

MONETARY POLICY REPORT

MARCH 2021

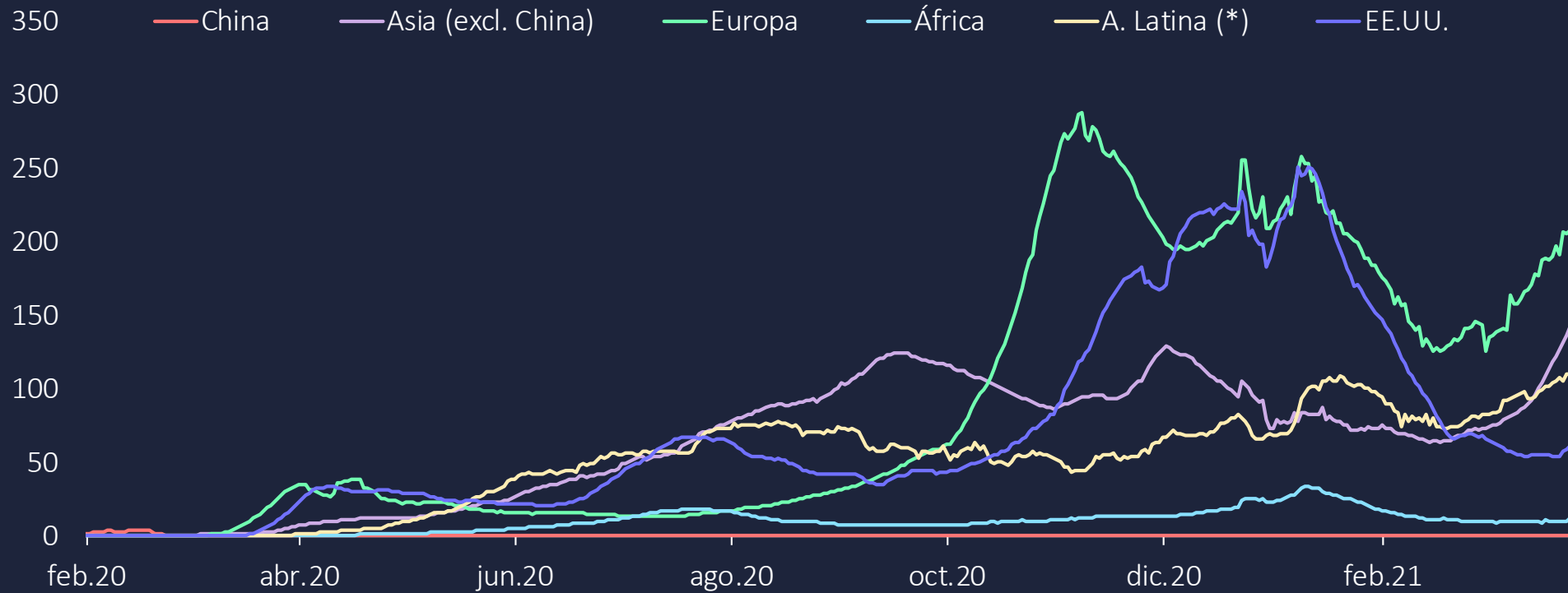
PABLO GARCÍA SILVA – MEMBER OF THE BOARD



Contagion has remained elevated in several economies



New Covid-19 cases
(‘000, weekly moving average)

