



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

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

**NOVEMBER 2003**



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

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## 1. INTRODUCTION

Evidence for the world economy has remained encouraging. Most economic analysts expect that the recovery in the world economy will progressively gain strength by the end of 2003. The positive economic developments in the United States and Asia, including Japan, are considered to be the driving force of international recovery. Equity values, in all major markets, have also shown positive signs. The US Federal Reserve System and the European Central Bank maintained official interest rates unchanged, at their recent meetings, whereas the Bank of England, after the Reserve Bank of Australia, increased its key interest rate by 0,25 percentage points on 6 November.

In the domestic economy, inflation rose to 4,09% in October, from 3,64% in the previous month. This increase was driven mainly by the increase in the prices of fuels and services. For the first ten months of 2003, inflation reached 4,32%, compared with 2,78% in the same period of 2002. This development reflects to a large extent the increase in the value added tax (VAT) standard rate from 10% to 13% effective 1 July 2002 and then to 15% effective 1 January 2003. For the year 2003 as a whole, inflation is expected to be around 4,00%, up from 2,81% in 2002.

In the monetary sector, the growth rate of bank credit to the private sector in the first nine months of the year remained considerably below the rate recorded in the same period of the previous year. In particular, the annual growth rate of credit to the private sector stood at 5,5% in September 2003, compared with 7,9% in the same month of 2002. In parallel, surplus bank liquidity conditions persisted in the money market. Hence, in order to maintain interest rates consistent with its anti-inflationary policy, the Central Bank of Cyprus

continued to intervene in the money market through liquidity absorbing auctions (depos), incurring the associated considerable cost.

Concerning tourism, the downturn in tourist arrivals (with the exception of the increase recorded in August) continued in October 2003. Specifically, tourist arrivals decreased by 2,7% in October 2003, compared with a decrease of 6,3% in September 2003 and an increase of 2,3% in October 2002. For the period from January to October 2003, tourist arrivals recorded a decrease of 6,1%, compared with a fall of 11,3% in the same period of 2002. In parallel, receipts from tourism fell by 10,5% in the first nine months of the year.

As regards external trade, provisional data indicate that total imports decreased by 6,1% in the first seven months of 2003, compared with a decrease of 3,5% in the same period of 2002. Non-oil imports for home consumption excluding imports of military equipment also declined, albeit at a lower rate. In parallel, total exports declined by 5,5% in the first seven months of 2003, as both domestic exports and re-exports decreased. As a result of these developments, the crude trade deficit narrowed to £1.087,0 million, from £1.160,0 million in the first seven months of 2002.

As regards private consumption, the retail sales volume index declined by 3,2% in the first eight months of 2003, compared with an increase of 0,1% in the same period of 2002. The sluggish course of the retail sales volume index reflects, in part, the decline in the growth rate of retail sales of cars.

Turning to the labour market, the number of registered unemployed increased further in October 2003, thereby continuing the upward trend that has been observed since November 2001. The unemployment rate reached 3,1% of the economically active population in October 2003, compared with 2,8% in the same month of 2002.

In the secondary sector of the economy, mixed developments were again recorded. Manufacturing registered a contraction in the first half of 2003, whereas the performance of construction remained generally encouraging. In particular, the volume and value indices of building permits exhibited sizeable increases, while cement sales also increased, but at a lower rate.

With regard to public finances, according to data from the Ministry of Finance, the fiscal deficit reached £354,6 million in the first eight months of 2003, compared with £204,1 million in the same period of 2002. Public revenue grew by 8,2%, compared with an increase of 1,9% in the first eight months of 2002, while public expenditure also accelerated with a growth rate of 17,4%, leading to the recorded increase in the fiscal deficit for the period of January to August 2003.

## 2. ECONOMIC DEVELOPMENTS

### 2.1 INTERNATIONAL DEVELOPMENTS AND EXCHANGE RATES

#### *International economic developments*

Economic data have become more encouraging on both sides of the Atlantic. In Europe, however, growth rates have remained lower than in the United States. The US Federal Reserve System maintained official interest rates on hold at its recent meeting, reiterating that interest rates will remain at their current level for some time. The European Central Bank also maintained its official interest rates unchanged, on the basis of its assessment that economic data point to a moderate recovery, while the outlook for price stability remains unaffected. By contrast, after an interest rate increase by the Reserve Bank of Australia, the Bank of England increased its key interest rate by 25 basis points on 6 November. The satisfactory growth rate of the UK economy and the maintenance of strong credit expansion contributed to this decision of the Bank of England. In Japan, the appreciation of the Japanese yen vis-à-vis the US dollar hinders export growth. In the major stock exchanges, share indices continued to rise in October.

In the **United States**, the annualised growth rate of GDP in the third quarter, compared to the previous quarter, reached 7,2%, the highest growth rate recorded in the past 19 years. This strong growth is attributable primarily to the substantial tax cuts introduced by the Bush administration. Unemployment declined further to 6,0% in September, after reaching a rate as high as 6,4% last June. The inflation rate increased to 2,3% in September, from 2,2% in the previous month. Saving, however, remained low due to the low level of interest rates. A number of economic analysts point out that loans, especially

mortgage loans have reached unsustainable levels. With regard to equity values, the Dow Jones, S&P 500 and Nasdaq indices increased by 5,7%, 5,5% and 8,1%, respectively, in October. The cumulative increase in these indices since the beginning of the year was 17,6%, 19,5% and 44,2%, respectively.

The **euro area** showed signs of slight recovery in the third quarter. In several countries, business confidence indicators registered an improvement, while inflation remained close to 2,0%. Germany and France, the two largest countries of the euro area, recorded annualized GDP growth rates of 0,9% and 1,6%, respectively, in the third quarter compared to the previous quarter. The fiscal deficits in both countries, however, are expected to exceed the limit of 3,0% of GDP. Equity values in Germany, France and Italy, as reflected by the DAX, CAC 40 and BCI indices, rose by 9,8%, 5,7% and 4,4%, respectively, in October, and registered a cumulative increase of 26,4%, 10,1% and 11,2%, respectively, in the period from January to October.

In the **United Kingdom**, the Bank of England foresees likely inflationary pressures due to the increase in the growth rate of the economy, which stemmed from the increase in domestic demand and the recent depreciation of the pound sterling. Hence, the Bank of England raised its key interest rate by 25 basis points. The FTSE 100 stock price index increased by 2,8% in October, registering an increase of 8,8% for the first ten months of the year.

In **Japan**, notwithstanding the strengthening of the yen, which adversely affects exports, the government projects a growth rate of 2,1% for the current year, driven by an increase in fixed capital formation of the order of 8,5%. In the Tokyo Stock Exchange, the Nikkei 225 index increased by 1,9% in October and registered a rise of 21,2% for the first ten months of the year.

In the crude oil market, the average price of Brent crude oil rose to USD 29,68 per barrel in October, from USD 27,20 in September. The continuing uncertainty concerning post-war Iraq and the increase in demand by the United States, as a result of economic recovery, exert upward pressures on the price of oil.



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

	The Economist Poll GDP forecasts <sup>2</sup>			Lehman Brothers Weekly Outlook - GDP <sup>3</sup>			International Monetary Fund World Economic Outlook <sup>4</sup>			European Commission Economic Forecasts <sup>5</sup>		
	2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
Britain	2,2	2,0 (1,7)	2,7 (2,5)	1,7	2,0	2,3	1,9 (1,6)	1,7 (2,0)	2,4 (2,5)	1,7	2,0 (2,2)	2,8 (2,6)
Japan	0,5	2,6 (2,5)	1,8 (1,9)	0,1 (0,2)	2,7 (2,6)	2,1 (1,8)	0,2 (0,3)	2,0 (0,8)	1,4 (1,0)	0,1	2,6 (1,5)	1,7 (1,3)
USA	2,5	2,8 (2,6)	3,9 (3,7)	2,4	3,0 (2,6)	4,1 (3,6)	2,4	2,6 (2,2)	3,0 (3,6)	2,5	2,8 (2,4)	3,8 (2,5)
Euro area	1,1	0,4 (0,5)	1,8	0,9 (0,8)	0,5 (0,6)	1,5 (1,4)	0,9 (0,8)	0,5 (1,1)	1,9 (2,3)	0,9	0,4 (1,0)	1,8 (2,3)
World				1,5	2,1 (2,0)	2,8 (2,5)	3,0	3,2	4,1		3,3	4,0

<sup>1</sup> Figures in parentheses indicate the corresponding previous month projection, in case of change.

In the case of the IMF and the EC, the figures indicate the respective projections in April and March 2003.

<sup>2</sup> The Economist, 15 November 2003.<sup>3</sup> Lehman Brothers Global Weekly Economic Monitor, 14 November 2003.<sup>4</sup> International Monetary Fund, World Economic Outlook, September 2003.<sup>5</sup> European Commission, Economic Forecasts, Autumn 2003 (European Economy no. 5/2003).**Table 2****Major share indices***(closing prices)*

	2002	2003			
	31 Dec.	1 Oct.	31 Oct.	% change	
				Jan.-Oct.	Oct.

**USA**

Dow Jones	8.332,9	9.275,1	9.801,1	17,6	5,7
S&P 500	879,4	996,0	1.050,7	19,5	5,5
Nasdaq	1.339,5	1.786,9	1.932,2	44,2	8,1

**Germany**

DAX	2.892,6	3.329,8	3.656,0	26,4	9,8
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**France**

CAC 40	3.063,9	3.191,0	3.373,2	10,1	5,7
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**Italy**

BCI	1.091,9	1.163,2	1.213,8	11,2	4,4
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**Britain**

FTSE 100	3.940,4	4.169,2	4.287,6	8,8	2,8
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**Japan**

Nikkei 225	8.714,1	10.361,2	10.559,6	21,2	1,9
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Source: Reuters

**Table 3****Main economic indicators***(percentage change on year ago)*

	GDP				Industrial production September (annual)	Retail sales September (annual)	Unemployment September (annual)	Inflation <sup>1</sup> September (annual)
	2003		2003					
	(quarterly)*	(annual)	(quarterly)*	(annual)				
Britain	2,4 Q2	2,0 Q2	2,3 Q3	1,9 Q3	-1,0	3,9	5,0 <sup>3</sup>	2,8
Japan	0,6 Q1	2,6 Q1	3,9 Q2	3,0 Q2	4,1	-1,8	5,1	-0,2
USA	3,3 Q2	2,5 Q2	7,2 Q3	3,3 Q3	0,0	8,3	6,0	2,3
Euro area	0,4 Q1	0,9 Q1	-0,3 Q2	0,2 Q2	0,1 <sup>2</sup>	0,9 <sup>2</sup>	8,8	2,1 <sup>4</sup>

*Source: The Economist, 15 November 2003.*<sup>1</sup> *Based on the Consumer Price Index with the exception of Britain which is based on the Retail Price Index (RPIX).*<sup>2</sup> *Data of August 2003.*<sup>3</sup> *July - September 2003.*<sup>4</sup> *Data of October 2003.*\* *percentage change on previous quarter at an annualised rate***International currencies**

After its strong appreciation against the US dollar in September, the euro fluctuated marginally during October and the first two weeks of November. On 14 November, the euro traded at USD 1,18. The fluctuations of the exchange rate of the euro vis-à-vis the US dollar are mainly attributable to developments in the United States and reflect the lack of market confidence in the repeated statements by both President Bush and the Secretary of Finance about the strong dollar policy. Moreover, the statement by the former President of the European Central Bank, Wim Duisenberg, that the decline of the US dollar is unavoidable, because of the widening of the US current account deficit, had a negative impact on the US currency. However, recent economic data point to a recovery of the US economy, ahead of the recovery of the other major economies.

The pound sterling followed partly the course of the euro. During October, the pound sterling fluctuated marginally against the US dollar and

strengthened somewhat around the end of the month and the beginning of November. More specifically, the pound sterling fluctuated in the range of USD 1,67 to 1,70 between the end of September and the beginning of November. It appears that the rise in the key interest rate did not have a significant effect on the pound sterling. The course of the pound sterling was, however, affected by the release of mixed data on the British economy. Manufacturing production and retail sales registered a recovery in October, whereas the trade deficit widened in September.

In the period from 1 October to 14 November 2003, the Japanese yen fluctuated marginally against the US dollar and the euro, as the Japanese economy continued to show encouraging signs of recovery. The rise in Tokyo's stock exchange and the release of favourable economic data had a positive effect on the Japanese currency.

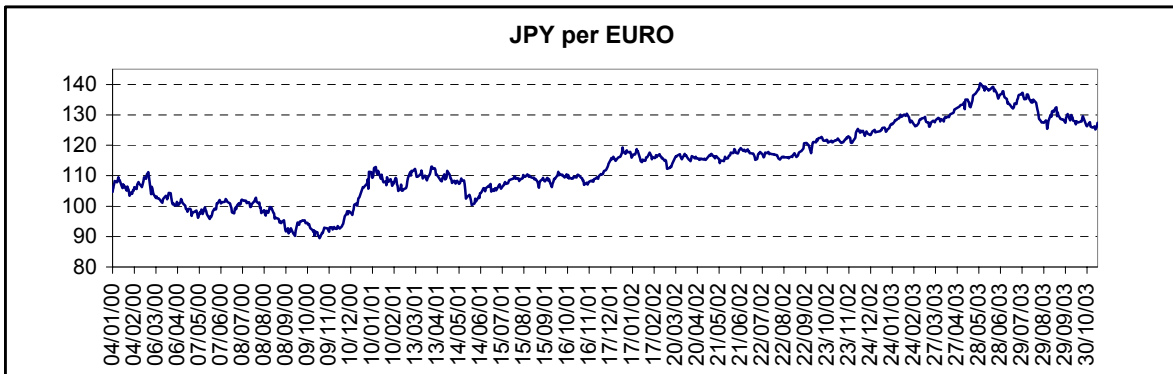
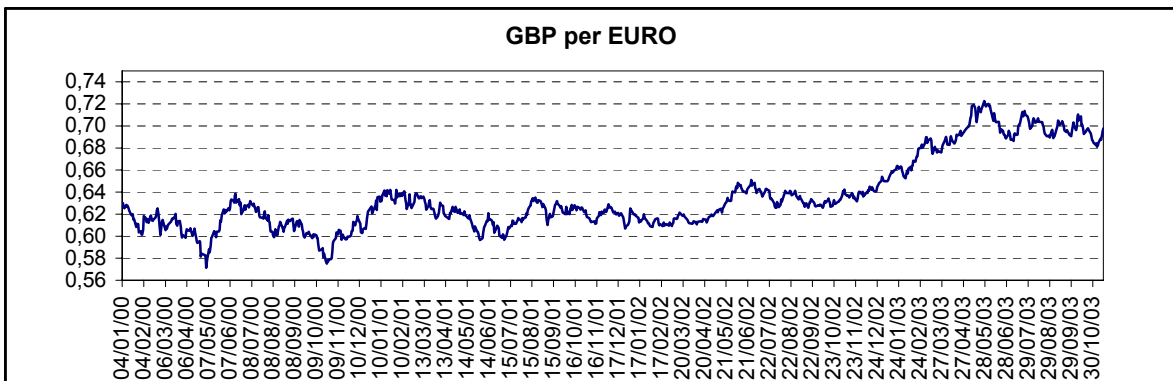
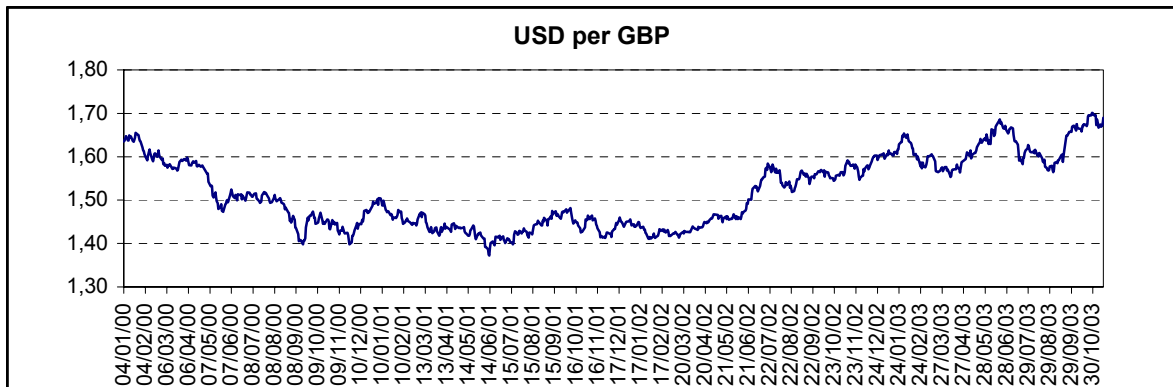
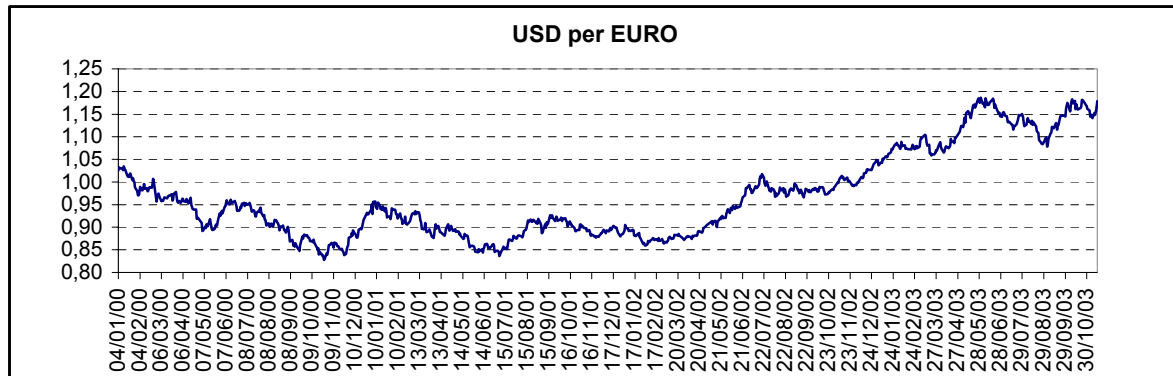
**Chart 1****Major international currencies**  
**04/01/2000 - 14/11/2003***(opening, selling values)*

Table 4 shows the forecasts of a large number of internationally recognised financial institutions for the course of international exchange rates in the next twelve months, as recorded in the monthly survey of Reuters. The survey was

conducted in the period from 3 to 5 November, and thus reflects recent developments. The US dollar is expected to depreciate vis-à-vis the euro and the Japanese yen, while fluctuating marginally against the pound sterling.

