

Central Bank of Chile
Santiago, 11 February 2010
Press Release*

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to maintain the monetary policy interest rate at 0.50% (annual).

Internationally, the volatility of financial markets has increased due to turbulence in some European economies. The prices of copper and oil have dropped. Nevertheless, prospects for global economic recovery for 2010 have not changed.

Domestically, available information suggests that output continues to expand, and demand is growing somewhat faster than forecast in December's *Monetary Policy Report*. The rate of unemployment has continued to decline. Lending conditions are normalizing.

In January, the CPI showed an increase associated to specific items. The various core measures continue to post small variations. Medium-term inflation expectations have remained stable. The real exchange rate has increased.

The Board estimates that the macroeconomic environment is consistent with a monetary policy interest rate that will be held at its minimum level of 0.50% at least until the second quarter of 2010. Accordingly, it reiterates that it will continue to use its policies with flexibility so that projected annual inflation stands at 3% over the policy horizon.

* The Spanish original prevails.