Central Bank of Chile
Santiago, 18 October 2012
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).

Internationally, global financial conditions have improved and the financial tensions in the Eurozone, while still high, have moderated in response to recent announcements by policy makers. However, there is still uncertainty about the implementation of these measures, and a resurgence of tensions in the coming months cannot be ruled out. Incoming information is in line with the outlook of slow growth in developed economies and a slowdown in the main emerging economies, as indicated in the last *Monetary Policy Report*. Accordingly, some central banks have taken additional measures of monetary stimulus. The United States has begun implementing the so-called *QE3*. The dollar has depreciated in international markets, while the prices of fuels and foodstuffs have declined.

Domestically, output indicators have evolved around trend rates and private consumption has strengthened. The labor market remains tight, and both y-o-y CPI inflation and core inflation measures remain below 3%. Inflation 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.