MONETARY POLICY REPORT

JUNE 2021

banco central Chile

[INF*RES*AS]

Monetary Policy at the Central Bank of Chile

Money plays a fundamental role in the proper functioning of any economy. To preserve that role, monetary policy must protect the value of the national currency (the peso), by seeking to keep inflation low and stable. Achieving this promotes the population's well-being by safeguarding the purchasing power of their income and ensuring a more efficient functioning of the economy. When inflation is low and stable, monetary policy can also moderate fluctuations in employment and production.

The Central Bank of Chile conducts monetary policy guided by its objective of having projected inflation at 3% annually over a two-year horizon, irrespective of its current level. This is similar to the practice in other countries which, like Chile, have a floating exchange rate. This is known as an inflation-targeting scheme.

The Monetary Policy Rate (MPR) is the main instrument used by the Bank to achieve the inflation target. Its level is decided at the Monetary Policy Meeting, which is held eight times a year. In practice, the MPR is a reference interest rate for determining the cost of money and other financial prices, such as the exchange rate and longer-term interest rates. These variables, in turn, affect the demand for goods and services and, through them, prices and inflation. Monetary policy decisions take several quarters to be fully reflected in the economy, which justifies monetary policy being made from a forward-looking perspective, with the primary focus on two-year inflation projections and not just today's inflation.

Since the Central Bank makes its monetary policy decisions autonomously, it must constantly give an account of them and their results to the general public. This is so not only as a state-run agency within a democracy, but also because a credible monetary policy, that is understood by the people, helps to keep inflation low and stable. Through the Monetary Policy Report (MP Rep.), the Bank communicates to the general public its views on the recent evolution of the economy, its outlook for the coming years and the way in which, in this context, it will manage monetary policy in order to meet the inflation target.

What does this MP Report tell us?

The economy has outpaced expectations, driven by income-support measures for individuals and better adaptation of firms and households to the pandemic context.

However, the recovery has not come to everyone as quickly and there are still groups of people and companies that have been unable to overcome their difficulties.

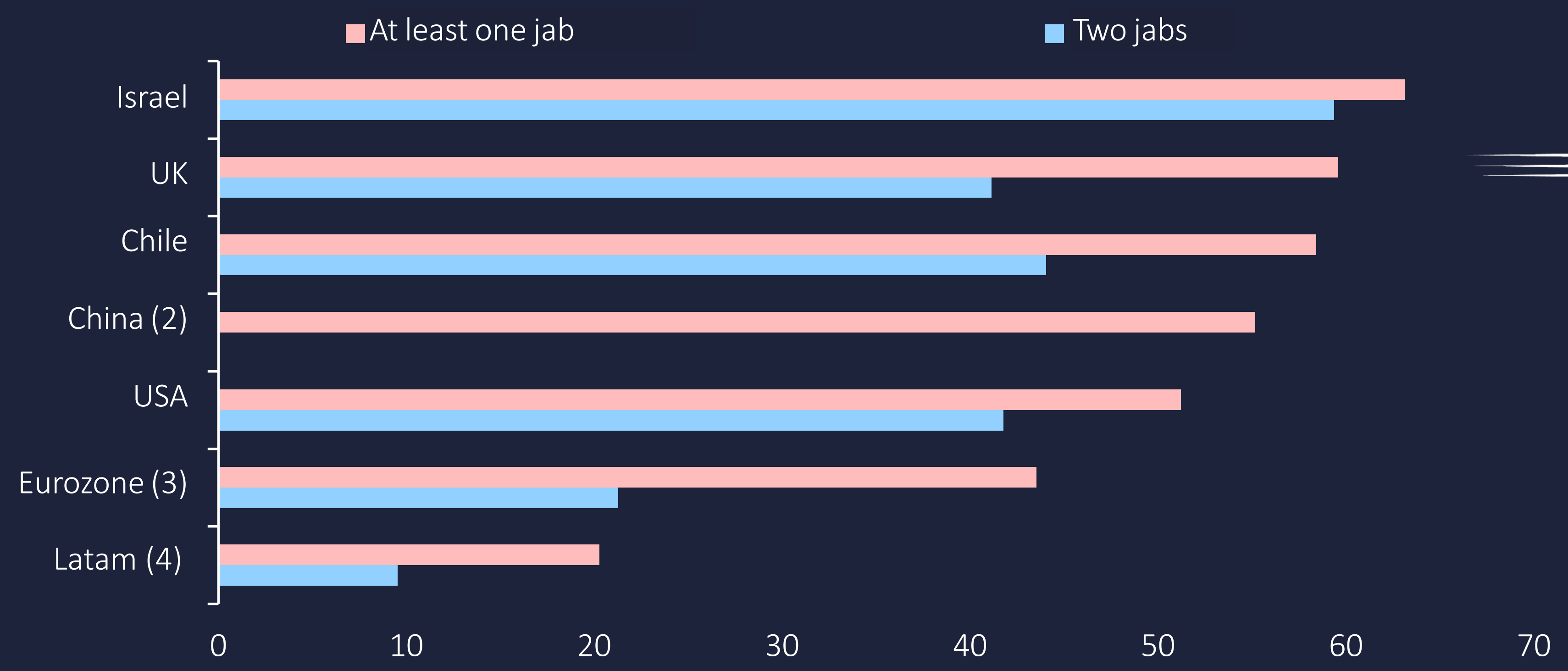
The recently–approved massive subsidies will continue to boost consumption, resulting in strong economic growth this year.

With this momentum, there is less need for monetary policy to be as expansionary, so it should begin to moderate in order to prevent inflation from rising.

Advances in the vaccination processes and better adaptation of individuals and firms have favored a faster-than-expected rebound of world activity.

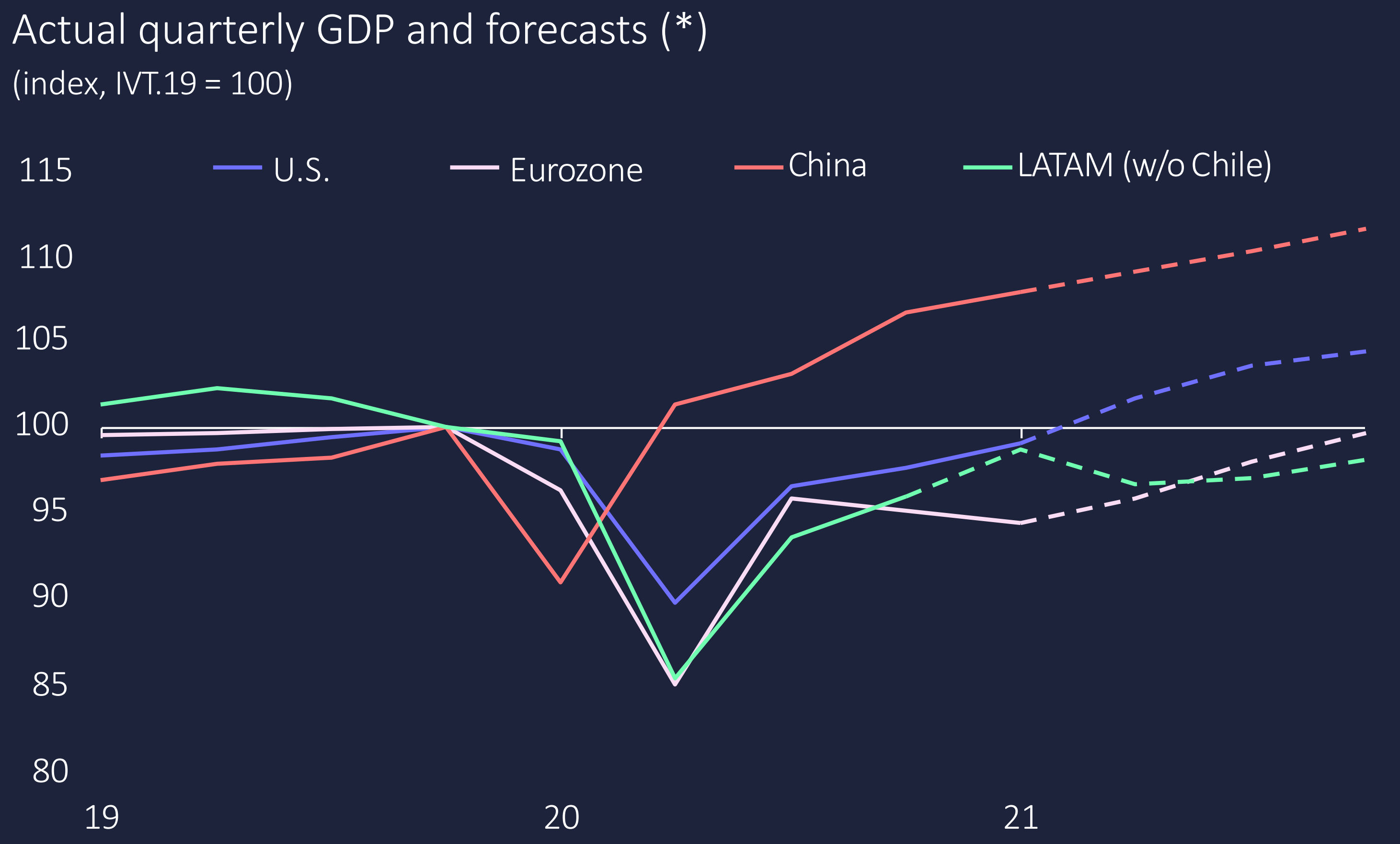
Advances in vaccination process (1)

(percent of population)



(1) Information at 7 June 2021. (2) Total number of jabs inoculated. (3) Weighted averaged population of France, Germany, Italy, and Spain. (4) Weighted averaged population of Argentina, Brazil, Colombia, Mexico and Peru. Source: Our World in Data.

Some economies have already recovered much of their losses of the early stage of the pandemic, while others lag behind.

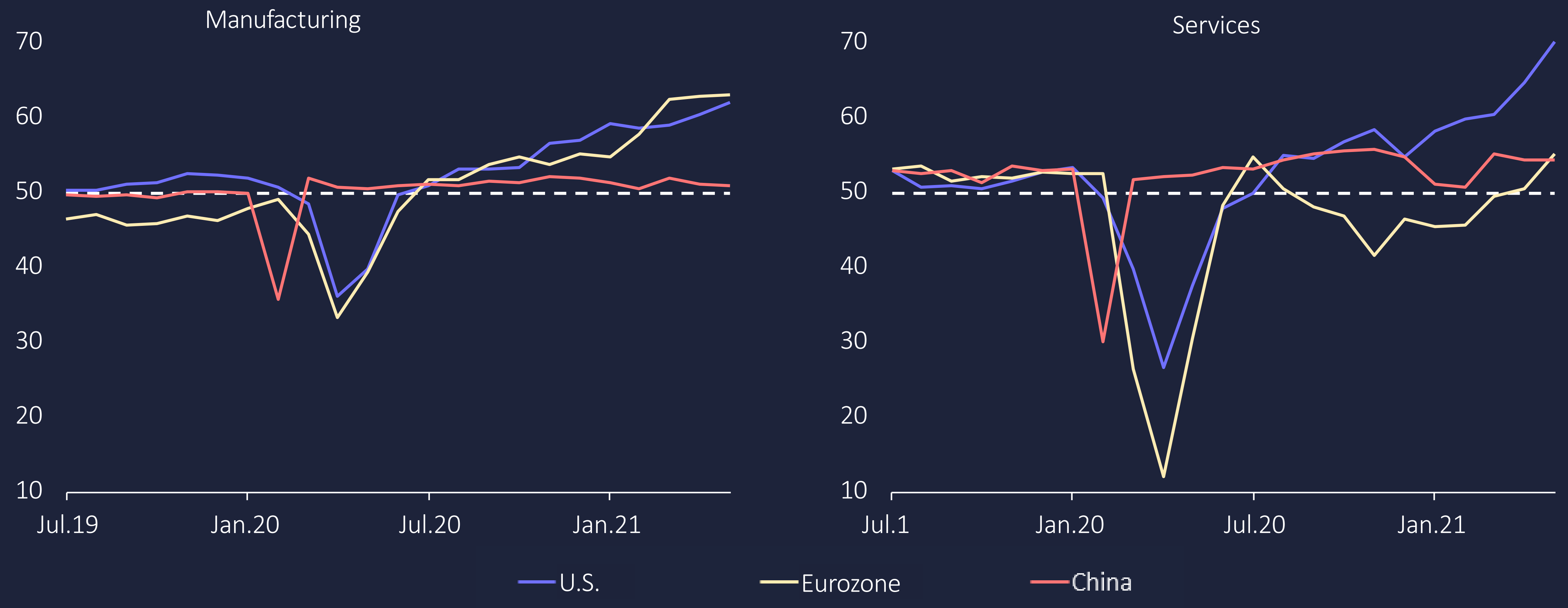


Not all countries have sufficient stock of vaccines, or room to conduct more expansionary policies.

(*) Dashed lines show forecasts as from second quarter of 2021, with the exception of Latin America, which starts in the first quarter of 2021.Sources: Central Bank of Chile based on a sample of investment banks, Consensus Forecasts, the IMF, and statistics bureaus of respective countries.

The reopening of the economies has had a positive impact on consumer and business expectations, including for the services sectors.

Business confidence (PMI) (*)
(diffusion index)

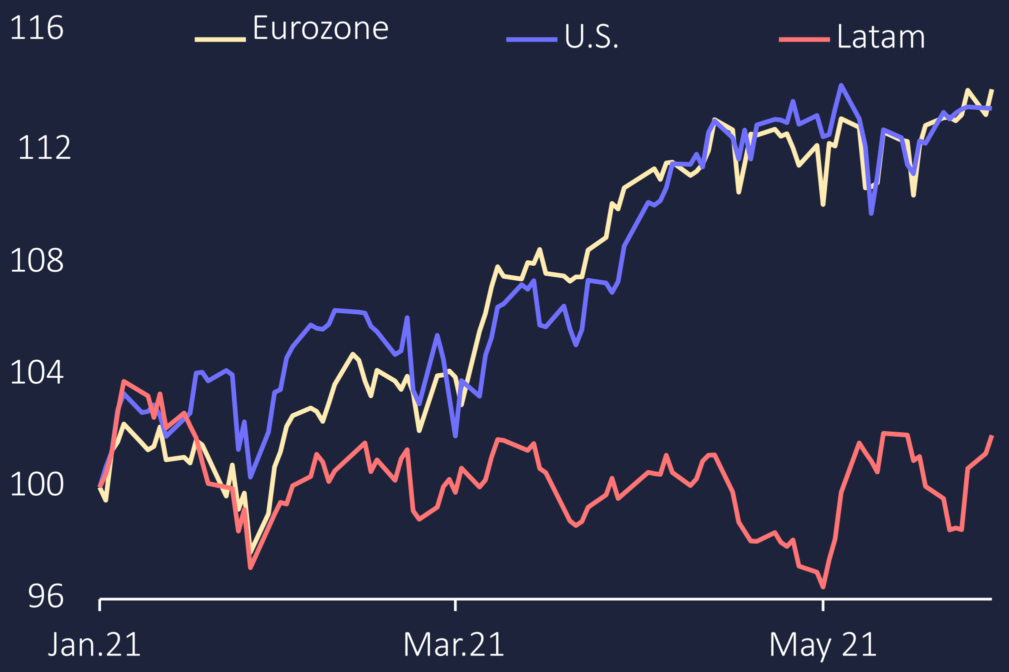


(*) Value below (above) 50 indicates pessimism (optimism). Source: Bloomberg.

In this context, global uncertainty has diminished while the appetite for risk has increased in international financial markets.

