MONETARY POLICY REPORT

PRESENTATION BEFORE THE FINANCE COMMISSION OF THE HONORABLE SENATE OF THE REPUBLIC[*]

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[*]The June 2024 Monetary Policy Report can be found at http://www.bcentral.cl.

Introduction

Mr. President of the Finance Commission of the Senate, senators members of the Commission, ladies, gentlemen,

As usual, I would like to begin by thanking the Commission for periodically inviting the Central Bank of Chile (BCCh) to present its views on recent macroeconomic developments, as well as the outlook and implications for monetary policy. This view is presented in detail in the June 2024 Monetary Policy Report (IPoM) that we published this morning. This background is also the rationale behind the decision taken by the Board at yesterday's Monetary Policy Meeting.

We present this Report in a context in which the Chilean economy has evolved in line with forecasts in the March IPoM. This means that activity has been returning to a trend-consistent growth path, while domestic demand has performed somewhat better than expected, particularly in consumption. Inflation stands now at around 3.5% annually and its two-year expectations remain at 3%.

International developments continue to be dominated by the adjustment of expectations for monetary policy in the United States. World growth projections have had minor modifications, although it should be kept in mind that several economies have been performing somewhat better than expected.

Going forward, our country's inflation is expected to see a significant rebound and to converge to the target in the first half of 2026. This is influenced by the impact of the supply shock associated with the increase in electricity prices, which we take from official information provided by the National Energy Commission (CNE) related to the stabilization law approved last April. The greater impulse of domestic demand also plays a role, based on data from the beginning of the year and the higher price of copper.

In terms of activity, the contractionary effect of energy costs on real household income is counterbalanced by the greater momentum of domestic spending, which is expected to be accompanied by an improvement in its fundamentals, including a higher copper price projection compared to the previous IPoM. The value of this metal has risen sharply in recent months and our projection scenario assumes that more than half of said increase will be permanent.

It should be noted that the economy is in a recovering process after resolving the important imbalances of previous years and having achieved a significant decrease in inflation. All of it without maintaining negative gaps for a prolonged period of time, as was once projected to occur. The projections that I will present to you assume that the economy will continue to grow in the coming quarters, with increasing investment and consumption, benefiting from factors such as the higher copper price, the decrease in the real exchange rate (RER) and steadily improving financial conditions.

Considering this scenario, at our Monetary Policy Meeting yesterday we decided to lower the monetary policy rate by 25 basis points, to 5.75%. With this, the MPR has accumulated a drop of 550 basis points in the last year.

The macroeconomic scenario

I will begin my review of the macro economy with a quick look at the movements of domestic demand and activity. As expected, activity has been increasing. In the first quarter, the seasonally adjusted GDP series again posted an increase over the previous quarter, by rising 1.9%. As anticipated in the last IPoM, and confirmed by the Imacec of March and April, part of this growth came from supply-side factors, which have been reversing.

Our economy continues to show heterogeneity among sectors. The dynamism of services continues to stand out, along with the rebound of some branches of commerce. The weakness of construction continues to be the main counterpoint, with activity levels remaining low. On the other hand, the greater momentum of exports has favored the performance of some sectors, which has been influenced by the increase in the international prices of certain products, among other elements (Figure 1).

Final domestic demand —minus inventories— has been regaining momentum. Its performance in the first quarter exceeded expectations, especially in consumption. The gradual recovery of household spending has taken place against the backdrop of rising employment and real wages, which have been underpinning the growth of the wage bill. The services component remains the most dynamic component of private consumption, along with higher demand for non-durable goods in the first quarter. Government consumption also outpaced projections (Figure 2).

While still weak, gross fixed capital formation (GFCF) ceased its deterioration observed in the second half of last year. When corrected for seasonality, GFCF had a zero quarterly variation in the first quarter, reflecting a more stable performance of machinery & equipment and construction & works. Within the latter, the building component remained slower than the engineering works one, a trend that would continue according to partial information for the second quarter. In any case, all GFCF components continued to contract year on year (Figure 3).

Regarding inflation, the annual variation of total CPI remained at around 3.5%, while core CPI (which excludes volatile items) decreased from 4.2% to 3.5% between February and May[1]/ (Figure 4). In cumulative terms, the latest monthly variations of both measurements have been in line with expectations, which corroborates that part of the high figures at the beginning of the year corresponded to one-off factors. By components of core inflation, the annual variation of the services component had a significant decrease with respect to the end of 2023 (from 7% in December to 5.3% in May), reflecting the indexation to lower inflation rates in a season of the year that concentrates adjustments to past inflation. Two-year inflation expectations remain at 3%.

Bank lending interest rates have been decreasing according to the pass-through of the MPR cuts, attesting to the correct functioning of the monetary policy transmission mechanisms. Bank credit still shows a moderate performance (Figure 5). This comes amid a demand that has continued weakening, particularly due to reduced interest in investment financing by firms, as reported by our latest Bank

[1]/ For the purposes of macroeconomic analysis and monetary policy conduct, the Board uses the 2023-base series known as the benchmark CPI that considers data from the new basket only. For the purposes of inflation-correction contracts, liabilities, or indexed values, it uses the CPI change as informed by the National Statistics Institute (INE), which combines the 2018-base CPI and the 2023-base CPI. In May, the annual variation of this series was 4.1%.

Lending Survey (ECB) and Business Perceptions Report (IPN). According to these same sources, the supply conditions do not show changes in the margin, although they continue to be restrictive in some portfolios, a phenomenon influenced by factors such as a greater perception of risk on the part of banks, given the deterioration of default indicators. In any case, the behavior of commercial credit has been consistent with macroeconomic fundamentals, although it shows a certain deceleration that needs to be monitored.

It should be noted that the shallower depth of the domestic capital market following the successive withdrawals of pension savings continues to affect the economy, especially because of its impact on the availability of longer-term local financing. In fact, long-term and short-term credit are subject different conditions, because monetary policy has less influence on the former. This affects, for example, mortgage credit, which shows positive annual expansion rates, but below its historical averages, with financing costs that remain high, in line with its external peers. In the fixed-income market, corporate financing —often aimed at obtaining resources for investment projects— also faces more unfavorable conditions than it did in the past.

