



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

**CONCISE**  
**MONETARY POLICY REPORT**

**JANUARY 2006**



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

**CONCISE**  
**MONETARY POLICY REPORT**

**JANUARY 2006**

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

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

© CENTRAL BANK OF CYPRUS, 2006  
ECONOMIC RESEARCH DEPARTMENT

Address:

80 Kennedy Avenue  
1076 Nicosia  
Cyprus

Postal Address:

P.O. Box 25529  
CY-1395 Nicosia  
Cyprus

Telephone:

+357-22714433

Website:

<http://www.centralbank.gov.cy>

E-mail:

[erdept@centralbank.gov.cy](mailto:erdept@centralbank.gov.cy)

Fax:

+357-22378155

Telex:

2424, 2228

*All rights reserved.*

*Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.  
Available, in PDF format at [www.centralbank.gov.cy/ngcontent.cfm?a\\_id=661](http://www.centralbank.gov.cy/ngcontent.cfm?a_id=661)*

# CONTENTS

<b>Introduction</b> .....	<b>1</b>
<b>International economic developments</b> .....	<b>2</b>
<b>Exchange rates</b> .....	<b>3</b>
<b>Cyprus pound</b> .....	<b>3</b>
<b>Monetary developments</b> .....	<b>4</b>
<b>Cyprus Stock Exchange</b> .....	<b>5</b>
<b>Domestic economy</b> .....	<b>5</b>
<b>Prospects for 2005 and 2006</b> .....	<b>8</b>
<b>Tables and charts</b> .....	<b>9</b>

## Symbols, conventions and abbreviations

1. The following symbols are used:

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

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

3. CCI	Co-operative Credit Institutions
CSE	Cyprus Stock Exchange
Cystat	Statistical Service of the Republic of Cyprus
CYTA	Cyprus Telecommunications Authority
EAC	Electricity Authority of Cyprus
ECB	European Central Bank



## **Introduction**

In 2005 global GDP growth improved, driven mainly by the American and Asian economies. In the US economic activity was supported by consumption while in Asia it was based on exports. The European economy grew at a moderate pace, mainly due to strong exports and partly due to domestic demand. Analysts believe that the American economy will continue to grow in 2006 provided consumption expenditure remains at satisfactory levels and the restrictive monetary policy cycle is completed. On the other side of the Atlantic, the European economy has the potential for further improvement if structural reforms, especially in the labour market, are adopted and consumption recovers. In Japan the economic picture looks improved and analysts expect deflation to recede in 2006, thus marking an end to the zero interest rate policy of the Bank of Japan.

As regards domestic developments, inflation in December reached 1,9% compared with 2,9% in the previous month, and 4,2% in December 2004. This deceleration is mainly attributable to the fall in the prices of agricultural products. A further decrease was observed in the prices of motor vehicles and other imported products. As a result of the aforementioned developments, inflation rose to 2,6% during the whole of 2005, while the harmonised index of consumer prices (HICP) increased by 2% during the period.

Tourist arrivals increased by 5,5% in the period January to November 2005, compared with a 2,3% increase in the corresponding period of 2004. Revenue from tourism increased by 2,4% in the period January to October 2005, compared with a 2,5% decrease recorded in the corresponding period in 2004. It should be noted,

however, that tourist arrivals increased by 6,2% in the ten months of 2005 compared with the corresponding period of 2004, representing a 4% decrease in per capita expenditure.

The trade deficit increased to £1.794,7 million during the first ten months of 2005, compared with £1.710,8 million recorded in the corresponding period of 2004. This worsening in the trade deficit was the result of the significant increase in the import of oil in September.

As regards private consumption, the year-on-year increase in the turnover volume index of trade was 4,4% in September 2005, which was 1,9% higher than the corresponding month of 2003. During the first nine months of 2005, the retail sales volume index increased by 4,5% compared with a 3,4% increase in the corresponding period of 2004. In the labour market, unemployment as a percentage of the economically active population fluctuated at around 3,7% in the first 11 months of 2005, compared with 3,5% in the corresponding period of 2004. The increase in the number of unemployed was mainly the result of an increase in the labour force arising, in large part, from an increase in foreign (mainly European) labour.

In the secondary sectors of the economy, mixed developments were recorded. The manufacturing volume index decreased during the period January-October 2005, mainly due to the closing down of the Dhekelia oil refinery in May 2004, while the performance of the construction sector continued its upward trend with, however, some signs of deceleration. Indicative of this was the acceleration in the volume index of authorised building permits, as well as the local sales of

cement during the first ten and 11 months, respectively, of 2005.

According to the preliminary consolidated accounts of the Ministry of Finance, which cover the central government and the social security funds, a fiscal surplus of £31,4 million or 0,4% of GDP was recorded for the period January-October 2005. This compares with a deficit of £178,8 million or 4% of GDP in the corresponding ten month period of 2004. These favourable fiscal results were mainly due to the £68 million and £35 million pounds in proceeds from, respectively, the tax amnesty and the dividend payment from CYTA. By excluding these proceeds, the fiscal surplus for this period transforms into a deficit of 0,9% of GDP. The data do not include a further deterioration of the deficit by 1,3% of GDP arising from the adoption of two recently announced packages of social support measures (0,3% of GDP) as well as the approval by the House of Representatives of a supplementary budget (1% of GDP). As a result, the 2005 fiscal deficit is estimated by the Ministry of Finance to be around 2,5% of GDP.

In the monetary sector the annual growth of credit to the private sector by domestic banks rose by 5,9% in November 2005, compared with 6,1% in November 2004. M2 grew by 9,2% year-on-year to November, compared with 9,3% in the 12 months to October 2005 and 7,9% year-on-year to November 2004. At the same time, surplus liquidity conditions prevailed in the money market during the period under review.

### **International economic developments**

GDP in the **US** grew at annual rate of 3,7% during the third quarter of 2005, with consumption and investment expenditures being the main driving

forces. Industrial production increased by 2,8% year-on-year to November and retail sales rose by 2,8% in the 12 months to October. Inflation remained unchanged at 3,5% compared with the same month of 2004, while unemployment was 5%, compared with 5,4% in the corresponding month of the previous year. At its meeting on 13 December 2005, the US Federal Reserve raised for the thirteenth consecutive time its official interest rate by 25 basis points, which rose to 4,25%. In its communiqué the Fed signalled that a few more increases may follow but in general the restrictive monetary policy cycle is due for completion.

In the **euro area** GDP growth for 2005 was around 1,4%, below the potential growth rate which is estimated at around 2%. Industrial production rose by a mere 0,1% year-on-year to October while retail sales increased by 0,4%. Inflation rose to 2,3% in November, compared with 2,2% in the same month of the previous year while unemployment fell to 8,3% in October, compared with 8,8% in the same month of the previous year. On 1 December the ECB raised for the first time in 30 months its official interest rate by 25 basis points, from 2% to 2,25%. The Governing Council of the ECB judged that inflationary pressures, mainly caused by the high oil prices, could have an adverse effect on price stability.

In the **UK** analysts believe that the moderate pace of growth, which was around 1,7% in 2005, will continue in 2006. In the real estate market, investor interest was rekindled following the drop in prices during the last few months. In the short-term it is anticipated that both the real estate market and consumption expenditures will provide the basis for growth in the UK economy. However, in the medium-term there is a possibility that tax measures will be introduced which will

adversely affect domestic demand. Regarding the other economic indicators, inflation rose to 2,1% in November which is still above the target of 2% set by the Bank of England. In the same month of 2004, inflation was 1,5%. At the same time unemployment in the period August – October was 4,9%, slightly above the 4,7% registered in the same period of the previous year. Taking into consideration the aforementioned developments, the Monetary Policy Committee of the Bank of England decided to maintain its official interest rate unchanged at 4,5%.

In **Japan** economic indicators point towards a steady recovery. The Tankan business confidence indicator published on a quarterly basis has shown that both industrial and non-industrial businesses foresee positive prospects. The Bank of Japan maintains the position that on the one hand economic growth must be well founded and on the other hand deflation must recede completely in order to justify a change in the zero interest rate policy. Analysts expect that this development will take place after the second half of 2006. In October prices fell by 0,7% while in the same month of 2004 they had risen by 0,5%. During October unemployment was 4,5%, only marginally down from the 4,6% registered in the same month of 2004.

Chart 1 presents the Nikkei 225, S&P500 and Eurostoxx 50 **stock market indices**. Japan's Nikkei 225 continued its upward trend during December, recording only minor fluctuations, and closed the month at around 8% higher than November's closing. The other two indices exhibited minor fluctuations in December. The S&P500 index closed the month at around the same level as the end of November and the Eurostoxx 50 index rose by around 3% during the same period.

The daily average price of **Brent crude** reached \$56,21 per barrel in December, compared with \$55,29 per barrel in the preceding month and exhibited a rise of 27% since the beginning of the year. The attacks on Nigerian oil pipelines in mid-December caused brief upward pressures on the price of oil. According to an oil analysts' poll conducted by Reuters, the average price of Brent is expected to be around \$57 per barrel in 2006, compared with \$54,1 per barrel in 2005.

### **Exchange rates**

In December 2005, the dollar/euro parity reported marginal fluctuations reaching 118 cents to the euro. During 2005 the euro depreciated by approximately 10% relative to the dollar. Furthermore, in December the pound fluctuated marginally relative to the euro remaining at around 69 pence, very close to the level recorded in previous months.

### **Cyprus pound**

In December 2005, the Cyprus pound exhibited minor fluctuations relative to the euro reaching 57,35 cents to the euro. Reflecting the fluctuations of foreign currencies during the period under review, the Cyprus pound reached \$2,0649 on 30 December thus exhibiting a strengthening when compared with \$2,0545 on 1 December 2005. Recent exchange rate fluctuations of the Cyprus pound relative to the euro, dollar, sterling and yen are reported in Charts 3 & 4.

Table 3 illustrates the Central Bank's total foreign currency transactions until 30 December 2005 on the basis of their transaction dates. The corresponding daily total transactions in foreign



currency by the Central Bank from 2001 until the end of 2005 are illustrated in Chart 5. In December, net inflows of £34,07 were recorded compared with net inflows of £0,63 million in the corresponding period of 2004. For the period 1 January – 30 December 2005, net inflows of £560,68 million were recorded, compared with £25,52 million net outflows in the corresponding period of 2004.

### Monetary developments

In November 2005 the annual growth rate of **total money supply (M2)**, was 9,2% compared with 9,3% in the previous month and 7,9% in November 2004 (Table 5). The increase in net foreign assets and the rise in credit to the private sector partly contributed to the acceleration in the growth rate of M2 in November 2005, compared with the same month of 2004. According to provisional data, the annual growth rate of total money supply M2C<sup>1</sup>, which includes the deposits with banks and CCIs, reached 9% in November 2005, compared with 9,2% in October and 8,3% in November 2004.

**Credit to the private sector** rose by 5,9% year-on-year to November 2005, higher than the previous month when it had reached 5,2%, albeit lower than November 2004 when it had reached 6,1%.<sup>2</sup>

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

2. A marked slowdown in credit growth has been observed since March due to debt write-offs by certain banking institutions, the largest part of which affected the personal-professional loans category. If we ignore these write-offs, then the growth rates in October and November reached 6,9% and 7,7%, respectively. It is noted that this is not a final debt write-off but adjustments based on international accounting standards.

Loans to the construction sector rose by 10,7% year-on-year to November 2005, while personal-professional loans increased by 10% during the same period (Table 6). As regards the rest of the sectors, there was an increase in loans to public institutions and corporations by 9,1% and a fall of 1,7% in loans to the tourism sector.

Foreign currency lending to residents by domestic banks rose by £236,5 million in the twelve months to November 2005, compared with a rise of £146,1 million in the preceding 12 month period. This development is partly reflected in the increased foreign exchange inflows (Table 8). The share of new foreign currency loans to total new loans given out in the 12 months to November was 46,3%, compared with 50,2% in the 12 month period to October and 29,7% in the same period to November 2004. As a result, the share of new foreign currency loans to total loans outstanding at the end of November 2005 was 12,6%, compared with 10,6% at the end of November 2004. At the end of November 2005, 66,7% of foreign currency loans was accounted for by euros, 21,7% by Swiss francs and 8,1% by dollars.

Domestic currency **deposits** by residents grew by 5,9% year-on-year to November 2005, compared with 4,1% in the same month of the preceding year. The annual growth rate of residents' deposits in foreign currency continued at high levels. More specifically, and in absolute amounts, the rise in Cypriots' deposits in foreign currency was £314,4 million in the 12 months to November 2005, compared with £291,7 million in the same period of the previous year.

In the **money market**, surplus liquidity conditions prevailed during November and December. As a result, the Central Bank of Cyprus intervened in the market via auctions for the acceptance of

deposits. At the last auction of December with maturity 14 days, the Central Bank absorbed £300 million at an average interest rate of 2,54%.

In December auctions were held for 52-week treasury bills and 10-year government development stocks. The average yields were 3,12% and 4,08%, respectively, compared with 3,51% and 4,22% in September, the latest month during which auctions had been held in these securities.

Regarding **interest rates** (Table 14), the average overnight interbank rate decreased to 2,51% in December, compared with 2,62% in November, thus reflecting the excess liquidity conditions. The corresponding interest rate in December 2004 was 4,73%.

### **Cyprus Stock Exchange**

The **all-share CSE index** rose in December, closing at 110, its highest level since December 2002. The main and parallel market index fluctuated between 1.534,9 and 1.723,3. The average daily volume of transactions decreased while the average daily value of transactions remained at the same level as November. More specifically, the daily average volume was 986 transactions, down from 1.004 in the previous month, while the daily average value remained at £1,7 million.

Regarding non-residents' transactions at the CSE, the latest data referring to November 2005 show that there were net inflows amounting to £1,2 million, compared with inflows of £0,3 registered in October (Table 20).

### **Domestic economy**

In December 2005 inflation registered a fall and reached 2%, compared with 2,9% in the previous month. This development was mainly due to the fall in the prices of agricultural products. At the same time, car prices fell further. In contrast there was a small acceleration in the prices of electricity, fuel and gas.

As a result of the above developments, inflation rose to 2,6% during the whole of 2005, while the HICP increased by 2% in the first 11 months of 2005.

Tourist arrivals decreased by 8,1% in November, 2005, compared with a 7,9% decrease reported in November 2004. For the period January–November 2005 tourist arrivals increased by 5,5% compared with 2,3% in the corresponding period in 2004. Revenue from tourism increased by 4% in October 2005, compared with a 3,1% increase in October 2004. For the period January – October 2005, revenue from tourism increased by 2,4% compared with a 2,5% decrease reported in the corresponding period in 2004. It should be noted that these figures do not include the expenditure of tourists owning holiday homes in Cyprus.

Table 27 presents preliminary data relating to the trade deficit for the first 10 months of 2005, as published by Cystat. The value of total imports increased by 8,7%, compared with a 26,6% increase recorded in the corresponding period of 2004. This deceleration is due to the base effect resulting from the significant increase in the imports of cars in 2004, following the reduction in excise duties in November 2003. The deceleration resulted despite the significant

increase in the price of oil. The value of total exports recorded a significant increase of 23,2% in the period January – October 2005, compared with an increase of 21,3% recorded in the corresponding period of 2004.

As a result of the aforementioned developments, the trade deficit increased moderately to £1.794,7 million during the first ten months of 2005, compared with a deficit of £1.710,8 in the corresponding period of 2004. It should be noted that the significant increase in exports of goods was not sufficient to offset the trend in imports.

