



CENTRAL BANK OF CYPRUS

ECONOMIC RESEARCH AND STATISTICS DIVISION

ECONOMIC RESEARCH DEPARTMENT

Concise
Monetary Policy Report

November 2007



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

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

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ECONOMIC RESEARCH AND STATISTICS DIVISION

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Symbols, conventions and abbreviations

1. The following symbols are used:

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

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

3. CBC	Central Bank of Cyprus
CCIs	Co-operative Credit Institutions
Cystat	Statistical Service of the Republic of Cyprus
ECB	European Central Bank
IRD	Inland Revenue Department

INTRODUCTION

The **international economy** continues to be affected by the turmoil experienced in the international money markets, which had been triggered by the crisis in the US subprime loans market in August. As a result, on 4 October 2007, both the ECB and the Bank of England maintained their official interest rates at 4% and 5,75%, respectively, despite the increases in oil and food prices, which continue to fuel inflation. However, on 31 October 2007 the US Federal Reserve reduced its official interest rate by 25 basis points, to 4,5%.

As regards **domestic developments**, the annual rates of growth in credit and money supply (M2) continued to rise. In September the annual rate of growth in domestic bank credit to the private sector was 25,8% compared with 25,3% in August, while in September 2006 it had reached 15,2%. It should be noted that the strong credit expansion in September 2007 was partly the result of intense competition among domestic banks to increase their profitability and market share, especially in view of the announcement of their third quarter results.

M2 grew by 18,4% in September 2007 compared with 19,7% in August 2007, while in September 2006 it had reached 14%. The slowdown in M2 observed in September compared with August is partly due to the reduction in credit to the public sector.

Inflation rose to 2,99% in October compared with 2,63% in September. This development mainly reflects the acceleration in the prices of petroleum products, electricity, domestic industrial products and services. At the same time, the prices of imported products (excluding cars) rose, compared to a fall in the previous month. For the

first ten months of the current year, inflation rose to 2,1% compared with 2,7% in the corresponding period of 2006. The harmonised index of consumer prices (HICP) rose to 2,7% in October of 2007, while for the first ten months of the year the index rose to 1,9%.

As far as **external transactions** are concerned, the trade deficit reached £1.905,3 million in the first eight months of 2007 compared with £1.697,3 million in the corresponding period of 2006. The widening of the trade deficit partly resulted from the increase in car imports, due to the reduction in the corresponding consumption taxes in November 2006.

The number of tourist arrivals in the first nine months of 2007 was up by 1,1%, compared with the 2,3% decrease in the corresponding period of 2006. Revenue from tourism recorded an increase of 6,6% in the first seven months of 2007, compared with an increase of 3,5% in the corresponding period of 2006.

Private consumption remains robust with the turnover volume index of retail trade rising by 9,1% in August 2007, compared with 7% in the corresponding month of 2006. For the first eight months of the year the index rose by 9,6% compared with 5,9% the corresponding period of 2006.

Unemployment as a percentage of the economically active population reached 2,6% in September 2007, compared with 2,9% in the same month of 2006. For the period January – September 2007, unemployment reached 3,1% compared with 3,4% in the corresponding period of 2006.

In the first seven months of 2007, **manufacturing** rose while the **construction** sector displayed an increasing trend. Indicative of this is the increase in the volume of building permits and the sales of cement in the first seven and nine months of 2007, respectively.

As far as **public finances** are concerned, the most recent developments are reflected in the published preliminary data of the central government consolidated accounts which cover the first six months of 2007. However, the Inland Revenue Department (IRD) has released more recent data covering the period January-August 2007. According to the IRD figures, tax revenue continues to increase significantly, mostly due to the proceeds arising from capital gains taxes. Total IRD receipts amounted to £745,4 million compared with £500,1 million for the corresponding eight month periods in 2007 and 2006, thus recording a rise of 49%.

INTERNATIONAL DEVELOPMENTS

As can be seen from **Tables 1 and 2**, (pp. 11 and 12), world economic growth is affected by the instability experienced in the financial markets, as a result of the crisis in the US subprime loans market. In fact, many analysts have revised downwards their predictions for growth in the largest economies. Moreover, the increases in oil and food prices are predicted to continue, reaching even higher levels thus fuelling worldwide inflationary pressures.

Euro area

According to analysts' revised estimates, economic growth in the **euro area** is expected to be around 2,6% in 2007 and around 2,1% in 2008. Inflation reached 2,1% in September compared with 1,8% in both August 2007 and

September 2006. The persistent rise and uncertainty in oil and food prices continue to exert an upward pressure on inflation. In spite of these developments, the ECB maintained its official interest rates unchanged on 4 October 2007, in response to the uncertainties prevailing in the international money markets.

Data released on 18 October showed that, despite the increasing strength of the euro against the dollar, there was a €3,8 billion surplus in the current account balance during August.

UK

GDP is expected to grow at around 3% in 2007, while predictions for 2008 point to an increase of about 2,2%. Data released in October show that the economy expanded by 3,3% year-on-year during the third quarter, compared with an increase of 3,1% during the previous three months, surpassing analysts' predictions. Inflation was 1,8% in September, the same level as in August 2007 and September 2006. As a result, expectations of an increase in the official interest rate above the current 5,75% have receded.

