



## PRESS RELEASE\*

Thursday, 14 September 2017

### **Monetary Policy Meeting – September 2017**

**In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to keep the monetary policy interest rate at 2.5%.**

On the external front, the financial markets were somewhat more volatile, in a context where global financial conditions remain favorable and the US dollar has weakened. World activity prospects are still positive; commodity prices rose in the last month, including copper, even considering its recent drop.

On the domestic front, August's inflation was in line with forecasts in the last Monetary Policy Report, at 1.9% annually. Inflation expectations at shorter terms have fallen, reflecting the effects of the peso appreciation, but remain around 3% two years out. Regarding activity, the improved performance of consumption-related sectors continues to stand out, outperforming those related with investment. The behavior of private consumption reflects the labor market situation and not-so-pessimistic expectations.

Incoming data since the publication of the September Report are consistent with the baseline scenario and the monetary impulse described therein, i.e., the policy rate staying close to its current levels and beginning to rise to neutral only once the economy starts closing the activity gap. The risk balance has not changed either. In particular, the risk balance for medium-term inflation and activity are estimated to be unbiased, but with a downward bias for short-term inflation. As always, the Board will continue to monitor any deviations of the baseline scenario that may hinder the convergence of inflation to 3% over a two-year horizon and warrant moving the monetary policy interest rate.

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\* The Spanish original prevails.