



Chile News

August 17, 2001

CENTRAL BANK'S STABILIZING MEASURES FOR EXCHANGE RATE

In extraordinary meeting the Board of Governors decided, yesterday, to increase the supply of exchange rate risk instruments (PRDs), and to use international reserves to stabilize the exchange rate volatility. The supply of PRDs will increase up to a total of US\$ 4,500 million (US\$ 2,000 million more than the currently announced level) during the following months, and the new issue will consider maturities of 2 and 4 years. On the other hand, the Central Bank will use up to US\$ 2,000 million of its international reserves for exchange operations in order to stabilize the volatility of the market exchange rate, without defining a target level for it.

The Board considered the instability generated on the domestic exchange market as a consequence of the complex financial scenario in some emerging economies of the region, as well as the expected performance of the world economy.