



**CENTRAL BANK OF CYPRUS**

**ECONOMIC RESEARCH AND STATISTICS DIVISION**

**ECONOMIC RESEARCH DEPARTMENT**

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

**MAY 2007**



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

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

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**ECONOMIC RESEARCH AND STATISTICS DIVISION**

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## Symbols, conventions and abbreviations

1. The following symbols are used:

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

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

3. CBC	Central Bank of Cyprus
CCIs	Co-operative Credit Institutions
CPI	Consumer Price Index
Cystat	Statistical Service of the Republic of Cyprus
ECB	European Central Bank



## INTRODUCTION

The **international economy** continues to grow at a steady rate. The rise in oil prices which began in February 2007 continues to fuel inflation risks. As a result, rises in interest rates are expected in the near future in the euro area and the UK. In contrast, economic developments in the US point towards a reduction or stabilisation of interest rates until the end of the current year.

In the **domestic economy**, the annual rates of increase in credit and money supply (M2) continued to rise. In particular, the annual rate of growth in credit to the private sector by domestic banks was 19,8% in March compared with 16,2% in February, while in March 2006 it had reached 10,1%. The strong rise in credit during March 2007 is partly attributed to the fact that a number of municipalities repaid loans held with co-operative credit institutions (CCIs) or other organisations not included in monetary aggregates, with loans from domestic banks<sup>1</sup>. The growth rate of credit, adjusted for the aforementioned development, reached 18,6%. It should be noted that the strong credit expansion is also the result of intense competition among domestic banks to increase their profitability, through the promotion of long-term loan products at lower interest rates, particularly at the end of the quarter and before the public announcement of their quarterly results.

As a result of the above, **M2** grew by 17% in March compared with 14% in February, while

in the same month of the previous year it had reached 13,2%.

The CPI measure of inflation reached 1,8% in April 2007, compared with 1,5% in March. In April an acceleration was recorded in the prices of domestic agricultural products, while car prices continue to fall significantly due to the reduction in excise taxes in November 2006. At the same time, a fall was recorded in the prices of electricity and petroleum products while the prices of services recorded a small acceleration. For the April-January 2007 period, inflation reached 1,6% compared with 1,5% in the corresponding period of 2006. The HICP increased by 1,4% in March, while it rose by the same amount for the period January-March.

As far as external transactions are concerned, the trade deficit reached £394,6 million in the first two months of 2007 compared with £369 million in the corresponding period of 2006. The widening of the trade deficit is mainly the result of the significant decrease in re-exports.

The number of tourist arrivals in the first three months of 2007 was down by 3,9%, compared with the 15,1% decrease in the corresponding period of 2006. Revenue from tourism recorded a decrease of 4,5% in the first two months of 2007, compared with a marginal increase of 0,2% in the corresponding period of 2006.

As regards private consumption, the turnover volume index of retail trade rose by 7,6% in

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<sup>1</sup>.With the forthcoming adoption of the new monthly balance sheet for the Monetary Financial Institutions, all relevant data, including those of CCIs, will be unified.

February 2007 compared with 4,3% in the corresponding month of 2006. For the first two months of the year the index rose by 5,6%, compared with 5,7% in the corresponding period of 2006.

Unemployment as a percentage of the economically active population reached 3,4% in March 2007, compared with 3,7% in the same month of 2006. For the period January – March 2007, unemployment reached 3,7% compared with 3,9% in the corresponding period of 2006.

In the secondary sectors of the economy, the manufacturing volume index rose slightly in the first two months of 2007, while the performance of the construction sector showed a mixed picture. Indicative of this was the reduction in the volume index of authorised building permits in the first month of 2007, while the local sales of cement rose significantly in the first three months of 2007 of the year.

According to preliminary figures prepared by Cystat, during the first quarter of 2007 a small fiscal surplus of £48,4 million or 0,54% of GDP was recorded, compared to a marginal deficit of £15,6 million or 0,19% of GDP for the corresponding period of 2006.

### *International economic developments*

As can be seen from **Tables 1 and 2**, (pp. 9 and 10), the positive international environment persists. According to ECB estimates, economic growth is expected to continue in the **euro area** during 2007 at the same rate as in 2006, that is around 2,3%. A deceleration to around 2,2% is expected in 2008, partly as a result of the economic slowdown in Spain. Inflation in the euro area was 1,8% during April compared with 2,4% in the same month of the previous year,

while the risks from a possible rise in oil prices remain. The markets anticipate that the ECB will raise its official interest rates by 25 basis points in June. Unemployment dropped further to 7,2% in March compared with 8,1% in the same month of 2006, as a result of the positive economic environment in the euro area. GDP growth in Germany, the largest economy in the euro area, is estimated at 2,4% for 2007, while there is strong demand for German exports, especially capital goods, mainly from eastern Europe and Asia. The rise in demand was partly the result of the increase in salaries below the inflation rate during recent years and, consequently, the maintenance of German competitiveness in the product market.

In the **US**, GDP grew by 2,1% in the first quarter of 2007 compared with 3,1% in the previous quarter. This slowdown is attributed to the developments in the housing sector. Inflation was 2,8% during March, compared with 3,4% in the same month of the previous year. Despite its decline, US inflation during the whole of 2007 is expected to remain at levels higher than what is considered desirable by the Fed. Unemployment was 4,4% in March 2007, compared with 4,7% in the same month of the previous year. The property market continues to be in recession and markets consider the prospects for capital investments and unemployment as positive.

In the **UK**, GDP grew by 2,8% in the first quarter of 2007, compared with 3% in the previous quarter. Inflation was 3,1% in March and is expected to remain higher than the official target of 2% for the rest of the current year. Consequently, markets anticipate that the Bank of England will raise its official interest rate to its highest levels since 2001. During the period December 2006 – February 2007, unemployment reached 5,5%, compared with

5,2% in the same period of the preceding year. House prices registered a rise of 8,3% year-on-year to March, due to strong demand.

In **Japan**, the CPI registered a minor decrease of 0,1% during March, compared with a 0,2% decline in the same month of 2006. Unemployment was 4% in March 2007, unchanged compared with the same month of 2006. GDP growth stabilised after a decade of deflation, while the revival in business performance is expected to cause a rise in salaries and consumption. Markets anticipate that the Bank of Japan will gradually increase interest rates. Domestic demand is expected to persist as the driving force of growth, while the existing positive business confidence, the prosperous conditions in the labour market and the lower tax burden on consumers are expected to support private consumption.

In **China**, GDP growth reached 11,1% during the first quarter of 2007, compared with 10,4% in the last quarter of 2006. Projections point towards 10% for 2007 and 2008. The index of industrial production rose by 17,6% in March 2007. Exports of goods and investment expenditures continue to be the main pillars of economic development in China. In addition, inflation was 3,3% in March compared with 0,8% in the same month of the previous year, while it is expected to reach 2,7% for the whole of 2007.

**Chart 1** (p.9) presents the Eurostoxx 50, S&P 500 and Nikkei 225 **share indices**. Following the significant decline experienced towards the end of February and beginning of March, there was a correction in equity prices. Equity values in euro area markets rose as a result of positive economic data, while prospects regarding corporate profits in the US remain positive. The

Eurostoxx 50 and S&P 500 rose slightly by 1,39% and 2,52% respectively, while the Nikkei 225 index decreased by 0,68%, as a result of investor uncertainty.

The average daily price of **Brent crude** reached \$67,69 per barrel in April 2007, compared with \$57,53 and \$61,85 per barrel in February and March, respectively. Oil prices registered a rise due to, among other things, unfavourable weather conditions in the US, positive prospects for world economic growth, limited supplies by OPEC and concerns relating to Iran's nuclear programme.

### **Exchange rates**

In April and the first four days in May the dollar weakened relative to the euro reaching \$1,36 per euro on 4 May compared with \$1,34 per euro at the beginning of April. The dollar was affected by the announcement on 28 April of low GDP growth in the first quarter of 2007, which represents the largest deceleration during the last four years. More precisely, GDP growth reached only 1,3% on an annual basis, something which increases the possibility of a reduction in US interest rates towards the end of the year. In parallel the euro was positively affected by the prosperous economic conditions both in and outside the euro area countries, as well as by the expectations of a further increase in EU interest rates.

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



## Cyprus pound

In April and the first four days of May the Cyprus pound weakened against the euro reaching £0,5826 (**Chart 4**, p.12). Reflecting the fluctuations of foreign currencies during the period under review, the Cyprus pound recorded marginal strengthening relative to the dollar reaching \$2,3275 on 4 May 2007 compared with \$2,2984 on 2 April 2007. During the period under review there was a gradual strengthening against sterling, reaching ST£1,1719 on 4 May 2007 compared with ST£1,1648 on 2 April 2007 (**Chart 2**, p.10).

The CBC's foreign currency transactions on the basis of their transaction date are illustrated in **Table 3** (p.13). More specifically, net outflows of £373,11 million were recorded in the period under review, compared with net inflows of £100,85 million in the corresponding period of 2006. These flows are considered to be normal, taking into account the convergence of Cypriot and euro area interest rates.

## Monetary developments

The annual growth rate of **total money supply** (M2) was 17% in March, compared with 13,2% in the equivalent month of the previous year (**Table 4**, p.15). The acceleration in M2 growth is mainly attributed to an increase in credit to the private sector. According to provisional data, the annual rate of growth of the money supply, which also includes the CCIs (M2C)<sup>2</sup>, was 15,7% in March 2007 compared with 13,1% in the previous month and 11,8% in March 2006.

<sup>2</sup>The monetary aggregate M2C should be treated with caution since the CCIs 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 CCIs.

The annual rate of growth in **credit to the private sector** was 19,8% in March compared with 16,2% in the previous month, while in March 2006 it had reached 10,1%. In March 2007, several municipalities repaid loans held with the CCIs and other organisations not included in the monetary aggregates, with new loans from domestic banks.<sup>3</sup> Taking this into consideration, the growth rate in loans reached 18,6%. It must also be noted that the strong credit expansion observed is partly explained by the intense efforts of domestic banks, due to strong competition, to increase profitability through the promotion of longer-term loans at lower interest rates, particularly at the end of the quarter.

As regards sectoral developments, net **credit to the construction sector** increased at an annual rate of 28,5% in March, while the **personal-professional loans** sector rose by 28% during the same period (**Table 6**, p.16). As for the other sectors, there was an increase in **credit to the tourist** and **trade** sectors by 9,9% and 1%, respectively in March 2007. Regarding the borrowing of residents in foreign currency, there was an increase of £733,4 million in the 12 month period to March 2007, compared with £669,1 million in the 12 month period to February 2007 (**Table 8**, p.17). The share of net new loans in foreign currency to total credit was 38,3% in the 12 month period to March 2007 and 41,9% during the 12 month period to March 2006. The share of these loans to total credit was 17,9% in March 2007, compared with 17,4% in March 2006. At the end of March 2007, the loans in euro as a percentage of total foreign currency loans accounted for 52,5%, loans in Swiss francs accounted for 37,7% and

<sup>3</sup>With the forthcoming introduction of the new monthly balance sheet for the Monetary Financial Institutions, all the relevant data, including those of the CCIs, will be unified.

loans in dollars accounted for 4,6%, compared with 66% 24,1% and 6,8%, respectively, at the end of March 2006.

Residents' deposits in domestic currency grew by 13% in March 2007, while in the same month of the preceding year they had grown by 10,4%. At the same time, the annual rate of growth of residents' deposits in foreign currency continued to be quite high. More specifically, it rose by 53,1% in March 2007 compared with 46,6% in the same month of 2006. This development was partly the result of a narrowing in the interest rate gap between euro and Cyprus pound deposits.

During April 2007 there was a reduction in excess liquidity in the **money market**, mainly due to the aforementioned foreign exchange outflows and the increase in government deposits with the CBC. At the auction held on 10 May 2007 for the acceptance of deposits, the CBC absorbed the total amount tendered, i.e. £40 million, at a weighted average allotment rate of 3,29%.

Turning to **government securities (Table 14, p.21)**, in March auctions were held for treasury bills with a duration of 13 and 52 weeks at an average annual yield of 3,61% and 4,12%, respectively. In April auctions were held in five and ten year government bonds, with an average yield of 4,24% and 4,44%, respectively.

The average overnight **interbank rate** was 3,62% in April 2007, compared with 3,10% in February and 3,18% in March 2007, as a result of the reduction in excess liquidity.

### **Cyprus Stock Exchange**

During the five month period of February to March, the main and parallel market index of the **Cyprus Stock Exchange (Chart 7, p.25)** was influenced by the abrupt correction in equity prices internationally. The decline had initially been caused by the decrease in equity prices in China and the resulting concerns for the US economy.

