

THE CENTRAL BANK OF CHILE

Press Release^{*}
Monthly Monetary Policy Meeting
May 8, 2003

At 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 2.75% (annual).

Although core inflation has been increasing in recent months, it is still within the previously projected ranges. For the short run, it is foreseen that the lower oil price and the evolution of the exchange rate will contribute to bring down inflation rates. Beyond these fluctuations, however, inflationary perspectives for the projection horizon standard in the setting of monetary policy remain in line with the midpoint of the target range.

The latest indicators on economic performance confirm that the domestic economy is undergoing a phase of higher growth, consistent with the strong monetary stimulus that has been in place for some quarters. However, doubts persist on the future path of world economy, particularly in developed countries.

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 of interpretation, the Spanish original prevails.