On the external front, the United States activity continues to drive global growth. In the American economy, the strength of domestic demand, especially household consumption, continues to stand out. The rest of the world remains more subdued, although several Eurozone and Latin American countries grew more than expected at the beginning of the year. All of this has led to a marginal upward correction in the average expansion of our trading partners foreseen for 2024 and 2026, from 2.9% in March to 3.0% in today' Report.

Inflation has continued to decline globally. However, beyond its slowdown at the margin, the services indicators continue to draw attention, especially in the United States. This component of inflation has retreated more slowly than have goods in most countries, accompanied by tight labor markets in several of them. On the costs side, oil prices have declined in recent months, while international freight rates remain high, albeit below its pre-pandemic levels.

External financial conditions remain tight, particularly for emerging economies. This, in a context in which expectations about the Federal Reserve's (Fed) monetary policy continue to dominate global financial market movements. Central banks in several countries have lowered their benchmark policy rates but have been cautious in signaling future actions. At the same time, long-term interest rates remain high and have become increasingly sensitive to changes in the outlook for the Fed's upcoming decisions. This comes against the backdrop of heightened uncertainty about several more structural global factors, including increased defense spending —amid rising geopolitical tensions— and concerns about sovereign debt sustainability around the world, especially in the United States (Figure 6).

In general, the domestic financial market has tended to follow the global performance. However, compared to the March IPoM, the Chilean peso has performed more favorably than other currencies, given rising copper prices. Since the March statistical close, the peso has appreciated nearly 5% against the dollar and more than 6% in its multilateral measure (MER). In this period, the value of the red metal has accumulated a rise of around 11%. This is the result of various elements, including increased demand —especially from China— in the context of the energy transition and tight supply (Figure 7).

Projections

Dear senators, this update of our projections comes in a context in which the macroeconomic scenario has evolved as foreseen, albeit with domestic demand growing somewhat more than expected in the first quarter. The Chilean economy has been returning to a trend-consistent growth path and inflation has continued to decline, as inflation expectations for the next two years remain at 3%. The main developments since March are: the improved starting point of domestic demand, which will be supported by the higher copper price, and the adjustment of electricity prices, which will significantly impact inflation, especially in 2025.

The central scenario assumes that the copper price will average US$4.3 per pound between 2024 and 2026, above the US$3.85 considered in March (Figure 8). It is estimated that more than half of the cumulative increase in the price since the beginning of this year is due to more persistent factors. The central scenario factors in a positive impact of this adjustment in several dimensions, including investment, agents' expectations and the current-account balance.

The central scenario also includes new official information on the adjustment of electricity rates for regulated customers for the coming quarters. After analyzing the background information available following the publication of the Law on Electric Price Stabilization, it is expected that this increase will add 1.45 percentage points to cumulative inflation as of June 2025. The greatest impact is concentrated in the electric bill included in the volatile component of the CPI (tables 1 and 2). It should be mentioned that inflation expectations implicit in financial asset prices and the reports of some market agents began to consider this factor in the days prior to the publication of this IPoM.

In this context, the headline inflation outlook sees a significant increase, particularly during 2025, a phenomenon that is mainly explained by the supply shock associated with higher electricity prices. The core inflation projection assumes moderate indirect effects resulting from electricity prices updates, which consider cost adjustments in companies with regulated prices and price and wage indexation processes in accordance with the norm. The inflation outlook also considers the impact of higher spending driven by the external sector. Part of these effects is offset by the real exchange rate that, with respect to March, brings forward its adjustment and converges to more appreciated levels throughout the projection horizon. This has a downward impact, especially on the projected inflation of goods.

Thus, the projection considers that annual inflation would close 2024 at 4.2% (3.8% in the March IPoM). In 2025, it would end at 3.6% (3.0% in the same Report), with average inflation being 1.1 percentage points higher during that year. Its convergence to the 3% target would occur in the first half of 2026 (Figure 9). Implicit in the inflation decrease is that, after one year, the cumulative effect associated with the electricity cost shock is diluted. It also considers some downward adjustments in the rates from 2026 onwards.

For activity, the scenario contains moderate changes with respect to the March Report. This year, GDP is expected to grow between 2.25% and 3.0%. The adjustment in relation to the previous range (2.0%–3.0%) is associated with better actual data on the expenditure side and the initial effects of the copper price hike. In the medium term, the effects of this latter element are offset by the negative

impact of the adjustments in the electric bill households' disposable income. This affects the growth range remaining between 1.5% and 2.5% for 2025 and 2026 (table 3).

Demand includes an improvement in the projections for Gross Fixed Capital Formation. The revision of the copper price raises the outlook for mining investment, mainly for the next two years, which also has positive effects in other sectors. There are other factors too. In the immediate term, the expected smaller contraction of GFCF in 2024, especially in the machinery & equipment component, in line with the assumption of lower RER levels and the somewhat better behavior of imports of these products in the most recent period. In the medium term, financial conditions are expected to improve and the information from the latest survey of the Capital Goods Corporation, which includes a10% increase in investments in the period 2024–2027 (Figure 10).

Expected consumption growth is raised for this year and maintained for 2025 and 2026. The evolution of the labor market will continue to support the performance of the wage bill, in line with the progress of the cycle, in addition to the contribution of improved fundamentals mentioned before. In the medium term, private consumption growth considers the contractionary effects of the higher electric bill and the positive impacts of the copper price hike (Figure 11). For the public component, a moderation of its expansion rates is expected towards 2025 and 2026, as was described in the latest Public Finances Report.

The central scenario considers that the external impulse that the Chilean economy will receive exceeds our March forecast, given the increase in the price of copper and the better terms of trade that are foreseen. As I mentioned earlier, the growth of our trading partners is revised slightly upwards for this and next year, due to both better actual data for the first quarter of 2024 in some economies, and to better prospects in others, especially the United States. In both the Eurozone and Latin America, first-quarter activity was better than expected and recent figures continue to perform well. However, the pace of growth and the outlook remain subdued. China also showed greater dynamism in the first quarter and is expected to grow close to 5% this year, although there is still a high degree of heterogeneity across economic sectors and demand components (Figure 12).

The current account will run a smaller deficit over the entire projection horizon, moving from 2.1% this year to 2.7% in 2026, which compares with the 3.4% projected in March for the 2024–2026 period. This is explained by the improvement in the terms of trade and a somewhat stronger external demand. The central scenario considers higher exports, particularly of mining products, given the increase in the copper price projection. Imports are also increased, supported by a lower RER and higher investment. National savings remain unchanged this year and next, to stand at around 21% of GDP in 2026 (Figure 13).

