



CENTRAL BANK OF CYPRUS
ECONOMIC RESEARCH DEPARTMENT

Concise
Monetary Policy Report

May 2006



Central Bank of Cyprus

Economic Research Department

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Monetary Policy Report

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Symbols, conventions and abbreviations

1. The following symbols are used:

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

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

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

Introduction

World economic growth continued developing satisfactorily, despite the recent rise in oil prices. Consumption expenditure in the US remains at high levels and industrial confidence indicators point towards improved prospects. World economic conditions and, in effect, external demand for euro area exports are encouraging while, at the same time, favourable financing conditions support investment expenditure in the euro area. Regarding monetary policy, on 10 May the US Federal Reserve raised its federal funds rate by 25 basis points for the sixteenth consecutive time. In contrast to the above, the ECB and the Bank of England maintained their interest rates unchanged at their meetings on 4 May. In Japan, deflation continues to recede.

In Cyprus credit to the private sector and the money supply (M2) are rising at worryingly high rates thus fuelling inflationary pressures. More specifically, the annual rate of increase in credit to the private sector by domestic banks rose to 10,1% in March, compared with 7,4% in February 2006 and 4,1% in March 2005. M2 grew at an annual rate of 13,1% in March, compared with 12,9% in February and 3,2% in March of the preceding year. In the money market surplus liquidity continued to prevail.

Inflation rose to 2,96% in April compared with 3,23% in March 2006 and 3,08% in April of 2005. Compared to March 2006 there was a fall in the prices of imported products excluding motor vehicles, while a deceleration was recorded in the prices of domestic industrial products. In contrast, the prices of domestic agricultural products, electricity and petroleum

products accelerated. For the period January-April 2004, inflation averaged 2,78%. The HICP averaged 2,4% in the same period compared with 2,6% in the corresponding period of 2005.

As far as external transactions are concerned, the number of tourists that visited Cyprus in the first three months of 2006 was down by 15,1%, compared with an increase of 10% recorded in the corresponding period of 2005. Revenue from tourism recorded a decrease of 9,4% in the first three months of 2006, compared with a 2,9% decrease recorded in the corresponding period of 2005. The significant decrease recorded in tourist arrivals was mainly due to the Easter base effect.

The trade deficit increased to £586,9 million in the first three months of 2006 compared with £519,3 million in the corresponding period of 2005. This increase was mainly the result of the increase in the price of oil internationally.

As far as private consumption is concerned the turnover volume index of retail trade was 6,6% higher in January 2006, compared with the corresponding month of 2005. This index does not include the registration of new cars, which fell by 10,3% in the first four months of 2006. This development implies that the overall increase in private consumption was lower than the increase recorded by the turnover volume index of retail trade. However, on the other hand, the significant increase in personal loans as well as the acceleration in domestic credit card expenditure, which rose by 13,6% in the first four months of 2006, indicates that private consumption still remains strong.

In the labour market, the number of registered unemployment fell by 7,8% in the first four months of 2006, compared with an increase of 7,7% in the corresponding period of 2005. At the same time, unemployment as a percentage of the economically active population averaged 3,9% in the first four months of the year compared with 4,3% during the same period of 2005. The reduction in unemployment however, is due to a change in the methodology for measuring seasonal unemployment.

In the secondary sector, manufacturing fell by 1% in the first month of 2006, while in construction there was a deceleration in the volume of building permits and the sales of cement. More particularly, the sales of cement fell by 6,8% in the first four months of 2006, compared with an increase of 15,4% in the corresponding period of 2005. Building permits rose by 4,8% in the first months of 2006, compared with an increase of 30,2% in the corresponding month of the previous year.

International economic developments

In the **US**, GDP for the first quarter of 2006 grew at an annual rate of 3,5%, compared with 3,2% in the previous quarter. The improvement in economic activity is mainly attributed to: an increase in sales of durables; a rise in government spending; and more investment in the information technology sector. At the same time, business climate indicators, such as the index prepared by the Institute of Supply Management rose in April. Despite the aforementioned developments, risks remain as regards the widening of the current account deficit and the continued decrease in household savings. Inflation rose by 3,4% in March,

compared with 3,6% in the previous month and 3,1% in March 2005.

In the **euro area**, there are indications that growth will persist in the coming quarters. More specifically, exports as well as industrial confidence indicators have improved while, at the same time, favourable financing conditions and low real interest rates support investment expenditures. According to preliminary data from Eurostat, inflation rose to 2,4% in April, compared with 2,2% in March and 2,1% in April 2005.

Unemployment was 8,1% in March, compared with 8,8% in the same month of the preceding year. The president of the ECB, Jean-Claude Trichet, has stated that there are visible inflationary risks in the euro area and has hinted that there may be a rise in official interest rates in June.

In the **UK**, GDP in the first quarter of 2006 grew by 2,2% at an annual rate, compared with 1,8% in the previous quarter. The main factors affecting economic growth were private consumption and exports. Analysts believe that the expansion will continue at the same rate, with private consumption as the driving force. Inflation was 1,8% in March, compared with 2% in February and 1,9% in March 2005. Unemployment rose to 5,1% in the period December 2005 – February 2006, compared with 4,8% in the same period of the previous year.

In **Japan**, economic activity has recovered, mainly as a result of private domestic demand. Deflation continues to recede and prospects look favourable, with structural reforms in the labour market and the banking sector supporting

economic activity. The consumer price index rose by 0,3% in March, compared with a fall of 0,2% in the same month of the previous year, while unemployment was 4,1%, compared with 4,5% in March 2005.

Chart 1 presents the Nikkei 225, S&P 500 and Eurostoxx 50 **stock market indices**. These indices rose during the last three months by 2,6%, 2,2% and 1,8%, respectively. Positive profit announcements and improved prospects for the world economy were the driving forces behind this trend in share indices.

The average daily price of **Brent crude** reached \$69,49 per barrel in April, from \$61,24 per barrel in March. Geopolitical uncertainty arising from intense diplomatic relations between the US and Iran was the main reason for the price of Brent surpassing \$70 per barrel towards the end of April. On 24 April the average daily price was \$75,4 per barrel, which is a record high since 1983. In addition, political developments in Latin America had a negative impact on oil markets. More specifically, in Bolivia the government proceeded with the nationalisation of the energy sector, while in Venezuela President Chavez decided to tax all foreign interest oil corporations. Furthermore, in Nigeria attacks by militants against oil corporations continued. As a result, world oil supplies are under pressure and analysts believe that prices will continue rising, especially if the crisis between the US and Iran is not resolved.

International currencies

During the period of April and the first week of May 2006, the dollar exhibited significant weakening reaching 127 cents per euro on 5

May 2006 compared with 121 cents per euro on 3 April 2006. The weakening of the dollar was mainly the result of the decrease in dollar reserves by the Bank of China and the central banks of Asian countries. Furthermore, the expectations for no increases in US interest rates, in conjunction with the twin deficits and the prospect for interest rate increases by the ECB, led to the weakening of the dollar.

During the period under consideration, sterling did not report significant fluctuations. During the period under consideration sterling remained stable at 69 pence to the euro.

Cyprus pound

During the period between April and the first week of May 2006, the Cyprus pound recorded a marginal fluctuation with a strengthening trend relative to the euro. More specifically on 5 May 2006 the Cyprus pound reached £0,5760. Reflecting the fluctuations of foreign currencies during the period under consideration, the Cyprus pound recorded significant strengthening relative to the dollar reaching \$2,21 on 5 May 2006, compared with \$2,09 on 3 April 2006.

During the same period, the Cyprus pound recorded marginal fluctuations against sterling ST£1,21 at the end of April, while an appreciation was recorded in the first week of May, reaching ST£1,19.

Table 3 illustrates the Central Bank's total foreign currency transactions until 5 May 2006 on the basis of their transaction dates. The corresponding daily total transactions in foreign currency by the Central Bank from 2001 until 5 May are illustrated in Chart 5.

During the period under consideration, net inflows of £111,49 million were recorded compared with net inflows of £40,23 million in the corresponding period of 2005. The inflows registered in the period under consideration are mainly due to seasonality and the borrowing by Cypriots in euros.

Monetary developments

M2 grew at an annual rate of 13,1% in March, compared with 12,9% in February and 3,2% in March of the previous year (Table 4). The increase in net foreign assets as well as in credit to the private sector were the main factors contributing to this. In addition, credit to the public sector registered a significant rise due to the government's preference for domestic borrowing. According to preliminary data, the annual growth rate of total money supply M2C¹, which includes deposits with banks and CCIs, reached 11,8% in March, compared with 11,7% in February and 5,1% in March 2005. Credit to the private sector rose by 10,1% in March, compared with 7,4% in the previous month and 4,1% in March 2005².

Loans to the construction sector rose by 14,6% and personal/professional loans increased by 18,1% year-on-year to March (Table 6). Net repayments were registered in the tourism sector thus showing a fall of 1,3%, while loans to the trade sector registered a small increase of 0,5%.

Foreign currency lending to residents by domestic banks rose by £376,7 million in the 12 months to March, compared with a rise of £344,6 million in the 12 months to February and £143,9 million in the same period to March 2005, developments which are also supported by large foreign currency inflows (Table 8). The share of new credit in foreign currency to the total value of credit was 42,4% in the 12 months to March, compared with 52,5% in the previous 12 month period and 41,7% registered in the twelve months to March 2005. As a result, the share of foreign currency loans to the total value of loans was 13,9% at the end of March 2006, compared with 11% at the end of March 2005. Loans in euro, Swiss francs and dollars absorbed 66,4%, 23% and 7,4%, respectively, compared with 68,4%, 17,9% and 9,6%, respectively, at the end of March 2005.

Residents' **deposits** in Cyprus pounds grew by 10,3% year-on-year to March, compared with a decrease of 0,1% in the same period to March 2005, which had been partly a result of the tax amnesty scheme. At the same time the annual rate of increase in residents' deposits in foreign currency continued to be high. More specifically in absolute numbers, they rose by £333,8 million in the 12 months to March, compared with £236 million in the same period of the previous year.

Surplus liquidity conditions prevailed in the **money market** during March and April. As a result, the Central Bank intervened in the money

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 was observed in March 2005 due to debt write-offs by some banking institutions, the largest part of which affected the personal-professional loans category. The adjusted growth rate in March 2005 and February 2006 reached 5,8% and 9,1%, respectively

market via auctions for the acceptance of deposits. At the most recent auction held on 11 May, the Central Bank absorbed £280 million at an average interest rate of 2,35%.