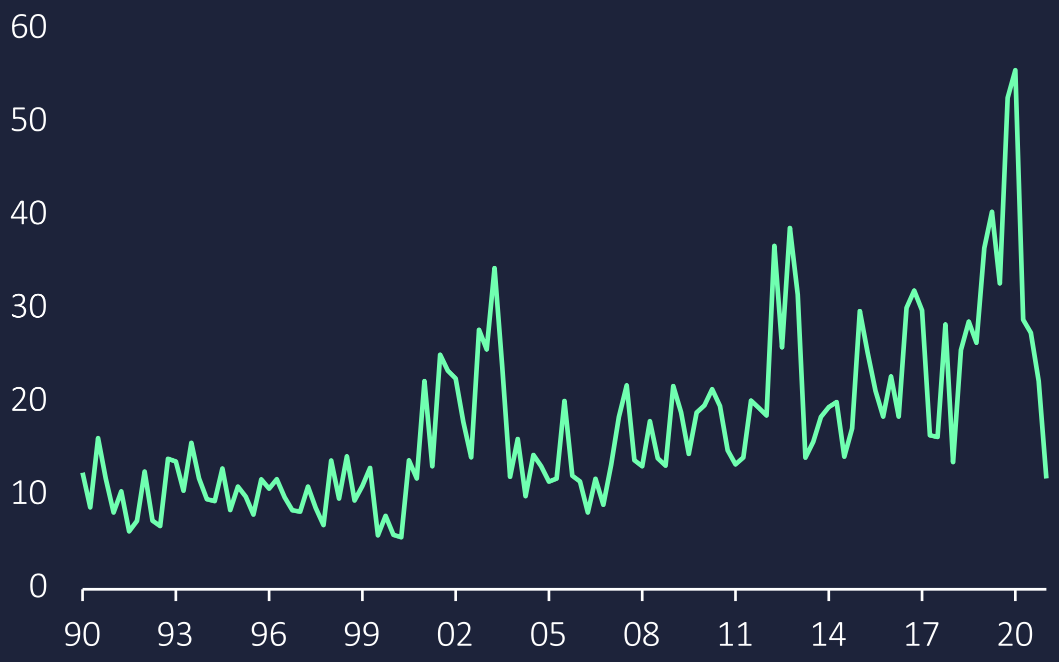
Stock exchanges (1)

(index, 4 January 2021=100)



World uncertainty index (2)

(index, weighted averaged GDP of each country)

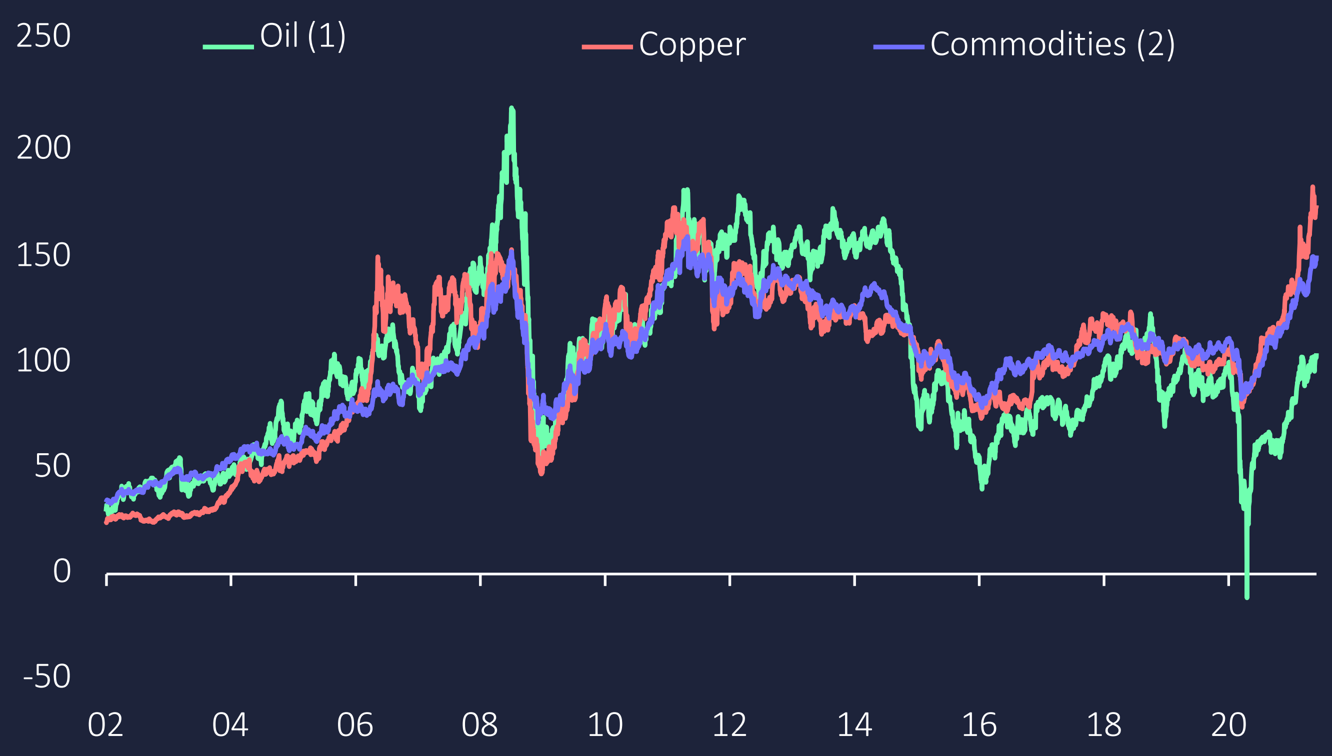


(1) For Latin America, the simple average of indexes of Brazil, Colombia, Mexico, and Peru are used. (2) The index is calculated by counting the frequency of the word "uncertain" (or variants) in the country reports by *The Economist* Inteligence Unit. A higher number denotes more uncertainty and vice-versa. Data at first quarter of 2021. Sources: Ahir, Bloom, and Furceri (2018) and Bloomberg.

Likewise, commodity prices have risen across the board.

Commodity prices

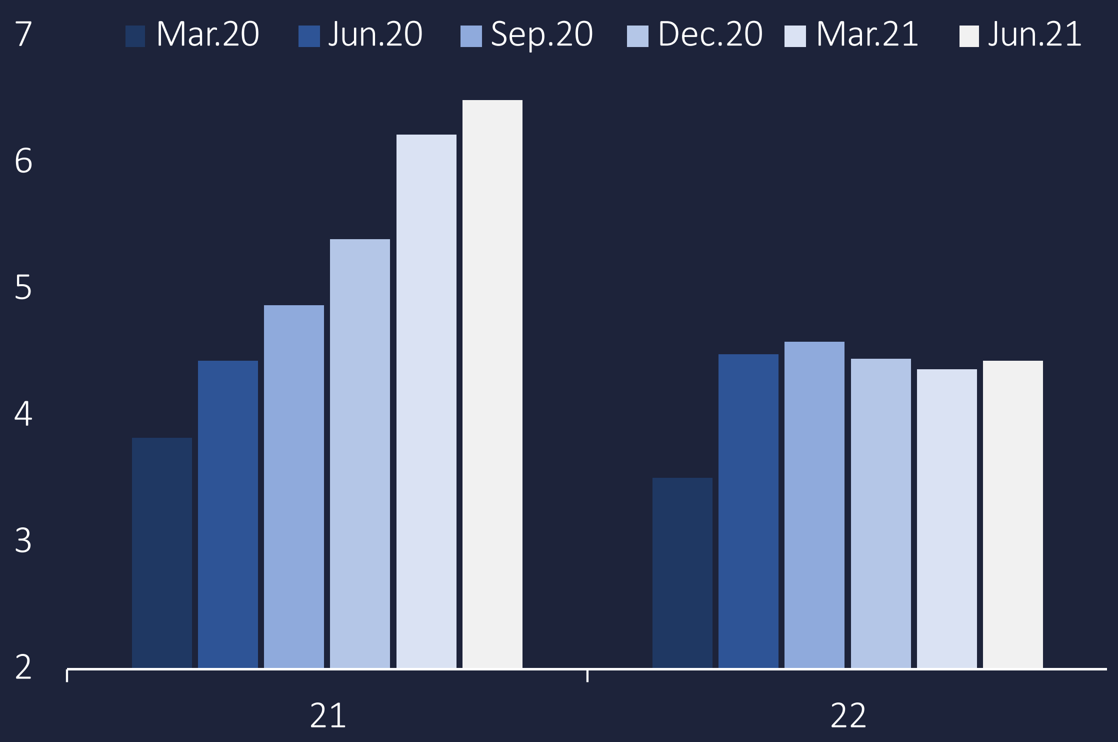
(index, 2002-2021 average =100)



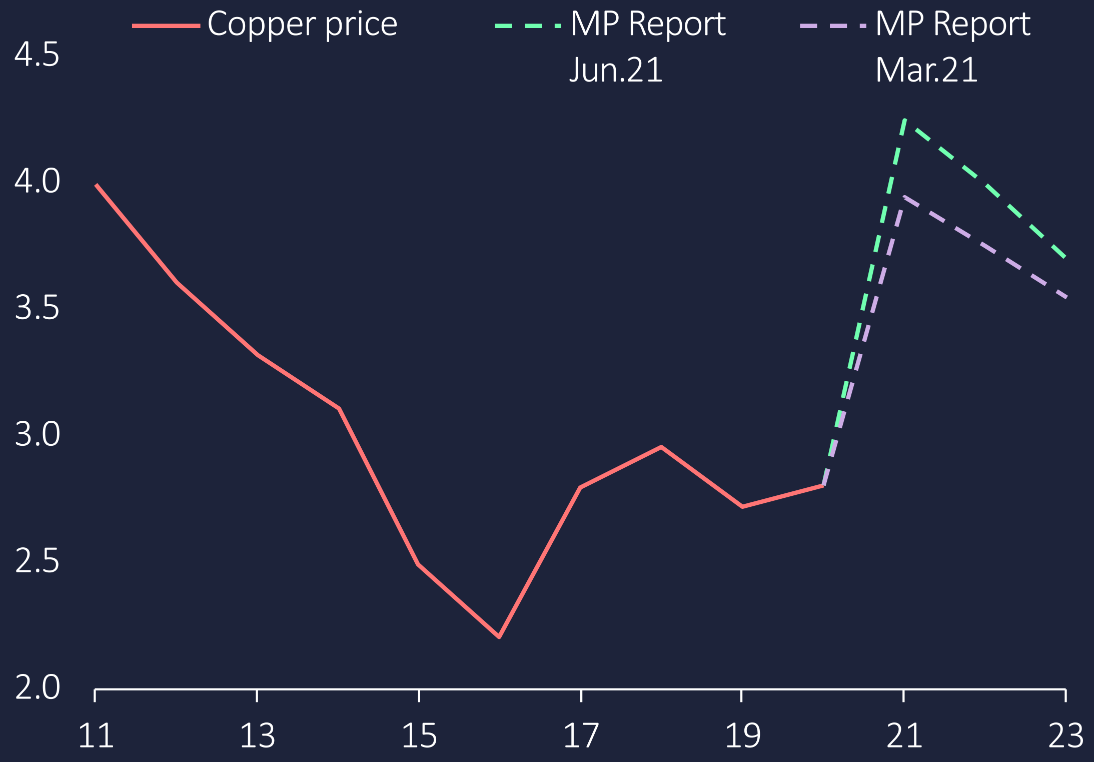
(1) WTI-Brent average. (2) Considers Bloomberg Commodity Spot Index.
Source: Bloomberg.

The external impulse expected for the local economy is significant and even somewhat higher than estimated in the March MP Report, mainly due to the copper price increase.

World growth forecast
(annual change, percent)



Actual and forecast copper price (*)
(dollars per pound)

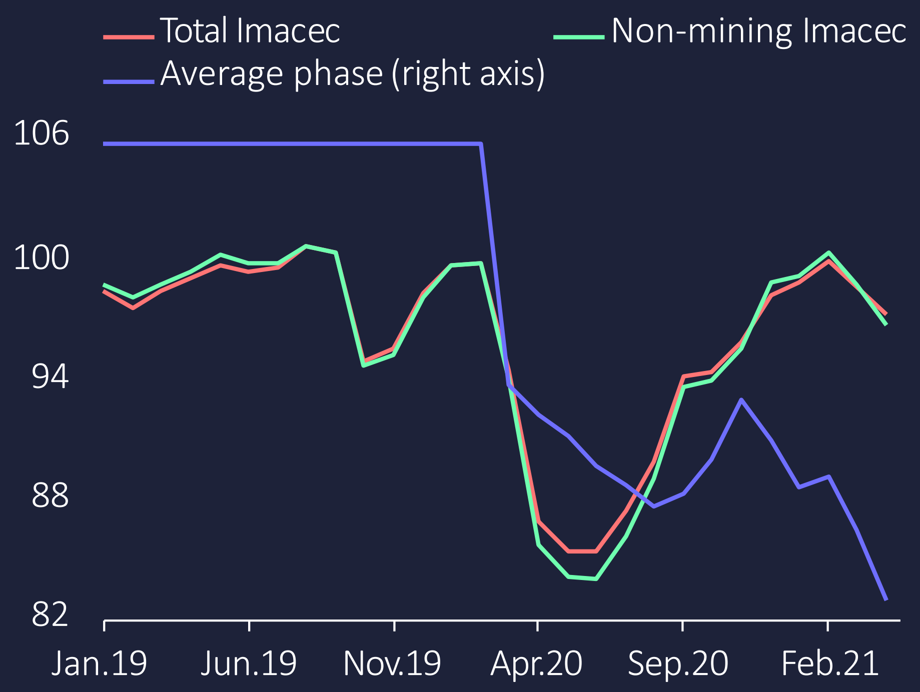


(*) Effective prices are the average of each year. Dotted lines show the 2021-2023 forecasts contained in the MP Reports of March and June 2021.
Sources: Central Bank of Chile and Bloomberg.

Chilean activity brought a positive surprise in the first four months of the year, reflecting the strong macroeconomic boost and the agents' improved adaptation to sanitary restrictions.

Population by Step-by-Step plan phase and Imacec (1)

(seasonally-adjusted series, index, February 2020 = 100; phase)



Population quarantined, mobility, and activity

(monthly averages, percent)

	Mar-20	Apr-20	May-20	Mar-21	Apr-21	May-21
Population quarantined (2) (3)	2.0	15.4	32.9	36.1	87.0	50.3
Google Mobility (3)(4)	-12.6	-50.6	-48.6	-25.4	-38.7	-25.1
Non-mining Imacec (4)(5)	-5.7	-14.1	-15.7	-1.0	-3.0	-

Surprises in activity data (annual change):

GDP Q1	0.3%	(-0.7% EES March)
Imacec April	14.1%	(9.5% EES May)

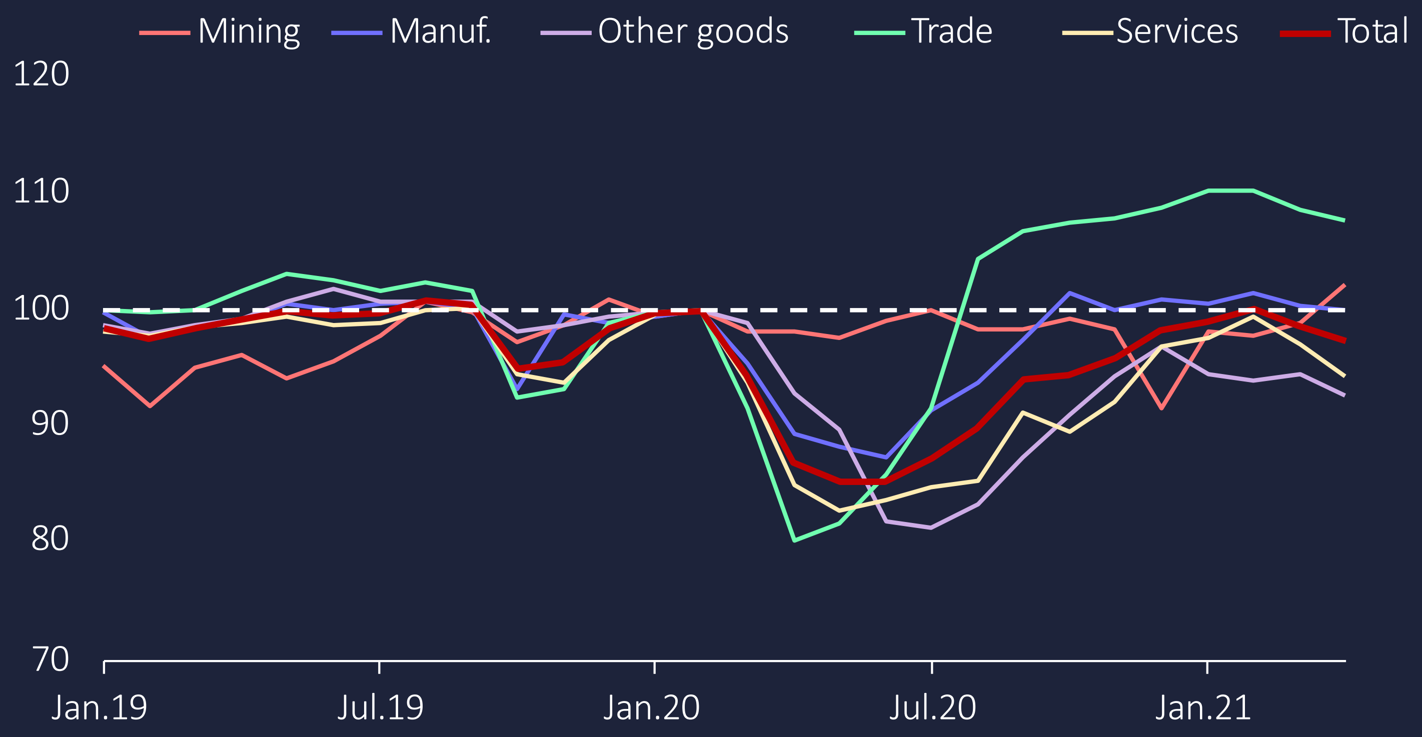
(1) Average confinement is calculated by weighting each phase of the Step-by-Step Plan by the volume of population subject to it. A lower number indicates greater restrictions on movement and assembly. (2) Quarantines were initiated on March 26, 2020. As from the start of the Step-by-Step plan, the population in Phase 1 is considered. (3) Data as of May 23. Simple average for Workplaces, Retail, and Supermarkets. (4) Difference with respect to January 2020. (5) Seasonally-adjusted series.

