



PRESS RELEASE*

Santiago, Chile, Thursday, 15 September 2016

Monetary Policy Meeting – September 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, the movements of the financial markets have been dominated by the prospect of what the Federal Reserve will do at its meeting next week. Anyway, despite some volatility, monetary and financial conditions are still favorable and long-term interest rates remain low. On the activity side, the weakness of recent indicators in the United States and the improvement of Chinese figures stand out. Beyond fluctuations, the prices of copper and oil are similar to those of a month ago.

On the domestic front, annual CPI inflation dropped to 3.4%, in line with forecasts. Expected inflation two years ahead remains at 3%. Partial third-quarter data point at limited growth in output and demand, consistent with the Monetary Policy Report's baseline scenario. Confidence indicators are still in pessimistic territory. The labor market continues to reflect a gradual deterioration, with a slightly higher unemployment rate.

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.