Despite the sanitary situation, the prospects of the Chilean economy improve in the short term

June's Monetary Policy Report (IPoM) was surprising, with important increments in the growth and inflation prospects for 2021. The withdrawal of the monetary stimulus would begin earlier, though we estimate it will proceed at a gradual pace.

Highlights

Slowdowns in infections within the US and Europe hasten the process of reopening. The latest activity data confirm the strong recovery of leading economies, which has led to higher global growth prospects during the year.

Concerns over global inflation moderate. Even though the high records of the US CPI have been surprising in the context of abundant liquidity, the price increments are expected to be temporary. Thus, the long term rates of the leading economies have tended to retreat marginally.

In Chile, support measures will raise the fiscal impulse strongly. The absence of relevant reallocations, compounded with the universal Emergency Family Income and support measures for SMEs alongside other transactions, will cause expenditure to grow by around 20%

The activity was favourably surprising in April. The economy's increased resilience to confinement measures added to a robust fiscal stimulus and a better external scenario has led us to correct our growth prospects for 2021 up to 8%. This would moderate by 2022, growing by only 2.5%

The boost to demand and a still restricted offer will drive prices up. Nevertheless, the figures of several services remain frozen, and the exchange rate appreciation has helped to contain pressures. With this, the inflation will close the year at 3.7%

The Central Bank has announced it will begin withdrawing the stimulus earlier than expected. The Monetary Policy Rate (MPR) could climb at the beginning of the fourth quarter. Overall, we expect the withdrawal to be gradual. The pandemic-related risks are still significant, and the labour market continues to lag. We estimate the MPR will end the year at around 1.0%

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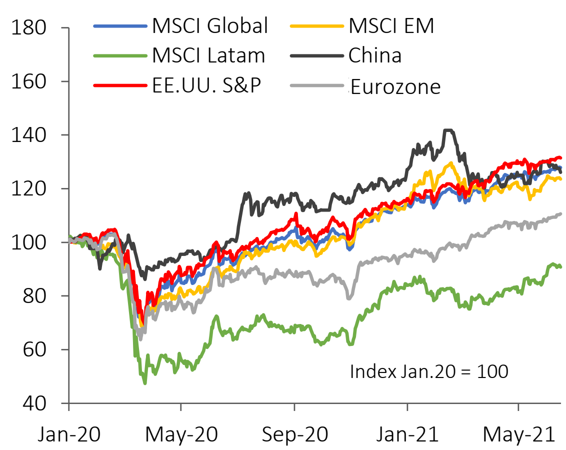
The reopening process of developed countries invigorates markets

The systemic reduction of contagion in the US and most European countries has allowed the relaxation of confinement to progress. Several countries have eased curfews and announced the end to their states of emergency, as travel restrictions are being lifted, and the gradual reopening of restaurants, commerce and entertainment centres continues. In Europe, legislation regarding a Digital Covid Certificate will eliminate travel restrictions among the European Union's 27 members and the Schengen countries. This has renewed optimism in the markets, which displayed overall increments ranging from 2% to 6% in the leading bourses (global MSCI: + 3%). Risk aversion has diminished (VIX: -5points), reaching its lowest figure since the pandemic's start. In turn, the long term rates of the leading economies have decreased again (-10bps average) after the peaks reached in early April. Activity data is still improving, and the global growth prospects for the year continue to be revised upwards.

Inflation remains the focus of global concerns due to the ample market liquidity and the fast recovery of consumption. Intense hikes to ocean freight costs, commodity figures, and producer prices have been observed. Relevant rises in consumer price indexes of some countries have also been noted.

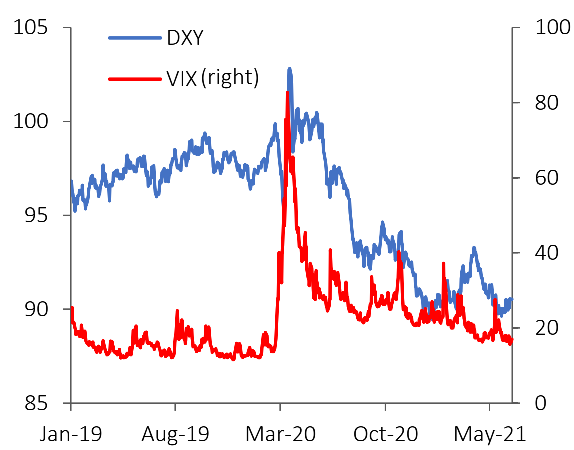
The progress in the economic recovery and the concern over inflationary pressures have fed the uncertainty regarding the monetary normalization's beginning. Presently, the withdrawal of non-traditional stimulus is expected to begin in the second half of the year, starting with a gradual slowdown of asset purchases.

