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Latam Daily: Chile's End-2025 GDP Surprises Higher

Chile: Strong momentum in commerce at year-end, which should continue into Q1-26

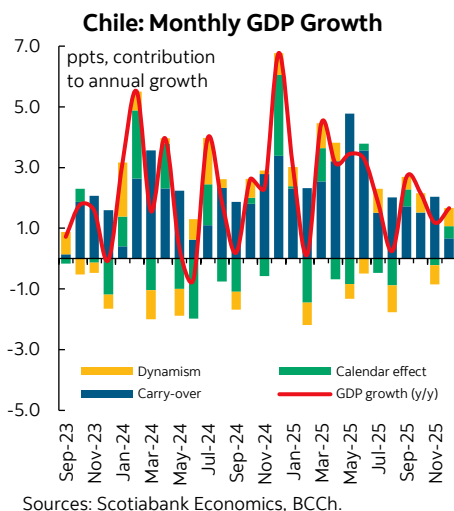
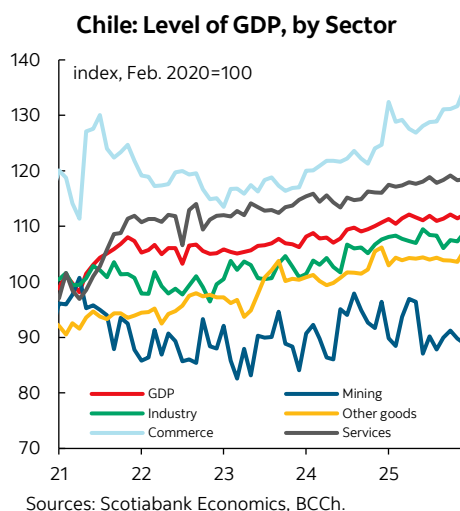
December GDP came in at 1.7% y/y, positively surprising market expectations (consensus: 1% y/y), partly due to the strong monthly momentum in non-mining sectors—especially commerce (charts 1 and 2). This resulted in a 0.6% m/m seasonally-adjusted (SA) expansion in the overall index (non-mining: +0.8% m/m). With these figures, Chile's preliminary GDP growth for 2025 closed at 2.3%, slightly below the BCCh's December Monetary Policy Report (MPR) estimate of 2.4%.

Commerce posted solid momentum in December (2.3% m/m), supported by wholesale and automotive sectors. Investment-related activity continues to lift wholesale trade, where sales of machinery, equipment, and materials once again contributed positively to the SA monthly print. In addition, automobile sales performed strongly in December, ending the year with a rebound relative to previous months. Activity was also supported by the Cyber sales event, which has recently played a relevant role in boosting economic activity and adding volatility to inflation readings.

Prospects for early 2026 remain constructive for the sector, supported by the recent increase in the Basic Pension (PGU) and the implementation of the new "years contributed" benefit included in the Pension Reform. This will provide a meaningful liquidity injection to lower-income households. According to Dipres, this new benefit represents roughly USD 120 million in additional monthly liquidity.

Public spending grew 3.5% in 2025, with public investment expanding 6%. In December, public investment execution accelerated sharply (25% y/y), allowing the government to execute 87.9% of the approved investment budget—above the 2024 figure (86.0%). This also contributed to stronger economic momentum in the last month of the year. Meanwhile, public debt stood at 41.7% of GDP in 2025 (preliminary), showing no increase for the first time in nearly 20 years, though this was strongly supported by the appreciation of the Chilean peso. Based on our estimates, a 10% depreciation in the exchange rate reduces the debt-to-GDP ratio by about 1.1pp (all else equal), which could help contain the debt ratio through end-2026.

At Scotiabank, we maintain our 2026 GDP growth forecast at 2.5%, with momentum coming mainly from domestic demand—particularly investment. If the economy were to show no additional momentum throughout the year, growth would be just 0.6% in 2026

Chart 1

Chart 2


February 2, 2026

(carry-over). This means that achieving our forecast—or the BCCh’s expectation—requires non-mining sectors to return to growth rates close to historical averages, together with a recovery in mining production, which significantly underperformed last year. Overall, we expect investment to grow between 5% and 8% in 2026, supported by the materialization of mining and energy investment projects. Consumption, meanwhile, should benefit from higher household liquidity during Q1-26 and from a labour market recovery that we expect to take shape by mid-year.

—Aníbal Alarcón

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