

Central Bank of Chile
Santiago, 18 November 2014
Press Release¹

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, recent information confirms the outlook of good economic performance in the United States and slower growth and low inflation in the Eurozone and Japan, a development that has widened the differences in the monetary policy implemented by those economies. External financial conditions tended to normalize during the month, but new outbreaks of volatility cannot be ruled out. Growth forecasts for emerging Asia have been revised down slightly, while for Latin America weak performance is confirmed in the larger part of the region. The price of oil dropped again, while the price of copper has been fairly stable.

Output, demand, and employment indicators continue to reveal the low dynamism of the Chilean economy. Local financial conditions reflect the impact of the monetary stimulus. October's inflation was significantly higher than expected, at 5.7% y-o-y. The most likely scenario assumes that inflation will stay above the upper bound of the tolerance range still for some months. This surprise in inflation may be linked primarily to one-off temporary factors. The evolution of prices will continue to be monitored with special attention. Medium-term inflation expectations have remained around 3%.

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.

¹ The Spanish original prevails.