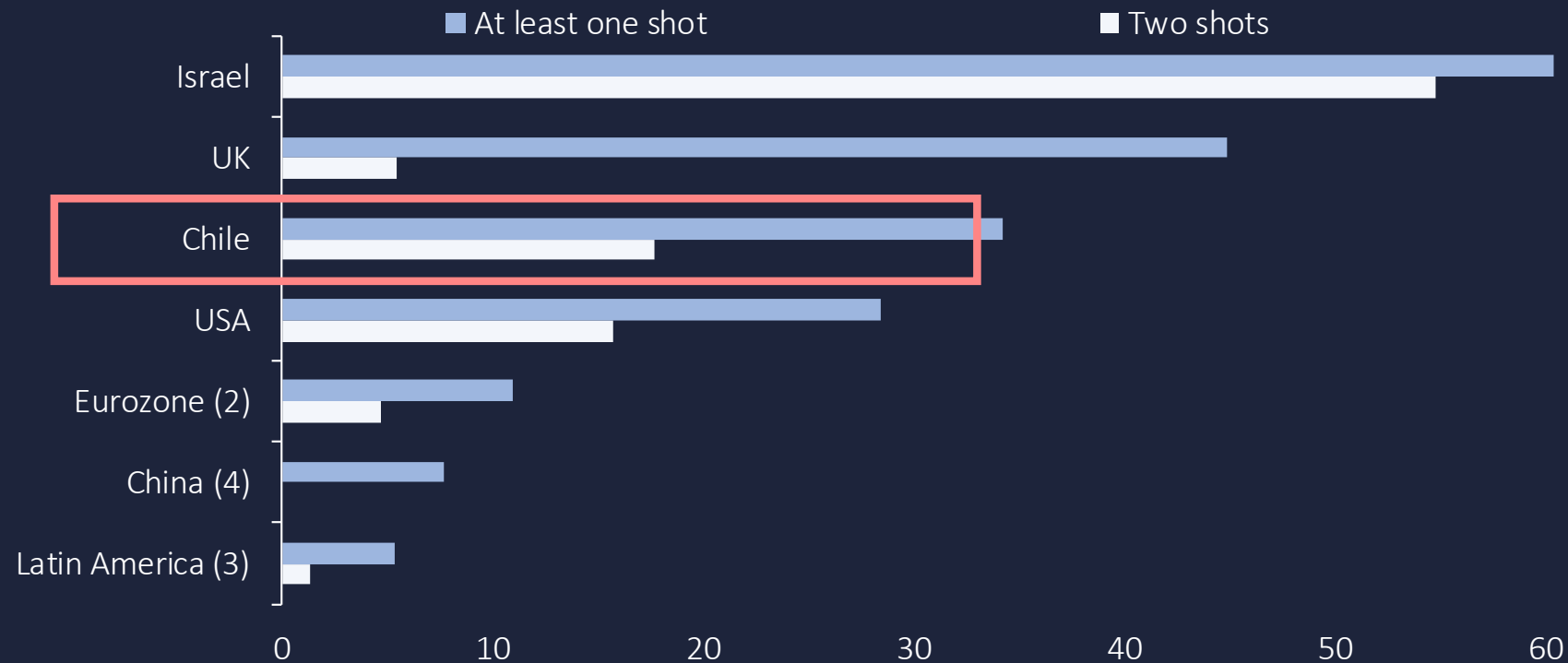


(*) Argentina, Brasil, Chile, Colombia, México and Perú.
Source: Our World in Data.

Vaccination pace remains diverse across countries



Population vaccinated (1)
(percent of total)

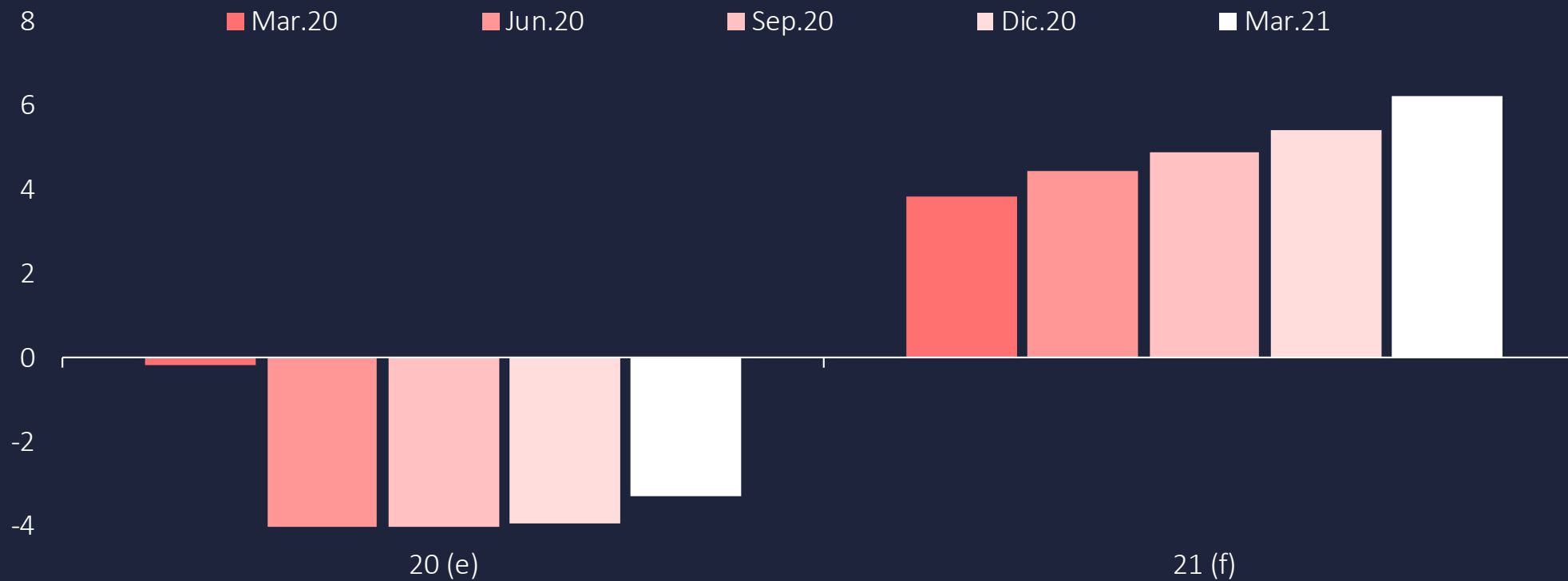


(1) As of March 29 2021. (2) Germany, Spain, France, Italy average (3) Argentina, Brasil, Colombia, México, Perú average. (4) Total doses.
Fuente: Our World in Data.