Global prospects remain favourable



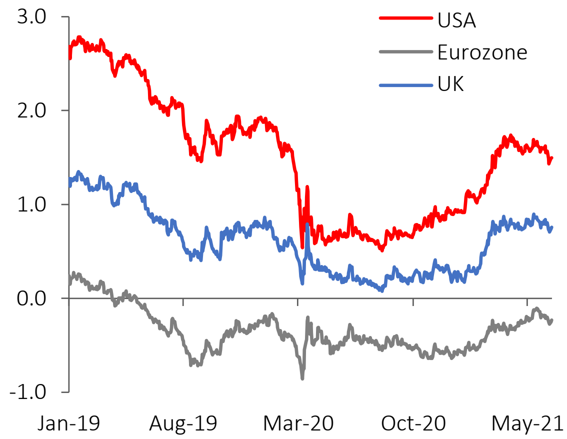
Source: Bloomberg and Santander

Less risk aversion, stable global dollar



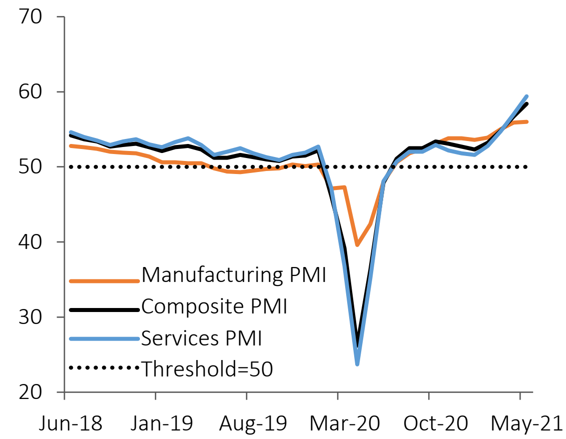
Source: Bloomberg and Santander

Long term rates retreat



Source: Bloomberg and Santander

Activity data is vigorous

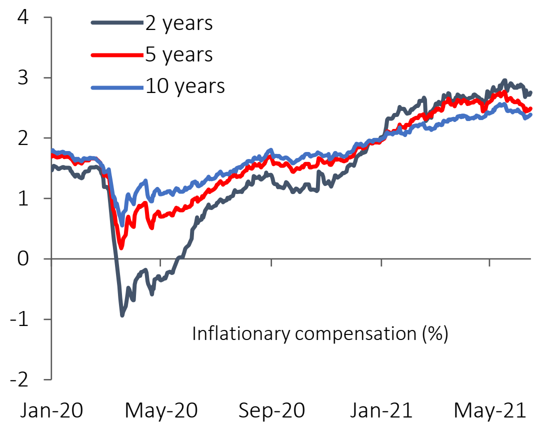


Source: Bloomberg and Santander

In the US, while the CPI again rose above expectations (0.6% vs the expected 0.5% / core CPI: 0.7% vs the expected 0.5%), the increment was focalized in few products. This situation supports the Fed's line of argument insisting the inflation rise –which, due to the low comparison bases, is already located at 5% in twelve months – will be temporary. The markets integrated this message, answering with drops of around 13bps in the 10-year rates and the shrinking of inflationary adjustments, particularly in the 5-year and 10-year rates.

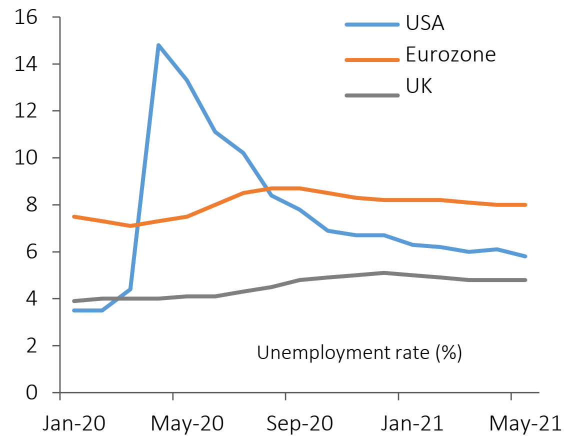
The labour market figures have continued to improve. The initial unemployment benefits dipped below 380,000, reaching a new low since the pandemic began, while private employment creation (ADP) surprised in May with 978,000 new job posts with the growth of nonfarm payrolls (559,000) doubling April's data. All things considered, the unemployment rate (5.8%) remains well over its level before the pandemic. May's activity figures also reflected a strong buoyancy, both in manufacturing (Markit PMI: 62.1; ISM: 61.2) and services (Markit PMI: 70.4; ISM: 64.0). On the date this report was issued, the Fed was to hold a meeting in which they were expected to maintain the MPR at their 0.25% benchmark and inform with more precision about the moment and pace of the withdrawal of quantitative stimulus.

Longer-term inflationary adjustments retreat significantly



Source: Bloomberg and Santander

The labour market continues to display signs of recovery



Source: Bloomberg and Santander

In Europe, the reduction of infections has also fostered an environment of greater optimism. The first activity data of May shows a relevant acceleration of the activity (ZEW: 81.3; Markit PMI:63.1), while the final reading of the GDP's first quarter of 2021 contracted less than expected (-0.3 QoQ vs -0.6 QoQ on the preliminary reading). In this context, the European Central Bank (ECB) decided to maintain its reference rates low –being open to the possibility it could be even lower –and reinforced its emergency asset purchasing program until at least March 2022, depending on the pandemic's evolution. They also corrected their growth prospects upwards (4.6% for 2021 vs 4.0% in March), along with that of inflation (from 1.5% to 1.9%), which on its last record reached the 2.0% target (1.9% expected; 1.6% before) reflecting its synchrony to global inflationary pressures (April's PPI climbed 7.6% YoY vs 4.3% before)

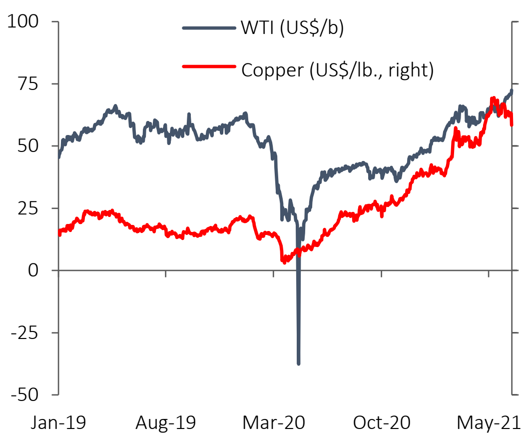
In China, activity figures were below expectations. April's retail sales grew by 17.7% (over 25% expected), and the industrial productions grew by around 10% (over 14% in March). Foreign trade continues its speedy pace, with a significant acceleration in May's imports (51.1% vs 43.1% before). In turn, the manufacturing PMI, in line with expectations, remains slightly above the neutral threshold (*Caixin:*52), while services shrank up to 55.1 (56.2 expected; 56.3 before). Even though consumer prices remain restricted (1.3%), the producer prices index has once again surprised on the upside during May (9% vs 8.5%; 6.8% before). This last is added to monetary aggregates, which exceeded expectations on their previous record (M1: 6.1% vs 5.7%; M2: 8.3% VS 8.1%). Therefore, just like in other countries, inflation concerns are becoming relevant for China.

Commodity prices continue to climb, but copper suffers adjustment

Better growth prospects for the year have driven the price of oil to surpass US$70 per barrel, its highest level since October 2018. Influencing factors have been the rise in demand for fuels – a growth of around 1.5 million daily barrels (1.6%) is estimated to have taken place in May –, alongside a drop of oil inventories in the US in the last weeks, as well OPEC's recent decision following their monthly meeting to maintain their production agreement unchanged until July. Meanwhile, even though the proximity between the US and Iran encourages the chances of the latter's production to return to the markets, the process would be gradual and restricted.