In April 2007 the stock exchange index fluctuated between 4.246,15 and 4.483,2. Both the average daily volume and the average daily value of transactions rose compared with March. More specifically, the average daily volume was 3.010 transactions in April 2007 compared with 1.993 in March 2007, while the average daily value was £8,9 million in April compared with £6,5 million in March 2007.

### **Domestic economy**

The CPI measure of inflation reached 1,8% in April 2007 compared with 1,5% in March. In April an acceleration was recorded in the prices of domestic agricultural products, while car prices continued to fall significantly due to the reduction in excise taxes in November 2006. At the same time a fall was recorded in the prices of electricity and petroleum products while services prices recorded a small acceleration. For the April-January 2007 period, inflation reached 1,6% compared with 1,5% in the corresponding period of 2006.

The HICP increased by 1,4% in March and rose by the same amount for the period January-March.

The 12 month moving average of HICP reached 2% in March, compared with the 3% reference value of the Maastricht criterion.

The number of tourist arrivals fell by 3,9% in the first three months of 2007 compared with a 15,1% decrease in the corresponding period of 2006.

In parallel, revenue from tourism decreased by 4,5% during the first two months of 2007 compared with a marginal increase of 0,2% in the corresponding period of 2006. It should be noted that the data for revenue from tourism do not include revenue from tourists owing holiday homes in Cyprus.

**Table 26** (p.30) presents preliminary data for the trade deficit for the first two months of 2007, as published by Cystat. The value of imports recorded a 3,8% increase in the corresponding period of 2006. It should be noted that the deceleration recorded in the value of total imports was mainly the result of the decrease in the value of oil imports. As far as the total value of exports is concerned, a 6,17% fall was recorded in the first two months of 2007 compared with a 30,8% increase in the corresponding period of 2006, mainly due to the reduction recorded in re-exports.

As a result of the above, the trade deficit deteriorated in the first two months of 2007 reaching £394,6 million, compared with a deficit of £369,0 million in the corresponding period of 2006.

As regards private consumption, the turnover volume index of retail trade rose by 7,6% in February 2007. During the first two months of 2007, the index recorded an increase of 5,6% compared with 5,7% in the corresponding period

of 2006. Note however that the index does not include the registration of new cars which recorded a 31,8% increase in the first three months of 2007, indicating stronger private consumption compared with the rise in the volume index of retail trade. At the same time the acceleration recorded by domestic credit card expenditure, which rose by 26,1% in the first three months of 2007, indicates again that private consumption remains strong.

In the labour market, the number of registered unemployed fell by 3,5% in the first three months of 2007 compared with a fall of 10% in the same period of 2006. Unemployment as a percentage of the economically active population fluctuated at around 3,7%, compared with 3,9% in the first quarter of 2006.

As regards the secondary sectors of the economy, during the first two months of 2007 manufacturing rose by 0,3%. In construction there was a reduction in the number of building permits and an increase in the sale of cement. Specifically, building permits fell by 6% in the first month of 2007 compared with an increase of 4,8% in the corresponding month of 2006. The sale of cement rose by 12,4% in the first quarter of 2007 compared with an increase of 3,3% in the same quarter of 2006.

As far as public finances are concerned, according to the preliminary figures prepared by Cystat, a small fiscal surplus of £48,4 million or 0,54% of GDP was recorded during the first quarter of 2007, compared with a small deficit of £15,6 million or 0,19% of GDP for the corresponding period of 2006.

A notable fiscal development was the submission by the Ministry of Finance in late March, of legislation relating to the creation of

567 new posts to cover the needs of the civil service. Despite the fact that the legislation is still not finalised, it should be noted that the government, as part of the Convergence Programme of 2006-2010, has undertaken the commitment to maintain a restrictive policy towards general government employment growth. Thus, the creation of new posts to meet the needs of sectors such as education, health services, etc and those arising from the implementation of the *acquis*, will be limited. The need to remain committed to the fiscal targets is stressed once again as this is essential for the benefit of the economy.

### Prospects for 2007

In 2007 GDP is expected to register a marginal increase compared with 2006. Private consumption is expected to remain at the same level as in 2006, while public consumption, fixed capital investments and imports are expected to decelerate.

As a result of the positive economic environment in the EU, exports are expected to increase.

Provided the increase of foreign workers in Cyprus remains at the same level as in 2006, unemployment is expected to register a marginal decrease.

Inflation in 2007 is expected to decelerate significantly due to the recent fall in excises on cars and the stabilisation of oil prices. The latter will also help to reduce the current account deficit.

The high growth rate of monetary aggregates is still a concern despite the recent reduction in excess liquidity, which to some extent is likely to ease the pressures for further borrowing.

As far as public finances are concerned, the first quarter figures covering the General Government indicate that the fiscal deficit target is likely to be achieved, although it is still early to draw firm conclusions. However, the fiscal deficit can only be maintained at low levels provided that public expenditure is kept under control as this is vital for the pursuit of Cyprus's accession to the euro area.

## **ANNEX**

**Table 1**

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

	The Economist Poll of forecasters <sup>(2)</sup>			Lehman Brothers Global Weekly Economic Outlook <sup>(3)</sup>			International Monetary Fund World Economic Outlook <sup>(4)</sup>			European Commission Economic Forecasts <sup>(5)</sup>		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
World				2,9	2,4 (2,3)	2,3 (2,2)	5,4 (5,1)	4,9	4,9	5,2 (5,1)	4,8 (4,6)	4,8 (4,7)
Euro area	2,7	2,4 (2,3)	2,1 (2,2)	2,8	2,6 (2,2)	2,0 (1,7)	2,6 (2,4)	2,3 (2,0)	2,3	2,7 (2,6)	2,6 (2,1)	2,5 (2,2)
USA	3,4	2,1 (2,6)	2,7 (2,9)	3,3	2,1 (2,3)	2,5	3,3 (3,4)	2,2 (2,9)	2,8	3,3 (3,4)	2,2 (2,3)	2,7 (2,8)
Japan	2,1	2,4 (2,2)	2,2 (2,3)	2,2	2,4 (2,2)	2,5	2,2 (2,7)	2,3 (2,1)	1,9	2,2 (2,7)	2,3	2,1
UK	2,7	2,7	2,5 (2,6)	2,8 (2,7)	2,7 (2,4)	2,2	2,7	2,9 (2,7)	2,7	2,8 (2,7)	2,8 (2,6)	2,5 (2,4)
China				10,7	10,2 (9,8)	9,8	10,7 (10,0)	10,0	9,5	10,7 (10,4)	10,5 (9,8)	10,4 (9,7)

(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 the figures in parentheses indicate the projections in September 2006, while in the case of the European Commission they indicate the projections in October 2006.

(2) The Economist, 10 May 2007.

(3) Lehman Brothers Global Weekly Economic Monitor, 11 May 2007.

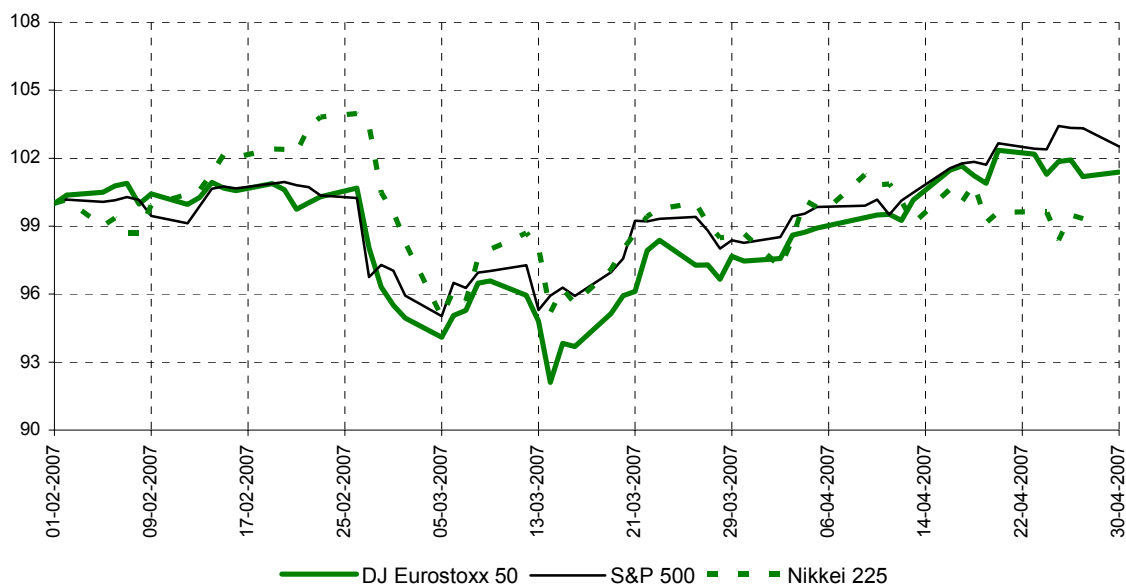
(4) International Monetary Fund, World Economic Outlook, April 2007.

(5) European Commission, Economic Forecasts, Spring 2007.

**Chart 1**

**Selected international stock market indices**

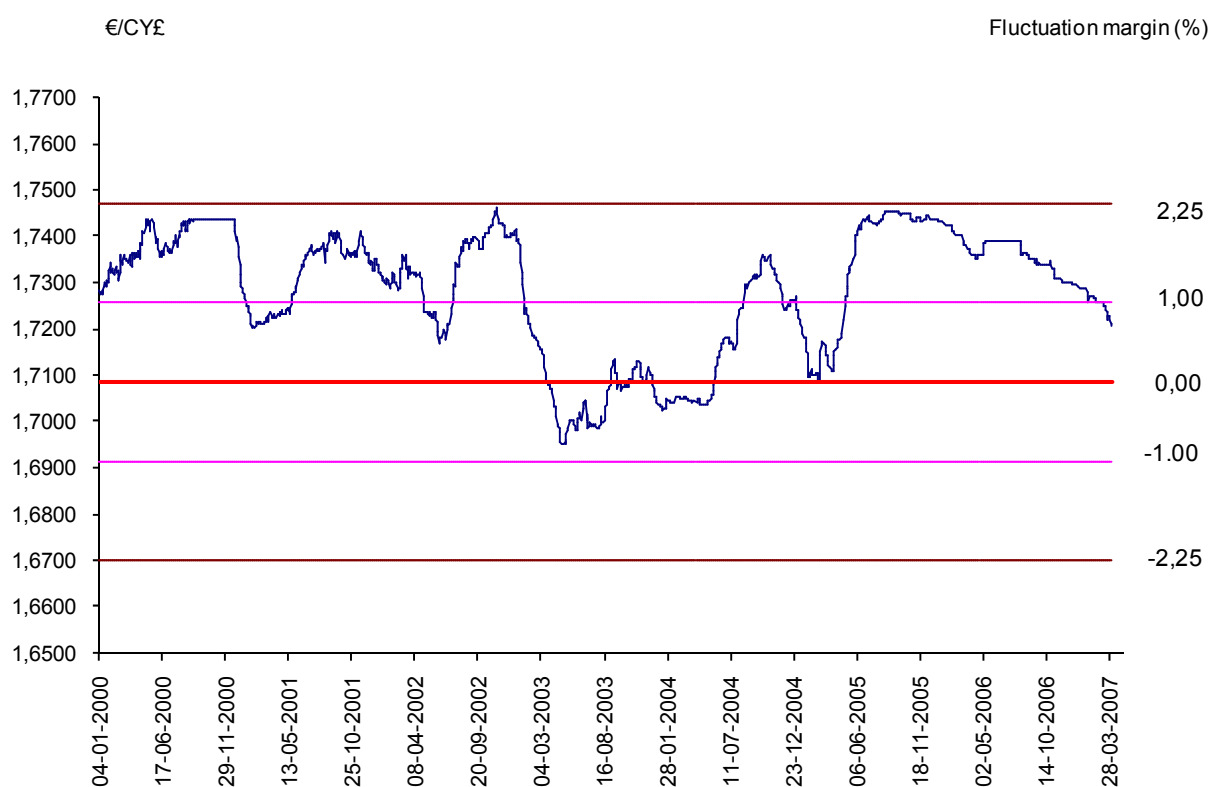
(1 February 2007 = 100, daily data)



