



MONETARY POLICY REPORT

DECEMBER 2025



SUMMARY

Headline inflation fell faster than projected in September, in a global and local economic environment that was somewhat better than expected. In the central scenario of this Monetary Policy Report (IPoM), inflation would reach the 3% target in the first quarter of 2026. This considers a more favorable performance from some cost factors, in a context where risks to inflation convergence have diminished. Overall, local activity has been in line with expectations, with more dynamic investment in machinery and equipment. Internationally, the external boost is somewhat stronger for Chile. Global activity has been resilient to the uncertainty shocks at the beginning of the year, and financial conditions have improved. The rise in the price of copper has positively impacted the terms of trade. Nevertheless, global risks remain significant. The Board will evaluate the future movements of the Monetary Policy Rate (MPR) by considering the evolution of the macroeconomic scenario and its implications for the convergence of inflation.

Inflation has declined since September IPoM and is headed to reach its 3% target in the next few months. In November, the year-on-year change in total and core CPI was 3.4%, compared to values close to 4.0% in August. Inflation expectations at shorter horizons have also declined, while two years ahead they remain aligned with the target.

Cumulative inflation over the last four months was lower than forecast in the last IPoM, influenced by the more favorable performance of some cost factors. The difference was concentrated in goods components, influenced by the appreciation of the peso —more than 4% since the previous IPoM— and the effect that trade diversions would have had on the prices of some imported goods. The atypical behavior of certain food prices also contributed. All of this has taken place in a context where the monthly volatility of goods inflation has shown a significant increase in recent years. Services components showed no big differences. Labor costs growth has slowed down, although in nominal terms it remains above its historic averages.

Overall, activity has been in line with expectations, with investment being more dynamic. In the third quarter, non-mining GDP growth was in line with forecasts. Seasonally adjusted, activity in these sectors increased 0.4% quarter-on-quarter (q/q) (+2.6% year-on-year, original series), with services and, to a lesser extent, wholesale and retail trade showing the strongest performance. Meanwhile, total GDP growth contracted 0.1% q/q in the third quarter (+1.6% year-on-year, original series). This result was lower than expected due to the performance of the mining sector, which was affected by a decline in production at some sites and lower ore grades.

As for expenditure, the performance of Gross Fixed Capital Formation (GFCF) stands out, especially in machinery and equipment. In the third quarter, this component grew above expectations once again, and capital goods import figures for October and November confirm that this momentum has been maintained. Mining and energy projects continue to be the main drivers of growth in the machinery and equipment component. Investment in construction and other works is still lagging.

Private consumption has evolved in line with expectations, with improvements in some of its fundamentals.

As projected, its quarterly growth pace moderated compared to previous quarters. Regarding its fundamentals, consumer expectations have increased. The labor market shows improvement, although significant challenges remain. The unemployment rate has fallen since September's IPoM but remains above historical averages. Job creation is still sluggish.

On the external front, the world economy has been more resilient than previously estimated. In the third quarter, activity growth in the United States is estimated to have exceeded expectations, although the labor market continues to weaken. The Eurozone also saw positive surprises in activity, partly associated with higher defense spending in several countries. Latin America performed well, while Chinese figures remained in line with the growth objective set by its authorities.

The boom of new technologies and expectations about their impact on productivity have spurred global performance, with noticeable impacts on the real and financial sectors, mainly in the United States. Related investments have become an important driver of the American economy, contributing over a third of its annual GDP growth in the second quarter of 2025. Stock market gains in the United States have been led by AI-related shares.

The terms of trade have improved in the past few months. Supply problems combined with increased demand associated with AI investment, energy transition, and defense spending have pushed nominal copper prices, exceeding US\$5 per pound (LME). Oil prices have fallen amid improved supply prospects, although refined product prices such as gasoline have not fallen as much as anticipated due to specific distortions in certain markets.

In this context, compared to September, there have been widespread increases in stock markets and mixed movements in interest rates. The Federal Reserve again lowered its benchmark interest rate and is expected to make further cuts throughout 2026. The appreciation of several Latin American currencies stands out, including the Chilean peso.

Accordingly, the external boost from abroad to the Chilean economy is a little stronger, with a slight increase in trading partners' growth and an improvement in the terms of trade. The former is revised from 2.6% to 2.8% on average for the 2025-2026 period. In the terms of trade, the copper price is revised upward across the projection horizon, combined with a limited reduction in oil price estimates.

In any case, the risks surrounding the evolution of international conditions remain high. There are a number of ongoing geopolitical tensions, although some have eased. Military tensions persist and developed economies —particularly in Europe— are stepping up their defense spending, which could further compromise their fiscal situation. Added to this are doubts regarding the valuation of global asset prices.

Projections

The central scenario is somewhat more favorable than in the previous IPoM. GDP is projected to grow by 2.4% in 2025, that is, in the middle zone of the September estimated range (2.25%-2.75%). For 2026, the estimated growth range is revised up to 2.0%-3.0% (1.75%-2.75% in September). As for 2027, GDP growth is still forecast to stand between 1.5% and 2.5%, in line with the trend growth of the economy. Growth projections have been steadily raised over the course of 2025 —particularly for non-mining sectors—, as the global scenario has been resilient and local investment has been more dynamic than anticipated, especially in the mining and energy industries.

The outlook for investment is improved again, driven by a more favorable evolution of its fundamentals.

The projected average copper price rises to US\$4.7 in 2026 —which determines the lower current account deficit expected for that year— and to US\$4.6 in 2027 (US\$4.3 previously for both years). In addition, financial conditions and business expectations have improved compared to previous years. Furthermore, the investment boost is expected to spread across all sectors during the projection horizon. Thus, GFCF growth estimates are revised up for this and next year, to 7% and 4.9%, respectively (5.5% and 4.3% in September). Growth estimate for 2027 remains at 3.1%.

