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TODAY'S CONTRIBUTORS:

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Latam Daily: Chile GDP Contracts in March, the First Quarterly Decline Since Q2-2023

- Chile: Transitory shocks in primary sectors with historically large contributions**

March GDP contracted by 0.1% y/y, well below our expectation, closing Q1 with the first year-on-year contraction since mid-2023 (-0.3% y/y), driven by transitory shocks in the agriculture and fishing sectors, which also had a significant spillover effect on manufacturing. We estimate that non-mining GDP growth in Q1-26 would have been 1.3pp higher in the absence of these negative factors. That is, the non-mining economy would have expanded by 1.4% y/y (actual: 0.1% y/y). Similarly, in seasonally adjusted terms, Q1-26 growth would have reached 1.0% q/q (actual: 0%). These effects are sizeable and even larger than those observed in the same period of 2024. We expect the monetary authority to strongly emphasize that these supply shocks in primary sectors do not, for now, alter the broader macroeconomic assessment, although they do affect the point estimate for annual growth. These effects should cease to weigh on activity in the second half of the year, when we should see strong seasonally adjusted growth rates.

Seasonality subtracted nearly 1pp from the annual GDP growth rate, despite the presence of one additional working day. In fact, the year-on-year change in seasonally adjusted GDP was positive (+0.3%), highlighting a seasonal effect that detracted from growth in the month. Along these lines, the sizeable gap between the year-on-year decline in other goods in the original series (-4.8%) and in the seasonally adjusted series (-0.6% y/y) stands out, suggesting that the supply shock is being largely captured by an unusually low seasonal factor. We estimate that, as the year progresses, the seasonal factor embedded in this reading should be subject to revisions by the Central Bank. Overall, carry-over growth for the year remains at 0.1%. Achieving 2% growth in 2026 will require an above-average pace of expansion over the coming months. At Scotiabank, we maintain our GDP growth projection at around 2% for now.

Chart 1

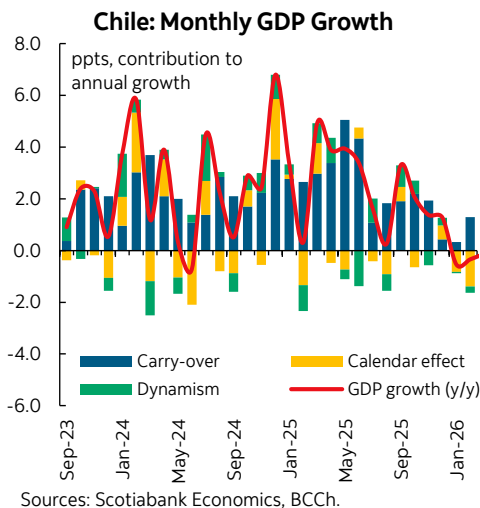
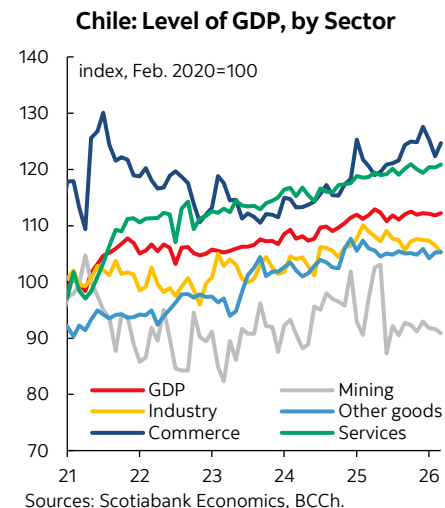


Chart 2



—Aníbal Alarcón

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