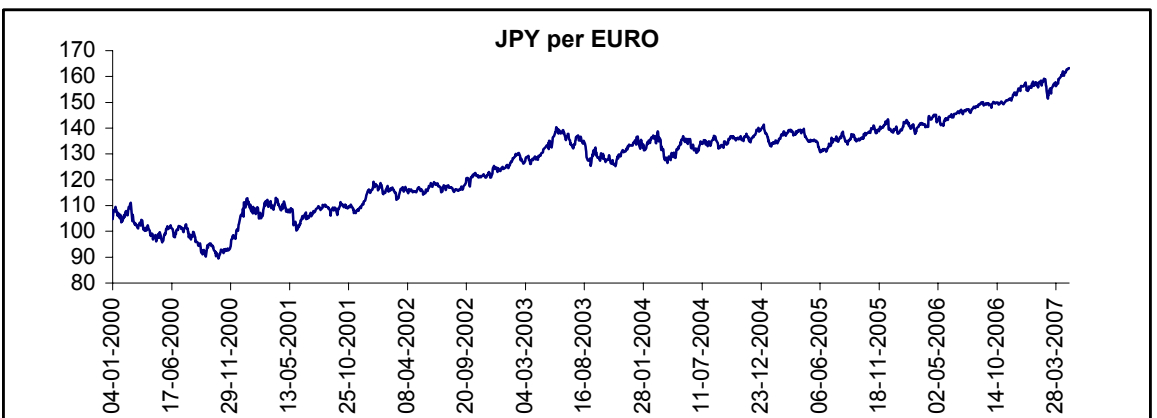
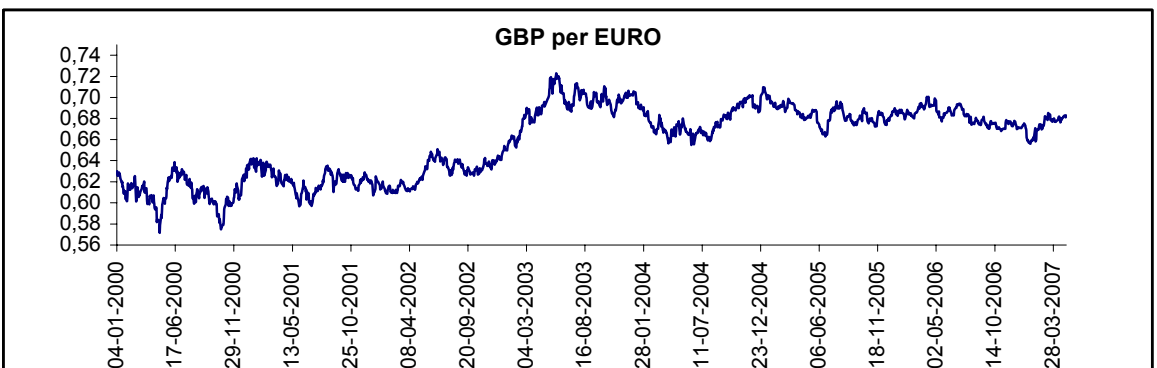
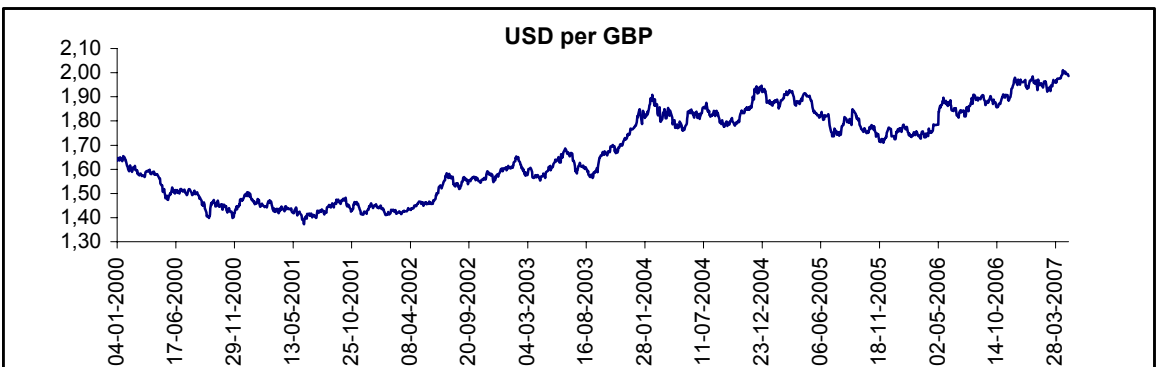
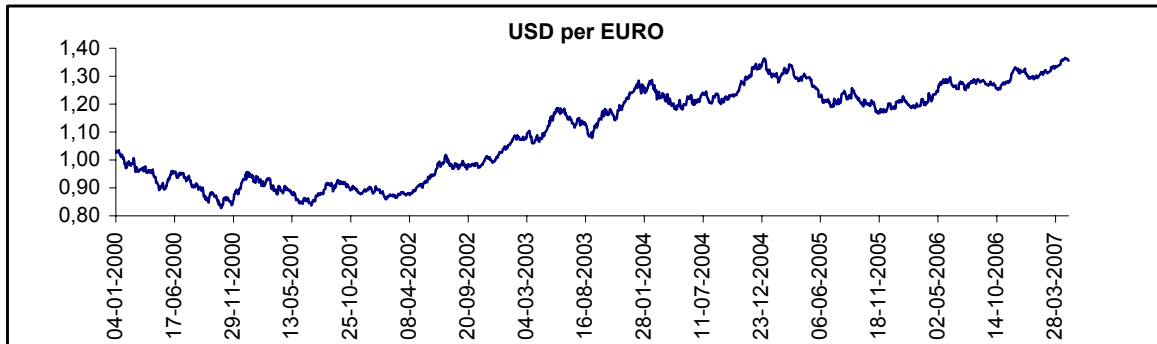
Source: Bloomberg.

**Table 2****Main economic indicators***(percentage change year-on-year)*

	GDP				Industrial production March (annual)	Retail sales March (annual)	Unemployment March (annual)	Inflation <sup>(2)</sup> March (annual)
	2006 (Q4)		2007 (Q1)					
	(quarterly) <sup>(1)</sup>	(annual)	(quarterly) <sup>(1)</sup>	(annual)				
UK	3,2	3,0	2,6	2,8	-0,2	4,8	5,5 <sup>(3)</sup>	3,1
Japan	0,8 <sup>(4)</sup>	1,6 <sup>(4)</sup>	5,5 <sup>(5)</sup>	2,3 <sup>(5)</sup>	1,6	-0,1 <sup>(6)</sup>	4,0	-0,1
USA	2,2	3,1	1,3	2,1	2,3	3,3	4,4	2,8
Euro area	2,0 <sup>(4)</sup>	2,7 <sup>(4)</sup>	3,6 <sup>(5)</sup>	3,3 <sup>(5)</sup>	4,1 <sup>(6)</sup>	2,6	7,2	1,8 <sup>(7)</sup>
China		10,4		11,1	17,6	16,9 <sup>(6)</sup>	9,8 <sup>(8)</sup>	3,3

Source: *The Economist*, 10 May 2007.<sup>(1)</sup> Percentage change on previous quarter at an annualised rate.<sup>(2)</sup> Based on the consumer price index.<sup>(3)</sup> December 2006 - February 2007.<sup>(4)</sup> 2006 (Q3).<sup>(5)</sup> 2006 (Q4).<sup>(6)</sup> February 2007.<sup>(7)</sup> April 2007.<sup>(8)</sup> December 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)*

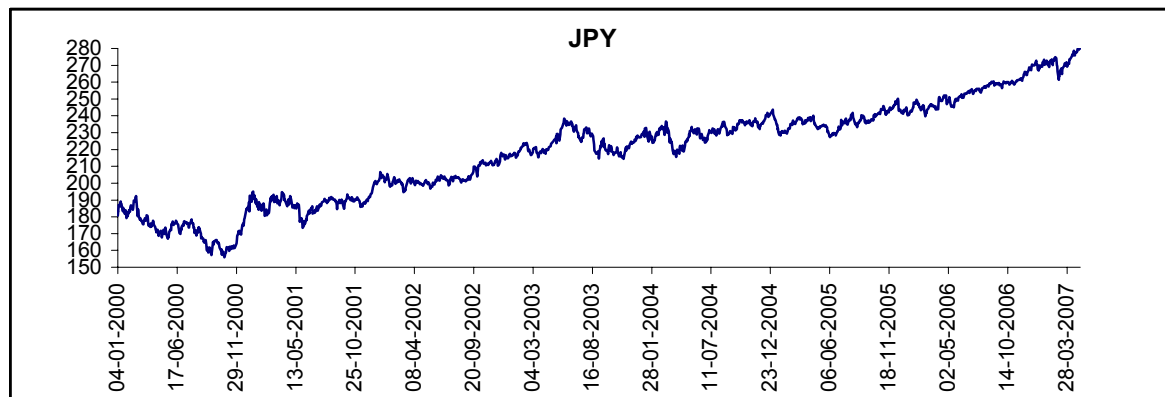
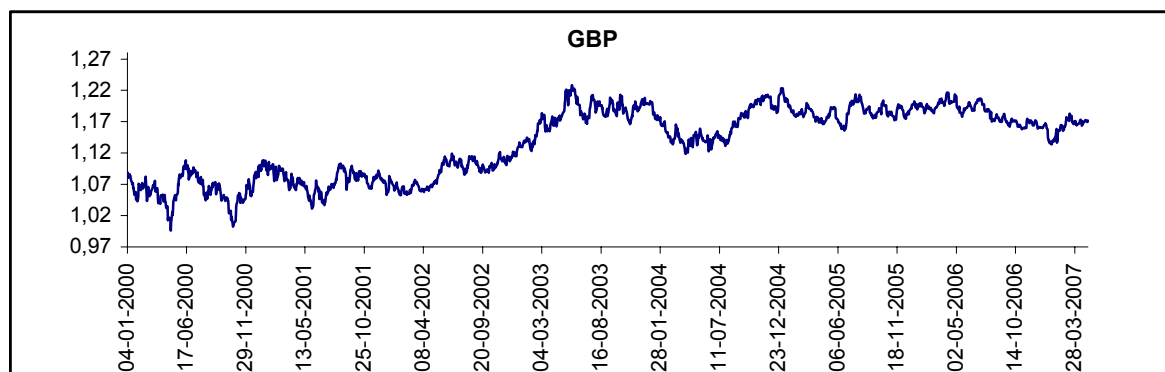
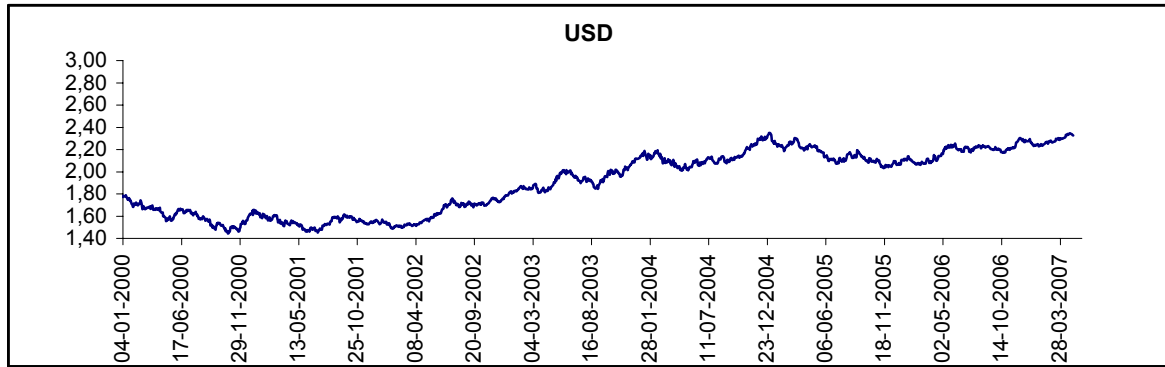


Source: Central Bank of Cyprus.



