

# Tracking Covid-19: high frequency indicators

Economics & Financial Research

Updated on September 9, 2021



# Key messages

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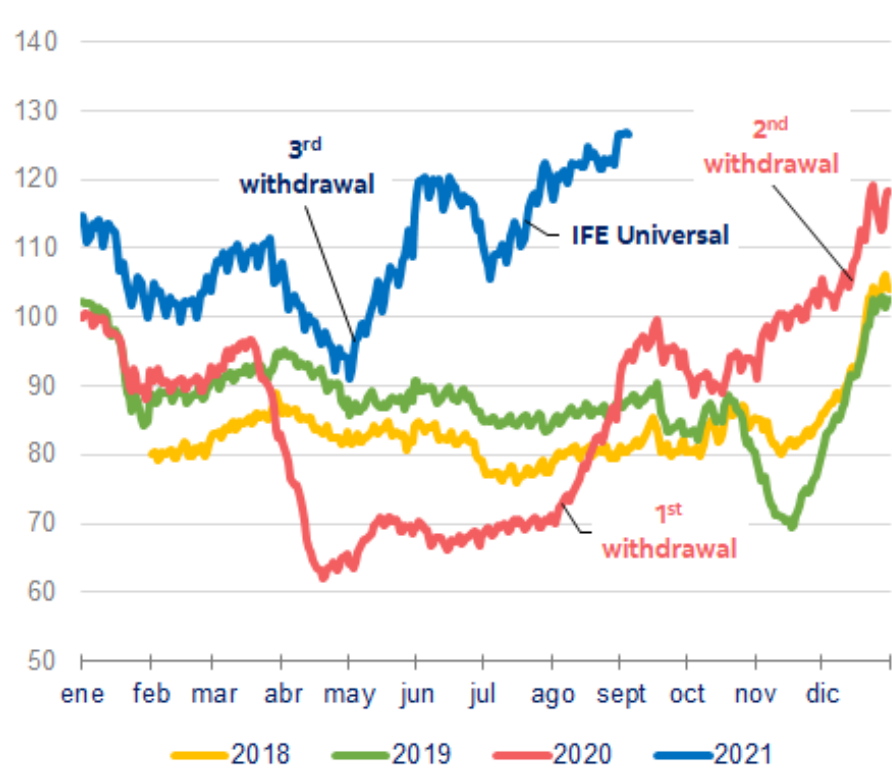
- **New upturn in purchases with credit and debit cards in August and early September, evidencing that the liquidity coming from fiscal aid and withdrawals of pension funds is being consumed intensely. Private consumption reaching new historical highs.** Department Stores continue to benefit from high liquidity while Services show some recovery due to greater mobility and reopening of the economy.
- **We forecast an increase in Retail Sales in the range of 40 to 45% y/y in August.** New car sales remained strong (37,564 units) and imports are starting to normalize.
- **Credit show more dynamism explained by commercial loans to medium and large firms.** After months of declines, consumer loans are recovering while housing loans remain solid.
- **Political gridlock on the 4th withdrawal of pension funds is affecting domestic liquidity in pesos and appetite for Chilean financial assets.** Preventive actions of the Central Bank to contain the financial impacts appear to be imminent.
- **GDP growth would reach easily 2-digits in 2021 (our point estimate is 10.7%).** The impressive recovery is not the driver of Chilean financial assets given the high political uncertainty, the lower capacity of the government to align its congressmen and complex and, for now, irrepressible public policy proposals emanating from deputies eager to be reelected. Chilean assets might be out of the radar of international investors for a while. **In our baseline scenario, we assume a new wave of covid cases at the end of this year that will affect (mildly) the recent impressive performance of the economy.** Monthly GDP (IMACEC) expanded 18.1% y/y in July (1.4% m/m) accelerating the closing of output gaps. **We estimate that IMACEC expanded in the range of 17 to 18% y/y in August.**

**Consumption remains high after three 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 Sept. 7)



**Level of purchases with credit & debit cards\***  
(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)

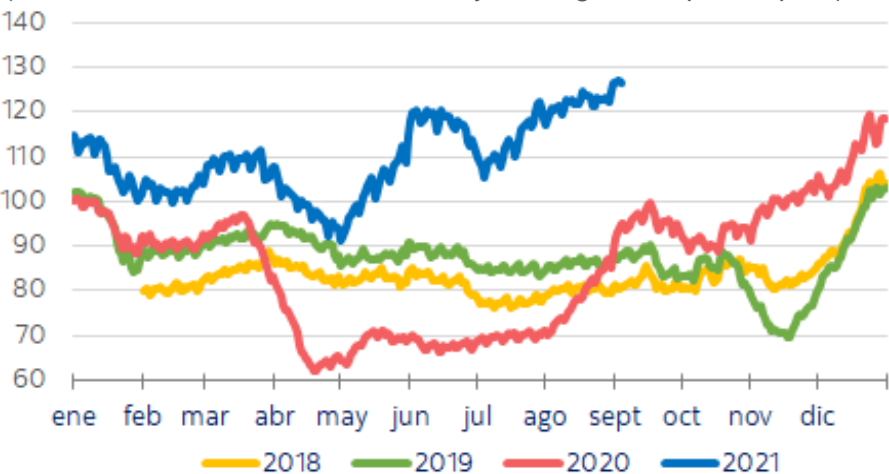


\* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.  
Source: Scotiabank Economics

# Strong performance in Department Stores and stabilization in Supermarkets

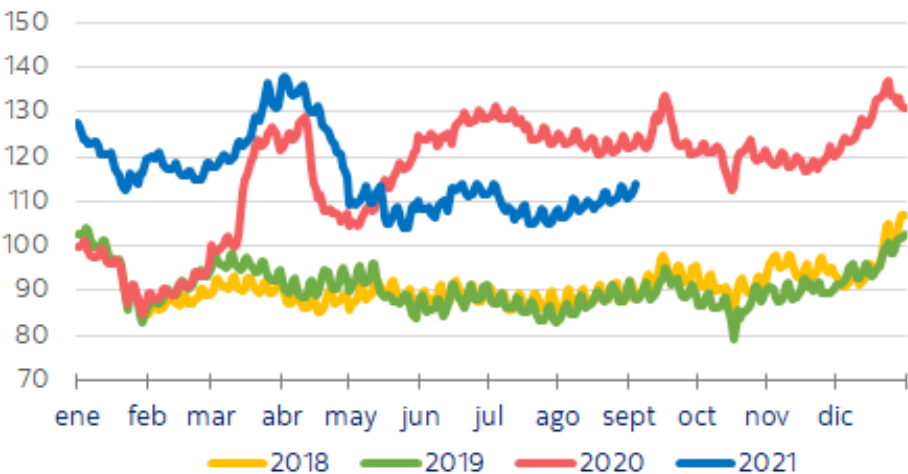
## Total purchases\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



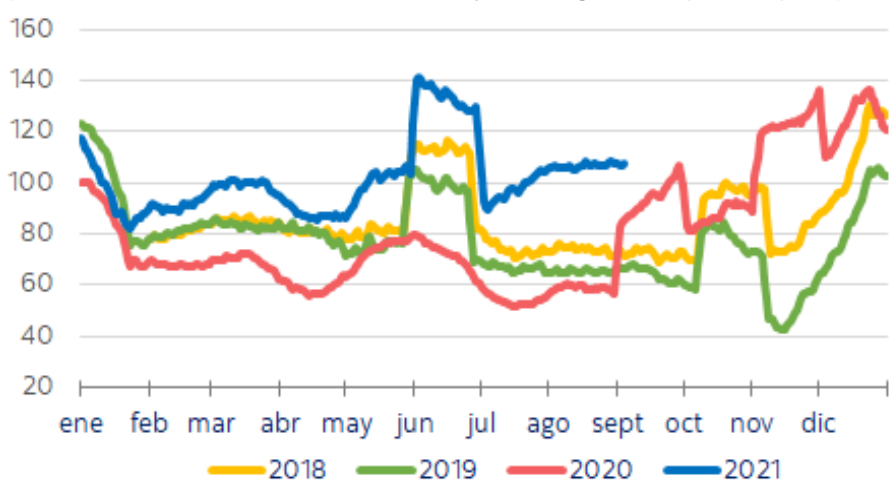
## Supermarkets\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



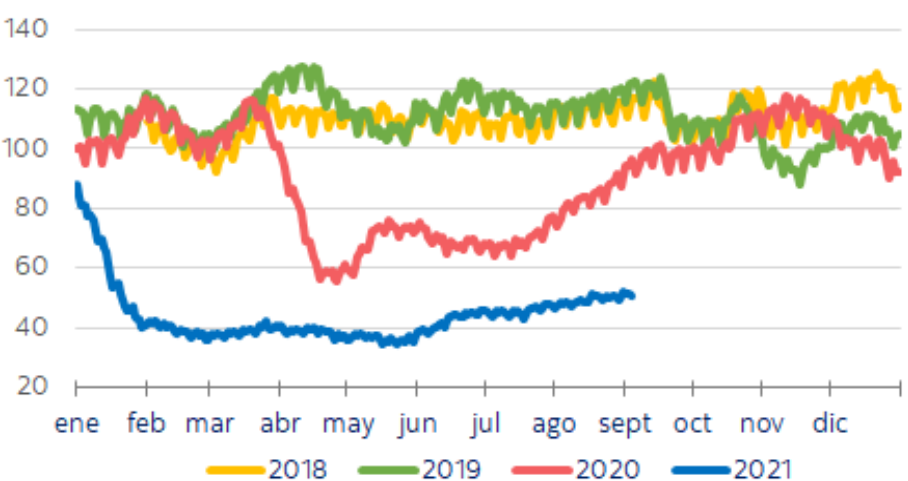
## Department stores\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



