

**The Central Bank of Chile**  
**Press Release\***  
**Santiago, 10 February 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).

Economic developments since the last meeting reinforce the output and price forecasts in the last *Monetary Policy Report*. This scenario considers negative readings for annual inflation (12-month rate-of-change) for some months, and a subsequent increase to approach 3% toward the end of the 24-month horizon. This is based on the expected reduction in the output gap and the fading of supply-side shocks. The recent increase in expected inflation for the medium and long term, implicit in the prices of financial assets is consistent with this view.

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.