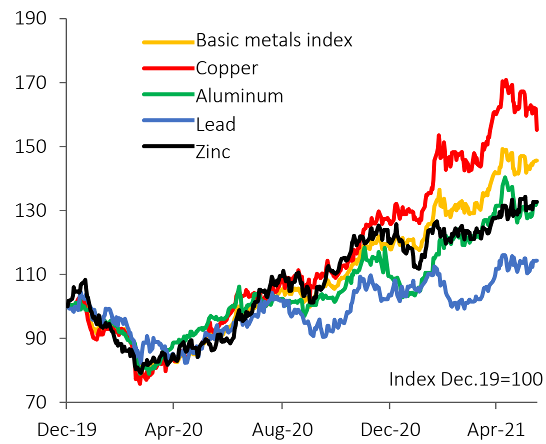
Concerning the copper prices, after breaking their historical record in May's second week, surpassing US$ 4.60 per pound, the value of the red metal has tended to correct downwards, remaining at an average of around US$ 4.60 per pound. Therefore, its annual average price already surpasses US$4.10 per pound. In recent days, measures announced by China to stop hikes, which have been considered excessive in terms of commodity prices, have impacted the price of copper, which has been traded downwards. Thus, as of the date this report was issued, its quotations settled at around US$4.3 per pound.

The price of oil surpasses US$70 per barrel



Source: Bloomberg and Santander

The price of copper is revised downwards due to Chinese administrative measures



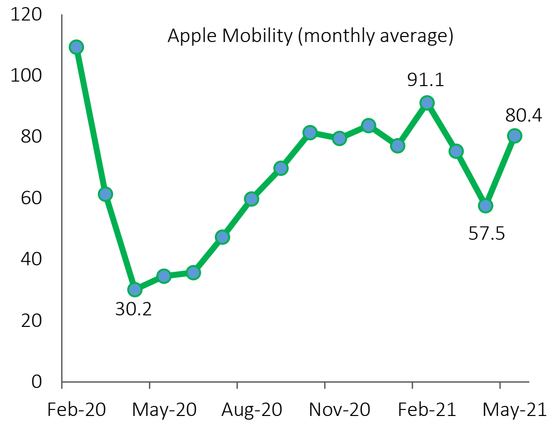
Source: Bloomberg and Santander

Chilean growth prospects improve for this year, but high levels of risk linger.

Despite the accelerations of infections and a relevant rise in the population under lockdown during April, the monthly Imacec had a restricted drop (-1.4% MoM, seasonally adjusted; 14.1% YoY), reflecting the activity's adaptation to the pandemic. The sector most affected by lockdown measures was again that of services. The manufacturing sector had a slight contraction, while mining rose solidly. Commerce, in turn, even though retreating for its second consecutive month, maintained the elevated levels it had been displaying since August last year (see Flash Imacec).

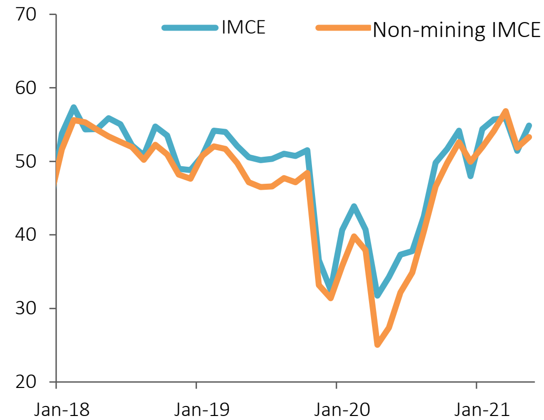
In May, the move to Phase 2 in a relevant number of districts caused mobility to recover (80% vs 58% in April) and confidence to increase marginally. In turn, liquidity injections caused by the third pension fund withdrawal had a relevant impact on consumption which were reflected, among other things, in a 25% rise in new car sales over April. Therefore, we estimate the Imacec will grow substantially in the month, by around 2%. **This last added to low comparison bases would push growth over 16% in May's Imacec.**

Mobility displayed relevant progress during May, despite the partial lockdown



Variation % over the baseline (Jan/Feb 2020)
Source: Apple Inc. and Santander

The IMCE Index (Business Confidence Survey) recovered during May and continues well above the levels of 2020's first quarter

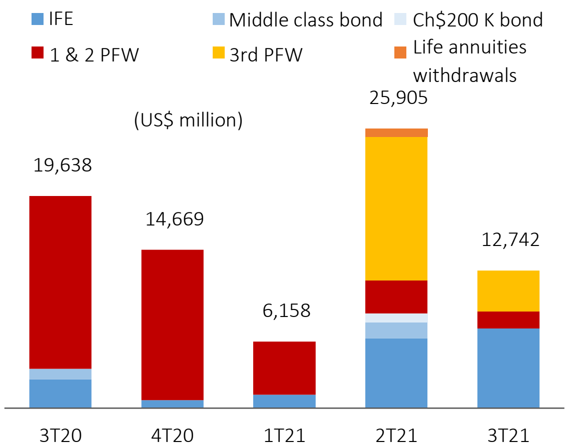


Index 50 = neutral
Source: BCCh and Santander

For June, even though there might be effects caused by the move into lockdown of several districts within the Metropolitan Region that had previously moved forward into Phase 2, the situation at a national level remains more favourable than in April, which is compounded to the liquidity injections received by households. For this reason, the economy will continue to surge and grow into elevated year-on-year rates. With this, the growth of the second quarter will surpass 15%.

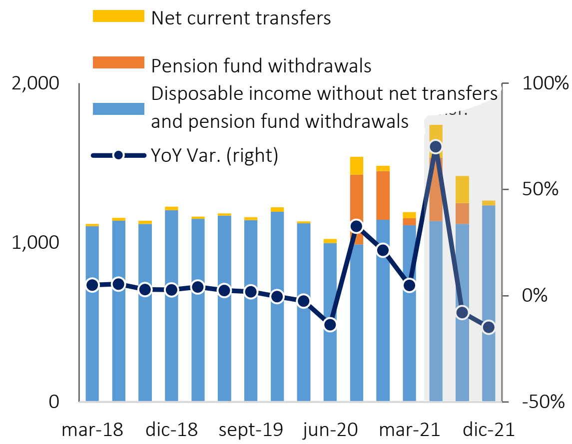
We have substantially corrected our prospects upwards, from a 6%-7% range to a 7.5%-8.5% one. Explaining this correction is the activity's resilience and the solid fiscal boost derived from aid programs of over US$10,000 million, which will materialize between the second and third quarter and which will continue to drive consumption significantly. Overall, we anticipate that in light of the lagging and uncertainty displayed by the labour market and the expanded coverage of public aid – which will reach groups with less propensity for consumption –, a relevant fraction of these resources will be kept for savings. Investments, in the meantime, though expected to display favourable growth rates throughout the year, will only recover the losses of 2020.

