Tuesday, 08 September 2026

Monetary Policy Meeting – September 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.

In the external environment, the main focus of attention continues to be the development of the conflict between the United States and Iran. Most recently, hostilities between the parties have escalated again, bringing the price of a barrel of oil close to US$100. Global economic activity remains resilient, particularly in the economies most closely linked to the artificial intelligence (AI) production chain. In this context, copper prices have continued to rise, reaching levels above US$6.5 per pound. As for global inflation, the persistence of inflationary risks has led major central banks to maintain a restrictive and cautious stance.

Regarding developments in international financial markets, stock markets continue to be supported by the performance of the technology sector. Since the previous Meeting, interest rates have continued to rise, with long-term rates showing the most significant increases. Among several factors, the latter reflects heightened concerns about inflation and growing demand for funding to finance AI-related investment, amid the fragile fiscal position of several advanced economies. The U.S. dollar has depreciated globally. Overall, the local financial market has continued to follow external trends. Nevertheless, the increase in long-term interest rates has been more moderate than in other economies.

On the domestic front, the economy maintained weak performance during the second quarter and the beginning of the third quarter, coming in below the projections contained in the June Monetary Policy Report (IPoM). This development has been accompanied by a slowdown in domestic demand, amid a deterioration in some of its fundamentals, compounded by the impact of adverse weather conditions in July. On the expenditure side, during the second quarter both private consumption and gross fixed capital formation contracted in seasonally adjusted quarter-on-quarter terms. Nevertheless, the outlook for investment remains favorable, consistent with information from investment project surveys, copper prices, and the boost that the Reconstruction Act would provide starting in 2027, which would strengthen economic activity. In the labor market, the most recent figures showed job losses and an increase in the unemployment rate. Household and business confidence, as measured by IMCE and IPEC, posted a slight rebound in their latest readings, following a significant decline at the end of the first quarter.

In August, annual headline inflation rose to 4.1%, driven by volatile components. Core inflation, measured by CPI excluding volatile items, stood at 3.3% annually, a level similar to that observed in recent months. Inflation has continued to be determined to a large extent by higher fuel prices, whose pass-through to other prices has followed historical patterns. Two-year inflation expectations from both the Survey of Economic Expectations (EEE) and the Survey of Financial Traders (EOF) stand at 3%.

The macroeconomic scenario remains subject to a higher-than-usual degree of uncertainty. On the one hand, the risks associated with the conflict in the Middle East remain present and have even intensified recently. On the other hand, although the domestic economy is expected to regain momentum toward 2027, it cannot be ruled out that its current weakness may prove more persistent than anticipated. 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, 16 September 2026. The next monetary policy meeting will be held on Monday 26 and Tuesday 27 October 2026, and the statement thereof will be released at 18:00 hours of the second day.

---

*The Spanish original prevails.