

Central Bank of Chile
Santiago, 16 September 2010
Press Release*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to raise the monetary policy interest rate by 50 basis points to 2.50% (annual).

Internationally, financial market volatility persists and the pace of world economic recovery remains uncertain. Commodity prices are still elevated.

Domestically, output and demand information has not changed since the closing of September's Monetary Policy Report. In August, the CPI changed somewhat less than expected by the market, while the various measures of core inflation remain well contained. Private expectations consider that y-o-y inflation will stand around 3% toward the end of the policy horizon. The peso has appreciated.

The Board will continue to reduce the current significant monetary policy stimulus at a pace that will depend on the unfolding of domestic and external macroeconomic conditions. Accordingly, the Board reiterates that it will continue to use its policies with flexibility so that projected inflation stands at 3% over the policy horizon.

* The Spanish original prevails.