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Latam Daily: Chile GDP Update

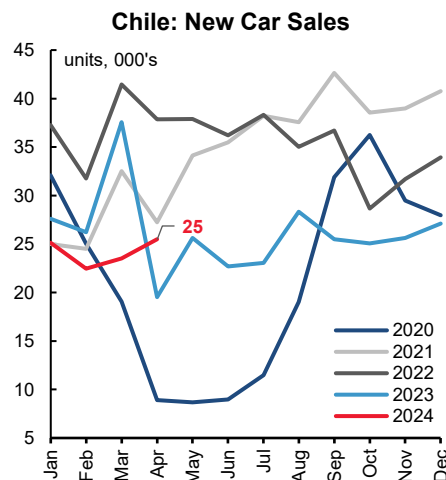
- **Chile: We project A GDP expansion between 4 and 5% y/y in April**

Preliminary data guide that private consumption would remain stable in the second quarter. According to figures from the Central Bank (BCCh), private consumption expanded 1.1% q/q in Q1-24, mainly thanks to the expansion in non-durable goods consumption (1.9% q/q), as spending on durable goods fell (-1.4% q/q). For a first look into what consumption growth could be in Q2-24, the statistical agency (INE) will publish Retail Sales for April this Friday, May 31st, for which we project an expansion of 1.0% y/y owing to growth in new car sales in contrast to zero growth in retail sales ex-autos. While new car sales have recently rebounded, they remain at historically low levels (chart 1).

Investment stabilized in Q1-24 thanks to public investment. According to the National Accounts figures from the BCCh, total investment (seasonally adjusted) remained practically stable in the first quarter, both in its machinery and equipment component and in its construction component. Key to this performance would have been the expansion of public investment in the first quarter, which grew 28% y/y (adjusted for inflation), the highest in the last ten years for a first quarter. Looking ahead, with information as of March disclosed by the Capital Goods Corporation (CBC), their projections for investment in 2024 rose by 12.6% (+USD 1.5bn) compared to their estimates three months prior, mainly thanks to the largest investment push made in the energy sector (start of a new project), followed by mining due to greater investments in operational continuity, and public works thanks to the investment in Metro Line 9. Despite this, investment in 2024 is still expected to total less than last year (chart 2). This is why we maintain our projection of zero expansion in total investment for 2024.

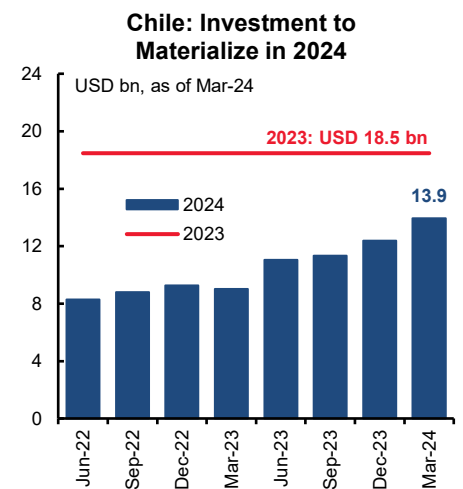
All in all, we anticipate a GDP expansion between 4 and 5% y/y in April owing to the positive contribution of the three additional working days compared to the previous year, which would have mainly benefited industry and mining. The above is compatible with our GDP growth projection of 3% for this year.

Chart 1



Sources: Scotiabank Economics, ANAC.

Chart 2



Sources: Scotiabank Economics, CBC.

—Aníbal Alarcón

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