



BOX II.1:

Changes in projections and state of the economy during 2025

Macroeconomic projections play a pivotal role in the Central Bank of Chile's [inflation-targeting framework](#). This box examines their evolution throughout 2025, highlighting the main changes, their relationship to the state of the economy, and the implications for monetary policy.

Over the past year, the macroeconomic environment was marked by trade and geopolitical tensions that heightened global uncertainty. Despite this, the global economy proved resilient, and financial conditions and terms of trade improved throughout 2025, giving way to stronger external boost for the domestic economy. In this context, local growth projections were revised upward during the year—particularly for the non-mining component of GDP—although with moderate adjustments to the output gap. This was so because the higher growth was driven by transitory supply-side factors and the imported component of investment. When these effects are isolated, economic activity is close to its trend and the output gap is near equilibrium.

Along the same lines, changes in inflation forecasts were also limited, driven primarily by cost factors. Consequently, throughout the 2025 Reports, the inflation trajectory remained stable, consistent with the outlook established since late last year, with inflation expected to converge toward the 3% target during 2026. This entailed a stable monetary policy path, aimed at bringing the MPR to its neutral range between 2025 and 2026.

Evolution of the external scenario

During the first half of last year, the projected growth of Chile's trading partners in 2025 was lowered from 2.9% in the December 2024 IPoM to 2.6% in June 2025 (Table II.5), due to rising tariffs and global uncertainty. However, during the second half, projections were revised upward, to 3% in December. This was explained by the resilient global activity—despite ongoing sources of tension—a rise in AI-related investments, increased defense spending in developed countries, and an attenuation of uncertainty linked to the trade conflict.

The terms of trade were successively adjusted upwards, driven by higher copper prices and a slight downward revision to oil price projections. The projection for the average 2025 copper price was raised to US\$4.50 per pound in the December IPoM, amid tight supply and higher demand linked to AI investments, the energy transition, and defense spending ([Box II.1, December 2025 IPoM](#)). For its part, the oil price forecast was revised slightly downward from the end of 2024, given expectations of increased supply.

TABLE II.5

Central scenario projections for the external context in 2025 (1)

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Actual data
	(annual change, percent)						
Trading partners GDP	2.9	2.9	2.7	2.6	2.8	3.0	3.3
World GDP at PPP	2.5	2.6	2.2	2.1	2.3	2.5	3.5
Terms of trade	-0.6	-0.5	2.6	2.9	3.3	4.6	7.6
External prices (in US\$)	4.2	2.5	-0.2	1.3	1.8	2.0	2.1
	(levels)						
LME copper price (US\$cent/pound)	425	420	425	430	430	450	450
WTI oil price (US\$/barrel)	73	69	67	64	66	65	65
Brent oil price (US\$/barrel)	79	74	71	68	70	69	69
U.S. Federal Funds Rate (%)	4.3	4.1	4.4	4.5	4.4	4.4	4.4

(1) Projections for 2025 published in IPoM between September 2024 and December 2025. The last column corresponds to actual data, except for trading partners GDP and world GDP in PPP, which correspond to preliminary data.

Source: Central Bank of Chile.

Changes in local activity and demand projections

Local growth projections rose steadily throughout 2025 (Table II.6), as the global outlook remained resilient and domestic demand proved more dynamic than expected. In the first half of the year, the range was raised from 1.5%–2.5% in the December 2024 IPoM to 2.0%–2.75% in June 2025, due to temporary factors related to goods exports and tourism flows into the country. In September, the range was adjusted to 2.25%–2.75%, influenced by greater domestic demand. The growth projection in December was 2.4%, the midpoint of the September range. Actual growth in 2025 was 2.5%, within the range expected since the beginning of the year and similar to the December projection.

TABLE II.6

Projections for activity, demand and current account in 2025 (1)

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Actual data
	(annual change, percent)						
GDP	1.5-2.5	1.5-2.5	1.75-2.75	2.0-2.75	2.25-2.75	2.4	2.5
Domestic demand	2.5	1.9	2.5	3.2	4.3	4.4	4.2
Domestic demand (w/o inventory change)	2.5	2.2	2.6	2.9	3.6	4.0	3.8
- Gross fixed capital formation	5.1	3.6	3.7	3.7	5.5	7.0	7.0
- Total consumption	1.7	1.8	2.3	2.6	3.0	3.0	2.8
- Private consumption	1.9	1.6	2.0	2.2	2.7	2.7	2.7
- Goods and services exports	3.2	3.8	4.3	5.1	4.6	4.6	4.6
- Goods and services imports	4.5	4.2	5.6	7.6	10.3	11.3	10.5
	(GDP percent)						
Current account	-2.4	-2.3	-1.9	-1.8	-2.6	-2.5	-1.2

(1) See note for Table II.5.

