

**Central Bank of Chile**  
**Santiago, 17 December 2015**  
**Press Release<sup>1</sup>**

**In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to raise the monetary policy interest rate by 25 basis points, to 3.5%.**

The external scenario continues to show a deterioration of emerging economies, largely due to a relapse of commodity prices and not-so-favorable global financial conditions. The world economic outlook posted no major change from last month, although lately the global growth forecast has been reduced. The Federal Reserve increased the policy rate, causing no immediate disruption in the global financial markets.

On the domestic front, annual CPI inflation declined to 3.9%, but is expected to again exceed 4% shortly. Core inflation —the CPIPEFE— is still close to 5% y-o-y. Meanwhile, inflation expectations two years out remain at 3%. The evolution of these variables will continue to be monitored with special attention. Partial fourth-quarter data continue to show limited growth in domestic output and demand. Confidence indicators remain in pessimistic territory. Job creation and wage growth are still dynamic.

The future path of the monetary policy rate considers measured adjustments aimed to ensure the convergence of inflation to the target, at a pace that will depend on incoming information and its implications on inflation. The Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

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<sup>1</sup> The Spanish original prevails.