## Drugstores\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)

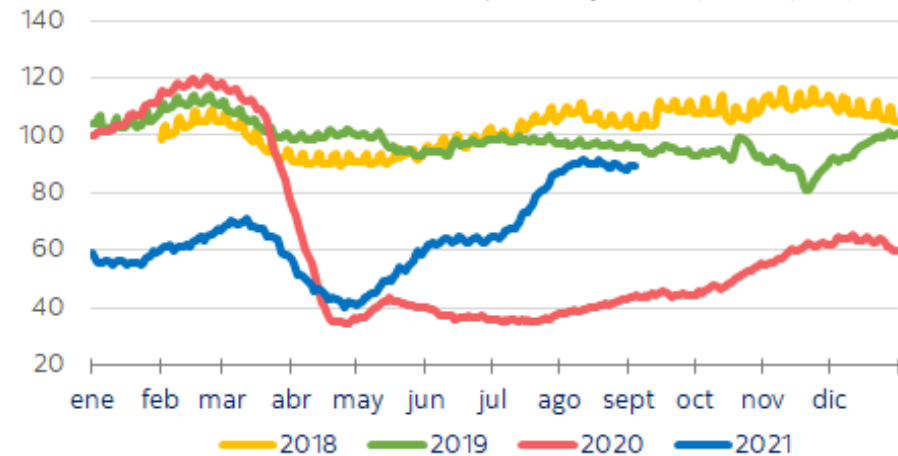


\* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.  
Source: Scotiabank Economics

# Services show greater dynamism due to high mobility and reopening

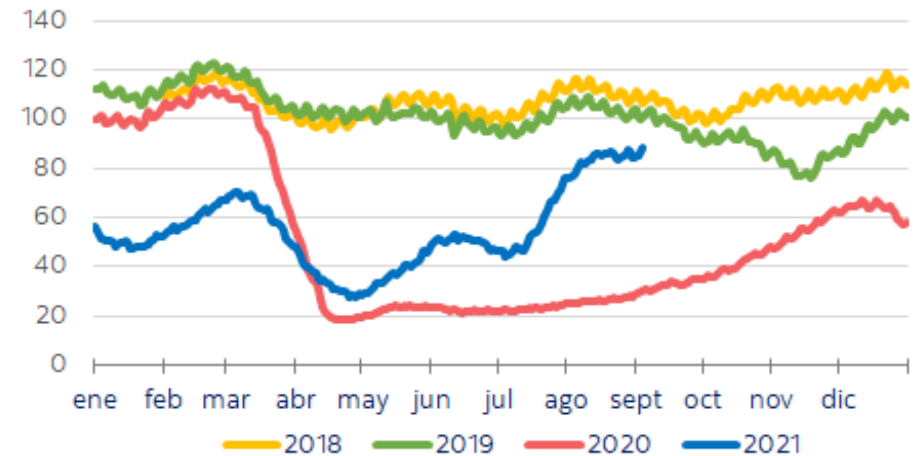
## Fuels\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



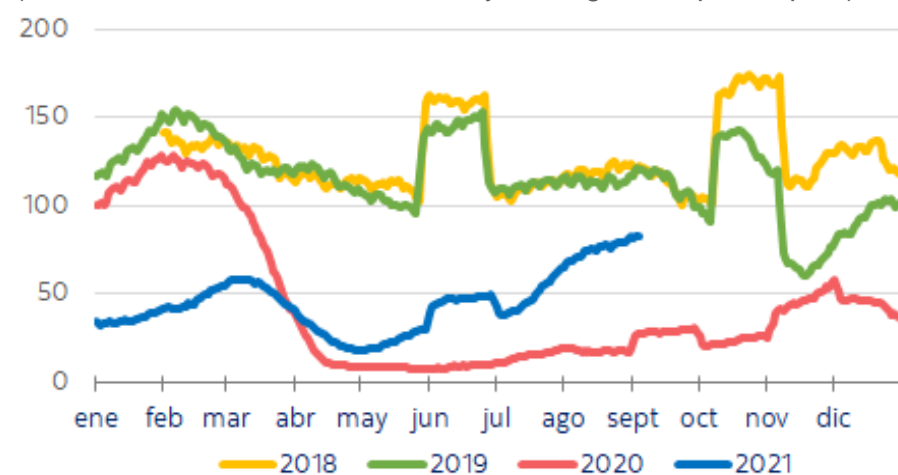
## Restaurants\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



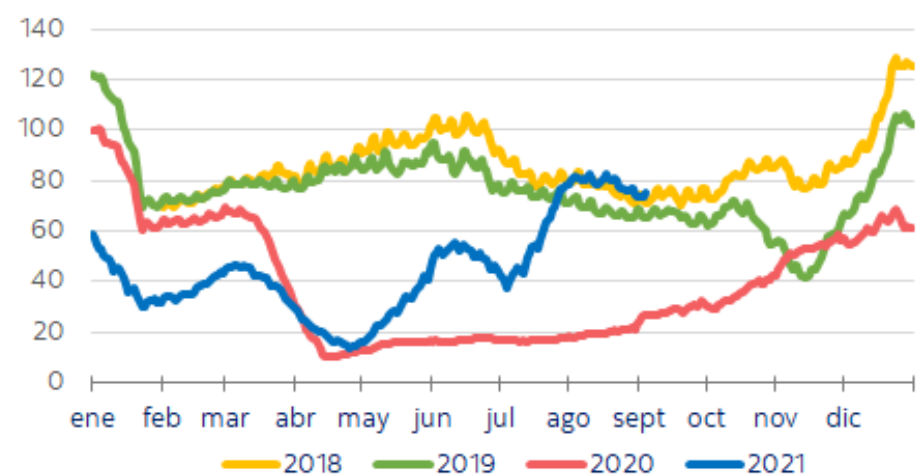
## Tourism travel\*

(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



## Clothing and footwear\*

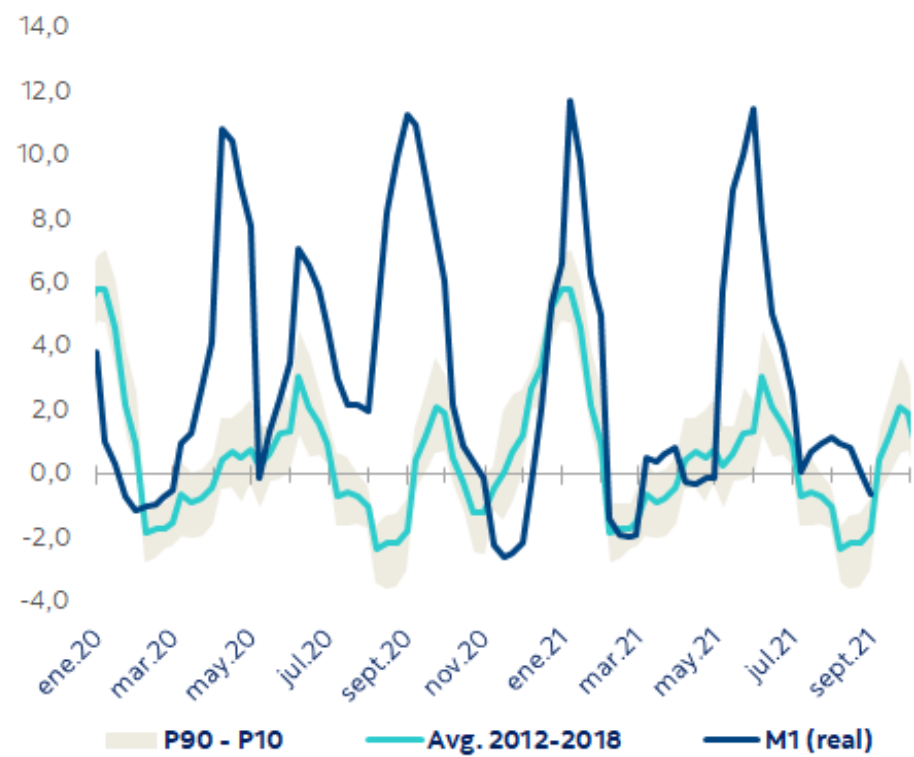
(level, index 1-Jan-2020=100, 30-day moving sum, up to Sept. 7)



