

Central Bank of Chile

Press Release^{*}

Santiago, 15 September 2011

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).

Internationally, output indicators confirm slower growth in the United States and Europe, while consensus forecasts for these economies continue to be revised downward. Fiscal and financial risks in the Eurozone have increased, triggering greater financial volatility and high risk premiums in global markets. However, commodity prices are still high. Prospects for interest rate normalization in developed economies have been postponed further, while the tightening cycle in emerging market economies has been interrupted.

Domestically, output and demand figures show signs of moderation, in line with projections in the *Monetary Policy Report*. Labor market conditions are still tight and faster growth in nominal wages is observed. CPI inflation indicators have hovered around 3% y-o-y, while core inflation measures remain contained. Inflation expectations are close to 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.

^{*} The Spanish original prevails.