Data released on 17 October show that unemployment remained at 5,4% during the three months to August, the same level as in the previous three months. On the other hand, the average income of households during the same period increased by 3,7%, compared with 3,5% in the previous three months and the average rate predicted by analysts, i.e. 3,6%. Moreover, retail sales increased on a year-to-year basis by 6,3% in September, surpassing analysts' expectations.

USA

GDP is expected to grow at around 2% in 2007 while an increase of around 2,2% is anticipated

for 2008. The latter figure has been downwardly revised compared with the growth rate anticipated a few months ago.

The crisis in the subprime loans market is expected to continue exerting a negative impact on the economy. Unemployment was 4,7% in September 2007 compared with 4,3% in the same month of the previous year. Inflation was 2,8% in September compared with 2,1% in the corresponding month of the previous year. Inflationary pressures continue, partly as a result of the increase in import prices following the dollar's weakening. On 18 October the Bank of America, which is the second largest commercial bank in the US, announced a decrease of 32% in its profits during the third quarter. Merrill Lynch is also expected to announce losses caused by the financial turmoil in August. More specifically, in a bid to slash its exposure to risky mortgage-backed securities, Merrill Lynch engaged in deals with hedge funds that may have been designed to delay the day of reckoning on losses. Furthermore, government data show that there was a 10,2% decrease in the construction of new houses in September. This constituted a larger than anticipated fall, reaching its lowest level in the last 14 years. This development has intensified concerns about the consequences of the slow down in the housing market for the economy as a whole. As a result, on 31 October 2007 the Federal Reserve decreased its official interest rate by a further 25 basis points, reaching 4,5%.

Japan

Predictions for GDP growth are around 2,1% for both 2007 and 2008. Unemployment was 3,8% in August compared with 3,6% in July. The CPI remained at the same levels in August as in the previous months, registering a fall of 0,2%.

However, a gradual increase in the CPI is expected due to the rise in land, oil and food prices, despite the reduction in mobile telephone charges announced for mid-November onwards.

China

GDP continued its acceleration, with analysts' predictions reaching around 11,2% for 2007, while an increase of around 9,9% is expected in 2008 (**Table 1**, p.11). Exports of goods and investment expenditures continue to be the main pillars of economic development in China. Inflation reached 6,2% in September 2007, from 6,5% in August, as a result of the decline in pork prices. Moreover, further reductions are anticipated due to the small increase in the producer index as well as in the supply of money. Moreover, the price index excluding food items has remained steady at 1% for the last few months. As a result, the CPI is expected to reach around 2% during 2008.

Stock market developments

Chart 1 (p. 11) presents the Eurostoxx 50, S&P 500 and Nikkei 225 **share indices** for the period July to September 2007. Following the decreasing trend experienced in the first three weeks of August, all three indices showed an increase towards the end of the month as a result of the interventions by the ECB, the Federal Reserve and other central banks aimed at increasing liquidity in the market. These moves led to a dampening of the large losses experienced in mid-August. In addition, the three indices followed an upward path in September. During the period July – September 2007, the Eurostoxx 50 index declined by 2,8%, the S&P 500 index rose by 0,5% and the Nikkei 225 index declined by 7,5%.

Oil

The average daily price of **Brent crude** remained at high levels, reaching \$77,77 per barrel in September 2007 compared with \$77,66 and \$71,87 per barrel in July and August 2007, respectively. Oil prices registered further increases on 2 November, reaching \$90,51 per barrel and registering a 58% increase from the beginning of the year. The main reasons for the continuous rise in oil prices are: the geopolitical uncertainty in north Iraq; increased international demand; and the relatively low oil reserves of consumer countries. Moreover, there is increased liquidity resulting from the interventions of the central banks aimed at controlling the credit crisis. Finally, according to some analysts, oil prices are positively related to the path followed by the euro against the dollar.

EXCHANGE RATES

Euro

During the period 3 September and 26 October, the euro strengthened against the other three main currencies, i.e. the dollar, yen and sterling. This was because of market expectations for a widening of the interest rate gap between euro interest rates and those of the other three main currencies.

US dollar

Uncertainty in the US economy continued to negatively influence the dollar, which resulted in the reduction of interest rates on 31 October 2007 by 25 basis points. The higher than expected fall in house sales and the construction of new houses contributed to the uncertainty.

The US currency considerably weakened relative to the euro, reaching \$1,4364 on 26 October

compared with \$1,3643 on 3 September (**Chart 2**, p. 12). The closing price on 26 October was a new record low.

Sterling

Sterling reached ST£0,6997 per euro on 26 October 2007 compared with ST£0,6760 on 3 September. Sterling was initially undermined by the financial problems faced by Northern Rock, the British banking group. A statement by a senior official of the Bank of England that the crisis in the US subprime market would have potential negative effects on the British economy, along with the downward revision of the IMF's outlook for UK growth, further undermined sterling.

Japanese yen

The yen weakened relative to the euro, reaching ¥164,24 per euro on 26 October compared with ¥158,34 on 3 September. The decision of the new Prime Minister, Yasuo Fucuda, to keep most of the existing cabinet and the expectation that he would avoid radical reforms, resulted only a limited impact on the markets. The weakening of the yen relative to the euro was mainly the result of the increased carry trade positions.