Forecasts for private consumption see limited adjustments. It is expected to further approach expansion rates consistent with trend GDP. Its annual growth will be close to 2.5% in 2025 and 2026, and 2% in 2027, supported by the sustained increase in consumer confidence and the wage bill.

The central scenario assumes that fiscal spending in 2026 will grow in line with the Budget Law. The 2027 forecast incorporates the committed expenses described in the Public Finances Report for the third quarter of 2025.

Total inflation is projected to be close to 3% in the first quarter of 2026 —toward the middle of the year in the case of the CPI without volatile items—and to remain in the vicinity for the remainder of the monetary policy horizon. Among many factors, this considers an appreciation of the real exchange rate, which starts from a lower level due to its recent evolution, consistent with its fundamentals. It also includes a reduction in electricity rates in early 2026, as reported by the authority. These elements are offset by moderate inflationary pressures on the demand side, given that the increased investment is concentrated in the tradable component and some indicators suggest an increase in productivity.

Monetary policy

Inflation has declined faster than was forecast in September, under local and global conditions somewhat better than expected. In the central scenario of this IPoM, inflation is foreseen to reach its 3% target during the first quarter of 2026. This assumption factors in the more favorable performance of some cost factors, in a context of reduced risks facing the convergence of inflation.

The Board will evaluate the future movements of the MPR by considering the evolution of the macroeconomic scenario and its implications for the convergence of inflation. At the same time, it reaffirms its commitment to conduct monetary policy with flexibility, ensuring that projected inflation stands at 3% over the two-year horizon.

The Board revised the range of estimated values for the neutral MPR to 3.75-4.75% in nominal terms. For the purposes of the projection scenarios, the midpoint of this range, 4.25%, is used as the methodological assumption.

The borders of the MPR corridor are defined by sensitivity scenarios similar to those proposed in September. The upper bound is associated with more dynamic domestic demand. A stronger impulse from the local economy might encourage expectations and spending of households and firms, in a context of eased financial conditions, labor costs growing above historic averages and a higher copper price, all of which would result in stronger inflationary pressures.

The lower bound represents a scenario of deteriorating global financial conditions that negatively affect the local economy. This could be the case in the event of a correction in the asset prices of tech companies, which would affect external financing conditions, global activity, and commodity prices, especially copper. Under these conditions, domestic demand would weaken, thus reducing inflationary pressures.

The Board estimates that the risk of a sudden reversal of global financial conditions is still significant. Such situations could be triggered by varied factors. For example, a decline in optimism about the impact of technological breakthroughs on business productivity could reduce risk appetite. It could also occur in the event of less favorable news about current geopolitical tensions. For example, an escalation of the trade war or armed conflicts, as well as a sharper deterioration in the fiscal or institutional situation in the major economies. These aspects need to be closely monitored, as was noted in our latest Financial Stability Report (IEF).

TABLE 1: INFLATION (1)(2)
(annual change, percent)

	2023	2024	2025 (f)		2026 (f)		2027 (f)	
			Sep.25 IPoM	Dec.25 IPoM	Sep.25 IPoM	Dec.25 IPoM	Sep.25 IPoM	Dec.25 IPoM
Average CPI	7.3	3.9	4.4	4.2	3.2	2.9	3.0	3.1
December CPI	3.4	4.5	4.0	3.6	3.0	3.2	3.0	3.0
CPI in around 2 years (3)							3.0	3.0
Average core CPI	7.5	3.8	3.8	3.7	3.5	3.2	3.1	3.1
December core CPI	4.7	4.3	3.7	3.4	3.1	3.0	3.0	3.0
Core CPI around 2 years (3)							3.1	3.0

(1) Core inflation is measured using the CPI without volatiles. (2) Figures consider the 2023 CPI reference basket and the splice made by the Central Bank of Chile. (3) For September 2025 IPoM corresponds to inflation forecast for the third quarter of 2027, for December 2025 IPoM to inflation forecast for the fourth quarter of 2027. (f) Forecast.
Sources: Central Bank of Chile and National Statistics Institute (INE).

TABLE 2: INTERNATIONAL SCENARIO

	2023	2024	2025 (f)		2026 (f)		2027 (f)	
			Sep.25 IPoM	Dec.25 IPoM	Sep.25 IPoM	Dec.25 IPoM	Sep.25 IPoM	Dec.25 IPoM
	(annual change, percent)							
Terms of trade	1.9	4.4	3.3	4.6	1.6	3.8	1.1	-0.2
Trading partners	3.5	3.3	2.8	3.0	2.4	2.6	2.8	2.7
World GDP at PPP	3.5	3.3	2.8	3.0	2.6	2.7	3.0	3.0
Developed GDP at PPP	1.6	1.6	1.3	1.5	1.2	1.3	1.7	1.7
Emerging GDP at PPP	5.0	4.5	3.7	4.0	3.3	3.5	3.8	3.8
	(levels)							
LME copper price (US\$cent/pound)	385	415	430	450	430	470	430	460
Oil price, average								
WTI-Brent (US\$/barrel)	80	78	68	67	64	62	64	63

(f) Forecast.

Source: Central Bank of Chile.