Turning to **government securities** (Table 14), there was one auction in ten-year and one in five-year government bonds in March, at average yields of 4,07% and 3,72%, respectively. The average yields which resulted from the preceding auctions were 3,96% (January) and 3,67% (February), respectively. In addition during March there was one auction held in 52-week treasury bills, with an average yield of 2,92%. The previous auction in 52-week treasury bills had been held in January, with an average yield of 2,95%. During April no auctions were held in government securities.

The average overnight interbank rate was 2,52% in March and 2,53% in April, compared with 4,16% and 3,83% in the same months of 2005.

Cyprus Stock Exchange

The main and parallel market index of the **Cyprus Stock Exchange** (Chart 7) rose further in April, closing at 2.689,3. The main reason for this rise was continued investor interest in the shares of the largest banks. The index fluctuated between 2.472,8 and 2.729,1. Both the average daily volume and value of transactions decreased, compared with March. More specifically, the average daily volume reached 1.807 transactions, compared with 2.227 in the preceding month and the average daily value was £4,2 million, compared with £4,6 million in March.

Regarding non-residents' investments in the Cyprus stock market, during the period January – April 2006 net inflows amounting to £3,8 million, compared with net outflows of £0,3 million in the same period of 2005 (Table 20).

Domestic developments

Inflation rose to 2,96% in April 2006 compared with 3,23% in March 2006 and 3,08% in April 2005. Compared to March 2006 there was a fall in the prices of imported products excluding motor vehicles, while a deceleration was recorded by the prices of domestic industrial products. In contrast, the prices of domestic agricultural products, electricity and petroleum products accelerated. For the period January-April 2006, inflation averaged 2,78%. The HICP averaged 2,4% in the same period compared with 2,6% in the corresponding period of 2005.

Tourist arrivals decreased significantly in March 2006 by 21,9% compared with a 22,4% increase recorded in the corresponding month of 2005. During the period January – March 2006, tourist arrivals decreased by 15,11%, compared with a 10,0% increase recorded in the corresponding period of 2005. As far as revenue from tourism is concerned, in March 2006 a 18,3% decrease was recorded compared with a 13,2% increase in March 2005. During the period January-March 2006 revenues were down by 7,4% compared with a 29% increase recorded in the corresponding period of 2005. It should be noted that the data concerning revenue from tourism do not include the expenditure incurred by tourists owning holiday homes in Cyprus.

Table 27 represents preliminary data for the trade deficit for the first three months of 2006, as published by Cystat. The value of total imports increased by 11,7% compared with 15,3% increase in the corresponding period of 2005. It should be noted that a deceleration is recorded in total imports despite the significant increase in the price of oil internationally. The value of total exports recorded a 7,1% increase in the first three months of 2006, compared with a 30,2% increase in the corresponding period of 2005.

As a result of the above the trade deficit increased to £586,9 million in the first three months of 2006 compared with a deficit of £519,3 million in the corresponding period of 2005. It should be noted, however, that the significant determination in the trade balance in the first three months of 2006 was mainly the result of the significant increase in the price of oil internationally and therefore the significant increase of goods. In fact the price of oil in the first quarter of 2006 was 30% higher than the one recorded in the first quarter of 2005.

The current account deficit in 2006 is expected to increase marginally, mainly as a result of the new assumption adopted for the price of oil.

As far as private consumption is concerned the turnover volume index of retail trade was 6,6% higher in January 2006 compared to the corresponding month of 2005. This index does not include the registration of new cars, which fell by 10,3% in the first four months of 2006. This development implies that the overall increase in private consumption was lower than the increase recorded by the turnover volume index of retail trade. However, the significant increase of personal loans as well as the acceleration in domestic credit card expenditure, which rose by 13,6% in the first four months of

2006, indicates that private consumption still remains strong.

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In the secondary sector, manufacturing fell by 1% in the first month of 2006, while in construction there was a deceleration in the volume of building permits and the sales of cement. More specifically, the sales of cement fell by 6,8% in the first four months of 2006, compared with an increase of 15,4% in the corresponding period of 2005. Building permits rose by 4,8% in the first month of 2006, compared with an increase of 30,2% in the corresponding month of the previous year.

In accordance with the preliminary financial accounts published by Cystat and relating to the general government sector, during the first quarter of 2006 total revenue amounted to £755,2 million and total expenditure £770,8 million thus registering a fiscal deficit of £15,6 million or 0,2% of GDP. In comparison with the corresponding first quarter of 2005, public revenue decreased by 8,8% and public expenditure increased by 7,8%.

As regards revenues, taxes on production and imports (which include VAT, import duties, excise duties, etc), recorded an increase of 9,5% despite the significant reduction in the category of import duties as well as the

reduction in the proceeds of excise duties. VAT receipts increased by 15,5%, reflecting the acceleration in the rate of growth of the economy, which was mainly demand led. Current taxes on income and wealth (which include income taxes, capital taxes, etc) fell by 3,6%, while the category of current transfers recorded a significant reduction, since in absolute numbers it fell to £1 million from £71 million as a result of the tax amnesty proceeds received during the first quarter of 2005. Similarly, property income fell in absolute numbers to £7,7 million from £41 million, since an amount of £35 million had been received from CYTA during the first quarter of 2005.

As regards expenditure, compensation of employees increased by 5,8% while social transfers (which include transfers to households, old-age pensions, unemployment benefits, etc.) also increased by 8,2%. At the same time, subsidies were reduced to £0,6 million from £2,1 million. Current transfers (which include transfers to organisations as well as state contributions towards the EU Budget) also recorded an increase of 2,9%.

Prospects for 2006

GDP growth during 2006 is expected to fluctuate at 3,8%, the same as for 2005. However, if the price of oil remains at the current high levels, GDP growth will be restricted slightly. External demand is expected to continue playing an important role in economic activity due to the anticipated improvement in the international

economic environment, which was confirmed by European Commission projections. In the labour market, the rise of real GDP is expected to lead to a stabilisation of the percentage of registered unemployment, provided that there are no increases in the number of foreign workers in Cyprus.

Inflation during 2006 is expected to be slightly above the 2005 levels provided the price of oil averages \$70. Another determinant of inflation will be the intensive competition in retail trade that began after EU accession as well as monetary developments.

The current account deficit is expected to increase marginally in 2006 mainly as a result of the revised assumption adopted for the price of oil.

On the basis of the first quarter financial results, it is premature to conclude on the state of public finances for the whole of 2006, although, in accordance with the Ministry of Finance projections, the deficit is anticipated to fluctuate at around 2% of GDP. In order to achieve this target, however, it is paramount that the Government adheres to its predetermined fiscal consolidation programme and holds a firm stance against likely political pressures. The consolidation programme is also important because the decision as to whether or not to accept Cyprus's accession to the eurozone will be taken on the basis of the economic data for 2006.

Tables and Charts

Table 1

GDP projections⁽¹⁾

(annual percentage change)

	The Economist Poll GDP forecasts ⁽²⁾			Lehman Brothers Weekly Outlook - GDP ⁽³⁾			International Monetary Fund World Economic Outlook ⁽⁴⁾			European Commission Economic Forecasts ⁽⁵⁾		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
World				2,7 (2,6)	2,8	2,3	4,8 (4,3)	4,9 (4,3)	4,7	4,6 (4,3)	4,6 (4,3)	4,3 (4,2)
Euro area	1,4	2,1 (2,0)	1,7 (1,8)	1,4	1,7 (1,6)	0,8	1,3 (1,2)	2,0 (1,8)	1,9	1,3	2,1 (1,9)	1,8 (2,1)
USA	3,6	3,3	2,8	3,5	3,5 (3,6)	3,0 (2,9)	3,5	3,4 (3,3)	3,3	3,5	3,2	2,7
Japan	2,6	3,0 (2,9)	2,4	2,7	2,8 (3,2)	3,0	2,7 (2,0)	2,8 (2,0)	2,1	2,7 (2,5)	2,8 (2,2)	2,4 (1,8)
UK	1,7	2,3 (2,1)	2,4 (2,5)	1,8	2,2 (2,0)	2,4 (2,2)	1,8 (1,9)	2,5 (2,2)	2,7	1,8 (1,6)	2,4 (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 September 2005 and November 2005, respectively.

(2) The Economist, 6 May 2006.

(3) Lehman Brothers Global Weekly Economic Monitor, 5 May 2006.

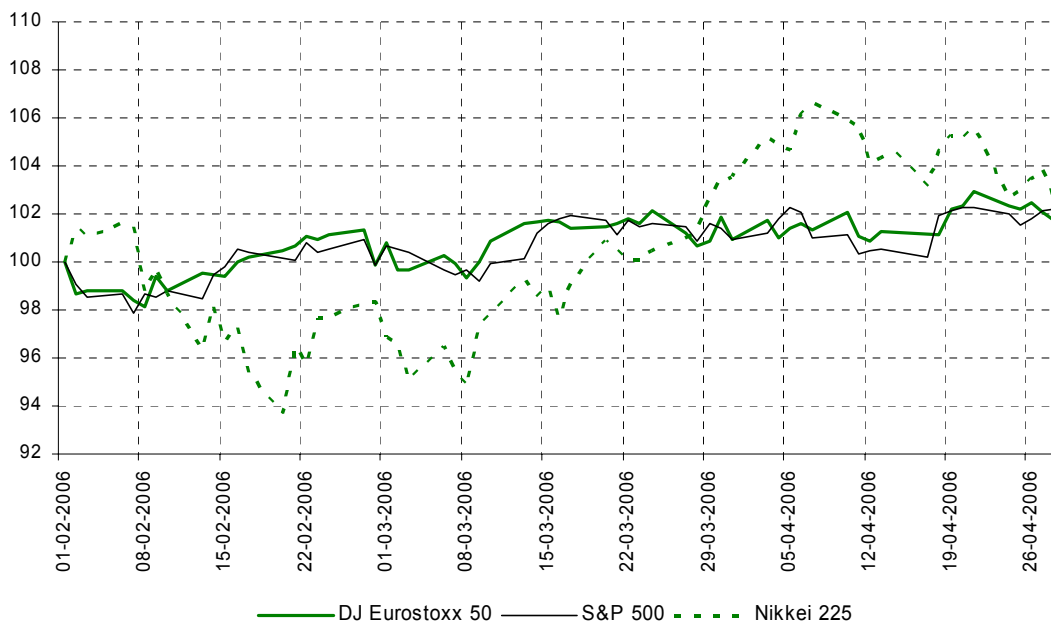
(4) International Monetary Fund, World Economic Outlook, April 2006.

