Macro Chile

December 15, 2025

Bolstering Reserves

- The BCCh's reserve accumulation program has led to a welcome gradual reserve buildup in recent months without contributing to exchange rate pressure.
- Our scenario considers an appreciation of the Chilean peso to 880 by yearend 2026, in the context of elevated copper prices, low domestic policy uncertainty, and rising growth expectations.
- We believe the BCCh is likely to maintain the current pace of purchases in the February review, although the bias is tilted towards purchasing more rather than less. Over time, as own reserves increase, the BCCh may gradually and proportionately reduce its reliance on access to international liquidity lines.

Reserves and Resilience

Economic and financial resilience to face macro shocks and weather global storms is bolstered by access to sizable and liquid buffers. In fact, the ex ante presence of these buffers may even prevent crises from becoming self-fulfilling and occurring in the first place, preserving macro stability and providing room for an adequate, anti-cyclical, macro policy response.

These buffers tend to be in the form of fiscal savings (Stabilization Funds), additional bank capital (such as the CCyB), unemployment insurance funds, and, most importantly, international reserves.

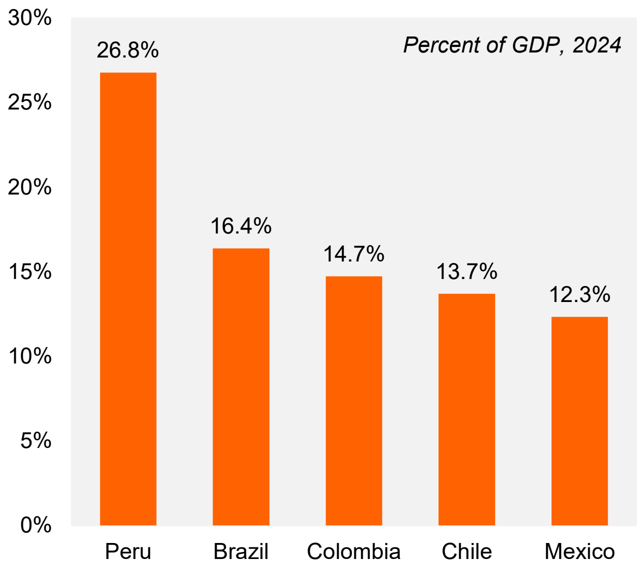
Central bank international reserves are the second layer of defense, after the exchange rate, to face external shocks and are usually complemented with access to international liquidity lines and the international financial safety net. In addition, reserves also provide the central bank with room to implement extraordinary and transitory measures that safeguard domestic financial stability when needed.

Importantly, in inflation targeting regimes with floating exchange rates, reserve accumulation programs tend to be designed to mitigate their impact on domestic financial conditions and exchange rate dynamics.

The reserves landscape in LatAm

Looking at major inflation targetters in the region, the level of international reserves as a share of GDP varies with most being between roughly 12-16% of GDP, while Peru stands out at close to 27%.

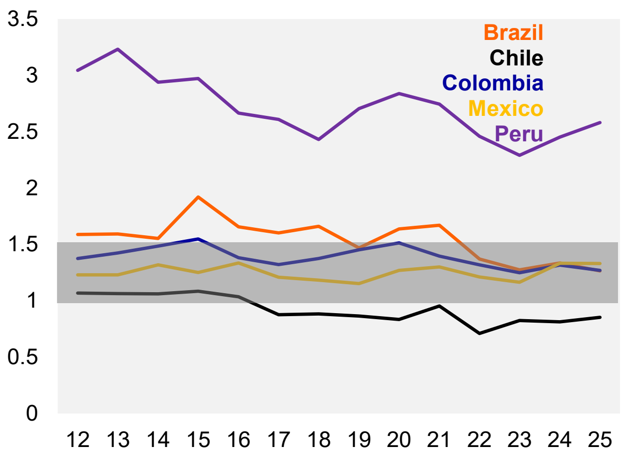
International reserves



Source: Official sources

According to the IMF's ARA[1] metric, reserves in Brazil, Colombia, and Mexico have been within the "adequate range" for several years. Peru's reserves are well above the adequate level, while Chile's are somewhat below the floor of the range. Of note, the ARA metric does not adjust for the net swap or forward positions, which are relevant in Brazil and Peru, and less so in Chile.