Sources: Central Bank of Chile, Health Ministry of Chile, National Statistics Institute (INE), and Google.

The economic rebound has occurred with varied intensity across different sectors and firm sizes.

Imacec by sectors

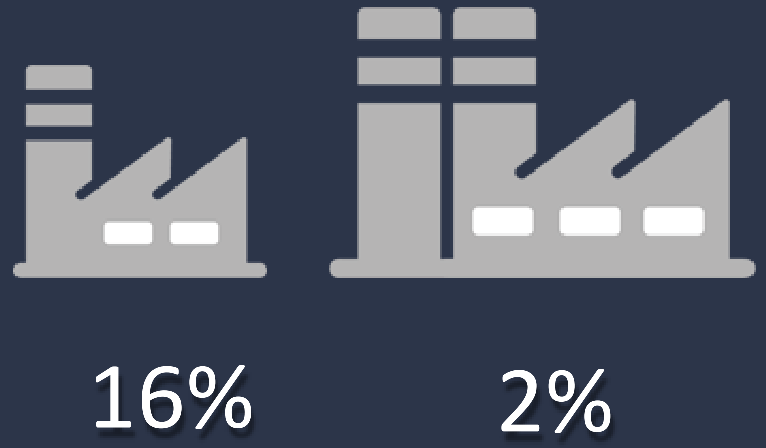
(seasonally-adjusted series; index, Feb. 2020 = 100)



Source: Central Bank of Chile.

May IPN:

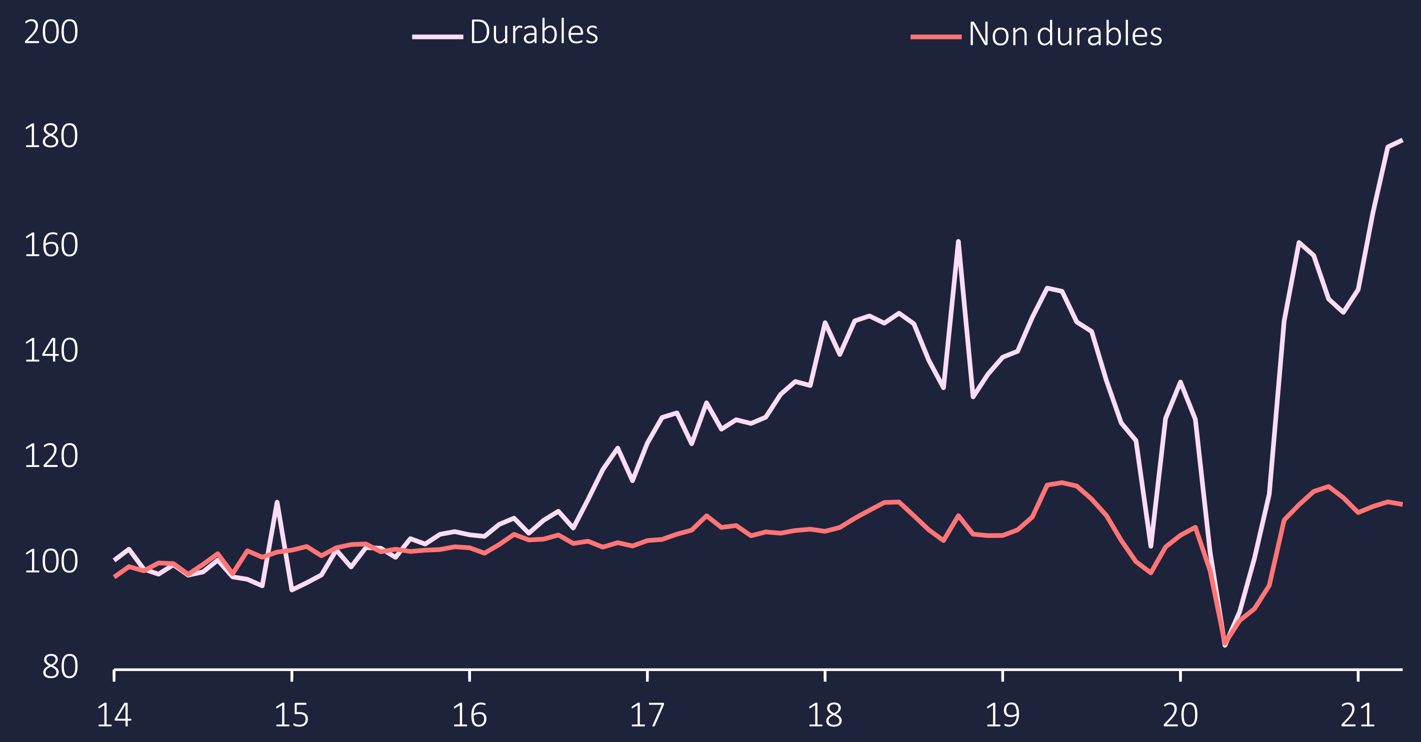
Percent of firms that closed down all operations, by size (April)



The strong boost to private consumption has driven the recovery, especially in the case of durables.

Retail sales (*)

(index, 2014 average = 100, seasonally-adjusted series)



(*) Considers Retail Trade Activity Index (IACM). Source: National Statistics Institute (INE).

2.5%

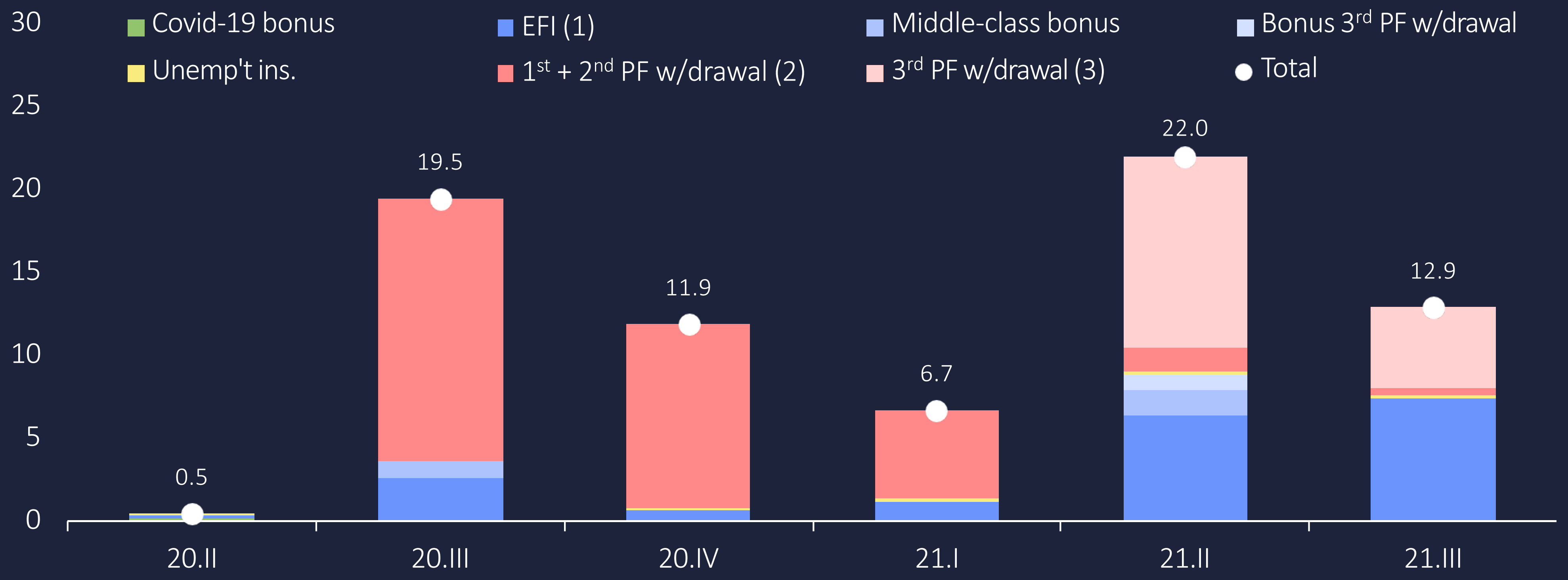
annually

was the drop in services consumption in the first quarter

Withdrawals of pension savings and massive fiscal transfers have been and will continue to be important factors behind the dynamism of private consumption.

Household-support measures (2020.II - 2021.III)

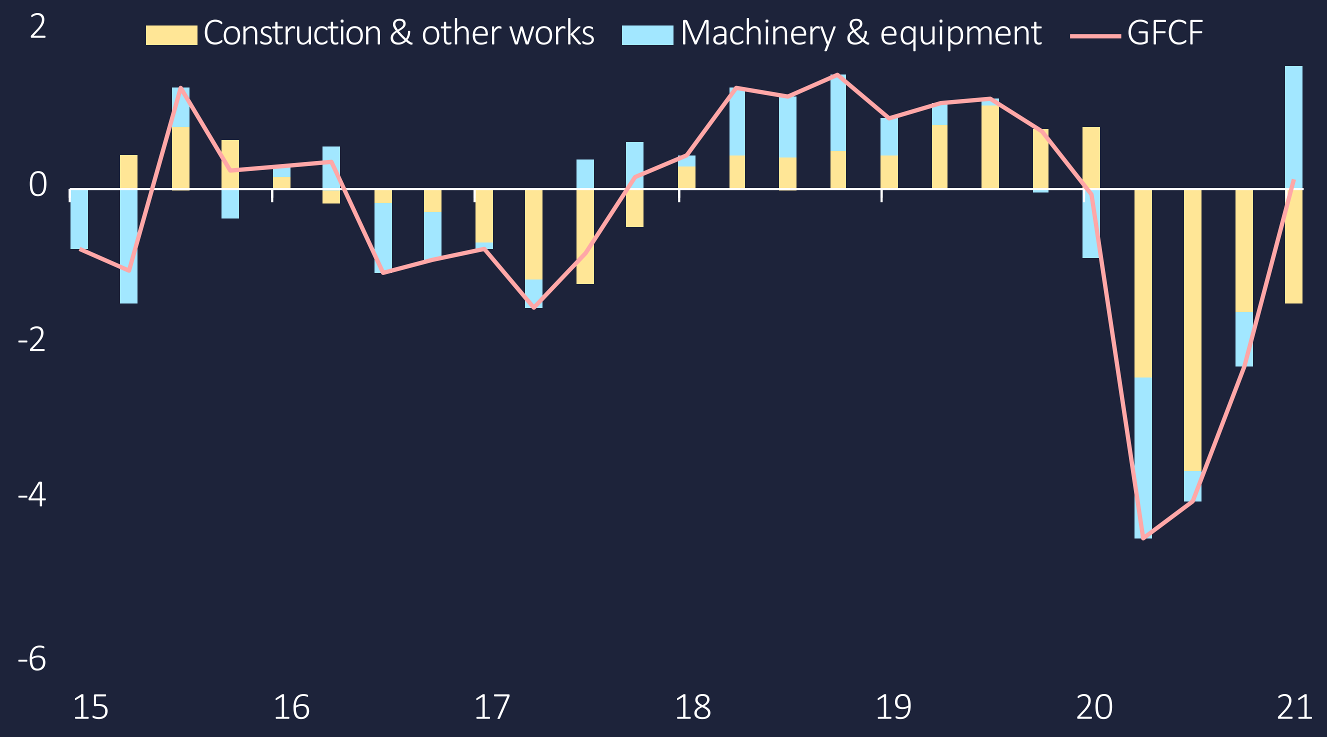
(billions of dollars)



(1) Emergency Family Income has grown in amounts and coverage, from an average of more than 6 million beneficiaries from May-20 to Mar.21 to more than 12 million beneficiaries in Apr-21. Per capita amounts have increased from USD 70 at the beginning to the most recent USD 140 per capita in the EFI of Apr-21. May-21 EFI is an estimate based on a report from the Ministry of Social Development (12 May 2021). From Jun.21 to Sep.21 the approved Universal EFI proposal is considered, which represents the total payments spread over 4 months, estimated using Financial Report No. 79, Dipres (2 June 2021). Assumption for NER: clp 719/dollar. (2) 1st and 2nd pension-fund withdrawals are amounts paid based on Superint. of Pensions statistical files as of 30 April 2021. For 21.III the difference between total estimated amounts to be withdrawn and the amount paid up to 30 April 2021 is considered. (3) 3rd pension fund withdrawal: 21.II are amounts paid based on statistical data from the Superintendency of Pensions as of 28 May 2021 and 21.III corresponds to the difference between the estimated total amount to be withdrawn and the amount paid up until 28 May 2021. Sources: Central Bank of Chile, Finance Ministry and Superintendency of Pensions.

Investment posted slight annual growth in the first quarter, driven by the recovery of the machinery & equipment component.

Contribution of GFCF to annual GDP growth
(percentage points)

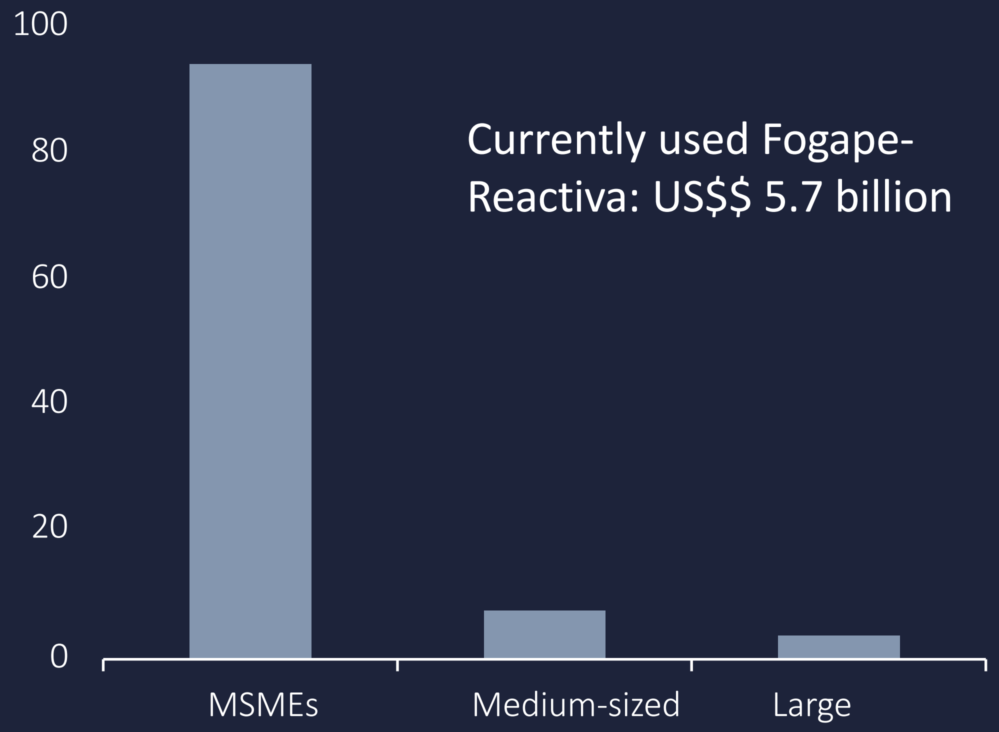


It stands out increased imports of cargo vehicles --trucks and vans-- and computer equipment.

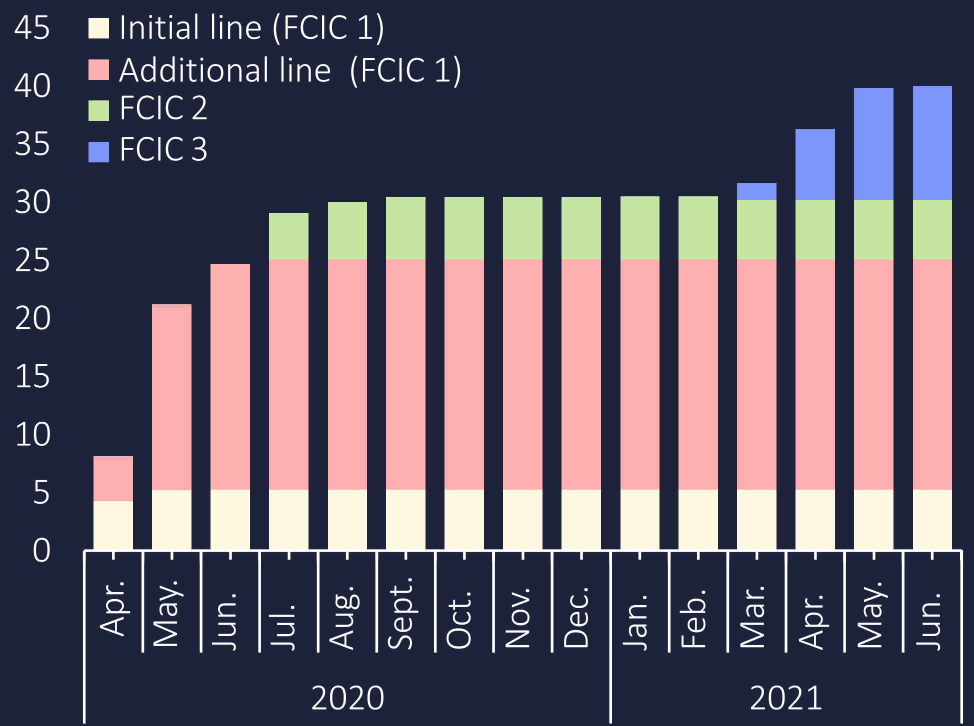
Source: Central Bank of Chile.