**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**

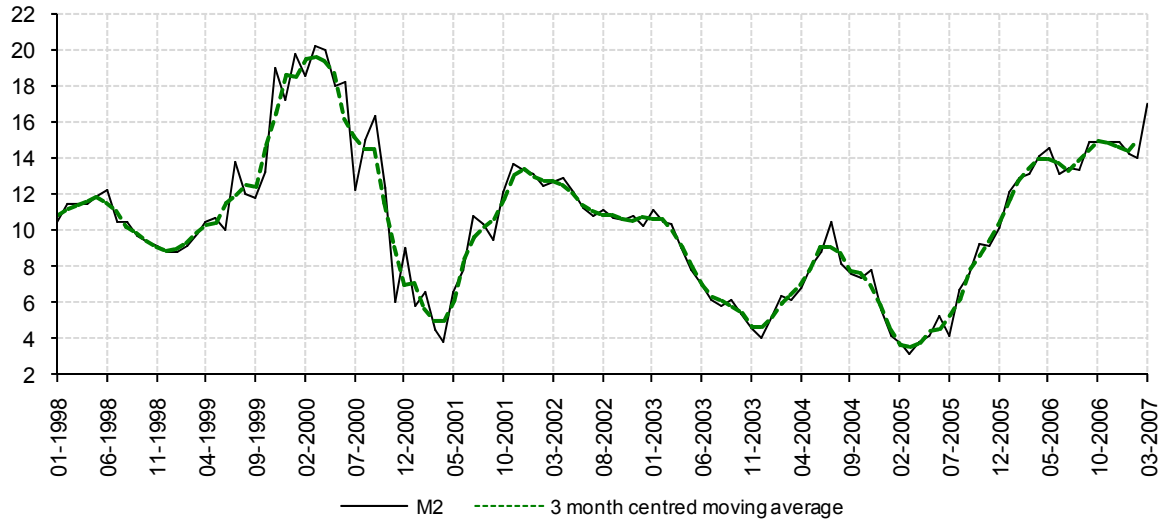
Period	Foreign currency per Cyprus pound (period average)			Purchases(+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
	Euro	USD	Sterling	Euro	USD	Sterling	
<b>Yearly</b>							
2001	1,7314	1,5602	1,0805	755,82	242,99	76,39	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
2003	1,7122	1,9361	1,1844	-259,75	1,30	19,50	-134,01
2004	1,7187	2,1357	1,1663	-91,40	15,75	25,70	-25,52
2005	1,7335	2,1574	1,1858	899,55	29,30	37,3	560,68
2006	1,7350	2,1826	1,1844	1.024,25	0,40	4,40	593,65
<b>Quarterly</b>							
2004 Q1	1,7060	2,1348	1,1604	-155,75	2,00	30,20	-64,23
2004 Q2	1,7099	2,0579	1,1401	-19,05	6,50	1,10	-7,49
2004 Q3	1,7271	2,1107	1,1612	199,60	4,95	-19,20	101,02
2004 Q4	1,7317	2,2394	1,2033	-116,2	2,3	13,6	-54,82
2005 Q1	1,7161	2,2496	1,1902	-161,1	10,5	30,1	-64,1
2005 Q2	1,7297	2,1785	1,1742	518,15	22,3	4,40	312,86
2005 Q3	1,7443	2,1278	1,1928	250,45	-3,55	-0,10	141,83
2005 Q4	1,7440	2,0737	1,1861	292,05	0,5	2,90	170,09
2006 Q1	1,7407	2,0930	1,1947	-85,05	1,70	0,60	-47,47
2006 Q2	1,7379	2,1830	1,1962	631,05	0,00	2,00	364,75
2006 Q3	1,7383	2,2116	1,1891	284,85	-0,15	1,80	152,29
2006 Q4	1,7316	2,2345	1,1658	154,90	-0,15	0,00	89,18
2007 Q1	1,7266	2,2622	1,1576	-425,90	-2,00	4,20	-243,93
<b>2006</b>							
January	1,7429	2,1102	1,1960	-79,95	-0,30	0,00	-46,01
February	1,7411	2,0798	1,1896	-8,45	0,00	0,60	-4,34
March	1,7382	2,0894	1,1984	3,35	2,00	0,00	2,88
April	1,7356	2,1247	1,2059	159,45	-0,15	2,00	93,46
May	1,7388	2,2216	1,1881	326,40	0,00	0,00	187,73
June	1,7392	2,2027	1,1946	145,20	0,15	0,00	83,56
July	1,7392	2,2061	1,1963	113,65	-1,00	0,00	64,89
August	1,7366	2,2260	1,1759	26,00	0,00	0,00	14,94
September	1,7346	2,2093	1,1714	183,70	-0,15	1,80	107,36
October	1,7339	2,1876	1,1667	210,40	0,00	0,00	121,33
November	1,7310	2,2300	1,1666	-81,50	-0,15	0,00	-47,18
December	1,7298	2,2860	1,1640	26,00	0,00	0,00	15,03
<b>2007</b>							
January	1,7288	2,2478	1,1474	-142,40	-2,00	2,00	-81,55
February	1,7666	2,2556	1,1526	-143,00	0,00	2,20	-80,91
March	1,7245	2,2831	1,1727	-140,30	0,00	0,00	-81,47
April	1,7197	2,3237	1,1678	-250,00	0,00	0,00	-145,49
May*	1,7165	2,3311	1,1711	28,00	0,00	0,00	16,31

Source: Central Bank of Cyprus.

**Chart 5**

**M2 growth**

(annual percentage change, monthly data)



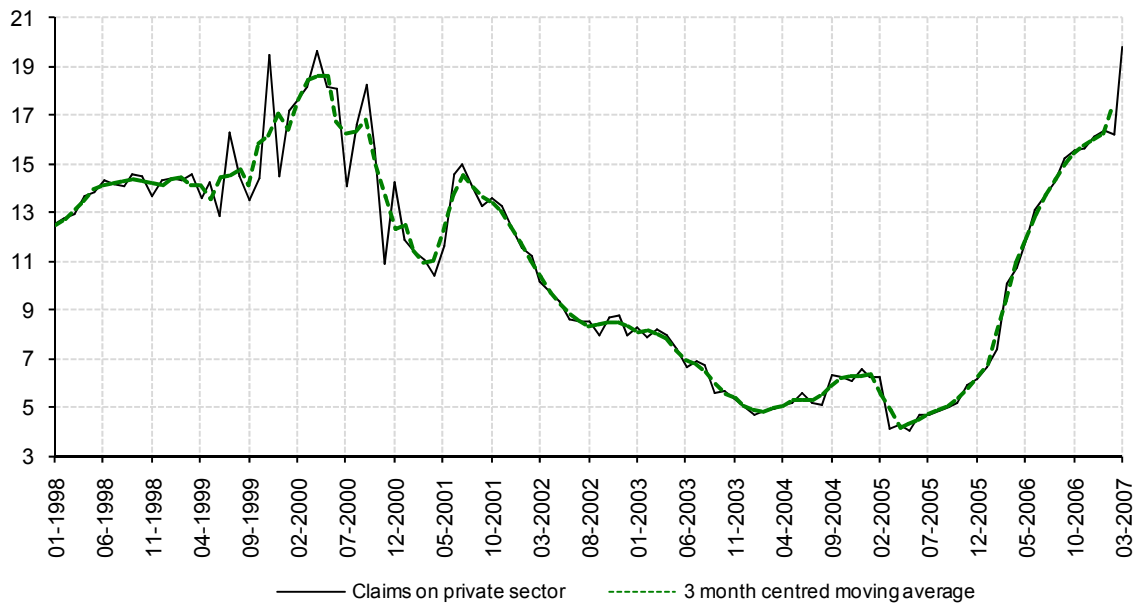
Source: Central Bank of Cyprus.

**Chart 6**

**Growth of claims on private sector**

(annual percentage change, monthly data)

**Growth of claims on private sector**



Source: Central Bank of Cyprus.

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

	Outstanding amount as a percentage of M2 <sup>(1)</sup>	Annual percentage change			
		2006 Feb.	2006 Mar.	2007 Feb.	2007 Mar.
<b>Money supply (M1)</b>	<b>19,7</b>	<b>24,8</b>	<b>26,1</b>	<b>19,9</b>	<b>31,2</b>
Currency in circulation	4,9	7,3	7,7	8,3	9,7
Demand deposits	14,8	33,4	35,9	24,6	40,2
<b>Quasi-money</b>	<b>80,3</b>	<b>10,6</b>	<b>10,8</b>	<b>12,7</b>	<b>14,0</b>
<b>Total money supply (M2)</b>	<b>100,0</b>	<b>12,9</b>	<b>13,2</b>	<b>14,0</b>	<b>17,0</b>
Claims on private sector		7,4	10,1	16,2	19,8 <sup>(2)</sup>
of which in foreign currency		36,6	38,3	52,1	54,8
Claims on public sector		25,0	24,3	13,1	11,0

Source: Central Bank of Cyprus.

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

(2) In March 2007 certain municipality loans held with CCIs and other institutions not included in the monetary aggregates, were repayed with new loans from domestic banks. Adjusting for this, the growth rate is 18,6%.

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

	2006 Feb.	2006 Mar.	2007 Feb.	2007 Mar.
<b>Money supply (M1)</b>	<b>1.779.615</b>	<b>1.771.253</b>	<b>2.133.999</b>	<b>2.323.812</b>
Currency in circulation	507.873	523.576	550.014	574.434
Demand deposits	1.150.570	1.103.026	1.360.625	1.463.187
Deposits in foreign currency	121.172	144.651	223.360	286.191
<b>Quasi-money</b>	<b>8.281.930</b>	<b>8.326.511</b>	<b>9.333.016</b>	<b>9.495.140</b>
Saving deposits	360.496	365.034	431.696	444.268
Time deposits	6.946.420	7.035.142	7.672.340	7.697.487
Deposits in foreign currency	975.014	926.335	1.228.980	1.353.385
<b>Total money supply (M2)</b>	<b>10.061.545</b>	<b>10.097.764</b>	<b>11.467.015</b>	<b>11.818.952</b>
Net foreign assets	1.808.165	1.763.030	2.918.783	2.647.860
Claims on private sector	9.513.484	9.676.826	11.054.726	11.593.598
of which in foreign currency	1.285.070	1.338.809	1.954.152	2.072.192
Claims on public sector	2.207.525	2.198.903	2.496.772	2.440.864
Unclassified items	-3.467.629	-3.540.995	-5.003.266	-4.863.370

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			
		2006 Feb.	2006 Mar.	2007 Feb.	2007 Mar.
Public institutions and corporations <sup>(3)</sup>	3,65	7,3	7,9	8,0	47,7
Agriculture	0,89	-5,5	-5,9	1,3	2,9
Mining	0,23	5,5	0,8	-2,8	0,4
Manufacturing	4,31	0,8	0,7	0,9	0,2
Transport and communications	1,08	-3,5	-1,0	32,9	35,2
Foreign and domestic trade	12,64	-0,6	0,4	-1,1	1,0
Building and construction	18,90	11,8	14,6	26,8	28,5
Tourism	7,68	-1,7	-1,3	7,6	9,9
Personal and professional loans	50,59	14,0	18,1	24,3	28,0
Bills discounted: local	0,02	24,1	11,0	-21,0	-17,1
foreign	0,01	-14,8	-29,9	-10,3	-0,9
<b>Total</b>	<b>100,00</b>				

Source: Central Bank of Cyprus.

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

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

(3) Including government loans.

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

(outstanding amounts at end of period, CYP thousand)

	2006 Feb.	2006 Mar.	2007 Feb.	2007 Mar.
Public institutions and corporations <sup>(2)</sup>	313.533	308.941	338.733	456.235
Agriculture	106.951	108.039	108.361	111.128
Mining	28.604	28.642	27.797	28.756
Manufacturing	528.295	537.854	533.075	538.867
Transport and communications	101.389	100.389	134.702	135.736
Foreign and domestic trade	1.542.506	1.565.574	1.526.179	1.580.736
Building and construction	1.791.365	1.841.034	2.272.095	2.364.902
Tourism	864.544	874.132	930.104	960.387
Personal and professional loans	4.861.938	4.946.163	6.041.245	6.329.449
Bills discounted: local	3.419	3.381	2.702	2.802
foreign	1.714	1.546	1.538	1.532
<b>Total</b>	<b>10.144.258</b>	<b>10.315.695</b>	<b>11.916.531</b>	<b>12.510.530</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>**

	2004	2005	2006	2006 Mar.	2007 Feb.	2007 Mar.
<i>(outstanding amounts at end of period, CYP million)</i>						
Foreign currency loans to residents	909,9	1.205,8	1.896,9	1.338,8	1.954,2	2.072,2
Claims on private sector	8.843,7	9.390,8	10.902,0	9.676,8	11.054,7	11.593,6
Share %	10,3	12,8	17,4	13,8	17,7	17,9
<i>(12 month change, CYP million)</i>						
Foreign currency loans to residents	111,0	295,8	691,2	370,7	669,1	733,4
Claims on private sector	541,7	547,1	1.511,2	884,4	1.541,2	1.916,8
Share %	20,5	54,1	45,7	41,9	43,4	38,3

Source: Central Bank of Cyprus.

(1) From domestic banks.