TABLE 3: INTERNAL SCENARIO
(annual change, percent)

	2023	2024	2025 (f)		2026 (f)		2027 (f)	
			Sep.25 IPoM	Dec.25 IPoM	Sep.25 IPoM	Dec.25 IPoM	Sep.25 IPoM	Dec.25 IPoM
GDP	0.5	2.6	2.25 - 2.75	2.4	1.75 - 2.75	2.0 - 3.0	1.5 - 2.5	1.5 - 2.5
Domestic demand	-3.7	1.3	4.3	4.4	2.6	3.0	2.3	2.4
Domestic demand (w/o inventory)	-2.7	0.7	3.6	4.0	2.8	3.3	2.6	2.6
Gross fixed capital form	-0.1	-1.4	5.5	7.0	4.3	4.9	3.1	3.1
Total consumption	-3.5	1.4	3.0	3.0	2.4	2.7	2.4	2.5
Private consumption	-4.9	1.0	2.7	2.7	2.3	2.5	2.1	2.1
Goods and services exports	0.1	6.6	4.6	4.6	1.8	1.8	2.9	2.7
Goods and services imports	-10.9	2.5	10.3	11.3	3.2	3.4	3.7	3.9
Current account (% of GDP)	-3.2	-1.5	-2.6	-2.5	-2.4	-2.2	-2.4	-2.5
Gross national saving (% of GDP)	20.2	21.8	21.7	21.8	22.2	22.3	22.2	22.0
Gross fixed capital formation (% of nominal GDP)	24.2	23.5	23.9	24.2	24.3	24.6	24.4	24.8

(f) Forecast.

Source: Central Bank of Chile.



FUTURE EVOLUTION OF MONETARY POLICY

The central scenario of this IPoM envisages a somewhat more favorable outlook for the Chilean economy. Overall, local activity has been in line with expectations, with investment in machinery and equipment being more dynamic. Inflation has fallen faster than expected and is expected to converge to the 3% target during the first quarter of 2026, supported by a more favorable evolution of some cost factors, including the appreciation of the peso. Internationally, somewhat stronger momentum is anticipated, thanks to improvements in the projected growth of trading partners, terms of trade, and financial conditions. In any case, significant risks remain at the global level. The Board will evaluate the future movements of the Monetary Policy Rate (MPR) by considering the evolution of the macroeconomic scenario and its implications for the convergence of inflation.

ACTIVITY AND DEMAND PROJECTIONS IN THE CENTRAL SCENARIO

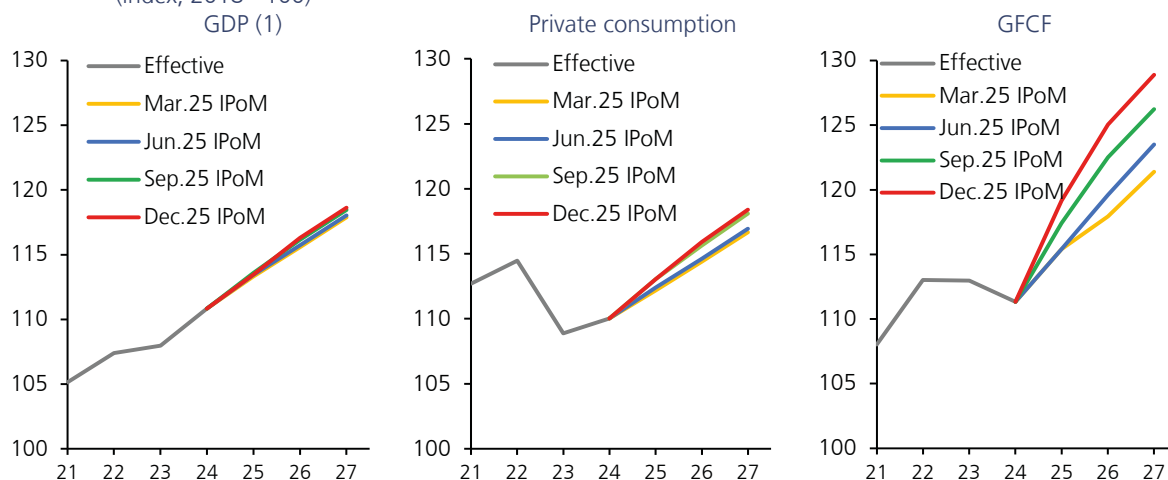
THE DOMESTIC SCENARIO

Our projection for domestic demand growth is raised with respect to September estimates, driven by lower figures recently and a more favorable outlook for gross fixed capital formation (GFCF). Among the fundamentals of investment, it is worth noting the higher average copper price foreseen for the next two years, as well as the improvement of the financial conditions and business expectations compared to previous years. In the central scenario, GFCF would grow 7% in 2025, 4.9% in 2026, and 3.1% in 2027 (5.5%, 4.3%, and 3.1% in September, respectively) (Figure 1 and Table 1). Investment is expected to show more widespread growth across different industries during 2026 and 2027, consistent with the improvement in fundamentals and mining investment spilling over to the rest of the economy ([Box II.1, IPoM September 2024](#)). The projection also assumes some moderation of the dynamism of machinery and equipment in the next few quarters, while construction and other works would see higher growth.

The outlook for private consumption growth shows slight changes from September and is expected to gradually approach rates consistent with trend GDP. In the coming quarters, it will continue to be supported by factors such as sustained increase in consumer confidence and the wage bill. Private consumption is expected to grow by 2.7% in 2025 and 2.5% in 2026, coming close to 2% in 2027 (2.7%, 2.3 and 2.1% respectively in September) (Figure 1 and Table 1).

About fiscal spending, the central scenario estimates that in 2026 it will grow in line with the [Budget Law](#). By 2027, the committed expenditures contained in the [Public Finances Report for the third quarter of 2025](#) will be factored in.

FIGURE 1 ACTIVITY, PRIVATE CONSUMPTION AND GFCF
(index, 2018 = 100)



(1) Considers midpoint of GDP growth ranges projected in respective Monetary Policy Report (IPoM).

Source: Central Bank of Chile.

