At its monthly monetary policy meeting held today, the Board of the Central Bank decided to leave the monetary policy interest rate at its current level of UF plus 5.25%.

The Board carried out a detailed analysis of developments of recent weeks and the outlook for the next 24 months. Figures available since the previous meeting in January point to the inflationary pressures of fuel price rises and the effect they will also have on public transport and transport in general. If the higher international prices are maintained and depending on the outcome of ongoing negotiations, inflation could rise above forecasts. However, although cost pressures imply price rises this year they are considered to be temporary. Similarly, domestic demand remains within the foreseen limits and there are expectations of only modest inflation following the monetary policy interest rate rise in January.

The Board therefore decided to keep the monetary policy interest rate at its current level of UF plus 5.25% and the liquidity credit lines at their present levels. However, the Board indicated that price rises originating from cost pressures will be accompanied by a stricter monetary policy if such pressures or others jeopardize the medium-term achievement of inflationary targets. The Board will watch the way in which rises in inflation are incorporated into market expectations and adjustment mechanisms of managed prices.

The Bank will remain attentive to how domestic demand evolves and also to developments in exchange and financial markets at home and abroad, considering that monetary policy still maintains an expansive position.