

THE CENTRAL BANK OF CHILE

Press Release* Monthly Monetary Policy Meeting April 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).

The developments of the past weeks, particularly the decline in the price of oil and its derivatives, suggest that the increase in inflation of the past few months is essentially transitory. Insofar as this scenario of reduced oil prices remains, inflation can be expected to be shortly within the band. Underlying price pressures continue within the forecast margin, while inflation perspectives for the projection horizon remain in line with the target.

News from the real sector continues to be varied. In the international front, beyond the uncertainties associated with the war in Iraq, doubts exist about the pace of the world economy's recovery. Domestically, output and employment are consistent with the perspective of increased growth, although the dynamism of some domestic demand indicators has toned down in the margin.

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.