

Central Bank of Chile
Santiago, 15 March 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, U.S. economic indicators have improved in the past few months, while Eurozone data confirms weak growth in that region. The dynamism of Asian economies—particularly China—has moderated in recent months. Risks in the Eurozone remain high, but tensions have subsided in the financial markets while the sovereign debt of Greece was swapped. Meanwhile, there has been an improvement in global financial conditions. The oil price has risen further.

Domestically, economic activity and domestic demand have tended to outperform forecasts from the latest Monetary Policy Report. The labor market remains tight and nominal wages show increased dynamism. Credit market conditions are stable. Y-o-y CPI inflation is above the tolerance range, while core inflation measures are around 3% annually. Short term inflation expectations have risen, but remain around the target over 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 effects of domestic and external macroeconomic conditions on the inflationary outlook.

* The Spanish original prevails.