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

	2005	2006	March		Jan.-Mar.	
			2006	2007	2006	2007
<b>Foreign cardholder spending in Cyprus</b>						
Value (CYP thousand)	244.609	256.958	13.602	14.789	34.069	36.632
Annual % change	5,1	5,0	-1,4	8,7	4,7	7,5
<b>Local cardholder spending in Cyprus</b>						
Value (CYP thousand)	659.486	769.917	54.319	78.176	162.094	204.461
Annual % change	11,4	16,7	15,7	43,9	15,5	26,1
<b>Local cardholder spending abroad</b>						
Value (CYP thousand)	244.131	332.497	27.044	35.520	73.933	101.248
Annual % change	25,2	36,2	41,7	31,3	41,0	36,9

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
2005 Apr.	1.361,7	0,0	0,0	0,1	0,0	63,7	79,3	17,3	537,7	-191,8	208,2	647,7	1.328,1
May	1.395,2	0,0	0,0	0,0	0,0	33,4	79,3	72,9	554,6	-204,1	210,1	648,9	1.316,3
June	1.510,9	0,0	0,0	6,2	0,1	36,2	79,7	68,3	568,4	-114,8	224,1	655,2	1.339,6
July	1.571,9	0,0	0,0	0,4	0,0	31,9	79,6	88,1	586,5	-62,2	182,6	665,8	1.363,8
Aug.	1.596,2	0,0	0,0	0,0	0,0	37,7	79,4	93,5	587,6	-58,1	185,2	670,8	1.375,5
Sep.	1.638,9	0,0	0,0	0,0	0,0	87,5	79,4	198,7	579,4	-119,0	200,2	612,7	1.359,1
Oct.	1.712,1	0,0	0,0	7,3	0,0	55,1	79,3	168,1	579,7	-12,5	231,5	618,1	1.332,3
Nov.	1.772,0	0,0	0,0	0,0	0,0	181,7	79,3	173,7	566,4	-41,3	246,6	565,6	1.393,1
Dec.	1.830,5	0,0	0,0	0,0	0,0	198,5	79,3	227,7	594,8	-130,6	277,8	583,0	1.455,7
2006 Jan.	1.840,4	0,0	0,0	0,0	0,0	190,5	0,1	333,5	579,2	-148,0	223,8	661,1	1.430,9
Feb.	1.796,1	0,0	0,0	0,0	0,0	174,0	0,0	302,9	562,2	-154,2	236,9	674,3	1.410,5
Mar.	1.792,1	0,0	0,0	0,9	0,0	238,8	0,1	256,1	564,8	-210,2	265,8	677,6	1.481,2
Apr.	1.845,7	0,0	0,0	0,0	0,0	183,3	0,0	138,7	594,7	-32,1	266,1	695,1	1.473,1
May	1.993,9	0,0	0,0	0,0	0,0	233,0	0,0	269,7	603,8	-78,0	271,3	694,2	1.531,0
June	2.066,8	0,0	0,0	0,0	0,0	237,5	0,0	417,3	618,9	-176,4	272,0	697,4	1.553,8
July	1.974,6	0,0	0,0	5,7	0,0	132,6	0,2	431,0	633,6	-133,8	211,6	705,1	1.471,5
Aug.	2.007,3	0,0	0,0	13,7	0,0	100,0	0,0	477,4	636,3	-127,0	225,7	708,6	1.444,9
Sep.	2.073,3	0,0	0,0	0,5	0,0	155,9	0,0	500,0	625,3	-171,5	245,2	718,9	1.500,1
Oct.	2.182,6	0,0	0,0	0,0	0,0	244,4	0,1	538,1	622,9	-230,0	262,9	744,3	1.611,7
Nov.	2.247,0	0,0	0,0	0,0	0,0	260,7	0,0	580,0	609,8	-233,7	277,9	752,1	1.622,7
Dec.	2.195,8	0,0	0,0	0,0	0,0	294,7	0,0	564,5	643,4	-352,0	278,5	766,7	1.704,9
2007 Jan.	2.181,3	0,0	0,0	0,0	0,0	288,9	0,0	645,2	636,5	-413,7	240,9	783,5	1.708,8
Feb.	2.109,9	0,0	0,0	0,0	0,0	204,6	0,0	525,0	616,0	-314,7	270,7	808,3	1.628,9
Mar.	1.992,6	0,0	0,0	0,0	0,0	145,2	0,0	285,5	616,3	-163,0	279,9	828,7	1.590,2
Apr.	1.888,7	0,0	0,0	0,0	0,0	64,7	0,0	110,0	642,6	-39,2	290,5	820,1	1.527,4

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 of Cyprus 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 2007**

(latest 12-month average)

	Inflation ( HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria	1,80	3,94	2,14
Belgium	2,10	3,95	1,85
Czech Republic	1,90	3,86	1,96
Denmark	1,80	3,94	2,14
Estonia <sup>(2)</sup>	4,50	4,47	-0,03
Finland	1,30	3,93	2,63
France	1,70	3,93	2,23
Germany	1,70	3,89	2,19
Greece <sup>(1)</sup>	3,50	3,83	0,33
Hungary	5,60	7,14	1,54
Ireland	2,70	3,88	1,18
Italy	2,20	4,18	1,98
Latvia	6,70	4,49	-2,21
Lithuania	4,00	4,24	0,24
Luxembourg	2,50	4,04	1,54
Malta	2,20	4,32	2,12
Netherlands	1,60	3,92	2,32
Poland	1,50	5,32	3,82
Portugal	2,90	4,05	1,15
Slovakia	3,70	4,53	0,83
Slovenia	2,60	3,99	1,39
Spain	3,20	3,93	0,73
Sweden	1,60	3,82	2,22
United Kingdom <sup>(2)</sup>	2,50	4,53	2,03
Eurozone	2,10	3,98	1,88
EU -25 <sup>(3)</sup>	2,30	3,89	1,59
Cyprus	2,00	4,25	2,25

Sources: Eurostat and European Central Bank.

(1) Data for July 2006.

(2) Data for February 2007.

(3) Data for August 2006.



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

		change
<b>European Central Bank</b>		
<i>(12 April 2007)</i>		
Minimum bid rate on the main refinancing operations	3,75	-
Interest rate on the marginal lending facility	4,75	-
Interest rate on the deposit facility	2,75	-
<b>Bank of England</b>		
<i>(5 April 2007)</i>		
Rate paid on commercial bank reserves	5,25	-
<b>Federal Reserve</b>		
<i>(21 March 2007)</i>		
Federal funds rate	5,25	-
Discount rate	6,25	-
<b>Central Bank of Cyprus</b>		
<i>(13 April 2007)</i>		
Minimum bid rate on the main refinancing operations	4,50	-
Maximum bid rate on the liquidity absorbing operations	4,50	-
Interest rate on the marginal lending facility	4,75	-
Interest rate on the deposit facility	2,75	-

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 <sup>(1)</sup>		
		Minimum bid rate	Maximum bid rate	Maximum bid rate		
2001	10 Aug.	3,50	5,00	5,00	-	6,50
	18 Sep.	3,00	4,50	4,50	-	6,00
	02 Nov.	2,50	4,00	4,00	4,00	5,50
2002	13 Dec.	2,50	3,75	3,75	3,75	5,00
2003	04 Apr.	2,50	3,50	3,50	3,50	4,50
2004	30 Apr.	3,50	4,50	4,50	4,50	5,50
2005	25 Feb.	3,25	4,25	4,25	4,25	5,25
	20 May	2,75	3,75	3,75	3,75	4,75
	09 Jun.	2,25	3,25	3,25	3,25	4,25
2006	01 Sep. <sup>(2)</sup>	2,50	4,50	4,50	4,50	4,50
2007	12 Mar.	2,75	4,50	4,50	4,50	4,75

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%.

(2) Following the Monetary Policy Committee's decision on 1 September 2006, the main refinancing operations rate (repo) replaced the marginal lending facility rate (Lombard), which had been used since 1 January 2001, for the purpose of pricing local currency bank loans.

**Table 14****Interest rates***(percent per annum, period averages)*

	2004	2005	2006	2006 Apr.	2007 Feb.	2007 Mar.	2007 Apr.
Interbank (1 day)	3,92	3,27	2,90	2,53	3,10	3,18	3,62
Acceptance of deposits	3,89	3,28	3,00	2,40	3,70	3,48	3,49
Treasury bills (13 weeks)	4,21	4,26	2,56	-	3,56	3,61	-
Treasury bills (52 weeks)	4,77	4,29	2,89	-	-	4,12	-
Development stocks (2 years)	5,14	4,74	3,40	-	4,03	-	-
Development stocks (5 years)	5,92	5,68	3,84	-	4,24	-	4,24
Development stocks (10 years)	6,07	5,17	4,12	-	4,47	-	4,44
Development stocks (15 years)	6,31	5,61	-	-	-	-	-

Source: Central Bank of Cyprus.

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

Date of settlement	Bids (amount)	Allotment (amount)	Variable rate tenders				Running for (...) days	
			Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate		
2006	06 Jul.	552,0	400,0	3,25	2,84	2,31	3,14	14
	20 Jul.	553,0	430,0	3,25	3,13	2,78	3,17	14
	03 Aug.	707,0	480,0	3,25	3,06	2,85	3,09	14
	17 Aug.	687,0	480,0	3,25	3,03	2,95	3,05	14
	31 Aug.	687,5	500,0	3,25	3,00	2,96	3,02	14
	14 Sep.	727,5	500,0	4,50	3,88	3,29	3,94	14
	28 Sep.	803,0	500,0	4,50	3,89	3,65	3,94	14
	12 Oct.	829,0	550,0	4,50	3,89	3,79	3,91	14
	26 Oct.	930,5	580,0	4,50	3,87	3,69	3,93	14
	09 Nov.	824,0	580,0	4,50	3,88	3,78	3,92	14
	23 Nov.	842,0	580,0	4,50	3,89	3,79	3,91	14
	07 Dec.	886,0	530,0	4,50	3,87	3,79	3,90	14
	21 Dec.	1.034,0	600,0	4,50	3,76	3,65	3,80	14
2007	04 Jan.	889,0	650,0	4,50	3,84	3,50	3,97	14
	18 Jan.	916,0	650,0	4,50	3,84	3,74	3,94	14
	01 Feb.	1.023,5	600,0	4,50	3,69	3,67	3,69	14
	15 Feb.	789,0	450,0	4,50	3,71	3,48	3,88	14
	01 Mar.	579,5	350,0	4,50	3,50	3,44	3,57	14
	15 Mar.	492,0	250,0	4,50	3,45	3,39	3,47	14
	29 Mar.	248,0	150,0	4,50	3,52	3,34	3,59	14
	12 Apr.	242,0	100,0	4,50	3,47	3,39	3,49	14
	26 Apr.	204,0	50,0	4,50	3,34	3,34	3,34	14
	10 May	40,0	40,0	4,50	3,29	3,29	3,29	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)
2006 Mar.	2,52	2,84	3,02	2,97	3,35	2,52	2,63	2,72	2,87	3,11
Apr.	2,53	2,80	2,95	3,64	3,35	2,63	2,65	2,79	2,96	3,22
May	2,48	3,23	3,22	3,44	3,55	2,58	2,69	2,89	3,06	3,31
June	2,49	2,95	2,97	3,26	-	2,70	2,87	2,99	3,16	3,40
July	2,79	3,08	3,23	3,53	-	2,81	2,94	3,10	3,29	3,54
Aug.	2,86	3,04	3,25	3,67	-	2,97	3,09	3,23	3,41	3,62
Sep.	3,46	3,79	3,73	3,76	-	3,04	3,16	3,34	3,53	3,72
Oct.	3,67	4,16	4,09	4,45	-	3,28	3,35	3,50	3,64	3,80
Nov.	3,58	3,95	4,02	4,24	-	3,33	3,42	3,60	3,73	3,86
Dec.	3,37	4,16	4,02	4,01	-	3,50	3,64	3,68	3,79	3,92
2007 Jan.	3,35	4,11	4,18	3,77	-	3,56	3,62	3,75	3,89	4,06
Feb.	3,10	3,96	4,13	4,00	4,00	3,57	3,65	3,82	3,94	4,09
Mar.	3,18	3,94	4,04	3,99	-	3,69	3,84	3,89	4,00	4,11
Apr.	3,62	3,95	3,95	4,05	4,20					

Source: Central Bank of Cyprus and European Central Bank.

