

Central Bank of Chile

Press Release*

Santiago, 13 December 2012

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).

Internationally, risks associated to the fiscal and financial situation in the Eurozone are still high, while the risk of a sharp fiscal adjustment in the United States is still present. Global financial conditions are somewhat more favorable than a month ago, and the dollar has depreciated in international markets, at a time when the Federal Reserve has announced new monetary stimulus measures. Incoming information confirms weak growth in developed economies, while more positive signs are observed in some emerging economies. The copper price has experienced a rebound, while fuel prices have receded.

Domestically, output and demand indicators evolved above projections during the third quarter. The labor market remains tight. The negative CPI variation of November obeyed to one-time factors. Y-o-y core inflation remains around 2%. Inflation expectations over the policy horizon remain aligned with the target. The peso has appreciated with respect to the dollar.

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.