

Tuesday, 24 March 2026

Monetary Policy Meeting – March 2026

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

The war in the Middle East has significantly heightened the uncertainty about the future evolution of the global economic scenario, beyond the stronger external boost of the beginning of the year. The soaring oil prices stand out, approaching US\$100 per barrel, which will have consequences for global inflation and activity. In this context, market expectations of the trajectories of the monetary policy rates of the main central banks point to flat or higher benchmark rates in the medium term.

Accordingly, global financial conditions have tightened in recent weeks, with higher nominal interest rates for the short and long term, falling stock markets and currencies depreciating against the dollar. At the same time, the copper price has diminished from the peaks it reached in the first two months of the year, although it remains above the levels foreseen in the last IPoM.

The local financial market has mirrored global trends. The stock market is receding (IPSA), the peso has depreciated, and both short- and long-term nominal interest rates are up.

Economic activity ended 2025 with a 2.5% growth rate, similar the projection in the December IPoM. In January this year, the Imacec was lower than foreseen, influenced by supply-side factors in mining and agribusiness. Regarding spending, in the fourth quarter private consumption maintained its dynamism and investment continued to be sustained by mining and energy projects. Meanwhile, in March the government announced an adjustment of the fiscal spending. In the labor market, the unemployment rate showed no significant change, and job creation remained tight.

In February, the annual variation of total CPI was 2.4%, reflecting a somewhat higher reduction of inflation compared to the December IPoM forecast. As expected, core inflation—the CPI without volatiles—stood at 3.3% annually. Short-term inflation expectations, as in the rest of the world, have risen significantly in recent weeks due to the soaring international fuel prices and the peso depreciation. Two-year ahead inflation expectations per the Economic Expectations Survey (EEE) stand at 3%, while the Financial Traders Survey (EOF) sees it at 3.1%.

The external shock caused by the war in the Middle East is significant for its magnitude and the speed with which fuel prices have soared around the world. These hikes will be passed on to domestic prices and will significantly push up inflation, which would be around 4% in the second quarter. Into the medium term, effects will dissipate, assuming that the external shock propagation matches historical averages, that global prices will not bring further significant hikes, and domestic demand will moderate its expansion.

If this scenario materializes, inflation will return to target-consistent levels during 2027. However, given their magnitude, the Board will be particularly watchful for signals of greater pass-through to and/or persistence of inflation from the shocks being confronted.

The macroeconomic scenario is subject to a greater-than-usual degree of uncertainty. Therefore, the Board estimates that constant assessment of alternative scenarios will be needed where the reactions of the local and world economies may configure inflationary pressures different from those expected and require changes in monetary policy. Thus, the future evolution of the MPR will be analyzed meeting by meeting 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, 1 April 2026. The next Monetary Policy Meeting will be held on Monday 27 and Tuesday 28 April 2026, and the statement thereof will be released at 18:00 hours of the second day.