

Global markets are still waiting for a new fiscal stimulus in the US.

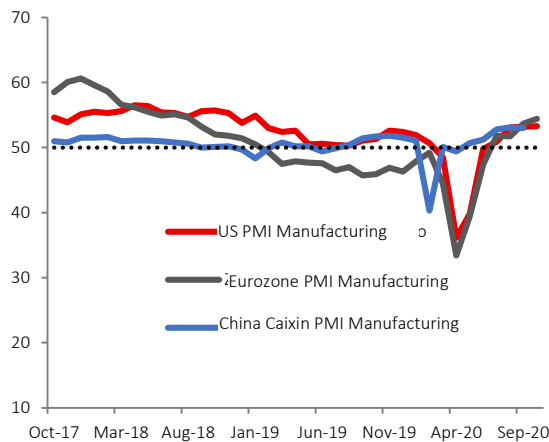
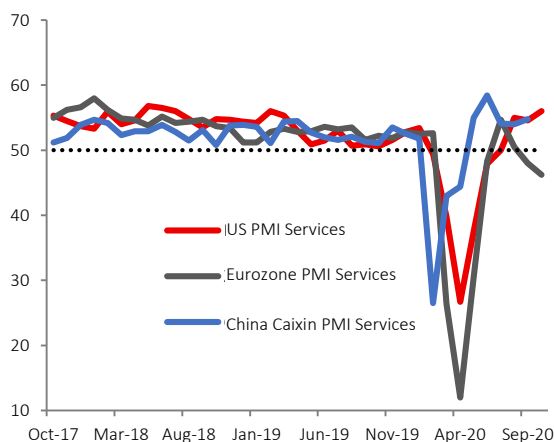
In Chile, the exchange rate appreciates, influenced by selling currency flows and an increase in the price of copper. If there are no big surprises, local markets will not show significant adjustments after the plebiscite.

The advance of the second waves of the pandemic in Europe has led several governments to take new health measures, although so far no massive lockdowns have been decreed. All in all, the PMIs for services fell again in October and settled for the second consecutive month in a contractive zone (46.2 pt vs. 48 September), while those for manufacturing continued to gain some momentum (54.4 pt vs. 53.7 September). In this context, consumer confidence also fell (-15.5 pt vs. -13.9 September).

In the United States, despite an upward trend in the flow of new infections, activity has continued to recover. The PMIs for October remained in expansive territory, with the services ranking well above expectations (56 vs 54.6). Meanwhile, the labor market continued to show improvement, with a reduction in the number of people benefiting from unemployment benefits.

Services fall again in Europe due to second outbreaks of the pandemic

Manufacturing continues to recover in the main economies



Source: Reuters and Santander

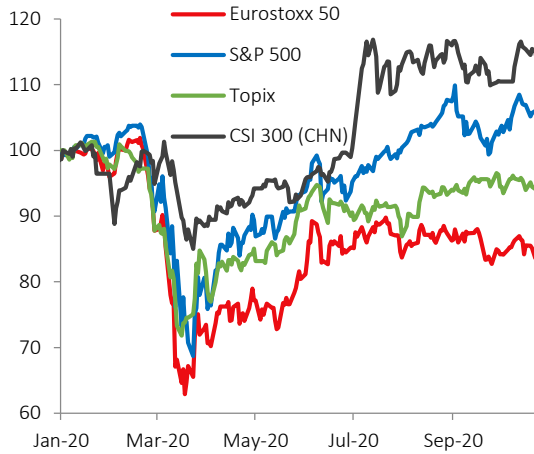
Source: Reuters and Santander

For its part, the Chinese economy has continued to gain ground. Activity in the third quarter, although it grew somewhat less than expected (4.9% vs. 5.2% projected), had a significant rebound compared to the previous quarter. The performance of the manufacturing sector (6.9% y / y in September) has been particularly strong, boosting demand for copper. The latter, together with the stoppage of the Candelaria mining company in Chile, has led the price of the metal to trade above US \$ 3.10 a pound, after having reached its highest value in more than two and a half years during the week.

Global markets remain expectant about a possible new fiscal stimulus package from the US government. Negotiations continue to advance and the minimum floor was raised to US \$ 1.9 billion. The main impact was seen in long rates in the US which rose to 0.85% from 0.74% last Friday. The dollar, however, has weakened and the stock markets corrected lower, mainly the European ones

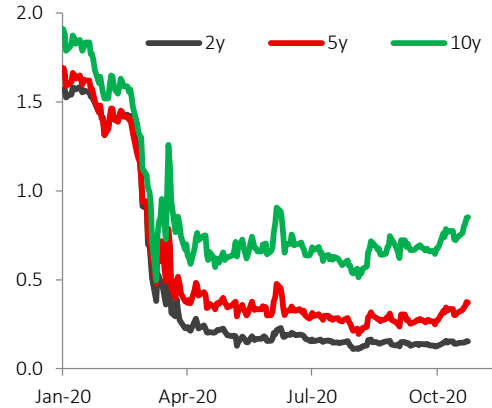
affected not only by the pandemic, but also by the tensions before the imminent exit of the United Kingdom from the European Union without an agreement.

