

# What does this MP Report tell us? December 2021



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Among other negative effects, this growth is generating a significant increase in inflation.



This is a problem that affects everybody, although more significantly those who have less resources.



This is why the Central Bank has been raising the interest rate. Precisely to watch over people's pockets.

**Although the economy is experiencing a significant recovery, its growth rate is not sustainable over time.**

- The opening of the economy and the liquidity that households have obtained through government aid and withdrawals of pension savings has triggered significant growth in spending.
- All economic sectors have recovered or exceeded their pre-pandemic activity levels, including the services sector, which was the hardest hit.
- Personal consumption has risen sharply in recent quarters, especially in durable goods, which are growing at unprecedented rates.



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- The main reason for the surge in inflation in Chile is that companies have been unable to respond quickly to the increased demand for their products, which has resulted in significant price increases.
- Meanwhile, the prices of many production inputs have risen significantly, aggravated by the sharp increase in the price of the dollar.
- In addition, companies are having problems filling worker vacancies, which has driven up salaries and, consequently, the costs of the companies themselves.
- There are also external factors that explain it, as the pandemic is still affecting the production and transportation of various products around the world, reducing their availability for sale.



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- Many people, especially the more resource-deprived, are finding it more difficult to buy the goods they are used to consuming.
- Some have had to hunt for cheaper products, buy alternative goods or have had to give up buying some things.
- If prices continue to rise, more people could be in trouble in the future.
- If inflation rises sharply today, it means that, going forward, the prices of rents, tuition, health plans, and others will become more expensive.



## This is why the Central Bank has been raising the interest rate. Precisely to watch over people's pockets.

- The Central Bank has raised the interest rate because it increases the incentives for people to save their money and not spend it. This helps to prevent prices from continuing to rise.
- In the coming months the Central Bank will continue to raise the interest rate because it is important to keep inflation under control.
- Uncertainty about the pandemic, the evolution of the world economy and other factors is still very present.
- Maintaining a healthy economy is very important for the country to be able to grow in a sustainable manner, generate jobs, and keep inflation low and stable.