Cyprus pound

During the period 3 September - 26 October, the pound remained stable relative to the euro at €1,7117. Reflecting the fluctuations in the value of international currencies during the period under review, the pound strengthening significantly against the dollar reaching \$2,4588 on 26 October compared with \$2,3354 on 3 September.

During the same period, the Cyprus pound strengthened against sterling and the yen,

reaching ST£1,1977 and ¥281,14 on 26 October compared with ST£1,1571 and ¥271,04, respectively, on 3 September.

The recent fluctuations of the Cyprus pound relative to the four main currencies are shown in **Charts 3 and 4** (p. 13 and 14).

The CBC's foreign currency transactions on the basis of their transaction date are illustrated in **Table 3** (p.15). More specifically, net inflows of £75,59 million were recorded in the period under review, compared with net inflows of £238,50 million in the corresponding period of 2006. From the beginning of the year up to 26 October 2007, net outflows of £62,09 million were recorded compared with net inflows of £635,61 during the corresponding period of 2006.

MONETARY DEVELOPMENTS

The annual growth rate of **total money supply** (M2) was 18,4% in September, compared with 19,7% in August and 14% in September 2006 (**Table 4**, p. 17). The increase in M2 growth in September 2007 compared with September 2006 is mainly attributed to an increase in credit to the private sector. On the other hand, the slowdown in the growth rate of M2 in September 2007 compared with August 2007 is partly due to the reduction in credit to the public sector.

According to provisional data, the annual rate of growth of the money supply M2C¹, which also includes the CCIs, was 17,6% in September 2007, compared with 13,7% in September 2006.

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

The annual rate of growth in **credit to the private sector** was 25,8% in September 2007 compared with 25,3% in the previous month, while in September 2006 it reached 15,2%.

With regards to sectoral developments, net **credit to the construction sector** increased at an annual rate of 40% in September 2007, while the **personal and professional loans** sector rose by 35,8% during the same period (**Table 6**, p. 18). As for the other sectors, in September 2007 there was an increase in **credit to the tourist and trade** sectors of 9,1% and 11%, respectively. Regarding the foreign currency borrowing by residents, there was an increase of £778 million in the 12 month period to September 2007, compared with £746,7 million in the 12 month period to August 2007 and £685,3 in the 12 month period to September 2006 (**Table 8**, p. 19). The share of net new loans in foreign currency to total credit was 29% in the 12 month period to September 2007, and 49,9% during the 12 month period to September 2006. The share of these new loans to total credit was 19,3% in September 2007, compared with 16,9% in September 2006.

At the end of August 2007, loans in euro as a percentage of total foreign currency loans reached 53,9%, loans in Swiss francs accounted for 36,7% and loans in dollars accounted for 3,9%, compared with 59,7%, 32% and 5,8%, respectively, at the end of August 2006. The increasing share of loans in Swiss francs is partly attributed to the low interest rates in this currency, in contrast to the steady and continuous rise of euro interest rates in the last two years. It also appears that borrowers have been disregarding the exchange rate risk associated with such transactions, even though the exchange rate between the Swiss franc and the Cyprus pound has historically exhibited strong fluctuations.

Domestic currency **deposits** held by residents grew by 10,7% in September 2007, while in the same month of the preceding year they had grown by 13,3%. At the same time, the annual rate of growth of deposits in foreign currency held by residents continued to be high. More specifically, they rose by 82% in September 2007 compared with 23,3% in the same month of 2006. This development was partly the result of a narrowing in the interest rate gap between euro and Cyprus pound deposits, the forthcoming adoption of the euro and the fact that since 30 October 2006, all transactions on the Cyprus Stock Exchange have been undertaken in euros.

During September 2007 there was a decrease in excess liquidity in the **money market**, despite the increase in net foreign assets, mainly due to an increase in government deposits. As a consequence, during the period 14 September - 26 October 2007, no auctions were held for the acceptance of deposits by the CBC.

With respect to money market rates (**Table 14**, p. 23), the average overnight **interbank rate** was 4,55% in September 2007, up from 4,26% in July and 4,49% in August 2007.

In September 2007 an auction was held for the sale of 4,5% ten year Government Registered Development Stock by the CBC for and on behalf of the Government of Cyprus. The weighted average price of the competitive bids accepted was £99,23, representing an annual yield of 4,6%.

CYPRUS STOCK EXCHANGE

During the period August to mid-September 2007, the main and parallel market index of the **Cyprus Stock Exchange** (**Chart 7**, p. 29) followed a

downward path, due to the influences from the international money markets. Gradually though, until the end of September, investor sentiment improved, especially in the banking sector. The largest losses for September were experienced in the hotel sector. Furthermore, up until mid-October, there was an increase in middle-sized companies' share prices. However, these increases were not observed in the market as a whole. In fact, increased investor interest was selective while in some cases investor sentiment was the result of acquisition rumours.

Banks continue to draw significant investor interest as a result of the forthcoming publication of third quarter results and the revision of the three-year goals by the Bank of Cyprus and Marfin Popular Bank. The fact that the major Cypriot banks are rated highly by foreign investors who also have an important stake in their share capital, perpetuates investor confidence in these banks, despite the fact that their share prices are lower than the target prices given by analysts. As a result, until mid-October there was an increase in these banks' share prices, with a large volume of trading in their shares.

