



MONETARY POLICY MEETING

APRIL 2026





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Monetary policy session No. 321, held on 27-28 April 2026.

Present: Rosanna Costa, Governor; Alberto Naudon, Vice-Governor; Luis Felipe Céspedes, Board member; Claudio Soto, Board member; Kevin Cowan, Board member.

Present the Finance Minister, Jorge Quiroz.

Also present: Luis Óscar Herrera, General Manager; Juan Pablo Araya, Legal Counsel and Attestor; Elías Albagli, Monetary Policy Division Director; Ricardo Consiglio, Financial Markets Division Director; Claudio Raddatz, Financial Policy Division Director; Gloria Peña, Statistics and Data Division Director; Michel Moure, Institutional Affairs Division Director; Markus Kirchner, Macroeconomic Analysis Manager; Enrique Orellana, Monetary Policy Strategy and Communication Manager; Sofía Bauducco, Economic Research Manager; Guillermo Carlomagno, International Analysis Manager; Felipe Musa, Market Operations and Strategy Manager; David Kohn, Head of the Massive Information Analysis Department; Alejandro Guin-Po, Advisor to the Finance Minister; Erika Arraño, Senior Economist; Marlys Pabst, Secretary General.

1. Background

The international scenario

The unfolding of the external outlook continued to be marked by uncertainty surrounding the war in the Middle East. Although oil futures continued to signal a price decline, the prolonged conflict had heightened the risk for oil prices to remain elevated. The most significant effects of the war were concentrated, for the time being, on actual inflation and its short- and medium-term projections, reinforcing a more cautious stance on the part of central banks.

Regarding economic activity, the outlook showed no meaningful change since the March meeting, reflecting a certain resilience in the global economy driven by a new surge in artificial intelligence (AI). In any case, the latest economic developments showed some disparities across regions, as evidenced by more positive market indicators in the United States and less favorable ones in the Eurozone.

Against this backdrop, financial markets had performed favorably since the last meeting. In most economies, stock markets had improved, currencies had appreciated against the dollar, and short- and long-term interest rates had fallen. Developments in our local financial market had mirrored these global trends.



On the commodities' side, spot oil prices remained high (around US\$100 per barrel, WTI-Brent average), above the values projected in the March Monetary Policy Report (IPoM). The copper price had also risen, approaching US\$6 per pound, driven by AI-related factors and an increase in some of its production costs associated with the war, such as sulfuric acid and diesel. Futures contracts also pointed to higher food prices, reflecting their recent hikes and those of some inputs, such as fertilizers.

The domestic scenario

In March, the annual change in total CPI stood at 2.8%, slightly higher than projected in the latest IPoM, due to a larger-than-expected increase in volatile non-energy prices. Core inflation, meanwhile (3.4% annually in March) was in line with expectations. Two-year inflation expectations according to the Economic Expectations Survey (EEE) stood at 3%, and those from the Financial Traders Survey (EOF) at 3.2%.

In February, the non-mining Imacec had contracted by 0.3% annually (-0.3% month-on-month in its deseasonalized series as well). This figure deviated downwards from the levels consistent with the March IPoM projection. The difference was mainly explained by supply-side factors linked to natural resources. Among these were declines in the agricultural sector—due to lower table grape production—and the fishing sector, which in turn had affected the performance of wholesale trade and the food industry, respectively. Meanwhile, the sectors most closely linked to domestic consumption showed no major changes.

As for spending, high-frequency indicators—such as electronic point-of-sale sales and ANAC automobile sales—suggested that private consumption had kept growing in line with the pace of previous months, as expected. This occurred against a backdrop of moderating consumer expectations (IPEC). In the labor market, the unemployment rate showed no change and job creation remained limited, while wage growth hovered around its historical averages.

Meanwhile, data on gross fixed capital formation pointed to a somewhat sharper slowdown than expected, particularly in the machinery and equipment component. In any case, the Capital Goods Corporation (CBC) survey for the first quarter of 2026 reported a significant increase in the value of investment projects for the 2026–2029 period, reflecting upward revisions across all sectors except public works. Added to this was the rise in copper prices and the local stock market (IPSA) since the last meeting, which contrasted with a decline in business expectations (IMCE).



2. Background analysis and discussion

It was noted that the developments in the Middle East conflict had had a more adverse impact on fuel prices and other commodities than had been anticipated in the baseline scenario of the March IPoM. Despite this, global financial markets had performed well in recent weeks. This could suggest an expectation that the war would not have significant effects on global activity, supported by, among other factors, the dynamism of the American economy. Furthermore, oil futures curves anticipated a decline in the upcoming months, suggesting that market participants expected a prompt reopening of the Strait of Hormuz and the absence of severe damage to oil productive capacity.

Despite the performance of the financial markets, there was consensus that the progress of the war raised various questions and risks for the future. On the one hand, it was suggested that a situation might be approaching where, if the conflict were not resolved, the damage to the global economy would be significantly aggravated. This scenario could materialize either through a sharp deterioration of the global energy supply or through more intense ripple effects than those observed so far on a wide range of commodities and on transportation costs. Likewise, an abrupt correction in financial markets could not be ruled out, with a significant tightening of global financial conditions and a deterioration in the global growth outlook. In any of these scenarios, however, the global economy would have to simultaneously face the effects of a significant inflationary shock and a weakening of economic activity.

Domestically, it was noted that incoming data since the IPoM's release did not yet allow for clear conclusions to be drawn as to whether the external shock had generated effects outside of expectations. It was estimated that first-quarter activity had been lower than anticipated in the IPoM, although this result had been influenced by the poor performance of sectors linked to natural resources. From the demand side, consumption indicators suggested performance in line with projections. In contrast, investment had performed somewhat below expectations, and labor market figures pointed to weak job creation.

In this context, the evolution of the local economy was discussed. On one hand, it was noted that the weak first-quarter performance occurred against a backdrop of slowing growth in the services sector and persistent weak labor market indicators. On the other hand, it was noted that the Capital Goods Corporation (CBC)'s survey reflected a substantial correction, which would considerably raise the investment growth forecast. The discussion also covered the government's most recent announcements, which could lead to a more limited fiscal adjustment than that considered in the March IPoM, whether due to the effects of the National Reconstruction Bill or increased spending pressures.

About inflation, it was noted that the short-term outlook had worsened. A major factor in this was the greater increase expected for volatile prices, given that March inflation had not shown significant differences in the core component and that short-term projections had not changed substantially either. That said, it was noted that it was necessary to pay particular attention to factors that could lead to greater transmission and/or persistence of inflation.



3. Analysis of monetary policy options

All five Board members agreed that macroeconomic conditions continued to operate within a context of great uncertainty, where the information at hand did not allow drawing any conclusions regarding the ultimate severity of the potential impact of the war in the Middle East. In this scenario, there was agreement that the monetary policy strategy outlined in the March IPoM remained in effect, which called for a prolonged holding of the monetary policy rate (MPR). Consistently, the Board opined that the most plausible option at this meeting was to hold the MPR flat at 4.5%.

All the Board members agreed that the extension of the war and its effects on the prices of oil and other commodities increasing risks to both inflation and economic activity. Some Board members noted that, in such circumstances, there was reason to consider the option of raising the MPR by 25 basis points, although emphasizing that there was insufficient information to warrant a change in the strategy in place. All the Board members agreed that the monetary strategy needed to be revisited meeting by meeting, based on the unfolding of events and their effects on the convergence of inflation to the target.

4. Monetary policy decision

Governor Costa, Vice-Governor Naudon and Board members Céspedes, Soto, and Cowan voted in favor of holding the monetary policy interest rate at 4.5%.



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