As regards private consumption, the turnover volume index of retail trade rose by 4,4% in September 2005 compared with the corresponding month of 2004. During the first nine months of 2005, the index recorded an increase of 4,5% compared with 3,4% in the corresponding period of 2004. However, the index does not include the registration of new cars. Consequently, the rise in private consumption in 2005 might be less than the rise in the turnover index of retail trade. It should be noted that consumption through the use of credit cards registered an acceleration during 2005.

In the **labour market** the number of registered unemployed rose by 6,5% in the first 11 months of 2005, compared with an increase of 3,4% in the corresponding period of 2004, while unemployment as a percentage of the economically active population fluctuated at around 3,7%, compared with 3,5% in the first 11 months of 2004. In November the unemployment rate fluctuated at around 3,8% of the economically active population, compared with 4,2% in the corresponding month of 2004. In the secondary sectors of the economy, mixed developments were recorded. The manufacturing index volume dropped during the first ten months

of 2005, while the construction sector continued its upward trend with, however, some signs of a deceleration. Indicative of this is the deceleration in the volume index of authorised building permits as well as the local sales of cement during the first ten and 11 months, respectively, of 2005. The increase in real GDP was 3,9%, 3,6% and 3,8% during the first, second and third quarters of 2005, compared with 3,8%, 4,2% and 3,8% in the corresponding quarters of 2004.

In accordance with the preliminary consolidated accounts of the Ministry of Finance, which cover the central government and the social security funds for the period January-October 2005, the fiscal balance recorded a surplus of 0,4% of GDP compared with a deficit of 2,4% of GDP in the corresponding 2004 ten month period. However, re-adjusting the fiscal balance by excluding the proceeds from temporary measures, such as the tax amnesty and the dividend payment from CYTA, the surplus is transformed into a 0,9% deficit. Furthermore, the above data do not include an additional deterioration of the deficit by 1,3% of GDP due to the adoption of two recently announced packages of social support measures (0,3% of GDP) and the approval by the House of Representatives of a supplementary budget (1% of GDP). In accordance with recent Ministry of Finance projections, the 2005 deficit is estimated to be at around 2,5% of GDP.

More analytically, public revenue increased by 19,1%, reaching £2.322,8 million, and tax revenue recorded an increase of 17,8%. However, by excluding the tax amnesty proceeds, this increase is restricted to 11,9%. More specifically, direct and indirect taxes increased by 41,6% and 9,6%, respectively. Proceeds from excises increased by only 6,1%, partly due to the reduction in revenue from excises on motor vehicles. Lastly, VAT proceeds increased by 18,7% partly due to the

fact that, following EU accession, VAT is paid at the point of consumption rather than at the point of importation, and partly due to the recovery in economy activity fuelled by increased private consumption. Non-tax revenue rose by 28,7%, partly reflecting the £35 million dividend paid by CYTA during the first ten months of 2005 whereas in December 2004, £15 million was received from EAC. By excluding this amount, however, the figure is re-adjusted to 13,2%.

Comparing the ten month periods of 2005 with 2004, public expenditure increased by 7,6% reaching £1.633,7 million. Wages and salaries increased by only 4,1% (reflecting the nil salary increases, the incorporation of a relatively smaller increase of the COLA index, the reduction in the rate of growth of permanent employees as well as the employment of a smaller number of temporary staff). Subsidies recorded a small reduction of 4,1%, while current transfers (which include, pensions, gratuities, social pensions and other current transfers, increased by 6,4%. The current transfers also include £59 million for the funding of the EU budget. It should be mentioned that the rate of growth of subsidies is expected to

accelerate as a result of the two packages of social support measures and the supplementary budget. Lastly, capital expenditure recorded an increase of 25% mainly due to the acceleration in the rate of completion of approved government projects.

The preliminary data prepared by Cystat and covering the financial accounts of the general government for the period January-October 2005 have also been published. The data show that a fiscal surplus of £8,7 million or 0,1% of GDP was recorded during this period. Public revenue increased by 18,8% while public expenditure increased by 7,2%, compared with the corresponding third quarter in 2004.

The fact that the recorded fiscal improvement during 2005 was mainly the result of temporary measures, reinforces the need for the strict adherence to the fiscal consolidation programme, as set out in the Convergence Programme 2005-2009.

## 2.7. PROSPECTS FOR 2005 AND 2006

In 2005 real growth is expected to fluctuate around the 2004 level. It is anticipated that the growth of domestic demand will be adversely affected by the slowdown in private consumption and fixed capital formation, mainly due to the recent developments in and prospects for oil prices. In contrast, a small increase is expected in public consumption compared with a reduction in the previous year. At the same time, it is anticipated that external demand will accelerate, partly reflecting the positive developments in the tourism sector.

As regards the labour market, unemployment is expected to increase to 3,8% in 2005, compared with 3,6% in 2004, mainly due to the increased presence of foreign workers originating, to a large extent, from EU countries as well as Turkish Cypriots.

As regards public finances, it is assumed that the fiscal deficit will fall to below 2,9% of GDP and the public debt will begin to decline.

In 2005 a small improvement is expected in the current account balance. It should be noted that this anticipated improvement depends mainly on oil price developments for the remainder of the year. It is assumed that the price of oil during the whole of 2005 will average close to \$57 per barrel.

Inflation during 2005 is expected to average at about 2,7% on the basis of both developments so far and future developments in the oil market. This assessment is based on the small strengthening of the Cyprus pound in relation to its average value during 2004. Also, it is assumed that the prices of agricultural products will increase by 2% for the whole of 2005, while the prices of services will increase by 3,5%. The

reduction in the prices of pharmaceutical products, which are government controlled, and the continuation of the reduction in telecommunications prices are expected to restrain inflation in 2005.

The prices of imported and industrial products, excluding oil products, experienced a slowdown which is expected to continue during the remainder of the year. This can be partly attributed to the gradually increasing competition in the imported goods sector and, consequently, in the total traded goods sector, following EU accession.

In 2006 GDP is expected to grow at about the same rate as in 2004. External demand will play a major role due to the expected improvement in the international environment.

The rate of unemployment is expected to fluctuate around the same level as in 2004, provided that the number of foreign workers remains roughly the same.

The rate of inflation is also expected to remain at the 2005 level, provided that oil prices do not alter significantly. In addition, the actual rate of inflation will be influenced by the new competitive environment that has prevailed post- EU accession.

**Table 1**

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

	The Economist Poll GDP forecasts <sup>(2)</sup>			Lehman Brothers Weekly Outlook - GDP <sup>(3)</sup>			International Monetary Fund World Economic Outlook <sup>(4)</sup>			European Commission Economic Forecasts <sup>(5)</sup>		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
World				3,2	2,7 (2,6)	2,6 (2,3)	5,1	4,3	4,3 (4,4)	5,2 (5,0)	4,3 (4,2)	4,3 (4,1)
Euro area	1,8	1,3	1,8 (1,6)	1,8	1,4 (1,3)	1,5 (1,0)	2,0	1,2 (1,6)	1,8 (2,3)	2,1 (2,0)	1,3 (1,6)	1,9 (2,1)
USA	4,3	3,6	3,3	4,2	3,7 (3,6)	3,5 (3,3)	4,2 (4,4)	3,5 (3,6)	3,3 (3,6)	4,2 (4,4)	3,5 (3,6)	3,2 (3,0)
Japan	3,0	2,4 (2,3)	2,2 (2,0)	2,7	2,5 (2,4)	2,7 (2,5)	2,7 (2,6)	2,0 (0,8)	2,0 (1,9)	2,7	2,5 (1,1)	2,2 (1,7)
UK	3,0	1,7 (1,8)	2,1	3,2	1,6	1,7 (1,5)	3,2 (3,1)	1,9 (2,6)	2,2 (2,6)	3,2 (3,1)	1,6 (2,8)	2,3 (2,8)

(1) Figures in parentheses indicate the corresponding projection in the previous Monetary Policy Report, in case of change. In the case of the International Monetary Fund and European Commission, the figures indicate the projections in April 2005 and March 2005, respectively.

(2) The Economist, 24 December 2005.

(3) Lehman Brothers Global Weekly Economic Monitor, 12 December 2005.

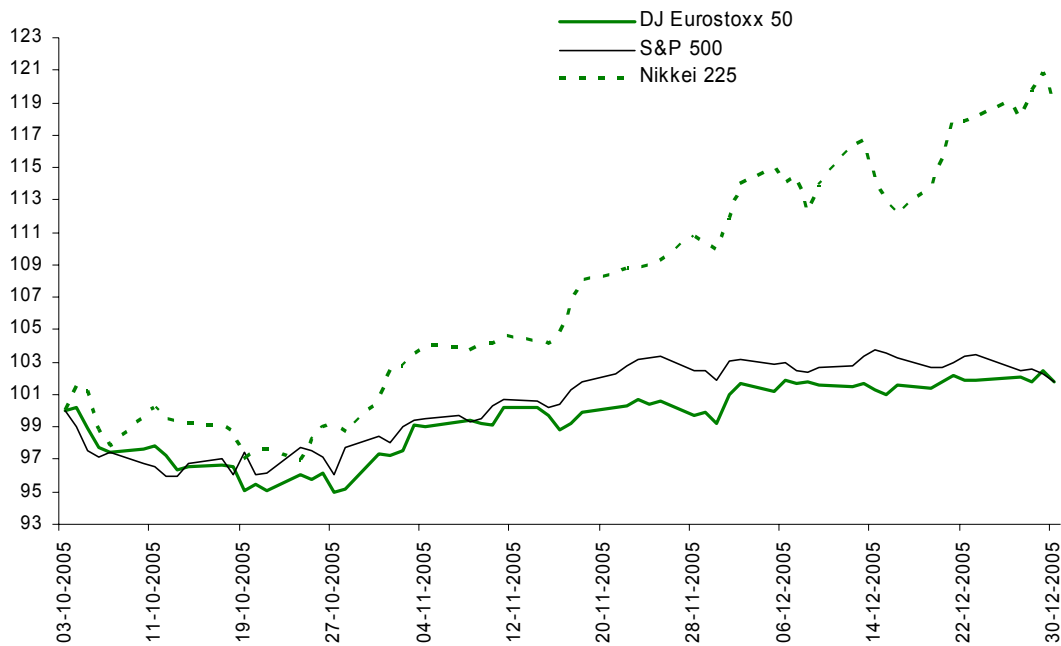
(4) International Monetary Fund, World Economic Outlook, September 2005.

(5) European Commission, Economic Forecasts, Autumn 2005.

**Chart 1**

**Selected international stock market indices**

(1 October 2005 = 100, daily data)



Source: Bloomberg.

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

(percentage change year-on-year)

	GDP				Industrial production October (annual)	Retail sales October (annual)	Unemployment  October (annual)	Inflation <sup>(2)</sup>  November (annual)
	2005 (Q2)		2005 (Q3)					
	(quarterly) <sup>(1)</sup>	(annual)	(quarterly) <sup>(1)</sup>	(annual)				
UK	2,0	1,5	1,6	1,7	-1,8	2,1 <sup>(3)</sup>	4,9 <sup>(4)</sup>	2,1
Japan	3,3	1,4	1,0	2,9	3,0	0,4	4,5	-0,7 <sup>(5)</sup>
USA	3,3	3,6	4,3	3,7	2,8 <sup>(3)</sup>	2,8	5,0 <sup>(3)</sup>	3,5
Euro area	1,2	1,1	2,6	1,6	0,1	0,4	8,3	2,3

Source: *The Economist*, 24 December 2005.

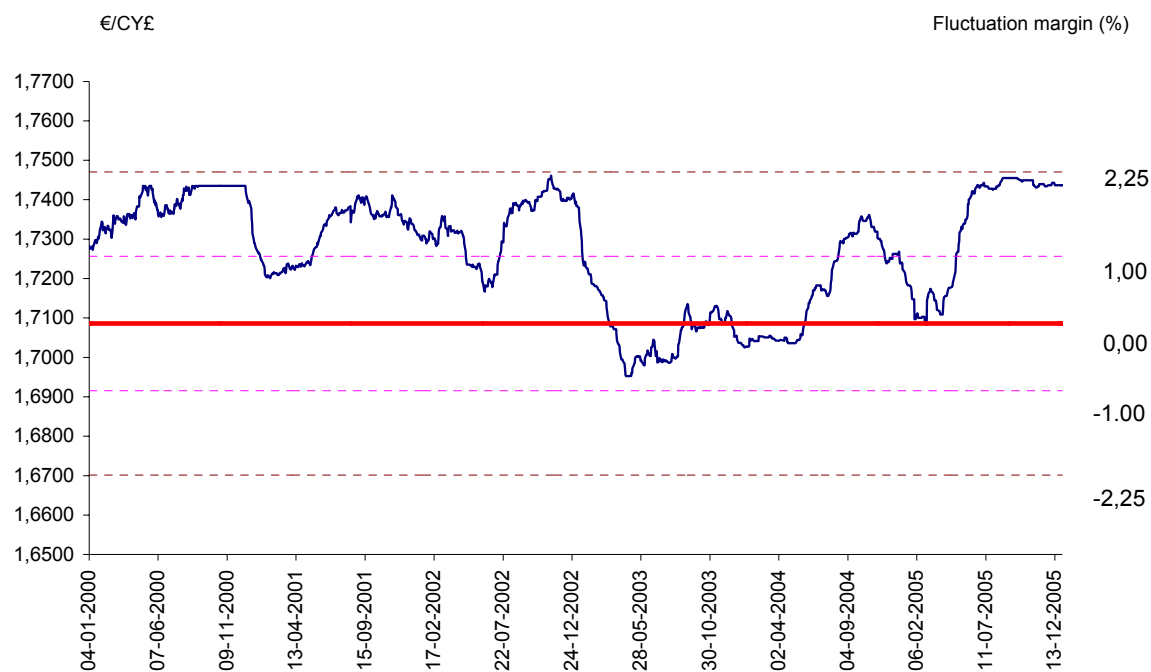
(1) Percentage change on previous quarter at an annualised rate.

(2) Based on the consumer price index.