Monetary policy

Regarding the future evolution of monetary policy, the Board estimates that, if the assumptions of the central scenario materialize, the MPR would have already accumulated during the first half of this year the bulk of the MPR cuts foreseen for the whole year. In nominal terms, this trajectory is somewhat above what was contemplated in the last IPoM. However, the real MPR in the current central scenario is lower than the one implied in the March scenario for the short term, although

similar on average for the next two years. This is consistent with the inflation-targeting monetary policy framework, which allows accommodating supply shocks over the policy horizon and, thus, cushioning their impact on activity, demand and employment.

In the central scenario of this IPoM, we consider that the MPR will be further reduced during the two-year monetary policy horizon. This will be done at a pace that will consider the evolution of the macroeconomic scenario and its implications for the inflation trajectory.

As always, there are circumstances that may divert monetary policy away from the central scenario, and these are reflected in the corridor of the MPR. In this IPoM, the upper bound could be seen in a scenario where the rise in inflation would show greater persistence than anticipated. This could be the case if demand shows a stronger momentum than foreseen or, alternatively, if the shock associated with electricity prices has more permanent effects on inflation; for example, through greater second-round effects that reinforce inflation persistence mechanisms.

The lower bound, in turn, which involves lower inflationary pressures, could occur if the impulse of the copper price increase on domestic demand were more moderate or if the contractionary effects of the aforementioned utility rates adjustment on consumption were greater. It could also occur in a situation in which the weakness of the economic sectors that are lagging behind would be longer lasting (Figure 14).

Concluding thoughts

Dear Senators, for several years now, the Central Bank has been describing in its policy reports the successive external and local shocks that have hit our economy. In the wake of their effects, there are individuals, households and businesses that have had to deal with their consequences.

This is the context in which the utility rates' regularization for the electricity sector is inserted, which will translate into a significant increase in inflation during 2025, in addition to the better starting point of demand at the beginning of this year and the positive shock on spending from the higher price of copper. It should be recalled that, following the social outburst of 2019, electricity prices charged to companies were frozen. At that time, it was expected that the costs of the sector would be reduced in the future as a result, among other variables, of the entry of new energy sources to the system, which would allow financing this credit if such cost reductions were postponed long enough.

However, a combination of internal and external factors prevented this drop in costs from materializing and, on the contrary, they rose. For example, compared to the end of the third quarter of 2019, the exchange rate has depreciated just under 30% and the price of fuels in dollars has risen by more than 35%, both important inputs for the calculation of the cost of energy. In this way, a substantial difference has arisen between the price we pay for electricity and its cost, causing the accumulation of a debt around six billion dollars with energy companies. Law 21667, approved last April, establishes a mechanism for the normalization of prices and the repayment of the debt, considering subsidies for low-income households.

As I said, our projections estimate an increase of 1.45 percentage points in inflation by June 2025 as a result of this regularization of electricity prices. This considers the adjustments to generation, distribution and transmission charges, as well as the assumptions of the macroeconomic scenario such as, for example, regarding variables like the exchange rate and fuels. This effect is certainly an important one.

From a monetary policy standpoint, our economy is now better equipped to deal with this shock. On the one hand, we have resolved the imbalances on the expenditure side, and with this, the more persistent inflationary pressures have been controlled. On the other hand, inflation expectations are anchored. This allows us to accommodate this supply shock within the policy horizon, without having to overreact with the rate.

Our monetary policy framework, being forward-looking, allows us to analyze the impacts of a price increase of this magnitude with several considerations in mind. For example, its origin and persistence. In essence, this increase in electric rates responds to a supply shock and not to an economic imbalance.

Therefore, we can accommodate this shock with a real interest rate that on average is no different from the one we expected in March and still ensure the convergence of inflation to the target within the two-year horizon. This is so because in the course of the first year of the policy horizon, inflation rises above our March estimate, to accumulate slightly more than one percentage point of higher inflation, while, in the central scenario, the nominal rate sees a softer decline than we expected in March. With this, the convergence of inflation to the 3% target is achieved in the first half of 2026. However, we will evaluate this process step by step. This is a major shock, which sets in shortly after having gone through a significant inflationary cycle. The projections we present today consider second-round effects and inflationary persistence in line with historical patterns for both consumer and business behavior, as well as for the evolution of the other prices.

It is important to point out that the way in which we are facing this shock is quite different from what we would be facing if it were a demand shock. If this had been the case, it would have had lasting impacts and would have required adjusting aggregate spending to contain inflationary pressures.

An example is what happened after the overconsumption caused by the withdrawal of pension savings and the across-the-board fiscal transfers. Beyond the difficulties of isolating the effects in an economy facing one shock after another, the impact on spending was dominant in the imbalance suffered by the economy and in the significant increase in inflation. In this case, it was necessary to correct these imbalances by raising the interest rate to match the macroeconomic imbalance. A level sufficient to encourage savings and discourage spending until its unsustainable trajectory was corrected, which was generating strong inflationary pressures in a context in which value chains were affected. The process was difficult, but the objective has been achieved even with a macroeconomic adjustment that has not required negative gaps in the economy for a prolonged period of time, as initially envisaged. Certainly, there are lagging sectors, as is normal in the business cycle, but it is not for monetary policy to correct these lags; rather, this is a matter for public policy.

Now, although we have controlled inflation and resolved the significant imbalances triggered by the withdrawals, other effects are still present. A very important one is that the stock of long-term savings

in our economy has been unable to recover the size it lost. This leaves us more exposed to external financing, in a context in which long-term rates have risen globally and there is uncertainty about various structural factors, including the high demand for funds to finance military conflicts and adaptation to climate change. Not to mention the stabilizing effect often played by institutional agents that manage long-term savings.

To insist again on adopting measures such as pension savings withdrawals would cause further damage to our long-term financing capacity, in addition to the impact I have just mentioned. We have said repeatedly that this reduced depth has undermined the ability of our markets to mitigate shocks, which translates into greater volatility and risk. Of course, I cannot avoid pointing out the effect this would have on inflation, at a time when we are facing an important cost shock and macroeconomic balances have been recovered only recently. We would then be facing a demand shock with persistent pressures, which would add to the outlook outlined above.

