

Tracking Covid-19: high frequency indicators



Economics & Financial Research

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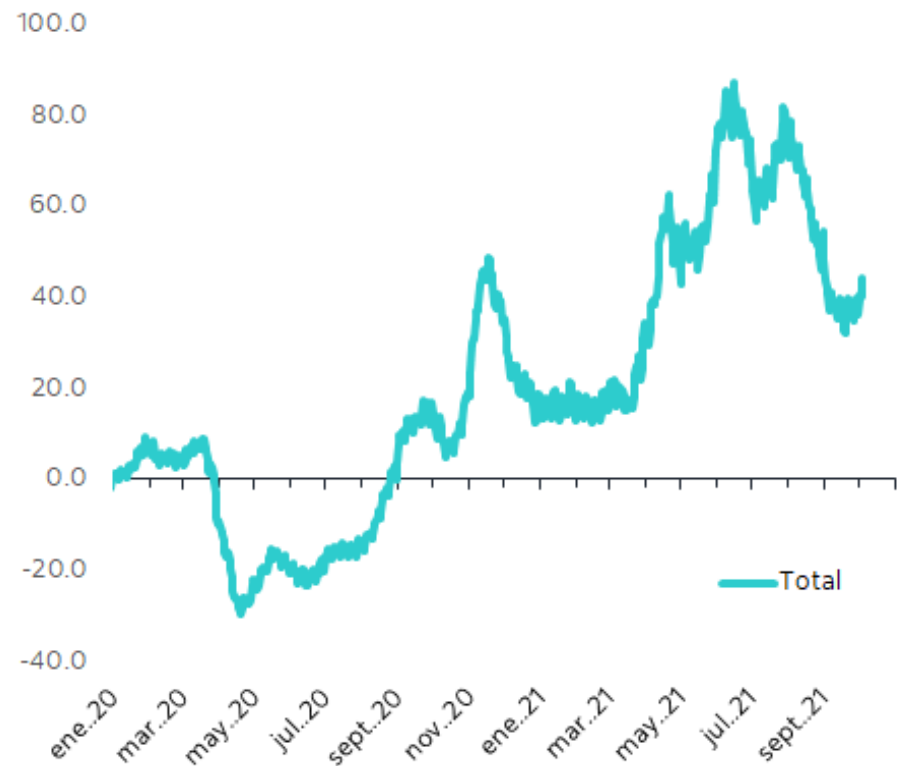
Key messages

- **New upturn in purchases with credit and debit cards in September, evidencing that the liquidity coming from fiscal aid and withdrawals of pension funds is being consumed intensely. Private consumption reaching new historical highs.** Department Stores continue to benefit from high liquidity while Services show relevant recovery due to almost full mobility and reopening.
- **We forecast an increase in Retail Sales around 14% y/y in September.** New car sales show a new (seasonal) increase (42,627 units) and car imports show normalization.
- **Credit show more dynamism explained by commercial loans to medium and large firms.** After months of declines, consumer loans are recovering while mortgage loans remain solid.
- **Political gridlock on the 4th withdrawal of pension funds is affecting appetite for Chilean financial assets. While Pension Funds are preparing their portfolios for paying a new withdrawal (USD17 bn), we estimate that the tail-risk political scenario is almost entirely internalized in CLP and stock market.**
- **GDP growth would reach easily 2-digits in 2021 (our point estimate is 11.2%).** The impressive recovery is not the driver of Chilean financial assets given the high political uncertainty.
- **Even with Gabriel Boric as the next President and a not-market friendly constitution, the momentum of the economy will be very positive entering into 2022.** The high liquidity in households' pockets will last until mid-2022. Moreover, copper price staying at attractive level and public investment still quite relevant will prevent a rapid deceleration. **We forecast a GDP growth of "no less" than 4.5% in 2022, markedly above consensus (2.5%).**

Consumption remains high after pension fund withdrawals and historical fiscal transfers. New highs in purchases put pressure on supply chains. Base effects are less favorable for the year-over-year comparisons

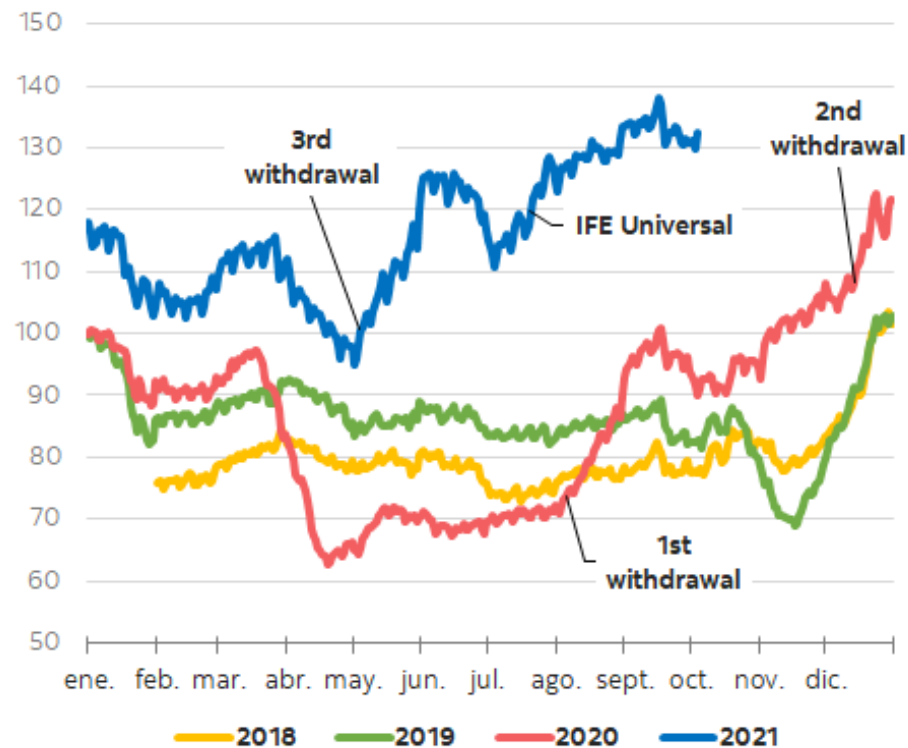
Annual growth of purchases with cards*

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



Level of purchases with credit & debit cards*

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

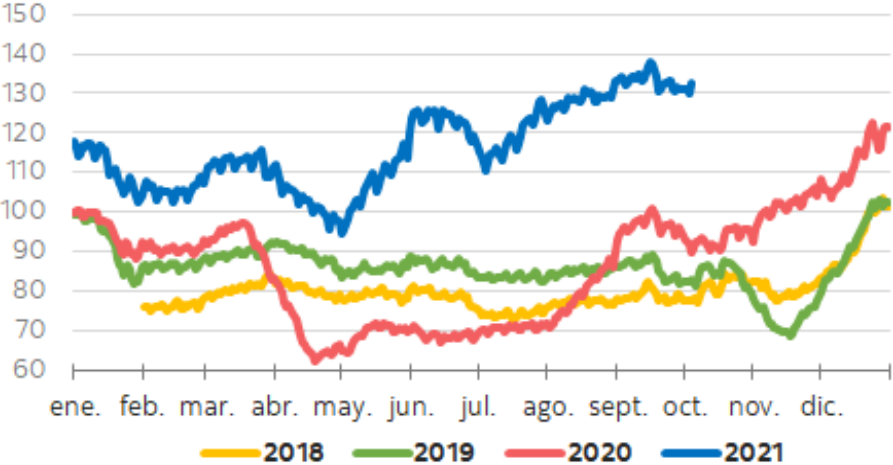


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Strong performance in Department Stores and stabilization in Supermarkets

