



**CENTRAL BANK OF CYPRUS**  
**ECONOMIC RESEARCH DEPARTMENT**

**M**ONETARY  
**P**OLICY  
**R**EPORT

**JANUARY 2003**



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The Monetary Policy Report is drafted by the Economic Research Department of the Central Bank of Cyprus as an overview of current economic developments in Cyprus, in preparation for the meeting - normally held monthly - of the Monetary Policy Committee. The Report is available in Greek on the website the day following the meeting and in English two weeks later.

**CENTRAL BANK OF CYPRUS, 2003  
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## 1. INTRODUCTION

Economic data continue to appear contradictory, being consistent with projections for a weak international recovery. Uncertainty surrounding geopolitical developments is the most important factor limiting investment and consumption expenditure and in general the expected growth rate of the world economy. The US economy – the engine for global recovery – appears subdued, and the US dollar remains weak. Against this background, several analysts do not exclude the possibility of further monetary easing by the US Federal Reserve System. In the euro area, inflation has remained above the limit specified by the European Central Bank, and therefore European interest rates are expected to remain unchanged, without excluding the possibility of a reduction if the euro continues to appreciate. In England, an interest rate reduction is considered as a very remote possibility, since consumer spending has remained high and house prices have continued to rise.

Turning to domestic developments, inflation rose to 2,94% in December 2002, from 2,86% in the previous month. This increase emanated from the acceleration in the prices of domestic industrial goods and electricity. For 2002 as a whole, the inflation rate reached 2,81%, compared with 1,98% in 2001. The rise of inflation was driven by the significant acceleration in the prices of domestic industrial non-oil goods and fuels, and by the small acceleration in services prices. These developments largely reflect the increase in the value added tax (VAT) standard rate and in other indirect taxes since July 2002. A moderating effect on the increase in the consumer price index was exerted by the continuing decline in the prices of imported cars since July, owing to the reduction in excise duties on cars.

Inflationary pressures in 2002 were also contained by the slowdown in economy activity, which kept the expansion of credit to the private sector at a low level. The annual growth rate of credit stood at 8,7% in November 2002, compared with 13,7% in the previous year. In this environment of subdued credit expansion, excess bank liquidity has persisted and is a potential inflationary risk in case of a reversal in the demand for loans. Aiming to maintain interest rates consistent with its anti-inflationary policy, the Central Bank of Cyprus has continued to intervene in the money market through auctions (depos), absorbing surplus liquidity and incurring the associated cost.

Concerning prospects for 2003, under the influence of the increase in the VAT standard rate and of changes in other indirect taxes, as well as the cumulative effect of the automatic indexation of wages, inflation is projected to rise to a range between 4,0 and 4,5%.

As regards tourism, the downturn in tourist arrivals recorded in the first nine months of 2002 was reversed in October and November, with a small increase in arrivals due to a base effect associated with the sharp decline in tourist travel in the months following the events of 11 September. However, the overall decrease in tourist arrivals in the period from January to November 2002 remained substantial, of the order of 10,7%, compared with an increase of 1,1% in the same period of 2001. Receipts from tourism fell by 13,7% in the first nine months of 2002.

As regards external trade, total imports increased by 13,3% in September 2002, compared with a decrease of 7,7% in the same month of 2001. Imports for home consumption excluding imports of fuels and military equipment also increased in September. For the entire period from January to September 2002, total imports declined by 3,4%, compared with an increase of 7,4% in the same period of 2001. Total exports decreased by 2,2% in September 2002, primarily on account of the fall in re-exports. For the period from January to September 2002, total exports fell by 16,3%, compared with an increase of 4,3% in the same period of the previous year. As a result of these developments, the crude trade deficit reached £1.449,5 million in the first nine months of 2002, compared with £1.435,7 million in the corresponding period of 2001.

Private consumption, as reflected by the retail sales volume index, declined by 4,3% in September 2002, compared with a rise of 13,2% in September 2001. For the first nine months of 2002, private consumption declined by 0,4%, compared with an increase of 6,6% in the corresponding period of 2001. The decline of the retail sales volume index is consistent with the deceleration in the growth of imports for home consumption in the first nine months of 2002.

Turning to the labour market, unemployment rose to 3,2% of the economically active population in 2002, from 3,0% in 2001. The number of

registered unemployed also increased substantially in December 2002, continuing the upward trend observed since November 2001. For 2002 as a whole, the number of registered unemployed increased by 10,6%, compared with a decline of 12,7% in 2001. The course of unemployment in the current year will depend to a large extent on the growth rate of GDP.

In the secondary sector of the economy, both positive and negative developments have been recorded. On the one hand, manufacturing continued to decline in September, and on the other hand, the performance of construction remained generally encouraging. In particular, increases were recorded in both the volume and value indices of building permits in September 2002, and in cement sales in November.

As regards public finances, the latest available data refer to the first eight months of 2002 and show a fiscal deficit of £204,1 million, compared with £137,2 million in the corresponding period of 2001. This increase in the fiscal deficit is mainly attributable to the significant deceleration in public revenue, which grew by only 1,9% in the first eight months of 2002, compared with a growth rate of 11,1% in the corresponding period of 2001, while public expenditure recorded a smaller deceleration.

## 2. ECONOMIC DEVELOPMENTS

### 2.1 INTERNATIONAL DEVELOPMENTS AND EXCHANGE RATES

#### *International economic developments*

At the end of 2002, the major stock markets recorded considerable losses, and economic data for the most developed countries indicated a weak recovery. Official interest rates were reduced by the US Federal Reserve System and by the European Central Bank, in November and December, respectively. Since then, the two central banks have maintained their interest rates unchanged, while the Bank of England has maintained interest rates unchanged since 8 November 2001. The continuing threat of war between the United States and Iraq, and the prolonged general strike in Venezuela, which is a member of the Organisation of Petroleum Exporting Countries (OPEC), pushed up oil prices.

In the **United States**, President Bush announced on 7 January 2003 his new fiscal package to stimulate the economy. The package includes, inter alia, the elimination of tax on dividends received by shareholders and other tax cuts. Some analysts expressed reservations on the effectiveness of the package, pointing out that this policy will burden the already high fiscal deficit of the country and will adversely affect fixed capital investment and domestic consumption, and hence growth. As regards indicators for the US economy, consumer confidence seems to have been influenced by the rise in unemployment, to 6,0% in November 2002 from 5,7% in October, by the increased likelihood of war between the United States and Iraq, and by the decline in consumption during the Christmas holidays. The Dow Jones, S&P 500 and Nasdaq indices fell by 6,0%, 5,9% and 9,8%,

respectively, in December. For 2002 as a whole, these indices registered decreases of 16,8%, 23,4% and 31,3%, respectively.

In the **euro area**, unemployment remained unchanged at 8,4% in November 2002. According to provisional data, inflation also remained unchanged at 2,2% in November, above the limit of 2,0% specified by the European Central Bank. European stock exchanges were no exception to the downtrend of equity prices. Germany's DAX index fell by 14,4% in December, while in France the CAC 40 index declined by 7,1%, and in Italy the BCI index decreased by 9,6%. In 2002 as a whole, the DAX, CAC 40 and BCI indices fell by 43,9%, 33,7% and 23,8%, respectively.

In **Britain**, retail price (RPIX) inflation reached 2,8% in November 2002, exceeding the Bank of England's 2,5% target. Retail sales grew by 4,0% in the twelve months to November, and unemployment declined to 5,2% in the period from August to October 2002, from 5,3% in the period from July to September. The FTSE 100 stock price index declined by 5,1% in December and registered a fall of 24,5% for 2002 as a whole.

In **Japan**, industrial production expanded by 4,5% in the first eleven months of 2002 compared with the same period of 2001. Deflation abated to 0,4% in November, compared with 0,9% in October, while unemployment declined to 5,3% in November, from 5,5% in the previous month. The Nikkei stock price index declined by 5,0% in

December, and registered a fall of 17,3% for 2002 as a whole.

In the **crude oil** market, prices rose to an average of USD 28,14 per barrel in December 2002, from USD 24,38 per barrel in the previous month. This increase is attributable to the continuing threat of a US attack on Iraq and to the

general strike in Venezuela, which caused an interruption of its oil exports. At an unscheduled meeting on 12 January 2003, OPEC decided to increase oil production by 1,5 million barrels per day from 1 February 2003, in an effort to mitigate the impact of the aforementioned developments.

**Table 1****GDP projections***(annual percentage change)<sup>1</sup>*

		The Economist Poll GDP forecasts <sup>2</sup>			Lehman Brothers Weekly Outlook - GDP <sup>3</sup>			International Monetary Fund GDP forecast <sup>4</sup>		
	2000 <sup>4</sup>	2001	2002	2003	2001	2002	2003	2001	2002	2003
Britain	3,1	2,2	1,6	2,4 (2,6)	2,0	1,8 (1,6)	2,6 (2,4)	1,9	1,7	2,4
Japan	2,4	-0,4	-0,3 (-0,7)	0,4 (1,0)	-0,2	-0,2 (-0,1)	1,3 (0,6)	-0,3	-0,5	1,1
USA	3,8	1,2	2,4	2,5 (2,7)	0,3	2,4	2,4	0,3	2,2	2,6
Euro area	3,5	1,5	0,7	1,3 (1,7)	1,4	0,8 (0,9)	1,6 (2,3)	1,5	0,9	2,3
World	4,7				0,7	1,3	1,9 (2,0)	2,2	2,8	3,7

<sup>1</sup> Figures in parentheses indicate the corresponding previous month projection, in case of change<sup>2</sup> The Economist, 11 January 2003<sup>3</sup> Lehman Brothers Global Weekly Economic Monitor, 10 January 2003<sup>4</sup> International Monetary Fund, World Economic Outlook, September 2002**Table 2****Major share indices***(closing prices)*

	2001	2002			
	31 Dec.	2 Dec.	31 Dec.	% change	
				Jan. - Dec.	Dec.
USA					
Dow Jones	10.021,5	8.862,6	8.332,9	-16,8	-6,0
S&P 500	1.148,1	934,5	879,4	-23,4	-5,9
Nasdaq	1.950,4	1.484,8	1.339,5	-31,3	-9,8
Germany					
DAX	5.160,1	3.380,2	2.892,6 *	-43,9	-14,4
France					
CAC 40	4.624,6	3.298,8	3.063,9	-33,7	-7,1
Italy					
BCI	1.433,4	1.207,6	1.091,9 *	-23,8	-9,6
Britain					
FTSE 100	5.217,4	4.154,3	3.940,4	-24,5	-5,1
Japan					
Nikkei	10.542,6	9.174,5	8.714,1 **	-17,3	-5,0

Source: Reuters

\* Closing price as at 30 December 2002

\*\* Closing price as at 27 December 2002

**Table 3****Main economic indicators***(percentage change)*

	GDP				Industrial production November (annual)	Retail sales November (annual)	Unemployment November (annual)	Inflation <sup>1</sup> November (annual)
	Q2 (quarterly)	Q2 (annual)	Q3 (quarterly)	Q3 (annual)				
Britain	2,4	1,3	3,4	1,8	-1,2 <sup>2</sup>	4,0	5,2 <sup>3</sup>	2,6
Japan	2,6	-0,7	3,2	1,3	4,5	-1,8 <sup>2</sup>	5,3	-0,4
USA	1,3	2,2	4,0	3,2	1,8	3,3	6,0	2,2
Euro area	1,6	0,7	1,3	0,8	0,3 <sup>2</sup>	1,6 <sup>2</sup>	8,4	2,2

*Source: The Economist, 11 January 2003*<sup>1</sup> *Based on the Consumer Price Index*<sup>2</sup> *Data of October 2002*<sup>3</sup> *August - October 2002***International currencies**

The euro appreciated strongly against the US dollar in December 2002, reaching USD 1,05 on the last day of the month, compared with USD 0,99 on the first day of the month. More recent data up to mid-January 2003 show that the US dollar remained weak against the euro. The resistance level of USD 1,00 per EUR seems to have been surpassed, as also indicated by the latest Reuters poll (table 4).

The weakening of the US dollar is attributable to several factors: the continuing instability in US equity markets, the expansionary monetary and fiscal policy stance, the mixed data released for the US economy, the sudden resignation of the Secretary of Finance and the White House economic advisor, who favoured a strong dollar policy, and the increased likelihood of military conflict between the United States and Iraq. However, it should be noted that the euro area economy also showed further signs of uncertainty in December, as weak economic data were released.

The pound sterling remained broadly stable vis-à-vis the euro in December. The exchange rate fluctuated around GBP 0,64 to 0,65 per EUR, registering a marginal weakening compared with previous months. In parallel, the pound sterling strengthened somewhat against the US dollar. This course of the sterling was accompanied by releases of positive data for the UK economy, including, for example, a rise in house prices, a decline in unemployment and an increase in retail sales in November.

The Japanese yen fluctuated between JPY 120 and 125 per US dollar in December, registering a downward course, which reflects continuing investor concern about the instability of the country's financial system and the protracted downturn in the Japanese economy.

An overview of international exchange rate fluctuations in the recent past until end-December 2002 is presented in chart 1.

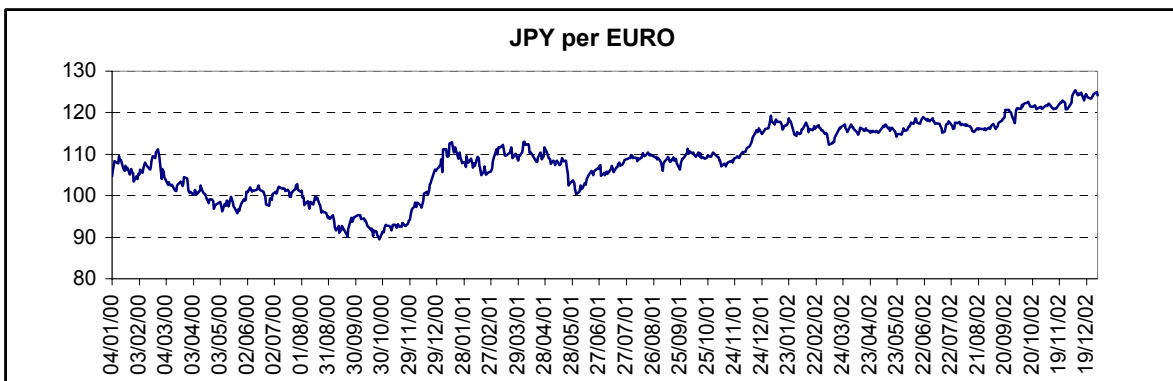
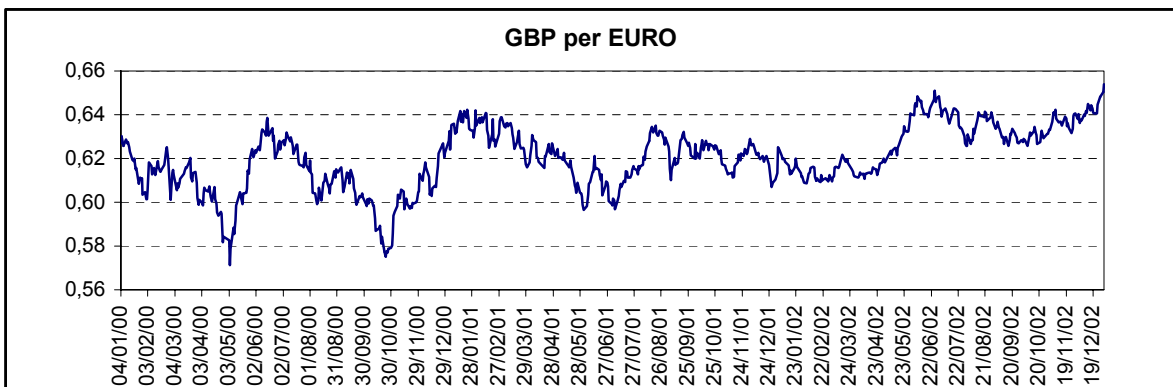
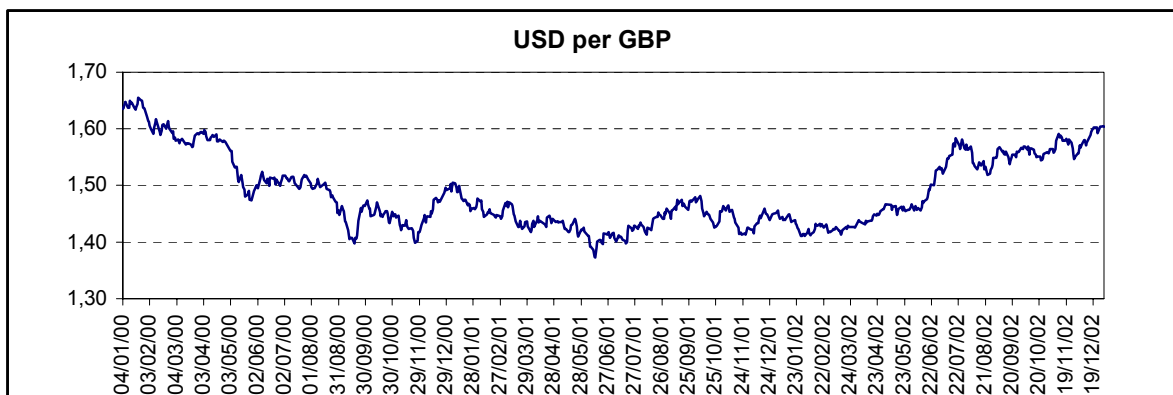
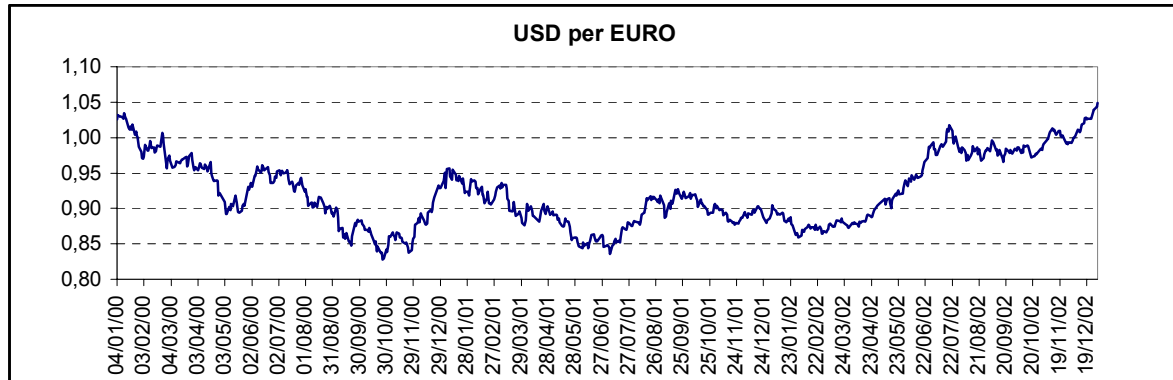
**Chart 1****Major international currencies****2/1/2001 - 31/12/2002***(opening, selling values)*

Table 4 shows the forecasts of a large number of internationally recognized financial institutions for the course of international exchange rates within the next twelve months, as recorded in the monthly survey of Reuters. As seen in table

4, markets expect that the euro will remain at the same levels it has recently reached vis-à-vis the US dollar and the pound sterling, while it will strengthen further against the Japanese yen.

