



**CENTRAL BANK OF CYPRUS**

**ECONOMIC RESEARCH AND STATISTICS DIVISION**

**ECONOMIC RESEARCH DEPARTMENT**

**Concise**  
**Monetary Policy Report**

**FEBRUARY 2007**



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The Monetary Policy Report (MPR) is drafted by the Central Bank's Economic Research Department in preparation for the meetings of the Monetary Policy Committee (MPC), and summarises current economic developments in Cyprus. The MPR appears about eight times a year. Of these eight issues, four are more extensive and comprehensive than the others.

The Greek version of the MPR as well as the English version of the statistical tables are available on the Bank's website on the same day as the MPC meeting. The entire English version of the MPR is posted on the Bank's website during the following month. The English edition of the more extensive version is also available in printed form.

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**ECONOMIC RESEARCH AND STATISTICS DIVISION**

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## Symbols, conventions and abbreviations

1. The following symbols are used:

-	no figures to be expected	CYP and £	Cyprus pound
n.y.a.	not yet available	€	euro
0	nil or negligible	\$	US dollar
Q	quarter	ST£	pound sterling
p	provisional	¥	Japanese yen

2. Thousands, millions and billions are separated by a dot (.) and decimals are separated by a comma (,). In some cases the totals in the tables may not add up due to rounding.

3. CCIs	Co-operative Credit Institutions
CPI	Consumer Price Index
CSE	Cyprus Stock Exchange
Cystat	Statistical Service of the Republic of Cyprus
ECB	European Central Bank
HICP	Harmonised Index of Consumer Prices

## INTRODUCTION

The world economy continues to exhibit signs of stable growth, despite lower growth in some economies such as the US and the UK. Inflation has continued to recede due to the fall in energy prices. Based on these developments, the central banks of the major economies maintained their official interest rates unchanged during their recent meetings.

On the domestic front, the annual growth rates of credit to the private sector and money supply (M2) increased, compared with the previous month. Specifically, the annual growth of credit to the private sector by domestic banks rose to 16,3% in December compared with 15,6% in November, mainly due to the capitalisation of interest at the end of the year. In December 2005 credit to the private sector grew by 6,2%. M2 accelerated only slightly to 15,1% in December compared with 14,9% in November, while in the same month of the previous year it had recorded growth of 10,2%.

The CPI measure of inflation reached 1,64% in January 2007, compared with 1,63% in December 2006. In January a small deceleration was recorded in the prices of domestic agricultural products, while car prices fell significantly due to the reduction in excise taxes. At the same time a fall was recorded in the prices of electricity and petroleum products. The HICP increased by 1,5% in December compared with 1,3% in the previous month.

Data for 2006 as a whole show that harmonised inflation reached 2,2%, compared with 2% in 2005. The level of harmonised inflation in 2006 was 0,7 percentage points below the relevant Maastricht criterion.

As far as external transactions are concerned, the trade deficit reached £2.541,2 million in 2006 compared with £2.247,7 million in 2005. The widening of the trade deficit is mainly the result of the significant increase in the imports of oil products as well as the significant decrease in re-exports.

The number of tourist arrivals in 2006 was down by 2,8% compared with the 5,2% increase in 2005. In 2006 revenue from tourism recorded an increase of 2,2% compared with an increase of 2,4% in 2005, thus indicating an increase in per capita expenditure.

As regards private consumption, the turnover volume index of retail trade, based on provisional data, rose by 10,4% in October 2006 compared with 8,7% in the corresponding month of 2005.

Unemployment as a percentage of the economically active population reached 3,9% in January 2007, compared with 4,1% in the same month of 2006. The decrease in the number of unemployed to 3,4% in 2006 was mainly the result of the change in the methodology for the registration of seasonal unemployment, the satisfactory performance of economic activity and the reduction of the inflow of foreign workers.

In the secondary sectors of the economy, the manufacturing volume index decreased in the first 11 months of the year, while the performance of the construction sector showed a downward trend. Indicative of this was the deceleration in the volume index of authorised building permits in the first 11 months of 2005, as well as the local sales of cement in 2006.

According to preliminary data published by Cystat, a fiscal deficit of £115,1 million or 1,4% was recorded in 2006. This is significantly lower than the initial projection of 1,9% which was the government's official target set out in the Convergence Programme 2005-2009.

### **International economic developments (Tables 1-2, pages 9 & 10)**

In the **US** GDP grew by 3,5% in the fourth quarter compared with 2% in the third quarter. Recent data from the real estate sector show a stabilisation in prices. Inflation was at 2,5% in December compared with 3,4% in the same month of the preceding year. Unemployment reached 4,6% in January 2007 compared with 4,7% in January 2006. At its recent meeting on 31 January 2007, the Federal Reserve maintained its official interest rates unchanged at 5,25%, indicating on the one hand that inflationary pressures seem to be subdued, while on the other hand stressing that upside risks remain in the medium term.

In the **euro area** risks to GDP growth are balanced in the short term while there are downside risks in the medium term due to possible rises in the price of oil and pressures emanating from possible new protectionist measures. According to the ECB, economic growth is expected to continue in 2007 at the same rate as 2006, that is around 2,4%, since domestic demand is anticipated to remain stable while the world economy is expected to support external demand for euro area products. As regards inflation, during January it reached 1,9% compared with 2,4% in the same month of 2006. Upside risks remain due to the possible rise in oil prices, the imposition of protectionist

measures, possible wage rises as well as further rises in indirect taxation.

The data for January do not, for the time being, show a change in the price level following the VAT rise in Germany, introduced on 1 January 2007. At its meeting on 8 February, the ECB left its official interest rates unaltered. Markets anticipate that there will be rise in European interest rates in March. Unemployment decreased to 7,5% in December compared with 8,4% in the same month of 2005, due to the positive economic environment in the euro area during 2006.

In the **UK** GDP grew by 3,2% in the last quarter of 2006, compared with 2,7% in the previous quarter. Inflation reached 3% in December while the Bank of England maintained its official interest rates unchanged at 5,25% during its meeting on 8 February 2007. During the period September – November 2006, unemployment reached 5,5% compared with 5% in the same period of the previous year. It is anticipated that exports growth will weaken while investment expenditures are envisaged to continue rising in the short run.

In **Japan** economic growth continues based on domestic and external demand and, to a lesser extent, investment expenditures. In December there was a small rise in the consumer price index of 0,3%, compared with a decrease of 0,1% in December 2005. Unemployment was 4,1% in the last month of 2006, compared with 4,4% in the same month of the previous year. Japan's economic prospects remain positive and markets anticipate that the Bank of Japan will gradually raise the official interest rate at a later stage.

In **China**<sup>1</sup> economic activity remains strong, as depicted by retail sales and industrial output indicators. In particular, retail sales rose by 14,1% and industrial production by 14,9% in November. In December inflation reached 2,8% and unemployment 9,8%. China's large trade surplus is causing upward pressure on the yuan.

Chart 1 on page 9 presents the Eurostoxx 50, S&P 500 and Nikkei 225 **share indices**. In the period November 2006 - January 2007, the aforementioned indices rose by 2,1%, 5,2% and 6,2%, respectively. Positive trends in international capital markets have resulted from the favourable prospects for the world economy and increased corporate profits.

The daily average price of **Brent crude** was \$53,58 per barrel in January 2007, compared with \$63,31 in December 2006. The decrease in the price of oil in January was due to the favourable weather conditions in the northern hemisphere which led to lower demand for heating oil. According to market analysts, in 2007 the price of oil is expected to remain at high levels due to constraints in the supply chain and sensitivity to unanticipated market developments.

### **Exchange rates and Cyprus pound**

In January the dollar recorded marginal fluctuations reaching \$1,29 per euro on 31 January. However, it strengthened marginally compared with the previous month (Diagram 3, page 13). The dollar was affected by the widening of the current account deficit and the announcement of mixed economic indicators.

Furthermore, in the eurozone the ECB is expected to increase further interest rates.

During the period under review, sterling did not show significant fluctuations against the euro, reaching £0,66 per euro. As far as the Japanese yen is concerned, weakening was reported relative to the euro reaching ¥157,26 to the euro on 31 January compared with ¥157,36 on 2 January.

In January 2007 the Cyprus pound remained constant relative to the euro reaching £0,5704 (Diagram 4, page 14). Reflecting the fluctuations of foreign currencies during the period under review, the Cyprus pound recorded marginal weakening relative to the dollar reaching \$2,2362 on 31 January 2007 compared with \$2,2952 on 2 January 2007. During the period under review there was gradual weakening against sterling, reaching £1,1442 on 31 January 2007 compared with £1,1652 on 2 January 2007 (Diagram 4, page 14).

The Central Bank's foreign currency transactions on the basis of their transaction date are illustrated in Table 3 (page 15). More specifically, net outflows of £81,55 million were recorded in the period under review, compared with net outflows of £46,01 million in the corresponding period of 2006. The flows recorded in 2006 were mainly due to seasonal factors.

### **Monetary developments**

The annual growth of **M2** was 15,1% in December 2006 compared with 10,2% in December 2005 (Table 4, page 15). Credit to the private sector was the main factor affecting M2. In addition, credit to the public sector

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1. It has been decided to dedicate part of international economic developments to China due to the rapid growth it has exhibited in recent years and the importance it maintains in world trade.



slowed down to 14,4% in December 2006 from 17,2% in the same month of 2005.

According to provisional data, the annual growth rate of total money supply, M2C<sup>2</sup>, which includes deposits with banks and co-operative credit institutions (CCIs), reached 13,8% in December, virtually unchanged from the previous month when it had reached 13,7%, but higher than the 10% of December 2005. The annual growth rate of credit to the private sector was 16,3% in December compared with 15,6% in the previous month, mainly because of capitalisation of interest at the end of the year. In December 2005 the growth rate had reached 6,2%. If we estimate credit growth in both the commercial banks and the CCIs, we should expect the rate of growth to be lower since CCIs do not give credit in foreign currency. Indeed, total credit expansion grew by 15% in December compared with 7,1% in the same month of the previous year.

Loans to companies in the construction sector rose by 25,6% in December, while personal-professional loans rose by 25,7% during the same period (Table 6, page 16). There was an increase of 7,1% in loans in the tourism sector while loans in the domestic and foreign trade sector decreased by 2,2%.

Regarding the foreign currency borrowing of residents, there was a rise of £676,8 million in 2006, compared with a rise of £295,8 million in 2005 (Table 8, page 17). This is consistent with large foreign exchange inflows during the period. The share of net new loans in foreign currency to the total amount of credit was 44,1% in 2006,

down from 49,5% in the 12 months to November 2006 and 54,1% in 2005. As a result, the share of these loans to the total amount of credit at the end of December 2006 stood at 17,2%, compared with 12,8% at the end of December 2005. At the end of 2006, loans in euro accounted for 55,2% of the total loans in foreign currency, loans in Swiss francs accounted for 36,6% and loans in dollars 4,8%, compared with 67,5%, 21,4% and 7,9%, respectively, at the end of December 2005.

Residents' deposits in domestic currency rose by 12,8% in December compared with 7% in the same month of the preceding year. At the same time, the annual growth rate of residents' deposits in foreign currency continued to be high. In particular, they rose by 36,9% in December, compared with 48,5% in the same month of 2005.

In December 2006 and January 2007 surplus liquidity conditions prevailed in the **money market**. As a result, the Central Bank intervened in the money market via auctions for the acceptance of deposits. During the last auction, which was held on 15 February 2007, £450 million were absorbed at an average interest rate of 3,71%. The total amount of bids was £789 million. The decrease in excess liquidity was due to its partial absorption via issues of government securities.

Turning to **government securities** (Table 14, page 22), in January there was one auction in five year bonds, one in ten year bonds as well as one auction in 13 week treasury bills. The average yields on the aforementioned paper were 4,22%, 4,37% and 3,6%, respectively. On 14 February an auction in 13 week treasury bills

1. The monetary aggregate M2C should be treated with caution since the co-operative credit institutions are not supervised by the Central Bank of Cyprus and, in addition, the automation undertaken by the Co-operative Computers Society (SEM) Ltd, does not yet cover all the co-operative credit institutions.

was held at which the average yield reached 3,56%. In addition, on 15 February there were auctions in two, five and ten year bonds with respective average yields of 4,03%, 4,24% and 4,47%.

The average **overnight interbank** rate was 3,35% in January 2007 compared with 3,58% in November and 3,37% in December 2006.

### **Cyprus Stock Exchange (CSE)**

During January 2007 the main and parallel market index of the **CSE** (Chart 7, page 28) exhibited a mixed trend. This reflected the rapid developments in the banking sector and the uncertainty created among investors by the almost simultaneous bids for the acquisition of Marfin Popular Bank by Piraeus Bank, and Piraeus Bank and Bank of Cyprus by Marfin Popular Bank. The market calmed down following the decision of the CSE which gave the Piraeus Bank's proposal the lead. The main and parallel market index fluctuated between 3.967,8 and 4.506,4. The daily average volume rose while the daily average value of transactions decreased compared with December. In particular, the average daily volume was 4.134 transactions, compared with 2.382 in the preceding month, while the average daily value of transactions reached £15,5 million, compared with £19,9 million in December.

