



PRESS RELEASE*

Santiago, Chile, Thursday, 19 January 2017

Monetary Policy Meeting – January 2017

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to lower the monetary policy interest rate by 25 basis points, to 3.25%.

Internationally, global financial conditions have improved and emerging economies' asset prices have risen. The prices of copper and oil, beyond ups and downs, have remained above those of mid-2016. Activity indicators confirm improvements in the developed world and a weakening in Latin America.

At home, the CPI posted an unexpectedly low monthly variation, resulting in a 2.7% increase for the year. Inflation expectations at the end of the projection horizon are near target, although for the coming months they remain in the lower part of the tolerance range. Again, activity showed weak figures, this time concentrating in sectors other than natural resources. All in all, demand-side indicators continue to grow at a similar pace of previous quarters. The labor market continues along previous trends. Long-term interest rates returned to their pre-US-election levels.

As was said in the last *Monetary Policy Report*, 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.