**Table 4**

**International market expectations for exchange rates  
Reuters monthly survey**

(January 2003)

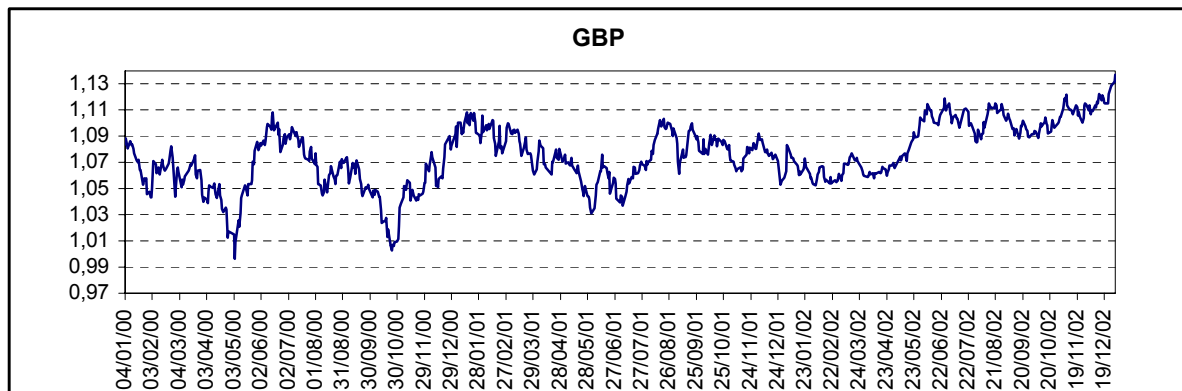
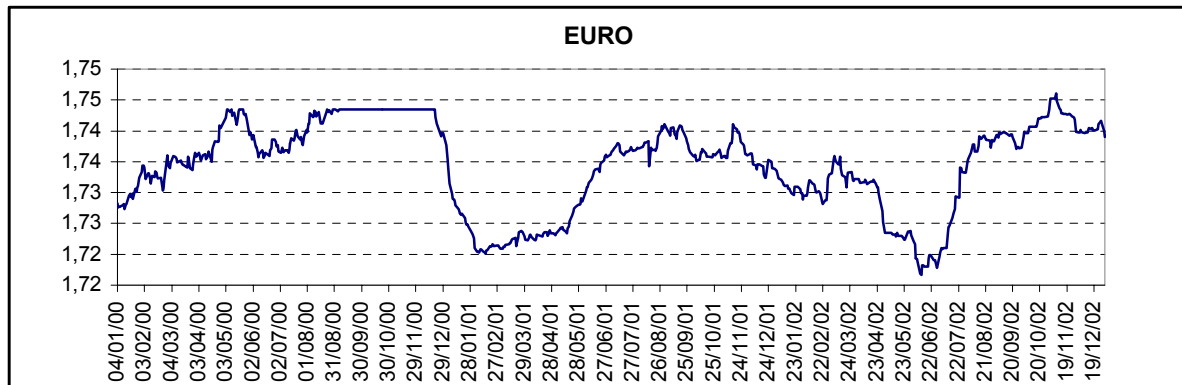
		Exchange rate forecasts			
	Statistical data	1-month	3-month	6-month	12-month
USD per EUR	Mean	1,04	1,04	1,04	1,06
	Minimum	1,00	0,97	0,92	0,85
	Maximum	1,07	1,10	1,15	1,20
	Number of forecasts	53	53	53	52
USD per GBP	Mean	1,61	1,60	1,61	1,62
	Minimum	1,55	1,49	1,48	1,44
	Maximum	1,65	1,66	1,67	1,72
	Number of forecasts	48	49	48	47
JPY per USD	Mean	119,63	121,23	121,99	121,40
	Minimum	115,00	115,00	112,70	108,00
	Maximum	125,00	133,00	135,00	140,00
	Number of forecasts	50	50	50	49
GBP per EUR	Mean	0,65	0,65	0,65	0,66
	Minimum	0,64	0,62	0,62	0,59
	Maximum	0,66	0,66	0,68	0,70

Source: Reuters. The survey was conducted in the period 6-7 January 2003.

**Cyprus pound**

The Cyprus pound registered marginal fluctuations vis-à-vis the euro in December 2002, reaching EUR 1,7390 on 31 December (opening, selling rate), compared with EUR 1,7399 on 2 December. Reflecting fluctuations in international currencies during this period, the Cyprus pound

strengthened against the US dollar, while it remained broadly stable against the pound sterling and the Japanese yen. Chart 2 gives an overview of recent fluctuations in the exchange rates of the Cyprus pound vis-à-vis the euro, the US dollar, the sterling and the yen.

**Chart 2****Cyprus Pound against major international currencies**  
**2/1/2001 - 31/12/2002***(opening, selling values)*

As regards the domestic foreign exchange market, the results of the fixing sessions held until 31 December 2002, on the basis of transaction date, are summarized in table 5. As this table shows, net foreign exchange inflows equivalent to £223,07 were recorded in 2002, compared with inflows of £499,05 million in 2001. In December 2002, inflows of only £14,96 were registered, mainly due to seasonal factors.

Overall, including interventions and other operations in the interbank market (specifically, execution of forward foreign exchange contracts),

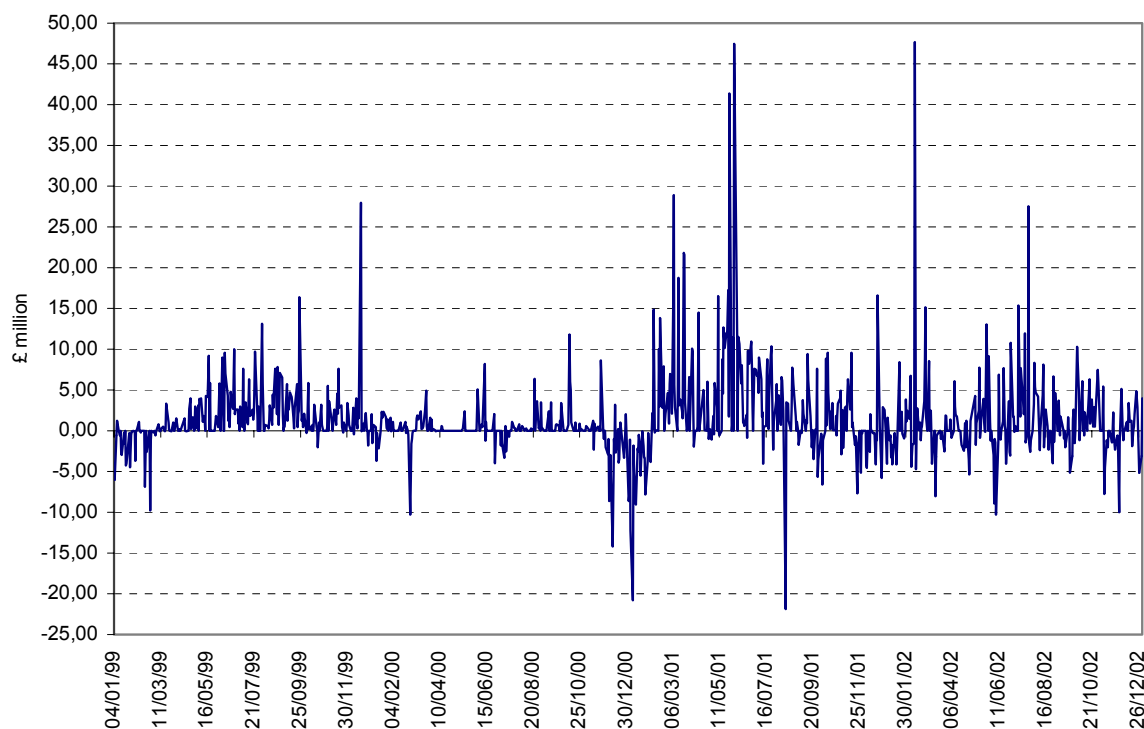
in the period from 1 January 2001 to 31 December 2002, the Central Bank absorbed from the banking system foreign exchange equivalent to £936,42 million. Over 50% of these inflows correspond to borrowing in foreign currencies by residents of Cyprus from domestic banks, especially during 2001. It is pointed out that interventions by the Central Bank in the domestic foreign exchange market decreased markedly to £273,13 million in 2002, from £663,3 million in 2001. Daily purchases and sales of foreign exchange by the Central Bank from domestic banks since 1999 are shown in chart 3.

**Table 5**  
**Summary of results of fixing sessions**

Month	Average fixing exchange rate Foreign currency per Cyprus pound (last day of period)			Purchases (+) / Sales (-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
2001	Euro	US dollar	Pound sterling	Euro	US dollar	Pound sterling	
January	1,7278	1,6060	1,0983	-169,80	-9,55	-7,00	-110,17
February	1,7264	1,5916	1,1016	49,25	-0,20	1,20	29,51
March	1,7275	1,5209	1,0670	130,40	38,00	-0,10	99,37
April	1,7283	1,5369	1,0713	81,25	-5,30	0,00	43,59
May	1,7338	1,4716	1,0382	233,25	5,30	0,00	138,17
June	1,7413	1,4743	1,0490	250,00	-1,00	0,00	143,20
July	1,7425	1,5265	1,0712	148,25	0,00	0,02	85,11
August	1,7455	1,5989	1,0962	39,45	0,00	0,00	22,58
September	1,7411	1,5968	1,0852	0,75	9,50	5,30	11,28
October	1,7414	1,5766	1,0833	15,90	15,50	10,28	28,46
November	1,7414	1,5464	1,0861	-14,65	6,35	9,20	10,70
December	1,7387	1,5380	1,0622	-7,60	-3,05	3,50	-2,74
2002	Total 2001			756,95	65,55	22,40	499,05
January	1,7347	1,4977	1,0612	-13,45	-3,60	4,60	-5,76
February	1,7381	1,5053	1,0631	39,70	8,10	4,90	32,89
March	1,7374	1,5160	1,0626	-6,00	0,00	-1,40	-4,75
April	1,7287	1,5563	1,0685	-18,70	-0,80	10,30	-1,65
May	1,7272	1,6192	1,1045	19,10	20,85	19,50	42,07
June	1,7249	1,7189	1,1201	-12,65	-3,75	4,00	-5,98
July	1,7402	1,7047	1,0890	152,45	-1,00	-0,10	87,25
August	1,7435	1,7192	1,1078	41,00	11,60	-0,10	30,28
September	1,7442	1,7187	1,0988	12,10	3,25	0,0	8,83
October	1,7504	1,7267	1,1078	57,20	20,30	7,75	51,63
November	1,7449	1,7346	1,1157	-48,20	0,00	1,00	-26,70
December	1,7447	1,8287	1,1348	13,20	8,00	2,60	14,96
	Total 2002			235,75	63,75	53,05	223,07

**Chart 3**

**Daily purchases / sales of foreign exchange by the Central Bank  
from the domestic banks  
4/1/1999-31/12/2002**



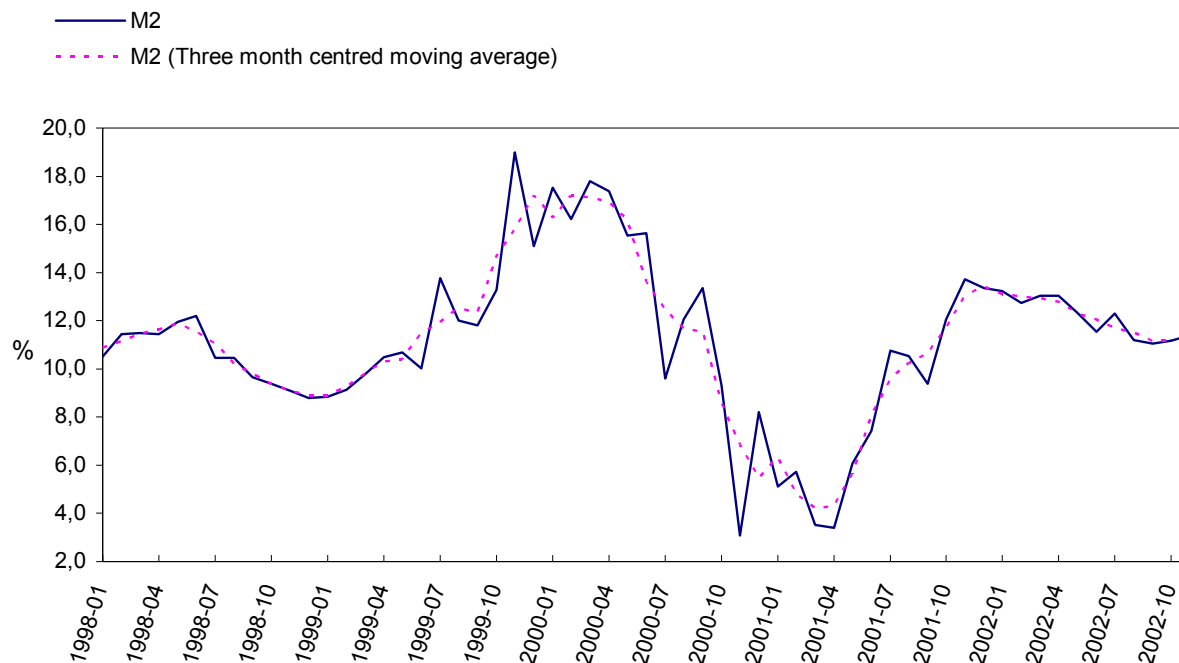
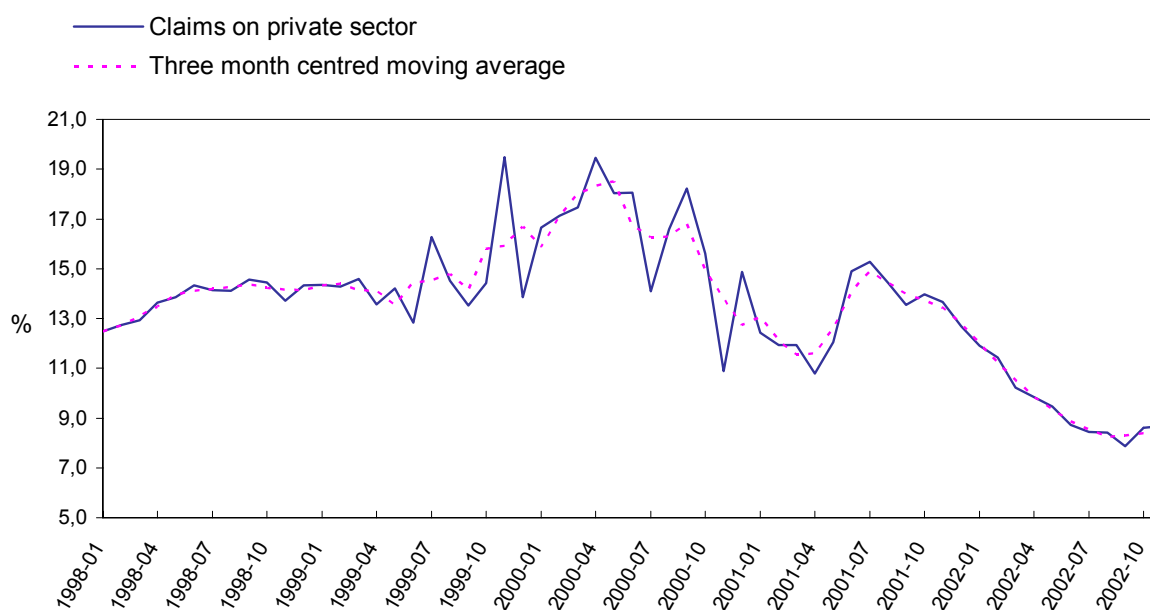
*Note: Purchases of foreign exchange by the Central Bank are shown with a positive sign.*

## 2.2 MONETARY DEVELOPMENTS\*

At its meeting on 13 December 2002, the Monetary Policy Committee decided to reduce the interest rate on the marginal lending facility by 50 basis points. This decision was taken after the decisions of the US Federal Reserve System and of the European Central Bank to reduce their official interest rates by 50 basis points and against the background of the mitigation of inflationary pressures and the slowdown in domestic economic activity.

As regards other monetary developments, the growth rate of total money supply accelerated somewhat in November 2002, while the rate of credit expansion remained stable. Excess liquidity conditions continued to prevail in the banking system, mostly due to increased overdrawn by the government.

\*Monetary figures refer to all banks, i.e. they also include the Cyprus Development Bank, the Mortgage Bank of Cyprus Ltd. and the Housing Finance Corporation.

**Chart 4****M2 growth***(annual percentage changes, monthly data)***Chart 5****Growth of claims on private sector***(annual percentage changes, monthly data)*

**Box 1****M2C – A new monetary aggregate including deposits with co-operative credit institutions**

The primary objective of the Central Bank of Cyprus is price stability. To achieve this objective, the Central Bank of Cyprus monitors various economic indicators, such as broad money supply, which contain important information about future price developments. In order to predict inflation as accurately as possible, detailed analysis of these indicators is needed.