**Table 4**

**International market expectations  
Reuters monthly survey**

(November 2003)

		Exchange rate forecasts			
	Statistical data	1-month	3-month	6-month	12-month
USD per EUR	Mean	1,15	1,17	1,19	1,21
	Minimum	1,10	1,08	1,05	1,05
	Maximum	1,20	1,23	1,25	1,32
	Number of observations	55	55	55	54
USD per GBP	Mean	1,68	1,69	1,69	1,70
	Minimum	1,60	1,58	1,55	1,57
	Maximum	1,72	1,75	1,80	1,85
	Number of observations	54	54	54	53
JPY per USD	Mean	109,70	108,36	107,77	105,87
	Minimum	107,00	104,00	100,00	91,70
	Maximum	112,00	114,00	124,00	122,00
	Number of observations	54	55	55	54
GBP per EUR	Mean	0,69	0,69	0,70	0,71
	Minimum	0,66	0,66	0,66	0,65
	Maximum	0,71	0,72	0,74	0,80

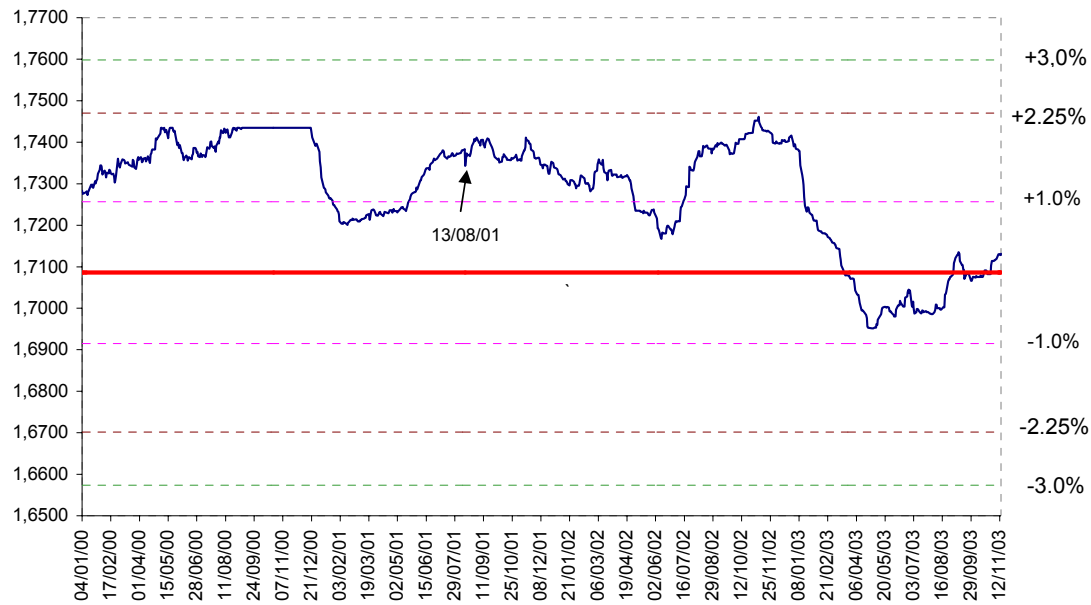
Source: Reuters. The survey was conducted in the period 3-5 November 2003.

**Cyprus pound**

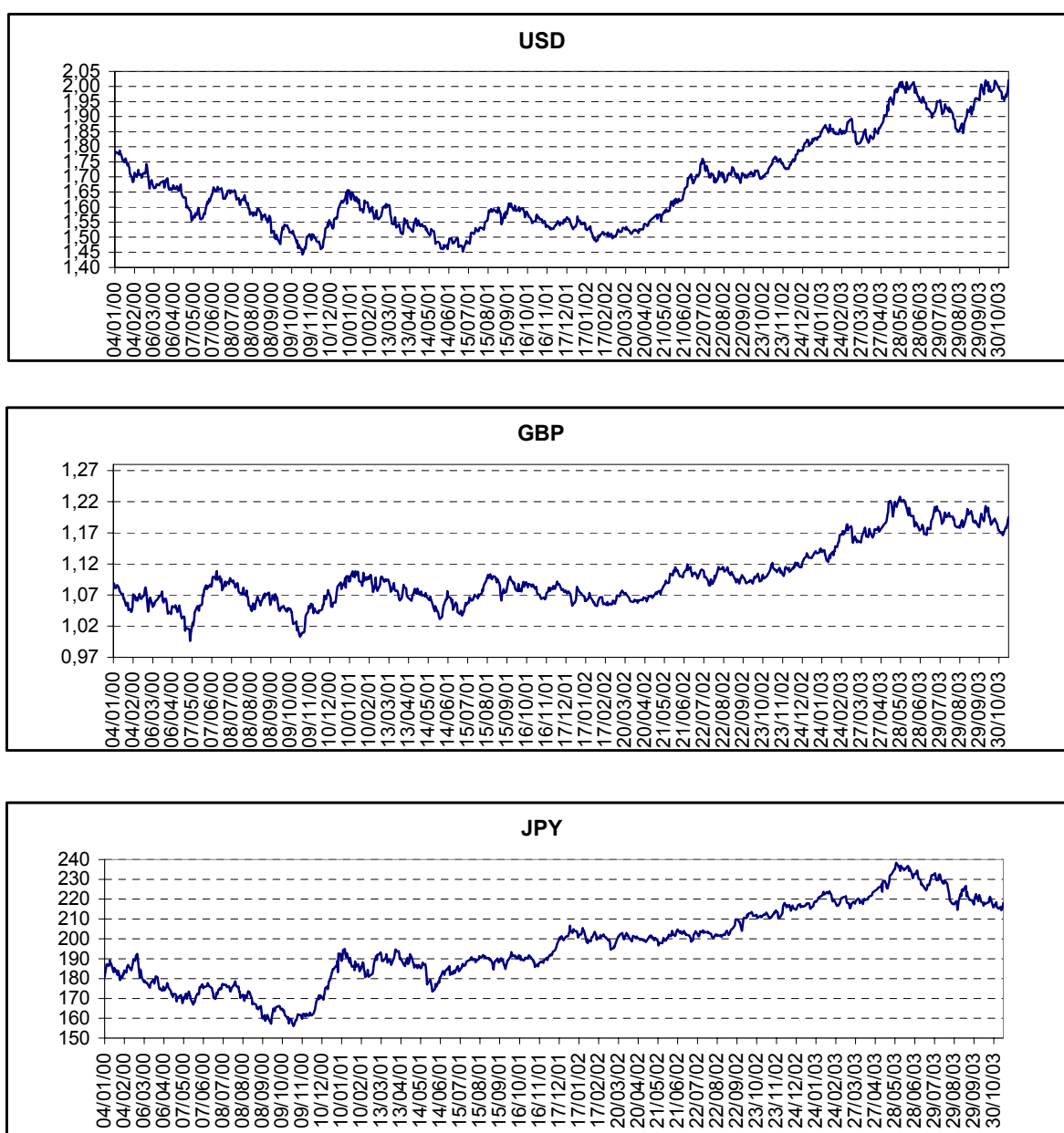
The Cyprus pound registered marginal fluctuations vis-à-vis the euro during October and the first two weeks of November. On 14 November 2003, the Cyprus pound reached EUR 1,7160 (opening, selling rate), compared with EUR 1,7109 on 2 October. Reflecting fluctuations in international currencies during this period, the Cyprus pound strengthened to USD 2,0217 on 14 November, from USD 1,9984 on 2 October. During October, the Cyprus pound

depreciated against the pound sterling, reaching GBP 1,1763 on 29 October, from GBP 1,2007 on 2 October. After 11 November, the Cyprus pound strengthened and reached GBP 1,1965 by 14 November.

Charts 2A and 2B depict recent fluctuations in the exchange rates of the Cyprus pound vis-à-vis the euro, the US dollar, the pound sterling and the Japanese yen.

**Chart 2A****Exchange rate of the euro against the Cyprus pound****04/01/2000 – 14/11/2003***(opening, selling rate)*

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

**Chart 2B****Cyprus Pound against major international currencies****04/01/2000 - 14/11/2003***(opening, selling values)*

In the domestic foreign exchange market, purchases and sales by the Central Bank resulted in net inflows equivalent to £31,68 million in October, after net outflows of £2,08 million in September (table 5). During the first 14 days of November, net inflows of £15,60 million were registered.

Daily purchases and sales of foreign exchange between the Central Bank and domestic banks since 1999 are illustrated in chart 3.

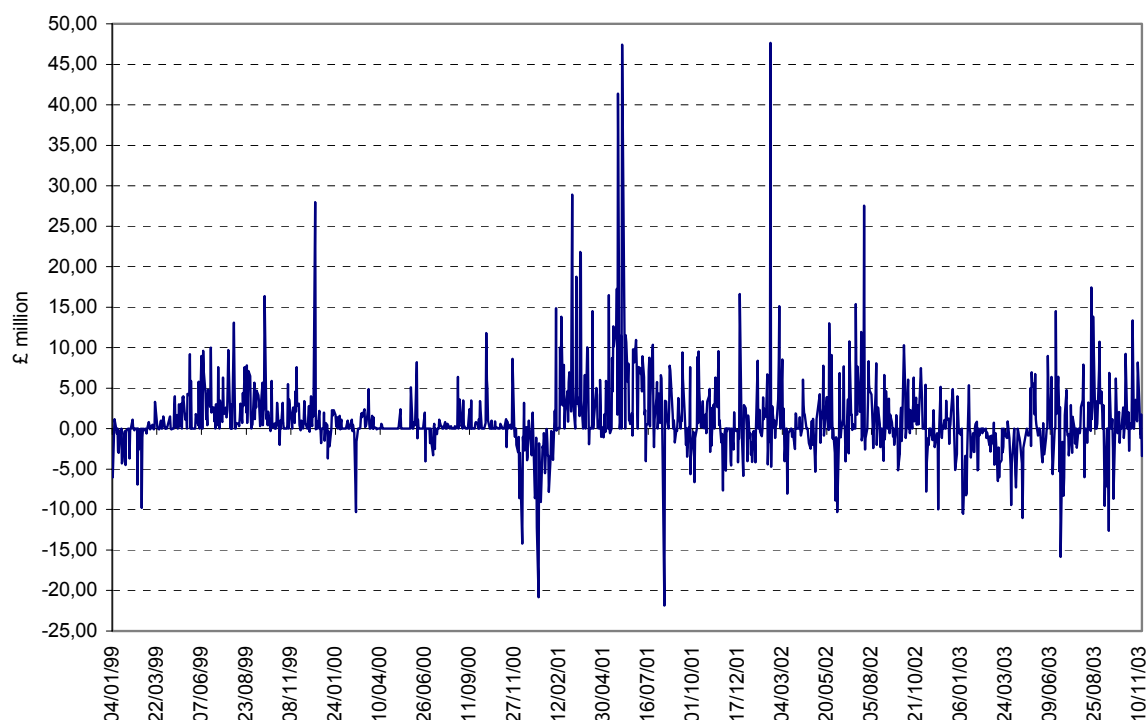
**Table 5****Domestic foreign exchange market: Purchases and sales by the Central Bank of Cyprus**

Period	Average intervention exchange rate Foreign currency per Cyprus pound (period average)			Purchases (+) / Sales (-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
	Euro	US dollar	Pound sterling	Euro	US dollar	Pound sterling	
<u>Year</u>							
2001	1,7314	1,5602	1,0805	437,31	155,24	70,72	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
<u>Quarter</u>							
2002 Q1	1,7367	1,5226	1,0678	106,05	4,50	8,10	71,79
2002 Q2	1,7295	1,5882	1,0873	-12,25	17,30	33,80	34,44
2002 Q3	1,7397	1,7119	1,1054	205,55	13,85	-0,20	126,36
2002 Q4	1,7467	1,7472	1,1119	22,20	29,10	11,35	39,90
2003 Q1	1,7240	1,8505	1,1539	-201,80	1,610	0,00	-116,28
2003 Q2	1,7050	1,9358	1,1963	-56,20	1,75	1,00	-33,09
2003 Q3	1,7073	1,9208	1,1927	50,60	0,45	0,30	30,01
<u>Month</u>							
December 2002	1,7453	1,7780	1,1209	13,20	8,80	2,60	14,96
January 2003	1,7328	1,8419	1,1392	-96,25	-0,40	0,00	-55,73
February 2003	1,7230	1,8570	1,1535	-37,25	-0,70	0,00	-22,00
March 2003	1,7154	1,8532	1,1707	-68,30	2,35	0,00	-38,55
April 2003	1,7050	1,8457	1,1749	-108,30	-1,40	0,00	-64,26
May 2003	1,7038	1,9728	1,2148	23,10	-0,35	1,00	14,21
June 2003	1,7063	1,9890	1,1991	29,00	0,00	0,00	16,96
July 2003	1,7026	1,9366	1,1919	-33,30	0,00	0,10	-19,47
August 2003	1,7053	1,9073	1,1940	88,30	0,05	-0,20	51,57
September 2003	1,7132	1,9226	1,1936	-4,40	0,40	0,40	-2,08
October 2003	1,7118	2,0038	1,1950	42,95	0,00	7,90	31,68
November*2003	1,7158	1,9814	1,1817	13,35	1,50	8,30	15,60

\*Data until 14 November 2003.

**Chart 3**

**Daily purchases / sales of foreign exchange by the Central Bank  
from the domestic banks  
4/1/1999-14/11/2003**



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

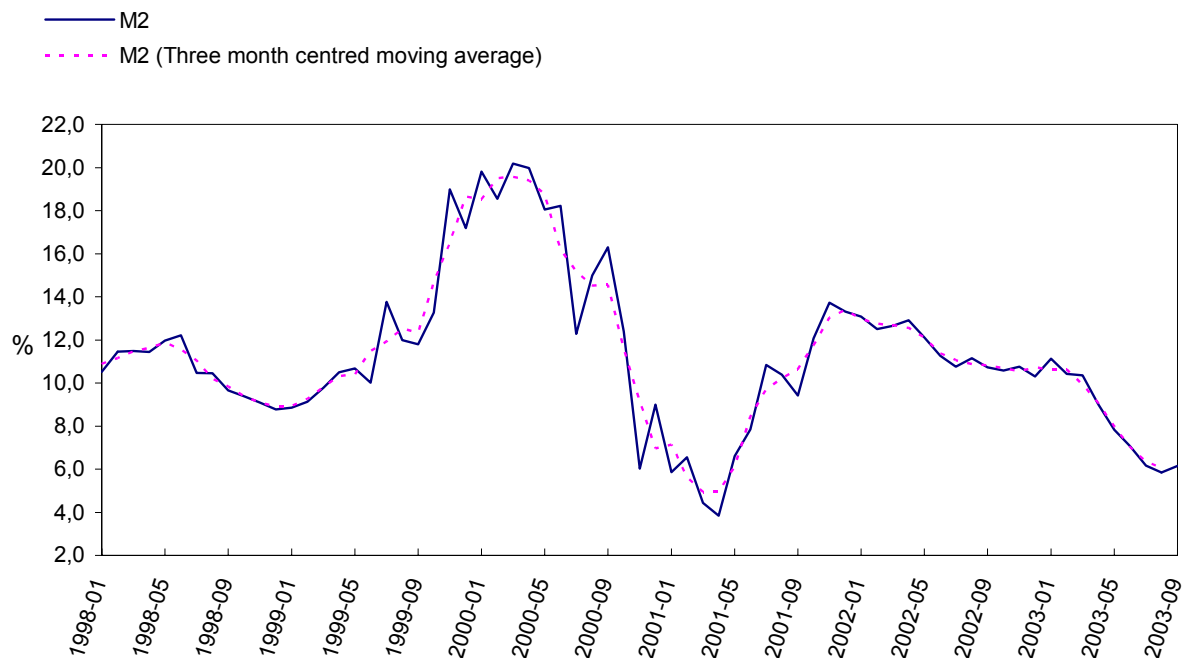
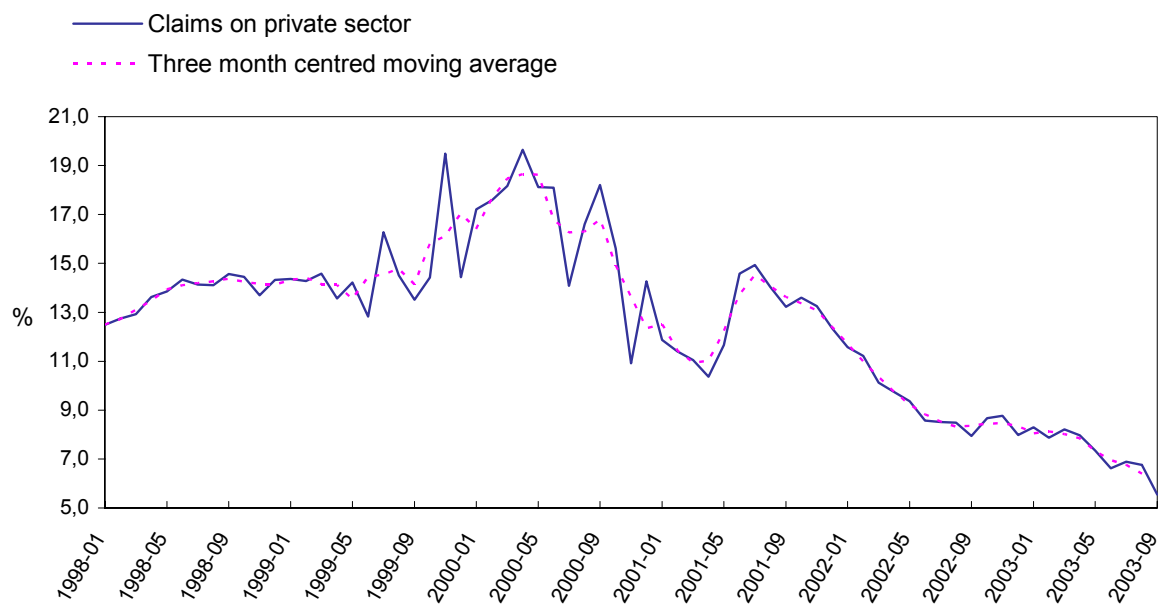
## 2.2 MONETARY DEVELOPMENTS

Excess bank liquidity persisted in October. Hence, the Central Bank continued to intervene in the money market, through auctions for the acceptance of deposits for a period of 14 days.

Foreign exchange inflows were recorded in October, after a small outflow in September. Net foreign exchange inflows were also observed up to mid-November.

The growth rate of the total money supply (M2) accelerated in September, whereas the growth rate of bank credit slowed further.



