In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to maintain the monetary policy interest rate at 5.25% (annual).

The external scenario relevant to the Chilean economy remains favorable. Global growth continues strong, commodity prices remain high and international financial conditions continue to be positive.

While domestic activity remains below projections in the last Monetary Policy Report, the latest information suggests it might recover dynamism during the present quarter. Better performance of the manufacturing sector and investment is observed. Salaried employment continues to rise and unemployment is falling. Internal financial conditions remain favorable, with some signs of attenuation of the high growth in credit. These developments are consistent with an economic growth rebound.

Annual CPI inflation is close to the floor of the target range, below earlier projections, due to the incidence of lower fuel prices and to a decline in core CPIX1 inflation (which excludes fuels and perishables, plus some regulated services). Other indicators of trend inflation are still low, but some are showing an incipient reversal. Cost pressures are well contained. These events permit to forecast that inflation will be, for some time, below the center of the target range. Long-term inflation expectations continue to be anchored around 3%.

The Board reaffirms its commitment of conducting monetary policy to assure that projected inflation will be at 3% over the policy horizon. Future changes in the monetary policy rate intended to achieve this objective will depend on incoming information and its implications for projected inflation.

*The Spanish original prevails.