Tuesday, December 16, 2025

Monetary Policy Meeting – December 2025

At today's monetary policy meeting, the Board of the Central Bank of Chile decided to lower the monetary policy interest rate by 25 basis points, to 4.5%. The decision was adopted by the unanimous vote of its members.

The global scenario shows a somewhat stronger boost to the Chilean economy. During the third quarter, activity in the main trading partners is estimated to have grown more than expected. This has to do with, among other elements, the increased investments in new technologies and the greater fiscal spending in the developed world. The Federal Reserve lowered its benchmark rate in December, while the markets anticipate further cuts next year.

In this context, global financial conditions have been steadily improving, where worth noting is the widespread rise in stock markets. The copper price has risen significantly to more than US$5 per pound. In any case, global risks are still elevated, and a sudden deterioration in financial conditions cannot be ruled out.

The domestic financial market has mirrored international trends. Stock prices (IPSA) have seen gains and long-term interest rates have declined in recent months. The Chilean peso has appreciated. Credit remains largely unchanged, although the commercial portfolio is showing some signs of recovery.

Overall, activity has performed as expected, with investment being more dynamic. In the third quarter, non-mining GDP growth was in line with forecasts, with services and, to a lesser extent, wholesale and retail trade performing particularly well. Total GDP growth, however, was affected by weak performance in the mining industry. Regarding domestic spending, investment in machinery and equipment grew again more than projected, while private consumption was in line with expectations. The labor market is showing improvements, although significant challenges remain. The unemployment rate has fallen in recent months, but job creation is still limited.

Headline and core inflation have declined, both posting annual variations of 3.4% in November. Inflation expectations two years ahead as seen in the Economic Expectations Survey (EEE) and the Financial Traders Survey (EOF) place them at 3%.

Inflation has declined faster than was forecast in September, under local and global conditions somewhat better than expected. In the central scenario of the December Monetary Policy Report (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 minutes of this Monetary Policy Meeting will be published at 8:30 hours of Monday 5 January 2026. The next Monetary Policy Meeting will take place on Monday 26 and Tuesday 27 January 2026, and the statement thereof will be released at 18:00 hours of the second day.

*The Spanish original prevails.