A faster economic recovery is underway globally



World GDP growth forecasts in each IPoM
(variación anual, porcentaje)



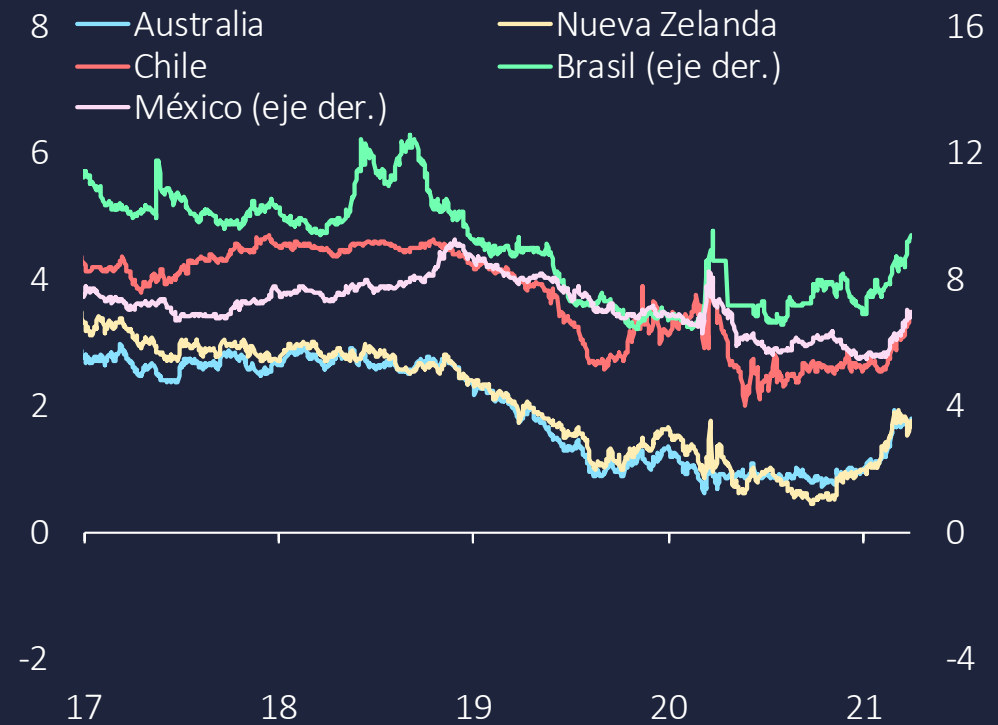
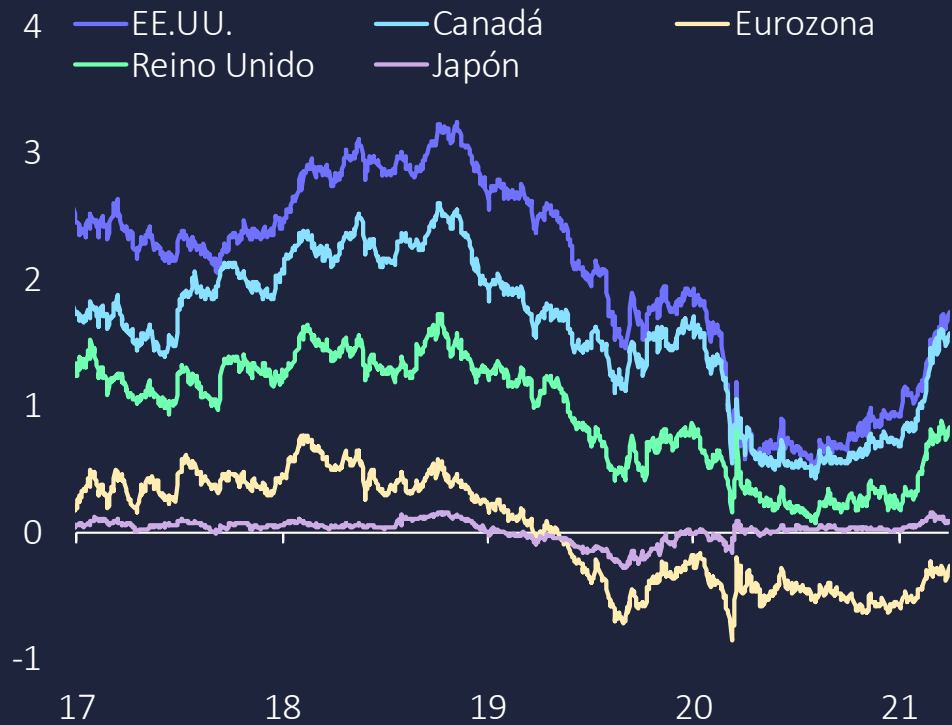
(e) Estimation. (f) Forecast.