The universal Emergency Family Income (IFE) will raise liquidity injections during the second and third quarter…



Source: Santander based on the Ministry of Finance and the Superintendence of Pensions
PFW= Pension Fund Withdrawal

… which will be reflected in high levels of available income

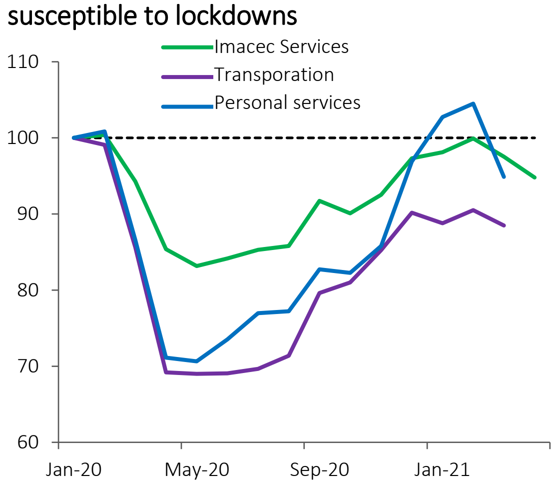


Note: Santander estimate for the beginning of the second quarter, 2021
Source: BCCh and Santander

In the short term, the main risk to the economy continues to be related to the sanitary conditions. Even though the vaccination rollout continues to progress, still several weeks are necessary to achieve a level of coverage that allows the population's herd immunity. Until that happens, possible resurgences leading to new confinement measures and subsequent activity reductions cannot be dismissed.

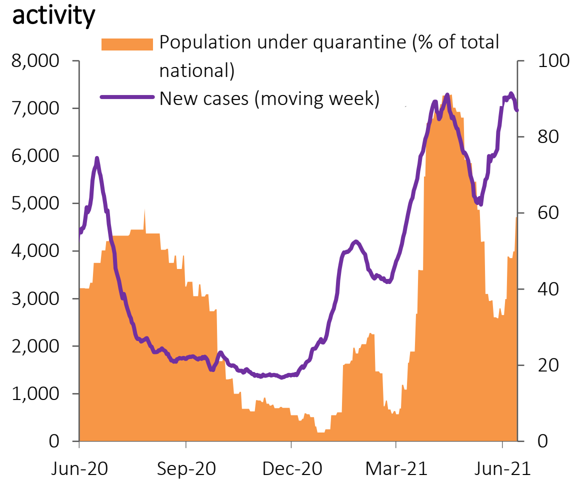
In the medium term, the high leverage to businesses, the more restricted financial conditions, and the political uncertainty will hamper the development of new projects. This situation could lead to a stagnation in investment, with the subsequent impact on the ability to create employment and growth.

The activity of services continues to remain susceptible to lockdowns



Seasonally adjusted series (Jan-20 = 100)
Source: BCCh and Santander

The sanitary situation remains the main risk to activity



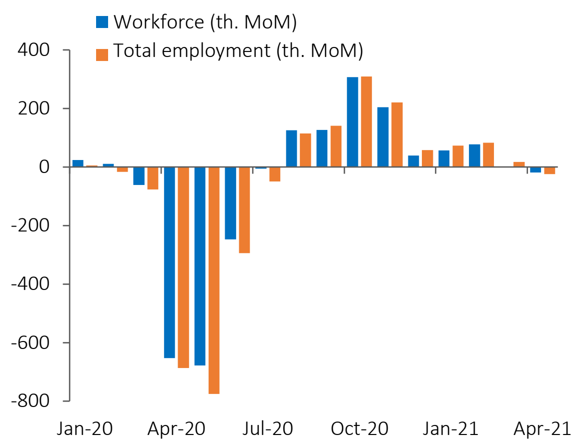
Source: Minsal and Santander

The labour market remains stagnant.

Lockdowns and seasonal factors caused both employment and the workforce to shrink in April (-44 thousand and -60 thousand over March, respectively). Even though the unemployment rate (10.2%) settled slightly below its previous figure, this indicator remains distorted by the general fall in the workforce caused by the pandemic. If the historical work participation rate was considered, the unemployment rate would reach 18%.

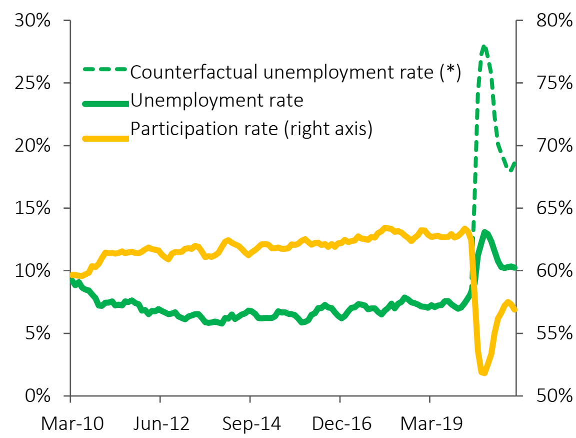
This low participation is explained partly by homecare duties related to the pandemic, a situation that has impacted women with more force, as highlighted by the Central Bank in its last Monetary Policy Report (IPoM). According to Universidad Catolica's employment survey –whose reference period is the last week of May – close to 1 million people remain inactive and would be seeking jobs were it not for the sanitary situation.