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

Chart 1

Selected international stock market indices

(1 February 2006 = 100, daily data)



Source: Bloomberg.

Table 2**Main economic indicators**

(percentage change year-on-year)

	GDP				Industrial production March (annual)	Retail sales February (annual)	Unemployment March (annual)	Inflation ⁽²⁾ March (annual)
	2005 (Q3)		2005 (Q4)					
	(quarterly) ⁽¹⁾	(annual)	(quarterly) ⁽¹⁾	(annual)				
UK	2,4	1,8	2,6 ⁽³⁾	2,2 ⁽³⁾	-1,4 ⁽⁴⁾	2,6 ⁽⁵⁾	5,1 ⁽⁶⁾	1,8
Japan	1,0	2,9	5,4	4,0	3,1	-0,2	4,1	0,3
USA	1,6	3,2	4,8 ⁽³⁾	3,5 ⁽³⁾	3,6	5,1	4,7	3,4
Euro area	2,6	1,6	1,0	1,7	3,2 ⁽⁴⁾	1,0	8,1	2,4 ⁽⁷⁾

Source: The Economist, 6 May 2006.

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

(2) Based on the consumer price index.

(3) 2006 (Q1).

(4) February 2006.

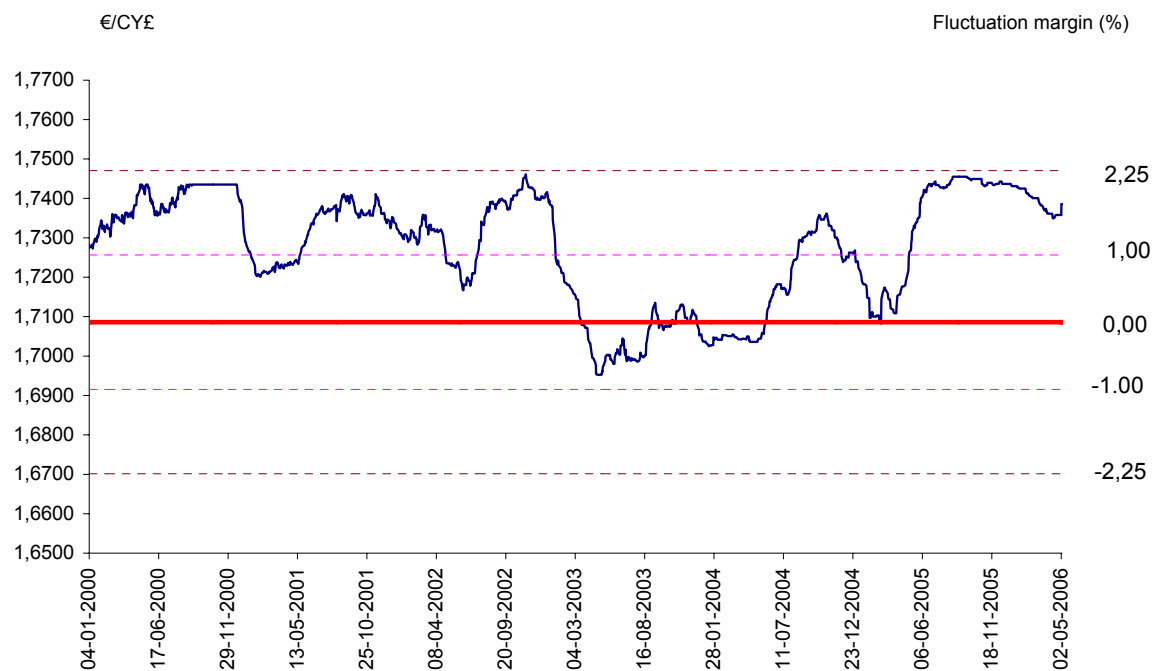
(5) March 2006.

(6) December 2005 - February 2006.

(7) April 2006.

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

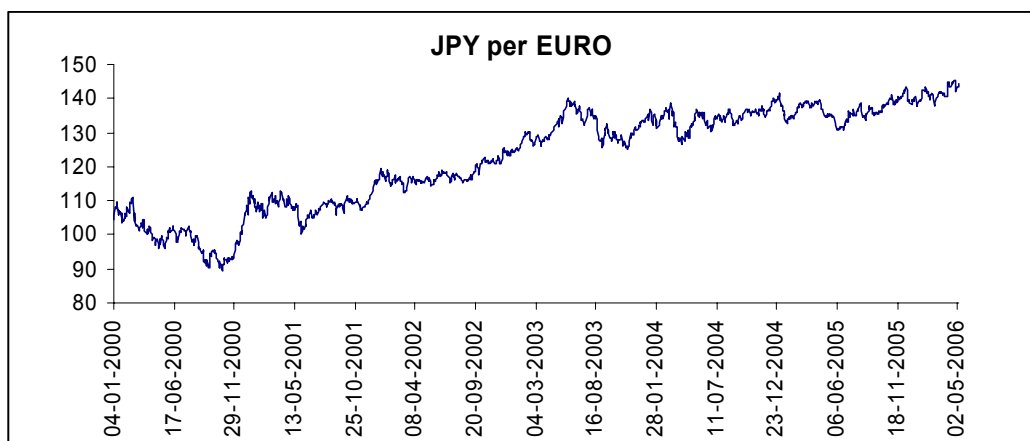
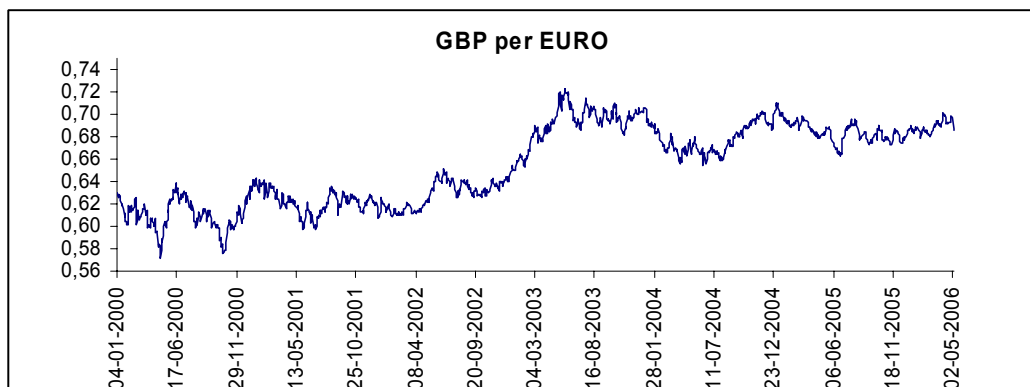
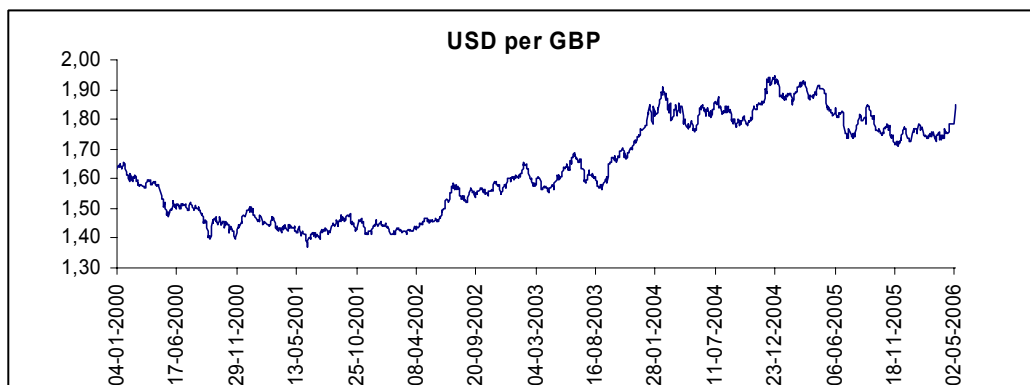
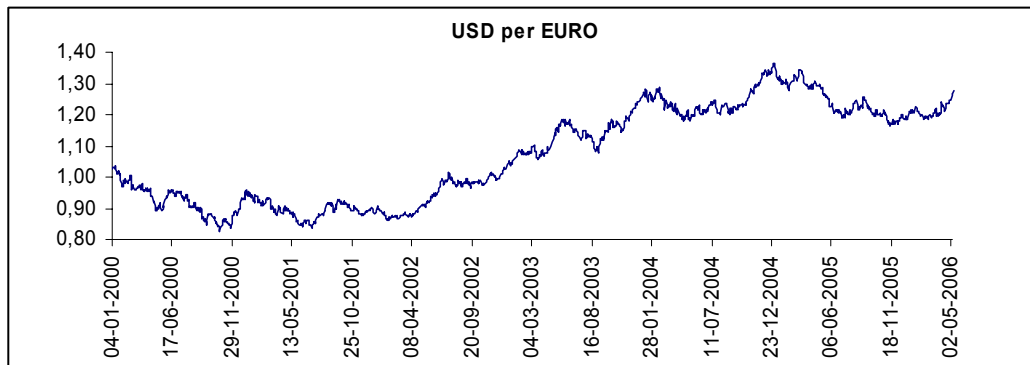
(middle rate fixing)



Source: Central Bank of Cyprus.

