

What does this MP Report tell us? June 2022



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- The main cause of rising inflation in our country continues to be the excessive increase in spending in 2021, which put strong pressure on the prices of goods and services.
- In recent months, there has been the added impact of the significant increase in costs worldwide, associated with Russia's invasion of Ukraine and the persistent problems in global supply chains. In addition to this, the Chilean peso has weakened.
- This has caused our country's inflation forecast for this year be revised upward significantly.
- Soaring inflation is also being felt considerably in the rest of the world.



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- In several countries, inflation has risen to levels not seen in decades. Price increases are observed in all types of goods and services.
- Worth noting is what is happening with the prices of foods, various commodities, and fuels.
- These products have seen very substantial increases. In some cases, such as wheat and oil, prices have risen more than 50% in recent months. Moreover, projections point to prices not decreasing anytime soon.
- Rising inflation has prompted central banks in several countries to start raising monetary policy rates more sharply (MPR).



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- Inflation is affecting every household and it is very important to analyze spending decisions carefully in order to keep the family budget in check.
- It is very important to do the accounts properly because there are risks. Interest rates are high and, whenever possible, money is better saved than spent.
- The future economic outlook is also challenging. The Chilean economy needs to resolve the large imbalances that accumulated during 2021.
- The external scenario is complex too, due to the uncertainty caused by the Russian-Ukrainian conflict and the way movements in the world financial markets may affect our economy.



The Central Bank will remain vigilant of the evolution of inflation, always focusing on the welfare of the people.

- The Central Bank has raised the interest rate very significantly.
- This generates the conditions that will allow bringing inflation down to low levels, where it was until a year ago.
- Lowering inflation is a priority task for the country. High inflation is very costly for households, especially the more disadvantaged, who find it increasingly harder to make ends meet.