Source: Banco Central de Chile.

Better prospects and significant fiscal stimulus in the US economy have pushed long term yields higher



10-year local currency bond yields in selected economies
(porcentaje)

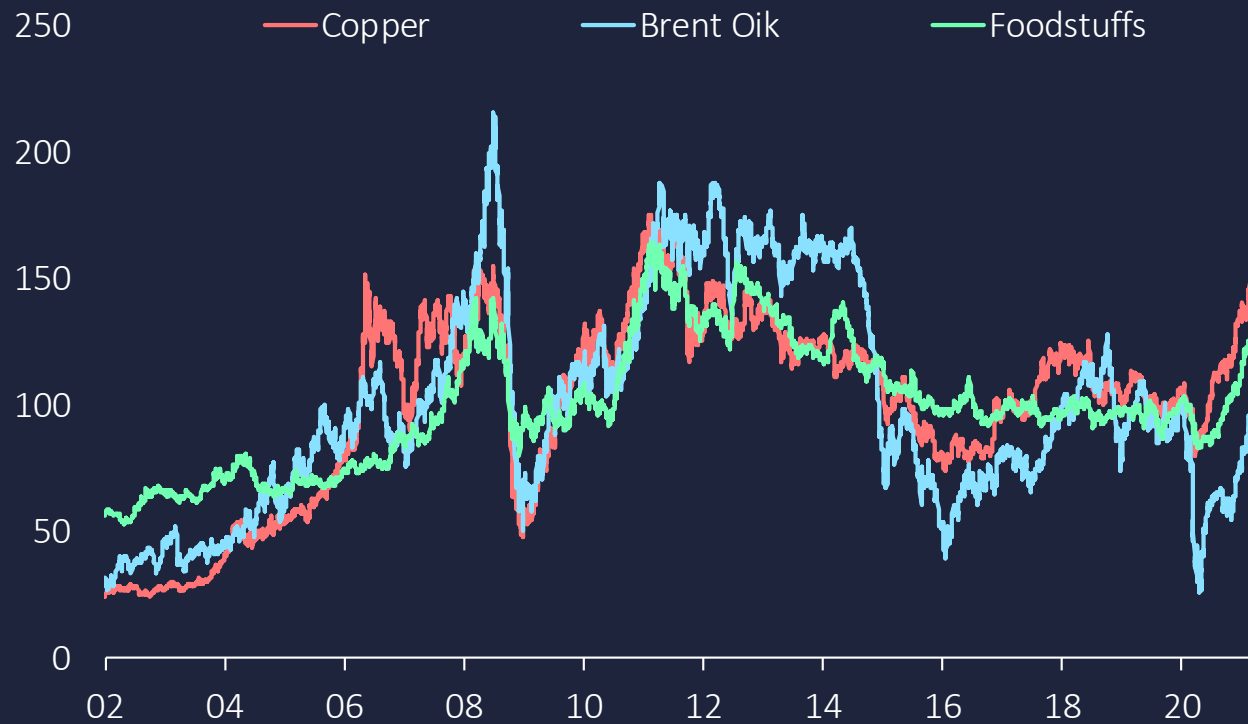


Source: Bloomberg.

Commodity prices have rebounded



Commodity prices
(2002-2021=100)



Source: Bloomberg.