Regarding credit to firms, use of Fogape-Reactiva has remained strong. At the same time, FCIC 3 has been totally used up.

Fogape-Reactiva by firm size
(thousand operations)



Use of the Credity Facility Conditional on Increased Lending (FCIC) (*)
(billions of dollars)

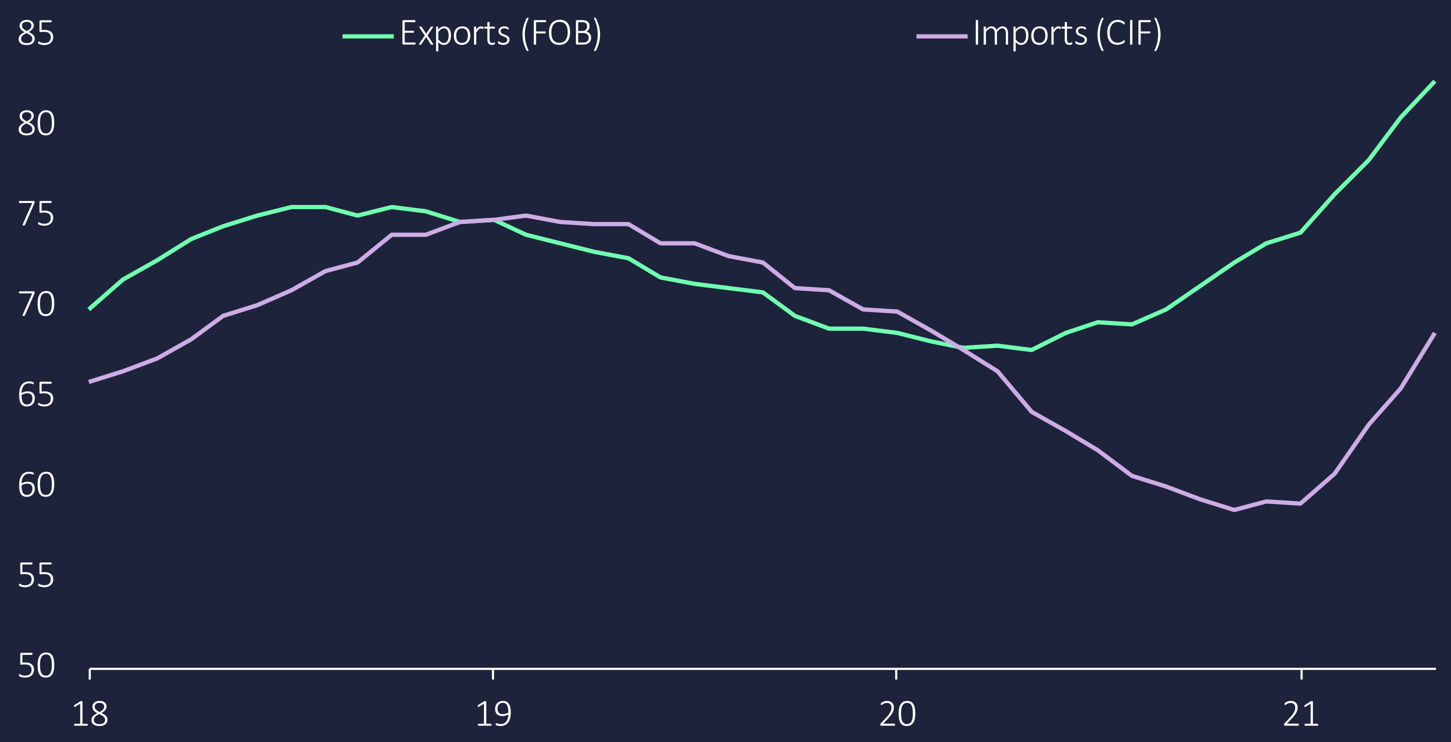


(*) Considers nominal exchange rate at $720.
Sources: Central Bank of Chile and www.fogape.cl

Increased domestic spending led to a rise in imports and a fall in the current-account surplus. Exports were boosted mainly by the higher price of copper.

Exports and imports

(billions of dollars, 12- month accumulation)



Source: Central Bank of Chile.

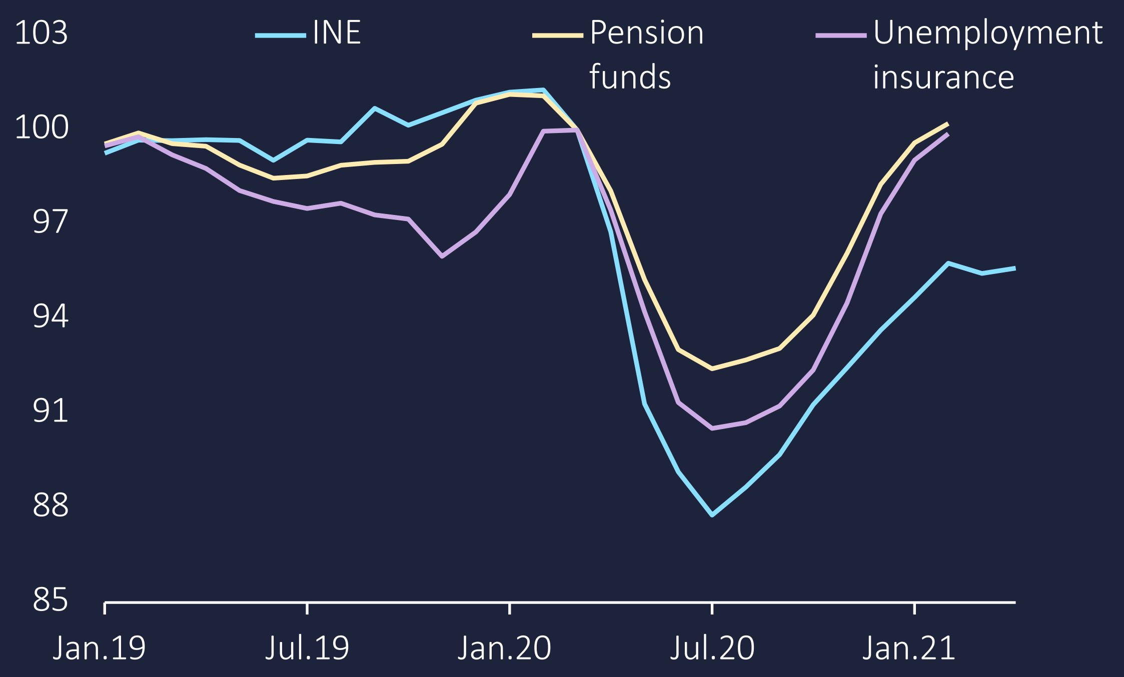
0.9%

Annual cumulative current-account surplus at the first quarter 2021

The labor market has also improved compared with its worst figures last year.

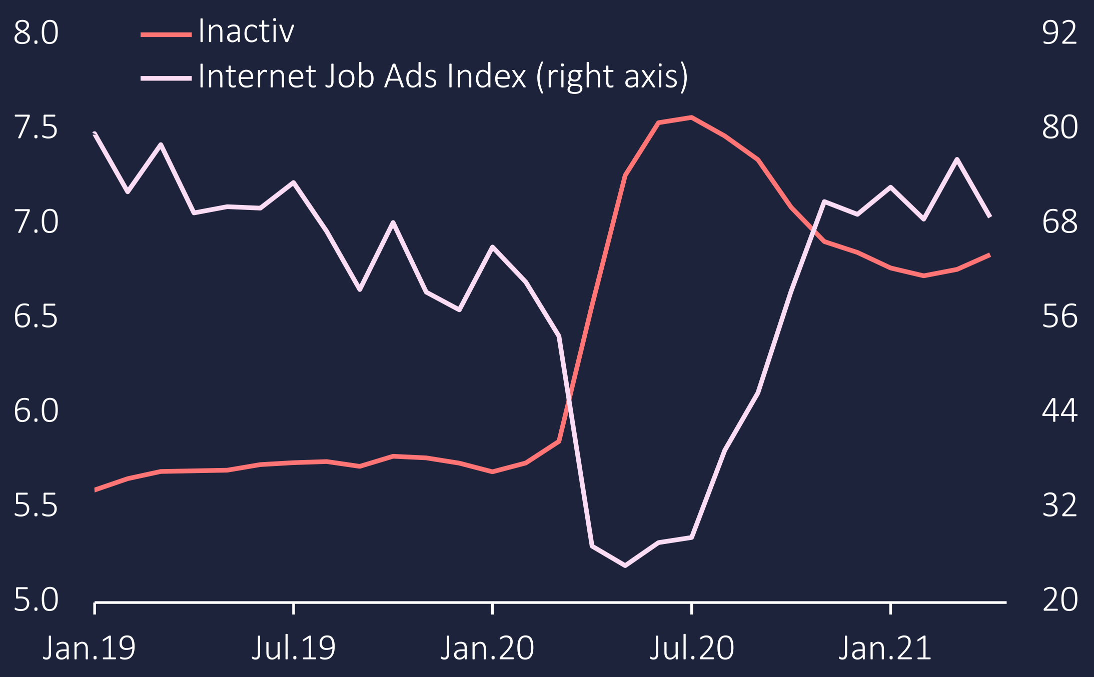
Formal salaried employment (*)

(index, March 2020 = 100)



Other labor market indicators

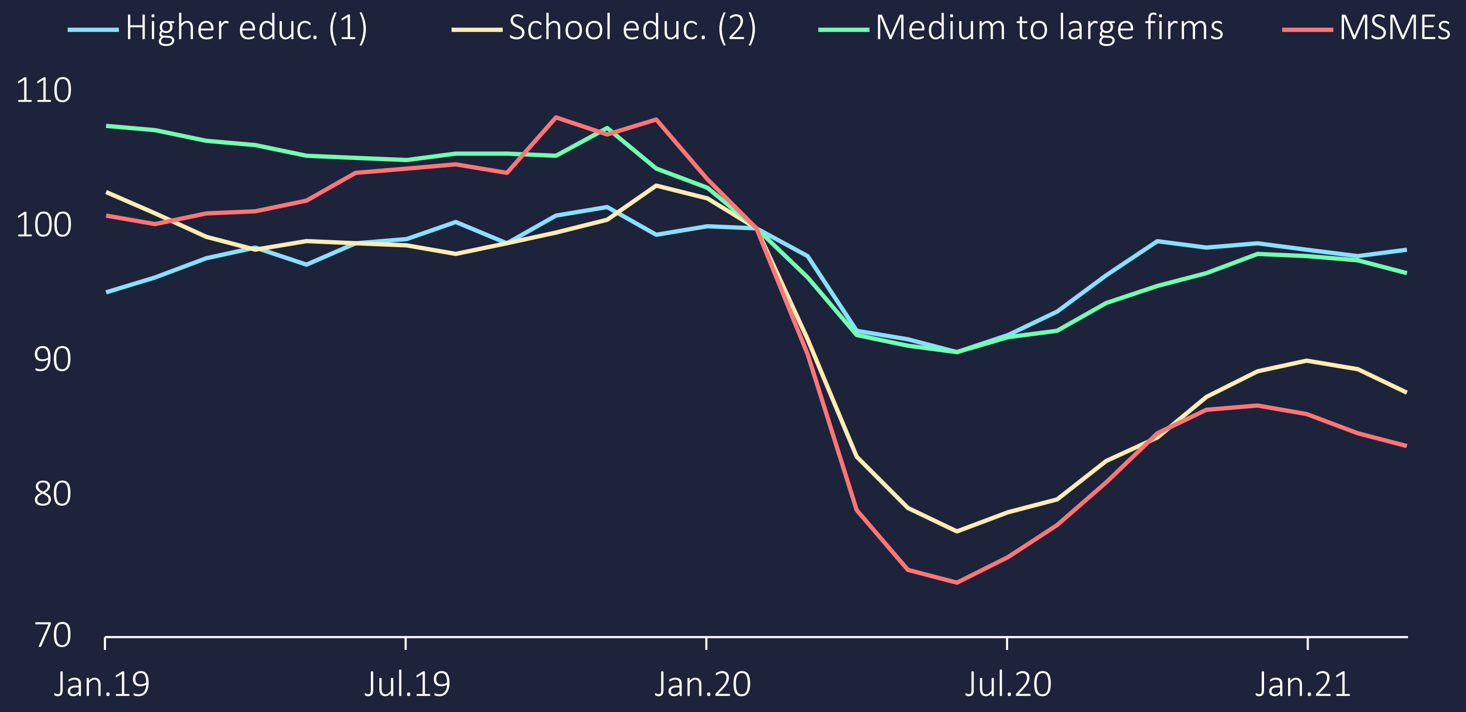
(thousand persons, index, January 2015 = 100)



(*) For pension funds (AFPs), it denotes the total number of salaried contributors, and in the case of Unemployement fund administrator (AFC), the number of contributors, excluding household help. Data in quarterly moving averages. Sources: AFC, Central Bank of Chile, INE, and Superintendency of Pensions.

Still, the impact of the pandemic on the labor market and subsequent recovery also exhibit heterogeneities.

Salaried employment by categories
(index, February 2020 = 100)



Work from home has been possible especially among higher-skilled workers

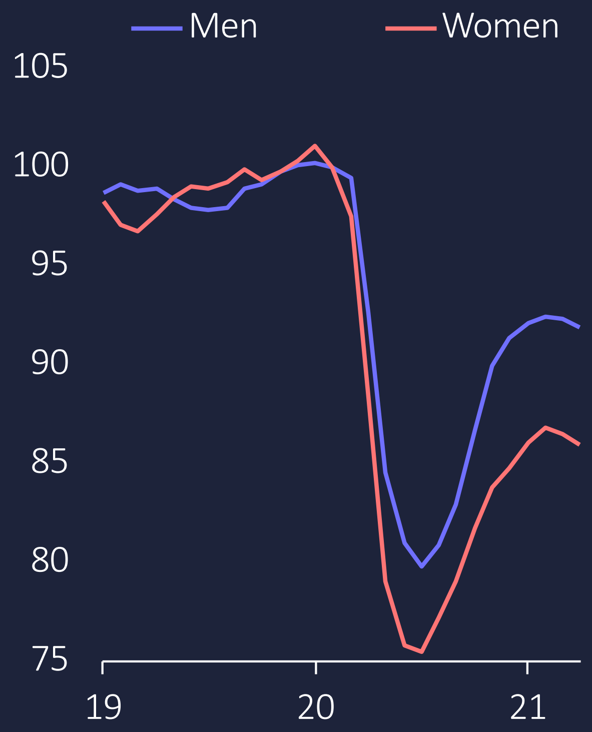
(1) Considers persons with college and technical education. (2) Persons with up to high school education.
Sources: Central Bank of Chile and National Statistics Institute.

Female employment continues to lag behind that of its male counterpart.

Participation rate
(percent)

Source: National Statistics Institute.

Employment
(index, February 2020=100)



In MP Report box: Impact of the pandemic on female labor market

Once the pandemic is over, when normality returns, I have to look for a paid job again, but I think that there, in that case, it is starting from zero. I don't know if I am going to look for a position like the one I had, with the salary I had, and with the time I was giving. I think I am going to look for a position that allows me to do both things and not in a mediocre way (..) Even if it means that the wallet is a little lighter (30-to-45 years old, high-school educated).

"Why would I go back to work? I mean, I don't know, if there is no food on the table, if there is not enough to pay for basic needs, I would be forced to, but as long as that is covered, I feel that for me and for many women, the work situation was like a final departure (30-to-45 years old, college educated).

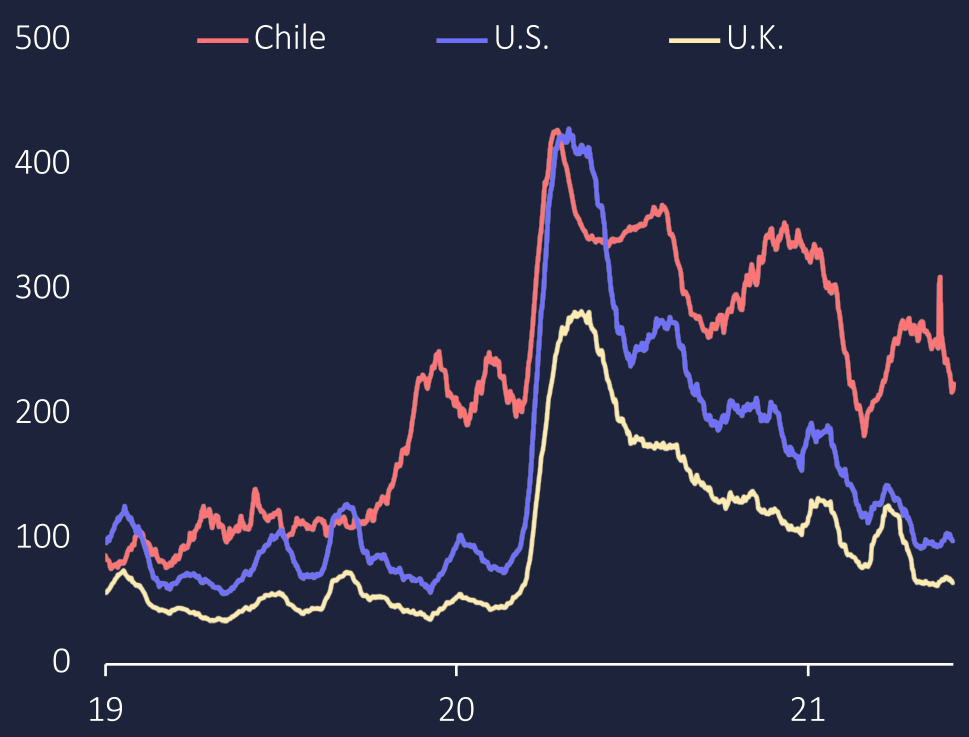
Despite stronger economic dynamism and extended fiscal incentives, household expectations are still in pessimistic territory amid high uncertainty.