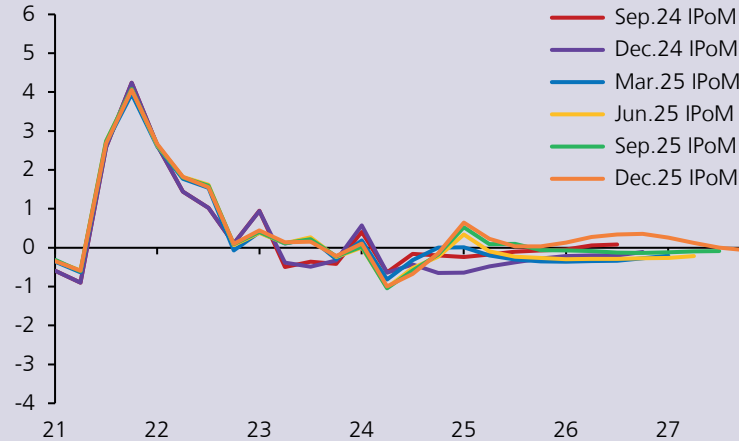
Source: Central Bank of Chile.

Projections for the components of domestic demand were also revised upward, driven by increased investment in machinery & equipment, linked to the boost from large-scale mining and energy projects ([Box I.2, June 2025 IPoM](#)). In turn, the revision to consumption was driven by growth in the wage bill and improved household expectations. Consistent with higher domestic spending, imports were revised upward. This, along with minor adjustments to exports, explained the projected wider current account deficit. The actual deficit was smaller than expected, mainly due to the positive evolution of the terms of trade.

The upward revisions to the GDP outlook were driven by the non-mining component. Even so, changes in the output gap were moderate (Figure II.10), as revisions to output and demand were largely due to supply-side factors and the imported component of investment. Thus, while non-mining GDP grew by 3% in 2025—nearly one percentage point (pp) above the trend growth estimate (Box II. 3)—, a significant portion of this difference (0.5pp) owed to the contribution of certain transitory supply-side factors linked to export sectors, which in early 2025 boosted the agriculture, forestry, and livestock sectors (fruit production), fishing, and related sectors of the food industry and wholesale trade (Figure II.11). Since these factors had no associated impacts on domestic inflation, they are interpreted as temporary increases in non-mining potential GDP, which raised its growth rate to 2.7% during 2025 and explains the more moderate response of the output gap. Toward the end of 2025, actual and potential output growth approached their trend rates, while the output gap is estimated to be around equilibrium (Chapter 2).

FIGURE II.10

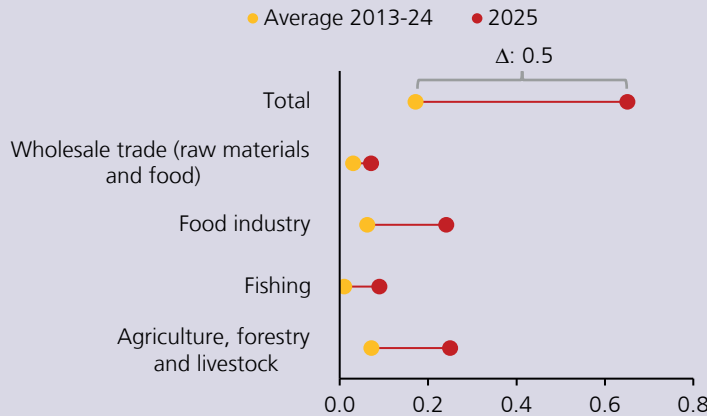
Activity gap
(level, percentage points)



Source: Central Bank of Chile.

FIGURE II.11

Sectoral contributions to non-mining GDP, transitory supply elements (1)
(contribution to the annual change, percentage points)



(1) Sectoral contributions are estimated from the difference between the average contribution of each sector in 2025 and the average of its contribution to non-mining GDP between 2013 and 2024.

Source: Central Bank of Chile.

Changes in inflation projections and implications for monetary policy

Against a backdrop of moderate changes in the output gap, revisions to inflation projections were also moderate and primarily driven by cost factors (Table II.7). During 2024, the outlook had been revised upward due to increases in electricity prices, the global appreciation of the dollar, and high labor costs. During the first half of 2025, the inflation trajectory was adjusted slightly downward, supported by lower forecasts for fuel prices and the effects of the rerouting of global trade, which were incorporated in June ([Box II.2, June 2025 IPoM](#)). In September, projections were revised upward in the immediate term due to a depreciation of the peso and stronger domestic demand, amid still significant wage pressures. Toward the end of 2025, inflation fell somewhat faster than expected, influenced by the peso's appreciation relative to September and the behavior of prices of certain foodstuffs.