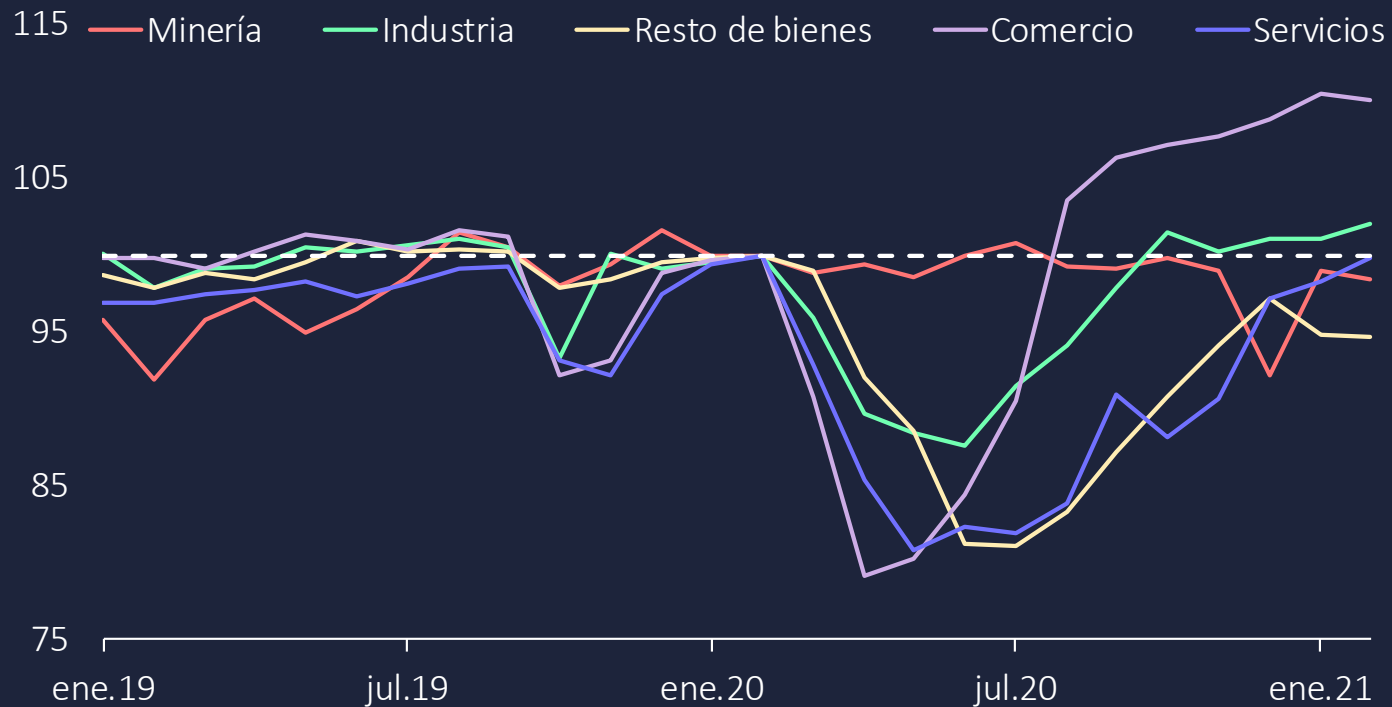


Locally, the recovery has occurred faster than expected, but with sectoral heterogeneity



Sectoral IMACEC

(seasonally adjusted series, February 2020 = 100)



Source: Banco Central de Chile.