DOMESTIC DEVELOPMENTS

Inflation rose to 2,99% in October 2007 compared with 2,63% in September. This development mainly reflects the acceleration in the prices of petroleum products, electricity, domestic industrial products and services. At the same time, the prices of imported products (excluding cars) rose, compared with a fall in the previous month. For the first ten months of the current year, inflation rose to 2,1% compared with 2,7% in the corresponding period of 2006. The HICP rose to 2,7% in October, while for the first ten months of the year the index rose to 1,9%.

Table 27 (p.36) presents a concise picture of the trade deficit for the first eight months of 2007, as published by Cystat. The value of imports recorded a 9,3% increase compared with an increase of 16,7% in the corresponding period of 2006. As far as the total value of exports is concerned, a 2,2% fall was recorded in the first half of 2007 compared with a 2% increase in the corresponding period of 2006, mainly due to the reduction in re-exports.

As a result of the above, the trade deficit deteriorated in the first eight months of 2007 reaching £1.905,3 million, compared with a deficit of £1.697,3 million in the corresponding period of 2006.

The number of tourist arrivals increased by 1,1% in the first nine months of 2007 compared with a 2,3% decrease in the corresponding period of 2006.

Revenue from tourism increased by 6,6% during the first seven months of 2007 compared with an increase of 3,5% in the corresponding period of 2006. It should be noted that the data for revenue from tourism do not include revenue from tourists owning holiday homes in Cyprus.

As far as **private consumption** is concerned, the turnover volume index of retail sales was 9,1% higher in August 2007 compared with August 2006. For the first eight months of 2007, the index rose by 9,6% compared with an increase of 5,9% in the corresponding period of 2006. It should be noted that as the sales of cars are not included in this index, and given that these sales rose by 37,5% in the first nine months of 2007, the increase in private consumption is higher than what is suggested by the retail index alone.

In the labour market the number of registered unemployed fell by 6,2% in the first nine months of 2007, compared with a fall of 2,6% in the same period of 2006. Unemployment as a percentage of the economically active population fluctuated at around 3,1%, compared with 3,4% in the first nine months of 2006.

In the **secondary sectors** of the economy, manufacturing rose by 3,2% in the first seven months of 2007, while construction was buoyant. More specifically, the sales of cement rose by 9,9% in the first nine months of 2007 compared with an increase of 1% in the corresponding period of 2006. Building permits rose by 6,6% in the first seven months of 2007 compared with a rise of 6,9% in the first seven months of the previous year.

As regards public finances, the officially published data relate to the first six months of 2007 and cover the preliminary consolidated accounts of the Central Government and the Social Security Fund prepared by the Ministry of Finance, as well as the preliminary financial accounts of the General Government prepared by Cystat. According to the latter, a fiscal surplus of £83,2 million or 0,9% of GDP was recorded compared with a deficit of £60,9 million or 0,7% of GDP in the corresponding 2006 period.

In addition, the Inland Revenue Department (IRD) has published more recent data covering the period January-August 2007. The data reveals that total taxation continues to rise, especially receipts from capital gains tax. More specifically, the total tax receipts for the first eight months of 2007 amounted to £754,4 million compared with £500,1 million in the corresponding period of 2006, thus recording a rise of 49%.

Receipts from capital gains tax increased by 172% reflecting the continuation of the boom in the construction and real estate sectors. In absolute numbers, they reached £176,4 million or 2% of GDP during the first eight months of 2007 compared with £64,7 million during the corresponding 2006 period. Furthermore, receipts from corporation tax increased by 49%. This was mainly due to the increased profitability of companies, especially of the former international business companies, whose shareholders are non-residents.

According to the Ministry of Finance, the fiscal deficit in 2007 will be around 1% of GDP. As regards public debt, it is estimated that this will be about 60,5% of GDP in 2007.

Despite these positive developments, the government needs to continue to exercise fiscal discipline in order to ensure the achievement of the medium-term targets. The demographic challenges faced by our economy should also not be ignored.

ESTIMATES FOR 2007 AND PROSPECTS FOR 2008

Economic activity

Real GDP growth is expected to rise marginally and fluctuate at around 4%. **Private consumption** is expected to fluctuate at about the same level as in 2006, while gross fixed capital formation and imports are expected to decelerate.

Domestic exports are expected to increase as a result of the positive economic environment, mainly in the EU. As far as the first and second quarters of the year are concerned, real GDP grew by 4% and 3,6%, respectively, compared

with 3,8% and 4,2% in the corresponding quarters of the previous year. The deceleration of real GDP growth in the second quarter of 2007 reflects developments in the transport, hotels and construction sectors.

The above developments, combined with an expected slowdown of the inflow of foreign workers in Cyprus, are expected to lead to a decrease in unemployment, a prospect that is supported by current data.

Real GDP in 2008 is expected to fluctuate at the same level as in 2007. Specifically, private consumption, gross fixed capital formation and imports are expected to decelerate, while exports and public consumption are expected to accelerate. Imports are expected to decelerate while, in contrast, exports and public consumption are expected to accelerate.

Public finances

As already mentioned, in 2007 the fiscal deficit is anticipated to be around 1% of GDP due to unexpectedly higher than projected public revenues.

