Central Bank of Chile
Santiago, 14 January 2016
Press Release[1]

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to keep the monetary policy interest rate at 3.5%.

Abroad, the policy rate hike by the Federal Reserve Board has caused no significant changes in global financial markets. The main development has been the volatility of financial markets deriving from events in China. In this context, emerging markets' currencies have depreciated—the Chilean peso included—and their sovereign premiums have risen. Stock prices have fallen, as have commodity prices, especially copper and oil. World activity indicators show no significant changes compared to last month's scenario.

On the domestic front, December's monthly CPI inflation was somewhat lower than expected, and in annual terms was above 4% again. Core inflation—the CPIEFE—is still close to 5% y-o-y. Inflation expectations two years out remain at 3%. The evolution of these variables will continue to be monitored with special attention. Available fourth-quarter data continue to show limited growth in domestic output and demand. Confidence indicators are still in pessimistic territory. The unemployment rate remained low and annual wage growth was slightly less than in previous months.

The future path of the monetary policy rate considers measured adjustments aimed to ensure the convergence of inflation to the target, at a pace that will depend on incoming information and its implications on inflation. The Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

[1] The Spanish original prevails.