

# Tracking Covid-19: high frequency indicators



**Economics & Financial Research**

Update April 8, 2021



# Key messages

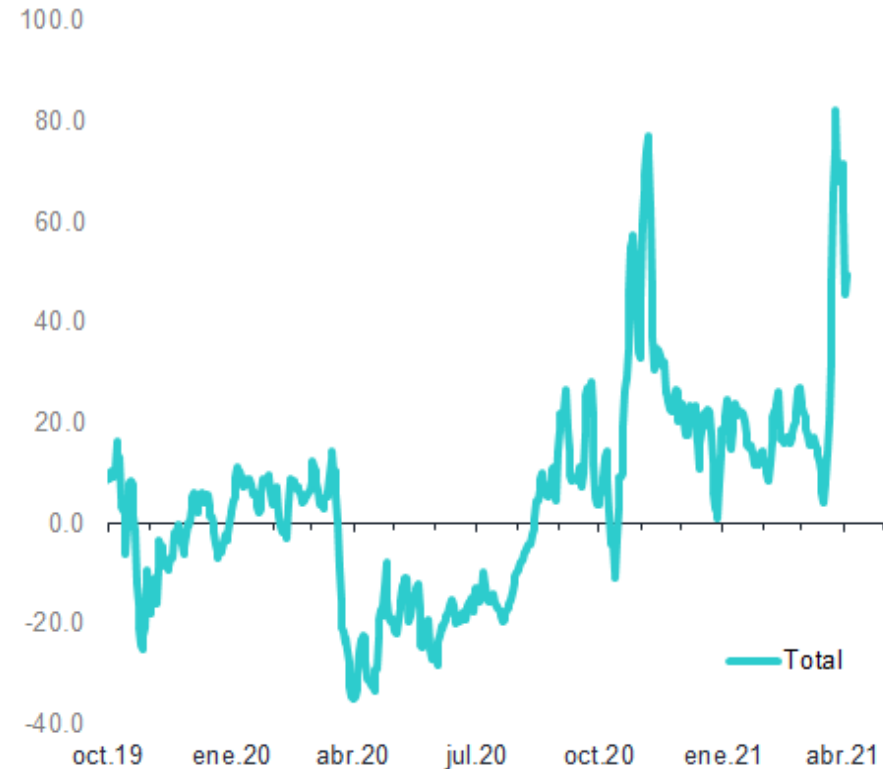
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- **Retail Sales remain at highs due to the remaining liquidity stemming from the second withdrawal of pension funds.** There is still heterogeneity explained by the reopening process: department stores and supermarkets are the main winners, and purchases in department stores have rebounded again. The increasing use of credit cards (relative to debit cards) may reveal the starting process of the normalization in the demand for credit. High liquidity in non-remunerated accounts of lower-income households may sustain private consumption during next quarters.
- **Loans begins to contract (in real annual terms) led by a slowdown in commercial loans.** At the end of March 2021, commercial loans decreased, affected by a higher base of comparison.
- **Using transactional data, which has successfully allowed us to anticipate Retail Sales, we forecast an increase in Retail Sales of 25-30% y/y in March, due to ample liquidity in households' pockets and level effects.** New car sales recovered but mainly due to a normalization in Customs landings (32,511; +69.5% y/y in March).
- **We forecast GDP growth of 7.5% in 2021. 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. March and April will show the transitory negative impact of restrictions to mobility. **We estimate that monthly GDP (proxy: Imacec) had a growth rate between 2-4% y/y in March (-4% m/m).**

# The level of purchases remain at highs after the second round of withdrawal of pension funds. Level effects begin to favor the year-on-year comparison

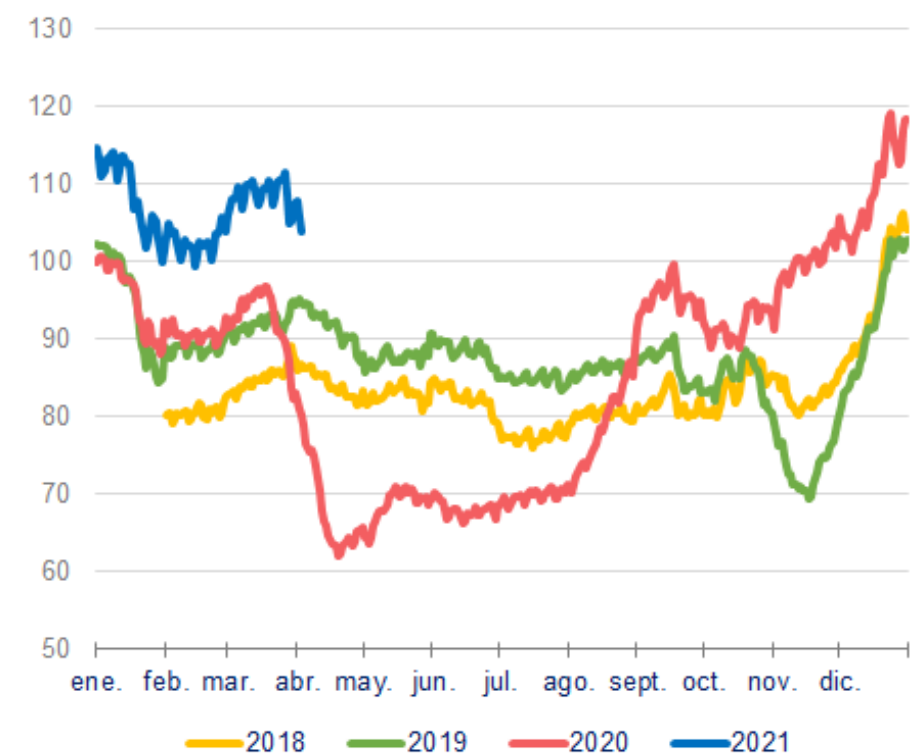
## Annual growth of purchases with credit & debit cards: supported by pension funds\*

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



## Level of purchases (debit & credit) remain at highs\*

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

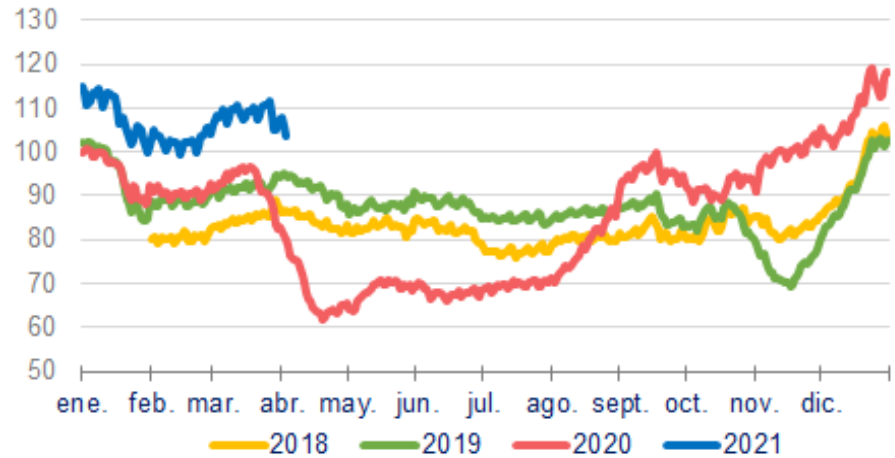


\* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.  
Source: Scotiabank Economics