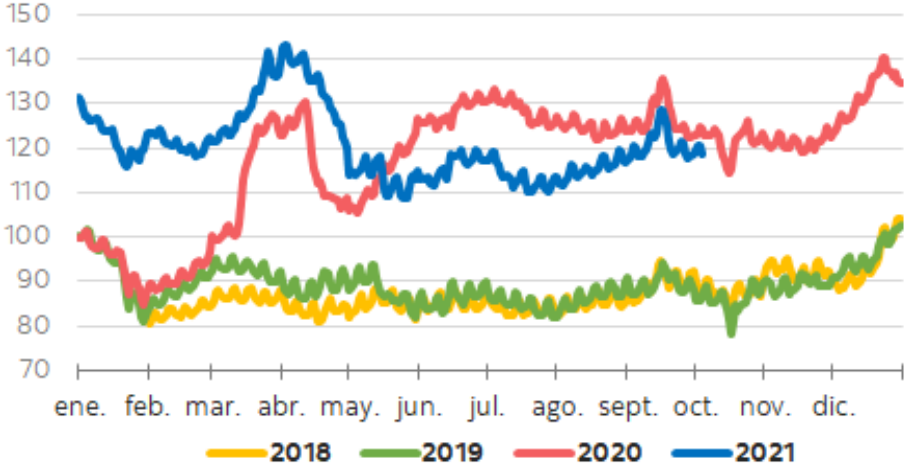
Total purchases*

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



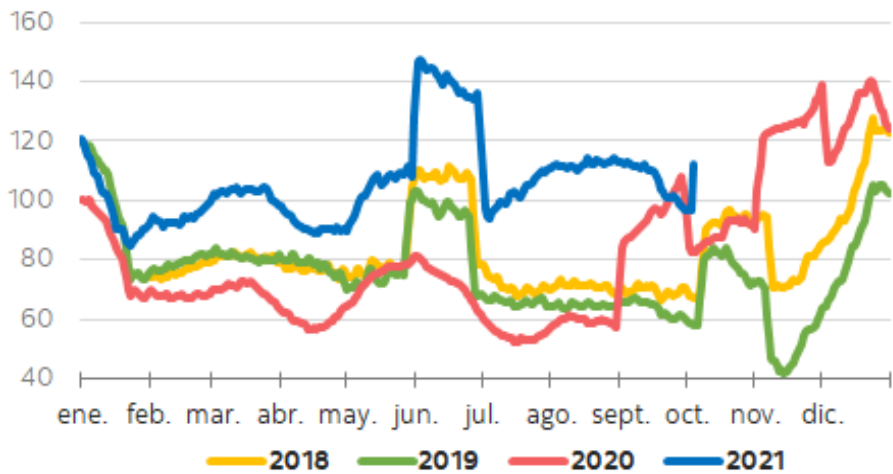
Supermarkets*

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



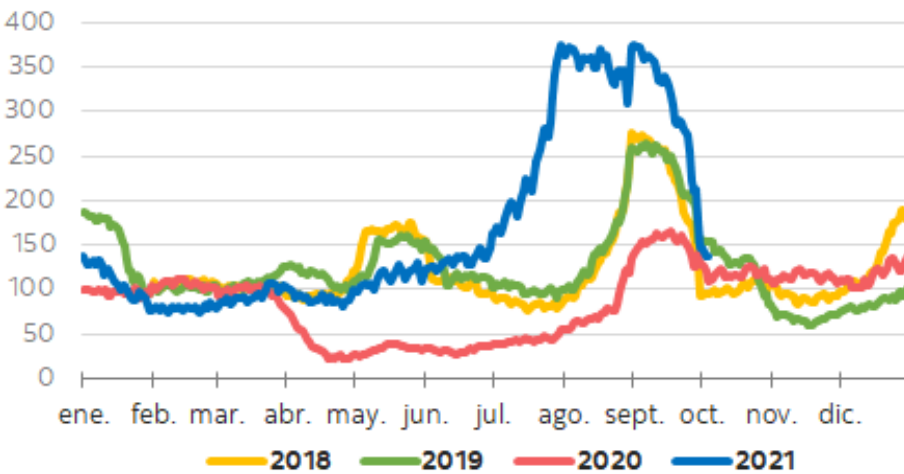
Department stores*

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



Vehicles*

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

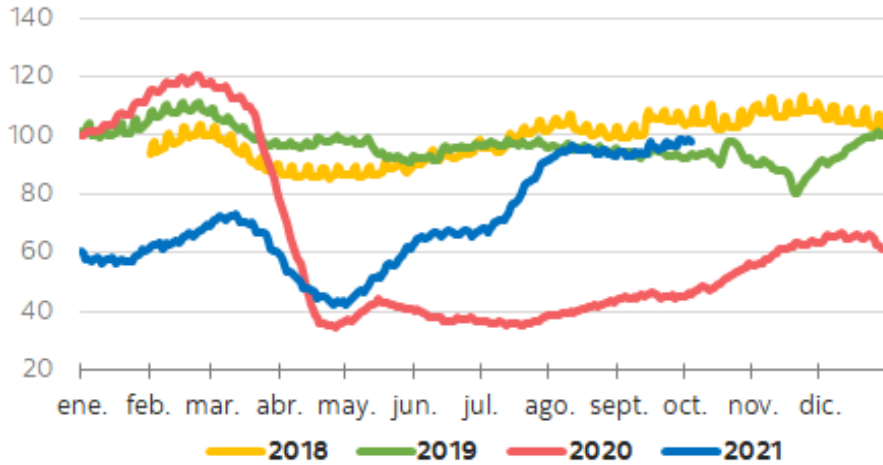


* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index. Source: Scotiabank Economics

