

The background of the slide is a close-up, high-resolution image of the Chilean flag. The flag is shown waving, with the blue upper section, the white star, and the red lower section clearly visible. The lighting creates a sense of depth and texture in the fabric.

RADVR

MICROECONOMIC OUTLOOK **CHILE**

IIQ 2024

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European Parliament elections

Between 6 and 9 June, the European Parliament elections were held, where 373 million people were able to vote to elect the 720 members. Three main groups won the most seats (399), notably the European People's Party, the Alliance of Socialists and Democrats and Renew Europe.

Claudia Sheinbaum won the Mexican elections

Claudia Sheinbaum won the recent presidential election with between 58.3% and 60.7% of the vote, positioning her as the first woman to hold this position in the country. Sheinbaum has 5 main proposals: security, free and scientific education, energy transition, regulation of water use, and social economy.

Remittances as a protagonist in Latin America

In April, countries such as Mexico and Colombia benefited from the receipt of remittances, which increased by 8.3% and 26.15%, respectively, compared to the same month in 2023. It is worth noting that the International Organization for Migration recorded an increase of 650% in the receipt of remittances between 2020 and 2022, which were sent mainly by migrants from low- and middle-income countries.

Russia-Ukraine war

On 26 June Mark Rutte was elected as NATO's new Secretary General, who will begin his term on 1 October. Rutte takes office amidst major challenges such as the Russia-Ukraine conflict, which has escalated as conflicts with Asian countries have begun. On the one hand, Russia banned non-Russian ships from sailing in a territory claimed by Japan (allied with Ukraine and the United States) and occupied by Russia. On the other hand, China has been a key economic ally for Russia, due to the blockades the latter has faced from the West.

Israel was identified as a country that violates children's rights in conflict zones.

On 7 June, the UN notified Israel of its inclusion in the list of countries that violate the rights of children in conflict zones. Furthermore, according to the UNDP, the Israeli-Palestinian conflict could mean a 20-year economic and social setback for Gaza, for example, it is estimated that Palestine could lose 25.8% of its GDP.

The first United Nations Global Supply Chain Forum was held in New York.

The 21-24 May forum took place against a backdrop of uncertainty and conflicts affecting global supply chains, such as attacks on ships in the Red Sea, the drying up of the Panama Canal and the suspension of transit through the Suez Canal.

Heavy floods and rains in Chile

Hundreds of houses have been submerged or damaged by recent floods in Chile, in a period of storms that have also resulted in thousands of displaced people. The government declared a disaster area in the Biobío region, one of the most affected. This in turn has affected some crops and restricted the supply of electricity in some regions.

Weak Chilean economic activity data for June makes it "uphill" to achieve growth expectations

The Chilean economy registered a 0.1% year-on-year increase in June, the Central Bank reported on Thursday. In addition, the Monthly Economic Activity Indicator, which represents about 90% of the Gross Domestic Product (GDP) of the South American country, rose 0.3% in seasonally adjusted terms compared to May. According to the Minister of Finance, these data were expected due to the suspension of classes for two days because of the winter season, in addition to the early winter vacations, for the same reason.

New minimum wage in Chile

As of Monday, July 1, 2024, the minimum monthly salary in Chile will be 500,000 pesos. Although this amount is one of the highest in Latin America, it is far from the levels of the main OECD countries. The Minister of Labor highlighted that a new round of negotiations on the minimum wage will begin in March 2025, with the goal of raising it to 630,000 pesos by the end of Gabriel Boric's term in March 2026.

Inflation expectation for year-end 2024 increased and only two rate cuts expected in the second half of the year

Analysts adjusted upwards their inflation forecast for 2024 and now anticipate only two 25 basis point rate cuts during the second half of the year. This is reflected in the Economic Expectations Survey (EEE) published on Wednesday by the Central Bank. According to the median of the survey's estimates, CPI is expected to rise 0.5% in July and close the year at 4.2% y/y, up from the 3.9% projected in last month's survey.

Chile authorized the import of poultry meat and eggs from Argentina

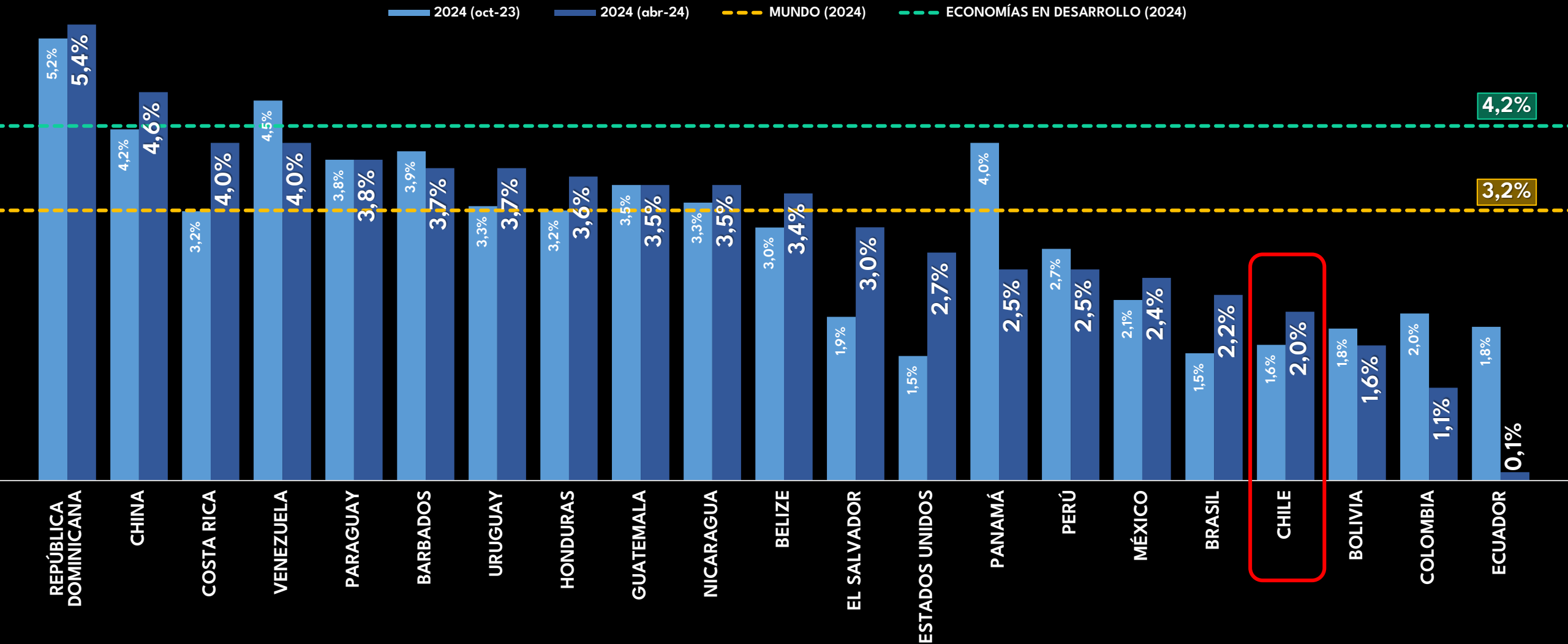
Chile's Agriculture and Livestock Service has declared Argentina free of highly pathogenic avian influenza and has lifted restrictions on imports of poultry, poultry products and eggs from that country. This decision followed the sanitary audit carried out by Chilean inspectors between April 15 and 19.

MACROECONOMIC CONTEXT

IIQ 2024

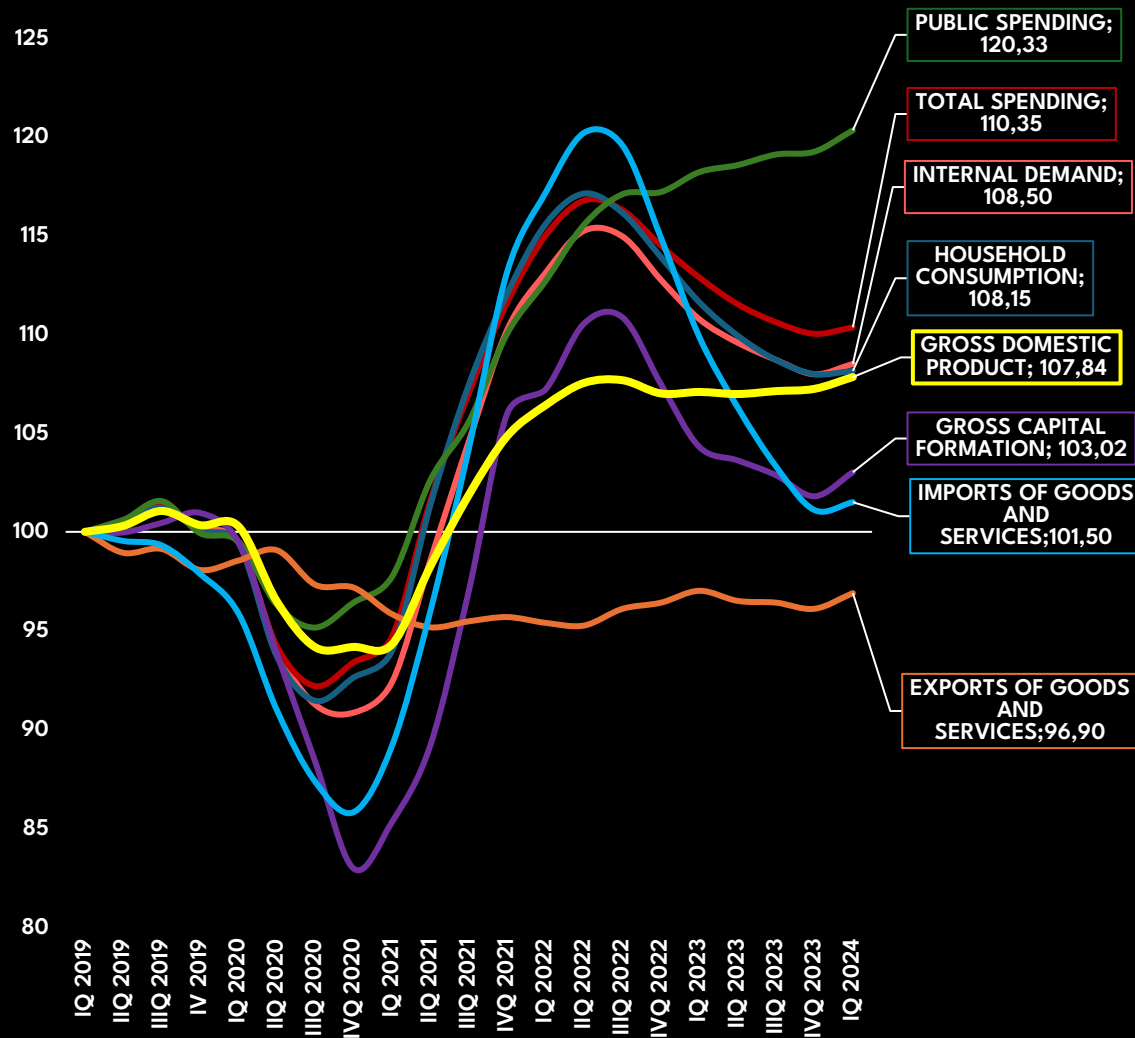
LATIN AMERICA'S EXPECTED GROWTH IN 2024

GROWTH PROJECTIONS FOR LATIN AMERICA - INTERNATIONAL MONETARY FUND

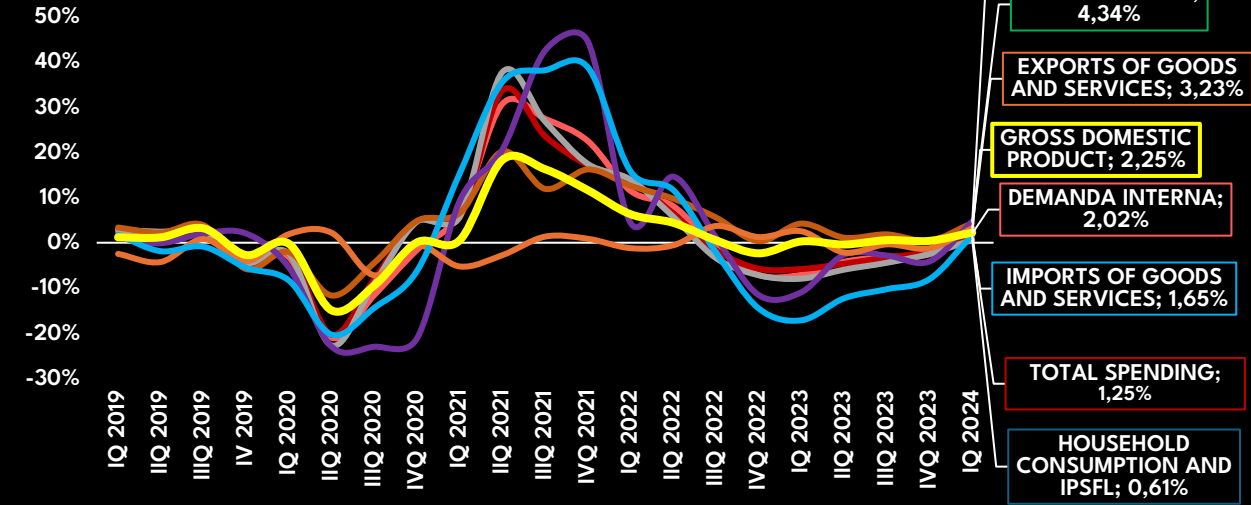


GROSS DOMESTIC PRODUCT GREW 2.3% IN IQ 2024

GDP INDEX BASED ON DEMAND COMPONENTS
(IQ 2019 = 100)



YEAR-ON-YEAR GDP GROWTH BY
DEMAND COMPONENTS



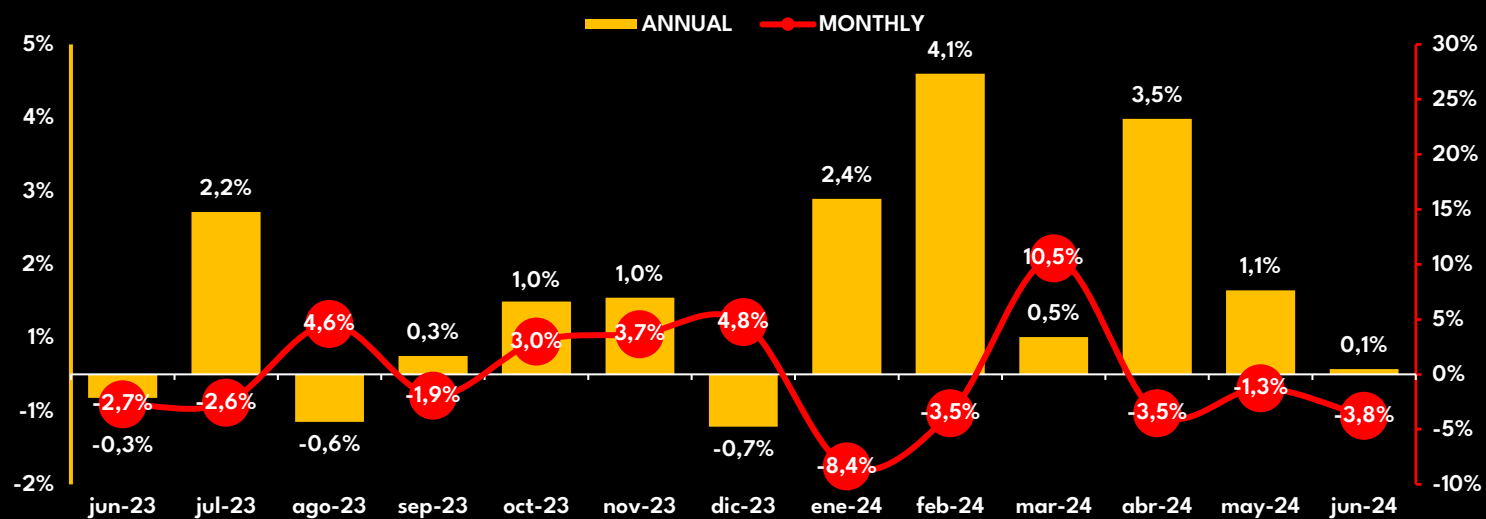
The Chilean economy showed signs of recovery during the first quarter of 2024 by reporting annual GDP growth of 2.3%, the best result since IIQ 2022. This dynamic was mainly driven by a sharp rise in investment and public consumption.

However, by economic activities, services drove this growth, with mining (7.0%), EGA (energy, gas and water) supply (17.8%) and transportation (7.0%) making the largest contributions. On the other hand, business services (-1.4%), fishing (-10.7%) and construction (-1.1%) were some of the activities that counteracted this dynamic.

Going into some details, mining reported this growth, to the extent that during the period analyzed there was higher copper quality and the start-up of a new conservative plant. Meanwhile, EGA's activity leveraged its growth by the generation of electricity through the use of lower cost inputs such as solar and wind energy.

