

Central Bank of Chile
Santiago, 13 June 2013
Press Release*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to maintain the monetary policy interest rate at 5% (annual).

International financial conditions have tightened somewhat, especially those facing emerging economies, partly because the markets expect an earlier withdrawal of the US monetary stimulus. This combines with lower growth prospects for China. The Eurozone is still in recession, while projections anticipate the recovery of the US economy. Commodity prices receded slightly in recent weeks. The dollar appreciated in global markets, particularly with respect to emerging economies' currencies.

Domestically, incoming information reveals an ongoing slowdown of output and demand. Investment has posted the sharpest adjustment, while private consumption has remained strong. The labor market is still tight. Headline and core inflation measures remain close to 1% y-o-y, while inflationary expectations over the policy horizon remain around the target.

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.