

Santiago, August 10, 2000

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 5.5% and that liquidity credit lines would also remain unchanged. The Board analyzed recent economic developments and the outlook for the next twenty-four months, based on May's *Monetary Policy Report*.

The data examined points to economic activity continuing along the growth path foreseen in May, based on dynamic external demand. Domestic demand and employment growth have both slowed in recent months whereas underlying inflation has remained stable.

World economic growth continues to strengthen and there is less likelihood of any brusque change in the United States economy. Internationally, there is a persistent scarcity of liquidity and oil prices continue volatile.

In the past thirty days, a set of more expansive monetary conditions already identified in the previous Board meeting has consolidated: medium- and long-term interest rates have continued to fall and the peso has further depreciated. Domestic demand, economic activity and employment can thus all be expected to grow faster at least within the projection horizon. However, there are no apparent inflationary risks given the idle installed capacity and employment.