Tuesday, October 28, 2025

Monetary Policy Meeting – October 2025

At today's monetary policy meeting, the Board of the Central Bank of Chile decided to hold the monetary policy interest rate at 4.75%. The decision was adopted by the unanimous vote of its members.

In general terms, the external scenario has evolved as predicted in the September Monetary Policy Report (IPoM). The Federal Reserve (Fed) cut its interest rate in a context marked by signs of a debilitating labor market, somewhat more resilient economic activity, and the persistence of certain factors that would continue to push inflation upward. The U.S. federal government's partial shutdown over several weeks stands out. At the same time, although a possible preliminary agreement has been announced for the trade dispute between the United States and China, significant sources of uncertainty remain concerning commercial front.

Global financial markets, although fluctuating, have performed favorably since the last meeting. Market expectations regarding the Fed's forthcoming decisions have driven down interest rates. In addition, market perceptions of the economic impact of technological breakthroughs have boosted the U.S. stock market. Currencies have seen mixed movements, with several Latin American currencies appreciating. Meanwhile, oil prices have been volatile, currently standing slightly below their levels at the previous meeting. The copper price has risen significantly, driven in part by global supply constraints and geopolitical factors.

In the local financial market, interest rates —both short-term and long-term— have shown moderate changes since the last meeting, while the peso has appreciated. The stock market has also seen gains. Credit shows no major changes. The third quarter Bank Lending Survey (BLS) does not report any significant variation in the perception of either supply of or demand for credit.

Overall, activity and demand have evolved in line with the September IPoM forecast. In August, the Imacec posted a monthly decline of 0.7% in the total indicator and 0.5% in its non-mining component, according to seasonally adjusted figures. In annual terms, both indicators grew by 0.5% and 1.7%, respectively. The monthly result was marked by declines in mining and entrepreneurial services, which are characterized by high volatility. In contrast, the sustained improvement in wholesale and retail trade and manufacturing performance stands out. As for spending, high-frequency indicators suggest that private consumption is in line with expectations, while investment seems more dynamic, particularly in machinery & equipment. The labor market continues to give mixed signals, with a slight decline in the unemployment rate and slow job creation. Annual wage growth has moderated.

In September, the annual change in headline and core CPI —which excludes volatile items— was 4.4% and 3.9%, respectively. Both figures were in line with the forecasts in the latest IPoM. The two-year inflation expectations in the Economic Expectations Survey (EEE) stand at 3%, and those in the Financial Traders Survey (EOF) stand at 3.1%.

The Board will evaluate the next movements of the MPR by taking into account the evolution of the macroeconomic scenario and its implications for the convergence of inflation. The current scenario, while it has evolved in line with estimates in the September IPoM, still poses risks for the future trajectory of inflation, which warrants awaiting to gather more information before continuing the process of leading the MPR to converge to its neutral range of values. It also reaffirms its commitment to conducting monetary policy with flexibility, so that projected inflation stands at 3% over a two-year horizon.

The minutes of this Monetary Policy Meeting will be published at 8:30 hours of Thursday 13 November 2025. The next Monetary Policy Meeting will be held on Tuesday 16 December 2025, and the Statement thereof will be released at 18:00 hours the same day.

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*The Spanish original prevails.