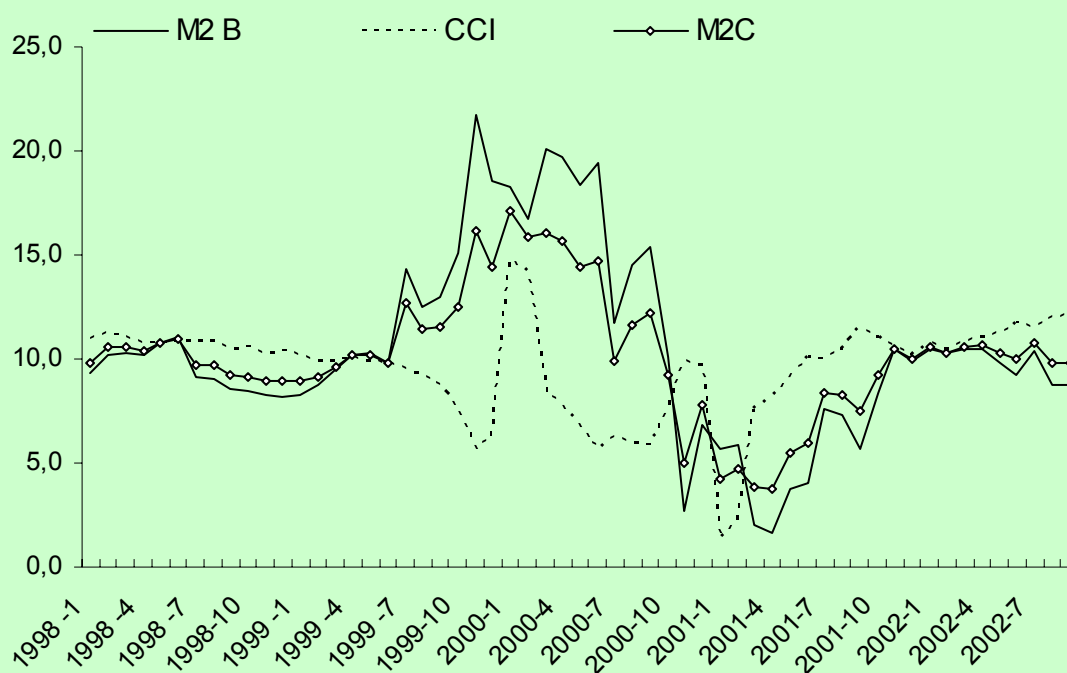
One of the problems faced by the monetary authority in Cyprus is that broad money supply (M2) includes deposits with all banks, including the Co-operative Central Bank, but does not include deposits with co-operative credit institutions (CCIs)<sup>1</sup>. Thus, a significant part of money supply, as well as loans, of the order of 25 to 30%, has not been monitored. This raises reasonable questions as to both the correctness of monetary aggregates and their information content for monetary policy purposes. Moreover, the delay in the receipt (by the Central Bank) of data on CCIs concerning total lending and deposits makes the Central Bank's task even more difficult.

A new monetary aggregate that will include CCIs is therefore needed. The construction of the new monetary aggregate was made possible by the provisional data from the 143 largest CCIs, which are available at the beginning of each month.<sup>2</sup> Specifically, a money supply aggregate M2C has been constructed, which incorporates deposits with both banks and CCIs.

Given that money supply, in its broad sense, consists almost entirely of deposits, the growth rate of the new monetary aggregate should be a weighted average of the growth rates of deposits with banks (M2B) and with CCIs (see chart 1).

**Chart 1****M2C by sector**

(annual growth rate, %)

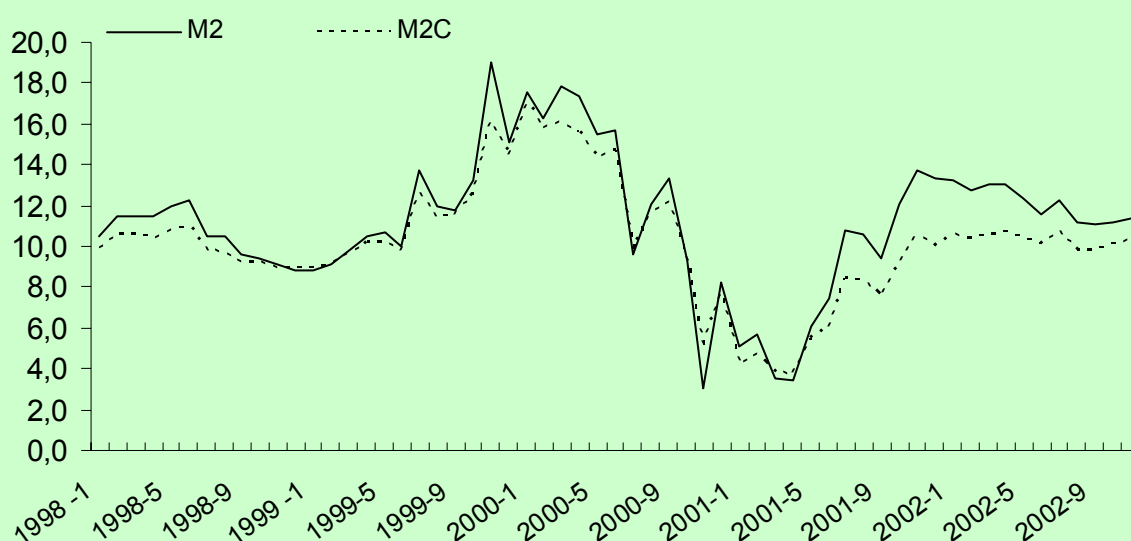


<sup>1</sup> It should be noted that CCIs are not supervised by the Central Bank of Cyprus, but by another supervisory authority, the Commissioner for Co-operative Development.

<sup>2</sup> The deposits with these 143 CCIs are estimated to be about 94% of total deposits with CCIs, while the corresponding proportion for loans is about 95%.

Chart 2 illustrates the relationship of the two broad money supply aggregates, M2 and M2C. As seen in the chart, the new aggregate M2C follows the same trend as M2, and their growth rates are not significantly different, at least over the largest part of the period under review. However, the inclusion of deposits with CCIs in the new monetary aggregate changes the growth rate of money supply in the period from September 2001 to September 2002, during which a significant divergence in the growth rates is observed. This divergence is attributable to increased deposits of CCIs with the Co-operative Central Bank. Specifically, every CCI is required<sup>3</sup> to deposit at the Co-operative Central Bank at least 25% of its deposit liabilities, while the remainder may be lent or invested in government securities. During 2002, both loans and sales of government securities declined, and hence CCIs deposited greater amounts at the Co-operative Central Bank, which resulted in an expansion of the growth rate of M2.

**Chart 2**  
**Broad money supply**  
(annual growth rate, %)



The growth rates of the relevant monetary aggregates are given in the following table.

Broad money supply	Dec. 2001	June 2002	July 2002	Aug. 2002	Sep. 2002	Oct. 2002	Nov. 2002
M2	13,35	11,54	12,29	11,20	11,04	11,17	11,39
M2C	10,02	10,06	10,76	9,84	9,81	10,05	10,29
M2B	9,89	9,23	10,34	8,77	8,71	8,77	8,71

In conclusion, this analysis shows that the growth rates of the monetary aggregates M2 and M2C move very closely together, which implies that M2 was a sufficient indicator of the growth rate of money supply. However, the growth rates of the two aggregates may sometimes diverge significantly, as in the period from September 2001 to September 2002. It is therefore necessary to monitor both monetary aggregates. Furthermore, besides the growth rate of money supply, the monetary aggregate M2C as an absolute amount provides a more complete picture of the financial sector.

<sup>3</sup> In accordance with a directive issued by the Commissioner for Co-operative Development.

The annual growth rate of total money supply (M2) increased slightly to 11,4% in November 2002, from 11,2% in the previous month. The corresponding growth rate in 2001 was 13,7% (table 6). As chart 4 illustrates, the growth rate of total money supply has registered a slightly downward trend since November 2001. The three-month moving average of the growth rates of total money supply increased marginally to 11,2% in the period from September to November 2002, compared with 11,1% in the period from August to October.

Table 7 presents the factors affecting total money supply. As this table shows, claims on both the private and public sectors, as well as unclassified items increased in November 2002 compared with the previous month, while net foreign assets fell. In the twelve months to November 2002, the increase in claims on the public sector reached £315,3 million, compared with an increase of £290,9 million in the twelve months to October. In the same twelve-month period, net foreign assets fell by £138,8 million, compared with an increase of £6,3 million in October. Credit to the private sector grew by £615,6 million, compared with an increase of £609,0 million in the twelve months to October.

The growth rate of credit to the private sector increased slightly to 8,7% in November, from 8,6% in October (table 6). According to the three-month moving average, credit expanded at a rate of 8,4% in the period from September to November 2002, about the same growth rate recorded in the period from August to October.

The low rate of expansion of bank lending is attributable to subdued private sector demand for loans, due to the slowdown in economic activity, and to stricter bank policies for the assessment of loan applications. As a result of weak credit expansion in the first eleven months of 2002, bank financing, according to the monthly distribution method (box 2), was below the reference value by £81,1 million.

The breakdown of bank credit by sector of economic activity (table 8) shows that in the period from January to November 2002, personal and professional loans, construction and tourism absorbed the largest part of new credit, amounting to 50,2%, 26,8% and 9,8%, respectively. In the same period of the previous year, personal and professional loans dominated with a share of 45,3% of new credit. In absolute terms, the amount of new credit channelled to tourism in the period from January to November fell from £69,0 million in 2001 to £35,5 million in 2002, while personal and professional loans fell from £292,9 million to £182,1 million. A smaller decrease was recorded in the construction sector, which accounted for £97,1 million of new credit in the first eleven months of 2002, compared with £108,0 million in the same period of 2001, while new credit for foreign and domestic trade fell to £31,0 million, from £134,8 million in the first eleven months of 2001. As a result, the share of foreign and domestic trade in total new credit fell to 8,5% in the period from January to November 2002, compared with 20,9% in the same period of 2001.

**Table 6****Main monetary indicators***(annual percentage change)*

	1998	1999	2000	2001	2001 Nov.	2002 Oct.	2002 Nov.
Money supply (M1)	3,4	41,3	4,0	2,0	1,7	-5,8	-6,7
Total money supply (M2)	8,8	15,1	8,2	13,3	13,7	11,2	11,4
Claims on private sector	14,3	13,9	14,9	12,7	13,7	8,6	8,7

**Table 7****Factors affecting total money supply***(change, CYP thousand)*

	Nov. 2002	Jan.-Nov.		Oct. 2001/2002	Nov. 2001/2002
		2001	2002		
Foreign assets (net)	-109.879	210.592	-50.217	6.261	-138.845
Claims on private sector	30.031	580.857	369.170	608.985	615.615
Claims on public sector	84.556	174.842	151.199	290.864	315.329
Unclassified items	52.412	-445.036	-14.043	-140.712	-7.096
<b>Total money supply (M2)</b>	<b>57.120</b>	<b>521.255</b>	<b>456.109</b>	<b>765.398</b>	<b>785.003</b>
<b>Money supply (M1)</b>	<b>-4.289</b>	<b>-94.188</b>	<b>-182.329</b>	<b>-56.744</b>	<b>-66.593</b>
Currency in circulation	-3.772	642	-410	29.374	22.217
Demand deposits	-517	-94.830	-181.919	-86.118	-88.810
<b>Quasi-money</b>	<b>61.409</b>	<b>615.443</b>	<b>638.438</b>	<b>822.142</b>	<b>851.596</b>

Credit expansion seems to have remained weak in December 2002. According to provisional weekly data, in the period from 1 to 27 December, new credit amounting to £30,9 million was granted, compared with £37,7 million in the same period of 2001. In the twelve months to 27 December 2002, the amount of new credit granted was £612,9 million, indicating an annual growth rate of 8,5%, down from a growth rate of 11,2% in the corresponding period of the previous year.

As regards credit extended through credit cards, domestic expenditure by Cypriots through credit cards expanded by 15,9% and 2,8% in November and December 2002, respectively, compared with the same months of 2001. In 2002 as a whole, domestic expenditure by residents of Cyprus through credit cards rose by 17,7%, compared with an increase of 22,8% in the previous year. Expenditure abroad through credit cards rose sharply by 65,8% and 63,8% in November and December 2002, respectively, in comparison with the same months of 2001, while the corresponding growth rate for October was 37,4%. As a result of these increases in the last quarter of 2002, which reversed the decreases recorded in the first nine months of the year, expenditure abroad by Cypriots through credit cards increased by 9,5% in 2002, compared with an increase of 3,4% in 2001. Expenditure in Cyprus by foreign card holders increased by 13,2% and 14,5% in November and December 2002, respectively, compared with the same months of 2001, after an increase of 8,9% in October.

In 2002 as a whole, expenditure in Cyprus by foreign card holders increased by 7,1%, compared with a growth rate of 23,0% in 2001. This slowdown is consistent with the decline in tourist arrivals and receipts from tourism in 2002.

Data on credit cards and other monetary figures, such as cheque clearing, which are available timely, may provide an indication of the future course of retail sales. Chart 6 shows the retail sales value index, for which data are available up to September 2002, and the composite indicator,<sup>4</sup> for which data are available up to November 2002. As seen in the graph, the composite indicator rose in October and November. On the basis of these data, a similar movement of the retail sales value index is expected in the same months, given that the predictive ability of the composite indicator was proven adequate in previous months.

Foreign currency loans to residents of Cyprus increased by £13,8 million in November 2002, after a decrease of £4,3 million in October.<sup>5</sup> The proportion of credit in foreign currency to total credit increased slightly to 10,2% in November, from 10,0% in October (table 9). Data for the period from 1 to 27 December 2002 indicate a decrease in the amount of foreign currency loans of the order of £1,8 million.

<sup>4</sup> The composite indicator comprises domestic expenditure by Cypriots through credit cards and cheque clearing (*Monetary Policy Report* of September 2002).

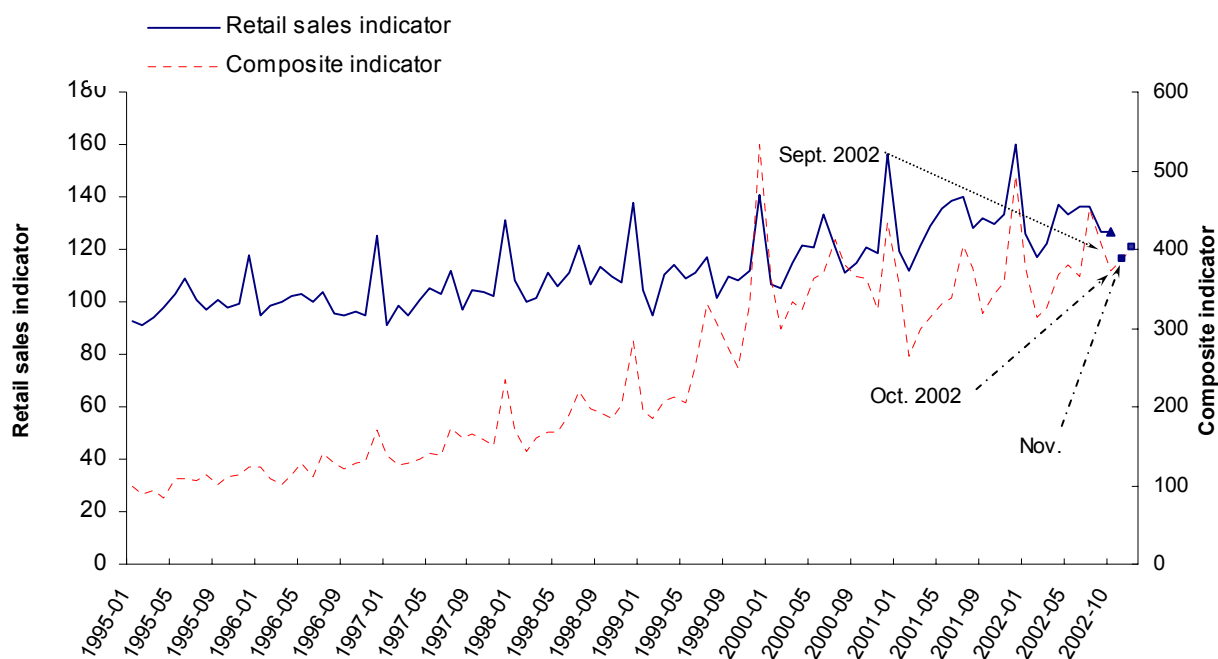
<sup>5</sup> These figures only include foreign currency loans granted by all domestic banks. Lending by banks abroad to Cypriots, according to data reported for long-term loans, remained at a very low level.

**Table 8**  
**Bank credit by sector**

	January - November			
	2001		2002	
	change CYP' 000	share %	change CYP' 000	share %
Public institutions and corporations	44.244	6,8	15.046	4,1
Agriculture	-1.003	-0,2	-10.154	-2,8
Mining	2.155	0,3	-1.837	-0,5
Manufacture	-8.138	-1,3	727	0,2
Transport and communication	8.888	1,4	14.392	4,0
Foreign and domestic trade	134.809	20,9	31.000	8,5
Building and construction	107.955	16,7	97.148	26,8
Tourism	69.015	10,7	35.482	9,8
Personal and professional loans	292.921	45,3	182.093	50,2
Bills discounted: Local	-2.907	-0,4	-469	-0,1
Foreign	-1.383	-0,2	-436	-0,1
<b>Total</b>	<b>646.556</b>	<b>100,0</b>	<b>362.992</b>	<b>100,0</b>

**Chart 6**

### Relationship between monetary aggregates and retail sales



**Table 9****Claims on private sector***(change, CYP million)*

Data on long-term foreign currency loans in the

The increased proportions of loans in US dollars,

	2002 Sep.	2002 Oct.	2002 Nov.
Foreign currency loans to residents	-6,9	-4,3	13,8
Claims on private sector	35,1	-0,2	29,9

*(end of period balances, CYP million)*

	1999	2000	2001	2001 Nov.	2002 Oct.	2002 Nov.
Foreign currency loans to residents	355,2	373,5	729,9	729,3	768,2	782,1
Claims on private sector	5673,5	6517,5	7317,0	7098,3	7672,6	7702,5
Share %	6,3	5,7	10,0	10,3	10,0	10,2

first eleven months of the year confirm the increased preference for foreign currencies other than the euro. Foreign currency borrowing by Cypriots has been increasingly denominated in US dollars, Swiss francs and Japanese yen, and thus the proportion of new loans denominated in euros to new long-term loans in foreign currencies fell to 56,3%, while a proportion of 23,1% was denominated in US dollars, 8,1% in yen and 8,7% in Swiss francs. Last year, by contrast, the euro dominated, with a proportion of over 80,0%.

yen and Swiss francs are attributable to lower interest rates and to the strengthening of the euro, and the corresponding weakening of the other three currencies, while the increased exchange rate risk seems to be somewhat disregarded (box 3).

In the first nine months of 2002, 44,2% of long-term foreign currency loans were used for construction in Cyprus, 30,9% for refinancing<sup>6</sup> and 17,3% for the acquisition of fixed assets.

<sup>6</sup> Refinancing refers to repayment of existing loans in Cyprus pounds as well as conversion of existing foreign currency loans to a different currency.

**Box 2****Monitoring credit expansion\***

In accordance with the Financial Programme, the reference value for credit expansion in 2002 has been set at 11% for the whole year. Attainment of the reference value implies that credit as a percentage of GDP will rise to 131% in 2002, from 125% in 2001\*\*.

**Credit as a percentage of GDP**

	1997	1998	1999	2000	2001	2002
Credit/GDP	100%	106%	113%	119%	125%	131%

The continuous increase in credit as a percentage of GDP raises concerns about the sustainability of such a policy; hence, the reference value of 11% for credit expansion should at least be adhered to. It is therefore necessary to assess whether the course of credit expansion in each period is within the reference value. To answer this question, three methods are considered:

**(1) Annualised growth rate**

The rate of growth in credit observed at a given point of time is annualised; that is, the growth rate for the whole year is derived assuming that credit expansion will continue at the same rate.