After several months of stagnation, employment shrank during April



Seasonally adjusted variations
Source: INE and Santander

Unemployment remains high



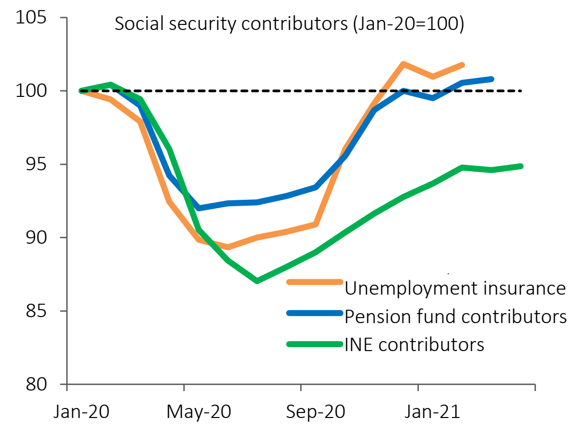
(*) Estimate of unemployment with historical participation rate
Source: INE and Santander

Employment continues to exhibit a substantial gap, with 960 thousand posts less than those in February 2020. The results are quite uneven between formal and informal jobs, recording 18% and 6% respectively over this period. Independent workers (employers and self-employed) have also been affected by dips in their income –as reported by the UC survey – which could explain the slowdown in this group's recovery.

The improving situation of formal employment is also reflected in the administrative records, which show that the number of AFP contributing members has returned to the levels before the pandemic. Nevertheless, this figure is still distant from the levels that would have prevailed had it proceeded at its average 3% growth pace of recent years, which would have ensured close to 160 thousand more contributors than currently.

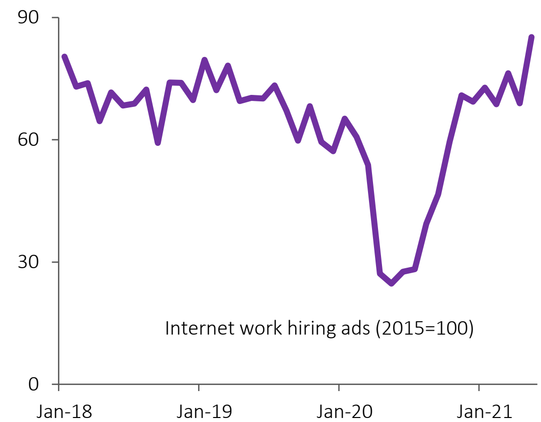
Onwards, employment recovery will depend on the restrictions imposed by the sanitary conditions, the ability of people displaced from the workforce to reintegrate and the dynamism of the demand for work. Regarding the latter, the relevant surge in job offers bids on the internet –that reached a peak since 2016 – is a promising sign. Overall, a sustained creation of workstations requires investment to acquire buoyancy in the quarters to come.

AFP contributing members have reached the levels before the pandemic



Source: Superintendence of Pensions, INE and Santander

The rise in job offers signals better prospects for work demand



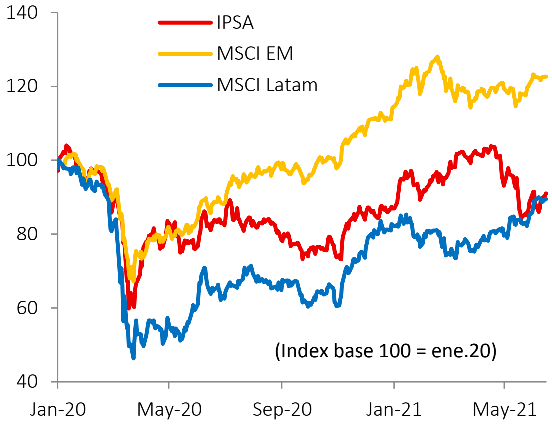
Index 50 = neutral
Source: BCCh and Santander

Local assets suffer the impact of the internal political scenario

Since our last Global Economic Outlook, the prices of Chilean assets have continued to recede. After the approval of the third pension fund withdrawal and the decision of the Constitutional Court to reject the request against it on behalf of the executive branch, both the stock and bond prices suffered significant downward corrections. Then, after the constituent elections of mid-May, the local stock index IPSA fell by an additional 9% but has since partially recovered (+5.4%), driven by the improving outlook of this year's growth. All factors considered, the Index (4,373 points) remains well below April's levels (of almost 5,000 points).

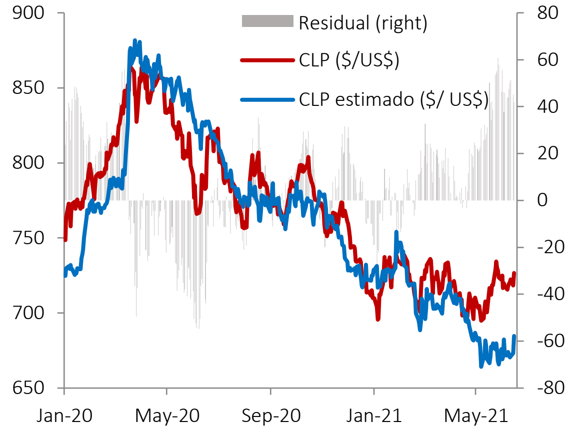
The exchange rate was also affected by the internal political environment, though to a lesser extent than the stock market. After the elections were held, the parity depreciated up to $730 –levels not observed since March this year – in a context where the global dollar and the price of copper were relatively stable. Once the government announced the extension of the support measures (universal Emergency Family Income or IFE), the exchange rate tended to reverse its depreciation due to the solid pressure to expenditure exerted by this policy and the fact that the Ministry of Finance will have to continue the dollar bid in the spot market. Already throughout the year, US$11,650 million have been sold, an amount partially offset by the Central Bank's foreign reserve accumulation program, which has involved purchases for US$ 4,080 million in the year. Most recently, the dollar has recovered ($727) after the correction experienced by this week's copper trading (-3%).

