BOX I.3:

Evolution of natural resources sectors

Economic activity showed weak performance in early 2026, falling short of expectations. This result was significantly influenced by sectors linked to natural resources (NR), which were primarily affected by supply-side factors. Mining, agroforestry sector and fishing contracted during this period, which in turn affected other sectors through production chains. Historical trends and other data suggest that several of these elements are likely to be temporary and should reverse in the coming months, with limited effects on the rest of the economy. One exception is copper mining, for which more persistent effects are anticipated.

Overall, the low persistence of most supply shocks affecting natural resource sectors and their limited spillover onto the rest of the economy suggest limited effects on the activity gap and inflationary pressures. However, in specific instances, this dynamic may be disrupted—for example, by more intense and prolonged weather events that could lead to more persistent and far-reaching shocks. In turn, in some sectors, external demand factors and international competition could also affect their future trends over a longer period.

Recent dynamics of NR sectors and their productive chains

During the first quarter of 2026, GDP contracted by 0.5% annually, a decline largely attributable to the weak performance of natural-resource-intensive sectors, which had shown high dynamism at the beginning of last year (Chapter I, Figure I.10b) (Box II.1, March 2026 IPoM). The largest negative impact was seen in copper mining, affected by lower ore grades and plant maintenance downtime. This was compounded by declines in the agriculture and fisheries sectors, due to lower fruit production and reduced availability of biomass caused by weather conditions, respectively. This outcome spilled over into activities linked to primary production, such as the wholesale trade of fruit exporters, transportation, and the seafood processing industry. According to the April Imacec, many of these factors continued to exert downward pressure at the start of the second quarter, notably the contraction in mining, particularly of copper.

Persistence of shocks in NR sectors and their spillover to the rest of the economy

Empirical evidence indicates that shocks that typically affect economic activity in sectors such as agriculture, fisheries, and the food industry generally exhibit high volatility and limited persistence. In these sectors, economic activity fluctuates around a trend that has shown little change over the past fifteen years. In the short term, however, these activities are subject to climatic factors and resource availability, which generate high volatility around that trend but—given their nature—tend to reverse over short time horizons (Figure I.27). This is consistent with reduced-form estimates of the "half-life" of sectoral shocks—that is, the time it takes for these shocks to lose half of their initial effect. On average, this half-life is about two months (Díaz *et al.*, 2026).

However, in specific instances, this dynamic may be disrupted. More intense and prolonged weather events could lead to more persistent and far-reaching shocks. In this regard, results based on a nonlinear specification indicate that, in the face of large-scale shocks, the rate at which these sectors recover could slow (Díaz *et al.*, 2026). Furthermore, in the current context, the high probability of an El Niño phenomenon occurring between this year and next introduces an additional element of uncertainty regarding the trajectory of these sectors in the short and medium term (see blog post by Gonzales *et al.*, 2026). Meanwhile, in some sectors, such as viticulture and winemaking, external demand factors, trends in global trade, and international competition could also have a more persistent impact on their future trajectory.

In contrast, copper mining has shown a more persistently weak trend in recent quarters, accumulating several consecutive periods of negative figures and consistently disappointing expectations. This is occurring despite a significant increase in investment and continued growth in capital stock in the sector (Figure I.28a). This trend is consistent with the decline in ore grade (Figure I.28b), as well as operational constraints due to maintenance and accidents at major mining sites.

Thus, recent trends in copper mining are driven by both structural factors and temporary conditions. Going forward, various specialized institutions, such as Cochilco and consulting firms anticipate a gradual recovery in production, supported by the start-up of new projects, improvements in ore grade at certain specific mines, and the gradual normalization of some of the operational factors observed recently.

In terms of how the above factors spill over the rest of the economy, a major channel operates through the production chains of the agriculture, livestock, and fishing sectors. In particular, the input-output matrix and the supply-use table indicate that the agroforestry sector has significant linkages—primarily forward-linkagese[1]/—with wholesale trade, the food industry, and transportation (Chovar and Leiva, 2026). Meanwhile, the fishing sector also has significant industry linkages.

Even so, according to simulations using a multisectoral structural model, the impact of supply shocks in the primary sectors (including mining) on marginal costs in the rest of the economy is limited (Díaz *et al.*, 2026). In particular, the spillover effects are concentrated in activities such as manufacturing and energy, with little impact on other sectors, especially services.

Conclusions

Supply shocks in NR sectors accounted for a significant share of the economy's weakness in early 2026. Their persistence and spillover are key factors shaping the central scenario of this IPoM. In the copper mining industry, while a gradual recovery is expected, activity is projected to remain below the levels forecast in previous reports, reflecting the structural nature of some of the factors affecting it. In contrast, for non-mining sectors, a more significant rebound is projected, consistent with the historically low average persistence of the shocks affecting them, although with high uncertainty. That said, the very nature of these shocks and their limited spillover to the rest of the economy point to limited effects on the output gap. In line with the above, these shocks are construed as temporary movements in non-mining potential GDP (Box II.1 in March 2026 IPoM), although it cannot be ruled out that factors such as external demand and international competition may affect the future trend of some natural-resource-based sectors more persistently.

