

Central Bank of Chile
Santiago, 12 April 2016
Press Release*

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%.

International financial markets have been relatively calm, showing mixed movements during the last month. In spite of this, risks remain. Long term interest rates of developed economies remain low, forecasts for world growth do not show relevant changes and commodity prices had mixed movements during this month.

On the domestic front, March CPI inflation was lower than expected and its annual change was 4,5%. It is expected to remain over 4% for some months. Inflation expectations two years out remain at 3%. The evolution of these variables will continue to be monitored with special attention. Available activity data was higher than expected, but are still broadly in line with the baseline scenario of the Monetary Policy Report. Confidence indicators are still in pessimistic territory. The annual growth rate of salaried employment and the unemployment rate showed no major changes. The pace of annual wage growth decreased.

In line with the Monetary Policy Report released in March, the Board estimates that to ensure the convergence of inflation to the target, monetary policy will need to continue with its normalization, at a pace that will depend on incoming information and its implications on inflation projections. The Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon.

* The Spanish original prevails.