### **Domestic Economy**

The CPI measure of inflation reached 1,64% in January 2007, compared with 1,63% in December 2006. In January a small deceleration was recorded in the prices of

domestic agricultural products, while motor vehicle prices fell significantly due to the reduction in excise taxes. At the same time a fall was recorded in the prices of electricity and petroleum products. The HICP increased by 1,5% in December compared with 1,3% in the previous month.

The number of tourist arrivals fell by 6,1% in December 2006 compared with a 3,9% fall recorded in December 2005.

During the period January – December 2006, tourist arrivals recorded a decrease of 2,8% compared with a 5,2% increase recorded in the corresponding period of 2005. In parallel, revenue from tourism decreased by 5% in December 2006 compared with a 5,2% increase in December 2005. Regarding tourism revenue for the whole of 2006, there was a 2,2% increase compared with a 2,4% increase in 2005. It should be noted that the data regarding revenue from tourism do not include revenue from tourists owing holiday homes in Cyprus.

Table 26 (page 35) represents preliminary data for the trade deficit for 2006, as published by Cystat. The value of imports recorded a 7,3% increase in 2006, compared with a 10,5% increase in 2005. It should be noted that the increase recorded in the value of total imports was mainly the result of the significant increase in value of oil imports and imports of consumer goods. As far as the total value of exports is concerned, a 10,8% fall was recorded in 2006 compared with a 31,2% increase in 2005, mainly due to the reduction recorded in re-exports.

As a result of the above, the trade deficit deteriorated in 2006 reaching £2.541,2 million compared with a deficit of £2.247,7 million in 2005.

As regards private consumption, the turnover volume index of retail trade, based on provisional data, rose by 10,4% in October 2006. During the first ten months of 2006, the index recorded an increase of 7,1% compared with 5% in the corresponding period of 2005. Note, however, that the index does not include the registration of new cars, which recorded a 4,6% reduction in 2006, indicating weaker private consumption compared with the rise in the volume index of retail trade. On the other hand, the significant increase in personal loans as well as the acceleration recorded by domestic credit card expenditure, which rose by 16,7% in 2006, indicates that private consumption still remains strong.

In the labour market, the number of registered unemployed fell by 2,5% in 2006, compared with an increase of 6,5% in 2005. Unemployment as a percentage of the economically active population fluctuated at around 3,4%, compared with 3,7% in 2005. The reduction in unemployment occurred due to the fact that those who are seasonally unemployed do not have to register with the Labour Office in order to receive unemployment benefits. The reduction of the inflow of foreign workers, as well as the satisfactory performance of economic activity, also contributed to the fall in unemployment. In the first months of 2007, unemployment reached 3,9% compared with 4,1% in January 2006.

As regards the secondary sectors of the economy, during the first 11 months of 2006, manufacturing fell by 0,9%. In construction there was a deceleration in the number of building permits and the sale of cement. Specifically, building permits rose by 3,3% in the first 11 months of 2006 compared with an increase of 13,9% in the corresponding period of

2005. The sale of cement rose by 2,4% in 2006 compared with an increase of 3,4% in 2005.

As regards the public finances, according to preliminary data published by Cystat for the year 2006, a fiscal deficit of £115,1 million or 1,4% of GDP was recorded. This is significantly lower than the initial projection of 1,9% of GDP which was the government's official target as set out in the Convergence Programme 2005-2009. The fiscal deficit of £115,1 million is the outcome of total public revenue and total public expenditure amounting to £3.600 million and £3.715 million, respectively, thus recording corresponding increases of 11% and 8,4%.

More analytically, on the revenue side taxes on production and imports increased by 10,9%, of which VAT receipts increased by 13,5% in 2005. Also, current taxes on income and wealth (which mainly include income and capital taxes) increased by 26,5%. On the expenditure side, compensation of employees registered an increase of 7,8% in 2006 while intermediate consumption also increased by 11,1%.

### ***Estimates for 2006 and prospects for 2007***

In 2006 the real rate of growth is estimated to be at around the 2005 level. As the price of oil remained high, growth was slightly restrained. In the first nine months of 2006 the growth rate of real GDP reached 3,7%, compared with 3,8% in the same period of 2005. External demand is estimated to have played a major role, due mainly to the anticipated improvement in the economies of the EU. As regards the labour market, the rise in real GDP led to a stabilisation of the registered unemployed to 3,4% in 2006. The reduction of the inflow of foreign workers also contributed to the reduction of the registered unemployed.

Inflation during 2006 reached 2,5%, as in 2005, despite the significant increase in the price of oil. Increased competition in the retail sector, following Cyprus's accession to the EU, as well as monetary developments had a significant impact on inflation. Inflation was also affected by the increase in the prices of agricultural products. Despite the rise in oil prices, the HICP remained at 2,2%.

In 2006 the balance of payments deficit is expected to show a slight rise compared with 2005, mainly as a result of the increase in the price of oil internationally, as well as the significant increase in the imports of consumer goods.

The outlook for public finances is positive as far as the convergence criteria for joining the eurozone are concerned. The importance of structural measures in the fiscal consolidation process is highlighted and re-emphasised although it should be noted that the government has, and is planning to, adopt further measures.

The current account deficit in 2006 is expected to increase slightly reaching 6% of GDP compared with 5,7% in 2005. This is mainly the result of the increase in the price of oil internationally as well as the significant increase in the imports of consumer and capital goods.

According to recently published data, the fiscal deficit in 2006 is lower by 0,5% of GDP. Taken in conjunction with the continuing corrective fiscal measures adopted by the government, it is assumed that the 2007 deficit will be at a lower level than the initial estimate of 1,6% of GDP.

In 2007 GDP is expected to register a marginal increase compared with 2006. External consumption is expected to remain at the same level as in 2005, while public consumption, fixed capital investment and imports are expected to decelerate. As a result of the positive economic environment in the EU, exports are expected to increase.

Provided that the increase in foreign workers remains at the same level as in 2006, unemployment is expected to register a marginal decrease. At the same time the rate of inflation is expected to decelerate significantly, due to the reduction in excise taxes and the stabilisation in the price of oil, which will also influence positively the balance of payments.

**ANNEX**

**Table 1.**

**GDP projections<sup>(1)</sup>**

(annual percentage change)

	The Economist Poll of forecasters <sup>(2)</sup>			Lehman Brothers Global Weekly Economic Outlook <sup>(3)</sup>			International Monetary Fund World Economic Outlook <sup>(4)</sup>			European Commission Economic Forecasts <sup>(5)</sup>		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
World				2,5	2,9	2,3 (2,1)	4,9 (4,8)	5,1 (4,9)	4,9 (4,7)	4,9 (4,6)	5,1 (4,6)	4,6 (4,3)
Euro area	1,4	2,7	2,0	1,5	2,7	1,7	1,3	2,4 (2,0)	2,0 (1,9)	1,4 (1,3)	2,6 (2,1)	2,1 (1,8)
USA	3,6	3,4	2,6	3,2	3,4 (3,3)	2,7 (2,5)	3,2 (3,5)	3,4	2,9 (3,3)	3,2 (3,5)	3,4 (3,2)	2,3 (2,7)
Japan	2,6	2,1	1,9	2,7 (2,6)	2,2 (2,1)	1,9 (1,8)	2,6 (2,7)	2,7 (2,8)	2,1	2,6 (2,7)	2,7 (2,8)	2,3 (2,4)
UK	1,7	2,7	2,5	1,9	2,7 (2,6)	2,3	1,9 (1,8)	2,7 (2,5)	2,7	1,9 (1,8)	2,7 (2,4)	2,6 (2,8)
China					10,7	9,6	10,2	10,0	10,0	10,2	10,4 (9,5)	9,8 (9,0)

(1) Figures in parentheses indicate the corresponding projection in the previous Monetary Policy Report, in case of change. In the case of the International Monetary Fund and European Commission, the figures indicate the projections in April 2006.

(2) The Economist, 8 February 2007.

(3) Lehman Brothers Global Weekly Economic Monitor, 9 February 2007.

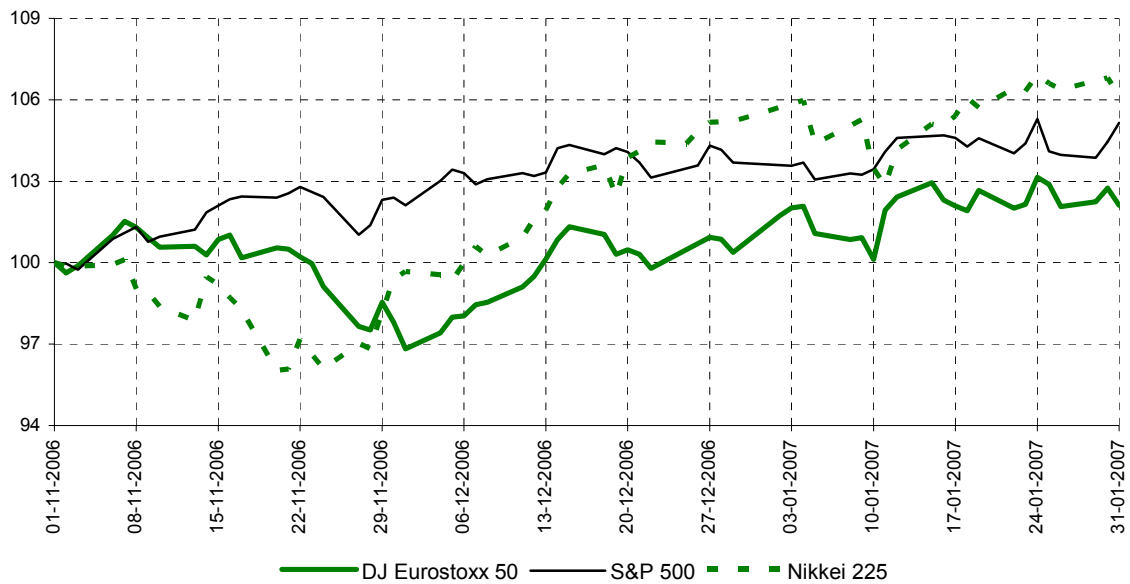
(4) International Monetary Fund, World Economic Outlook, September 2006.

(5) European Commission, Economic Forecasts, Autumn 2006.

**Chart 1**

**Selected international stock market indices**

(1 November 2006 = 100, daily data)



Source: Bloomberg.

**Table 2****Main economic indicators**

(percentage change year-on-year)

	GDP				Industrial production November (annual)	Retail sales November (annual)	Unemployment December (annual)	Inflation <sup>(2)</sup> December (annual)
	2006							
	(quarterly) <sup>(1)</sup>	(annual)	(quarterly) <sup>(1)</sup>	(annual)				
UK	2,7 (Q3)	2,7 (Q3)	3,2 (Q4)	3,0 (Q4)	0,8	3,7 <sup>(3)</sup>	5,5 <sup>(4)</sup>	3,0
Japan	1,0 (Q2)	2,5 (Q2)	0,8 (Q3)	1,6 (Q3)	4,6 <sup>(3)</sup>	-0,2	4,1	0,3
USA	2,0 (Q3)	3,0 (Q3)	3,5 (Q4)	3,4 (Q4)	3,0 <sup>(3)</sup>	5,9	4,5	2,5
Euro area	3,6 (Q2)	2,4 (Q2)	2,0 (Q3)	2,7 (Q3)	2,5	1,3	7,5	1,9 <sup>(5)</sup>
China	-	10,7 (Q3)	-	10,4 (Q4)	14,9	14,1	9,8	2,8

Source: *The Economist*, 8 February 2007.

(1) Percentage change on previous quarter at an annualised rate.

(2) Based on the consumer price index.

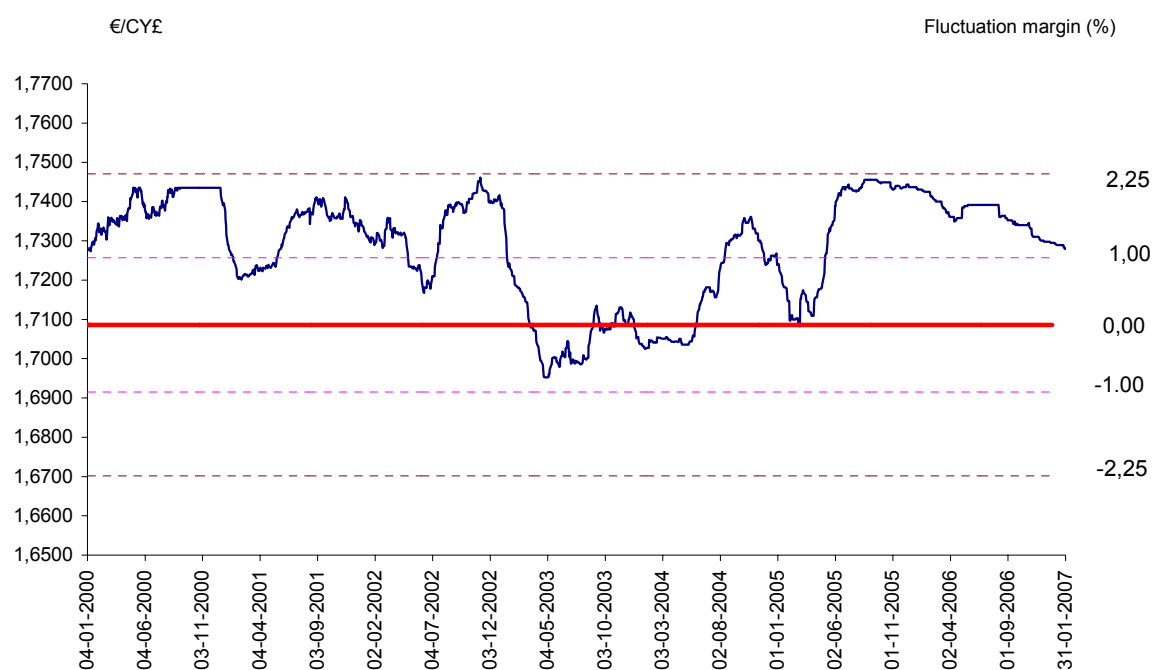
(3) December 2006.

