

Santiago, September 5, 2002

### **Press Release**

At its monthly monetary policy meeting held today, 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.

The Board considers that the current expansive monetary policy, which is already gradually making itself felt, is coherent with the expected trend of inflation converging towards the mid-range target within the usual projection horizon. Data gathered since the previous meeting confirm the marked deterioration in the growth outlook for Chile's trading partners. International financial markets are highly volatile, heightening uncertainty particularly with regard to the countries of this region.

The outlook for the domestic economy, evaluated in the previous meeting, is still the same. Chilean financial markets, known for their solvency and low risk, continue the process of transferring interest rate cuts towards different instruments. Underlying inflation is controlled, largely as a result of using spare installed capacity, and with some ups and downs, inflation should come towards the centre of the target range during the next few months.

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