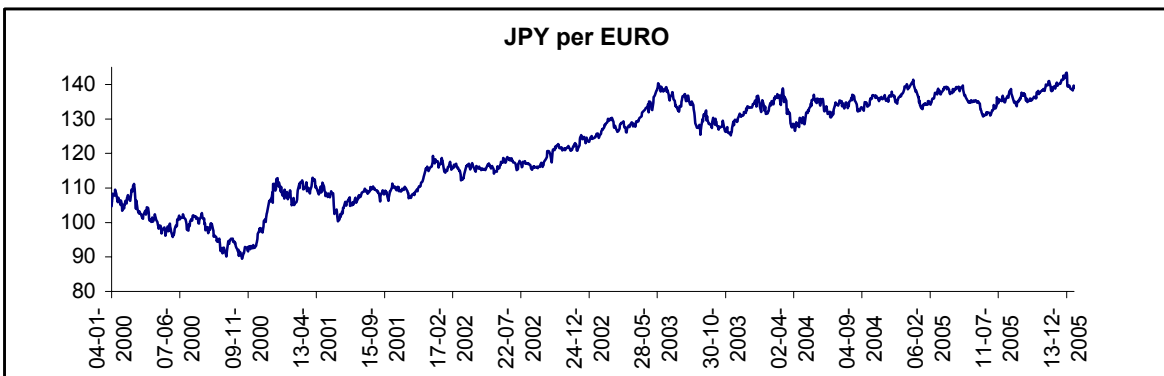
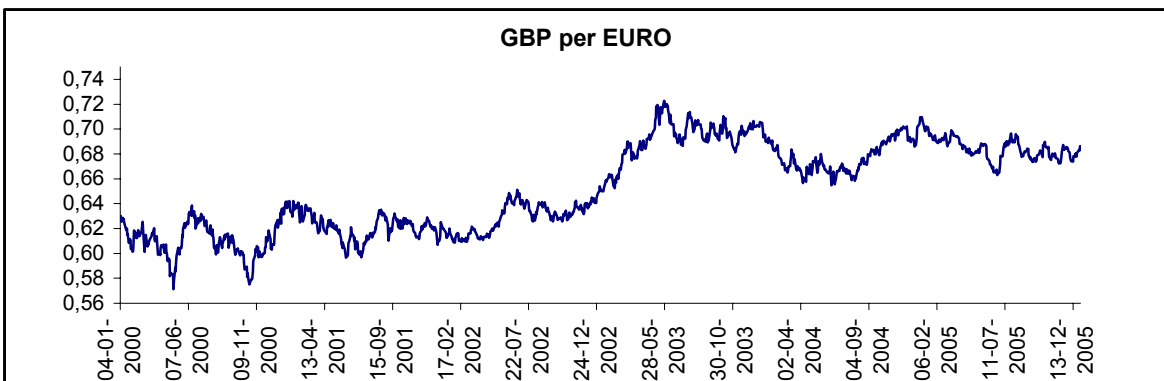
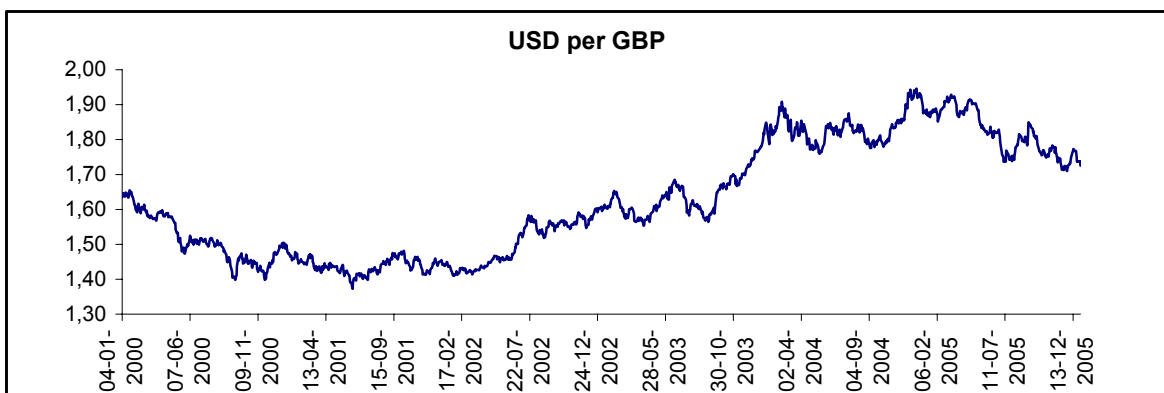
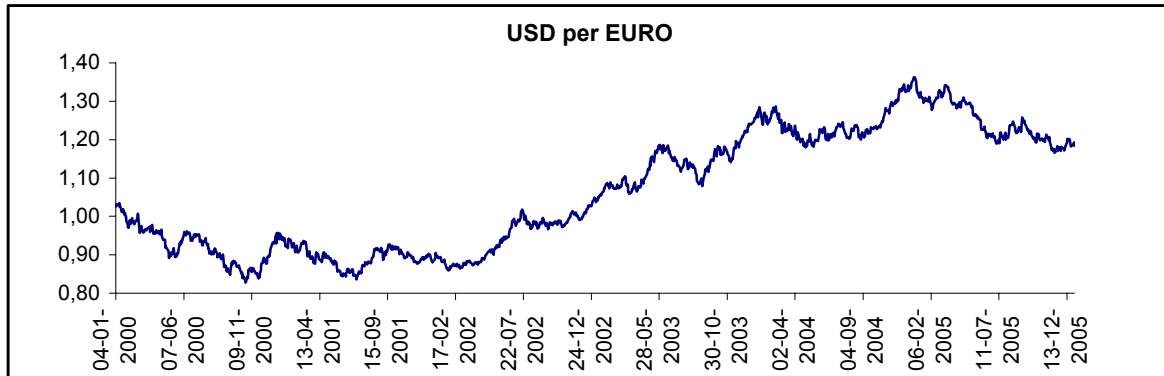
(3) November 2005.

(4) August-October 2005.

(5) October 2005.

**Chart 2****Exchange rate of the euro against the Cyprus pound**Note: The official fluctuation margins of the Cyprus pound against the euro are set equal to  $\pm 15\%$ .

**Chart 3**  
**Major international currencies**  
*(middle rate)*

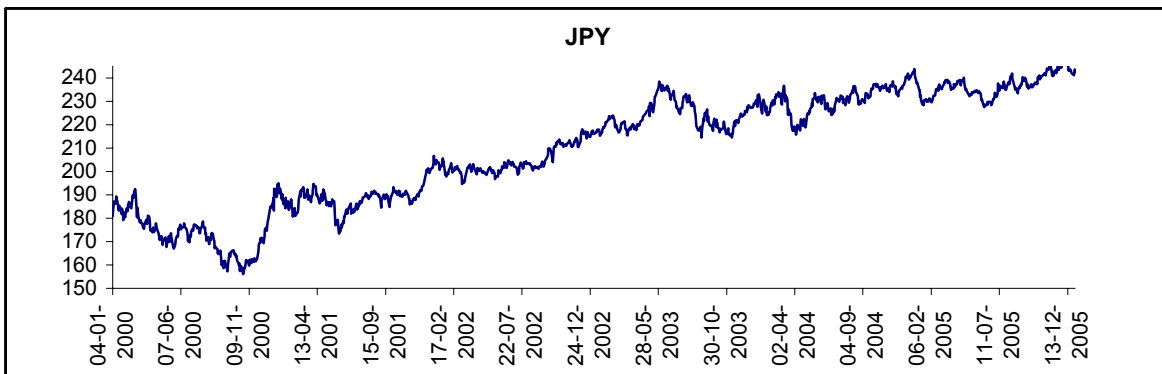
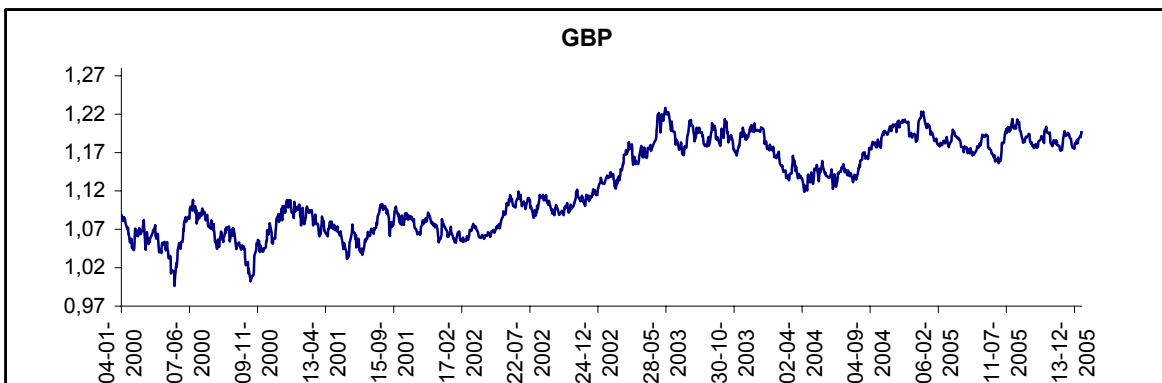
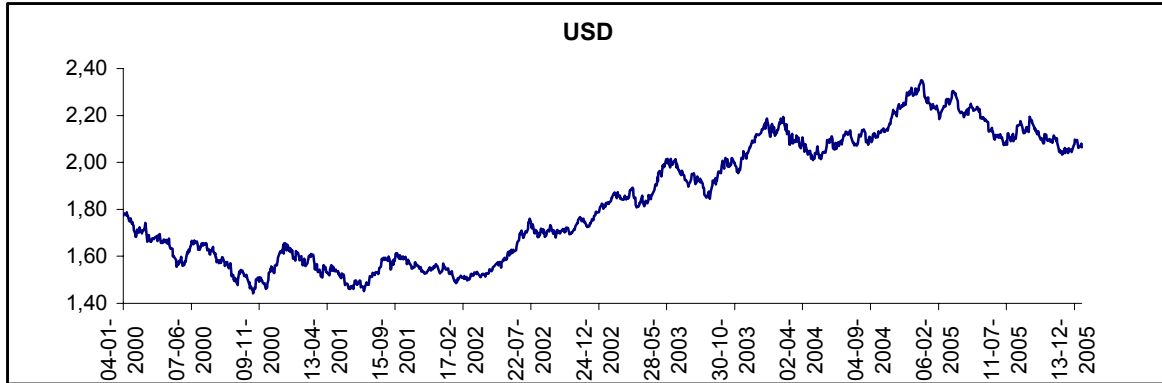


Source: Central Bank of Cyprus.



**Chart 4**

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



Source: Central Bank of Cyprus.

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

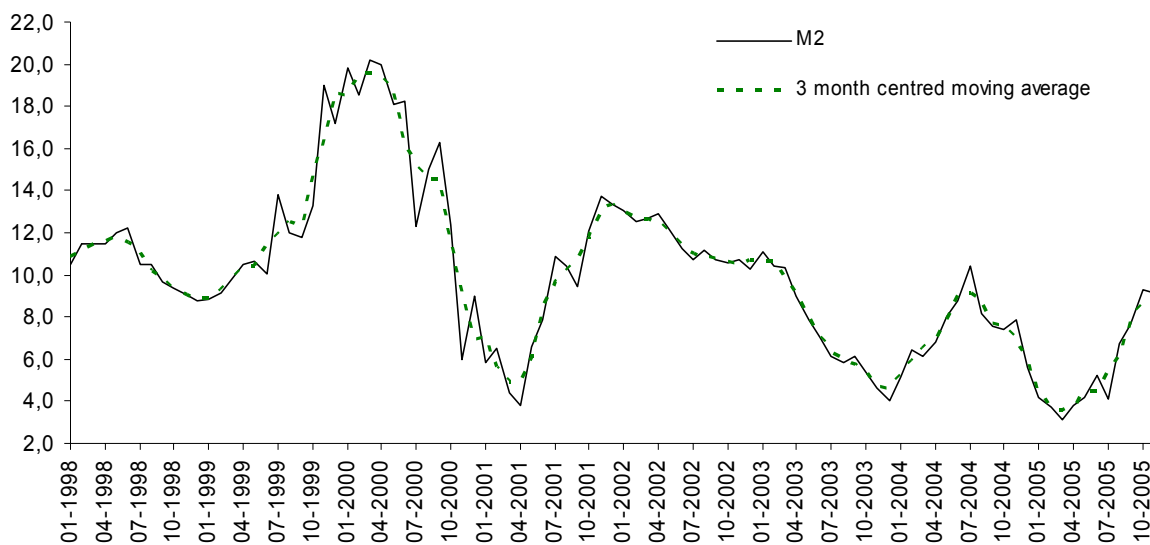
Period	Average exchange rate intervention Foreign currency per Cyprus pound (period average)			Purchases (+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
	Euro	US dollar	Pound sterling	Euro	US dollar	Pound sterling	
<u>Yearly</u>							
2001	1,7314	1,5602	1,0805	755,82	242,99	76,39	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
2003	1,7121	1,9378	1,1849	-259,75	5,16	19,50	-134,01
2004	1,7187	2,1357	1,1663	-91,40	15,75	25,70	-25,52
<u>Quarterly</u>							
2004 Q1	1,7060	2,1398	1,1604	-155,75	2,00	30,20	-64,23
2004 Q2	1,7099	2,0579	1,1409	-19,05	6,50	1,10	-7,49
2004 Q3	1,7271	2,1107	1,1612	199,60	4,95	-19,20	101,02
2004 Q4	1,7317	2,2394	1,2033	-116,20	2,30	13,60	-54,82
2005 Q1	1,7161	2,2496	1,1902	40,10	10,50	30,10	-64,10
2005 Q2	1,7297	2,1785	1,1742	518,15	22,30	4,40	312,86
2005 Q3	1,7443	2,1278	1,1928	250,45	-3,55	0,10	141,83
<u>2004</u>							
January	1,7051	2,1497	1,1799	-83,20	-0,20	9,70	-40,62
February	1,7064	2,1595	1,1555	-23,55	0,00	11,00	-4,25
March	1,7066	2,0954	1,1457	-49,00	2,20	9,50	-19,36
April	1,7058	2,0416	1,1355	-161,15	0,00	1,00	-93,62
May	1,7068	2,0483	1,1471	49,95	0,00	0,00	29,22
June	1,7171	2,0838	1,1402	92,15	6,50	0,10	56,90
July	1,7190	2,1083	1,1454	54,70	5,40	-23,70	13,64
August	1,7290	2,1063	1,1574	78,00	-0,30	4,50	48,89
September	1,7332	2,1175	1,1809	66,90	-0,15	0,00	38,49
October	1,7363	2,1681	1,2007	-23,10	-0,15	2,50	-11,31
November	1,7320	2,2346	1,2084	-85,20	3,35	4,40	-44,14
December	1,7269	2,3156	1,2007	-7,90	-0,90	6,70	0,63
<u>2005</u>							
January	1,7189	2,2561	1,2009	-100,60	0,00	10,90	-49,46
February	1,7149	2,2324	1,1878	-18,00	0,00	12,30	-0,11
March	1,7145	2,2602	1,1868	-42,50	10,05	6,90	-14,53
April	1,7159	2,2208	1,1722	91,35	20,75	4,40	66,32
May	1,7312	2,1958	1,1852	175,45	0,05	0,00	101,53
June	1,7419	2,1189	1,1653	251,35	1,50	0,00	145,01
July	1,7432	2,0992	1,1992	49,00	0,00	0,00	28,10
August	1,7453	2,1395	1,1831	134,05	-3,40	0,00	75,27
September	1,7445	2,1447	1,1960	67,40	-0,15	-0,10	38,46
October	1,7447	2,0961	1,1892	140,30	0,80	0,00	80,78
November	1,7437	2,0558	1,1845	95,15	-0,15	0,90	55,24
December	1,7438	2,0691	1,1845	56,60	-0,15	2,00	34,07

Source: Central Bank of Cyprus.