Moreover, insisting on this type of measures reinstates degrees of uncertainty about our institutionality. The blow to credibility they caused at the time was very severe. In 2021 and 2022, we observed a significant increase in uncertainty in the country, a sharp depreciation of the currency that further fueled the rise in inflation at the time, and an overall perception of greater risk that was passed through to various variables, including interest rates and the borrowing costs.

Dear Senators, the Central Bank has always been clear in conveying the negative effects of this type of measures. I can say with absolute conviction that time has proven us right, so our opinion has not changed. Certainly, we have problems to address, and they are important. Thus, our invitation is to look for creative public policies, well designed and oriented to provide the best solutions possible for those we are meant to support.

In a more volatile environment and with shallower markets, we must look for measures that help us build capacities, not deteriorate them. Important laws recently passed by Congress, such as the resilience law and the consolidated debt law, which will allow good payers to access credit under better conditions, are part of this process.

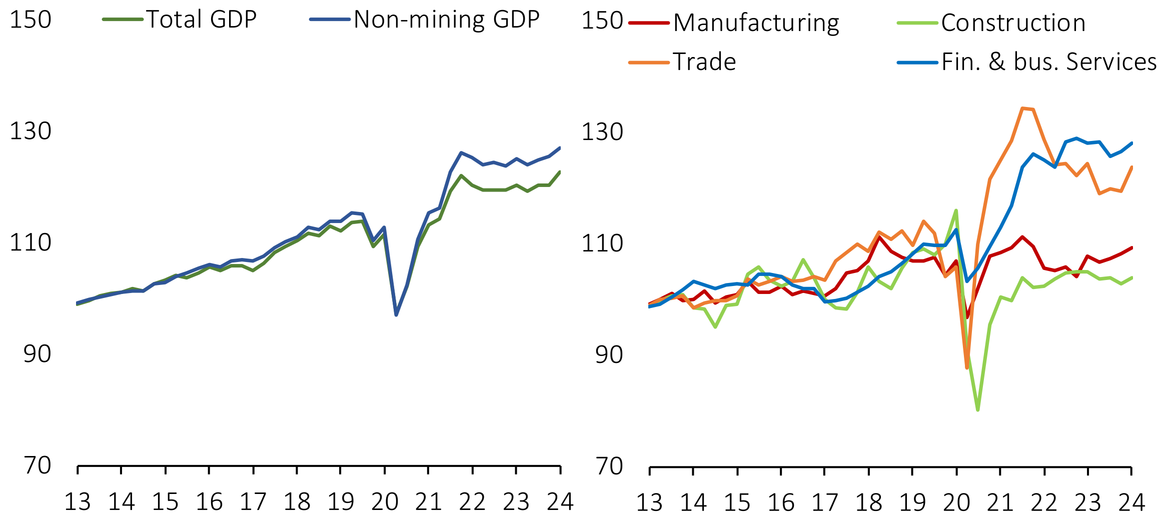
I would like to end this presentation by reaffirming that, as always, we will carefully analyze the evolution of the macroeconomic scenario. Have no doubt about our commitment to the inflation target and that we will make every decision necessary to meet it. The period of high inflation we recently experienced brought to the light the costs to society of not controlling this menace, particularly for those who do not have the resources to deal with it. The Central Bank of Chile not only has a legal mandate to control inflation, but also has a commitment to society to contribute to a macroeconomic balance that not only allows for lower inflation, but also favors the growth of the country and the welfare of all the people in it.

Thank you.

Figure 1

Gross domestic product

(index, 2013=100, deseasonalized series)

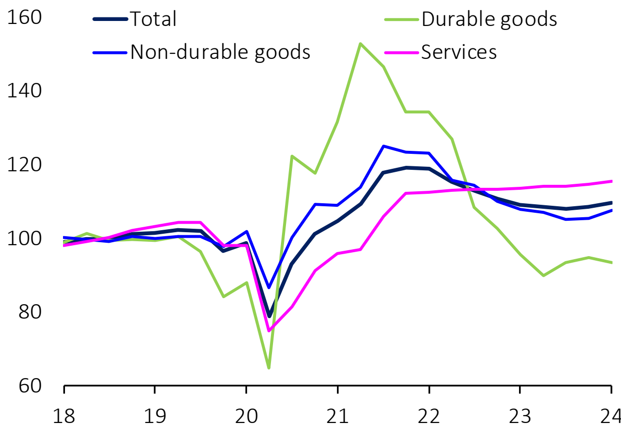


Source: Central Bank of Chile.

Figure 2

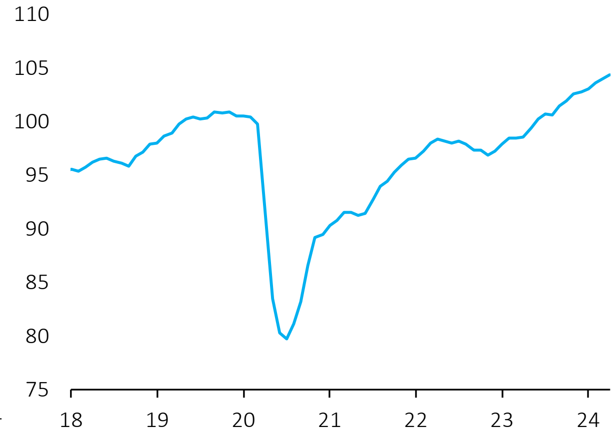
Private consumption by components

(index, 2018=100, deseasonalized series)



Real wage bill

(index, 2019=100, deseasonalized series)