IMF's Reserve Adequacy Metric



Gray areas indicate an adequate ARA metric as defined by the IMF, corresponding to a ratio between 1.0 and 1.5

Source: IMF, Itaú

The central banks of Colombia, Peru, and Chile have recently implemented or are implementing reserve purchases. In October 2024, the Central Bank of Colombia (BanRep) completed a reserve accumulation program of roughly USD1.5 billion, taking reserves to an "adequate level".

In Peru's case, following a PEN appreciation of ~10% year-to-date, reaching its strongest level since April 2020, supported by elevated terms-of-trade and a positive backdrop for EM currencies, the BCRP resumed reserve accumulation with dollar purchases in the spot market in late November, purchasing for the first time since April 2020. Cumulative dollar purchases in this cycle reach USD 660 million through 12/12/25, adding to already strong levels of reserves.

[1] See Assessing Reserve Adequacy.

A look at Chile

The BCCh's international reserves reached USD 48.6 billion in November (roughly 14% of GDP), below the 18% of GDP the BCCh has targeted in the past. As hinted earlier, Chile's reserve levels are 85% of the IMF's adequate level, the lowest among free-floating inflation targetters in the region.

Reserves are primarily invested in dollar-denominated, high-rated, short-dated, liquid assets, as described in the table below. Even though certain EM central banks have boosted gold purchases as part of their international reserves, the BCCh has not. As of November, the BCCh's gold reserves reached USD33 million (0.07% of the total), up from USD 21 milion in November 2024 (0.05% of the total), with the increment driven by higher gold prices.

Investment Portfolio Reference

Issuing Country	Share (%)	Currency	Duration (years) (1)	Risk Rating (2)	Instrument Type
United States	74	USD	1.9	AA+	Nominal and inflation-linked bonds
Canada	6	CAD	2.4	AAA	Nominal bonds
China	6	RMB	4.1	A	Nominal bonds
Australia	5	AUD	2.8	AAA	Nominal bonds
South Korea	3	KRW	4.1	AA	Nominal bonds
Euro Area	3	EUR	2.4	AAA/AA-/A- (3)	Inflation-linked bonds
United Kingdom	3	GBP	2.9	AA-	Inflation-linked bonds
Total	**100**		**2.2**	**AA+/AA**	

(1) Weighted average in years.
(2) Dominant risk classification according to BCCh methodology, using information provided by international rating agencies.
(3) Bonds issued by Germany (AAA), Spain (A-) and France (AA-).
Source: BCCh, IPoM September 2025

Source: BCCh, IPoM September 2025

In addition to its own international reserves, the BCCh maintains precautionary access to external liquidity arrangements, most notably with the IMF through a two-year Flexible Credit Line (USD 13.8 billion, approved in August 2024)[2]. Chile also joined the FLAR in 2022, granting precautionary access to additional foreign currency to face potential stress scenarios.

Separately, the BCCh has access to the NY Fed's FIMA Repo facility, a five-year bilateral currency swap agreement with the PBoC, and a liquidity arrangement with the BIS.

Complementary Liquidity Lines

Line	Amount (USD billion)	Expiration date
IMF Flexible Credit Line (FCL)	13.8	August-2026
Liquidity Line FLAR	1.25	NA
FED REPO FIMA	28	NA
Renminbi Swap Line (RMB/CLP)	6.8	August-2026
RMB Liquidity Arrangement (BIS)	--	--

Source: BCCh

As a result, the BCCh's level of international reserves complemented with the ample access to international liquidity lines, suggest the institution is adequately prepared to face external shocks and mitigate financial instability episodes, in line with its mandate.