**Chart 5**

**M2 growth**

(annual percentage change, monthly data)

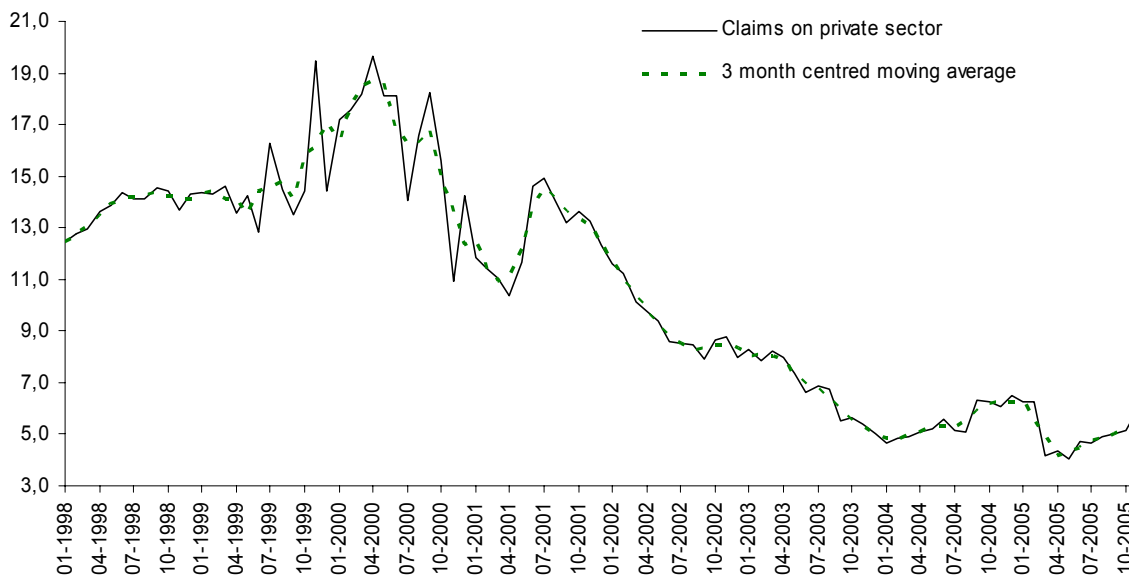


Source: Central Bank of Cyprus.

**Chart 6**

**Growth of claims on private sector**

(annual percentage change, monthly data)



Source: Central Bank of Cyprus.

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

	Outstanding amount as a percentage % of M2 <sup>(1)</sup>	Annual percentage change			
		2004 Oct.	2004 Nov.	2005 Oct.	2005 Nov.
<b>Money supply (M1)</b>	<b>17,4</b>	<b>11,4</b>	<b>19,6</b>	<b>20,3</b>	<b>13,2</b>
Currency in circulation	5,3	12,7	11,5	8,9	9,8
Demand deposits	12,1	10,8	23,7	26,1	14,7
<b>Quasi-money</b>	<b>82,6</b>	<b>6,7</b>	<b>5,8</b>	<b>7,2</b>	<b>8,4</b>
<b>Total money supply (M2)</b>	<b>100,0</b>	<b>7,4</b>	<b>7,9</b>	<b>9,3</b>	<b>9,2</b>
Claims on private sector <sup>(2)</sup>		6,2	6,1	5,2	5,9
of which in foreign currency		13,9	19,2	25,2	26,0
Claims on public sector		-3,0	-7,7	1,6	13,1

Source: Central Bank of Cyprus.

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

(2) In March 2005 the banks wrote off a number of old loans for which provisions had already been made. As a result the growth of claims on the private sector was reduced. Adjusting for the above, the growth rates for October and November 2005 are 6,9% and 7,7%, respectively.

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

(outstanding amounts at end of period, CYP thousand)

	2004 Oct.	2004 Nov.	2005 Oct.	2005 Nov.
<b>Money supply (M1)</b>	<b>1.396.985</b>	<b>1.483.332</b>	<b>1.679.998</b>	<b>1.678.464</b>
Currency in circulation	475.766	464.986	518.122	510.386
Demand deposits	830.496	885.038	1.008.454	1.057.809
Deposits in foreign currency	90.723	133.308	153.422	110.269
<b>Quasi-money</b>	<b>7.424.649</b>	<b>7.372.657</b>	<b>7.958.922</b>	<b>7.988.514</b>
Saving deposits	305.501	303.203	337.548	339.673
Time deposits	6.553.291	6.496.626	6.720.535	6.738.558
Deposits in foreign currency	565.857	572.828	900.839	910.283
<b>Total money supply (M2)</b>	<b>8.821.634</b>	<b>8.855.989</b>	<b>9.638.920</b>	<b>9.666.978</b>
Net foreign assets	1.069.731	1.223.174	1.762.732	1.723.826
Claims on private sector	8.602.770	8.599.435	9.045.824	9.110.058
of which in foreign currency	882.846	908.428	1.105.413	1.144.956
Claims on public sector	1.952.429	1.788.721	1.984.638	2.022.879
Unclassified items	-2.803.296	-2.755.341	-3.154.274	-3.189.785

Source: Central Bank of Cyprus.

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

	Outstanding amount as a percentage % of total <sup>(2)</sup>	Annual percentage change			
		2004 Oct.	2004 Nov.	2005 Oct.	2005 Nov.
Public institutions and corporations <sup>(3)</sup>	3,17	5,7	6,1	7,2	9,1
Agriculture	1,08	2,1	3,1	-9,3	-9,9
Mining	0,29	-5,6	-7,9	5,5	5,5
Manufacturing	5,29	-2,2	-4,3	-1,8	-0,7
Transport and communications	0,97	-10,4	-19,1	-17,6	-6,9
Foreign and domestic trade	15,86	-3,3	-4,4	-1,1	-0,1
Building and construction	17,63	15,3	16,1	9,3	10,7
Tourism	8,59	4,5	3,7	-2,4	-1,7
Personal and professional loans	47,08	11,5	13,0	10,3	10,0
Bills discounted: Local	0,03	-26,5	-31,0	-17,4	-11,7
Foreign	0,01	-14,4	-26,1	-30,2	-34,3
<b>Total</b>	<b>100,00</b>				

Source: Central Bank of Cyprus.

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

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

(3) Including government loans.

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

	2004 Oct.	2004 Nov.	2005 Oct.	2005 Nov.
Public institutions and corporations <sup>(2)</sup>	280.602	281.021	300.920	306.615
Agriculture	114.935	115.377	104.290	103.985
Mining	26.915	26.577	28.397	28.031
Manufacturing	528.728	514.718	519.230	511.093
Transport and communications	109.609	100.144	90.365	93.274
Foreign and domestic trade	1.548.623	1.534.616	1.531.533	1.532.382
Building and construction	1.521.482	1.538.682	1.662.929	1.703.839
Tourism	845.268	844.312	824.796	829.859
Personal and professional loans	4.088.820	4.134.659	4.510.513	4.549.003
Bills discounted: Local	2.975	2.822	2.456	2.491
Foreign	2.237	2.187	1.562	1.437
<b>Total</b>	<b>9.070.194</b>	<b>9.095.115</b>	<b>9.576.991</b>	<b>9.662.009</b>

Source: Central Bank of Cyprus.

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

(2) Including government loans.

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

	2002	2003	2004	2004 Nov.	2005 Oct.	2005 Nov.
<i>(outstanding amounts at end of period, CYP million)</i>						
Foreign currency loans to residents	785,2	799,0	909,9	908,4	1105,4	1145,0
Claims on private sector	7904,1	8302,0	8844,2	8599,4	9045,8	9110,1
Share %	9,9	9,6	10,3	10,6	12,2	12,6
<i>(12 month change, CYP million)</i>						
Foreign currency loans to residents	52,1	13,8	110,9	146,1	222,6	236,5
Claims on private sector	584,0	397,9	542,2	492,5	443,1	510,6
Share %	8,9	3,5	20,5	29,7	50,2	46,3

Source: Central Bank of Cyprus.

(1) From domestic banks.

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

	2003	2004	November		Jan.-Nov.	
			2004	2005	2004	2005
<b>Foreign cardholder spending in Cyprus</b>						
Value (CYP thousand)	214.208	232.671	16.912	16.818	222.173	233.758
Annual % change	4,0	8,6	12,4	-0,6	9,1	5,2
<b>Local cardholder spending in Cyprus</b>						
Value (CYP thousand)	526.847	591.912	51.064	57.286	520.742	579.330
Annual % change	15,0	12,3	14,6	12,2	13,0	11,3
<b>Local cardholder spending abroad</b>						
Value (CYP thousand)	178.470	195.009	17.198	24.340	178.105	220.814
Annual % change	13,1	9,3	17,4	41,5	9,6	24,0

Source: JCC Payment Systems.

**Table 10****Banking system's liquidity position***(CYP million, period averages of daily positions)*

	Liquidity - providing factors					Liquidity - absorbing factors						Credit institutions current accounts (MRA)	Base money  (6+7+9+12)
	Net assets in gold and foreign currency (NFA)	Monetary policy operations				Deposit facility (overnight)	Other liquidity-absorbing operations (additional, special & S.M.E. dep.)	Rev-repos & depots	Currency in circulation	Central govern. deposits (net) <sup>(1)</sup>	Other factors (net)		
		Main refinancing operations (repos)	Long-term refinancing operations	Marginal lending facility (lombard)	Other liquidity providing operations (swap)								
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003 Nov.	1.122,7	0,0	0,0	0,6	0,0	31,2	79,3	107,7	461,5	-286,9	199,2	531,4	1.103,4
Dec.	1.173,1	0,0	0,0	4,8	0,0	17,8	79,5	47,4	496,3	-217,9	222,7	532,1	1.125,7
2004 Jan.	1.214,1	0,0	0,0	0,0	0,0	55,4	79,3	151,9	491,2	-290,8	192,9	534,2	1.160,1
Feb.	1.185,3	0,0	0,0	0,0	0,0	22,2	79,4	169,0	477,0	-304,4	194,2	547,9	1.126,5
Mar.	1.151,2	0,0	0,0	2,2	0,0	17,4	79,6	140,3	478,6	-313,8	199,7	551,5	1.127,2
Apr.	1.121,0	0,0	0,0	0,7	0,0	29,7	79,3	93,3	503,7	-365,8	226,1	555,2	1.168,0
May	1.038,5	0,0	0,0	6,0	0,2	8,0	79,3	0,0	509,8	-416,2	223,1	640,6	1.237,7
June	1.108,4	0,0	0,0	0,0	0,0	32,9	79,4	0,0	519,6	-374,9	214,7	636,8	1.268,6
July	1.340,1	0,0	0,0	0,0	0,0	42,1	79,5	61,2	533,4	-190,3	175,0	639,4	1.294,3
Aug.	1.499,7	0,0	0,0	0,0	0,0	44,5	79,4	151,6	536,1	-140,6	185,9	642,9	1.302,8
Sep.	1.429,8	0,0	0,0	2,0	0,0	31,9	79,3	162,7	531,1	-208,9	191,0	644,6	1.286,9
Oct.	1.393,1	0,0	0,0	0,0	0,0	24,3	79,4	121,1	529,0	-192,1	185,5	645,8	1.278,6
Nov.	1.376,0	0,0	0,0	0,0	0,0	15,8	79,3	82,2	516,3	-144,9	184,1	643,2	1.254,6
Dec.	1.441,6	0,0	0,0	10,0	0,0	12,9	79,3	0,0	543,5	-29,0	201,9	642,9	1.278,6
2005 Jan.	1.419,9	0,0	0,0	0,6	0,0	50,7	79,6	114,2	537,8	-142,3	139,9	640,8	1.308,8
Feb.	1.425,9	0,0	0,0	0,6	0,3	11,4	79,4	55,0	520,7	-36,0	149,0	647,3	1.258,8
Mar.	1.432,9	0,0	0,0	0,3	0,0	25,2	79,3	28,4	524,0	-48,4	178,9	646,2	1.274,8
Apr.	1.361,7	0,0	0,0	0,1	0,0	63,7	79,3	17,3	537,7	-191,8	208,2	647,7	1.328,1
May	1.395,2	0,0	0,0	0,0	0,0	33,4	79,3	72,9	554,6	-204,1	210,1	648,9	1.316,3
Jun.	1.510,9	0,0	0,0	6,2	0,1	36,2	79,7	68,3	568,4	-114,8	224,1	655,2	1.339,6
Jul.	1.571,9	0,0	0,0	0,4	0,0	31,9	79,6	88,1	586,5	-62,2	182,6	665,8	1.363,8
Aug.	1.596,2	0,0	0,0	0,0	0,0	37,7	79,4	93,5	587,6	-58,1	185,2	670,8	1.375,5
Sep.	1.638,9	0,0	0,0	0,0	0,0	87,5	79,4	198,7	579,4	-119,0	200,2	612,7	1.359,1
Oct.	1.712,1	0,0	0,0	7,3	0,0	55,1	79,3	168,1	579,7	-12,5	231,5	618,1	1.332,3
Nov.	1.772,0	0,0	0,0	0,0	0,0	181,7	79,3	173,7	566,4	-41,3	246,6	565,6	1.393,1

Source: Central Bank of Cyprus.

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

**Table 11**
**Inflation and interest rates in Europe and Cyprus - November 2005**

(latest 12-month average)

	Inflation ( HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria	2,20	3,41	1,21
Belgium	2,50	3,45	0,95
Czech Republic	1,60	3,55	1,95
Denmark	1,60	3,45	1,85
Estonia <sup>(1)</sup>	4,20	4,04	-0,16
Finland	0,70	3,38	2,68
France	1,90	3,43	1,53
Germany	1,90	3,37	1,47
Greece	3,50	3,60	0,10
Hungary	3,70	6,62	2,92
Ireland <sup>(1)</sup>	2,20	3,41	1,21
Italy	2,20	3,58	1,38
Latvia	6,90	3,96	-2,94
Lithuania	2,70	3,71	1,01
Luxembourg	3,80	3,39	-0,41
Malta	2,40	4,58	2,18
Netherlands	1,40	3,40	2,00
Poland	2,50	5,29	2,79
Portugal	2,10	3,45	1,35
Slovakia	2,90	3,60	0,70
Slovenia	2,50	3,84	1,34
Spain	3,30	3,41	0,11
Sweden	0,80	3,43	2,63
United Kingdom	2,00	4,48	2,48
Eurozone	2,20	3,44	1,24
EU -25	2,20	3,73	1,53
<b>Cyprus</b>	<b>2,20</b>	<b>5,34</b>	<b>3,14</b>

Sources: Eurostat and European Central Bank.

(1) Data for October 2005.



**Table 12****Selected official interest rates***(percent per annum, changes in percentage points)*

		change
<b>European Central Bank</b>		
<i>(1 December 2005)</i>		
Minimum bid rate on the main refinancing operations	2,25	+0,25
Interest rate on the marginal lending facility	3,25	+0,25
Interest rate on the deposit facility	1,25	+0,25
<b>Bank of England</b>		
<i>(8 December 2005)</i>		
Repo rate	4,50	-
<b>Federal Reserve</b>		
<i>(13 December 2005)</i>		
Federal funds rate	4,25	+0,25
Discount rate	5,25	+0,25
<b>Central Bank of Cyprus</b>		
<i>(2 December 2005)</i>		
Minimum bid rate on the main refinancing operations	3,25	-
Maximum bid rate on the liquidity absorbing operations	3,25	-
Interest rate on the marginal lending facility	4,25	-
Interest rate on the deposit facility	2,25	-

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

**Table 13**
**Official interest rates**

(percent per annum, period averages)

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

Source: Central Bank of Cyprus.

(1) The first operation for the acceptance of deposits was conducted on 9 October 2001 with a maximum bid rate of 4,50%.

