

Central Bank of Chile
Santiago, 15 September 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, financial markets remain highly volatile. Risks relating to developments in the Chinese economy stand out, as do the uncertainty surrounding the upcoming decision of the Federal Reserve and the worsened scenario for Latin America, particularly Brazil. Volatility has been also perceived in the prices of commodities, especially oil and, by a smaller magnitude, copper.

Domestically, in August the CPI variation was unexpectedly high, owing largely to its more volatile components. This drove annual inflation to 5%. Core inflation—CPIEFE—brought no surprises with respect to the forecast. Inflation expectations rose at some terms, and their evolution will continue to be monitored with special attention. Meanwhile, output and demand remain weak, and confidence indicators have become more pessimistic. Private job creation and annual wage growth show no major change from the previous month.

In line with September's Monetary Policy Report, the Board considers that the convergence of inflation to 3% over the policy horizon will call for a reduction in the high monetary stimulus currently in place. Considering incoming data, it is foreseen that this process will begin shortly. The Board reiterates its commitment to conduct monetary policy with flexibility, in accordance with the inflation target.

* The Spanish original prevails.