**Table 17**
**Commercial 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 CYP5.000	1 year fixed deposits - over CYP5.000
2005 Mar.	7,61	7,63	8,38	6,76	11,83	0,65	4,37	4,38
Apr.	7,61	7,63	8,38	6,76	11,75	0,64	4,30	4,38
May	7,18	7,20	7,97	6,33	11,83	0,55	4,04	4,07
June	6,69	6,70	7,58	5,76	12,00	0,39	3,47	3,88
July	6,69	6,70	7,47	5,76	12,00	0,42	3,47	3,85
Aug.	6,70	6,69	7,49	5,74	12,00	0,45	3,47	3,82
Sep.	6,69	6,69	7,49	5,74	12,00	0,46	3,47	3,79
Oct.	6,69	6,68	7,29	5,74	12,00	0,47	3,47	3,75
Nov.	6,69	6,68	7,29	5,72	12,00	0,46	3,48	3,72
Dec.	6,69	6,68	7,28	5,71	12,00	0,45	3,47	3,68
2006 Jan.	6,67	6,67	7,28	5,71	12,00	0,46	3,48	3,63
Feb.	6,65	6,65	7,27	5,71	12,00	0,45	3,48	3,59
Mar.	6,64	6,65	7,27	5,69	12,00	0,47	3,48	3,57
Apr.	6,64	6,64	7,28	5,69	12,00	0,48	3,48	3,55
May	6,64	6,63	7,28	5,68	12,00	0,47	3,48	3,52
June	6,65	6,62	7,28	5,68	12,00	0,43	3,48	3,43
July	6,65	6,62	7,28	5,68	12,00	0,46	3,47	3,42
Aug.	6,64	6,62	7,29	5,68	12,00	0,46	3,47	3,42
Sep.	6,88	6,81	7,51	5,84	12,17	0,55	3,64	3,58
Oct.	6,89	6,81	7,50	5,84	12,17	0,51	3,65	3,58
Nov.	6,88	6,81	7,48	5,84	12,17	0,50	3,65	3,58
Dec.	6,88	6,80	7,48	5,84	12,17	0,51	3,65	3,58
2007 Jan.	6,90	6,81	7,63	5,92	12,17	0,54	3,65	3,58
Feb.	6,91	6,81	7,66	5,92	12,17	0,53	3,65	3,57
Mar.	6,89	6,80	7,67	5,92	12,17	0,53	3,65	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 <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	
2006 Feb.	0,74	2,09	3,13	1,97	2,34	1,08	2,38	3,47	
Mar.	0,76	2,16	3,01	1,98	2,37	1,14	2,48	3,46	
Apr.	0,79	2,21	3,01	2,00	2,42	1,16	2,53	3,51	
May	0,79	2,27	3,05	2,00	2,48	1,18	2,59	3,52	
Jun.	0,81	2,34	3,08	2,04	2,53	1,22	2,72	3,53	
Jul.	0,81	2,43	3,03	2,08	2,58	1,24	2,80	3,57	
Aug.	0,85	2,52	3,05	2,23	2,63	1,32	2,93	3,64	
Sep.	0,86	2,59	3,08	2,26	2,68	1,36	3,00	3,69	
Oct.	0,90	2,69	3,10	2,30	2,75	1,45	3,15	3,80	
Nov.	0,91	2,78	3,05	2,30	2,81	1,49	3,24	3,80	
Dec.	0,92	2,89	3,05	2,38	2,87	1,52	3,42	3,88	
2007 Jan.	0,99	2,99	3,06	2,39	2,98	1,60	3,46	3,91	

**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
2006 Feb.	4,59	4,17	4,54	7,97	6,78	5,68	4,49	3,95	4,31
Mar.	4,60	4,15	4,52	8,06	6,80	5,73	4,53	3,98	4,31
Apr.	4,63	4,16	4,52	8,10	6,73	5,75	4,59	4,05	4,34
May	4,63	4,16	4,52	8,10	6,70	5,71	4,64	4,10	4,36
June	4,67	4,20	4,55	8,10	6,75	5,73	4,72	4,19	4,40
July	4,68	4,21	4,57	8,15	6,71	5,82	4,81	4,27	4,45
Aug.	4,72	4,23	4,60	8,21	6,72	5,82	4,85	4,33	4,48
Sep.	4,82	4,27	4,62	8,31	6,81	5,87	4,93	4,40	4,53
Oct.	4,90	4,29	4,65	8,36	6,81	5,88	5,07	4,51	4,57
Nov.	4,98	4,33	4,68	8,34	6,81	5,91	5,14	4,59	4,63
Dec.	5,00	4,35	4,70	8,42	6,83	5,94	5,24	4,66	4,68
2007 Jan.	5,04	4,37	4,72	8,58	6,84	5,95	5,31	4,76	4,77

Source: European Central Bank.

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

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

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank <sup>(1)</sup>	11 <b>3,50</b>	8 <b>3,50</b>	8 <b>3,75</b>	12 <b>3,75</b>	10	6	5		6	4	8	6
Bank of England <sup>(2)</sup>	11 <b>5,25</b>	8 <b>5,25</b>	8 <b>5,25</b>	5 <b>5,25</b>	10	7	5	2	6	4	8	6
Federal Reserve <sup>(3)</sup>	30/31 <b>5,25</b>		20/21 <b>5,25</b>		9	27/28		7	18	30/31		11
Central Bank of Cyprus <sup>(4)</sup>	12 <b>4,50</b>	23 <b>4,50</b>	12 <b>4,50</b>	13 <b>4,50</b>	18		6		7	19		7

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

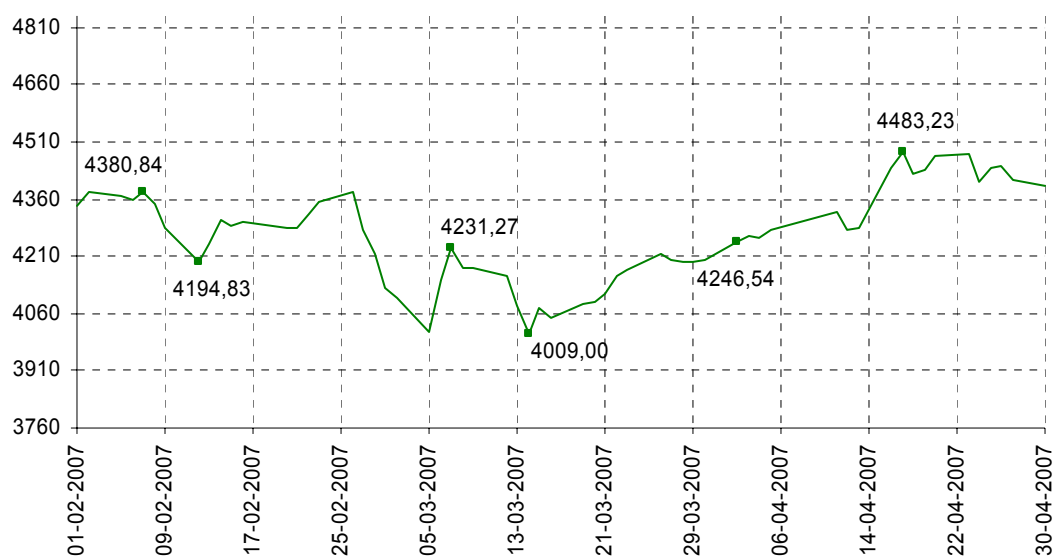
(2) Rate paid on commercial bank reserves.

(3) Federal funds rate.

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

**Chart 7****Cyprus Stock Exchange - main and parallel market index**

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



Source: Cyprus Stock Exchange.

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

April 2007/2006

	2004	2005	2006	April 2006/2005	March 2007/2006	April 2007/2006	Jan. - Apr. 2006/2005	Jan. - Mar. 2007/2006	Jan. - Apr. 2007/2006	Weights		
										1998=100	2005=100 (For 2006)	2005=100 (For 2007)
<b>GENERAL INDEX</b>	<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,96</b>	<b>1,49</b>	<b>1,77</b>	<b>2,77</b>	<b>1,53</b>	<b>1,59</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>A Domestic products</b>	2,95	1,79	4,35	<b>5,23</b>	<b>3,32</b>	<b>3,81</b>	<b>4,61</b>	<b>3,89</b>	<b>3,87</b>	<b>36,69</b>	<b>28,60</b>	28,98
A.1 Agricultural	3,32	1,34	6,51	8,13	8,60	10,24	3,76	10,91	10,74	7,93	6,92	6,93
A.2 Industrial	3,36	1,14	2,47	2,01	2,51	3,14	2,49	2,30	2,52	22,91	19,24	19,29
A.3 Electricity	-3,13	11,51	13,10	24,25	-4,74	-7,89	25,85	-3,52	-4,63	1,52	2,44	2,76
<b>B Petroleum products</b>	<b>17,18</b>	<b>14,82</b>	<b>8,09</b>	<b>12,33</b>	<b>-0,88</b>	<b>-0,86</b>	<b>13,54</b>	<b>-2,24</b>	<b>-1,89</b>	<b>4,33</b>	<b>6,44</b>	<b>6,63</b>
<b>C Imported products</b>	<b>-5,55</b>	<b>-2,47</b>	<b>-1,14</b>	<b>-1,40</b>	<b>-2,74</b>	<b>-2,39</b>	<b>-1,20</b>	<b>-2,93</b>	<b>-2,79</b>	<b>22,20</b>	<b>25,31</b>	<b>24,62</b>
C1 Motor vehicles	-13,50	-2,42	-1,38	0,79	-10,48	-10,48	0,47	-10,20	-10,27	9,43	6,15	5,41
C2 Other imported	-0,39	-2,49	-1,07	-2,08	-0,21	0,23	-1,74	-0,51	-0,32	12,77	19,16	19,21
<b>D Services</b>	<b>3,23</b>	<b>3,34</b>	<b>2,57</b>	<b>2,68</b>	<b>3,06</b>	<b>3,19</b>	<b>2,36</b>	<b>3,03</b>	<b>3,07</b>	<b>41,11</b>	<b>39,65</b>	<b>39,77</b>
<b>HICP</b>	<b>1,9</b>	<b>2,1</b>	<b>2,2</b>	<b>2,5</b>	<b>1,4</b>		<b>2,4</b>	<b>1,4</b>				

Source: Cystat.

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

April 2007/2006

	2004	2005	2006	April 2006/2005	March 2007/2006	April 2007/2006	Jan. - Apr. 2006/2005	Jan. - Mar. 2007/2006	Jan. - Apr. 2007/2006	Weights		
										1998=100	2005=100 (For 2006)	2005=100 (For 2007)
<b>GENERAL INDEX</b>	<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,96</b>	<b>1,49</b>	<b>1,77</b>	<b>2,77</b>	<b>1,53</b>	<b>1,59</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>A Domestic products</b>	1,98	1,58	1,25	<b>1,48</b>	<b>0,98</b>	<b>1,12</b>	<b>1,31</b>	<b>1,13</b>	<b>1,12</b>	<b>36,69</b>	<b>28,60</b>	28,98
A.1 Agricultural	0,27	0,11	0,45	0,55	0,61	0,73	0,27	0,78	0,77	7,93	6,92	6,93
A.2 Industrial	0,78	0,27	0,47	0,39	0,48	0,60	0,48	0,44	0,48	22,91	19,24	19,29
A.3 Electricity	-0,07	0,23	0,32	0,54	-0,14	-0,24	0,57	-0,10	-0,12	1,52	2,44	2,76
<b>B Petroleum products</b>	<b>0,99</b>	<b>0,97</b>	<b>0,52</b>	<b>0,78</b>	<b>-0,06</b>	<b>-0,06</b>	<b>0,82</b>	<b>-0,15</b>	<b>-0,13</b>	<b>4,33</b>	<b>6,44</b>	<b>6,63</b>
<b>C Imported products</b>	<b>-1,04</b>	<b>-0,43</b>	-0,29	<b>-0,36</b>	<b>-0,66</b>	<b>-0,58</b>	<b>-0,31</b>	<b>-0,72</b>	<b>-0,69</b>	<b>22,20</b>	<b>25,31</b>	<b>24,62</b>
C1 Motor vehicles	-1,00	-0,15	-0,08	0,05	-0,56	-0,56	0,03	-0,63	-0,63	9,43	6,15	5,41
C2 Other imported	-0,04	-0,28	-0,20	-0,41	-0,04	0,04	-0,34	-0,09	-0,06	12,77	19,16	19,21
<b>D Services</b>	<b>1,35</b>	<b>1,41</b>	<b>1,02</b>	<b>1,06</b>	<b>1,21</b>	<b>1,26</b>	<b>0,94</b>	<b>1,21</b>	<b>1,22</b>	<b>41,11</b>	<b>39,65</b>	<b>39,77</b>

Source: Cystat.