# Supermarkets and Retailers continue to be the big winners

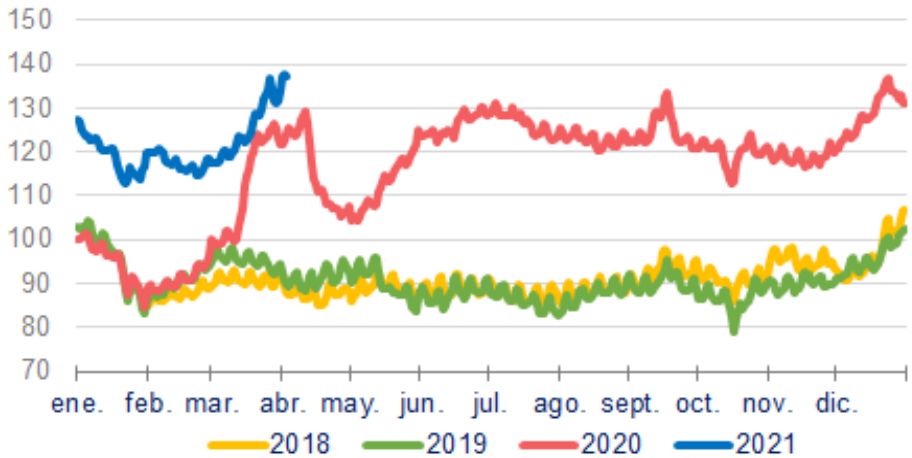
## Total purchases\*

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



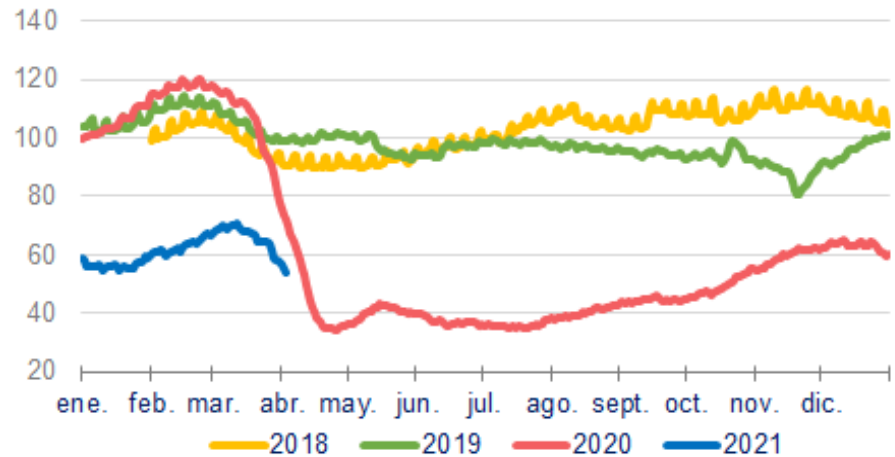
## Supermarkets\*

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



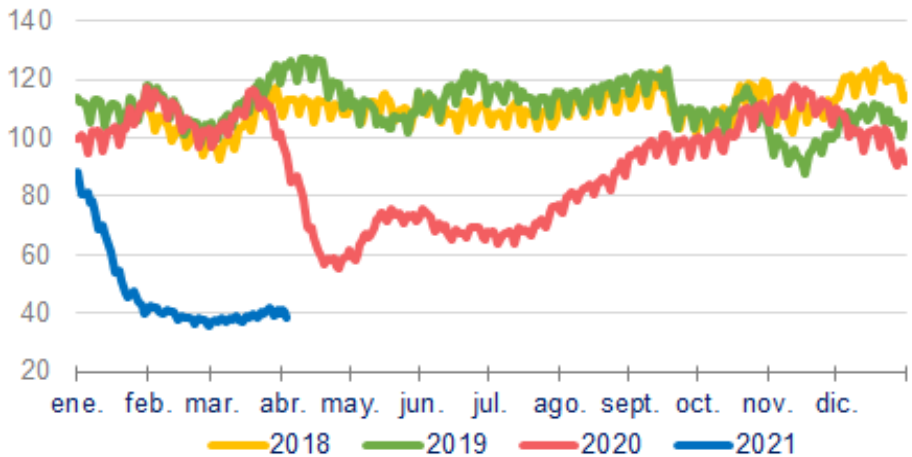
## Fuels\*

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



## Drugstores\*

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

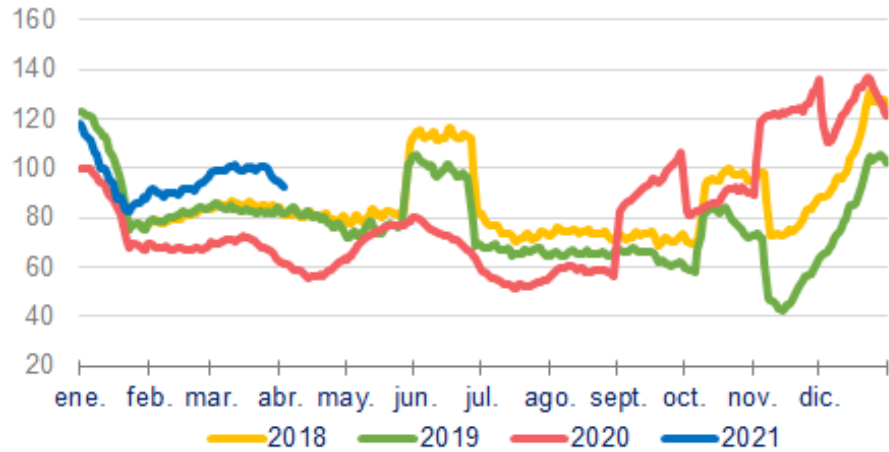


\* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

# Rebound of purchases in Department stores at the beginning of 2021

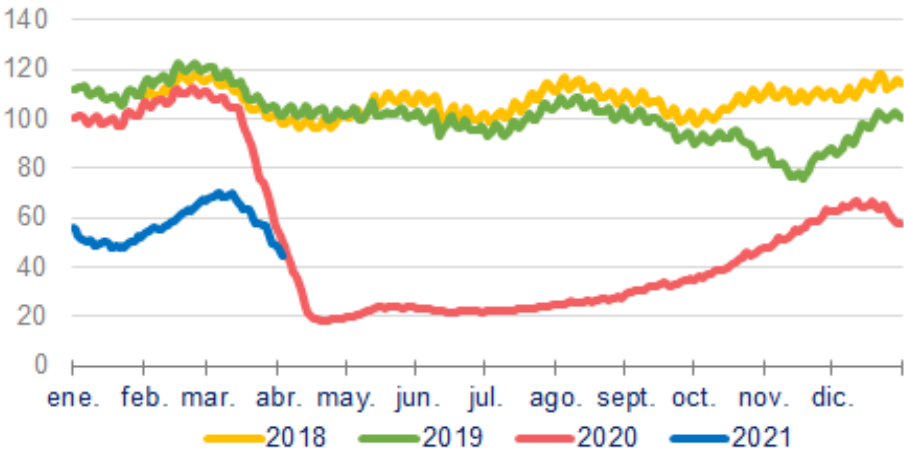
## Department stores\*

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



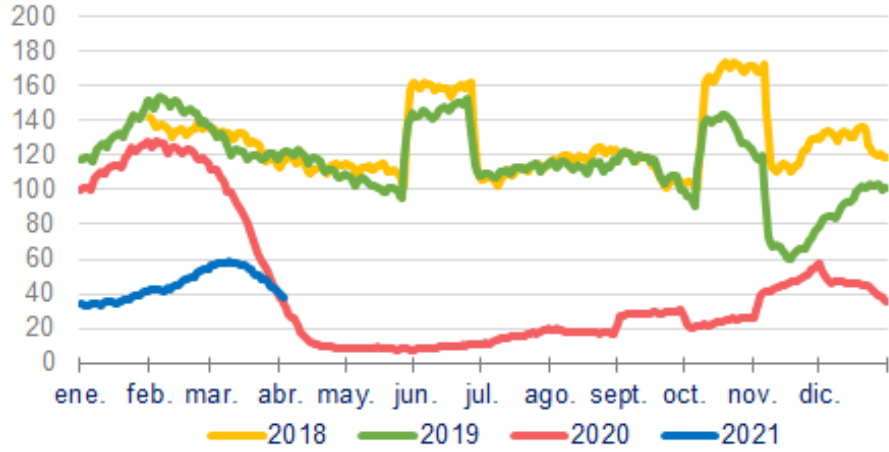
## Restaurants\*

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



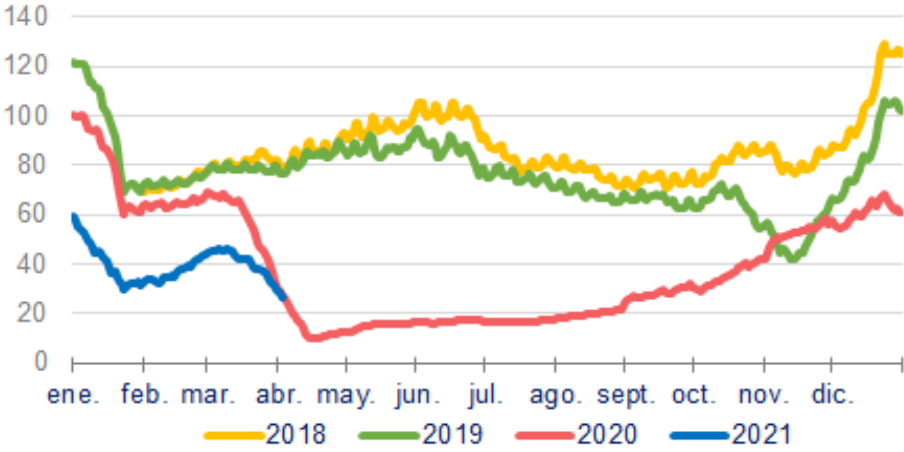
## Tourism travel\*

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