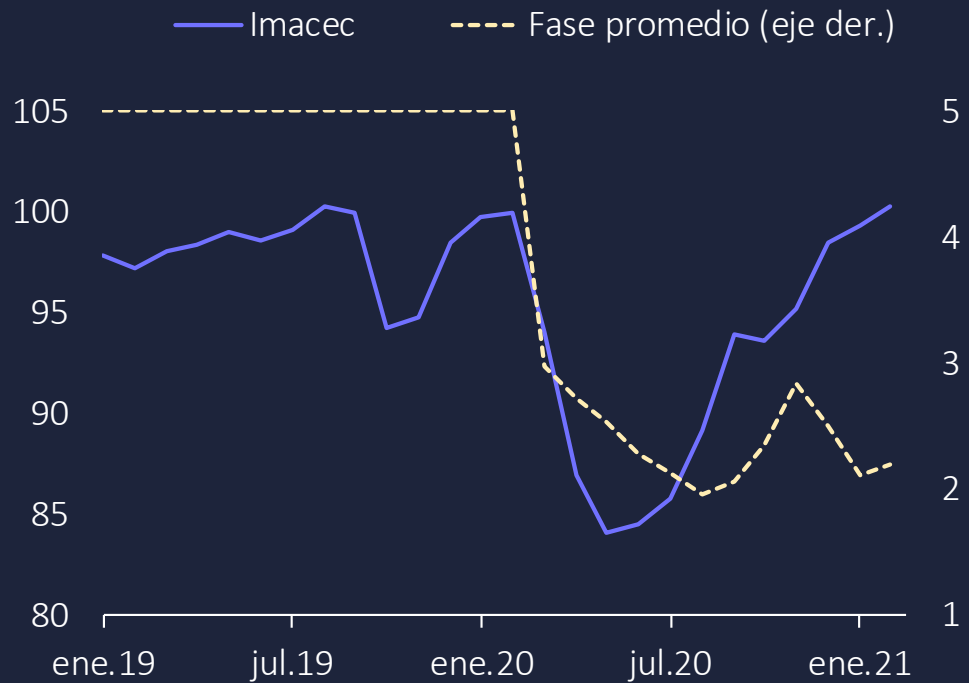
2020
-5,8%

Dec. IPoM : -6,25/-5,75%

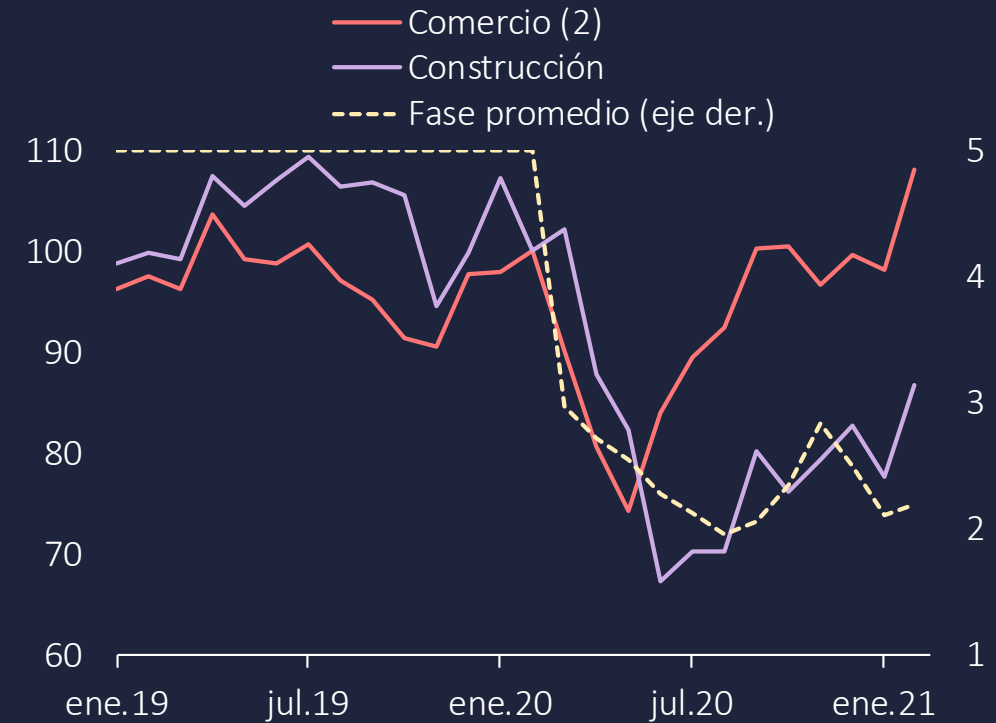
Households and firms show an enhanced ability to adapt to mobility restrictions



Average lockdown stage in the population and IMACEC



Average lockdown stage in the population and sectoral invoicing



Las ventas son deflactadas con el IPC. (2) Incluye hospitality.

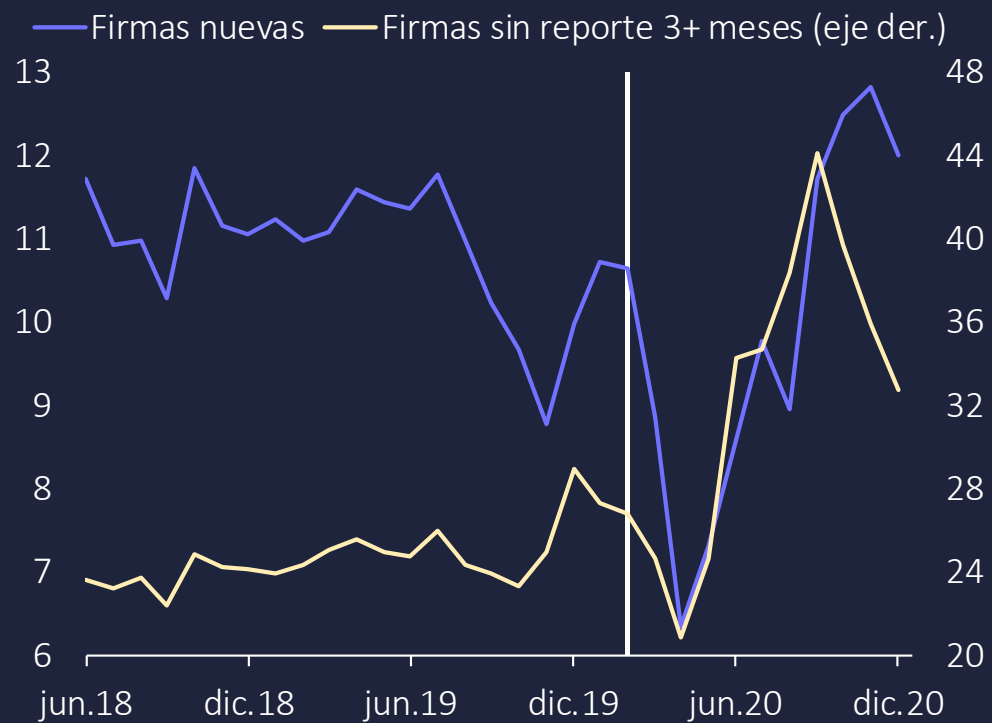
Sources: Banco Central de Chile, Instituto Nacional de Estadísticas, Ministerio de Salud de Chile and Servicio de Impuestos Internos.

