



PRESS RELEASE*

Santiago, Chile, Thursday, 17 November 2016

Monetary Policy Meeting – November 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 volatility of financial markets increased after the US elections. It is worth noting the appreciation of the dollar and especially the rise in long-term rates. Financial conditions facing emerging economies worsened, but remain better than they were early in the year. Commodity prices have posted mixed movements. The prices of metals—especially copper—increased, while those for oil and derivatives fell. Activity indicators and prospects show no important change, but the potential effects of recent events have yet to become apparent.

In October, the monthly CPI variation was again unexpectedly low, driving annual inflation to 2.8%. At short terms, inflation expectations have dropped, but are near the target at the end of the projection horizon. In the third quarter, domestic output and demand behaved in line with forecasts in the September Monetary Policy Report. Accordingly, the labor market continues to adjust gradually. Long-term interest rates have increased.

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.