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

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

	1999	2000	2001	2002	2002 Sep.	2003 Aug.	2003 Sep.
Money supply (M1)	41,5	-3,8	1,1	2,6	0,7	30,9	36,8
Total money supply (M2)	17,2	9,0	13,3	10,3	10,7	5,8	6,1
Claims on private sector	14,4	14,3	12,3	8,0	7,9	6,8	5,5

The annual growth rate of the total money supply (M2) accelerated somewhat in September 2003, reaching 6,1%, compared with 5,8% in the previous month, and 10,7% in September 2002. However, the three-month moving average exhibited a decline in the growth rate of M2 to 6,1% in the period from July to September, from 6,4% in the period from June to August.

According to provisional data, the growth rate of the monetary aggregate M2C, which includes the co-operative credit institutions, accelerated to 7,0% in September, compared with 6,8% in August.<sup>1</sup>

In contrast, bank credit to the private sector slowed further. Specifically, the annual growth rate of bank credit to the private sector declined to 5,5% in September 2003, compared with 6,8% in the previous month and 7,9% in September 2002 (table 6). The substantial slowdown in bank credit to the private sector is attributable mostly to refinancing of certain loans in foreign currency from a bank abroad. Excluding this refinancing, the growth rate of bank credit was 6,2% in September. According to the three-month moving average, credit expanded at an annual rate of 6,4% in the period from July to September, compared with 6,8% in the period from June to August. The slowdown in economic activity and the stricter assessment of loan applications by the banks remained the main factors responsible for the continuing slowdown in credit expansion.

<sup>1</sup> The monetary aggregate M2C is given with reservation, 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.

Table 7 presents the factors affecting money supply (M2), in absolute terms. As this table shows, the level of bank credit granted to the private sector in the period from January to September 2003 was considerably below the corresponding level in the previous year. In the same period, net foreign assets fell more sharply than in the corresponding period of 2002. By contrast, credit to the public sector increased significantly. More specifically, in the first nine months of 2003, credit to the public sector expanded by £251,0 million, compared with an increase of £38,2 million in the same period of the previous year, while claims on the private sector increased by £184,7 million, compared with a rise of £343,8 million in the previous year. At the same time, net foreign assets fell by £93,4 million, compared with a decrease of £3,3 million in the first nine months of 2002.

Unclassified items fell by £270,1 million in the period from January to September 2003, compared with a decrease of £21,1 million in the first nine months of 2002. This fall emanated mainly from the increase in the loan capital of banks and the rise in their provisions for doubtful loans.

As regards the components of the total money supply (M2), in the first nine months of the year, the narrow money supply M1 grew by £244,6 million, while quasi-money declined by £172,4 million. This development may be due to the partial substitution of deposits and to stricter application of penalties in case of insufficient notice, which resulted in a shift from time deposits to demand deposits.

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

	Sep. 2003	Jan. - Sep.		Aug. 2002/2003	Sep. 2002/2003
		2002	2003		
Foreign assets (net)	88.592	-3.255	-93.373	-256.741	-168.616
Claims on private sector	-55.738	343.812	184.717	515.525	424.939
Claims on public sector	21.382	38.155	250.995	437.445	467.096
Unclassified items	-13.442	-21.117	-270.148	-243.274	-246.282
<b>Total money supply (M2)</b>	<b>40.794</b>	<b>357.595</b>	<b>72.191</b>	<b>452.955</b>	<b>477.137</b>
<b>Money supply (M1)</b>	<b>29.299</b>	<b>-74.156</b>	<b>244.566</b>	<b>295.769</b>	<b>345.076</b>
Currency in circulation	1.253	13.994	27.326	48.224	49.651
Demand deposits	28.046	-88.150	217.240	247.545	295.425
<b>Quasi-money</b>	<b>11.495</b>	<b>431.751</b>	<b>-172.375</b>	<b>157.186</b>	<b>132.061</b>

The analysis of bank credit by sector of economic activity (table 8) shows that in the period from January to September 2003, construction, personal and professional loans, and public institutions and corporations absorbed the largest part of new credit<sup>2</sup>, amounting to 59,5%, 46,4% and 9,5%, respectively. In the same period of the previous year, personal and professional loans dominated with a share of 42,1% of new credit.

In absolute terms, personal and professional loans increased by £89,7 million in the period from January to September 2003, compared with an increase of £139,5 million in the same period of 2002. New credit to public institutions and corporations (including the government) decreased from £19,8 million to £18,4 million, while new credit for the construction sector rose to £115,2 million, from £75,5 million in the first nine months of 2002. As regards foreign and

domestic trade, net repayments of £6,8 million were recorded in the period from January to September 2003, compared with net credit of £63,2 million in the same period of 2002. Net repayments amounting to £10,2 million were also recorded for the tourism sector, compared with net credit of £24,8 million in the same period of 2002.

According to provisional weekly data on credit to the private sector, in the period from 1 to 7 November 2003, new credit amounted to £31,5 million, compared with £17,5 million in the same period of 2002. In the twelve months to 7 November 2003, new credit reached £437,6 million, indicating an annual growth rate of 5,7%. Excluding the aforementioned refinancing, the growth rate of credit was 6,4%, down from a growth rate of 8,7% in the corresponding period of the previous year.

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<sup>2</sup> The figures for new credit refer to net credit granted during the reference period.

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

	January - September			
	2002		2003	
	change CYP' 000	share %	change CYP' 000	share %
Public institutions and corporations <sup>1</sup>	19.758	6,0	18.392	9,5
Agriculture	-7.306	-2,2	109	0,1
Mining	588	0,2	1.945	1,0
Manufacture	14.098	4,3	-12.781	-6,6
Transport and communication	1.786	0,5	-1.273	-0,7
Foreign and domestic trade	63.224	19,1	-6.805	-3,5
Building and construction	75.450	22,8	115.170	59,5
Tourism	24.839	7,5	-10.244	-5,3
Personal and professional loans	139.497	42,1	89.678	46,4
Bills discounted: Local	-49	0,0	330	0,2
Foreign	-306	-0,1	-1.075	-0,6
<b>Total</b>	<b>331.579</b>	<b>100,0</b>	<b>193.446</b>	<b>100,0</b>

1) Including Government loans

Foreign currency loans<sup>3</sup> to residents of Cyprus declined further in September, by £72,3 million, after a decrease of £7,0 million in August and £0,1 million in July. The proportion of credit in foreign currency to total credit fell to 9,5% in September<sup>4</sup>, from 10,4% in August and 10,0% in

September 2002 (table 9). Provisional data for the period from 1 to 7 November 2003 indicate an increase in foreign currency loans to residents of the order of £3,2 million.

<sup>3</sup> The figures for foreign currency loans in this section include only foreign currency loans granted to residents by domestic banks.

According to balance of payments statistics, loans from banks abroad to Cypriot residents registered net repayments of £12,8 million in the first quarter of 2003. Long-term loans from international banking units in Cyprus registered net drawings of £2,7 million in the first ten months of 2003.

<sup>4</sup> As indicated on page 14 of this report, the decline in foreign currency loans is largely due to refinancing from a bank abroad. Excluding this refinancing the proportion of credit in foreign currency to total credit was 10,1% in September.

**Table 9****Claims on private sector<sup>1</sup>***(change, CYP thousand.)*

	2003 July	2003 Aug.	2003 Sep.
Foreign currency loans to residents	-0,1	-7,0	-72,3
Claims on private sector	3,8	-29,2	-55,7

*(end of period balances, CYP million)*

	2000	2001	2002	2002 Sep.	2003 Aug.	2003 Sep.
Foreign currency loans to residents	372,0	733,0	785,2	763,5	844,7	772,4
Claims on private sector	6516,0	7320,1	7904,1	7663,9	8144,6	8088,8
Share %	5,7	10,0	9,9	10,0	10,4	9,5

*1) From local banks.*

The proportion of loans denominated in euros to total loans in foreign currencies stood at 67,6% at the end of September 2003, while the proportions of loans in US dollars, Japanese yen and Swiss francs were 11,2%, 8,4% and 11,1%, respectively. According to data on long-term foreign currency loans, in the first eight months of 2003, 21,1% of such loans were used for construction in Cyprus, 56,3% for refinancing<sup>5</sup> and 14,4% for the acquisition of fixed assets.

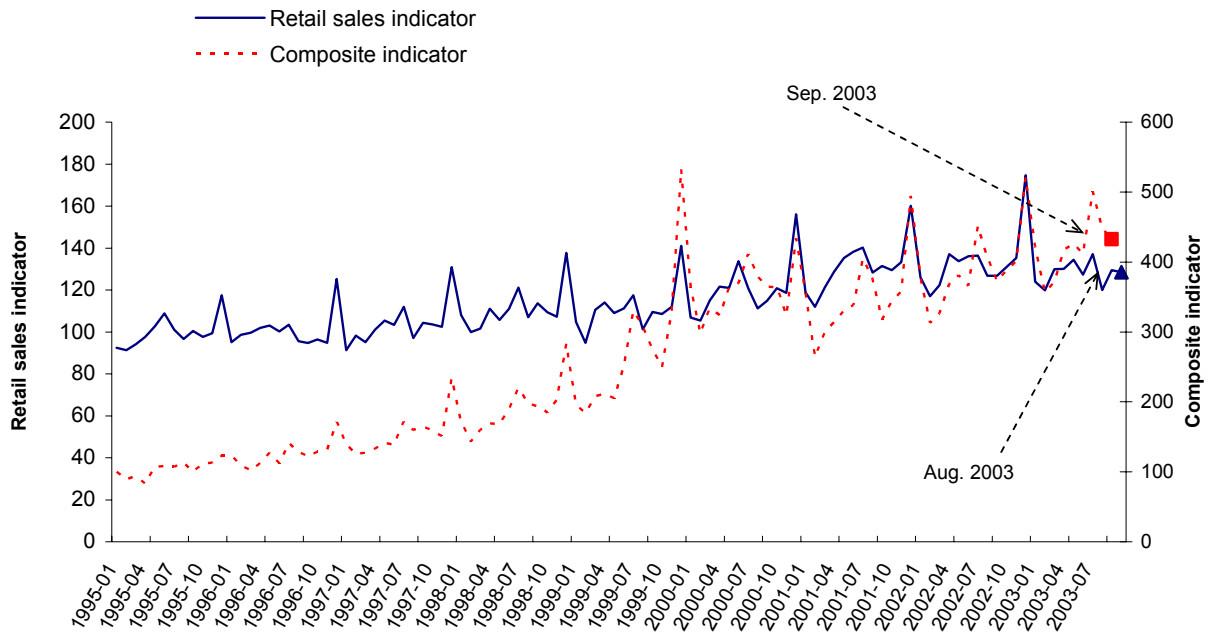
Turning to credit extended through credit cards, domestic expenditure by Cypriots through credit cards rose at an annual rate of 18,9% in September and 13,3% in October 2003, compared with 19,4% in October 2002. Expenditure abroad by Cypriots through credit cards registered an increase of 14,9% in September and 2,5% in October, compared with 34,2% and 76,4%, respectively, in the corresponding month of the previous year.

<sup>5</sup> Refinancing refers to the repayment of existing loans in Cyprus pounds or the conversion of existing foreign currency loans to a different currency.

Expenditure in Cyprus by foreign card holders increased by 2,1% in October 2003 compared with the same month of 2002, after an increase of 8,8% in September 2003. The corresponding growth rates for September and October 2002 were 12,2% and 8,9%.

Data on credit cards and other monetary figures, such as cheque clearing, which are available timely, provide an indication of the course of retail sales. Chart 6 shows the retail sales value index, for which data are available up to August 2003, and the composite indicator<sup>6</sup>, for which data are available up to September 2003.

<sup>6</sup> The composite indicator comprises domestic expenditure by Cypriots through credit cards and cheque clearing (Monetary Policy Report, September 2002).

**Chart 6****Relationship between monetary aggregates and retail sales**

As seen in chart 6, the composite indicator registered a decline in August, which continued in September. A similar movement of the retail sales value index in September is expected,

since the predictive ability of the composite indicator was proven adequate in previous months. Overall, excluding seasonal factors, the graph indicates that retail sales remained weak.



## Money market

Excess bank liquidity conditions moderated in October compared with the previous month. The Central Bank held auctions for the acceptance of deposits (depos), which absorbed an average daily liquidity of £123,6 million in October, compared with £174,5 million in September (table 10).

The moderation in bank liquidity in October compared with September emanated mainly from the decline in net foreign assets, from an average daily value of £1.144,1 million in September to £1.079,8 million in October, as well as from the increase in currency in circulation. The effect of these factors was partly offset by the decrease in government deposits.

As shown in table 10, the average daily value of government deposits decreased to £630,8 million in October, from £659,3 million in September.<sup>7</sup> During October, issues of government securities amounted to net sales of £15,5 million through auctions, in contrast to net repayments of £37,7 million in September. This is consistent with the decrease in the amount of liquidity that was absorbed by the Central Bank in October.

The monthly average interest rate in the auctions for the acceptance of deposits increased to 3,44% in October, from 3,41% in September and 3,28% in August (table 11). Two auctions took place in November, in which £210,0 million were absorbed at a monthly average interest rate of 3,35%. The overnight interest rate in the interbank market declined to an average of 3,18% in October, from 3,35% in September.

Concerning government security yields, it should be noted that in September no auctions for government securities were held, whereas in October there were auctions for all government securities, except 13-week treasury bills. The average yield on 52-week treasury bills declined to 3,60% in October, from 3,64% in August. With respect to long-term securities, the average interest rate on 2-year and 5-year bonds stood at 3,79% and 4,50%, respectively, in October, compared with 3,69% and 4,48%, respectively, in August, while the average yield on 10-year and 15-year bonds was 4,75% and 4,90%, respectively.

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<sup>7</sup> Table 10 shows the value of net government deposits, that is government deposits minus the government's long-term loan of £961,1 million.

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

		Liquidity - providing factors					Liquidity - absorbing factors						Credit institutions current accounts (MRA)	Base money  (6+7+9+12)
		Monetary policy operations												
		Net assets in gold and foreign currency (NFA)	Main refinancing operations (repos)	Long term refinancing operations	Marginal lending facility (lombard)	Other liquidity providing operations (swap)	Deposit facility (overnight)	Other liquidity-absorbing operations (additional & special & S.M.E. dep.)	Rev-repos & depos					
		1	2	3	4	5	6	7	8	9	10	11	12	13
2002	Jan.	1.309,0	0,0	0,0	0,8	0,0	16,4	79,4	174,3	377,6	64,7	124,2	473,1	946,6
	Feb.	1.384,4	0,0	0,0	0,6	0,0	14,5	79,4	131,3	363,9	169,8	137,7	488,6	946,4
	Mar.	1.684,4	0,0	0,0	3,3	0,0	24,8	79,4	189,9	367,4	369,6	167,3	489,2	960,9
	Apr.	1.637,5	0,0	0,0	3,4	0,0	17,6	79,4	267,7	379,4	121,7	284,6	490,7	967,0
	May	1.632,1	0,0	0,0	1,0	0,0	11,2	79,4	287,6	400,1	98,2	263,2	493,4	984,1
	June	1.576,3	0,0	0,0	0,6	0,0	26,0	79,4	366,9	403,1	-16,3	221,6	496,3	1.004,7
	July	1.403,2	0,0	0,0	1,5	0,0	41,5	79,4	405,2	413,5	-212,0	179,6	497,5	1.031,9
	Aug.	1.465,0	0,0	0,0	1,9	0,0	21,9	79,5	427,1	422,7	-166,4	176,7	505,4	1.029,5
	Sep.	1.450,9	0,0	0,0	8,6	0,0	2,2	79,3	392,3	413,0	-127,4	190,7	509,3	1.003,9
	Oct.	1.461,3	0,0	0,0	0,3	0,0	10,5	79,4	332,6	413,3	-98,8	213,4	511,2	1.014,4
	Nov.	1.446,9	0,0	0,0	0,6	0,0	4,7	79,5	385,3	399,9	-135,9	201,8	512,1	996,2
	Dec.	1.371,4	0,0	0,0	0,0	0,0	36,2	79,3	412,0	425,4	-330,1	231,9	516,6	1.057,6
2003	Jan.	1.340,4	0,0	0,0	3,5	0,0	29,3	79,3	438,9	413,6	-315,3	172,7	525,3	1.047,6
	Feb.	1.280,1	0,0	0,0	0,4	0,0	32,4	79,3	325,0	402,2	-276,0	181,8	535,8	1.049,7
	Mar.	1.210,2	0,0	0,0	10,3	0,0	11,1	79,4	308,5	404,4	-309,5	188,5	538,1	1.032,9
	Apr.	1.141,6	0,0	0,0	0,2	0,0	14,7	79,4	210,4	422,4	-328,7	208,4	535,0	1.051,6
	May	1.112,4	0,0	0,0	3,2	0,0	13,4	79,4	152,3	438,8	-315,7	214,8	532,6	1.064,2
	June	1.095,7	0,0	0,0	1,6	0,0	9,9	79,3	136,7	447,1	-309,5	204,0	529,8	1.066,1
	July	1.075,1	0,0	0,0	0,0	0,0	27,6	79,3	117,7	462,2	-332,7	193,2	527,8	1.096,9
	Aug.	1.104,4	0,0	0,0	0,0	0,0	24,0	79,3	146,8	471,3	-343,6	196,6	530,0	1.104,6
	Sep.	1.144,1	0,0	0,0	2,6	0,0	14,0	79,7	174,5	465,9	-301,8	184,4	530,0	1.089,6
	Oct.	1.079,8	0,0	0,0	0,3	0,0	23,0	79,4	123,6	467,2	-330,3	184,9	532,3	1.101,9

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

**Table 11****Interest rates***(percentages per annum)*

	2000	2001	2002	2002 Oct.	2003 Aug.	2003 Sep.	2003 Oct.
Interbank (1day)	5,96	4,93	3,42	3,40	3,09	3,35	3,18
Repos	5,97	6,39					
Reverse repos/depos	4,44	4,59	3,91	3,98	3,28	3,41	3,44
Treasury bills (13 weeks)	5,75	6,00	4,02				
Treasury bills (52 weeks)	6,21	6,35	4,30		3,64		3,60
Development stocks (2 years)	6,55	6,11	4,56	4,49	3,69		3,79
Development stocks (5 years)	7,45	6,96	5,07	5,09	4,48		4,50
Development stocks (10 years)	7,55	7,66	5,37	5,36			4,75
Development stocks (15 years)		6,47	5,60	5,60			4,90

Table 12 gives a comparison of domestic long-term interest rates and European Union rates. According to the latest available data, which refer to August, domestic long-term real interest rates remained below the corresponding rates

in the European Union, with a differential of 133 basis points. The latest 12-month average of long-term nominal interest rates in Cyprus was 4,85%.

