

Central Bank of Chile
Santiago, 15 December 2009
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 0.50% (annual).

Internationally, recent data confirm global activity prospects for next year, which have had an incidence in a progressive stabilization of financial markets. Commodity prices have shown mixed movements.

Domestically, available information suggests that output and demand are expanding in the second half. Employment has grown and the unemployment rate has begun to decrease. Lending conditions have improved in the margin, but are still tight.

In November, CPI inflation and the various core measures declined. Wage dynamics continued to be in line with historical patterns. Reduced y-o-y inflation rates are foreseen for the coming quarters. Medium-term inflation expectations have remained stable.

The Board estimates that the macroeconomic environment is consistent with a monetary policy interest rate that will be held at its minimum level of 0.50% at least until the second quarter of next year, and that the pace of normalization will be comparable to expectations contained in the monthly survey, and more gradual than the one implicit in financial asset prices. Accordingly, it reiterates that it will continue to use its policies with flexibility so that projected annual inflation stands at 3% over the policy horizon.

^{*} The Spanish original prevails.