

Central Bank of Chile
Santiago, 13 October 2009
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), and to continue applying the complementary monetary policy measures adopted in July's meeting.

Internationally, recent data show stabilizing global growth prospects for this year. These prospects have resulted in a better environment in financial markets. Commodity prices, particularly for copper, have remained stable.

Domestically, available information suggests that output and demand have expanded in recent months. Both unemployment and employment have remained stable. Lending conditions have improved in the margin but they are still tight.

In September, CPI inflation was affected by its usual seasonality and the adjustment of electricity rates. Wage dynamics continue to be in line with historical patterns. Reduced y-o-y inflation figures are foreseen for the coming quarters. Medium-term inflation expectations have remained stable.

The Board estimates that the macroeconomic environment and its monetary policy implications do not differ substantially from those of the last *Monetary Policy Report*. Therefore, it reiterates that the monetary policy interest rate will be held at its minimum level of 0.50% for a prolonged time period, and 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.