



PRESS RELEASE*

Santiago, Chile, Tuesday, 13 December 2016

Monetary Policy Meeting – December 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, long-term interest rates continued to rise in the developed world. Regarding commodities, it is worth noting the increase in the oil price and the persistence of the copper price above its mid-year levels. Activity figures are yet to improve. There outlook is not changing significantly in part because there is no clarity about the effects of potential changes in the economic policies of developed countries yet.

In November, the monthly CPI variation was in line with forecasts, posting an annual variation of 2.9%. Inflation expectations at the end of the projection horizon are near target, although for the coming months they will remain in the lower part of the tolerance range. Provisional data for the fourth-quarter reveal a weak performance particularly in mining and some manufacturing lines. At the same time, demand data points to growth rates similar to recent quarters. The labor market continues to adjust at a gradual pace. Long-term interest rates have undone part of their previous increases and the peso has appreciated.

The Board estimates that, if the recent trends of the economic scenario persist, and so do their implications on the medium-term inflation outlook, it will be necessary to boost the monetary impulse. At the same time, it reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

* The Spanish original prevails.