

Central Bank of Chile
Santiago, 17 April 2014
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 4.0% (annual).

Internationally, incoming information confirms the outlook of recovery of the developed economies. Projections of moderate growth in emerging markets remain, which is relevant for the prices of copper and other metals. Agricultural and fuel prices picked up since the last meeting. Inflation in the developed world has remained subdued, so a slow normalization of their monetary policies is foreseen. International financial conditions showed some improvement in the last month and the dollar depreciated globally.

Local economic indicators confirm the low dynamism of output and demand, in line with the baseline scenario of March's *Monetary Policy Report*. Annual CPI inflation has risen to 3.5%, influenced by higher prices of foodstuffs and fuels, together with the depreciation of the peso. Inflation expectations remain around 3% in the relevant monetary policy horizon.

The Board will consider the possibility of making additional cuts to the 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.

^{*} The Spanish original prevails.