



PRESS RELEASE*

Santiago, Chile, Thursday, 18 October 2016

Monetary Policy Meeting – October 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 favorable and long-term interest rates remain low. On the activity side, incoming data brought no big news, pointing to a gradual recovery of world growth next year. Despite fluctuations, the prices of commodities rose during the month, especially oil.

On the domestic front, September's CPI was unexpectedly low, making annual inflation approach 3% sooner than expected. Various expectations indicators place inflation around the target in the projection horizon. Partial third-quarter data continue to point at limited growth in output and demand, consistent with the Monetary Policy Report's baseline scenario. The labor market continues to adjust gradually.

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.