AND HOW IS THE IIQ FOR 2024 DOING? IN ITS MONTHLY VARIATION, ECONOMIC ACTIVITY HAS COMPLETED 3 CONSECUTIVE PERIODS OF CONTRACTION

YOY AND MOM OF THE MONTHLY ECONOMIC ACTIVITY INDICATOR (IMACEC)



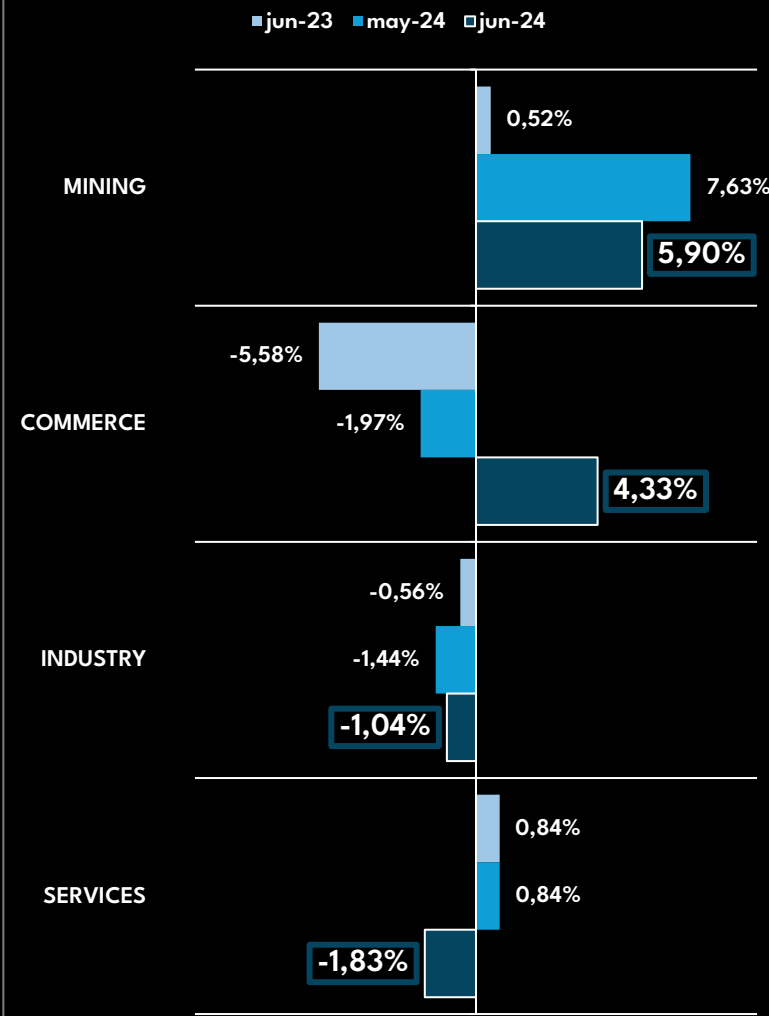
During June, economic activity grew by only 0.1% with respect to the same period of the previous year, below analysts' expectations, who projected an increase of between 0.5% and 2.1%; meanwhile, in Bloomberg surveys, this consensus was 1.5%.

Although mining (5.9%) and commerce (4.3%) performed well, industry and services offset their good performance by reporting annual contractions of 1.04% and 1.83%, respectively. However, a concern arises to the extent that the mining component is excluded from the IMACEC calculation, since without it, activity would show an annual drop of 0.7%.

As for the drop in industry, this could be linked to a lower food production, while in the case of services, a lower performance in personal services, specifically in education, would be the activity that would leverage this dynamic.

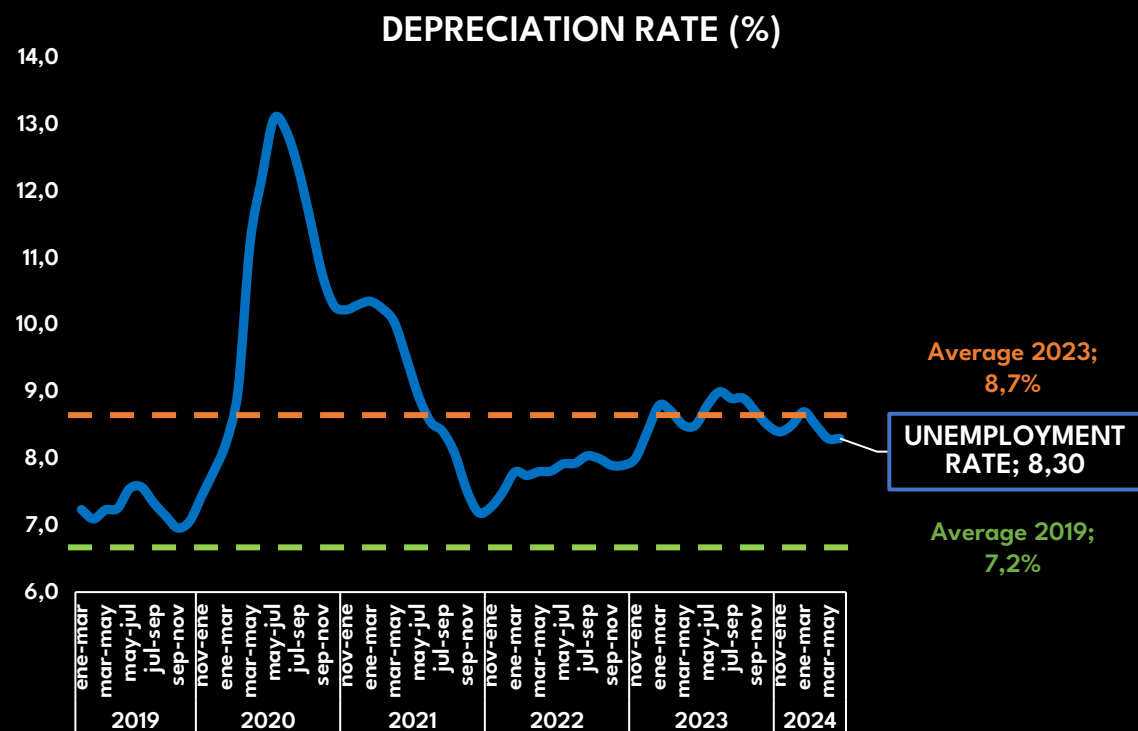
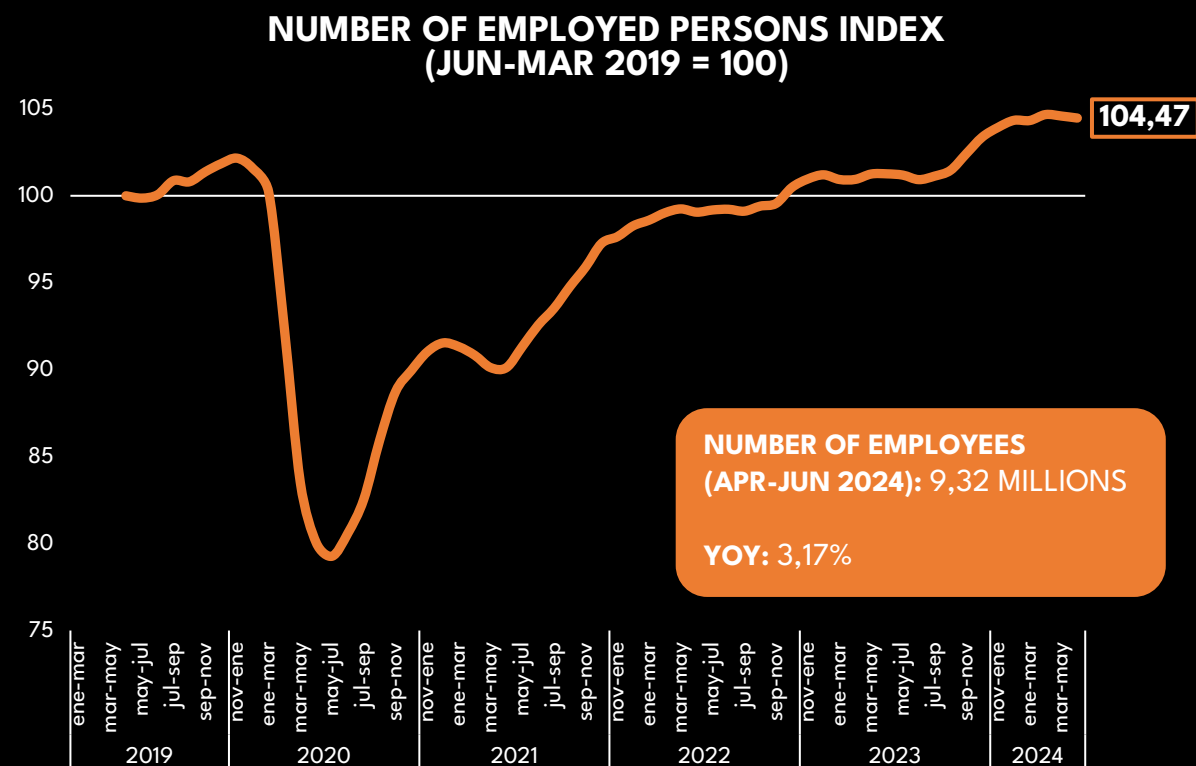
Now, this generalized behavior of deceleration in monthly economic activity may be due to a comparison base effect, however, what is certain is that given these results, a low GDP growth would be expected in the IIQ of the year.

ANNUAL DYNAMICS OF THE MAJOR COMPONENTS OF THE IMACEC



SOURCE: Central Bank of Chile.

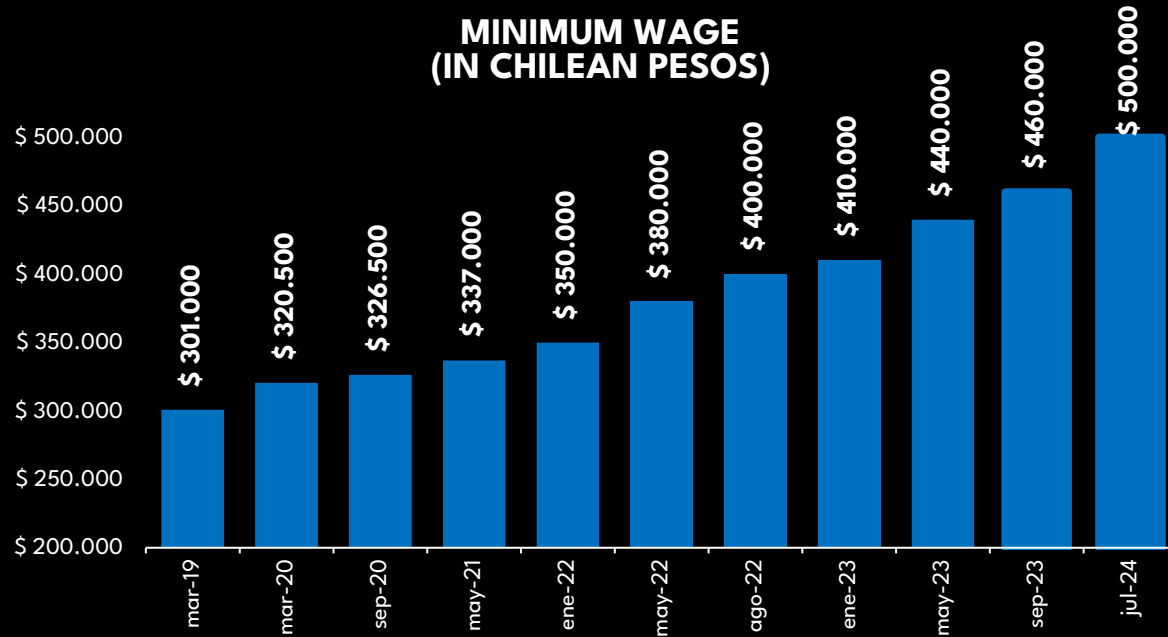
UNEMPLOYMENT IN CHILE FALLS FOR THIRD CONSECUTIVE PERIOD



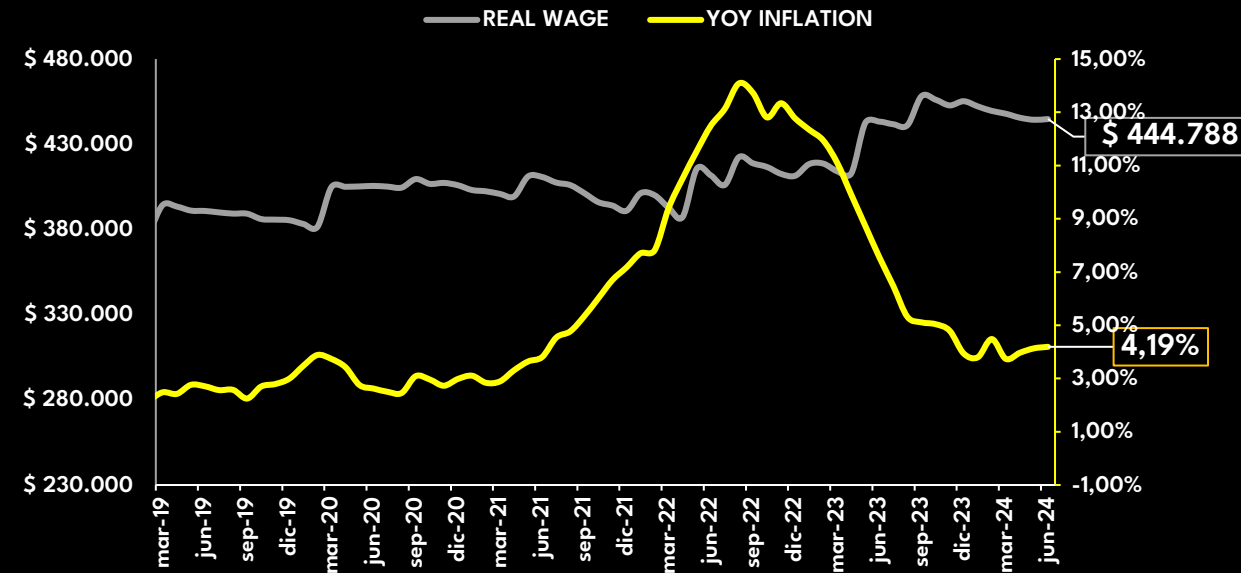
In line with the strength of the Chilean economy, the labor market is experiencing a recovery. During the April-June 2024 moving quarter, the unemployment rate stood at 8.3%, maintaining the same result as the previous quarter. However, it has not yet reached pre-pandemic levels, when the rate was below 8.0% and even reached 7.0%. If economic growth is sustained, it is possible that Chile will recover the solid labor market dynamics observed in the past. In addition, it is relevant to highlight that formal employment has increased and the number of employed has also increased, which suggests a comprehensive improvement in the labor market and could lead to a more solid recovery in the medium term. In terms of sectors of the economy, public administration and commerce were some of the activities with the highest growth in employment, while manufacturing, administrative services and mining reported contraction.

A NEW INCREASE IN THE MINIMUM WAGE

MINIMUM WAGE
(IN CHILEAN PESOS)



YOY REAL WAGE VS. YOY INFLATION



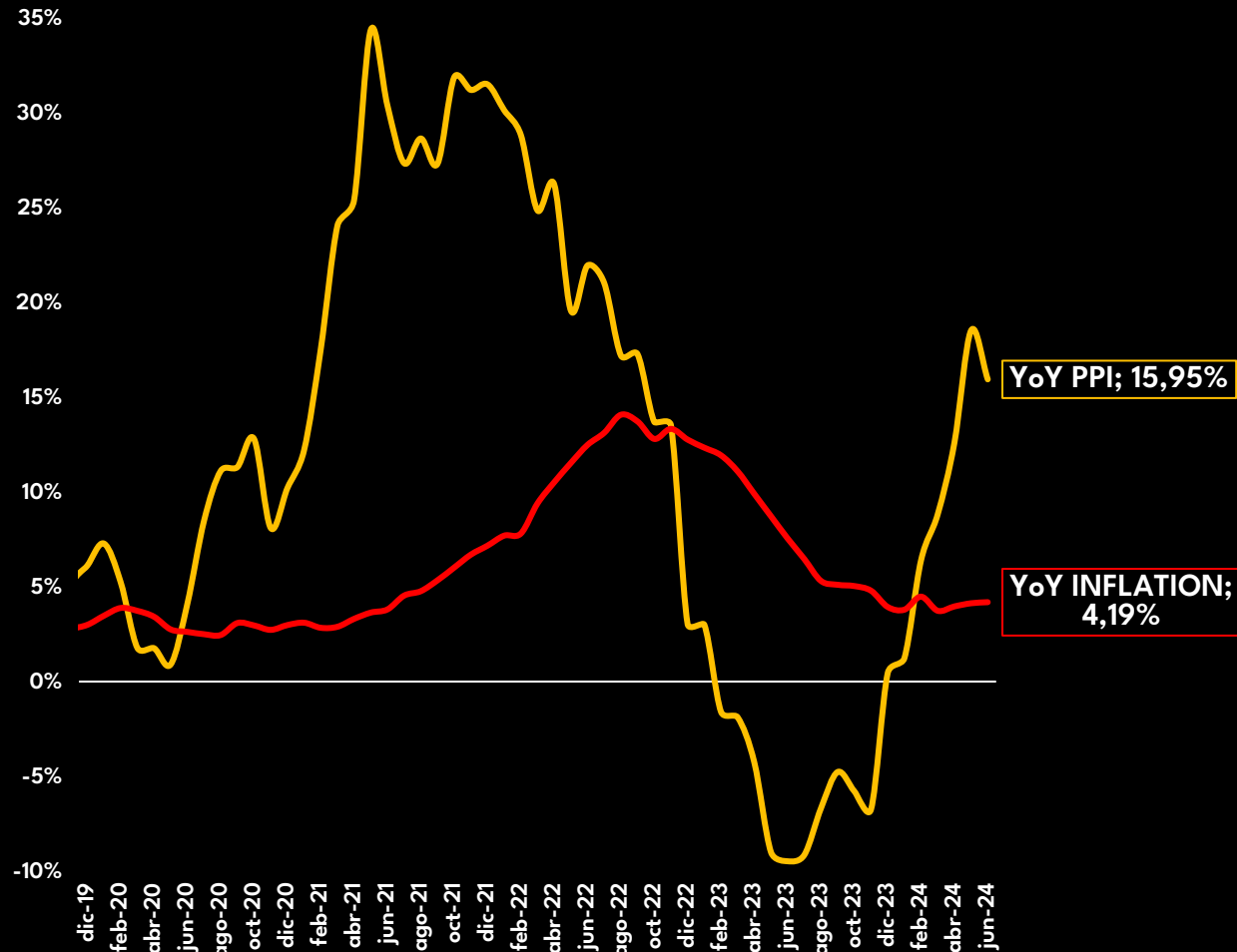
On July 1, there was a new increase in Chile's minimum wage, which was set at \$500,000 Chilean pesos and represented a 43% increase with respect to the last increase, which had been in September 2023. This, according to official entities, will benefit close to 800 thousand employees. However, given some slight upward rises in annual inflation and the still high cost of living, the real salary has maintained a slight downward trend so far this year, which places it at just under 60 thousand pesos below the nominal salary.

On the other hand, labor-intensive sectors could be affected by a higher cost of production; and in this order of ideas, these wage increases must go hand in hand with improvements in productivity, otherwise, micro and small companies could be strongly affected by these higher production costs.