Consumer expectations (IPEC) (1)

(diffusion index)

Perception and uncertainty – EPU and DEPUC (2)

(index)

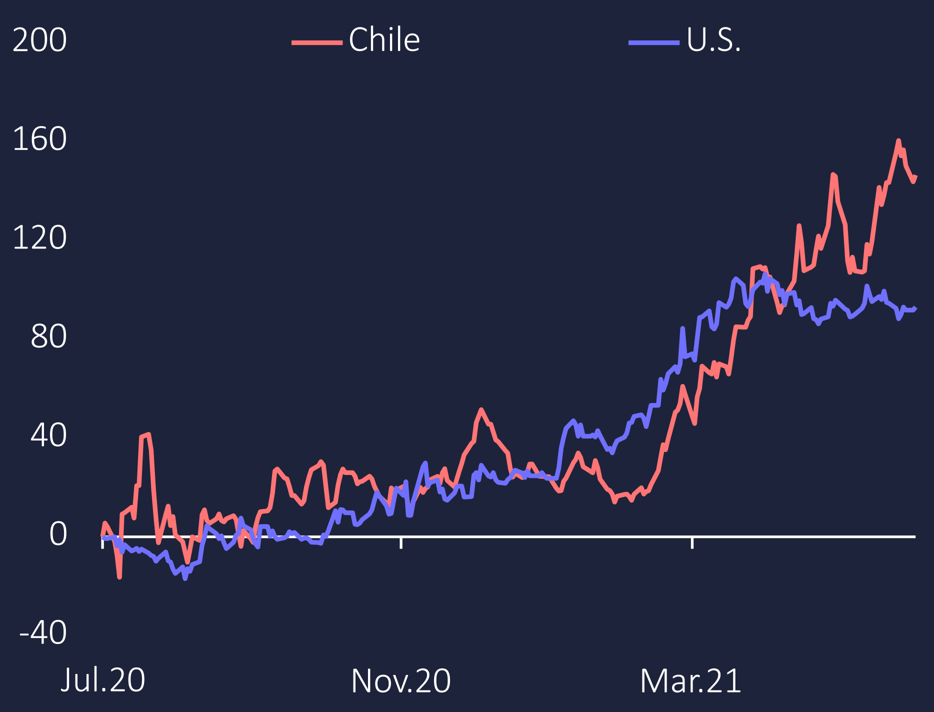


(1) Value above (below) 50 indicates optimism (pessimism). (2) 30-day moving average.
Sources: Adimark, Becerra and Sagner (2020), and www.policyuncertainty.com

This has coincided with local financial markets decoupling from global trends, despite significant copper price hike.

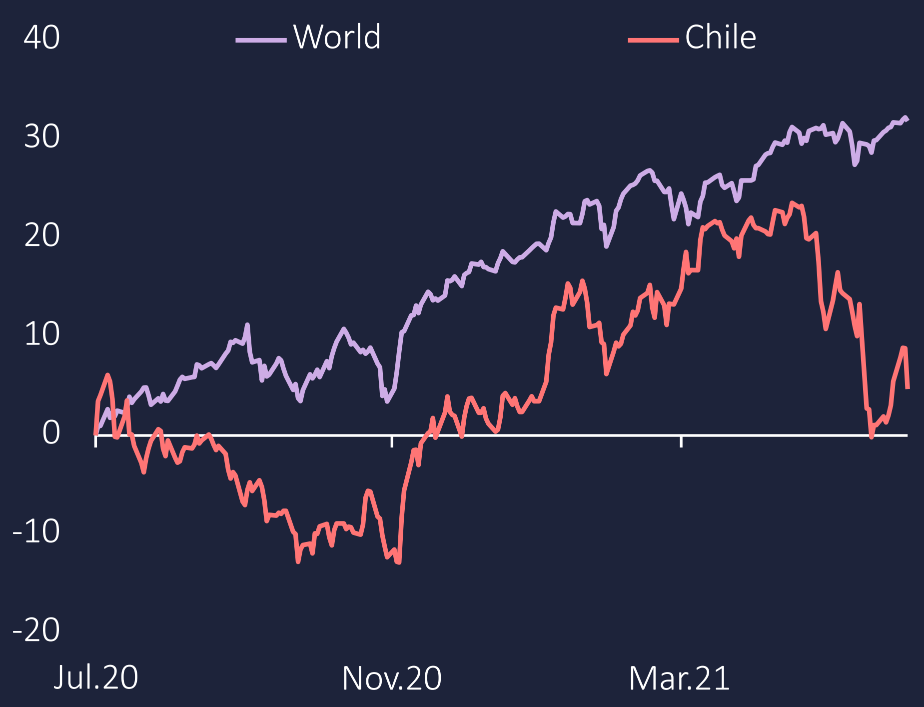
Nominal 10-yr benchmark interest rates

(change with respect to 1 July 2020, basis points)



Stock markets (*)

(change with respect to 1 July 2020, percent)

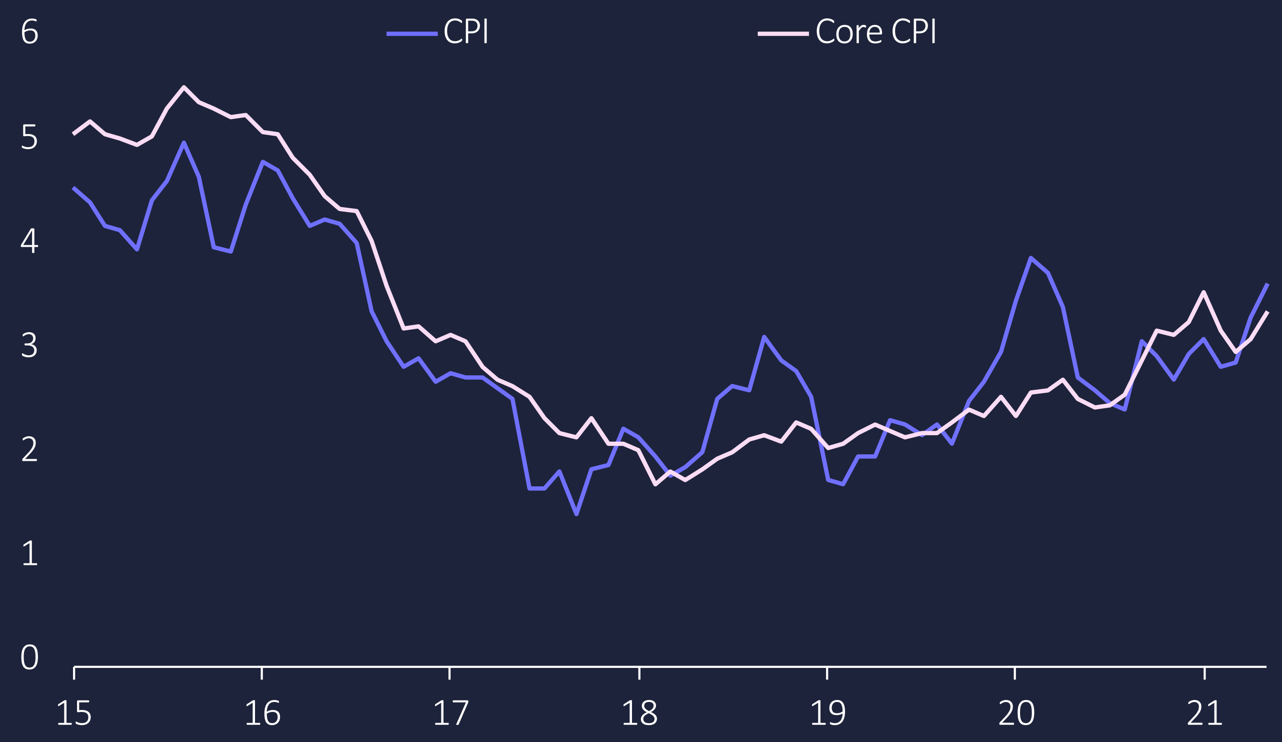


(*) World stands for the stock market index ACWI in local currency of Morgan Stanley Capital International. For Chile the IPSA is used.
Sources: Central Bank of Chile and Bloomberg.

Inflation has evolved in line with expectations, with annual CPI around 3.5%.

Headline and core inflation (*)

(annual change, percent)



(*) CPI without volatiles, accounting for 65.1% of total CPI basket. For further detail, see Box IV.1 in MP Report of December 2019 and Carlomagno and Sansone (2019).
Sources: Central Bank of Chile and INE.

Bigger increases in prices of:

Core goods
(4.7% a/a in May)

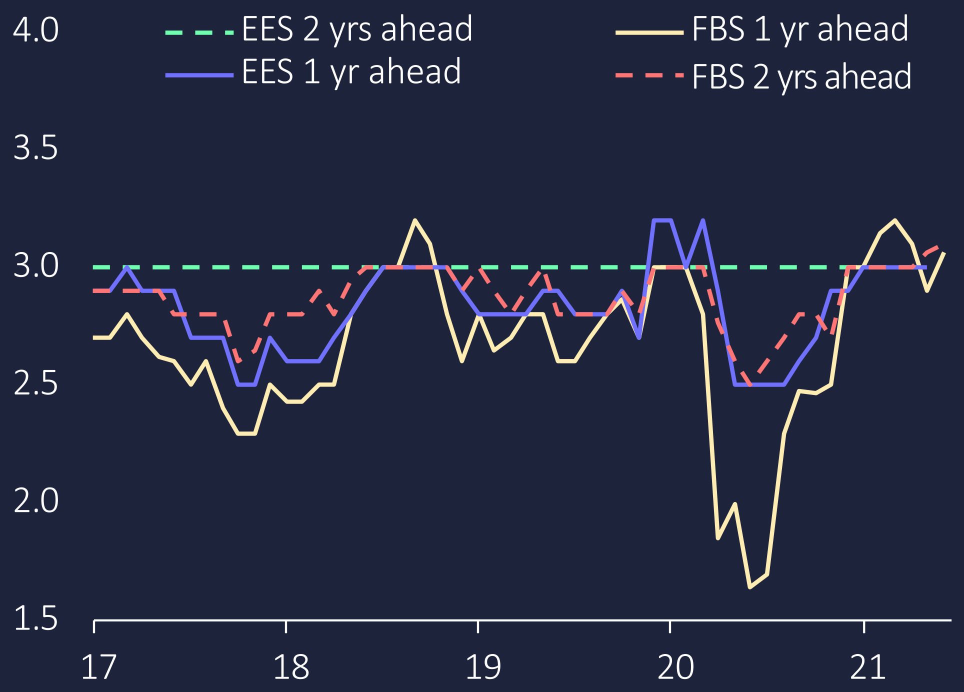
Fuels
(8.5% a/a in May)

Two-year expectations are in line with the inflation target. At shorter terms, they have been influenced by the VAT rebates under discussion.

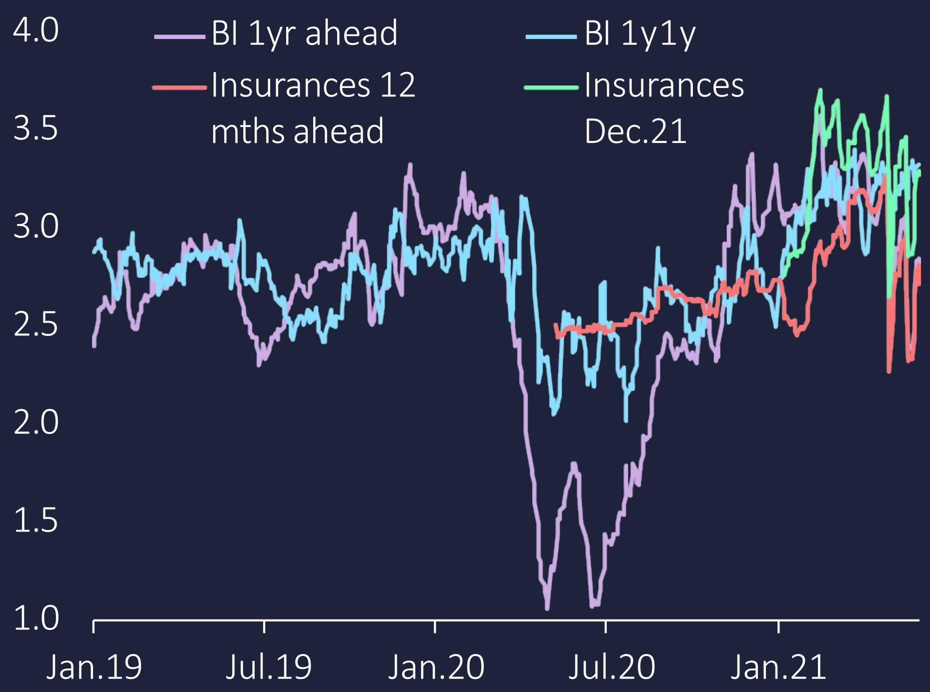
Inflation expectations

(annual change, percent)

Surveys (*)



Breakeven inflation and inflation insurances



(*) The Financial Brokers Survey (FBS) considers the survey of the first half of each month up to January 2018. From February 2018 onwards, it considers the last survey published in the month, including the one published on 3 June 2021. In the months where no survey is published, the last available survey is used.

Sources: Central Bank of Chile, ICAP, and Tradition Chile.

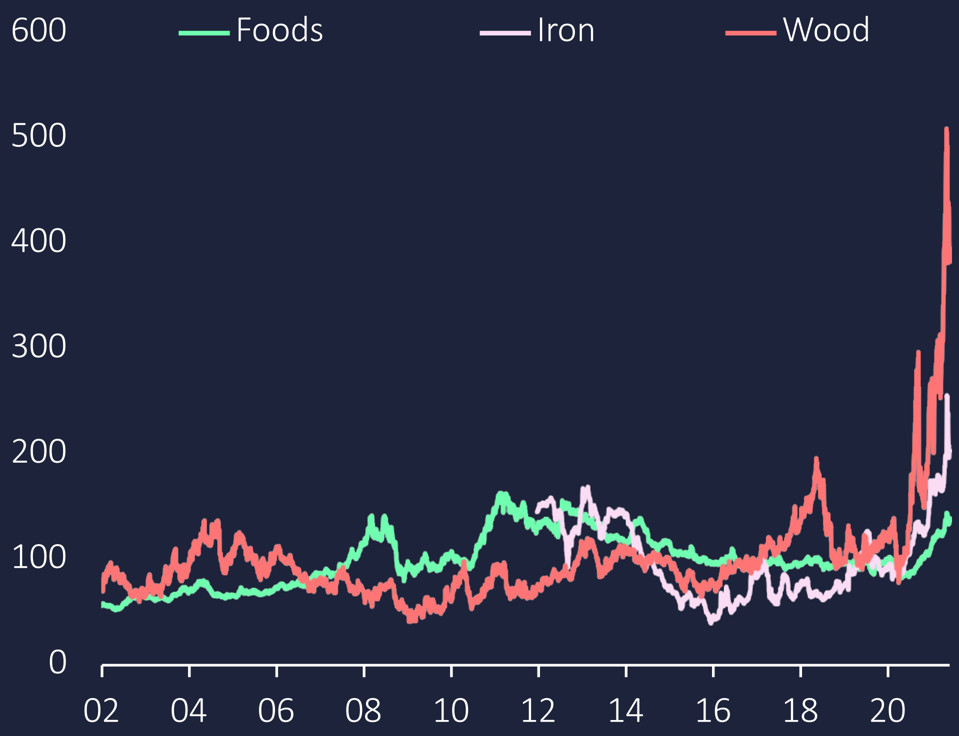
The evolution of inflation is framed in a context of higher cost pressures associated with the increase in commodity and transportation prices.

Cost of maritime freight at global level (1)

(dollars)

Commodity prices (2) (3) (4)

(index, 2002-2021 average =100)



(1) Weekly data from Shanghai Containerized Freight Index, which weights prices of 15 routes from Shanghai, for a 20-foot container. (2) Corresponds to the S&P GSCI Agricultural & Livestock Index Spot CME. (3) Iron ore import spot prices from Qingdao port, China. (4) Prices of wood futures contracts, measured in dollars per thousand board feet. Source: Bloomberg.

