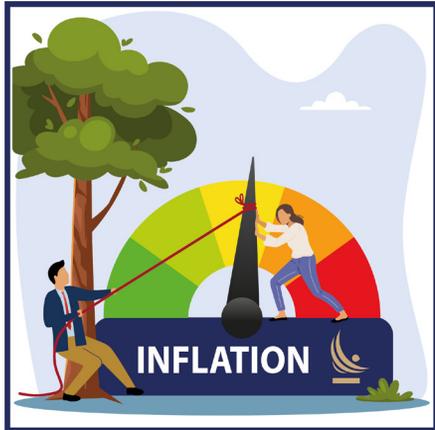
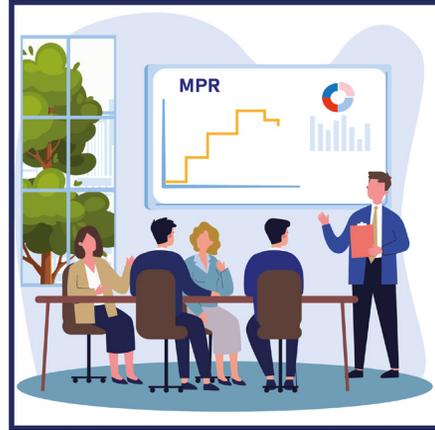


What does this MP Report tell Us? September 2023



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The Central Bank began lowering the benchmark rate, in line with the decline of inflation and the behavior of the economy.



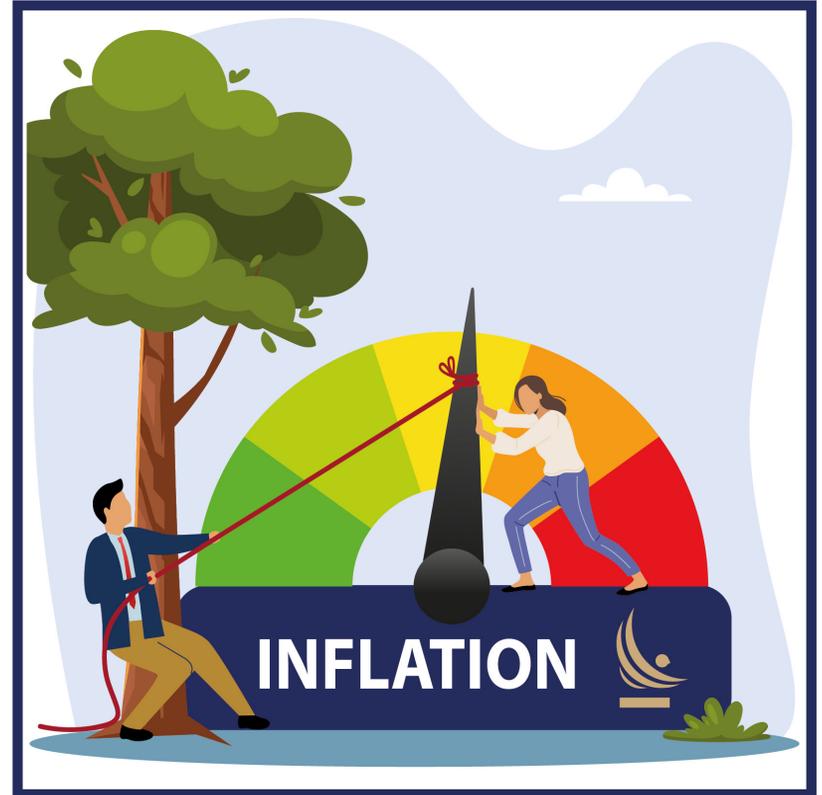
The outlook for 2024 assumes that the Chilean economy will grow again and inflation will return to the 3% target.



The Chilean economy continues to face important risks and the Central Bank will remain vigilant, always watching over the control of inflation.

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- Inflation has continued to decline in recent months, from a peak of close to 14% annually in 2022, to 6.5% annually last July, yet still above the 3% target.
- A key factor in this decline has been the resolution of the economy's cumulative imbalances of previous years, in which the Central Bank's monetary policy has played a significant role.
- This couples with the moderation of cost pressures. This includes the pass-through of the lower dollar level compared to mid-2022, the reduction in global transportation fares and the lower external prices.
- Headline inflation will continue to decline and is expected to reach 3% in the second half of 2024. Core inflation will do so in early 2025.



The Central Bank began lowering the benchmark rate, in line with the decline of inflation and the behavior of the economy.

- The economy has evolved as foreseen by the Central Bank.
- The advances in its adjustment process and the contribution of other factors have made it possible to reduce inflation. Thus, the Central Bank has been able to start reducing the monetary policy interest rate (MPR).
- From July to date, the MPR accumulates a reduction of 175 basis points, from 11.25% to 9.5% annually.
- In this Report's central scenario, the Board estimates that the benchmark rate will stand between 7.75% and 8%.
- The magnitude and timing of the MPR reduction process will continue to depend on the evolution of the macroeconomic scenario, always pursuing the objective of bringing inflation back to its target.



The outlook for 2024 assumes that the Chilean economy will grow again and inflation will return to the 3% target.

- Growth projections for Chile are largely unchanged from the previous Report.
- This year, the Chilean economy will see growth between -0.5 and 0.0%.
- Inflation is projected to end the year at 4.3% annually, to reach 3% in the second half of 2024.
- Towards 2024 and 2025, the economy will resume positive growth. Consumption and investment will recover as credit becomes less costly and incomes rise after the period of high inflation.



The Chilean economy continues to face important risks and the Central Bank will remain vigilant, always watching over the control of inflation.

- Risks continue to be mainly associated with a possible further deterioration of global conditions.
- Plus, there are growing doubts concerning the evolution of the Chinese economy.
- The Board of the Central Bank will remain vigilant to deal with any changes that may occur and will act swiftly in favor of people.

