

Central Bank of Chile
Santiago, 15 October 2015
Press Release¹

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to raise the monetary policy interest rate by 25 basis points, to 3.25%.

Internationally, following the Federal Reserve meeting, the dollar depreciated multilaterally and the prices of most of the risky assets increased. However, market volatility remains high. Additionally, risks persist regarding the evolution of the Chinese economy, and doubts about the performance of some Latin American countries—particularly Brazil—have increased. Commodity prices showed mixed movements during the month.

On the domestic front, September's CPI inflation was lower than expected, although annual inflation—headline and core—is expected to remain high, in line with forecasts in the last Monetary Policy Report. Inflation expectations two years ahead are at 3%, and their evolution will continue to be monitored with special attention. In August, activity fell short of expectations, with a surprise coming from the mining sector. Demand indicators are still weak. Confidence indicators posted a marginal increase, but remain in pessimistic territory. Private job creation is still dynamic and annual wage growth has slowed.

The future path of the monetary policy rate considers additional adjustments aimed to ensure the convergence of inflation to the target, at a pace that will depend on incoming information and its implications on inflation. The Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

¹ The Spanish original prevails.