Macro Vision

June 10, 2026

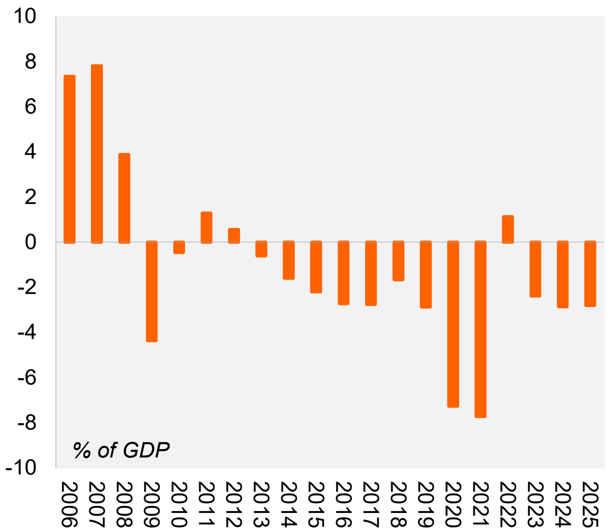
CHILE – An update on the MoF's dollar sales

- This report provides details of the Ministry of Finance's dollar sales mechanism and our 2026 forecast of USD13.6 billion for the full year. In the context of persistently weak peso-denominated revenues, dollar sales are projected to remain an important financing source for the government.

With few exceptions, Chile has experienced sustained nominal fiscal deficits for several years, which have been mainly financed by debt issuance, withdrawals from sovereign wealth funds, among others. A sizable share of these resources has been dollar denominated, and since the central government enjoys a net dollar surplus on a flow basis, these are sold to finance expenditures in local currency. Dollar assets in the Treasury are accumulated primarily from offshore bond sales, loans from multilateral financial institutions, copper-related revenue, periodic withdrawals from the sovereign wealth funds, and (less common) transfers from state-owned companies. Dollar-denominated obligations are mainly in the form of foreign currency denominated debt amortization and interest payments, periodic transfers to the SWFs and other funds.

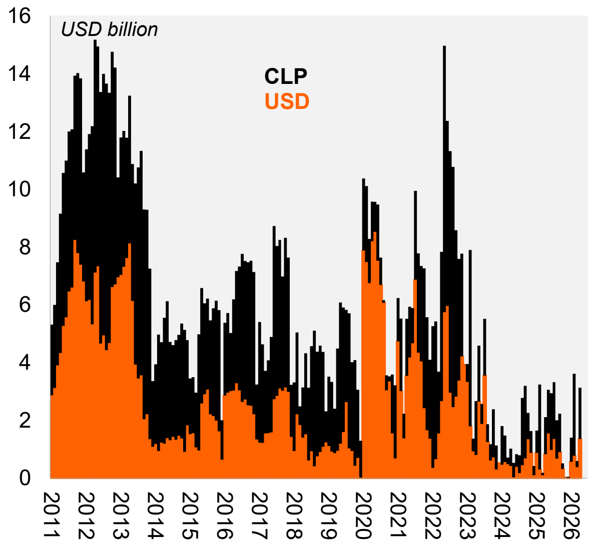
The MoF's stock of dollar holdings. The Central Government's official dollar holdings are mainly booked in the Treasury and the sovereign wealth funds (Stabilization Fund and the Pension Reserve Fund). Liquid dollar assets held at the Treasury (*Otros Activos del Tesoro Público*) by the end of April reached USD1.4 billion, roughly 0.3% of GDP. As is shown in the chart below, low levels of liquid assets at the Treasury over the past few years take place in the context of persistently lower than projected revenues and greater expenditure. The SWFs are entirely invested abroad, with the Stabilization Fund reaching roughly USD3.9 billion (1.0% of GDP), and the Pension Reserve Fund at USD10.4 billion (2.5% of GDP). Separately, the Central Bank also manages international reserves, which reached USD52.2 billion (roughly 14% of GDP) by the end of May (more on the BCCh's reserve accumulation program below).

Nominal Fiscal Balance



Source: Finance Ministry, Itaú

Liquid Assets at the Treasury



Source: Finance Ministry, Itaú

Table 1. Treasury Assets

USD million, end of period

	2021	2022	2023	2024	2025	2026		
						1Q	April	% of GDP
Treasury's Liquid Assets (OATP)	**4,098**	**3,925.5**	**525.9**	**419.3**	**46.3**	**597.0**	**3,139.0**	**0.8**
CLP	2,726	1.2	-	312.5	43.6	209.7	1,777.4	0.4
USD	1,371	3,924.3	525.9	106.8	2.7	387.3	1,361.6	0.3
Sovereign Wealth Funds	**9,930**	**13,989.5**	**14,668.7**	**12,996.5**	**14,202**	**13,318**	**14,268**	**3.5**
Stabilization Fund (FEES)	2,457	7,514.2	6,030.1	3,618.2	3,889.1	3,874.6	3,900.3	1.0
Pension Reserve Fund (FRP)	7,473	6,475.3	8,638.6	9,378.3	10,313.2	9,817.6	10,368.0	2.5
Others	**872**	**768.9**	**711.0**	**686.9**	**947**	**1,312**	**813**	**0.2**
Total Treasury Assets	**14,900**	**18,683.9**	**15,905.6**	**14,102.7**	**15,195.9**	**15,227.5**	**18,220.6**	**4.5**

Source: Budget Office.

