

**Central Bank of Chile**  
**Santiago, 12 April 2007**  
**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 5% (annual).

The external scenario relevant to the Chilean economy remains favorable. World growth is still high. The copper price has increased strongly and is now considerably above baseline projections in the last *Monetary Policy Report*. Prices of oil and derivatives, especially gasoline, have risen beyond projections. The prices of other commodities have also increased.

Information available continues to reflect increased dynamism of domestic output, in line with forecasts in the last *Report*. Salaried employment continues on the rise and internal financial conditions have remained favorable.

CPI inflation is somewhat below 3%, as projected. This is the result of changes in the price level due to the startup of Plan Transantiago, increased fuel prices with respect to January and core CPIX1 inflation (that excludes fuels, perishables and some regulated utilities) slightly above projections. The latter, partly influenced by the higher international price of some grains. Alternative measures of trend inflation show no material changes. Labor costs remain contained and inflation expectations are around 3%. Overall, the new information suggests that annual inflation will decline in the coming months with less intensity than was projected in the last *Report*.

The Board reaffirms its commitment of conducting monetary policy to ensure that projected inflation will be at 3% over the policy horizon. Future changes to the MPR to attain this objective will depend on incoming information and its implications on projected inflation.

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\* The Spanish original prevails.