

**Central Bank of Chile**  
**Santiago, 17 October 2013**  
**Press Release<sup>\*</sup>**

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to lower the monetary policy interest rate by 25 basis points, to 4.75% (annual).

In the global economy, a weaker medium-term scenario has consolidated, characterized by slower world growth, lower terms of trade for Chile, less favorable financial conditions and the maturing of the global cycle of mining investments.

Most recently, the Federal Reserve's decision to postpone the moderation of its asset purchase plan has translated into a decline in long-term interest rates and a depreciation of the dollar. On the other hand, the fiscal agreement reached in the United States is temporary, so further financial tensions cannot be ruled out. The world prices of fuels and agricultural products dropped in the past month, while metal prices remained stable.

Domestically, economic activity has proceeded at a moderate pace, in line with the scenario in the last Monetary Policy Report. Final demand has reduced its rate of expansion, although not as sharply as was forecast. Various indicators anticipate that it will decelerate further. Inflation has evolved below projections, remaining in the lower part of the tolerance range, while market expectations foresee a slower normalization towards 3%.

The Board reiterates its commitment to conduct monetary policy with flexibility, so that projected inflation stands at 3% over the policy horizon. Any future changes in the monetary policy rate will depend on the implications of domestic and external macroeconomic conditions on the inflationary outlook.

---

<sup>\*</sup> The Spanish original prevails.