In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to keep the monetary policy interest rate at 3% (annual).

Internationally, recent information confirms the outlook of good economic performance in the United States and slower growth and low inflation in the Eurozone and Japan, a development that has widened the expected differences in the monetary policy implemented by those economies. Growth forecasts for emerging Asia have been revised down slightly, while for Latin America weak performance is confirmed in the larger part of the region. The prices of commodities receded, with a significant drop in the oil price standing out. The copper price posted a smaller decline.

Output, demand, and employment indicators continue to reveal the low dynamism of the Chilean economy. Local financial conditions reflect the impact of the monetary stimulus. Annual inflation dropped, but it remains above 5% and core indicators are above 4%. In the most likely scenario inflation will stay above the upper bound of the tolerance range still for some months. The evolution of prices will continue to be monitored with special attention. Medium-term inflation expectations remain around 3%.

The Board reiterates its commitment to conduct monetary policy with flexibility so that projected inflation stands at 3% over the policy horizon. Any future changes in the monetary policy rate will depend on the implications of domestic and external macroeconomic conditions on the inflationary outlook.

1 The Spanish original prevails.