

Chile Economy Grew Faster-Than-Forecast 4.7% in December

By Randall Woods - Feb 5, 2013

[Chile's economy](#) grew 4.7 percent in December from the year earlier, beating estimates made by analysts on gains in the service and retail industries, the central bank said.

The median estimate of 16 analysts surveyed by Bloomberg was for the economy to expand 3.7 percent in December. The economy as measured by the central bank's Imacec index, a proxy for gross domestic product, rose 1.2 percent in December from the previous month on a seasonally-adjusted basis, the bank said in a report posted on its website today.

December's growth brings expansion for the whole of last year in the world's top copper producer to 5.6 percent, according to calculations made by Bloomberg based on central bank data. Growth was driven by investment and domestic demand, which pushed up [retail sales](#) and imports even as industrial production stagnated and export growth weakened.

"The recent pattern of growth driven by domestic demand had resulted in a widening of the current account deficit which, as previously noted, if it continued and expanded, could become a factor of greater external vulnerability," the central bank board said in minutes published Feb. 1 from their January meeting on [interest rates](#).

Policy makers have kept the [key rate](#) at 5 percent for 12 straight monthly meetings, giving Chile the highest borrowing costs among major rate-setting Latin American nations behind [Brazil](#).

Current Account

GDP expanded 5.7 percent in the third quarter from the previous year, led by a 13 percent increase in investment and 6.4 percent gain in private consumption, according to central bank data.

The current account deficit widened to 7.4 percent of GDP in the third quarter from 4.9 percent in the year-ago period. Imports grew 2.5 percent in the third quarter while exports contracted as Chileans stepped up purchases of foreign-made durable and consumer goods, the bank said.

Economists surveyed in January 2012 by the central bank had expected the Chilean economy to expand just 4 percent for the whole year after GDP climbed 6 percent in 2011. The bank is scheduled to publish fourth-quarter GDP and current account data on March 18.

The peso rose by less than 0.1 percent to 472.95 per [U.S. dollar](#) as of 8:34 a.m. local time today.

To contact the reporter on this story: Randall Woods in Santiago at rwoods13@bloomberg.net.

To contact the editor responsible for this story: Andre Soliani at asoliani@bloomberg.net.

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