

Central Bank of Chile
Santiago, 12 December 2013
Press Release*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile kept the monetary policy interest rate at 4.5% (annual).

In the global economy, incoming figures are consistent with the scenario depicted in our Monetary Policy Report. Our trading partners are growing somewhat below their historic average, but a recovery is expected in the coming quarters, grounded on the rebound of developed economies, especially the United States, and the stabilization of emerging markets. Over the past month, commodity price indexes showed increases in most components, including copper. Global inflation remains low.

Market expectations are that the tapering of the Federal Reserve's asset purchase program will begin in the coming months, so U.S. long-term interest rates have risen, and the dollar has appreciated in world markets. International financial conditions remain tighter than they were in the first part of this year or in previous years, with harsher effects on those more vulnerable emerging economies.

The Chilean economy has been gradually losing strength. Output is growing slightly below trend, and a slowdown is observed in domestic expenditure, as described in the Monetary Policy Report. The peso has depreciated. Recent inflation indicators, as well as private expectations, are consistent with inflation converging to the target within the monetary policy horizon.

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.