**Table 12****Inflation and interest rates in Europe and Cyprus – August 2003***(latest 12-month average)*

	Inflation ( HICP)	Long-term interest rates	Long-term real interest rates
Belgium	1,40	4,26	2,86
Denmark	2,40	4,39	1,99
Germany	1,00	4,12	3,12
Greece	3,60	4,37	0,77
Spain	3,50	4,21	0,71
France	2,00	4,19	2,19
Ireland	4,40	4,24	-0,16
Italy	2,90	4,33	1,43
Luxembourg	2,70	3,60	0,90
Netherlands	2,70	4,19	1,49
Austria	1,40	4,23	2,83
Portugal	3,70	4,26	0,56
Finland	1,50	4,24	2,74
Sweden	2,10	4,69	2,59
United Kingdom	1,40	4,43	3,03
Euro zone	2,10	4,23	2,13
EU -15	2,00	4,26	2,26
Cyprus <sup>1)</sup>	3,92	4,85	0,93

1) The table has been revised so that Cyprus inflation is based on the Harmonised Consumer Price Index as in the other EU countries.

### **International and domestic official interest rates**

The European Central Bank and the US Federal Reserve System maintained their official interest rates unchanged at their recent meetings. By contrast, the Bank of England increased its key interest rate by 0,25% on 6 November – the first increase since 2000. The Central Bank of Cyprus maintained interest rates on hold at the meeting of 17 October.

Consequently, the official interest rate differential between Cyprus and the euro area remained at 150 basis points for both the marginal lending facility and the overnight deposit facility.

**Table 13**

#### **Official interest rates**

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

		change
European Central Bank (6 November 2003)		
Minimum bid rate on the main refinancing operations	2,00	-
Interest rate on the marginal lending facility	3,00	-
Interest rate on the deposit facility	1,00	-
Bank of England (6 November 2003)		
Repo Rate	3,75	0,25
Federal Reserve System (28 October 2003)		
Federal Funds Rate	1,00	-
Discount Rate	2,00	-
Central Bank of Cyprus (17 October 2003)		
Minimum bid rate on the main refinancing operations	3,50	-
Interest rate on the marginal lending facility	4,50	-
Interest rate on the deposit facility	2,50	-

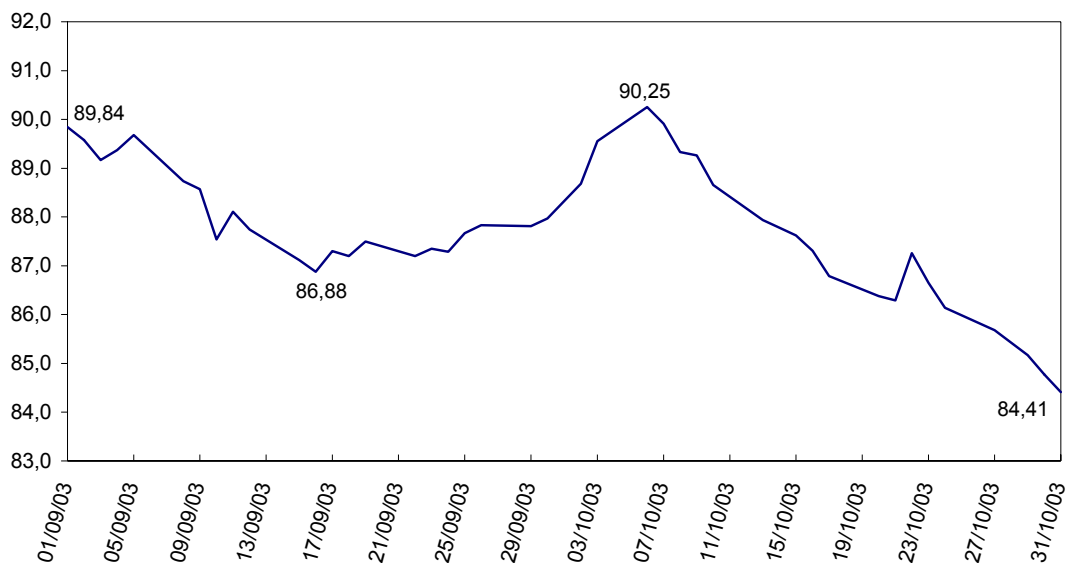
### Cyprus Stock Exchange

The Cyprus Stock Exchange General Price Index exhibited a downward trend in early October, recovered somewhat in mid-October, and then declined again, reaching 84,4 points at the end of the month – its lowest point since July 2003 (chart 7). The index fluctuated in the range of 84,4 to 90,3 points during October. The average daily traded volume fell to £0,6 million in October,

from £0,8 million in the previous month, while the average daily number of transactions decreased from 1.105 to 835. Nearly all sector indices declined. The securities with the largest proportion of the traded volume in October were the shares of Bank of Cyprus and Laiki Bank, with corresponding proportions of 23,9% and 15,0%.

#### Chart 7

**Cyprus Stock Exchange (CSE) General Index**  
September - October 2003  
(29/3/1996=100, daily data)



Investments by non-residents on the Cyprus Stock Exchange registered lower net inflows in October compared with the previous month

(table 14). Specifically, purchases of listed shares by non-residents reached £672 thousand, while sales reached £145 thousand.

**Table 14**

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

(CYP thousand)

	2001	2002	2003			
	Dec.	Dec.	July	Aug.	Sep.	Oct.
Purchases	367	50	409	594	2.182	672
Sales	577	0	26	117	105	145
Net investments	-210	50	383	477	2.077	527

Source: Cyprus Stock Exchange

<sup>1</sup> The data for 2001 and 2002 refer only to purchases and sales of shares not included in the dematerialisation process.

## 2.3 INFLATION

Prices increased by 4,09% in October 2003, compared with an increase of 3,64% in the previous month and 2,52% in October 2002. As table 15 indicates, the rise in the inflation rate in October, compared with the previous month, stemmed mainly from the acceleration in the prices of fuel and gas, electricity and industrial non-oil goods. Services prices also accelerated, whereas the prices of motor vehicles declined further and the prices of domestic agricultural products decelerated.

The effect of the increase in the VAT standard rate from 10% to 13% effective July 2002 on the consumer price index (CPI) has been eliminated since August 2003. The additional increase by two percentage points effective 1 January 2003 will continue to exert an upward pressure on the CPI until the end of the year.

Taking a more detailed look at domestic goods, in October 2003, a significant acceleration was registered in the prices of fuel and gas, industrial non-oil goods and electricity, which increased by 5,37%, 5,38% and 8,77%, respectively, compared with an increase of 0,56%, 4,66% and 7,07%, respectively, in September 2003. The acceleration in the prices of electricity, fuel and gas is attributable partly to the rise in oil prices in the period from June to October 2003. Fuel prices registered an additional increase due to the increase in the excise tax on petroleum by £0,02 per litre, on 2 October 2003. The acceleration in the prices of industrial non-oil goods is attributable largely to the increase in the VAT standard rate by two percentage points since 1 January 2003.

Prices of imported goods declined further by 0,46% in October, after a 0,61% decrease in

September. In particular, the prices of motor vehicles decreased by 2,45%, as in the previous month. This decrease seems to reflect, to some extent, the numbness of the market, in anticipation of a reduction in taxes on various types of vehicles. The prices of other imported goods registered a small increase.

Services prices increased by 4,56% in October 2003, compared with an increase of 4,06% in September 2003 and 3,76% in October 2002. It is worth noting that telecommunication prices increased, albeit marginally, after declining in the period from January 2002 to September 2003 thanks to the process of liberalisation of the telecommunications sector.

As a result of the aforementioned developments, inflation rose to 4,32% in the first ten months of 2003, from 2,78% in the same period of 2002. The rise in inflation was driven mainly by the sizeable increases in the prices of domestic industrial non-oil goods, fuel and gas, as well as electricity, and to a lesser extent by the acceleration in services prices, which are largely attributable to the increase in the VAT rate and in other consumption taxes in July 2002 and January 2003. Taking into account the substantial reduction in excise taxes on cars that was approved by the House of Representatives on 20 November, inflation for the year as a whole is expected to reach about 4,20%.

A more detailed analysis of developments on the inflation front by economic origin is given in tables 7 to 10 in the annex.

With regard to prospects for 2004, inflation is expected to fall to around 2,0% to 2,5%, as the effect of the tax measures implemented in 2003 will be eliminated. This projection does not take



**Table 15****Consumer price index by economic origin***(annual percentage change)*

		2001	2002	October 2002/2001	September 2003/2002	October 2003/2002
	<b>All items</b>	<b>1,98</b>	<b>2,81</b>	<b>2,52</b>	<b>3,64</b>	<b>4,09</b>
<b>A</b>	<b>Domestic goods</b>	<b>1,34</b>	<b>4,35</b>	<b>4,30</b>	<b>5,33</b>	<b>5,86</b>
A.1	Agricultural	4,50	1,79	-10,52	10,27	6,88
A.2	Industrial	0,78	5,62	9,32	3,85	5,38
A.2.1	<i>Industrial, non-oil</i>	<i>0,10</i>	<i>4,55</i>	<i>6,67</i>	<i>4,66</i>	<i>5,38</i>
A.2.2	<i>Fuel and gas</i>	<i>3,99</i>	<i>10,57</i>	<i>21,86</i>	<i>0,56</i>	<i>5,37</i>
A.3	Electricity	-3,23	-2,26	3,06	7,07	8,77
<b>B</b>	<b>Imported goods</b>	<b>0,47</b>	<b>-1,69</b>	<b>-3,23</b>	<b>-0,61</b>	<b>-0,46</b>
B.1	Motor vehicles	0,55	-5,07	-9,54	-2,45	-2,45
B.2	Other imported goods	0,41	0,85	1,40	0,61	0,84
<b>C</b>	<b>Services</b>	<b>3,35</b>	<b>3,67</b>	<b>3,76</b>	<b>4,06</b>	<b>4,56</b>

into account the decline in car prices. It is based on the framework of price analysis by economic origin, as presented above, and a set of technical assumptions. Specifically, it is assumed that oil prices will register a small decrease in 2004, from their current high level, and that agricultural product prices will register an average increase of 3,0%. It is also assumed that the Cyprus pound will remain strong in 2004, having a downward effect on inflation, through the prices of imported goods. The proposed changes in the taxation of both new and used cars are expected to have a downward effect on inflation, depending on their size.

The Harmonised Index of Consumer Prices (HICP)<sup>8</sup> rose by 3,7% in October 2003, compared with an increase of 2,7% in the same month of 2002. For the period from January to October 2003, the HICP rose by 4,1%, compared with an increase of 2,7% in the same period of 2002.

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

<sup>8</sup> The HICP is compiled with uniform methodology in European Union member states as well as the acceding countries, in the framework of Council and Commission regulations.

The main differences between the HICP and the national CPI, which has been traditionally compiled and used in Cyprus, are the following:

-Different base year: 1996=100 for the HICP, whereas for the national CPI 1998=100.

-Different population consumption coverage and different weighting of goods and services. The HICP covers all consumption expenditures taking place within Cyprus (i.e. including expenditure by foreign visitors and by persons living in institutions, while excluding the expenses of permanent residents of Cyprus when they are abroad), whereas the national CPI covers the expenditures of resident households only.

-Different frequency of revision of the weights and composition of the basket of goods and services.

-Imputed rents for owner occupied residences are excluded from the HICP, whereas they are included in the national CPI.

**Table 16****Inflation: Cyprus and other countries***(annual percentage change in consumer prices)*

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

*(1) Source: The Economist (15/ 11/ 03)**(2) Source: Central Bank of Cyprus***2.4 DOMESTIC ECONOMY**

An overview of the domestic economy is presented in table 17, which gives a series of the latest economic indicators. Charts 8 and 9 show graphs of a number of indicators. According to these data, tourist arrivals continued to register a sizeable cumulative decrease for the first ten months of 2003. In October, tourist arrivals declined by 2,7%. In parallel, other important indicators of supply and demand point to a continuing slowdown in economic activity. Unemployment increased in the first ten months of 2003 compared with the corresponding months of 2002.

**Production**

As regards the services sector, and in particular tourism, after falling by 6,3% in September 2003, tourist arrivals decreased by 2,7% in October 2003, compared with an increase of 2,3% in the same month of 2002. Consequently, tourist arrivals registered a

cumulative decrease of 6,1% for the first ten months of 2003, compared with a decrease of 11,3% in the same period of 2002. In parallel, receipts from tourism fell by 10,5% in the first nine months of 2003, compared with a fall of 13,7% in the same period of 2002.

In the secondary sector, the picture remained mixed. On the one hand, construction continued to show positive elements, although signs of a decline were recorded in August, and on the other hand, manufacturing continued to show a downturn.

Specifically, the volume index of building permits, which indicates prospects for the construction sector in the following few months, fell by 15,4% in August 2003, compared with an increase of 11,5% in the same month of 2002. The value index of building permits fell by 14,3% in August 2003, compared with a rise of 14,6% in the same month of the previous year. For the first eight months of 2003, the volume and value index of building permits registered a rise of 19,7% and 22,8%, respectively, compared with an increase of 4,8% and 6,5%, respectively, in the same period of the previous year. Cement sales in the domestic market grew by 13,0% in September 2003, compared with an increase of 21,2% in the same month of 2002. For the period from January to September 2003, cement sales registered an increase of 9,0%, compared with an increase of 11,1% in the same period of the previous year.

Manufacturing continued to present a negative picture. The volume index of manufacturing production registered a contraction of 4,5% in the first eight months of the year, compared with a decrease of 2,2% in the same period of the previous year (table 18).

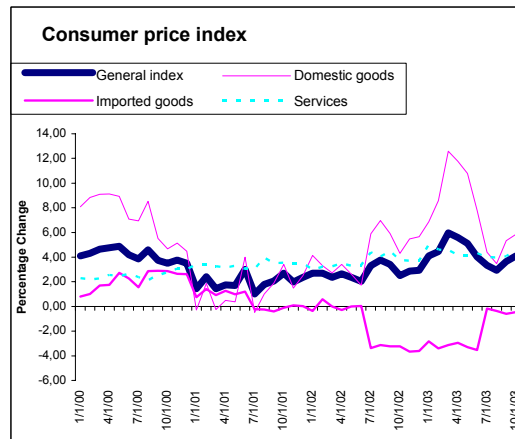
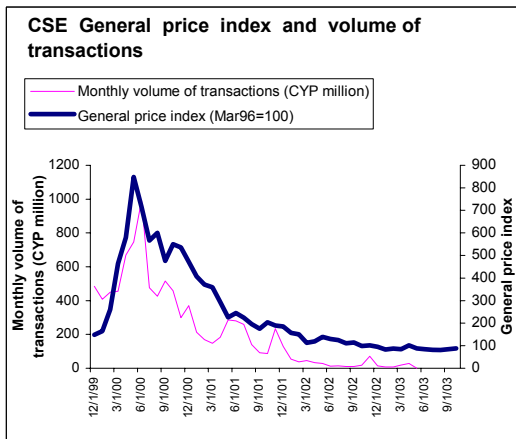
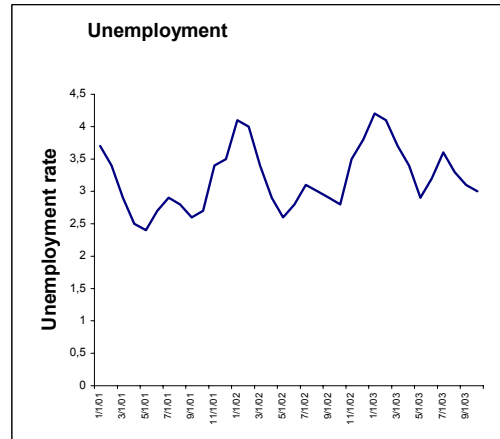
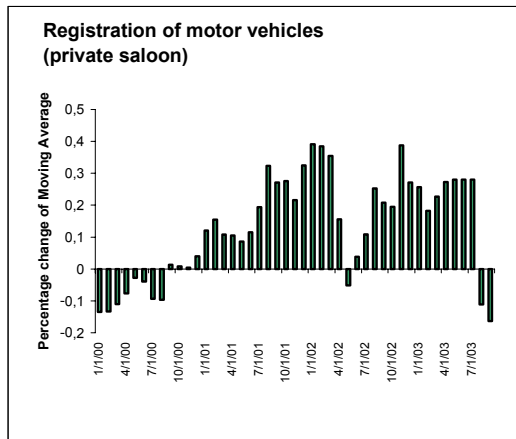
**Table 17**  
**Latest economic indicators**

	2000	2001	Latest month with available data		Corresponding month of the previous year		Latest period with available data		Corresponding period of the previous year	
Consumer price index (% change)	4,1	2,0	Mar. 2003	6,0	Mar. 2002	2,4	Jan.-Mar. 2003	4,8	Jan.-Mar. 2002	2,6
Unemployment rate (% of E.A.P)	3,4	3,0	Mar. 2003	3,8	Mar. 2002	3,4	Jan.-Mar. 2003	4,0	Jan.-Mar. 2002	3,8
Fiscal deficit(-)/surplus(+) (% of GDP)	-150,5	-166,5	Jan.-Dec. 2002	-215,6	Jan.-Dec. 2001	-166,5	Jan.-Dec. 2002	-215,6	Jan.-Dec. 2001	-166,5
Tourist arrivals (% change)	10,3	0,4	Mar. 2003	-33,9	Mar. 2002	0,8	Jan.-Mar. 2003	-13,4	Jan.-Mar. 2002	-7,3
Tourist revenue (% change)	16,5	7,0	Feb. 2003	8,9	Feb. 2002	-0,9	Jan.-Feb. 2003	13,1	Jan.-Feb. 2002	-6,5
Cypriots traveling abroad (% change)	4,2	16,8	Jan. 2003	35,5	Jan. 2002	-14,4	Iav. 2003	35,5	Iav. 2002	-14,4
Volume index of retail sales (% change)	5,7	5,9	Feb. 2003	-1,3	Feb. 2002	2,7	Jan.-Feb. 2003	-3,0	Jan.-Feb. 2002	3,5
Private car registration (% change)	-6,5	19,4	Mar. 2003	33,0	Mar. 2002	19,6	Jan.-Mar. 2003	19,1	Jan.-Mar. 2002	38,9
Volume index of manufacturing production (% change)	4,0	-2,6	Dec. 2002	2,3	Dec. 2001	3,0	Jan.-Dec. 2002	-2,1	Jan.-Dec. 2001	-3,8
Volume index of building permits authorised (% change)	2,6	23,4	Dec. 2002	-3,6	Dec. 2001	48,8	Jan.-Dec. 2002	10,8	Jan.-Dec. 2001	23,4
Value index of building permits authorised (% change)	7,2	26,2	Dec. 2002	4,6	Dec. 2001	46,3	Jan.-Dec. 2002	13,0	Jan.-Dec. 2001	26,2
Local sales of cement (% change)	1,1	11,6	Feb. 2003	-6,8	Feb. 2002	24,9	Jan.-Feb. 2003	5,0	Jan.-Feb. 2002	6,1
Total imports (c.i.f.) (% change)	23,2	2,4	Dec. 2002	18,0	Dec. 2001	-11,5	Jan.-Dec. 2002	-1,7	Jan.-Dec. 2001	2,4
Imports for home consumption (c.i.f.) <sup>1</sup> (% change)	16,5	8,7	Dec. 2002	12,9	Dec. 2001	-4,9	Jan.-Dec. 2002	3,8	Jan.-Dec. 2001	8,7
Total exports (f.o.b.) (% change)	9,0	6,1	Dec. 2002	-6,5	Dec. 2001	6,7	Jan.-Dec. 2002	-18,8	Jan.-Dec. 2001	6,1
Domestic exports(f.o.b.) (% change)	8,4	4,5	Dec. 2002	-3,8	Dec. 2001	-1,8	Jan.-Dec. 2002	-4,9	Jan.-Dec. 2001	4,5
Trade deficit (£ million)	-1877,0	-1900,7	Dec. 2002	-183,0	Dec. 2001	-146,4	Jan.-Dec. 2002	-1974,9	Jan.-Dec. 2001	-1900,7