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

Chart 3
Major international currencies
 (middle rate)

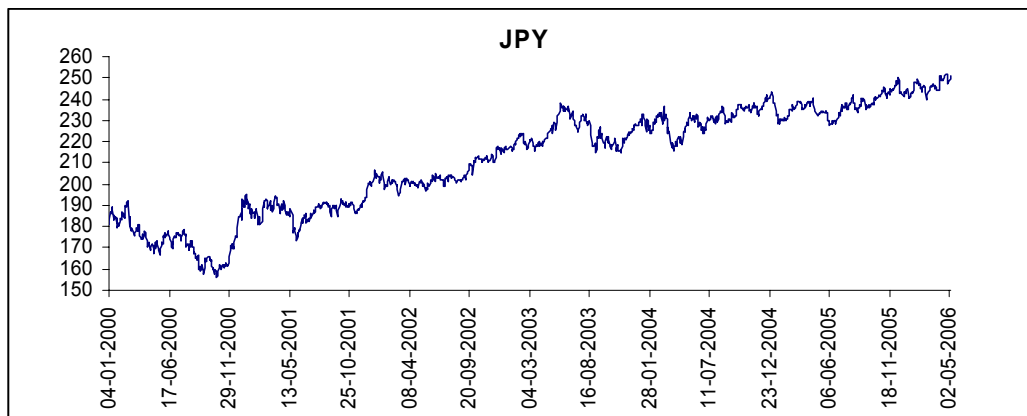
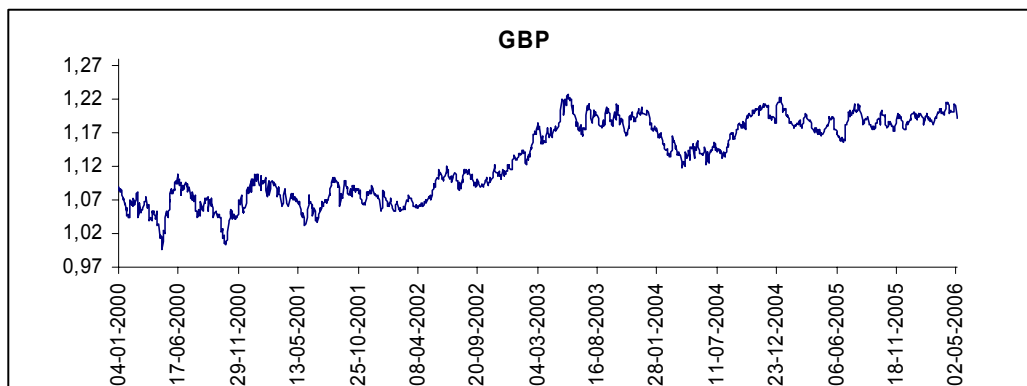
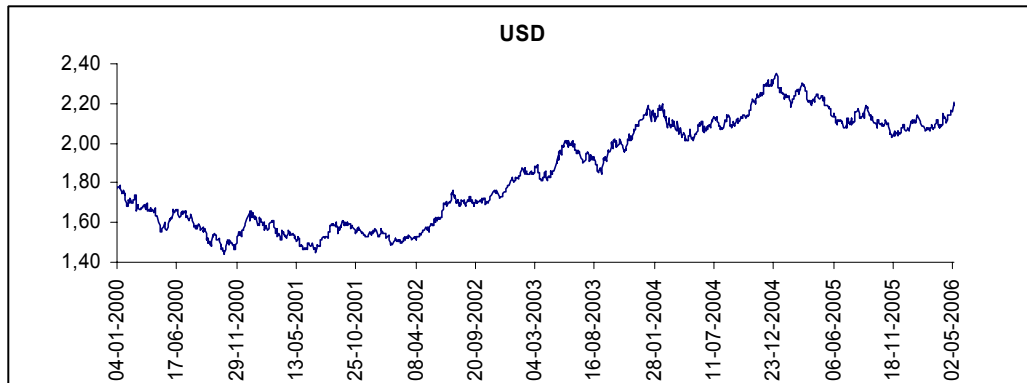


Source: Central Bank of Cyprus.

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**

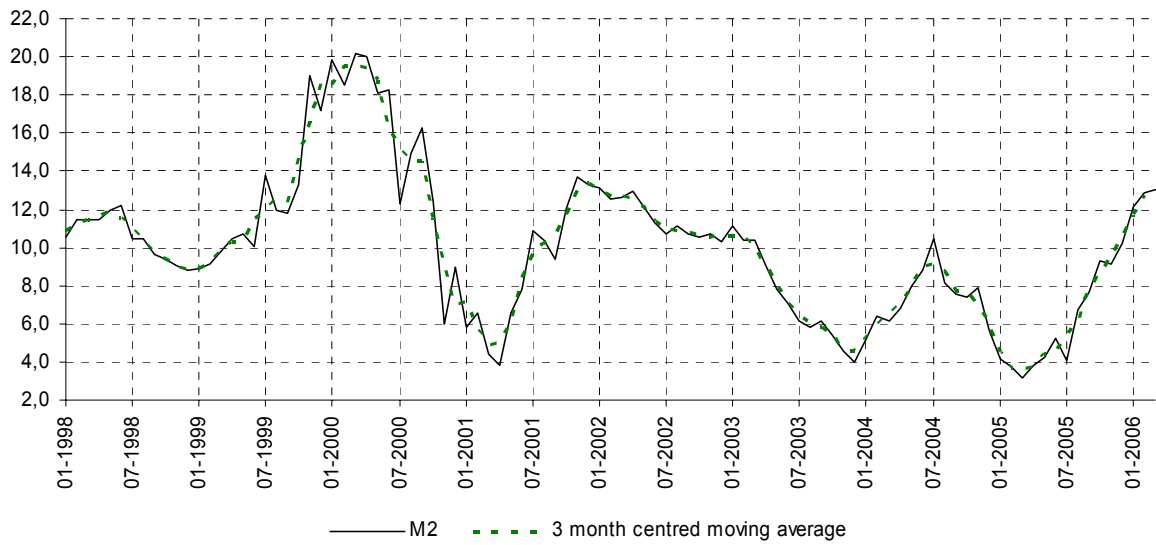
Period	Average exchange rate intervention Foreign currency per Cyprus pound (period average)			Purchases(+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
	Euro	USD	Sterling	In foreign currency (million)			In Cyprus pounds (million)
Euro				USD	Sterling		
<u>Yearly</u>							
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	2,1348	1,1604	-155,75	2,00	30,20	-64,23
2004 Q2	1,7099	2,0579	1,1401	-19,05	6,50	1,10	-7,49
2004 Q3	1,7271	2,1107	1,1612	199,60	4,95	-19,20	101,02
2004 Q4	1,7317	2,2394	1,2033	-116,2	2,3	13,6	-54,82
2005 Q1	1,7161	2,2496	1,1902	-161,1	10,5	30,1	-64,1
2005 Q2	1,7297	2,1785	1,1742	518,15	22,3	4,40	312,86
2005 Q3	1,7443	2,1278	1,1928	250,45	3,55	-0,10	141,83
2005 Q4	1,7440	2,0737	1,1861	292,05	0,5	2,90	170,09
<u>2005</u>							
January	1,7189	2,2561	1,2009	-100,60	0,00	10,90	-49,46
February	1,7149	2,2324	1,1828	-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
<u>2006</u>							
January	1,7429	2,1102	1,1960	-79,95	-0,30	0,00	-46,01
February	1,7411	2,098	1,1896	-8,45	0,00	0,60	-4,34
March	1,7382	2,0894	1,1984	3,35	2,00	0,00	2,88
April	1,7356	2,1247	1,2059	159,45	-0,15	2,00	93,46
May ⁽¹⁾	1,7381	2,1969	1,1932	113,85	0,00	0,00	65,50

Source: Central Bank of Cyprus.
(1) Figures until 5 May 2006.

Chart 5

M2 growth

(annual percentage change, monthly data)

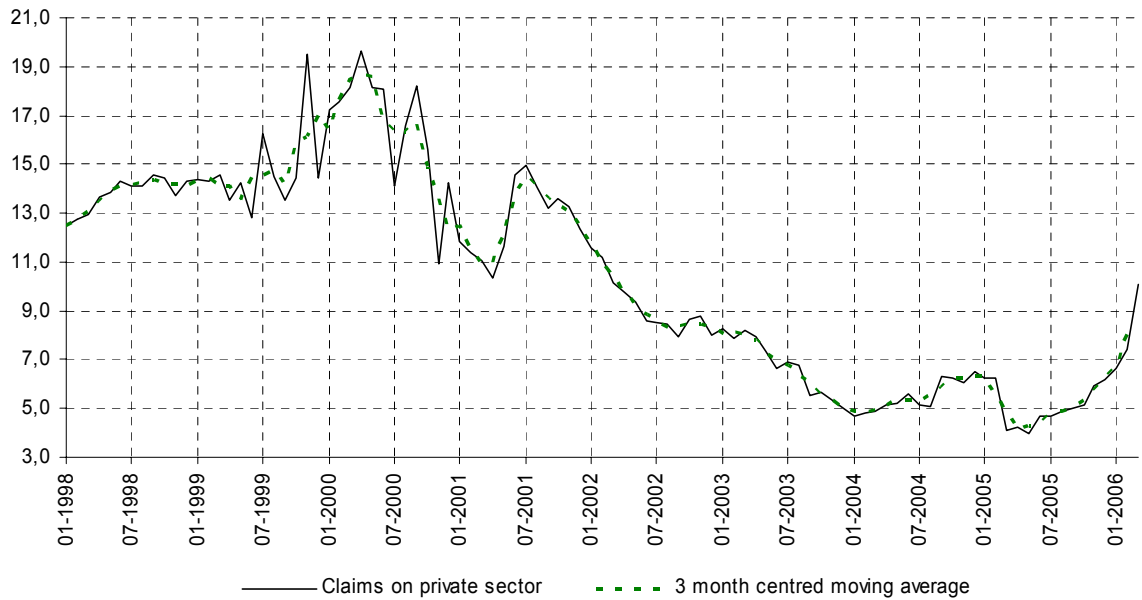


Source: Central Bank of Cyprus.

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 ⁽¹⁾	Annual percentage change			
		2005 Feb.	2005 Mar.	2006 Feb.	2006 Mar.
Money supply (M1)	17,5	8,0	5,5	24,8	25,9
Currency in circulation	5,2	10,3	10,0	7,3	7,7
Demand deposits	12,3	6,9	3,3	33,4	35,5
Quasi-money	82,5	2,9	2,7	10,6	10,7
Total money supply (M2)	100,0	3,7	3,2	12,9	13,1
Claims on private sector ⁽²⁾		6,2	4,1	7,4	10,1
of which in foreign currency		15,6	17,5	36,6	38,9
Claims on public sector		-15,4	-15,9	25,0	24,3

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 rate for February 2006 is 9,1%.

Table 5**Monetary aggregates and counterparts***(outstanding amounts at end of period, CYP thousand)*

	2005 Feb.	2005 Mar.	2006 Feb.	2006 Mar.
Money supply (M1)	1.426.425	1.404.182	1.779.615	1.767.405
Currency in circulation	473.235	485.954	507.873	523.518
Demand deposits	881.162	845.592	1.150.570	1.104.223
Deposits in foreign currency	72.028	72.636	121.172	139.664
Quasi-money	7.488.074	7.517.833	8.281.930	8.319.477
Saving deposits	310.537	312.708	360.496	365.082
Time deposits	6.532.690	6.547.214	6.946.420	7.029.670
Deposits in foreign currency	644.847	657.911	975.014	924.725
Total money supply (M2)	8.914.499	8.922.015	10.061.545	10.086.882
Net foreign assets	1.116.354	1.128.388	1.808.165	1.749.774
Claims on private sector	8.857.998	8.792.441	9.514.163	9.680.865
of which in foreign currency	940.472	968.145	1.285.070	1.344.823
Claims on public sector	1.765.366	1.769.448	2.207.525	2.198.922
Unclassified items	-2.825.219	-2.768.262	-3.468.308	-3.542.679

Source: Central Bank of Cyprus.