## Clothing and footwear\*

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

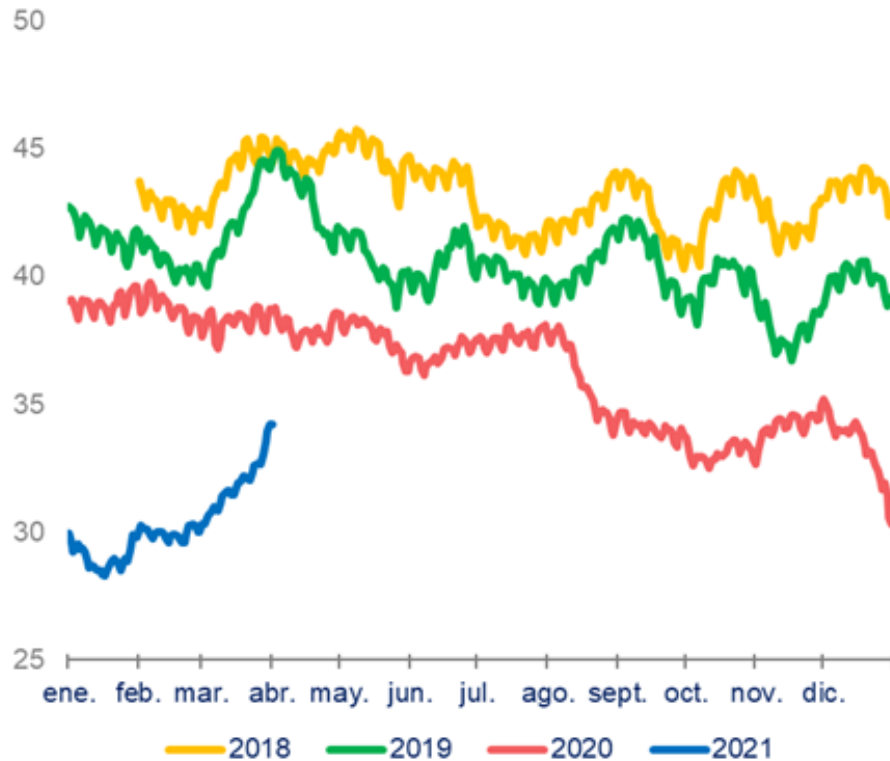


\* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

The normalization in the use of credit cards (relative to debit cards) may reveal the starting process of the normalization in the demand for credit. However, there is still high liquidity in people's pockets from pension fund withdrawals (more savings/liquidity to be used when the economy reopens during the second semester?)

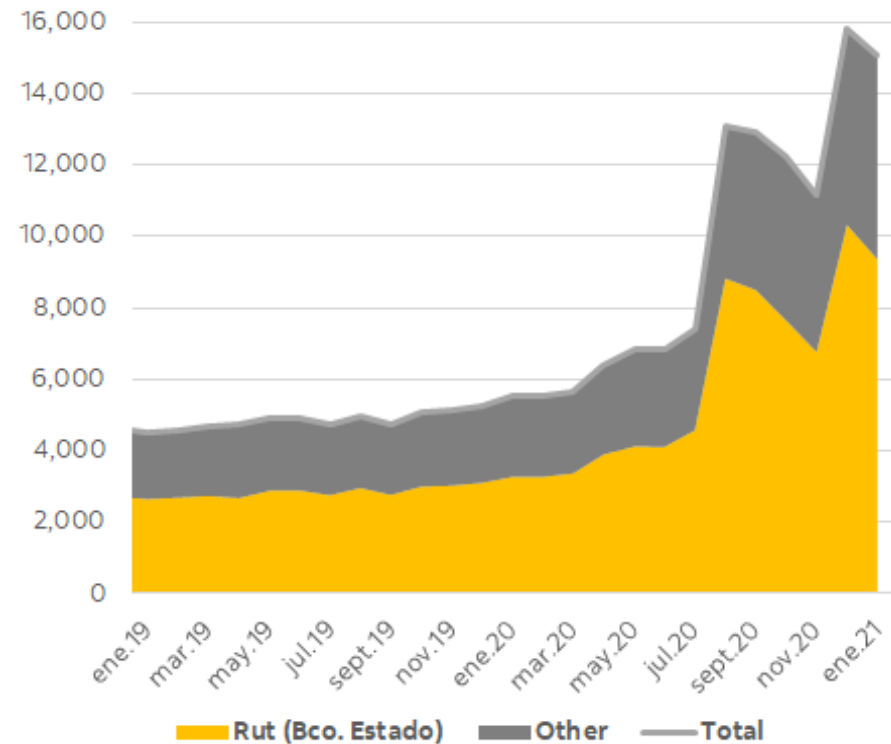
### Use of credit cards

(% of total purchases, up to Apr. 6)



### Liquidity in non-remunerated accounts

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



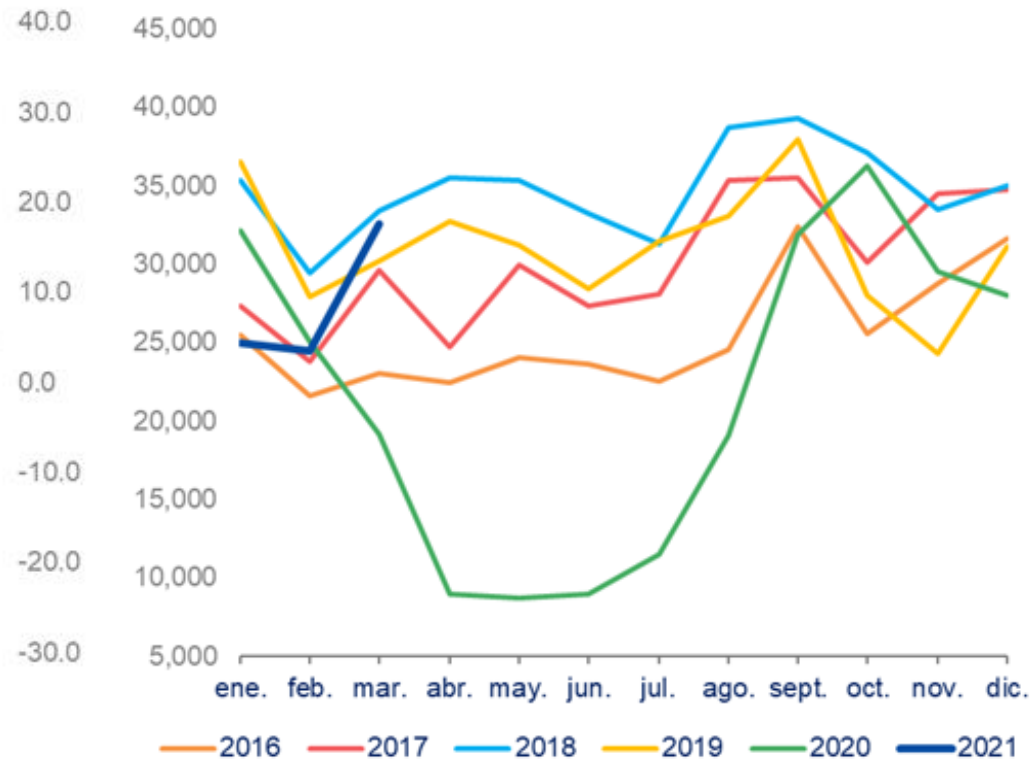
Source: Scotiabank Economics

**Retail sales: we forecast +28% y/y in March**, due to ample liquidity in households' pockets and level effects. New car sales recovered but due to a normalization in Customs landings (32,511; +69.5% y/y in March)

