

Central Bank of Chile
Santiago, 17 April 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, risks remain high in the Eurozone, and a partial resurgence of financial tensions has been observed in the region, while global markets volatility and risk aversion have increased. In the past month, U.S. economic indicators have been mixed, while Eurozone figures confirm its weak growth. Meanwhile, the dynamism of China and other emerging economies has moderated in recent months. Commodity prices have declined in the past month, although they remain high.

Domestically, economic activity and demand are evolving as forecasted in the last *Monetary Policy Report*, while the labor market remains tight. Y-o-y CPI inflation, with volatility, is in the upper level of the tolerance range, while core inflation measures are around 3%. Inflation expectations remain around the target in the projection 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.