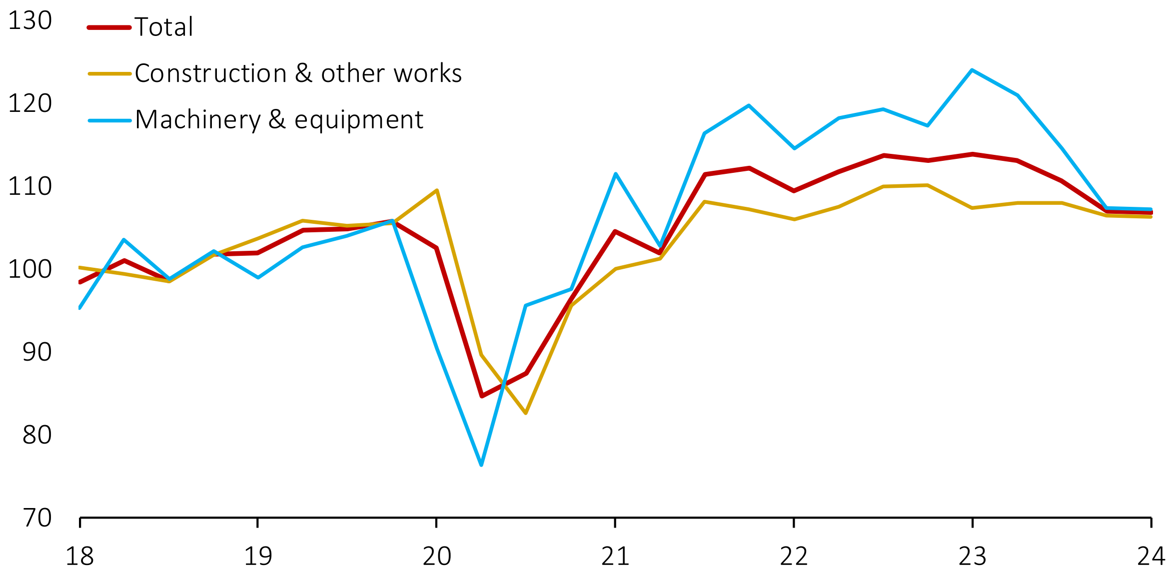
(*) Calculated using deseasonalized series of real labor cost, usual hours worked and occupation.

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

Figure 3

Gross fixed capital formation by components

(index, 2018=100, deseasonalized series)

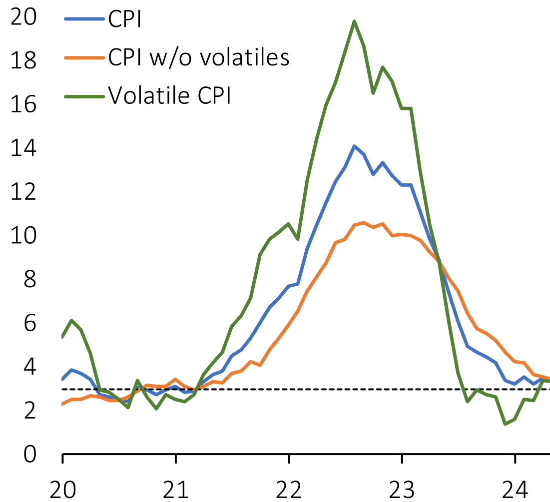


Source: Central Bank of Chile.

Figure 4

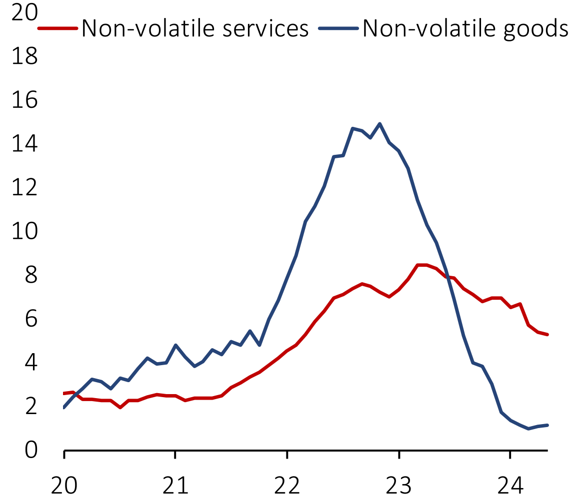
Inflation indicators (*)

(annual change, percent)



Core inflation (*)

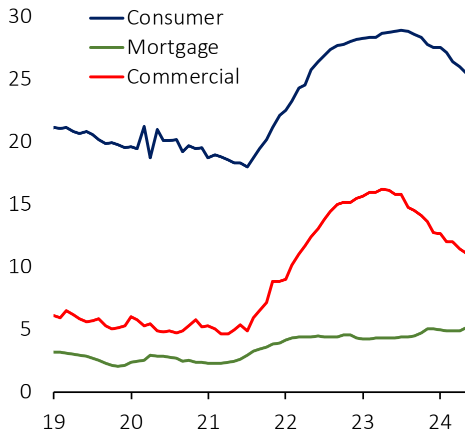
(annual change, percent)



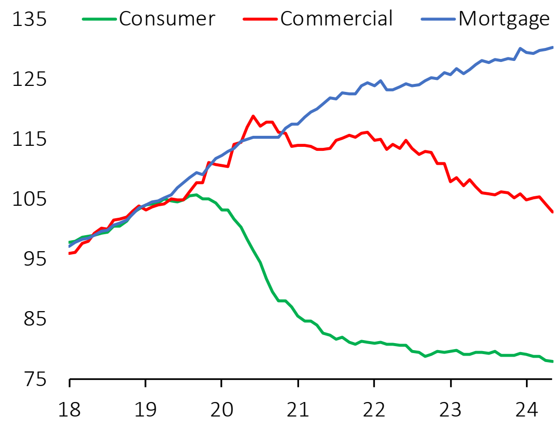
(*) The series consider the 2023 benchmark CPI basket and the splicing of the Central Bank of Chile.
Sources: Central Bank of Chile and National Statistics Institute (INE).

Figure 5

Lending interest rates (1)(2)
(percent)



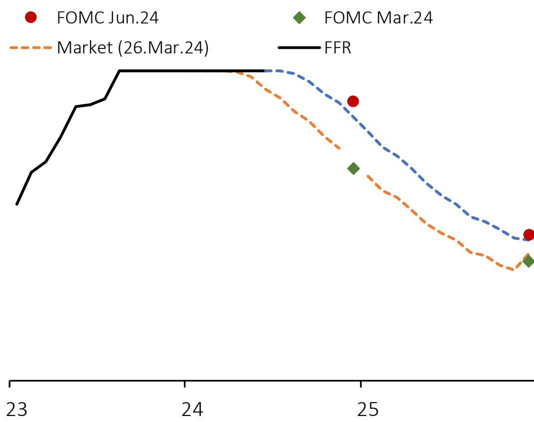
Stock of real loans (3)
(index, 2018=100)



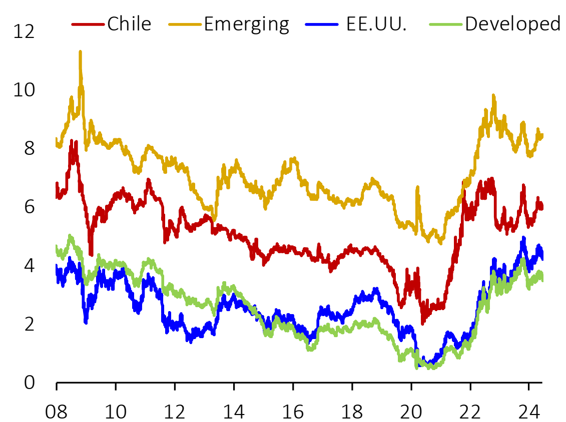
(1) For the commercial and consumer portfolios, the weighted average effective interest rates of all transactions performed during the month by commercial banks in Chilean pesos (nominal) is used. For the mortgage portfolio, the weighted average of the effective operations contracted in Greater Santiago, UF-indexed and over three years. (2) Seasonally adjusted series with the CENSUS X-12 procedure, which uses the Chilean calendar as a reference. (3) Real data estimated using CPI splicing with 2023-base CPI, considering latest revision.
Source: Central Bank of Chile.