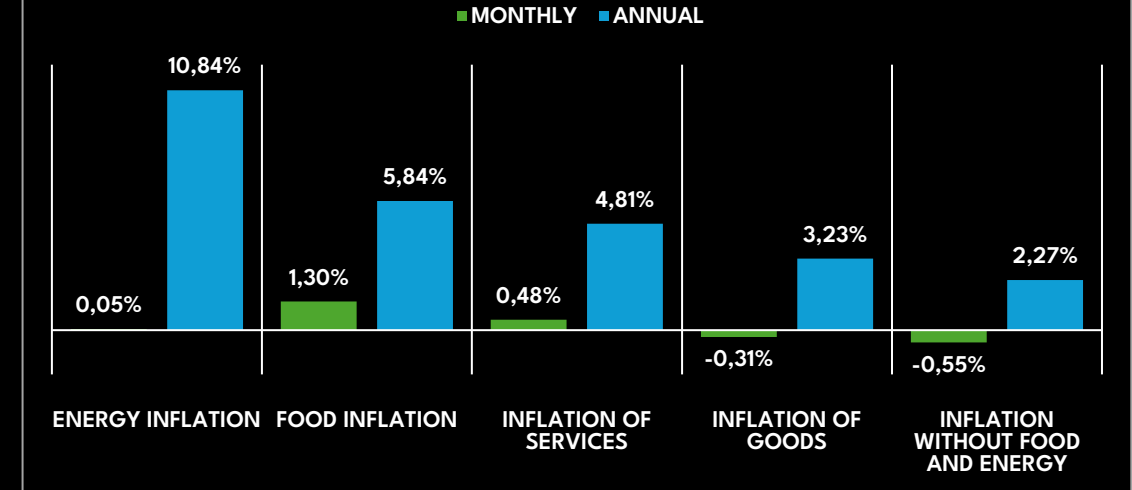
Finally, it is worth mentioning that depending on what inflation is reported in the second half of the year, a final increase in the minimum wage will be applied or not in the following year.

THE PPI SHOWED A CHANGE IN TREND, REPORTING A SHARP SLOWDOWN IN JUNE

YOY INFLATION VS. YOY PPI



UNDERLYING MEASURES OF THE CPI (JUNE 2024)

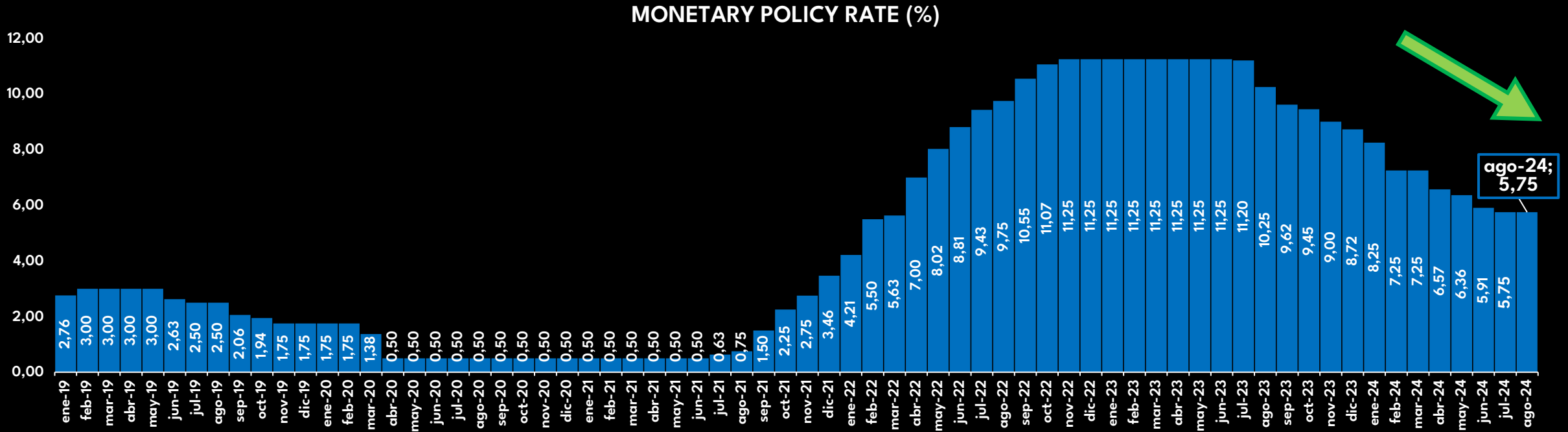


In its annual variation, the PPI reported a growth of 15.95%, however, with a marked change in trend, being 2.58 pps below the figure reported in May. However, this dynamic was due to a monthly drop of 1.6%.

The sector that contributed most to this drop was mining with a monthly decline of 3.7%, where copper was the product with the largest contribution.

On the other hand, in June, annual inflation showed a slight rebound and continued with the upward trend that has characterized this year 2024. Mainly the higher annual growth in energy prices (10.84%) and food (5.84%), pressured the general behavior.

THE CENTRAL BANK HAS DECIDED TO KEEP ITS INTEREST RATE STABLE



On July 31, the board of the Central Bank of Chile decided to keep the monetary policy rate (TPM) stable at 5.75%, surprising the market, which expected a cut of 25 basis points, which would have taken it to 5.5%. According to the board, some upturns in inflation during the last months, upward revisions for higher prices at the end of 2024 and an economic activity that has evolved below projections were some of the factors considered to keep the interest rate stable. Somehow, now expectations are focused on a more flexible period of cuts throughout the year, as the Bank suggested that the bulk of cuts had already taken place in the first half of the year.

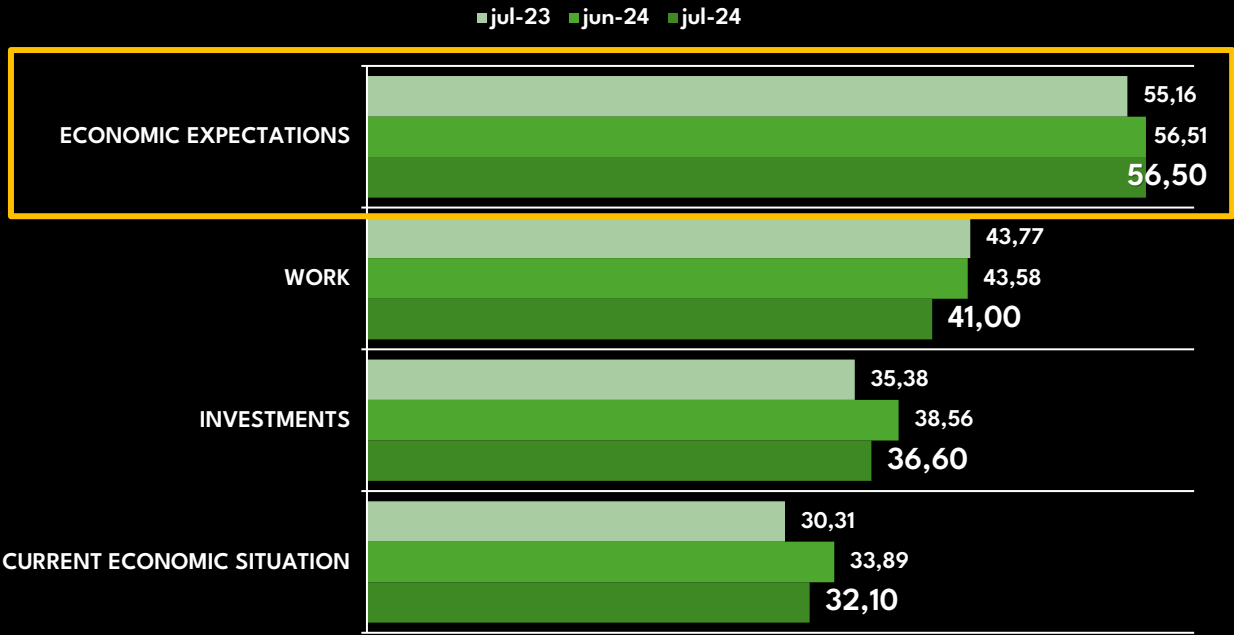
However, the international environment was also considered by the board when making the decision. The case of the United States, where inflation in June was lower than expected, reduced the perception of monetary policy cuts.

AFTER REACHING A HIGH LEVEL, CONSUMER CONFIDENCE IN CHILE RECORDED A NOTABLE DECLINE

ANNUAL COMPARISON OF CONSUMER CONFIDENCE (POINTS)



CONSUMER CONFIDENCE SUB-INDICES



In July, consumer confidence in Chile showed a sharp decline because of a deceleration in all sub-indices evaluated, with "labor" being the most worrisome. However, "economic expectations" was the one that fell the least, showing a certain stability, where throughout the year some improvements in the sub-indicators of "current economic situation" and "investments" boosted this dynamic. This, likewise, has been leveraged by better prospects for the purchase of high-value goods.

On the other hand, the drop in confidence in "work" reflects the realities of the market, which, although the unemployment rate remained stable in the last record, some factors such as a greater perception of less job stability, a downward trend in online job advertisements and political signals against the labor market such as an increase in the minimum wage, a reduction in the working day and the pension reform, have ended up diminishing consumer confidence in this item.

IN SUMMARY

WHAT HAPPENED IN IIQ 2024?



- ✓ Gross Domestic Product.
- ✓ Monthly economic activity (IMACEC).
- ✓ Labor market.
- ✓ Salario mínimo.
- ✓ CIP y PPI.
- ✓ Monetary policy rate.
- ✓ Consumer confidence.

- The Chilean economy, as measured by GDP grew by 2.3% in the first quarter of 2024, the best result since 2022. Mining, energy, gas and water supply, and transportation led this growth, while fishing, construction and business services had a negative impact. Now, by demand components, investment and public spending leveraged this growth.
- The Chilean labor market is recovering slightly with an unemployment rate of 8.3% from April to June 2024, but still not reaching pre-pandemic levels. Formal employment and the number of employed have increased, with growth in public administration and commerce, although manufacturing and mining contracted.
- On July 31, the Central Bank of Chile maintained the monetary policy rate at 5.75%, surprising the market that expected a cut. The decision was based on recent inflationary rallies and weak economic activity. A more flexible period of future cuts is anticipated, while low inflation in the US also influenced the decision.
- In July, consumer confidence in Chile fell sharply, with "confidence in work" as the most affected sub-index where the perception of lower job stability and political factors have most affected confidence in the labor market. Although "economic expectations" showed some stability thanks to improvements in "current economic situation" and "investments", this did not allow a rise in overall confidence.

2,25%
IQ 2024

Gross Domestic Product

VS 0,29%
(IQ 2023) ↑

8,3%
mar-may 2024

Unemployment rate

VS 8,5%
(mar-may 2023) ↓

5,75%
Ago 2024

Interest rate

VS 10,25%
(Ago 2023) ↓

42,69
Jun 2024

Consumer confidence

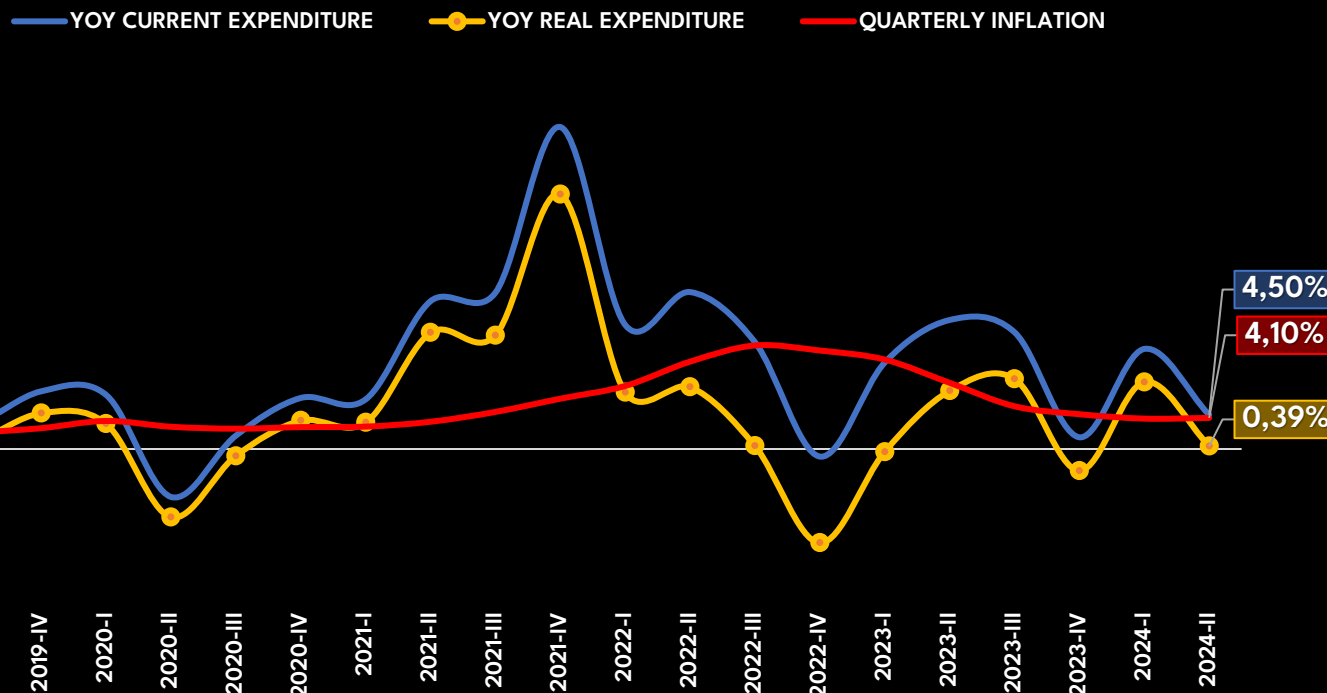
VS 39,42
(Jun 2023) ↑

HOUSEHOLD SPEND

IIQ 2024



QUARTERLY HOUSEHOLD EXPENDITURE IN CHILE DYNAMICS



UPSIDE FACTORS

- ⚠ During the IIQ, the benchmark interest rate was lowered, which may have boosted household spending to some extent.
- ⚠ The arrival of discount seasons favored the dynamics of spending on durable and semi-durable goods.
- ⚠ A boom in the "shopping trip" trend from Argentina to Chile, which is favoring the dynamics of some sectors.

DOWNWARD FACTORS:

- ⚠ Lower consumer confidence, mainly due to greater instability in the labor market.
- ⚠ Spike in food prices and some utilities.

HOUSEHOLD SPEND IN THE
FOURTH QUARTER WAS

\$46,75

BILLIONS OF CHILEAN PESOS

WITH A CURRENT ANNUAL
GROWTH RATE OF

4,50%

AN ANNUAL INFLATION OF

4,10%

AND AN ANNUAL GROWTH IN
REAL EXPENDITURE OF

0,39%

SOURCE: Gastometría Junio 2024, RADDAR.

SPENDING DYNAMICS BY BASKETS IIQ 2024

* Annual quarterly inflation
 ** Annual change in real expenditure

(Monetary unit: Chilean pesos)

