

Santiago, August 9, 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 announced on July 26. This nominal rate represents the same monetary policy rate as previously expressed as UF plus 3.5%.

The inflationary outlook is still within the target range. There is a slight improvement in output growth in this second half compared to the first half and external accounts are sound, despite the fact that terms of trade have worsened over the past few months due to the slower-than-expected world economic growth and a less optimistic medium-term outlook.

Chile's exchange market continues under pressure from the persistent financial turbulence in some Latin American countries, although the depreciation of the peso is also partly due to world economic deterioration and to our own stubbornly slow domestic demand.

The Central Bank will continue attentive to financial and exchange market developments and to other macroeconomic variables in order to respond with a flexible use of policy instruments to avoid any threat to achieving the inflationary target.