Services (in particular, restaurants) show greater dynamism

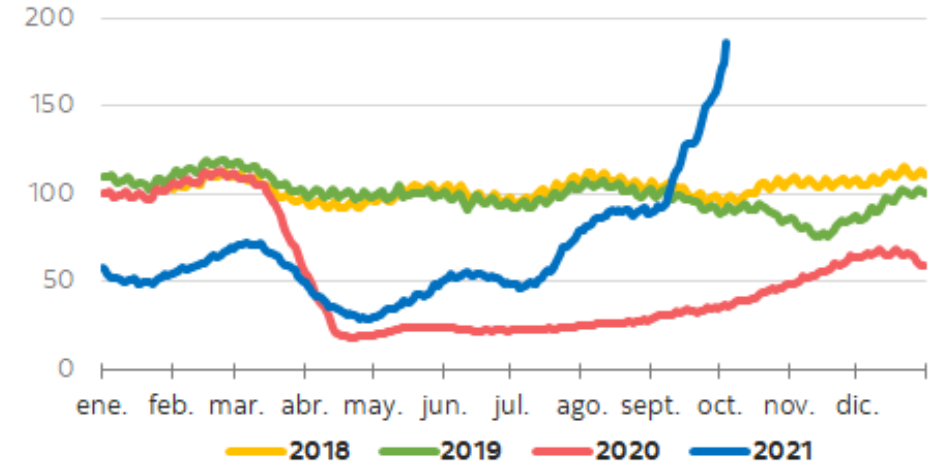
Fuels*

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



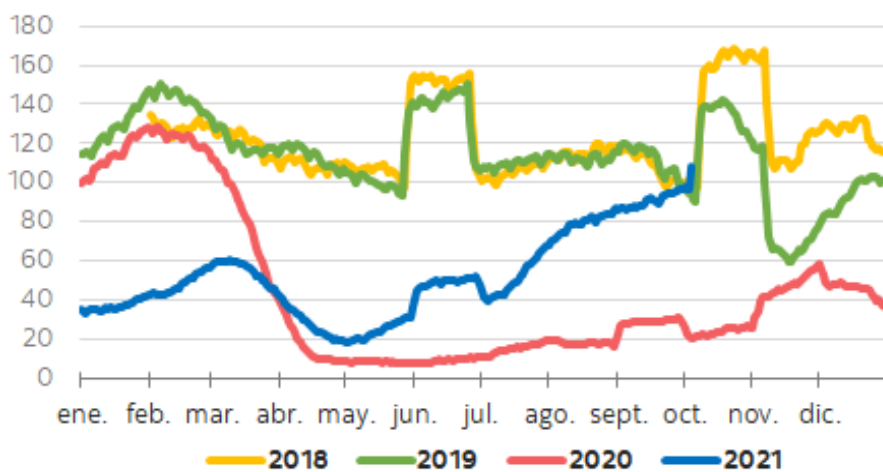
Restaurants*

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



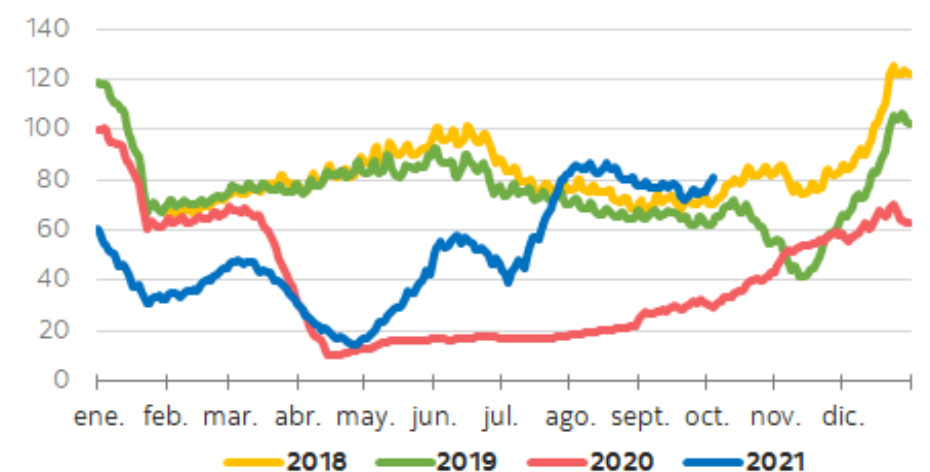
Tourism travel*

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



Clothing and footwear*

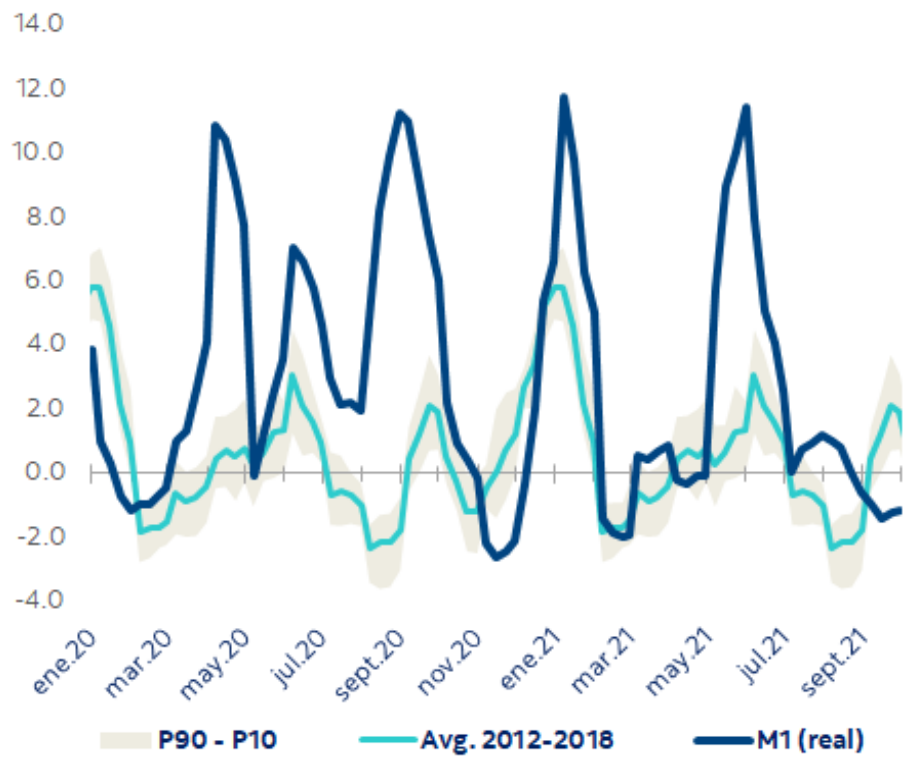
(level, index 1-Jan-2020=100, 30-day moving sum, up to Oct. 6)



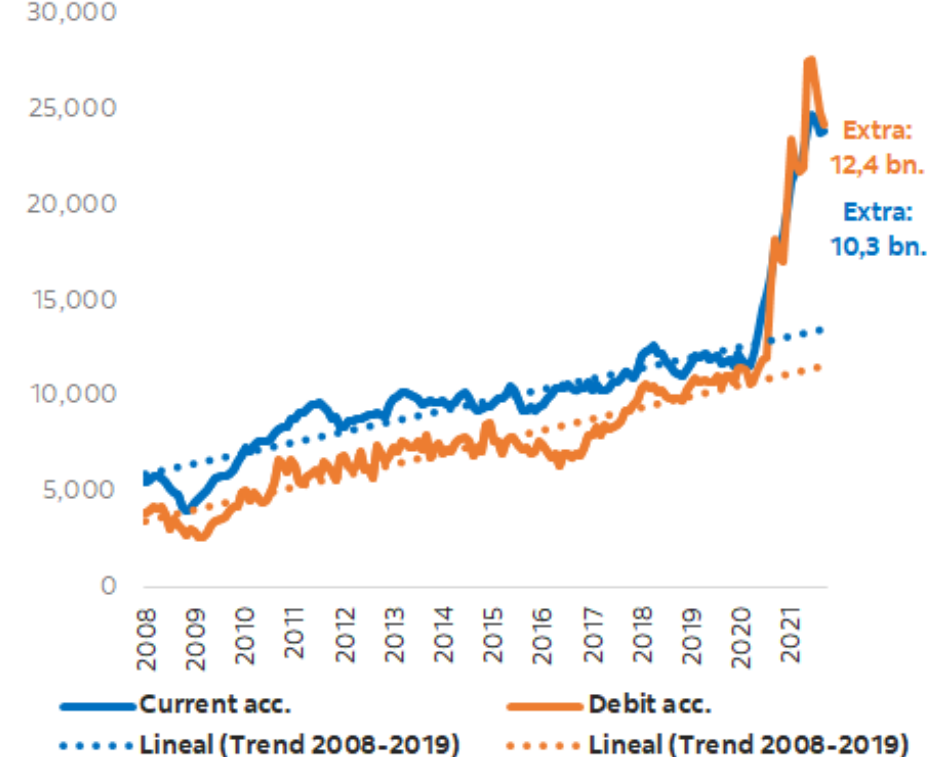
* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.
Source: Scotiabank Economics

Liquidity in peso begins to normalize, but there is still an extra USD 23 billion in checking accounts that (we estimate) will last until mid-2022 at least

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



Liquidity in non-remunerated accounts
(millions of USD, natural persons, as of Sept. 2021)