**Table 14**
**Interest rates**

(percent per annum, period averages)

	2003	2004	2005	2004 Dec.	2005 Oct.	2005 Nov.	2005 Dec.
Interbank (1day)	3,35	3,92	3,27	4,73	2,85	2,62	2,51
Acceptance of deposits operations	3,45	3,89	3,28	-	2,90	2,79	2,51
Treasury bills (13 weeks)	3,51	4,21	4,26	-	-	-	-
Treasury bills (52 weeks)	3,70	4,76	4,29	-	-	-	3,12
Development stocks (2 years)	3,83	5,14	4,74	-	-	-	-
Development stocks (5 years)	4,49	5,93	5,68	6,21	-	-	-
Development stocks (10 years)	4,70	6,07	5,16	6,26	-	-	4,08
Development stocks (15 years)	4,81	6,31	5,61	-	-	-	-

Source: Central Bank of Cyprus.

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

Date of settlement	Bids (amount)	Allotment (amount)	Variable rate tenders				Running for (...) days
			Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate	
2005 19 May	164,0	120,0	4,25	3,65	3,62	3,73	14
02 Jun.	223,0	140,0	3,75	3,23	3,00	3,74	7
09 Jun.	141,0	60,0	3,75	3,60	3,12	3,75	7
16 Jun.	88,5	30,0	3,25	2,60	2,60	2,60	14
30 Jun.	159,5	110,0	3,25	2,64	2,56	2,90	14
14 Jul.	151,5	70,0	3,25	2,62	2,60	2,67	14
28 Jul.	122,0	80,0	3,25	2,62	2,58	2,78	14
11 Aug.	122,0	80,0	3,25	2,69	2,65	2,72	14
25 Aug.	209,0	140,0	3,25	2,73	2,61	3,24	7
01 Sep.	317,2	200,0	3,25	2,65	2,60	2,72	14
15 Sep.	327,5	200,0	3,25	2,57	2,56	2,59	14
29 Sep.	303,0	180,0	3,25	2,53	2,52	2,55	14
13 Oct.	290,0	200,0	3,25	3,22	2,58	3,25	14
27 Oct.	150,0	50,0	3,25	2,55	2,47	2,59	14
10 Nov.	417,5	250,0	3,25	2,91	2,48	3,12	14
24 Nov.	396,5	180,0	3,25	2,53	2,50	2,54	14
08 Dec.	411,0	200,0	3,25	2,48	2,48	2,49	14
22 Dec.	455,5	300,0	3,25	2,54	2,43	3,25	14

Source: Central Bank of Cyprus.

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

**Table 16**
**Money market interest rates**

(percent per annum, period averages)

	Cyprus					Euro area				
	Overnight deposits	2-7 days deposits	1-month deposits	1-6 months deposits	6-12 months deposits	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)
2004 Nov.	4,20	4,44	4,83	5,38	-	2,09	2,11	2,17	2,22	2,33
Dec.	4,73	4,82	5,00	5,55	-	2,05	2,17	2,17	2,21	2,30
2005 Jan.	4,25	4,42	4,83	4,44	-	2,08	2,11	2,15	2,19	2,31
Feb.	4,38	4,53	4,60	-	5,18	2,06	2,10	2,14	2,18	2,31
Mar.	4,16	4,43	4,63	4,89	5,15	2,06	2,10	2,14	2,19	2,34
Apr.	3,83	4,14	4,55	-	5,15	2,08	2,10	2,14	2,17	2,27
May	3,47	4,10	-	4,30	5,10	2,07	2,10	2,13	2,14	2,19
June	3,11	3,49	3,31	3,75	-	2,06	2,10	2,11	2,11	2,10
July	2,70	3,12	2,85	3,44	-	2,07	2,11	2,12	2,13	2,17
Aug.	2,75	3,01	2,90	-	4,10	2,06	2,11	2,13	2,16	2,22
Sep.	2,55	2,91	2,83	-	-	2,09	2,12	2,14	2,17	2,22
Oct.	2,85	2,99	2,87	3,98	-	2,07	2,12	2,20	2,27	2,41
Nov.	2,62	2,84	2,90	5,75	-	2,09	2,22	2,36	2,50	2,68
Dec.	2,51	2,85	2,95	3,31	-					

Sources: Central Bank of Cyprus and European Central Bank.

**Table 17****Bank interest rates<sup>(1,2)</sup>***(percent per annum)*

	Lending rates					Deposit rates		
	Enterprises: overdraft within limits	Enterprises: secured loans	Personal: secured loans	Housing: loans secured by assignment of life policy	Credit cards	Current accounts	3 month notice - over CYP5000	1 year fixed deposits - over CYP5000
2003 Nov.	6,92	6,90	7,53	6,30	10,50	0,42	3,35	3,48
Dec.	6,92	6,90	7,53	6,30	10,50	0,44	3,35	3,45
2004 Jan.	6,92	6,90	7,53	6,30	10,50	0,44	3,35	3,43
Feb.	6,92	6,90	7,53	6,30	10,50	0,45	3,35	3,42
Mar.	6,92	6,90	7,53	6,30	10,50	0,44	3,35	3,43
Apr.	6,92	6,90	7,53	6,30	10,50	0,42	3,35	3,40
May	7,92	7,90	8,53	7,30	11,50	0,69	4,41	3,88
June	7,92	7,90	8,53	7,30	11,50	0,66	4,42	4,04
July	7,92	7,90	8,53	7,30	11,50	0,66	4,43	4,08
Aug.	7,92	7,90	8,53	7,30	11,50	0,67	4,61	4,11
Sep.	7,92	7,92	8,55	7,30	11,50	0,66	4,44	4,14
Oct.	7,92	7,92	8,55	7,30	11,50	0,66	4,44	4,18
Nov.	7,92	7,92	8,55	7,30	11,50	0,64	4,44	4,21
Dec.	7,92	7,92	8,55	7,30	11,50	0,63	4,44	4,21
2005 Jan.	7,92	7,92	8,55	7,30	11,50	0,66	4,47	4,32
Feb.	7,90	7,91	8,60	7,30	11,67	0,67	4,39	4,36
Mar.	7,61	7,63	8,38	6,76	11,83	0,65	4,37	4,38
Apr.	7,61	7,63	8,38	6,76	11,75	0,64	4,30	4,38
May	7,18	7,20	7,97	6,33	11,83	0,55	4,04	4,07
June	6,69	6,70	7,58	5,76	12,00	0,39	3,47	3,88
July	6,69	6,70	7,47	5,76	12,00	0,42	3,47	3,85
Aug.	6,70	6,69	7,49	5,74	12,00	0,45	3,47	3,82
Sep.	6,69	6,69	7,49	5,74	12,00	0,46	3,47	3,79
Oct.	6,69	6,68	7,29	5,74	12,00	0,47	3,47	3,75
Nov.	6,69	6,68	7,29	5,72	12,00	0,46	3,48	3,72

Source: Domestic banks.

(1) Reported as end of month.

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

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

	Deposits from households					Deposits from non-financial corporations		
	Overnight	With agreed maturity		Redeemable at notice <sup>(1)</sup>		Overnight	With agreed maturity	
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years
2004 Oct.	0,72	1,90	3,27	2,00	2,52	0,89	2,10	3,89
Nov.	0,73	1,90	3,26	2,01	2,51	0,90	2,12	3,86
Dec.	0,73	1,92	3,24	2,00	2,52	0,90	2,16	3,77
2005 Jan.	0,74	1,91	3,23	1,98	2,49	0,93	2,12	3,73
Feb.	0,74	1,92	3,26	1,97	2,49	0,93	2,11	3,70
Mar.	0,74	1,92	3,22	1,96	2,47	0,94	2,09	3,70
Apr.	0,74	1,93	3,22	1,95	2,45	0,95	2,10	3,57
May	0,75	1,92	3,19	1,97	2,43	0,95	2,10	3,50
June	0,69	1,92	3,22	2,17	2,38	0,91	2,10	3,55
July	0,68	1,91	3,18	2,15	2,34	0,94	2,11	3,49
Aug.	0,69	1,92	3,18	2,03	2,31	0,96	2,10	3,51
Sep.	0,69	1,91	3,19	2,02	2,29	0,96	2,11	3,53

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

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
2004 Oct.	4,69	4,54	4,88	8,05	7,07	5,80	4,41	3,97	4,48
Nov.	4,67	4,52	4,86	7,94	6,98	5,82	4,40	3,96	4,48
Dec.	4,78	4,50	4,83	7,94	7,01	5,80	4,35	3,97	4,44
2005 Jan.	4,78	4,45	4,79	8,07	6,97	5,77	4,41	3,90	4,41
Feb.	4,74	4,45	4,76	8,06	7,03	5,76	4,39	3,92	4,46
Mar.	4,75	4,41	4,78	8,07	6,97	5,77	4,38	3,91	4,40
Apr.	4,69	4,38	4,74	8,02	6,94	5,76	4,34	3,86	4,37
May	4,63	4,36	4,71	8,00	6,87	5,74	4,33	3,85	4,35
June	4,62	4,33	4,67	7,92	6,93	5,72	4,31	3,85	4,35
July	4,57	4,29	4,63	7,89	6,86	5,70	4,30	3,82	4,29
Aug.	4,54	4,24	4,60	7,96	6,86	5,73	4,25	3,80	4,28
Sep.	4,52	4,23	4,60	7,94	6,85	5,70	4,25	3,78	4,26

Source: European Central Bank.

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

**Table 19****Interest rate announcements in 2006**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank <sup>(1)</sup>	12	2	2	6	4	8	6	3	14	5	2	7
Bank of England <sup>(2)</sup>	12	9	9	6	4	8	6	3	7	5	9	7
Federal Reserve <sup>(3)</sup>	31		28		10	28/29		8	20	24		12
Central Bank of Cyprus <sup>(4)</sup>	13	24		7	19		7		1	20		1

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

(2) Repo rate.

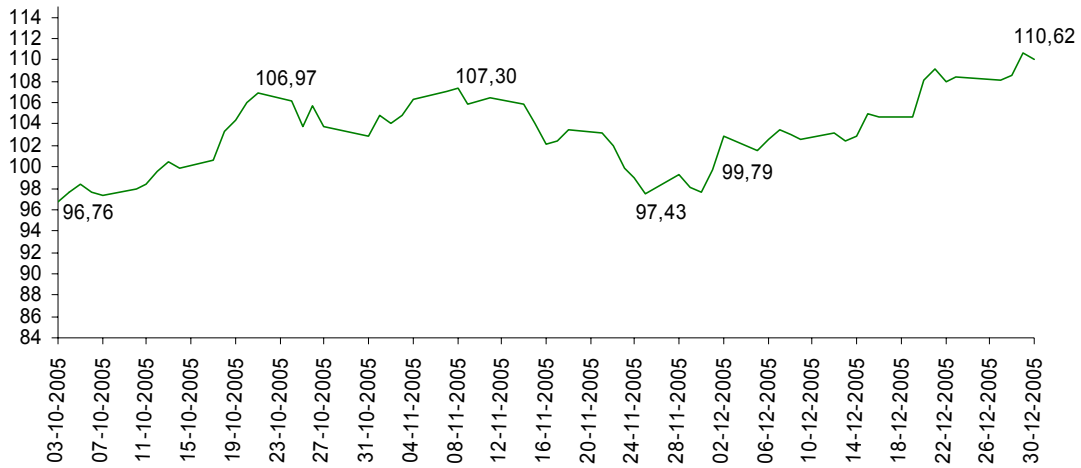
(3) Federal funds rate.

(4) Interest rate on the marginal lending facility.

**Chart 7**

**Cyprus Stock Exchange general index**

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

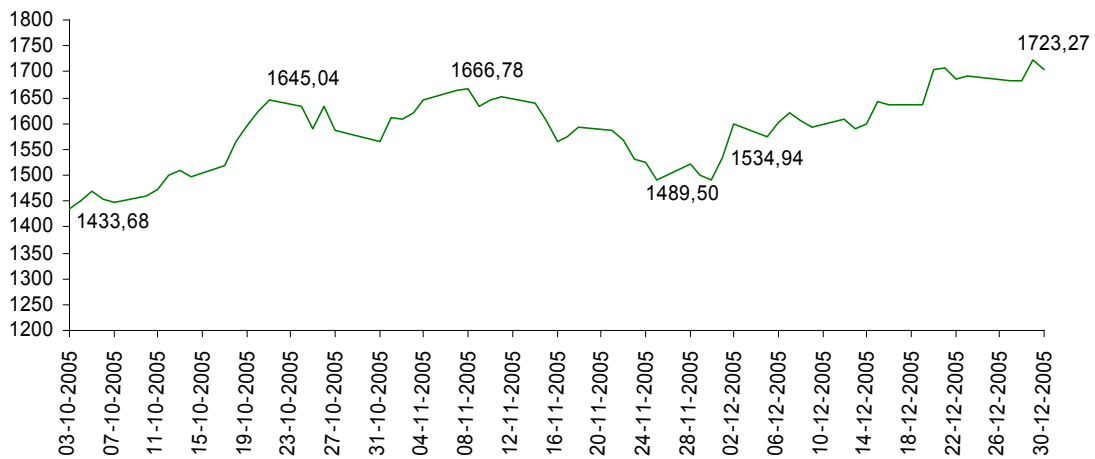


Source: Cyprus Stock Exchange.

**Chart 8**

**Main and parallel market index**

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



Source: Cyprus Stock Exchange.



**Table 20****Cyprus Stock Exchange: purchase and sale of listed shares by non-residents<sup>(1)</sup>***(CYP thousand)*

Geographic origin of non-resident investors	Purchase of listed shares by non-residents							Sale of listed shares by non-residents						
	2003	2004	2005					2003	2004	2005				
			Jul.	Aug.	Sep.	Oct.	Nov.			July	Aug.	Sep.	Oct.	Nov.
<b>EUROPE</b>	<b>5.014,2</b>	<b>7.416,2</b>	<b>94,5</b>	<b>189,1</b>	<b>770,8</b>	<b>704,2</b>	<b>2.005,9</b>	<b>1.199,3</b>	<b>3.938,7</b>	<b>255,5</b>	<b>220,2</b>	<b>266,1</b>	<b>389,9</b>	<b>237,5</b>
EU-25	4.977,4	6.064,4	64,4	155,0	734,0	651,3	1.931,5	1.149,8	3.710,1	225,1	181,8	197,2	342,0	177,7
Greece	4.101,0	5.519,5	46,9	125,4	331,7	628,1	1.761,7	879,3	3.328,1	158,2	139,0	172,3	168,5	166,6
United Kingdom	678,7	265,2	6,2	18,5	125,2	11,4	14,0	216,1	182,5	29,9	35,0	3,5	1,2	10,0
Other European countries	36,8	1.351,8	30,1	34,1	36,8	52,9	74,4	49,5	228,6	30,4	38,3	68,9	47,8	59,8
Russian Federation	17,9	1.131,5	18,1	22,5	21,9	39,3	35,5	3,5	59,3	4,8	31,1	30,6	36,1	36,9
<b>AFRICA</b>	<b>284,1</b>	<b>415,8</b>	<b>4,4</b>	<b>0,0</b>	<b>0,0</b>	<b>3,9</b>	<b>0,0</b>	<b>17,1</b>	<b>295,7</b>	<b>2,7</b>	<b>0,3</b>	<b>10,3</b>	<b>1,7</b>	<b>0,0</b>
North African countries	0,0	0,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8	0,0	0,0	0,0	0,0
Other African countries	284,1	414,9	4,4	0,0	0,0	3,9	0,0	17,1	295,7	0,9	0,3	10,3	1,7	0,0
South Africa	0,5	56,7	2,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	5,2	0,0	0,0
<b>AMERICA</b>	<b>303,0</b>	<b>888,6</b>	<b>0,0</b>	<b>15,9</b>	<b>95,9</b>	<b>51,5</b>	<b>129,7</b>	<b>21,6</b>	<b>1.643,7</b>	<b>0,0</b>	<b>36,0</b>	<b>115,8</b>	<b>34,7</b>	<b>741,3</b>
North American countries	129,7	635,6	0,0	0,0	1,6	8,7	7,8	3,7	80,0	0,0	7,2	0,0	6,4	7,8
United States of America	125,7	634,9	0,0	0,0	0,0	8,7	7,8	3,7	28,7	0,0	7,2	0,0	6,4	7,8
Canada	4,0	0,7	0,0	0,0	1,6	0,0	0,0	0,0	51,3	0,0	0,0	0,0	0,0	0,0
Central American countries	173,3	253,0	0,0	15,9	94,3	42,8	121,9	18,0	1.563,7	0,0	28,8	115,8	28,3	733,5
South American countries	0,0	0,0	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>ASIA</b>	<b>24,1</b>	<b>61,7</b>	<b>13,3</b>	<b>162,0</b>	<b>11,5</b>	<b>3,0</b>	<b>6,7</b>	<b>14,6</b>	<b>12,2</b>	<b>49,2</b>	<b>11,7</b>	<b>14,5</b>	<b>23,8</b>	<b>12,7</b>
West Asia	23,3	17,0	12,8	159,7	9,7	3,0	6,3	14,6	12,2	45,0	11,7	14,5	0,9	11,2
Other Asian countries	0,8	44,8	0,5	2,3	1,8	0,0	0,4	0,0	0,0	4,2	0,0	0,0	22,9	1,5
<b>OCEANIA</b>	<b>26,8</b>	<b>18,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>8,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total</b>	<b>5.652,2</b>	<b>8.800,8</b>	<b>112,2</b>	<b>367,0</b>	<b>878,2</b>	<b>762,5</b>	<b>2.142,3</b>	<b>1.252,6</b>	<b>5.898,5</b>	<b>307,4</b>	<b>268,2</b>	<b>406,8</b>	<b>450,2</b>	<b>991,6</b>

Source: Cyprus Stock Exchange.