As regards the prospects for 2008, on the basis of current data the fiscal situation appears similarly positive. The government expects an even lower deficit of around 0,7% of GDP, which is in line with its commitments embodied in the Convergence Programme 2006-10. This is regarded as feasible, especially taking into consideration the forthcoming increase in VAT rates on certain goods. However, the government should continue to monitor closely planned public expenditure.

Prices

Despite the historically large price increases in agricultural products, the HICP is expected to remain close to 2,1%. The reduction in car prices due to reductions in excise taxes are a contributing factor.

In 2008 the rate of inflation is expected to accelerate due to the increase of VAT on a number of products as well as rising oil prices. The high growth rates of monetary aggregates are also expected to contribute to the higher inflation rate.

External transactions

The continuing high prices of oil are expected to negatively influence the current account, although this is expected to be moderated by the weakening of the dollar against the Cyprus pound. At the same time, increased demand continues to affect negatively the current account, which renders a further small increase of the current account deficit to around 6% of GDP possible.

Regarding the projections for the balance of payments for 2008, imports of goods and services are expected to decelerate, mainly due to the reduction of vehicle imports. On the other hand, exports of goods and services are expected to accelerate due to the reversal of the decline in re-exports and the expected continuance of the growth in services. The above will help the improvement of the current account in 2008.

ANNEX

Table 1

GDP projections⁽¹⁾
(annual percentage change)

	The Economist Poll of forecasters ⁽²⁾		Lehman Brothers Global Weekly Economic Outlook ⁽³⁾		International Monetary Fund World Economic Outlook ⁽⁴⁾		European Commission Economic Forecasts ⁽⁵⁾	
	2007	2008	2007	2008	2007	2008	2007	2008
World			2,5 (2,2)	2,1 (1,8)	5,2 (4,9)	4,8 (4,9)	4,8 (4,6)	4,8 (4,7)
Euro area	2,6 (2,7)	2,1 (2,3)	2,5	1,8	2,5 (2,3)	2,1 (2,3)	2,6 (2,1)	2,5 (2,2)
USA	2,0	2,2 (2,6)	2,0	1,8	1,9 (2,2)	1,9 (2,8)	2,2 (2,3)	2,7 (2,8)
Japan	2,0 (2,4)	1,9 (2,2)	1,9 (2,0)	1,9	2,0 (2,3)	1,7 (1,9)	2,3	2,1
UK	2,9	2,1 (2,4)	3,1 (3,0)	1,7	3,1 (2,9)	2,3 (2,7)	2,8 (2,6)	2,5 (2,4)
China	11,5 (10,5)	10,0 (9,6)	11,1 (10,8)	9,2	11,5 (10,0)	10,0 (9,5)	10,5 (9,8)	10,4 (9,7)

(1) Figures in parentheses indicate the corresponding projection in the previous Monetary Policy Report, in case of change. In the case of the International Monetary Fund the figures in parentheses indicate the projections in April 2007, while in the case of the European Commission they indicate the projections in October 2006.

(2) The Economist, 25 October 2007.

(3) Lehman Brothers Global Weekly Economic Monitor, 19 October 2007.

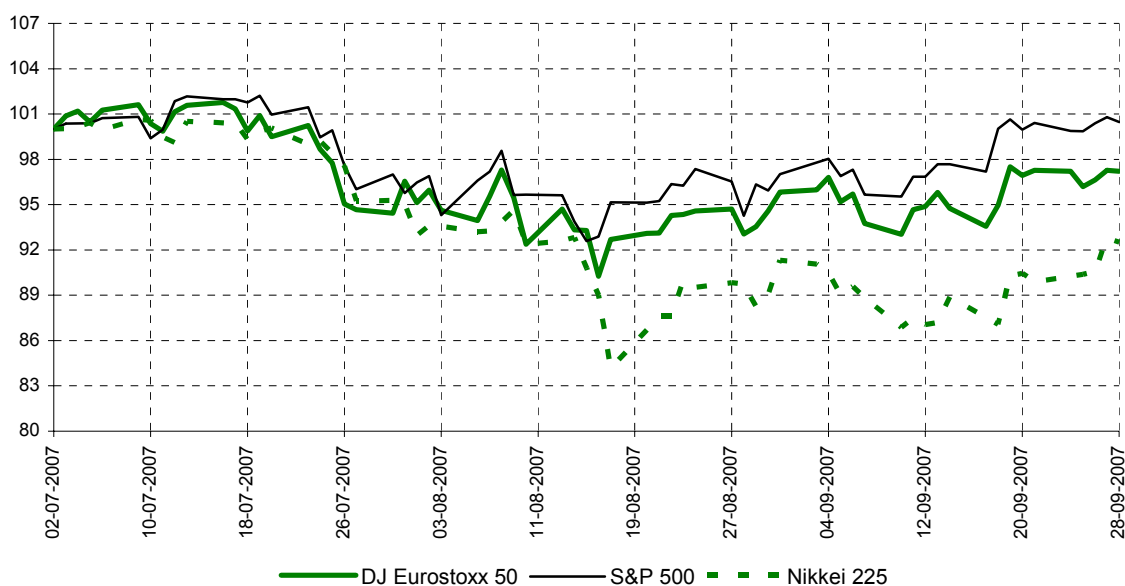
(4) International Monetary Fund, World Economic Outlook, October 2007.