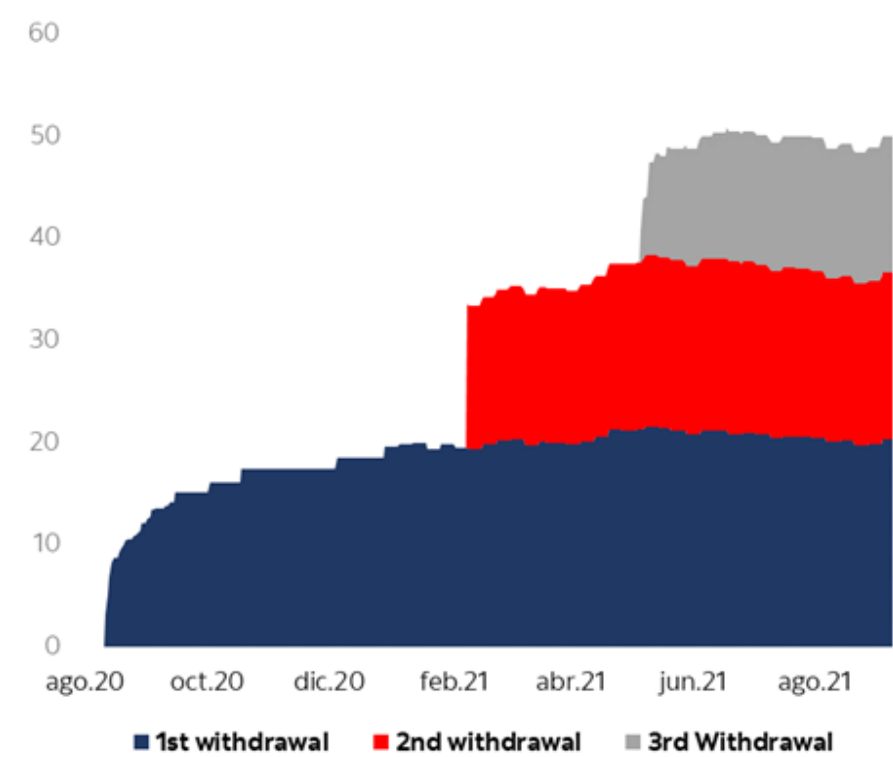
\* Data show purchases with Scotiabank's credit and debit cards. The level of purchases is shown as an inflation-adjusted index.  
Source: Scotiabank Economics

# Liquidity in peso begins to normalize rapidly

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



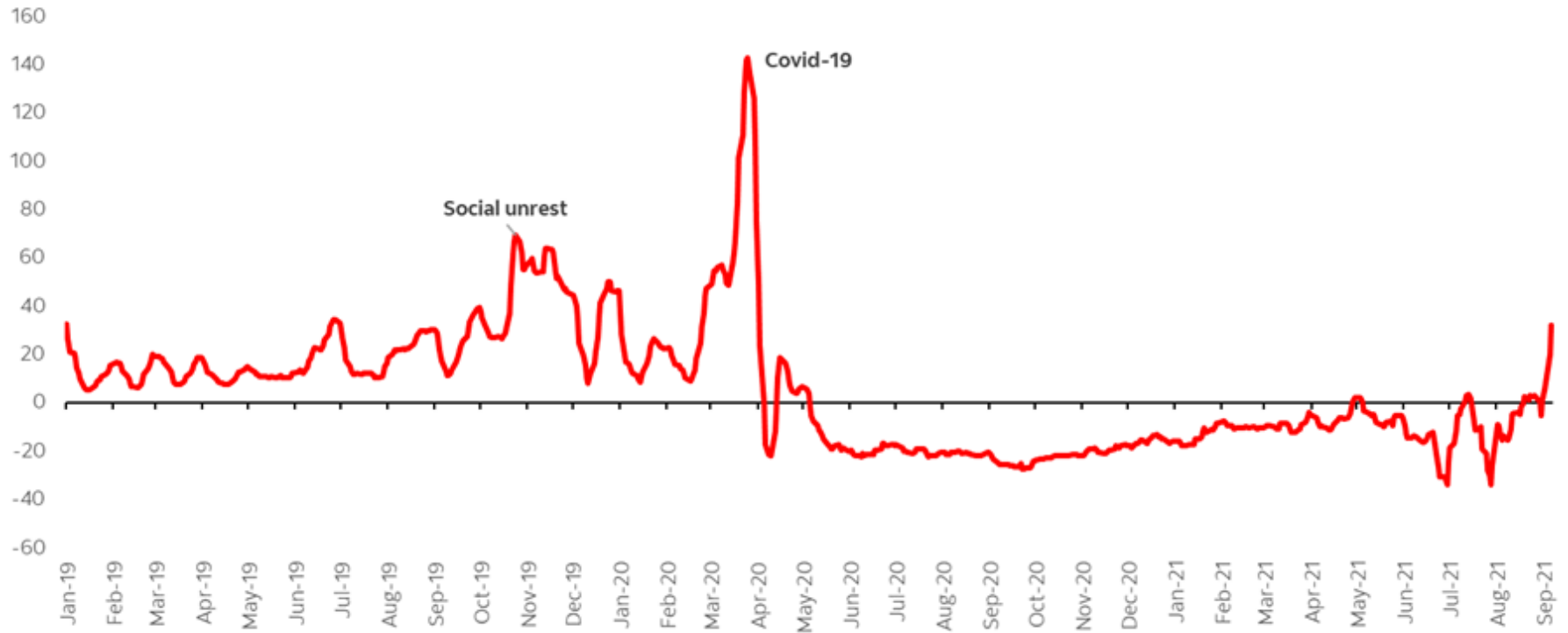
Pension fund withdrawal  
(billions of USD)



Source: Superintendencia de Pensiones, Central Bank, Scotiabank Economics

# Deposit interest rates rise. Political gridlock on the 4th withdrawal of pension funds is affecting domestic liquidity in pesos and appetite for Chilean financial assets

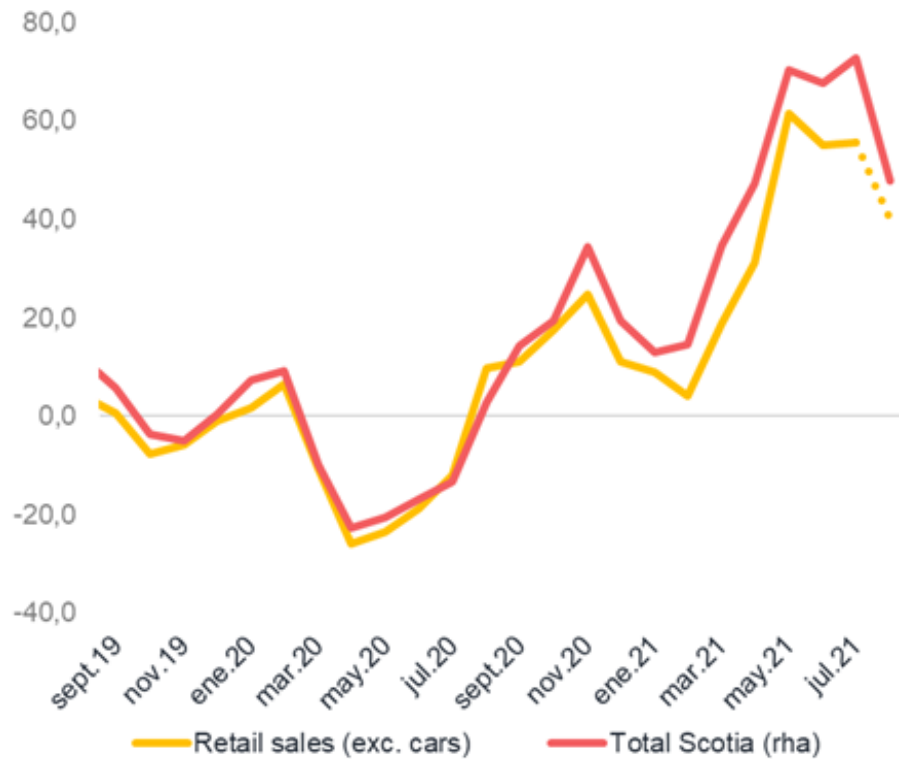
**Term deposit swap spread (3M)**  
(basis points, in CLP, 5-days moving average)