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



**New car sales**  
(units per month)

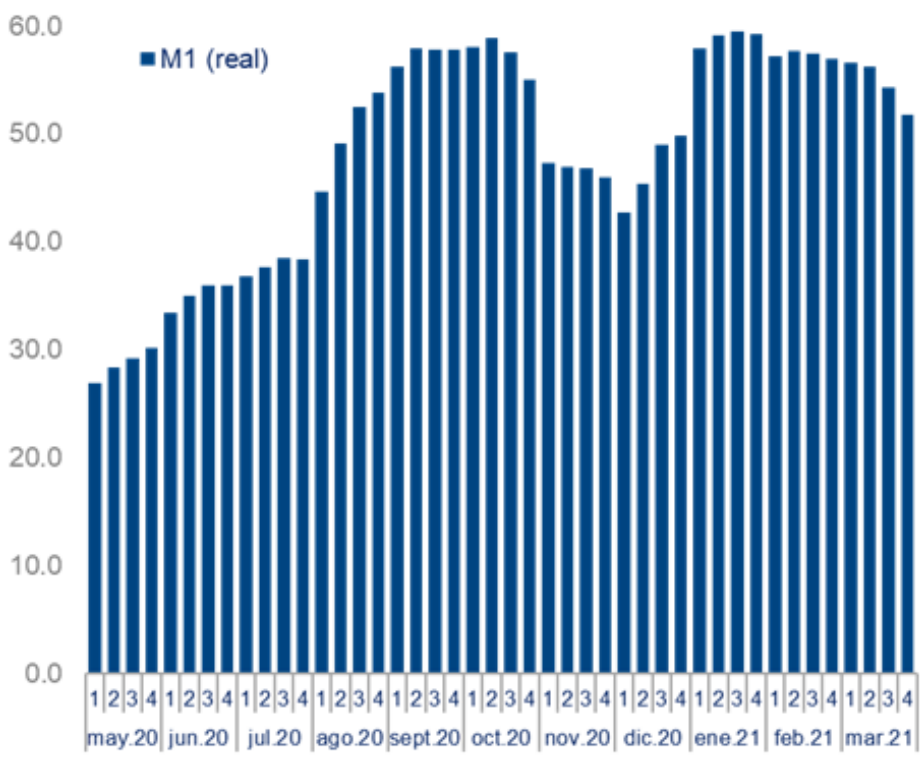


\*\* This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.  
Source: National Bureau of Statistics (INE), Scotiabank Economics

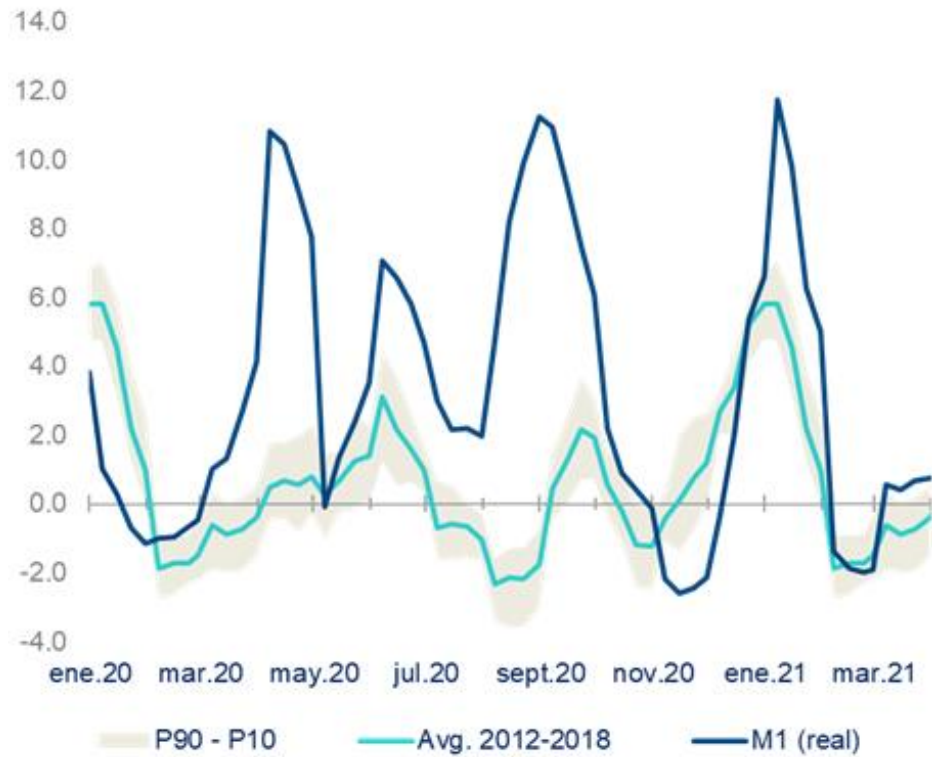


# Liquidity picks up again after the second round of pension fund withdrawal. Some normalization during the last weeks

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



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



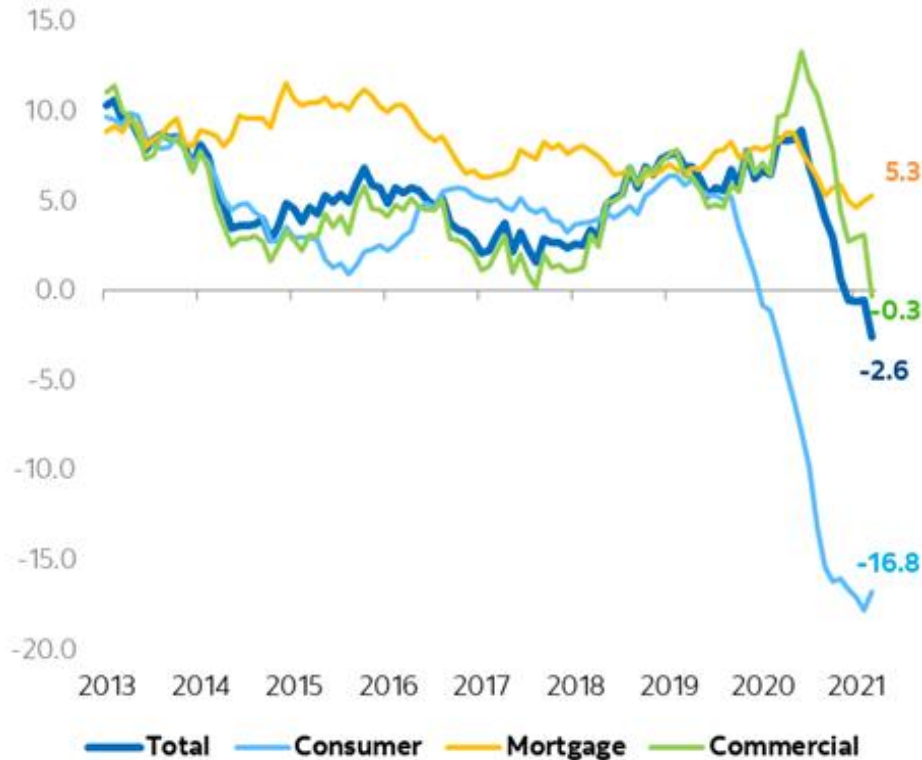
Source: Central Bank, Scotiabank Economics



**Total loans begins to contract led by slowdown in commercial loans.** Credit flowed counter-cyclically to firms for much of 2020, but at the end of March 2021, commercial loans decreased (in real terms), affected by a higher base of comparison. Consumer and mortgage loans stabilize

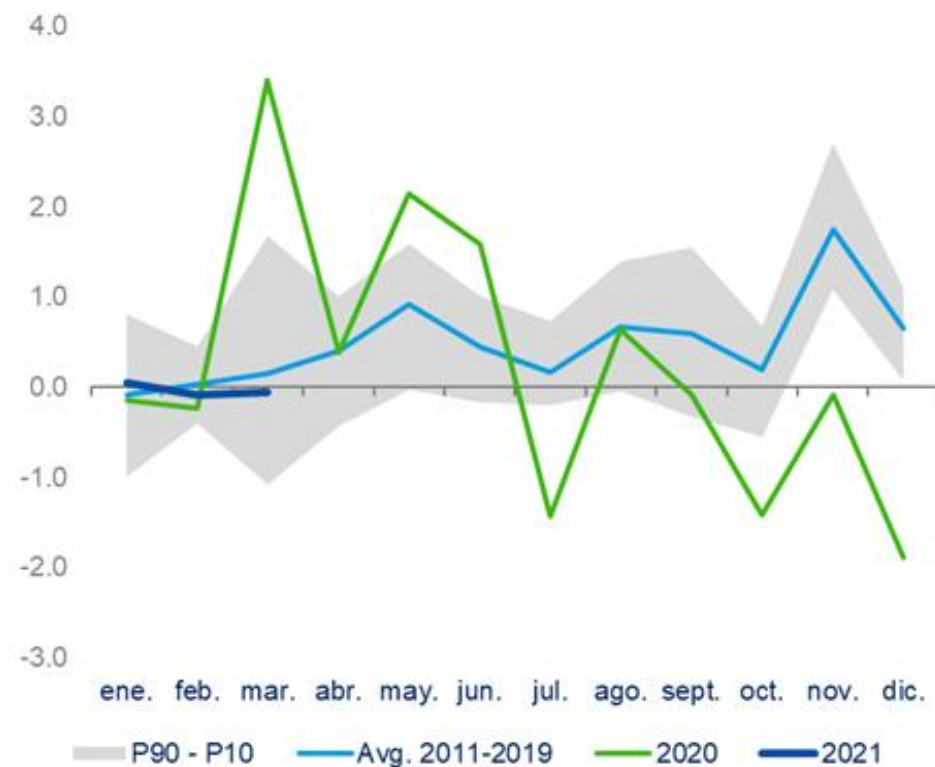
### Loans by segment

(percentage, real annual growth)