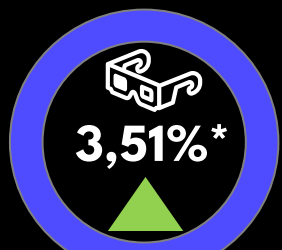


-8,35%*

CLOTHING AND FOOTWEAR

1,34 Billions of pesos

7,59%**

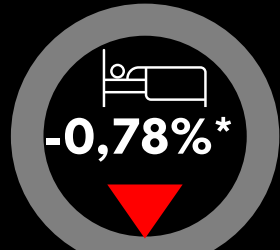


3,51%*

RECREATION AND CULTURE

2,50 Billions of pesos

3,42%**

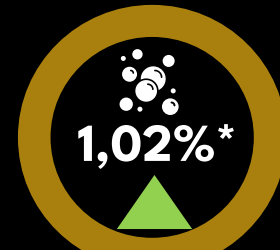


-0,78%*

FURNITURE AND HOUSEHOLD GOODS

2,95 Billions of pesos

2,89%**

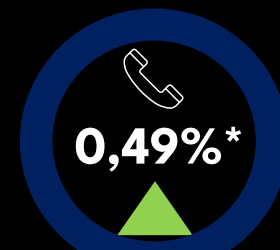


1,02%*

MISCELLANEOUS GOODS AND SERVICES

2,31 Billions of pesos

1,68%**

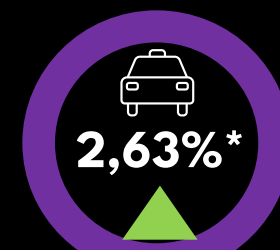


0,49%*

COMMUNICATIONS

2,00 Billions of pesos

1,52%**



2,63%*

TRANSPORT

6,30 Billions of pesos

1,21%**



3,00%*

HEALTH

3,37 Billions of pesos

0,96%**



4,00%*

ALCOHOLIC BEVERAGES AND TOBACCO

2,27 Billions of pesos

0,60%**



5,10%*

FOOD AND NON-ALCOHOLIC BEVERAGES

10,06 Billions of pesos

0,09%**

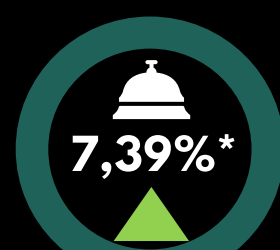


5,80%*

EDUCATION

3,17 Billions of pesos

-0,11%**



7,39%*

RESTAURANTS AND HOTELS

3,29 Billions of pesos

-0,67%**



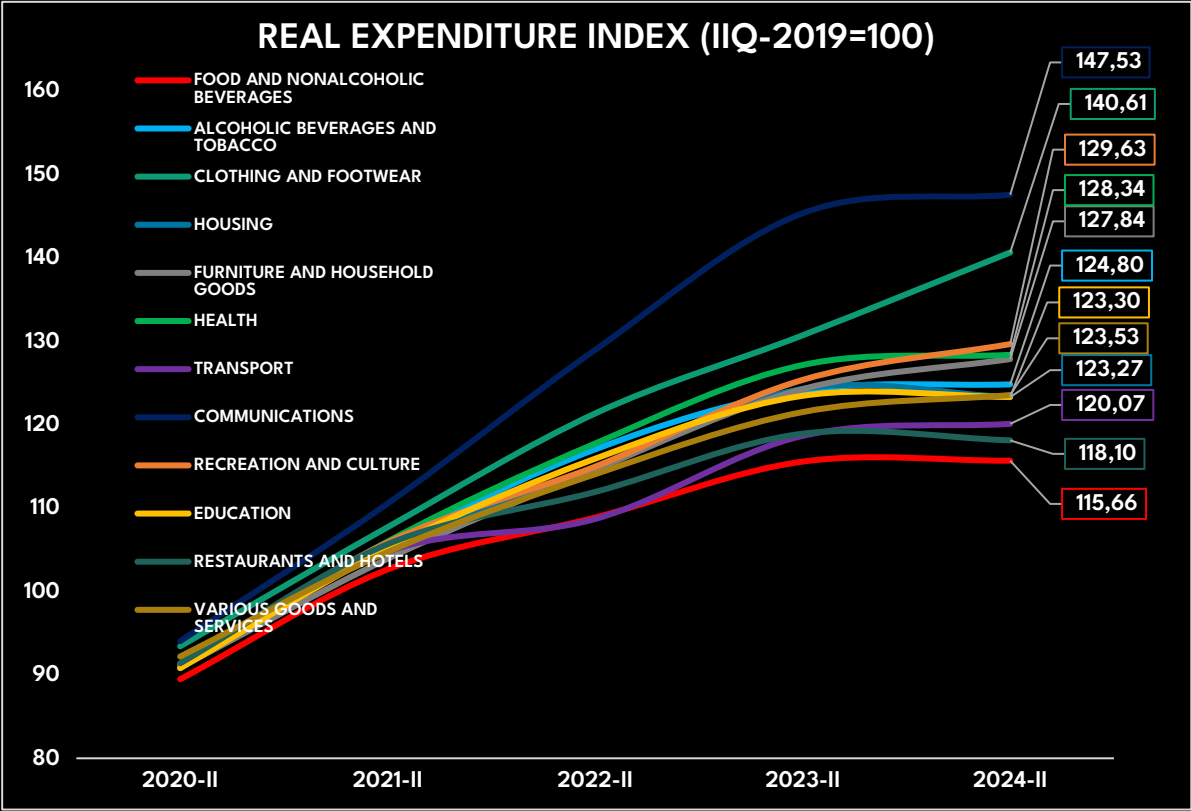
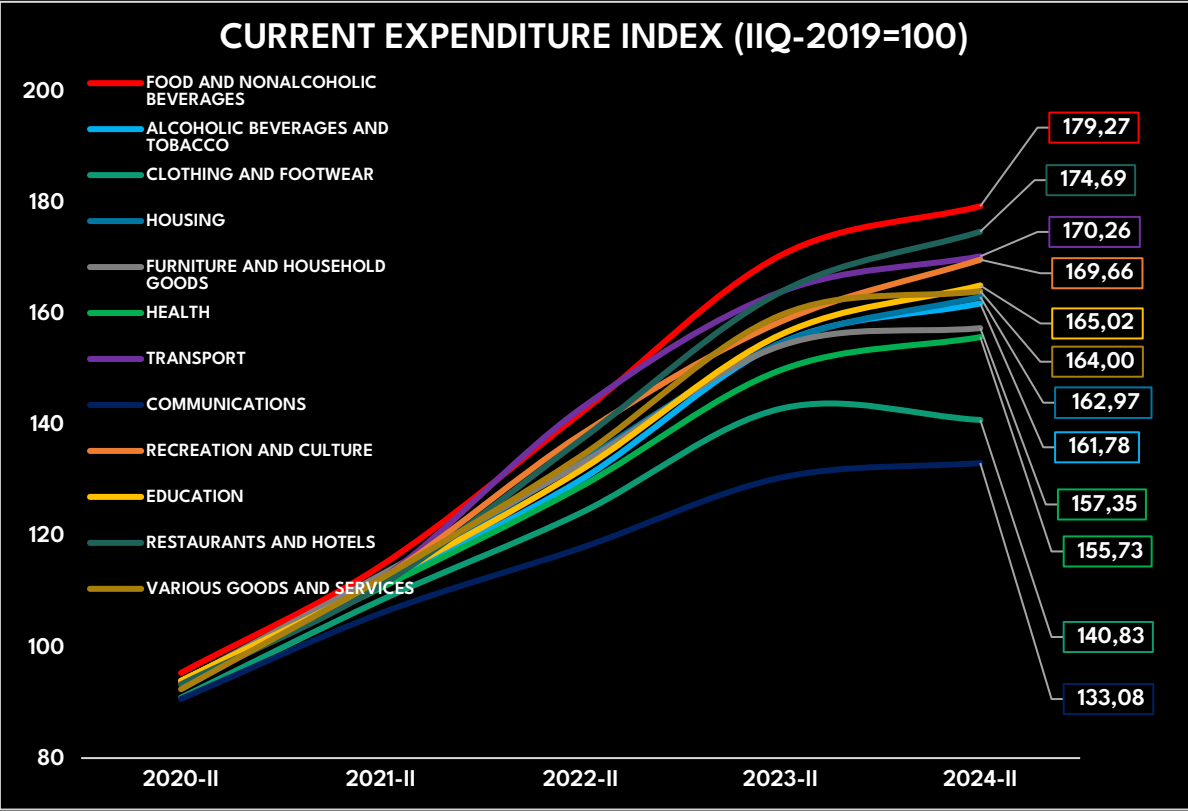
6,25%*

HOUSING AND BASIC SERVICES

7,16 Billions of pesos

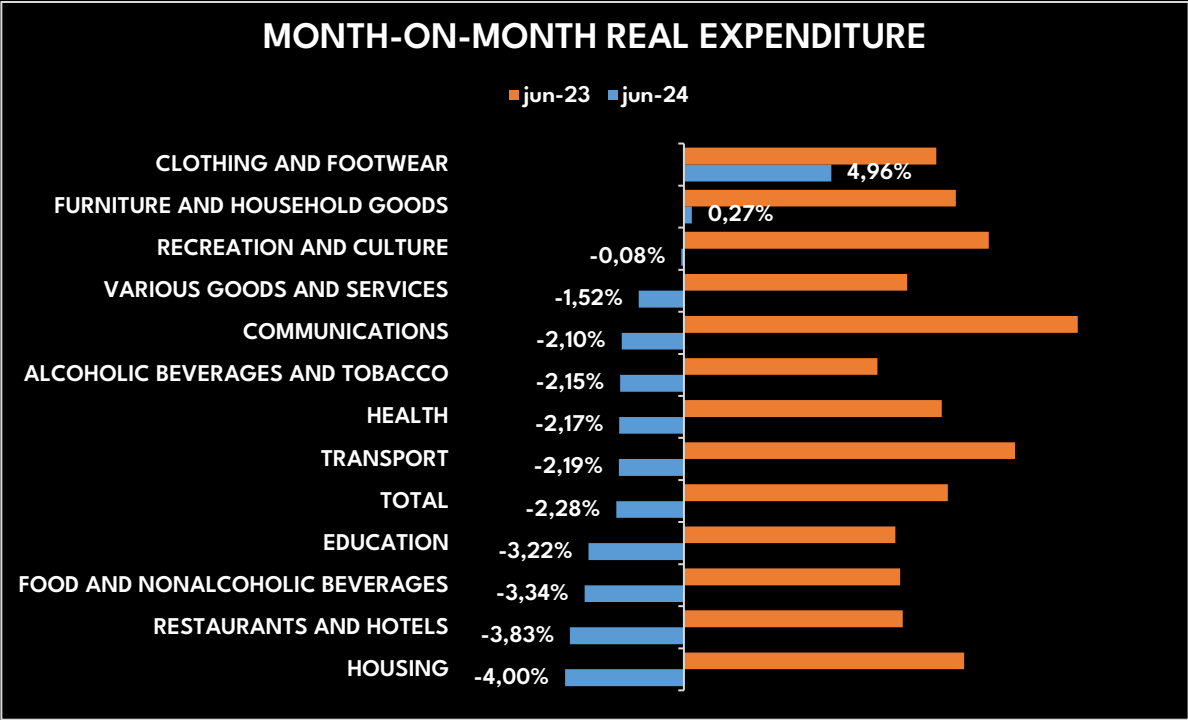
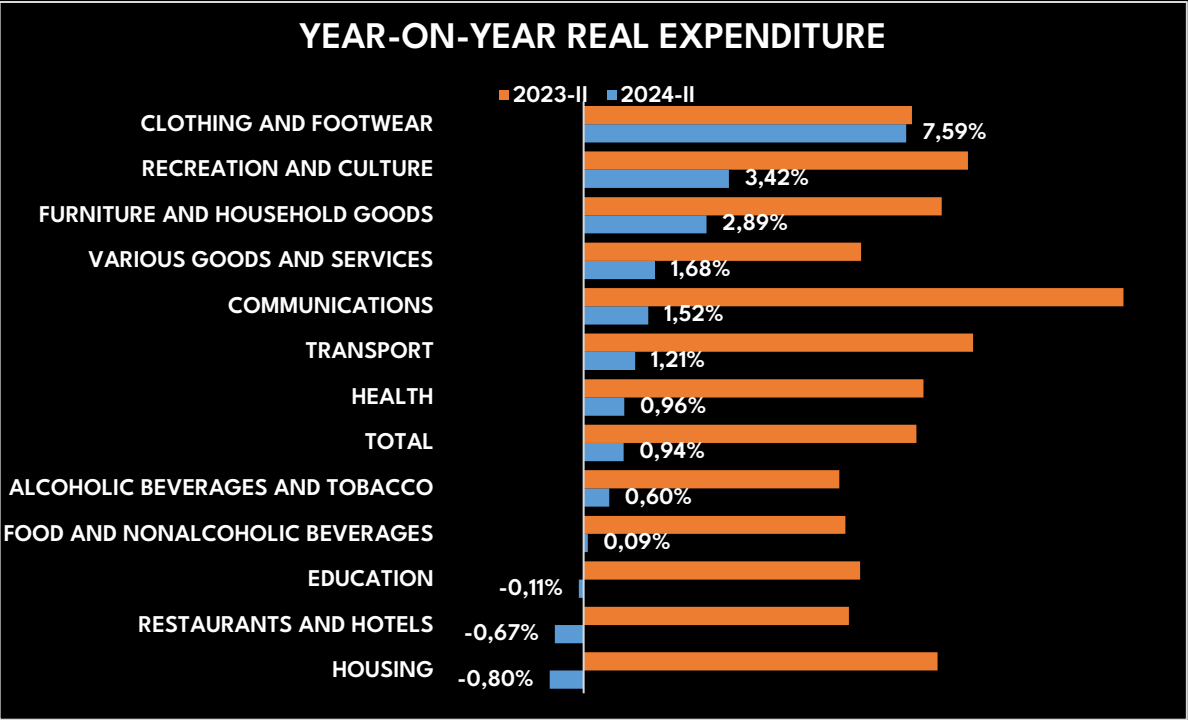
-0,80%**

HOUSEHOLD FOOD, THE BASKET WITH THE HIGHEST GROWTH IN SPENDING MONEY SINCE 2019



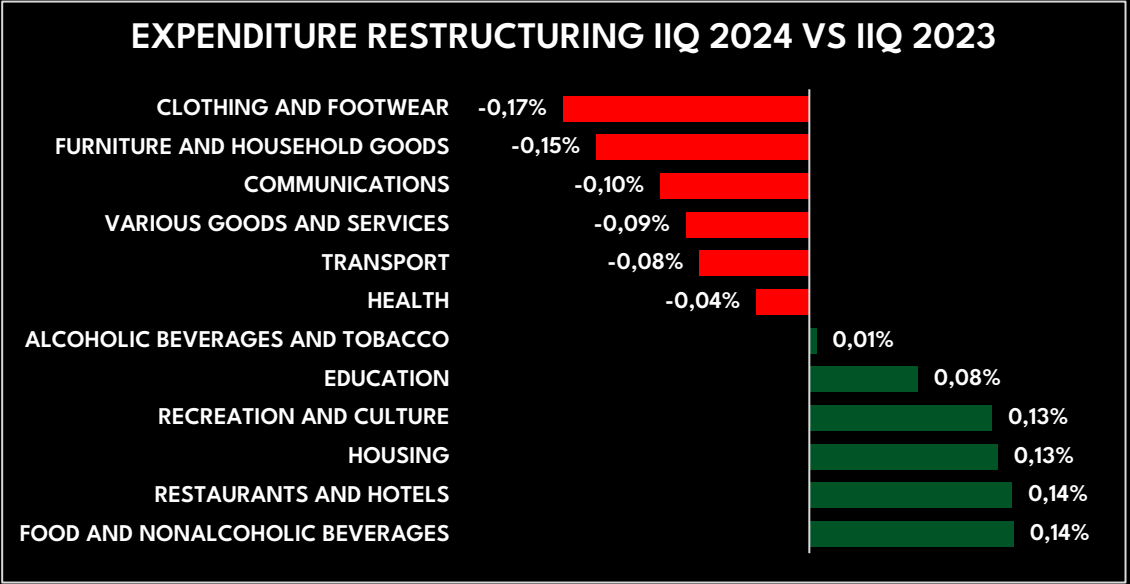
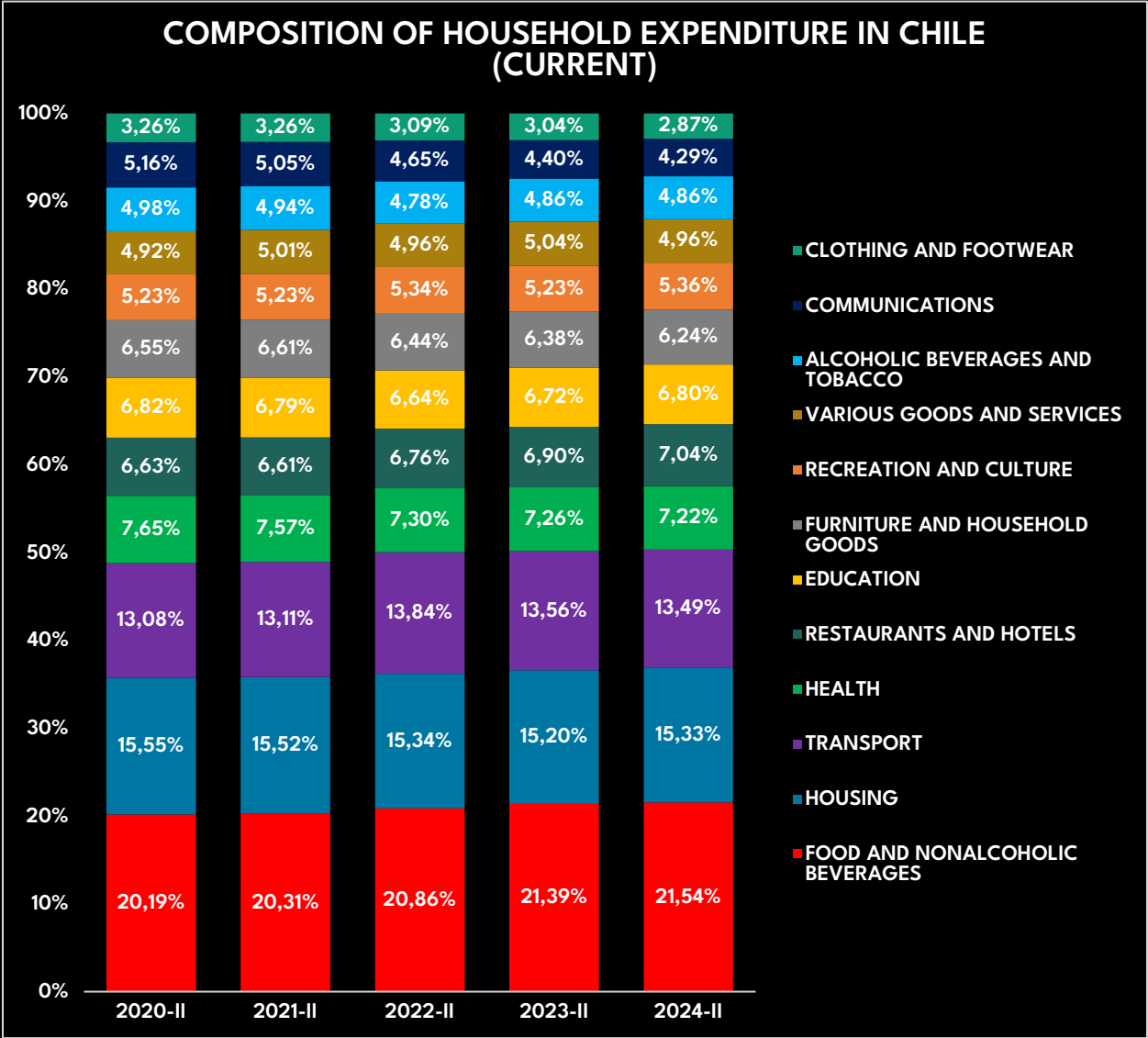
Taking as a basis for comparison the IIQ of 2019, within household cash spending there has been an upward trend in all baskets, with Food and non-alcoholic beverages being the one with the highest growth. Nearly 80% more households have spent to purchase food, while in the communications basket this variation has been 33%, which, although high, shows a large difference. For its part, the clothing and goods basket shows a downward trend related to the fall in its prices, which is complemented by a strong increase in terms of spending in quantities, which then ends up demonstrating the high purchasing power that Chilean households are having in this category, while the food basket shows a different behavior, where households have made greater outlays of money, but acquiring smaller quantities.