Source: Central Bank, Bloomberg, Scotiabank Economics

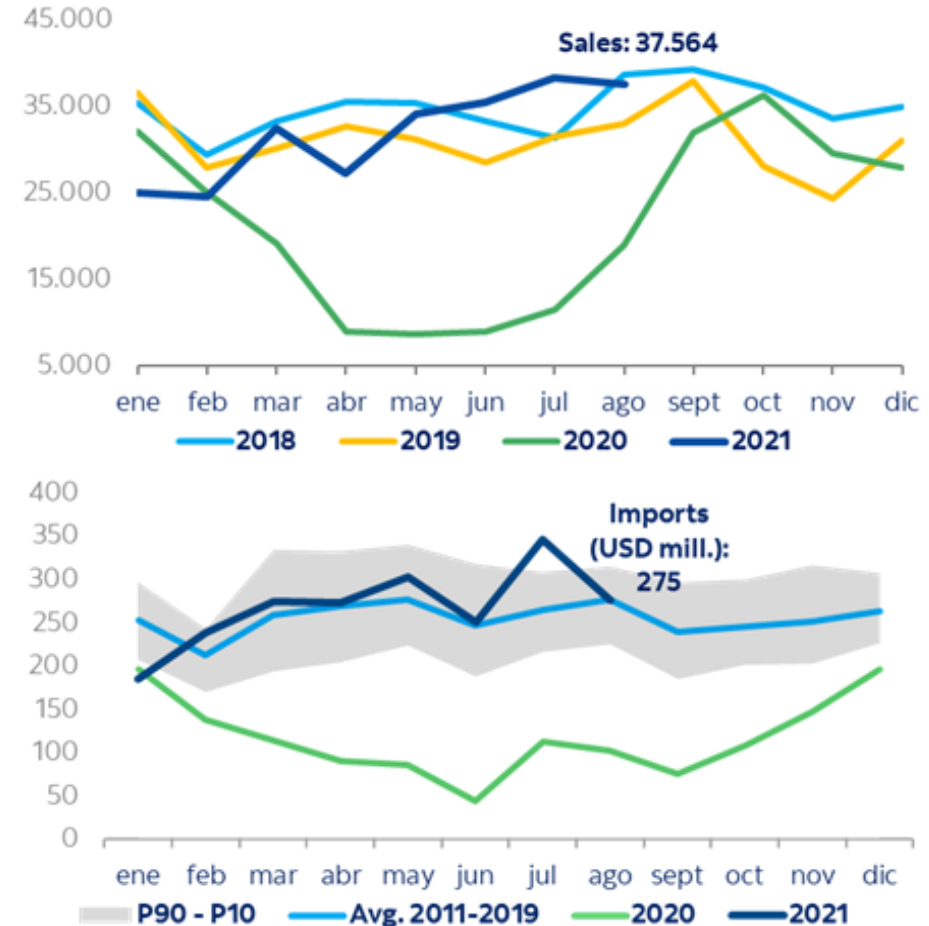
# Retail sales: we forecast an expansion in the range of 40 to 45% y/y in August. New car sales remain strong (37,564 units) and car imports show normalization

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



**New cars: sales & imports**

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



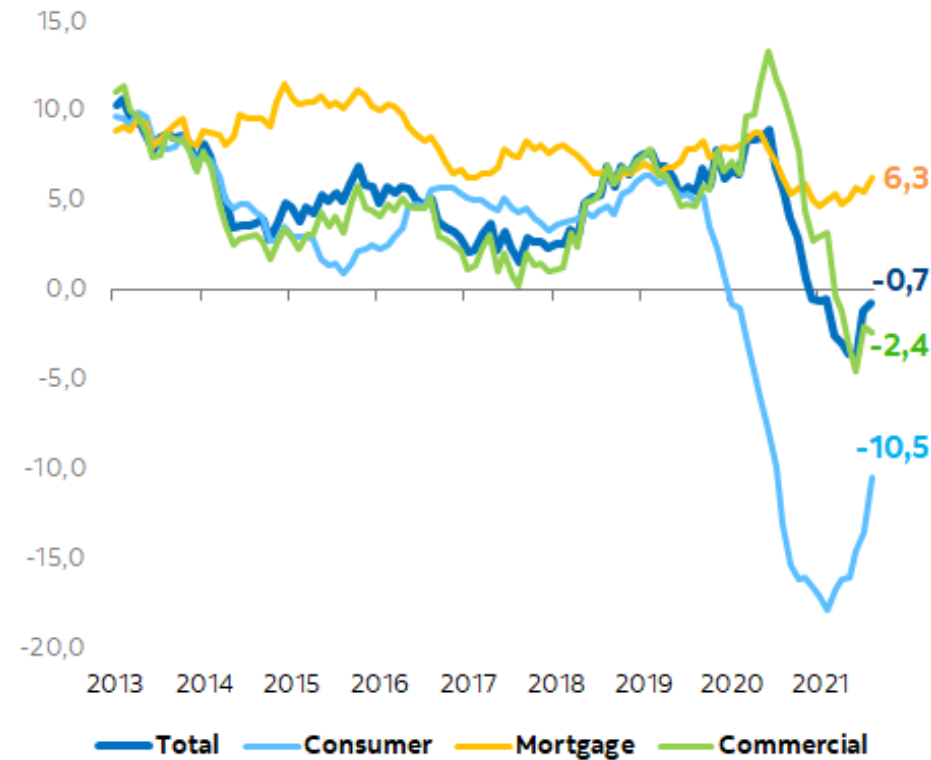
\* This figure compares the INE's monthly retail sales indicator with our data on total purchases with credit & debit cards reported in previous slides.  
Source: National Bureau of Statistics (INE), ANAC, Central Bank, Scotiabank Economics



# Total credit show more dynamism (in real terms) explained by recovery in commercial loans to medium and large firms

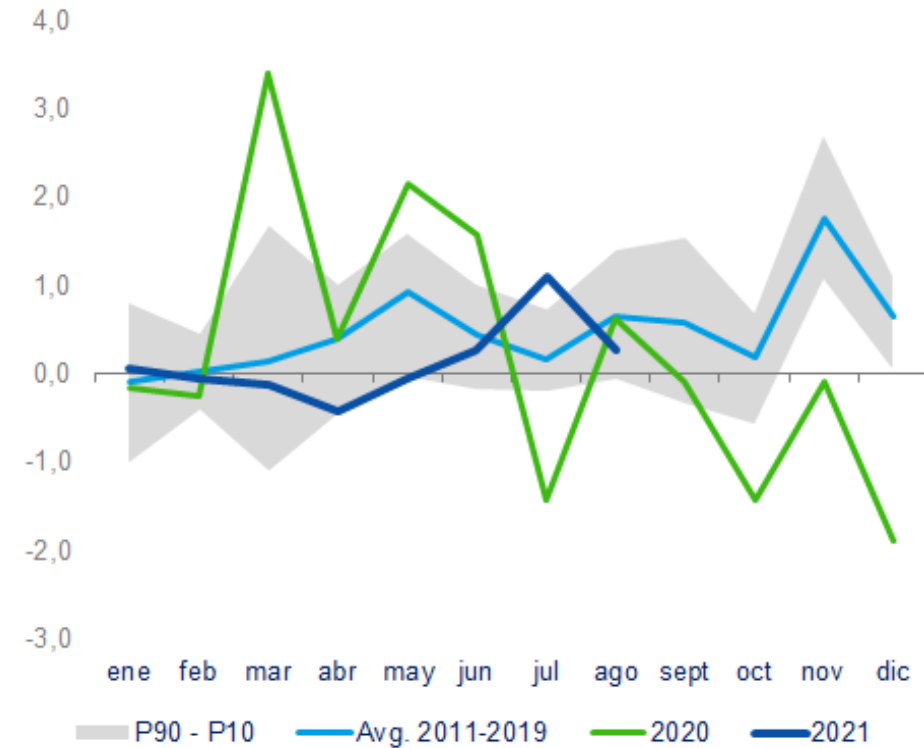
## Loans by segment

(percentage, real annual growth)



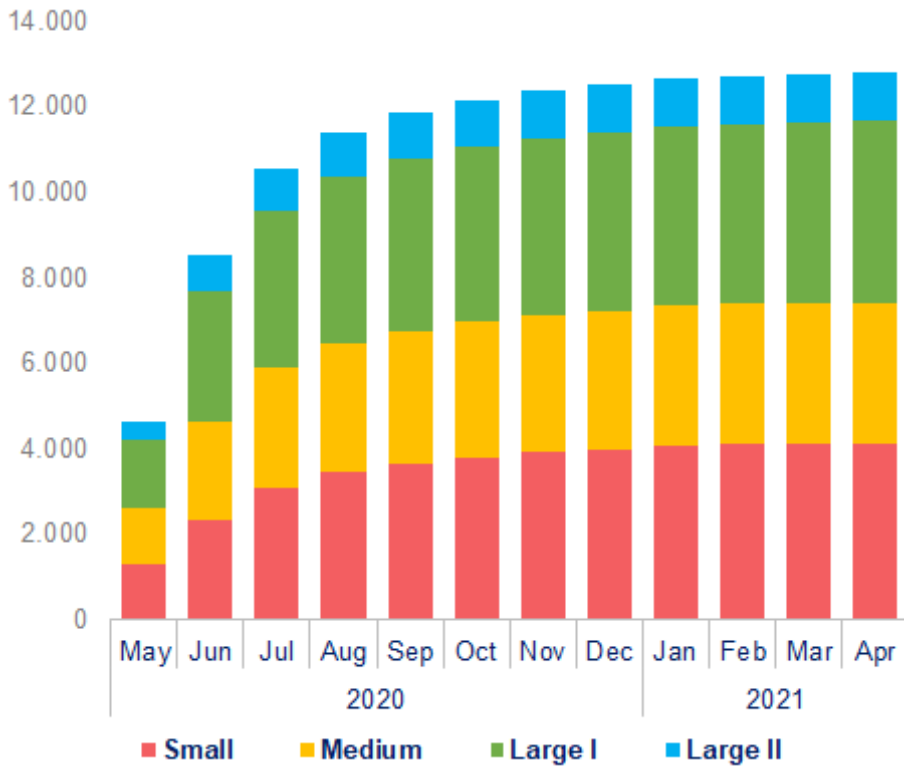
## Monthly dynamism of commercial loans

(percentage, real monthly growth)

