

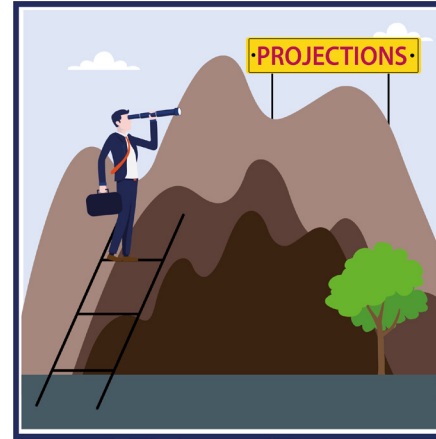
# What does this Report tell us? June 2023



Inflation is still very high, although it has been declining and will reach the 3% target next year. The monetary policy implemented by the Central Bank has played an important role in it.



Our economy has been making progress in its necessary adjustment process after being confronted with major imbalances.



This year the Chilean economy will grow slightly less than estimated in March, while 2024 will be slightly better. Inflation will end this year at 4.2%.



Our economy continues to be exposed to important risks and the Central Bank will continue to monitor their evolution to act promptly.

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- In recent months, inflation has been decreasing from levels above 12% annually to 8.7% last May.
- This has occurred as the economy has been resolving its imbalances, in which the Central Bank's monetary policy has played a key role.
- The decrease in inflation has been driven by prices that usually vary more easily (volatile). Recently, there has also been a drop in the prices of goods. Services inflation has been stable.
- Lower cost pressures, the decline in the dollar and the adjustment in consumption also contributed.
- Headline inflation will converge to the 3% target in 2024 and will remain in the neighborhood from then onwards.



## Our economy has been making progress in its necessary adjustment process after being confronted with major imbalances.

- In general, the economy has evolved in line with expectations. The main differences with respect to previous projections are in mining activity and the consumption of imported goods.
- Consumption behavior is adjusting in line with the labor and financial situation of individuals.
- During the year, formal wage jobs have fallen compared to increases in self-employment and informal salaried jobs.
- Meanwhile, the financial burden of households has grown heavier because of higher inflation and the resulting rise in credit-related interest rates.



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- Growth projections see minor changes with respect to the previous Report, mainly associated with the performance of the mining industry.
- This year, the economy will grow between -0.5 and 0.25%. For 2024 and 2025, variations are expected between 1.25-2.25% and 2.0-3.0%, respectively.
- Inflation is expected to continue to fall, ending the year at 4.2%.
- Our projections consider a decrease in uncertainty and in its impact on the strengthening of the Chilean peso and the consolidation of the economy's adjustment process, among other elements.



**Our economy continues to be exposed to important risks and the Central Bank will continue to monitor their evolution to act promptly.**

- The risks are significant and originate primarily in global financial conditions.
- A further deterioration of external conditions could trigger episodes of high volatility and reduce liquidity, among other adverse effects.
- This would complicate the Chilean economy, affecting growth and inflation.
- The Board of the Central Bank will keep a watchful eye on the changes that may occur and act promptly in favor of the people.