APPAREL AND FOOTWEAR CATEGORY LED REAL SPENDING GROWTH IN IIQ AND JUNE 2024



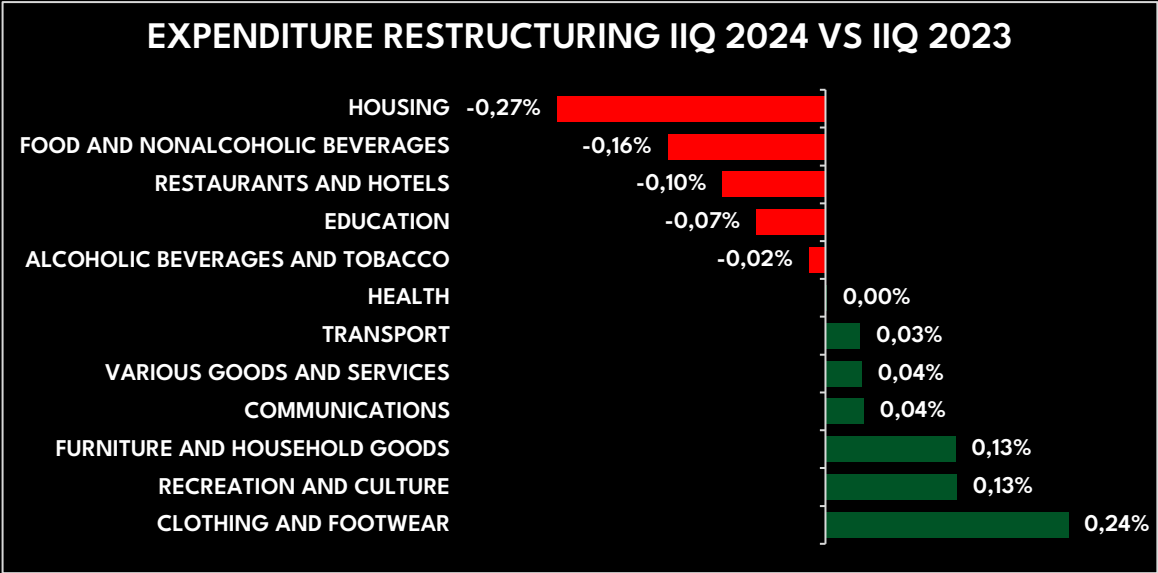
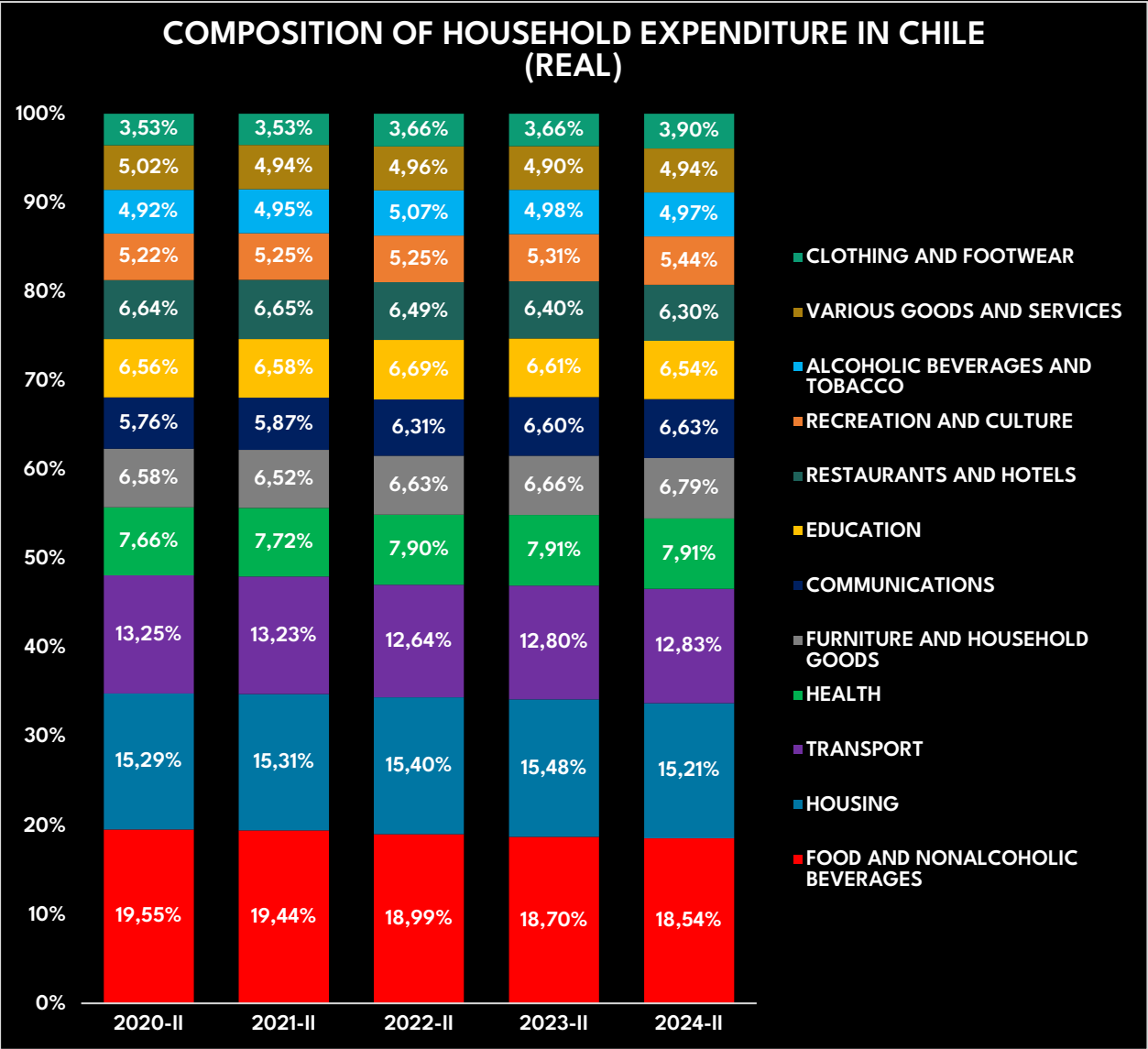
- In its annual variation, real expenditure in the different consumption baskets showed a growth in its purchasing power, where, except for education, restaurants and housing, households acquired more units than IIQ 2023, however, showing a downward trend explained by slight price increases in most of them so far in 2024.
- The clothing and footwear basket reported the highest growth (7.59%) and showed stability with respect to the data recorded in the same period of 2023. In some way, the continuous fall in the prices of these products has allowed a better spending dynamics of households. Discount days due to the beginning of clearance seasons, events such as Cyberday at the beginning of June and the high participation of retailers in the Chilean market have favored these good dynamics. Now, to the extent that it is more popular "shopping trips" of Argentines to Chile, who see lower prices on products such as appliances and clothing, the southern country is being favored in these sectors and therefore in their sales and income. On the other hand, the change of season could also favor the dynamics of spending on clothing, where more coats and long pants, for example, were sought.
- It is worth mentioning that the discounts are made on the real price, so that these days do end up stimulating spending in these categories such as clothing and household appliances, mainly.

INCREASED THE SHARE OF FOOD AND RESTAURANT SPENDING IN MONEY SPENT



- In general terms, except for Food, the baskets that gained the most participation are services, while those with the highest participation of goods lost participation in this period with respect to the IIQ of 2023, showing in some way a greater expenditure of money in the basket of necessities.
- Faced with an upward rebound in the prices of the food and non-alcoholic beverages basket, Chilean households have had to spend more money on this category, which is represented by a growth of 0.14 pps in the share of this basket in total spending. On the other hand, the basket of restaurants and hotels also showed an increase, in the same amount, where in some way the higher price in production costs has led to a higher final selling price, generating pressure on the households' pockets.
- As for the higher share of Housing, a strong rebound in gas prices in this quarter may have been the factor that put pressure on households' pockets in this basket.

IN TERMS OF QUANTITIES: APPAREL, RECREATION AND FURNITURE WERE THE CATEGORIES WITH THE LARGEST GROWTH

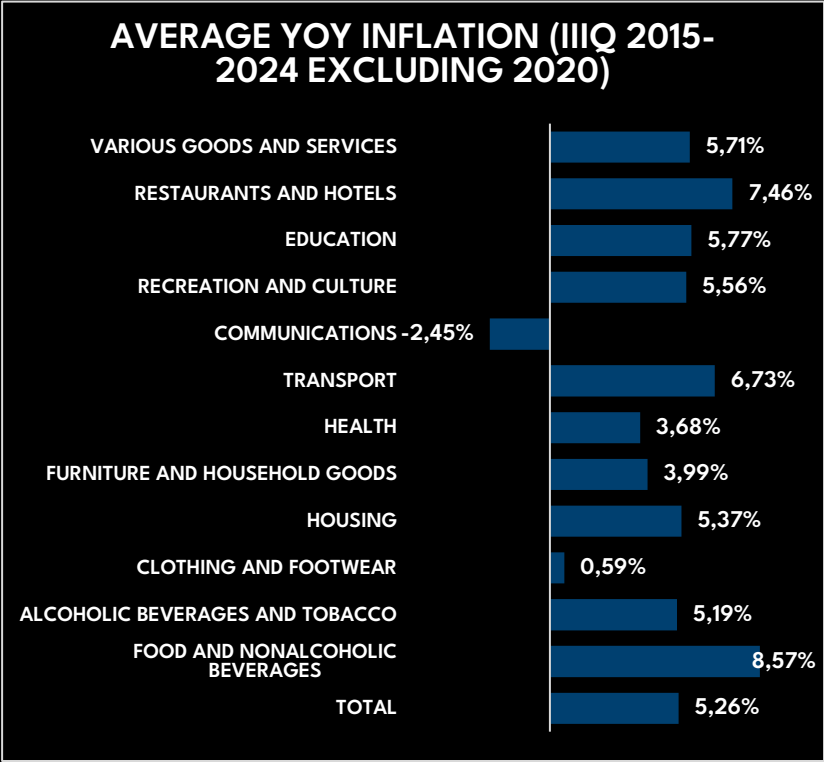
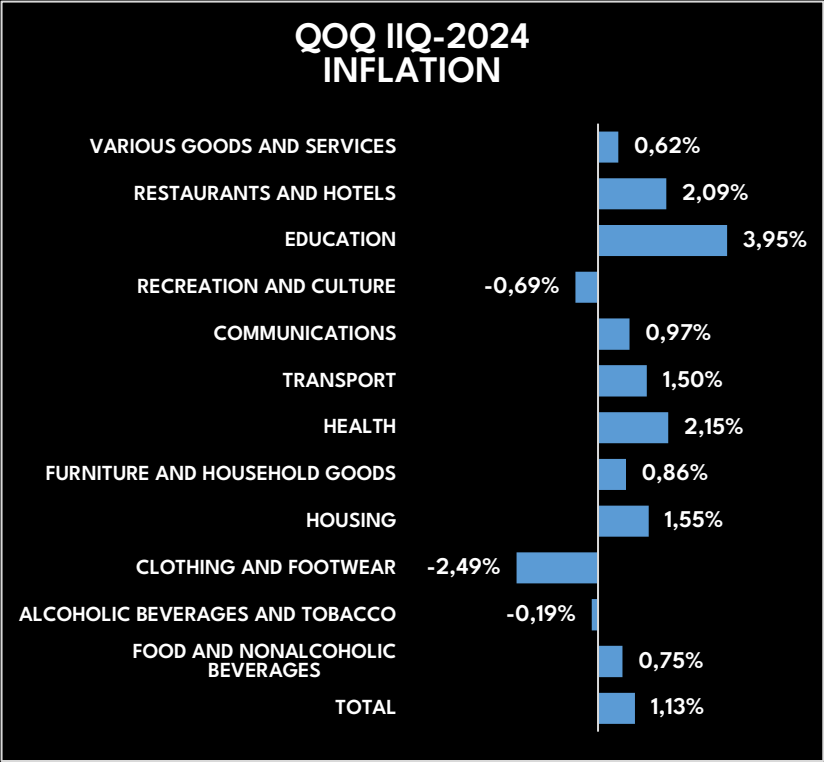
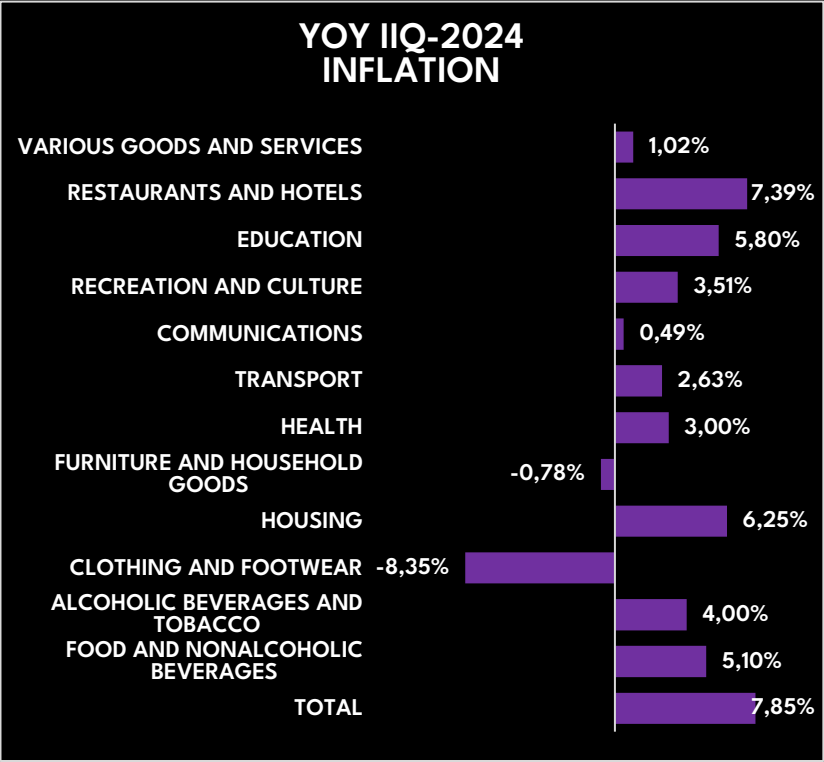


When reviewing the composition of spending by amounts, although the top 3 (food, housing and transportation) are maintained, the variation with respect to the IIQ of 2023 shows a dynamic where clothing and recreation gained participation.

As mentioned above, the drop in apparel prices represented a respite for households, which have been able to purchase more quantities than in the previous year, and the various discount days such as Cyberday further favored this dynamic.

Likewise, the different discount days such as Cyberday favored this dynamic even more. As for the behavior of Recreation and culture, the greater participation in this second quarter was mainly driven by a good spending behavior dynamic in April in all its categories. In this order of ideas, the retail trade in this month reported one of the best reports since 2022. In this order of ideas, the arrival of the "eCommerce Day" in Chile, could favor the demand for these products, thanks to the different discounts offered, both online and in person.

RESTAURANTS AND HOTELS WAS THE BASKET WITH THE HIGHEST INFLATION RATE AT THE END OF THE SECOND QUARTER OF 2024



- Restaurants and hotels was the basket with the highest annual inflation at the end of the second quarter of 2024, behavior that was driven by the Food and beverages consumed outside the home subcategory, which showed a higher price increase in this period due to an increase in prices of production costs and its main input, food.
- Housing, on the other hand, which had an annual inflation of 6.25%, would be boosted by a strong increase in gas prices, as a public service. Now, it should be mentioned that as of July, households will have a strong increase in the electric energy service charge as a consequence of the unfreezing of the tariffs that were frozen 5 years ago, as a consequence of the social outbreak, where support was provided to vulnerable families, but which generated a debt of close to US\$6,000 million of the State with the energy generating companies. However, these increases could mean increases of up to 30% in July.