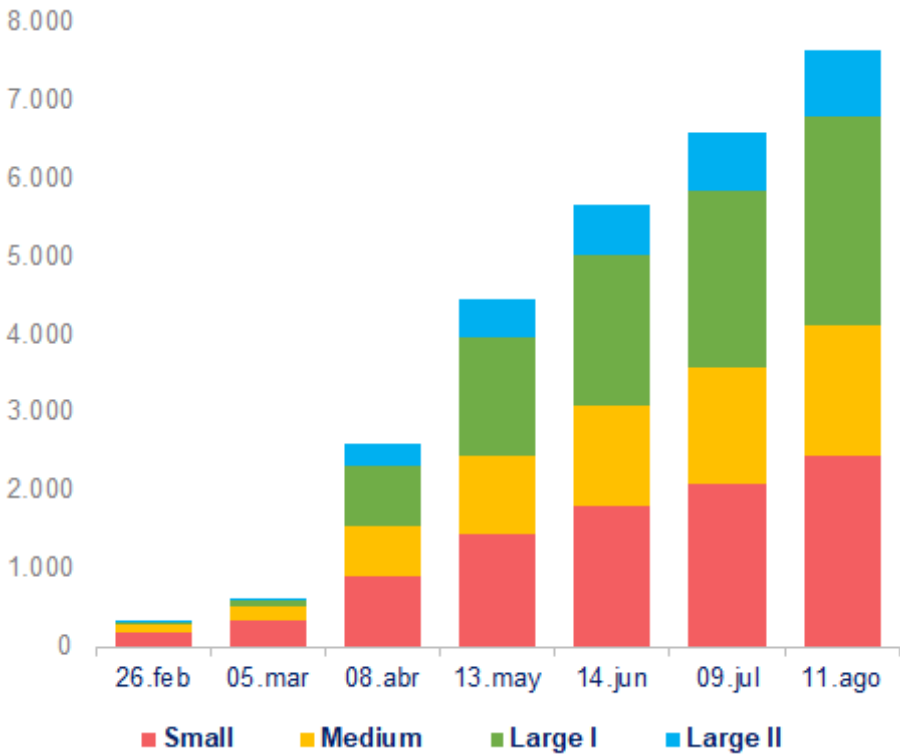


# State guaranteed Covid-19 credits (Fogape): Fogape Reactiva kept dynamism in last 3 months (increasing USD 1,000 per month)

Amount of credits: Fogape Covid  
(millions of USD)



Amount of credits: Fogape 2.0 (Reactiva)  
(millions of USD)



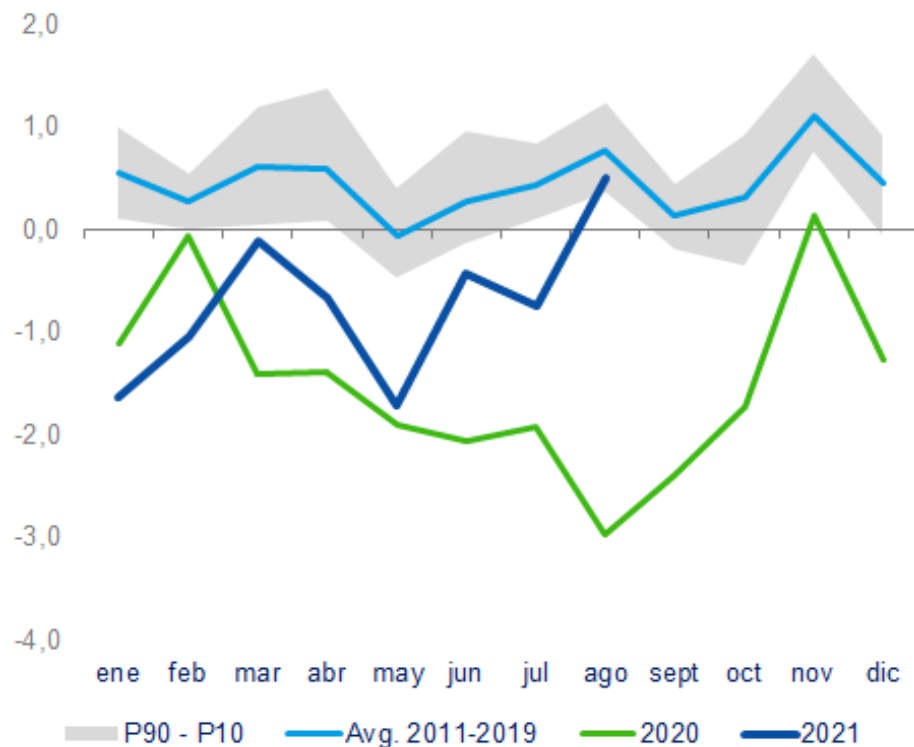
FOGAPE Reactiva	Feb.21	Mar.21	Apr.21	May.21	Jun.21	Jul.21	Aug.21
% of total commercial loans	0.2%	0.5%	2.0%	3.4%	4.2%	5.0%	5.7%

[See the complete report](#)  
Source: Ministry of Finance, CMF, Scotiabank Economics

# Consumer loans recovered after months of declines (in real terms), and mortgages showed a rebound after the high CPI of July

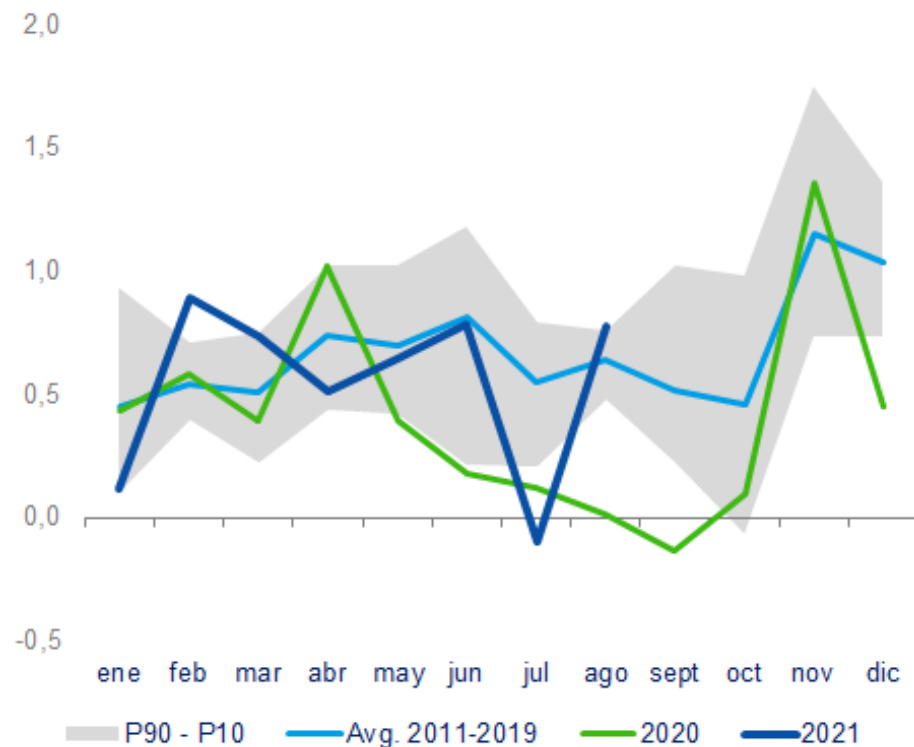
## Monthly dynamism of consumer loans

(percentage, real monthly growth)



