What does this IPoM tell us? March 2025



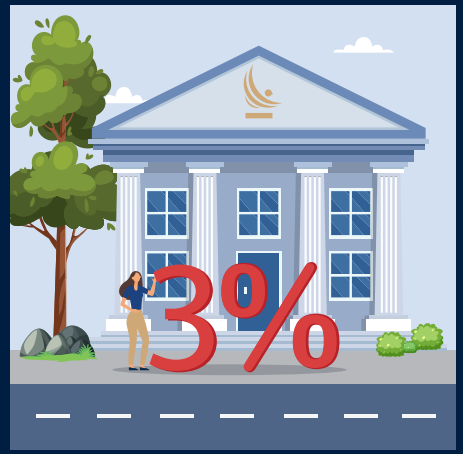
Inflation has performed in line with forecasts but is still high and above the 3% target of the Central Bank of Chile (BCCh).



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- As of February, y-o-y inflation stood at 4.7%, in line with the Bank's forecast in last December's IPoM.
- Nonetheless, inflation is at a high level, above the 3% target. This is largely due to a great extent to the energy component, which inputs the adjustment of electric rates.
- Core inflation (which leaves out the most volatile items such as foodstuffs and energy) remains in the vicinity of 4% annually and has evolved somewhat below projections.



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- Annual CPI variation will see a fast drop during the second half of this year and the beginning of next year.
- This means that it will end the first half somewhat above 4.5%, turning back to 3.8% at December this year.
- This estimate considers the effect of the high comparison base associated to the electricity price hike.
- Accordingly, and unchanged from last December's estimate, inflation is projected to converge to the 3% target early next year.



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- The Chilean economy posted 2.6% growth in 2024, more than projected in the last IPoM.
- This result was influenced by, among other factors, a great boost from exports in the fourth quarter.
- The year 2025 also began with a somewhat more dynamic economy, driven by an increase in the number of foreign tourists and still strong exports.
- Thus, for this year, GDP growth range is raised to 1.75%–2.75%, while maintaining expected growth for 2026 between 1.5% and 2.5%.



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- At its March monetary policy meeting, the Board of the Central Bank of Chile decided to keep the policy rate unchanged at 5%.
- While inflation has been in line with forecasts, it is still high and facing significant risks, so caution is of the essence.
- We reaffirm our commitment of conducting monetary policy with flexibility, so that inflation converges to its defined 3% target. Having low and stable inflation is the best way the Central Bank contributes to the welfare of the entire Chilean population.