Figure 6

Fed funds rate (1)
(percentage points)



Ten-year sovereign interest rates (2)
(percent)

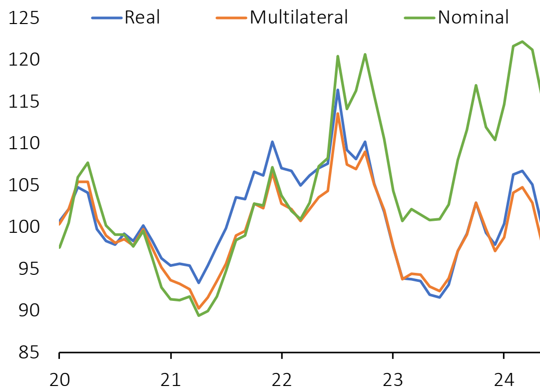


(1) FOMC projections correspond to the mid-range fed funds rate presented in Mar.24 and Jun.24; market projections correspond to the mid-range fed funds rate futures as of the March 2024 IPoM statistical close (26 Mar'24) and the close of this IPoM (12 Jun'24). (2) Developed sample includes Australia, Canadá, Denmark, Korea, Norway, Singapore, Sweeden, U.K., U.S. and the Eurozone; Greece and Portugal are not included. Emergeing includes Brazil, Chile, Colombia, Hungary, India, Indonesia, Mexico, Peru, Poland, South Africa, Thailand and Turkey.

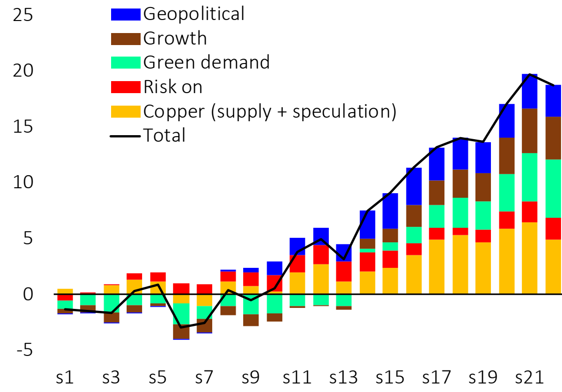
Sources: U.S. Federal Reserve and Bloomberg.

Figure 7

Exchange rate (1)
(index, 2020=100)



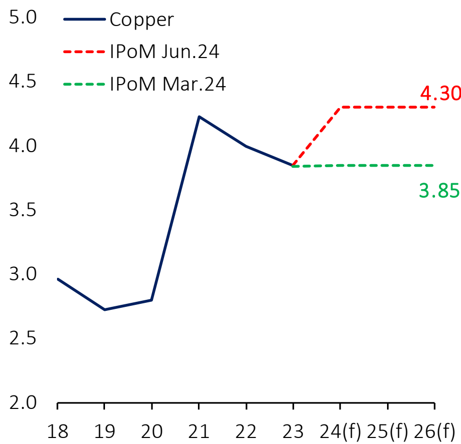
Copper price breakdown (2)
(cumulative change in 2024 weeks up to end of May, percent)



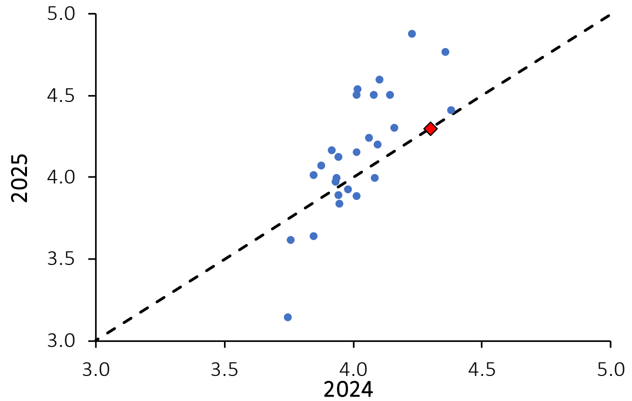
(1) Monthly data. Figure for May 2024 real exchange rate is preliminary estimate of month's average. (2) Historical breakdown of a VAR with sign restrictions at weekly frequency and four lags. The model variables are green ETF, copper price, copper price over gold, copper price over aluminum, copper price over S&P 500 and the 10-year rate.
Source: Central Bank of Chile, Bloomberg y BML.

Figure 8

Copper price
IPoM forecast
(dollars per pound)



Market forecasts (*)
(dollars per pound)



(f) Forecast. (*) Consensus Forecasts data for May 2024. Red diamond shows June 2024 IPoM forecast. Dotted line shows 45-degree slope.
Source: Central Bank of Chile and Consensus Forecasts.

Table 1
Estimated adjustments in electricity
(cumulative change, percent)

Regulated customers	2024.1H – 2025.1H	2025.2H – 2026.1H
Households	57	-9
Firms	39	-8

Table 2
Incidence of higher electricity prices on inflation
(basis points)

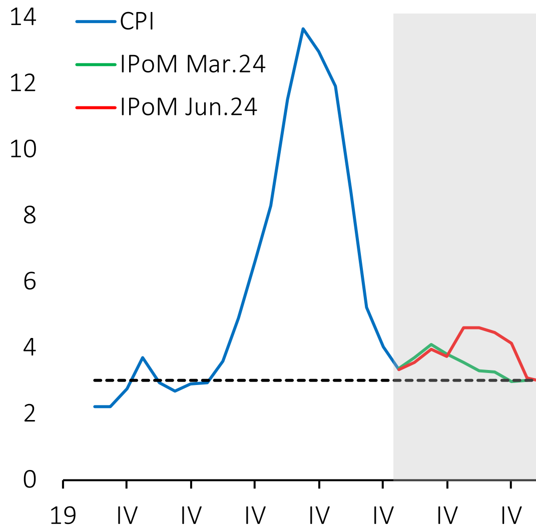
Expected impact on inflation	In one year	In two years
Direct	122	-28
Other (*)	23	6
Total	145	-22

(*) Others include indirect effects (pass-through of higher costs of firms), price indexation to past inflation, changes in households' purchasing power and substitution effect, among others.
Source: Central Bank of Chile based on official information provided by the National Energy Commission related to Law 21667.