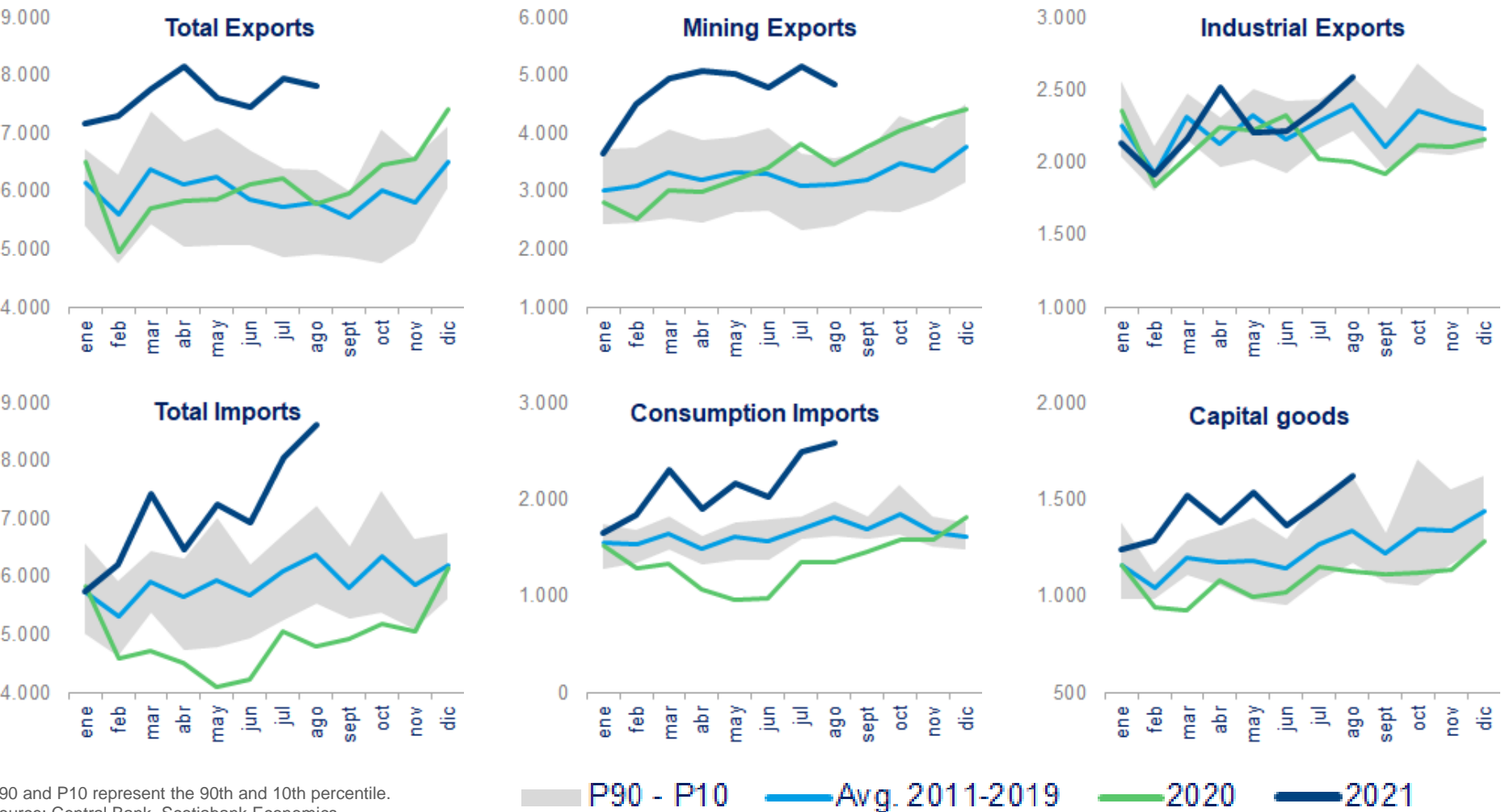
## Monthly dynamism of mortgage loans

(percentage, real monthly growth)



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

Monthly flow of Exports and Imports  
(level, USD millions per month)

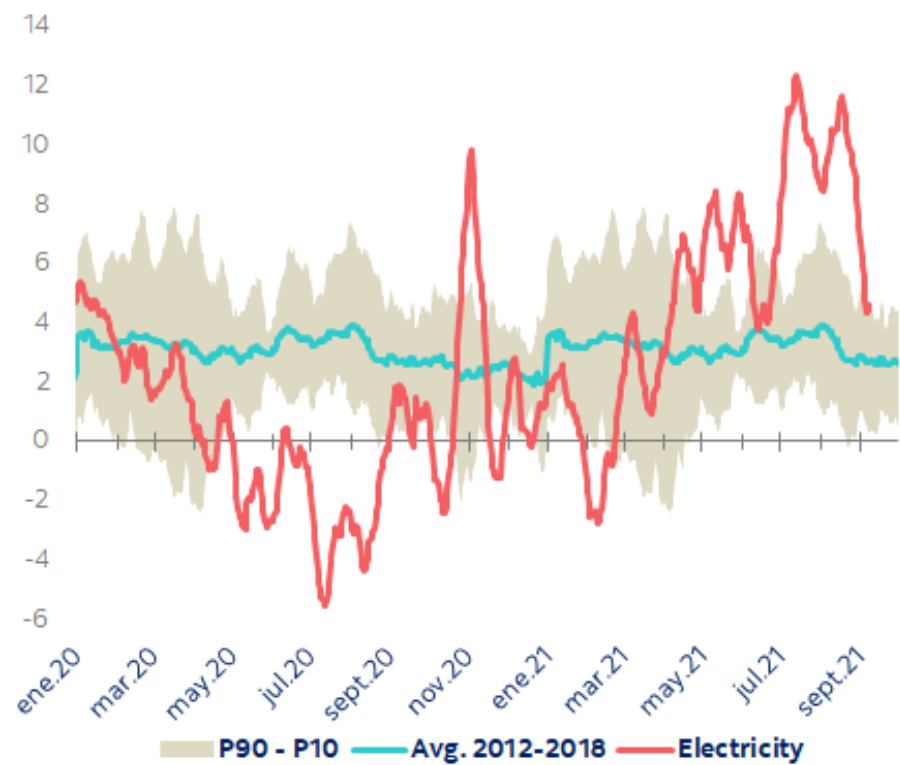


P90 and P10 represent the 90th and 10th percentile.  
Source: Central Bank, Scotiabank Economics

# Electric demand shows persistent normalization as the economy quickly adapted to sanitary restrictions. **There is no region under lockdown**

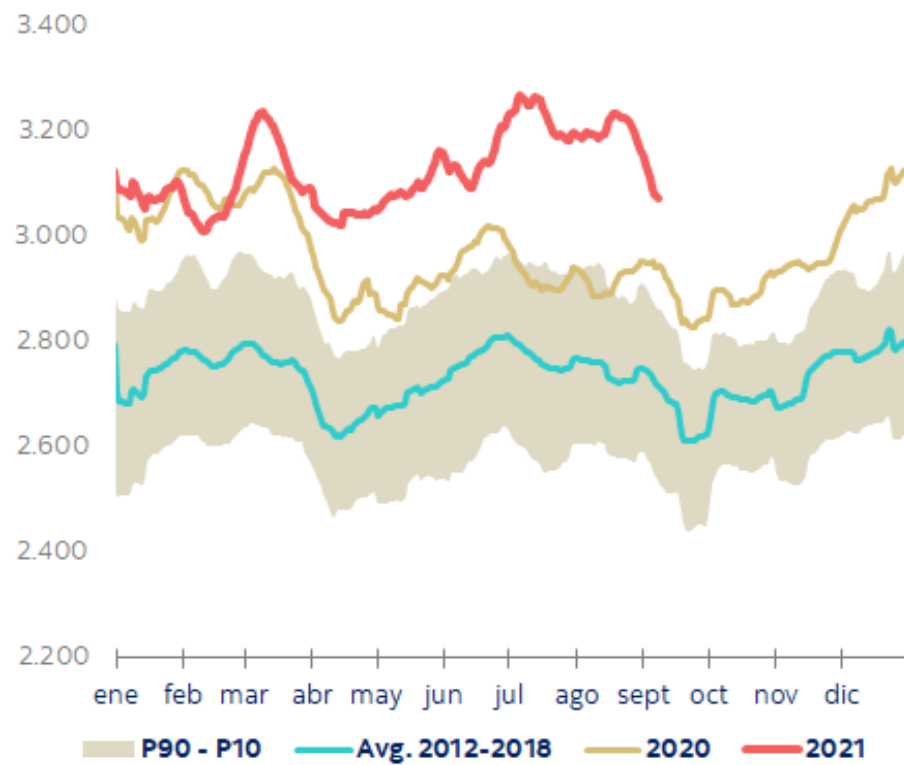
### Annual growth of electricity generation

(percentage, annual growth, 14-day accum., up to September 8)



### Level of electricity generation

(percentage, annual growth, 14-day accum., up to September 8)

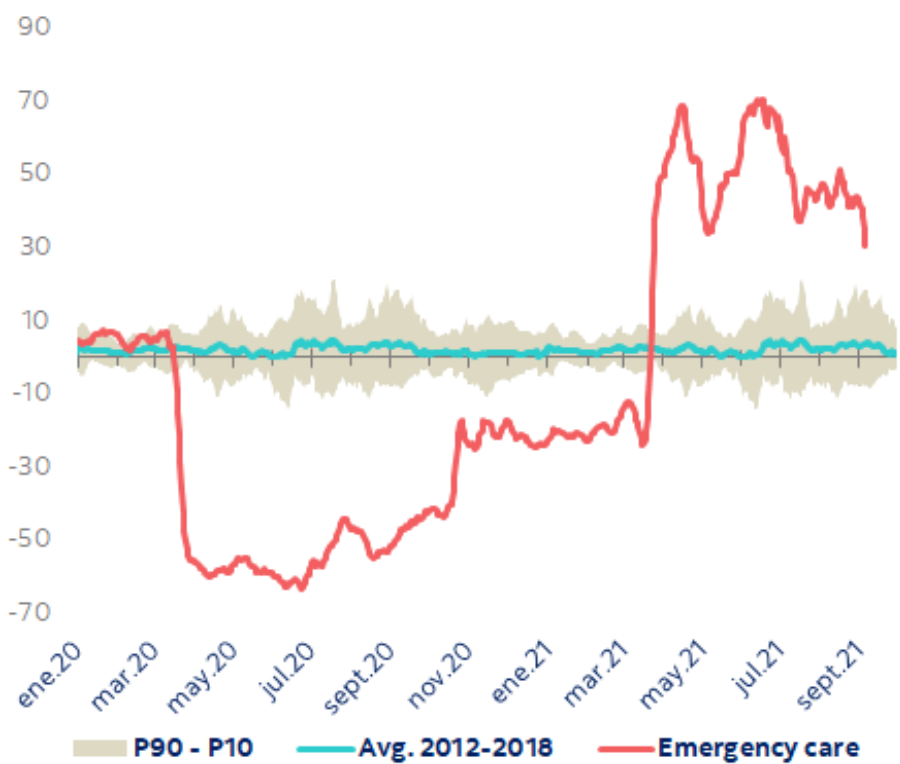


P90 and P10 represent the 90th and 10th percentile.  
Source: *Coordinador Eléctrico*, Scotiabank Economics