Table 6
Bank credit by sector⁽¹⁾

	Outstanding amount as a percentage % of total ⁽²⁾	Annual percentage change			
		2005 Feb.	2005 Mar.	2006 Feb.	2006 Mar.
Public institutions and corporations ⁽³⁾	2,99	11,2	5,8	7,3	7,9
Agriculture	1,05	0,8	1,3	-5,5	-6,0
Mining	0,28	1,4	4,2	5,5	0,8
Manufacturing	5,21	-2,5	-1,0	0,8	0,7
Transport and communications	0,98	-15,8	-21,7	-3,5	-0,7
Foreign and domestic trade	15,19	-3,1	-4,4	-0,6	0,5
Building and construction	17,85	14,7	12,4	11,8	14,6
Tourism	8,47	3,4	2,9	-1,7	-1,3
Personal and professional loans	47,94	12,4	9,3	14,0	18,1
Bills discounted: local	0,03	-33,3	-24,2	24,1	11,0
foreign	0,01	-30,3	-22,3	-14,8	-30,2
Total	100,00				

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⁽¹⁾

(outstanding amounts at end of period, CYP thousand)

	2005 Feb.	2005 Mar.	2006 Feb.	2006 Mar.
Public institutions and corporations ⁽²⁾	292.253	286.261	313.533	308.937
Agriculture	113.223	114.810	106.951	107.930
Mining	27.121	28.410	28.604	28.642
Manufacturing	524.153	534.271	528.295	537.900
Transport and communications	105.079	101.418	101.389	100.746
Foreign and domestic trade	1.551.861	1.559.060	1.542.506	1.566.516
Building and construction	1.601.597	1.606.762	1.791.365	1.841.140
Tourism	879.313	885.909	864.544	874.047
Personal and professional loans	4.266.483	4.188.901	4.862.617	4.945.166
Bills discounted: local	2.754	3.046	3.419	3.381
foreign	2.011	2.205	1.714	1.540
Total	9.365.848	9.311.053	10.144.937	10.315.945

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 ⁽¹⁾**

	2003	2004	2005	2005 Mar.	2006 Feb.	2006 Mar.
<i>(outstanding amounts at end of period, CYP million)</i>						
Foreign currency loans to residents	799,0	909,9	1.205,8	968,1	1.285,1	1.344,8
Claims on private sector	8.302,0	8.844,2	9.390,2	8.792,4	9.514,2	9.680,9
Share %	9,6	10,3	12,8	11,0	13,5	13,9
<i>(12 month change, CYP million)</i>						
Foreign currency loans to residents	13,8	111,0	295,9	143,9	344,6	376,7
Claims on private sector	397,9	542,2	546,3	344,7	656,2	888,4
Share %	3,5	20,5	54,2	41,7	52,5	42,4

Source: Central Bank of Cyprus.

(1) From domestic banks.

Table 9**Credit card transactions**

	2004	2005	April		Jan.-Apr.	
			2005	2006	2005	2006
Foreign cardholder spending in Cyprus						
Value (CYP thousand)	232.671	244.609	17.924	20.137	50.462	54.206
Annual % change	8,6	5,1	-2,1	12,3	2,3	7,4
Local cardholder spending in Cyprus						
Value (CYP thousand)	591.912	659.486	55.749	60.659	196.131	222.753
Annual % change	12,3	11,4	20,3	8,8	12,2	13,6
Local cardholder spending abroad						
Value (CYP thousand)	195.009	244.131	18.865	23.779	71.307	97.712
Annual % change	9,3	25,2	31,7	26,0	19,3	37,0

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 & depos	Currency in circulation	Central govern. deposits (net) ⁽¹⁾	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	
2004 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	
Dec.	1.830,5	0,0	0,0	0,0	0,0	198,5	79,3	227,7	594,8	-130,6	277,8	583,0	1.455,7	
2006 Jan.	1.840,4	0,0	0,0	0,0	0,0	190,5	0,1	333,5	579,2	-148,0	223,8	661,1	1.430,9	
Feb.	1.796,1	0,0	0,0	0,0	0,0	174,0	0,0	302,9	562,2	-154,2	236,9	674,3	1.410,5	
Mar	1.792,1	0,0	0,0	0,9	0,0	238,8	0,1	256,1	564,8	-210,2	265,8	677,6	1.481,2	
Apr.	1.845,7	0,0	0,0	0,0	0,0	183,3	0,0	138,7	594,7	-32,1	266,1	695,1	1.473,1	

Source: Central Bank of Cyprus.

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

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

	Inflation (HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria	1,90	3,36	1,46
Belgium	2,60	3,40	0,80
Czech Republic	1,90	3,46	1,56
Denmark	1,90	3,35	1,45
Estonia ⁽¹⁾	4,20	3,94	-0,26
Finland	1,00	3,31	2,31
France	1,90	3,38	1,48
Germany	2,00	3,32	1,32
Greece	3,40	3,59	0,19
Hungary ⁽¹⁾	3,20	6,54	3,34
Ireland	2,30	3,31	1,01
Italy	2,30	3,55	1,25
Latvia	7,00	3,75	-3,25
Lithuania	2,70	3,66	0,96
Luxembourg	3,90	3,35	-0,55
Malta	2,60	4,47	1,87
Netherlands	1,50	3,35	1,85
Poland	1,50	4,99	3,49
Portugal	2,30	3,44	1,14
Slovakia ⁽¹⁾	3,00	3,48	0,48
Slovenia	2,30	3,77	1,47
Spain	3,60	3,35	-0,25
Sweden	0,90	3,29	2,39
United Kingdom ⁽¹⁾	2,10	4,36	2,26
Eurozone	2,30	3,39	1,09
EU -25	2,20	3,65	1,45
Cyprus	2,00	4,65	2,65

Sources: Eurostat and European Central Bank.

⁽¹⁾ Data for February 2006.

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

		change
European Central Bank		
<i>(4 May 2006)</i>		
Minimum bid rate on the main refinancing operations	2,50	-
Interest rate on the marginal lending facility	3,50	-
Interest rate on the deposit facility	1,50	-
Bank of England		
<i>(4 May 2006)</i>		
Repo rate	4,50	-
Federal Reserve		
<i>(10 May 2006)</i>		
Federal funds rate	5,00	+0,25
Discount rate	6,00	+0,25
Central Bank of Cyprus		
<i>(7 April 2006)</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)*

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 ⁽¹⁾		
		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	2005 Apr.	2006 Feb.	2006 Mar.	2006 Apr.
Interbank (1 day)	3,35	3,92	3,27	3,83	2,48	2,52	2,53
Acceptance of deposits	3,45	3,89	3,28	3,89	2,53	2,64	2,40
Treasury bills (13 weeks)	3,51	4,21	4,26	4,28	-	-	-
Treasury bills (52 weeks)	3,70	4,77	4,29	4,91	-	2,92	-
Development stocks (2 years)	3,83	5,14	4,74	5,04	3,36	-	-
Development stocks (5 years)	4,49	5,92	5,68	5,87	3,67	3,72	-
Development stocks (10 years)	4,70	6,07	5,17	5,84	-	4,07	-
Development stocks (15 years)	4,81	6,31	5,61	6,17	-	-	-

Source: Central Bank of Cyprus.

Table 15**Open market operations allotted through tenders - liquidity absorbing operations ⁽¹⁾***(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 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
2006 05 Jan.	533,5	300,0	3,25	2,46	2,44	2,49	14
19 Jan.	604,0	380,0	3,25	2,41	2,39	2,43	14
02 Feb.	544,0	300,0	3,25	2,37	2,36	2,37	14
16 Feb.	477,0	300,0	3,25	2,71	2,32	3,25	14
02 Mar.	414,0	250,0	3,25	2,58	2,46	2,69	14
16 Mar.	508,5	280,0	3,25	2,69	2,46	3,00	14
30 Mar.	260,5	110,0	3,25	2,43	2,43	2,44	14
13 Apr.	366,0	140,0	3,25	2,39	2,38	2,41	14
27 Apr.	434,5	220,0	3,25	2,36	2,34	2,37	14
11 May	536,0	280,0	3,25	2,35	2,33	2,35	14

Source: Central Bank of Cyprus.

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

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

	Cyprus					Euro area				
	Overnight deposits	2-7 days deposits	1-month deposits	1-6 months deposits	6-12 months deposits	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)
2005 Mar.	4,16	4,43	4,63	4,89	5,15	2,06	2,10	2,14	2,19	2,33
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	-	2,28	2,41	2,47	2,60	2,78
2006 Jan.	2,51	3,07	3,12	3,07	-	2,33	2,39	2,51	2,65	2,83
Feb.	2,48	2,90	2,98	4,33	3,38	2,35	2,46	2,60	2,72	2,91
Mar.	2,52	2,84	3,02	2,97	3,35	2,52	2,63	2,72	2,87	3,11
Apr.	2,53	2,80	2,95	3,64	3,35					

Sources: Central Bank of Cyprus and European Central Bank.

Table 17**Interest rates of domestic banks^(1,2)***(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 CYP5.000	1 year fixed deposits - over CYP5.000
2004 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
Dec.	6,69	6,68	7,28	5,71	12,00	0,45	3,47	3,68
2006 Jan.	6,67	6,67	7,28	5,71	12,00	0,46	3,48	3,63
Feb.	6,65	6,65	7,27	5,71	12,00	0,45	3,48	3,59
Mar.	6,64	6,65	7,27	5,69	12,00	0,47	3,48	3,57

Source: Domestic banks.

(1) Reported as at end of month.

