

**Central Bank of Chile**  
**Santiago, 18 February 2014**  
**Press Release<sup>\*</sup>**

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to lower the monetary policy interest rate by 25 basis points, to 4.25% (annual).

In the global economy, a recovery in our trade partners' growth is expected in the coming quarters, grounded in the rebound of developed economies, especially the United States. Inflation in these economies has remained subdued, so a slow normalization of their monetary policy is foreseen. On the other hand, volatility in emerging markets has increased, as seen in movements of the stock market, risk premia, and the depreciation of their currencies. During the last month, the oil price increased, while that of copper decreased slightly.

The Chilean economy has continued to lose strength. Domestic output and demand have grown less than assumed in the Monetary Policy Report, particularly in investment-related sectors. Current and expected inflation are in line with the inflation target. The peso has depreciated, while the pace of nominal wages' growth shows some moderation in recent months.

The Board estimates that in the coming months it might be necessary to increase the monetary stimulus to ensure that projected inflation will stand at 3% in the policy horizon. In any case, any future changes in the monetary policy rate will depend on the implications of domestic and external macroeconomic conditions on the inflationary outlook.

---

<sup>\*</sup> The Spanish original prevails.