Press Release

1. The Board of the Central Bank of Chile decided to take the necessary steps to bring the target interbank interest rate down by 25 basis points to a mid-band level of 6.5% over the UF value.

2. This decision was taken on the grounds of the evidently consolidated reduction of inflation as shown by (a) the indicators of inflationary trends and nominal earnings and (b) the fact that the recovery of output growth and spending observed since the second quarter this year is in line with forecasts and does not jeopardize the continuing reduction of inflation.

3. The Board is satisfied with the way the economy has responded to monetary policy, allowing the economic cycle to evolve along a more moderate path than in previous years.

4. In the present circumstances, the Board prefers to watch how economic, financial and monetary events progress and revise monetary policy according to what their development warrants. The Board will be particularly vigilant with respect to public and private spending in order to prevent any threat to the process of gradual inflation reduction.