Local stock suffers relevant downwards correction in response to political uncertainty



Source: Bloomberg and Santander

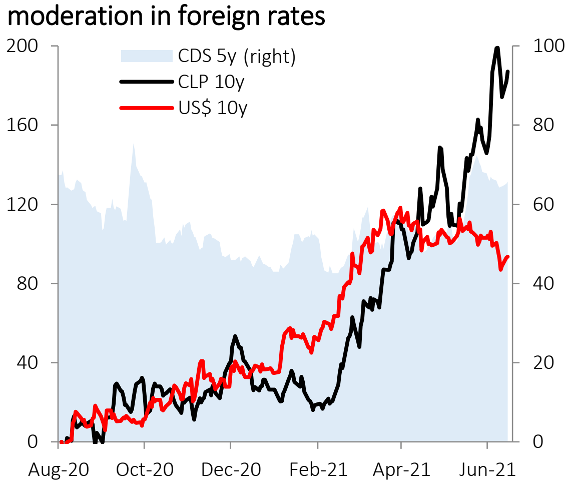
The exchange rate tends to depreciate over fundamentals



Source: Bloomberg and Santander

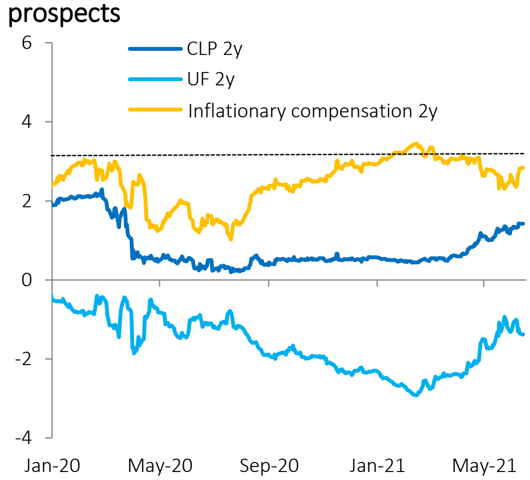
The bond market's return has maintained its upward trend. The long-term benchmark climbed by 50 bps within the month (CLP10Y: 4.3%, a level not seen since January 2019), distancing itself not only from the stability displayed by foreign rates but also from the sovereign risk premium evolution, which so far in June has a cumulative drop (CDS 5years: -6bps). This rise is partly due to the lower demand for debt instruments from both pension funds and insurance companies. Both instances represent 55% of the current amount of this market. Recently, the Central Bank announced it would not renovate the quantitative measures –extensively used in the third pension fund withdrawal – which would involve fewer gaps to contain volatility in future rates. In turn, real rates halted their upward trend, with a 30 bps decline as of most recent (UFY:-1.4%) in light of the rising prospects of market inflation.

The interest rates continue to climb despite the moderation in foreign rates



Source: Bloomberg, RiskAmerica and Santander

Real rates decrease in light of rising inflation prospects



Source: RiskAmerica and Santander

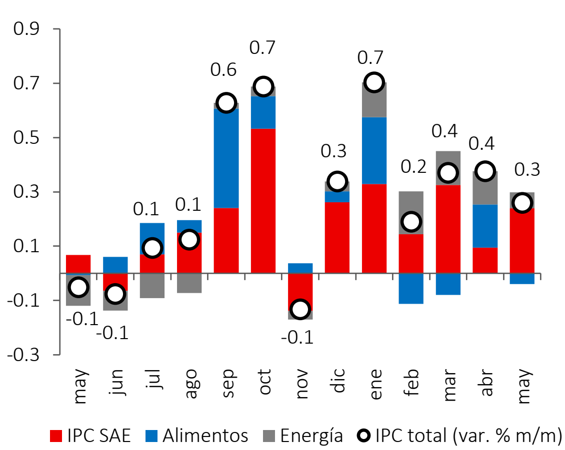
More consumption and rise of external costs will drive prices up but in a restricted manner

Despite the third pension fund withdrawal in May, the CPI had a moderate increment (0.3%), which was highly concentrated in only three items: interurban bus fare (0.09%), fuels (0.08%) and cigars (0.07%). The rest of consumer goods had practically null variation.

In times to come, a dynamic consumption at a local level and the raising of foreign prices will boost the CPI. Compounded to low comparison bases, this will cause inflation to rise temporarily over 4% in July and August, to later end the year at around 3.7%.

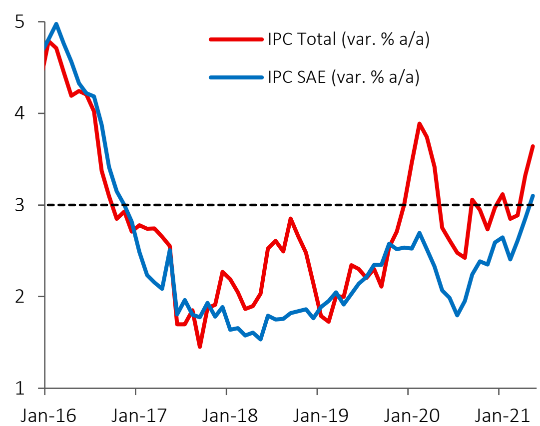
Overall, our projection for 2021's end is considerably lower than that of the Central Bank on their last MPR (4.4%) and aligns with the ones implied by inflation insurances (3.8%). The strong surge of imports since the beginning of the year and the data provided by the National Institute of Statistics (INE) suggest there has been a restructuring of inventories, particularly in terms of consumer durable and semi-durable goods, which would enable offer to answer to greater demand. Meanwhile, the Peso remains considerably more appreciated than a year ago. Lastly, the capacity gaps present in the economy remain relevant, particularly in the labour market, which would also contribute to ameliorate the pressure over prices.

Despite the acceleration in consumption caused by the fund withdrawals, May's CPI had a restricted rise.



Source: INE and Santander

Low comparison bases cause annual inflation to steepen by 3.6%



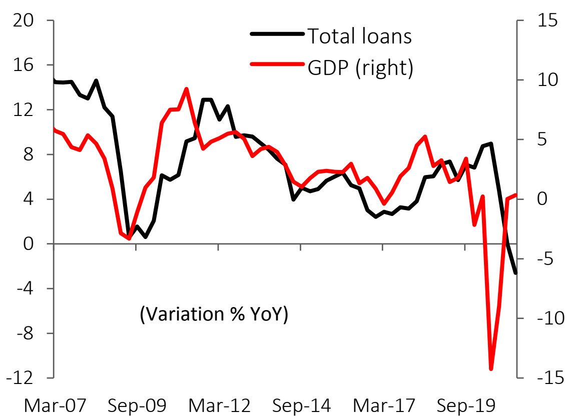
Source: INE and Santander

Banking loans continue to lag compared to the evolution of the economic activity

Despite the economy's improving prospects, banking loans have continued to slow down (-2.7 YoY in April). This last is explained by the elevated comparison bases that the FOGAPE credit program created in commercial loans, which allowed this type of activity to have an essential countercyclical role at the worst time in the crisis. Just like in recent months, the commercial loans to big companies have lost buoyancy (-11% real), unable to be offset by the positive evolution of SMEs loans (15%). The latter segment continues to be underpinned by the FOGAPE Reactiva program, for a total amount of US$ 5,400 million. Even though this program is available until December 2021, recent modifications approved by Congress will set access restrictions for medium-sized companies (with sales over the UF 25,000), which would lessen its impact.