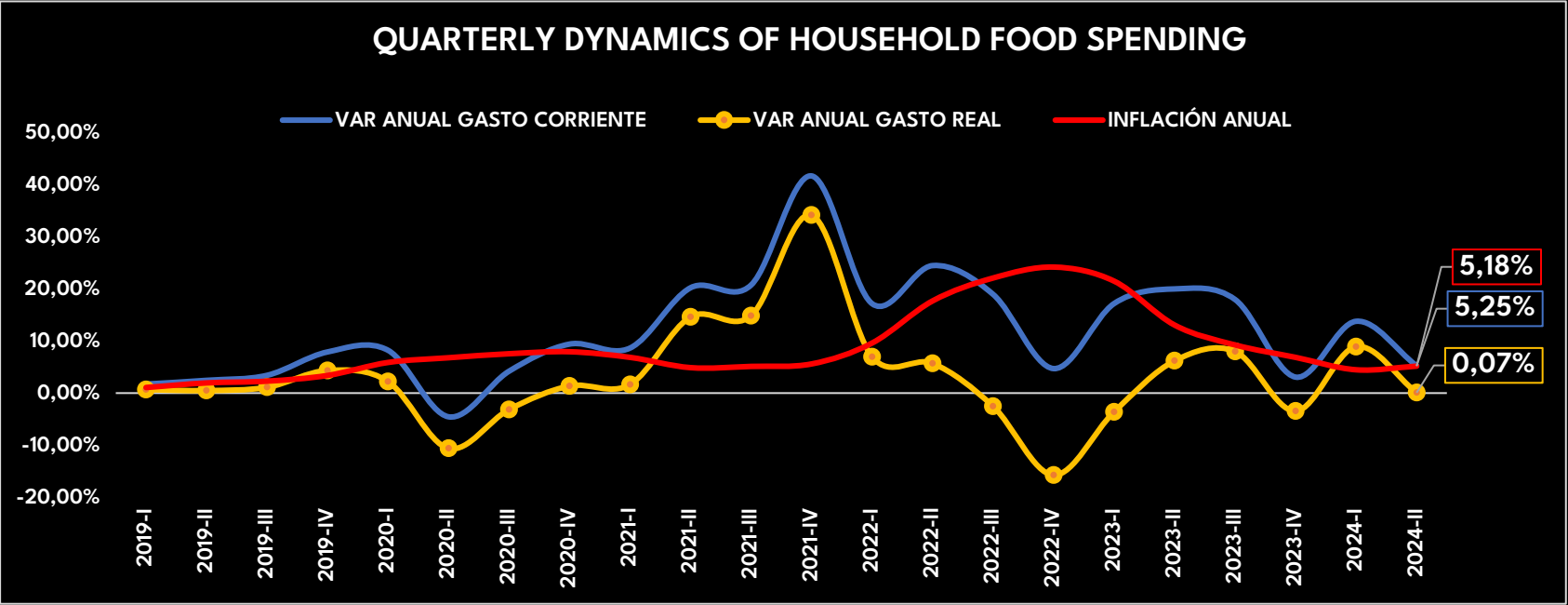


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HOUSEHOLD SPEND FOOD

IIQ 2024

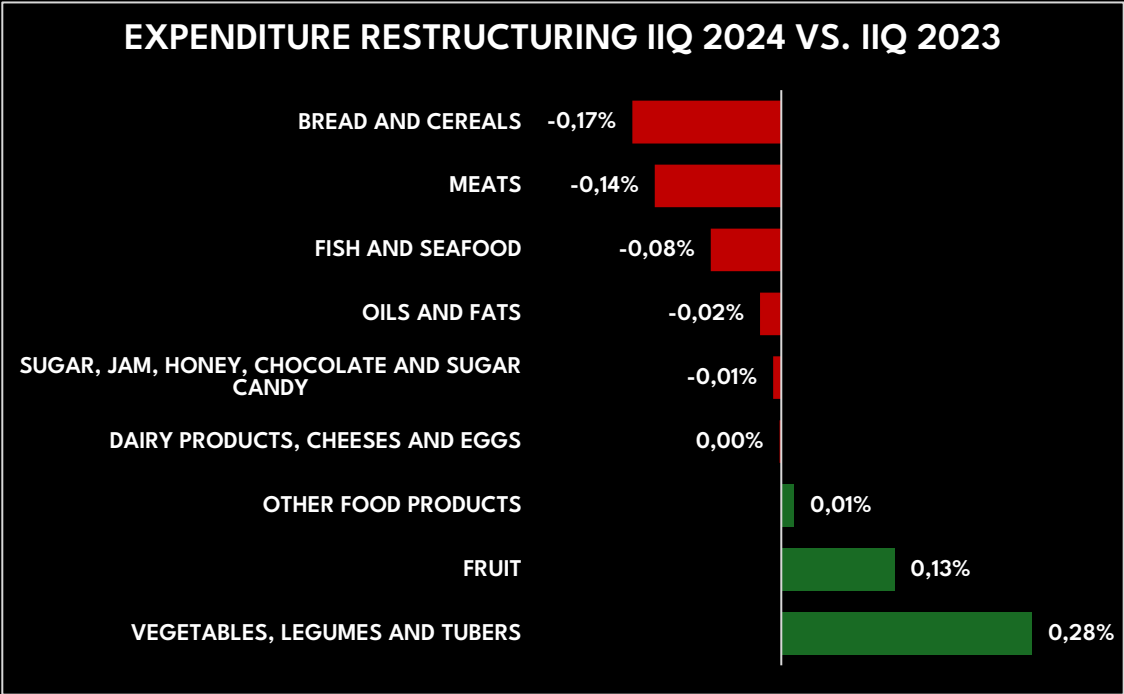
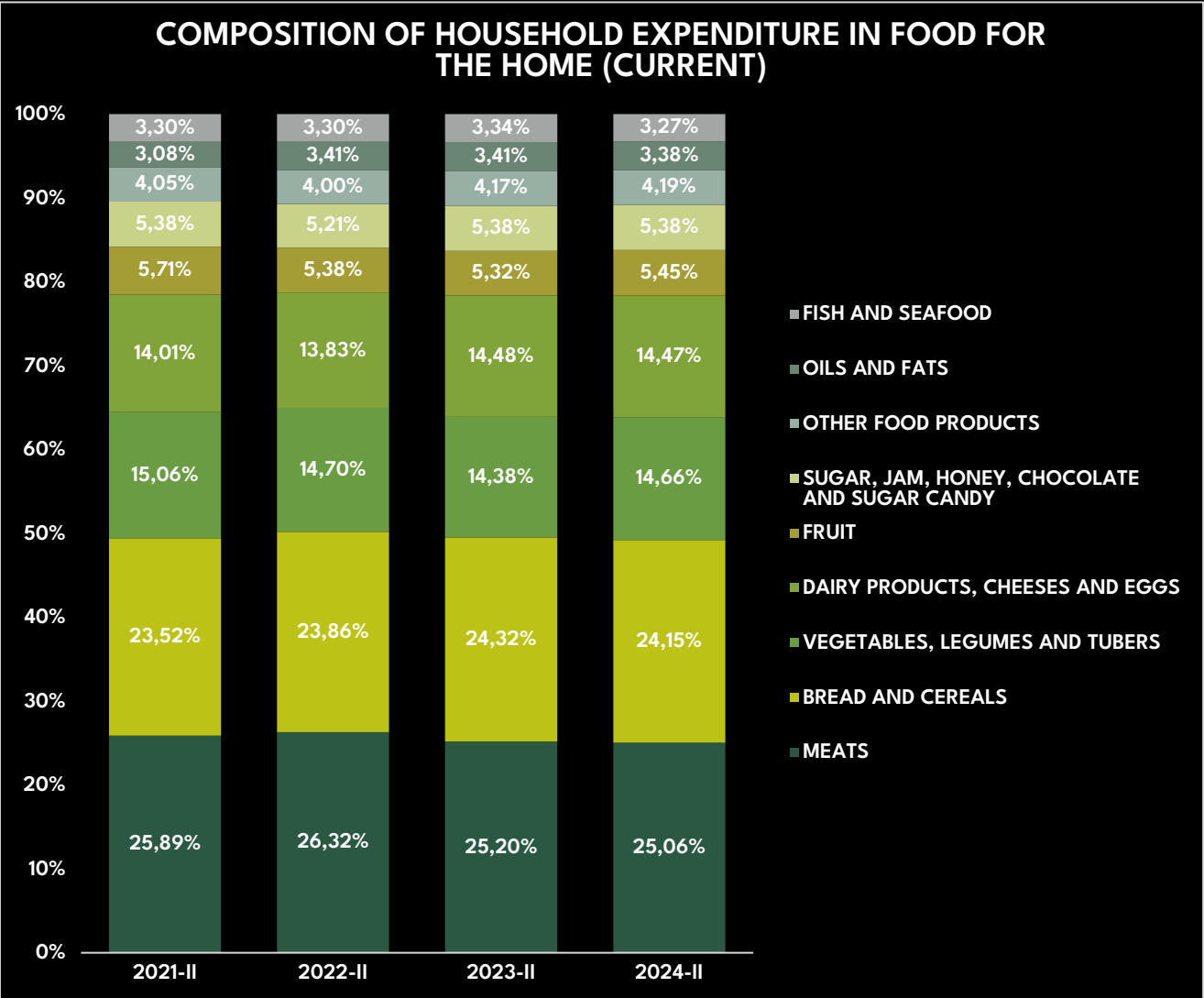
INFLATION SHOWED AN UPWARD TREND IN THE 2024 IIQ



- During the second quarter of the year, food inflation changed its trend and showed an upward trend, which, among other things, could have generated a slight rebound in the country's inflation, given its importance in the basic household basket.
- The most significant event was the effects of the rains, followed by some frosts in June, which affected the harvest of some food products. In addition, some delays in harvesting trucks could have worsened this dynamic. In this order of ideas, it was not possible to grow crops during this period, however, no significant delays are expected in future harvests.

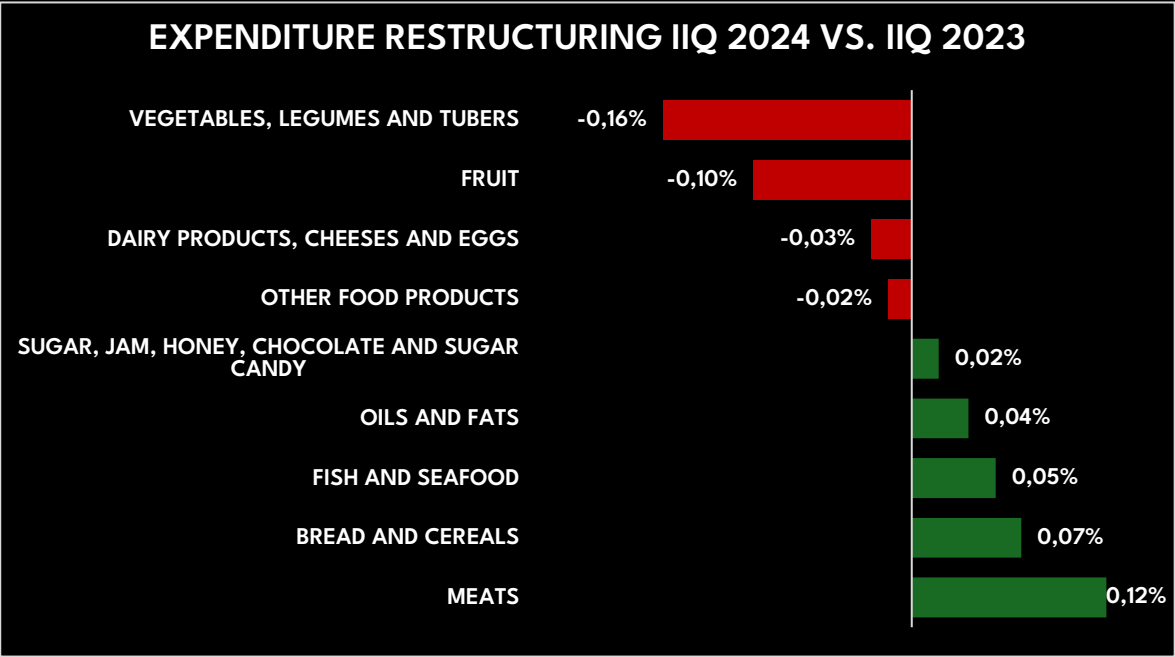
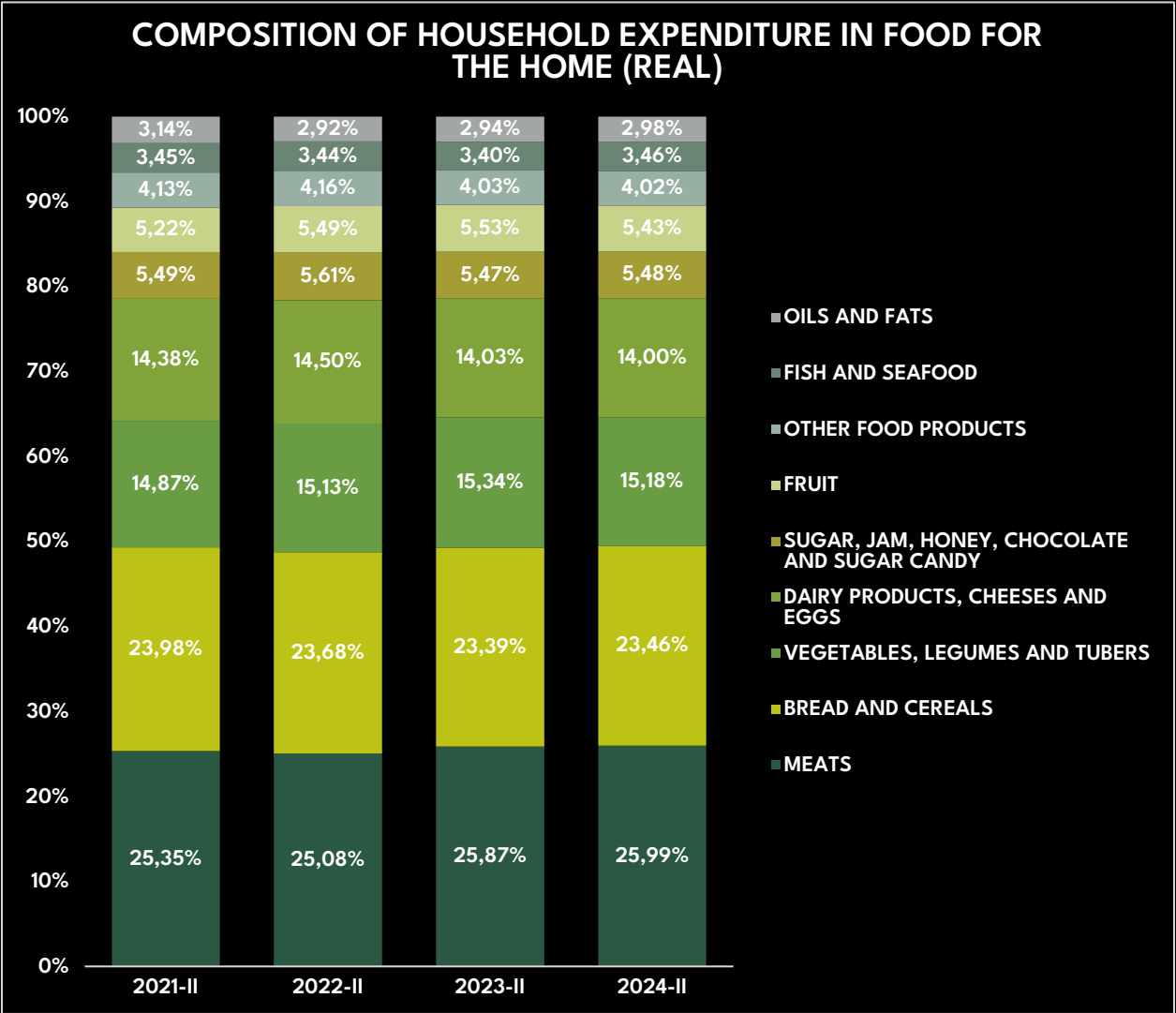
	MARKET SIZE	YEAR-ON-YEAR REAL EXPENDITURE	QUARTERLY INFLATION	POCKETSHARE
IIQ 2024	\$9,01 Billions of Chilean pesos	0,07%	5,18%	19,28%
IIQ 2023	\$8,56 Billions of Chilean pesos	6,21%	13,08%	19,14%

VEGETABLES, LEGUMES AND TUBERS WAS THE CATEGORY THAT GAINED THE MOST SHARE IN CASH EXPENDITURE



- With respect to the IIQ of 2023, the Vegetables, legumes and tubers category reported a growth in its share of 0.28 pps, being the best performer in this period. To some extent, the higher inflation in this category caused by the effects of the weather, put pressure on the pockets of households who made a greater effort in this category.
- The fruit category, which was also affected by the weather, saw a smaller increase in its share (+0.13 pps).

THE SHARE OF MEATS INCREASED IN THE COMPOSITION OF THE EXPENDITURE IN QUANTITIES



- When analyzing the composition of spending in quantities within the categories that make up the Food basket, during this IIQ of 2024, meats, bread and cereals reported the best performance, where a slight deceleration of these during the current quarter favored the pocket of households, who were able to acquire more units.
- As for the vegetables, legumes, tubers and fruits category, the lower supply of these products in the market affected demand.

VEGETABLES AND FRUITS REPORTED THE HIGHEST INFLATION WITHIN THE FOOD BASKET

CATEGORY	ANNUAL CHANGE CURRENT EXPENDITURE	INFLATION	ANNUAL CHANGE REAL EXPENDITURE
BREAD AND CEREALS	<div><div></div></div> 4,53%	<div><div></div></div> 4,19%	<div><div></div></div> 0,36%
MEATS	<div><div></div></div> 4,66%	<div><div></div></div> 4,04%	<div><div></div></div> 0,54%
FISH AND SEAFOOD	<div><div></div></div> 2,77%	<div><div></div></div> 1,15%	<div><div></div></div> 1,64%
DAIRY PRODUCTS, CHEESES AND EGGS	<div><div></div></div> 5,24%	<div><div></div></div> 5,43%	<div><div></div></div> -0,13%
OILS AND FATS	<div><div></div></div> 4,52%	<div><div></div></div> 3,18%	<div><div></div></div> 1,29%
FRUIT	<div><div></div></div> 7,76%	<div><div></div></div> 9,60%	<div><div></div></div> -1,79%
VEGETABLES, LEGUMES AND TUBERS	<div><div></div></div> 7,30%	<div><div></div></div> 8,38%	<div><div></div></div> -0,99%
SUGAR, JAM, HONEY, CHOCOLATE AND SUGAR CANDY	<div><div></div></div> 5,07%	<div><div></div></div> 4,71%	<div><div></div></div> 0,37%
OTHER FOOD PRODUCTS	<div><div></div></div> 5,61%	<div><div></div></div> 5,97%	<div><div></div></div> -0,32%

- Fruits showed the highest annual inflation in this IIQ of 2024 (9.60%) with apples, oranges and pears being the products that most leveraged this growth. This dynamic damaged the purchasing power of households, who acquired fewer units than in the same period, but in 2023.
- In general, the fish category showed a strong deceleration in prices, being seafood the one with the best dynamics, reporting an annual price drop of 1.15%. In this order of ideas, and in the face of higher inflation in other proteins such as meat, households may have consumed more fish, a fact that is reflected in the 1.64% real expenditure growth in this category, versus the 0.54% real growth in meat.
- In the case of vegetables, which was another of the categories affected by the heavy rains, both the increase in prices and a lower supply of vegetables in the market affected household demand, who reported a drop in real spending (-0.99%).

A close-up, high-angle shot of a glass filled with ice and a golden beer being poured from a bottle. The liquid is captured mid-pour, creating a dynamic splash and bubbles. In the background, a red cup with ice and a green cup are partially visible, adding depth to the scene. The lighting is warm, highlighting the textures of the ice and the clarity of the beer.

