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Latam Daily: Chile's Foreign Bond; Colombia's Exports; Peru's Housing Market

- **Chile:** USD 2 bn bond completes total foreign currency issues planned for 2022
- **Colombia:** Exports surge in January on positive price effect
- **Peru:** Lima home sales soften in January on higher prices and lower supply

CHILE: USD 2 BN BOND COMPLETES TOTAL FOREIGN CURRENCY ISSUES PLANNED FOR 2022

On Wednesday, March 2, the Ministry of Finance (MoF) [reported](#) issuing Treasury bonds in international markets totaling USD 2 bn, as part of the government's 2022 financing plan. The plan contemplates bond issues of USD 20 bn within the debt limit authorized by the 2022 Budget Law, of which USD 6 bn corresponds to foreign currency offerings.

The latest offering completes planned foreign currency issuances for 2022. It was heavily over-subscribed, with a total demand of USD 8.1 bn, 4.1 times the allocated amount. The yield was 4.346% (spread of 200 bps over the US Treasury rate).

The MoF also announced the injection of USD 4 bn to the Economic and Social Stabilization Fund (FEES) in January using the resources from previous offerings. We do not rule out that this new USD 2 bn issuance could be allocated to the FEES.

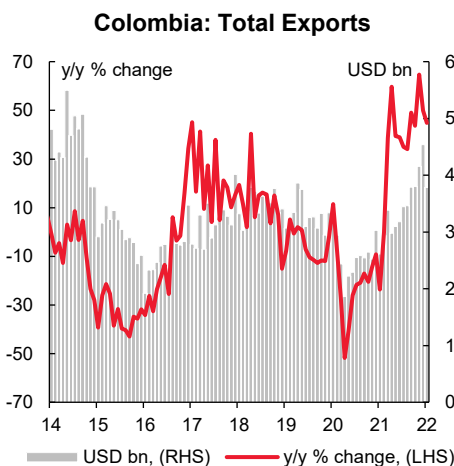
—Anibal Alarcón

COLOMBIA: EXPORTS SURGE IN JANUARY ON POSITIVE PRICE EFFECT

Data released by the DANE statistical agency on Thursday, March 3, show monthly exports at USD 3.78 bn in January, up 44.8% y/y and well above the pre-pandemic 2019 average of USD 3.3 bn (chart 1). Export growth was driven by traditional commodity exports; on the non-traditional side, the main impulse came from chemical products and gold.

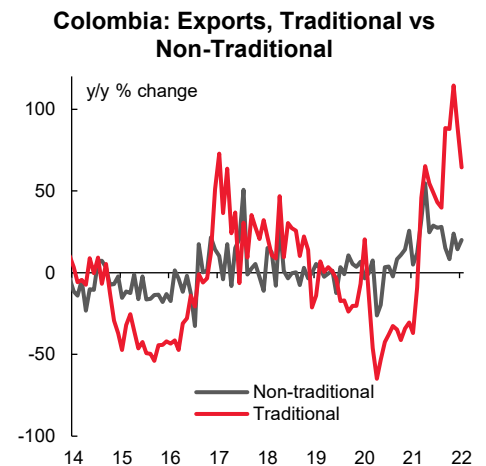
Traditional commodity exports were up 64.3% y/y in January 2022 (chart 2), showing a strong contribution from coal exports, which expanded by 72% y/y, an increase explained by prices since exported volumes contracted by 0.9% y/y. The same phenomenon was observed in the case of oil exports, which increased by 63.3% y/y but contracted 11.6% y/y in terms of volumes. Coffee exports also contributed positively with a 29.1% expansion, but again showed lower volumes (-1.8% y/y). January's results contrast to 2021, when traditional commodity exports decreased by 7.5%.

Chart 1



Sources: Scotiabank Economics, DANE.

Chart 2



Sources: Scotiabank Economics, DANE.

The value of non-traditional exports was USD 1.38 bn in January, an increase of 20.0% y/y (chart 2 again). Manufacturing exports drove the overall advance, with an expansion of 25.3% y/y, on the back of diverse manufacturing goods (+32.3% y/y) and chemical products (a 27.0% y/y rise). However, in this month, we also saw a strong contribution from non-monetary gold (+65.5% y/y).

All in all, exports started 2022 with still strong gains, showing positive contributions from the increase in commodities prices. In this regard, mining sector production remains a key factor in the external deficit. And the current environment of high commodity prices due to the conflict between Russia and Ukraine will boost traditional exports. At the same time, the MoF's assumption of an average price for Brent crude oil of USD 70 per barrel in 2022 is well below the current price. A scenario in which current prices are sustained would not only generate a potential reduction on the trade deficit but also increase government revenues.

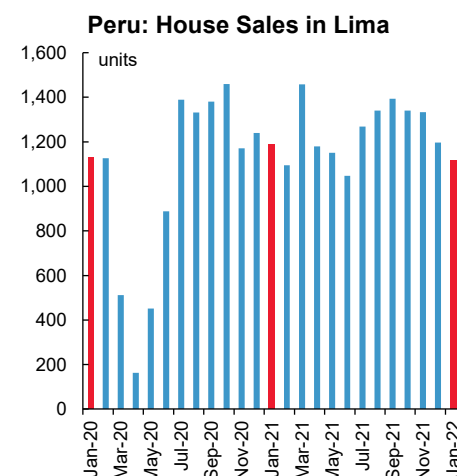
—Sergio Olarte & Jackeline Piraján

PERU: LIMA HOME SALES SOFTEN IN JANUARY ON HIGHER PRICES AND LOWER SUPPLY

Home sales in Lima, the country's key market, were down 5.4% y/y and 6.9% m/m in January (chart 3), according to the local Real Estate Association (Asociación de Empresas Inmobiliarias del Perú, ASEI). This outcome was below our expectations, and was the fourth consecutive month in which homes sales have declined. Although it is tempting to say that low demand is the cause of declining home sales, this is not so clear. Home prices priced in PEN rose 11.9% y/y (0.5% m/m) in January (chart 4). There may be a number of reasons for this rise in prices, but lower demand is not one of them. Construction materials prices have increased significantly, especially imported components. In addition, the year-on-year increase in prices largely reflected the PEN depreciation, as home sales tend to be priced in USD. Even the 0.5% increase in prices in January, when the PEN appreciated, may reflect a delayed effect from December. Lower supply apparently was a factor, as well. Houses on offer in Lima were down 6.2% y/y (-1.0% m/m) in January, as investment in real estate projects under development has softened in recent months, perhaps linked to higher construction costs, but probably mostly due to political turbulence. Our estimate of home sales growth for 2022 is 1%, under the assumption that demand will remain in future months.

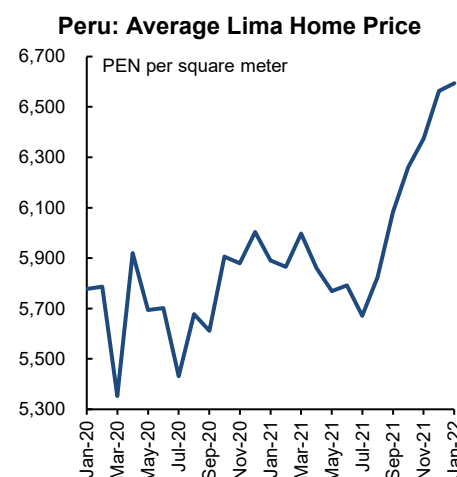
—Guillermo Arbe & Carlos Asmat

Chart 3



Sources: Scotiabank Economics, ASEI.

Chart 4



Sources: Scotiabank Economics, ASEI.

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