TABLE 1 ECONOMIC GROWTH AND CURRENT ACCOUNT

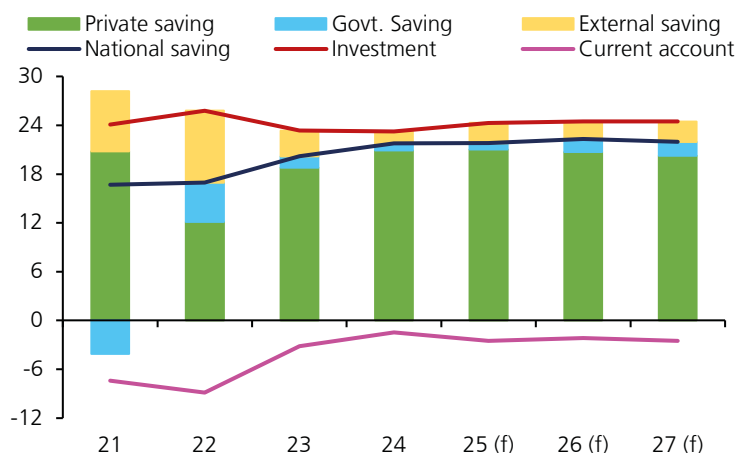
	2024	2025 (f)	2026 (f)	2027 (f)
	(annual change, percent)			
GDP	2.6	2.4	2.0-3.0	1.5-2.5
National income	2.8	3.2	3.5	2.3
Domestic demand	1.3	4.4	3.0	2.4
Domestic demand (w/o inventory change)	0.7	4.0	3.3	2.6
Gross fixed capital formation	-1.4	7.0	4.9	3.1
Total consumption	1.4	3.0	2.7	2.5
Private consumption	1.0	2.7	2.5	2.1
Goods and services exports	6.6	4.6	1.8	2.7
Goods and services imports	2.5	11.3	3.4	3.9
Current account (% of GDP)	-1.5	-2.5	-2.2	-2.5
Gross national saving (% of GDP)	21.8	21.8	22.3	22.0
Gross national investment (% of GDP)	23.2	24.3	24.5	24.5
GFCF (% of nominal GDP)	23.5	24.2	24.6	24.8
GFCF (% of real GDP)	23.2	24.2	24.8	25.0
	(US\$ million)			
Current account	-4,853	-8,800	-8,500	-10,300
Trade balance	21,033	19,700	22,600	22,000
Exports	99,165	106,600	112,900	117,000
Imports	78,133	86,900	90,300	95,000
Services	-9,149	-8,600	-9,500	-10,200
Rent	-17,000	-20,300	-22,200	-22,700
Current transfers	264	400	600	600

(f) Forecast.

Source: Central Bank of Chile.

The current account deficit forecast for 2025 and 2026 is down somewhat from September, due to higher projected terms of trade. This reflects the revised prices, up for copper and down for oil. The central scenario considers an increase in the trade balance, driven by better prospects for exports—due to the higher copper prices, albeit with lower volumes—which more than offset the rise in imports resulting from higher domestic demand. In contrast, a larger rental income deficit is expected, associated with the copper price and its effect on mining companies' profits. The savings/investment balance shows no major changes for the period 2025-27. Meanwhile, the improved outlook for domestic demand is consistent with higher real gross national disposable income, benefiting mainly from better terms of trade this year and next (Table 1 and Figure 2).

FIGURE 2 CURRENT ACCOUNT: SAVINGS AND INVESTMENT (1)
(percentage of annual GDP)



(1) The government savings component considers as actual data up to 2024 the general government's balance sheet; the government savings of the central government's balance sheet is used for the 2025-2027 forecast.

(f) Forecast.

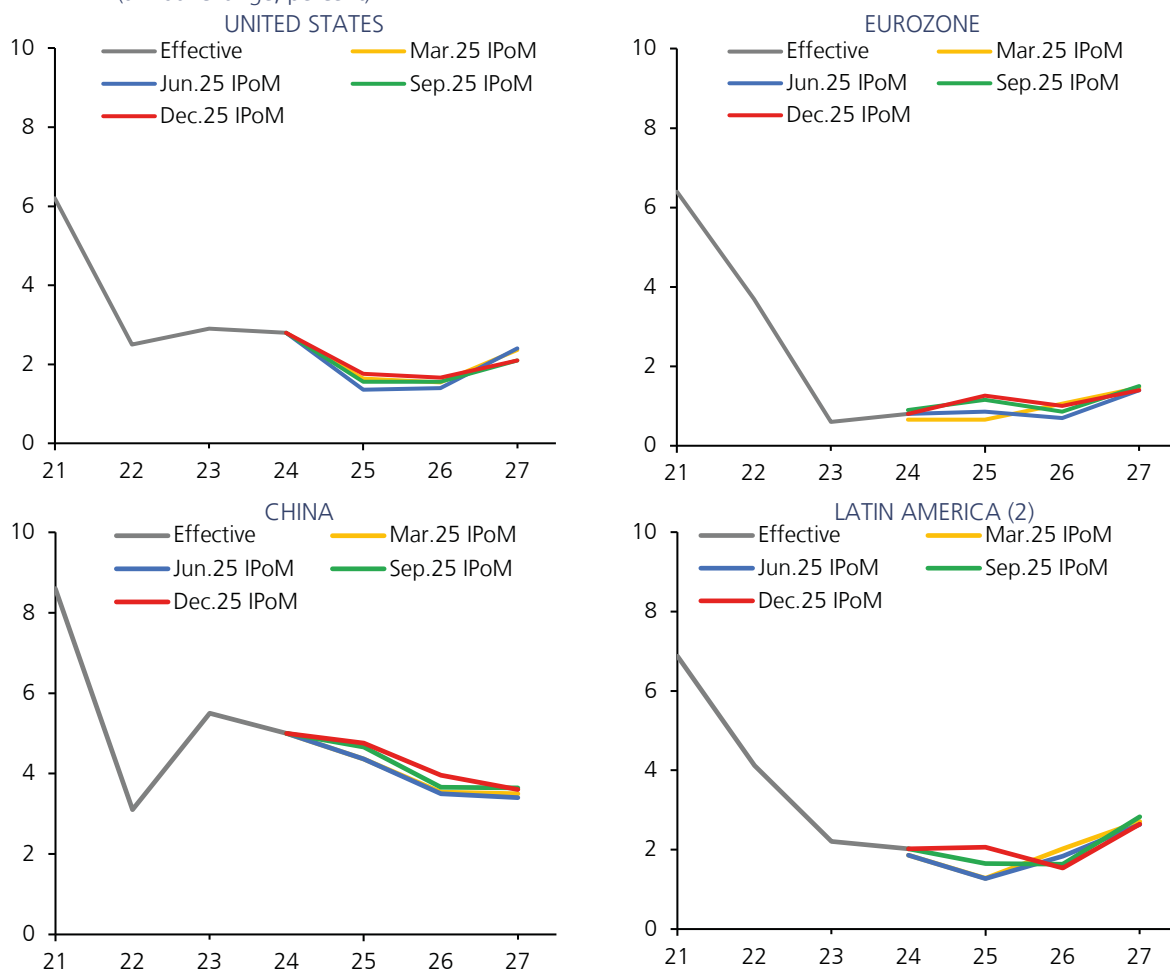
Source: Central Bank of Chile.