Sizable government financing needs. We estimate the government's gross financing needs in 2026 at roughly USD24 billion, an elevated 6% of GDP, with most requirements below the line (see Table 2), which suggests dollar sales are likely to persist.

Table 2. Uses & Sources of the Central Government in 2026

TOTAL		23.829
	Uses	**Amount**
Above the line	Nominal deficit (2.4% of GDP)	8.726
Below the line	Amortization	7.966
	Consolidation flows	1.429
	Loans	3.225
	Contributions to Funds	1.311
	Education State Guarantee System	549
	Capitalization of SOEs	387
	Others	236

Sources	**Amount**
TOTAL	23.829
Gross debt issuance	23.600
Debt with Multilaterals	229
SWF Withdrawal	-
Other Treasury Assets	-

Source: Budget Office, Itaú.

The MoF's dollar sales finance the fiscal deficit, without an exchange rate target in mind. Dollar sales through auctions finance the government's fiscal needs (primarily in pesos), disregarding exchange rate considerations, in line with Chile's free-floating exchange rate regime.

Auctions in the spotlight. In March of 2020 the MoF announced they would competitively auction dollars from the Treasury to finance the high and rising expenditure needs related to the pandemic, further enhancing fiscal transparency, and providing additional guidance regarding the Government's participation in the local FX market (press release in Spanish here). Up until recently, the MoF and Budget Office on a quarterly basis would announce a weekly cap, which had been set at USD300 million per week for several quarters. However, in May, guidance for the single month was revised up to USD500 million; in our view the upward revision to the guidance was triggered by the combination of seasonally large financing needs in the month and likely greater dollar-denominated mining-related revenues during Tax Season. Our view on the former can be re-assessed along with May's fiscal data (due June 30).

Important dollar inflows to the government. Until recently, we estimated this year's central government's gross dollar inflows at roughly USD 15.5 billion. However, the MoF announced an important revision to its debt-financing plan for 2026, requesting Congress for an additional USD6.2 billion, on top of the annual gross plan being implemented of USD17.4 billion. The MoF has yet to announce the currency composition of the additional financing. However, we illustrate three scenarios that we believe are likely: Scenario 1 considers the MoF maintaining the 30%

share of foreign currency issuance (~USD2 billion), Scenario 2 has an arbitrary even split between local and foreign (USD3.1 billion), and Scenario 3 with the entire USD6.2 billion issued in foreign currency. For context, in mid-May, the MoF filed documentation to the SEC to issue up to USD6.4 billion in debt “from time to time”.

In parallel, the MoF’s dollar outflows during 2026 are projected at USD2.8 billion.

Accordingly, we estimate MoF will have net dollar inflows for the full calendar year of USD 14.5 billion in Scenario 1, USD 15.8 billion in Scenario 2, and USD18.9 billion in Scenario 3. Dollar flows for Scenario 2 are described below in Table 3. Of note, throughout the course of the year, gross dollar inflows have been greater than we anticipated, mainly due to higher mining-related payments – in turn, a result of higher copper prices. Regarding the latter, mining-related revenue could be even greater than the Table 3 forecast, considering copper prices remain well above the official forecast (USD5.46/lb average for the year).

Table 3. Estimate of the MoF's 2026 Annual Gross Dollar Flows

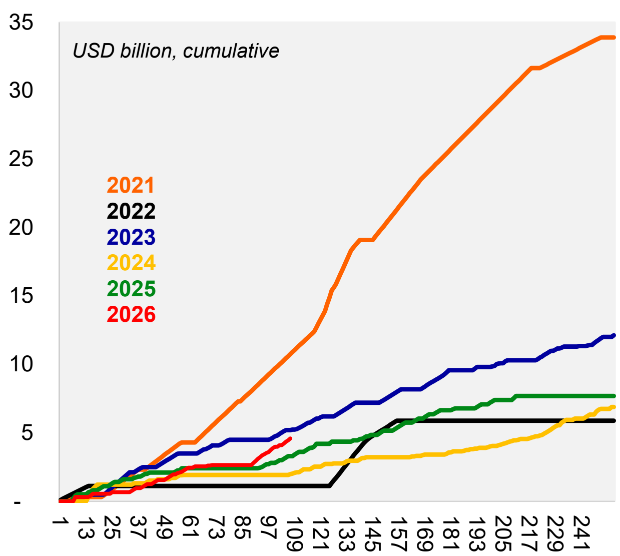
USD billion, full year; consistent with our Scenario 2

Inflows (A)		Outflows (B)	
Total	**18,595**	**Total**	**2,836**
Private Mining	7,777	Amortization & Interest Payments	2,290
CODELCO	2,498	Capital Injections & Others	546
Bond issuances in foreign currency*	8,320		
SWF withdrawals	-		
Net dollar inflows (A-B)			**15,759**

Source: Budget Office, Itaú.
* Considers additional USD6.2 billion debt be evenly split across local and foreign currency.

