

Contributors

**Juan Manuel Herrera**  
Senior Economist/Strategist  
Scotiabank GBM  
+44.207.826.5654  
[juanmanuel.herrera@scotiabank.com](mailto:juanmanuel.herrera@scotiabank.com)

**Guillermo Arbe**, Head Economist, Peru  
+51.1.211.6052 (Peru)  
[guillermo.arbe@scotiabank.com.pe](mailto:guillermo.arbe@scotiabank.com.pe)

**Sergio Olarte**, Head Economist, Colombia  
+57.601.745.6300 Ext. 9166 (Colombia)  
[sergio.olarte@scotiabankcolpatria.com](mailto:sergio.olarte@scotiabankcolpatria.com)

**Jorge Selaive**, Head Economist, Chile  
+56.2.2619.5435 (Chile)  
[jorge.selaive@scotiabank.cl](mailto:jorge.selaive@scotiabank.cl)

**Eduardo Suárez**, VP, Latin America Economics  
+52.55.9179.5174 (Mexico)  
[esuarezm@scotiabank.com.mx](mailto:esuarezm@scotiabank.com.mx)

TODAY'S CONTRIBUTORS:

**Aníbal Alarcón**, Senior Economist  
+56.2.2619.5465 (Chile)  
[anibal.alarcon@scotiabank.cl](mailto:anibal.alarcon@scotiabank.cl)

# Latam Daily: Quiet Latam; Poor Breadth in Chile GDP Expansion

## Chile: GDP grew 0.3% q/q in Q3-23 thanks to electricity sector

Asia and Europe hours have had no major data or headlines of note, just some mixed BoE opinions, while markets extend the curve's bull flattening since the start of the month ahead of another relatively quiet day in the G10 and Latam. Canada's CPI release and fall economic/fiscal update are the G10 highlights, accompanied by US Philly Fed Non-Mfg activity and existing home sales data. The Fed publishes the minutes to its latest decision at 14ET, which may be a bit stale, predating the latest encouraging CPI (and jobs) data; the focus should be on how they see risks around their dots forecasts that show one more hike this year (i.e., Dec meeting, priced at 2bps).

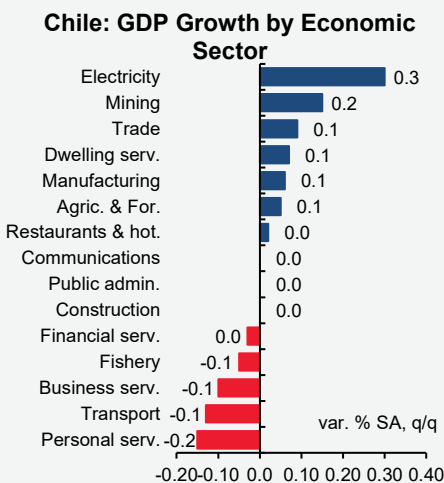
SPX futures and ESX are flat to marginally weaker, better than the FTSE's 0.5% decline. Crude oil is falling in European trading, tracking a 0.5% drop that undoes about half of Monday's rise, while iron ore tracks a 1.7% gain (again on China developer support headlines) and copper trades roughly unchanged. The global rates long-end is outperforming following successful 20yr auctions in the US and Japan on Monday and overnight. The USD is having another bad day, weakening against all major currencies where the JPY stands out once again thanks to a 0.5% rally that has it testing the mid 147 zone; the CNH is also up 0.4% as Asia FX fights back.

The MXN is simply adding a 0.1% gain that leaves it around the 17.10 level tracking a 0.6% appreciation since Friday, a solid performance that nevertheless pales versus the COP's 1.4% (thanks to oil and buying pressure near 4,150) and below the CLP's and PEN's respective gains of 1% and 0.8%.

Mexican markets reopen today to a quiet schedule that only includes the results of the Citibanamex survey of economists, where we'll watch how analysts have revised their Banxico cut timing expectations after the bank's surprising un-hawking of guidance at its latest decision—the minutes to which are out on Thursday. Argentinean markets also reopen today to price in Milei's victory in Sunday's elections that already triggered a rally on Monday in international Argentinian debt, the state's oil and gas company YPF's US-listed shares, and global Argentina ETFs. Today, the focus will be on whether a wave of dollar purchases by Argentinians materializes, in anticipation of a feared further acceleration of ARS losses.

—Juan Manuel Herrera

Chart 1



Sources: Scotiabank Economics, BCCh.

## CHILE: GDP GREW 0.3% Q/Q IN Q3-23 THANKS TO ELECTRICITY SECTOR

On Monday, November 20<sup>th</sup>, the Central Bank (BCCh) published GDP growth for Q3-23, confirming a 0.6% y/y expansion in the quarter. By economic sectors, the GDP increase is explained by mining activity, which grew 4.6% y/y, while non-mining GDP fell 0.1% y/y due to the decline in commerce and industry. For its part, domestic demand fell 3.6% y/y, mainly due to the contraction of private consumption (-3.6% y/y), while government consumption grew 3.9% y/y.

Compared to the previous quarter, GDP grew by 0.3% in Q3-23, due to the strong performance of the electricity sector which grew by 13.7% q/q favoured by the rains (chart 1). Excluding the contribution of the electricity sector, GDP had experienced zero q/q variation.

Regarding fixed investment, the quarterly survey published by the Capital Goods Corporation (CBC) in Q3-23 revealed an increase in the total amount of expected investment to be materialized in the next 5 years (2023–2027), mainly due to improved outlays in real estate and public works projects. By 2023, the total amount of investment to materialize (with defined schedule) increased from USD 16.9 bn to USD 18.0 bn (chart 2), reducing the gap with respect to 2022 thanks to increases concentrated in the public works and energy sectors. In our baseline scenario, fixed investment would decline by around 1% in 2023. Taking all the above into account, we give an upward bias to our GDP contraction forecast of 0.5% for 2023.

Finally, the current account deficit improved to 3.5% of GDP in the last 12 months to Q3-23, in line with our expectations and supporting our view of a rapid convergence to a sustainable level by December 2023 (-2% of GDP), faster than projected by the BCCh in its recent IPoM (-3.4% of GDP).

—Aníbal Alarcón

Chart 2

**Chile: CBC-Estimation of Investment to Materialize in 2023**



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