Markets expect a new fiscal stimulus in the US



Source: Reuters and Santander

Long-term rates rise in the US due to probability of new fiscal stimulus

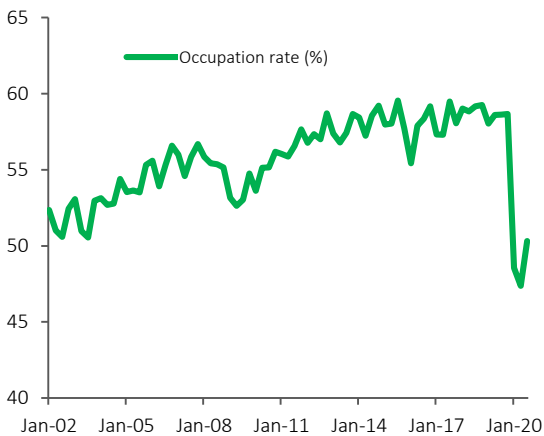


Source: Reuters and Santander

Survey by Universidad de Chile confirms labor market recovery

According to this survey, between June and September 230,000 jobs were created in Greater Santiago, after the steep falls observed since March. Consequently, the unemployment rate fell to 12.8% (14.1% in June). All in all, employment remains 10% below the same period in 2019, while unemployment remains contained due to low labor participation. In fact, if the participation levels of 2019 are considered, the unemployment rate in Greater Santiago would have been close to 18%.

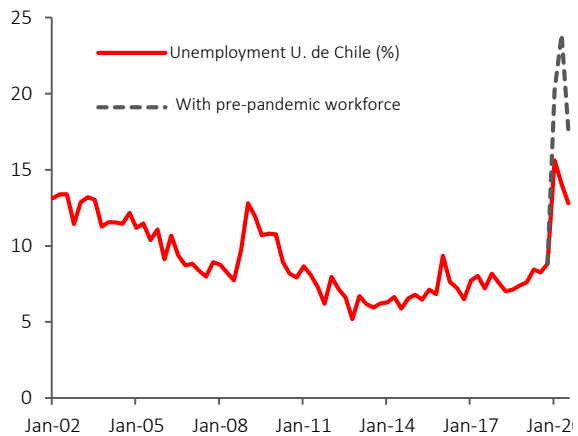
Employment recovers in Greater Santiago



Note: Occupancy rate defined as total employment of population over 14 years of age.

Source: CMD U. de Chile and Santander

Low labor participation is containing rise in unemployment



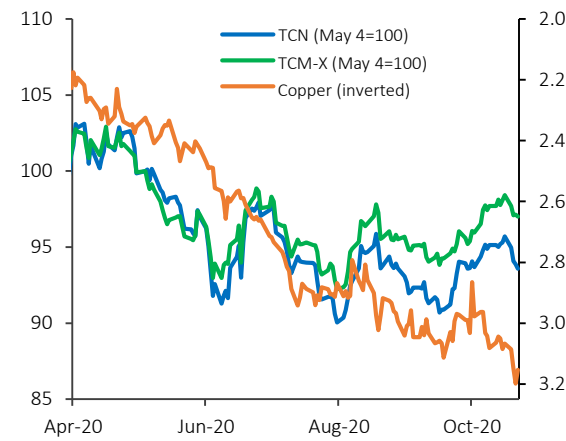
Source: CMD U. de Chile and Santander

Local asset prices rise

After reaching \$ 800 last week, the exchange rate had a marked appreciative trend in recent days, influenced by selling flows of dollars from pension fund transfers, a high price of copper and a certain weakness of the currency at the global level.

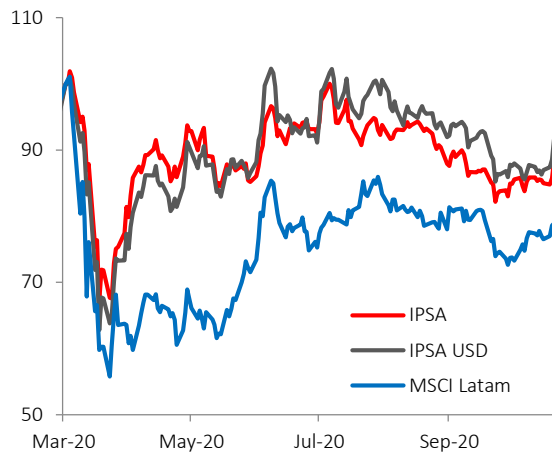
The IPSA started the week stable, but since Wednesday it has tended to rise and accumulates gains around 4.5% since last Friday, trading above 3,800 points, its highest level since the beginning of September. This correction occurred after the anniversary of October 18 last Sunday, where the conflict were somewhat more limited

Peso appreciates due to global weakness of dollar and new peaks in copper prices



Source: BCCh, Bloomberg and Santander

Local exchange market corrects upwards in recent days



Source: Bloomberg and Santander

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