### Monthly dynamism of commercial loans

(percentage, real monthly growth)

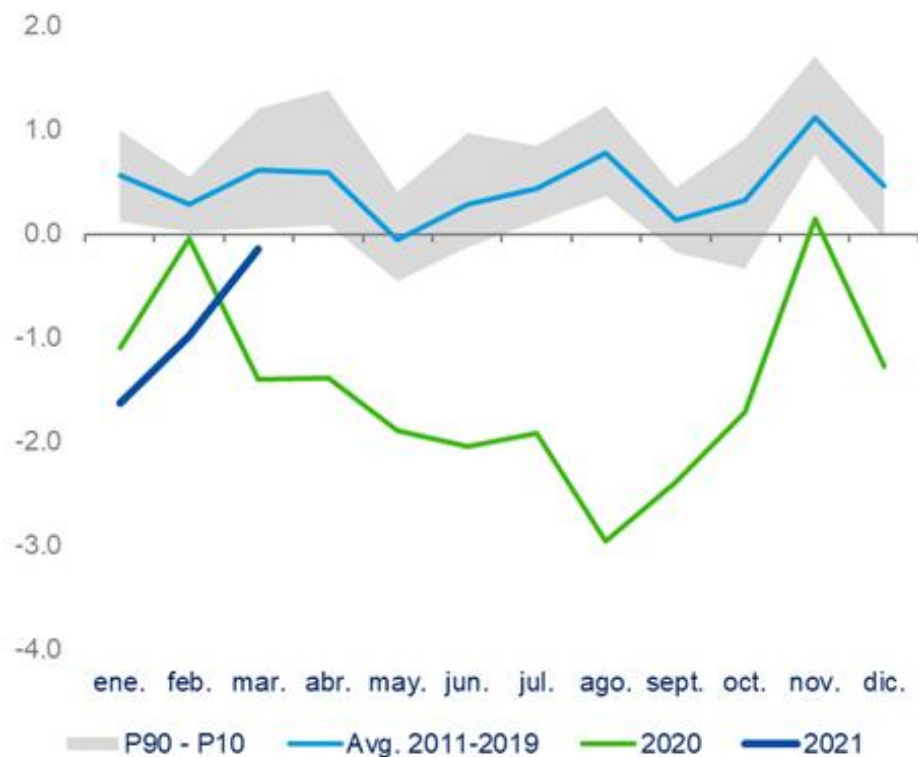


Source: Central Bank, Scotiabank Economics

# Consumer loans remain weak, but show signs of stabilization in last month. Mortgage loans continue recovering

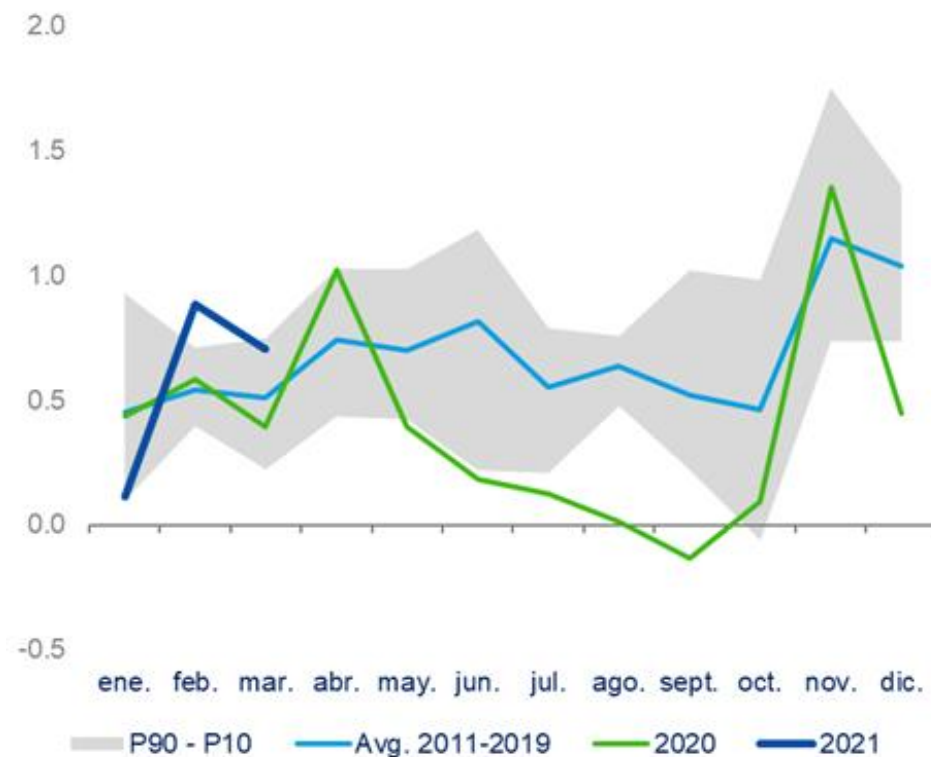
## Monthly dynamism of consumer loans

(percentage, real monthly growth)



## Monthly dynamism of mortgage loans

(percentage, real monthly growth)

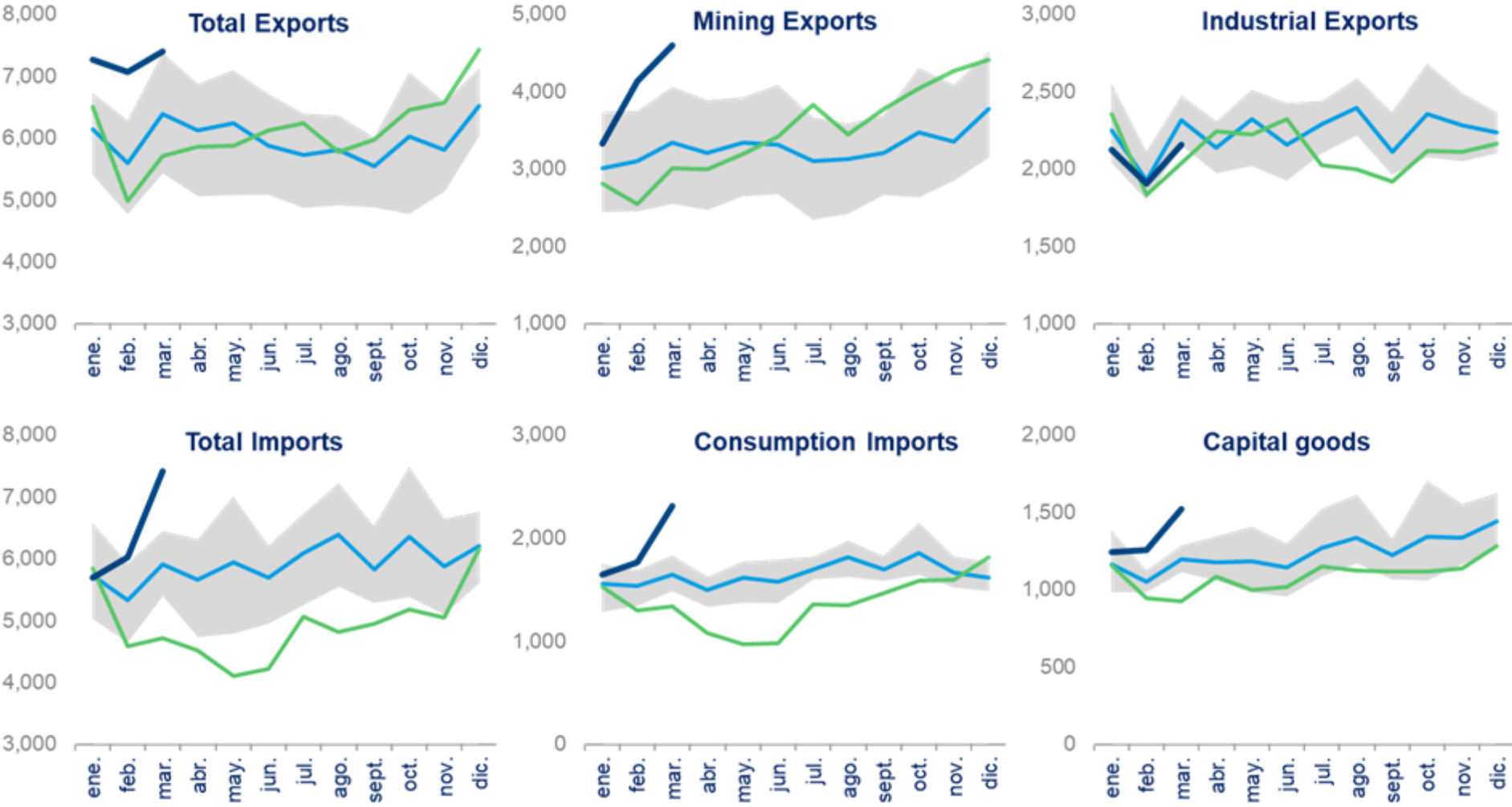


Source: Central Bank, Scotiabank Economics

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

## Monthly flow of Exports and Imports

(level, USD millions per month)