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

April 2007/2006

	Years									Weights	
	2004	2005	2006	April 2006/2005	March 2007/2006	April 2007/2006	Jan.- Apr. 2006/2005	Jan.- Mar. 2007/2006	Jan.- Apr. 2007/2006	2005=100	1998=100
<b>GENERAL INDEX</b>	<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,96</b>	<b>1,49</b>	<b>1,77</b>	<b>2,77</b>	<b>1,53</b>	<b>1,59</b>	<b>100,00</b>	<b>100,00</b>
Food & non-alcoholic beverages	3,97	1,59	4,80	5,55	5,61	6,58	3,62	6,28	6,36	17,50	18,20
Alcoholic beverages & tobacco	10,57	0,23	0,49	-1,11	1,01	2,86	-0,16	0,82	1,33	2,21	1,78
Clothing & footwear	-0,79	-2,24	-0,32	-2,50	-0,20	0,40	1,17	-0,79	-0,47	8,93	8,22
Housing, water, electricity & gas	4,19	5,41	4,90	7,01	0,79	0,01	7,25	1,17	0,88	15,87	21,27
Furnishings, household equipment & supplies	-0,45	0,58	0,13	0,04	-0,65	-0,15	0,66	-0,24	-0,22	6,78	7,08
Health	3,72	0,36	1,31	1,85	5,36	6,91	-2,61	4,67	5,24	5,03	4,92
Transport	-3,06	3,79	2,87	4,54	-2,67	-2,34	4,85	-3,24	-3,01	15,99	17,42
Communications	-8,48	-10,34	-1,83	-0,11	1,27	1,28	-2,58	1,25	1,25	3,94	1,79
Recreation & culture	2,26	1,06	-0,33	-1,06	-0,23	-0,23	-1,26	-0,04	-0,09	6,33	5,88
Education	3,96	5,21	4,68	4,55	4,89	4,89	4,55	4,89	4,89	2,87	2,33
Restaurants & hotels	4,69	3,30	2,18	2,43	2,96	2,57	1,88	2,69	2,66	7,57	6,07
Miscellaneous goods & services	5,16	3,83	2,23	1,51	2,14	2,45	1,96	2,14	2,22	6,98	5,04

Source: Cystat.

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

April 2007/2006

	Years									Weights	
	2004	2005	2006	April 2006/2005	March 2007/2006	April 2007/2006	Jan.- Apr. 2006/2005	Jan.- Mar. 2007/2006	Jan.- Apr. 2007/2006	2005=100	1998=100
<b>GENERAL INDEX</b>	<b>2,28</b>	<b>2,56</b>	<b>2,49</b>	<b>2,96</b>	<b>1,49</b>	<b>1,77</b>	<b>2,77</b>	<b>1,53</b>	<b>1,59</b>	<b>100,00</b>	<b>100,00</b>
Food & non-alcoholic beverages	0,76	0,31	0,82	0,96	1,00	1,17	0,63	1,11	1,12	17,50	18,20
Alcoholic beverages & tobacco	0,28	0,01	0,01	-0,02	0,02	0,06	0,00	0,02	0,03	2,21	1,78
Clothing & footwear	-0,05	-0,14	-0,03	-0,24	-0,02	0,04	0,10	-0,06	-0,04	8,93	8,22
Housing, water, electricity & gas	0,93	1,22	0,76	1,10	0,13	0,00	1,12	0,19	0,14	15,87	21,27
Furnishings, household equipment & supplies	-0,03	0,04	0,01	0,00	-0,04	-0,01	0,04	-0,02	-0,01	6,78	7,08
Health	0,20	0,02	0,06	0,09	0,26	0,34	-0,13	0,23	0,26	5,03	4,92
Transport	-0,51	0,59	0,45	0,72	-0,43	-0,38	0,76	-0,52	-0,48	15,99	17,42
Communications	-0,10	-0,11	-0,07	0,00	0,05	0,05	-0,10	0,05	0,05	3,94	1,79
Recreation & culture	0,12	0,06	-0,02	-0,07	-0,01	-0,01	-0,08	0,00	-0,01	6,33	5,88
Education	0,10	0,13	0,13	0,13	0,14	0,14	0,13	0,14	0,14	2,87	2,33
Restaurants & hotels	0,31	0,23	0,16	0,18	0,22	0,19	0,14	0,20	0,20	7,57	6,07
Miscellaneous goods & services	0,28	0,21	0,15	0,11	0,15	0,17	0,14	0,15	0,15	6,98	5,04

Source: Cystat.

**Table 24**  
**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						
	2004	2005	2006	2007				2004	2005	2006	2007			
				Jan.	Feb.	Mar.	Apr.				Jan.	Feb.	Mar.	Apr.
<b>EUROPE</b>	<b>7.416,2</b>	<b>7.395,9</b>	<b>257.715,8</b>	<b>59.206,2</b>	<b>17.139,6</b>	<b>14.763,2</b>	<b>16.001,1</b>	<b>1.199,3</b>	<b>3.461,1</b>	<b>282.799,6</b>	<b>53.283,0</b>	<b>12.743,0</b>	<b>26.607,5</b>	<b>22.036,2</b>
EU-25	6.064,4	6.805,2	242.454,5	56.386,5	15.750,8	14.335,2	15.221,9	3.710,1	2.980,4	275.945,2	50.696,8	12.445,0	26.333,8	21.593,3
Greece	5.519,5	5.667,5	140.748,9	16.581,0	6.711,1	6.614,6	7.693,4	3.328,1	2.269,5	260.812,4	37.686,3	6.645,1	22.395,7	8.532,8
United Kingdom	265,2	238,2	58.345,6	36.588,5	7.651,2	6.501,2	7.070,3	182,5	390,6	10.088,4	8.648,9	4.199,6	3.379,2	12.336,4
Other European countries	1.351,8	590,7	15.261,3	2.819,7	1.388,8	428,0	779,2	228,6	480,7	6.854,4	2.586,2	298,1	273,7	442,9
Russian Federation	1.131,5	405,4	1.029,9	280,5	119,1	94,7	17,8	59,3	279,7	1.220,2	291,5	124,4	127,1	116,4
<b>AFRICA</b>	<b>415,8</b>	<b>51,4</b>	<b>7.252,2</b>	<b>1.086,5</b>	<b>1.468,5</b>	<b>755,3</b>	<b>374,0</b>	<b>295,7</b>	<b>90,1</b>	<b>8.722,4</b>	<b>1.480,7</b>	<b>249,5</b>	<b>428,0</b>	<b>384,4</b>
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	5,7
Other African countries	414,9	51,4	7.252,2	1.086,5	1.468,5	755,3	374,0	295,7	88,3	8.722,4	1.480,7	249,5	428,0	378,7
South Africa	56,7	0,0	232,6	298,2	0,0	108,1	90,6	0,0	7,6	220,4	292,3	20,5	0,0	87,5
<b>AMERICA</b>	<b>888,6</b>	<b>429,3</b>	<b>128.783,8</b>	<b>6.316,4</b>	<b>3.474,4</b>	<b>1.872,1</b>	<b>5.874,1</b>	<b>1.643,7</b>	<b>1.232,7</b>	<b>32.988,8</b>	<b>7.529,9</b>	<b>13.661,2</b>	<b>21.253,2</b>	<b>5.253,2</b>
North American countries	635,6	84,1	94.136,8	3.714,1	1.170,1	884,0	1.242,9	80,0	33,2	6.193,4	6.594,5	11.877,6	19.831,1	3.815,9
United States of America	634,9	81,9	94.115,1	3.666,1	1.164,3	870,5	1.242,9	28,7	33,2	5.957,0	6.515,8	11.854,8	19.818,5	3.783,3
Canada	0,7	2,2	21,7	48,0	5,8	13,5	0,0	51,3	0,0	236,5	78,7	22,8	12,6	32,5
Central American countries	253,0	345,2	34.647,0	2.602,3	2.304,4	988,1	4.631,2	1.563,7	1.199,4	26.795,3	935,5	1.783,6	1.422,0	1.437,3
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>61,7</b>	<b>267,3</b>	<b>6.523,5</b>	<b>4.196,3</b>	<b>2.394,5</b>	<b>347,0</b>	<b>9,3</b>	<b>12,2</b>	<b>229,2</b>	<b>5.446,5</b>	<b>3.613,2</b>	<b>2.883,5</b>	<b>37,3</b>	<b>507,1</b>
West Asia	17,0	204,7	86,1	23,8	18,4	2,3	9,3	12,2	168,9	955,4	243,4	205,0	37,3	507,1
Other Asian countries	44,8	62,6	6.437,4	4.172,5	2.376,1	344,7	0,0	0,0	60,3	4.491,1	3.369,9	2.678,5	0,0	0,0
<b>OCEANIA</b>	<b>18,5</b>	<b>0,0</b>	<b>28,2</b>	<b>7,8</b>	<b>54,7</b>	<b>11,6</b>	<b>78,8</b>	<b>8,2</b>	<b>0,0</b>	<b>19,0</b>	<b>75,7</b>	<b>58,3</b>	<b>38,1</b>	<b>35,3</b>
<b>Total</b>	<b>8.800,8</b>	<b>8.143,9</b>	<b>400.303,5</b>	<b>70.813,2</b>	<b>24.531,7</b>	<b>17.749,2</b>	<b>22.337,2</b>	<b>5.898,5</b>	<b>5.013,0</b>	<b>329.976,3</b>	<b>65.982,5</b>	<b>29.595,6</b>	<b>48.364,1</b>	<b>28.216,1</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 25**
**Tourist arrivals<sup>(1)</sup>**  
 (number of persons)

	2000	2001	2002	2003	2004	2005	2006	2007	% change 2003/2002	% change 2004/2003	% change 2005/2004	% change 2006/2005	% change 2007/2006
January	63.553	64.214	54.067	59.529	56.504	58.894	54.875	51.848	10,1	-5,1	4,2	-6,8	-5,5
February	87.243	83.569	71.950	77.972	75.705	72.600	66.151	63.098	8,4	-2,9	-4,1	-8,9	-4,6
March	135.487	137.578	138.625	91.634	111.946	137.075	107.071	104.316	-33,9	22,2	22,4	-21,9	-2,6
April	221.785	237.228	180.481	169.891	191.251	183.561	206.548		-5,9	12,6	-4,0	12,5	
May	299.355	324.901	279.070	231.527	261.646	284.132	283.513		-17,0	13,0	8,6	-0,2	
June	302.011	322.835	293.192	262.100	264.799	282.652	280.164		-10,6	1,0	6,7	-0,9	
July	362.299	373.385	327.404	318.143	305.978	338.972	341.443		-2,8	-3,8	10,8	0,7	
August	356.686	371.536	301.724	325.390	305.926	336.587	314.872		7,8	-6,0	10,0	-6,5	
September	329.964	329.400	306.731	287.358	303.506	302.833	296.532		-6,3	5,6	-0,2	-2,1	
October	300.597	269.744	275.840	271.980	278.976	292.273	283.046		-1,4	2,6	4,8	-3,2	
November	133.500	107.454	111.327	123.800	114.048	104.822	95.682		11,2	-7,9	-8,1	-8,7	
December	93.722	74.887	77.822	83.919	78.723	75.656	71.022		7,8	-6,2	-3,9	-6,1	
Jan. - March.	286.283	285.361	264.642	229.135	244.155	268.569	228.097	219.262	-13,4	6,6	10,0	-15,1	-3,9
Jan.-Dec.	2.686.202	2.696.731	2.418.233	2.303.243	2.349.008	2.470.057	2.400.919		-4,8	2,0	5,2	-2,8	

Source: Cystat.

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	% change 2004/2003	% change 2005/2004	% change 2006/2005	% change 2007/2006
January	-	24,9	21,6	25,6	21,8	20,7	21,2	19,7	-15,0	-5,0	2,4	-7,1
February	-	29,1	28,9	31,4	25,4	23,5	23,1	22,6	-19,1	-7,5	-1,7	-2,2
March	-	49,7	59,2	37,8	42,1	47,6	38,9		11,2	13,2	-18,3	
April	-	89,9	77,0	67,1	72,1	62,0	74,5		7,4	-14,0	20,2	
May	-	139,1	119,5	92,5	99,5	105,4	111,9		7,6	5,9	6,2	
June	122,9	157,4	139,3	114,8	109,3	113,3	117,7		-4,8	3,7	3,9	
July	162,7	192,0	160,7	152,4	135,1	140,1	155,0		-11,4	3,7	10,6	
August	173,7	205,0	153,8	165,3	148,1	161,3	155,0		-10,4	8,9	-3,9	
September	161,9	176,3	157,4	134,1	141,2	137,9	140,9		5,3	-2,3	2,2	
October	135,1	130,2	128,0	112,4	115,9	120,5	122,9		3,1	4,0	2,0	
November	54,1	48,8	51,4	48,7	43,1	43,1	37,6		-11,5	0,0	-12,8	
December	36,2	29,2	35,6	32,9	28,8	30,3	28,8		-12,4	5,2	-5,0	
Jan-March.		24,9	21,6	25,6	21,8	20,7	21,2	42,3	-17,2	-6,4	0,2	-4,5
Jan. - Dec.		1271,6	1132,3	1015,0	982,3	1005,7	1027,5		-3,2	2,4	2,2	

Source: Cystat.