A significant number of firms have resumed operations

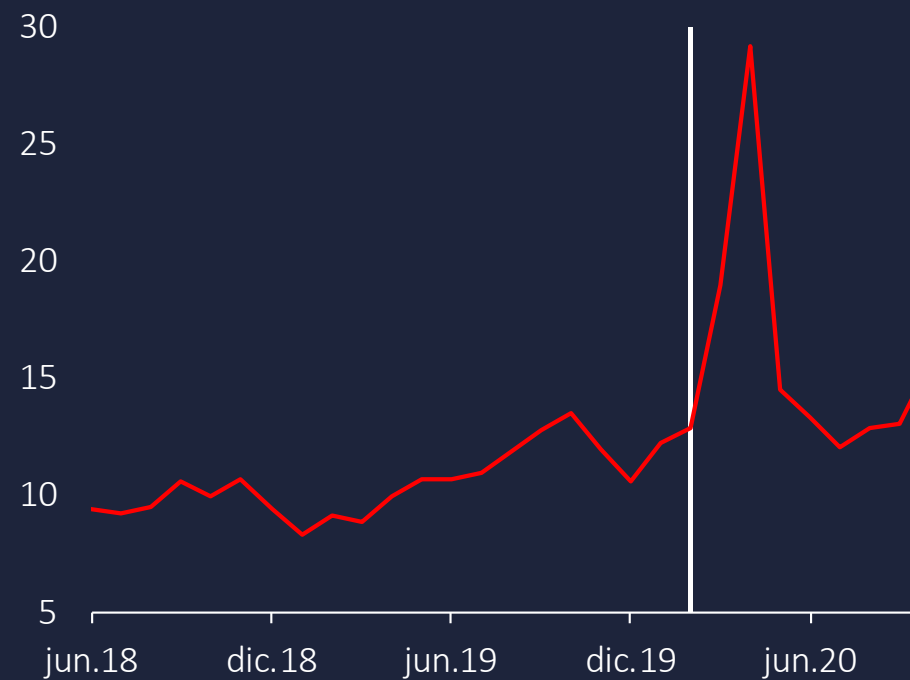


Entry and non-reporting margins in firms, 2018-2020 (1)
(thousands)

