Central Bank of Chile
Santiago, 19 March 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).

The economic recovery of the developed world, particularly the United States, is running on course, while prospects have deteriorated for the most part of Latin America. During the month, commodity prices dropped although there were some exceptions such as copper. International financial conditions for emerging economies worsened and the dollar strengthened further. Worth noting were the stronger monetary stimuli in several economies and, most recently, the cautious tone of the Federal Reserve's communication.

As in the previous month, February's inflation exceeded the market's expectation. Core inflation remains high. In the most likely scenario, annual inflation is forecast to remain above the tolerance range for some months, a development that will continue to be monitored with special attention. Medium-term inflation expectations have remained around 3%. Output and demand indicators point at growth rates in line with those projected in the December Monetary Policy Report. Meanwhile, the unemployment rate increased slightly and nominal wages remained dynamic. 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.