



## PRESS RELEASE\*

Santiago, Chile, 11 August 2016

### Monetary Policy Meeting – August 2016

**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%.**

Internationally, monetary and financial conditions are still expansionary and long-term interest rates remain low. It is worth noting the increased appetite for risk in global financial markets, particularly for emerging economies' assets. This has resulted in a drop in their sovereign premia, an increase in their stock markets and an appreciation of their currencies. On aggregate, world growth prospects are generally unchanged. Most commodity prices posted limited declines.

On the domestic front, although July's inflation was somewhat higher than expected, the annual CPI variation returned to the tolerance range. Expected inflation two years ahead remains at 3%. The evolution of these variables will continue to be monitored with special attention. Second-quarter output and demand data showed limited growth. Confidence indicators are still in pessimistic territory. The labor market continues to reflect a gradual deterioration, but the unemployment rate has remained stable. The peso has appreciated.

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.

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\* The Spanish original prevails.