(4) September - November 2006.

(5) January 2007.

**Chart 2****Exchange rate of the euro against the Cyprus pound**

(middle rate fixing)



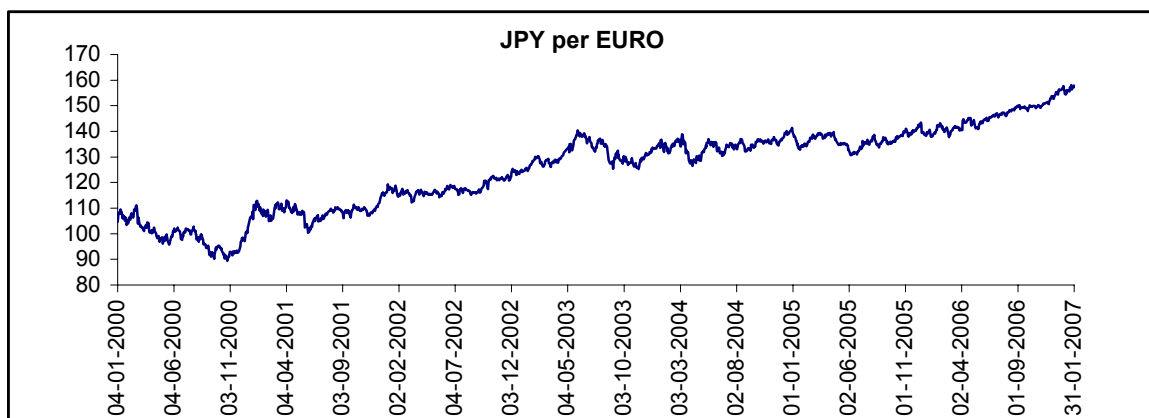
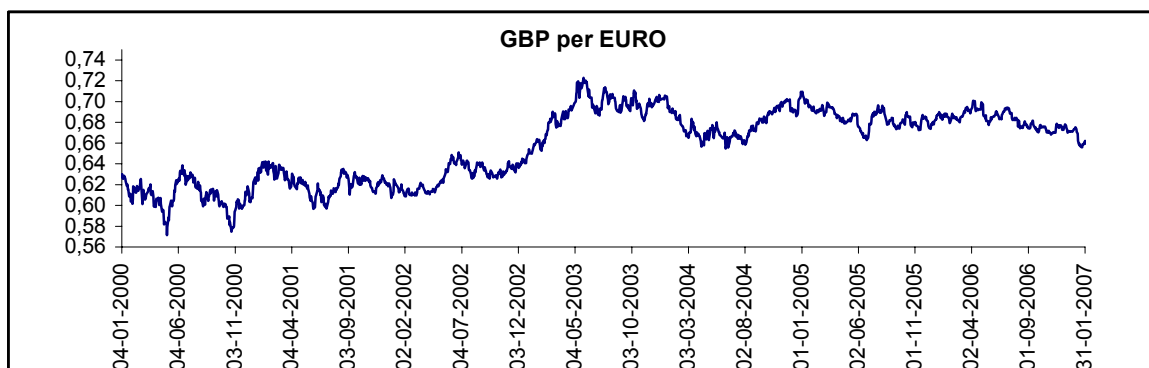
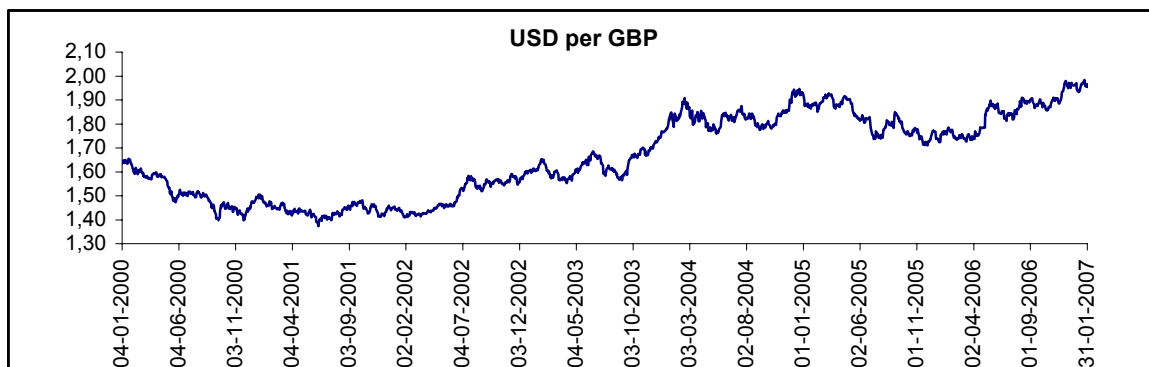
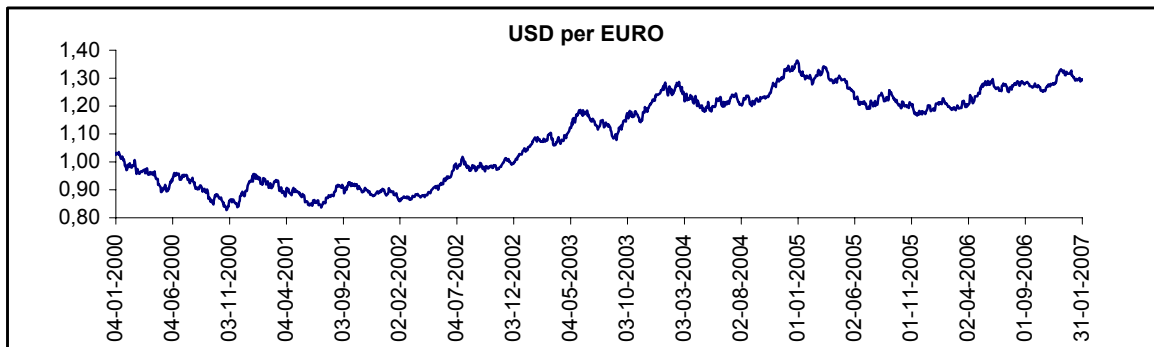
Source: Central Bank of Cyprus.

Note: The official fluctuation margins of the Cyprus pound against the euro are set equal to ±15%.

**Chart 3**

**Major international currencies**

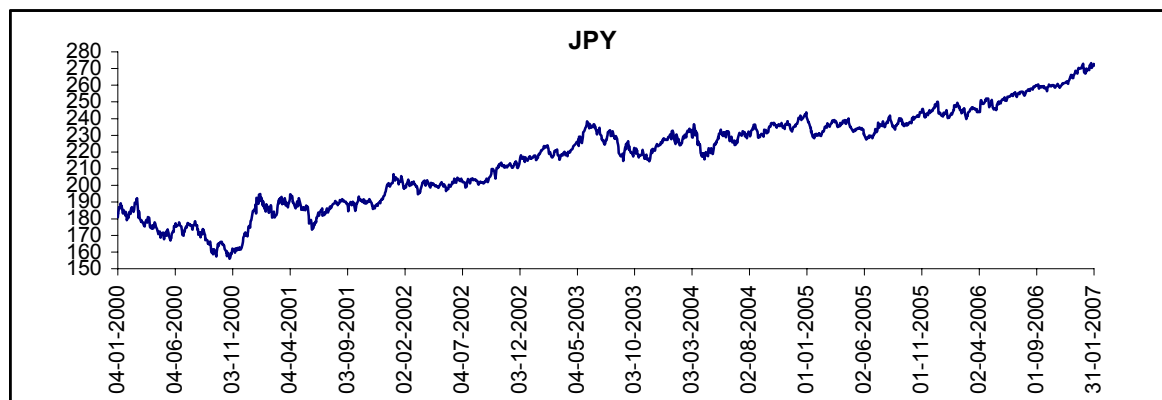
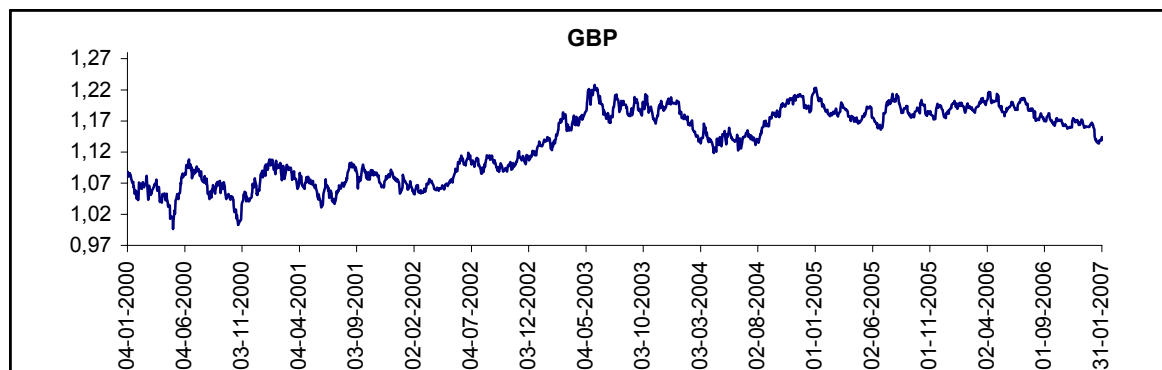
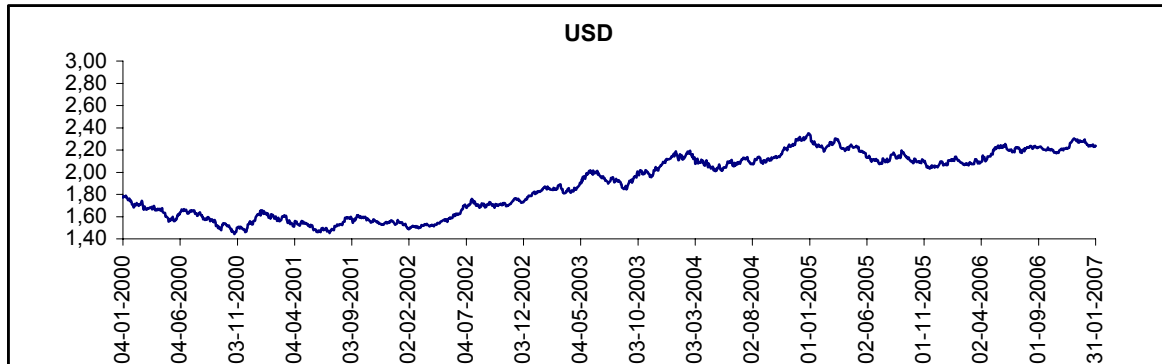
(middle rate)



Central Bank of Cyprus.



**Chart 4**  
**Cyprus pound against major international currencies**  
 (middle rate)



Source: Central Bank of Cyprus.