In the central scenario, projected activity growth for next year is somewhat higher than in September IPoM, driven by improvements in local investment, several spending fundamentals, and greater resilience of the international economy. Total GDP is estimated to grow by 2.4% in 2025, in the middle of the September range (2.25%-2.75%). This revision considers an increase in the non-mining GDP components, while mining output is revised downward due to disruptions at major sites. For 2026, the projected growth range is adjusted to 2.0%-3.0% (1.75-2.75% in September) and for 2027 it remains at 1.5-2.5%, consistently with the economy growing in line with its trend. Growth projections have been steadily raised over the course of 2025—particularly for non-mining sectors—as the global scenario has been resilient and local investment has been more dynamic than anticipated, especially in the mining and energy industries (Figure 1 and Table 1).

THE INTERNATIONAL SCENARIO

The boost from abroad will be somewhat stronger than estimated in September. Global activity has shown greater resilience than expected, notwithstanding the persistence of several sources of tension. This prompts a slight upward revision of projected trading partners' growth (from 2.6% to 2.8% on average for 2025–26). This increase is explained by factors such as the positive impact of new technologies on the American economy and international financial markets, higher fiscal spending expectations in several developed economies—amid ongoing military tensions—, more favorable global financial conditions, and milder than expected negative impacts from tariffs. All the above has also boosted market expectations for global activity (Figure 3 and Table 2).

FIGURE 3 TRADING PARTNERS GROWTH PROJECTIONS (1)
(annual change, percent)



(1) Yellow, blue, green and red lines correspond to the projection of the central scenario of the respective Monetary Policy Report (IPoM).

(2) The Region considers Argentina, Bolivia, Brazil, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. The series projection is based on GPM model region made up by Brazil, Chile, Colombia, Mexico and Peru.

Source: Central Bank of Chile.

TABLE 2 WORLD GROWTH (1)
(annual change, percent)

	Aveg. 10-19	2023	2024 (e)	2025 (f)	2026 (f)	2027 (f)
World GDP at PPP	3.7	3.5	3.3	3.0	2.7	3.0
World GDP at market exchange rate	3.3	3.1	2.9	2.5	2.2	2.5
Trading partners	3.9	3.5	3.3	3.0	2.6	2.7
United States	2.4	2.9	2.8	1.8	1.7	2.1
Eurozone	1.4	0.6	0.8	1.3	1.0	1.4
Japan	1.2	1.2	-0.2	1.3	0.3	0.7
China	7.7	5.5	5.0	4.8	4.0	3.6
India	6.7	9.2	6.6	6.2	5.6	6.4
Rest de Asia	4.5	3.1	4.1	3.4	3.2	3.5
Latin America (excl. Chile)	1.8	2.2	2.0	2.1	1.5	2.6
Commodity exp.	2.2	1.5	1.2	1.1	1.7	1.8

(1) For definition, see [Glossary of economic terms](#).

(f) Forecast.

(e) Estimate.

Source: Central Bank of Chile based on a sample of investment banks, Consensus Forecasts, the IMF, and statistics bureaus of respective countries.

The terms of trade are improved for the period 2025-27, thanks to the higher copper price and a slightly lower oil price estimate. The copper price forecast is risen to US\$4.6 per pound in 2027 (US\$4.3 in the last IPOM). Estimates for the price of a barrel of oil (Brent-WTI average) are down slightly due to prospects of increased supply. However, this will not be fully reflected in gasoline prices because of recent problems in global refining markets. The projection for international food prices (FAO) remains largely unchanged and continues to point to a decline in the coming years, albeit from somewhat higher levels (Table 3 and Figure 4).