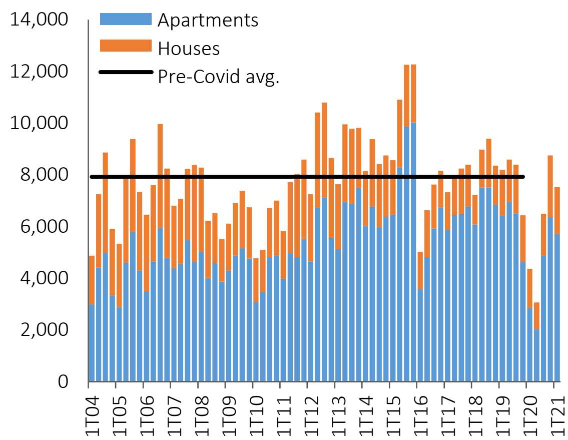
Consumer loans continue to shrink but at a less intense pace than some months ago, while housing loans maintain stable growth at around 5%. Backing the latter's progress is the recovery of the real estate sector's activity since March, with levels of new houses closing in on the averages before the pandemic.

High leverage leads to moderation in banking loans.



Source: CMF, Banco Central and Santander

Recovery of housing sales provides support for mortgage loans.



Note: Quarterly sales of new houses, including promises to purchase.
Source: Chilean Chamber of Construction. and Santander

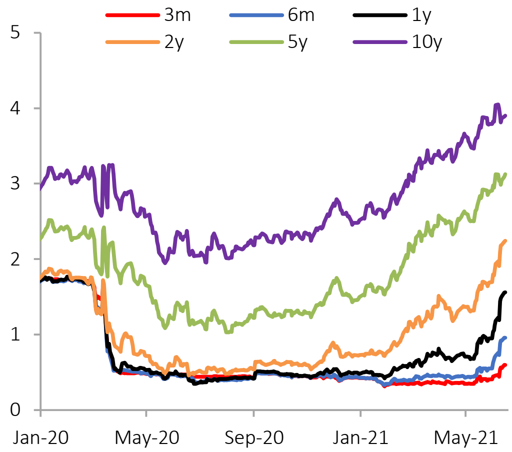
The Central Bank announced the stimulus withdrawal to begin before anticipated

The last MPR had a surprisingly significant upward revision in the growth projection and inflation for the year, in both cases quite over the broad consensus estimate. Consequently, the Central Bank announced it would initiate the monetary normalization process before anticipated, as signalled by the new Monetary Policy Rate range, which suggests that rises could begin during the third quarter, with which the year would end at 1% and 1.5%. The market reacted to this with intense hikes in the short term swap rates (+27bps in 1-year swap rate) and restricted drops in the long term swap rates, leading to a flattening of the curve.

Even though we agree with the improving prospects for growth and that this merits starting the normalization process earlier than expected, we consider the withdrawal pace must be gradual. The risks related to the sanitary situation remain high, and the labour market displays a considerable lag. Furthermore, we estimate the inflation's acceleration will be less intense in months to come than considered by the Central Bank. In this context, it would be prudent for the rates-rising process to unfold once there is more evidence collected supporting the concretion of this central scenario, which could take place early on the fourth quarter.

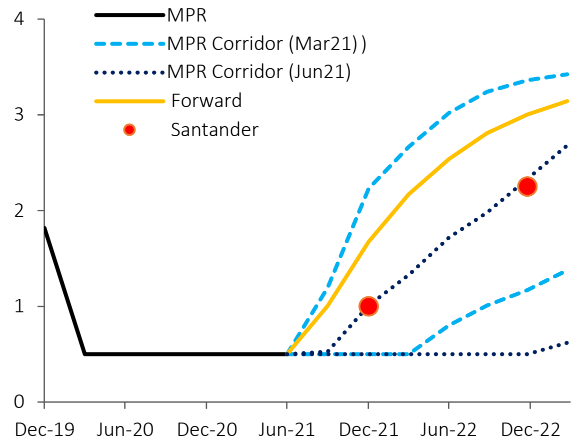
In our prior reports (Flash: a hawkish IPoM), we have emphasized that the risks concerning the monetary strategy are not even. Outpacing the process, even when the MPR stands below the neutral rate, introduces the risk of halting the recovery when it is still not anchored. The latter situation would be particularly detrimental for investment in an environment of high uncertainty. On the contrary, a delay in the process could heighten inflationary expectations in the medium term, which would have a persistent effect on actual inflation. This risk, nevertheless, can be offset by more aggressive rate movements in the future.

Short term swap rates rise, leading to a slight flattening of the curve



Source: Bloomberg and Santander

The MPR's rising process will begin early in the fourth quarter of 2021



Source: Banco Central and Santander

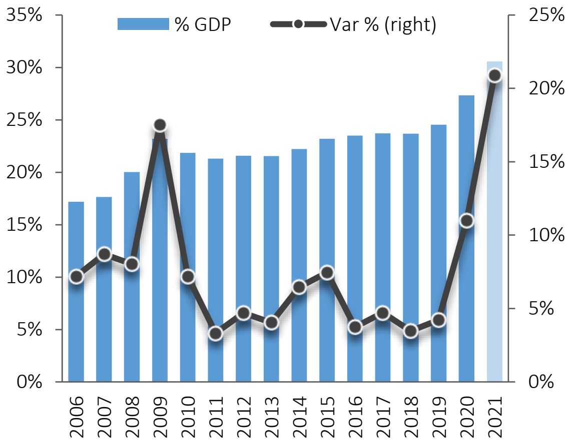
New fiscal growth will strongly raise the needs for fiscal funding.

The recent Congress approval of the new measures supporting families and companies (universal Emergency Family Income and benefits for SMEs over 3% of the GDP) will lead to an expenditure nearing 20%, thus reaching levels close to 30% of the GDP. This last will entail a strong drive to demand and the economy during the second and third quarter of the year.