**Table 3**  
**Domestic foreign exchange market: purchases and sales by the Central Bank of Cyprus**

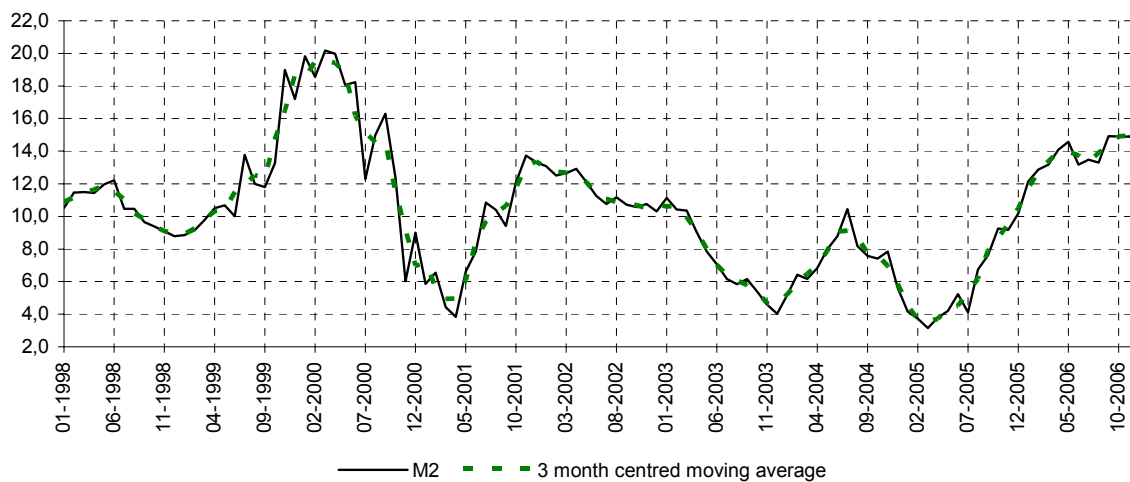
Period	Foreign currency per Cyprus pound (period average)			Purchases(+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
	Euro	USD	Sterling	Euro	USD	Sterling	
<b>Yearly</b>							
2001	1,7314	1,5602	1,0805	755,82	242,99	76,39	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
2003	1,7122	1,9361	1,1844	-259,75	1,30	19,50	-134,01
2004	1,7187	2,1357	1,1663	-91,40	15,75	25,70	-25,52
2005	1,7335	2,1574	1,1858	899,55	29,30	37,3	560,68
2006	1,7350	2,1826	1,1844	1.024,25	0,40	4,40	593,65
<b>Quarterly</b>							
2004 Q1	1,7060	2,1348	1,1604	-155,75	2,00	30,20	-64,23
2004 Q2	1,7099	2,0579	1,1401	-19,05	6,50	1,10	-7,49
2004 Q3	1,7271	2,1107	1,1612	199,60	4,95	-19,20	101,02
2004 Q4	1,7317	2,2394	1,2033	-116,2	2,3	13,6	-54,82
2005 Q1	1,7161	2,2496	1,1902	-161,1	10,5	30,1	-64,1
2005 Q2	1,7297	2,1785	1,1742	518,15	22,3	4,40	312,86
2005 Q3	1,7443	2,1278	1,1928	250,45	-3,55	-0,10	141,83
2005 Q4	1,7440	2,0737	1,1861	292,05	0,5	2,90	170,09
2006 Q1	1,7407	2,0930	1,1947	-85,05	1,70	0,60	-47,47
2006 Q2	1,7379	2,1830	1,1962	631,05	0,00	2,00	364,75
2006 Q3	1,7383	2,2116	1,1891	284,85	-0,15	1,80	152,29
2006 Q4	1,7316	2,2345	1,1658	154,90	-0,15	0,00	89,18
<b>2006</b>							
January	1,7429	2,1102	1,1960	-79,95	-0,30	0,00	-46,01
February	1,7411	2,0798	1,1896	-8,45	0,00	0,60	-4,34
March	1,7382	2,0894	1,1984	3,35	2,00	0,00	2,88
April	1,7356	2,1247	1,2059	159,45	-0,15	2,00	93,46
May	1,7388	2,2216	1,1881	326,40	0,00	0,00	187,73
June	1,7392	2,2027	1,1946	145,20	0,15	0,00	83,56
July	1,7392	2,2061	1,1963	113,65	-1,00	0,00	64,89
August	1,7366	2,2260	1,1759	26,00	0,00	0,00	14,94
September	1,7346	2,2093	1,1714	183,70	-0,15	1,80	107,36
October	1,7339	2,1876	1,1667	210,40	0,00	0,00	121,33
November	1,7310	2,2300	1,1666	-81,50	-0,15	0,00	-47,18
December	1,7298	2,2860	1,1640	26,00	0,00	0,00	15,03
<b>2007</b>							
January	1,7288	2,2478	1,1474	-142,40	-2,00	2,00	-81,55

Source: Central Bank of Cyprus.

**Chart 5**

**M2 growth**

(annual percentage change, monthly data)

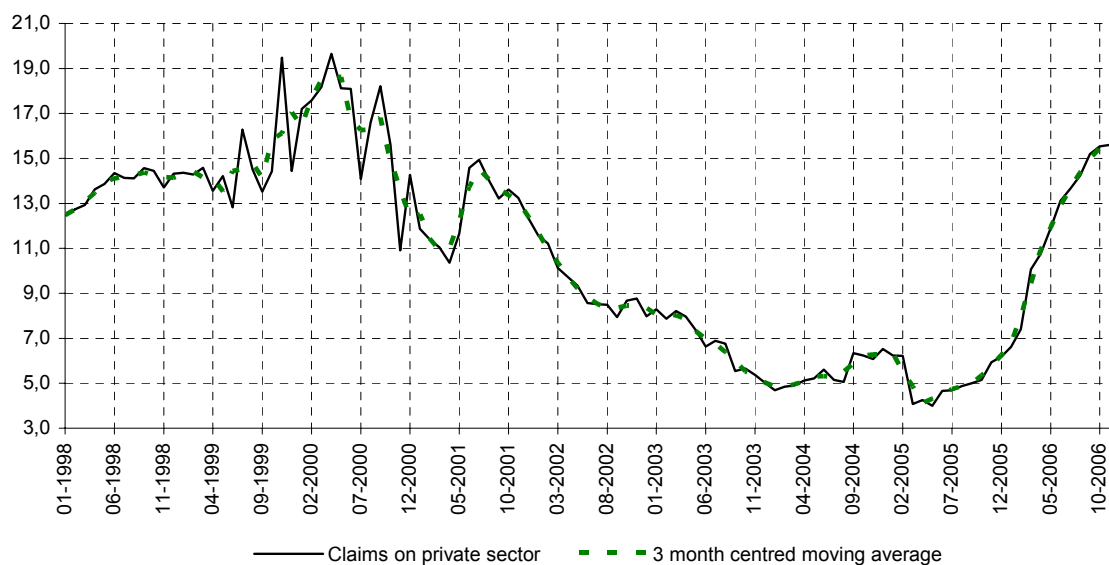


Source: Central Bank of Cyprus.

**Chart 6**

**Growth of claims on private sector**

(annual percentage change, monthly data)



Source: Central Bank of Cyprus.

**Table 4**  
**Main monetary indicators**

	Outstanding amount as a percentage of M2 <sup>(1)</sup>	Annual percentage change			
		2005 Nov.	2005 Dec.	2006 Nov.	2006 Dec.
<b>Money supply (M1)</b>	<b>20,0</b>	<b>13,2</b>	<b>18,5</b>	<b>27,7</b>	<b>26,2</b>
Currency in circulation	5,3	9,8	8,2	7,7	9,3
Demand deposits	14,7	14,7	23,7	36,5	33,7
<b>Quasi-money</b>	<b>80,0</b>	<b>8,4</b>	<b>8,5</b>	<b>12,2</b>	<b>12,6</b>
<b>Total money supply (M2)</b>	<b>100,0</b>	<b>9,2</b>	<b>10,2</b>	<b>14,9</b>	<b>15,1</b>
Claims on private sector		5,9	6,2	15,6	16,3
of which in foreign currency		26,0	32,5	61,5	56,1
Claims on public sector		13,1	17,2	18,3	14,4

Source: Central Bank of Cyprus.

(1) As at the end of the last month available.

**Table 5**  
**Monetary aggregates and counterparts**

(outstanding amounts at end of period, CYP thousand)

	2005 Nov.	2005 Dec.	2006 Nov.	2006 Dec.
<b>Money supply (M1)</b>	<b>1.678.464</b>	<b>1.804.891</b>	<b>2.143.633</b>	<b>2.277.248</b>
Currency in circulation	510.386	555.906	549.584	607.807
Demand deposits	1.057.809	1.139.219	1.332.989	1.406.143
Deposits in foreign currency	110.269	109.766	261.060	263.298
<b>Quasi-money</b>	<b>7.988.514</b>	<b>8.080.036</b>	<b>8.962.761</b>	<b>9.096.796</b>
Saving deposits	339.673	361.699	409.785	436.516
Time deposits	6.738.558	6.815.372	7.414.203	7.537.534
Deposits in foreign currency	910.283	902.965	1.138.773	1.122.746
<b>Total money supply (M2)</b>	<b>9.666.978</b>	<b>9.884.927</b>	<b>11.106.394</b>	<b>11.374.044</b>
Net foreign assets	1.723.826	1.814.880	1.874.490	1.719.678
Claims on private sector	9.110.058	9.390.825	10.531.152	10.924.345
of which in foreign currency	1.144.956	1.205.773	1.848.888	1.882.547
Claims on public sector	2.022.879	2.103.620	2.394.061	2.407.406
Unclassified items	-3.189.785	-3.424.398	-3.693.309	-3.677.385

Source: Central Bank of Cyprus.

**Table 6**  
**Bank credit by sector <sup>(1)</sup>**

	Outstanding amount as a percentage of total <sup>(2)</sup>	Annual percentage change			
		2005 Nov.	2005 Dec.	2006 Nov.	2006 Dec.
Public institutions and corporations <sup>(3)</sup>	2,92	9,1	13,3	10,4	8,0
Agriculture	0,93	-9,9	-8,2	-0,3	1,2
Mining	0,24	5,5	5,6	-0,1	-1,1
Manufacturing	4,60	-0,7	0,1	3,4	2,7
Transport and communications	1,00	-6,9	-7,8	14,2	18,8
Foreign and domestic trade	12,96	-0,1	-0,6	-3,4	-2,2
Building and construction	18,76	10,7	10,2	23,2	25,6
Tourism	7,76	-1,7	-3,3	7,1	7,1
Personal and professional loans	50,80	10,0	11,7	24,7	25,7
Bills discounted: local	0,02	-11,7	-16,0	11,4	7,3
foreign	0,01	-34,3	-22,0	24,0	2,7
<b>Total</b>	<b>100,00</b>				

Source: Central Bank of Cyprus.

(1) This refers to loans in local and foreign currency, given to residents and non-residents of Cyprus.

(2) As at the end of the last month available.

(3) Including government loans.

**Table 7**
**Bank credit by sector<sup>(1)</sup>**

(outstanding amounts at end of period, CYP thousand)

	2005 Nov.	2005 Dec.	2006 Nov.	2006 Dec.
Public institutions and corporations <sup>(2)</sup>	306.615	317.258	338.544	342.761
Agriculture	103.985	107.250	103.646	108.523
Mining	28.031	28.768	27.997	28.458
Manufacturing	511.093	524.622	528.301	538.764
Transport and communications	93.274	98.668	106.517	117.257
Foreign and domestic trade	1.532.382	1.552.812	1.480.469	1.519.247
Building and construction	1.703.839	1.751.043	2.099.727	2.199.786
Tourism	829.859	849.592	888.728	909.809
Personal and professional loans	4.549.003	4.739.031	5.674.425	5.955.576
Bills discounted: local	2.491	2.508	2.776	2.692
foreign	1.437	1.578	1.782	1.620
<b>Total</b>	<b>9.662.009</b>	<b>9.973.130</b>	<b>11.252.912</b>	<b>11.724.493</b>

Source: Central Bank of Cyprus.

(1) This refers to loans in local and foreign currency, given to residents and non-residents of Cyprus.

(2) Including government loans.

**Table 8**
**Claims on private sector<sup>(1)</sup>**

	2003	2004	2005	2006 Nov.	2006 Dec.
<i>(outstanding amounts at end of period, CYP million)</i>					
Foreign currency loans to residents	799,0	909,9	1.205,8	1.848,9	1.882,5
Claims on private sector	8.302,0	8.843,7	9.390,8	10.531,2	10.924,3
Share %	9,6	10,3	12,8	17,6	17,2
<i>(12 month change, CYP million)</i>					
Foreign currency loans to residents	13,8	111,0	295,8	703,9	676,8
Claims on private sector	397,9	541,7	547,1	1.421,1	1.533,5
Share %	3,5	20,5	54,1	49,5	44,1

Source: Central Bank of Cyprus.

(1) From domestic banks.

**Table 9**  
**Credit card transactions**

	2005	2006	January	
			2006	2007
<b>Foreign cardholder spending in Cyprus</b>				
Value (CYP thousand)	244.609	256.958	10.350	10.894
Annual % change	5,1	5,0	12,2	5,3
<b>Local cardholder spending in Cyprus</b>				
Value (CYP thousand)	659.486	769.917	57.802	64.664
Annual % change	11,4	16,7	15,5	11,9
<b>Local cardholder spending abroad</b>				
Value (CYP thousand)	244.131	332.497	23.565	33.660
Annual % change	25,2	36,2	41,5	42,8

Source: JCC Payment Systems.