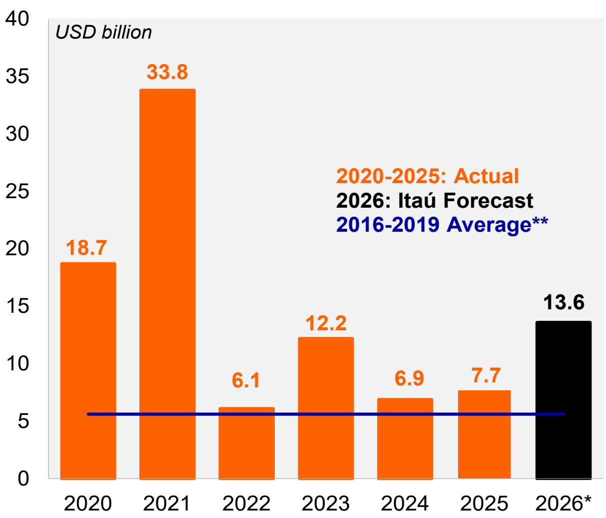
The MoF has sold roughly USD 4.6 billion in the year through May, well above the previous years to date (2025: USD3.3bn; 2024: USD1.9bn). On days in which it sells in 2026, the MoF has auctioned an average of USD109.3 million per day (median: USD100 million).

MoF dollar sales per year



Source: Ministry of Finance, Itaú

MoF dollar sales per year



Source: Ministry of Finance, Itaú

*Itaú forecast;

**Estimated from foreign currency debt issuance, SWF withdrawals, and dollar-denominated revenue.

We expect the MoF to sell roughly USD1.2 billion per month through year end, on average. This forecast rests mainly on our prediction on dollar-denominated mining revenues to reach an average of ~USD700 million per month, and the expectation of additional foreign currency debt issuance of at least USD3.1 billion later in the year (consistent with Scenarios 2 and 3). The timing of dollar sales will be largely dependent on the existence of liquid dollar assets at the Treasury. As a result, we estimate total sales of USD 13.6 billion during 2026, with roughly USD 2 billion as cash on hand at yearend.

In parallel, the BCCh continues to accumulate reserves, in the context of the program announced in August last year, reaching roughly USD4.7 billion to date. Daily purchases are capped at USD25 million (~2% of the spot inter-bank daily turnover) every day for three years, with the objective of accumulating a total of USD18.5 billion; the daily cap was reiterated in the six-month review that took place in February. The next review should take place in August. The three-year reserve accumulation program would take reserves to roughly 18% of GDP, a level the BCCh has targeted in the past. As of the end of May, reserves reached ~USD52 billion (14% of GDP). As own reserves increase, the BCCh plans on replacing its ample access to international liquidity lines (mainly the FCL, currently at USD13.8 billion).

The IMF's ARA metric estimates Chile's reserve levels at 78% of the adequate, the lowest among free-floating inflation targetters in the region.

In our view, between our MoF dollar sales forecast for the rest of the year and projected BCCh purchases, we envisage a net dollar surplus of roughly USD6 billion through yearend.

According to Chile's constitution, the BCCh cannot directly finance public spending (unless at war), and hence, the BCCh does not purchase dollars directly from the MoF. Rather, the MoF sells and BCCh buys in auctions with prices set by market forces.

The CLP will likely remain volatile in the short term, sensitive to global risk and oil price swings, but the medium-term outlook remains constructive. We expect the USDCLP to appreciate toward 850 by end-2027, supported by an investment- led recovery, strengthening external balances, and sustained demand for copper linked to structural global trends.

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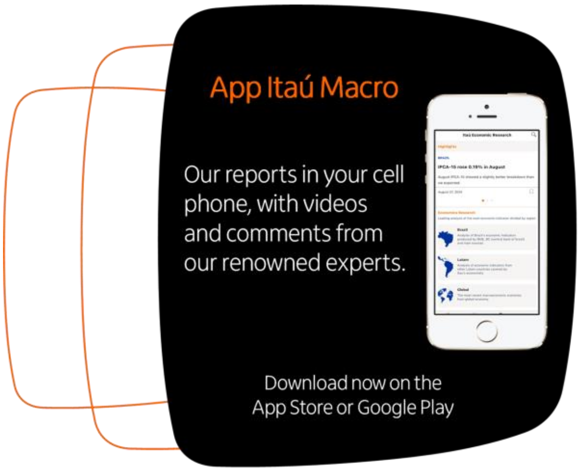

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