

**Central Bank of Chile**  
**Santiago, 16 November 2010**  
**Press Release\***

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to raise the monetary policy interest rate by 25 basis points to 3.0% (annual).

Internationally, signs of moderate growth in developed countries have continued, which contrasts with the dynamism of emerging economies. In the past few weeks, concerns regarding risk in some European economies have intensified, increasing financial volatility. The slow recovery of developed countries is still an important risk factor for emerging economies. In addition, inflation in emerging economies has increased and measures have been adopted to reduce the monetary stimulus in some Asian countries.

Domestically, output and demand figures show strong economic growth, in line with the projections in September's Monetary Policy Report. Inflation has proceeded slightly below expectations, reflecting lower inflation of tradable goods, while private expectations continue to be aligned around 3% over the relevant monetary policy horizon. With respect to the dollar, the peso remains fairly unchanged since the last meeting.

The Board will continue to reduce the current monetary policy stimulus at a pace that will depend on the unfolding of domestic and external macroeconomic conditions. Accordingly, the Board reiterates that it will continue to use its policies with flexibility so that projected inflation stands at 3% over the policy horizon.

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\* The Spanish original prevails.