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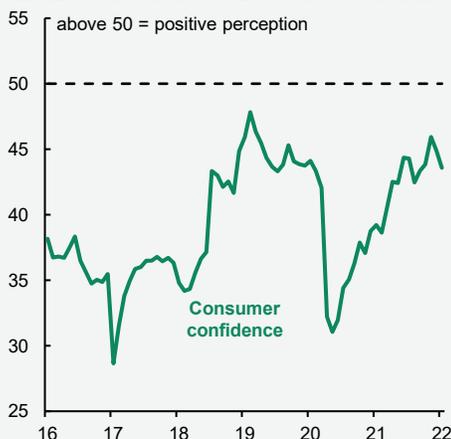
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Chart 1

Mexico: Consumer Confidence Index



Sources: Scotiabank Economics, INEGI.

Latam Daily: Chile's New CB Governor and GDP Forecast; Mexico's Confidence Slides

- **Chile: President appoints new central bank governor; GDP forecast revised up**
- **Mexico: Consumer confidence has a lower-than-expected start to the year, recording its second consecutive decline**

CHILE: PRESIDENT APPOINTS NEW CENTRAL BANK GOVERNOR; GDP FORECAST REVISED UP

I. President Piñera appointed Rosanna Costa as new Governor of the Central Bank

On Thursday, February 3, President Piñera appointed Rosanna Costa (64) as Governor of the Central Bank, who becomes the first woman to head the BCCh, to a five-year term, to replace Mario Marcel who was appointed Finance Minister by President-elect Gabriel Boric. The appointment, which was announced through a [press release](#), does not require consultation with the Senate. Ms. Costa (right-wing sensibility) held the position of National Budget Director at the Ministry of Finance between 2010 and 2013, in Piñera's first administration. She has been a board member of the central bank since January 2017.

At the same time, the Board of the Central Bank [appointed](#) Pablo García (51) as Vice-President of the Central Bank with a term ending in January 2024 to replace Joaquín Vial, whose tenure as a board member is ending. Mr. García (close to Party for Democracy), has been on the central bank's board since January 2014.

II. Ministry of Finance revised upward its GDP growth forecast for 2022

On Friday, February 4, the Ministry of Finance (MoF) released its Public Finance quarterly report, corresponding to the fourth quarter of 2021. A key change relative to the last report was the upward revision in the GDP forecast for 2022, which increased from 2.5% in September to 3.5%. According to the MoF, the main drivers behind the projected economic growth this year will be: the robust external impulse and positive terms of trade; the high liquidity in the pockets of households and the Universal Guaranteed Pension; the improvement of the labour market; and the growth of the public investment, which will increase 14.3%. Scotiabank Economics also projects GDP growth of 3.5% this year.

For 2022, the MoF is projecting a structural fiscal deficit of 2.8% of GDP (compared to 3.9% of GDP in the September projection) and an increase in public debt from 37.5% of GDP to 38.6%. In addition, the MoF announced the injection of USD 4 bn to the Economic and Social Stabilization Fund (FEES) in January, which closed 2021 with USD 2.5 bn and with the injection now totals USD 6.5 bn. The MoF also projected positive fiscal slack to 2026. This is another important highlight, one that will influence the fiscal commitment that the new government makes to converge to a structural balance. It should be noted in this regard that, according to the Fiscal Responsibility Law, the new government will have 90 days to define the path of convergence to fiscal balance following its inauguration on March 11.

—Jorge Selaive, Anibal Alarcón, & Waldo Riveras

MEXICO: CONSUMER CONFIDENCE HAS A LOWER-THAN-EXPECTED START TO THE YEAR, RECORDING ITS SECOND CONSECUTIVE DECLINE

Consumer confidence for January came in below market expectations at 43.4 (43.8 expected) and recorded its second consecutive decline (chart 1). The indicator registered generalized retreats across all its components. It is worth highlighting the

February 4, 2022

decline of 1.8 in the indicator related to the country's current economic condition and the 1.3 fall in the index of current household members' purchasing power. Household future economic condition, which is the only indicator in positive territory, at 56.3, registered a monthly drop of 0.6.

Consumer confidence has been hit by a decrease in purchasing power from high inflation and the increase in the number of new omicron variant infections. However, there has been an improvement in consumer confidence from the 2021 average, with the general index 4.4 points higher. In the short term, the main obstacle for private consumption recovery is inflation.

—Luisa Valle & Miguel Saldaña

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