(1) Purchase of shares included in the central securities depository as well as shares not included in the central securities depository.

**Table 21**
**Percentage change in the consumer price index by economic origin (%)**

(2002 – 2005)

	Yearly				Quarterly			Dec.	Nov.	Dec.	Jan.-	Jan.-	Jan.-	Weights 1998=100
	2002	2003	2004	2005	2005 II	2005 III	2005 IV	2004/ 2003	2005/ 2004	2005/ 2004	2004/ 2003	2005/ 2004	2005/ 2004	
<b>GENERAL INDEX</b>	<b>2,81</b>	<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>2,41</b>	<b>2,32</b>	<b>2,64</b>	<b>4,20</b>	<b>2,87</b>	<b>1,99</b>	<b>2,28</b>	<b>2,61</b>	<b>2,56</b>	<b>100,00</b>
<b>A LOCAL GOODS</b>	<b>4,35</b>	<b>7,30</b>	<b>5,03</b>	<b>3,90</b>	<b>3,25</b>	<b>4,29</b>	<b>4,27</b>	<b>6,90</b>	<b>4,92</b>	<b>2,61</b>	<b>5,03</b>	<b>4,02</b>	<b>3,90</b>	<b>36,69</b>
A.1 Agricultural	1,79	4,54	3,32	1,34	-2,22	2,19	2,55	10,44	6,51	-5,77	3,32	1,98	1,34	7,93
A.2 Industrial	5,62	7,90	6,09	4,12	4,38	4,17	3,61	6,34	3,29	3,57	6,09	4,17	4,12	27,24
A.2.1 industrial non-petroleum	4,55	6,46	3,36	1,14	1,57	0,44	0,67	3,71	1,00	1,02	3,36	1,15	1,14	22,91
A.2.2 fuel and gas	10,57	14,16	17,18	14,82	14,96	16,94	13,79	17,02	11,14	12,72	17,18	15,01	14,82	4,33
A.3 Electricity	-2,26	10,20	-3,13	11,51	8,78	14,59	22,40	0,78	23,37	24,83	-3,13	10,30	11,51	1,52
<b>B IMPORTED GOODS</b>	<b>-1,69</b>	<b>-2,38</b>	<b>-5,55</b>	<b>-2,47</b>	<b>-2,60</b>	<b>-3,36</b>	<b>-1,70</b>	<b>-0,59</b>	<b>-1,75</b>	<b>-1,39</b>	<b>-5,55</b>	<b>-2,57</b>	<b>-2,47</b>	<b>22,20</b>
B.1 Motor vehicles	-5,07	-8,31	-13,65	-2,42	-2,61	-3,71	-1,57	0,16	-1,71	-1,09	-13,65	-2,55	-2,42	9,43
B.2 Other	0,85	1,81	-0,39	-2,49	-2,59	-3,16	-1,76	-0,99	-1,76	-1,55	-0,39	-2,58	-2,49	12,77
<b>C SERVICES</b>	<b>3,67</b>	<b>4,38</b>	<b>3,23</b>	<b>3,34</b>	<b>3,69</b>	<b>2,74</b>	<b>2,82</b>	<b>3,62</b>	<b>2,74</b>	<b>2,74</b>	<b>3,23</b>	<b>3,40</b>	<b>3,34</b>	<b>41,11</b>
<b>HICP</b>	<b>2,8</b>	<b>4,0</b>	<b>1,9</b>		<b>2,1</b>	<b>1,6</b>		<b>3,9</b>	<b>2,0</b>		<b>1,9</b>	<b>2,0</b>		
<b>Core inflation</b>	<b>2,5</b>	<b>2,5</b>	<b>2,5</b>		<b>1,5</b>	<b>1,0</b>		<b>2,6</b>	<b>1,6</b>		<b>2,5</b>	<b>1,7</b>		
<b>Euro area inflation</b>	<b>2,3</b>	<b>2,1</b>	<b>2,1</b>		<b>2,1</b>	<b>2,3</b>		<b>2,4</b>						

Source: Cystat.

**Table 22****Weighted contribution to the total change in the consumer price index by economic origin (%)**

(2002 – 2005)

	Yearly				Quarterly			Dec.	Nov.	Dec.	Jan.-	Jan.-	Jan.-	Weights 1998=100
	2002	2003	2004	2005	2005 II	2005 III	2005 IV	2004/ 2003	2005/ 2004	2005/ 2004	Dec. 2004/ 2003	Nov. 2005/ 2004	Dec. 2005/ 2004	
<b>GENERAL INDEX</b>	<b>2,81</b>	<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>2,41</b>	<b>2,32</b>	<b>2,64</b>	<b>4,20</b>	<b>2,87</b>	<b>1,99</b>	<b>2,28</b>	<b>2,61</b>	<b>2,56</b>	<b>100,00</b>
<b>A LOCAL GOODS</b>	<b>1,64</b>	<b>2,79</b>	<b>1,98</b>	<b>1,58</b>	<b>1,31</b>	<b>1,73</b>	<b>1,75</b>	<b>2,77</b>	<b>2,01</b>	<b>1,07</b>	<b>1,98</b>	<b>1,62</b>	<b>1,58</b>	<b>36,69</b>
A.1 Agricultural	0,15	0,37	0,27	0,11	-0,18	0,18	0,20	0,86	0,54	-0,50	0,27	0,16	0,11	7,93
A.2 Industrial	1,53	2,22	1,77	1,24	1,32	1,26	1,11	1,89	1,01	1,09	1,77	1,26	1,24	27,24
A.2.1 industrial non-petroleum	1,02	1,47	0,78	0,27	0,37	0,10	0,16	0,89	0,24	0,24	0,78	0,27	0,27	22,91
A.2.2 fuel and gas	0,51	0,74	0,99	0,97	0,95	1,15	0,95	1,01	0,77	0,84	0,99	0,99	0,97	4,33
A.3 Electricity	-0,05	0,20	-0,07	0,23	0,17	0,29	0,44	0,02	0,46	0,49	-0,07	0,20	0,23	1,52
<b>B IMPORTED GOODS</b>	<b>-0,35</b>	<b>-0,48</b>	<b>-1,04</b>	<b>-0,43</b>	<b>-0,45</b>	<b>-0,58</b>	<b>-0,29</b>	<b>-0,10</b>	<b>-0,30</b>	<b>-0,23</b>	<b>-1,04</b>	<b>-0,45</b>	<b>-0,43</b>	<b>22,20</b>
B.1 Motor vehicles	-0,46	-0,69	-1,00	-0,15	-0,16	-0,23	-0,09	0,01	-0,10	-0,06	-1,00	-0,16	-0,15	9,43
B.2 Other	0,10	0,21	-0,04	-0,28	-0,29	-0,35	-0,19	-0,11	-0,19	-0,17	-0,04	-0,29	-0,28	12,77
<b>C SERVICES</b>	<b>1,52</b>	<b>1,83</b>	<b>1,35</b>	<b>1,41</b>	<b>1,55</b>	<b>1,17</b>	<b>1,18</b>	<b>1,53</b>	<b>1,15</b>	<b>1,15</b>	<b>1,35</b>	<b>1,44</b>	<b>1,41</b>	<b>41,11</b>

Source: Cystat.

**Table 23**
**Percentage change in the consumer price index by category of goods and services (%)**

(2002 – 2005)

	Yearly				Quarterly			Dec.	Nov.	Dec.	Jan.-	Jan.-	Jan.-	Weights 1998=100
	2002	2003	2004	2005	2005 II	2005 III	2005 IV	2004/ 2003	2005/ 2004	2005/ 2004	Dec. 2004/ 2003	Nov. 2005/ 2004	Dec. 2005/ 2004	
<b>GENERAL INDEX</b>	<b>2,81</b>	<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>2,41</b>	<b>2,31</b>	<b>2,64</b>	<b>4,19</b>	<b>2,87</b>	<b>1,99</b>	<b>2,28</b>	<b>2,61</b>	<b>2,56</b>	<b>100,00</b>
Food & non-alcoholic beverages	4,58	5,11	3,97	<b>1,59</b>	0,06	1,50	2,25	6,32	4,03	-1,16	3,97	1,85	1,59	18,20
Alcoholic beverages & tobacco	13,32	24,22	10,57	<b>0,23</b>	0,79	-0,72	-0,57	2,19	-0,57	-0,10	10,57	0,26	0,23	1,78
Clothing & footwear	-3,46	1,19	-0,79	<b>-2,24</b>	-0,67	-4,49	-1,39	1,36	-0,10	-0,35	-0,79	-2,41	-2,24	8,22
Housing, water, electricity & gas	4,08	5,04	4,19	<b>5,41</b>	5,35	5,59	5,98	5,22	5,68	5,92	4,19	5,36	5,41	21,27
Furnishings, household equipment & supplies	0,81	3,59	-0,45	<b>0,58</b>	0,26	1,43	0,32	0,99	0,13	0,05	-0,45	0,63	0,58	7,08
Health	4,70	5,66	3,72	<b>0,36</b>	0,47	-0,08	-1,03	3,98	-1,29	-1,29	3,72	0,51	0,36	4,92
Transport	0,39	0,35	-3,06	<b>3,79</b>	3,28	3,93	4,55	3,70	3,81	4,45	-3,06	3,73	3,79	17,42
Communications	-8,81	-7,16	-8,48	<b>-10,34</b>	-7,56	-11,52	-12,39	-10,76	-12,39	-12,39	-8,48	-10,15	-10,34	1,79
Recreation & culture	2,20	3,55	2,26	<b>1,06</b>	2,50	0,00	-0,69	2,85	-0,72	-0,64	2,26	1,21	1,06	5,88
Education	5,71	4,02	3,96	<b>5,21</b>	5,60	5,32	4,33	5,60	4,24	4,24	3,96	5,30	5,21	2,33
Restaurants & hotels	3,97	5,31	4,69	<b>3,30</b>	3,67	2,39	2,21	5,46	2,14	1,88	4,69	3,43	3,30	6,07
Miscellaneous goods & services	5,49	5,50	5,16	<b>3,83</b>	4,17	2,86	3,78	4,85	3,75	4,08	5,16	3,81	3,83	5,04

Source: Cystat.

**Table 24****Weighted contribution to the total change in the consumer price index by category of goods and services (%)**

(2002 – 2005)

	Yearly				Quarterly			Dec.	Nov.	Dec.	Jan.-	Jan.-	Jan.-	Weights
	2002	2003	2004	2005	2005 II	2005 III	2005 IV	2004/ 2003	2005/ 2004	2005/ 2004	2004/ 2003	2005/ 2004	2005/ 2004	
<b>GENERAL INDEX</b>	<b>2,81</b>	<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>2,41</b>	<b>2,31</b>	<b>2,64</b>	<b>4,19</b>	<b>2,87</b>	<b>1,99</b>	<b>2,28</b>	<b>2,61</b>	<b>2,56</b>	<b>100,00</b>
Food & non-alcoholic beverages	0,86	0,97	<b>0,76</b>	<b>0,31</b>	0,01	0,29	0,43	1,22	0,78	-0,23	0,76	0,36	0,31	18,20
Alcoholic beverages & tobacco	0,27	0,54	<b>0,28</b>	<b>0,01</b>	0,02	-0,02	-0,02	0,06	-0,02	0,00	0,28	0,01	0,01	1,78
Clothing & footwear	-0,25	0,08	<b>-0,05</b>	<b>-0,14</b>	-0,05	-0,27	-0,10	0,10	-0,01	-0,02	-0,05	-0,15	-0,14	8,22
Housing, water, electricity & gas	0,88	1,10	<b>0,93</b>	<b>1,22</b>	1,20	1,27	1,35	1,16	1,28	1,33	0,93	1,21	1,22	21,27
Furnishings, household equipment & supplies	0,05	0,23	<b>-0,03</b>	<b>0,04</b>	0,02	0,09	0,02	0,06	0,01	0,00	-0,03	0,04	0,04	7,08
Health	0,25	0,30	<b>0,20</b>	<b>0,02</b>	0,03	0,00	-0,06	0,22	-0,07	-0,07	0,20	0,03	0,02	4,92
Transport	0,07	0,06	<b>-0,51</b>	<b>0,59</b>	0,51	0,62	0,70	0,56	0,59	0,67	-0,51	0,58	0,59	17,42
Communications	-0,13	-0,09	<b>-0,10</b>	<b>-0,11</b>	-0,08	-0,12	-0,12	-0,12	-0,12	-0,12	-0,10	-0,10	-0,11	1,79
Recreation & culture	0,12	0,19	<b>0,12</b>	<b>0,06</b>	0,13	0,00	-0,04	0,15	-0,04	-0,03	0,12	0,07	0,06	5,88
Education	0,14	0,10	<b>0,10</b>	<b>0,13</b>	0,14	0,14	0,11	0,14	0,11	0,11	0,10	0,14	0,13	2,33
Restaurants & hotels	0,26	0,35	<b>0,31</b>	<b>0,23</b>	0,25	0,17	0,15	0,37	0,15	0,13	0,31	0,23	0,23	6,07
Miscellaneous goods & services	0,28	0,29	<b>0,28</b>	<b>0,21</b>	0,23	0,16	0,21	0,26	0,20	0,22	0,28	0,21	0,21	5,04

Source: Cystat.

