

The Central Bank of Chile
Press Release*
Santiago, 13 May 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).

The external scenario relevant for Chile continues to be very positive, despite increased volatility in financial markets and the rise in the international oil price. Also, recent output and spending figures confirm the gradual growth acceleration projected for this year. CPI annual inflation is expected to progressively approach 3% during the usual 24-month policy horizon. This, notwithstanding that in the near future monthly inflation may show large swings because of more volatility in fuel prices and the exchange rate.

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.