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

Chart 1

Selected international stock market indices

(2 July 2007 = 100, daily data)



Source: Bloomberg.

Table 2**Main economic indicators**

(percentage change year-on-year)

	GDP				Industrial production August (annual)	Retail sales August (annual)	Unemployment August (annual)	Inflation ⁽²⁾ September (annual)
	2007 (Q1)		2007 (Q2)					
	(quarterly) ⁽¹⁾	(annual)	(quarterly) ⁽¹⁾	(annual)				
UK	3,3 ⁽³⁾	3,1 ⁽³⁾	3,2 ⁽⁴⁾	3,3 ⁽⁴⁾	0,7	6,3 ⁽⁵⁾	5,4 ⁽⁶⁾	1,8
Japan	3,3	2,6	-1,2	1,6	4,3	-1,9 ⁽⁷⁾	3,8	-0,2 ⁽⁸⁾
USA	0,6	1,9	3,8	1,9	1,9 ⁽⁵⁾	4,3	4,7 ⁽⁵⁾	2,8
Euro area	2,4	3,0	1,3	2,5	4,3	1,0	6,9	2,1
China		11,5 ⁽³⁾		11,5 ⁽⁴⁾	17,5	15,3 ⁽⁹⁾	9,5 ⁽¹⁰⁾	6,2

Source: The Economist, 25 October 2007.

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

(2) Based on the consumer price index.

(3) 2007 (Q2).

(4) 2007 (Q3).

(5) September 2007.

(6) May - July 2007.

(7) July 2007.

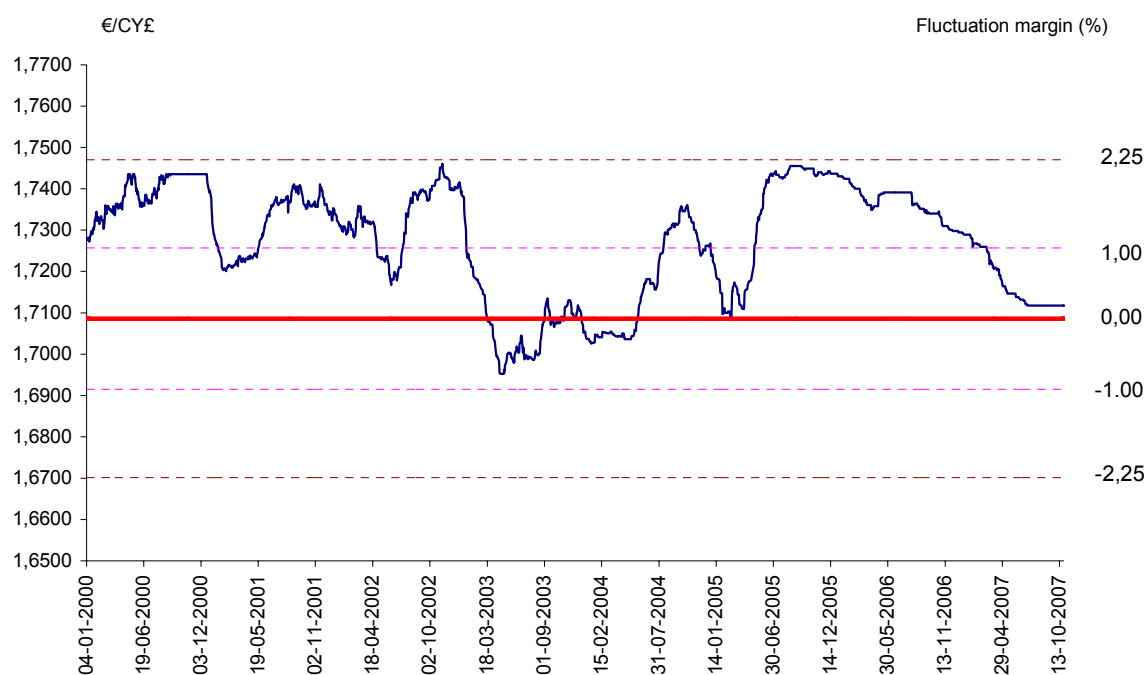
(8) August 2007.

(9) March 2007.

(10) December 2006.