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

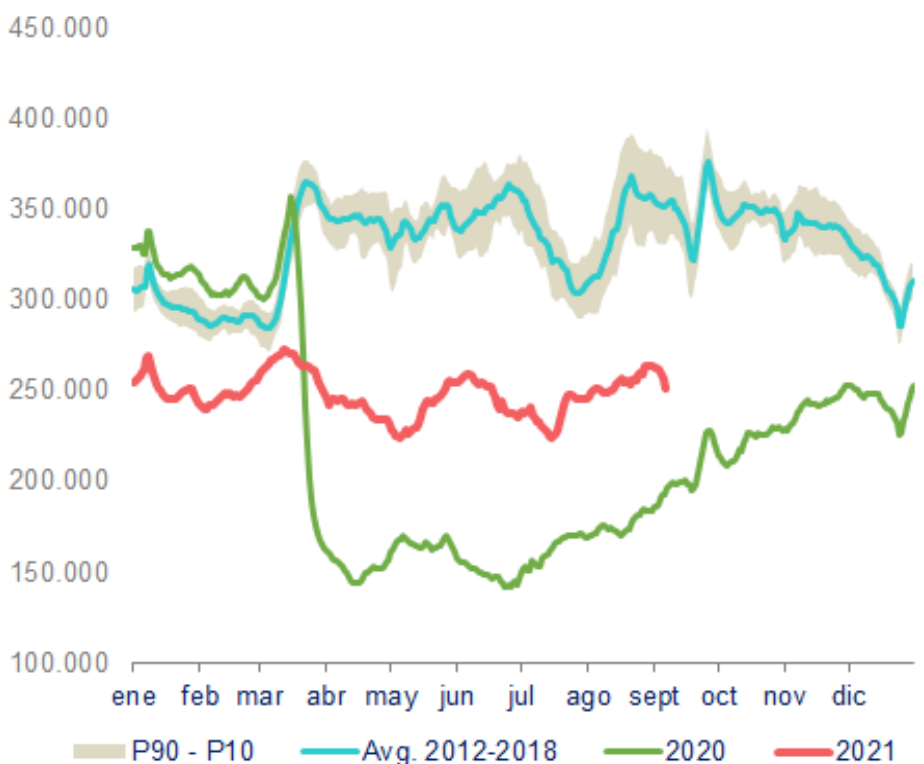
### Annual growth in Emergency Care

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



### Number of Emergency Care attentions

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

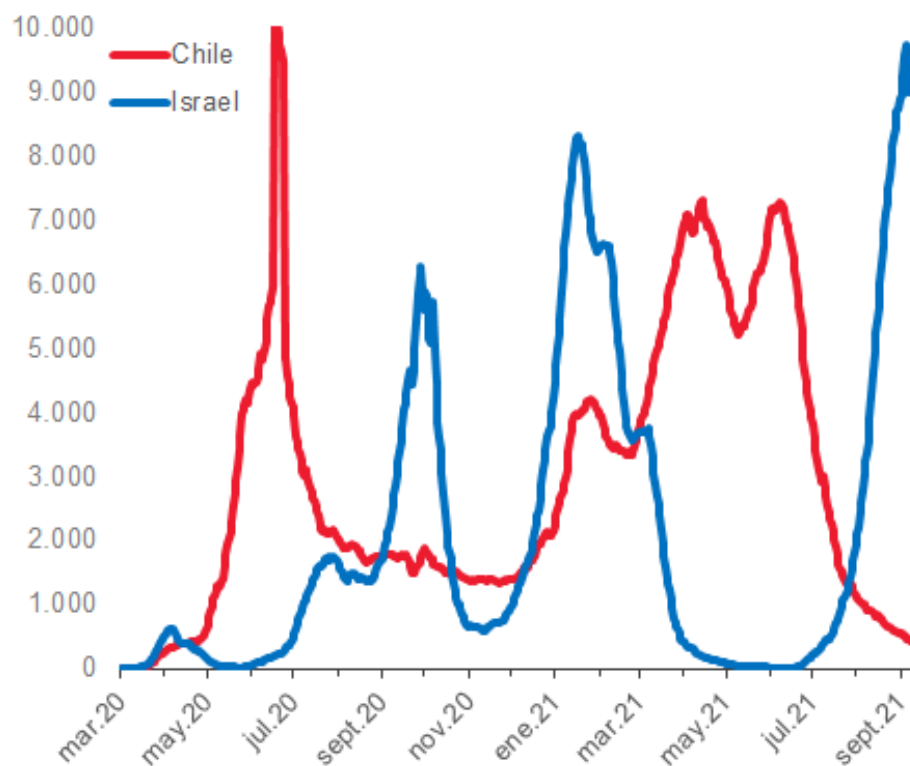


Source: Ministerio de Salud (DEIS), Scotiabank Economics

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

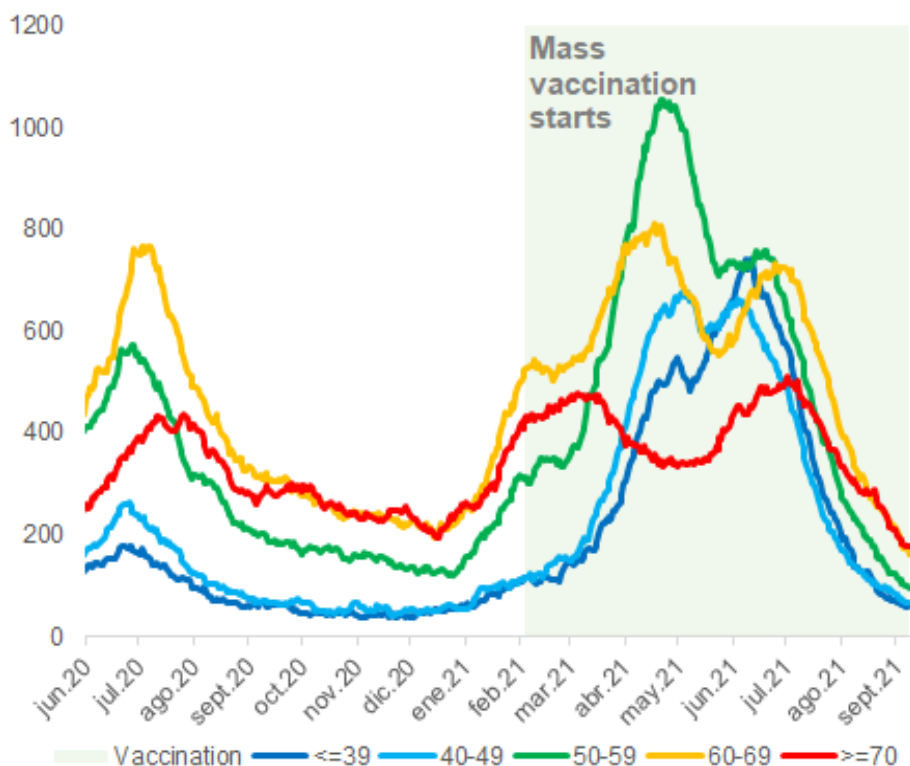
## New cases COVID-19 in Chile & Israel

(number of new cases per day, 7-day mov. avg., up to September 8)