While the higher price of copper and growth acceleration will increase fiscal income by 30% –after falling by 9% in 2020 – government debt will remain inflated and end the year at around 6.5% of the GDP. With this, funding needs will rise by US$ 8,000 million over the estimate of the Public Finances Report (IFP), peaking to US$ 26,000 million (US$ 20,000 million in deficit plus US$ 6,000 million in debt repayment). So far, these needs have partly been covered through debt issuances for US$ 12,000 million along with resources of the Economic and Social Stabilization Fund (FEES) for US$ 2,000 million approximately (until April). For the remainder of the year, US$ 12,000 million will have to be covered through a combination of FEES funds (which amounts to US$ 7,000 million) and new indebtedness.

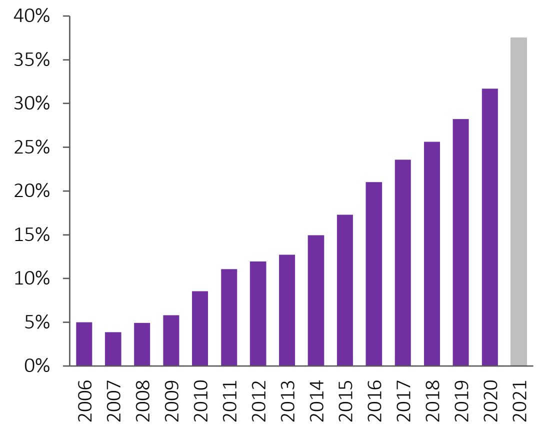
After this considerable fiscal effort, the doubt of how the expenditure will evolve starting next year persists. In principle, a large part of the stimulus is temporary and should be reverted by 2022, automatically leading to a contraction in expenditure. Nevertheless, history has shown it is quite difficult for this to happen (no contraction in expenditure has been recorded since the mid-80s). For the same reasons, the necessary fiscal consolidation of the years to come will require finding ways to raise the income.

Growth in expenditure will exceed the record reached after the financial crisis



Note: Santander's 2021 estimate
Source: Dipres and Santander

Gross debt would exceed 35% of the GDP by the end of the year



Note: Santander's 2021 estimate
Source: Dipres and Santander

Santander

Macroeconomic projections

National Accounts	2014	2015	2016	2017	2018	2019	2020 E	2021 P	2022 P
GDP (real var. % YoY)	1.8	2.3	1.7	1.2	3.7	0.9	-5.8	7.5/8.5	2.0/3.0
Internal demand (real var. % YoY)	-0.5	2.5	1.8	2.9	4.5	1.0	-9.1	12.0	2.5
Total consumption (real var. % YoY)	2.9	2.6	3.5	3.6	3.7	0.8	-6.9	11.5	2.5
Private consumption (real var. % YoY)	2.7	2.1	2.7	3.4	3.8	1.0	-7.5	12.0	2.5
Public consumption (real var. % YoY)	3.8	4.8	7.2	4.6	3.3	-0.2	-3.9	8.5	3.0
Gross fixed capital formation. (Real var. % YoY)	-4.8	-0.3	-1.3	-3.1	5.1	4.4	-11.5	10.0	2.0
Exports (real var. % YoY)	0.3	-1.7	0.5	-1.5	5.3	-2.6	-1.0	2.5	5.0
Imports (real var. % YoY)	-6.5	-1.1	0.9	4.6	8.1	-2.4	-12.7	18.0	3.0
GDP (US$ billions)	260.6	244.3	250.6	277.1	298.9	282.7	255	315	330
GDP per capita (US$ thousands)	14.6	13.6	13.8	15.0	15.9	14.8	13.0	16.0	16.6
Population (million)	17.8	18.0	18.2	18.4	18.8	19.1	19.5	19.7	19.8

Note: The closing of the 2020 National Accounts will be published on March 18th by the Central Bank.

Balance of Payments	2014	2015	2016	2017	2018	2019	2020 E	2021 P	2022 P
Trade balance (US$ billions)	6.5	3.4	4.9	7.4	4.6	4.2	16.8	20.5	14.5
Exports (US$ billions)	75.1	62.0	60.7	68.8	75.2	69.9	71.7	93.5	96.5
Imports (US$ billions)	68.6	58.6	55.9	61.4	70.6	65.7	54.9	73.0	82.0
Current account (US$ billions)	-5.2	-5.7	-5.0	-6.4	-9.2	-10.5	3.4	-2.3	-3.0
Current account (GDP%)	-2.0	-2.4	-2.0	-2.3	-3.1	-3.7	1.3	-0.7	-1.0
Price of copper (annual average, US$/lbs.)	3.11	2.50	2.21	2.80	2.96	2.72	2.80	4.0	3.8
WTI oil price (annual average US$/bbl.)	93.1	48.7	43.2	50.9	64.8	57.0	39.0	63	66

Money and Exchange Market	2014	2015	2016	2017	2018	2019	2020	2021 P	2022 P
CPI Inflation (var. YoY, % by December)	4.6	4.4	2.7	2.3	2.6	3.0	3.0	3.7	3.2
CPI Inflation (var. YoY, average %)	4.7	4.3	3.8	2.2	2.4	2.3	3.0	3.7	3.1
CPI sans food and fuel inflation (IPC-SAE) (var. YoY, % by December)	4.3	4.7	2.8	1.9	2.3	2.5	2.6	2.9	3.0
CLP/US$ exchange rate (year's exercise)	607	707	667	615	696	745	711	725	735
CLP/US$ exchange rate (year average)	570	654	677	649	640	703	792	720	730
Monetary policy rate (year's exercise, %)	3.00	3.50	3.50	2.50	2.75	1.75	0.5	1.0	2.25
Monetary policy rate (%, year average)	3.75	3.06	3.5	2.7	2.52	2.48	0.8	0.6	1.7

Fiscal Policy	2014	2015	2016	2017	2018	2019	2020	2021 P	2022 P
Public expenditure (real var. % YoY)	6.4	7.4	3.8	4.8	3.5	4.1	11.0	20.0	ND
Central Government balance (% GDP)	-1.6	-2.2	-2.7	-2.8	-1.6	-2.8	-7.4	-6.5	ND
Central Gov. gross debt (US$ billions)	36.6	39.0	53.4	68.9	70.2	74.4	91.6	112.0	ND

Source: BCCh, INE and Santander

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