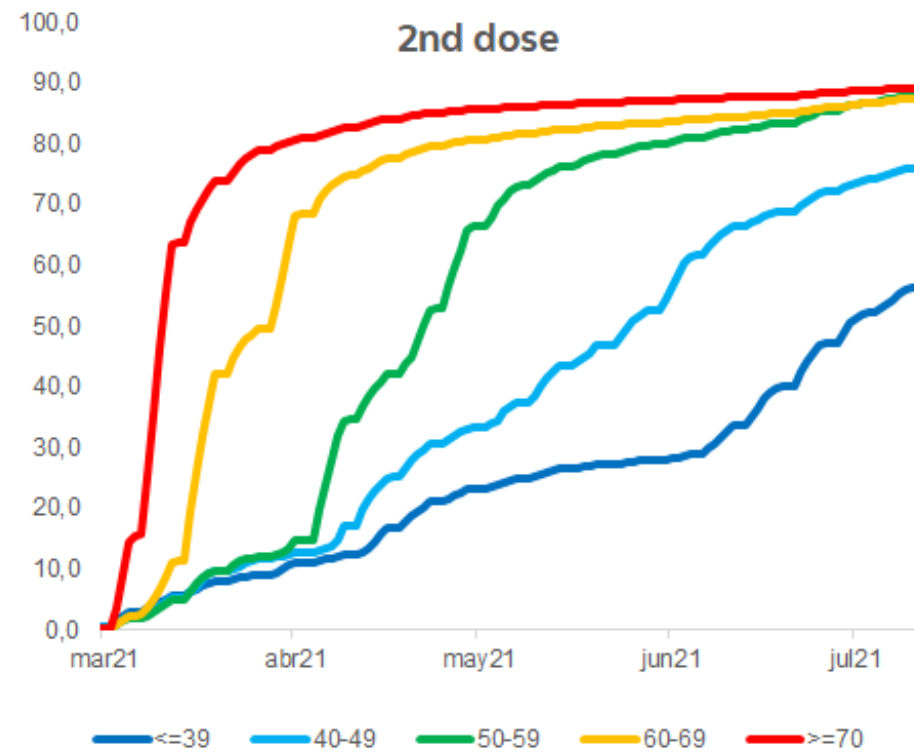


Source: WHO; Ministerio de Salud, Scotiabank Economics

Mass vaccination started in February 2021 (75% Sinovac; 21% Pfizer). Promising results have been shown in some age groups that reached 70% vaccination rate

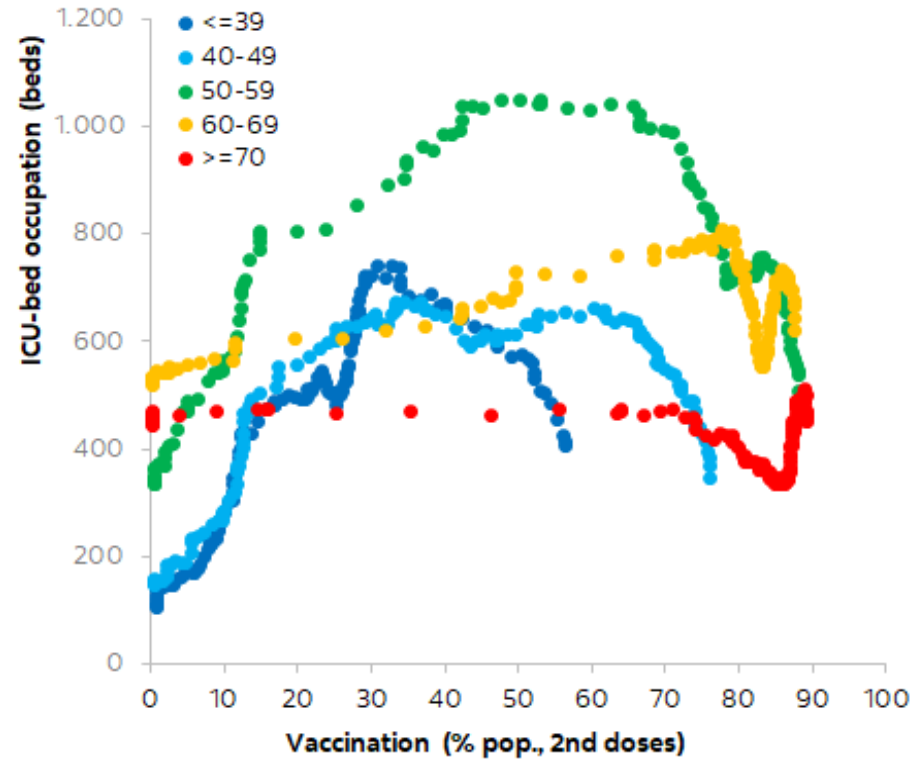
Vaccination by age group

(% of each group's total population, up to July 11)



ICU-bed occupancy and vaccination by age

(beds and % of population by age group, up to July 11)

