

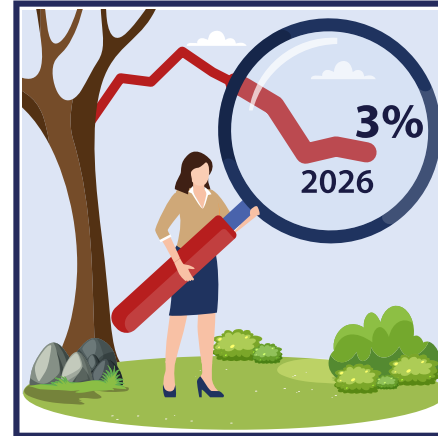
# What does this IPoM tell us? September 2024



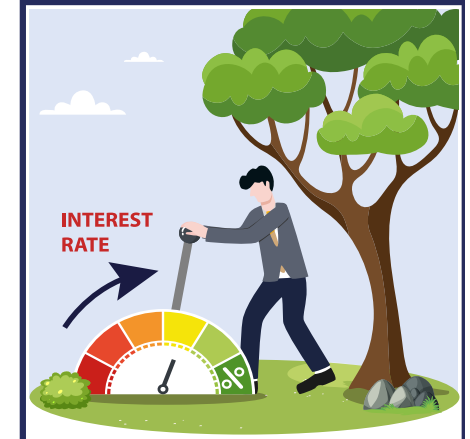
The Chilean economy has continued to grow this year, albeit at a more moderate pace in the second quarter.



The rise in inflation has been mainly driven by higher prices of energy and foodstuffs.



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- As had been anticipated, economic activity lost momentum in the second quarter, after greater dynamism at the beginning of the year.
- This moderation, somewhat more pronounced than expected in the June IPoM, was marked by a drop in household spending on non-durable goods and services.
- Investment stabilized after a sharp fall in the second half of last year.
- Thus, the Central Bank foresees that the Chilean economy will grow between 2.25% and 2.75% this year.



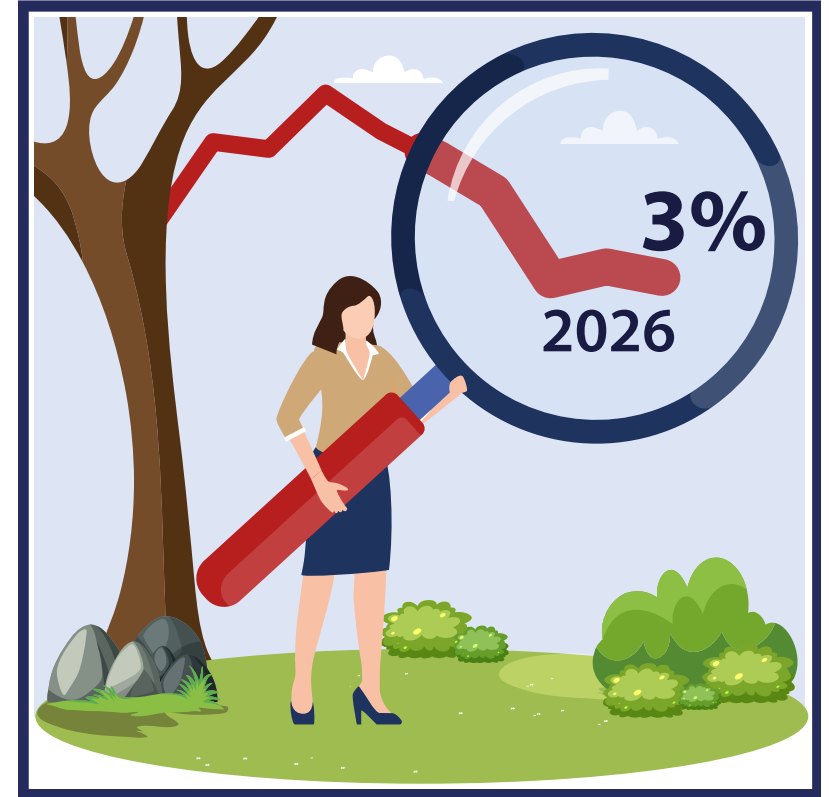
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- As predicted in the June IPoM, the annual CPI increased in recent months, standing at 4.4% in July.
- This increase was mainly influenced by the rise in the prices of so-called “volatile” items, such as electric bills and fruits and vegetables.
- Meanwhile, “core” inflation (which excludes the prices of energy and foods, among others) has remained near 3.5%.
- Two-year inflation expectations, which reflect confidence in the Central Bank’s work, remain at the 3% target.



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- The year 2024 is expected to end with inflation slightly above the June forecast, ending the year at 4.5% (4.2% in the June IPoM).
- Other factors that explain this increase are the rise in maritime freight prices globally and the depreciation of the peso of recent months.
- However, inflation will see a more rapid decline going forward, reaching the 3% target in early 2026.



**The Central Bank of Chile will further reduce the interest rate, thus helping to boost the economy.**

- The MPR cuts have continued to be passed through to bank lending rates in line with the usual patterns.
- The Central Bank Board reduced the Monetary Policy Rate by 25 basis points at its September meeting, bringing it to 5.5%.
- The Central Bank Board will continue to carefully analyze the evolution of the economy and the outlook for inflation in order to continue reducing the MPR and meet the 3% inflation target 3%.

