



PRESS RELEASE*

Thursday, 14 December 2017

Monetary Policy Meeting – December 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, activity figures in the developed world continue to point to a synchronized recovery, although inflation rates that remain low. Monetary policies have evolved as expected. In this context global financial conditions show no major changes. Commodity prices have evolved along dissimilar paths. The copper price, with ups and downs, is a little below its month-ago level.

At home, in November the CPI rose 0.1%, keeping annual inflation at 1.9%. Meanwhile, the CPIPE dropped 0.1% to 1.8% in annual terms. Inflation expectations stayed fairly unchanged. Activity and demand data for the beginning of the fourth quarter are in line with the Monetary Policy Report's baseline scenario and continue to reflect the weak activity of non-mining industries and particularly of sectors relating to construction investment. Expectations of consumers and business are stable. The labor market continues to show dynamism of self-employment and weakness of salaried work. The peso and other financial variables have shown important movements in the last month.

Economic data made available after the December Report are consistent with the baseline scenario. However, the risks of a delay in the convergence of inflation associated to its current persistently low level are still present, so, if deemed necessary, the Board will promptly adjust the monetary impulse. Accordingly, it reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the two-year horizon.

* The Spanish original prevails.