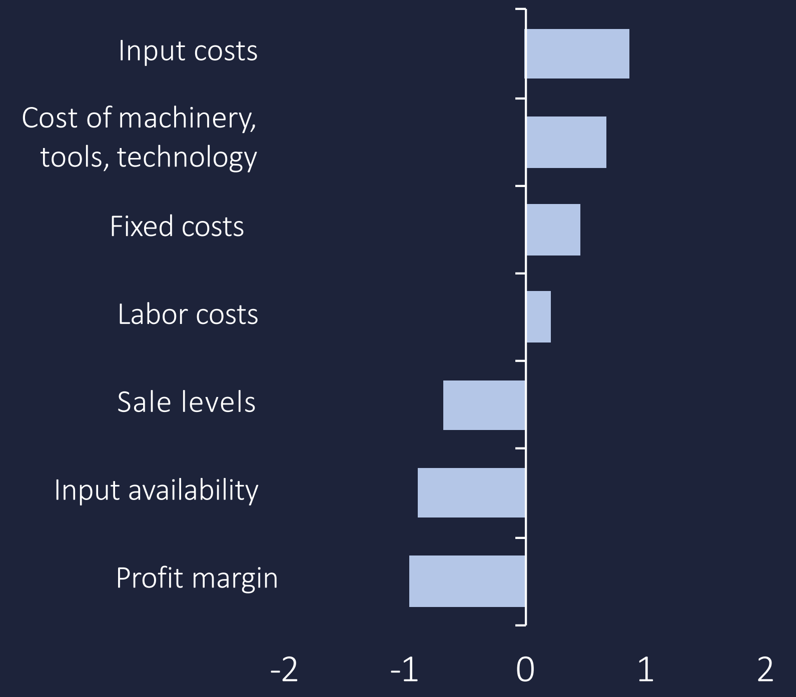
This global phenomenon has also had repercussions on the Chilean economy.

PMI global: producer prices (1)

(diffusion index, pivot = 50)

May IPN: Compared with January, What was the average behavior of the following factors in your company? (2)

(balance of responses)



(1) Value below (above) 50 indicates a fall (rise) in prices. (2) Positive (negative) value implies that, on average, the factor increased (decreased). The magnitude indicatess the intensity of the change, with maximum value 2 (-2).

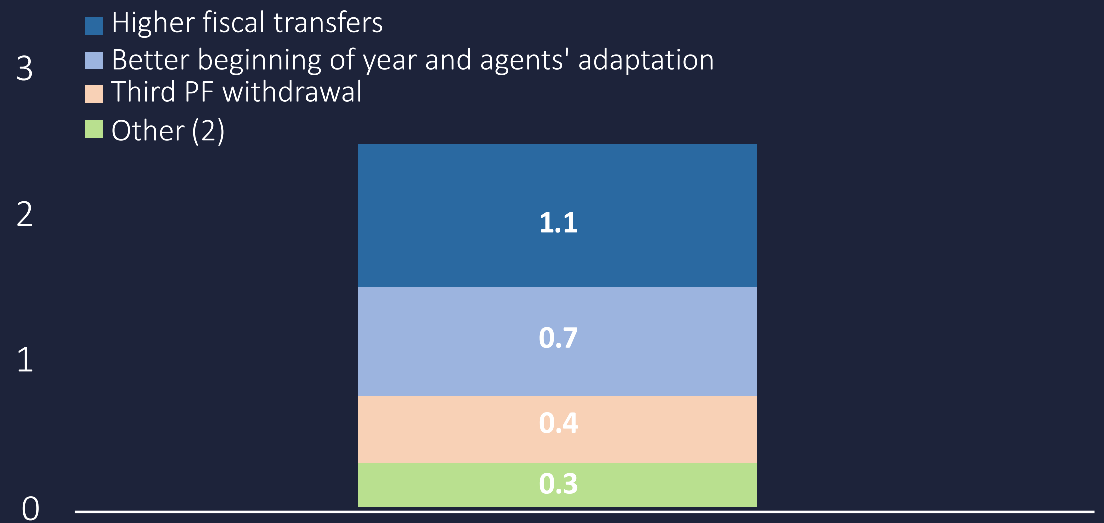
Sources: May 2021 Business Perceptions Report and JP Morgan/IHS Markit.

Outlook for this year assumes significant upward adjustment with respect to March MP Report.

GDP growth forecasts
(annual change, percent)

	March 2021	June 2021
2021	6.0 % – 7.0 %	8.5 % – 9.5 %
2022	3.0 % – 4.0 %	2.0 % – 3.0 %
2023	2.5 % – 3.5 %	1.75 % – 2.75 %

Contributions to 2021 GDP growth revision (1)
(percentage points)



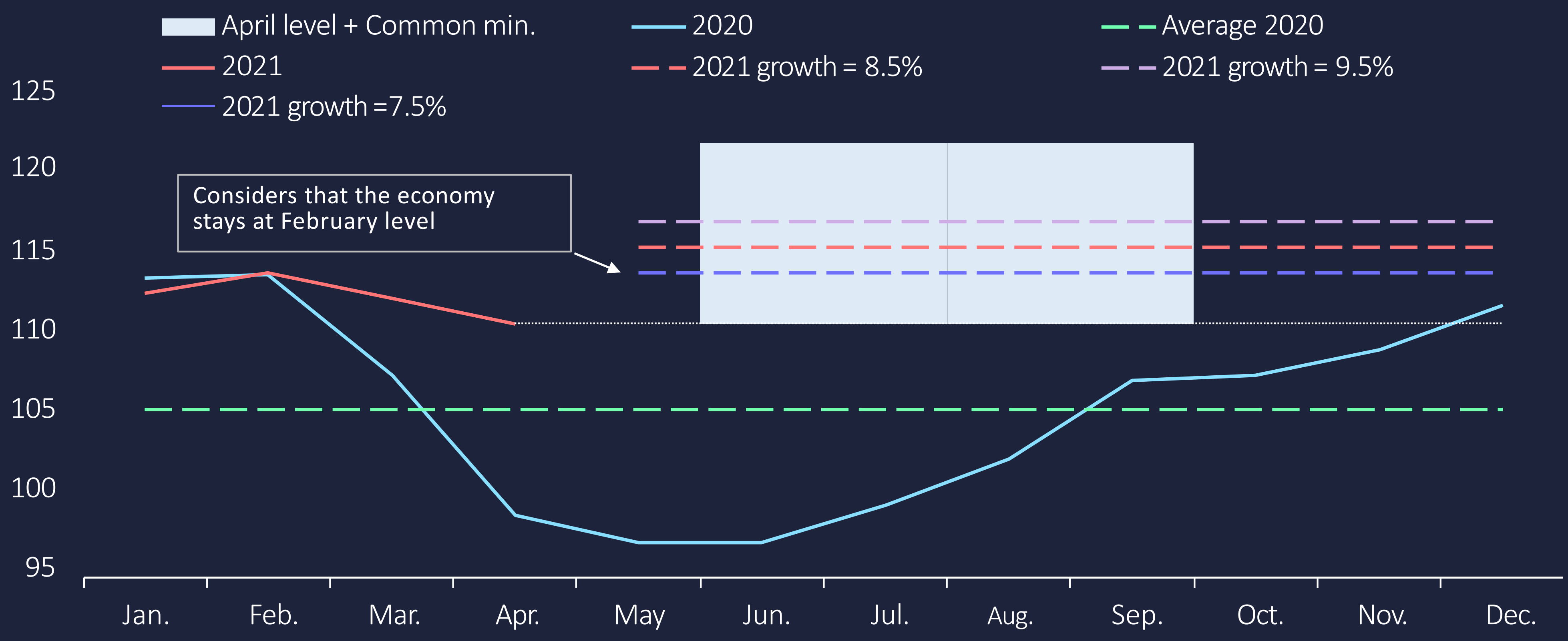
Downard correction in 2022-2023 due to higher comparison base, gradual extinction of consumer-impulse measures, and limited investment dynamism.

(1) Built considering midpoint of forecast range in March and June 2021 MP Reports (2) Includes external and mining sectors. Source: Central Bank of Chile.

Should the economy return to its first-quarter level, economic growth would reach 7.5%, without taking into account the additional impulses.

Imacec scenarios consistent with 2021 GDP growth range (*)

(index, 2013 average =100, seasonally adjusted)

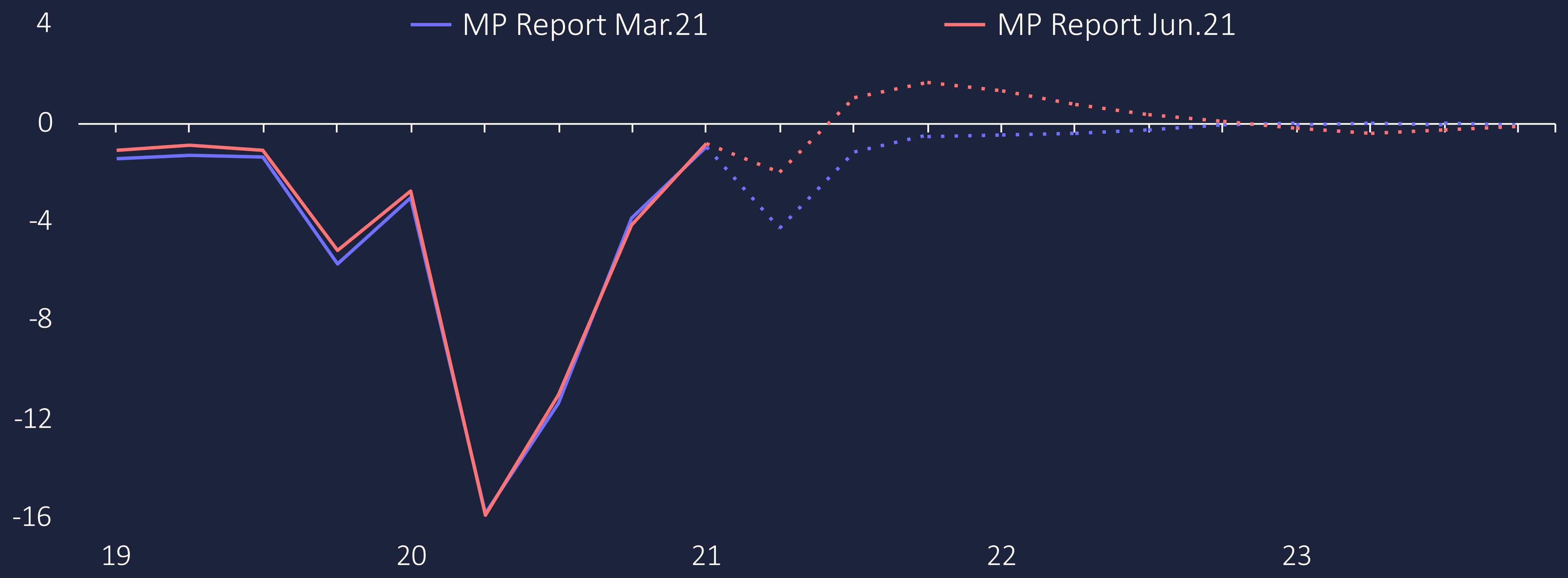


(*) Shaded area illustrates the period in which the approved benefits of the Common Minimum Agenda will be in effect.
Source: Central Bank of Chile.

The greater impulse to expenditure combined with recent better performance of the economy translates into a faster closing of activity gap.

Activity gap (1) (2)

(level, percentage points)

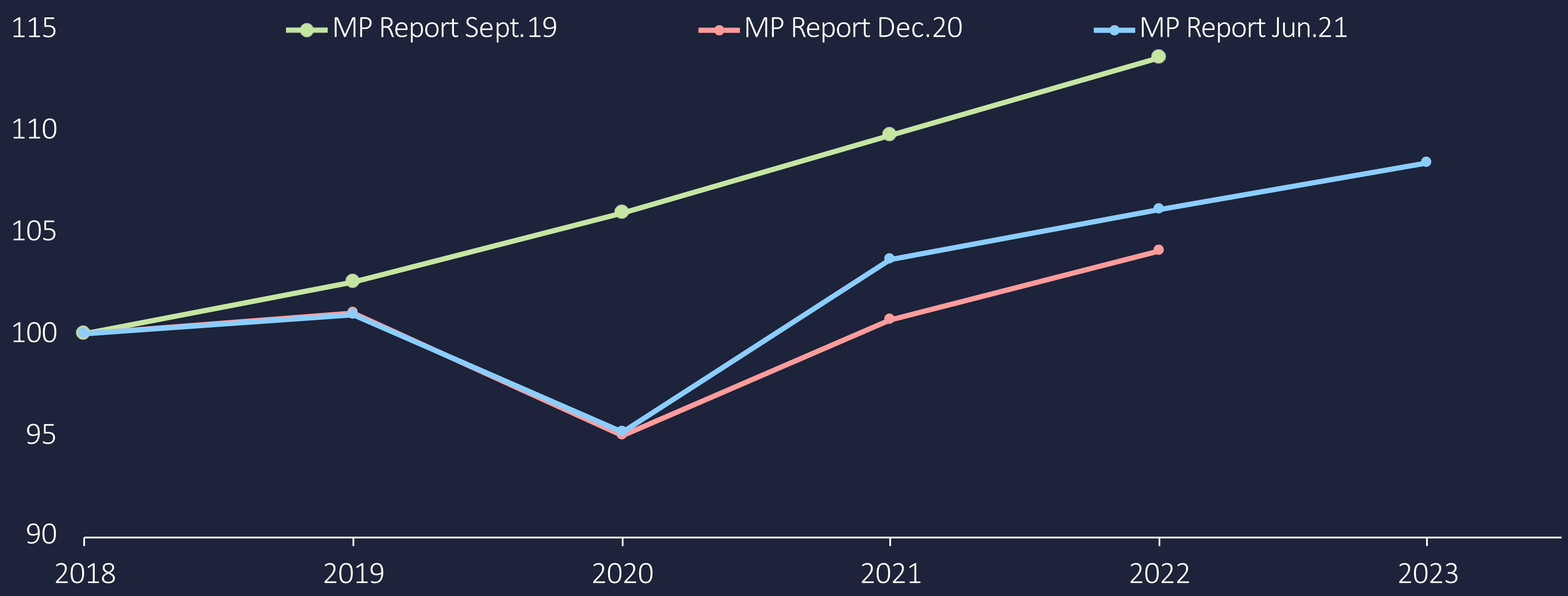


(1) Historical gap estimates are changed due to re-estimation of potential GDP. The Multivariate Filter was used in the projection, which incorporates the new trend growth of non-mining GDP (2021-2030 average: 2.9%). (2) Dotted lines indicate forecasts..
Source: Central Bank of Chile.

All in all, the level of economic activity is still below the September 2019 forecast.

GDP forecasts

(index, 2018 = 100)

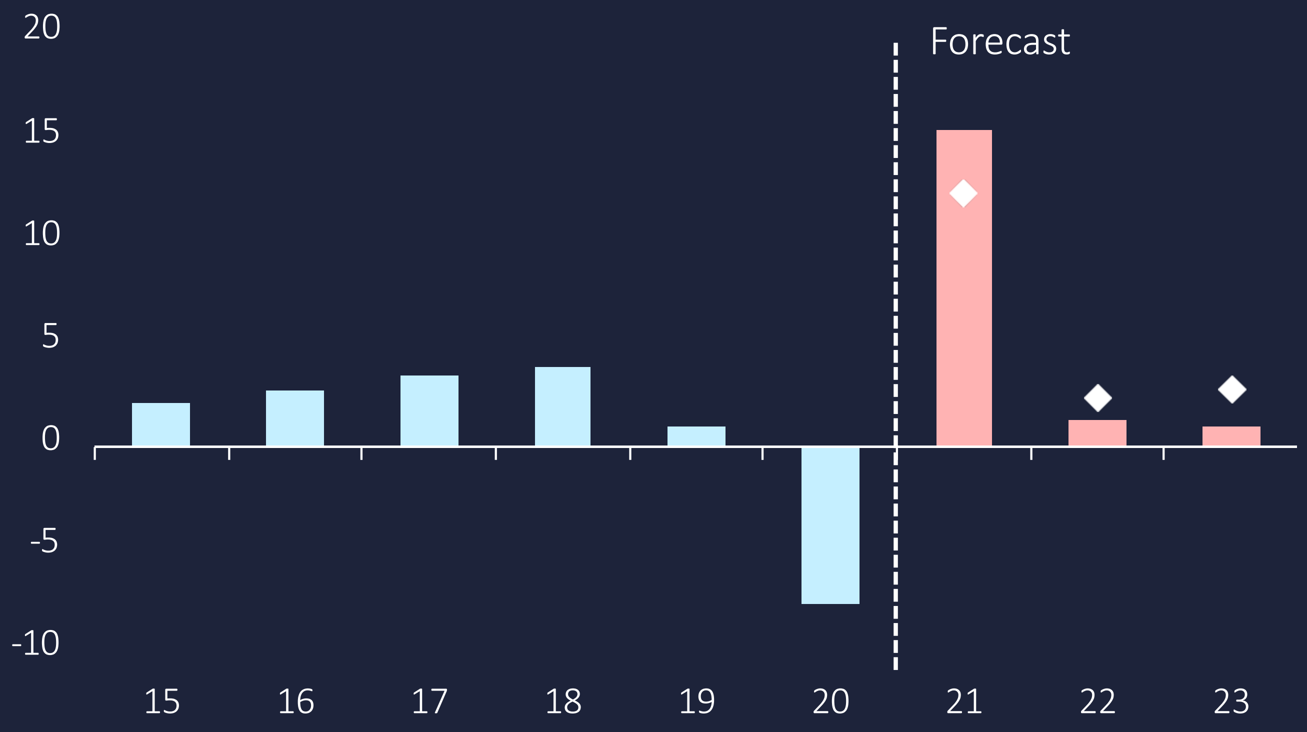


Source: Central Bank of Chile.

