

Monetary Policy Meeting – February 2012¹

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to maintain the monetary policy interest rate at 5% (annual).

Internationally, advanced economies are growing slowly. Some output and employment indicators in the United States have shown signs of increased dynamism, while in Europe indicators have worsened. Doubts persist about how problems will be resolved in the Eurozone economies, where fiscal and financial risks remain very high. Global financial conditions have improved somewhat, the dollar has depreciated in the international markets and commodity prices have risen.

Domestically, economic activity and domestic demand have tended to outperform forecasts from the latest Monetary Policy Report. The labor market is still tight. Credit market conditions are stable. Y-o-y CPI inflation is slightly above the tolerance range, while core inflation measures have normalized. Inflation expectations remain around the target.

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