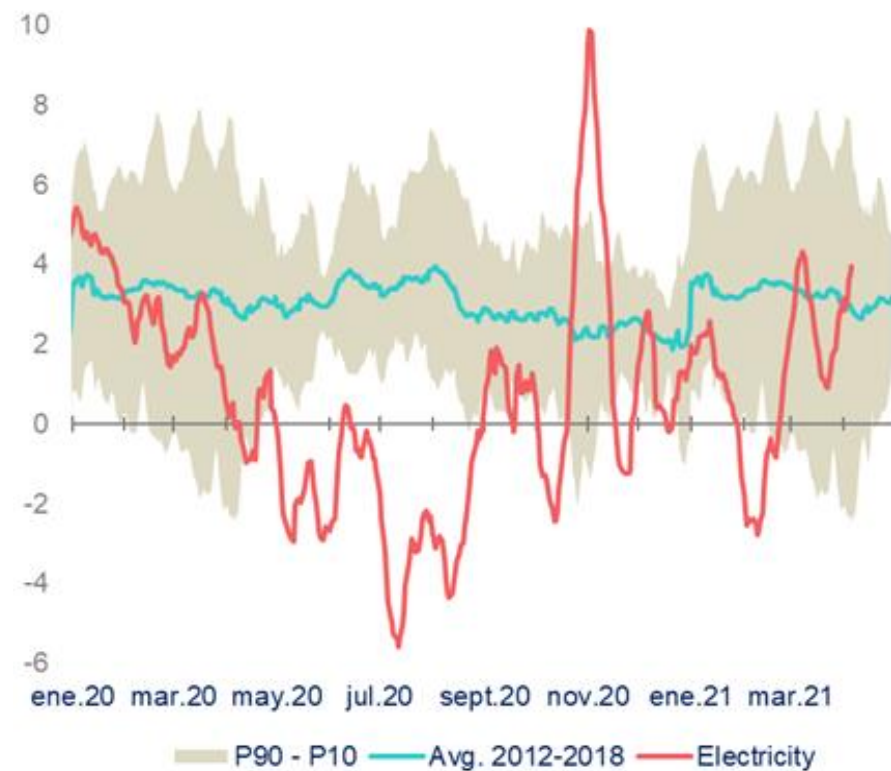
P90 and P10 represent the 90th and 10th percentile.  
Source: Central Bank, Scotiabank Economics

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

# Higher demand for electricity revealed progress in the reopening of the economy. **However, the recent restrictions affect ~90% of GDP**

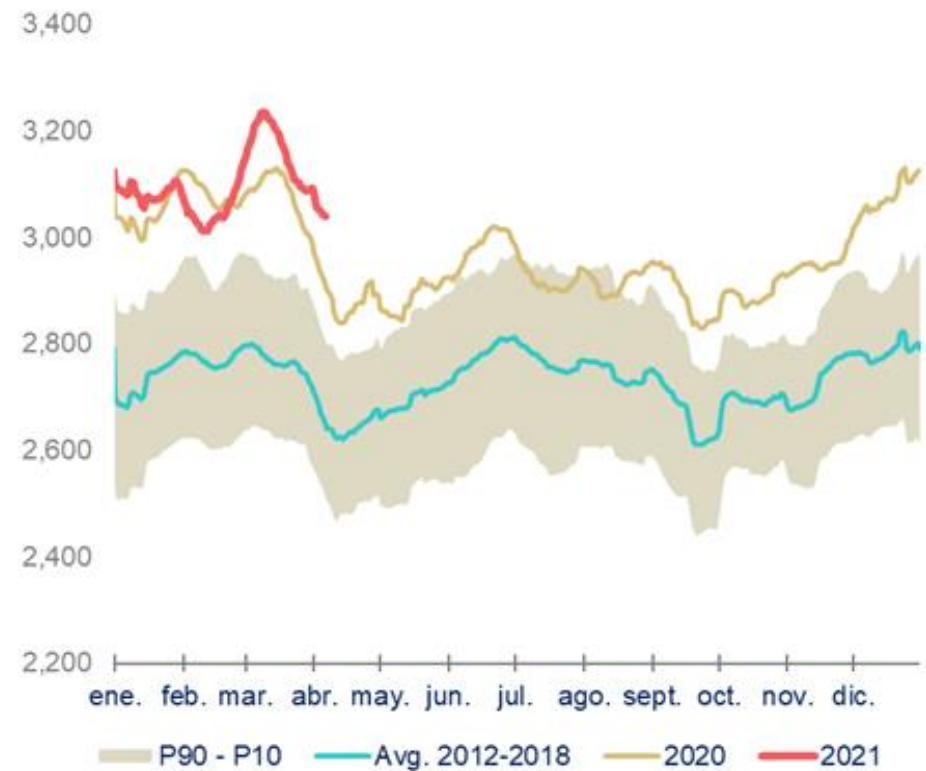
## Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to April 6)



## Level of electricity generation

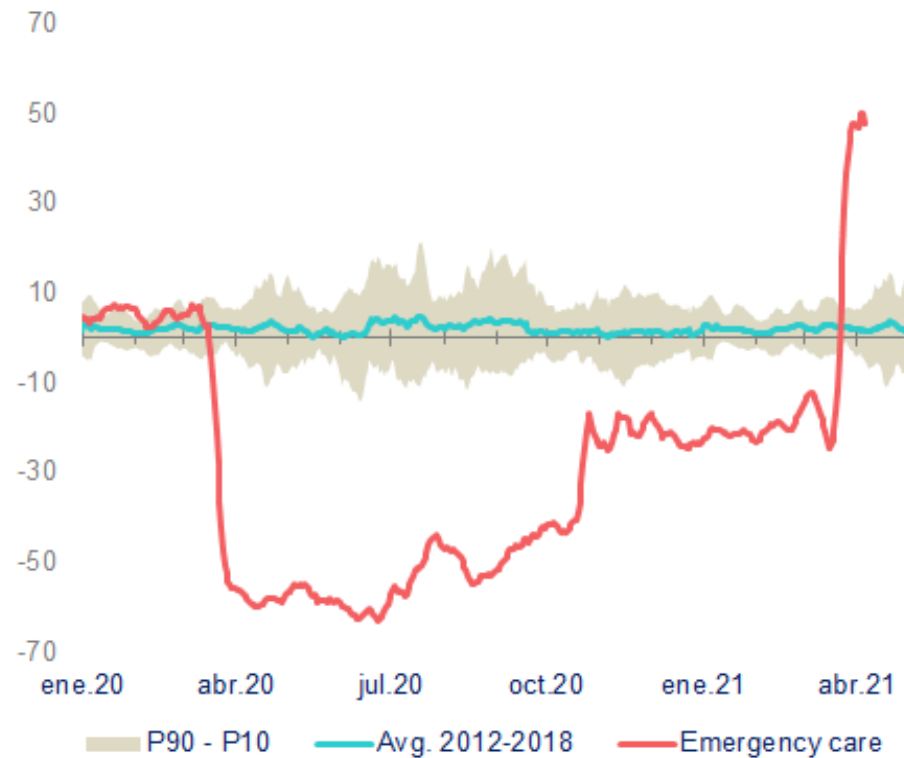
(percentage, annual growth, 14-day accum., up to April 6)