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

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

	Deposits from households					Deposits from non-financial corporations			
	Overnight	With agreed maturity		Redeemable at notice ⁽¹⁾		Overnight	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
2005 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	3,71	
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	2,11	3,51	
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	3,50	
Aug.	0,69	1,92	3,18	2,03	2,31	0,96	2,10	3,52	
Sep.	0,69	1,91	3,19	2,02	2,29	0,96	2,12	3,50	
Oct.	0,69	1,93	3,17	1,96	2,27	0,97	2,12	3,45	
Nov.	0,70	1,96	3,15	1,99	2,27	0,99	2,16	3,43	
Dec.	0,71	2,01	3,15	1,98	2,30	1,02	2,30	3,41	
2006 Jan.	0,73	2,05	3,11	1,99	2,32	1,04	2,32	3,47	

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

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
2005 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	4,32	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.	4,51	4,23	4,59	7,94	6,85	5,71	4,25	3,78	4,26
Oct.	4,49	4,19	4,58	7,95	6,80	5,70	4,24	3,77	4,25
Nov.	4,51	4,17	4,53	7,88	6,77	5,70	4,29	3,79	4,25
Dec.	4,54	4,14	4,52	7,93	6,78	5,67	4,35	3,84	4,24
2006 Jan.	4,62	4,14	4,50	8,00	6,78	5,66	4,42	3,88	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 ⁽¹⁾	12 2,25	2 2,25	2 2,50	6 2,50	4 2,50	8	6	3	14	5	2	7
Bank of England ⁽²⁾	12 4,50	9 4,50	9 4,50	6 4,50	4 4,50	8	6	3	7	5	9	7
Federal Reserve ⁽³⁾	31 4,50		28 4,75		10 5,00	28/29		8	20	24		12
Central Bank of Cyprus ⁽⁴⁾	13 4,25	24 4,25		7 4,25	19		7		1	20		1

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

(2) Repo rate.

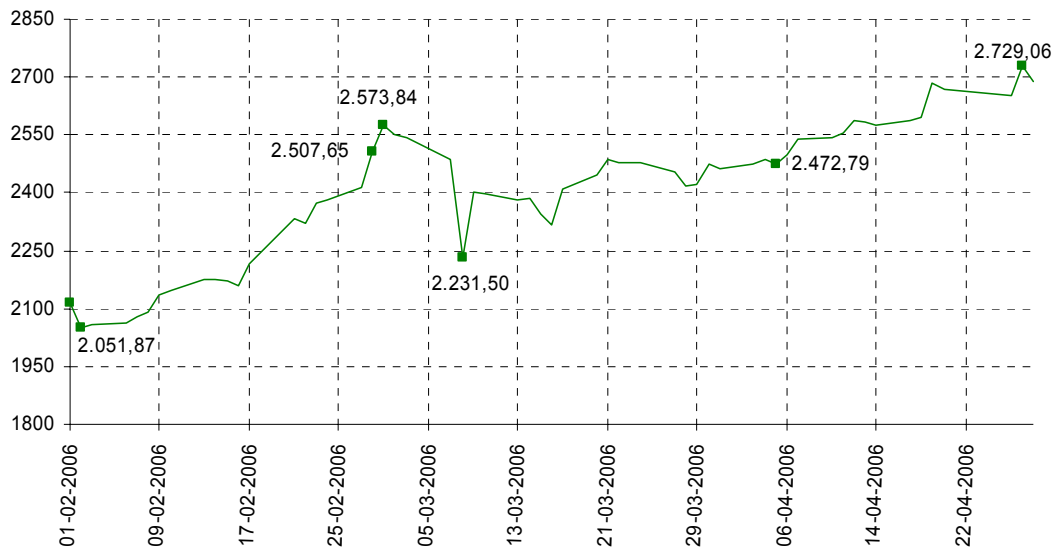
(3) Federal funds rate.

(4) Interest rate on the marginal lending facility.

Chart 7

Cyprus Stock Exchange - 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⁽¹⁾**

(CYP thousand)

Geographic origin of non-resident investors	Purchase of listed shares by non-residents							Sale of listed shares by non-residents						
	2004	2005	2005	2006				2004	2005	2005	2006			
			Dec.	Jan.	Feb.	Mar.	Apr.			Dec.	Jan.	Feb.	Mar.	Apr.
EUROPE	7.416,2	7.395,9	2.248,0	2.118,1	1.386,5	2.214,9	3.603,4	1.199,3	3.461,1	567,5	872,1	1.312,8	1.765,8	1.604,9
EU-25	6.064,4	6.805,2	2.143,4	1.951,1	1.072,6	2.053,5	1.385,2	3.710,1	2.980,4	552,2	692,5	856,6	1.655,3	1.555,9
Greece	5.519,5	5.667,5	1.758,5	1.633,9	821,4	1.545,2	1.082,9	3.328,1	2.269,5	463,6	629,2	791,8	1.359,8	674,4
United Kingdom	265,2	238,2	5,5	40,3	70,2	231,8	132,0	182,5	390,6	68,4	46,5	26,8	132,4	178,5
Other European countries	1.351,8	590,7	104,6	167,0	313,9	161,4	2.218,2	228,6	480,7	15,3	179,6	456,1	110,5	49,0
Russian Federation	1.131,5	405,4	100,8	64,2	252,3	105,2	3,1	59,3	279,7	15,3	159,5	264,8	9,2	9,1
AFRICA	415,8	51,4	1,0	0,0	14,4	59,5	3,7	295,7	90,1	30,5	36,1	19,3	0,0	7,9
North African countries	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	0,0
Other African countries	414,9	51,4	1,0	0,0	14,4	59,5	3,7	295,7	88,3	30,5	36,1	19,3	0,0	7,9
South Africa	56,7	0,0	0,0	0,0	6,3	0,0	1,8	0,0	7,6	2,5	0,3	6,0	0,0	7,9
AMERICA	888,6	429,3	105,1	269,9	219,7	487,8	409,6	1.643,7	1.232,7	69,6	70,7	355,5	449,0	414,5
North American countries	635,6	84,1	65,1	190,0	42,1	75,3	4,2	80,0	33,2	0,0	1,1	84,2	48,8	61,4
United States of America	634,9	81,9	65,1	189,4	41,8	75,3	4,2	28,7	33,2	0,0	0,9	84,2	48,8	52,5
Canada	0,7	2,2	0,0	0,6	0,3	0,0	0,0	51,3	0,0	0,0	0,2	0,0	0,0	8,9
Central American countries	253,0	345,2	39,9	79,9	177,5	412,5	405,5	1.563,7	1.199,4	69,6	69,6	271,3	400,2	353,0
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
ASIA	61,7	267,3	0,0	1,3	16,0	8,5	0,0	12,2	229,2	2,5	4,1	71,0	1,0	1,1
West Asia	17,0	204,7	0,0	1,3	13,7	8,4	0,0	12,2	168,9	2,5	4,1	71,0	1,0	1,1
Other Asian countries	44,8	62,6	0,0	0,0	2,3	0,1	0,0	0,0	60,3	0,0	0,0	0,0	0,0	0,1
OCEANIA	18,5	0,0	0,0	0,0	0,0	0,0	0,0	8,2	0,0	0,0	0,0	0,0	0,0	0,0
Total	8.800,8	8.143,9	2.354,1	2.389,3	1.636,5	2.770,7	4.016,7	5.898,5	5.013,0	670,2	983,0	1.758,7	2.215,8	2.028,4

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 (%)**

		2003	2004	2005	April 2005/ 2004	March 2006/ 2005	April 2006/ 2005	Jan.- April 2005/ 2004	Jan.- March 2006/ 2005	Jan.- April 2006/ 2005	Weights	
											1998=100	2005=100
GENERAL INDEX		4,14	2,28	2,56	3,08	3,23	2,96	2,93	2,71	2,78	100,00	100,00
A	Imported products	7,30	5,03	3,90	4,63	5,16	5,23	4,01	4,41	4,61	36,69	28,60
A.1	Agricultural	4,54	3,32	1,34	0,16	5,62	8,13	2,15	2,40	3,83	7,93	6,92
A.2	Industrial	6,46	3,36	1,14	2,09	2,85	2,01	1,93	2,65	2,49	22,91	19,24
A.3	Electricity	10,20	-3,13	11,51	6,88	24,12	24,25	1,92	26,40	25,86	1,52	2,44
B	Petroleum Products	14,16	17,18	14,82	19,66	12,27	12,33	15,11	13,99	13,57	4,33	6,44
C	Imported products	-2,38	-5,55	-2,47	-2,62	0,14	-1,40	-2,33	-1,14	-1,20	22,20	25,31
C1	Motor Vehicles	-8,31	-13,50	-2,42	-2,40	0,82	0,79	-1,96	0,36	0,47	9,43	6,15
C2	Other Imported	1,81	-0,39	-2,49	-2,74	-0,19	-2,21	-2,53	-1,80	-1,90	12,77	19,16
D	Services	4,38	3,23	3,34	3,99	2,44	2,68	4,09	2,22	2,36	41,11	39,65
HICP		4,0	1,9	2,1	2,8	2,4	2,5	2,6	2,5	2,4		

Source: Cystat.

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

		2003	2004	2005	April 2005/ 2004	March 2006/ 2005	April 2006/ 2005	Jan.- April 2005/ 2004	Jan.- March 2006/ 2005	Jan.- April 2006/ 2005	Weights	
											1998=100	2005=100
GENERAL INDEX		4,14	2,28	2,56	3,08	3,23	2,96	2,93	2,71	2,78	100,00	100,00
A	Imported products	2,79	1,98	1,58	1,86	1,47	1,48	1,61	1,26	1,31	36,69	28,60
A.1	Agricultural	0,37	0,27	0,11	0,01	0,39	0,55	0,18	0,17	0,26	7,93	6,92
A.2	Industrial	1,47	0,78	0,27	0,50	0,55	0,39	0,45	0,51	0,48	22,91	19,24
A.3	Electricity	0,20	-0,07	0,23	0,13	0,53	0,54	0,04	0,58	0,57	1,52	2,44
B	Petroleum Products	0,74	0,99	0,97	1,22	0,75	0,78	0,94	0,84	0,82	4,33	6,44
C	Imported products	-0,48	-1,04	-0,43	-0,46	0,04	-0,36	-0,41	-0,29	-0,31	22,20	25,31
C1	Motor Vehicles	-0,69	-1,00	-0,15	-0,15	0,05	0,05	-0,12	0,02	0,03	9,43	6,15
C2	Other Imported	0,21	-0,04	-0,28	-0,31	-0,04	-0,42	-0,29	-0,34	-0,36	12,77	19,16
D	Services	1,83	1,35	1,41	1,68	0,97	1,06	1,73	0,89	0,94	41,11	39,65

Source: Cystat.

