

Central Bank of Chile
Santiago, 16 April 2015
Press Release*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to keep the monetary policy interest rate at 3% (annual).

Internationally, incoming indicators point at some improvement in output prospects for Europe, although risks remain. At the same time, a slower pace is observed in Chinese growth and the weak performance of Latin America is confirmed. In the United States, the recovery is running its course, despite weaker growth in the first quarter, which led the market to postpone the moment it expects the Fed to make the first increase in the policy rate. In this context, the dollar depreciated globally and international financial conditions improved over the previous month. Commodity prices showed mixed movements. The prices of copper and, especially, oil and its derivatives increased.

Data disclosed after the publication of the last Monetary Policy Report are broadly consistent with the baseline scenario depicted in it. Output is evolving in line with expectations, although investment has evolved below what was expected. The unemployment rate dropped slightly, but job creation was low. Nominal wages remained dynamic. In March, headline inflation was lower than forecast, which was not the case for core inflation. Overall, the annual change of the CPI is still high, and its evolution will continue to be monitored with special attention. Medium-term inflation expectations remain at 3%. Local financial conditions reflect the impact of the monetary stimulus.

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.