**Table 25**
**Tourist arrivals<sup>(1)</sup>**  
 (number of persons)

	2000	2001	2002	2003	2004	2005	% change 2003/2002	% change 2004/2003	% change 2005/2004
January	63.553	64.214	54.067	59.529	56.504	58.894	10,1	-5,1	4,2
February	87.243	83.569	71.950	77.972	75.705	72.600	8,4	-2,9	-4,1
March	135.487	137.578	138.625	91.634	111.946	137.075	-33,9	22,2	22,4
April	221.785	237.228	180.481	169.891	191.251	183.561	-5,9	12,6	-4,0
May	299.355	324.901	279.070	231.527	261.646	284.132	-17,0	13,0	8,6
June	302.011	322.835	293.192	262.100	264.799	282.652	-10,6	1,0	6,7
July	362.299	373.385	327.404	318.143	305.978	338.972	-2,8	-3,8	10,8
August	356.686	371.536	301.724	325.390	305.926	336.587	7,8	-6,0	10,0
September	329.964	329.400	306.731	287.358	303.506	302.833	-6,3	5,6	-0,2
October	300.597	269.744	275.840	271.980	278.976	292.273	-1,4	2,6	4,8
November	133.500	107.454	111.327	123.800	114.048	104.822	11,2	-7,9	-8,1
December	93.722	74.887	77.822	83.919	78.723	<i>n.y.a.</i>	7,8	-6,2	<i>n.y.a.</i>
Jan. - Dec.	2.686.202	2.696.731	2.418.233	2.303.243	2.349.008	<i>n.y.a.</i>	-4,8	2,0	<i>n.y.a.</i>
Jan. - Nov.	2.592.480	2.621.844	2.340.411	2.219.324	2.270.285	2.394.401	-5,2	2,3	5,5

Source: Cystat.

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

**Table 26**
**Receipts from tourism<sup>(1)</sup>**  
 (CYP million)

	2000	2001	2002	2003	2004	2005	% change 2004/2003	% change 2005/2004
January	-	24,9	21,6	25,6	21,8	20,7	-15,0	-5,0
February	-	29,1	28,9	31,4	25,4	23,5	-19,1	-7,5
March	-	49,7	59,2	37,8	42,1	47,6	11,2	13,2
April	-	89,9	77,0	67,1	72,1	62,0	7,4	-14,0
May	-	139,1	119,5	92,5	99,5	105,4	7,6	5,9
June	122,9	157,4	139,3	114,8	109,3	113,3	-4,8	3,7
July	162,7	192,0	160,7	152,4	135,1	140,1	-11,4	3,7
August	173,7	205,0	153,8	165,3	148,1	161,3	-10,4	8,9
September	161,9	176,3	157,4	134,1	141,2	137,9	5,3	-2,3
October	135,1	130,2	128,0	112,4	115,9	120,5	3,1	4,0
November	54,1	48,8	51,4	48,7	43,1	<i>n.y.a.</i>	-11,5	<i>n.y.a.</i>
December	36,2	29,2	35,6	32,9	28,8	<i>n.y.a.</i>	-12,4	<i>n.y.a.</i>
Jan. - Dec.	-	1.271,6	1.132,4	1.015,0	982,3	<i>n.y.a.</i>	-3,2	<i>n.y.a.</i>
Jan. - Oct.	-	1.193,6	1.045,4	933,5	910,4	932,3	-2,5	2,4

Source: Cystat.

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

**Table 27****Trade balance data**

(CYP million)

Period	TOTAL TRADE		EXTRA-EU TRADE		INTRA-EU TRADE	
	Total Imports/ Arrivals (cif)	Total Exports/ Dispatches (fob)	Total Imports (cif)	Total Exports (fob)	Arrivals (cif)	Dispatches (fob)
<b>2000</b>	2.402,0	591,9	1.140,9	364,5	1.261,1	227,4
<b>2001</b>	2.528,7	627,9	1.208,8	376,5	1.320,0	251,4
<b>2002</b>	2.486,6	511,3	1.140,9	240,9	1.345,8	270,4
<b>2003</b>	2.304,1	476,8	992,8	198,3	1.311,3	278,5
<b>2004</b>						
May	169,0	56,3	47,0	14,2	122,0	42,1
June	225,1	47,3	70,6	16,4	154,5	30,9
July	221,2	45,5	66,8	16,4	154,4	29,1
August	197,6	35,7	65,1	11,7	132,4	24,0
September	212,7	49,6	68,2	22,5	144,5	27,1
October	238,2	55,7	56,6	24,3	181,6	31,5
November	256,8	52,7	78,6	24,3	178,2	28,5
December	263,9	47,5	86,1	15,0	177,9	32,6
<b>2005</b>						
January	193,1	43,3	62,9	14,4	130,2	29,0
February	209,0	46,8	76,5	18,1	132,5	28,7
March	255,2	61,3	74,0	22,8	181,2	38,5
April	223,6	50,6	78,1	19,0	145,4	31,7
May	238,6	56,2	74,5	16,8	164,1	39,4
June	235,3	57,0	85,3	20,1	149,9	36,8
July	237,1	55,5	78,6	19,6	158,5	35,9
August	215,2	50,3	64,5	18,2	150,7	32,1
September	268,6	64,5	93,1	18,3	175,5	48,3
October	270,8	66,2	86,0	17,2	184,8	49,0
Jan. -Oct. 2003	1.705,6	369,3	751,5	152,3	954,1	217,0
Jan. - Oct. 2004	2.158,6	447,8	757,1	163,3	1.401,5	284,5
Jan. - Oct.2005	2.346,4	484,3	773,5	182,4	1.573,0	369,3
% change 2004/2003	26,6	21,3	0,7	7,2	46,9	31,1
% change 2005/2004 (p)	8,7	23,2	2,2	11,7	12,2	29,8

Source :Cystat

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

**Table 28**  
**Imports (cif) by economic destination**  
 (Cyprus pounds in millions)

	2004 Yearly Value	2004 Sept.	2005 Sept.	2005 Jan.- Sept.	2004/2003 Jan.- Sept.	2005/2004 Sept. % change	2005/2004 Jan.- Sept. % change
<b>Consumer goods</b>	<b>742,3</b>	<b>65,2</b>	<b>75,3</b>	<b>420,8</b>	<b>11,2</b>	<b>15,5</b>	<b>7,5</b>
Non-durable	438,2	38,6	46,7	247,1	0,0		
Semi-durable	176,4	17,7	19,4	98,9	0,0		
Durable	127,6	8,8	9,2	74,8	75,9		
<b>Intermediate inputs</b>	<b>805,4</b>	<b>60,0</b>	<b>60,6</b>	<b>480,1</b>	<b>462,2</b>	<b>1,0</b>	<b>-2,2</b>
Agricultural	42,2	3,8	3,5	23,5	24,7		
Construction and mining	185,7	11,1	13,0	110,4	106,0		
Manufacturing	462,9	34,8	34,1	280,1	266,3		
Transport, storage and communications	27,4	3,6	2,4	15,6	12,5		
Other sectors of the economy	87,1	6,8	7,5	50,3	52,7		
<b>Capital goods</b>	<b>325,5</b>	<b>22,0</b>	<b>39,4</b>	<b>182,1</b>	<b>197,8</b>	<b>79,0</b>	<b>20,0</b>
Agricultural	9,4	0,5	0,7	6,0	4,4		
Construction and mining	24,5	2,2	1,9	15,3	15,3		
Manufacturing	65,5	4,9	4,1	35,5	34,6		
Transport, storage and communications	104,7	6,3	24,7	51,0	77,1		
Other sectors of the economy	121,4	8,1	7,9	74,3	66,5		
<b>Transport equipment and parts thereof</b>	<b>452,2</b>	<b>37,9</b>	<b>26,7</b>	<b>258,6</b>	<b>225,9</b>	<b>-29,4</b>	<b>-13,3</b>
<i>of which:</i>							
passenger cars	360,9	26,5	16,3	166,2	149,8		
spare parts	68,5	5,4	5,2	39,4	39,1		
aircraft and parts	0,1	0,0	0,0	4,3	0,0		
<b>Fuels and lubricants</b>	<b>320,0</b>	<b>26,8</b>	<b>60,2</b>	<b>150,4</b>	<b>238,1</b>	<b>124,7</b>	<b>56,3</b>
<b>Unclassified</b>	<b>33,8</b>	<b>0,9</b>	<b>6,4</b>	<b>18,1</b>	<b>21,2</b>		
<b>Total imports</b>	<b>2.679,3</b>	<b>212,7</b>	<b>268,6</b>	<b>2.075,6</b>	<b>16,3</b>	<b>26,3</b>	<b>8,1</b>

Source: Cystat.



**Table 29****Exports (fob) by economic origin***(Cyprus pounds in millions)*

	2004 Yearly Value	2004 Sept.	2005 Sept.	2004 Jan.- Sept.	2005 Jan.- Sept.	2004/2003 Yearly % change	2005/2004 Sept. % change	2005/2004 Jan.- Sept. % change
<b>Agricultural products (raw)</b>	<b>57,4</b>	<b>5,5</b>	<b>1,0</b>	<b>41,7</b>	<b>35,6</b>	<b>31,8</b>	<b>10,5</b>	<b>-14,7</b>
<i>of which:</i>								
potatoes	16,0	0,0	0,0	15,2	0,1			
other vegetables								
fresh, frozen or dried	4,8	0,5	0,3	3,2	4,4			
citrus fruit	22,3	0,0	0,0	0,0	16,4			
<b>Minerals and industrial products of mineral origin</b>	<b>5,5</b>	<b>0,3</b>	<b>0,3</b>	<b>4,1</b>	<b>4,8</b>	<b>-18,1</b>	<b>-50,1</b>	<b>16,2</b>
<b>Industrial products of agricultural origin</b>	<b>34,1</b>	<b>2,6</b>	<b>2,9</b>	<b>24,8</b>	<b>33,8</b>	<b>4,2</b>	<b>11,1</b>	<b>36,5</b>
<i>of which:</i>								
halloumi cheese	4,2	0,9	1,1	8,3	12,3			
fruit preserved	0,6	0,1	0,1	0,4	0,0			
fruit and vegetable juices	4,9	0,5	0,4	2,4	2,6			
beer	0,7	0,2	0,2	0,3	0,6			
wines	5,2	0,3	0,3	2,9	3,1			
meat	4,1	0,1	0,8	0,7	2,2			
<b>Industrial products of manufacturing origin</b>	<b>132,1</b>	<b>13,8</b>	<b>10,3</b>	<b>103,1</b>	<b>98,7</b>	<b>10,0</b>	<b>-25,5</b>	<b>-4,2</b>
<i>of which:</i>								
cigarettes	11,9	1,5	0,2	8,6	7,4			
cement	3,3	0,1	0,5	2,2	2,8			
pharmaceutical products	49,6	5,0	3,9	36,5	36,4			
articles of paper or of paperboard	5,2	0,4	0,3	2,8	2,3			
clothing	7,7	0,1	0,4	3,4	2,2			
footwear	0,9	0,8	0,2	0,6	0,3			
furniture	4,2	0,5	0,4	2,1	2,5			
<b>Unclassified</b>	<b>0,2</b>	<b>0,3</b>	<b>0,5</b>	<b>0,2</b>	<b>0,8</b>			
<b>Domestic exports</b>	<b>232,3</b>	<b>18,2</b>	<b>14,8</b>	<b>175,9</b>	<b>173,0</b>	<b>12,7</b>	<b>-5,7</b>	<b>-1,7</b>
re-exports	273,4	26,8	38,7	185,9	245,0	21,9	44,3	31,8
shipstores	42,4	4,6	11,1	30,3	67,5			
<b>Total exports</b>	<b>548,0</b>	<b>49,6</b>	<b>64,5</b>	<b>392,1</b>	<b>485,5</b>	<b>14,9</b>	<b>30,2</b>	<b>23,8</b>

Source: Cystat.

**Table 30**

**Turnover volume index of retail trade**

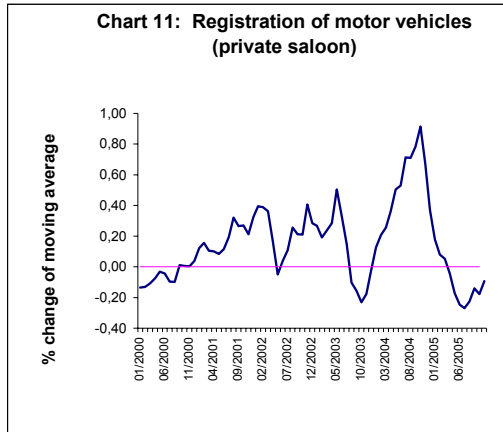
(percentage change by category)

	September 04/03	September 05/04	Jan.-Sept. 04/03	Jan.-Sept. 05/04
General index	<b>1,94</b>	<b>4,40</b>	<b>3,39</b>	<b>4,47</b>
Retail sale in non-specialised stores with food, beverages or tobacco predominating	12,93	5,56	3,86	9,98
Other retail sale in non-specialised stores	2,72	-0,91	2,07	1,61
Retail sale of food, beverages and tobacco in specialised stores	-3,69	10,76	1,30	8,07
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	16,15	15,54	10,25	17,92
Retail sale of textiles, clothing, footwear and leather goods	-0,61	13,89	9,32	2,80
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods				
hardware, paints and glass	6,06	7,88	13,03	7,26
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	-11,7	-3,40	-6,32	-6,46
Retail sale of second-hand goods in stores	47,83	-26,18	2,58	-19,46
Retail sale not in stores	-2,69	-1,12	-8,75	-0,89

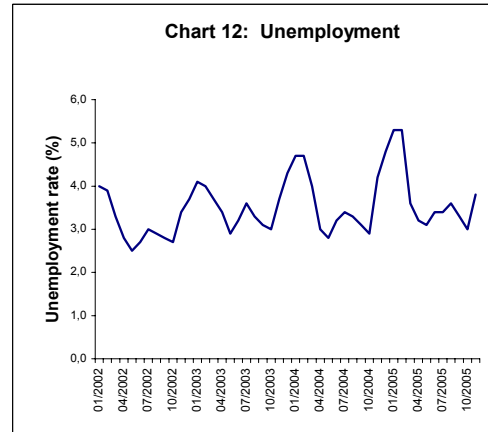
Source: Cystat.

Charts 9 - 12

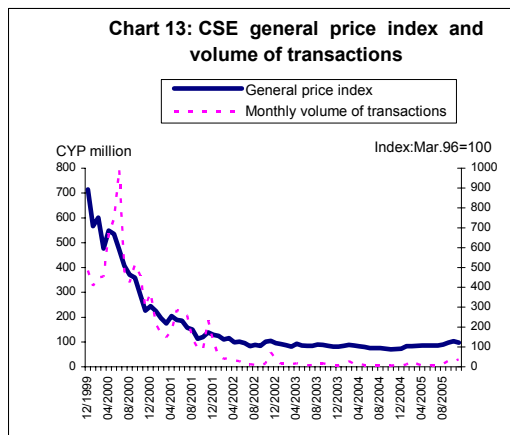
Domestic economic indicators



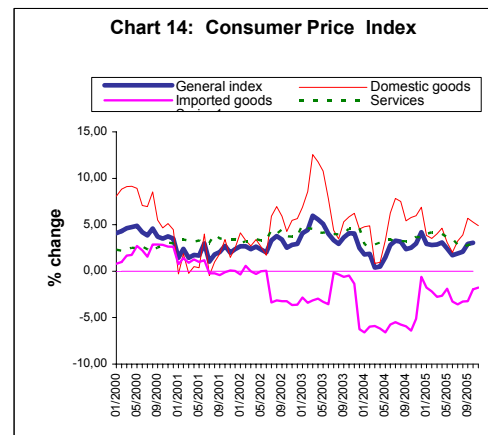
Source: Cystat.