For example, in absolute terms, credit expansion from end-December 2001 to end-November 2002 was £369,2 million. This absolute change converted to an annualised growth rate seasonally adjusted gives:

**Annualised growth rate  
(seasonally adjusted \*\*\*)**

9,8%

**Reference value**

11,0%

**(2) Twelve-month growth rate**

The reference value of 11% was specified as the rate of increase in credit from December to December. Thus it would be reasonable to assume that each month in comparison with the same month of the previous year should present a growth rate less than or equal to the reference value, so that credit expansion at the end of the year remains within the specified limits. On the basis of this method, the twelve-month rate of growth in credit to the private sector in November 2002 was:

**12-month growth rate****Reference value**

8,7%

11,0%

Moving average

8,4%

This method presents the problem of base effect, i.e. results may be misleading if the base month for some reason was unusually high or low. To alleviate this problem, the moving average method should also be applied.

\* Credit expansion includes all banks.

\*\* If loans granted by the co-operative credit institutions are included, then total credit as a percentage of GDP rises to 139% in 1997, 145% in 1998, 154% in 1999, 158% in 2000 and 162% in 2001.

\*\*\* Data were seasonally adjusted by the X11 method, including a period of fifteen years.

(3) Monthly distribution method

The Central Bank has estimated that credit could expand by up to £808 million and reach £8150 million at the end of 2002. This amount (reference value) may be distributed in the months of 2002 in accordance with the seasonal pattern of previous years. Monitoring may be effected through the following table, where the first row gives the distribution of credit in accordance with the reference value and the second row gives actual credit to date. As this table shows, credit expansion until end-November was below the reference value.

**Table of bank financing 2002**  
(CYP million)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Reference value*	7359	7431	7529	7550	7578	7658	7676	7646	7712	7753	7795	8150
Actual	7360,6	7394,7	7465,2	7479,5	7518,6	7691,2	7664,3	7649,0	7683,9	7683,9	7713,9	

\* Data were seasonally adjusted by the X11 method, including a period of fifteen years. Because the seasonal pattern of banks may have changed during the years, the proportion of credit granted each month in the last six years was also taken into account.

### Box 3

#### Foreign currency loans and exchange rate risk

During 2002, an increase in the proportion of foreign currency loans denominated in currencies other than the euro was observed, in particular of loans denominated in Japanese yen, US dollars and Swiss francs. These currencies are attractive mainly owing to lower interest rates for borrowers, compared with the euro, while the increased exchange rate risk seems to be disregarded.

In last month's *Monetary Policy Report*, the case of the Japanese yen was presented. The graph below shows the course of the US dollar vis-à-vis the Cyprus pound in the last ten years. Wide fluctuations of the exchange rate of the US dollar are exhibited, which imply significant exchange rate risk for borrowers in this currency. For instance, in the period from 30 September 1992 to 31 July 2001, the US dollar appreciated against the Cyprus pound by 39,6%. Changes of this magnitude may eliminate any interest rate advantages and cause considerable losses for borrowers. Large changes in the exchange rate of the US dollar have been recorded not only over long periods but also within short intervals, such as the six-month period from 31 January 1999 to 31 July 1999, when the US dollar appreciated by 11,8% vis-à-vis the Cyprus pound.

#### Exchange rate between CYP and USD (opening bid price)



Source: Reuters

It is pointed out that the interest rate difference is to a large extent discounted in forward contracts for the purchase of foreign exchange, which may be used by borrowers to hedge for the exchange rate risk.

In conclusion, foreign currency borrowing should take into account not only interest rate differentials but also the exchange rate risk and other relevant factors, such as receipts and payments in foreign currency and the overall composition of the borrower's portfolio, so as to avoid exposure to excessive risks.

### Money market

In the money market, bank liquidity increased in December 2002. As table 11 indicates, this increase emanated exclusively from the increase in overdrawing of government deposits and was mitigated by the decline in net foreign assets and by the increase in currency in circulation, compared with November. Specifically, the average daily value of net foreign assets fell to £1371,4 million in December, from £1446,9 million in November, and overdrawing of government deposits rose from an average of £135,9 million to £330,1 million. This increase in overdrawing is partly attributable to the release of liquidity, amounting to £49,7 million in December and £29,7 million in November, through auctions of government securities.

intervened in the money market through auctions (depos). Specifically, in December, the Central Bank absorbed an average daily liquidity of £412,0 million, compared with £385,3 million in the previous month. The monthly average interest rate declined to 3,95% in December, from 3,98% in November. On 2 January 2003, two auctions were conducted, one with a fixed interest rate of 3,75% and a duration of 42 days, and one with a variable interest rate. In the fixed interest rate auction, £270,0 million were absorbed, while in the variable rate auction, £230,0 million were absorbed at an average interest rate of 3,63%. In a more recent 14-day auction for a duration of 14 days, £120 million were absorbed at an average interest rate of 3,53%.

Aiming to maintain interest rates consistent with its anti-inflationary policy, the Central Bank

**Table 10**

### Interest rates

(percentages per annum)

	2000	2001	2002	2001 Dec.	2002 Oct.	2002 Nov.	2002 Dec.
Interbank (1day)	5,96	4,93	3,42	3,88	3,40	3,79	3,52
Repos	5,97	6,39					
Reverse repos/depos	4,44	4,59	3,91	3,75	3,98	3,98	3,95
Treasury bills (13 weeks)	5,75	6,00	4,02				
Treasury bills (52 weeks)	6,21	6,35	4,30				
Development stocks (2 years)	6,55	6,11	4,56	4,70	4,49		
Development stocks (5 years)	7,45	6,96	5,07	5,04	5,09		
Development stocks (10 years)	7,55	7,66	5,37		5,36		
Development stocks (15 years)		6,47	5,60		5,60		

**Table 11****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					Currency in circulation	Central Govern. deposits (net)	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)				Deposit facility (overnight)	Other liquidity-absorbing operations (additional & special & S.M.E. dep.)	Rev-repos & depos		
		1	2	3	4	5	6	7	8	9	10	11	12	13
2000	Dec.	1.007,1	0,0	0,0	18,9	1,1	4,1	0,5	0,0	353,8	-22,4	184,1	507,0	861,2
2001	Jan.	892,6	10,2	0,0	8,6	1,1	3,9	94,5	0,0	346,9	51,8	-15,9	431,3	876,6
	Feb.	876,0	49,5	0,0	0,5	1,2	12,5	93,9	0,0	336,2	-6,8	47,8	443,6	886,1
	Mar.	991,3	16,3	0,0	5,0	1,0	2,9	93,0	0,0	337,5	38,2	97,0	444,9	878,3
	Apr.	1.075,1	0,0	0,0	18,2	0,7	0,3	90,7	0,0	358,7	0,0	194,4	449,7	899,5
	May	1.109,6	0,0	0,0	28,2	1,2	1,0	84,2	0,0	369,4	58,4	175,7	450,3	904,9
	June	1.316,1	0,0	0,0	0,0	0,0	57,9	79,7	26,4	382,7	132,3	198,2	439,1	959,3
	July	1.379,0	0,0	0,0	1,2	0,0	9,2	79,6	92,0	393,8	159,8	194,5	451,1	933,8
	Aug.	1.333,2	0,0	0,0	0,5	0,0	39,3	79,6	58,6	393,9	125,6	179,4	457,2	970,2
	Sep.	1.359,6	0,0	0,0	0,0	0,0	58,7	79,6	94,8	386,0	89,4	189,3	461,8	986,1
2002	Oct.	1.358,1	0,0	0,0	2,3	0,1	19,4	79,6	104,7	384,3	58,0	250,0	464,5	947,8
	Nov.	1.372,1	0,0	0,0	2,3	0,0	13,3	79,4	118,5	366,5	54,6	275,5	466,6	925,8
	Dec.	1.334,4	0,0	0,0	3,6	0,0	8,3	79,4	111,9	385,3	10,5	274,6	468,1	941,1
	Jan.	1.309,0	0,0	0,0	0,8	0,0	16,4	79,4	174,3	377,6	64,7	124,2	473,1	946,6
	Feb.	1.384,4	0,0	0,0	0,6	0,0	14,5	79,4	131,3	363,9	169,8	137,7	488,6	946,4
	Mar.	1.684,4	0,0	0,0	3,3	0,0	24,8	79,4	189,9	367,4	369,6	167,3	489,2	960,9
	Apr.	1.637,5	0,0	0,0	3,4	0,0	17,6	79,4	267,7	379,4	121,7	284,6	490,7	967,0
	May	1.632,1	0,0	0,0	1,0	0,0	11,2	79,4	287,6	400,1	98,2	263,2	493,4	984,1
	June	1.576,3	0,0	0,0	0,6	0,0	26,0	79,4	366,9	403,1	-16,3	221,6	496,3	1.004,7
	July	1.403,2	0,0	0,0	1,5	0,0	41,5	79,4	405,2	413,5	-212,0	179,6	497,5	1.031,9
	Aug.	1.465,0	0,0	0,0	1,9	0,0	21,9	79,5	427,1	422,7	-166,4	176,7	505,4	1.029,5
	Sep.	1.450,9	0,0	0,0	8,6	0,0	2,2	79,3	392,3	413,0	-127,4	190,7	509,3	1.003,9
Oct.	1.461,3	0,0	0,0	0,3	0,0	10,5	79,4	332,6	413,3	-98,8	213,4	511,2	1.014,4	
Nov.	1.446,9	0,0	0,0	0,6	0,0	4,7	79,5	385,3	399,9	-135,9	201,8	512,1	996,2	
Dec.	1.371,4	0,0	0,0	0,0	0,0	36,2	79,3	412,0	425,4	-330,1	231,9	516,6	1.057,6	

The overnight interest rate in the interbank market declined to 3,52% in December, from 3,79% in November, reflecting the official interest rate reduction and increased bank liquidity. Concerning government securities, there were no auctions of treasury bills or long-term securities in December (table 10). However, in the first two weeks of January 2003, two auctions of 52-week treasury bills, two auctions of two-year bonds and two auctions of five-year bonds were held. The respective

average interest rates in the most recent auctions were 3,89%, 4,08% and 4,59%.

Table 12 compares domestic long-term interest rates with European Union rates. According to the latest available data, which refer to October, domestic long-term real interest rates were below the corresponding rates in the European Union by 31 basis points. The latest twelve month average of domestic nominal interest rates was 5,37%.

**Table 12**

**Inflation and interest rates in Europe and Cyprus - October 2002**

*(latest twelve-month average)*

	Inflation ( HICP)	Long-term interest rates	Long-term real interest rates
Belgium	1,70	5,10	3,40
Denmark	2,30	5,10	2,80
Germany	1,40	4,80	3,40
Greece	3,80	5,20	1,40
Spain	3,30	5,00	1,70
France	1,80	4,90	3,10
Ireland	4,60	5,10	0,50
Italy	2,50	5,10	2,60
Luxembourg	1,80	4,80	3,00
Netherlands	4,20	5,00	0,80
Austria	1,70	5,00	3,30
Portugal	3,70	5,10	1,40
Finland	2,10	5,00	2,90
Sweden	2,20	5,30	3,10
United Kingdom	1,10	5,00	3,90
Euro zone	2,20	5,00	2,80
EU -15	2,00	5,00	3,00
Cyprus	2,68	5,37	2,69

### International and domestic interest rates

At their meetings of 9 January 2003, the European Central Bank and the Bank of England maintained their official interest rates unchanged, as did the US Federal Reserve System in December. Given the interest rate reduction by the Central Bank of Cyprus on 13 December 2002, the official interest rate differential between Cyprus and the euro area remained at

125 basis points for the marginal lending facility and 75 basis points for the overnight deposit facility.

**Table 13**

#### Official interest rates

*(levels in percentages per annum, change in percentage points)*

		change
European Central Bank (9 January 2003)		
Minimum bid rate on the main refinancing operations	2,75	-
Interest rate on the marginal lending facility	3,75	-
Interest rate on the deposit facility	1,75	-
Bank of England (9 January 2003)		
Repo Rate	4,00	-
Federal Reserve System (10 December 2002)		
Federal Funds Rate	1,25	-
Discount Rate	0,75	-
Central Bank of Cyprus (13 December 2002)		
Minimum bid rate on the main refinancing operations	3,75	-0,25
Interest rate on the marginal lending facility	5,00	-0,50
Interest rate on the deposit facility	2,50	-

### Cyprus Stock Exchange

The General Price Index remained above the level of 100 points in November 2002. On 11 December 2002, the index rose to 113,9 points, the highest level in the last eight months, mainly due to political developments in the eve of the Copenhagen Summit. Following this peak and until the end of 2002, prices declined sharply, and the index closed at 94,5 points, compared with 104,0 points at end-November (chart 7). During November, the index fluctuated in the range of 102,0 to 111,7 points, and during December it fluctuated in the range of 93,1 to 113,9 points.

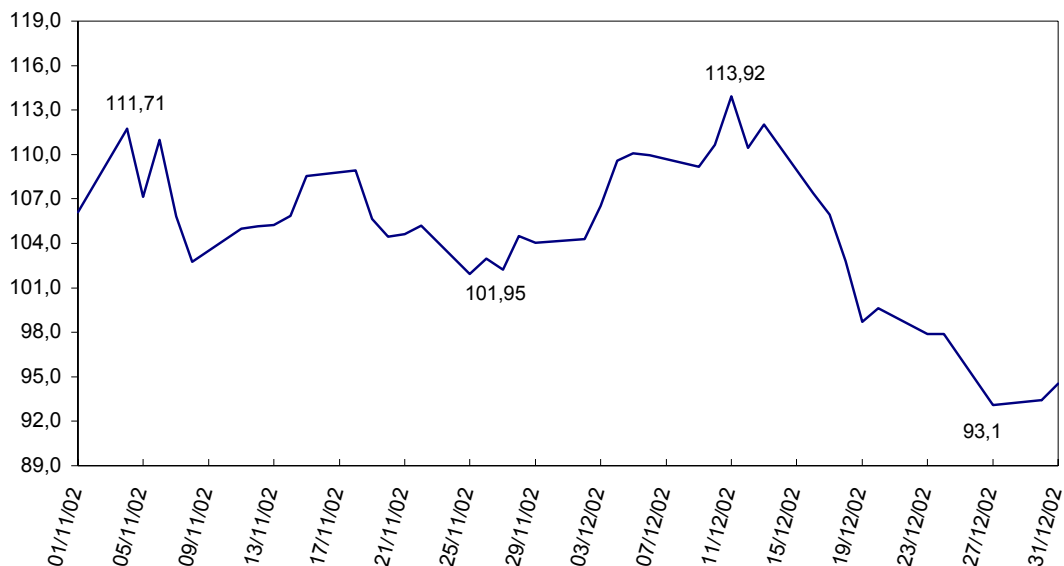
The average daily traded volume reached £3,4 million in November and £2,0 million in December, compared with £0,8 million in October. The average daily number of transactions was 2993 in November and 1953 in December, up from 1416 in October. Most sectoral indices declined in the period from November to December. The securities with the largest proportion of the monthly traded volume were the shares of Bank of Cyprus and Laiki Bank, which accounted for 20,1% and 7,5% of the traded volume, respectively, in November, and for 20,2% and 13,9% in December.

#### Chart 7

##### Cyprus Stock Exchange (CSE) General Index

November - December 2002

(29/3/1996=100, daily data)



As table 14 shows, net capital inflows were registered in the Cyprus Stock Exchange during November and December. Specifically, purchases of shares by non-residents exceeded sales by £169 thousand in November and by

£50 thousand in December, compared with net sales of £31 thousand in October. Tables 11 and 12 in the annex present purchases and sales of shares by non-residents analysed by country of residence.

**Table 14**

**Investments by non-residents on the Cyprus Stock Exchange<sup>1</sup>**

(CYP thousand)

	2001	2002		
	Dec.	Oct.	Nov.	Dec.
Purchases	367	32	174	50
Sales	577	63	5	0
Net investments	-210	-31	169	50

Source: Cyprus Stock Exchange

(1) These figures refer to shares not included in the dematerialisation process.

## 2.3 INFLATION

Prices increased by 2,94% in December 2002, compared with an increase of 2,86% in November. As table 15 shows, the rise in the inflation rate emanated primarily from the acceleration in the prices of domestic industrial goods and electricity. It is pointed out that price increases in the second half of 2002 included the effects of the increase in the VAT standard rate and of changes in excise duties; hence they show a substantial acceleration compared with the first half of the year, notwithstanding the decline in car prices due to the sizeable reduction of excise duties on cars.

As regards domestic goods, the further decline in agricultural product prices by 7,35% during December 2002 is noteworthy. By contrast, electricity prices registered a significant acceleration, and prices of industrial goods rose

by 9,70%, compared with an increase of 9,59% in November. This rise stemmed from the continuing sizeable increase in the prices of industrial non-oil goods by 7,13%, compared with 7,0% in November, and from the rise in fuel prices by 21,87%, the same rate as in the previous month.

Prices of imported goods declined further by 3,61% in December 2002, after a decrease of 3,65% in November. In particular, the prices of motor vehicles fell by 10,48%, owing to the sizeable reduction in excise duties on cars since 1 July 2002, while prices of other imported goods again increased due to the VAT increase.

Services prices increased by 3,71% in December 2002, compared with an increase of 3,73% in November 2002 and 3,48% in December 2001.

**Table 15**

### Consumer price index by economic origin

(annual percentage change)

		2001	2002	December 2001/2000	November 2002/2001	December 2002/2001
	<b>All items</b>	<b>1,98</b>	<b>2,81</b>	<b>2,37</b>	<b>2,86</b>	<b>2,94</b>
<b>A</b>	<b>Domestic goods</b>	<b>1,34</b>	<b>4,35</b>	<b>3,50</b>	<b>5,48</b>	<b>5,66</b>
A.1	Agricultural	4,50	1,79	17,60	-7,34	-7,35
A.2	Industrial	0,78	5,62	-0,51	9,59	9,70
A.2.1	Industrial, non-oil	0,10	4,55	0,90	7,00	7,13
A.2.2	Fuel and gas	3,99	10,57	-6,73	21,86	21,87
A.3	Electricity	-3,23	-2,26	-13,73	5,40	11,09
<b>B</b>	<b>Imported goods</b>	<b>0,47</b>	<b>-1,69</b>	<b>0,03</b>	<b>-3,65</b>	<b>-3,61</b>
B.1	Motor vehicles	0,55	-5,07	-0,59	-10,48	-10,48
B.2	Other imported goods	0,41	0,85	0,49	1,37	1,45
<b>C</b>	<b>Services</b>	<b>3,35</b>	<b>3,67</b>	<b>3,48</b>	<b>3,73</b>	<b>3,71</b>

As a result of the aforementioned developments, inflation reached 2,81% in 2002, compared with 1,98% in 2001. This rise was driven first by the acceleration in the prices of domestic industrial goods and second by the acceleration in services prices, and it is largely attributable to the increase in the VAT rate since July 2002. At the same time, the decline in the prices of imported cars due to the reduction in excise duties since July and the slowdown in economic activity during 2002 moderated the rise in the inflation rate.