(1) Non-oil civil imports

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

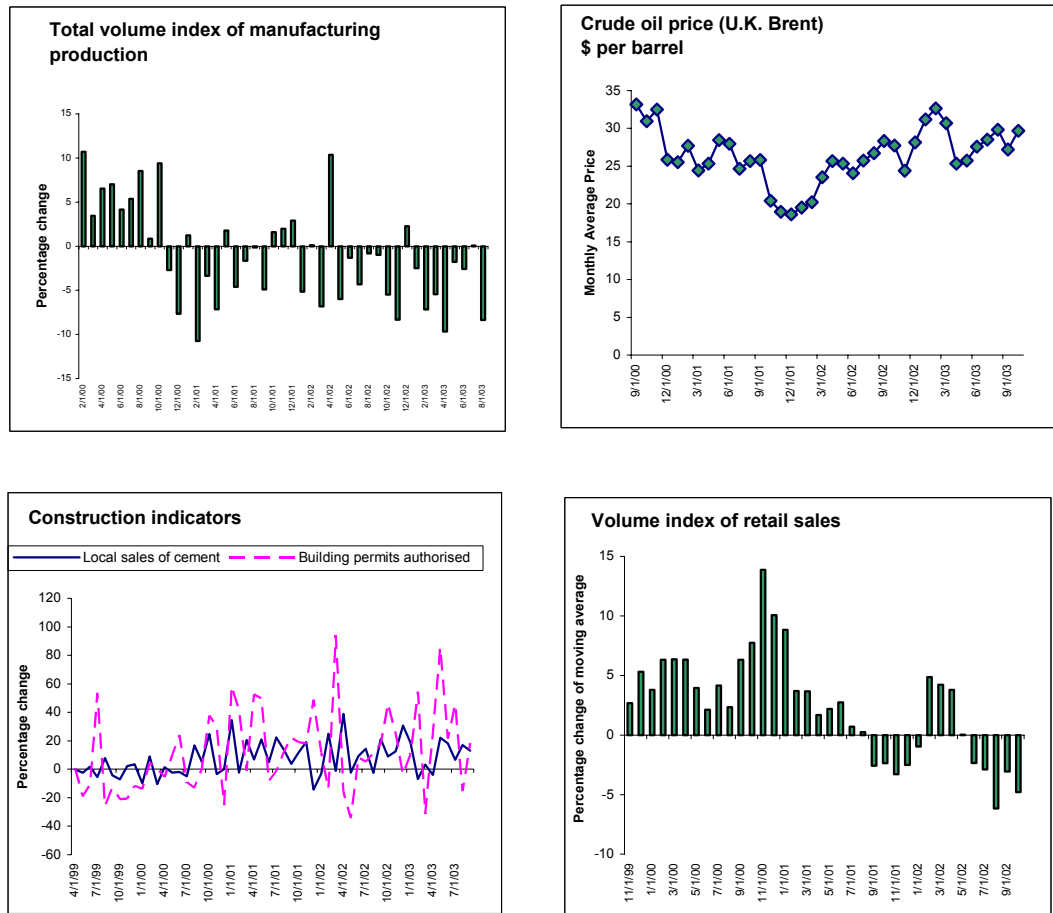
	Jan.-Aug. 2002	Jan.-Aug. 2003	Jan.-Aug. 02/01	Jan.-Aug. 03/02
	<i>million</i>		<i>(% change)</i>	
<b>Total revenue and grants</b>	<b>1258,1</b>	<b>1361,3</b>	<b>1,9</b>	<b>8,2</b>
Direct taxes	380,2	312,1	1,5	-17,9
Income tax	276,8	189,9	-61,8	-31,4
Indirect taxes	498,3	601,0	4,9	20,6
Value added tax	235,5	315,5	7,6	34,0
Excise taxes	126,2	172,4	4,6	36,6
Import duty	47,0	20,7	5,5	-56,0
Social security funds contributions	198,0	198,5	12,6	0,3
Other revenues	180,6	247,5	-13,1	37,0
Foreign grants	1,0	2,3	-15,6	140,2
<b>Total expenditure and net lending</b>	<b>1462,2</b>	<b>1716,0</b>	<b>6,6</b>	<b>17,4</b>
Current expenditure	1351,0	1565,1	7,4	15,8
Goods and services	556,9	653,2	3,2	17,3
Wages and salaries	362,6	427,5	6,7	17,9
Pensions and gratuities	82,4	89,0	29,2	8,1
Social pensions	12,5	17,0	4,8	35,8
Other current transfers	215,5	267,6	21,2	24,2
Social security funds payments	209,5	229,7	10,7	9,6
Subsidies	41,2	57,8	-28,4	40,2
Interest	228,8	250,8	2,1	9,6
Capital expenditure	99,2	141,6	-8,6	42,7
Investment	75,4	106,2	-8,5	41,0
Capital transfers	23,9	35,3	-8,9	48,0
Net lending	11,9	9,3	123,5	-22,0
<b>Fiscal surplus (+)/deficit(-)</b>	<b>-204,1</b>	<b>-354,6</b>	<b>48,7</b>	<b>73,8</b>

**Chart 8**

### Consumption

The retail sales volume index declined by 3,2% in the first eight months of 2003, compared with an increase of 0,1% in the

same period of the previous year. In August 2003, the index fell by 6,8%, compared with a decrease of 2,4% in the same month of 2002.

**Chart 9**

Private saloon car registrations, which provide another important indicator of consumer behaviour, exhibited sizeable decreases in the last four months. Following the implementation of the tax reform on 1 July 2002, which included a significant reduction in excise taxes on cars, the sales of cars increased considerably up to June 2003. Since July, however, car sales have registered a decline. This decline is attributable to the expected reduction of taxes

on various types of cars, which has been under discussion by the government and the parliament in recent months. More specifically, in July, August, September and October 2003, car registrations declined by 4,2%, 22,7%, 7,1% and 18,0%, respectively. For the period from January to October 2003, car registrations increased by 12,0%, compared with a rise of 21,0% in the same period of 2002.

Developments in non-oil imports for home consumption (excluding imports of military equipment) seem consistent with the sluggish domestic demand. These imports declined by 4,5% in the period from January to July 2003, compared with an increase of 5,0% in the same period of 2002.

Furthermore, the number of Cypriots travelling abroad decreased by 1,2% in the first nine months of 2003, compared with an increase of 1,9% in the same period of 2002.

**Table 19**

**Retail sales volume index**

*(percentage change by category)*

	Aug. 02/01	Aug. 03/02	Jan.-Aug. 02/01	Jan.-Aug. 03/02
General index	<b>-2,4</b>	<b>-6,8</b>	<b>0,1</b>	<b>-3,2</b>
Food, drinks and tobacco	-7,1	-3,7	-7,6	-3,9
Clothing and textiles	7,5	-19,0	3,6	-0,3
Footwear & leather products	-8,4	24,1	0,6	9,8
Electrical goods & appliances	26,8	-22,7	7,9	-7,7
Vehicles, machinery & spare parts	-1,2	-16,9	6,3	-5,6
Supermarkets	-10,5	-7,5	-5,2	-9,7
Pharmacies	8,9	-5,4	4,4	9,5
Furniture	-14,7	6,2	3,8	-11,4
Petrol stations	6,2	16,4	3,6	15,6
Toys	-18,3	22,8	-1,7	-7,7

### **Confidence indicators**

Chart 10 illustrates the course of confidence indicators for the Cypriot economy since May 2001, when the European Commission started their release.<sup>9</sup> The trends in these indicators are consistent with the overall picture of the Cypriot economy presented in this Report.

In particular, the construction confidence indicator registered an overall positive trend in 2002, which is consistent with the performance of the construction sector as portrayed by the volume and value indices of building permits and by cement sales. The construction confidence indicator remained positive in the first ten months of 2003, although it declined somewhat in February, April, July and October.

The observed fluctuations in the industrial confidence indicator in the first ten months of 2003 seem to reflect the uncertainty prevailing in this sector.

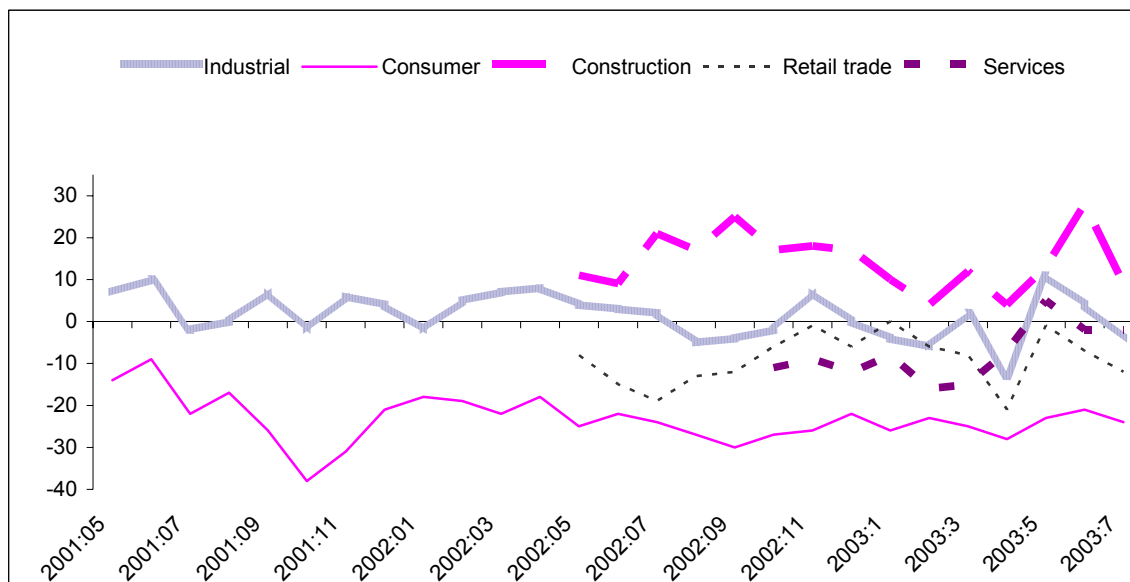
With regard to services, the generally negative course of the confidence indicator in 2002 and in the first seven months of 2003 is consistent with the negative picture of the services sector – primarily tourism. In August and September 2003, however, the services confidence indicator registered a significant positive change, which seems to reflect the increase in tourist arrivals in August. The services confidence indicator remained positive in October, albeit it declined slightly.

The consumer confidence indicator followed a negative course until October 2003. This is compatible with the considerable deceleration in private consumption. The retail trade confidence indicator was also negative in the first ten months of 2003.

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<sup>9</sup> The European Commission publishes monthly confidence indicators for consumers, industry, construction, retail trade and services in the European Union member states and in the acceding countries. The released data refer to the end of each month and are based on surveys which are conducted by the national statistical institutes and harmonised by the European Commission.



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

According to the latest available data for the labour market, the number of registered unemployed increased by 10,2% in October 2002, while the unemployment rate, as a percentage of the economically active population, reached 3,1%, compared with 2,8% in the same month of the previous year. For the first ten months of 2003, the number of registered unemployed increased by 13,0%, compared with an increase of 11,6% in the same period of 2002, and the unemployment rate rose to 3,5%, from 3,2% in the first ten months of 2002. Rising unemployment has been observed since November 2001, concurrently with the recorded slowdown in overall economic activity.

**Public finances**

According to data from the Ministry of Finance, the fiscal deficit increased to £354,6 million in the first eight months of 2003, from £204,1 million in the same period of 2002. Public revenue grew by 8,2%, compared with an increase of 1,9% in the same period of the previous year. Public expenditure also accelerated considerably, however, with a growth rate of 17,4%, compared with 6,6% in the same period of 2002, and thus led to the observed increase in the fiscal deficit for the first eight months of the year.

Taking a more detailed look at public expenditure, current expenditure accelerated, while capital expenditure increased considerably. Among the categories of current expenditure, an acceleration was recorded in wages and salaries, interest payments, social pension payments and other current transfers, while subsidies rose sharply. By contrast, pensions and gratuities, as well as social security fund payments decelerated. As regards capital expenditure, both investment and capital transfers increased sharply.

Turning to public revenue, direct tax receipts declined, while indirect tax receipts accelerated substantially. In particular, income tax receipts registered a sizeable decrease, which is attributable to the economic slowdown and the tax reform. As regards indirect taxes, VAT receipts accelerated owing to the increase in the VAT standard rate, from 10% to 13% effective 1 July 2002, and from 13% to 15% effective 1 January 2003. Receipts from excise taxes also registered a sizeable increase, whereas import duties declined and social security fund contributions decelerated.

### ***Overall assessment of the domestic economy in 2003***

The Cypriot economy slowed in 2002, with real GDP growth around 2,0%, down from 4,1% in 2001. The slowdown in economic activity continued in 2003, as shown by the quarterly national accounts compiled by the Statistical Service for the second quarter. It is worth noting that the growth rates registered in Cyprus for 2002 and 2003, albeit subdued, are higher than in most European Union member states.

For year 2003 as a whole, economic growth will likely not be weaker than in 2002. With respect to public finances, however, the Ministry of Finance expects the fiscal deficit to exceed 5,4% of GDP in 2003.

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

	Jan.-Aug. 2002	Jan.-Aug. 2003	Jan.-Aug. 02/01	Jan.-Aug. 03/02
	<i>million</i>		<i>(% change)</i>	
<b>Total revenue and grants</b>	<b>1258,1</b>	<b>1361,3</b>	<b>1,9</b>	<b>8,2</b>
Direct taxes	380,2	312,1	1,5	-17,9
Income tax	276,8	189,9	-61,8	-31,4
Indirect taxes	498,3	601,0	4,9	20,6
Value added tax	235,5	315,5	7,6	34,0
Excise taxes	126,2	172,4	4,6	36,6
Import duty	47,0	20,7	5,5	-56,0
Social security funds contributions	198,0	198,5	12,6	0,3
Other revenues	180,6	247,5	-13,1	37,0
Foreign grants	1,0	2,3	-15,6	140,2
<b>Total expenditure and net lending</b>	<b>1462,2</b>	<b>1716,0</b>	<b>6,6</b>	<b>17,4</b>
Current expenditure	1351,0	1565,1	7,4	15,8
Goods and services	556,9	653,2	3,2	17,3
Wages and salaries	362,6	427,5	6,7	17,9
Pensions and gratuities	82,4	89,0	29,2	8,1
Social pensions	12,5	17,0	4,8	35,8
Other current transfers	215,5	267,6	21,2	24,2
Social security funds payments	209,5	229,7	10,7	9,6
Subsidies	41,2	57,8	-28,4	40,2
Interest	228,8	250,8	2,1	9,6
Capital expenditure	99,2	141,6	-8,6	42,7
Investment	75,4	106,2	-8,5	41,0
Capital transfers	23,9	35,3	-8,9	48,0
Net lending	11,9	9,3	123,5	-22,0
<b>Fiscal surplus (+)/deficit(-)</b>	<b>-204,1</b>	<b>-354,6</b>	<b>48,7</b>	<b>73,8</b>

## 2.5 EXTERNAL TRANSACTIONS

### Goods

An overview of the trade balance in the first seven months of 2003 is given in table 21. The data for July are provisional.

Total imports rebounded in July 2003, with an increase of the order of 25,0%, compared with a decrease of 18,3% in the same month of the previous year. The increase in imports emanated from the rise in imports for home consumption by 31,2%, which was partly offset by the fall in imports destined for re-exports by 24,5%. For the period from January to July 2003, total imports registered a decrease of 6,1%, compared with a 3,5% decrease in the same period of 2002. Both imports for home consumption and imports destined for re-exports registered a decline, of the order of 5,6% and 11,0%, respectively. Non-oil imports for home consumption excluding imports of military equipment fell by 4,5%, compared with an increase of 5,0% in the first seven months of the previous year.

Turning to exports, the provisional data indicate a continuing increase in July 2003, after a downtrend in the first five months of the year. Specifically, total exports increased by 4,3% in July 2003, compared with a decrease of 12,1% in the same month of 2002. For the first seven months of 2003, total exports registered a decrease of 5,5%, compared with a fall of 18,1% in the same period of 2002. Re-exports declined by 6,8% in the first seven months of 2003, notwithstanding the increase of 10,8% and 27,5% recorded in June and July, respectively. In parallel, domestic exports fell by 8,4% in the first seven months of 2003,

compared with a 3,5% decrease in the previous year. It is worth noting that, after rising by 31,0% in June, domestic exports fell by 17,5% in July, continuing their downward trend. The rise in June 2003 was largely due to a base effect, since domestic exports fell by 39,5% in June 2002 compared with the same month of 2001.

As a result of these developments, the crude trade deficit narrowed to £1.087,0 million in the first seven months of 2003, from £1.160,0 million in the same period of 2002. This improvement is attributable partly to an improvement in the terms of trade, due to the significant appreciation of the Cyprus pound in the first seven months of 2003, and to the absence of aircraft imports, in contrast to the purchase of aircraft valued at £42,5 million by Cyprus Airways in the corresponding period of 2002.

