

Santiago, December 10, 2002

Press Release

At its monthly monetary policy meeting, the Board of the Central Bank decided to keep the monetary policy interest rate at an annual 3% and leave liquidity credit lines unchanged at the levels prevailing since the previous meeting.

Inflation, albeit with some ups and downs, still remains around the mid-range target thanks to changes in oil price, exchange rate and prices of some perishable goods. Underlying inflation (CPIX) has fallen close to the floor of the range. Inflationary trends are controlled within the target range although they are below previous forecasts. Expectations of inflation have also been revised downwards.

There are still threats hovering over the world economy as well as specific threats to various individual countries. At the same time, there are slight indications that domestic private consumption could be stirring, thanks to more favorable loan facilities and a better outlook for the labor market. However, the sluggish performance of some natural resources sectors is expected to continue for a few more quarters.

The Central Bank reiterates its commitment to a flexible use of monetary policy to avoid deviations from the inflationary target.