Figure 9
Inflation Forecasts

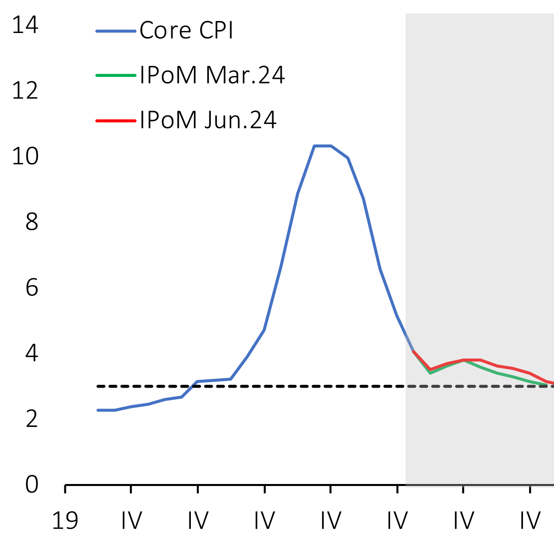
CPI inflation (*)

(annual change, percent)



Core inflation (*)

(annual change, percent)



(*) Considers 2023 benchmark basket and splicing of the Central Bank of Chile. Gray area, as from second quarter 2024, shows forecast.
Sources: Central Bank of Chile and National Statistics Institute (INE).

Table 3
GDP growth forecasts (*)
(annual change, percent)

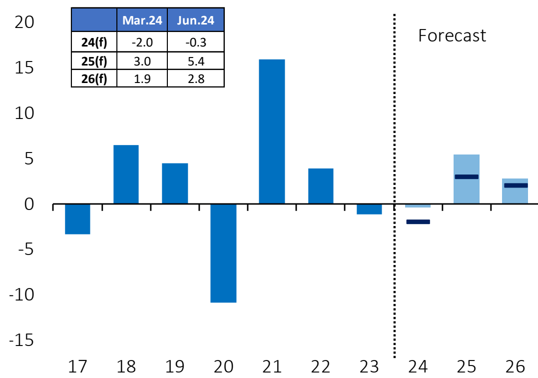
	March 2024	June 2024	Change
2024	3,0% – 2,0%	3,0% – 2,25%	↑
2025	1,5% – 2,5%	1,5% – 2,5%	=
2026	1,5% – 2,5%	1,5% – 2,5%	=

2025-2026

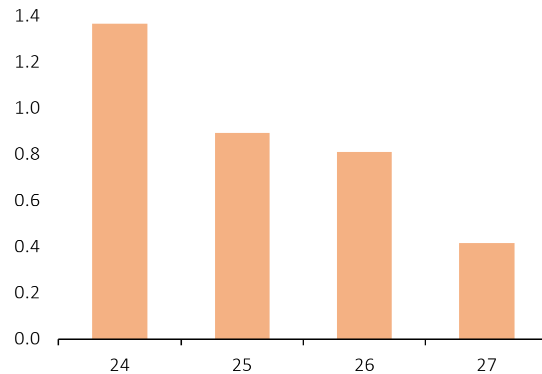
- ↑ Greater copper boost on domestic spending.
- ↓ Counteracting effect of electric prices on households' income

(*) Forecasts contained in respective IPoM. Arrows indicate change with respect to March 2024 IPoM forecast.
Source: Central Bank of Chile.

Figure 10
Gross fixed capital formation (*)
(real annual change, percent)



CBC: differences in the amounts to be invested between 23.Q4 and 24.Q1 surveys.
(billions of dollars)

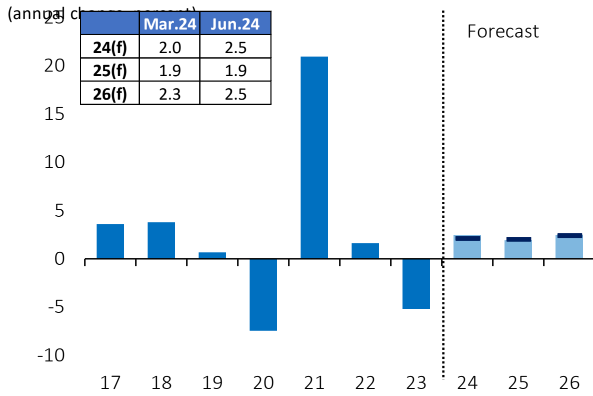


(*) Dark blue dashes show forecasts in the central scenario of March 2024 IPoM.
Source: Central Bank of Chile and Capital Goods Corporation (CBC).

Figure 11

Private consumption (1)

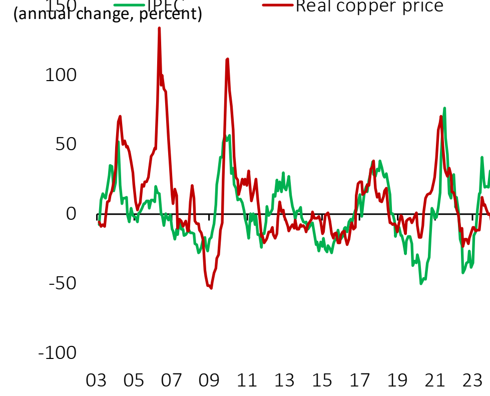
(annual change, percent)



	Mar.24	Jun.24
24(f)	2.0	2.5
25(f)	1.9	1.9
26(f)	2.3	2.5

IPEC and real copper price (2)

(annual change, percent)



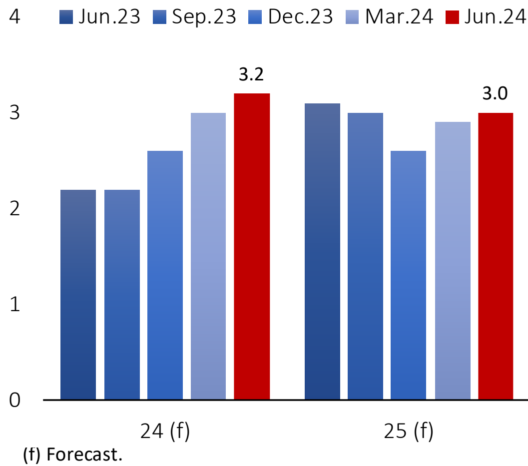
(1) Dark blue dashes show forecasts in the central scenario of March 2024 IPoM. (2) Copper price is ratio of LME price to external prices index (IPE); Consumer perception index (IPEC)

Sources: Central Bank of Chile and Gfk Adimark.

