Central Bank of Chile
Santiago, 11 February 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, sovereign risk premiums have risen, most of stock exchanges have intensified their drop and commodity prices have fallen again. The majority of currencies partially reverted their losses with respect to the U.S. dollar that occurred in the previous month. World growth forecasts have been reduced. In this context, some central banks have increased their monetary stimulus or have announced future actions in that direction. Long-term interest rates have decreased in advanced economies.

On the domestic front, January's monthly CPI inflation was somewhat higher than expected, and in annual terms remained above 4%. 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 data during this month continue to show limited growth in domestic output and demand. Confidence indicators are still in pessimistic territory. The annual growth rate of salaried workers showed less dynamism, but the unemployment rate fell again. The annual wage growth kept moderating its pace.

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.