Tables 22 and 23 present the latest available data on the breakdown of imports for home consumption and domestic exports, respectively, by category of goods, in the period up to June 2003.

Concerning imports for home consumption, table 22 shows that in the first half of 2003, imports of consumer goods declined by 5,2%, compared with an increase of 5,0% in the first half of 2002, while imports of intermediate inputs decreased by 2,6%, compared with a 0,8% decrease in the first half of 2002. Imports of capital goods registered a marginal decrease of 0,9%, compared with a fall of 10,8% in the first half of 2002, although a strong rebound was observed in the sub-category of transport, storage and

communication, as well as construction and mining. Imports of transport equipment and parts thereof registered a sharp decrease of 19,5%, which is largely attributable to the purchase of aircraft valued at £22,4 million by Cyprus Airways in May 2002. If this purchase is excluded, the decrease in imports of transport equipment and parts thereof is reduced to 5,0%.

As regards domestic exports (table 23), in the first half of 2003, a sizeable increase in the exports of raw agricultural products was recorded, whereas exports of industrial products of agricultural origin declined. Exports of industrial products of manufacturing origin also declined. In particular, the exports of pharmaceuticals fell by 16,0%.

**Table 21****Trade balance data<sup>1</sup>***(CYP million)*

	2001	2002	2001/2000 yearly % change	2001 Jan. - July	2002 Jan. - July	2003 Jan. - July	2002/2001 % change Jan. - July	2003/2002 % change Jan. - July
<b>Total imports (cif)</b>	2.528,7	2.486,6	-1,7	1.526,0	1.473,1	1.383,0	-3,5	-6,1
Imports for home consumption (cif)	2.176,8	2.256,5	3,7	1.293,2	1.328,1	1.253,9	2,7	-5,6
Non oil civil imports for home consumption (cif)	1.813,0	1.882,1	3,8	1.077,8	1.131,8	1.081,0	5,0	-4,5
<i>Imports destined for re-exports</i>	351,9	230,1	-34,6	232,8	145,0	129,1	-37,7	-11,0
<b>Total exports</b>	628,0	511,3	-18,6	382,4	313,1	296,0	-18,1	-5,5
Domestic exports (fob)	233,9	221,9	-5,1	148,4	143,3	131,2	-3,5	-8,4
Re-exports (fob)	337,0	247,1	-26,7	200,8	146,9	137,0	-26,8	-6,8
Shipstores	57,1	42,3	-1,7	33,2	23,0	27,9	-30,7	21,1
<b>Trade balance</b>	-1.900,7	-1.975,3	3,9	-1.143,7	-1.160,0	-1.087,0	1,4	-6,3

<sup>1</sup> Figures for July 2003 are provisional

**Table 22****Imports (c.i.f.) by economic destination**

(CYP million)

	2001 yearly	2002 yearly	2001 Jan. - June	2002 Jan. - June	2003 Jan. - June	2002/2001 yearly % change	2002/2001 Jan. - June % change	2003/2002 Jan. - June % change
<b>Consumer goods</b>	<b>617,7</b>	<b>641,6</b>	<b>307,2</b>	<b>322,5</b>	<b>305,9</b>	<b>3,9</b>	<b>5,0</b>	<b>-5,2</b>
Non-durable	338,1	351,0	164,6	177,5	170,4	3,8	7,9	-4,0
Semi-durable	170,4	178,0	84,7	87,6	83,7	4,5	3,4	-4,4
Durable	109,2	112,6	57,9	57,4	51,8	3,1	-0,8	-9,8
<b>Intermediate inputs</b>	<b>710,3</b>	<b>715,8</b>	<b>361,6</b>	<b>358,7</b>	<b>349,4</b>	<b>0,8</b>	<b>-0,8</b>	<b>-2,6</b>
Agricultural	42,2	43,3	17,4	20,3	17,7	2,6	17,0	-12,7
Construction and mining	120,7	135,9	65,7	70,7	77,0	12,6	7,7	9,0
Manufacturing	421,8	419,3	210,9	211,6	202,9	-0,6	0,4	-4,1
Transport, storage and communication	29,4	26,2	18,7	10,1	13,0	-10,9	-45,9	28,3
Other sectors of the economy	96,2	91,1	49,0	46,0	38,8	-5,3	-6,1	-15,7
<b>Capital goods</b>	<b>258,3</b>	<b>242,8</b>	<b>136,6</b>	<b>121,8</b>	<b>120,7</b>	<b>-6,0</b>	<b>-10,8</b>	<b>-0,9</b>
Agricultural	8,8	8,6	4,9	4,7	3,7	-2,3	-3,9	-21,0
Construction and mining	20,6	21,2	9,5	10,0	12,0	2,9	5,1	19,6
Manufacturing	69,6	60,0	37,6	29,0	29,1	-13,8	-22,7	0,0
Transport, storage and communication	52,3	45,8	27,4	22,8	27,9	-12,4	-16,9	22,5
Other sectors of the economy	107,0	107,3	57,2	55,2	48,0	0,3	-3,4	-13,1
<b>Transport equipment and parts thereof</b>	<b>226,6</b>	<b>281,5</b>	<b>115,6</b>	<b>147,5</b>	<b>118,7</b>	<b>24,2</b>	<b>27,6</b>	<b>-19,5</b>
of which:								
passenger cars	94,6	160,1	75,6	85,4	78,2	69,2	12,9	-8,4
spare parts	61,3	66,3	37,6	37,2	38,6	7,5	-1,1	3,8
aircraft and parts	0,6	42,7	0,0	22,5	0,2	98,7	72.545,2	-99,2
<b>Fuels and lubricants</b>	<b>266,1</b>	<b>240,4</b>	<b>133,5</b>	<b>128,5</b>	<b>81,7</b>	<b>-10,7</b>	<b>-3,7</b>	<b>-36,4</b>
<b>Unclassified</b>	<b>97,9</b>	<b>134,3</b>	<b>15,0</b>	<b>60,8</b>	<b>30,5</b>	<b>27,1</b>	<b>304,7</b>	<b>-49,9</b>
<b>Imports for home consumption</b>	<b>2176,8</b>	<b>2256,4</b>	<b>1069,4</b>	<b>1139,9</b>	<b>1006,8</b>	<b>3,7</b>	<b>6,6</b>	<b>-11,7</b>
Imports destined for re-exports	351,9	230,2	197,2	121,2	111,1	-34,6	-38,6	-8,3
<b>Total imports</b>	<b>2528,7</b>	<b>2486,6</b>	<b>1266,6</b>	<b>1261,0</b>	<b>1118,0</b>	<b>-1,7</b>	<b>-0,4</b>	<b>-11,3</b>
Memo item:								
Non oil civil imports for home consumption	1813,0	1882,1	921,0	950,9	894,7	3,8	3,3	-5,9

Source: Statistical Service of Cyprus

**Table 23****Exports (f.o.b.) by economic origin**

(CYP million)

	2001 yearly	2002 yearly	2001 Jan. - June	2002 Jan. - June	2003 Jan. - June	2002/2001 yearly % change	2002/2001 Jan. - June % change	2003/2002 Jan. - June % change
<b>Agricultural products (raw)</b>	<b>43,8</b>	<b>36,9</b>	<b>35,8</b>	<b>28,8</b>	<b>35,0</b>	<b>-15,8</b>	<b>-19,6</b>	<b>21,7</b>
of which:								
potatoes	17,5	11,1	17,5	10,2	15,2	-36,6		
other vegetables	4,2	3,8	2,6	2,3	2,5	-15,8		
fresh, frozen or dried								
citrus fruit	14,7	18,3	12,2	14,9	15,8	24,5		
<b>Minerals and industrial products of mineral origin</b>	<b>11,6</b>	<b>10,5</b>	<b>0,8</b>	<b>1,5</b>	<b>1,9</b>	<b>-9,5</b>	<b>89,8</b>	<b>19,7</b>
<b>Industrial products of agricultural origin</b>	<b>28,0</b>	<b>32,9</b>	<b>14,3</b>	<b>17,0</b>	<b>16,3</b>	<b>17,5</b>	<b>19,3</b>	<b>-4,1</b>
<b>Industrial products of manufacturing origin</b>								
of which:								
cigarettes	7,7	10,9	3,8	5,8	5,1	41,6		
cement	0,9	0,9	0,3	0,3	0,2	0,0		
pharmaceutical products	4,1	4,7	2,0	2,7	2,5	14,6		
articles of paper or of								
beer	1,0	0,9	0,7	0,5	0,4	-10,0		
wines	5,3	5,1	2,4	2,5	2,7	-3,8		
meat	2,9	4,5	1,7	2,7	2,1	55,2		
<b>Industrial products of Manufacturing origin</b>	<b>150,5</b>	<b>141,6</b>	<b>71,7</b>	<b>71,8</b>	<b>57,3</b>	<b>-5,9</b>	<b>0,1</b>	<b>-20,1</b>
of which:								
cigarettes	10,8	4,5	5,9	1,9	1,7	-58,3		
cement	8,4	8,8	3,3	4,0	4,8	4,8		
pharmaceutical products	39,4	43,1	17,5	22,1	18,5	9,4	26,3	-16,0
articles of paper or of	6,0	5,5	2,9	3,1	2,6	-8,3		
paperboard								
clothing	19,7	16,0	9,5	7,8	4,9	-18,8	-18,1	-36,8
footwear	3,8	3,2	2,2	1,6	0,7	-15,8		
furniture	6,8	6,0	3,9	3,3	2,4	-11,8		
<b>Unclassified</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>29,0</b>	<b>0,0</b>			
<b>Domestic exports</b>	<b>233,9</b>	<b>221,9</b>	<b>127,5</b>	<b>122,6</b>	<b>114,2</b>	<b>-5,1</b>	<b>-3,8</b>	<b>-6,9</b>
re-exports	337,0	247,1	174,9	124,9	109,0	-26,7	-28,6	-12,8
shipstores	57,1	42,3	26,6	18,6	23,9	-25,9	-30,0	28,3
<b>Total exports</b>	<b>628,0</b>	<b>511,3</b>	<b>328,9</b>	<b>266,2</b>	<b>247,0</b>	<b>-18,6</b>	<b>-19,1</b>	<b>-7,2</b>

Source: Statistical Service of Cyprus

### **Tourism**

Tourist arrivals decreased by 2,7% in October 2003 compared with the same month of the previous year (table 24). For the period from January to October 2003, tourist arrivals registered a decrease of 6,1%, in comparison with the same period of 2002.

Receipts from tourism fell by 14,8% in September compared with the same month of the previous year. For the first nine months of 2003, receipts from tourism registered a decrease of 10,5%, while tourist arrivals decreased by 6,6% (table 25). This implies a significant decline in per tourist expenditure, which is attributable partly to the decline in daily tourist expenditure, both in and outside hotels.

### **Balance of payments prospects**

On the basis of the data on external transactions discussed in this Report, and in the context of the overall performance of the economy in 2003, the current account deficit is expected to narrow somewhat in 2003. Besides the downturn in tourism, the current account balance in 2002 was adversely affected by other non-recurrent factors, such as the purchase of aircraft by Cyprus Airways valued at a total of £42,5 million or 0,7% of GDP. The elimination of these factors in 2003 and the improvement of the terms of trade, owing to the strengthening of the Cyprus pound compared with its level in 2002, are expected to lead to a decrease in the current account deficit as a percentage of GDP in 2003.

Balance of payments statistics for the first quarter of 2003 are shown in table 13 in the annex. These statistics have been compiled by the Statistics Department of the Central Bank of Cyprus, on the basis of the methodology recommended by the International Monetary Fund in its Fifth Edition of the Balance of Payments Manual (BPM5).



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

	1999	2000	2001	2002	2003	% change 2001/2000	% change 2002/2001	% change 2003/2002
January	57.740	63.553	64.214	54.067	59.529	1,0	-15,8	10,1
February	74.041	87.243	83.569	71.950	77.972	-4,2	-13,9	8,4
March	126.494	135.487	137.578	138.625	91.634	1,5	0,8	-33,9
April	180.076	221.785	237.228	180.481	169.891	7,0	-23,9	-5,9
May	273.317	299.355	324.901	279.070	231.527	8,5	-14,1	-17,0
June	276.879	302.011	322.835	293.192	262.100	6,9	-9,2	-10,6
July	322.041	362.299	373.385	327.404	318.143	3,1	-12,3	-2,8
August	341.088	356.686	371.536	301.724	325.390	4,2	-18,8	7,8
September	309.498	329.964	329.400	306.731	287.358	-0,2	-6,9	-6,3
October	270.732	300.597	269.744	275.840	268.457	-10,3	2,3	-2,7
November	118.105	133.500	107.454	111.327		-19,5	3,6	
December	84.274	93.722	74.887	77.822		-20,1	3,9	
Jan. - Oct.	2.231.906	2.458.980	2.514.390	2.229.084	2.092.001	2,3	-11,3	-6,1
Jan. - Dec.	2.434.285	2.686.202	2.696.731	2.418.233		0,4	-10,3	

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

	2000	2001	2002	2003	% change 2002/2001	% change 2003/2002
January		24,9	21,6	25,6	-13,5	18,8
February		29,1	28,9	31,4	-0,9	8,9
March		49,7	59,2	37,8	18,9	-36,1
April		89,9	77,0	67,1	-14,3	-12,9
May		139,1	119,5	92,5	-14,1	-22,6
June	122,9	157,4	139,3	114,8	-11,5	-17,6
July	162,7	192,0	160,7	152,4	-16,3	-5,2
August	173,7	205,0	153,8	165,3	-25,0	7,5
September	161,9	176,3	157,4	134,1	-10,7	-14,8
October	135,1	130,2	128,0		-1,7	
November	54,1	48,8	51,4		5,4	
December	36,2	29,2	35,6		21,8	
Jan.- Sept.		1.063,4	917,4	821,1	-13,7	-10,5
Jan. - Dec.		1.271,6	1.132,4		-11,0	

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

### **3. ANNEX**

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

With effect from <sup>(1)</sup> (date of decision)		Deposit facility	Main refinancing operations				Marginal lending facility
			Variable rate tenders			Fixed rate tenders	
			Repo	Reverse repo	Acceptance of deposits	Acceptance of deposits	
			Minimum bid rate	Maximum bid rate	Maximum bid rate	Fixed rate	
2001	10 Aug.	3,50		5,00			6,50
	18 Sep.	3,00		4,50			6,00
	02 Nov.	2,50			4,00	4,00	5,50
2002	13 Dec.	2,50			3,75	3,75	5,00
2003	04 Apr.	2,50			3,50	3,50	4,50

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

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

Date of settlement		Bids (amount)	Allotment (amount)	Variable rate tenders				Fixed rate tenders	Running for (...) days
				Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate	Fixed rate	
2003	13 Feb.	144,2	130,0	3,75	3,57	3,50	3,64		14
	27 Feb.	236,0	220,0	3,75	3,70	3,63	3,75		14
	13 Mar.	135,0	135,0	3,75	3,70	3,67	3,75		14
	27 Mar.	295,0	100,0					3,75	42
	27 Mar.	127,0	127,0	3,75	3,71	3,68	3,72		14
	10 Apr.	157,0	125,0	3,50	3,40	3,39	3,44		14
	24 Apr.	95,0	60,0	3,50	3,42	3,32	3,50		14
	08 May	205,0	150,0	3,50	3,39	3,37	3,50		14
	22 May	157,0	150,0	3,50	3,39	3,35	3,47		14
	05 June	161,0	130,0	3,50	3,41	3,38	3,50		14
	19 June	173,0	140,0	3,50	3,38	3,34	3,43		14
	03 July	146,0	110,0	3,50	3,36	3,33	3,39		14
	17 July	141,0	120,0	3,50	3,32	3,28	3,38		14
	31 July	210,0	150,0	3,50	3,29	3,27	3,31		14
	14 Aug.	173,0	140,0	3,50	3,25	3,24	3,27		14
	28 Aug.	182,0	160,0	3,50	3,34	3,20	3,50		14
	11 Sep.	232,0	200,0	3,50	3,43	3,35	3,50		14
	25 Sep.	139,0	139,0	3,50	3,48	3,44	3,50		14
	09 Oct.	167,0	130,0	3,50	3,47	3,40	3,50		14
	23 Oct.	151,0	100,0	3,50	3,35	3,34	3,38		14
	06 Nov.	213,0	140,0	3,50	3,41	3,29	3,50		14

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

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

		Cyprus					Euro area				
		Overnight deposits	2-7 days deposits	1-month deposits	1-6 months deposits	6-12 months deposits	Overnight deposits	1-month deposits	3-month deposits	6-month deposits	12-month deposits
2002	Jan.	3,39	3,82	4,09	-	-	3,29	3,35	3,34	3,34	3,48
	Feb.	3,22	3,66	3,83	-	4,50	3,28	3,34	3,36	3,40	3,59
	Mar.	3,20	-	4,10	5,05	4,57	3,26	3,35	3,39	3,50	3,82
	Apr.	3,29	-	4,10	5,10	-	3,32	3,34	3,41	3,54	3,86
	May	3,28	3,74	4,25	4,60	5,02	3,31	3,37	3,46	3,62	3,95
	June	3,42	3,77	3,96	4,88	5,55	3,35	3,38	3,46	3,59	3,87
	July	3,45	3,00	4,00	-	4,95	3,30	3,36	3,41	3,48	3,64
	Aug.	3,33	3,67	4,02	-	-	3,29	3,33	3,35	3,38	3,44
	Sep.	3,72	3,70	4,29	5,02	-	3,32	3,32	3,31	3,27	3,24
	Oct.	3,40	3,50	3,73	4,19	-	3,30	3,31	3,26	3,17	3,13
	Nov.	3,79	3,28	4,15	4,15	-	3,30	3,23	3,12	3,04	3,02
	Dec.	3,52	3,13	3,33	-	-	3,09	2,98	2,94	2,89	2,87
2003	Jan.	3,25	2,75	3,37	-	4,00	2,79	2,86	2,83	2,76	2,71
	Feb.	3,31	-	3,63	3,90	-	2,76	2,77	2,69	2,58	2,50
	Mar.	3,79	-	3,55	3,88	4,05	2,75	2,60	2,53	2,45	2,41
	Apr.	3,36	3,45	3,68	-	-	2,56	2,58	2,53	2,47	2,45
	May	3,56	-	3,56	3,70	3,96	2,56	2,52	2,40	2,32	2,26
	June	3,42	3,38	3,63	3,67	-	2,21	2,18	2,15	2,08	2,01
	July	3,19	-	3,49	3,75	-	2,08	2,13	2,13	2,09	2,08
	Aug.	3,09	-	3,41	3,57	-	2,10	2,12	2,14	2,17	2,28
	Sep.	3,35	3,60	3,46	3,66	-	2,02	2,13	2,15	2,18	2,26
	Oct.	3,18	3,42	3,56	3,58	3,90					

