

Santiago, December 12, 2000

Press Release

At its monthly monetary policy meeting held today, the Board of the Central Bank decided to keep the monetary policy interest rate at its current level of UF plus 5% and that liquidity credit lines would also remain unchanged.

As usual, the Board analyzed recent economic developments and the outlook for the next twenty-four months.

As foreseen, November's twelve-month inflation rate (4.7%) exceeded the upper limit of the target range of 4% whereas underlying inflation continued controlled and close to the mid-range target of 3%. The difference is explained by the direct effect on total inflation of high oil prices in international markets.

Provided that these prices do not exert any additional pressures, inflation should start to go down from the first quarter of 2001 and return within the target range by mid-2001, approaching a level of 3% within the policy horizon, in a scenario of moderate but sustained growth of domestic demand and output.

The Bank will maintain its flexible monetary policy stance in order to face any threat to achieving the inflation target.