

Santiago, November 7, 2002

Press Release

At its monthly monetary policy meeting, the Board of the Central Bank decided to keep the monetary policy interest rate at an annual 3% and leave liquidity credit lines unchanged at the levels prevailing since the previous meeting.

Data gathered in recent weeks does not basically modify the world growth scenario nor the main commodity prices given in the latest *Monetary Policy Report* for this year and for next. Moreover, risk of conflicts related to the Middle East situation persist and there is greater caution with respect to the strength of the industrialized world's recovery. Uncertainty in regional financial markets has lessened in recent weeks.

On the domestic front, some natural resources sectors are less active than was foreseen and this could mean that output growth in the second half will be less than forecast. Inflation has risen to 3% and could be higher at the beginning of next year. However, underlying inflation remains controlled so the medium-term inflation outlook stays in line with the mid-range target.

The Central Bank reiterates its commitment to a flexible use of monetary policy to avoid deviations from the inflationary target.