

MNI Chile Central Bank Review: April 2026

POV: Another Hold Amid High Uncertainty

The Board of the Central Bank of Chile left the monetary policy interest rate unchanged at 4.50%, as expected, in a unanimous decision. The statement continued to strike a cautious tone, emphasising the heightened uncertainty, which the Board said requires it to maintain its meeting-by-meeting approach to monetary policy. Going forward, it remains in a data dependent mode and reiterates that it will be particularly watchful for any second-round effects or persistence of inflation from the shock. Many analysts expect the policy rate to be left on hold ahead, with the risk of rate hikes if the inflation outlook worsens further.

In the accompanying statement, the Board noted that the conflict in the Middle East has been more adverse than anticipated in the central scenario of the March IPoM, “increasing the probability of more negative results for global activity and inflation”. On the domestic front, short-term inflation projections have risen, and the committee reiterated that it will “pay particular attention to factors that could contribute to increasing the pass-through and/or persistence of inflation”.

The external backdrop continues to be shaped by high uncertainty, and the Board said that the prolonged conflict increases the risk of persistently high oil prices. However, global financial market performance has been favourable, partly due to expectations that global growth will remain resilient. Oil prices have risen more than expected, but the committee also noted the increase in copper prices. Overall, it stated that the outlook remains largely unchanged.

On inflation, the Board said that the upside surprise in March was due to a larger increase in volatile prices excluding energy. Excluding volatiles, however, core inflation was in line with projections.

Meanwhile, economic activity has been weaker than expected, mainly due to supply-side factors related to natural resources. Private consumption has been in line with projections, but investment has slowed “somewhat more than anticipated”. However, the committee noted that the investment pipeline for 2026-29 has risen significantly. In the labour market, unemployment has been stable, but job creation has been limited.

Looking ahead, the committee said that uncertainty remains higher than usual. As a result, it reiterated that it will constantly assess alternative scenarios which may generate 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.” Against this backdrop, many analysts expect the central bank to remain on hold ahead, with the risk of rate hikes if the inflation outlook deteriorates further.

April statement: <https://www.bcentral.cl/en/content/-/details/prensa/comunicados-rpm/comunicado-rpm-abril-2026>

Notable Dates:

- May 07 – Minutes for April 28 MPC Meeting
- May 08 – April CPI Inflation Data
- May 18 – Q1 GDP Data
- June 16 – Next Monetary Policy Meeting

Analyst Views

Goldman Sachs: BCCh Inclined to Look Through Oil Shock, But Bar for Hikes not High

- The forward guidance paragraph was left unchanged, with the MPC emphasising risk management, stating that it will be necessary to evaluate alternative scenarios constantly, and noting that the path for the policy rate will be evaluated “meeting by meeting, depending on how events unfold.”

- In Goldman Sachs' assessment, amid still-elevated uncertainty, the post-meeting statement strikes a cautious tone and notes that the policy trade-off for monetary policy could become more complex. The MPC is of the view that the evolution of the war in the Middle East has been more adverse than what was considered in the March IPoM which "increases the likelihood of more negative outcomes for global inflation and activity."
- GS still believes that the MPC is inclined to look through the supply-driven oil shock, but the bar for hikes is not high given the only marginally restrictive policy stance. A key driver for monetary policy, in GS' view, will be whether spillovers from the oil shock to core inflation broaden beyond expectations. While near-term inflation expectations have risen, GS expects them to improve as we move away from the large increase in fuel prices as annual inflation readings are poised to benefit from large base effects in 2026.

JP Morgan: Base Case for Rates on Hold, With Risks Tilted Towards Potential Hikes

- The Board's forward guidance remains unchanged, maintaining a meeting-by-meeting approach due to a higher-than-usual degree of uncertainty associated with oil prices, with a focus on factors that could lead to greater transmission and/or persistence of inflation.
- The tone of the statement was distinctly hawkish. March inflation came in "somewhat higher" than projected in the latest Monetary Policy Report (MPR), driven largely by a surge in volatile prices excluding energy. Still, the annual increase in core inflation matched expectations, suggesting limited pass-through of energy costs to underlying prices.
- The hawkish stance was further underscored by developments in the Middle East, which have proved more adverse than anticipated in the MPR's central scenario. This has raised the likelihood of negative outcomes for both inflation and global activity, with inflation risks now taking precedence as short-term projections climb.
- Looking ahead, the base case is for the policy rate to remain stable in the coming months, though risks are tilted toward potential hikes. The outcome of the next meeting will likely hinge on April inflation data, inflation expectations, and oil price movements over the next two weeks. As noted last month, there appears little scope for a repeat of the Q4 21 policy misstep, when the "transitory inflation" narrative de-anchored inflation expectations, keeping the real ex-ante policy rate deep into negative territory for longer than optimal.

Santander: Further Upside Inflation Surprise Could Prompt Rate Hike

- The main signal of the statement is greater caution regarding inflationary risks stemming from the external environment. There are no surprises in the decision, but there is a slightly more attentive tone regarding upside risks to short-term inflation.
- The balance of risks has shifted slightly toward more inflationary scenarios compared to the previous meeting. The Board notes that the development of the conflict in the Middle East has been more adverse than anticipated in the March Monetary Policy Report, increasing the likelihood of negative outcomes for both inflation and global economic activity. Additionally, the statement explicitly mentions the attention that will be paid to factors that could affect inflationary transmission and persistence.
- Looking ahead, the Central Bank is reinforcing its data-driven approach and lack of explicit commitments, indicating that the Monetary Policy Rate will be evaluated on a meeting-by-meeting basis. The emphasis on short-term inflation risks and their potential for increased persistence suggests a somewhat more hawkish stance.
- In Santander's view, should there be further upside surprises in the upcoming inflation data or a more pronounced increase in two-year inflation expectations, the Board could consider raising the MPR.

SocGen: No Signal of Imminent Rate Hike, But Odds of Tighter Policy Rising

- The BCCh is prioritising caution as oil-driven inflation risks rise amid softer growth. March inflation surprised to the upside, and concerns about persistence increased, giving the statement a hawkish tilt. While a June hike isn't signalled, worsening inflation dynamics and external uncertainty raise the odds of tighter policy ahead.
- The unanimous and widely expected decision reflects a cautious stance after geopolitical shocks derailed earlier plans for another rate cut this cycle. While the Bank suggested a data-dependent, meeting-by-meeting

approach, the statement carried a hawkish tilt, emphasising the need to reassess alternative scenarios that could require policy adjustment.

- Headline CPI inflation surprised to the upside in March, while core inflation remained sticky near the upper end of the comfort range. Short-term inflation expectations have increased, and the Board flagged risks of stronger pass-through and persistence, using firmer language than in March. Consensus year-end inflation has risen to 4.3%, while SocGen sees upside risks if oil price spillovers broaden. With two-year-ahead expectations still near target, the Bank is signalling vigilance rather than alarm.
- The activity assessment was more nuanced. Recent data show weaker-than-expected non-mining activity and subdued job creation, validating growth concerns. The central bank has lowered its growth forecast to 2.0%, but downplayed near-term softness by citing supply-side factors, resilient consumption, and supportive medium-term investment signals - suggesting the slowdown is not demand-driven.
- While the statement does not point to an imminent June hike (SocGen's base case), the hawkish shift, deteriorating inflation outlook, and adverse external environment suggest that a rate increase could be approaching unless oil price pressures ease meaningfully.