**Table 10**
**Banking system's liquidity position**

(CYP million, period averages of daily positions)

	Liquidity - providing factors					Liquidity - absorbing factors						Credit institutions current accounts (MRA)	Base money  (6+7+9+12)
	Monetary policy operations					Deposit facility (overnight)	Other liquidity-absorbing operations (additional, special & S.M.E. dep.)	Rev-repos & depos	Currency in circulation	Central govern. deposits (net) <sup>(1)</sup>	Other factors (net)		
	Net assets in gold and foreign currency (NFA)	Main refinancing operations (repos)	Long-term refinancing operations	Marginal lending facility (lombard)	Other liquidity providing operations (swap)								
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005 Jan.	1.419,9	0,0	0,0	0,6	0,0	50,7	79,6	114,2	537,8	-142,3	139,9	640,8	1.308,8
Feb.	1.425,9	0,0	0,0	0,6	0,3	11,4	79,4	55,0	520,7	-36,0	149,0	647,3	1.258,8
Mar.	1.432,9	0,0	0,0	0,3	0,0	25,2	79,3	28,4	524,0	-48,4	178,9	646,2	1.274,8
Apr.	1.361,7	0,0	0,0	0,1	0,0	63,7	79,3	17,3	537,7	-191,8	208,2	647,7	1.328,1
May	1.395,2	0,0	0,0	0,0	0,0	33,4	79,3	72,9	554,6	-204,1	210,1	648,9	1.316,3
June	1.510,9	0,0	0,0	6,2	0,1	36,2	79,7	68,3	568,4	-114,8	224,1	655,2	1.339,6
July	1.571,9	0,0	0,0	0,4	0,0	31,9	79,6	88,1	586,5	-62,2	182,6	665,8	1.363,8
Aug.	1.596,2	0,0	0,0	0,0	0,0	37,7	79,4	93,5	587,6	-58,1	185,2	670,8	1.375,5
Sep.	1.638,9	0,0	0,0	0,0	0,0	87,5	79,4	198,7	579,4	-119,0	200,2	612,7	1.359,1
Oct.	1.712,1	0,0	0,0	7,3	0,0	55,1	79,3	168,1	579,7	-12,5	231,5	618,1	1.332,3
Nov.	1.772,0	0,0	0,0	0,0	0,0	181,7	79,3	173,7	566,4	-41,3	246,6	565,6	1.393,1
Dec.	1.830,5	0,0	0,0	0,0	0,0	198,5	79,3	227,7	594,8	-130,6	277,8	583,0	1.455,7
2006 Jan.	1.840,4	0,0	0,0	0,0	0,0	190,5	0,1	333,5	579,2	-148,0	223,8	661,1	1.430,9
Feb.	1.796,1	0,0	0,0	0,0	0,0	174,0	0,0	302,9	562,2	-154,2	236,9	674,3	1.410,5
Mar	1.792,1	0,0	0,0	0,9	0,0	238,8	0,1	256,1	564,8	-210,2	265,8	677,6	1.481,2
Apr.	1.845,7	0,0	0,0	0,0	0,0	183,3	0,0	138,7	594,7	-32,1	266,1	695,1	1.473,1
May	1.993,9	0,0	0,0	0,0	0,0	233,0	0,0	269,7	603,8	-78,0	271,3	694,2	1.531,0
June	2.066,8	0,0	0,0	0,0	0,0	237,5	0,0	417,3	618,9	-176,4	272,0	697,4	1.553,8
July	1.974,6	0,0	0,0	5,7	0,0	132,6	0,2	431,0	633,6	-133,8	211,6	705,1	1.471,5
Aug.	2.007,3	0,0	0,0	13,7	0,0	100,0	0,0	477,4	636,3	-127,0	225,7	708,6	1.444,9
Sep.	2.073,3	0,0	0,0	0,5	0,0	155,9	0,0	500,0	625,3	-171,5	245,2	718,9	1.500,1
Oct.	2.182,6	0,0	0,0	0,0	0,0	244,4	0,1	538,1	622,9	-230,0	262,9	744,3	1.611,7
Nov.	2.247,0	0,0	0,0	0,0	0,0	260,7	0,0	580,0	609,8	-233,7	277,9	752,1	1.622,7
Dec.	2.195,8	0,0	0,0	0,0	0,0	294,7	0,0	564,5	643,4	-352,0	278,5	766,7	1.704,9
2007 Jan.	2.181,3	0,0	0,0	0,0	0,0	288,9	0,0	645,2	636,5	-413,7	240,9	783,5	1.708,8

Source: Central Bank of Cyprus.

(1) The negative sign of net central government deposits is due to the inclusion of the government loan amounting to £961,1 million. Following the prohibition of public sector financing by the Central Bank in July 2002, outstanding claims of the Central Bank on the government were converted into a loan with a maturity of 30 years, the repayment of which will commence in 2007.



**Table 11****Inflation and interest rates in Europe and Cyprus - December 2006***(latest 12-month average)*

	Inflation ( HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria <sup>(1)</sup>	1,70	3,76	2,06
Belgium	2,30	3,82	1,52
Czech Republic	2,10	3,78	1,68
Denmark	1,90	3,81	1,91
Estonia <sup>(1)</sup>	4,30	4,24	-0,06
Finland	1,30	3,78	2,48
France	1,90	3,80	1,90
Germany	1,80	3,76	1,96
Greece <sup>(2)</sup>	3,50	3,83	0,33
Hungary	4,00	7,12	3,12
Ireland <sup>(1)</sup>	2,60	3,71	1,11
Italy	2,20	4,05	1,85
Latvia	6,60	4,13	-2,47
Lithuania	3,80	4,08	0,28
Luxembourg	3,00	3,89	0,89
Malta	2,60	4,32	1,72
Netherlands	1,70	3,78	2,08
Poland	1,30	5,23	3,93
Portugal	3,00	3,92	0,92
Slovakia	4,30	4,41	0,11
Slovenia	2,50	3,85	1,35
Spain	3,60	3,79	0,19
Sweden	1,50	3,71	2,21
United Kingdom	2,30	4,37	2,07
Eurozone	2,20	3,84	1,64
EU -25 <sup>(3)</sup>	2,30	3,88	1,58
<b>Cyprus</b>	<b>2,20</b>	<b>4,13</b>	<b>1,93</b>

Sources: Eurostat and European Central Bank.

(1) Data for November 2006.

(2) Data for July 2006.

(3) Data for August 2006.

**Table 12**

**Selected official interest rates**

*(percent per annum, changes in percentage points)*

		change
<b>European Central Bank</b>		
<i>(8 February 2007)</i>		
Minimum bid rate on the main refinancing operations	3,50	-
Interest rate on the marginal lending facility	4,50	-
Interest rate on the deposit facility	2,50	-
<b>Bank of England</b>		
<i>(8 February 2007)</i>		
Rate paid on commercial bank reserves	5,25	-
<b>Federal Reserve</b>		
<i>(31 January 2007)</i>		
Federal funds rate	5,25	-
Discount rate	6,25	-
<b>Central Bank of Cyprus</b>		
<i>(12 January 2007)</i>		
Minimum bid rate on the main refinancing operations	4,50	-
Maximum bid rate on the liquidity absorbing operations	4,50	-
Interest rate on the marginal lending facility	4,50	-
Interest rate on the deposit facility	2,50	-

*Sources: European Central Bank, Bank of England, Federal Reserve and Central Bank of Cyprus.*

**Table 13****Official interest rates***(percent per annum, period averages)*

Date of monetary policy decision	Deposit facility	Open market operations			Marginal lending facility	
		Main refinancing operations	Liquidity absorbing operations			
		Repo operations	Reverse repo operations	Acceptance of deposits operations <sup>(1)</sup>		
		Minimum bid rate	Maximum bid rate	Maximum bid rate		
2001	10 Aug.	3,50	5,00	5,00	-	6,50
	18 Sep.	3,00	4,50	4,50	-	6,00
	02 Nov.	2,50	4,00	4,00	4,00	5,50
2002	13 Dec.	2,50	3,75	3,75	3,75	5,00
2003	04 Apr.	2,50	3,50	3,50	3,50	4,50
2004	30 Apr.	3,50	4,50	4,50	4,50	5,50
2005	25 Feb.	3,25	4,25	4,25	4,25	5,25
	20 May	2,75	3,75	3,75	3,75	4,75
	09 Jun.	2,25	3,25	3,25	3,25	4,25
2006	01 Sep.	2,50	4,50	4,50	4,50	4,50

Source: Central Bank of Cyprus.

*(1) The first operation for the acceptance of deposits was conducted on 9 October 2001 with a maximum bid rate of 4,50%.***Table 14****Interest rates***(percent per annum, period averages)*

	2004	2005	2006	2006 Jan.	2006 Nov.	2006 Dec.	2007 Jan.
Interbank (1 day)	3,92	3,27	2,90	2,51	3,58	3,37	3,35
Acceptance of deposits	3,89	3,28	3,00	2,45	3,88	3,83	3,83
Treasury bills (13 weeks)	4,21	4,26	2,56	2,67	-	-	3,60
Treasury bills (52 weeks)	4,77	4,29	2,89	2,95	-	-	-
Development stocks (2 years)	5,14	4,74	3,40	-	-	-	-
Development stocks (5 years)	5,92	5,68	3,84	-	-	-	4,22
Development stocks (10 years)	6,07	5,17	4,12	3,96	-	-	4,37
Development stocks (15 years)	6,31	5,61	-	-	-	-	-

Source: Central Bank of Cyprus.

**Table 15****Open market operations allotted through tenders - liquidity absorbing operations <sup>(1)</sup>***(CYP million, interest rates in percent per annum)*

Date of settlement	Bids (amount)	Allotment (amount)	Variable rate tenders				Running for (...) days	
			Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate		
2006	05 Jan.	533,5	300,0	3,25	2,46	2,44	2,49	14
	19 Jan.	604,0	380,0	3,25	2,41	2,39	2,43	14
	02 Feb.	544,0	300,0	3,25	2,37	2,36	2,37	14
	16 Feb.	477,0	300,0	3,25	2,71	2,32	3,25	14
	02 Mar.	414,0	250,0	3,25	2,58	2,46	2,69	14
	16 Mar.	508,5	280,0	3,25	2,69	2,46	3,00	14
	30 Mar.	260,5	110,0	3,25	2,43	2,43	2,44	14
	13 Apr.	366,0	140,0	3,25	2,39	2,38	2,41	14
	27 Apr.	434,5	220,0	3,25	2,36	2,34	2,37	14
	11 May	536,0	280,0	3,25	2,35	2,33	2,35	14
	25 May	691,0	320,0	3,25	2,32	2,26	2,33	14
	08 Jun.	627,5	400,0	3,25	2,31	2,29	2,32	14
	22 Jun.	622,5	520,0	3,25	2,78	2,30	3,22	14
	06 Jul.	552,0	400,0	3,25	2,84	2,31	3,14	14
	20 Jul.	553,0	430,0	3,25	3,13	2,78	3,17	14
	03 Aug.	707,0	480,0	3,25	3,06	2,85	3,09	14
	17 Aug.	687,0	480,0	3,25	3,03	2,95	3,05	14
	31 Aug.	687,5	500,0	3,25	3,00	2,96	3,02	14
	14 Sep.	727,5	500,0	4,50	3,88	3,29	3,94	14
	28 Sep.	803,0	500,0	4,50	3,89	3,65	3,94	14
	12 Oct.	829,0	550,0	4,50	3,89	3,79	3,91	14
	26 Oct.	930,5	580,0	4,50	3,87	3,69	3,93	14
	09 Nov.	824,0	580,0	4,50	3,88	3,78	3,92	14
	23 Nov.	842,0	580,0	4,50	3,89	3,79	3,91	14
	07 Dec.	886,0	530,0	4,50	3,87	3,79	3,90	14
	21 Dec.	1.034,0	600,0	4,50	3,76	3,65	3,80	14
2007	04 Jan.	889,0	650,0	4,50	3,84	3,50	3,97	14
	18 Jan.	916,0	650,0	4,50	3,84	3,74	3,94	14
	01 Feb.	1.023,5	600,0	4,50	3,69	3,67	3,69	14

Source: Central Bank of Cyprus.

*(1) Since 9 October 2001, open market operations for the absorption of liquidity have been conducted through auctions for the acceptance of deposits (depos).*

**Table 16****Money market interest rates***(percent per annum, period averages)*

	Cyprus					Euro area				
	Overnight deposits	2-7 days deposits	1-month deposits	1-6 months deposits	6-12 months deposits	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)
2005 Dec.	2,51	2,85	2,95	3,31	-	2,28	2,41	2,47	2,60	2,78
2006 Jan.	2,51	3,07	3,12	3,07	-	2,33	2,39	2,51	2,65	2,83
Feb.	2,48	2,90	2,98	4,33	3,38	2,35	2,46	2,60	2,72	2,91
Mar.	2,52	2,84	3,02	2,97	3,35	2,52	2,63	2,72	2,87	3,11
Apr.	2,53	2,80	2,95	3,64	3,35	2,63	2,65	2,79	2,96	3,22
May	2,48	3,23	3,22	3,44	3,55	2,58	2,69	2,89	3,06	3,31
June	2,49	2,95	2,97	3,26	-	2,70	2,87	2,99	3,16	3,40
July	2,79	3,08	3,23	3,53	-	2,81	2,94	3,10	3,29	3,54
Aug.	2,86	3,04	3,25	3,67	-	2,97	3,09	3,23	3,41	3,62
Sep.	3,46	3,79	3,73	3,76	-	3,04	3,16	3,34	3,53	3,72
Oct.	3,67	4,16	4,09	4,45	-	3,28	3,35	3,50	3,64	3,80
Nov.	3,58	3,95	4,02	4,24	-	3,33	3,42	3,60	3,73	3,86
Dec.	3,37	4,16	4,02	4,01	-	3,50	3,64	3,68	3,79	3,92
2007 Jan.	3,35	4,11	4,18	3,77	-					

Sources: Central Bank of Cyprus and European Central Bank.