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

	Years			April 2005/ 2004	March 2006/ 2005	Apr. 2006/ 2005	Jan.- Apr. 2005/ 2004	Jan.- Mar. 2006/ 2005	Jan.- Apr. 2006/ 2005	Weights	
	2003	2004	2005							2005=100	1998=100
GENERAL INDEX	4,14	2,28	2,56	3,08	3,23	2,96	2,93	2,71	2,78	100,00	100,00
Food & non-alcoholic beverages	5,11	3,97	1,59	1,42	4,69	5,55	2,28	2,99	3,63	17,50	18,20
Alcoholic beverages & tobacco	24,22	10,57	0,23	1,56	0,47	-1,11	1,47	0,16	-0,16	2,21	1,78
Clothing & footwear	1,19	-0,79	-2,24	-0,06	2,73	-2,50	-1,82	2,58	1,31	8,93	8,22
Housing, water, electricity & gas	5,04	4,19	5,41	5,50	6,64	7,01	4,91	7,33	7,25	15,87	21,27
Furnishings, household equipment & supplies	3,59	-0,45	0,58	0,06	0,30	0,04	0,24	0,87	0,66	6,78	7,08
Health	5,66	3,72	0,36	0,24	0,79	1,85	1,63	-3,92	-2,48	5,03	4,92
Transport	0,35	-3,06	3,79	5,07	4,58	4,54	3,80	4,95	4,85	15,99	17,42
Communications	-7,16	-8,48	-10,34	-9,44	-0,11	-0,11	-9,77	-3,18	-2,41	3,94	1,79
Recreation & culture	3,55	2,26	1,06	2,33	-1,09	-1,06	2,40	-1,32	-1,26	6,33	5,88
Education	4,02	3,96	5,21	5,60	4,55	4,55	5,60	4,55	4,55	2,87	2,33
Restaurants & hotels	5,31	4,69	3,30	4,66	1,82	2,43	4,88	1,70	1,88	7,57	6,07
Miscellaneous goods & services	5,50	5,16	3,83	4,58	1,86	1,51	4,54	2,12	1,97	6,98	5,04

Source: Cystat.

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

	Years			April 2005/ 2004	March 2006/ 2005	Apr. 2006/ 2005	Jan.- Apr. 2005/ 2004	Jan.- Mar. 2006/ 2005	Jan.- Apr. 2006/ 2005	Weights	
	2003	2004	2005							2005=100	1998=100
GENERAL INDEX	4,14	2,28	2,56	3,08	3,23	2,96	2,93	2,71	2,78	100,00	100,00
Food & non-alcoholic beverages	0,97	0,76	0,31	0,28	0,83	0,96	0,45	0,53	0,64	17,50	18,20
Alcoholic beverages & tobacco	0,54	0,28	0,01	0,05	0,01	-0,02	0,04	0,00	0,00	2,21	1,78
Clothing & footwear	0,08	-0,05	-0,14	0,00	0,24	-0,24	-0,11	0,21	0,10	8,93	8,22
Housing, water, electricity & gas	1,10	0,93	1,22	1,23	1,04	1,10	1,10	1,14	1,13	15,87	21,27
Furnishings, household equipment & supplies	0,23	-0,03	0,04	0,00	0,02	0,00	0,02	0,06	0,05	6,78	7,08
Health	0,30	0,20	0,02	0,01	0,04	0,09	0,09	-0,21	-0,14	5,03	4,92
Transport	0,06	-0,51	0,59	0,78	0,73	0,72	0,58	0,78	0,77	15,99	17,42
Communications	-0,09	-0,10	-0,11	-0,10	0,00	0,00	-0,10	-0,14	-0,10	3,94	1,79
Recreation & culture	0,19	0,12	0,06	0,13	-0,07	-0,07	0,13	-0,09	-0,08	6,33	5,88
Education	0,10	0,10	0,13	0,14	0,13	0,13	0,14	0,13	0,13	2,87	2,33
Restaurants & hotels	0,35	0,31	0,23	0,32	0,14	0,18	0,33	0,13	0,14	7,57	6,07
Miscellaneous goods & services	0,29	0,28	0,21	0,25	0,13	0,11	0,25	0,15	0,14	6,98	5,04

Source: Cystat.

Table 25**Tourist arrivals¹**

(number of persons)

	2000	2001	2002	2003	2004	2005	2006	% change 2003/2002	% change 2004/2003	% change 2005/2004	% change 2006/2005
January	63.553	64.214	54.067	59.529	56.504	58.894	54.875	10,1	-5,1	4,2	-6,8
February	87.243	83.569	71.950	77.972	75.705	72.600	66.151	8,4	-2,9	-4,1	-8,9
March	135.487	137.578	138.625	91.634	111.946	137.075	107.071	-33,9	22,2	22,4	-21,9
April	221.785	237.228	180.481	169.891	191.251	183.561		-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	75.656		7,8	-6,2	-3,9	
Jan. - Dec.	2.686.202	2.696.731	2.418.233	2.303.243	2.349.008	2.470.057		-4,8	2,0	5,2	
Jan-March	150.796	147.783	126.017	229.135	244.155	268.569	228.097	81,8	6,6	10,0	-15,1

Source: Cystat.

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

Table 26**Receipts from tourism¹**

(CYP million)

	2000	2001	2002	2003	2004	2005	2006	% change 2004/2003	% change 2005/2004	% change 2006/2005
January	-	24,9	21,6	25,6	21,8	20,7	21,2	-15,0	-5,0	2,4
February	-	29,1	28,9	31,4	25,4	23,5	23,1	-19,1	-7,5	-1,7
March	-	49,7	59,2	37,8	42,1	47,6	38,9	11,2	13,2	-18,3
April	-	89,9	77,0	67,1	72,1	62,0		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	43,1		-11,5	0,0	
December	36,2	29,2	35,6	32,9	28,8	30,3		-12,4	5,2	
Jan. - Dec.	-	1.271,6	1.132,4	1.015,0	982,3	1.005,7		-3,2	2,4	
Jan. - March		103,7	109,6	94,9	89,3	91,8	83,2	-5,9	2,9	-9,4

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)
2000	2.402,0	591,9	1.140,9	364,5	1.261,1	227,4
2001	2.528,7	627,9	1.208,8	376,5	1.320,0	251,4
2002	2.486,6	511,3	1.140,9	240,9	1.345,8	270,4
2003	2.304,1	476,8	992,8	198,3	1.311,3	278,5
2004	2.679,3	548,0	921,7	202,5	1.757,6	345,5
2005	2.966,8	719,2	952,9	224,3	1.965,4	447,8
2005						
January	195,2	42,4	62,9	14,6	132,3	27,8
February	214,9	46,8	76,5	18,6	138,5	28,2
March	256,5	57,9	74,0	22,5	182,5	35,4
April	230,7	59,8	78,1	18,6	152,6	41,3
May	239,0	56,1	74,5	16,0	164,5	40,1
June	234,7	56,7	85,3	18,9	149,4	37,8
July	239,5	58,7	78,6	18,9	160,9	39,8
August	221,0	52,8	64,5	17,3	156,2	35,5
September	270,5	69,9	94,8	15,4	175,7	54,5
October	283,5	72,5	93,9	16,2	189,6	56,3
November	307,9	88,5	115,1	27,7	192,8	60,9
December	273,3	56,9	74,6	17,0	198,8	40,0
2006						
January	247,3	52,0	80,8	13,8	166,5	38,2
February	237,1	49,1	83,3	17,1	153,6	31,9
March	260,3	56,7	91,1	22,5	169,2	34,2
Jan. - March. 2003	535,5	113,0	231,5	43,9	304,0	69,1
Jan. - March. 2004	578,0	113,0	244,1	42,6	333,9	70,4
Jan. - March. 2005	666,5	147,2	213,3	55,7	453,2	91,5
Jan - March. 2006 (p)	744,6	157,7	255,2	53,3	489,3	104,3
% change Jan. - Mar. 2004/2003	7,9	0,0	5,5	-3,0	9,8	1,9
% change Jan. - Mar. 2005/2004	15,3	30,2	-12,6	30,6	35,7	30,0
% change Jan. - Mar. 2006/2005 (p)	11,7	7,1	19,6	-4,2	8,0	14,0

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.

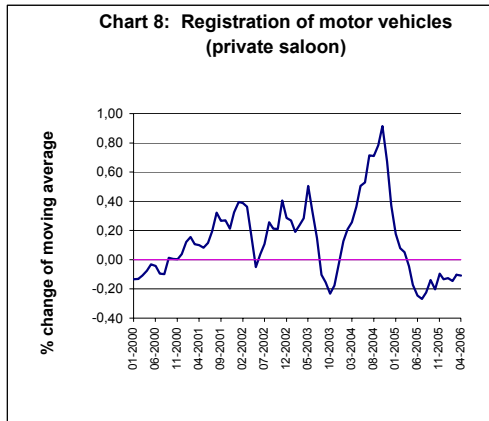
Table 28**Turnover volume index of retail trade***(percentage change by category)*

	January 04/03	January 05/04	January 06/05
General index	8,62	3,23	6,64
Retail sale in non-specialised stores with food, beverages or tobacco predominating	5,02	8,31	6,14
Other retail sale in non-specialised stores	8,39	0,39	-0,98
Retail sale of food, beverages and tobacco in specialised stores	9,49	7,91	1,31
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	3,58	27,20	9,70
Retail sale of textiles, clothing, footwear and leather goods	17,40	3,16	10,47
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods hardware, paints and glass	14,29	5,30	11,60
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	4,21	-4,04	2,00
Retail sale of second-hand goods in stores	-14,6	-28,06	3,00
Retail sale not in stores	1,38	-20,89	19,54

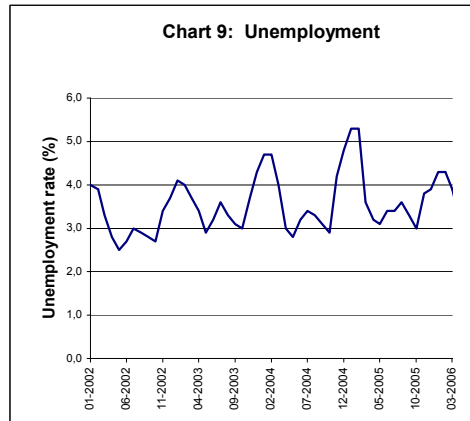
Source: Cystat.

