

Central Bank of Chile
Press Release^{*}
9 June 2005

In its monthly monetary policy meeting, the Board of the Central Bank of Chile decided, by unanimous vote, to maintain the monetary policy rate at 3.25% (annual).

The information available shows that inflation and economic activity are behaving consistently with the outlook contained in the last *Monetary Policy Report*. Output continues to grow above its trend, supported by a favorable international scenario and clearly expansionary monetary conditions.

In line with projections, trend inflation continues to rise gradually. However, fluctuations in fuel prices and some regulated rates have affected CPI and CPIX inflation (that excludes fuels and perishables). Unit labor costs remain contained, despite the higher increase in hourly wages.

The decision to maintain the monetary policy rate on this occasion does not alter the expected gradual reduction of the monetary impulse. The Board believes that this strategy permits to achieve, in the most likely scenario, an inflation rate around 3% per annum in the normal policy horizon of 12 to 24 months.

^{*} In case of any discrepancy or difference in interpretation with the Spanish original, the latter prevails.