

What does this IPoM tell us? December 2024



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However, inflation is expected to begin to decline in the second half of next year, reaching the 3% target by early 2026.



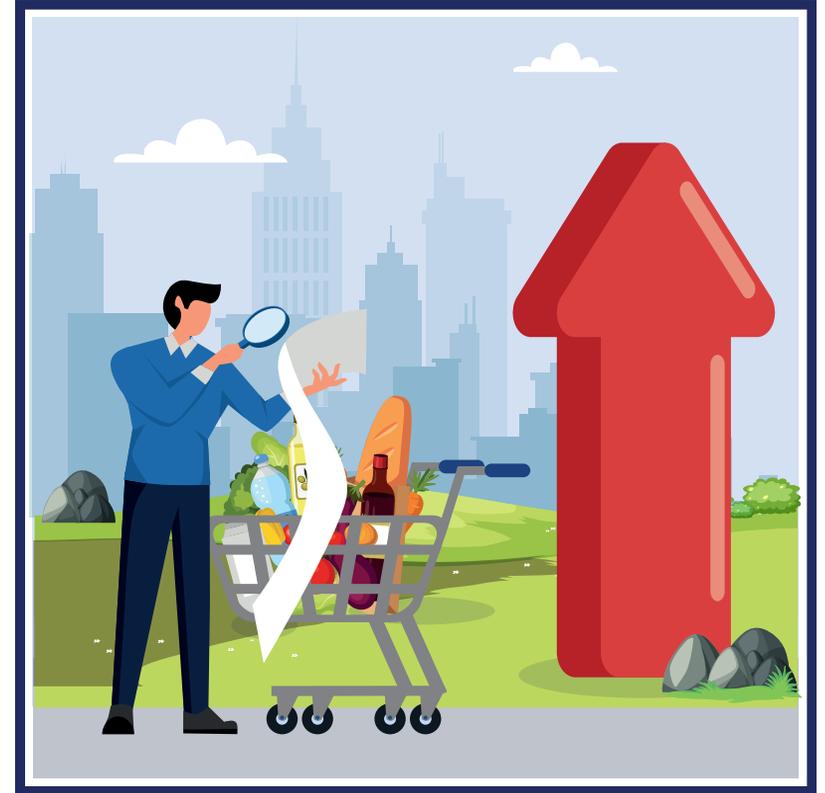
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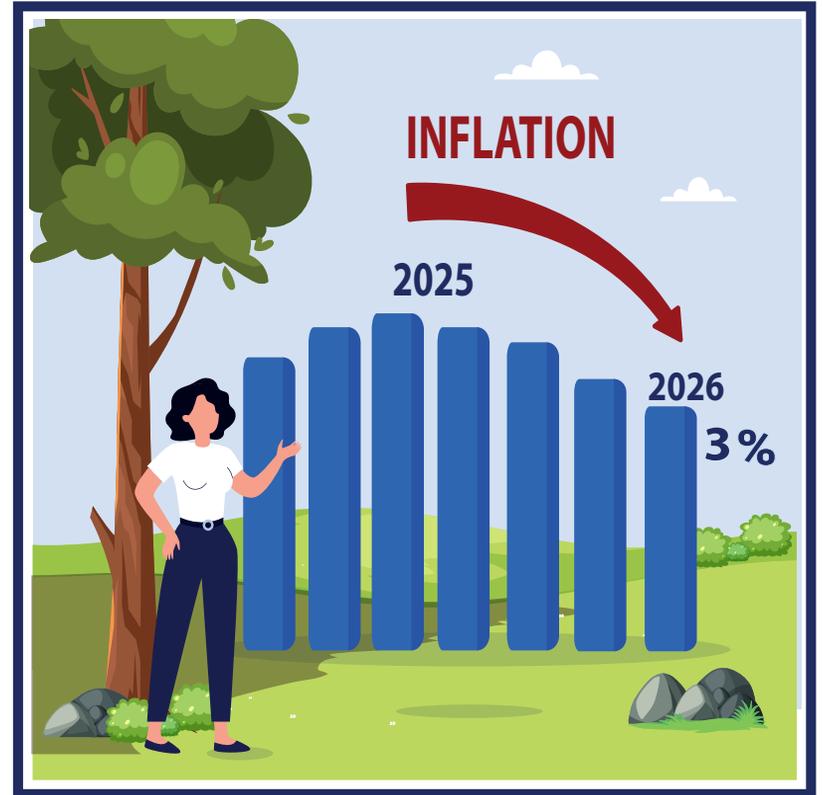
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- As of November, headline inflation was 4.2%, above the forecast in last September's IPoM.
- Among the main reasons for it are the depreciation of the peso, the upward adjustment of electricity rates and increased labor costs.
- Despite the rise in short-term inflation expectations, at two years they are around the 3% target.
- The above is seen in a scenario where economic activity shows weaker than expected domestic demand and where GDP growth this year is estimated at 2.3%.



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- The fall in inflation expected for the second half of 2025 is based on a weaker outlook for domestic demand and lower cost pressures.
- Inflation will stand at 3.6% at the end of 2025, reaching the 3% target by early 2026.
- Our economic growth projection remains within the 1.5% – 2.5% range in 2025 and 2026.



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- The international outlook has been marked by high degrees of uncertainty originating on different fronts.
- These fronts are related to ongoing war tensions, fears about the global fiscal situation and the impact of a possible reconfiguration of international trade, among other issues.
- The Central Bank of Chile will continue to monitor the risk trends and their potential impact on local financial conditions



The Central Bank will continue to steer the monetary policy rate with the objective of ensuring that inflation converges to its 3% target.

- The risk balance for inflation is biased upward in the short term, underscoring the need for caution.
- This means that the Board will be analyzing all incoming information about the economy's performance in order to determine the timing of the MPR cuts in the next few quarters.
- The Board reaffirms its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the two-year horizon.