The BCCh's 2025-2028 Reserve Accumulation Program

The Central Bank of Chile announced a reserve accumulation program in August 2025 that has the objective of accumulating a total of USD 18.5 billion (roughly 5% of GDP) over three years, at a daily pace of up to USD25 million (roughly 2% of the daily spot turnover), well below the pace of the previous programs (USD 40 million). The program has the objective of replacing access from international liquidity lines with own reserves.

[2] The BCCh has renewed the FCL with lower access levels in recent years, transitioning to and from a SLL in 2022.

In the current program, auctions take place pre-market at the prior day's close, hence not exerting price competition. In previous programs, auctions would take place during market hours with price competition. Notably, excess pesos from the dollar purchases are sterilized.

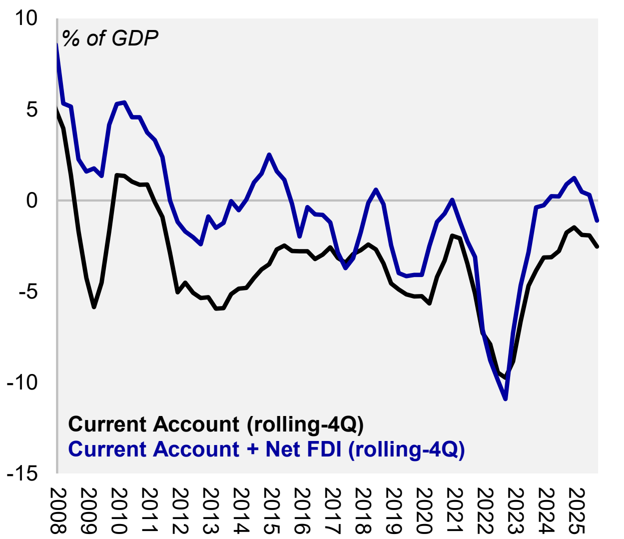
The program will be reviewed every six months, suggesting the first assessment will take place in February 2026. In parallel, the BCCh continues to roll over the stock of outstanding NDFs, at roughly USD 2.7 billion since the end of October 2023 (down from a peak of USD 10 billion in April 2023).

If fully completed, the program would take reserves to roughly 18% of GDP, a level the BCCh has targeted in the past (also considered as an "adequate level" by the IMF).

The program has accumulated nearly USD 1.9 billion (roughly 88% of the program's cap to date), recording an average bid-to-cover ratio of about 2.0.

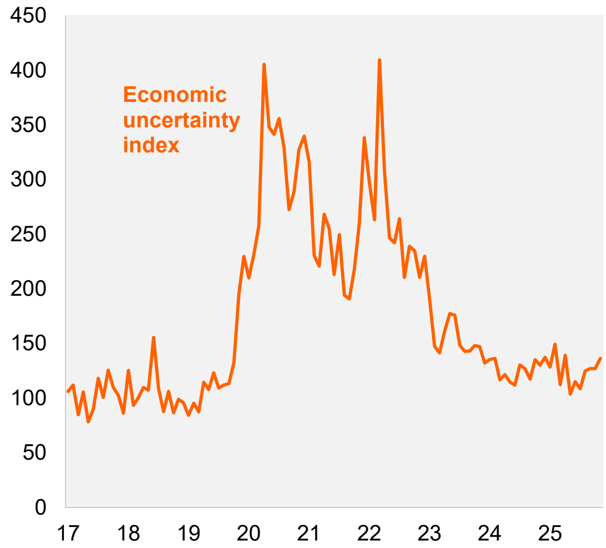
In contrast to the previous programs, the current one takes place as macro imbalances have been resolved, terms of trade are favorable, and domestic policy uncertainty has moderated back to pre-social crisis.

