

The Central Bank of Chile

Press Release*

Santiago, 10 June 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).

Overall information since the last meeting is consistent with output and price forecasts in the last *Monetary Policy Report*. Alongside substantial expansion of foreign trade figures, the gradual increase in product and expenditure growth rates continues. As previously anticipated, monthly inflation in May increased due to the incidence of movements in fuel prices and the exchange rate, an effect that is believed to be mainly temporary. Core inflation CPIX (that excludes some goods with more volatile prices) remains low. In the near future, the annual CPI inflation is expected to progressively converge to 3% during the usual 24-month policy horizon.

The Central Bank of Chile reiterates that it will continue to conduct monetary policy with the necessary flexibility to address any projected inflation deviations in either direction from the specified target inflation rate.

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