TABLE 3 INTERNATIONAL BASELINE SCENARIO ASSUMPTIONS

	Aveg. 10-19	2023	2024	2025 (f)	2026 (f)	2027 (f)
	(annual change, percent)					
Terms of trade	1.0	1.9	4.4	4.6	3.8	-0.2
External prices (in US\$)	0.6	-0.2	-0.7	2.0	2.9	1.6
	(levels)					
LME copper price (US\$cent/pound)	306	385	415	450	470	460
WTI oil price (US\$/barrel)	72	78	76	65	60	61
Brent oil price (US\$/barrel)	80	83	81	69	64	65
Gasoline parity price(US\$/m3) (1)	610	721	660	593	524	513
US Federal Funds Rate (%) (2)	0.7	5.2	5.3	4.4	3.4	3.2

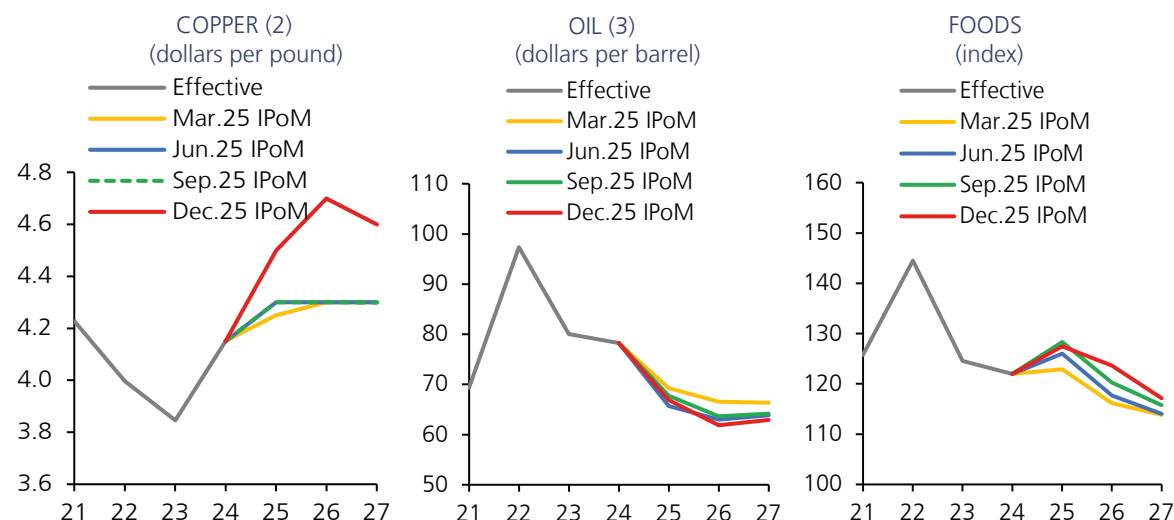
(1) For definition, see [Glossary of economic terms](#).

(2) Annual average for the upper range of the Fed funds rate.

(f) Forecast.

Source: Central Bank of Chile.

FIGURE 4 COMMODITY PRICES FORECASTS (1)



(1) Actual or projected average price for each year as contained in respective Monetary Policy Report (IPoM).

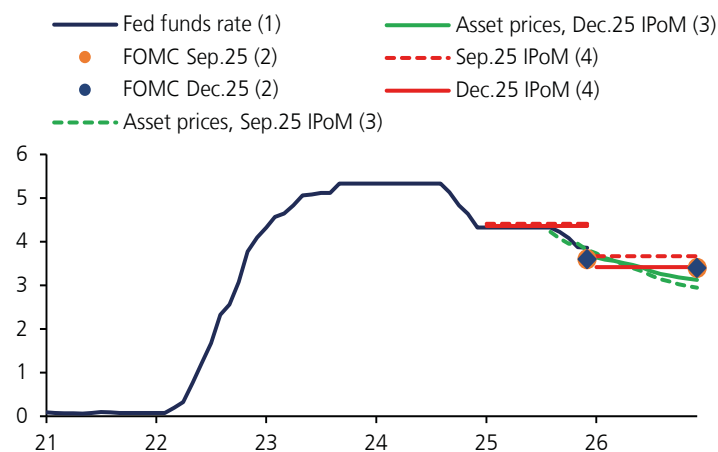
(2) Copper price traded on the London Metal Exchange.

(3) For oil, WTI-Brent average price per barrel.

Sources: Central Bank of Chile and FAO.

Global financial conditions are expected to be more favorable than foreseen in September, due mainly to expectations regarding the Federal Reserve's monetary policy and market optimism about the returns on investments in new technologies. At its December meeting, the Fed lowered its benchmark rate, thereby accumulating three cuts in 2025 (versus two foreseen in the last IPoM). For 2026, the markets reduced their expected cuts to two, the same as that incorporated in the central scenario of this and the previous IPoMs (Figure 5).

FIGURE 5 EVOLUTION AND FORECASTS FOR THE FED FUNDS RATE
(percentage points)



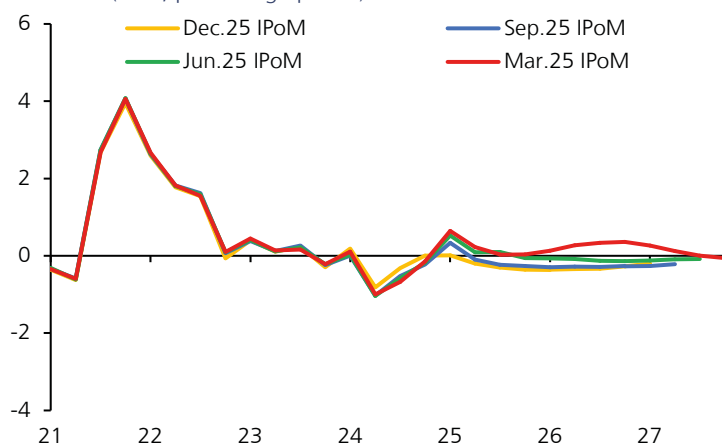
(1) Actual Fed funds rate. For December 2025, consider the monthly average up to the statistical closing of this IPoM, incorporating the cut made by the FOMC in that month. (2) Forecast of Federal Open Market Committee (FOMC) at respective meeting. (3) Based on statistical cutoff dates of respective Monetary Policy Report (IPoM). (4) Annual average for the upper range of Fed funds rate in 2024, 2025 and 2026, according to central scenario of each IPoM.

