

Central Bank of Chile
Santiago, 14 June 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, the financial and fiscal problems in the Eurozone continue to intensify, and uncertainty about their resolution has increased. In global markets, volatility and risk aversion have increased again. Economic indicators in the United States, China and other emerging economies have been weaker than forecast by market consensus. International commodity prices, including copper, oil and foodstuffs, have continued falling, although their levels remain high by historic standards.

Domestically, output and demand indicators are evolving at trend rates. The labor market remains tight, although some moderation is observed in the pace of employment growth. Y-o-y CPI inflation and core inflation measures are around 3%. In recent months, the most volatile components of the basket show a negative incidence in the CPI, contrasting with their behavior of the first quarter. Inflation expectations remain close to target over the projection horizon. The effects of increased international volatility on the domestic financial markets have been limited.

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.