

**The Central Bank of Chile**  
**Press Release\***  
Santiago, 11 March 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).

In the past two months, CPI inflation has followed the expected course, although core inflation figures (i.e. CPIX and CPIX1, which exclude some of the more volatile prices) have been slightly below previous forecasts. This contrasts with a somewhat higher oil price and a small depreciation of the peso. In this context, a gradual increase in annual inflation to 3% in the usual 24-month policy horizon continues to be expected, which includes monthly inflation rates approaching levels coherent with the target range in the coming months.

Since the last policy meeting, the terms of trade have continued to improve, thanks to the large and unexpected increase in the price of copper, amidst openly expansionary global financial conditions. However, domestic activity figures for the first quarter reveal lower dynamism than previously expected. The performance of mining and manufacturing sectors, together with the still sluggish expansion of investment, explain this result. Overall, these developments are insufficient to warrant a change in the growth projections for the year contained in the last *Monetary Policy Report*

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.