More specifically, prices of domestic goods rose by 4,35% in 2002, compared with an increase of 1,34% in 2001. This acceleration emanated both from the rise in the prices of domestic industrial non-oil goods, and from the large acceleration in fuel prices, which mostly reflected the VAT increase, as crude oil prices on average remained at about the same level as in 2001. In contrast, agricultural product prices slowed considerably in 2002, owing to relatively favourable weather conditions, while electricity prices declined, as in 2001. Prices of imported goods decreased by 1,69% in 2002, compared with an increase of 0,47% in 2001, as a result of the fall in car prices. Services prices accelerated, rising by 3,67%, due to the acceleration registered in the categories of education, recreation and culture, as well as miscellaneous goods and services. It is worth noting that the acceleration in services prices was mitigated by the fall in telecommunications prices. A more detailed analysis of developments on the inflation front by economic origin is presented in tables 7 to 10 in the annex.<sup>7</sup>

In 2003, taking into account the effects of the tax measures implemented in mid-2002 and the new measures implemented on 1 January 2003, which included a further increase in the VAT standard rate to 15,0%, inflation is expected to rise to a range between 4,0% and 4,5%. This preliminary projection is based on the framework of price analysis by economic origin, as presented above. It is assumed that oil prices will remain around USD 25 per barrel and that agricultural product prices will increase by 2,5%, as in 2001. It is also assumed that the Cyprus pound will not fluctuate significantly from the high levels reached at the end of 2002 vis-à-vis the euro, the US dollar and the pound sterling; this will have a downward effect on inflation, concerning the prices of imported goods. It should be borne in mind that if inflationary developments, fed by increases in input prices and wages (due to the automatic indexation of wages and negotiated wage increases), lead to further chain increases, this projection may be considered as optimistic.

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<sup>7</sup> Table 7 shows percentage changes in the consumer price index from 2000 until December 2002, and table 8 shows the respective weighted contributions of the particular economic categories to the general index. In addition, tables 9 and 10 in the annex present the corresponding analysis of recent developments on the inflation front by product category.

For purposes of comparison, table 16 shows the latest available monthly data on inflation in Cyprus, the euro area and selected other countries, as well as forecasts for 2003.

**Table 16**

**Inflation: Cyprus and other countries**

(annual percentage change in consumer prices)

	Inflation rate	month	forecast for 2003 <sup>1</sup>
Cyprus	2,9	Dec.	4,2 <sup>2</sup>
Euro area	2,2	Nov.	1,7
U.S.A.	2,2	Nov.	2,0
G.Britain	2,6	Nov.	2,5
Germany	1,1	Dec.	1,0
Italy	2,8	Dec.	2,1
Denmark	2,7	Nov.	2,0
France	2,2	Nov.	1,5
Austria	1,7	Nov.	1,6
Belgium	1,4	Dec.	1,3
Spain	3,9	Nov.	2,8
Sweden	2,3	Nov.	2,0
Switzerland	0,9	Dec.	0,7
Japan	-0,4	Nov.	-0,7
Canada	3,2	Nov.	2,5

(1) Source: *The Economist*

(2) Source: *Central Bank of Cyprus*

## 2.4 DOMESTIC ECONOMY

An overview of the domestic economy is presented in table 17, which gives a series of the latest economic indicators. Perhaps the most distinct development in 2002 was the decline in tourist arrivals. Notwithstanding the small increase recorded in October and November, tourist arrivals registered a sizeable decrease in the period from January to November 2002. Receipts from tourism also registered a substantial decrease in the first nine months of the year. In parallel, important indicators of supply and demand point to a slowdown in economic activity in 2002 compared with 2001, and unemployment has continued its upward trend in comparison with the respective months of 2001.

## Production

As regards the services sector, tourist arrivals increased by 3,6% in November 2002, compared with the sharp decline of 19,5% in November 2001, after the events of 11 September. For the period from January to November 2002, tourist arrivals registered a decrease of 10,7%, compared with an increase of 1,1% in the same period of 2001. In parallel, receipts from tourism fell by 13,7% in the first nine months of 2002.

In the secondary sector, mixed signs have been observed. On the one hand, construction continued to show positive signs, although it seems to have been affected by the overall slowdown in the economy, while on the other hand, manufacturing continued to show a downturn.

Specifically, the volume index of building permits, which indicates prospects for the construction sector in the following few months, rose by 17,9% in September 2002, compared with an increase of 22,1% in the same month of 2001, and the value index of building permits increased by 9,2%, compared with an increase of 31,6% in September 2001. For the first nine months of 2002, the volume and value indices of building permits registered increases of 6,2% and 6,8%, respectively, compared with respective increases of 22,3% and 25,2% in the corresponding period of 2001. Cement sales in the domestic market increased by 12,6% in November 2002, compared with an increase of 19,1% in the same month of 2001. For the period from January to November 2002, cement sales grew by 11,0%, compared with a growth rate of 13,8% in the same period of the previous year.

**Table 17**  
**Latest economic indicators**

	2000	2001	Latest month with available data		Corresponding month of the previous year		Latest period with available data		Corresponding period of the previous year	
Consumer price index (% change)	4,1	2,0	Dec. 2002	2,9	Dec. 2001	2,4	Jan.-Dec. 2002	2,8	Jan.-Dec. 2001	2,0
Unemployment rate (% of E.A.P)	3,4	3,0	Dec. 2002	3,9	Dec. 2001	3,6	Jan.-Dec. 2002	3,2	Jan.-Dec. 2001	3,0
Fiscal deficit(-)/surplus(+) (% of GDP)	-150,5	-164,3	Jan.-Aug. 2002	-204,1	Jan.-Aug. 2001	-137,2	Jan.-Aug. 2002	-204,1	Jan.-Aug. 2001	-137,2
Tourist arrivals (% change)	10,3	0,4	Nov. 2002	3,6	Nov. 2001	-19,5	Jan.-Nov. 2002	-10,7	Jan.-Nov. 2001	1,1
Tourist revenue (% change)	16,5	7,0	Sep. 2002	-10,7	Sep. 2001	8,2	Jan.-Sep. 2002	-13,7	Jan.-Sep. 2001	n/a
Cypriots traveling abroad (% change)	4,2	16,8	Sep. 2002	5,0	Sep. 2001	24,2	Jan.-Sep. 2002	1,9	Jan.-Sep. 2001	20,6
Volume index of retail sales (% change)	5,7	5,9	Sep. 2002	-4,3	Sep. 2001	13,2	Jan.-Sep. 2002	-0,4	Jan.-Sep. 2001	6,6
Private car registration (% change)	-6,5	19,4	Dec. 2002	71,7	Dec. 2001	15,8	Jan.-Dec. 2002	24,5	Jan.-Dec. 2001	19,2
Volume index of manufacturing production (% change)	4,0	-2,6	Sep. 2002	-1,0	Sep. 2001	-4,9	Jan.-Sep. 2002	-2,1	Jan.-Sep. 2001	-3,4
Volume index of building permits authorised (% change)	2,6	23,4	Sep. 2002	17,9	Sep. 2001	22,1	Jan.-Sep. 2002	6,2	Jan.-Sep. 2001	22,3
Value index of building permits authorised (% change)	7,2	26,2	Sep. 2002	9,2	Sep. 2001	31,6	Jan.-Sep. 2002	6,8	Jan.-Sep. 2001	25,2
Local sales of cement (% change)	1,1	11,6	Nov. 2002	12,6	Nov. 2001	19,1	Jan.-Nov. 2002	11,0	Jan.-Nov. 2001	13,8
Total imports (c.i.f.) (% change)	23,2	2,4	Sep. 2002	13,3	Sep. 2001	-7,7	Jan.-Sep. 2002	-3,4	Jan.-Sep. 2001	7,4
Imports for home consumption (c.i.f.) <sup>1</sup> (% change)	16,5	8,7	Sep. 2002	6,0	Sep. 2001	-4,1	Jan.-Sep. 2002	3,7	Jan.-Sep. 2001	12,9
Total exports (f.o.b.) (% change)	9,0	6,1	Sep. 2002	-2,2	Sep. 2001	-11,1	Jan.-Sep. 2002	-16,3	Jan.-Sep. 2001	4,3
Domestic exports(f.o.b.) (% change)	8,4	4,5	Sep. 2002	17,7	Sep. 2001	-18,6	Jan.-Sep. 2002	0,3	Jan.-Sep. 2001	4,8
Trade deficit (£ million)	-1877,0	-1900,7	Sep. 2002	-163,0	Sep. 2001	-137,6	Jan.-Sep. 2002	-1449,5	Jan.-Sep. 2001	-1435,7

(1) Non-oil civil imports

Evidence for manufacturing continued to be negative. The volume index of manufacturing production registered an annual contraction of 1,0% in September 2002, compared with a decrease of 4,9% in the same month of 2001. For the first nine months of 2002, the index

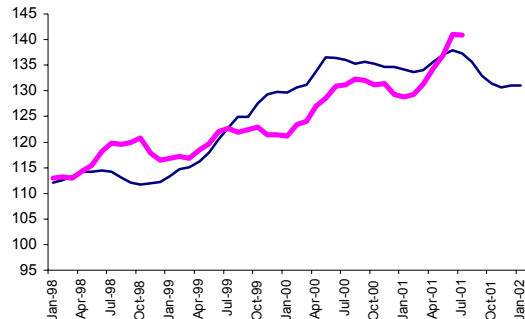
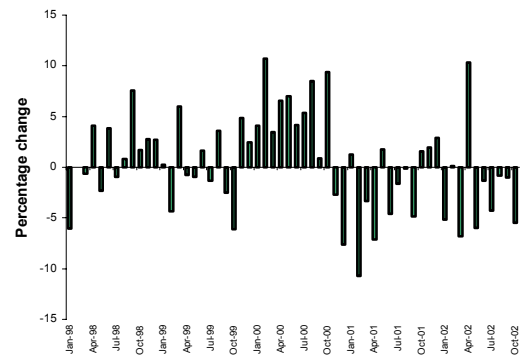
registered a decrease of 2,1%, compared with a decrease of 3,4% in the corresponding period of 2001. The time of recovery from the observed downturn in manufacturing is difficult to predict. The performance of manufacturing by product category is shown in table 18.

**Table 18****Manufacturing production volume index***(percentage change by category)*

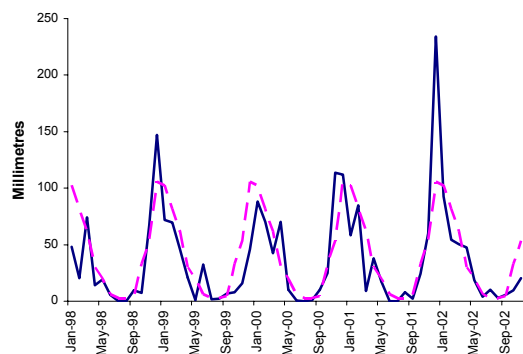
	Sept. 01/00	Sept. 02/01	Jan.-Sept. 01/00	Jan.-Sept. 02/01
General index	<b>-4,9</b>	<b>-1,0</b>	<b>-3,4</b>	<b>-2,1</b>
Food products, beverages & tobacco	-14,2	-4,8	-8,1	-7,3
Textiles & textile products	5,5	-15,8	-2,2	-16,7
Leather and leather products	-10,4	-3,9	-7,5	-5,2
Wood & wood products	-1,3	-1,8	-4,4	-1,5
Paper, paper products, publishing & printing	2,6	3,4	6,0	-2,1
Refined petroleum products	-14,4	9,3	-1,8	-2,6
Chemicals, chemical products and man-made fibres	21,2	4,4	9,8	5,4
Rubber and plastic products	-5,3	-1,1	-5,7	3,6
Other non-metallic mineral products	-0,1	8,3	2,1	9,3
Basic metals & fabricated metal products	1,7	0,5	-0,3	5,6
Machinery and equipment n.e.c.	-4,6	0,0	2,1	-0,1
Electrical & optical equipment	13,3	-6,2	-3,1	3,0
Transport equipment	-9,3	27,8	-19,8	21,8
Manufacturing n.e.c.	-2,6	-0,3	-7,6	-0,8

**Chart 8****Composite leading indicator for the overall economic activity**

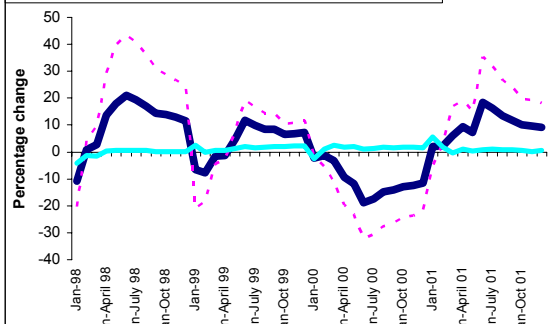
— Composite leading indicator for the overall economic activity  
 — Proxy GDP

**Total volume index of manufacturing production****Precipitation**

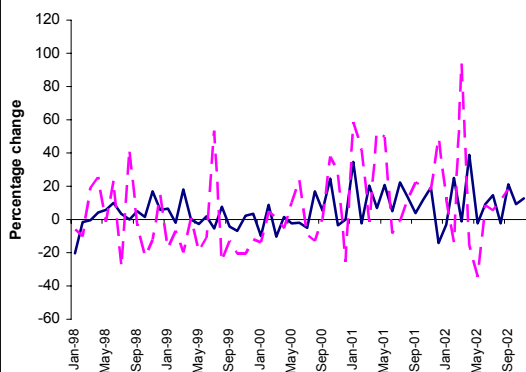
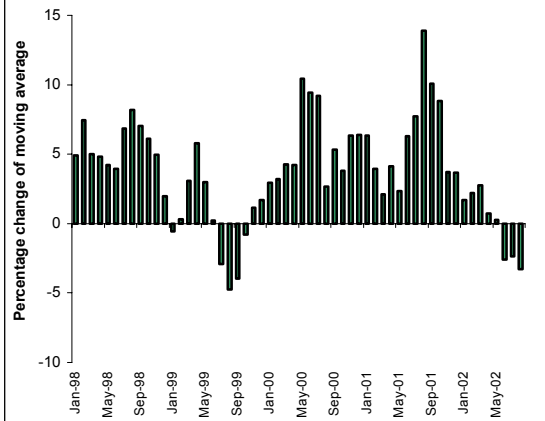
— Actual — Normal for the season

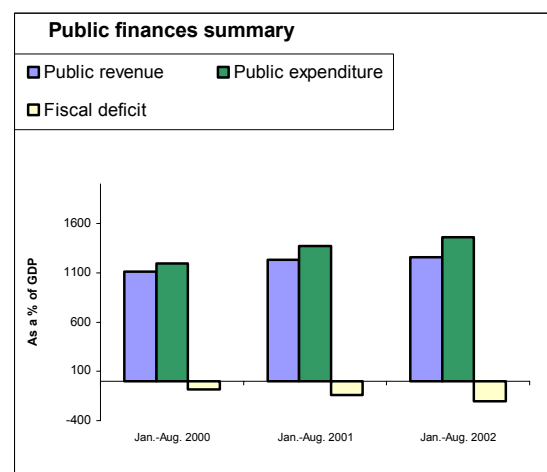
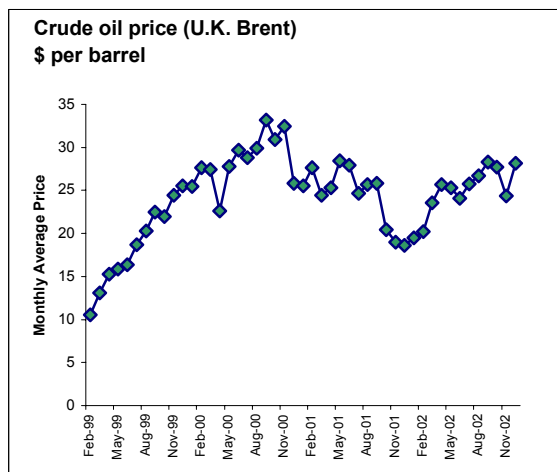
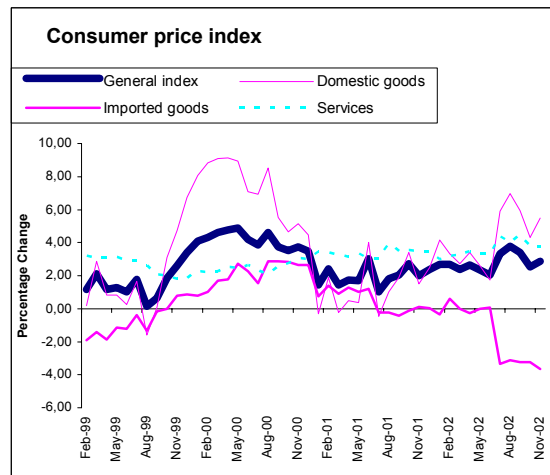
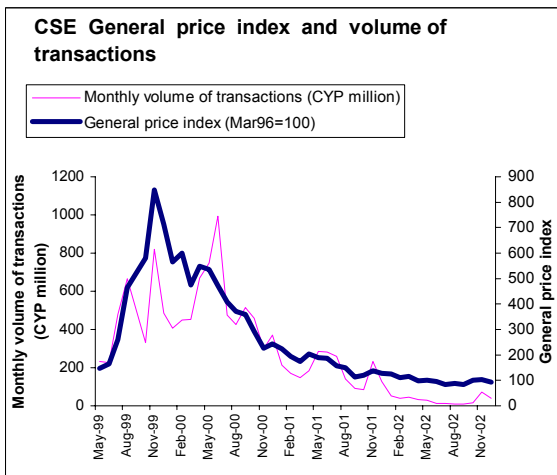
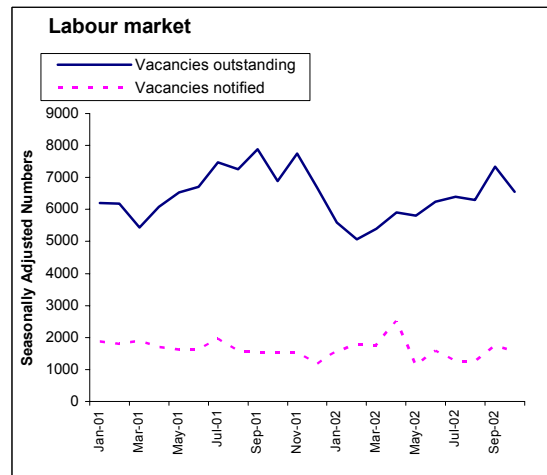
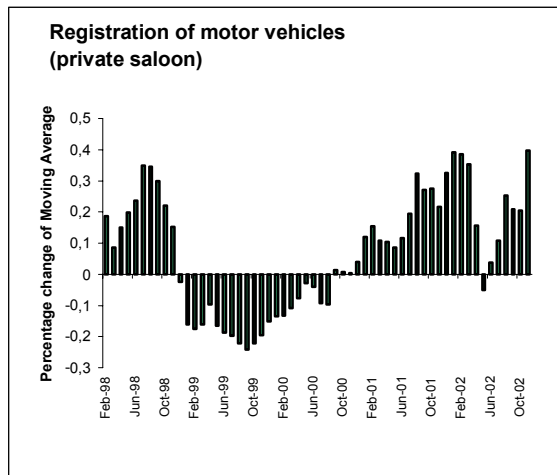
**Agricultural production**

— Total agricultural production  
 - - Crop production  
 — Livestock production

**Construction indicators**

— Local sales of cement — Building permits authorised

**Volume index of retail sales**

**Chart 9**

## Consumption

Private consumption declined slightly in the first nine months of 2002. More specifically, the retail sales volume index decreased by 0,4% in the period from January to September 2002, compared with an increase of 6,6% in the same period of the previous year. In September, the index declined by 4,3%, compared with an increase of 13,2% in the same month of 2001.