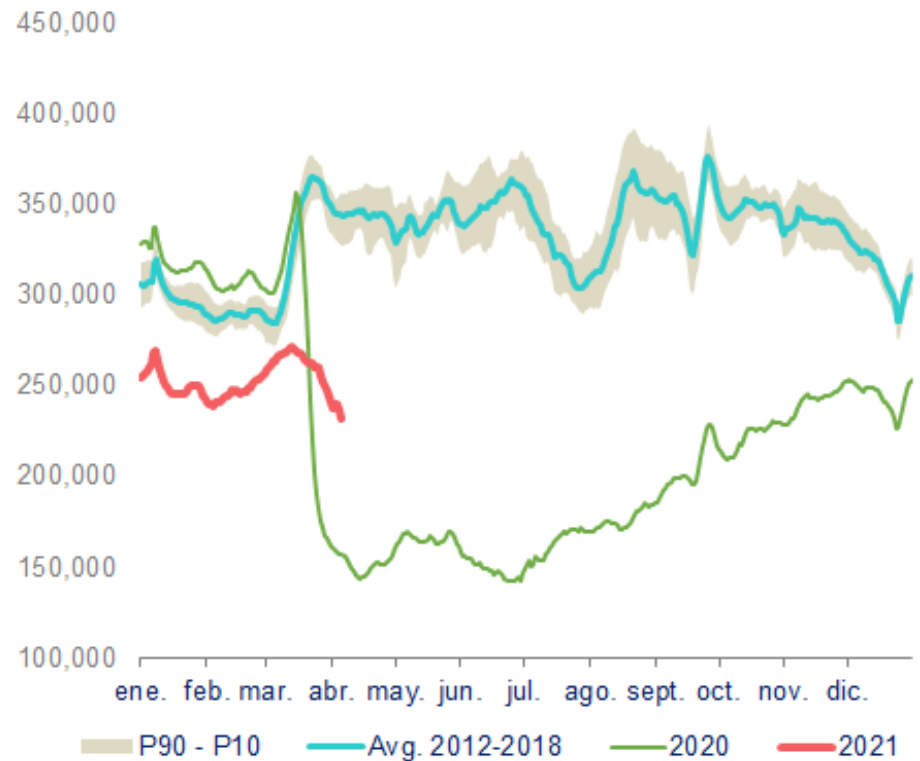
P90 and P10 represent the 90th and 10th percentile.  
Source: *Coordinador Eléctrico*, Scotiabank Economics

# Emergency care attentions –not related to COVID– are decreasing again

**Annual growth in Emergency Care**  
(percentage, annual growth, 7-day mov. sum, up to April 6)



**Number of Emergency Care attentions**  
(number of daily attentions, 7-day mov. sum, up to April 6)

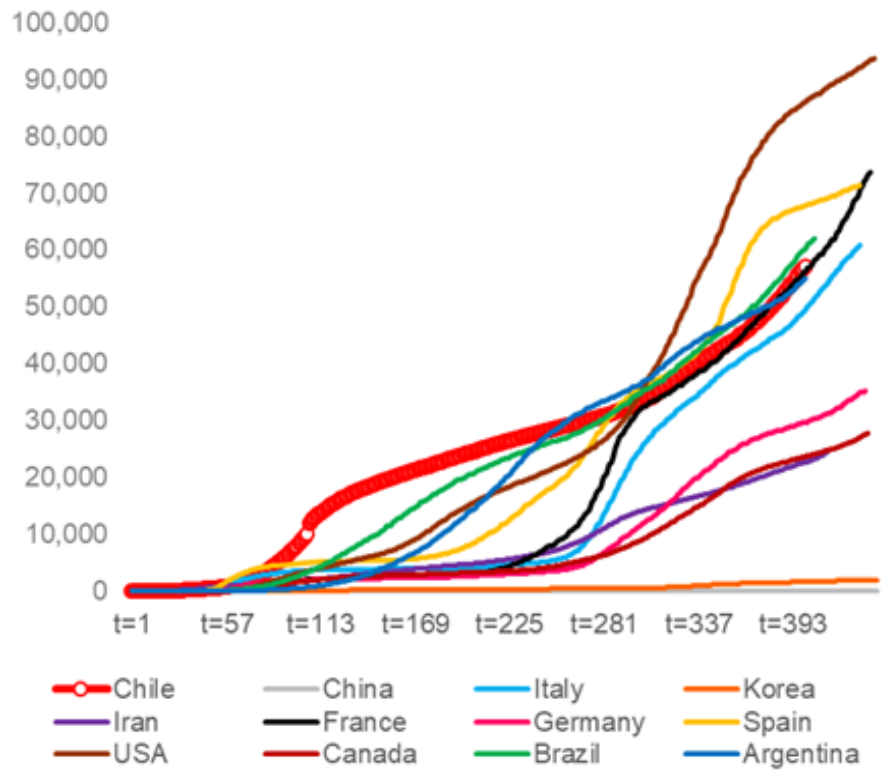


Source: *Ministerio de Salud (DEIS)*, Scotiabank Economics

# Covid-19 outbreak all over the world – Chile is no exception: Cases have surged among young people

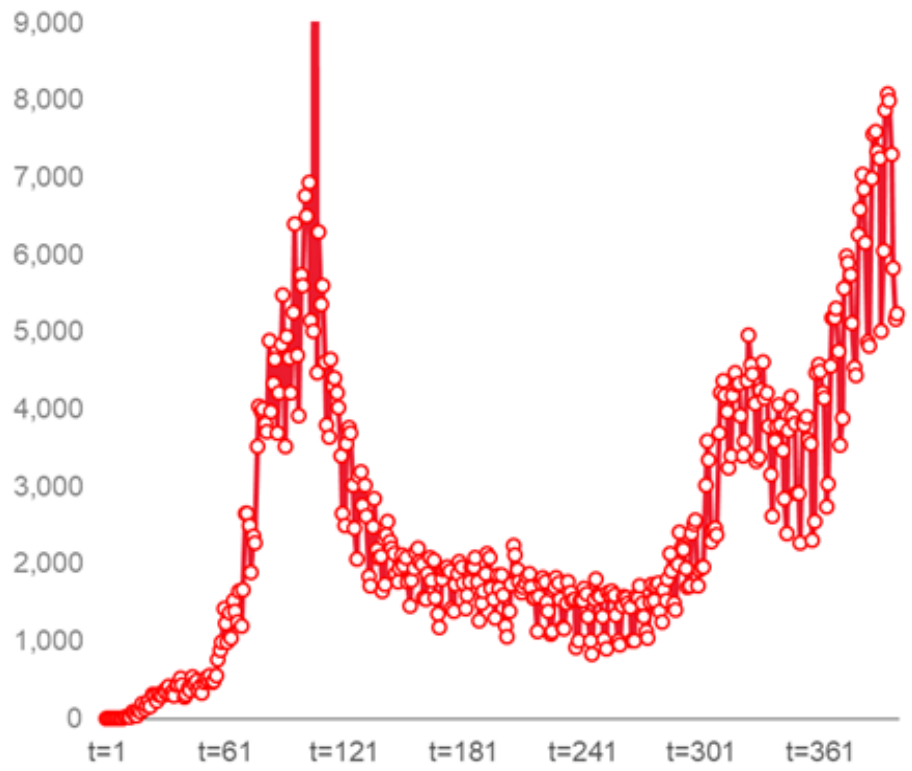
## COVID-19, selected countries

(cases/population x 1.000.000, t=1 first case, up to April 6)



## New cases COVID-19 in Chile

(number of new cases per day, t=1 first case, up to April 6)



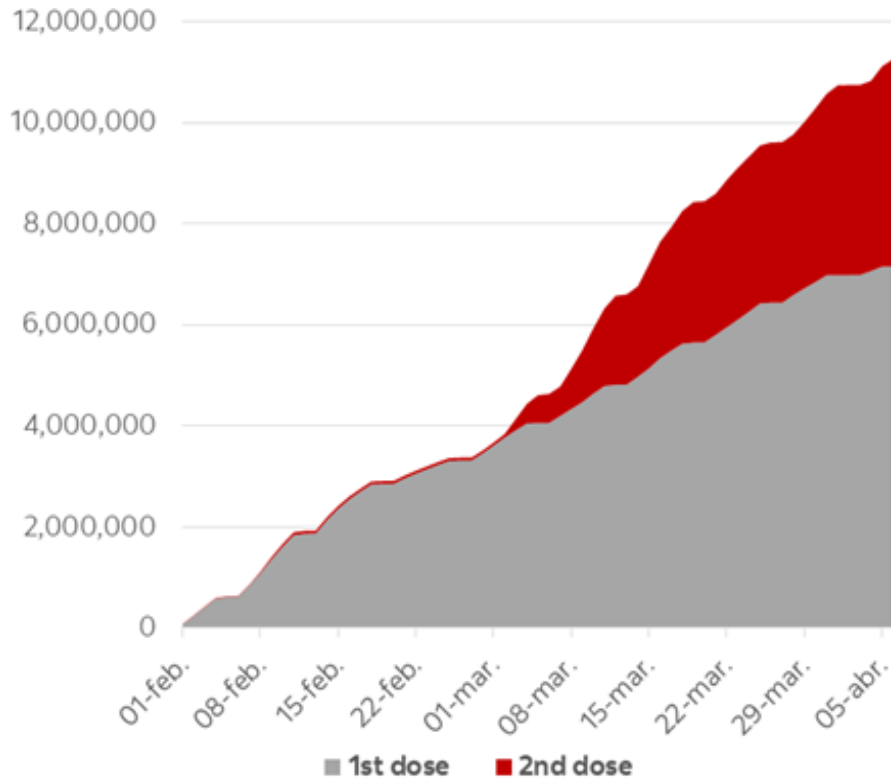
Source: WHO; Ministerio de Salud, Scotiabank Economics