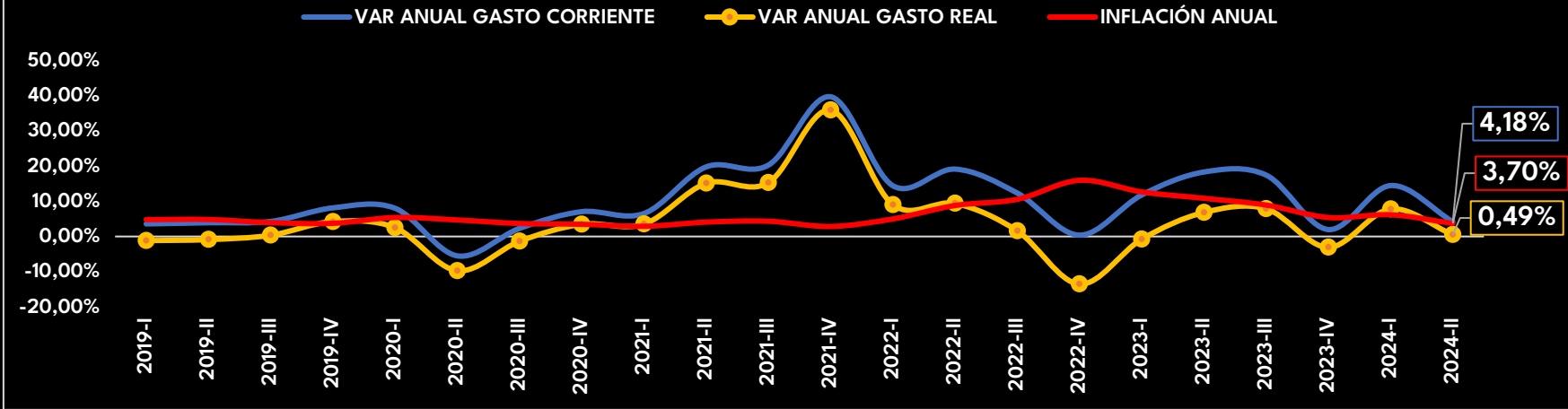
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HOUSEHOLD SPEND BEVERAGES

IIQ 2024

THE NON-ALCOHOLIC BEVERAGES CATEGORY SHOWED A DOWNWARD TREND IN REAL EXPENDITURE

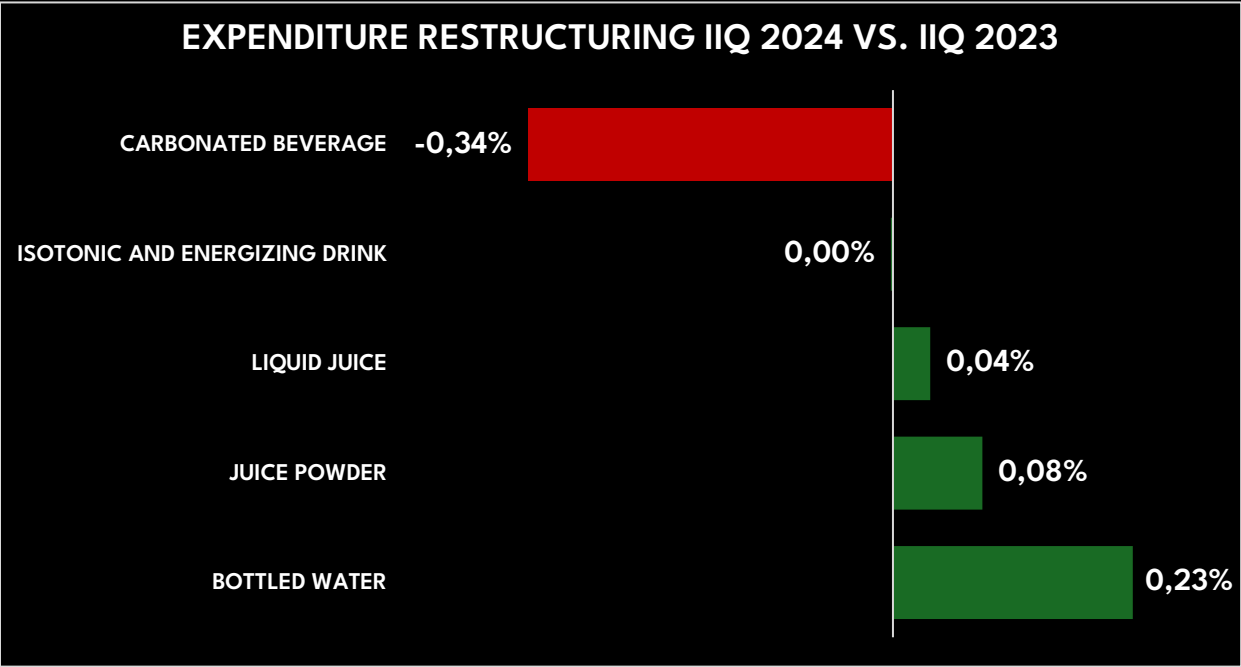
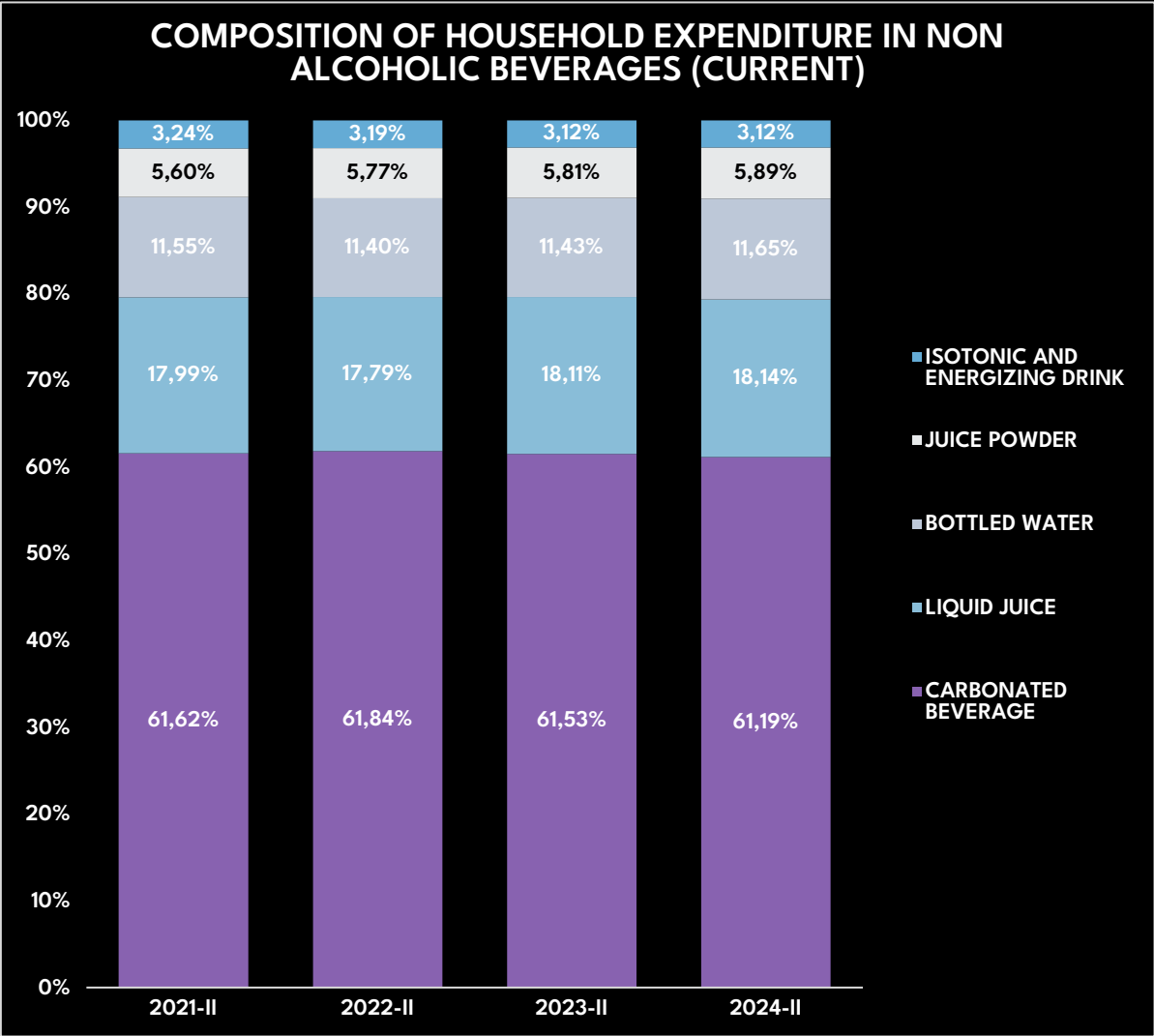
QUARTERLY DYNAMICS OF HOUSEHOLD NON-ALCOHOLIC BEVERAGES SPENDING



Non-alcoholic cold beverages reported a downward trend in household unit spending, although it did not contract, its performance compared to the previous period is unfavorable. On the one hand, it could be said that the high inflation could have generated this lower spending dynamics, however, drastic changes in temperature, going from heat due to the El Niño phenomenon to cold due to the onset of the winter season, could have been a factor that harmed the dynamics of spending on non-alcoholic cold beverages.

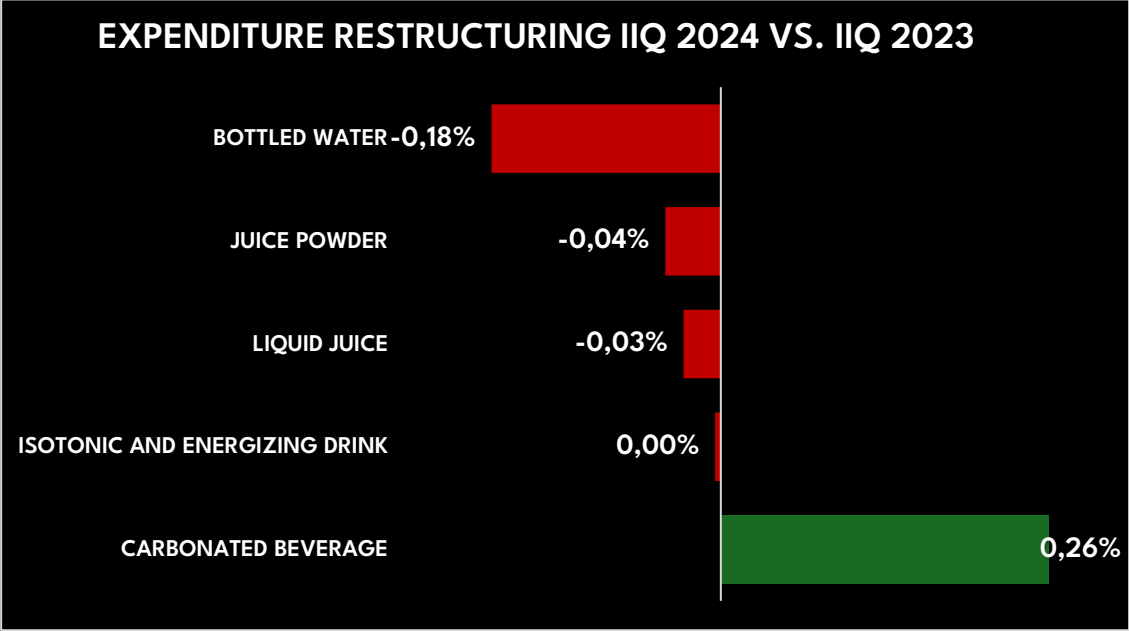
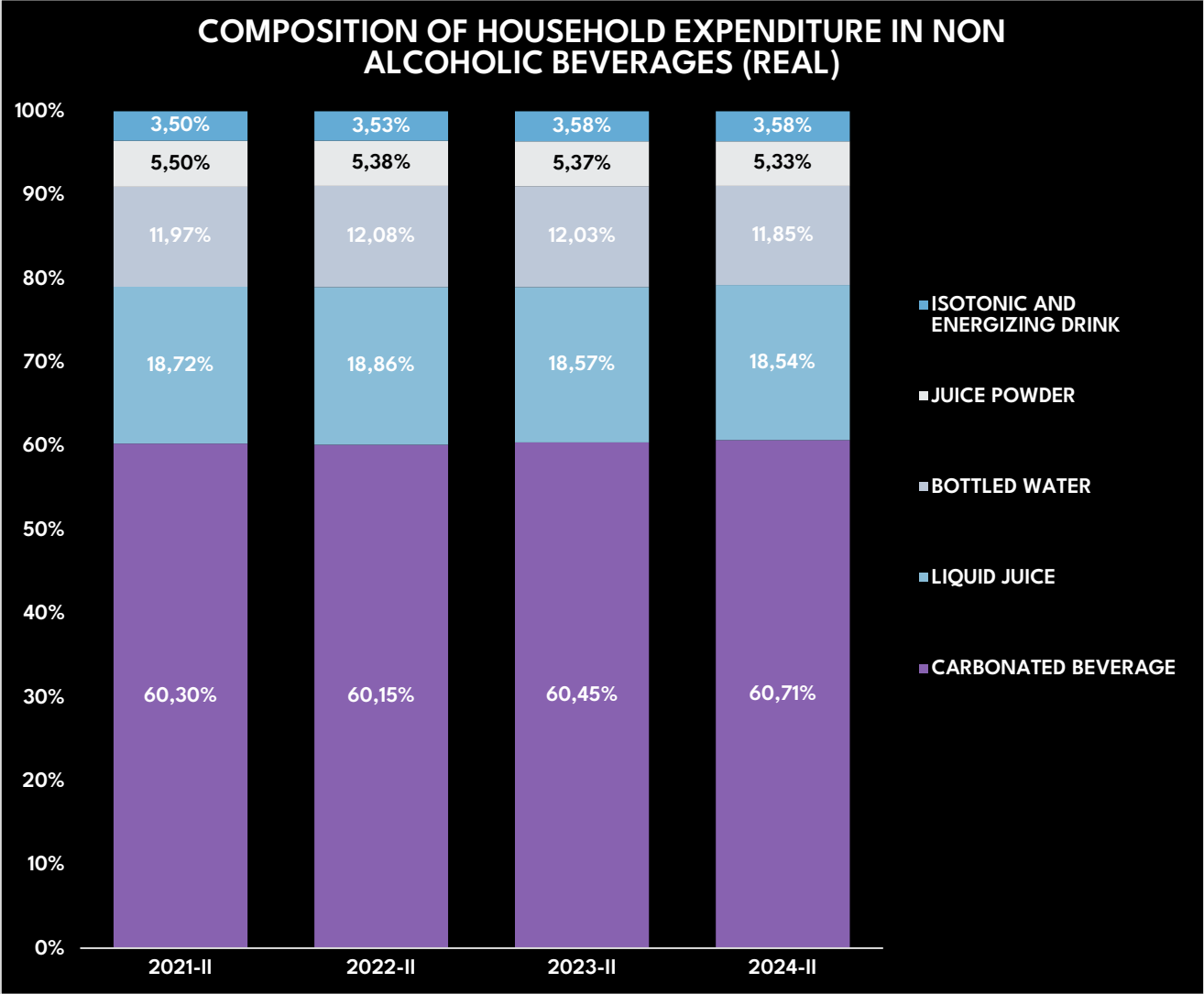
	MARKET SIZE	YEAR-ON-YEAR REAL EXPENDITURE	QUARTERLY INFLATION	POCKETSHARE
IIQ 2024	\$876,86 One thousand millions OF Chilean pesos	0,49%	3,70%	1,88%
IIQ 2023	\$841,66 One thousand millions OF Chilean pesos	6,81%	10,83%	1,88%

THE SOFT DRINKS CATEGORY WAS THE ONLY ONE WITH A DECREASE IN CASH EXPENDITURE



- To the extent that soft drink inflation showed the lowest growth compared to the rest of the categories, households had to make a smaller spending effort to acquire these products, i.e., they disbursed less money. On the other hand, bottled water and juices showed increases in their share, the former being the one with the highest growth, close to 0.2 percentage points.
- However, when reviewing the composition of the basket since IIQ 2021, it can be seen how healthy beverages, such as juices and water, are gaining more participation.

THE COMPOSITION OF UNIT EXPENDITURE SHOWS AN IMPROVEMENT IN HOUSEHOLD PURCHASING POWER FOR SOFT DRINKS



- It was previously mentioned that households decreased their cash expenditure on soft drinks in response to lower price growth, which also favored that households could consume more units of this product. This dynamic is observed in the composition of spending in units, where the soft drinks category increased its share in this IIQ of 2024.
- Juices and waters lost ground, with bottled water being the most affected product.

WHILE BOTTLED WATER HAD AN INFLATION RATE OF 7.25%, SOFT DRINKS HAD THE LOWEST PRICE GROWTH (2.45%)

CATEGORY	ANNUAL CHANGE CURRENT EXPENDITURE	INFLATION	ANNUAL CHANGE REAL EXPENDITURE
BOTTLED WATER	6,24%	7,25%	-0,83%
CARBONATED BEVERAGE	3,60%	2,45%	1,12%
ISOTONIC AND ENERGIZING DRINK	4,12%	3,57%	0,57%
LIQUID JUICE	4,38%	3,90%	0,53%
JUICE POWDER	5,69%	5,85%	-0,13%

- Bottled natural juices had an inflation rate of 3.90%, which, although not the highest and within the average, it is worth mentioning that the upward pressure could, to some extent, affect final sales prices.
- On the other hand, in some way the water shortage generated by the negative effect of the El Niño phenomenon may have put strong upward pressure on the price of bottled water.
- Now, although it did not affect spending or inflation, throughout this IIQ a tax on energy drinks was proposed by the government, however, in the end it was not fully accepted. This is something to keep on the table because the dialogues may still continue and in case it is accepted, it could affect both prices and spending on this type of beverage.