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

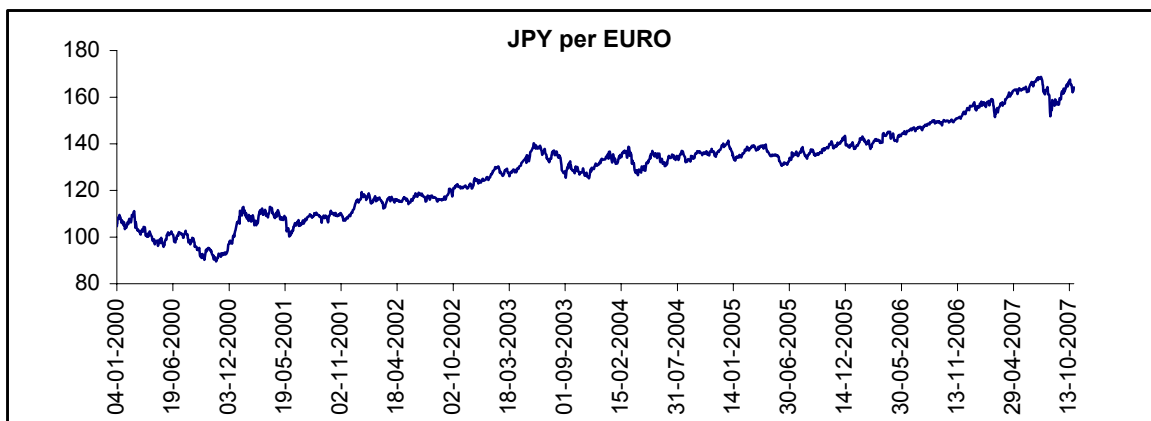
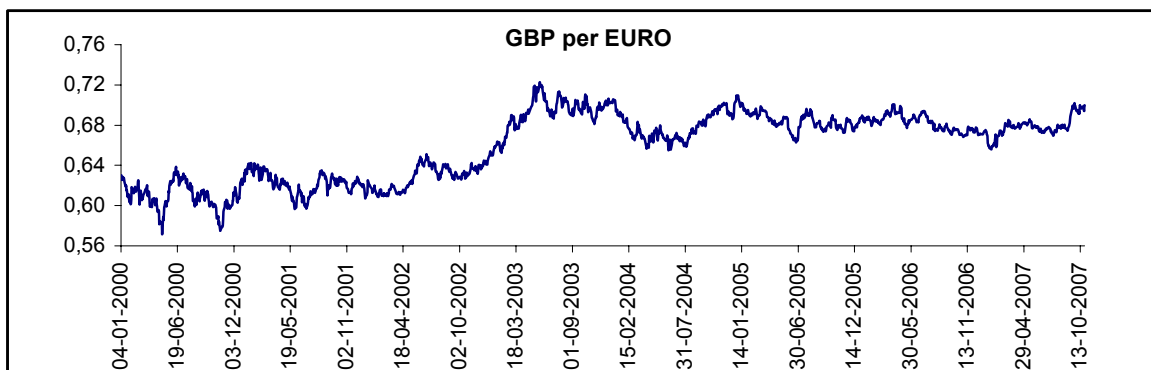
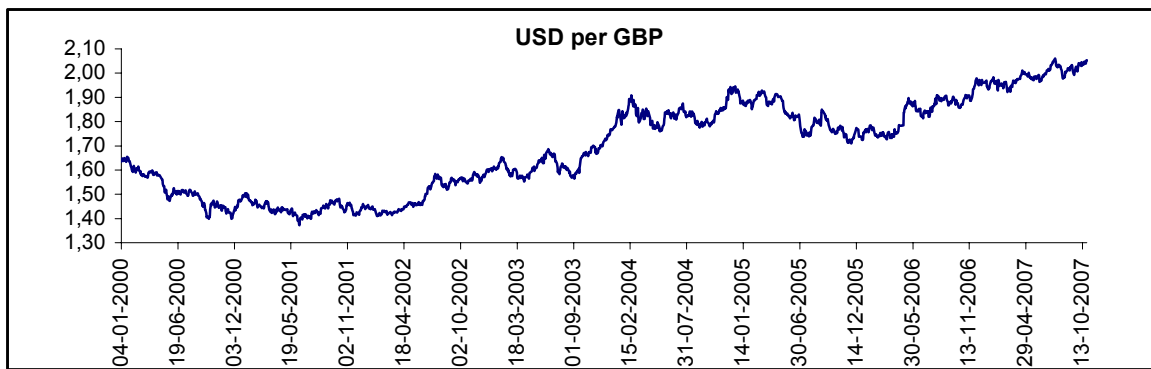
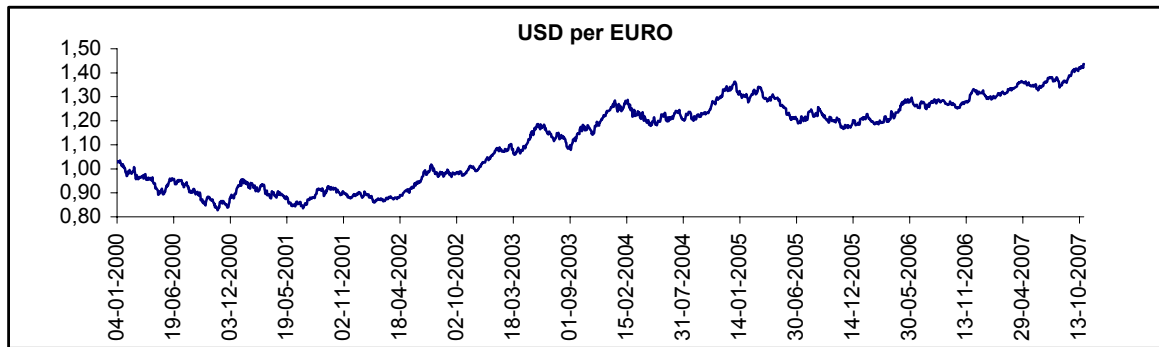
(middle rate fixing)



Source: Central Bank of Cyprus.