TABLE II.7

Inflation projections for 2025 (1)
(percent)

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Actual data
Average CPI	4.3	4.6	4.4	4.3	4.4	4.2	4.2
December CPI	3.6	3.6	3.8	3.7	4.0	3.6	3.5
Average core CPI	3.4	3.9	3.8	3.5	3.8	3.7	3.7
December core CPI	3.2	3.3	3.3	3.1	3.7	3.4	3.3

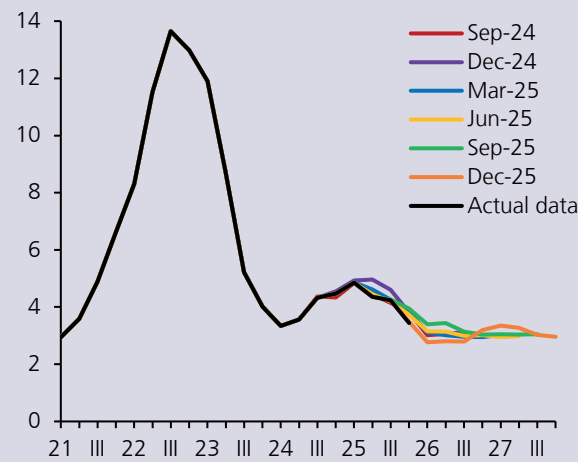
(1) See note for Table II.5. Inflation measures from March 2024 IPoM onwards consider the 2023 CPI basket using the Central Bank of Chile splice. Until December 2023 IPoM, the splices consistent with the previous basket (2018) were used.

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

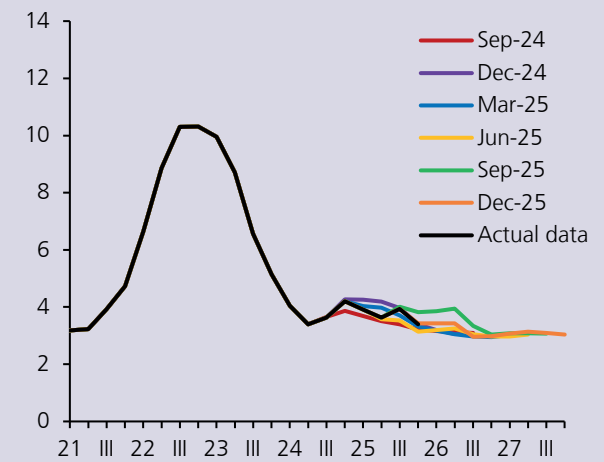
However, by the end of 2025, headline and core inflation—excluding volatile items—were around the forecast since the second half of 2024, and the outlook for convergence to 3% during 2026 remained unchanged throughout (Figure II.12). This convergence was supported by monetary policy actions, an exchange rate appreciation over the projection horizon, the output gap near equilibrium, and the dissipation of comparison base effects associated with the unfreezing of electricity prices between 2024 and early 2025. The Board maintained a stable monetary policy stance, aimed at leading the MPR to converge to its neutral range between 2025 and 2026, as reflected in minor changes in the policy rate corridor during 2025 (Figure II.13).

FIGURE II.12 SHORT AND MEDIUM-TERM INFLATION PROJECTIONS (1)

(a) CPI
(annual change, percent)

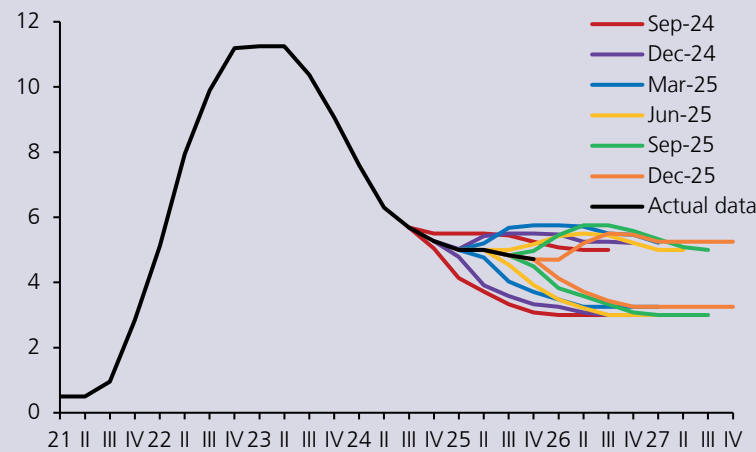


(b) Core CPI (excluding volatiles)
(annual change, percent)



(1) Average inflation for the quarter compared to the same quarter of the previous year. Inflation measures from March 2024 IPoM onwards consider the 2023 CPI basket using the Central Bank of Chile splice. Until December 2023 IPoM, splices consistent with the previous basket (2018) were used. Sources: Central Bank of Chile and National Statistics Institute (INE).

FIGURE II.13
Evolution of the MPR corridor
(quarterly average, percent)



Source: Central Bank of Chile.