Narrow and well-financed CAD



Source: BCCh, Itaú

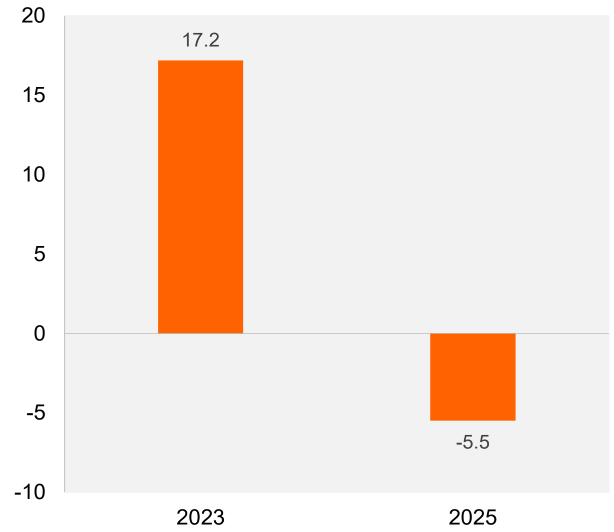
Uncertainty back to pre-pandemic levels



Source: BCCh, Itaú

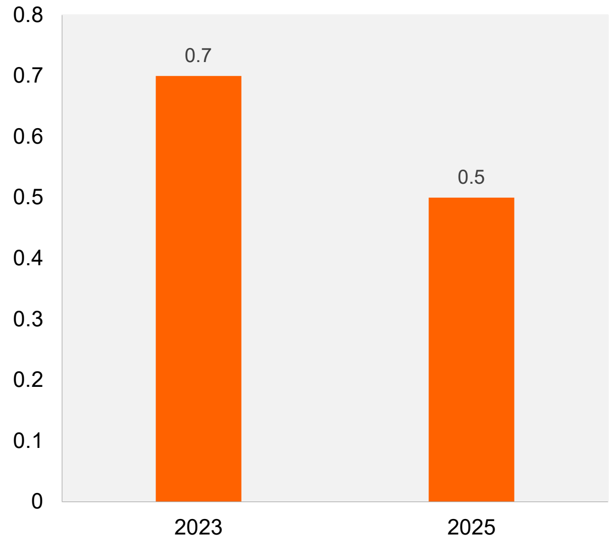
Although the broader macro backdrop differs materially from 2023, the currency has performed substantially better under the current program, even appreciating, and with lower daily volatility.

USDCLP Cumulative return



Source: BCCh, Itaú
Data as of December 12 of 2025

USDCLP Daily Volatility



Source: BCCh, Itaú
Data as of December 12 of 2025

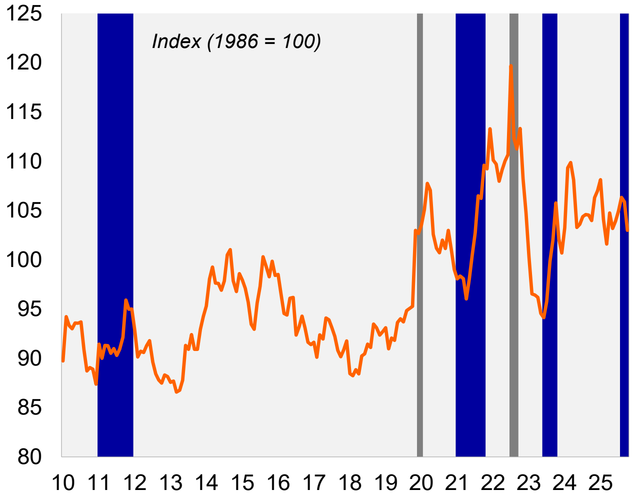
Reserve accumulation programs

Program	2021	2023	2025
Start date	January-2021	June-2023	August-2025
Planned duration	15 months	12 months	36 months
Planned end date	April-2022	June-2024	January-2027
Program ended	October-2021	October-2023	--
Program size	USD 12 billion	USD 10 billion	USD 18.5 billion
Actual Purchase*	USD 7.440 million	USD 3.680 million	USD 1.905 million
	62%	37%	10%
Max Daily Purchase	USD 40 million		USD 25 million
Auction type	Price driven during market hours.		Pre-market settled at prior day's close.