**Table 17**
**Commercial bank interest rates<sup>(1, 2)</sup>**

(percentages per annum)

		Lending rates					Deposit rates		
		Enterprises: overdraft within limits	Enterprises: secured loans	Personal: secured loans	Housing: loans secured by assignment of life policy	Credit cards	Current accounts	3 month notice - over CYP5.000	1 year fixed deposits - over CYP5.000
2004	Dec.	7,92	7,92	8,55	7,30	11,50	0,63	4,44	4,21
2005	Jan.	7,92	7,92	8,55	7,30	11,50	0,66	4,47	4,32
	Feb.	7,90	7,91	8,60	7,30	11,67	0,67	4,39	4,36
	Mar.	7,61	7,63	8,38	6,76	11,83	0,65	4,37	4,38
	Apr.	7,61	7,63	8,38	6,76	11,75	0,64	4,30	4,38
	May	7,18	7,20	7,97	6,33	11,83	0,55	4,04	4,07
	June	6,69	6,70	7,58	5,76	12,00	0,39	3,47	3,88
	July	6,69	6,70	7,47	5,76	12,00	0,42	3,47	3,85
	Aug.	6,70	6,69	7,49	5,74	12,00	0,45	3,47	3,82
	Sep.	6,69	6,69	7,49	5,74	12,00	0,46	3,47	3,79
	Oct.	6,69	6,68	7,29	5,74	12,00	0,47	3,47	3,75
	Nov.	6,69	6,68	7,29	5,72	12,00	0,46	3,48	3,72
	Dec.	6,69	6,68	7,28	5,71	12,00	0,45	3,47	3,68
2006	Jan.	6,67	6,67	7,28	5,71	12,00	0,46	3,48	3,63
	Feb.	6,65	6,65	7,27	5,71	12,00	0,45	3,48	3,59
	Mar.	6,64	6,65	7,27	5,69	12,00	0,47	3,48	3,57
	Apr.	6,64	6,64	7,28	5,69	12,00	0,48	3,48	3,55
	May	6,64	6,63	7,28	5,68	12,00	0,47	3,48	3,52
	June	6,65	6,62	7,28	5,68	12,00	0,43	3,48	3,43
	July	6,65	6,62	7,28	5,68	12,00	0,46	3,47	3,42
	Aug.	6,64	6,62	7,29	5,68	12,00	0,46	3,47	3,42
	Sep.	6,88	6,81	7,51	5,84	12,17	0,55	3,64	3,58
	Oct.	6,89	6,81	7,50	5,84	12,17	0,51	3,65	3,58
	Nov.	6,88	6,81	7,48	5,84	12,17	0,50	3,65	3,58
	Dec.	6,88	6,80	7,48	5,84	12,17	0,51	3,65	3,58

Source: Domestic banks.

(1) Reported as at end of month.

(2) Data refer to the average of the representative interest rates as defined by the three largest banks.

**Table 18****Interest rates - European monetary financial institutions***(percent per annum, outstanding amounts as at end-of-period)***1. Interest rates on euro-denominated deposits by euro area residents**

	Deposits from households					Deposits from non-financial corporations		
	Overnight	With agreed maturity		Redeemable at notice <sup>(1)</sup>		Overnight	With agreed maturity	
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years
2005 Nov.	0,70	1,96	3,15	2,00	2,27	1,00	2,16	3,43
Dec.	0,71	2,01	3,15	1,97	2,30	1,02	2,30	3,41
2006 Jan.	0,73	2,05	3,11	2,00	2,32	1,05	2,32	3,47
Feb.	0,74	2,09	3,13	1,97	2,34	1,08	2,38	3,47
Mar.	0,76	2,16	3,01	1,98	2,37	1,14	2,48	3,46
Apr.	0,79	2,21	3,01	2,00	2,42	1,16	2,53	3,51
May	0,79	2,27	3,05	2,00	2,48	1,18	2,59	3,52
Jun.	0,81	2,34	3,08	2,04	2,53	1,22	2,72	3,53
Jul.	0,81	2,43	3,03	2,08	2,58	1,24	2,80	3,57
Aug.	0,85	2,52	3,05	2,23	2,63	1,32	2,93	3,64
Sep.	0,86	2,59	3,08	2,26	2,68	1,36	3,00	3,68
Oct.	0,90	2,69	3,10	2,30	2,75	1,45	3,15	3,80

**2. Interest rates on euro-denominated loans by euro area residents**

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
2005 Nov.	4,48	4,17	4,53	7,86	6,77	5,66	4,29	3,79	4,25
Dec.	4,54	4,14	4,52	7,89	6,77	5,62	4,35	3,84	4,24
2006 Jan.	4,62	4,14	4,50	7,99	6,78	5,60	4,42	3,88	4,26
Feb.	4,59	4,17	4,54	7,97	6,78	5,68	4,49	3,95	4,31
Mar.	4,60	4,15	4,52	8,06	6,80	5,73	4,53	3,98	4,31
Apr.	4,63	4,16	4,52	8,10	6,73	5,75	4,59	4,05	4,34
May	4,63	4,16	4,52	8,10	6,70	5,71	4,64	4,10	4,36
June	4,67	4,20	4,55	8,10	6,75	5,73	4,72	4,19	4,40
July	4,68	4,21	4,57	8,15	6,71	5,82	4,81	4,27	4,45
Aug.	4,72	4,23	4,60	8,21	6,72	5,82	4,85	4,33	4,48
Sep.	4,81	4,27	4,62	8,31	6,81	5,86	4,93	4,40	4,53
Oct.	4,89	4,29	4,65	8,35	6,81	5,88	5,07	4,51	4,57

Source: European Central Bank.

*(1) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector in all participating member states combined.*

**Table 19**  
**Interest rate announcements in 2007**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank <sup>(1)</sup>	11 <b>3,50</b>	8 <b>3,50</b>	8	12	10	6	5		6	4	8	6
Bank of England <sup>(2)</sup>	11 <b>5,25</b>	8 <b>5,25</b>	8	5	10	7	5	2	6	4	8	6
Federal Reserve <sup>(3)</sup>	30/31 <b>5,25</b>		20/21		9	27/28		7	18	30/31		11
Central Bank of Cyprus <sup>(4)</sup>	12 <b>4,50</b>	23		13	18		6		7	19		7

(1) Minimum bid rate on the main refinancing operations.

(2) Rate paid on commercial bank reserves.

(3) Federal funds rate.

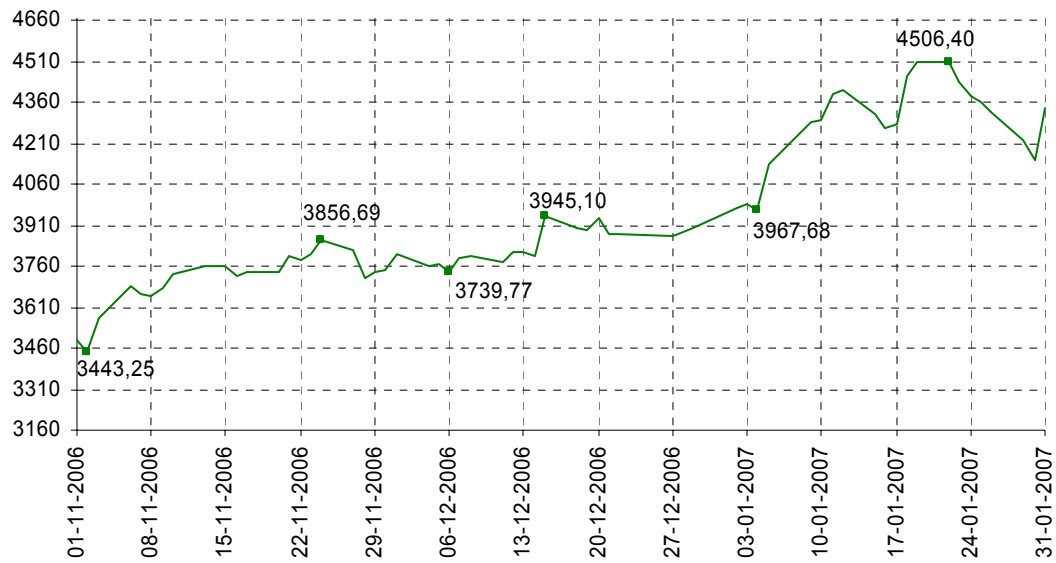
(4) Bid rate on the main refinancing operations (repo rate).



**Chart 7**

**Cyprus Stock Exchange - main and parallel market index**

(daily data, 3/9/2004=1000)



Source: Cyprus Stock Exchange.

**Table 20**
**Percentage change in CPI by economic category**

January 2007/2006

		2004	2005	2006	January 2006/	December 2006/	January 2007/	Weights		
					2006/	2006/	2007/	1998=100	2005=100 (For 2006)	2005=100 (For 2007)
					2006/	2006/	2007/			
<b>GENERAL INDEX</b>		<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,25</b>	<b>1,63</b>	<b>1,64</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>A</b>	<b>Domestic products</b>	<b>2,95</b>	<b>1,79</b>	<b>4,35</b>	<b>4,11</b>	<b>4,03</b>	<b>4,08</b>	<b>36,69</b>	<b>28,60</b>	<b>28,98</b>
A.1	Agricultural	3,32	1,34	6,51	0,80	14,39	12,55	7,93	6,92	6,93
A.2	Industrial	3,36	1,14	2,47	2,39	1,62	2,13	22,91	19,24	19,29
A.3	Electricity	-3,13	11,51	13,10	29,91	-4,42	-4,61	1,52	2,44	2,76
<b>B</b>	<b>Petroleum products</b>	<b>17,18</b>	<b>14,82</b>	<b>8,09</b>	<b>14,63</b>	<b>1,70</b>	<b>-1,15</b>	<b>4,33</b>	<b>6,44</b>	<b>6,63</b>
<b>C</b>	<b>Imported products</b>	<b>-5,55</b>	<b>-2,47</b>	<b>-1,14</b>	<b>-1,84</b>	<b>-2,79</b>	<b>-2,92</b>	<b>22,20</b>	<b>25,31</b>	<b>24,62</b>
C1	Motor vehicles	-13,50	-2,42	-1,38	0,05	-9,52	-9,88	9,43	6,15	5,41
C2	Other imported	-0,39	-2,49	-1,07	-2,46	-0,70	-0,58	12,77	19,16	19,21
<b>D</b>	<b>Services</b>	<b>3,23</b>	<b>3,34</b>	<b>2,57</b>	<b>1,69</b>	<b>2,73</b>	<b>2,96</b>	<b>41,11</b>	<b>39,65</b>	<b>39,77</b>
<b>HICP</b>		<b>1,9</b>	<b>2,1</b>	<b>2,2</b>	<b>2,0</b>	<b>1,5</b>				

Source: Cystat.

**Table 21****Weighted contribution to the total percentage change in CPI by economic category**

January 2007/2006

		2004	2005	2006	January 2006/ 2005	December 2006/ 2005	January 2007/ 2006	Weights		
							1998=100	2005=100 (For 2006)	2005=100 (For 2007)	
<b>GENERAL INDEX</b>		<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,25</b>	<b>1,63</b>	<b>1,64</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>A</b>	<b>Domestic products</b>	<b>1,98</b>	<b>1,58</b>	<b>1,25</b>	<b>1,17</b>	<b>1,17</b>	<b>1,20</b>	<b>36,69</b>	<b>28,60</b>	<b>28,98</b>
A.1	Agricultural	0,27	0,11	0,45	0,06	0,97	0,90	7,93	6,92	6,93
A.2	Industrial	0,78	0,27	0,47	0,45	0,32	0,41	22,91	19,24	19,29
A.3	Electricity	-0,07	0,23	0,32	0,66	-0,12	-0,15	1,52	2,44	2,76
<b>B</b>	<b>Petroleum products</b>	<b>0,99</b>	<b>0,97</b>	<b>0,52</b>	<b>0,86</b>	<b>0,11</b>	<b>-0,08</b>	<b>4,33</b>	<b>6,44</b>	<b>6,63</b>
<b>C</b>	<b>Imported products</b>	<b>-1,04</b>	<b>-0,43</b>	<b>-0,29</b>	<b>-0,47</b>	<b>-0,71</b>	<b>-0,70</b>	<b>22,20</b>	<b>25,31</b>	<b>24,62</b>
C1	Motor vehicles	-1,00	-0,15	-0,08	0,00	-0,57	-0,54	9,43	6,15	5,41
C2	Other imported	-0,04	-0,28	-0,20	-0,47	-0,14	-0,11	12,77	19,16	19,21
<b>D</b>	<b>Services</b>	<b>1,35</b>	<b>1,41</b>	<b>1,02</b>	<b>0,68</b>	<b>1,07</b>	<b>1,18</b>	<b>41,11</b>	<b>39,65</b>	<b>39,77</b>

Source: Cystat.