Private saloon car registrations, which provide another important indicator of consumer behaviour, showed wide fluctuations in recent months. After the implementation of the tax reform on 1 July 2002, which included a significant reduction in excise duties on cars, sales rose sharply, by 46,2%, 24,6% and 7,6% in July, August and September 2002, respectively. The growth rate of car sales reached 35,8% in October, 23,2% in November

and 71,7% in December. For 2002 as a whole, car registrations increased by 24,5%, compared with an increase of 19,2% in 2001.

Developments concerning imports for home consumption (excluding imports of military equipment and fuels) seem consistent with the decline in domestic demand, as well as the subdued demand for loans previously discussed. These imports increased by 3,7% in the first nine months of 2002, compared with a growth rate of 12,9% in the corresponding period of 2001. The number of Cypriots travelling abroad also registered a significant deceleration. Specifically, in the first nine months of 2002, the number of Cypriots travelling abroad increased by 1,9%, compared with an increase of 20,6% in the corresponding period of 2001.

**Table 19**

### Retail sales volume index

(percentage change by category)

	Sept. 01/00	Sept. 02/01	Jan.-Sept. 01/00	Jan.-Sept. 02/01
General index	<b>13,2</b>	<b>-4,3</b>	<b>6,6</b>	<b>-0,4</b>
Food, drinks and tobacco	-4,7	-12,7	3,3	-8,2
Clothing and textiles	-15,0	19,3	-3,7	4,7
Footwear & leather products	-8,0	-11,4	1,9	-0,4
Electrical goods & appliances	7,5	-7,2	-7,2	6,3
Vehicles, machinery & spare parts	63,9	-1,4	24,5	5,4
Supermarkets	0,2	-16,2	0,5	-6,4
Pharmacies	9,5	9,3	6,3	4,9
Furniture	11,2	-0,4	6,0	3,4
Petrol stations	3,3	11,8	1,4	4,5
Toys	3,3	10,7	-0,2	-0,4

### Confidence indicators

Chart 10 illustrates the course of confidence indicators for Cyprus since the European Commission started their release (May 2001).<sup>8</sup> As this chart shows, trends in confidence indicators are consistent with the overall picture of the Cypriot economy presented in this *Report*.

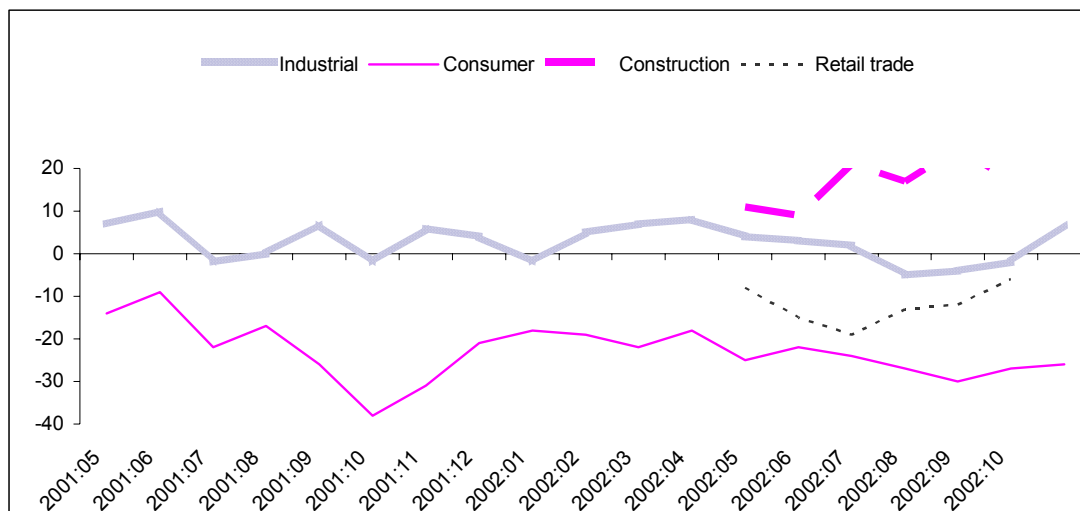
In particular, the construction confidence indicator, notwithstanding fluctuations during 2002, registered an overall upward course, which is consistent with the satisfactory performance of the construction sector in 2002, as portrayed by the volume and value indices of building permits and by cement sales. The overall downward trend in the industrial confidence indicator is consistent with the negative performance of the sector depicted by the volume index of manufacturing production, although the confidence indicator rose in November 2002. This rise is encouraging, but it

is still early to draw any safe conclusions. Furthermore, the course of the consumer confidence indicator in 2002 is consistent with the considerable deceleration in retail sales, and the retail trade confidence indicator shows a similar overall trend.

Comparing the confidence indicators for Cyprus with those for the European Union member states and for other accession countries, it appears that Cyprus is in a better position than both the European Union average and the average for accession countries.

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<sup>8</sup>The European Union publishes on a monthly basis confidence indicators for consumers, industry, construction and retail trade, in the European Union member states and in the accession countries. The released data refer to the end of each month and are based on studies conducted by the national statistical (and other) institutes and harmonised by the European Commission.

**Chart 10****Confidence indicators***(units, end of month)***Labour market**

According to the latest available data for the labour market, the number of registered unemployed increased by 4,9% and 8,6% in November and December 2002, respectively, while the unemployment rate, as a percentage of the economically active population, rose to 3,6% and 3,9%, respectively, compared with 3,5% and 3,6% in the respective months of 2001. For 2002 as a whole, the number of registered unemployed increased by 10,6%, compared with a decrease of 12,7% in 2001, and the unemployment rate rose from 3,0% to 3,2% of the economically active population. Rising unemployment has been observed since November 2001 and is consistent with the recorded slowdown in overall economic activity, in comparison with 2001.

**Public finances**

According to the latest available data from the Ministry of Finance, the fiscal deficit increased to £204,1 million in the period from January to August 2002, compared with £137,2 million in the same period of 2001. Public revenue slowed significantly, increasing by 1,9%, compared with 11,1% in the first eight months of 2001. Public expenditure also registered a deceleration, growing by 6,6%, compared with a growth rate of 15,1% in the same period of 2001.

Taking a more detailed look at public expenditure, current expenditure decelerated, while capital expenditure fell. Among the categories of current expenditure, a slowdown

was registered in current transfers and interest payments, while subsidies decreased as a result of the abolition of subsidies on fuels. By contrast, wages and salaries accelerated. As regards capital expenditure, both investment and capital transfers declined.

Turning to public revenue, a considerable deceleration in tax receipts was recorded. Partly reflecting the slowdown in economic activity in 2002, both direct and indirect tax receipts decelerated. As regards direct taxes, a sharp decline in income tax receipts was recorded. As regards indirect taxes, VAT receipts, excise taxes and import duties slowed significantly. Finally, other revenues and foreign grants declined. Developments in public finances are presented in table 20.

### Overall assessment and outlook of the economy

The Cypriot economy slowed in 2002, with real GDP projected to have grown by about 2,0%, down from a growth rate of 4,1% in 2001. The slowdown is underpinned by developments in tourism and by the negative course of manufacturing. The observed deceleration in private consumption and in imports for home consumption also indicates a slowdown in the economy. These developments are reflected in the labour market, where an upward trend in unemployment was recorded in 2002.

Recent data from the Department of Registrar of Companies and Official Receiver also indicate a slowdown in economic activity in 2002.

**Table 20**  
**Public finances summary**

	Jan-Aug.2001	Jan-Aug.2002	Jan-Aug.2001	Jan-Aug.2002
	pounds million		% change	
<b>Total revenue and grants</b>	<b>1234,1</b>	<b>1258,1</b>	<b>11,1</b>	<b>1,9</b>
Direct taxes	374,6	380,2	13,5	1,5
Income tax	270,6	103,5	25,9	-61,8
Indirect taxes	474,8	498,3	14,9	4,9
Value added tax	218,8	235,5	23,2	7,6
Excise taxes	120,7	126,2	10,7	4,6
Import duty	44,6	47,0	43,1	5,5
Social security funds contributions	175,8	198,0	9,9	12,6
Other revenues	207,8	180,6	1,2	-13,1
Foreign grants	1,1	1,0	-34,0	-15,6
<b>Total expenditure and net lending</b>	<b>1371,3</b>	<b>1462,2</b>	<b>15,1</b>	<b>6,6</b>
Current expenditure	1257,5	1351,0	16,0	7,4
Goods and services	539,8	556,9	0,3	3,2
Wages and salaries	340,0	362,6	4,7	6,7
Current transfers	331,4	381,1	30,7	15,0
Social pension	11,9	12,5	-17,9	4,8
Social security funds payments	189,2	209,5	9,9	10,7
Subsidies	57,5	41,2	50,4	-28,4
Interest	224,1	228,8	14,5	2,1
Capital expenditure	108,5	99,2	5,7	-8,6
Investment	82,3	75,4	4,8	-8,5
Capital transfers	26,2	23,9	8,7	-8,9
Net lending	5,3	11,9	1,4	123,5
<b>Fiscal surplus (+)/deficit(-)</b>	<b>-137,2</b>	<b>-204,1</b>	<b>68,5</b>	<b>48,7</b>

Specifically, registrations of new companies declined considerably in 2002 compared with 2001. This decline is partly attributable to a correction of the excessive number of company registrations in 2001 – due to the optimism stemming from the rise in share prices in the period from 1999 to 2000 – and to the lack of interest for new undertakings due to the weakening of the economy in 2002. In addition, the number of companies placed under liquidation increased somewhat in 2002.

The quarterly national accounts compiled by the Statistical Service confirm the slowdown, at least for the first half of 2002. Specifically, GDP grew at an annual rate of 2,9% and 0,6%, in the first and second quarter, respectively. It is worth noting that the projected growth rate for 2002, albeit subdued, remains higher than in most European Union countries.

A rebound of the economy, especially the tourist sector, is expected in 2003. This expectation is contingent on the projected recovery of the European Union economy and on developments on the Iraqi front.

Concerning public finances, in accordance with its position recorded in the debate on the budget, the government estimates a fiscal deficit of the order of 2,7% of GDP in 2002 and 2,1% in 2003. These projections are based on the assumption adopted by the Ministry of Finance for real GDP growth of 2,3% in 2002 and 4,3% in 2003. This assumption may be too optimistic, especially if the payment of delayed wage increases and upgrading of scales of public employees in 2003 are not properly counterbalanced. In such a case, the government projections may show a negative divergence from reality.

## 2.5 EXTERNAL TRANSACTIONS

### Goods

Table 21 gives an overview of the trade balance for the first nine months of 2002, including provisional data for September.

Total imports decreased by 3,4% in the first nine months of 2002, compared with an increase of 7,4% in the same period of the previous year. This decline emanated to a large extent from the fall in imports destined for re-exports by 40,7%. Imports for home consumption excluding imports of fuels and military equipment recorded a marked slowdown in the first nine months of 2002, with a growth rate of 3,7%, down from 12,9% in the same period of 2001.

VAT receipts from imports of goods,<sup>9</sup> which may be considered as an indicator of imports, registered sizeable increases of 30,0%, 45,0% and 50,0%, in October, November and December 2002, respectively. These increases are partly attributable to the increase in the VAT standard rate from 10,0% to 13,0%. Thus it appears that the decline in imports was reversed in November and December, partly on account of a base effect associated with the sharp decline in international trade after the 11 September events.

Turning to total exports, the provisional data indicate a continuing decline in September 2002, primarily on account of the fall in re-exports. The decline in total exports was of the order of 16,3% in the first nine months of 2002,

compared with an increase of 4,3% in the corresponding period of 2001, as re-exports fell by 25,8%. In parallel, domestic exports registered a considerable increase in September, leading to an overall increase of the order of 0,3% for the period from January to September 2002, compared with an increase of 4,8% in the same period of 2001.

On the basis of the aforementioned data, the crude trade deficit reached £1.449,5 million in the first nine months of 2002, compared with a deficit of £1.435,7 million in the corresponding period of 2001.

Tables 22 and 23 present the latest available data on the breakdown of imports for home consumption and domestic exports, respectively, by category of goods, which cover the period up to August 2002.

Concerning imports for home consumption, table 22 shows that in the period from January to August 2002, imports of consumer goods slowed, registering a growth rate of 3,5%, compared with 14,4% in the same period of 2001. Imports of intermediate inputs declined by 0,3%, compared with an increase of 10,9% in the first eight months of 2001. Imports of capital goods fell by 9,4%, compared with a rise of 19,4% a year earlier. This fall is seen partly as a correction following a sizeable increase in the previous two years and also reflects the overall slowdown in the economy during 2002. By contrast, a sharp increase of 30,9% was recorded in imports of transport equipment and

<sup>9</sup> VAT is imposed on all goods cleared through customs for the domestic market.

parts thereof, mostly reflecting the purchase of two aircraft by Cyprus Airways. The first aircraft had a value of £22,4 million and was purchased in May, and the second aircraft was purchased in July for £20,1 million. If these purchases are excluded, the growth rate of imports of transport

equipment and parts thereof is reduced to 3,6%.

As regards domestic exports (table 23), in the first eight months of 2002, exports of certain industrial products, especially pharmaceuticals, remained strong.

**Table 21**

**Trade balance data<sup>1</sup>**

(CYP million)

	2001	2001/2000 % change	2000 Jan.-Sept.	2001 Jan.-Sept.	2002 Jan.-Sept.	2001/2000 % change Jan.-Sept.	2002/2001 % change Jan.-Sept.
<b>Total imports (cif)</b>	2.528,7	2,4	1.781,1	1.913,5	1.849,3	7,4	-3,4
Imports for home consumption (cif)	2.176,8	6,9	1.465,2	1.640,6	1.687,6	12,0	2,9
Non oil civil imports for home consumption (cif)	1.813,0	8,7	1.205,6	1.361,0	1.411,6	12,9	3,7
<i>Imports destined for re-exports</i>	351,9	-18,8	315,9	272,9	161,7	-13,6	-40,7
<b>Total exports</b>	628,0	6,1	458,1	477,8	399,8	4,3	-16,3
Domestic exports (fob)	233,9	4,5	171,6	179,9	180,5	4,8	0,3
Re-exports (fob)	337,0	12,5	235,4	251,9	186,9	7,0	-25,8
Shipstores	57,1	-16,4	51,1	46,0	32,4	-10,0	-29,6
<b>Trade balance</b>	-1.900,7	3,7	-1.323,0	-1.435,7	-1.449,5	8,5	1,0

<sup>1</sup> Figures for September 2002 are provisional

**Table 22****Imports (cif) by economic destination**

(CYP million)

	2000 year	2001 year	2001 Jan. - Aug.	2002 Jan. - Aug.	2000/1999 year % change	2001/2000 year % change	2001/2000 Jan. - Aug. % change	2002/2001 Jan. - Aug. % change
<b>Consumer goods</b>	<b>569,6</b>	<b>617,7</b>	<b>411,1</b>	<b>425,3</b>	<b>18,3</b>	<b>8,4</b>	<b>14,4</b>	<b>3,5</b>
Non-durable	308,7	338,1	226,0	238,7	16,8	9,5	12,9	5,6
Semi-durable	157,4	170,4	109,1	110,9	18,5	8,3	17,7	1,6
Durable	103,5	109,2	76,0	75,8	22,4	5,5	14,1	-0,3
<b>Intermediate inputs</b>	<b>675,1</b>	<b>710,3</b>	<b>480,6</b>	<b>479,2</b>	<b>16,5</b>	<b>5,2</b>	<b>10,9</b>	<b>-0,3</b>
Agricultural	42,0	42,2	24,1	25,2	19,2	0,3	0,4	4,6
Construction and mining	110,4	120,7	83,8	93,2	19,4	9,4	18,5	11,2
Manufacturing	398,8	421,8	285,3	284,0	12,0	5,8	9,4	-0,5
Transport, storage and communication	44,9	29,4	22,0	14,2	52,1	-34,6	-22,0	-35,5
Other sectors of the economy	79,0	96,2	65,4	62,6	18,9	21,7	31,6	-4,3
<b>Capital goods</b>	<b>237,1</b>	<b>258,3</b>	<b>180,1</b>	<b>163,1</b>	<b>25,1</b>	<b>8,9</b>	<b>19,4</b>	<b>-9,4</b>
Agricultural	8,8	8,8	6,3	5,9	1,4	0,7	1,6	-6,3
Construction and mining	15,7	20,6	14,1	13,9	-37,7	31,3	46,9	-1,4
Manufacturing	67,0	69,6	49,1	40,7	34,7	4,0	24,3	-17,1
Transport, storage and communication	43,8	52,3	36,4	30,2	49,9	19,3	29,5	-17,0
Other sectors of the economy	101,9	107,0	74,2	72,4	32,8	5,0	10,1	-2,4
<b>Transport equipment and parts thereof</b>	<b>186,4</b>	<b>226,6</b>	<b>156,0</b>	<b>204,2</b>	<b>3,1</b>	<b>21,6</b>	<b>26,1</b>	<b>30,9</b>
of which:								
passenger cars	74,9	94,6	103,7	109,7	10,3	26,3	29,1	5,8
spare parts	53,3	61,3	49,1	48,9	-3,0	15,1	22,1	-0,4
aircraft and parts	0,8	0,6	0,5	42,7				
<b>Fuels and lubricants</b>	<b>269,3</b>	<b>266,1</b>	<b>182,5</b>	<b>159,2</b>				
<b>Unclassified</b>	<b>31,1</b>	<b>97,9</b>	<b>67,5</b>	<b>61,6</b>				
<b>Imports for home consumption</b>	<b>1968,7</b>	<b>2176,8</b>	<b>1477,7</b>	<b>1492,5</b>	<b>22,4</b>	<b>6,9</b>	<b>13,7</b>	<b>1,0</b>
Imports destined for re-exports	433,3	351,9	252,2	148,9	26,9	-18,8	-10,9	-41,0
<b>Total imports</b>	<b>2401,9</b>	<b>2528,7</b>	<b>1729,9</b>	<b>1641,4</b>	<b>23,2</b>	<b>2,4</b>	<b>9,3</b>	<b>-5,1</b>