**Mass vaccination started in February 2021. Promising results have been shown in older people regarding ICU-bed occupation. As younger people get their shots, total bed occupation should decline**

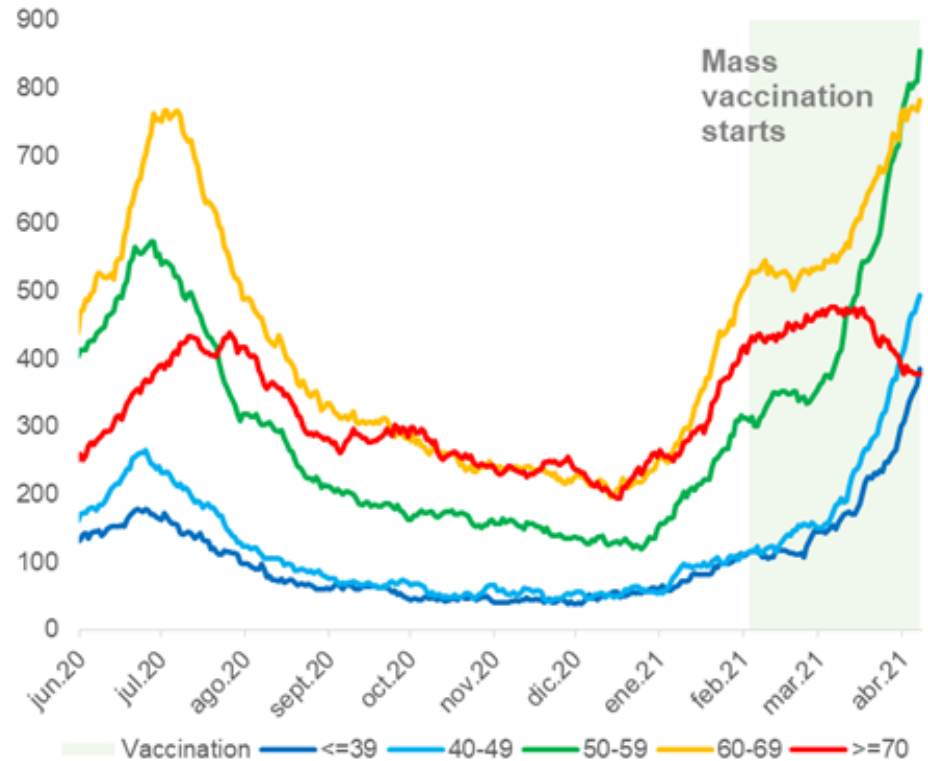
### Confirmed vaccinations administered

(total number of 1<sup>st</sup> and 2<sup>nd</sup> doses administered)



### ICU-bed occupation level by age group

(units by age group, up to April 7)



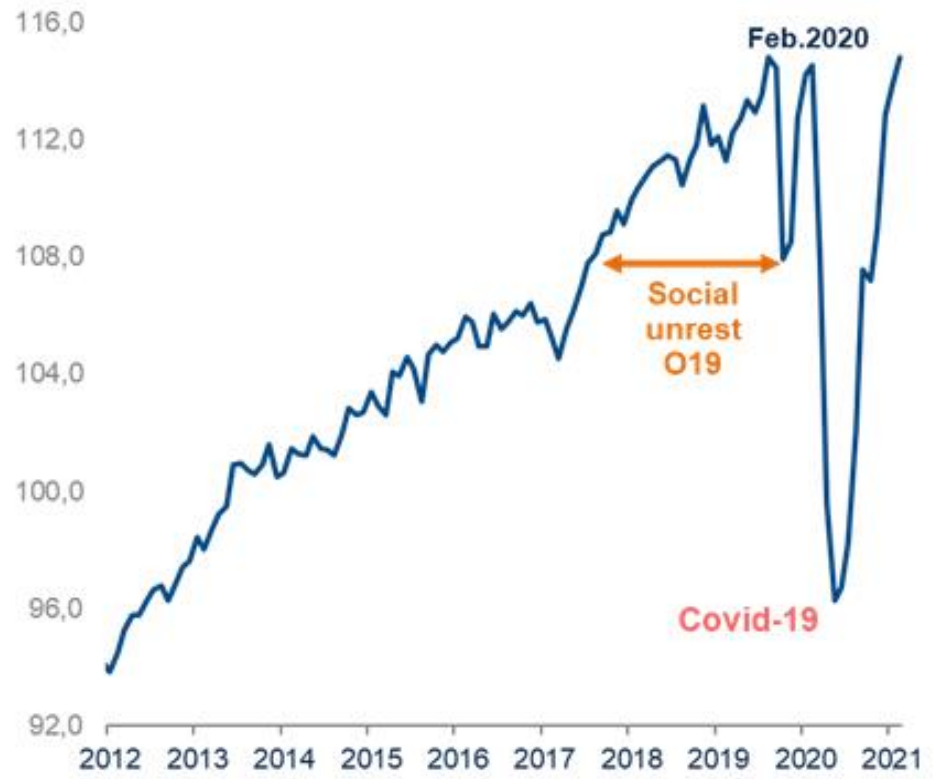
Source: Health Ministry, ICovid Report, Scotiabank Economics



# We forecast GDP growth of 7.5% in 2021. **March and April will show the transitory negative impact of restrictions to mobility**

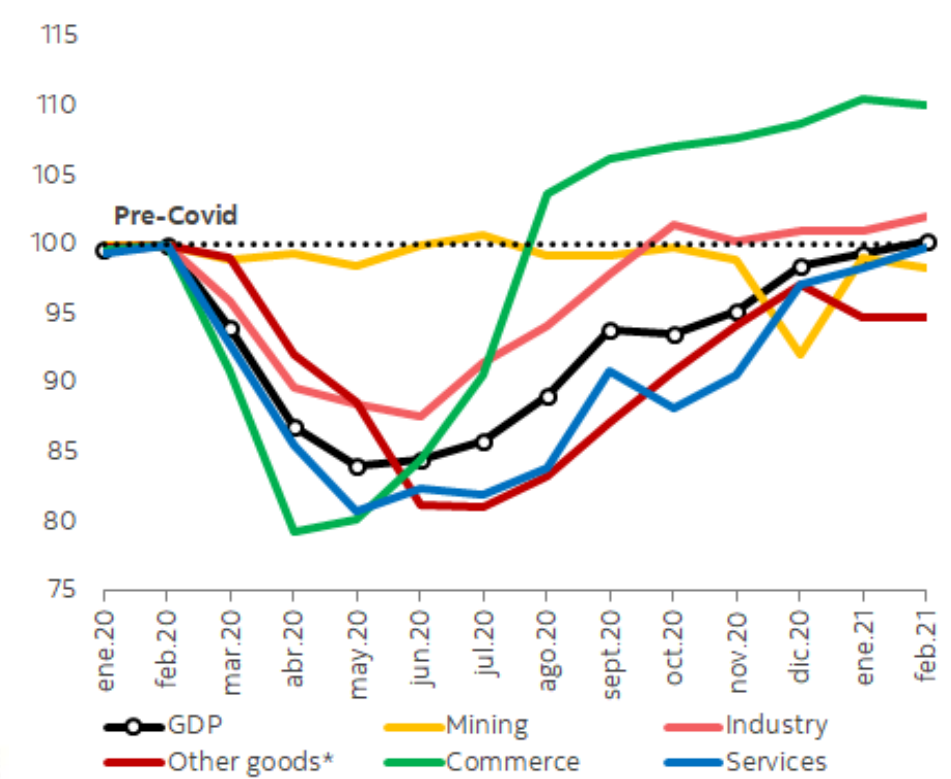
## GDP level

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



## GDP level by sector

(index, February 2020=100, monthly data)



Short run forecasts: growth of monthly GDP	January-21	February-21	March-21(f)
Imacec (% , y/y)	-2.8%	-2.2%	2 to 4%

Source: Central Bank, Scotiabank Economics

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