

Santiago, June 8, 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.

As usual, the Board analyzed recent economic developments and the outlook for the next twenty-four months, based on May's *Monetary Policy Report*.

Data gathered during recent months indicate that domestic demand, economic activity and employment are all following a path of moderate growth with no significant risk to price stability. This situation is confirmed by the favorable evolution of underlying inflation.

On the external front, international financial markets continue highly volatile but news in the past few weeks confirms that the United States economy is gradually adjusting and that international interest rates should start to rise slowly.

Finally, the most relevant change over the past month is that international fuel prices have risen more than what is reflected by domestic prices and if they continue to go up, domestic prices will also have to rise.

All these considerations led the Board to leave the monetary policy interest rate unchanged. The Board reiterates its commitment to price stability, with inflation centering on 3% a year within a range of 2% to 4%. It will therefore maintain a flexible monetary policy stance in order to face any threats to achieving the inflation target.