Santiago, September 6, 2001

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 6.5% and that liquidity credit lines would also remain unchanged at the levels prevailing since the previous meeting.

The inflationary outlook for the next 12 to 24 months remains within the target range although inflation might rise in two or three quarters and then drop back to around 3% in the second quarter of 2003. There are also signs that growth will improve towards the fourth quarter of this year, compared to the first half, despite the unfavorable external environment. External accounts should remain sound this year and the following years, even though terms of trade are worse.

The marked depreciation of the peso in recent months, caused by the financial situation of neighbouring countries as well as the world economic downturn, will tend to push prices up and this will transitorily affect inflation. However, in any case, inflation is expected to stay within the target range and should converge on 3% in less than 18 months. The Bank will watch inflation closely in the coming months to see that expectations of medium-term inflation remain anchored around the centre of the target range.

The Bank will be attentive to all developments in relevant markets so as to use its policy instruments to maintain price stability.