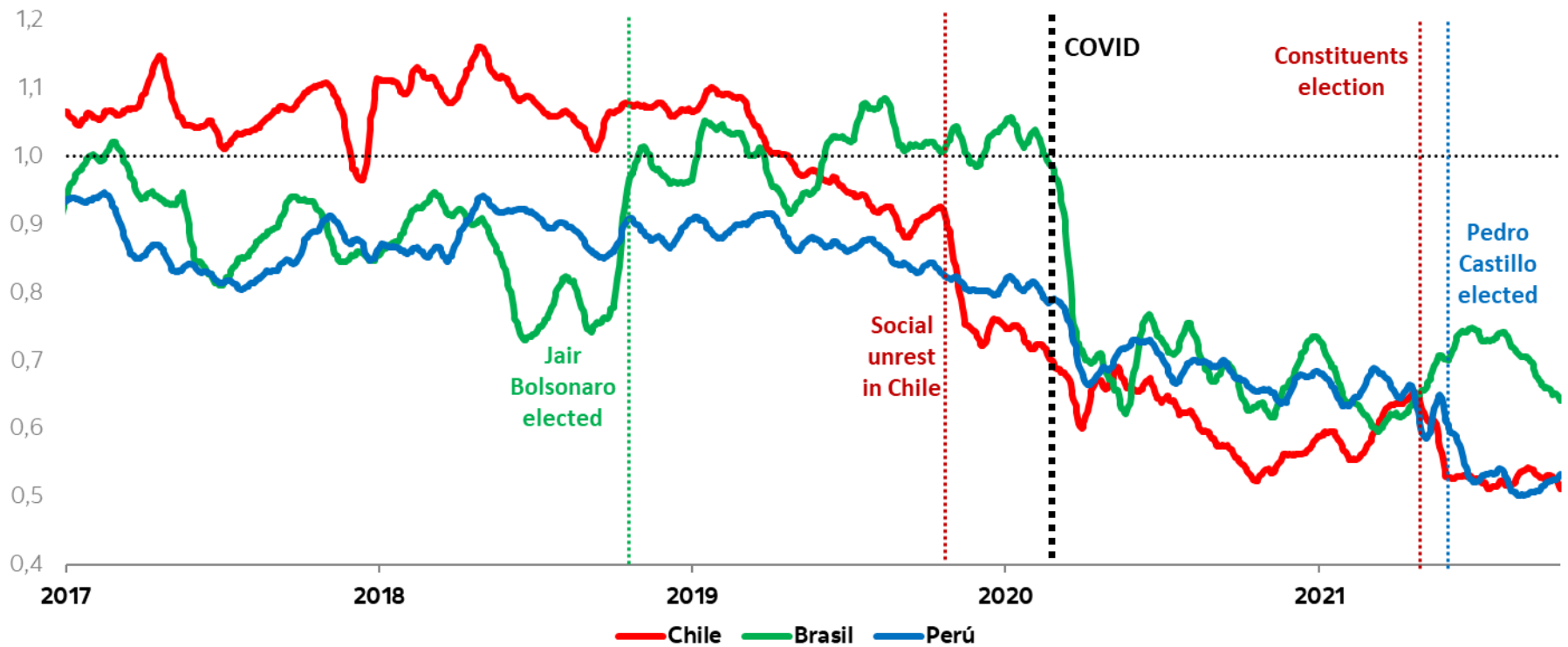


Source: Central Bank, Scotiabank Economics

Current risk premium close to Peru's. We estimate that the tail-risk political scenario is almost entirely internalized in CLP and stock market

Latam countries vs Emerging market

(ratio: ETF of Peru, Chile and Brazil wrt ETF Emerging markets)

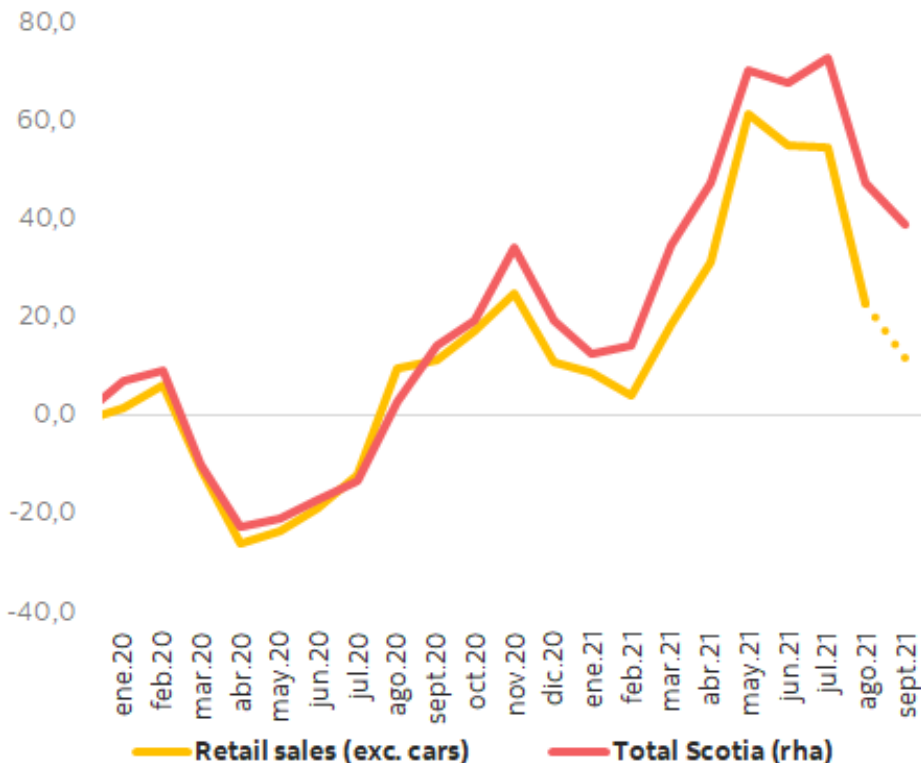


Source: Bloomberg, Scotiabank Economics

Retail sales: we forecast an expansion around 14% y/y in September. New car sales show a new (seasonal) increase in September (42,627 units) and car imports show normalization

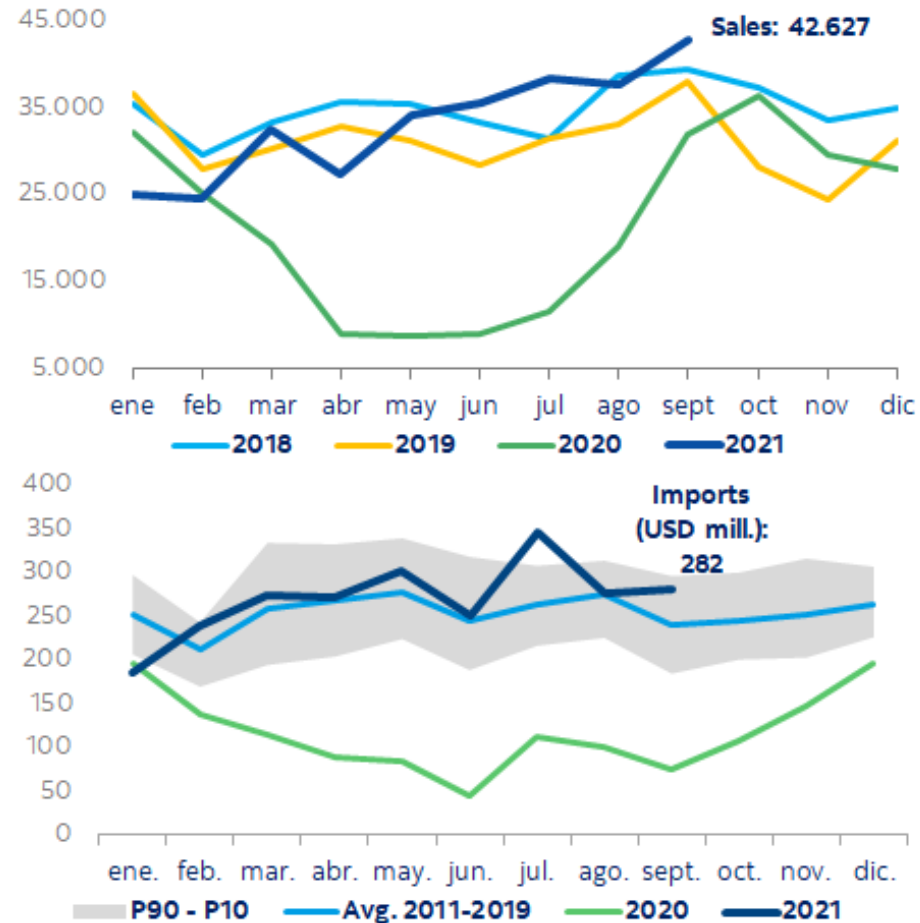
Retail sales (INE) vs Transactional data**

(percentage, annual growth)



New cars: sales & imports

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



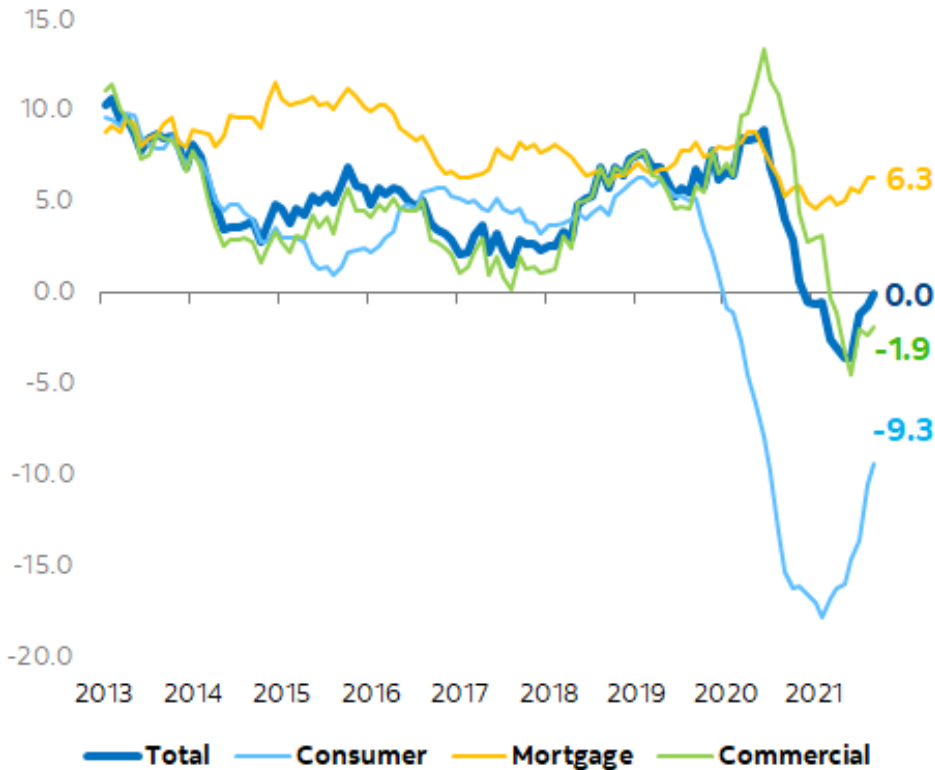
** This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.