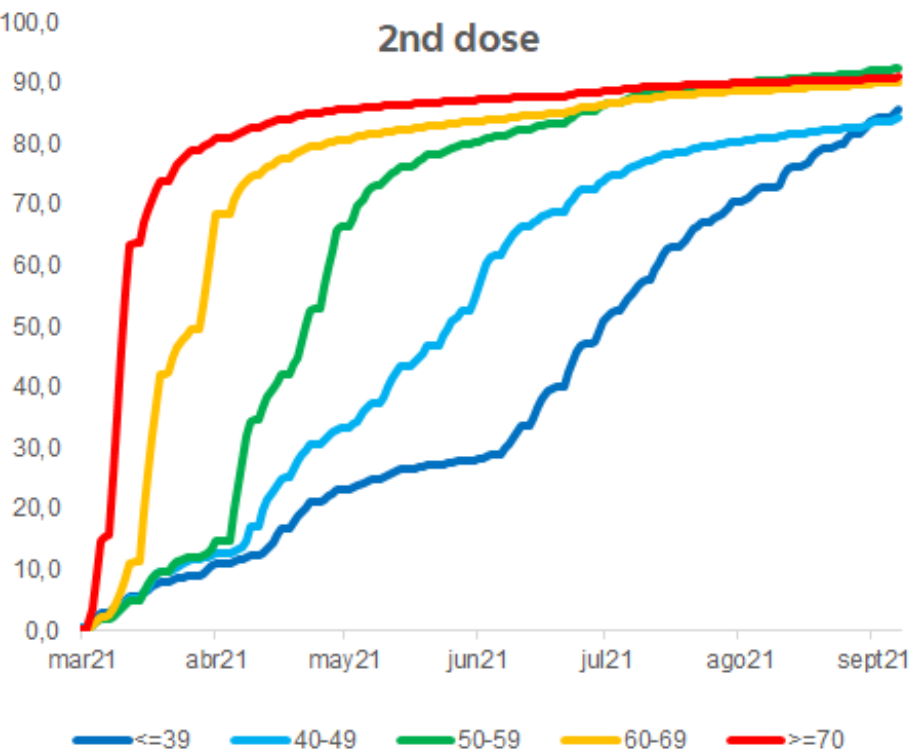
## ICU-bed occupancy

(number of beds, up to September 8)

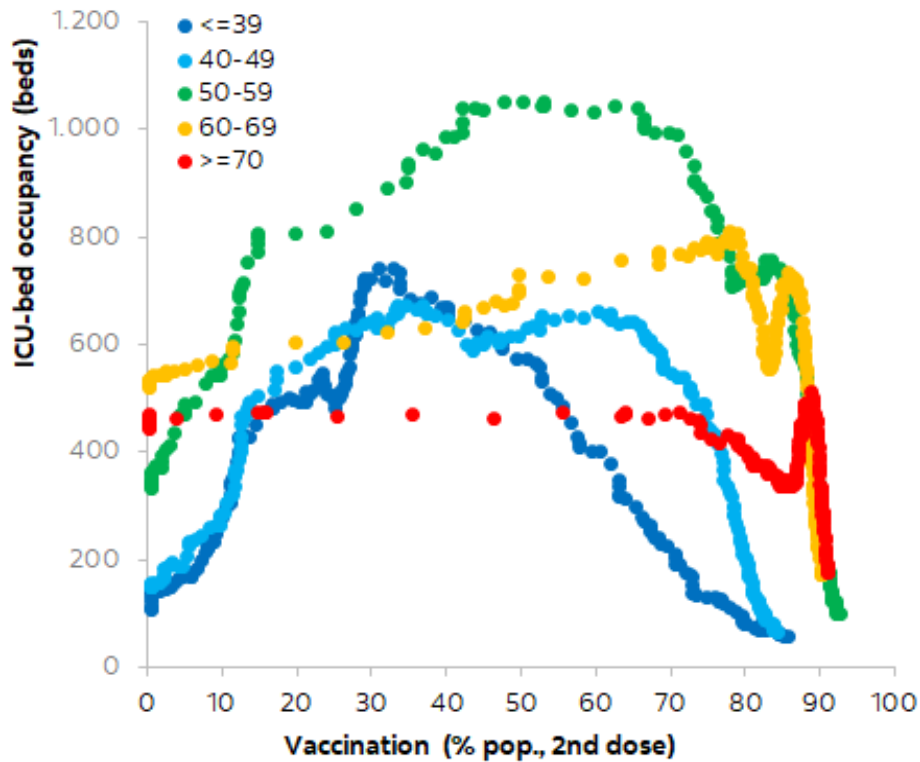


Mass vaccination started in February 2021 (70% Sinovac; 22% Pfizer). Vaccine effectiveness remains high, but decreases in the margin to avoid symptomatic cases. The application of the 3<sup>rd</sup> dose began

Vaccination by age group  
(% of each group's total population, up to September 7)



ICU-bed occupancy and vaccination by age  
(beds and % of population by age group, up to September 7)



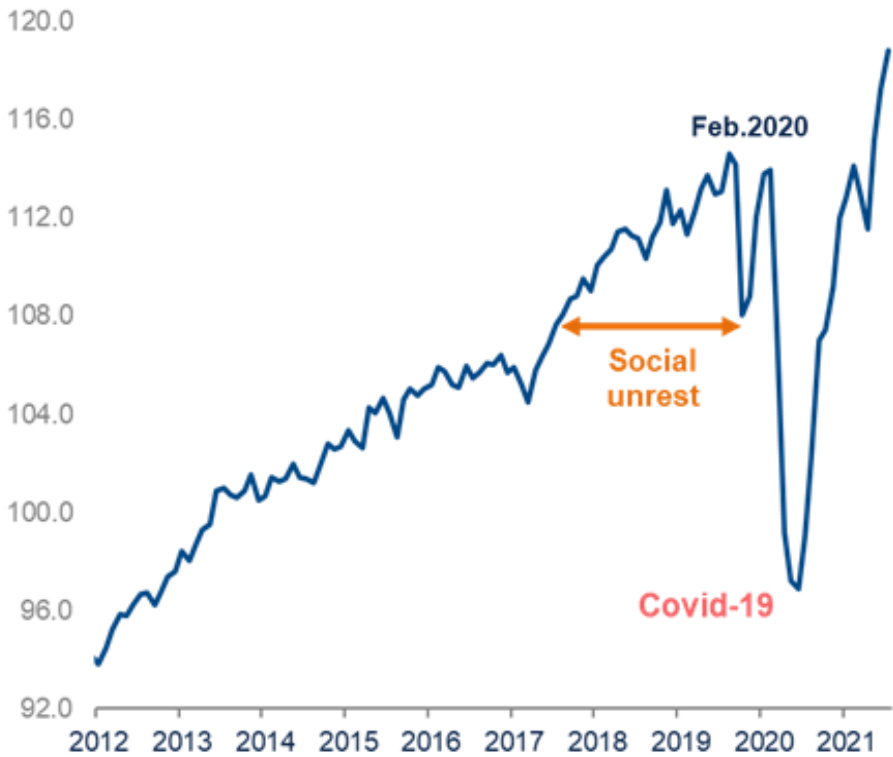
Source: Health Ministry, ICovid Report, Scotiabank Economics



GDP exceeded pre-Covid levels. Imacec expanded 18.1% y/y in July (1.4% m/m). GDP growth will reach 10.7% in 2021. **We estimate that Imacec expanded in the range of 17 to 18% y/y in August**

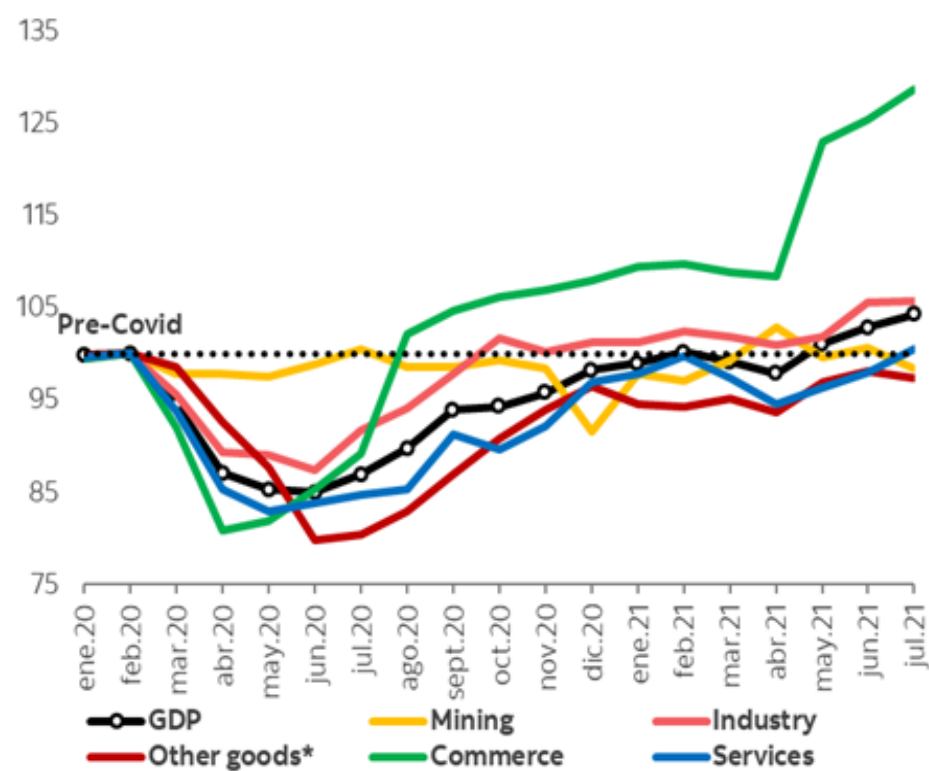
### GDP level

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



### GDP level by sector

(index, February 2020=100, monthly data)



Short run forecasts: growth of monthly GDP	June-21	July-21	August-21(f)
Imacec (% , y/y)	20.6%	18.1%	17 to 18%

Source: Central Bank, Scotiabank Economics

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