Central Bank of Chile
Santiago, 11 December 2008
Press Release[*]

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to maintain the monetary policy interest rate at 8.25% (annual).

This decision is consistent with the Board's update of the baseline scenario contained in the last *Monetary Policy Report*, due to the drastic changes observed in the global economy and their impact on forecasted inflation.

Internationally, access to credit and asset prices continue under high stress. Latest data confirms a significant slowdown in the global economy. Commodity prices, particularly those of copper and oil, have fallen again.

Domestically, information available for the imported components of internal demand shows smaller than foreseen levels, while output remains on a decelerating path. Unemployment is still stable and tight credit conditions persist.

In November, due to the lower price of fuels, monthly inflation was negative, but the various measures of core inflation remain high. Meanwhile, the peso has depreciated, while wage dynamics continue in line with historical patterns and medium-term inflation expectations have fallen.

The Board considers that, in the most likely scenario, a process of monetary easing will begin, the pace of which will depend on inflation perspectives. Accordingly, the Board reaffirms its commitment to conduct monetary policy so as to reduce the current high inflation rates to 3% over the policy horizon.

[*] The Spanish original prevails.