Source: National Bureau of Statistics (INE), ANAC, Central Bank, Scotiabank Economics

Total credit show more dynamism explained by recovery in commercial loans to medium and large firms

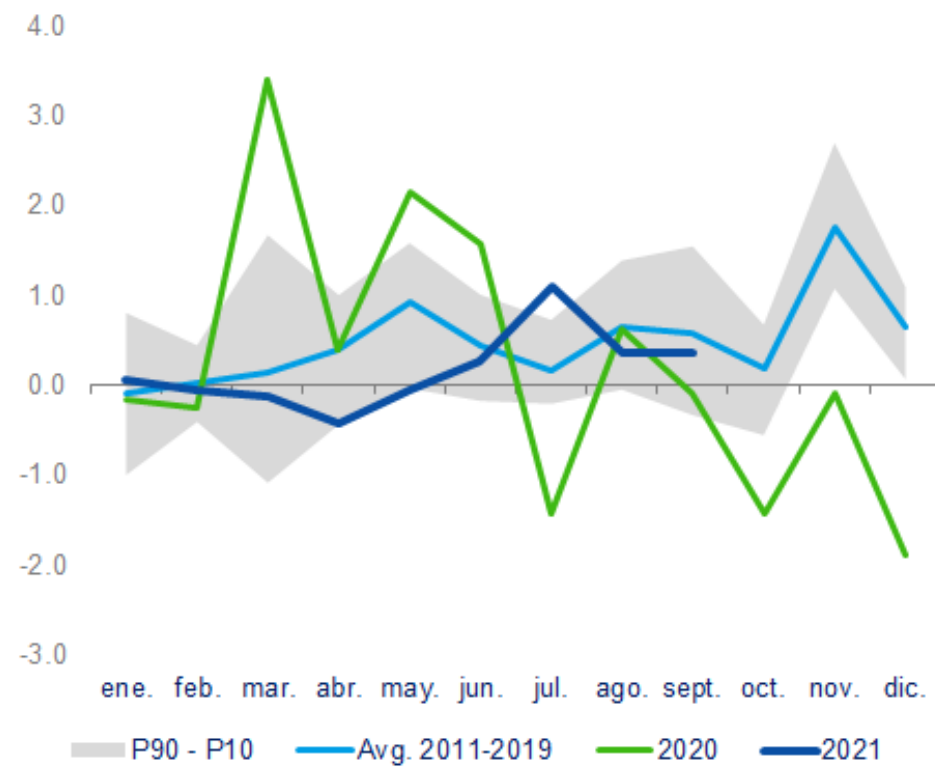
Loans by segment

(percentage, real annual growth)



Monthly dynamism of commercial loans

(percentage, real monthly growth)

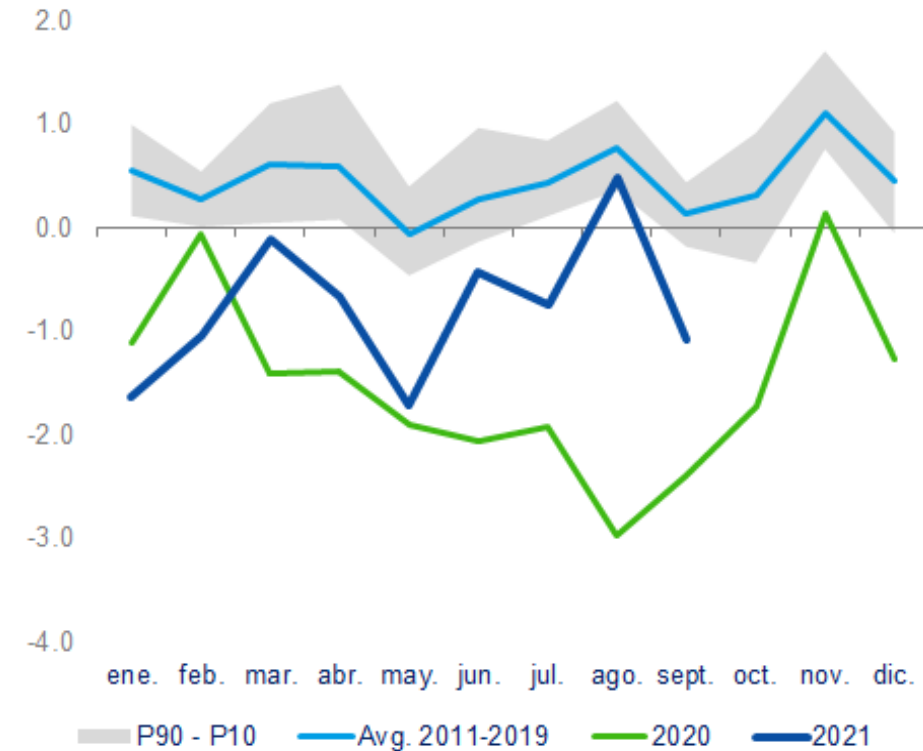


Source: Central Bank, Scotiabank Economics

Consumer loans weaken in September, at a time when a fourth pension fund withdrawal is being discussed at Congress

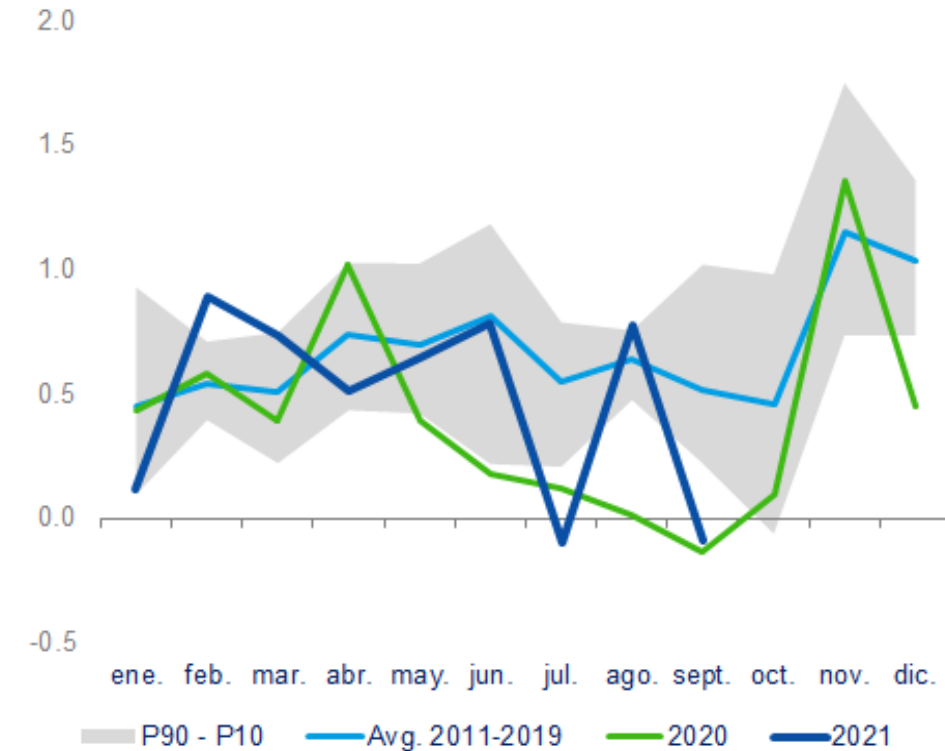
Monthly dynamism of consumer loans

(percentage, real monthly growth)



Monthly dynamism of mortgage loans

(percentage, real monthly growth)