Consumption will maintain high dynamism in the coming quarters, supported by the third pension savings withdrawal and fiscal transfers.

Private consumption (*)

(real annual change, percent)

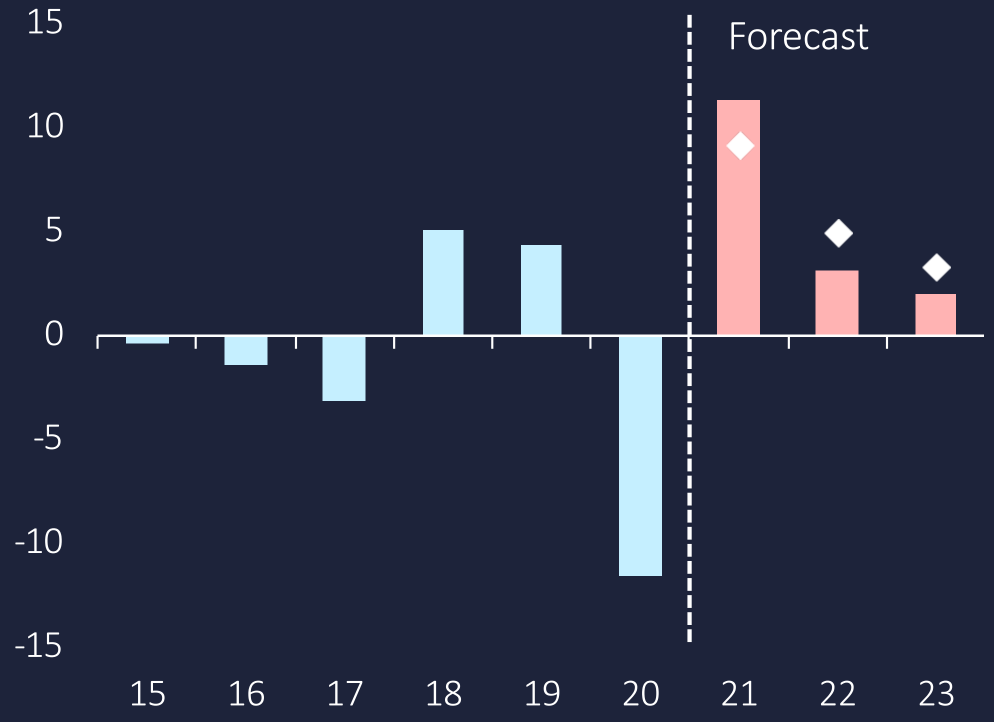


(*) White diamonds show forecast in March 2021 MP Report.

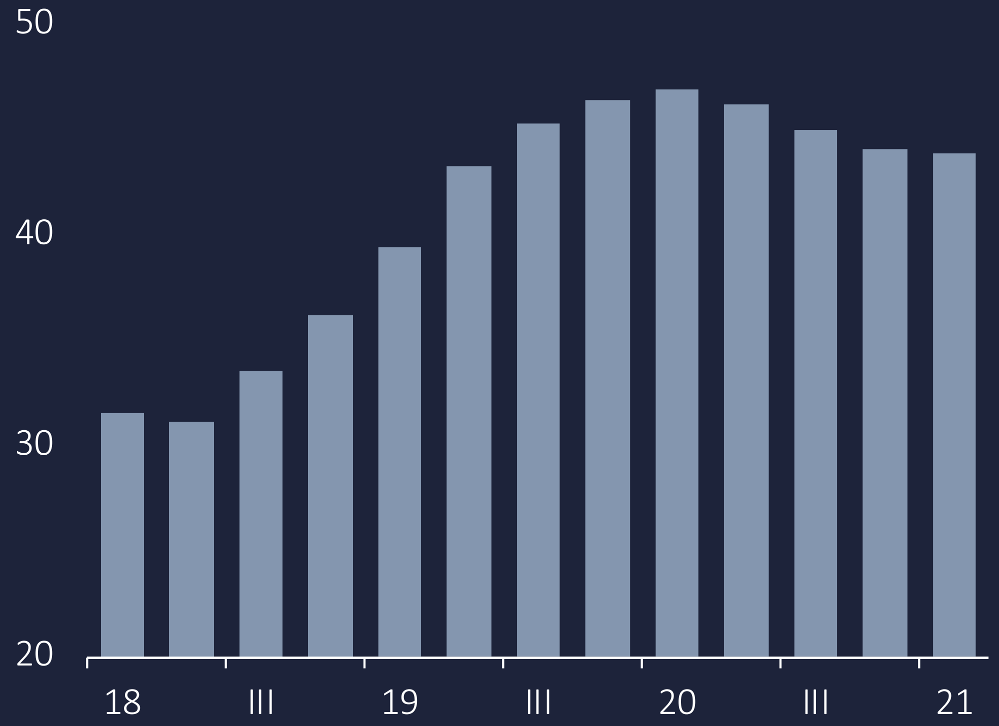
Source: Central Bank of Chile.

Investment is still expected to take longer to recover.

Gross fixed capital formation (1)
(real annual change, percent)



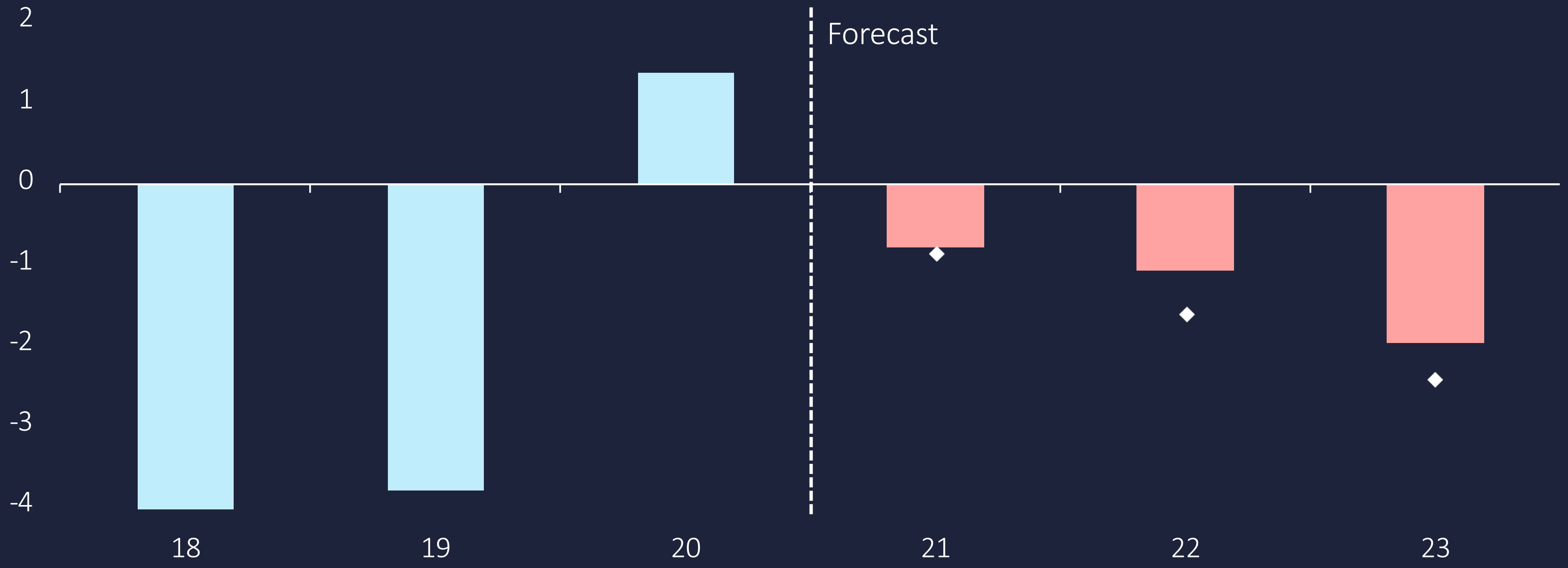
Investments committed for next five years (CBC) (2)
(billions of dollars)



(1) White diamonds show forecast in March 2021 MP Report. (2) Average of four moving quarters. For each versión of the survey, 5-year forecasts are included, considering the current year. Sources: Central Bank of Chile and Capital Goods Corporation (CBC).

The 2021 current-account deficit will be in line with the March forecast, because the higher copper price compensates for the expansion of domestic spending.

Balance of payments current account (*)
(percent of GDP)

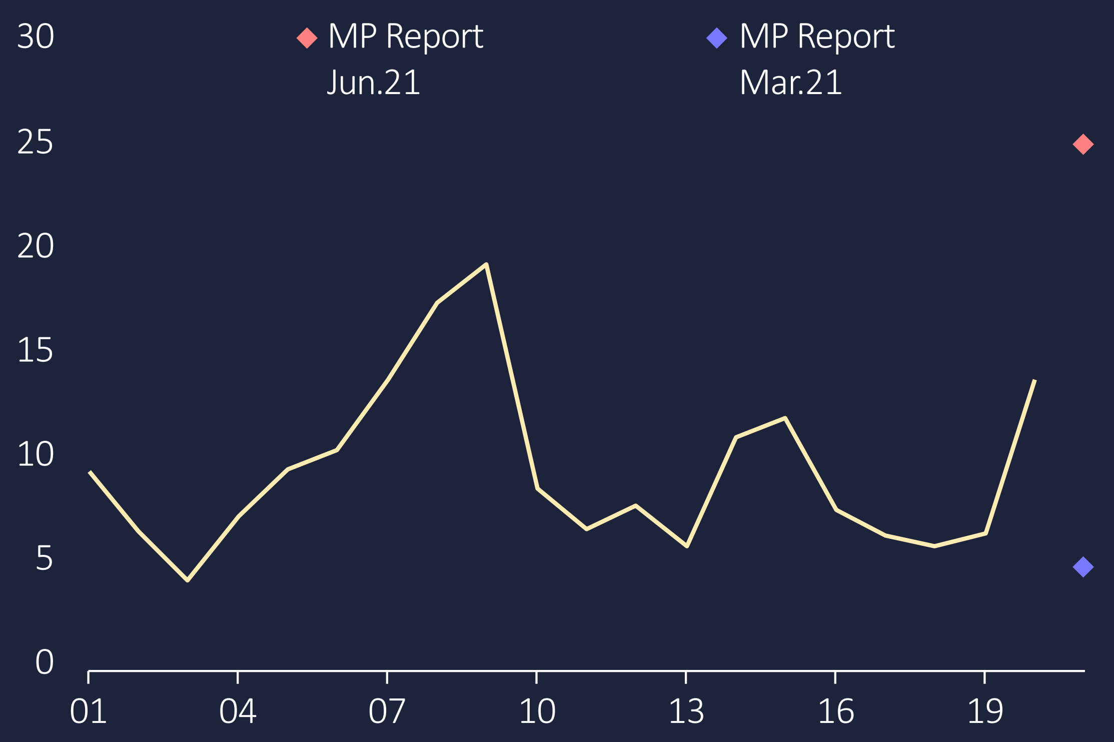


(*) White diamonds show forecast in March 2021 MP Report.
Source: Central Bank of Chile.

A key element of these forecasts is the projected stronger fiscal policy impulse; these efforts are not expected to be needed in 2022-2023.

Actual and projected fiscal expenditure in 2021

(annual nominal growth, percent)

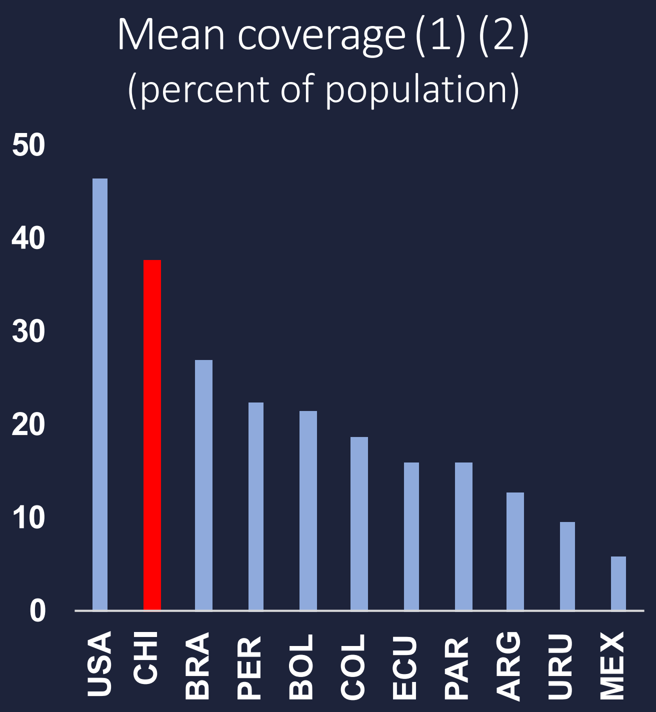


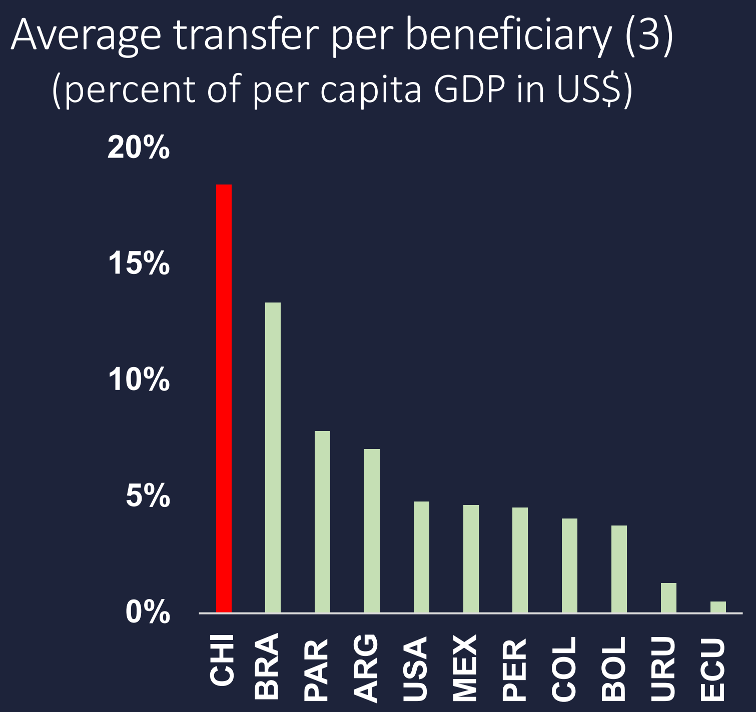
Household-support measures in Chile (*)

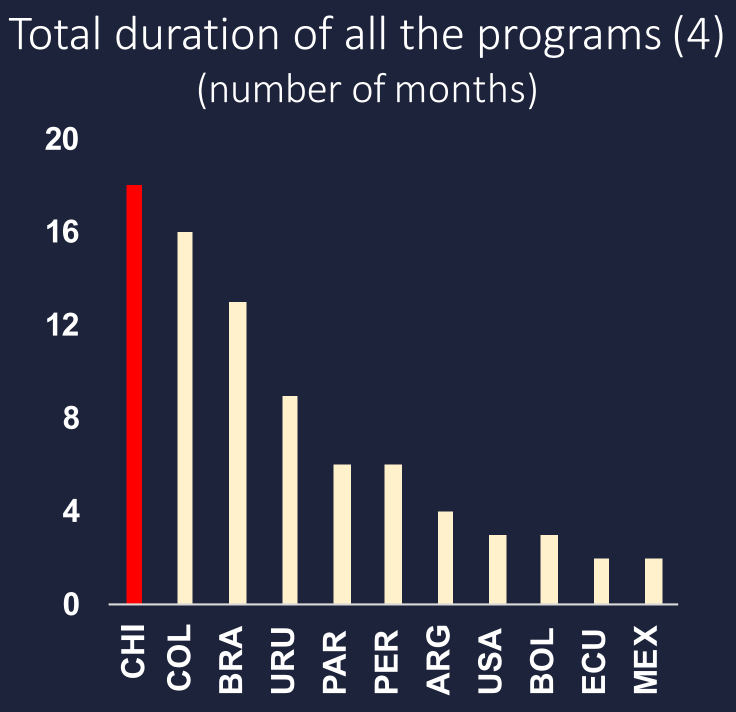
Support measures	Coverage (% popul.)	Monthly amount per capita (US$)	Frequency
Covid-19 bonus	7.9	110	1 time (Apr.20)
Middle-class bonus	9.1	634	2 times (Aug.20 + Apr.21)
EFI	37.2	72	7 times (May.20 - Dec.20)
EFI in step-by-step plan	31.0	68	3 times (Jan.21 - Mar.21)
Extended EFI	65.6	137	2 times (Apr.21 + May.21)
Universal EFI	76.2	175	4 times (Jun.21 - Sep.21)

(*) Extended Emergency Family Income (EFI) of May.21 is estimated based on the Report of the Social Development Ministry (12 May 2021). Universal EFI of Jun.21 to Sep.21, corresponds to total payments spread over four months, estimated based on Financial Report No.79, Budget Office of the Finance Ministry (Dipres) (2 June 2021).
Sources: Government announcements, Central Bank of Chile, Dipres, and National Statistics Institute.