**Table 22**
**Percentage change in the consumer price index by category of goods and services (%)**

January 2007/2006

	Years			January	December	January	Weights	
	2004	2005	2006	2006/ 2005	2006/ 2005	2007/ 2006	2005=100	1998=100
<b>GENERAL INDEX</b>	<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,25</b>	<b>1,63</b>	<b>1,64</b>	<b>100,00</b>	<b>100,00</b>
Food & non-alcoholic beverages	3,97	1,59	4,80	1,98	7,14	6,77	17,50	18,20
Alcoholic beverages & tobacco	10,57	0,23	0,49	-0,02	0,19	0,49	2,21	1,78
Clothing & footwear	-0,79	-2,24	-0,32	2,47	-1,15	-1,09	8,93	8,22
Housing, water, electricity & gas	4,19	5,41	4,90	7,82	1,56	1,36	15,87	21,27
Furnishings, household equipment & supplies	-0,45	0,58	0,13	0,88	-0,42	0,24	6,78	7,08
Health	3,72	0,36	1,31	-5,92	3,76	3,80	5,03	4,92
Transport	-3,06	3,79	2,87	4,94	-2,21	-2,89	15,99	17,42
Communications	-8,48	-10,34	-1,83	-9,21	-0,19	1,19	3,94	1,79
Recreation & culture	2,26	1,06	-0,33	-1,45	0,42	0,27	6,33	5,88
Education	3,96	5,21	4,68	4,55	4,89	4,89	2,87	2,33
Restaurants & hotels	4,69	3,30	2,18	1,78	1,75	2,05	7,57	6,07
Miscellaneous goods & services	5,16	3,83	2,23	2,61	2,38	2,22	6,98	5,04

Source: Cystat.

**Table 23****Weighted contribution to the total change in the consumer price index by category of goods and services (%)**

January 2007/2006

	Years						Weights	
	2004	2005	2006	January 2006/ 2005	December 2006/ 2005	January 2007/ 2006	2005=100	1998=100
<b>GENERAL INDEX</b>	<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,25</b>	<b>1,63</b>	<b>1,64</b>	<b>100,00</b>	<b>100,00</b>
Food & non-alcoholic beverages	0,76	0,31	0,82	0,35	1,23	1,21	17,50	18,20
Alcoholic beverages & tobacco	0,28	0,01	0,01	0,00	0,00	0,01	2,21	1,78
Clothing & footwear	-0,05	-0,14	-0,03	0,20	-0,12	-0,09	8,93	8,22
Housing, water, electricity & gas	0,93	1,22	0,76	1,22	0,25	0,22	15,87	21,27
Furnishings, household equipment & supplies	-0,03	0,04	0,01	0,06	-0,03	0,02	6,78	7,08
Health	0,20	0,02	0,06	-0,32	0,18	0,19	5,03	4,92
Transport	-0,51	0,59	0,45	0,78	-0,35	-0,47	15,99	17,42
Communications	-0,10	-0,11	-0,07	-0,40	-0,01	0,05	3,94	1,79
Recreation & culture	0,12	0,06	-0,02	-0,09	0,03	0,02	6,33	5,88
Education	0,10	0,13	0,13	0,13	0,14	0,14	2,87	2,33
Restaurants & hotels	0,31	0,23	0,16	0,14	0,13	0,16	7,57	6,07
Miscellaneous goods & services	0,28	0,21	0,15	0,18	0,16	0,16	6,98	5,04

Source: Cystat.

**Table 24**
**Tourist arrivals<sup>(1)</sup>**

(number of persons)

	2000	2001	2002	2003	2004	2005	2006	% change 2003/2002	% change 2004/2003	% change 2005/2004	% change 2006/2005
January	63.553	64.214	54.067	59.529	56.504	58.894	54.875	10,1	-5,1	4,2	-6,8
February	87.243	83.569	71.950	77.972	75.705	72.600	66.151	8,4	-2,9	-4,1	-8,9
March	135.487	137.578	138.625	91.634	111.946	137.075	107.071	-33,9	22,2	22,4	-21,9
April	221.785	237.228	180.481	169.891	191.251	183.561	206.548	-5,9	12,6	-4,0	12,5
May	299.355	324.901	279.070	231.527	261.646	284.132	283.513	-17,0	13,0	8,6	-0,2
June	302.011	322.835	293.192	262.100	264.799	282.652	280.164	-10,6	1,0	6,7	-0,9
July	362.299	373.385	327.404	318.143	305.978	338.972	341.443	-2,8	-3,8	10,8	0,7
August	356.686	371.536	301.724	325.390	305.926	336.587	314.872	7,8	-6,0	10,0	-6,5
September	329.964	329.400	306.731	287.358	303.506	302.833	296.532	-6,3	5,6	-0,2	-2,1
October	300.597	269.744	275.840	271.980	278.976	292.273	283.046	-1,4	2,6	4,8	-3,2
November	133.500	107.454	111.327	123.800	114.048	104.822	95.682	11,2	-7,9	-8,1	-8,7
December	93.722	74.887	77.822	83.919	78.723	75.656	71.022	7,8	-6,2	-3,9	-6,1
Jan.-Dec.	2.592.480	2.621.844	2.418.233	2.303.243	2.349.008	2.470.057	2.400.919	-4,8	2,0	5,2	-2,8

Source: Cystat.

(1) Arrivals of same-day visitors are not included.

**Table 25**
**Receipts from tourism<sup>(1)</sup>**

(CYP million)

	2000	2001	2002	2003	2004	2005	2006	% change 2004/2003	% change 2005/2004	% change 2006/2005
January	-	24,9	21,6	25,6	21,8	20,7	21,2	-15,0	-5,0	2,4
February	-	29,1	28,9	31,4	25,4	23,5	23,1	-19,1	-7,5	-1,7
March	-	49,7	59,2	37,8	42,1	47,6	38,9	11,2	13,2	-18,3
April	-	89,9	77,0	67,1	72,1	62,0	74,5	7,4	-14,0	20,2
May	-	139,1	119,5	92,5	99,5	105,4	111,9	7,6	5,9	6,2
June	122,9	157,4	139,3	114,8	109,3	113,3	117,7	-4,8	3,7	3,9
July	162,7	192,0	160,7	152,4	135,1	140,1	155,0	-11,4	3,7	10,6
August	173,7	205,0	153,8	165,3	148,1	161,3	155,0	-10,4	8,9	-3,9
September	161,9	176,3	157,4	134,1	141,2	137,9	140,9	5,3	-2,3	2,2
October	135,1	130,2	128,0	112,4	115,9	120,5	122,9	3,1	4,0	2,0
November	54,1	48,8	51,4	48,7	43,1	43,1	37,6	-11,5	0,0	-12,8
December	36,2	29,2	35,6	32,9	28,8	30,3	28,8	-12,4	5,2	-5,0
Jan. - Dec.		1271,6	1132,3	1015,0	982,3	1005,7	1027,5	-3,2	2,4	2,2

Source: Cystat.

(1) Receipts from same-day visitors are not included.

**Table 26****Trade balance data**

(CYP million)

Period	TOTAL TRADE		EXTRA-EU TRADE		INTRA-EU TRADE	
	Total Imports/ Arrivals (cif)	Total Exports/ Dispatches (fob)	Total Imports (cif)	Total Exports (fob)	Arrivals (cif)	Dispatches (fob)
<b>2000</b>	2.402,0	591,9	1.140,9	364,5	1.261,1	227,4
<b>2001</b>	2.528,7	627,9	1.208,8	376,5	1.320,0	251,4
<b>2002</b>	2.486,6	511,3	1.140,9	240,9	1.345,8	270,4
<b>2003</b>	2.304,1	476,8	992,8	198,3	1.311,3	278,5
<b>2004</b>	2.679,3	548,0	921,7	202,5	1.757,6	345,5
<b>2005</b>	2.966,8	719,2	952,9	224,3	1.965,4	447,8
<b>2006</b>	3.183,0	641,8	1.073,8	224,6	2.110,1	417,7
<b>2006</b> January	247,3	59,2	81,3	13,8	166,2	46,4
February	237,5	57,0	83,3	17,1	154,2	40,0
March	283,3	65,4	91,6	22,5	191,7	43,0
April	251,3	52,3	86,5	21,1	164,8	30,4
May	279,8	52,2	93,2	16,2	185,3	34,8
June	311,7	51,4	121,7	17,3	190,1	34,4
July	254,2	52,2	81,7	17,7	172,4	34,5
August	259,2	43,6	98,8	18,6	160,4	26,0
September	259,6	53,0	92,4	22,1	167,1	30,9
October	265,3	45,1	73,7	17,1	191,7	28,0
November	275,1	62,7	80,5	23,9	194,6	38,8
December	256,9	51,0	88,8	17,1	170,1	33,8
Jan. - Dec. 2003	2304,1	476,8	992,8	198,3	1.311,3	259,7
Jan. - Dec. 2004	2.679,3	548,0	921,7	202,5	1.757,6	313,0
Jan. - Dec. 2005	2.966,8	719,1	973,1	221,6	1.993,7	497,6
Jan - Dec. 2006 (p)	3.183,0	641,8	1.073,8	224,6	2.110,1	417,7
% change Jan. - Dec. 2004/2003	16,3	14,9	-7,2	2,1	34,0	631,0
% change Jan. - Dec 2005/2004	10,7	31,2	5,6	9,4	13,4	59,0
% change Jan. - Dec 2006/2005 (p)	7,3	-10,8	10,3	1,3	5,8	-16,1

Source :Cystat.

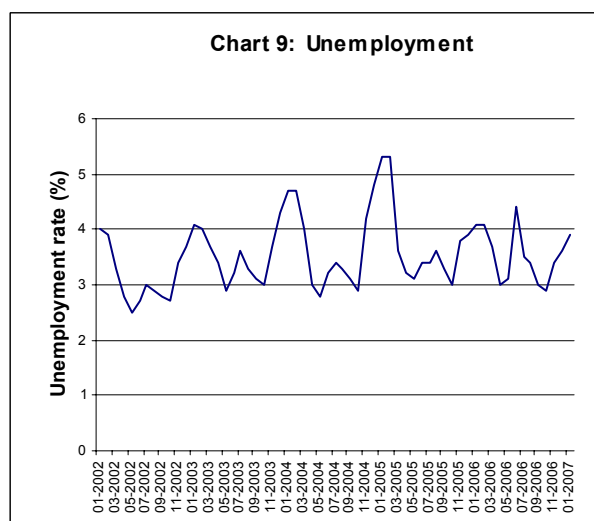
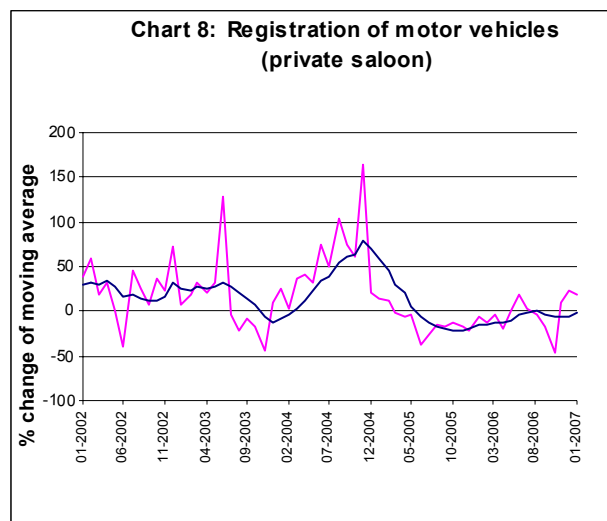
Note: Care should be taken when comparing data for May 2004 onwards with pre-May 2004 data due to methodological changes resulting from accession to the EU. Figures are not strictly comparable since data prior to May 2004 for intra-Eu and extra-EU trade on arrivals/imports are recorded by country of origin while for dispatches/exports by country of final destination, whereas data for May 2004 onwards for intra-EU trade on arrivals are recorded by country of consignment and for dispatches by country of dispatch. Intra-EU trade refers to trade with EU 25 Member States, while extra-EU trade refers to trade with third countries. "Arrivals" denote goods within the European Union which enter the statistical territory of Cyprus and "Dispatches" denote goods which leave the statistical territory of Cyprus in order to enter another Member State. Data on countries and territories not specified and stores and provisions prior to May 2004 are included in extra-EU trade.

**Table 27**
**Turnover volume index of retail trade**

(percentage change by category)

	Oct. 05/04	Oct. 06/05	Jan-Oct. 05/04	Jan-Oct. 06/05
<b>General index</b>	<b>8,68</b>	<b>10,37</b>	<b>4,99</b>	<b>7,09</b>
Retail sale in non-specialised stores with food, beverages or tobacco predominating	8,18	5,34	10,07	7,56
Other retail sale in non-specialised stores	0,45	6,60	1,95	2,86
Retail sale of food, beverages and tobacco in specialised stores	4,27	15,20	9,21	12,78
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	21,03	27,60	18,25	15,84
Retail sale of textiles, clothing, footwear and leather goods	23,54	9,07	4,61	6,87
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods	8,56	12,5	7,15	9,75
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	6,90	16,10	-5,02	2,62
Retail sale of second-hand goods in stores	2,18	-48,90	-17,17	75,76
Retail sale not in stores	12,19	-6,92	0,33	3,70

Source: Cystat.