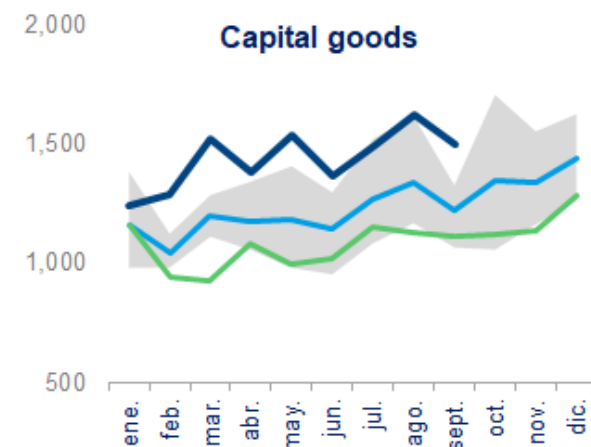
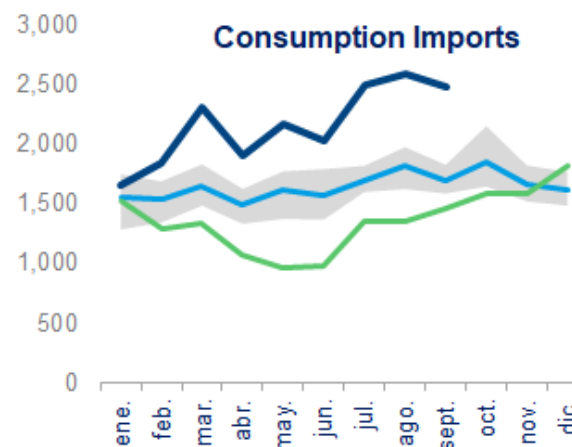
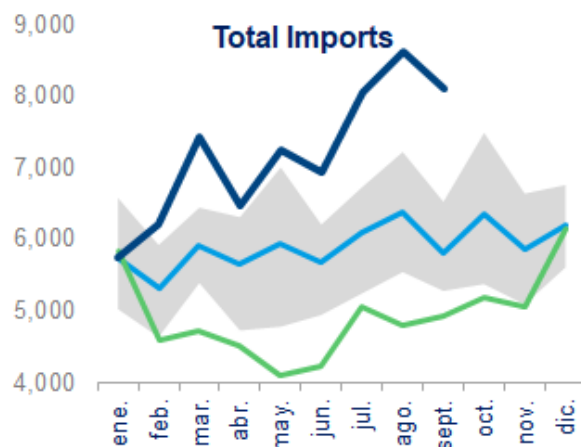
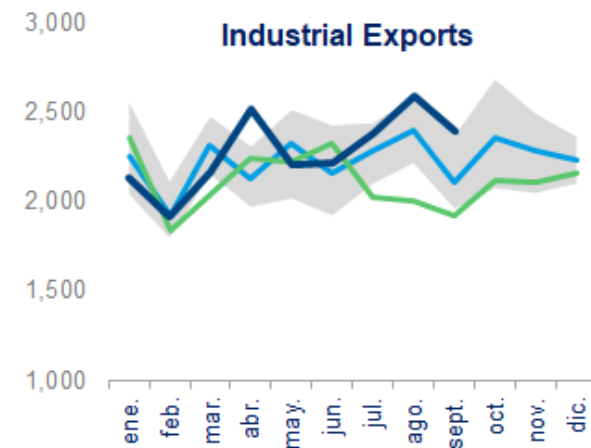
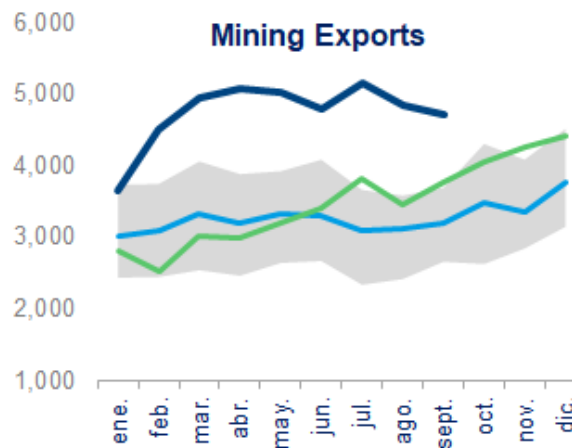
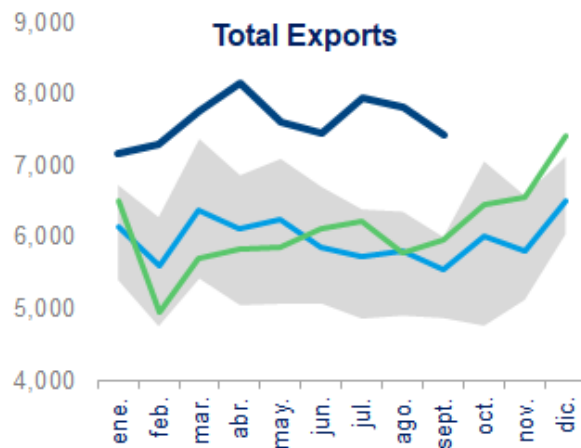


Source: Central Bank, Scotiabank Economics

Strong recovery in exports driven by higher copper price while we observe a replenishment of inventories

Monthly flow of Exports and Imports

(level, USD millions per month)



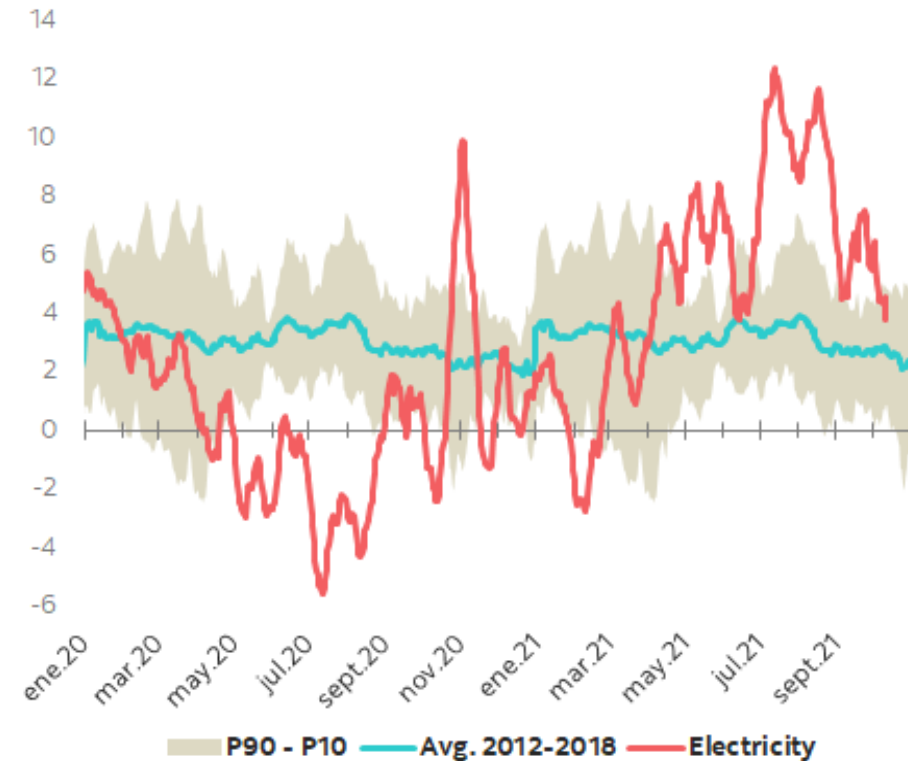
P90 - P10
 Avg. 2011-2019
 2020
 2021

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 sanitary restrictions. **There is no region under lockdown**