Entry and re-entry of firms



Non-reporting firms

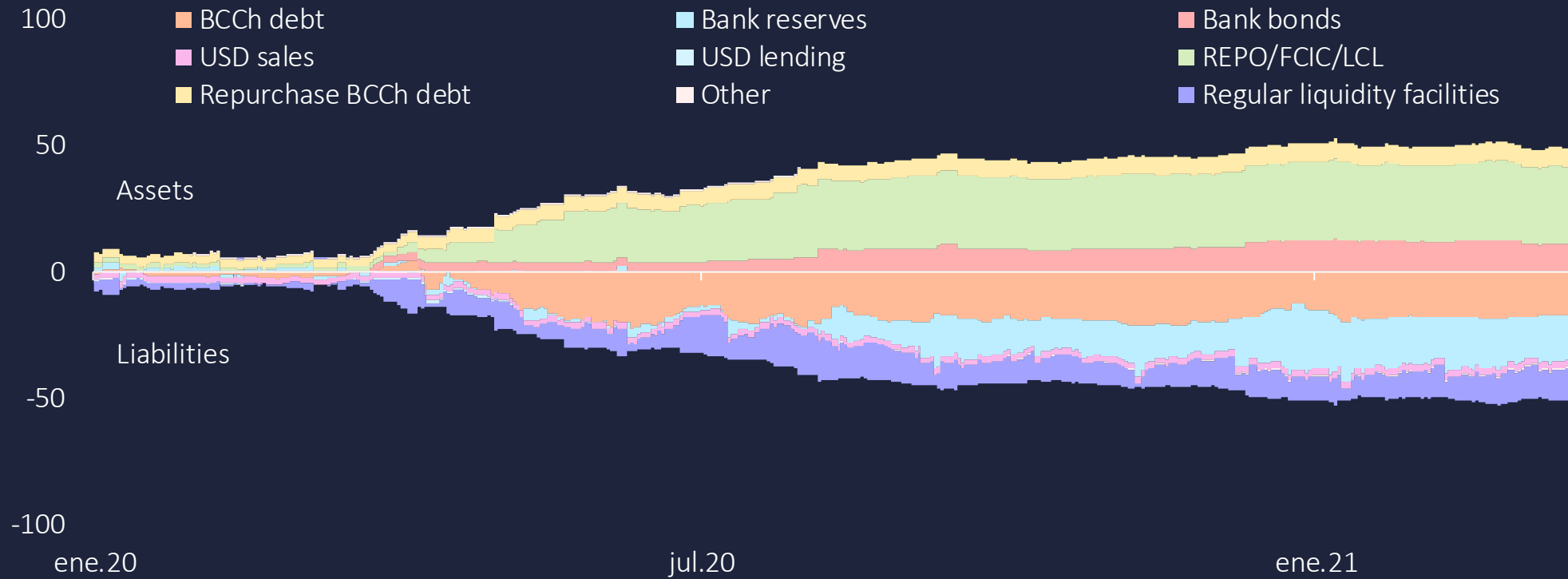


Source: Banco Central de Chile, Servicio de Impuestos Internos.

The conventional and unconventional policies implemented by the Central Bank have supported this rapid recovery



Asset and Liability dynamics of the BCCh's balance sheets
(USD billion)

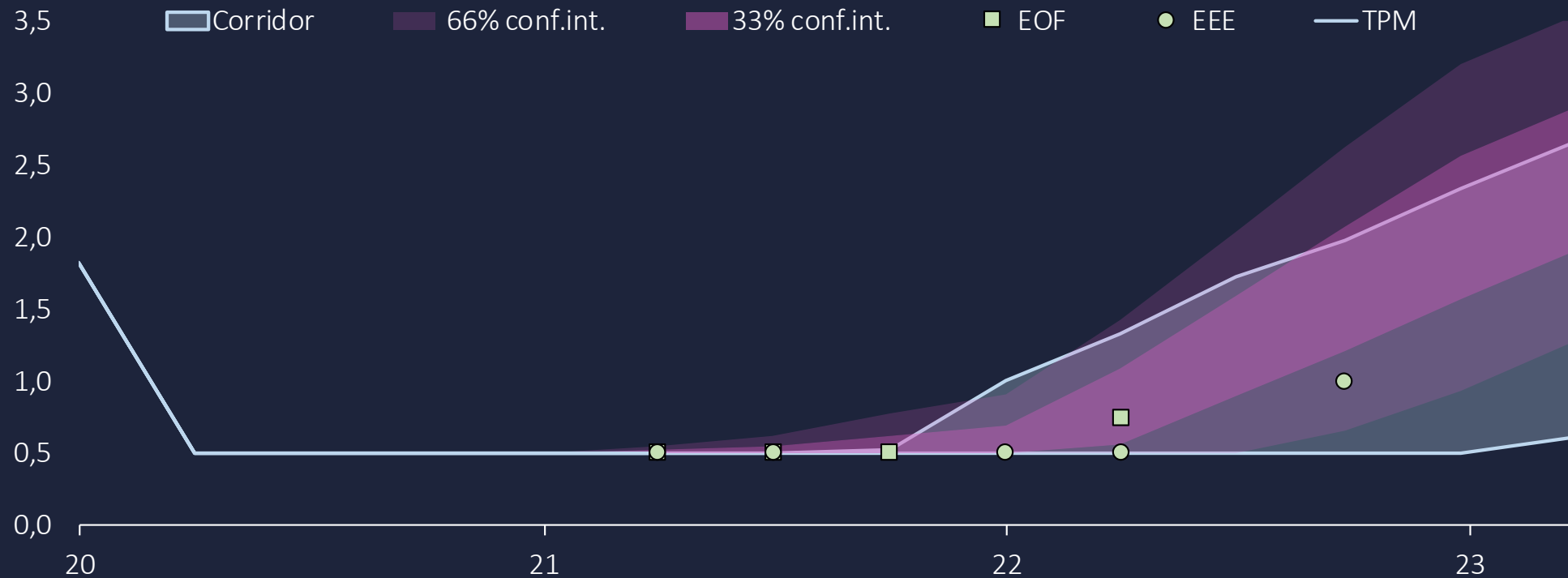


Source: Banco Central de Chile.

The MPR will likely remain at its effective lower bound of 0,5% until the economic recovery strengthens and spreads to lagging components of spending.



MPR Corridor(*)
(percent)



(*) See V.1 Box of March 2020 IPoM. Confidence intervals reflect historical dispersion.
Source: Banco Central de Chile.



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