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

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

	Lending rates <sup>1,2</sup>					Deposit rates <sup>1,3</sup>		
	Enterprises: overdraft within limits	Enterprises: secured loans	Personal: secured loans	Housing: loans secured by assignment of life policy	Credit cards	Current accounts	3 month notice - over CYP5000	1 year fixed deposits - over CYP5000
2001 Dec.	7,12	7,12	7,95	7,00	9,00	0,90	4,00	4,94
2002 Jan.	7,12	7,12	8,03	7,00	10,00	0,92	4,00	4,95
Feb.	7,12	7,12	8,12	7,08	10,50	0,93	4,03	4,95
Mar.	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
Apr.	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
May	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
June	6,98	7,16	7,90	7,15	10,50	0,93	4,42	4,85
July	6,98	7,16	7,90	7,15	10,50	0,93	4,42	4,85
Aug.	6,98	7,16	7,90	7,21	10,50	0,83	4,42	4,85
Sept.	6,98	7,16	7,90	7,21	10,50	0,84	4,37	4,88
Oct.	7,15	7,33	7,90	7,21	10,50	0,84	4,37	4,88
Nov.	7,15	7,33	7,90	7,21	10,50	0,83	4,40	4,84
Dec.	6,98	6,88	7,52	6,78	10,33	0,66	3,80	4,56
2003 Jan.	7,40	7,32	7,70	6,78	10,50	0,71	3,85	4,43
Feb	7,22	7,21	7,70	6,78	10,50	0,65	3,84	4,40
Mar	7,23	7,22	7,70	6,78	10,50	0,68	3,85	4,37
Apr	6,77	6,74	7,13	6,18	10,50	0,45	3,33	3,68
May	6,66	6,68	7,10	6,18	10,50	0,45	3,34	3,64
June	6,76	6,72	7,20	6,18	10,50	0,45	3,33	3,60
July	6,97	6,98	7,40	6,30	10,50	0,42	3,34	3,57
Aug.	6,92	6,90	7,40	6,30	10,50	0,40	3,34	3,55
Sep	6,92	6,90	7,40	6,30	10,50	0,46	3,34	3,52
Oct.	6,92	6,90	7,53	6,30	10,50	0,44	3,35	3,50

*(1) Reported as end of month.**(2) For the period Jan.01-Nov.01, data refer to the average of the minimum interest rates charged on each loan category, as reported by the three largest banks. From December 2001, data refer to the average of the representative interest rates charged on each loan category, as defined by the three largest banks.**(3) Data refer to the average of the representative interest rates offered on each deposit category, as defined by the three largest banks.*

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

	Deposit interest rates						Lending interest rates			
	Overnight	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	Up to 1 year	Over 1 year	Consumer lending	For house purchase
2001 Aug.	0,96	3,59	3,59	4,14	2,40	3,68	6,89	6,19	10,16	5,96
Sep.	0,91	3,28	3,28	3,98	2,36	3,33	6,71	6,07	10,08	5,86
Oct.	0,84	3,06	3,06	3,84	2,29	3,01	6,46	5,82	9,99	5,65
Nov.	0,78	2,84	2,83	3,65	2,19	2,75	6,31	5,71	9,87	5,48
Dec.	0,74	2,79	2,78	3,77	2,17	2,79	6,26	5,69	9,81	5,52
2002 Jan.	0,73	2,77	2,77	3,83	2,17	2,80	6,18	5,63	9,79	5,53
Feb.	0,73	2,78	2,79	3,95	2,15	2,91	6,16	5,75	9,83	5,61
Mar.	0,73	2,84	2,84	4,07	2,15	3,00	6,09	5,85	9,78	5,74
Apr.	0,74	2,89	2,90	4,13	2,14	3,07	6,17	5,95	9,83	5,81
May	0,74	2,91	2,92	4,15	2,15	3,08	6,20	5,98	9,87	5,82
June	0,74	2,93	2,94	4,09	2,13	3,08	6,18	5,92	9,83	5,77
July	0,74	2,89	2,90	4,02	2,13	3,02	6,16	5,79	9,78	5,68
Aug.	0,73	2,84	2,85	3,81	2,12	2,94	6,15	5,71	9,79	5,53
Sep.	0,73	2,77	2,77	3,64	2,13	2,73	6,12	5,61	9,85	5,38
Oct.	0,72	2,74	2,74	3,58	2,11	2,63	6,13	5,54	9,72	5,26
Nov.	0,71	2,70	2,69	3,53	2,11	2,55	6,10	5,50	9,70	5,21
Dec.	0,68	2,51	2,51	3,45	2,05	2,41	5,98	5,34	9,58	5,10
2003 Jan.	0,63	2,43	2,42	3,30	2,05	2,34	5,87	5,27	9,49	4,91
Feb.	0,62	2,32	2,32	3,15	2,02	2,12	5,81	5,18	9,40	4,77
Mar.	0,59	2,20	2,19	3,08	1,97	2,05	5,69	5,17	9,29	4,69
Apr.	0,56	2,15	2,14	3,14	1,93	2,05	5,57	5,14	9,24	4,70
May	0,56	2,08	2,08	2,98	1,91	1,92	5,51	5,01	9,22	4,56
June	0,52	1,85	1,84	2,76	1,83	1,65	5,39	4,86	9,15	4,34
July	0,46	1,78	1,77	2,65	1,77	1,48	5,26	4,70	9,01	4,16
Aug.	0,46	1,74	1,74	2,44	1,61	1,43	5,23	4,84	9,06	4,22

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

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank <sup>1</sup>	9 2,75	6 2,75	6 2,50	3 2,50	8 2,50	5 2,00	10 2,00		4 2,00	2 2,00	6 2,00	4
Bank of England <sup>2</sup>	9 4,00	6 3,75	6 3,75	10 3,75	8 3,75	5 3,75	10 3,50	7 3,50	4 3,50	9 3,50	6 3,75	4
Federal Reserve System <sup>3</sup>	28/29 1,25		18 1,25		6 1,25	24/25 1,00		12 1,00	16 1,00	28 1,00		9
Central Bank of Cyprus <sup>4</sup>	24 5,00		7 5,00	4 4,50	8 4,50	13 4,50	11 4,50		5 4,50	17 4,50	28	

(1) Minimum bid rate on the main refinancing operations

(2) Repo Rate

(3) Federal Funds Rate

(4) Interest rate on the marginal lending facility

**Table 7**

**Percentage change in the Consumer Price Index by economic origin (%)**  
**2002 - 2004**

			Quarterly			Oct. 2002/ 2001	Sept. 2003/ 2002	Oct. 2003/ 2002	Jan.-Oct. 2002/ 2001	Jan.-Sept. 2003/ 2002	Jan.-Oct. 2003/ 2002	Weights
	2001	2002	2003 II	2003 III	2003 IV							1998=100
<b>GENERAL INDEX</b>	<b>1,98</b>	<b>2,81</b>	<b>4,84</b>	<b>4,90</b>	<b>3,31</b>	<b>2,52</b>	<b>3,64</b>	<b>4,09</b>	<b>2,78</b>	<b>4,35</b>	<b>4,32</b>	<b>100,00</b>
<b>A LOCAL GOODS</b>	<b>1,34</b>	<b>4,35</b>	<b>9,34</b>	<b>10,11</b>	<b>4,41</b>	<b>4,30</b>	<b>5,33</b>	<b>5,86</b>	<b>4,09</b>	<b>7,92</b>	<b>7,70</b>	<b>36,69</b>
A.1 Agricultural	4,50	1,79	-0,17	5,95	6,87	-10,52	10,27	6,88	3,87	4,06	4,34	7,93
A.2 Industrial	0,78	5,62	12,19	10,86	3,67	9,32	3,85	5,38	4,80	8,76	8,40	27,24
A.2.1 industrial non-petroleum	0,10	4,55	9,11	7,30	4,47	6,67	4,66	5,38	4,03	6,88	6,72	22,91
A.2.2 fuel and gas	3,99	10,57	26,59	27,59	0,57	21,86	0,56	5,37	8,33	17,10	15,79	4,33
A.3 Electricity	-3,23	-2,26	13,89	16,85	5,12	3,06	7,07	8,77	-4,27	12,32	11,94	1,52
<b>B IMPORTED GOODS</b>	<b>0,47</b>	<b>-1,69</b>	<b>-3,12</b>	<b>-3,26</b>	<b>-0,38</b>	<b>-3,23</b>	<b>-0,61</b>	<b>-0,46</b>	<b>-1,30</b>	<b>-2,28</b>	<b>-2,10</b>	<b>22,20</b>
B.1 Motor Vehicles	0,55	-5,07	-11,40	-11,28	-1,75	-9,54	-2,45	-2,45	-4,00	-8,38	-7,82	9,43
B.2 Other Imported	0,41	0,85	3,23	2,70	0,53	1,40	0,61	0,84	0,74	2,14	2,01	12,77
<b>C SERVICES</b>	<b>3,35</b>	<b>3,67</b>	<b>4,72</b>	<b>4,20</b>	<b>4,01</b>	<b>3,76</b>	<b>4,06</b>	<b>4,56</b>	<b>3,66</b>	<b>4,31</b>	<b>4,33</b>	<b>41,11</b>
<b>HICP</b>		<b>2,8</b>	<b>5,2</b>	<b>4,8</b>		<b>2,7</b>	<b>3,3</b>	<b>3,7</b>	<b>2,7</b>	<b>4,2</b>	<b>4,1</b>	
<b>Euro area inflation</b>	<b>2,3</b>	<b>2,3</b>	<b>2,3</b>	<b>1,9</b>		<b>2,3</b>	<b>2,1</b>		<b>2,2</b>	<b>2,1</b>		



**Table 8**

**Weighted contribution to the total change in the Consumer Price Index by economic origin (%)**  
**2002 - 2004**

			Quarterly			Oct.	Sept.	Oct.	Jan.-Oct.	Jan.-Sept.	Jan.-Oct.	Weights 1998=100
	2001	2002	2003 II	2003 III	2003 IV	2002/ 2001	2003/ 2002	2003/ 2002	2002/ 2001	2003/ 2002	2003/ 2002	
<b>GENERAL INDEX</b>	<b>1,98</b>	<b>2,81</b>	<b>4,84</b>	<b>4,90</b>	<b>3,31</b>	<b>2,52</b>	<b>3,64</b>	<b>4,09</b>	<b>2,78</b>	<b>4,35</b>	<b>4,32</b>	<b>100,00</b>
<b>A LOCAL GOODS</b>	<b>0,51</b>	<b>1,64</b>	<b>3,50</b>	<b>3,82</b>	<b>1,69</b>	<b>1,64</b>	<b>2,06</b>	<b>2,28</b>	<b>1,54</b>	<b>3,00</b>	<b>2,93</b>	<b>36,69</b>
A.1 Agricultural	0,36	0,15	-0,01	0,48	0,53	-0,95	0,81	0,54	0,31	0,33	0,36	7,93
A.2 Industrial	0,21	1,53	3,25	3,02	1,03	2,53	1,10	1,56	1,31	2,43	2,34	27,24
A.2.1 industrial non-petroleum	0,02	1,02	2,01	1,67	1,00	1,50	1,07	1,26	0,90	1,56	1,52	22,91
A.2.2 fuel and gas	0,19	0,51	1,25	1,35	0,03	1,04	0,03	0,30	0,41	0,87	0,81	4,33
A.3 Electricity	-0,07	-0,05	0,26	0,32	0,13	0,06	0,14	0,18	-0,09	0,24	0,23	1,52
<b>B IMPORTED GOODS</b>	<b>0,10</b>	<b>-0,35</b>	<b>-0,64</b>	<b>-0,67</b>	<b>-0,07</b>	<b>-0,67</b>	<b>-0,12</b>	<b>-0,09</b>	<b>-0,27</b>	<b>-0,46</b>	<b>-0,42</b>	<b>22,20</b>
B.1 Motor Vehicles	0,05	-0,46	-1,02	-0,99	-0,14	-0,84	-0,19	-0,19	-0,36	-0,71	-0,66	9,43
B.2 Other Imported	0,05	0,10	0,38	0,32	0,06	0,17	0,07	0,10	0,09	0,25	0,24	12,77
<b>C SERVICES</b>	<b>1,37</b>	<b>1,52</b>	<b>1,98</b>	<b>1,75</b>	<b>1,69</b>	<b>1,54</b>	<b>1,70</b>	<b>1,89</b>	<b>1,52</b>	<b>1,80</b>	<b>1,81</b>	<b>41,11</b>

**Table 9**

**Percentage change in the Consumer Price Index by category of goods and services (%)**  
**2002 - 2004**

	Yearly		Quarterly			Oct. 2002/ 2001	Sept. 2003/ 2002	Oct. 2003/ 2002	Jan.-Oct. 2002/ 2001	Jan.-Sept. 2003/ 2002	Jan.-Oct. 2003/ 2002	Weights 1998=100
	2001	2002	2003 I	2003 II	2003 III							
<b>GENERAL INDEX</b>	<b>1,98</b>	<b>2,81</b>	<b>4,84</b>	<b>4,90</b>	<b>3,31</b>	<b>2,52</b>	<b>3,64</b>	<b>4,09</b>	<b>2,78</b>	<b>4,35</b>	<b>4,32</b>	<b>100,00</b>
Food & non-alcoholic beverages	4,09	4,58	4,06	5,72	5,42	-0,50	6,74	5,51	5,36	5,06	5,11	18,20
Alcoholic beverages & tobacco	2,79	13,32	35,18	27,05	12,37	21,89	12,94	25,17	11,29	24,10	24,22	1,78
Clothing and footwear	-6,75	-3,46	0,96	1,13	1,32	-3,09	2,41	1,20	-3,82	1,14	1,14	8,22
Housing, water, electricity and gas	1,59	4,08	5,59	6,21	3,93	5,52	3,87	4,75	3,76	5,24	5,19	21,27
Furnishings, household equipment and supplies	0,15	0,81	5,40	6,31	1,46	2,41	1,74	1,40	0,60	4,36	4,06	7,08
Health	5,41	4,70	7,35	4,51	5,49	4,32	5,26	5,39	4,79	5,77	5,73	4,92
Transport	2,29	0,39	1,48	1,39	0,32	0,67	-0,01	0,80	0,40	1,07	1,04	17,42
Communication	1,73	-8,81	-10,64	-9,56	-11,04	-14,12	-9,11	4,18	-7,86	-10,42	-9,12	1,79
Recreation & culture	-0,50	2,20	4,88	4,41	2,14	2,65	2,47	2,85	2,08	3,79	3,70	5,88
Education	4,60	5,71	4,49	4,49	3,84	4,40	2,60	3,34	5,96	4,27	4,18	2,33
Restaurants & hotels	6,00	3,97	6,54	5,82	4,37	4,44	4,87	4,60	3,78	5,56	5,46	6,07
Miscellaneous goods and services	3,97	5,49	7,44	5,91	4,36	7,53	4,64	4,11	5,13	5,87	5,69	5,04

**Table 10**

**Weighted contribution to the total change in the Consumer Price Index by category of goods and services (%)**  
**2002 - 2004**

	Yearly		Quarterly			Oct. 2002/ 2001	Sept. 2003/ 2002	Oct. 2003/ 2002	Jan.-Oct. 2002/ 2001	Jan.-Sept. 2003/ 2002	Jan.-Oct. 2003/ 2002	Weights 1998=100
	2001	2002	2003 I	2003 II	2003 III							
<b>GENERAL INDEX</b>	<b>1,98</b>	<b>2,81</b>	<b>4,84</b>	<b>4,90</b>	<b>3,31</b>	<b>2,52</b>	<b>3,64</b>	<b>4,09</b>	<b>2,78</b>	<b>4,35</b>	<b>4,32</b>	<b>100,00</b>
Food & non-alcoholic beverages	0,75	0,86	0,79	1,08	1,01	-0,10	1,27	1,04	0,99	0,96	0,97	18,20
Alcoholic beverages & tobacco	0,06	0,27	0,71	0,58	0,30	0,44	0,31	0,60	0,23	0,53	0,54	1,78
Clothing and footwear	-0,54	-0,25	0,06	0,08	0,08	-0,23	0,16	0,09	-0,28	0,08	0,08	8,22
Housing, water, electricity and gas	0,34	0,88	1,22	1,35	0,87	1,17	0,85	1,04	0,82	1,15	1,14	21,27
Furnishings, household equipment and supplies	0,01	0,05	0,35	0,41	0,10	0,16	0,12	0,09	0,04	0,28	0,26	7,08
Health	0,27	0,25	0,39	0,24	0,29	0,23	0,28	0,29	0,25	0,31	0,31	4,92
Transport	0,40	0,07	0,26	0,24	0,05	0,11	0,00	0,13	0,07	0,18	0,18	17,42
Communication	0,03	-0,13	-0,14	-0,13	-0,15	-0,19	-0,12	0,05	-0,11	-0,14	-0,12	1,79
Recreation & culture	-0,03	0,12	0,26	0,24	0,12	0,14	0,13	0,15	0,11	0,21	0,20	5,88
Education	0,11	0,14	0,11	0,11	0,10	0,11	0,07	0,09	0,15	0,11	0,11	2,33
Restaurants & hotels	0,38	0,26	0,43	0,38	0,29	0,29	0,32	0,30	0,25	0,37	0,36	6,07
Miscellaneous goods and services	0,20	0,28	0,39	0,31	0,23	0,38	0,25	0,22	0,26	0,31	0,30	5,04

