

April 27th, 2021

Ministry of Finance Releases Updated Macro-Fiscal Projections

Santiago, April 27th, 2021. With respect to 2021, the Ministry of Finance has raised the growth forecast for the Chilean economy to 6% (from 5%), due to a more favorable tailwind on the external front - greater global growth and an improvement in the economy's terms-of-trade - as well as a better outlook on the domestic side, mainly due to the rapid progress in the vaccination process, amid significant ongoing macroeconomic policy support.

Revenues are projected to increase by 28.3% in real terms during 2021, due to the effect of the recovery in economic activity in non-mining revenue, the reversion of several tax policies that were implemented to support households and firms last year, as well as an increase in mining revenue, in turn, driven by higher estimated copper prices (revised up to USD3,99 from USD3,35).

Expenditures are expected to increase by 9.2% in real terms, in contrast with the 0.2% decline projected in the previous forecast. Greater than anticipated outlays reflect the implementation of several policies that have been announced to support households and firms in the context of the surge in COVID cases since mid-March.

As a result, the headline fiscal deficit is projected at 3.8% of GDP (up from 3.3% in the previous forecast), while the structural deficit is projected at 6% of GDP (up from 4.2% of GDP in the previous report). Gross public debt is now projected to reach 33% of GDP by the end of 2021.

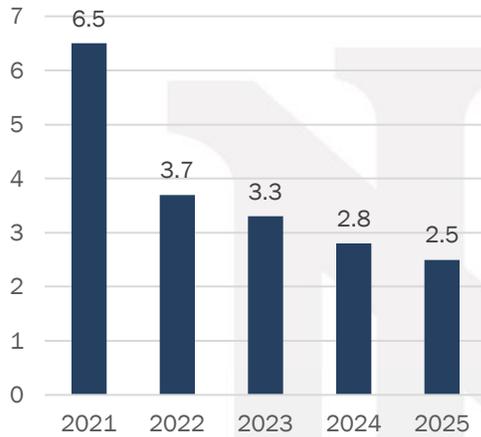
Regarding medium-term projections, growth is expected to average 2.9% in real terms for the period 2022-2025. The fiscal consolidation path ahead considers a reduction of the headline fiscal deficit to 2.4% of GDP in 2022, and a decline in the structural deficit to 3.9% of GDP during the same period. Gross public debt is projected to peak at 39.7% in 2024, and fall slightly to 39.5% in 2025.

For more information, [download the 1Q Public Finance Report here.](#)

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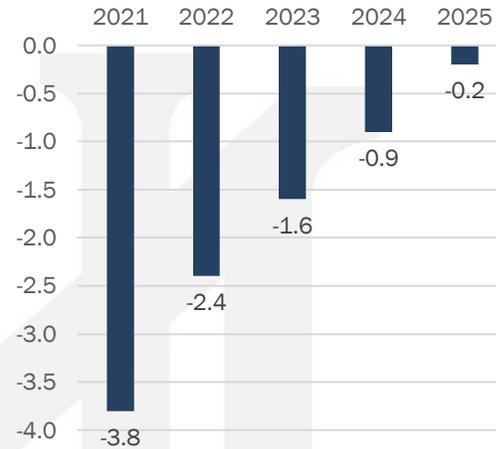
Real GDP Growth

Percent year-on-year, Forecast



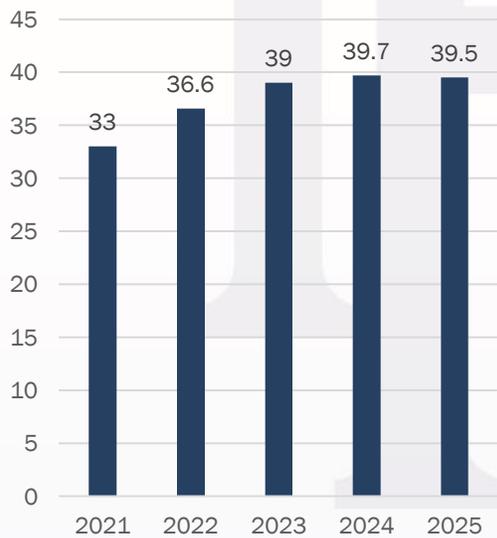
Headline Fiscal Deficit

Percent of GDP, Forecast



Gross Public Debt

Percent of GDP, Forecast



Structural Fiscal Deficit

Percent of GDP, Forecast

