

Central Bank of Chile
Santiago, 16 December 2010
Press Release*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to raise the monetary policy interest rate by 25 basis points to 3.25% (annual).

Internationally, signs of moderate growth in developed countries have continued, which contrasts with the dynamism of emerging economies. In the past few weeks, concerns regarding risk in some European economies have remained in international financial markets. The slow recovery of developed countries is still an important risk factor for emerging economies. The international prices of commodities—including foodstuffs and energy—have increased further, impacting inflation rates in some economies.

Domestically, output, demand and employment figures continue on a positive trend. Inflation has been somewhat below expectations due to the lower inflation of imported goods. Private inflation expectations continue to be aligned around 3% over the relevant monetary policy horizon. The peso has appreciated against the dollar since the last meeting.

The Board will continue to gradually reduce the current monetary policy stimulus, which will depend on the unfolding of domestic and external macroeconomic conditions. Accordingly, the Board reiterates that it will continue to use its policies with flexibility so that projected inflation stands at 3% over the policy horizon.

* The Spanish original prevails.