In an international comparison, transfers in Chile have been very significant.







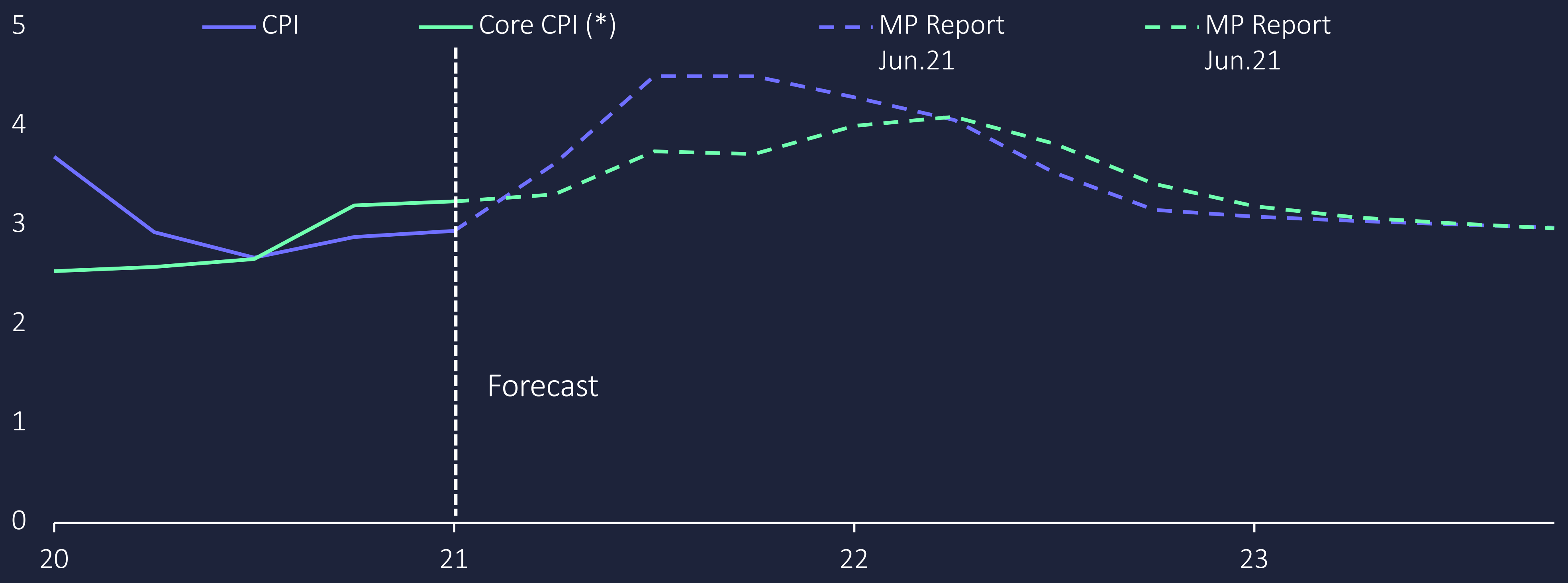
(1) Calculations consider the following programs: U.S. (help checks 1, 2 and 2021), Argentina (EFI and Sanitary Emergency bonus 2021), Bolivia (Universal bonus, Family bonus, Family basket), Brazil (Emergency aid 2020 and 2021), Colombia (Families in Action and Solidary income), Ecuador (Sanitary Emergency bonus), Mexico (Senior Citizens Program), Paraguay (Pytvo and Pytvo 2.0 subsidies), Peru (Stay home bonus 2020 and 2021, Universal family bonus 2020 and 2021, Bonus to workers, bonus 600), Uruguay (Social card, Equality plan, Emergency food basket). Para Chile: Covid-19 and middle-class bonus, EFI, EFI Step-by-Step extended and universal. (2) Simple average of population coverage of different programs per country. For programs destined to households, total beneficiaries calculated using average of household members as per latest UN update (3) Considers the sum of per capita transfers granted under each program until extinction. Rescaled using per capita GDP in 2019 dollars. (4) Number of payments of each program and payment dates. For Uruguay, the 3 programs are assumed to make payment in different months; assumptions for Peru: with the exception of the Bonus to workers, programs made payments in different months. For Chile and Brazil also payments to be delivered in coming months under still outstanding programs are considered.

Sources: Government announcements, Bloomberg, ECLAC, IMF, Statistics bureaus, "Social outlook for Latin America" (2020, ECLAC).

Inflation forecasts are revised up. Headline CPI inflation is expected to exceed 4% annually in the short term.

Inflation forecast

(annual change, percent)

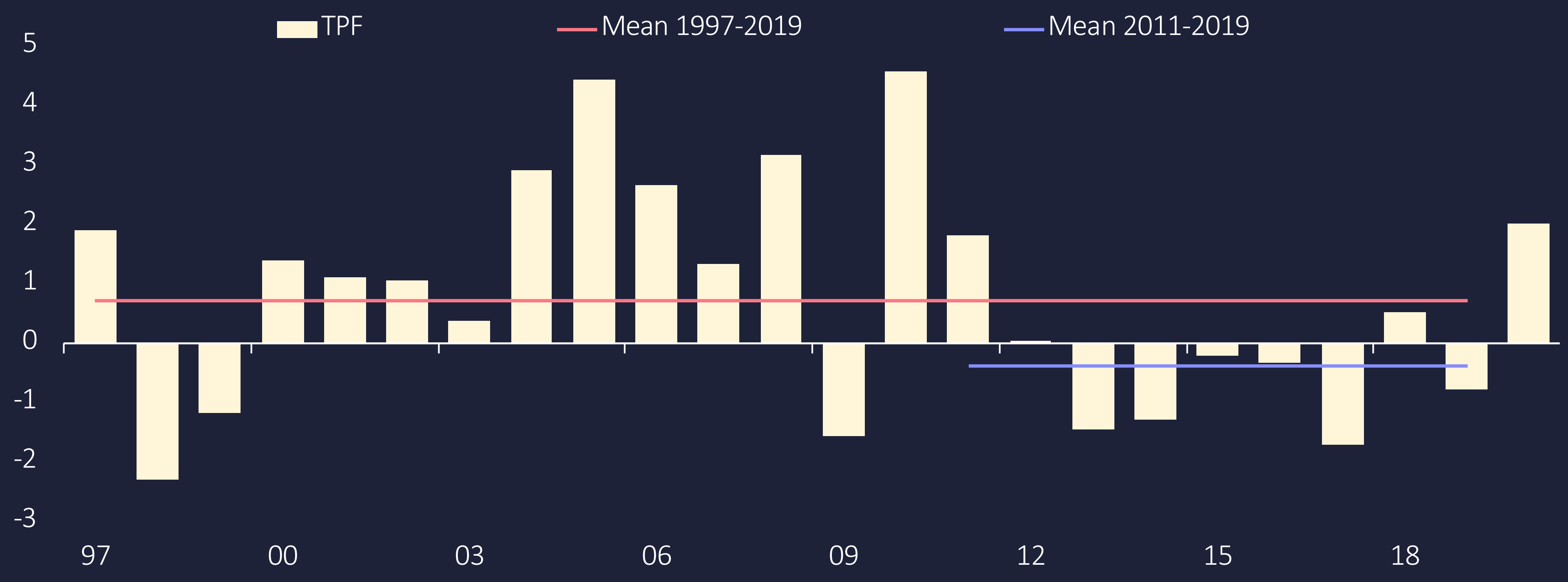


(*) Measured with CPI w/o volatiles.

Sources: Central Bank of Chile and INE.

Trend medium-term growth is revised down, given the persistent decline in productivity growth during the past decade.

Growth in total factor productivity (TFP) in non-mining GDP
(percent)



Source: Aguirre et al. (2021).

Other structural parameters that are relevant for the Chilean economy are also adjusted.

Long-term copper price (dollars per pound)	Long-term oil price (dollars per barrel)	Trend non-mining GDP next 10 years (annual change)	Nominal neutral MPR (percent)	Technical MPR mínimum (percent)
Dec.15-Mar.21	Dec.15-Mar.21	Jun.19-Mar.21	Jun.19-Mar.21	Jul.09-Mar.21
2.7	70	3.25-3.75	3.75-4.25	0.5
June 2021	June 2021	June 2021	June 2021	June 2021
3.3	60	2.4-3.4	3.25-3.75	0.5

There are sensitivity scenarios that could require monetary policy action differing somewhat from expectations in the central scenario.

Positive

Possibles reasons:
- Households more willing to consume
- More persistent effects of global cost pressures

Implications:
- Acceleration of private spending (in scenario of increased consumption)
- Upward impact on inflationary pressures

Negative

Possible reasons:
- Slower openings due to less favorable evolution of pandemic
- Sluggish investment due to high local uncertainty

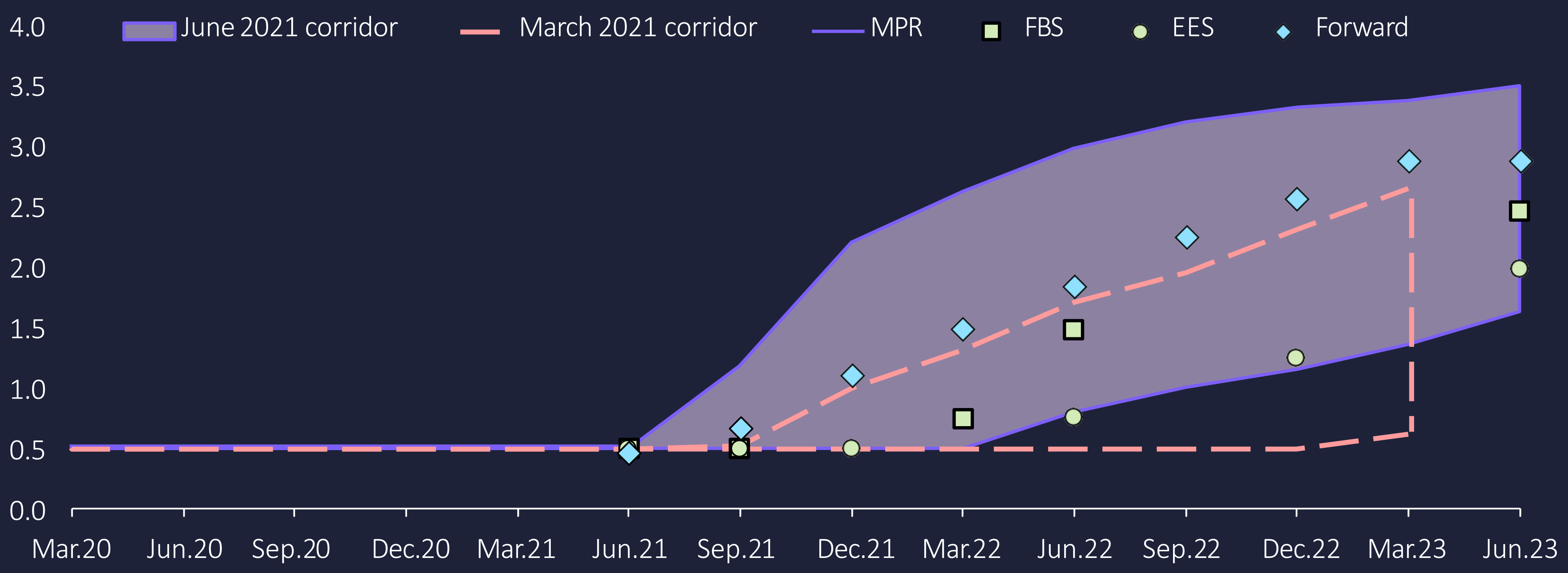
Implications:
- Deterioration in agents' expectations
- Delayed recovery of actividad and employment, with negative effects on inflationary pressures

Risks:
Evolution of public finances
Inflation and worsening of external financial conditions

The expected higher growth in expenditure and activity will make it less necessary for the monetary impulse to support the economy's recovery with the same intensity, so it should begin to moderate gradually, sooner than was anticipated in the last MP Report.

MPR corridor (*)

(percent)



(*) The corridor is constructed following the methodology in Box V.1 of the March 2020 MP Report. It includes the Financial Brokers Survey (FBS) published on June 3, the EES published on May 11 and the quarter's average smoothed forward curve. Methodology: extraction of the implicit MPR considers the forward curve over overnight swap curve for up to 2 years, discounting the fixed rates of each term from the simple accrual of the overnight index swap (OIS).

Source: Central Bank of Chile.

Final remarks

Domestic activity has performed better than expected, reflecting the strong macroeconomic momentum and the better adaptation of companies and households to sanitary restrictions. This, in the context of somewhat better external conditions, especially related to the evolution of the terms of trade.

Despite the positive signs of recovery, the general economic perception worsened in recent months and uncertainty is high, which could be due to the successive outbreaks of infection, the application of new quarantines, or the lags of some economic sectors and part of the labor market.

The recent improvement in the economy's performance, the significant boost to domestic demand, the imbalances in the dynamics of spending and sectors of activity, together with cost pressures, will have an impact on prices.

Final remarks

Thus, although there is still a significant degree of heterogeneity in the recovery, evidently it is a must to avoid the incubation of inflationary pressures that would be particularly harmful to the households most affected by the crisis.

Monetary stimulus will remain high for an extended period of time, yet the Board will be prepared to reduce it to protect households' purchasing power without jeopardizing the full recovery of the economy and employment.

In any case, the crisis of the last nineteen months will leave important challenges for the Chilean economy, such as the need to build a sustainable trajectory for public finances, reduce economic uncertainty, and reverse the reduction in trend growth described in the June Monetary Policy Report.

The IMF's Central Bank Transparency Code is a voluntary standard that aims to help central banks assess their transparency framework and facilitate informed dialogue with their stakeholders.

- It considers that transparency practices are specific to each country's circumstances, that legal frameworks can affect transparency, and that a balance must be struck between transparency and confidentiality.
- The CBT principles are assessed in three categories: Core, Expanded, and Comprehensive
- The CBT was updated in July 2020 from a 1999 version of the *Monetary and Financial Policies Transparency Code*
- The Central Bank of Chile was the first central bank to volunteer for this code's pilot plan
- Its scope is specified in terms of five "pillars" and its coverage is based on the components within these pillars:

Pillar I. Transparency in governance
- Legal structure
- Mandate
- Autonomy
- Decision making
- Risk management

Pillar II. Transparency in policies
- Policy framework
- Policy decisions
- Support analysis

Pillar III. Transparency in operations
- Instruments
- Coverage
- Access

Pillar IV. Transparency in results
- Ex post reports of governance actions
- Ex post reports of policies
- Ex post reports of operations

Pillar V. Transparency in official relations
- Government
- Other agencies
- International

The CBTC stresses that "the Central Bank of Chile has implemented very advanced transparency practices."

- **Report highlights:**
  - The CBCh provides a comprehensive level of transparency to its monetary policy framework.
  - The CBCh is in the process of updating its financial stability transparency framework in accordance with the macroprudential policies acquired by law.
  - The CBCh has implemented a transparent internal governance transparency framework, although more emphasis should be placed on risk management.
  - There appears to be strong general public appetite for deeper involvement with the CBCh.
  - Improving the disclosure of the CBCh's official relationships would enhance its transparency framework.

•In several of these dimensions, the CBCh has an ongoing work agenda... while in others it will take the rest of the year to implement them.

- **Recommendations**

- 1. Improve the dissemination of information on the legal structure and explaining the rationale for the legal framework.
- 2. Disseminate more comprehensive information related to the applicability of the national anti-corruption legislation.
- 3. Disclose a description of the internal control framework on asset laundering/terrorist financing risk activities or services.
- 4. Strengthen the transparency of the risk management function by publishing a risk strategy.
- 5. Publish internal committee bylaws to transparently report on roles, responsibilities, and composition.
- 6. Disclose the methods, techniques, and data underlying specific monetary policy assessments.
- 7. Improve disclosure of macroprudential support analysis by publishing ex post assessments.
- 8. Consider communicating whether the CBCh has provided liquidity support to specific financial institutions while ensuring that confidentiality requisites not breached.
- 9. Examine how to disclose (ex ante) its forex intervention objectives.
- 10. Significantly strengthen the transparency framework with respect to official relations with other agencies.

banco central Chile

MONETARY POLICY REPORT

JUNE 2021