

Santiago, November 8, 1999

Press Release

At its monthly monetary policy meeting held today, the Board of the Central Bank carried out a detailed analysis of developments in the past few weeks and the outlook for next year. In particular, the Board considered recent behavior of financial markets, both in domestic and foreign currency, and their interaction with world markets and the year 2000 phenomenon.

In the light of available figures and what can be projected from them at short and medium term, the Board decided to leave the monetary policy rate unchanged at UF plus 5% and also the liquidity credit lines at their same rates. The favorable progress of inflation and external accounts, together with significant output capacity available at the aggregate level, make it possible to foresee inflation in line with the Central Bank target and coherent with the current monetary policy rate. Nevertheless, the Bank will remain attentive to internal and external events that could alter these projections.

At the same time, growing uncertainty regarding the start of the year 2000 could affect financial markets and the Board reiterated that the Bank will continue to provide all the liquidity required for the normal and adequate functioning of monetary and financial markets.

To this end, Central Bank security issues are to be mainly 30-day PDBC during the reserve period beginning November 9. Moreover, there will be close and constant cooperation with the Superintendence of Banks and Financial Institutions as well as with the banks themselves in order to ensure the uninterrupted availability of liquidity and cash.