Figure 12

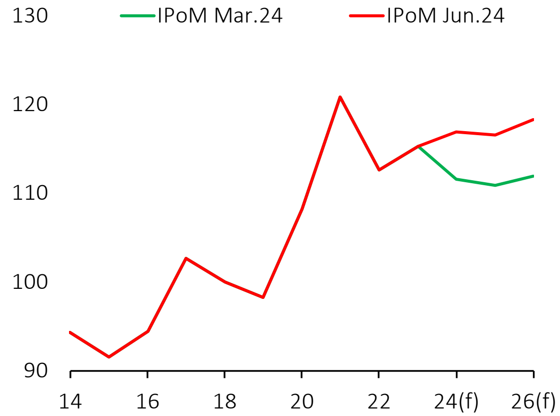
World growth at PPP: Forecasts in latest monetary policy reports (IPoM)

(annual change, percent)



Terms of trade

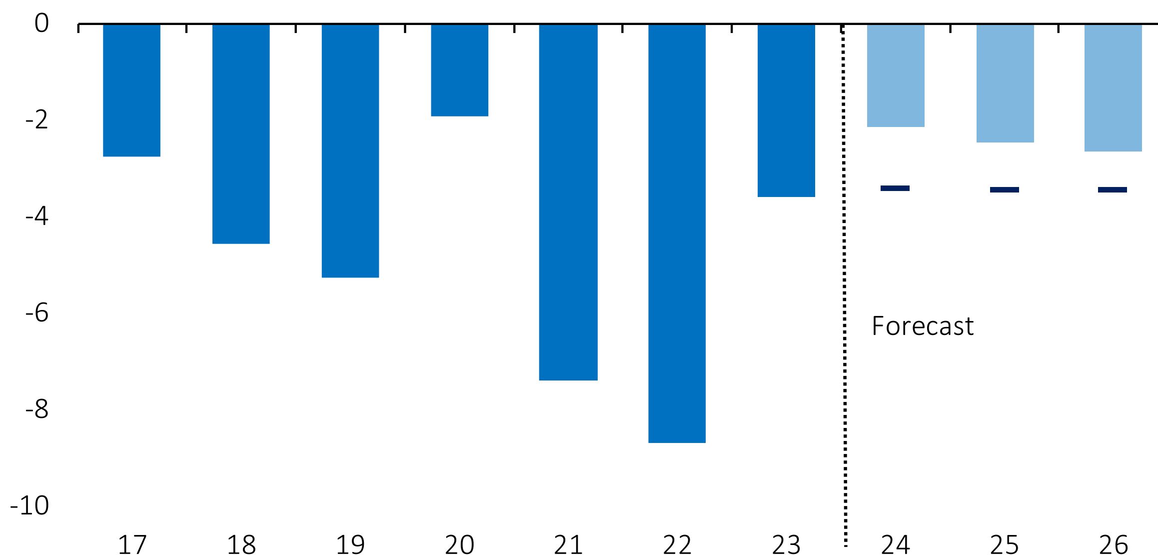
(level, 2018=100)



(f) Forecast.

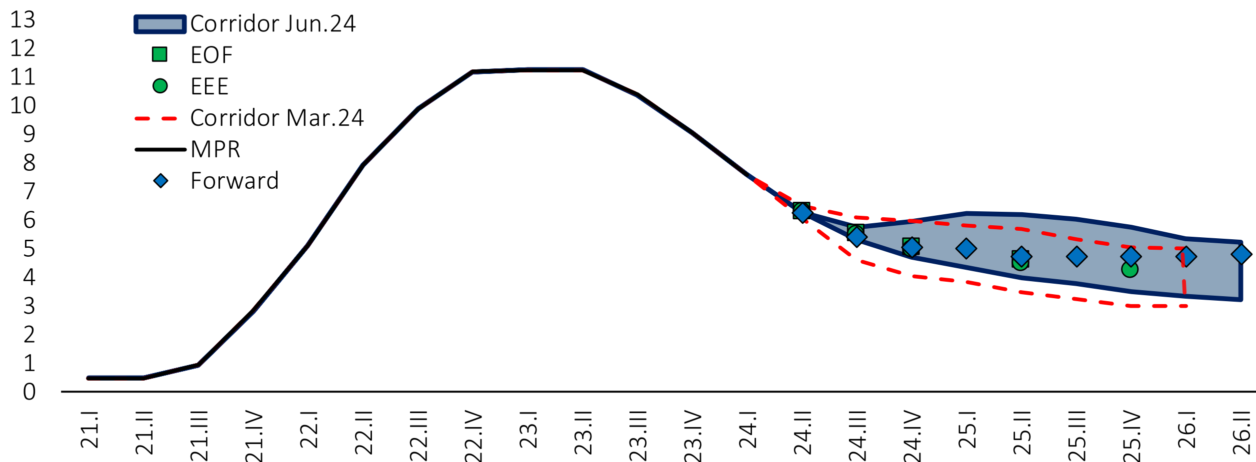
Source: Central Bank of Chile.

Figure 13
Current account (*)
(percent of GDP)



(*) Dark blue dashes show forecasts in the central scenario of March 2024 IPoM.
Source: Central Bank of Chile

Figure 14
MPR corridor (*)
(quarterly average, percent)



(*) The corridor is constructed using the methodology described in Box V.1 in March 2020 IPoM and Box V.3 in March 2022 IPoM. For details, see mothodological note (Figure II.10, Chapter II, June 2024 IPoM).
EOF: Financial Traders Survey. EEE: Economic Expectations Survey.
Source: Central Bank of Chile.