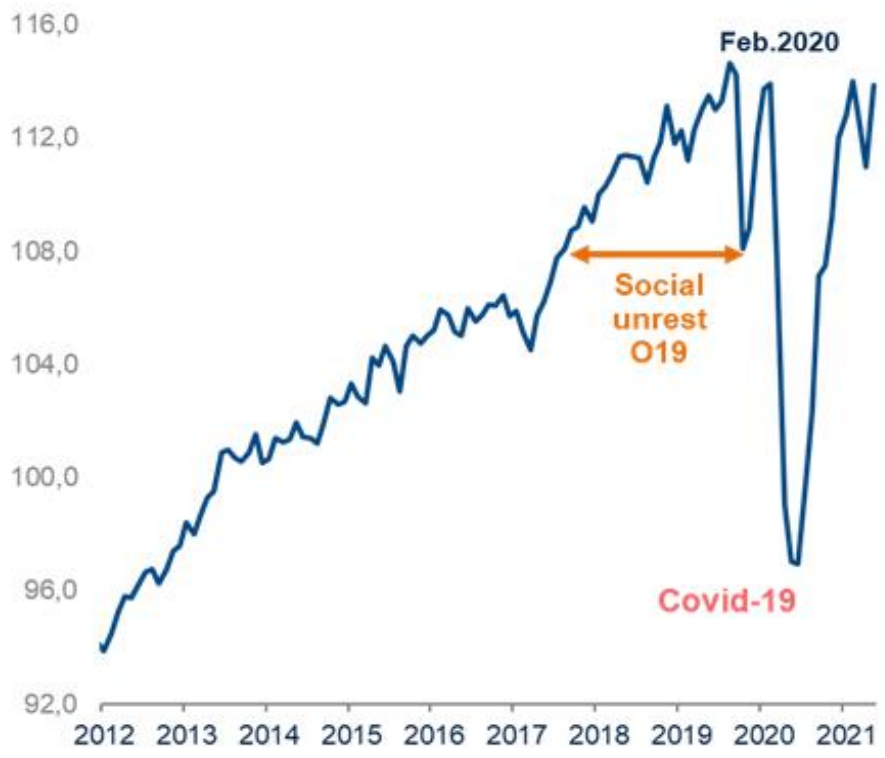


Source: Health Ministry, ICovid Report, Scotiabank Economics

Level of GDP recovered (again) pre-Covid levels. Imacec expanded 18.1% y/y in May (2.6% m/m). **We estimate Imacec around 18% y/y in June (0 to 1% m/m)**

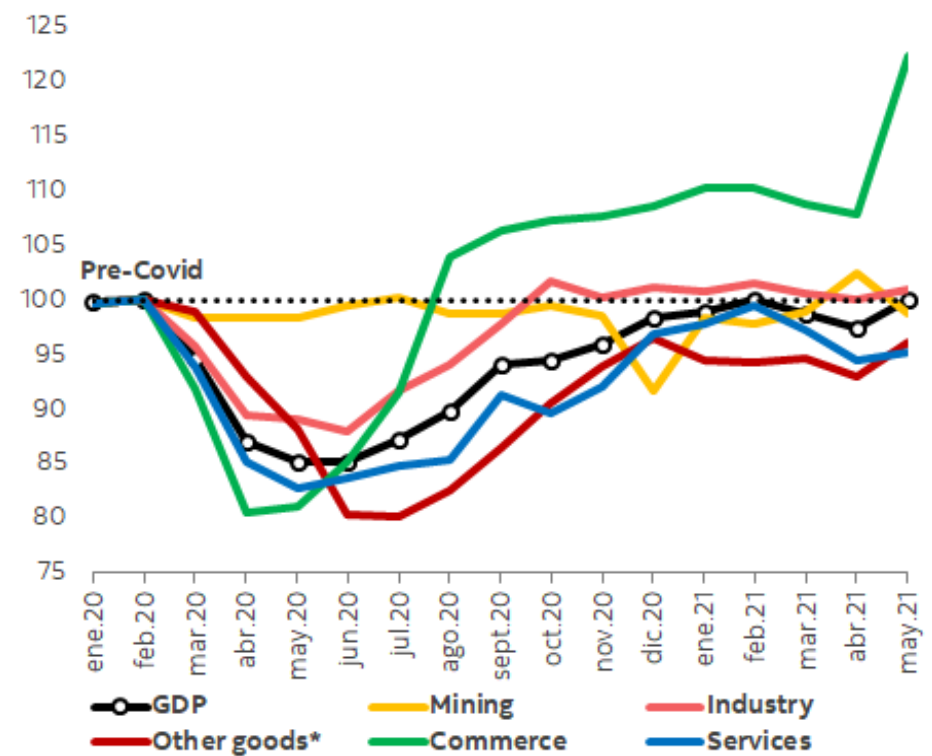
GDP level

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



GDP level by sector

(index, February 2020=100, monthly data)



Short run forecasts: growth of monthly GDP	April-21	May-21	June-21(f)
Imacec (% y/y)	14.1%	18.1%	17.5 to 18.5%

* Other goods considers construction, agricultural-forestry, fishing, EGW and management of waste.
Source: Central Bank, Scotiabank Economics

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