*As of December 15 of 2025; Source: BCCh, Itaú.

Source: BCCh, Itaú

Real Exchange Rate



In gray, periods of exchange rate intervention; in blue, periods of reserve accumulation.

Source: BCCh, Itaú

Our take

- The BCCh's reserve accumulation program has successfully rebuilt reserves without generating pressure on the currency. Going forward, our scenario considers an appreciation of the Chilean peso to 880 by yearend 2026, in the context of elevated copper prices, low domestic policy uncertainty, and rising growth expectations.

- We believe the BCCh is likely to maintain the current pace of purchases in the February review, although the bias is tilted towards purchasing more rather than less.

- Separately, we should expect the BCCh to gradually reduce its reliance on access to international liquidity lines, as its own reserves rise.

- We should welcome the program as part of a broader macro policy agenda designed to strengthen the economy's ability to weather external shocks, which includes the implementation of Basel III, among others. Along these lines, swifter fiscal consolidation could lead to the much-needed replenishment of the Stabilization Fund (~1.2% of GDP, well below the IMF's recommendation of 5-7%).

Andrés Pérez M.
Vittorio Peretti
Andrea Tellechea Garcia
Ignacio Martínez

Macro Research – Itaú
Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:
https://www.itau.com.br/itaubba-pt/macroeconomic-analysis

Relevant Information

1. This report has been prepared and released by the Macro Research Department of Itaú Unibanco S.A. (“Itaú Unibanco”). This report is not a product of the Equity Research Department of Itaú Unibanco or Itaú Corretora de Valores S.A. and shall not be construed as a research report (“relatório de análise”) for the purposes of Article 1 of the CVM Instruction NR. 20, dated 2021.
2. The exclusive purpose of this report is to provide macroeconomics information and it does not constitute and shall not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial product, or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date on which this report was released and it has been obtained from public sources believed to be reliable. However, Itaú Unibanco does not make any explicit or implied representation or warranty as to the completeness, reliability or accuracy of such information, nor does this report intend to be a complete statement or summary of the markets or developments referred to herein. Itaú Unibanco has no obligation whatsoever to update, modify or amend this report and inform the reader accordingly.
3. The opinions contained herein reflect exclusively the personal views of the analyst responsible for this report and were prepared independently and autonomously, including in relation to Itaú Unibanco, Itaú Corretora de Valores S.A. and any other companies within their economic group.
4. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Itaú Unibanco. Additional information on the financial products mentioned in this report may be available upon request. Itaú Unibanco and/or any other company within its economic group is not and shall not be liable for any investment decisions (or otherwise) based on the information provided herein.
5. This report may include sections generated with the support of artificial intelligence tools. All content has been reviewed and validated by the authors to ensure the accuracy and integrity of the information presented.

Additional Note: This material does not take into consideration the objectives, financial situation or specific needs of any particular client. Clients must obtain financial, tax, legal, accounting, economic, credit and market advice on an individual basis, based on their personal characteristics and objectives, prior to making any decision based on the information contained herein. By accessing the material, you represent and confirm that you understand the risks related to the financial instruments described in this material and the laws in your jurisdiction relating to the provision and sale of financial service products. You acknowledge that this material contains proprietary information and you agree to keep this information confidential for your exclusive use.

SAC Itaú: For inquiries, suggestions, complaints, criticisms and compliments, talk to Itaú’s CSCC: 0800 728 0728. Or contact us through our portal https://www.itau.com.br/atendimento-itau/para-voce/. If you are not satisfied with the proposed solution, please contact the Itaú Corporate Ombudsman: 0800 570 0011 (on weekdays from 9 AM to 6 PM) or our PO Box 67.600, São Paulo-SP, Zip Code 03162-971. Hearing impaired, every day, 24h, 0800 722 1722.