

**The Central Bank of Chile**  
**Press Release\***  
**Santiago, 15 April 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).

Since the last policy meeting, substantially improved world economic conditions have consolidated, particularly the higher copper price. Also, recent domestic activity and demand figures, especially in the manufacturing sector, exports and imports of capital goods, indicate that the lower dynamism observed at the last meeting was transitory. This supports the growth projections contained in the last *Monetary Policy Report*.

Although CPI inflation has been in line with projections in January's *Report*, core inflation readings for the first quarter (i.e. CPIX and CPIX1, which exclude some of the more volatile prices) have been lower than expected. These developments do not change the projection of annual inflation gradually converging to 3% in the usual 24-month policy horizon. However, this process could end up being slower than previously forecasted. In this context, the Board considers that expansionary monetary conditions may last somewhat longer.

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.

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