Source: Cystat.



Source: CSE.



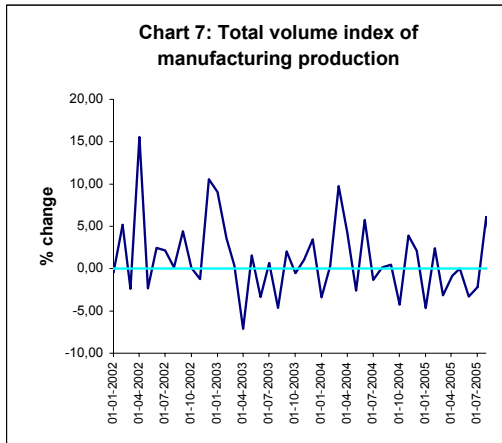
Source: Cystat.

**Table 31**  
**Manufacturing production volume index**

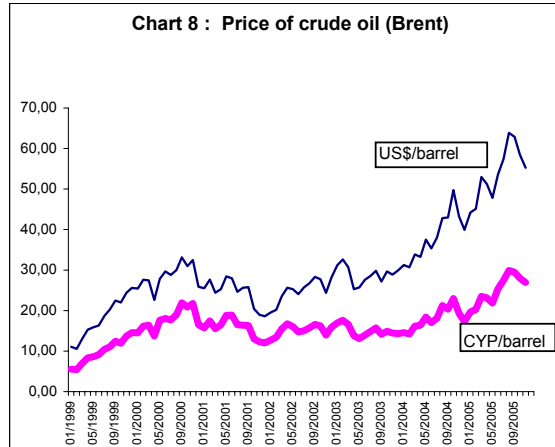
	October 04/03	October 05/04	Jan.-Oct. 04/03	Jan.-Oct. 05/04
General index	-2,8	-0,4	1,1	-0,9
Food products, beverages & tobacco	-13,7	-1,6	-2,6	2,5
Textiles & textile products	-13,6	8,1	-12,2	-8,0
Leather & leather products	-4,6	-24,9	-22,2	-34,9
Wood & wood products	30,7	-1,1	22,0	-0,4
Paper, paper products, publishing & printing	-3,8	-0,8	0,3	-3,0
Refined petroleum products	-96,5	6,3	-62,3	-91,0
Chemicals, chemical products & man-made fibres	9,1	-10,5	7,6	-1,7
Rubber & plastic products	-19,0	4,8	-1,9	-4,0
Other non-metallic mineral products	8,4	-1,9	5,8	1,7
Basic metals & fabricated metal products	-0,9	-0,6	5,6	-3,7
Machinery & equipment n.e.c.	-2,3	6,7	7,0	-2,7
Electrical & optical equipment	-6,5	-4,0	-4,2	-9,9
Transport equipment	-1,8	-1,2	-11,3	2,0
Manufacturing n.e.c.	-3,0	15,7	-0,3	0,7

Source: Cystat.

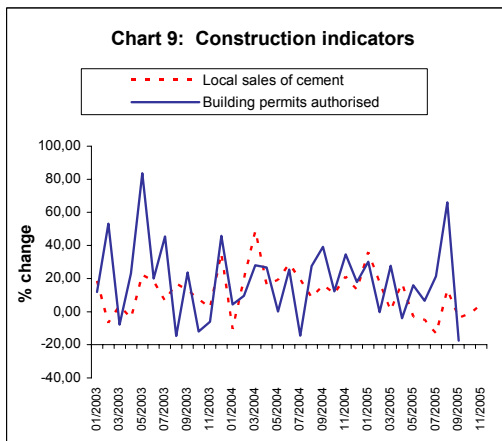
**Charts 13 -16**  
**Domestic economic indicators**



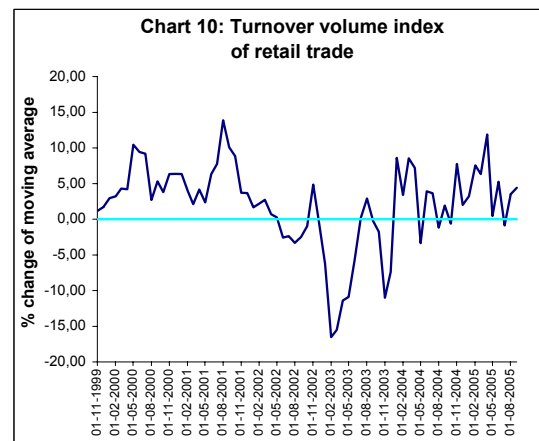
Source: Cystat.



Source: Reuters.



Source: Cystat.



Source: Cystat.

**Table 32****Balance of payments**

(CYP million)

CATEGORIES	2004 (Annual) (P)			2005 Q1 (P)			2005 Q2 (P)			2005 Q3 (P)		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
<b>CURRENT ACCOUNT</b>	<b>4.038,1</b>	<b>4.454,4</b>	<b>-416,3</b>	<b>827,3</b>	<b>1.066,3</b>	<b>-239,0</b>	<b>1.081,7</b>	<b>1.059,8</b>	<b>22,0</b>	<b>1.263,2</b>	<b>1.202,3</b>	<b>60,9</b>
<b>Goods, services and income</b>	<b>3.760,1</b>	<b>4.259,7</b>	<b>-499,6</b>	<b>749,2</b>	<b>1.034,5</b>	<b>-285,3</b>	<b>1.014,5</b>	<b>1.010,8</b>	<b>3,8</b>	<b>1.186,6</b>	<b>1.140,7</b>	<b>45,9</b>
<b>Goods and services</b>	<b>3.458,6</b>	<b>3.673,0</b>	<b>-214,4</b>	<b>683,7</b>	<b>916,2</b>	<b>-232,6</b>	<b>936,4</b>	<b>951,8</b>	<b>-15,4</b>	<b>1.109,4</b>	<b>1.032,1</b>	<b>77,3</b>
<b>Goods</b>	<b>541,0</b>	<b>2.440,3</b>	<b>-1.899,3</b>	<b>151,6</b>	<b>591,8</b>	<b>-440,2</b>	<b>164,6</b>	<b>639,0</b>	<b>-474,5</b>	<b>170,3</b>	<b>679,2</b>	<b>-508,9</b>
<b>Services</b>	<b>2.917,6</b>	<b>1.232,7</b>	<b>1.684,9</b>	<b>532,1</b>	<b>324,4</b>	<b>207,7</b>	<b>771,8</b>	<b>312,7</b>	<b>459,1</b>	<b>939,1</b>	<b>352,9</b>	<b>586,3</b>
Transport	676,6	523,1	153,5	152,7	146,3	6,4	187,5	147,1	40,4	196,9	133,2	63,6
Sea transport	499,2	307,8	191,4	119,0	103,0	16,0	135,6	93,4	42,1	135,0	76,3	58,7
Air transport	168,6	205,4	-36,8	33,0	42,3	-9,2	51,1	52,5	-1,5	60,9	56,6	4,3
Other transportation	8,8	9,9	-1,1	0,7	1,1	-0,4	0,9	1,2	-0,3	1,0	0,3	0,7
Travel	1.054,4	378,2	676,2	104,9	100,9	4,0	296,6	92,8	203,8	458,9	133,4	325,6
Business travel	56,0	13,3	42,7	0,9	1,8	-1,0	0,2	1,9	-1,7	0,2	2,0	-1,8
Personal travel	998,4	364,8	633,6	104,0	99,1	5,0	296,5	90,9	205,6	458,7	131,4	327,3
Communication services	16,5	36,6	-20,1	3,2	9,2	-6,0	2,1	10,3	-8,2	5,4	11,4	-6,0
Construction services	68,4	6,9	61,5	20,2	0,7	19,5	20,4	0,9	19,5	18,3	0,8	17,4
Insurance services	20,9	33,3	-12,4	4,4	9,1	-4,6	6,2	7,3	-1,1	8,0	8,1	-0,1
Financial services	104,6	46,8	57,8	29,2	12,0	17,1	28,2	6,9	21,3	30,9	19,0	11,9
Computer and information services	112,4	11,7	100,7	17,5	6,2	11,3	19,1	2,8	16,3	21,4	3,8	17,7
Royalties and licence fees	8,3	25,0	-16,7	1,2	1,4	-0,1	0,1	1,0	-0,9	2,2	6,5	-4,3
Other business services	687,5	105,5	582,0	156,8	22,7	134,0	167,5	28,4	139,0	165,7	22,1	143,6
Personal, cultural and recreational services	11,6	22,7	-11,1	3,6	6,4	-2,8	3,6	6,7	-3,1	5,2	5,4	-0,2
Government services, n.i.e.	156,3	42,8	113,5	38,4	9,5	28,9	40,6	8,6	32,0	26,1	9,1	17,0
<b>Income</b>	<b>301,5</b>	<b>586,7</b>	<b>-285,2</b>	<b>65,5</b>	<b>118,3</b>	<b>-52,8</b>	<b>78,1</b>	<b>59,0</b>	<b>19,1</b>	<b>77,2</b>	<b>108,6</b>	<b>-31,4</b>
Compensation of employees	14,3	79,2	-64,9	3,8	18,1	-14,3	3,4	13,7	-10,3	3,1	8,0	-4,9
Investment income	287,2	507,6	-220,3	61,7	100,2	-38,5	74,8	45,3	29,4	74,1	100,7	-26,5
<b>Current transfers</b>	<b>278,0</b>	<b>194,7</b>	<b>83,3</b>	<b>78,2</b>	<b>31,8</b>	<b>46,3</b>	<b>67,2</b>	<b>49,0</b>	<b>18,2</b>	<b>76,5</b>	<b>61,6</b>	<b>15,0</b>
General government	85,9	61,3	24,6	32,1	0,9	31,2	29,0	15,6	13,5	26,5	23,9	2,7
Other sectors	192,1	133,4	58,8	46,1	31,0	15,1	38,2	33,4	4,7	50,0	37,7	12,3
<b>Capital and financial account</b>			<b>434,5</b>			<b>269,4</b>			<b>-52,6</b>			<b>-32,1</b>
<b>Capital account</b>	<b>86,1</b>	<b>27,1</b>	<b>59,0</b>	<b>13,5</b>	<b>14,1</b>	<b>-0,5</b>	<b>14,5</b>	<b>5,9</b>	<b>8,6</b>	<b>8,2</b>	<b>5,2</b>	<b>3,0</b>
<b>Financial account</b>			<b>375,5</b>			<b>269,9</b>			<b>-61,1</b>			<b>-35,1</b>
Direct investment			215,8			79,4			26,7			69,3
Abroad			-289,9			-44,2			-47,9			-41,0
In Cyprus			505,7			123,6			74,6			110,3
Portfolio investment			551,8			311,1			-32,3			-54,6
Assets			-839,9			-132,4			-178,2			-233,1
Liabilities			1.391,7			443,5			145,9			178,5
Financial derivatives			-21,2			-4,1			-3,5			-0,4
Other investment			-191,6			-170,1			106,3			-56,8
Assets			-1.383,9			-884,4			-39,0			-1.007,7
Liabilities			1.192,3			714,3			145,3			950,9
Reserve assets			-179,3			53,6			-158,3			7,4
<b>NET ERRORS AND OMISSIONS</b>			<b>-18,2</b>			<b>-30,3</b>			<b>30,6</b>			<b>-28,8</b>

Source: Central Bank of Cyprus.

Note: The totals may not be equal to the sum of the constituent items due to rounding.

**Table 33****Public finances summary: central government and social security fund <sup>(1)</sup>**

	Jan.- Oct. 2005	Jan.- Oct. 2004	Jan.-Oct. 05/04
	CYP million		% Change
<b>Total revenue and grants</b>	<b>2.322,79</b>	<b>1.949,91</b>	<b>19,12</b>
Direct taxes	632,13	446,28	41,64
Income tax	370,58	304,74	21,60
Other direct taxes	261,55	141,54	84,79
Indirect taxes	993,61	906,61	9,60
Value added tax	574,11	483,61	18,71
Excise taxes	276,74	260,94	6,06
Import duty	26,82	44,87	-40,23
Social security contributions	334,52	310,84	7,62
Non-tax revenue	290,12	225,41	28,71
Foreign grants	72,41	60,77	19,16
<b>Total expenditure and net lending</b>	<b>2.291,42</b>	<b>2.128,73</b>	<b>7,64</b>
Current expenditure	2.147,70	2.013,80	6,65
Goods and services	154,81	142,38	8,73
Wages and salaries	636,46	611,55	4,07
Pensions and gratuities	135,63	132,10	2,67
Social pensions	25,21	21,78	15,75
Other current transfers <sup>(2)</sup>	453,65	399,81	13,47
Unallocable expenses <sup>(3)</sup>	10,47	33,45	-68,69
Social security funds payments	383,82	350,06	9,64
Subsidies	43,11	44,94	-4,07
Interest	304,55	277,75	9,65
Capital expenditure	143,71	114,93	25,05
Investment	143,71	114,93	25,05
Capital transfers	0,00	0,00	
Net lending	0,00	0,00	
<b>Fiscal surplus (+)/deficit(-)</b>	<b>31,4</b>	<b>-178,8</b>	
<b>As % of GDP</b>	<b>0,40</b>	<b>-2,45</b>	

Source: Ministry of Finance

(1) The above figures are prepared on a cash basis methodology. Therefore, they are not identical with the figures submitted officially by Cystat to Eurostat as these refer to general government finances and are compiled on an accrual basis.

(2) Includes transfers to semi-governmental organisations, local authorities, pensioners and students.

(3) Includes only expenditure on military equipment.

**Table 34**

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

	Jan.-Sept. 2004	Jan.-Sept. 2005	Jan.-Sept. 05/04
	<i>CYP million</i>		% Change
<b>EXPENDITURE</b>			
Intermediate consumption	224,8	202,1	-10,1
Capital formation	111,7	180,9	62,0
Compensation of employees	786,0	808,6	2,9
Other taxes on productions	0,2	0,3	50,0
Subsidies	41,0	5,7	-86,1
Interest paid	203,5	214,5	5,4
Social benefits	582,6	646,3	10,9
Other current transfers	152,2	203,9	34,0
Capital transfers	33,5	26,3	-21,5
<b>Total expenditure</b>	<b>2.135,4</b>	<b>2.288,6</b>	<b>7,2</b>
<b>REVENUE</b>			
Market output & output for own final use	129,4	158,6	22,6
Taxes on production and imports	853,3	952,9	11,7
<i>of which VAT</i>	480,4	560,2	16,6
Property income	27,1	58,8	117,0
Current taxes on income, wealth, etc	420,4	515,7	22,7
Social contributions	418,3	429,6	2,7
Other current transfers	73,8	103,2	39,8
Capital transfers	11,7	78,5	570,9
<b>Total revenue</b>	<b>1.934,0</b>	<b>2.297,3</b>	<b>18,8</b>
<b>Surplus (+) / Deficit (-)</b>	<b>-201,4</b>	<b>8,7</b>	

Source: Cystat.