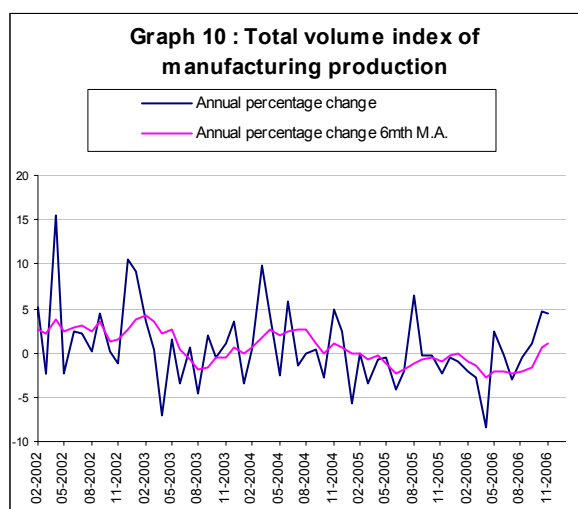
**Charts 8 - 9**
**Selected economic indicators (A)**




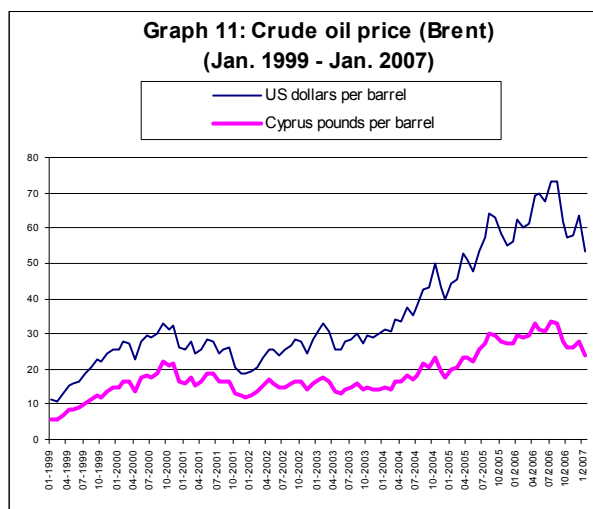
**Table 28****Manufacturing production volume index***(percentage change by category)*

	Nov. 05/04	Nov. 06/05	Jan-Nov. 05/04	Jan .- Nov. 06/05
<b>General index</b>	<b>-0,2</b>	<b>2,0</b>	<b>-0,8</b>	<b>-0,9</b>
Food products, beverages & tobacco	-7,7	-1,3	0,7	-6,6
Textiles & textile products	-5,5	-0,7	-7,5	-13,1
Leather & leather products	-16,4	-44,2	-43,1	-27,5
Wood & wood products	3,3	-6,8	-0,10	-2,6
Paper, paper products, publishing & printing	2,8	0,9	-2,2	3,9
Refined petroleum products	-10,0	2,8	-89,8	1,6
Chemicals, chemical products & man-made fibres	-9,4	15,2	1,4	6,8
Rubber & plastic products	1,9	-4,6	-4,1	1,6
Other non-metallic mineral products	0,9	4,5	3,0	0,5
Basic metals & fabricated metal products	4,8	11,0	-5,9	6,3
Machinery & equipment n.e.c.	17,0	-6,6	9,5	-4,3
Electrical & optical equipment	26,1	36,3	2,8	26,0
Transport equipment	4,5	14,6	-3,7	7,4
Manufacturing n.e.c.	14,3	-1,2	-0,4	1,5

Source: Cystat.

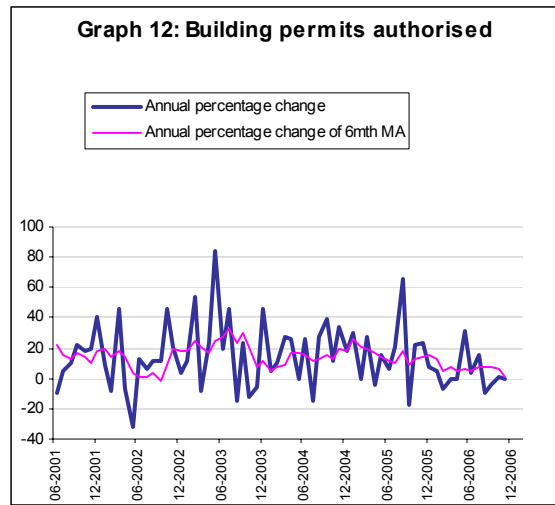
**Charts 10 -11****Selected economic indicators (B)**

Source: Cystat.

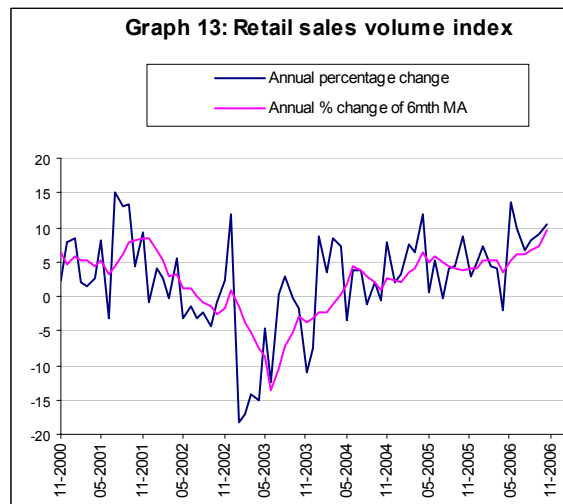


Source Cystat .

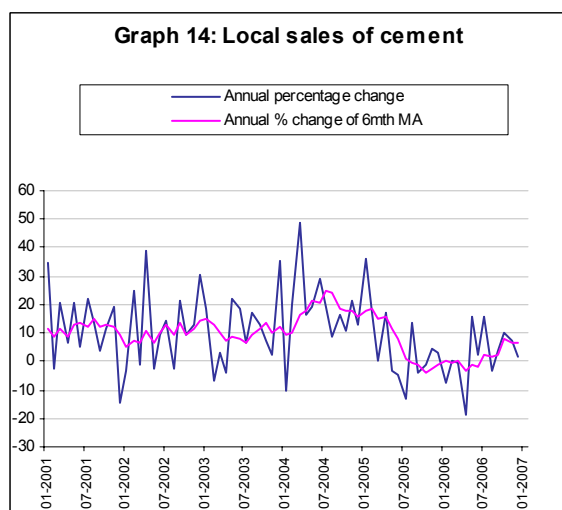
**Charts 12 -14**  
**Selected economic indicators (C)**



Source : Cystat .



Source: Cystat..



Source: Cystat.

**Table 29****Balance of payments**

(CYP million)

CATEGORIES	2005 (Annual) (Prov.)			2006 (Q1) (Prov.)			2006 (Q2) (Prov.)			2006 (Q3) (Prov.)		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
<b>CURRENT ACCOUNT</b>	4.778,7	5.219,1	-440,5	1.031,9	1.256,8	-224,9	1.276,0	1.388,6	-112,6	1.596,3	1.324,2	272,1
<b>Goods, services and income</b>	4.486,1	4.969,0	-482,8	940,5	1.184,8	-244,2	1.177,8	1.328,2	-150,4	1.491,1	1.240,3	250,8
<b>Goods and services</b>	3.729,8	3.938,5	-208,7	771,9	1.024,3	-252,4	987,3	1.101,6	-114,2	1.275,7	1.061,0	214,7
<b>Goods</b>	719,2	2.684,5	-1.965,3	166,5	703,7	-537,2	152,9	790,2	-637,3	148,8	717,5	-568,7
<b>Services</b>	3.010,6	1.254,0	1.756,6	605,3	320,6	284,7	834,5	311,4	523,1	1.126,9	343,5	783,4
Transport	713,1	497,7	215,4	185,1	144,8	40,3	208,8	124,5	84,3	252,6	107,4	145,1
Travel	1.081,7	432,8	648,9	100,5	97,3	3,3	305,0	98,7	206,3	467,3	137,8	329,6
Communications services	15,6	44,0	-28,4	7,5	11,9	-4,4	7,2	18,0	-10,8	9,2	14,5	-5,3
Construction services	75,6	4,9	70,7	17,5	2,5	15,0	24,5	2,6	21,9	20,0	2,8	17,3
Insurance services	26,3	30,0	-3,7	15,4	11,2	4,2	14,1	6,9	7,2	12,9	8,3	4,6
Financial services	123,4	43,7	79,7	31,7	6,2	25,5	41,2	16,1	25,1	45,4	15,1	30,2
Computer and information services	98,8	16,0	82,8	19,2	4,5	14,8	23,7	3,2	20,6	30,8	3,0	27,9
Royalties and licence fees	6,9	21,2	-14,3	2,1	3,0	-0,9	0,2	1,7	-1,5	4,1	5,6	-1,6
Other business services	699,6	94,6	605,1	175,7	22,9	152,9	163,8	26,6	137,2	238,8	32,4	206,4
Personal, cultural and recreational services	19,2	26,0	-6,9	6,5	6,8	-0,3	4,2	6,6	-2,4	5,2	7,2	-2,0
Government services, n.i.e.	150,5	43,1	107,4	44,0	9,5	34,4	41,8	6,6	35,2	40,6	9,4	31,2
<b>Income</b>	756,3	1.030,4	-274,1	168,7	160,5	8,2	190,5	226,7	-36,2	215,4	179,2	36,1
Compensation of employees	25,4	85,8	-60,4	4,3	24,0	-19,7	3,8	15,2	-11,4	3,3	23,7	-20,4
Investment income	730,9	944,7	-213,7	164,4	136,5	27,9	186,7	211,4	-24,8	212,1	155,5	56,5
<b>Current transfers</b>	292,5	250,2	42,4	91,4	72,1	19,3	98,2	60,4	37,8	105,3	83,9	21,3
General government	108,3	97,4	10,9	38,7	32,4	6,3	25,6	13,2	12,5	41,3	25,4	15,9
Other sectors	184,2	152,8	31,4	52,7	39,7	13,0	72,6	47,3	25,3	63,9	58,6	5,4
<b>Capital and financial account</b>			390,1			277,4			189,5			-228,1
<b>Capital account</b>	60,9	20,6	40,3	7,7	11,2	-3,5	37,9	10,6	27,2	45,1	9,6	35,5
<b>Financial account</b>			349,8			280,9			162,3			-263,6
Direct investment			339,7			60,5			55,9			17,4
Abroad			-223,5			-36,1			-29,0			-72,6
In Cyprus			563,2			96,6			84,9			90,0
Portfolio investment			-62,0			-90,8			169,6			-481,8
Assets			-755,9			-386,0			-428,7			-719,8
Liabilities			693,9			295,2			598,3			238,0
Financial derivatives			-6,8			1,6			1,3			3,6
Other investment			412,7			241,6			126,1			265,8
Assets			-3.384,1			-269,4			-448,5			-1.398,5
Liabilities			3.796,8			511,0			574,6			1.664,3
Reserve assets			-333,8			68,0			-190,6			-68,6
<b>NET ERRORS AND OMISSIONS</b>			50,4			-52,4			-76,9			-44,0

Sources: Central Bank of Cyprus and Cystat.

**Table 30**  
**Accounts of general government (analysis of expenditure and revenue)**

	Jan-Dec. 2005	Jan-Dec. 2006	Change
<i>CYP million</i>			
<b>EXPENDITURE</b>			
Intermediate consumption	395,8	439,6	43,8
Capital formation	246,0	283,1	37,1
Compensation of employees	1.160,1	1.250,5	90,4
Other taxes on productions	0,5	0,6	0,1
Subsidies	55,3	44,7	-10,6
Interest paid	270,0	305,0	35,0
Social benefits	1.005,7	1.021,8	16,1
Other current transfers	256,0	330,2	74,2
Capital transfers	37,0	39,6	2,6
<b>Total expenditure</b>	<b>3.426,4</b>	<b>3.715,1</b>	<b>288,7</b>
<b>REVENUE</b>			
Market output & output for own final use	231,7	259,4	27,7
Taxes on production and imports	1.328,3	1.473,6	145,3
<i>of which VAT</i>	776,5	881,5	105,0
Property income	77,9	117,6	39,7
Current taxes on income, wealth, etc	729,2	922,5	193,3
Social contributions	650,1	668,5	18,4
Other current transfers	146,8	150,2	3,4
Capital transfers	78,8	8,2	-70,6
<b>Total revenue</b>	<b>3.242,8</b>	<b>3.600,0</b>	<b>357,2</b>
<b>Surplus (+) / Deficit (-)</b>	<b>-183,6</b>	<b>-115,1</b>	<b>68,5</b>

Source: Cystat.