



Chile News

September 14, 2001

CENTRAL BANK'S MONETARY POLICY REPORT SEPTEMBER 2001

In its September Monetary Policy Report the Central Bank adjusted the estimated growth rate for the current year from 4.3% to 3.7%. This new estimate considers the slowdown affecting the world economy and its effect on the terms of trade, the domestic unemployment rate affecting the recovery of consumer confidence, and the instability in some financial markets of the region. However, the Report points out that based in several leading indicators the expected growth for the second semester will be more than the 3.5% yoy exhibited during the first six months of the year, representing a reversion in the trend exhibited by the GDP from the middle of the year 2000.

On the other hand, the inflation rate is expected to continue in the target range (2-4% yoy) but presenting higher volatility in the short run. This expected behavior responds to the instability in the international financial markets that could lead to a further depreciation of the Chilean currency, and eventually to increase domestic prices.

CENTRAL BANK PROJECTIONS

	2001	2002
Real GDP Growth (%)	3.7	5.0
Aggregate Demand (%)	2.1	6.4
Current Account Deficit (% of GDP)	2.6	2.0
Inflation (% , band of 2-4%)	3.1	3.5
Exports (million dollars)	18,100	19,820
Imports (million dollars)	17,030	18,800
Exports (% growth yoy)	8.3	5.7
Imports (% growth yoy)	4.2	8.6

Source: Central Bank of Chile