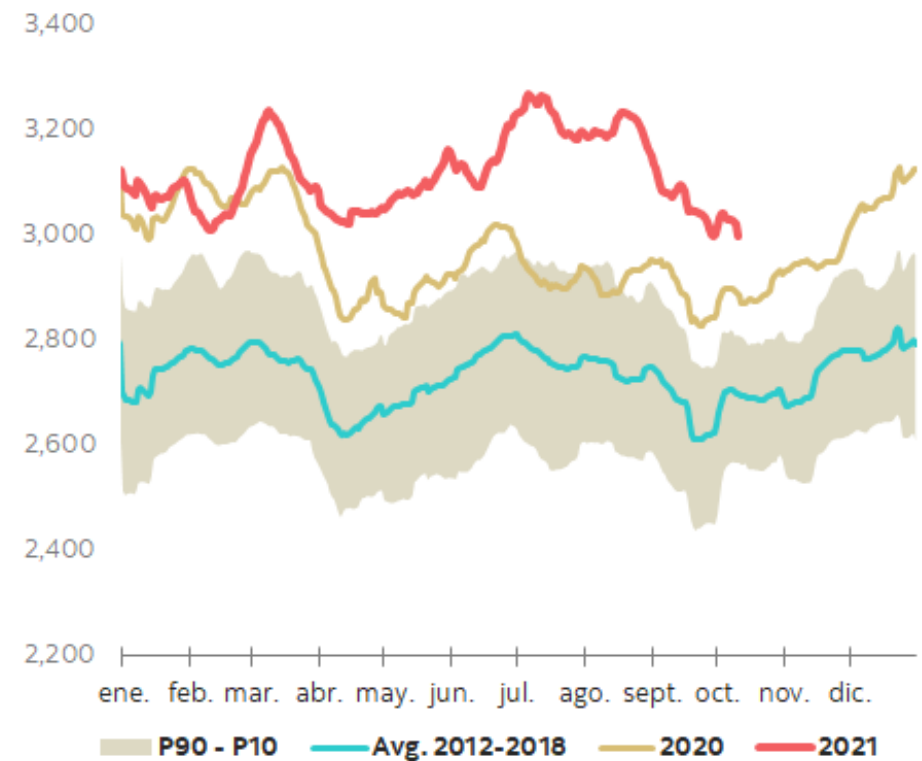
Annual growth of electricity generation

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



Level of electricity generation

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

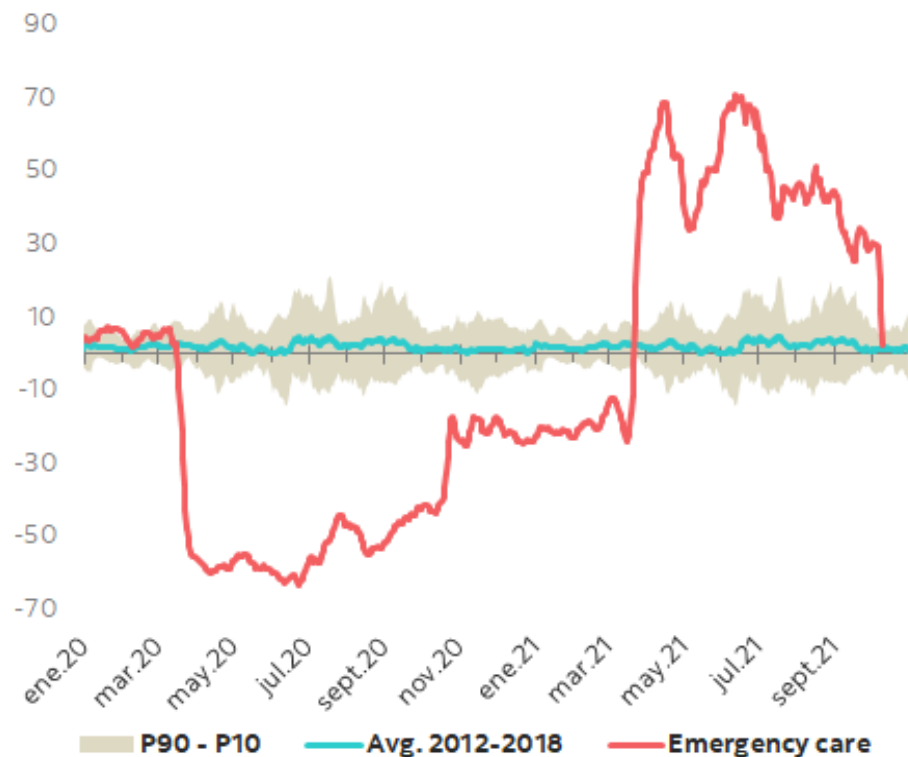


P90 and P10 represent the 90th and 10th percentile.
Source: *Coordinador Eléctrico*, Scotiabank Economics

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

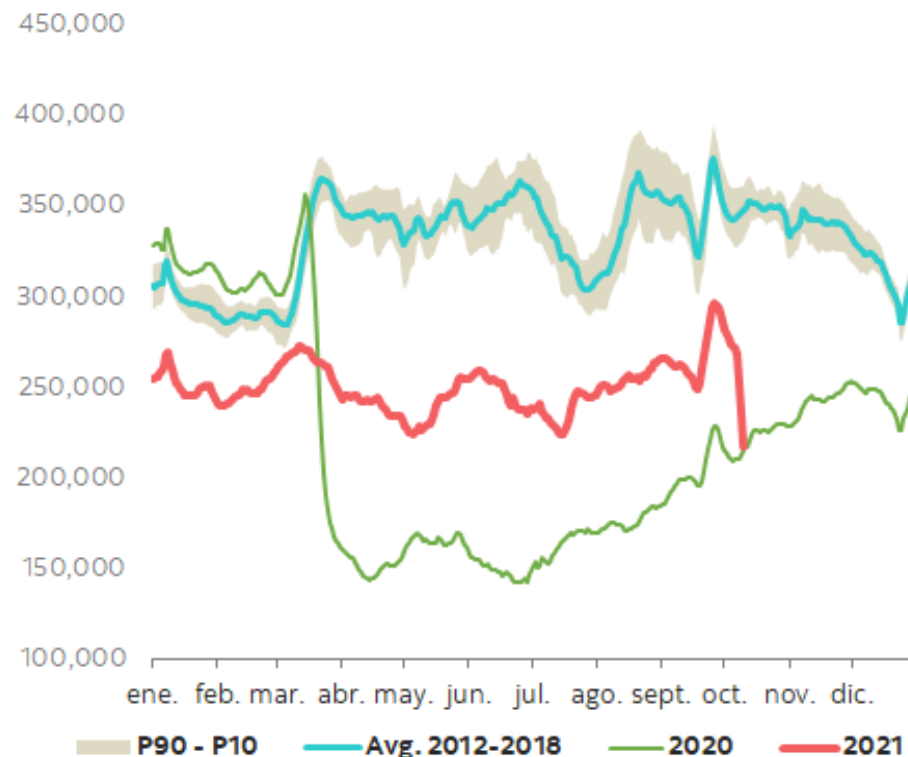
Annual growth in Emergency Care

(percentage, annual growth, 7-day mov. sum, up to October 10)



Number of Emergency Care attentions

(number of daily attentions, 7-day mov. sum, up to October 10)

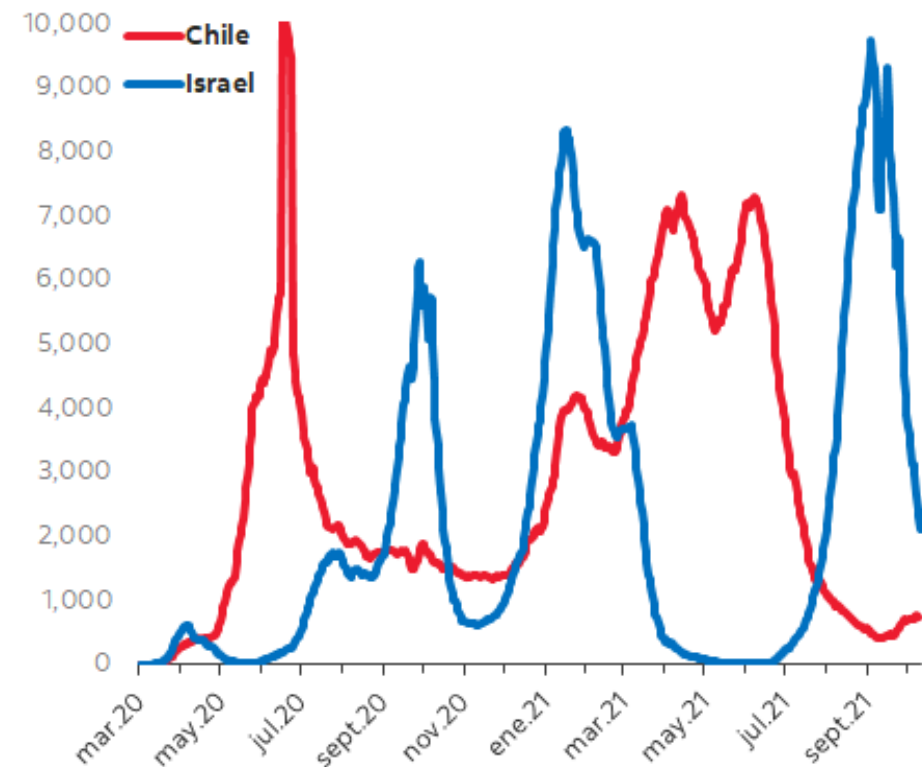


Source: Ministerio de Salud (DEIS), Scotiabank Economics

New cases and occupancy of ICU beds remain at lows. Risk of new variants is still present (Delta)

