

Central Bank of Chile
Santiago, 14 May 2015
Press Release*

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, the world growth economic outlook did not experience significant changes, although the data for the first quarter were weaker than expected. In Latin America, the outlook has deteriorated further. During the month, long-term rates rose in most countries, although they remain at low levels. Sovereign risk premia had mixed movements. In general, currencies depreciated against the dollar, with a noticeable appreciation of the euro. With the exception of food, commodity prices rose, including copper and oil.

Data from the first quarter showed that activity and demand grew at a moderate pace. Some recent economic indicators suggest lower dynamism. The growth rate of employment and of the labor force remain subdued, while the unemployment rate was unchanged. Nominal wages kept their annual expansion rate. In April, headline inflation was higher than forecasted, which was not the case for core inflation. Both measures still show high annual levels. Its evolution will continue to be monitored with special attention. Medium-term inflation expectations remain at 3%. Local financial conditions reflect the impact of the monetary stimulus.

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.

* The Spanish original prevails.