Sources: Bloomberg and U.S. Federal Reserve.

THE ACTIVITY GAP AND CONVERGENCE OF INFLATION TO THE TARGET

The central scenario of this IPoM assumes that the activity gap will be slightly positive in the coming quarter (Figure 6). This reflects better prospects for non-mining GDP and domestic demand over the coming year, together with slightly higher potential output than envisaged in September.

FIGURE 6 ACTIVITY GAP (1) (2)
(level, percentage points)



(1) Shows the estimate and projection contained in the respective IPoM.

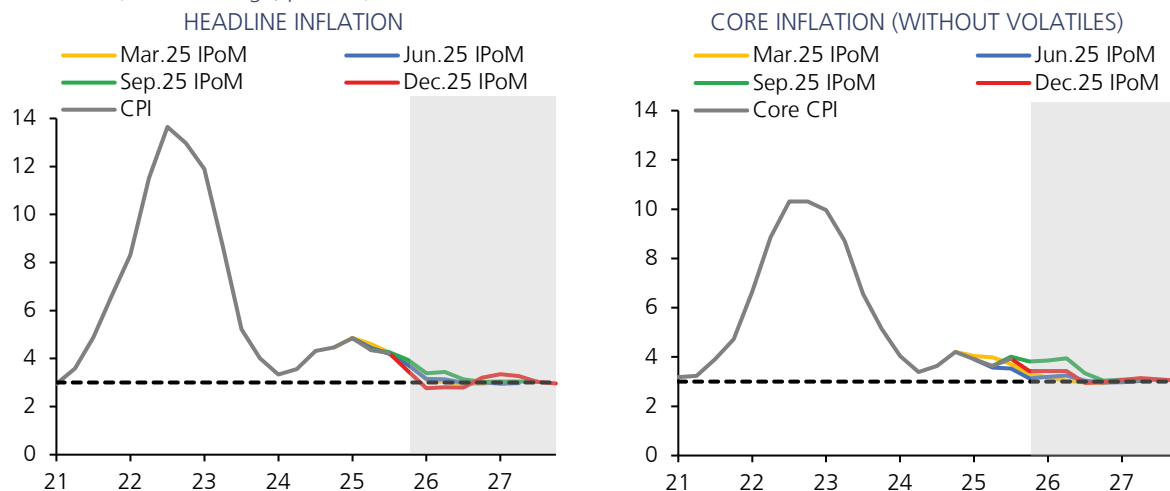
(2) Forecast assumes structural parameters updated in September 2024 Monetary Policy Report (IPoM) (trend GDP) and December 2025 IPoM (potential GDP).

Source: Central Bank of Chile.

Core inflation —without volatiles— would reach 3% by mid-2026, that is, sooner than projected in the September IPoM. This is explained by the lower starting point and more favorable developments in some cost factors. As a working assumption, we consider an appreciation of the real exchange rate (RER) relative to the levels at the statistical cutoff date for this Report, given its recent developments, its fundamentals, and the improvement in the terms of trade. In any case, this envisions a similar endpoint to that of September IPoM. The projection considers a moderation in the growth of labor costs. All of the above are offset by moderate inflationary pressures on the demand side, given that the increased investment is concentrated in the tradable component and some indicators suggest an increase in productivity.

Headline inflation is projected to converge to the 3% target during the first quarter of 2026 and to remain in the vicinity for the remainder of the monetary policy horizon. On its volatile component, the projection considers a reduction in electricity rates at the beginning of next year, reflecting what has been reported by the sector authorities. This will be partially offset by an upward adjustment in fuel prices, given the higher price of gasoline compared to the September IPoM. In any case, a downward trajectory continues to be considered over the projection horizon. Market expectations are in line with these projections, forecasting inflation of 3% both at the beginning of 2026 and within the one- and two-years horizons (Figure 7 and Table 4).

FIGURE 7 INFLATION FORECAST (1)
(annual change, percent)



(1) Figures consider the 2023 CPI reference basket and the splice made by the Central Bank of Chile. Gray area, as from fourth quarter 2025, shows forecast.

Sources: Central Bank of Chile and National Statistics Institute (INE).

TABLE 4 INFLATION (1)
(annual change, percent)

	2024	2025 (f)	2026 (f)	2027 (f)
Average CPI	3.9	4.2	2.9	3.1
December CPI	4.5	3.6	3.2	3.0
CPI in around 2 years (2)				3.0
Average core CPI	3.8	3.7	3.2	3.1
December core CPI	4.3	3.4	3.0	3.0
Core CPI around 2 years (2)				3.0

(1) Figures consider the 2023 CPI reference basket and the splice made by the Central Bank of Chile.

(2) Inflation forecast for the fourth quarter of 2027.

(f) Forecast.

Sources: Central Bank of Chile and National Statistics Institute (INE).

MONETARY POLICY STRATEGY: THE CENTRAL SCENARIO AND SENSITIVITIES

Inflation has declined faster than was forecast in September, under local and global conditions somewhat better than expected. In the central scenario of this IPoM, inflation is foreseen to reach its 3% target during the first quarter of 2026. This assumption factors in the more favorable performance of some cost factors, in a context of reduced risks facing the convergence of inflation.

The Board will evaluate the future movements of the MPR by considering the evolution of the macroeconomic scenario and its implications for the convergence of inflation. At the same time, it reaffirms its commitment to conduct monetary policy with flexibility, ensuring that projected inflation stands at 3% over the two-year horizon.

The Board revised the range of estimated values for the neutral MPR to 3.75-4.75% in nominal terms. For the purposes of the projection scenarios, the midpoint of this range, 4.25%, is used as the methodological assumption.