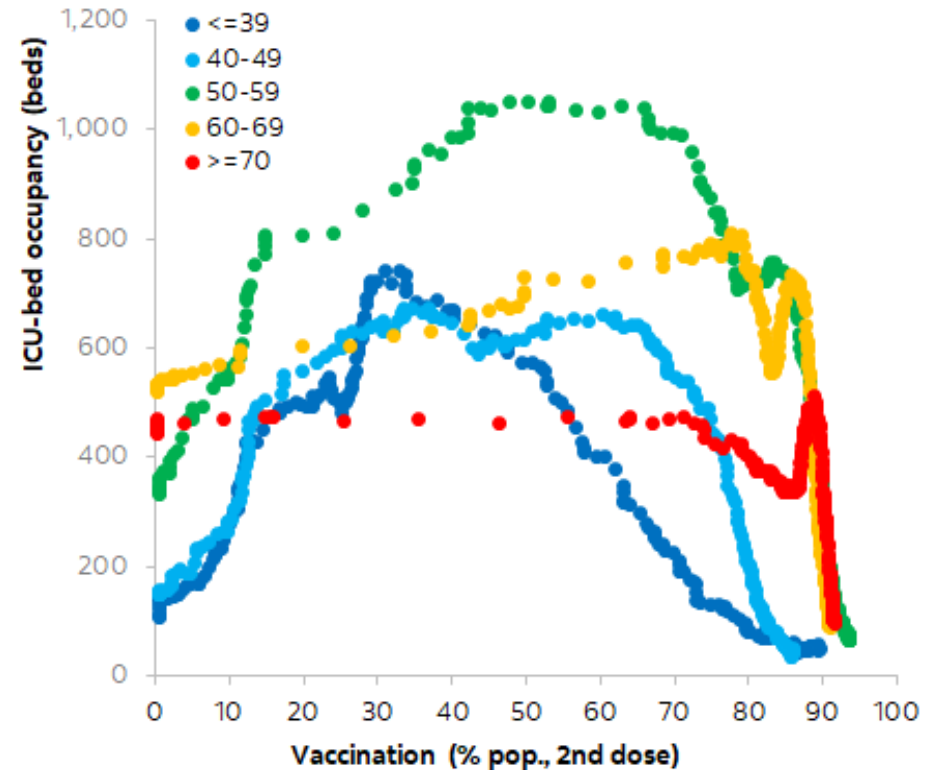
New cases COVID-19 in Chile & Israel

(number of new cases per day, 7-day mov. avg., up to October 11)



ICU-bed occupancy and vaccination by age

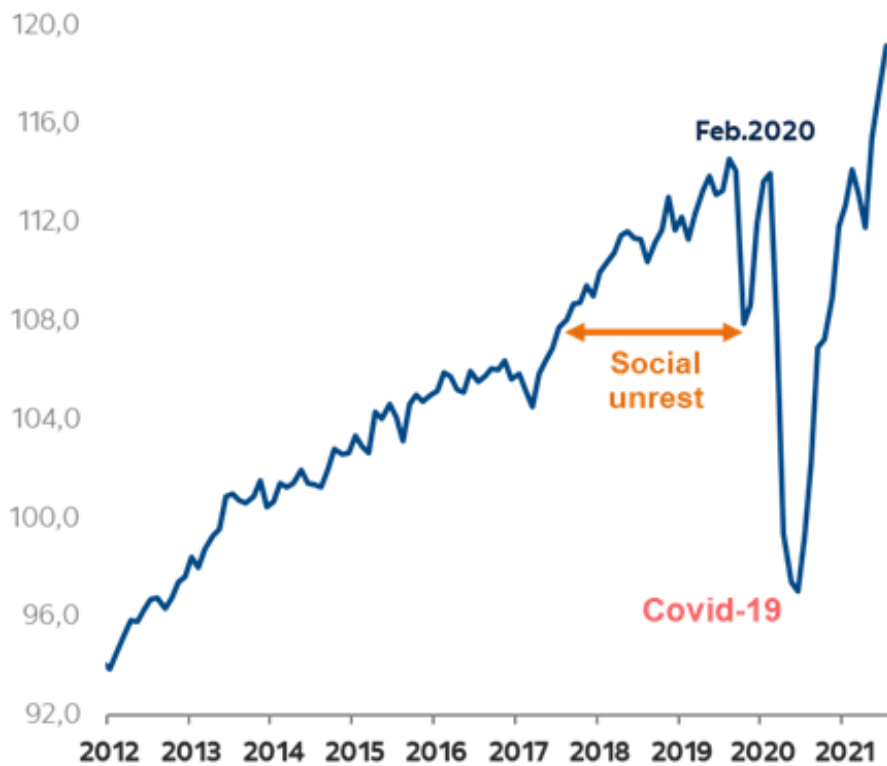
(beds and % of population by age group, up to October 11)



Imacec expanded 19.1% y/y in August (1.1% m/m). **GDP growth will reach 11.2% in 2021 and no less than 4.5% in 2022.** We estimate that Imacec expanded between 12-13% y/y in September

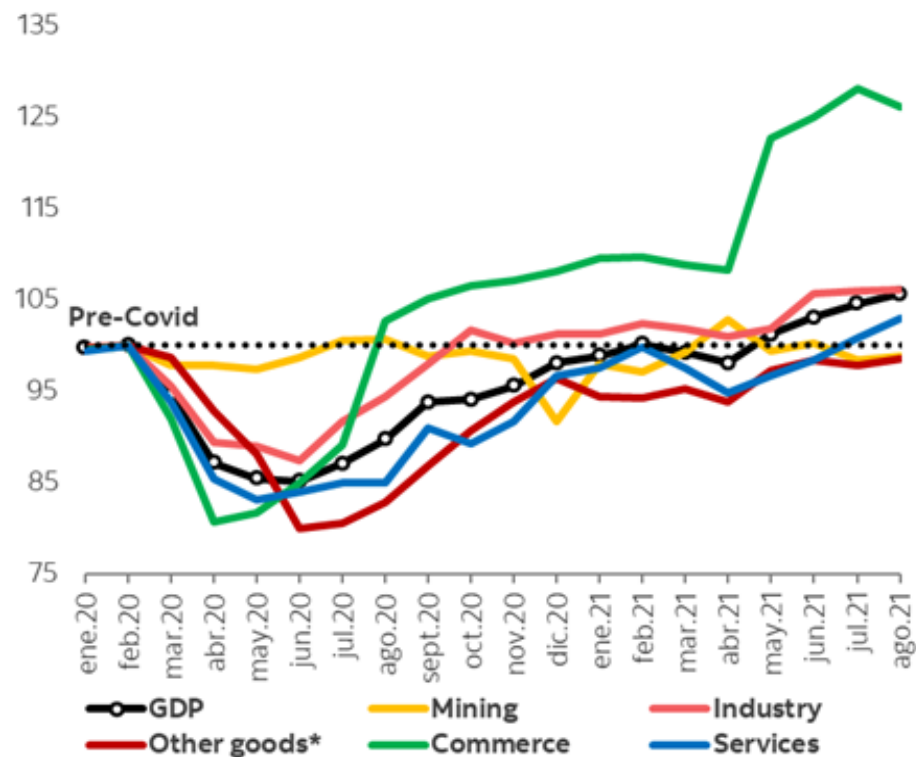
GDP level

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



GDP level by sector

(index, February 2020=100, monthly data)



**Short run forecasts:
growth of monthly GDP**

Imacec (% y/y)

July-21

18.1%

August-21

19.1%

September-21(f)

12 to 13%

Source: Central Bank, Scotiabank Economics

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