

The Central Bank of Chile
Press Release*
Santiago, 8 July 2004

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided, by unanimous vote, to maintain the monetary policy interest rate at 1.75% (annual).

Since the previous meeting, data shows an increase in annual CPI inflation, while projections point to a gradual convergence to 3% over the usual 24-month policy horizon, in line with the baseline scenario considered in the last *Monetary Policy Report*. Second-quarter output and domestic expenditure growth has strengthened. Although the latest indicators for investment and foreign trade have been more dynamic and the labor market has been weaker than expected, these developments are not sufficient to warrant a modification of growth and inflation prospects for the coming quarters.

The Central Bank will be alert to timely adjust its monetary policy against deviations of projected inflation from the specified target range.

* This is an unofficial translation. In case of any discrepancy or difference of interpretation, the Spanish original prevails.