

**Central Bank of Chile**  
**Santiago, 15 May 2014**  
**Press Release\***

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to keep the monetary policy meeting at 4% annual.

Internationally, incoming information confirms the outlook of recovery of the developed economies, while projections of moderate growth in emerging markets are maintained. External financial conditions improved in the last month and the dollar depreciated globally. With respect to commodity prices, the rebound of the copper price stands out. Inflation remains bounded in the developed world, so markets continue to anticipate a slow normalization of their monetary policies.

Local economic indicators confirm the low dynamism of output and demand, in line with the baseline scenario of March's Monetary Policy Report. Despite signs of less dynamism in the labor market, the unemployment rate remains low. April's inflation exceeded forecasts at 4.3% annually. Core inflation measures and nominal wage variation also picked up in the last month. Medium-term inflation expectations remain around 3% annually. The most likely scenario assumes that the rise in inflation —associated with the peso depreciation, among other factors— is a temporary development, that will continue to be monitored with special attention.

The Board will consider the possibility of making additional cuts to the monetary policy rate in line with the evolution of domestic and external macroeconomic conditions and its implications on the inflationary outlook. At the same time, the Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

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\* The Spanish original prevails.