Tuesday, July 28, 2026

Monetary Policy Meeting – July 2026

At today's monetary policy meeting, the Board of the Central Bank of Chile decided to hold the monetary policy interest rate at 4.5%. The decision was adopted by the unanimous vote of its members.

The international scenario continues to be marked by volatility associated with the conflict between the United States and Iran. Following the signing of a ceasefire agreement in June—which took place after the previous meeting—there was a new escalation of attacks, which drove up oil prices and kept uncertainty high regarding the normalization of oil supply. The price returned to levels around US$100 per barrel, a rise that has recently moderated. As for global economic activity, there is a scenario of mixed resilience among countries, supported by investment in artificial intelligence (AI). In this context, inflation expectations have risen, which, combined with the tone adopted by the Federal Reserve, has pushed up short- and long-term interest rates and caused currencies to depreciate in most economies, including Chile. The copper price stands at around US$6.3 per pound. More recently, there has been a heightened perception of risk regarding AI-related valuations.

At home, in May, the total Imacec fell 0.9% annually, while its non-mining component rose 0.7% annually; both figures fell short of the June IPoM forecast. Part of the difference continues to be explained by supply-side factors linked to natural resources, compounded by the weak performance of investment-related sectors. Regarding the latter, high-frequency indicators suggest that investment slowed in the second quarter more than expected. In any case, the latest survey by the Capital Goods Corporation continues to report a positive outlook for investment projects for the 2026–2029 period. In consumption, high-frequency indicators have weakened the dynamism it showed at the beginning of the year, consistent with projections. In the labor market, the unemployment rate rose, amid persistently weak job creation and accelerating hourly labor costs.

Headline CPI inflation was 4.3% annually in June, somewhat above estimates in the latest IPoM and market expectations. The difference was explained by a higher-than-expected rise in core inflation, which posted 3.4% annually in the same month. The volatile CPI remained close to expectations, and the pass-through of the fuel price shock continues to be consistent with historical averages. Short-term inflation expectations rose, in line with the movements in oil prices. Over a two-year horizon, the inflation rate expected as per both the Economic Expectations Survey (EEE) and the Financial Traders Survey (EOF) stands at 3%.

The macroeconomic scenario remains subject to a higher-than-usual degree of uncertainty, particularly given the resurgence of risks associated with the ongoing conflict in the Middle East. The Board estimates that it will need to continuously assess alternative scenarios in which the response of the global and domestic economies could lead to inflation trajectories different from those expected and could require changes in monetary policy. Accordingly, the future path of the MPR will be assessed on a meeting-by-meeting basis based on how events unfold. The Board reaffirms that it will make every decision necessary to meet its objective of ensuring 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 Wednesday, 5 August 2026. The next monetary policy meeting will be held on Tuesday, 8 September 2026, and the Statement thereof will be released at 18:00 hours of the same day.

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*The Spanish original prevails.