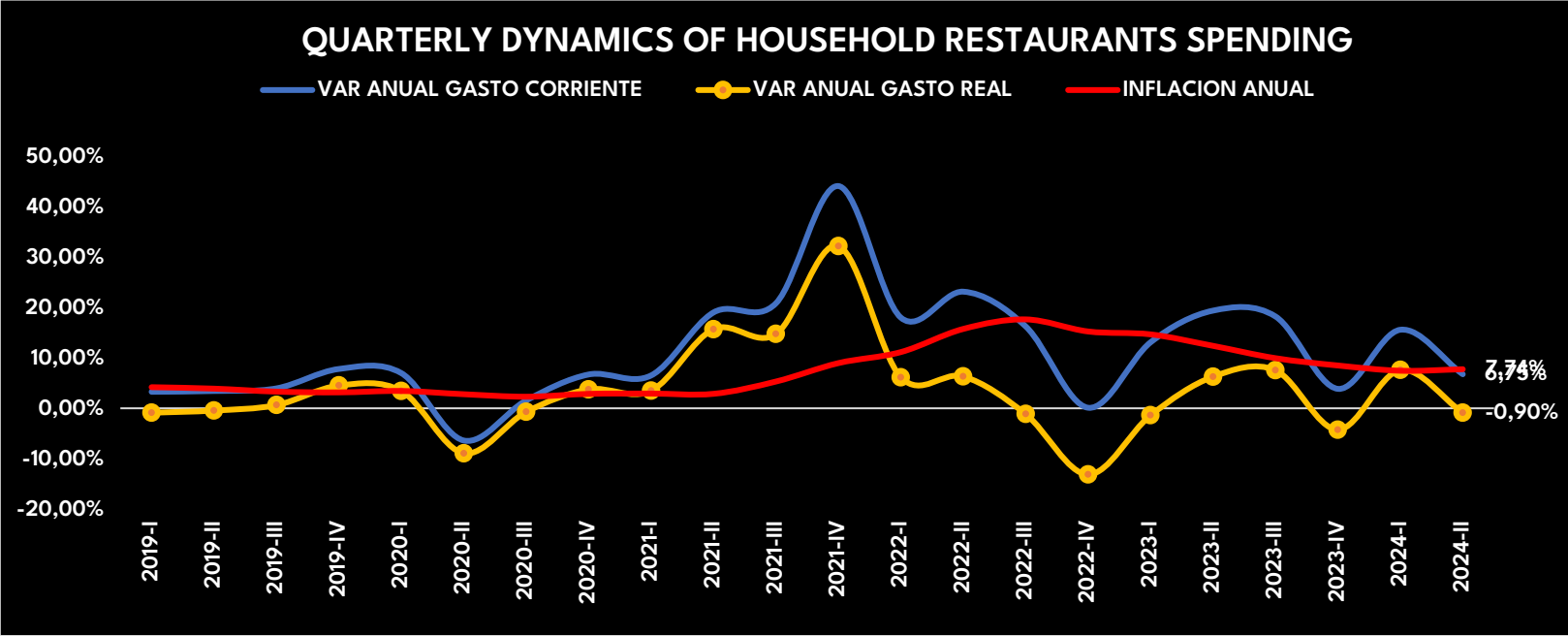
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HOUSEHOLD SPEND RESTAURANTS

IIQ 2024



RESTAURANTS WAS THE ONLY CATEGORY THAT SHOWED A CONTRACTION IN REAL SPENDING

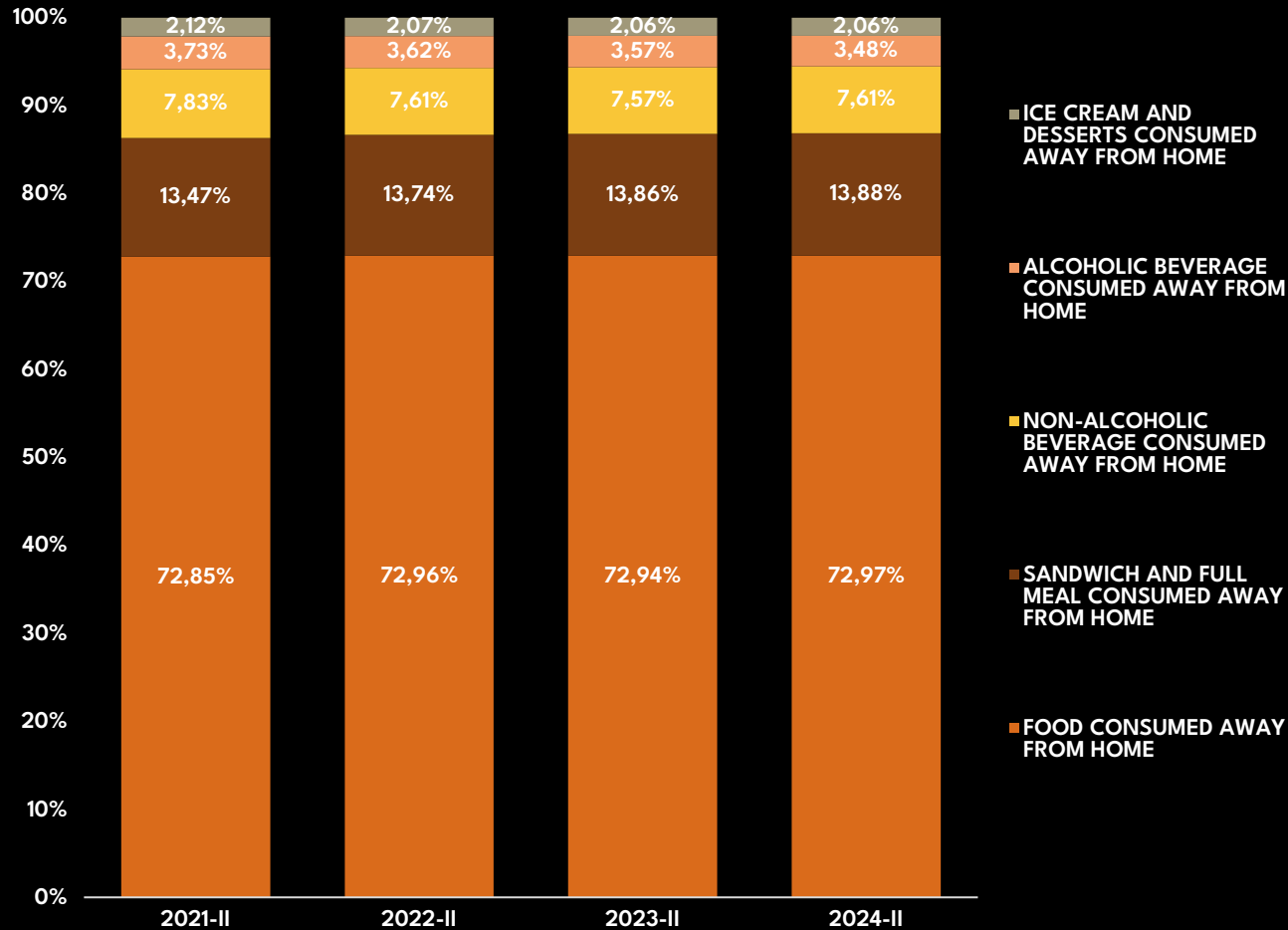


- In this IIQ of 2024, with respect to the same period of 2023, the restaurant category reported a drop in spending in units. In some way this shows the general slowdown in spending in Chile, where households were more cautious in the face of new upturns in inflation, especially in food, which then generated that baskets that are not necessities were affected in their purchasing power.
- Likewise, this increase in food prices also affected restaurant costs, in addition to the increase in the price of gas. Both factors ended up putting upward pressure on restaurants' final sales prices.

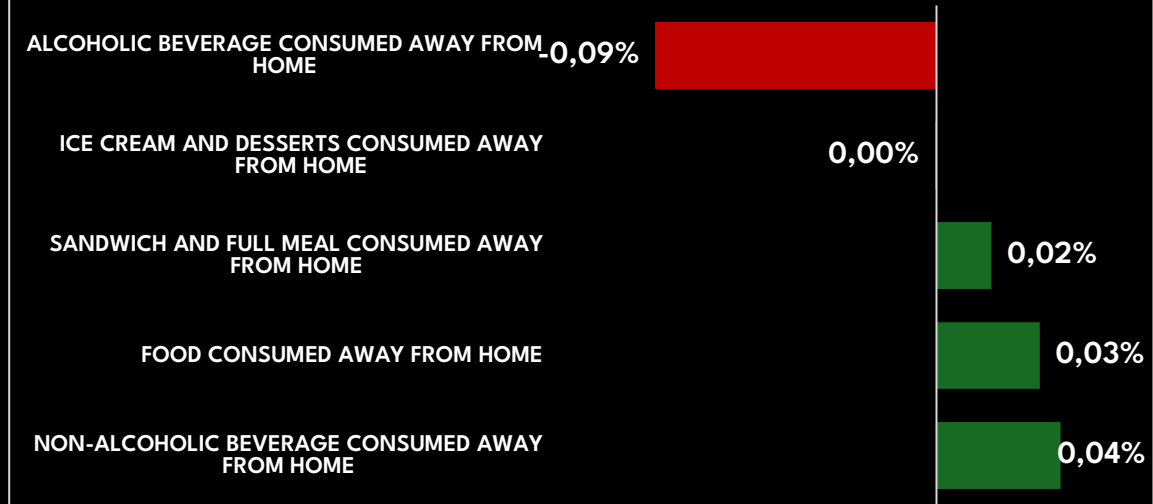
	MARKET SIZE	YEAR-ON-YEAR REAL EXPENDITURE	QUARTERLY INFLATION	POCKETSHARE
IIQ 2024	\$2,21 Billions of Chilean pesos	-0,90%	7,74%	4,74%
IIQ 2023	\$2,07 Billions of Chilean pesos	6,26%	12,38%	4,64%

NON-ALCOHOLIC BEVERAGES AND FOOD CONSUMED OUTSIDE THE HOME INCREASED THEIR SHARE OF SPENDING MONEY

COMPOSITION OF HOUSEHOLD EXPENDITURE IN RESTAURANTS (CURRENT)



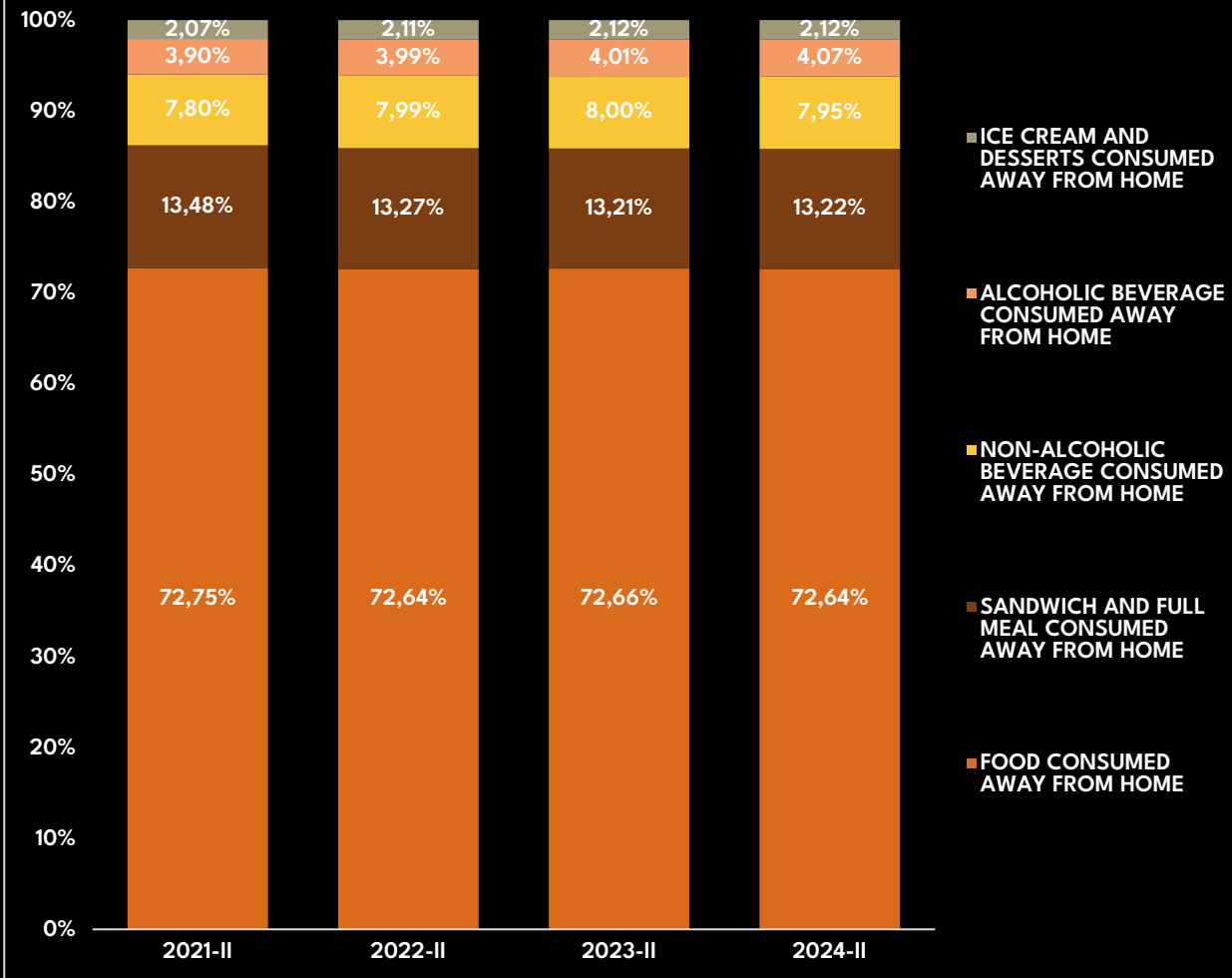
EXPENDITURE RESTRUCTURING IIQ 2024 VS. IIQ 2023



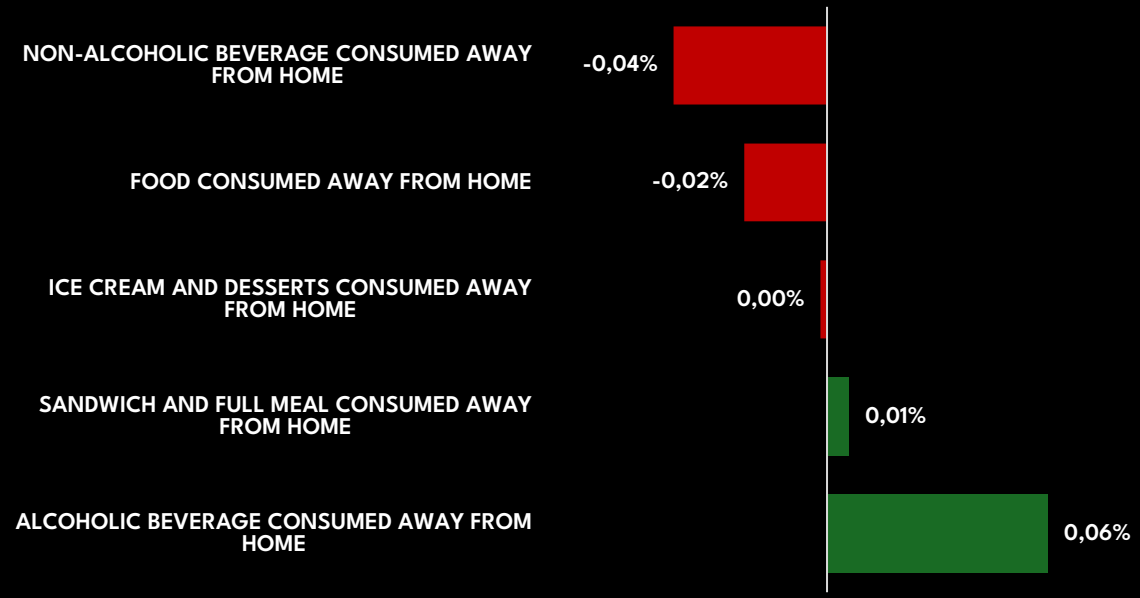
- Within the composition of the cash expenditure basket, households increased their share mainly in non-alcoholic beverages and food consumed outside the home.
- While in some ways it has been said that the increase in food prices put upward pressure on restaurant inflation, this same factor has generated that restaurants may have been a solution to a higher price of consuming at home so we could see some increases in participation in food outside the home, in addition to being caused by higher inflation, ie, households without are spending more money to consume away from home.

HOWEVER, IN TERMS OF UNITS PURCHASED, ALCOHOLIC BEVERAGES CONSUMED OUTSIDE THE HOME LED GROWTH IN TERMS OF MARKET SHARE

COMPOSITION OF HOUSEHOLD EXPENDITURE IN RESTAURANTS (REAL)



EXPENDITURE RESTRUCTURING IIQ 2024 VS. IIQ 2023



- In terms of the composition of the basket in real expenditure, that is, the units purchased by households, alcoholic beverages consumed outside the home increased their share significantly compared to the rest of the categories, where non-alcoholic beverages reported the largest drop.
- The above dynamics was directly related to inflation, where non-alcoholic beverages showed the lowest growth in prices in this quarter, so households' pockets were relieved by the improvement in their purchasing power for these products, an effect shown in their higher share.

NON-ALCOHOLIC BEVERAGES CONSUMED OUTSIDE THE HOME REPORTED THE HIGHEST INFLATIONARY GROWTH IN THIS IIQ OF 2024

CATEGORY	ANNUAL CHANGE CURRENT EXPENDITURE	INFLATION	ANNUAL CHANGE REAL EXPENDITURE
FOOD CONSUMED AWAY FROM HOME	6,80%	7,78%	-0,89%
SANDWICH AND FULL MEAL CONSUMED AWAY FROM HOME	6,88%	7,78%	-0,81%
ALCOHOLIC BEVERAGE CONSUMED AWAY FROM HOME	4,06%	3,36%	0,67%
NON-ALCOHOLIC BEVERAGE CONSUMED AWAY FROM HOME	7,31%	8,84%	-1,39%
ICE CREAM AND DESSERTS CONSUMED AWAY FROM HOME	6,73%	7,78%	-0,94%

- In this IIQ of 2024, alcoholic beverages consumed away from home was the only category with a positive variation in real expenditure (0.67%), which was leveraged by the low increase in their prices. In turn, a factor such as the Copa América may also have favored the good performance of spending in this category, as households looked for places away from home to watch the games, especially those of the Chilean National Team.
- Food consumed outside the home showed one of the highest inflation rates in the restaurant category (7.78%), where production costs put strong upward pressure on final prices. Higher prices for utilities, food and even fuel ended up indirectly depressing production costs.

IN SUMMARY

WHAT HAPPENED AT IIQ 2024?



- ✓ General dynamics.
- ✓ Spending on food.
- ✓ Expenditure on non-alcoholic cold beverages.
- ✓ Spending in restaurants.

- Household purchasing power in the different consumption baskets grew, except in education, restaurants and housing, although in general, there is a downward trend in this IIQ 2024. The clothing and footwear basket grew by 7.59%, driven by discounts and events such as Cyberday, in addition to the boom in Argentinean shopping tourism, which is favoring the Chilean market.
- In general, services baskets gained share in household cash spending, while goods baskets lost share with respect to IIQ 2023. Food and non-alcoholic beverages grew 0.14 pps in spending due to higher prices. Restaurants and hotels also rose, reflecting higher production costs. Housing, on the other hand, increased its share due to higher gas prices.
- During the second quarter, food inflation rebounded upwards, driven by rains and frost that affected harvests mainly in June, and ended up contributing to a slight rebound in the country's overall inflation.
- Spending on non-alcoholic cold beverages showed a downward trend, affected by high inflation and drastic temperature changes. Although it did not contract, its performance was unfavorable compared to the previous period.
- In IIQ 2024, restaurant spending fell compared to the same period in 2023, reflecting, among other things, a general slowdown in spending in Chile. Households, affected by inflation and rising food and gas prices, raised restaurant costs and were therefore more cautious in their spending decisions.

4,50%
IIQ 2024

Current Spend

VS 17,00%
(IIQ 2023)



0,39%
IIQ 2024

Real spend

VS 7,66%
(IIQ 2023)



4,10%
IIQ 2024

Inflation

VS 8,72%
(IIQ 2023)



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