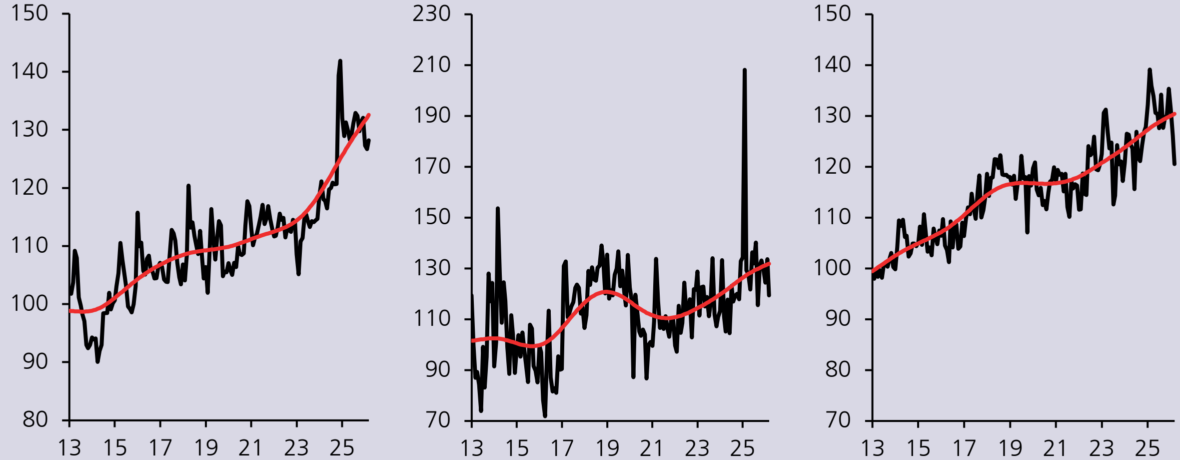
[1]/ Forward linkages measure the importance of a sector as a supplier of inputs to the rest of the economy (see details in Chovar and Leiva, 2026). It should be noted that, in sectors such as agroforestry, linkages with trade and transportation are not fully captured in the input-output matrix (IOM); rather, this relationship is primarily observed through export trade margins. For example, fruit is not an intermediate input for trade; rather, it is this sector that exports fruit and demands transportation services.

FIGURE I.27 SECTORAL IMACEC (1)

a) Agricultural and forestry
(2013=100, seasonally adjusted)

b) Fishing
(2013=100, seasonally adjusted)

c) Food industry
(2013=100, seasonally adjusted)

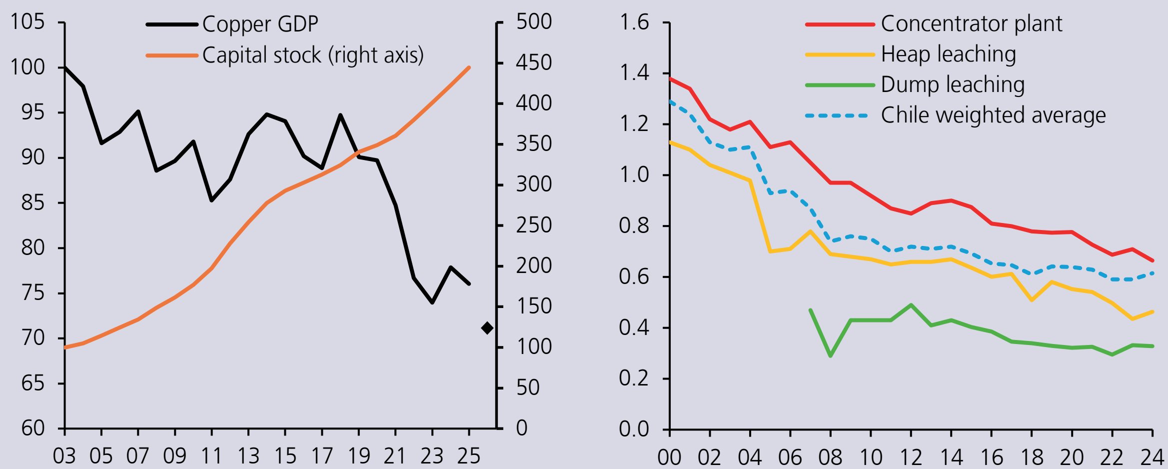


(1) The red series represents the trend calculated using the Hodrick-Prescott filter.
Source: Central Bank of Chile.

FIGURE I.28

a) Copper mining: GDP and capital stock (1)
(2003=100, annual series)

b) Copper ore grade (2)(3)
(average percentage of copper in processed ore)



(1) The diamond corresponds to the data from the first quarter of 2026, whose base was recalculated taking the average of the year 2003 as a reference. The 2025 capital stock is approximated by considering the change in mining investment suggested by the microdata (Box I.1 in September 2024 IPoM), assuming a depreciation rate similar to the average of the last 5 years and considering the capital movement law. (2) Depending on the type of ore, copper is recovered using different technologies: sulfide minerals are processed in concentrator plants, while oxidized minerals are processed by leaching. (3) The percentage indicates the proportion of copper contained in relation to the total amount of ore processed.
Sources: Central Bank of Chile and Cochilco.