

Santiago, July 12, 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 its current level of UF plus 3.5% and that liquidity credit lines would also remain unchanged. The Board based its decision on recent economic developments and on the outlook for the next 24 months.

The domestic economic situation is essentially the same as last month despite the deterioration of world growth figures and terms of trade. The Board still foresees demand picking up in the second half and inflationary pressures controlled and it will remain attentive to any threat that might deviate inflation from its target within the policy horizon.

In recent weeks there has been growing turbulence in emerging economies' financial markets which has had unusual repercussions on the domestic exchange market but the Board considers that these are merely temporary because the Chilean economy is sound. Nevertheless, it will keep a close watch on financial and exchange market developments and will use its policy instruments to achieve its objectives.