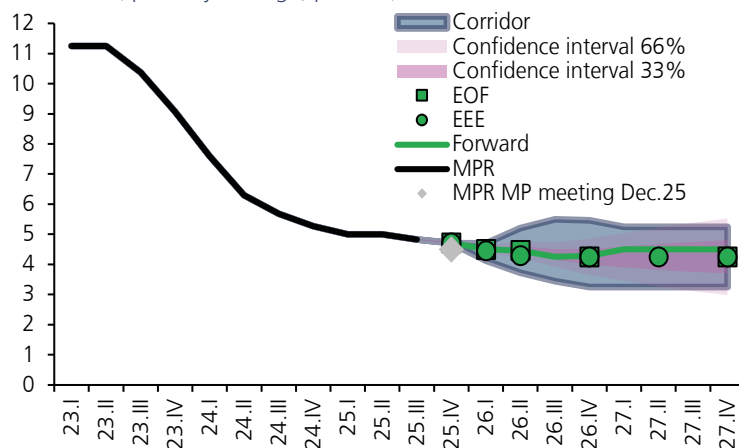
The MPR corridor contains sensitivity scenarios that deviate from the central scenario, have a significant probability of occurrence, and where monetary policy could take a different path (figures 8 and 9). The scenarios that define the corridor's borders are similar to those described in September.

The upper bound is associated with more dynamic domestic demand. A stronger impulse from the local economy might encourage expectations and spending of households and firms, in a context of eased financial conditions, labor costs growing above historic averages and a higher copper price, all of which would result in stronger inflationary pressures.

The lower bound represents a scenario of deteriorating global financial conditions that negatively affect the local economy. This could be the case in the event of a correction in the asset prices of tech companies, which would affect external financing conditions, global activity, and commodity prices, especially copper. Under these conditions, domestic demand would weaken, thus reducing inflationary pressures.

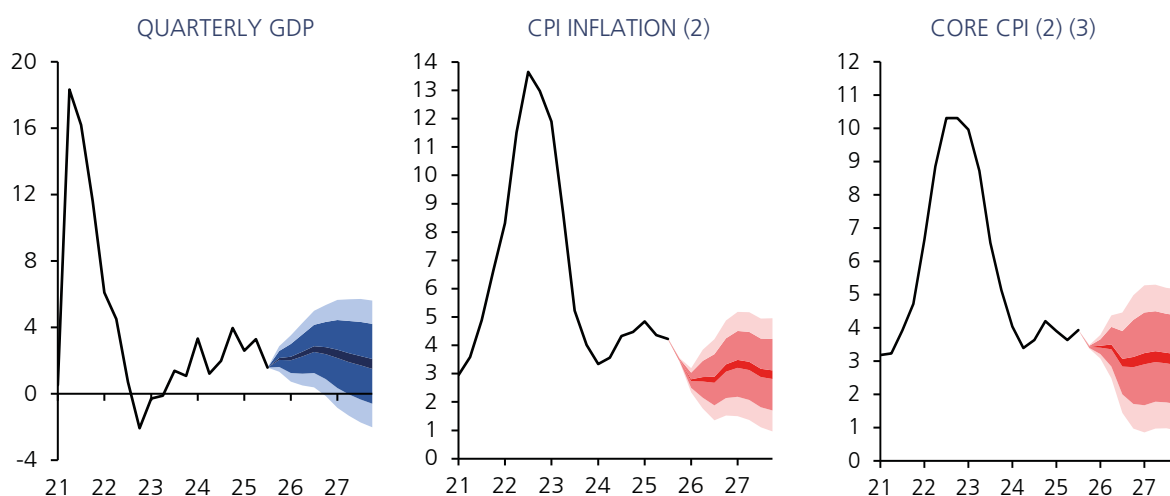
The Board estimates that the risk of a sudden reversal of global financial conditions is still significant. Such situations could be triggered by varied factors. For example, a decline in optimism about the impact of technological breakthroughs on business productivity could reduce risk appetite. It could also occur in the event of less favorable news about current geopolitical tensions. For example, an escalation of the trade war or armed conflicts, as well as a sharper deterioration in the fiscal or institutional situation in the major economies. These aspects need to be closely monitored, as was noted in the [latest Financial Stability Report \(IEF\)](#).

FIGURE 8 MPR CORRIDOR (1)
(quarterly average, percent)



(1) For 2027, a calendar similar to that of 2026 is considered. The corridor is built by following the methodology described in Boxes [V.1 of March 2020 Report](#) and [V.3 of March 2022 Report](#). It includes the December Economic expectations survey (EEE), the December pre-MP meeting Financial traders survey (EOF) and the quarterly average smoothed forward curve as of December 10. This is calculated by extracting the implicit MPR considering the forward curve over the overnight index swap (OIS) curve for up to 2 years, discounting the fixed rates of each maturity at the simple accrual of the OIS index. For the current quarter, the surveys and the forward curve consider the average of daily actual data and are completed with respective sources. Quarterly average considers working days in each quarter. Gray diamond corresponds to the MP decision of December 2025.
Source: Central Bank of Chile.

FIGURE 9 GROWTH AND INFLATION FORECASTS (1)
(annual change, percent)



(1) The figure shows the confidence interval of the central projection to the respective horizon (colored area). Includes 10, 70 and 90% confidence intervals around the central scenario. Confidence intervals are constructed from the RMSEs of the XMAS-MEP models, 2009-2017 average.

(2) Figures consider the 2023 CPI reference basket and the splice made by the Central Bank of Chile.

(3) Measured with the CPI without volatiles.

Sources: Central Bank of Chile and National Statistics Institute (INE).



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