

**Central Bank of Chile**  
**Santiago, 17 May 2016**  
**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 3.5%.**

International financial markets are on a similar path to that of previous months. In spite of this, risks remain. Lately, while differing in magnitude, currencies have tended to depreciate with respect to the dollar. Forecasts for world growth do not show significant changes, although forecasts for the United States have been revised downward. Commodity prices rose from last month, with some exceptions, including copper.

On the domestic front, in April CPI inflation was 4.2% annually. Projections suggest that it will remain above 4% for some months. Inflation expectations two years out remain at 3%. The evolution of these variables will continue to be monitored with special attention. In the first quarter, economic activity outperformed estimates in the March *Monetary Policy Report*; however, confidence indicators are still in pessimistic territory and the labor market experienced a sharper deterioration. The pace of annual wage growth showed no variation.

The Board estimates that, to ensure the convergence of inflation to the target, monetary policy will need to continue to normalize, at a pace that will depend on incoming information and its implications on inflation projections. The Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

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\* The Spanish original prevails.