



BANCO CENTRAL DE CHILE

Santiago, 15 November 2011

Monetary Policy Meeting – November 2011*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to maintain the monetary policy interest rate at 5.25% (annual).

Internationally, indicators confirm the slow pace of growth in advanced economies. Consensus forecasts for growth in the Eurozone continue to be revised downward, while they are maintained for the United States. Despite announcements, fiscal and financial risks in European economies are still very high and uncertainty persists about how this situation will be resolved. In other regions, financial conditions have improved slightly, although financial volatility remains high. World prices of copper and oil have risen.

Domestically, output figures are evolving close to projections in the last *Monetary Policy Report's* baseline scenario, while domestic demand is somewhat stronger. Labor market conditions remain tight. Headline inflation has been somewhat higher than expected because of the incidence of fuels and foodstuffs. Core inflation figures remain contained. Inflation expectations are close to the target.

The persistence of problems in advanced economies could shape a more adverse external scenario than the one assumed in the *Report's* baseline scenario, with potential consequences over growth and inflation in Chile, as well as for the orientation of monetary policy.

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.