Charts 8-10

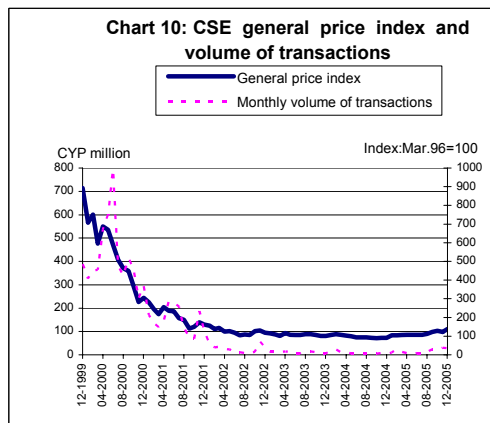
Selected economic indicators



Source: Cystat.



Source: Cystat.



Source: CSE.

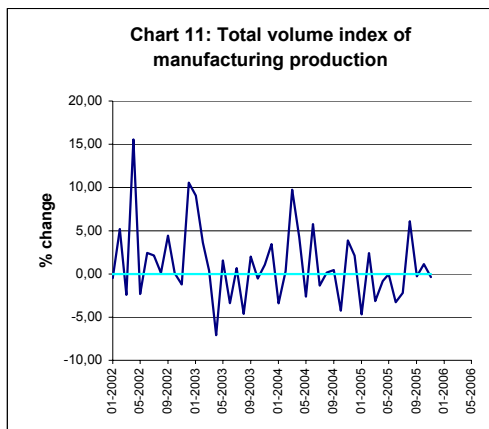
Table 29**Manufacturing production volume index***(percentage change by category)*

	January 04/03	January 05/04	January 06/05
General index	-3,5	-5,5	-1,0
Food products, beverages & tobacco	-9,1	-2,3	-2,8
Textiles & textile products	-1,3	-28,7	-25,0
Leather & leather products	-27,3	-41,8	-67,4
Wood & wood products	2,0	-5,5	8,8
Paper, paper products, publishing & printing	-1,1	-6,2	1,5
Refined petroleum products	80,2	-98,0	26,3
Chemicals, chemical products & man-made fibres	1,0	-3,1	4,2
Rubber & plastic products	-2,4	-8,6	4,6
Other non-metallic mineral products	-5,3	13,5	-5,2
Basic metals & fabricated metal products	6,2	-11,0	-1,3
Machinery & equipment n.e.c.	1,4	8,1	7,8
Electrical & optical equipment	-14,0	-4,5	6,0
Transport equipment	-18,3	-13,8	19,4
Manufacturing n.e.c.	-6,4	-11,7	-3,5

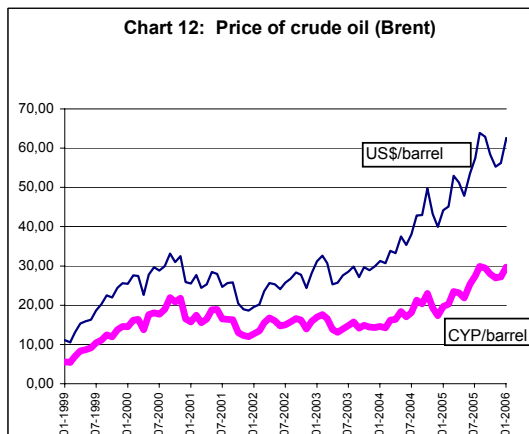
Source: Cystat.

Charts 11-14

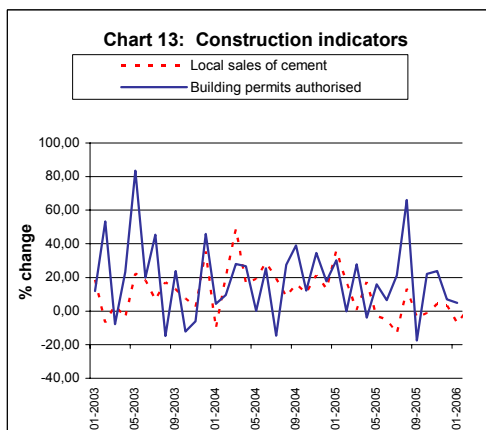
Selected economic indicators



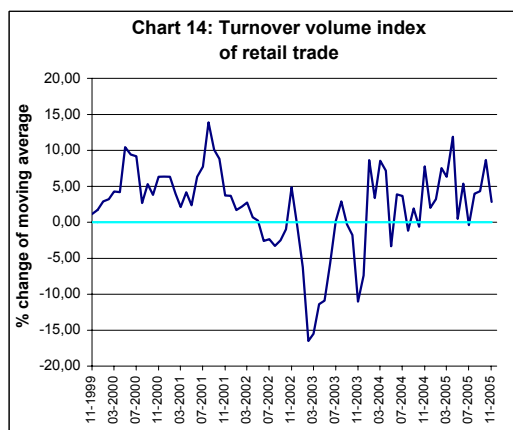
Source: Cystat.



Source: Reuters.



Source: Cystat.



Source: Cystat.

Table 30**Balance of payments**

(CYP million)

CATEGORIES	2004 (Annual) (Prov.)			2005 (Annual) (Prov.)		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
CURRENT ACCOUNT	4.038,1	4.454,4	-416,3	4.340,8	4.793,8	-453,0
Goods, services and income	3.760,1	4.259,7	-499,6	4.048,4	4.543,7	-495,4
Goods and services	3.458,6	3.673,0	-214,4	3.691,1	3.927,9	-236,9
Goods	541,0	2.440,3	-1.899,3	675,7	2.671,0	-1.995,3
Services	2.917,6	1.232,7	1.684,9	3.015,3	1.256,9	1.758,4
Transport	676,6	523,1	153,5	714,3	500,6	213,7
Travel	1.054,4	378,2	676,2	1.081,7	432,8	648,9
Communications services	16,5	36,6	-20,1	15,6	44,0	-28,4
Construction services	68,4	6,9	61,5	75,6	4,9	70,7
Insurance services	20,9	33,3	-12,4	26,3	30,0	-3,7
Financial services	104,6	46,8	57,8	127,6	43,7	83,9
Computer and information services	112,4	11,7	100,7	98,7	16,0	82,7
Royalties and licence fees	8,3	25,0	-16,7	6,9	21,2	-14,3
Other business services	687,5	105,5	582,0	699,1	94,6	604,5
Personal, cultural and recreational services	11,6	22,7	-11,1	19,2	26,0	-6,9
Government services, n.i.e.	156,3	42,8	113,5	150,4	43,1	107,4
Income	301,5	586,7	-285,2	357,3	615,8	-258,5
Compensation of employees	14,3	79,2	-64,9	24,2	85,8	-61,6
Investment income	287,2	507,6	-220,3	333,1	530,0	-196,9
Current transfers	278,0	194,7	83,3	292,5	250,1	42,4
General government	85,9	61,3	24,6	108,2	97,3	10,9
Other sectors	192,1	133,4	58,8	184,3	152,8	31,5
Capital and financial account			434,5			518,5
Capital account	86,1	27,1	59,0	60,9	20,6	40,3
Financial account			375,5			478,2
Direct investment			215,8			340,8
<i>Abroad</i>			-289,9			-200,4
<i>In Cyprus</i>			505,7			541,2
Portfolio investment			551,8			-62,0
<i>Assets</i>			-839,9			-755,9
<i>Liabilities</i>			1.391,7			693,9
Financial derivatives			-21,2			-6,8
Other investment			-191,6			540,0
<i>Assets</i>			-1.383,9			-3.384,1
<i>Liabilities</i>			1.192,3			3.924,1
Reserve assets			-179,3			-333,8
NET ERRORS AND OMISSIONS			-18,2			-65,6

Sources: Central Bank of Cyprus and Cystat.

Table 31
Public finances summary: central government and social security fund⁽¹⁾

	Jan-March 2005	Jan-March 2006	Jan-March 06/05
	CYP million		% change
Total revenue and grants	726,8	661,0	-9,1
Direct taxes	247,6	178,9	-27,7
Income tax	77,4	94,5	22,1
Other direct taxes	170,2	84,4	-50,4
Indirect taxes	295,9	311,2	5,2
Value added tax	168,1	183,8	9,3
Excise taxes	85,8	82,4	-4,0
Import duty	9,6	3,0	-68,8
Social security contributions	86,8	84,1	-3,1
Non-tax revenue	74,9	65,8	-12,1
Foreign grants	21,5	20,9	-2,8
Total expenditure and net lending	634,7	675,6	6,4
Current expenditure	607,0	643,0	5,9
Goods and services	35,6	51,9	45,8
Wages and salaries	184,4	197,2	6,9
Pensions and gratuities	42,9	38,5	-10,3
Social pensions	6,8	7,0	2,9
Other current transfers ⁽²⁾	142,9	154,2	7,9
Unallocable expenses ⁽³⁾	4,5	1,8	-60,0
Social security funds payments	91,0	98,2	7,9
Subsidies	2,3	2,9	26,1
Interest	96,6	91,4	-5,4
Capital expenditure	27,7	32,5	17,3
Investment	27,7	32,5	17,3
Capital transfers	0,0	0,0	0,0
Net lending	0,0	0,0	0,0
Fiscal surplus (+)/deficit(-)	92,1	-14,5	-115,7
As % of GDP	1,20	-0,20	-116,7

Source: Cystat.

(1) The figures are prepared on a cash basis. 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 31**Accounts of general government (analysis of expenditure and revenue)**

	Jan-March 2005	Jan-March 2006	Jan-March 06/05
	CYP million		% change
EXPENDITURE			
Intermediate consumption	48,3	90,7	87,8
Capital formation	55,0	48,5	-11,8
Compensation of employees	264,4	279,8	5,8
Other taxes on productions	0,1	0,1	0,0
Subsidies	2,1	0,6	-71,4
Interest paid	71,8	70,2	-2,2
Social benefits	193,7	209,6	8,2
Other current transfers	68,1	70,1	2,9
Capital transfers	11,5	1,2	-89,6
Total expenditure	715,0	770,8	7,8
REVENUE			
Market output & output for own final use	51,5	52,4	1,7
Taxes on production and imports	307,4	336,7	9,5
<i>of which VAT</i>	181,8	210,0	15,5
Property income	41,0	7,7	-81,2
Current taxes on income, wealth, etc	194,7	187,7	-3,6
Social contributions	137,1	137,1	0,0
Other current transfers	26,1	32,6	24,9
Capital transfers	71,0	1,0	-98,6
Total revenue	828,8	755,2	-8,9
Surplus (+) / Deficit (-)	113,8	-15,6	-113,7

Source: Cystat.