Memo item:

Non oil civil imports for home consumption	1668,0	1813,0	1227,9	1270,5	16,5	8,7	15,1	3,5
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Source: Statistical Service of Cyprus

**Table 23****Exports (fob) by economic origin**

(CYP million)

	2000 year	2001 year	2001 Jan. - Aug.	2002 Jan. - Aug.	2000/1999 year % change	2001/2000 year % change	2001/2000 Jan. - Aug. % change	2002/2001 Jan. - Aug. % change
<b>Agricultural products (raw)</b>	<b>34,4</b>	<b>43,8</b>	<b>38,6</b>	<b>39,2</b>	<b>-5,7</b>	<b>27,4</b>	<b>38,4</b>	<b>1,6</b>
of which:								
potatoes	12,3	17,5	17,5	17,7				
other vegetables	3,2	4,2	2,9	2,6				
fresh, frozen or dried								
citrus fruit	12,8	14,7	12,4	16,0				
<b>Minerals and industrial products of mineral origin</b>	<b>12,4</b>	<b>11,6</b>	<b>8,3</b>	<b>6,7</b>	<b>7,8</b>	<b>-6,3</b>	<b>10,7</b>	<b>-19,3</b>
<b>Industrial products of agricultural origin</b>	<b>28,2</b>	<b>28,0</b>	<b>19,1</b>	<b>22,7</b>	<b>11,4</b>	<b>-0,7</b>	<b>3,0</b>	<b>19,2</b>
of which:								
halloumi cheese	7,6	7,7	5,1	7,5				
fruit preserved	1,5	0,9	0,4	0,4				
fruit and vegetable juices	3,5	4,1	2,9	3,6				
beer	1,0	1,0	0,8	0,7				
wines	6,2	5,3	3,3	3,9				
meat	3,2	2,9	2,1	3,4				
<b>Industrial products of manufacturing origin</b>	<b>148,8</b>	<b>150,5</b>	<b>99,5</b>	<b>94,8</b>	<b>11,9</b>	<b>1,1</b>	<b>1,7</b>	<b>-4,7</b>
of which:								
cigarettes	16,2	10,8	7,8	3,0				
cement	10,8	8,4	5,2	5,7				
pharmaceutical products	30,9	39,4	24,7	28,5	22,6	27,7	25,4	15,4
articles of paper or of paperboard	4,8	6,0	3,7	3,8				
clothing	22,5	19,7	13,6	11,0	-1,3	-12,3	-10,5	-19,1
footwear	6,1	3,8	2,8	1,9				
furniture	7,9	6,8	5,0	4,5				
<b>Unclassified</b>	<b>0,0</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>				
<b>Domestic exports</b>	<b>224,0</b>	<b>233,9</b>	<b>165,5</b>	<b>163,4</b>	<b>8,4</b>	<b>4,5</b>	<b>9,0</b>	<b>-1,2</b>
re-exports	299,6	337,0	226,1	163,9	0,6	12,5	8,0	-27,5
shipstores	68,3	57,1	40,2	27,5	76,4	-16,4	-5,9	-31,6
<b>Total exports</b>	<b>591,9</b>	<b>628,0</b>	<b>431,8</b>	<b>354,8</b>	<b>9,0</b>	<b>6,1</b>	<b>6,9</b>	<b>-17,8</b>

Source: Statistical Service of Cyprus

### **Tourism**

As table 24 shows, tourist arrivals recovered slightly in November 2002. Specifically, arrivals increased by 3,6% in November 2002 compared with the same month of 2001, thus reversing the downturn that has been recorded since the events of 11 September 2001. The recovery is expected to continue in December 2002 and in the following months, reflecting base effects, unless there is a war in Iraq, which will most probably reverse the course of the recovery. For the first eleven months of 2002, the decrease in tourist arrivals stood at 10,7%.

Receipts from tourism fell by 10,7% in September 2002, reflecting the decrease in tourist arrivals, which reached 6,9% in the same month. For the first nine months of 2002, tourist arrivals declined by 13,0%, and receipts from tourism fell by 13,7% (table 25).

The larger decrease in receipts from tourism, compared with the decrease in arrivals during September 2002, stemmed from the decrease in expenditure per tourist in Cyprus, partly on account of the decline in arrivals of tourists from the United Kingdom, who spend more than the average tourist in Cyprus. This decline is attributable in part to uncertainty surrounding British participation in possible military operations in Iraq.

### **Balance of payments prospects**

On the basis of the evidence discussed above and the overall performance of the economy in 2002, the current account deficit is estimated to have reached about 6,0% of GDP in 2002, compared with 4,3% of GDP in 2001. Besides the downturn in tourism, the current account balance in 2002 was significantly affected by the purchase of aircraft by Cyprus Airways, having a worth of £42,5 million or about 0,7% of GDP, and by increased defence expenditure. The elimination or moderation of these factors in 2003, combined with the projected recovery of the world economy, the stabilisation of the political environment and the revitalisation of tourism, is expected to lead to a narrowing of the current account deficit to less than 4,0% of GDP in the current year. This projection is contingent on the timing and duration of a possible war in Iraq.

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

	1999	2000	2001	2002	% change 2000/1999	% change 2001/2000	% change 2002/2001
January	57.740	63.553	64.214	54.067	10,1	1	-15,8
February	74.041	87.243	83.569	71.950	17,8	-4,2	-13,9
March	126.494	135.487	137.578	138.625	7,1	1,5	0,8
April	180.076	221.785	237.228	180.481	23,2	7	-23,9
May	273.317	299.355	324.901	279.070	9,5	8,5	-14,1
June	276.879	302.011	322.835	293.192	9,1	6,9	-9,2
July	322.041	362.299	373.385	327.404	12,5	3,1	-12,3
August	341.088	356.686	371.536	301.724	4,6	4,2	-18,8
September	309.498	329.964	329.400	306.731	6,6	-0,2	-6,9
October	270.732	300.597	269.744	275.840	11	-10,3	2,3
November	118.105	133.500	107.454	111.327	13	-19,5	3,6
December	84.274	93.722	74.887				
Jan. - Nov.	2.350.011	2.592.480	2.621.844	2.340.411	10,3	1,1	-10,7
Jan. - Dec.	2.434.285	2.686.202	2.696.731		10,3	0,4	

*Source: Statistical Service of Cyprus*<sup>1</sup> Arrivals of same - day visitors are not included**Table 25****Receipts from tourism<sup>1</sup>***(CYP million)*

	2000	2001	2002	% change 2002/2001
January		24,9	21,6	-13,5
February		29,1	28,9	-0,9
March		49,7	59,2	18,9
April		89,9	77,0	-14,3
May		139,1	119,5	-14,1
June	122,9	157,4	139,3	-11,5
July	162,7	192,0	160,7	-16,3
August	173,7	205,0	153,8	-25,0
September	161,9	176,3	157,4	-10,7
October	135,1	130,2		
November	54,1	48,8		
December	36,2	29,2		
Jan.- Dec.		1.271,6		
Jan.- Sept.		1.063,4	917,5	-13,7

*Source: Statistical Service of Cyprus*<sup>1</sup> Receipts from same - day visitors are not included

### **3. ANNEX**

**Table 1****Official interest rates***(levels in percentages per annum)*

With effect from <sup>(1)</sup>		Deposit facility	Main refinancing operations			Marginal lending facility
			Variable rate tenders			
			repo	reverse repo	acceptance of deposits	
2001	10 Aug.	3,50		5,00		6,50
	18 Sep.	3,00		4,50		6,00
	02 Nov.	2,50			4,00	5,50
2002	13 Dec.	2,50			3,75	5,00

*(1) The date refers to the overnight deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated.*

**Table 2****Main refinancing operations allotted through tenders <sup>(1)</sup>***(Cyprus pounds millions; interest rates in percentages per annum)*

Date of settlement		Bids (amount)	Allotment (amount)	Variable rate tenders				Fixed rate tenders	Running for (...) days
				Maximum bid rate	Weighted average rate	Minimum allotted rate	Maximum allotted rate	Fixed allotted rate	
2002	23 May	319,5	319,5	4,00	3,98	3,94	4,00		14
	06 June	166,0	166,0					4,00	42
	06 June	201,5	100,0	4,00	3,64	3,5	3,97		14
	10 June	125,0	100,0					3,90	38
	20 June	161,0	160,0	4,00	3,86	3,74	3,98		14
	04 July	177,0	150,0	4,00	3,85	3,82	4,00		14
	18 July	328,0	270,0					4,00	42
	18 July	158,5	120,0	4,00	3,79	3,69	3,87		14
	01 Aug.	231,0	175,0	4,00	3,73	3,69	3,75		13
	14 Aug.	137,0	137,0	4,00	3,75	3,70	3,98		15
	29 Aug.	430,0	350,0					4,00	42
	29 Aug.	102,0	100,0	4,00	3,88	3,65	4,00		14
	12 Sep.	12,0	12,0	4,00	3,93	3,88	3,95		14
	10 Oct.	295,0	200,0					4,00	42
	10 Oct.	105,0	105,0	4,00	3,92	3,85	3,97		14
	24 Oct.	161,5	161,5	4,00	3,91	3,83	4,00		14
	07 Nov.	187,0	185,0	4,00	3,95	3,90	4,00		14
	21 Nov.	425,0	250,0					4,00	42
	21 Nov.	156,0	150,0	4,00	3,97	3,90	4,00		14
	05 Dec.	170,0	170,0	4,00	3,97	3,90	4,00		14
	19 Dec.	157,0	157,0	3,75	3,73	3,69	3,75		14
2003	02 Jan.	637,4	270,0					3,75	42
	02 Jan.	293,0	230,0	3,75	3,63	3,56	3,73		14

*(1) Since 9 October 2001, the main refinancing operations for the absorption of liquidity are conducted through auctions for the acceptance of deposits.*

**Table 3****Money market interest rates***(percentages per annum)*

		Cyprus					Euro area				
		Overnight deposits	2-7 days deposits	1-month deposits	2-6 months deposits	6-12-months deposits	Overnight deposits	1-month deposits	3-month deposits	6-month deposits	12-month deposits
2001	July	4,94	4,88	5,95	-	6,50	4,51	4,52	4,47	4,39	4,31
	Aug.	4,33	4,60	4,85	5,84	-	4,49	4,46	4,35	4,22	4,11
	Sep.	3,97	4,55	5,19	6,10	-	3,99	4,05	3,98	3,88	3,77
	Oct.	3,71	4,10	4,78	-	-	3,97	3,72	3,60	3,46	3,37
	Nov.	3,46	-	4,58	-	5,00	3,51	3,43	3,39	3,26	3,20
	Dec.	3,88	4,67	4,62	5,00	4,38	3,34	3,42	3,34	3,26	3,30
2002	Jan.	3,39	3,82	4,09	-	-	3,29	3,35	3,34	3,34	3,48
	Feb.	3,22	3,66	3,83	-	4,50	3,28	3,34	3,36	3,40	3,59
	Mar.	3,20	-	4,10	5,05	4,57	3,26	3,35	3,39	3,50	3,82
	Apr.	3,29	-	4,10	5,10	-	3,32	3,34	3,41	3,54	3,86
	May	3,28	3,74	4,25	4,60	5,02	3,31	3,37	3,46	3,62	3,95
	June	3,42	3,77	3,96	4,88	5,55	3,35	3,38	3,46	3,59	3,87
	July	3,45	3,00	4,00	-	4,95	3,30	3,36	3,41	3,48	3,64
	Aug.	3,33	3,67	4,02	-	-	3,29	3,33	3,35	3,38	3,44
	Sep.	3,72	3,70	4,29	5,02	-	3,32	3,32	3,31	3,27	3,24
	Oct.	3,40	3,50	3,73	4,19	-	3,30	3,31	3,26	3,17	3,13
	Nov.	3,79	3,28	4,15	4,15	-	3,30	3,23	3,12	3,04	3,02
	Dec.	3,52	3,13	3,33	-	-					

*Sources: Central Bank of Cyprus and European Central Bank*

**Table 4****Bank interest rates***(percentages per annum)*

	Lending interest rates <sup>1,2</sup>					Deposit interest rates <sup>1,3</sup>		
	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 CYP5000	1 year fixed deposits - over CYP5000
2001 Jan.	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
Feb.	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
Mar.	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
Apr.	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
May	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
June	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
July	7,92	7,92	8,95	8,67	10,50	2,00	5,25	6,50
Aug.	7,42	7,42	8,45	8,17	10,00	1,50	4,75	6,00
Sept.	6,92	6,92	7,95	7,67	9,67	1,00	4,25	5,42
Oct.	6,92	6,92	7,95	7,67	9,67	1,00	4,25	5,42
Nov.	6,42	6,42	7,45	7,17	9,00	0,50	3,75	4,92
Dec.	7,12	7,12	7,95	7,00	9,00	0,90	4,00	4,94
2002 Jan.	7,12	7,12	8,03	7,00	10,00	0,92	4,00	4,95
Feb.	7,12	7,12	8,12	7,08	10,50	0,93	4,03	4,95
Mar.	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
Apr.	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
May	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
June	6,98	7,16	7,90	7,15	10,50	0,93	4,42	4,85
July	6,98	7,16	7,90	7,15	10,50	0,93	4,42	4,85
Aug.	6,98	7,16	7,90	7,13	10,50	0,83	4,42	4,85
Sept.	6,98	7,16	7,90	7,13	10,50	0,84	4,37	4,88
Oct.	6,98	7,16	7,90	7,13	10,50	0,84	4,37	4,88
Nov.	6,98	7,16	7,90	7,13	10,50	0,83	4,40	4,84
Dec.	6,95	6,79	7,52	6,70	10,33	0,66	3,80	4,56

*(1) Reported as end of month.**(2) For the period January 2001 - November 2001, data refer to the average of the minimum interest rates charged on each loan category, as reported by the three largest banks. From December 2001, data refer to the average of the representative interest rates charged on each loan category, as defined by the three largest banks.**(3) Data refer to the average of the representative interest rates offered on each deposit category, as defined by the three largest banks.*

**Table 5****European retail bank interest rates***(percentages per annum, period averages)*

	Deposit interest rates						Lending interest rates			
	Overnight	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	Up to 1 year	Over 1 year	Consumer lending	For house purchase
2000 Oct.	0,97	3,96	3,96	4,76	2,40	4,14	7,13	6,60	10,15	6,57
Nov.	0,99	4,04	4,03	4,77	2,47	4,25	7,16	6,63	10,20	6,56
Dec.	1,01	3,96	3,96	4,58	2,49	4,21	7,18	6,45	10,19	6,43
2001 Jan. *	1,01	3,88	3,88	4,39	2,52	4,01	7,19	6,40	10,32	6,29
Feb.	1,01	3,84	3,83	4,35	2,50	3,99	7,11	6,44	10,26	6,24
Mar.	1,02	3,82	3,82	4,32	2,50	3,99	7,04	6,32	10,22	6,18
Apr.	1,03	3,76	3,76	4,26	2,50	3,91	7,07	6,34	10,25	6,14
May	1,01	3,75	3,74	4,27	2,48	3,91	7,03	6,34	10,22	6,17
June	0,98	3,65	3,65	4,25	2,45	3,85	6,97	6,25	10,17	6,13
July	0,97	3,65	3,65	4,22	2,44	3,80	6,90	6,20	10,11	6,05
Aug.	0,96	3,59	3,59	4,14	2,40	3,68	6,89	6,19	10,16	5,96
Sep.	0,91	3,28	3,28	3,98	2,36	3,33	6,71	6,07	10,08	5,86
Oct.	0,84	3,06	3,06	3,84	2,29	3,01	6,46	5,82	9,99	5,65
Nov.	0,78	2,84	2,83	3,65	2,19	2,75	6,31	5,71	9,87	5,48
Dec.	0,74	2,79	2,78	3,77	2,17	2,79	6,26	5,69	9,81	5,52
2002 Jan.	0,73	2,77	2,77	3,83	2,17	2,80	6,18	5,63	9,78	5,53
Feb.	0,73	2,78	2,79	3,95	2,15	2,91	6,16	5,75	9,81	5,61
Mar.	0,73	2,84	2,84	4,07	2,15	3,00	6,09	5,85	9,76	5,74
Apr.	0,74	2,89	2,90	4,13	2,14	3,07	6,17	5,95	9,81	5,81
May	0,74	2,91	2,92	4,15	2,15	3,08	6,20	5,98	9,85	5,82
June	0,74	2,93	2,94	4,09	2,13	3,08	6,18	5,92	9,82	5,77
July	0,74	2,88	2,89	4,02	2,13	3,02	6,16	5,79	9,76	5,68
Aug.	0,73	2,84	2,84	3,81	2,12	2,94	6,14	5,70	9,77	5,53
Sep.	0,73	2,77	2,77	3,64	2,13	2,73	6,11	5,61	9,82	5,37
Oct.	0,72	2,74	2,74	3,57	2,11	2,63	6,13	5,59	9,79	5,28

\* From January 2001 data refer to the enlarged euro area

**Table 6****Calendar of interest rates announcements in 2003**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank <sup>1</sup>	9 2,75	6 2,75	6	3	8	5	10		4	2	6	4
Bank of England <sup>2</sup>	9 4,00	6 3,75	6	10	8	5	10	7	4	9	6	4
Federal Reserve System <sup>3</sup>	28/29 1,25		18		6	24/25		12	16	28		9
Central Bank of Cyprus <sup>4</sup>	24 5,00		7	16	30		11		5	17	28	

(1) *Minimum bid rate on the main refinancing operations*(2) *Repo Rate*(3) *Federal Funds Rate*(4) *Interest rate on the marginal lending facility*

