

Contributors

Juan Manuel Herrera, Senior Economist
+52.55.2299.6675 (Mexico)
juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

Aníbal Alarcón, Senior Economist
+56.2.2619.5465 (Chile)
anibal.alarcon@scotiabank.cl

Latam Daily: November CPI Data Leave December BCCh Cut in Play

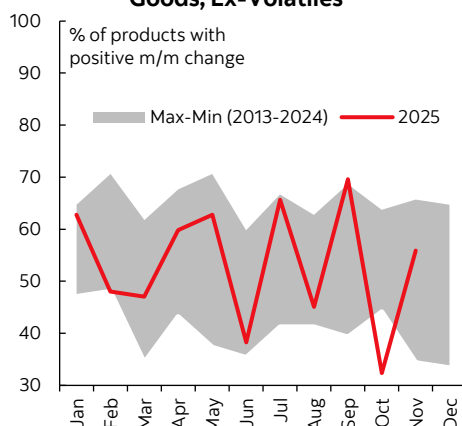
- **Chile: November CPI at 0.3% m/m (3.4% y/y) keeps the door open for a rate cut on December 16th**

November CPI came in at 0.3% m/m, below our point estimate of 0.36% (forward markets: 0.36%; Bloomberg median: 0.3%), bringing annual inflation to 3.4% y/y. The expected reversal was observed across the total basket, ex-volatiles, and goods, with broad-based increases ahead of Black Friday, consistent with recent years (chart 1). This suggests a decline in goods diffusion in December. Of greater concern is the services component, where inflation diffusion accelerated to its highest level in the past decade (chart 2), driven mainly by generalized price increases in communications, housing, and restaurants. Among goods, while price increases were not significant in magnitude, bread (+1.6% m/m) stood out for its incidence, reflecting cost shocks faced by the economy this year (electricity tariffs and labour costs).

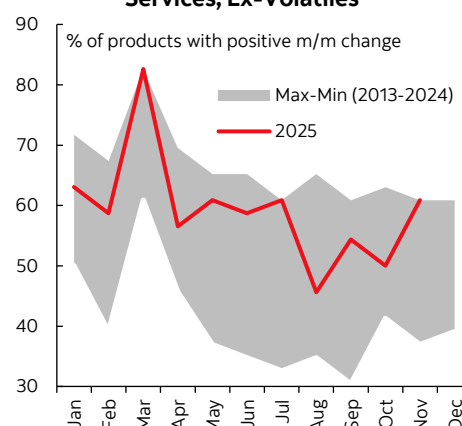
We expect inflation to reach the 3.0% target as early as January, or even slightly below, nearly three quarters ahead of the timeline anticipated in the September IPoM. The inflation scenario has surprised by 0.4 pts at the headline level and 0.3 pts at the core level over the past three months. Accordingly, we anticipate a downward revision in the December 2025 inflation forecast from 4.0% to 3.7% y/y.

Our preliminary projection for December CPI is between -0.1% and 0.0% m/m (fwd: -0.10%). Gasoline prices should fall again, with an incidence between -0.05 and -0.10 pts, alongside declines in some vegetables and electronic items. We expect reversals of November's goods price increases following Black Friday, assuming a significant reduction in core goods diffusion. In this context, and amid real and nominal currency appreciation, conditions appear favourable for a flat or negative CPI print in December. As we have repeatedly noted, the best antidote to rising labour costs is a strong currency appreciation, which offsets past and upcoming cost pressures. We remain in the midst of this appreciation cycle and continue to expect the CLP to trade around \$890 in the coming weeks, consistent with our base scenario for 2025 outlined several quarters ago.

We reiterate our call for a 25 bps rate cut on December 16th, alongside the December IPoM (December 17th), where we expect the Central Bank to project 2025 GDP growth at 2.5% and investment expanding by no less than 6.0%, broadly in line with our long-standing expectations, and inflation ending the year at 3.7%. For 2026, growth should rise toward

Chart 1
Chile: CPI Inflationary Diffusion of Goods, Ex-Volatiles


Sources: Scotiabank Economics, INE.

Chart 2
Chile: CPI Inflationary Diffusion of Services, Ex-Volatiles


Sources: Scotiabank Economics, INE.

December 5, 2025

the 2.0–3.0% range, with inflation near 3% by December. Given that the 3.0% target will be reached in January—almost three quarters earlier than expected in the September IPoM—we also anticipate the corridor to allow for another 25 bps cut in January, bringing the policy rate to the new neutral centre of 4.25%. While conditions are in place to reveal the new neutral rate estimate (Scotia: 3.75–4.75%), we are not certain the Central Bank will disclose it, likely maintaining its guidance that the neutral rate remains at the upper end of the current range (3.5–4.5%).

—Aníbal Alarcón

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.