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

Geographical origin of non-resident investors	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sep.	2002 Oct.	2002 Nov.	2002 Dec.	2002 Jan.-Dec.	2003 Jan.	2003 Feb.	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.	2003 Sep.	2003 Oct.
<b>EUROPE</b>	<b>632,9</b>	<b>102,3</b>	<b>149,0</b>	<b>305,0</b>	<b>164,4</b>	<b>110,9</b>	<b>347,6</b>	<b>50,6</b>	<b>34,2</b>	<b>396,2</b>	<b>122,9</b>	<b>74,7</b>	<b>2.490,6</b>	<b>40,2</b>	<b>41,1</b>	<b>141,0</b>	<b>146,2</b>	<b>202,4</b>	<b>457,5</b>	<b>347,9</b>	<b>507,5</b>	<b>2.018,5</b>	<b>531,6</b>
European Union <sup>2</sup>	595,9	98,5	147,3	305,0	151,7	100,3	347,6	47,8	30,8	390,7	105,9	71,4	2.392,8	37,0	32,2	140,2	135,5	200,1	456,6	345,2	506,3	2.013,0	529,5
Germany	15,7	0,0	4,8	19,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,9	42,9	15,9	13,6	27,8	32,0	49,1	12,2	5,6	19,3	5,5	0,9
Greece	368,9	59,2	116,2	268,5	134,2	90,1	301,3	24,0	18,4	88,0	58,0	55,4	1.582,5	8,8	13,1	73,1	22,2	106,0	34,9	331,6	431,0	1.991,7	523,2
United Kingdom	208,9	35,0	26,3	16,0	12,3	10,2	46,3	23,8	11,9	301,4	37,5	13,1	742,6	12,3	5,5	37,8	81,3	45,0	409,5	5,8	52,0	13,0	5,5
Acceding countries <sup>3</sup>	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,5	0,0	5,2	13,6	3,0	24,4	0,0	0,0	0,0	0,5	0,3	0,0	0,0	0,0	0,0	1,4
Other European countries	37,0	3,8	1,6	0,0	12,7	10,6	0,0	0,3	3,4	0,3	3,3	0,2	73,4	3,2	8,9	0,8	10,2	2,0	1,0	2,7	1,2	5,6	0,7
Russian Federation	22,1	3,0	0,6	0,0	11,5	8,9	0,0	0,3	2,4	0,0	1,2	0,2	50,2	0,4	2,4	0,7	10,0	2,0	0,3	1,8	0,0	0,0	0,2
<b>AFRICA</b>	<b>139,8</b>	<b>130,4</b>	<b>68,4</b>	<b>94,3</b>	<b>68,7</b>	<b>7,9</b>	<b>39,2</b>	<b>10,7</b>	<b>31,9</b>	<b>17,1</b>	<b>158,3</b>	<b>26,1</b>	<b>792,6</b>	<b>0,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>137,1</b>	<b>127,0</b>
North African countries	0,0	0,5	2,0	0,0	0,0	0,0	0,0	0,0	0,0	1,2	2,9	0,0	6,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other African countries	139,8	129,9	66,4	94,3	68,7	7,9	39,2	10,7	31,9	15,8	155,4	26,1	786,0	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	137,1	127,0
South Africa	139,1	122,7	61,8	94,3	68,7	7,9	39,2	10,7	31,9	15,8	155,4	26,1	773,6	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>AMERICA</b>	<b>82,4</b>	<b>84,1</b>	<b>11,6</b>	<b>75,4</b>	<b>30,6</b>	<b>0,0</b>	<b>3,5</b>	<b>22,2</b>	<b>2,0</b>	<b>16,1</b>	<b>5,8</b>	<b>4,3</b>	<b>338,0</b>	<b>4,7</b>	<b>0,7</b>	<b>0,0</b>	<b>4,6</b>	<b>56,4</b>	<b>3,0</b>	<b>54,5</b>	<b>83,1</b>	<b>21,3</b>	<b>9,8</b>
North American countries	15,3	7,4	2,3	75,4	22,7	0,0	2,7	22,2	1,0	0,0	1,5	0,0	150,3	0,0	0,0	0,0	0,0	0,4	3,0	4,3	29,9	17,4	9,8
United States of America	14,8	0,0	0,5	35,6	22,7	0,0	2,7	7,3	1,0	0,0	0,0	0,0	84,4	0,0	0,0	0,0	0,0	0,4	3,0	4,3	28,0	17,4	7,7
Central American countries	67,1	76,7	9,3	0,0	7,9	0,0	0,8	0,0	1,1	16,1	4,3	4,3	187,6	4,7	0,7	0,0	4,6	56,0	0,0	50,2	53,1	4,0	0,0
British Virgin Islands	67,1	76,7	9,3	0,0	6,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	159,0	0,0	0,0	0,0	4,6	55,7	0,0	50,2	49,1	0,0	0,0
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	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>ASIA</b>	<b>9,2</b>	<b>3,7</b>	<b>9,7</b>	<b>3,2</b>	<b>9,2</b>	<b>0,0</b>	<b>42,3</b>	<b>1,7</b>	<b>4,4</b>	<b>2,9</b>	<b>18,3</b>	<b>7,4</b>	<b>112,1</b>	<b>0,2</b>	<b>1,4</b>	<b>0,8</b>	<b>2,8</b>	<b>3,4</b>	<b>0,0</b>	<b>4,6</b>	<b>2,6</b>	<b>4,2</b>	<b>4,2</b>
West Asia	9,2	3,7	9,7	3,2	9,2	0,0	42,3	0,6	4,0	2,9	17,3	6,4	108,5	0,2	1,4	0,8	2,8	2,6	0,0	4,6	2,6	4,2	4,2
Lebanon	0,0	0,0	0,5	0,3	1,6	0,0	42,3	0,6	3,7	2,9	17,3	3,8	73,0	0,2	1,4	0,8	2,8	2,6	0,0	4,6	2,6	3,8	3,7
Other Asian countries	0,0	0,1	0,0	0,0	0,0	0,0	0,0	1,1	0,5	0,0	1,0	1,0	3,6	0,0	0,0	0,0	0,0	0,8	0,0	0,0	0,0	0,0	0,0
<b>OCEANIA</b>	<b>0,0</b>	<b>0,0</b>	<b>1,8</b>	<b>0,0</b>	<b>0,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>2,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,4</b>	<b>0,0</b>	<b>0,0</b>	<b>1,7</b>	<b>0,9</b>	<b>0,8</b>	<b>0,0</b>
<b>Total</b>	<b>864,3</b>	<b>320,5</b>	<b>240,4</b>	<b>478,0</b>	<b>273,4</b>	<b>118,8</b>	<b>432,6</b>	<b>85,2</b>	<b>72,5</b>	<b>432,3</b>	<b>305,2</b>	<b>112,5</b>	<b>3.735,6</b>	<b>45,6</b>	<b>43,2</b>	<b>141,8</b>	<b>153,9</b>	<b>262,2</b>	<b>460,5</b>	<b>408,7</b>	<b>594,1</b>	<b>2.181,9</b>	<b>672,5</b>

*(1) Purchase of shares included in the central security depository as well as shares not included in the central security depository.**(2) Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom**(3) The countries (other than Cyprus) acceding to the European Union on 1 May 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia)*

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

Geographical origin of non-resident investors	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July	2002 Aug.	2002 Sep.	2002 Oct.	2002 Nov.	2002 Dec.	2002 Jan.-Dec.	2003 Jan.	2003 Feb.	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.	2003 Sep.	2003 Oct.
<b>EUROPE</b>	<b>214,4</b>	<b>99,1</b>	<b>168,5</b>	<b>70,2</b>	<b>23,9</b>	<b>374,1</b>	<b>174,1</b>	<b>24,6</b>	<b>20,4</b>	<b>18,0</b>	<b>73,7</b>	<b>24,3</b>	<b>1.285,1</b>	<b>14,9</b>	<b>12,0</b>	<b>36,9</b>	<b>35,0</b>	<b>9,9</b>	<b>70,9</b>	<b>24,3</b>	<b>112,6</b>	<b>96,9</b>	<b>137,3</b>
European Union <sup>1</sup>	178,8	87,2	164,5	38,4	23,3	372,6	172,2	24,6	18,3	12,9	54,1	18,9	1.165,7	14,9	11,4	36,5	34,7	9,2	66,4	24,3	106,6	63,2	135,3
Germany	0,0	0,0	0,0	0,0	0,0	1,5	0,0	0,0	0,0	0,0	2,7	0,0	4,2	0,0	0,0	0,0	0,3	0,0	0,0	0,0	7,7	0,7	22,0
Greece	24,5	72,8	139,9	36,5	15,5	169,6	166,4	24,3	15,8	8,5	37,5	18,4	729,7	14,7	9,5	23,6	11,8	3,7	55,3	11,6	91,5	44,0	29,4
United Kingdom	154,4	14,4	19,4	1,8	4,0	201,4	2,6	0,3	1,3	0,0	11,1	0,5	411,2	0,3	1,9	12,8	22,6	4,3	11,1	8,6	5,1	14,8	81,6
Acceding countries <sup>2</sup>	4,9	1,8	0,0	0,0	0,0	0,0	0,0	0,0	2,1	4,5	19,0	5,4	37,7	0,0	0,0	0,2	0,0	0,6	0,0	0,0	0,0	0,2	0,0
Other European countries	30,7	10,2	4,0	31,8	0,6	1,5	1,9	0,0	0,0	0,6	0,6	0,0	81,8	0,0	0,6	0,3	0,3	0,1	4,6	0,0	6,0	33,5	2,0
Russian Federation	23,2	10,1	2,6	31,7	0,0	1,0	1,9	0,0	0,0	0,6	0,0	0,0	71,1	0,0	0,2	0,0	0,0	0,0	2,9	0,0	0,0	0,4	0,0
<b>AFRICA</b>	<b>46,8</b>	<b>158,3</b>	<b>9,7</b>	<b>23,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>1,4</b>	<b>61,5</b>	<b>4,6</b>	<b>0,0</b>	<b>305,8</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>2,6</b>
North African countries	0,0	0,9	0,5	0,0	0,0	0,0	0,0	0,0	1,4	0,0	4,6	0,0	7,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other African countries	46,8	157,3	9,2	23,4	0,0	0,0	0,0	0,0	0,0	61,5	0,0	0,0	298,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,6
South Africa	46,8	157,3	9,2	23,4	0,0	0,0	0,0	0,0	0,0	61,5	0,0	0,0	298,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>AMERICA</b>	<b>241,7</b>	<b>97,3</b>	<b>78,1</b>	<b>0,6</b>	<b>11,4</b>	<b>6,5</b>	<b>0,8</b>	<b>2,4</b>	<b>0,0</b>	<b>1,4</b>	<b>10,0</b>	<b>9,6</b>	<b>459,8</b>	<b>3,9</b>	<b>1,1</b>	<b>6,3</b>	<b>0,0</b>	<b>0,0</b>	<b>3,4</b>	<b>0,0</b>	<b>2,4</b>	<b>4,0</b>	<b>0,5</b>
North American countries	202,1	97,2	78,1	0,0	10,8	0,0	0,1	2,4	0,0	0,0	2,6	0,0	393,3	0,0	0,0	0,0	0,0	0,0	3,4	0,0	0,0	0,2	0,0
United States of America	202,1	97,2	78,1	0,0	10,8	0,0	0,0	2,1	0,0	0,0	2,2	0,0	392,5	0,0	0,0	0,0	0,0	0,0	3,4	0,0	0,0	0,2	0,0
Central American countries	39,6	0,1	0,0	0,6	0,6	6,5	0,8	0,0	0,0	1,4	7,4	9,6	66,5	3,9	1,1	6,3	0,0	0,0	0,0	0,0	2,4	3,8	0,5
British Virgin Islands	39,6	0,1	0,0	0,0	0,0	3,3	0,0	0,0	0,0	0,0	0,0	0,0	42,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
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	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>ASIA</b>	<b>0,0</b>	<b>1,7</b>	<b>0,0</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,6</b>	<b>0,2</b>	<b>0,8</b>	<b>0,3</b>	<b>11,6</b>	<b>0,0</b>	<b>15,4</b>	<b>0,3</b>	<b>0,9</b>	<b>0,7</b>	<b>0,0</b>	<b>0,3</b>	<b>0,0</b>	<b>1,3</b>	<b>1,8</b>	<b>4,4</b>	<b>4,8</b>
West Asia	0,0	1,7	0,0	0,0	0,0	0,0	0,6	0,2	0,8	0,3	11,6	0,0	15,2	0,3	0,9	0,7	0,0	0,3	0,0	1,3	1,8	4,4	4,8
Lebanon	0,0	1,7	0,0	0,0	0,0	0,0	0,6	0,2	0,8	0,1	11,6	0,0	15,0	0,3	0,2	0,7	0,0	0,3	0,0	1,3	1,8	4,4	4,8
Other Asian countries	0,0	0,0	0,0	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>OCEANIA</b>	<b>0,4</b>	<b>2,5</b>	<b>1,0</b>	<b>0,6</b>	<b>2,5</b>	<b>0,0</b>	<b>7,6</b>	<b>0,4</b>	<b>0,0</b>	<b>1,2</b>	<b>0,0</b>	<b>0,0</b>	<b>16,3</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total</b>	<b>503,3</b>	<b>359,0</b>	<b>257,3</b>	<b>94,9</b>	<b>37,8</b>	<b>380,6</b>	<b>183,1</b>	<b>27,6</b>	<b>22,7</b>	<b>82,4</b>	<b>99,8</b>	<b>33,9</b>	<b>2.082,4</b>	<b>19,2</b>	<b>14,0</b>	<b>43,9</b>	<b>35,0</b>	<b>10,2</b>	<b>74,4</b>	<b>25,6</b>	<b>116,8</b>	<b>105,3</b>	<b>145,3</b>

<sup>(1)</sup> Sale of shares included in the central security depository as well as shares not included in the central security depository.<sup>(2)</sup> Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom<sup>(3)</sup> The countries (other than Cyprus) acceding to the European Union on 1 May 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia)

**Πίνακας 13****Balance of payments**

(CYP million)

CATEGORIES	2002 (Annual)			2003 1st quarter		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
<b>CURRENT ACCOUNT</b>	<b>3.676,7</b>	<b>4.007,6</b>	<b>-330,9</b>	<b>649,7</b>	<b>876,0</b>	<b>-226,3</b>
<b>GOODS, SERVICES AND INCOME</b>	<b>3.537,3</b>	<b>3.908,3</b>	<b>-371,0</b>	<b>622,8</b>	<b>861,2</b>	<b>-238,4</b>
<b>GOODS AND SERVICES</b>	<b>3.226,5</b>	<b>3.632,6</b>	<b>-406,0</b>	<b>567,9</b>	<b>814,2</b>	<b>-246,3</b>
<b>GOODS</b>	<b>514,4</b>	<b>2.253,4</b>	<b>-1.739,0</b>	<b>113,6</b>	<b>483,1</b>	<b>-369,5</b>
General merchandise	469,0	2.238,0	-1.769,1	103,1	481,8	-378,7
Repairs on goods	3,1	15,3	-12,2	0,6	1,3	-0,7
Goods procured in ports by carriers	42,3	0,0	42,3	9,9	0,0	9,9
Non-monetary gold	0,0	0,0	0,0	0,0	0,0	0,0
<b>SERVICES</b>	<b>2.712,1</b>	<b>1.379,2</b>	<b>1.333,0</b>	<b>454,3</b>	<b>331,1</b>	<b>123,2</b>
Transport	528,3	538,2	-9,9	103,5	149,2	-45,6
Sea transport	269,0	377,2	-108,3	71,2	100,1	-28,9
Passenger transport on sea	1,6	1,2	0,4	0,3	0,3	-0,1
Freight transport on sea	67,7	165,7	-98,0	11,2	37,2	-26,0
Supporting, auxiliary and other services	199,6	210,4	-10,7	59,8	62,6	-2,8
Air transport	259,4	161,0	98,4	25,4	47,6	-22,2
Passenger transport by air	129,7	42,2	87,5	10,5	18,2	-7,7
Freight transport by air	17,1	82,9	-65,8	2,3	17,9	-15,6
Supporting, auxiliary and other services	112,6	35,8	76,7	12,6	11,6	1,1
Other transportation	0,0	0,0	0,0	6,9	1,4	5,5
Passenger	0,0	0,0	0,0	0,0	0,0	0,0
Freight	0,0	0,0	0,0	0,0	0,8	-0,8
Other services	0,0	0,0	0,0	6,9	0,7	6,2
Travel	1.156,8	319,0	837,9	103,1	76,6	26,5
Business travel	57,6	12,3	45,3	10,5	2,9	7,6
Personal travel	1.099,2	306,7	792,5	92,6	73,8	18,8
Communications services	22,3	39,2	-16,8	1,5	7,1	-5,7
Construction services	47,6	4,3	43,3	15,1	3,6	11,5
Insurance services	17,1	19,2	-2,1	3,0	4,4	-1,5
Financial services	91,3	40,0	51,3	13,7	2,5	11,3
Computer and information services	140,6	131,9	8,7	18,1	3,7	14,4
Royalties and licence fees	1,5	9,3	-7,8	0,7	3,0	-2,3
Other business services	521,8	205,2	316,6	146,6	64,5	82,1
Merchanting and other trade-related services	165,0	128,8	36,2	50,1	49,7	0,4
Operational leasing	25,5	5,3	20,2	5,3	3,6	1,7
Miscellaneous business, professional and technical services	331,3	71,2	260,2	91,2	11,3	79,9
Personal, cultural and recreational services	8,9	8,1	0,7	1,5	2,4	-0,9
Government services, n.i.e.	175,9	64,7	111,1	47,5	14,1	33,4
Services not allocated	0,0	0,0	0,0	0,0	0,0	0,0
<b>INCOME</b>	<b>310,7</b>	<b>275,7</b>	<b>35,0</b>	<b>54,9</b>	<b>47,0</b>	<b>7,9</b>
Compensation of employees	8,7	29,7	-21,0	3,8	10,3	-6,4
Investment Income	302,0	246,0	56,0	51,1	36,7	14,4
Of which:	0,0	0,0	0,0	0,0	0,0	0,0
Reinvested earnings	82,8	68,7	14,1	20,0	0,2	19,8
Portfolio investment income	77,4	49,3	28,1	9,9	20,4	-10,5
<b>CURRENT TRANSFERS</b>	<b>139,5</b>	<b>99,3</b>	<b>40,1</b>	<b>26,9</b>	<b>14,8</b>	<b>12,0</b>
General government	16,1	1,1	15,0	3,2	0,2	3,0
Other sectors	123,4	98,2	25,1	23,6	14,6	9,1
<b>CAPITAL AND FINANCIAL ACCOUNT</b>			<b>300,3</b>			<b>222,0</b>
<b>Capital Account</b>	<b>13,6</b>	<b>16,7</b>	<b>-3,1</b>	<b>3,8</b>	<b>2,2</b>	<b>1,6</b>
<b>Financial Account</b>			<b>303,4</b>			<b>220,4</b>
Direct Investment			187,5			5,6
Abroad			-176,4			-38,0
In Cyprus			364,0			43,6
Portfolio Investment			-277,7			-100,1
Assets			-397,4			-82,2
Liabilities			119,7			-17,9
Financial Derivatives			-31,1			-4,4
Other Investment			661,7			113,8
Assets			1.318,3			-145,5
Liabilities			-656,6			259,3
Reserve Assets			-237,0			205,5
<b>NET ERRORS AND OMISSIONS</b>			<b>30,6</b>			<b>4,4</b>

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