

February 4th, 2022

Budget Office publishes Public Finances Report of last quarter, 2021.

Santiago, February 4th, 2021.- Today was published the Public Finances Report (Informe de Finanzas Públicas), corresponding to the last quarter of 2021. The report contains the last fiscal update as well as key fiscal and economic information.

The full report is available in Spanish at the following link: http://www.dipres.gob.cl/598/articles-264776_Informe_PDF.pdf

General points.

In line with the recovery observed, especially in the labor market, it is expected a 2021 GDP growth of 11.9% (higher than the previous estimation of 9.5%). This estimation does not consider the monthly activity informed for December 2021, published after the statistical closing of these numbers.

Fiscal incomes in 2021 increased 37.8%, reaching \$57,406 billion, mainly explained by higher taxes from non mining sector. This recovery is driven by the better situation derived from COVID-19, as well as the reversion of certain fiscal measures, such as some fiscal measures to support households and SMEs.

At the same time, a higher copper price favoured fiscal incomes derived from mining sector, which increased 105.9%. Incomes from Codelco, actually, increased 313.4%.

In relation to fiscal expenditures, the worse conditions during the first half due to COVID 19, motivated higher expenditures, which increased 33.2%, reaching \$75,904 billion (31,3% of GDP).

Thus, the headline fiscal deficit reached 7.6% of GDP in 2021, lower than the 8.3% previously estimated. The structural fiscal deficit reaches 11.4% of GDP.

At the closing of 2021, Gross Debt reached 36.0% of GDP.

Projections for 2022

During 2022, it is expected a continued recovery process, as long as the industrial and service sector recover. Notwithstanding, less favourable conditions will be faced in the external scenario, due to a lower growth in the highest economies, as well as a normalization of fiscal and monetary stimulus.

It is expected a GDP growth of 3.5%, higher than the previous estimation of 2.5%, mainly explained by well economic indicators at the end of 2021, specially in the labor market.

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After reaching 7.2% in 2021, it is expected that inflation will gradually converge to the Central Bank target in 2022.

Incomes are expected to reach \$58,236 billion, a decrease in real terms of 4.6% compared to 2021.

Aligned with the committed normalization of fiscal expenditures, it is expected that these reaches \$61,002 billion in 2022, which implies a decrease in real terms of 24.6% compared to 2021.

The headline fiscal deficit will reach 1.0% of GDP and the structural deficit 2.8% of GDP.

At the closing of 2022, Gross Debt is projected to reach 38.7% of GDP.