**Table 7**

**Percentage change in the Consumer Price Index by economic origin (%)**  
**2000-2002**

	Yearly		Quarterly			Dec. 2001/ 2000	Nov. 2002/ 2001	Dec. 2002/ 2001	Jan.-Dec. 2001/ 2000	Jan.-Nov. 2002/ 2001	Jan.-Dec. 2002/ 2001	Weights
	2000	2001	2002 II	2002 III	2002 IV							1998=100
<b>GENERAL INDEX</b>	<b>4,14</b>	<b>1,98</b>	<b>2,35</b>	<b>3,50</b>	<b>2,77</b>	<b>2,37</b>	<b>2,86</b>	<b>2,94</b>	<b>1,98</b>	<b>2,79</b>	<b>2,81</b>	<b>100,00</b>
<b>A LOCAL GOODS</b>	<b>7,15</b>	<b>1,34</b>	<b>2,57</b>	<b>6,26</b>	<b>5,15</b>	<b>2,50</b>	<b>5,48</b>	<b>5,66</b>	<b>1,34</b>	<b>4,22</b>	<b>4,35</b>	<b>36,69</b>
A.1 Agricultural	8,98	4,50	2,98	-1,98	-8,41	17,60	-7,34	-7,35	4,50	2,75	1,79	7,93
A.2 Industrial	4,40	0,78	2,91	9,02	9,54	-0,51	9,59	9,70	0,78	5,24	5,62	27,24
A.2.1 industrial non-petroleum	2,45	0,10	3,09	6,49	6,93	0,90	7,00	7,13	0,10	4,31	4,55	22,91
A.2.2 fuel and gas	14,86	3,99	2,08	20,42	21,87	-6,73	21,86	21,87	3,99	9,55	10,57	4,33
A.3 Electricity	47,32	-3,23	-3,71	2,58	6,47	-13,73	5,40	11,09	-3,23	-3,41	-2,26	1,52
<b>B IMPORTED GOODS</b>	<b>2,13</b>	<b>0,47</b>	<b>-0,08</b>	<b>-3,23</b>	<b>-3,50</b>	<b>0,03</b>	<b>-3,65</b>	<b>-3,61</b>	<b>0,47</b>	<b>-1,51</b>	<b>-1,69</b>	<b>22,20</b>
B.1 Motor Vehicles	3,78	0,55	-0,43	-10,10	-10,17	-0,59	-10,48	-10,48	0,55	-4,58	-5,07	9,43
B.2 Other Imported	0,93	0,41	0,18	1,96	1,41	0,49	1,37	1,45	0,41	0,80	0,85	12,77
<b>C SERVICES</b>	<b>2,52</b>	<b>3,35</b>	<b>3,37</b>	<b>4,40</b>	<b>3,73</b>	<b>3,48</b>	<b>3,73</b>	<b>3,71</b>	<b>3,35</b>	<b>3,66</b>	<b>3,67</b>	<b>41,11</b>
<b>Euro area inflation</b>	<b>2,3</b>	<b>2,5</b>	<b>2,1</b>	<b>2,0</b>		<b>2,0</b>	<b>2,2</b>		<b>2,6</b>	<b>2,2</b>		
<b>Underlying inflation for Cyprus<sup>1</sup></b>	<b>2,4</b>	<b>1,7</b>	<b>2,4</b>	<b>3,0</b>	<b>2,7</b>	<b>1,9</b>	<b>2,7</b>	<b>2,8</b>	<b>1,7</b>	<b>2,5</b>	<b>2,5</b>	

1) Excluding changes in the prices of the following categories: A.1, A.2.2 and A.3

**Table 8**

**Weighted contribution to the total change in the Consumer Price Index by economic origin (%)**  
**2000-2002**

	Yearly		Quarterly			Dec. 2001/ 2000	Nov. 2002/ 2001	Dec. 2002/ 2001	Jan.-Dec. 2001/ 2000	Jan.-Nov. 2002/ 2001	Jan.-Dec. 2002/ 2001	Weights 1998=100
	2000	2001	2002 II	2002 III	2002 IV							
<b>GENERAL INDEX</b>	<b>4,14</b>	<b>1,98</b>	<b>2,35</b>	<b>3,50</b>	<b>2,77</b>	<b>2,37</b>	<b>2,86</b>	<b>2,94</b>	<b>1,98</b>	<b>2,79</b>	<b>2,81</b>	<b>100,00</b>
<b>A LOCAL GOODS</b>	<b>2,63</b>	<b>0,51</b>	<b>0,97</b>	<b>2,34</b>	<b>1,97</b>	<b>0,96</b>	<b>2,08</b>	<b>2,17</b>	<b>0,51</b>	<b>1,59</b>	<b>1,64</b>	<b>36,69</b>
A.1 Agricultural	0,69	0,36	0,24	-0,16	-0,76	1,41	-0,64	-0,68	0,36	0,22	0,15	7,93
A.2 Industrial	1,21	0,21	0,81	2,45	2,60	-0,14	2,62	2,64	0,21	1,43	1,53	27,24
<i>A.2.1 industrial non-petroleum</i>	<i>0,57</i>	<i>0,02</i>	<i>0,70</i>	<i>1,44</i>	<i>1,56</i>	<i>0,21</i>	<i>1,58</i>	<i>1,60</i>	<i>0,02</i>	<i>0,97</i>	<i>1,02</i>	<i>22,91</i>
<i>A.2.2 fuel and gas</i>	<i>0,64</i>	<i>0,19</i>	<i>0,10</i>	<i>1,00</i>	<i>1,04</i>	<i>-0,35</i>	<i>1,04</i>	<i>1,03</i>	<i>0,19</i>	<i>0,47</i>	<i>0,51</i>	<i>4,33</i>
A.3 Electricity	0,73	-0,07	-0,07	0,05	0,13	-0,31	0,11	0,21	-0,07	-0,07	-0,05	1,52
<b>B IMPORTED GOODS</b>	<b>0,46</b>	<b>0,10</b>	<b>-0,02</b>	<b>-0,68</b>	<b>-0,73</b>	<b>0,01</b>	<b>-0,76</b>	<b>-0,75</b>	<b>0,10</b>	<b>-0,32</b>	<b>-0,35</b>	<b>22,20</b>
B.1 Motor Vehicles	0,35	0,05	-0,04	-0,91	-0,89	-0,05	-0,92	-0,92	0,05	-0,41	-0,46	9,43
B.2 Other Imported	0,12	0,05	0,02	0,23	0,17	0,06	0,16	0,17	0,05	0,10	0,10	12,77
<b>C SERVICES</b>	<b>1,05</b>	<b>1,37</b>	<b>1,39</b>	<b>1,84</b>	<b>1,53</b>	<b>1,41</b>	<b>1,53</b>	<b>1,52</b>	<b>1,37</b>	<b>1,52</b>	<b>1,52</b>	<b>41,11</b>

**Table 9**

**Percentage change in the Consumer Price Index by category of goods and services (%)**  
**2000-2002**

	Yearly		Quarterly			Dec. 2001/ 2000	Nov. 2002/ 2001	Dec. 2002/ 2001	Jan.-Dec. 2001/ 2000	Jan.-Nov. 2002/ 2001	Jan.-Dec. 2002/ 2001	Weights 1998=100
	2000	2001	2002 II	2002 III	2002 IV							
<b>GENERAL INDEX</b>	<b>4,14</b>	<b>1,98</b>	<b>2,35</b>	<b>3,50</b>	<b>2,77</b>	<b>2,37</b>	<b>2,86</b>	<b>2,94</b>	<b>1,98</b>	<b>2,79</b>	<b>2,81</b>	<b>100,00</b>
Food & non-alcoholic beverages	5,49	4,09	5,09	3,87	0,48	9,43	1,15	0,79	4,09	4,96	4,58	18,20
Alcoholic beverages & tobacco	8,16	2,79	7,66	21,65	22,93	0,95	22,17	24,73	2,79	12,28	13,32	1,78
Clothing and footwear	-0,46	-6,75	-4,00	-4,64	-2,21	-2,39	-2,08	-1,48	-6,75	-3,65	-3,46	8,22
Housing, water, electricity and gas	5,46	1,59	3,46	5,41	5,64	0,49	5,53	5,87	1,59	3,92	4,08	21,27
Furnishings, household equipment and supplies	1,47	0,15	-0,99	3,42	2,04	0,80	2,12	1,58	0,15	0,74	0,81	7,08
Health	6,18	5,41	5,03	5,17	4,28	4,48	4,26	4,28	5,41	4,74	4,70	4,92
Transport	5,70	2,29	0,65	0,19	0,45	-1,26	0,34	0,32	2,29	0,39	0,39	17,42
Communication	-10,36	1,73	-7,77	-6,70	-13,92	4,57	-14,20	-13,42	1,73	-8,41	-8,81	1,79
Recreation & culture	-0,20	-0,50	1,46	3,42	2,73	1,30	2,71	2,83	-0,50	2,14	2,20	5,88
Education	3,87	4,60	5,79	6,29	4,46	6,63	4,49	4,49	4,60	5,82	5,71	2,33
Restaurants & hotels	5,80	6,00	3,14	4,65	4,75	3,62	4,75	5,06	6,00	3,87	3,97	6,07
Miscellaneous goods and services	4,16	3,97	3,83	7,69	7,35	2,76	7,23	7,30	3,97	5,32	5,49	5,04

**Table 10**

**Weighted contribution to the total change in the Consumer Price Index by category of goods and services (%)**  
**2000-2002**

	Yearly		Quarterly			Dec. 2001/ 2000	Nov. 2002/ 2001	Dec. 2002/ 2001	Jan.-Dec. 2001/ 2000	Jan.-Nov. 2002/ 2001	Jan.-Dec. 2002/ 2001	Weights 1998=100
	2000	2001	2002 II	2002 III	2002 IV							
<b>GENERAL INDEX</b>	<b>4,14</b>	<b>1,98</b>	<b>2,35</b>	<b>3,50</b>	<b>2,77</b>	<b>2,37</b>	<b>2,86</b>	<b>2,94</b>	<b>1,98</b>	<b>2,79</b>	<b>2,81</b>	<b>100,00</b>
Food & non-alcoholic beverages	0,99	0,75	0,94	0,72	0,09	1,72	0,22	0,15	0,75	0,92	0,86	18,20
Alcoholic beverages & tobacco	0,16	0,06	0,16	0,44	0,46	0,02	0,44	0,49	0,06	0,25	0,27	1,78
Clothing and footwear	-0,04	-0,54	-0,31	-0,32	-0,17	-0,19	-0,16	-0,11	-0,54	-0,27	-0,25	8,22
Housing, water, electricity and gas	1,17	0,34	0,75	1,18	1,20	0,11	1,18	1,25	0,34	0,85	0,88	21,27
Furnishings, household equipment and supplies	0,10	0,01	-0,07	0,23	0,14	0,05	0,14	0,11	0,01	0,05	0,05	7,08
Health	0,31	0,27	0,26	0,27	0,22	0,23	0,22	0,22	0,27	0,25	0,25	4,92
Transport	0,97	0,40	0,11	0,03	0,08	-0,22	0,06	0,06	0,40	0,07	0,07	17,42
Communication	-0,17	0,03	-0,11	-0,10	-0,19	0,06	-0,19	-0,18	0,03	-0,12	-0,13	1,79
Recreation & culture	-0,01	-0,03	0,08	0,19	0,15	0,07	0,15	0,15	-0,03	0,12	0,12	5,88
Education	0,09	0,11	0,14	0,16	0,11	0,16	0,11	0,11	0,11	0,14	0,14	2,33
Restaurants & hotels	0,36	0,38	0,20	0,31	0,31	0,23	0,31	0,33	0,38	0,25	0,26	6,07
Miscellaneous goods and services	0,21	0,20	0,20	0,40	0,37	0,14	0,37	0,37	0,20	0,27	0,28	5,04

**Table 11****Inward portfolio investment: Purchase of shares listed on the Cyprus Stock Exchange by non-residents<sup>1</sup>***(CYP thousand)*

Country	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sep.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sep.	2002 Oct.	2002 Nov.	2002 Dec.
Australia	11,8	6,1	55,6	13,2	34,6	5,3	3,6	0,4	4,4	0,9	0,0	1,8	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Austria	0,2	21,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Belgium	0,0	5,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
British Virgin Islands	0,0	0,0	0,0	1,2	33,2	23,1	36,0	56,9	25,1	67,1	76,7	9,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Canada	0,3	12,3	11,7	0,6	0,0	0,6	0,9	0,1	0,0	0,5	7,4	1,8	39,8	0,0	0,0	0,0	14,5	0,0	0,0	0,4	0,0
Cuba	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Czech Republic	0,0	4,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Egypt	0,0	0,0	0,0	0,0	0,0	0,0	0,0	17,1	8,4	0,0	0,5	2,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Finland	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,1	0,0
France	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Georgia	0,0	0,0	1,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Germany	53,7	52,7	19,7	9,3	2,1	0,0	0,0	3,6	3,3	15,6	0,0	4,8	0,0	0,0	0,0	0,0	0,0	0,0	10,0	0,0	0,0
Greece	723,1	1.089,6	394,6	427,5	912,9	468,4	710,6	577,8	108,9	221,9	34,3	92,4	245,2	88,8	17,7	55,5	2,6	0,0	0,0	3,2	12,5
Iran	0,0	0,0	0,0	0,0	3,6	1,5	6,4	10,9	0,4	0,2	0,0	9,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Ireland	35,8	6,2	0,0	0,0	0,0	0,0	0,0	4,4	2,3	2,4	0,0	0,0	0,0	4,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Italy	0,0	0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	4,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Jordan	20,1	0,0	14,7	5,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Latvia	0,0	0,0	11,6	0,0	0,0	0,0	4,8	23,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Lebanon	7,6	2,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	40,9	0,0	0,0	0,0	0,0	0,0
Mexico	0,0	0,0	0,0	22,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Moldova	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Netherlands	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Panama	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Philippines	0,0	0,0	0,0	1,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Russia	17,6	105,6	41,2	26,6	48,7	35,2	45,0	41,3	81,5	22,1	3,0	0,6	0,0	8,1	8,9	0,0	0,3	2,4	0,0	0,0	0,0
Saudi Arabia	10,4	18,8	0,0	6,8	41,7	77,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
South Africa	11,9	41,8	8,0	28,4	58,4	117,1	26,5	235,6	68,6	139,1	122,7	61,8	94,3	68,7	7,9	39,2	10,7	31,8	15,8	155,4	26,1
Spain	0,0	8,0	0,0	0,0	0,0	0,0	4,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Switzerland	11,8	6,4	1,7	3,5	0,0	0,0	0,0	2,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Syria	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Ukraine	54,7	59,3	58,6	55,4	29,1	36,6	10,6	98,4	14,9	14,6	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
United Arab Emirates	0,0	0,0	0,0	0,3	0,0	0,0	0,0	0,0	0,0	0,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
United Kingdom	169,0	271,1	132,5	59,7	53,6	107,4	20,6	137,0	44,6	68,9	35,0	25,3	13,5	12,3	9,7	22,3	15,3	8,6	6,6	11,7	11,2
United States of America	56,4	50,1	3,0	10,6	3,3	0,0	39,9	3,9	0,0	14,8	0,0	0,0	35,6	22,7	0,0	2,7	7,3	1,0	0,0	0,0	0,0
Yugoslavia	20,9	0,0	22,6	7,2	0,0	0,0	0,0	0,0	0,0	0,4	0,8	0,4	0,0	1,2	0,0	0,0	0,0	0,0	0,0	1,1	0,0
Zambia	0,0	31,2	16,5	5,5	34,3	0,0	5,5	12,0	5,0	0,7	7,2	4,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Zimbabwe	0,8	0,0	0,0	3,8	2,1	0,0	0,9	1,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Unidentified	0,0	23,5	1,2	0,0	3,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total	1.206,2	1.817,3	794,6	688,5	1.261,6	872,7	915,9	1.226,0	367,3	569,9	291,9	214,7	429,5	207,0	44,2	160,7	50,7	43,8	32,5	173,9	49,8

*(1) These figures refer to shares not included in the dematerialisation process.*

**Table 12****Inward portfolio investment: Sale of shares listed on the Cyprus Stock Exchange by non-residents<sup>1</sup>***(CYP thousand)*

Country	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sep.	2001 Oct.	2001 Nov.	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sep.	2002 Oct.	2002 Nov.	2002 Dec.
Australia	0,0	5,6	0,0	0,0	15,6	14,0	0,0	5,0	10,7	0,4	2,5	1,0	0,0	2,5	0,0	0,0	0,0	0,0	1,2	0,0	0,0
Austria	0,0	0,0	0,0	0,0	0,0	27,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
British Virgin Islands	0,0	0,0	37,8	15,0	44,7	22,8	9,1	51,4	20,9	39,6	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Canada	0,3	0,0	2,2	0,0	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cuba	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Egypt	0,0	0,0	0,0	0,0	0,0	0,0	0,0	5,9	8,8	0,0	0,9	0,5	0,0	0,0	0,0	7,6	0,0	0,0	0,0	0,0	0,0
France	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Germany	0,0	0,7	4,2	1,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Greece	447,5	811,2	461,9	269,3	331,6	391,7	348,2	555,8	135,0	22,9	65,1	111,4	1,3	5,8	25,9	0,0	6,9	0,0	0,0	4,3	0,0
Iran	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,9	1,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Italy	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Latvia	0,0	0,0	0,0	0,0	0,0	0,0	7,4	0,5	0,0	4,9	1,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Lebanon	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Moldova	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Netherlands	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Philippines	15,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Russia	0,0	0,2	0,1	0,2	0,3	5,0	20,1	10,6	23,2	23,2	9,8	2,6	31,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
South Africa	0,0	0,3	0,0	1,0	44,1	36,0	165,3	20,1	100,6	46,8	157,3	9,2	23,4	0,0	0,0	0,0	0,0	0,0	61,5	0,0	0,0
Spain	0,0	5,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Switzerland	0,0	0,0	27,5	176,2	59,1	152,9	30,5	7,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Syria	2,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Ukraine	0,0	9,2	17,5	0,4	11,5	0,0	0,0	1,3	6,4	1,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
United Kingdom	125,7	80,4	210,2	64,2	32,9	43,0	19,2	60,6	19,1	14,4	12,4	18,4	1,0	4,0	196,7	0,5	0,0	1,3	0,0	0,7	0,0
United States of America	388,9	183,8	115,5	131,3	165,8	73,1	490,2	1.286,1	250,4	202,1	97,2	78,1	0,0	10,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Yugoslavia	8,1	0,0	11,9	0,0	0,0	5,5	0,0	0,0	1,1	5,8	0,1	1,4	0,0	0,6	0,5	0,0	0,0	0,0	0,0	0,0	0,0
Unidentified	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>988,0</b>	<b>1.097,0</b>	<b>888,8</b>	<b>659,0</b>	<b>706,1</b>	<b>771,8</b>	<b>1.090,2</b>	<b>2.007,4</b>	<b>577,1</b>	<b>361,7</b>	<b>347,3</b>	<b>222,6</b>	<b>57,4</b>	<b>23,7</b>	<b>223,1</b>	<b>8,1</b>	<b>6,9</b>	<b>1,3</b>	<b>62,7</b>	<b>5,0</b>	<b>0,0</b>

*(1) These figures refer to shares not included in the dematerialisation process.*