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

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

(CYP million)

Period	TOTAL TRADE		EXTRA-EU TRADE		INTRA-EU TRADE		
	Total Imports/Arrivals	Total Exports/Dispatches	Total Imports	Total Exports	Arrivals	Dispatches	
	(cif)	(fob)	(cif)	(fob)	(cif)	(fob)	
<b>2000</b>	2.402,0	591,9	1.140,9	364,5	1.261,1	227,4	
<b>2001</b>	2.528,7	627,9	1.208,8	376,5	1.320,0	251,4	
<b>2002</b>	2.486,6	511,3	1.140,9	240,9	1.345,8	270,4	
<b>2003</b>	2.304,1	476,8	992,8	198,3	1.311,3	278,5	
<b>2004</b>	2.679,3	548,0	921,7	202,5	1.757,6	345,5	
<b>2005</b>	2.966,8	719,2	952,9	224,3	1.965,4	447,8	
<b>2006</b>	3.183,0	641,8	1.073,8	224,6	2.110,1	417,7	
<b>2006</b>	January	247,5	59,6	81,3	13,8	166,2	45,8
	February	238,2	57,2	83,3	17,1	154,2	40,1
	March	284,2	66,1	91,6	22,5	192,5	43,6
	April	252,0	53,4	86,5	21,1	165,5	32,3
	May	280,4	55,1	93,2	16,2	187,2	38,9
	June	312,0	52,6	121,7	17,3	190,1	35,3
	July	263,4	52,7	81,7	17,7	181,7	35,0
	August	259,4	43,2	98,8	18,6	160,5	24,5
	September	281,5	52,8	97,7	22,1	183,7	30,7
	October	269,2	45,3	73,7	17,1	195,6	28,2
	November	279,5	59,8	80,5	23,9	198,7	35,8
	December	259,6	53,0	88,8	17,1	171,6	36,0
<b>2007</b>	January	266,2	65,9	96,8	13,6	169,4	52,4
	February	245,8	44,0	59,3	15,3	186,5	28,6
	March*	283,8	52,1	81,5	17,8	202,3	34,3
	Jan. - Dec. 2005	2.966,8	719,1	973,1	221,6	1.993,7	497,6
	Jan - Dec. 2006	3.226,8	650,6	1.078,3	224,6	2.147,5	426,2
	Jan.-March 2005	666,5	147,2	213,3	55,7	453,2	91,5
	Jan.-March 2006	769,9	182,8	256,2	53,3	513,0	161,8
	Jan.-March 2007	795,8	162,0	237,7	46,7	558,1	81,0
	% change Jan. - Dec 2006/2005	8,8	-9,5	10,8	1,3	7,7	-14,3
	% change Jan.-March 2005/2006	15,5	24,2	20,1	-4,2	13,2	76,9
	% change Jan.-March 2006/2007 (p)	3,4	-11,4	-7,2	-12,5	8,8	-49,9

P :Provisional data

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**

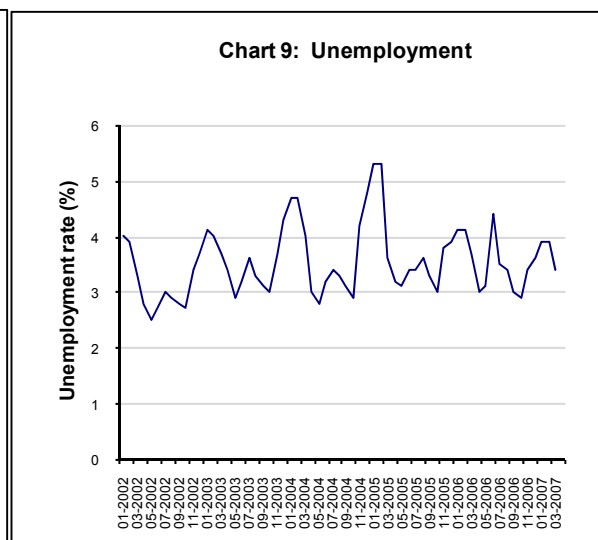
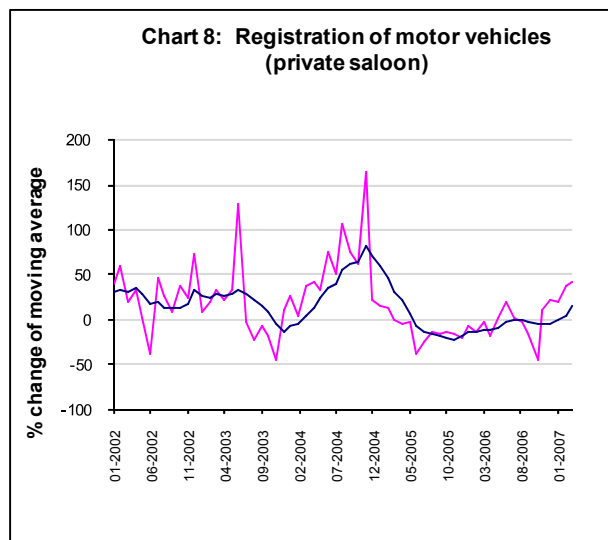
(percentage change by category)

	Feb. 06/05	Feb. 07/06	Jan.-Feb. 06/05	Jan.-Feb. 07/06
<b>General index</b>	<b>4,26</b>	<b>7,59</b>	<b>5,74</b>	<b>5,57</b>
Retail sale in non-specialised stores with food, beverages or tobacco predominating	6,27	4,89	6,06	3,52
Other retail sale in non-specialised stores	-2,17	13,41	0,31	5,48
Retail sale of food, beverages and tobacco in specialised stores	2,30	3,07	1,54	-0,40
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	26,90	3,10	18,98	13,78
Retail sale of textiles, clothing, footwear and leather goods	1,60	6,12	6,97	5,84
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods				
hardware, paints and glass	5,2	16,5	8,8	13,88
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	1,60	-1,20	1,70	-1,46
Retail sale of second-hand goods in stores	3,10	-37,10	2,99	-35,01
Retail sale not in stores	2,63	8,72	11,07	-0,52

Source: Cystat.

**Charts 8 - 9**

**Selected economic indicators (A)**

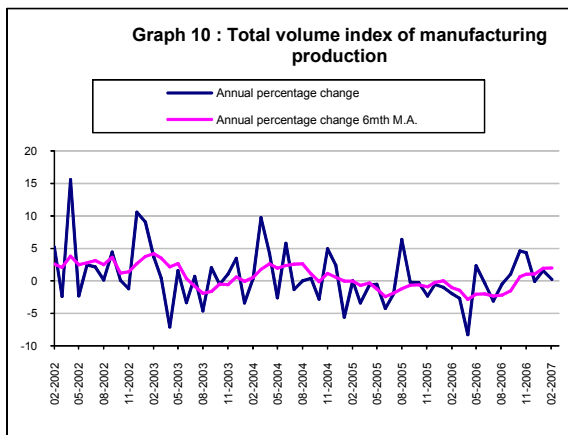


**Table 29****Manufacturing production volume index***(percentage change by category)*

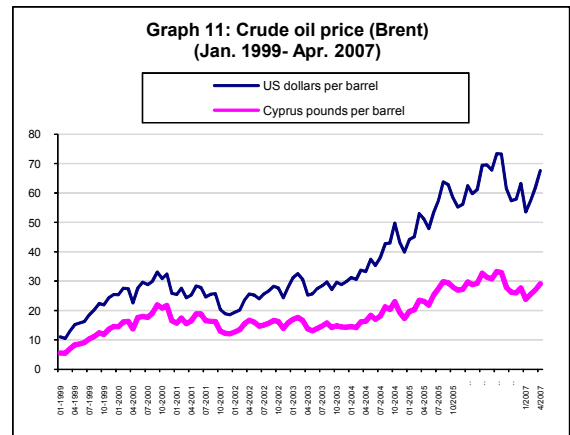
	Feb. 06/05	Feb. 07/06	Jan-Feb. 06/05	Jan .- Feb. 07/06
<b>General index</b>	<b>-1,2</b>	<b>-0,7</b>	<b>-1,2</b>	<b>0,3</b>
Food products, beverages & tobacco	-8,0	-4,2	-5,7	-3,2
Textiles & textile products	-20,2	-22,7	-22,4	-15,7
Leather & leather products	-5,2	-10,9	-37,8	1,8
Wood & wood products	15,2	-12,7	12,31	-7,4
Paper, paper products, publishing & printing	-1,3	-0,4	0,1	1,1
Refined petroleum products	-14,8	-17,4	2,2	-14,9
Chemicals, chemical products & man-made fibres	-0,9	10,4	2,1	8,8
Rubber & plastic products	1,4	4,5	3,1	6,0
Other non-metallic mineral products	-2,0	2,7	-3,6	3,7
Basic metals & fabricated metal products	6,0	9,8	2,2	6,8
Machinery & equipment n.e.c.	5,1	6,7	6,5	-1,9
Electrical & optical equipment	19,8	11,0	12,9	10,1
Transport equipment	18,3	10,5	18,9	9,9
Manufacturing n.e.c.	-0,1	-5,8	-2,2	-2,2

*Source: Cystat.*

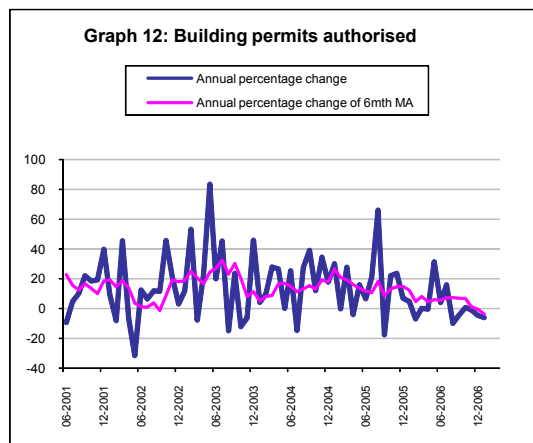
**Charts 10 -14**  
**Selected economic indicators (B)**



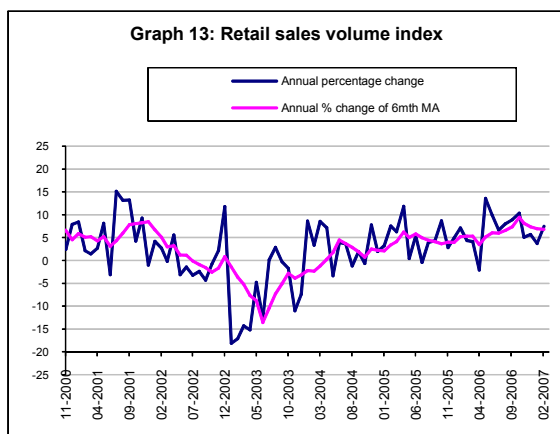
Source: Cystat.



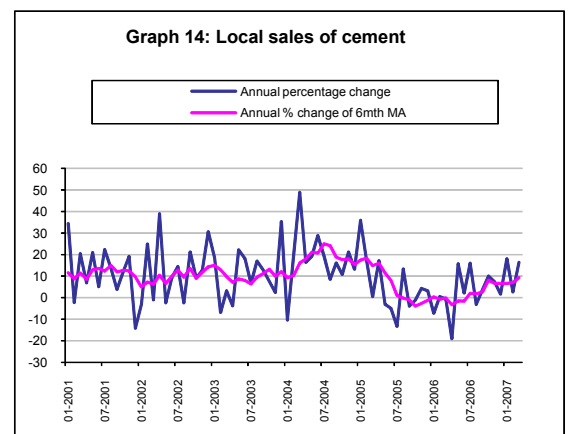
Source: Reuters.



Source: Cystat.



Source: Cystat.



Source: Cystat.



**Table 30****Balance of payments**

(CYP million)

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

Sources: Central Bank of Cyprus and Cystat.

**Table 31**  
**Accounts of general government (analysis of expenditure and revenue)**

	Jan-Mar. 2006	Jan-Mar 2007	Change
<i>CYP million</i>			
<b>EXPENDITURE</b>			
Intermediate consumption	90,7	95,0	4,3
Capital formation	48,5	50,1	1,6
Compensation of employees	279,8	301,2	21,4
Other taxes on productions	0,1	0,4	0,3
Subsidies	0,6	0,4	-0,2
Interest paid	70,2	75,3	5,1
Social benefits	209,6	239,3	29,7
Other current transfers	70,1	127,3	57,2
Capital transfers	1,2	1,0	-0,2
<b>Total expenditure</b>	<b>770,8</b>	<b>890,0</b>	<b>119,2</b>
<b>REVENUE</b>			
Market output & output for own final use	52,4	59,5	7,1
Taxes on production and imports	336,7	413,6	76,9
<i>of which VAT</i>	210,0	235,9	25,9
Property income	7,7	17,3	9,6
Current taxes on income, wealth, etc	187,7	262,0	74,3
Social contributions	137,1	171,6	34,5
Other current transfers	32,6	13,3	-19,3
Capital transfers	1,0	1,1	0,1
<b>Total revenue</b>	<b>755,2</b>	<b>938,4</b>	<b>183,2</b>
<b>Surplus (+) / Deficit (-)</b>	<b>-15,6</b>	<b>48,4</b>	<b>64,0</b>

Source: Cystat.