

Santiago, June 12, 2001

Press Release

At its monthly monetary policy meeting held today, the Board of the Central Bank decided to lower the monetary policy interest rate by 25 basis points from UF plus 3.75% to UF plus 3.5% and to lower the rates on liquidity credit lines by the same amount each.

The economy is growing more slowly than had been forecast in May's *Monetary Policy Report*, inflation is controlled and tending to fall, unemployment is rising slightly, and import figures are weak. Monetary and financial indicators point to expenditure growth and output picking up in the second half. However, inflation would then drop below the 3% target set for the projection horizon which makes it necessary to trim the monetary policy interest rate.

The Bank will continue with its flexible approach to monetary policy to avoid any deviation from the inflationary target.