

**Central Bank of Chile**  
**Santiago, 13 April 2006**  
**Press Release\***

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided to raise the monetary policy interest rate by 25 basis points, to 5% (annual).

The external scenario relevant for the Chilean economy continues to be very favorable, with the copper price considerably above earlier projections. In the first quarter of this year, domestic demand has shown some moderation in its high growth rate, in line with the projection scenario considered in the last *Monetary Policy Report*. In the same period, output showed signs of less than expected growth, influenced by circumstantially poor performance from some sectors. Job creation has resumed its growing annual expansion rhythm and, in particular, salaried employment continues to grow strongly. At the same time, internal financial conditions continue to be expansionary.

Inflation has continued along a similar path to that expected in the last *Monetary Policy Report*. Annual inflation measures CPI and CPIX (that exclude fuels and perishables) are temporarily upper half of the target range. On the other hand, both core inflation CPIX1 (that also excludes some regulated utility rates), and other inflation trend indicators, and the different measures of inflation expectations, continue to be well anchored around the center of the target range.

The Board considers that, in the most likely scenario, gradual adjustments to the interest rate continue to be necessary to maintain projected inflation around 3% per annum in the normal policy horizon. The timing of these adjustments will depend on the implications of news in economic activity, exchange rate and prices, over the expected path of inflation.

---

\* The Spanish original prevails.