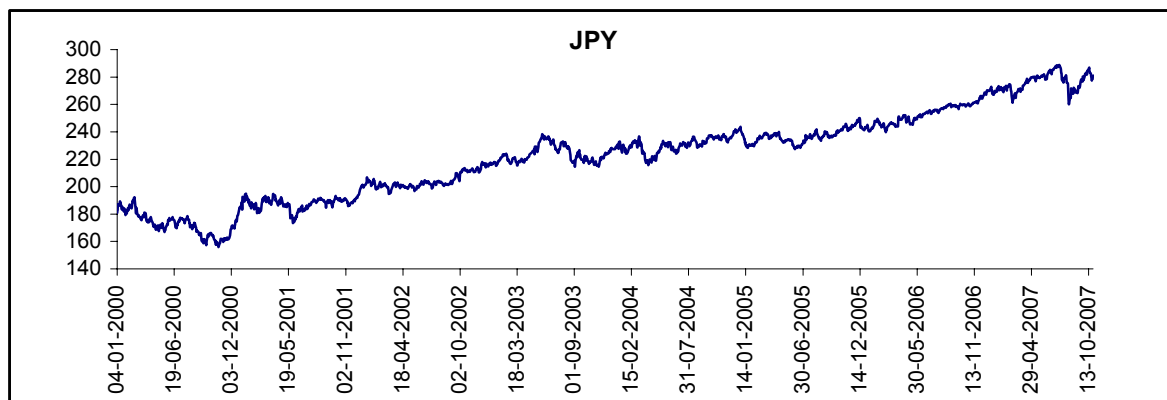
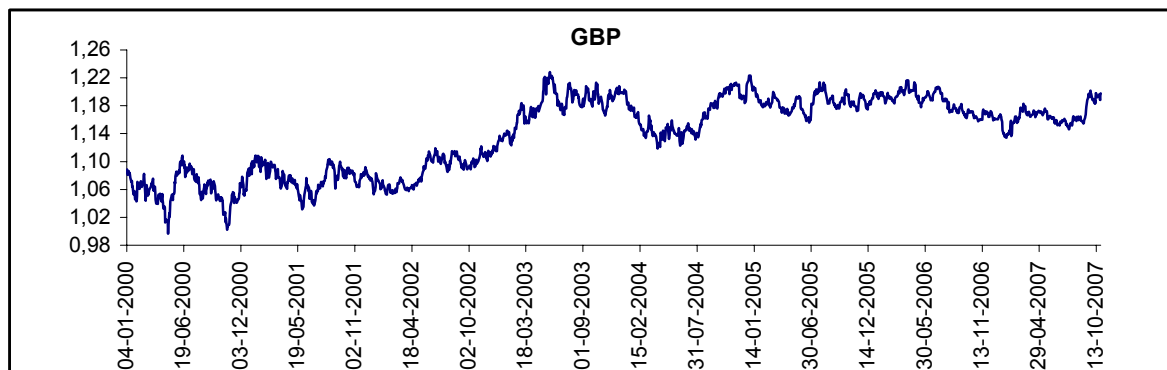
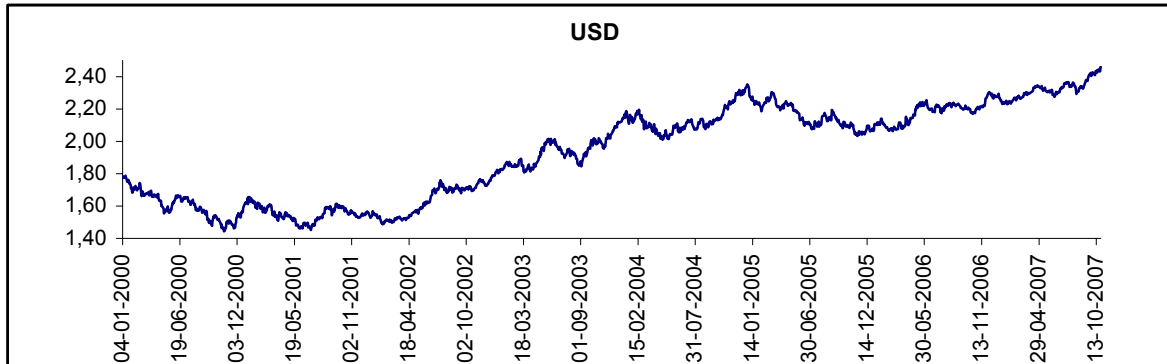
Note: The official fluctuation margins of the Cyprus pound against the euro are set equal to $\pm 15\%$.

Chart 3
Major international currencies
(middle rate)



Central Bank of Cyprus.

Chart 4
Cyprus pound against major international currencies
 (middle rate)



Source: Central Bank of Cyprus.

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

Period	Foreign currency per Cyprus pound (period average)			Purchases(+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
	Euro	USD	Sterling	Euro	Dollar	Sterling	
Yearly							
2001	1,7314	1,5602	1,0805	755,82	242,99	76,39	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
2003	1,7122	1,9361	1,1844	-259,75	1,30	19,50	-134,01
2004	1,7187	2,1357	1,1663	-91,40	15,75	25,70	-25,52
2005	1,7310	2,1574	1,1858	899,55	29,30	37,30	560,68
2006	1,7350	2,1826	1,1844	1024,25	0,40	4,40	593,65
Quarterly							
2005 Q1	1,7161	2,2496	1,1902	-161,10	10,50	30,10	-64,10
2005 Q2	1,7297	2,1785	1,1742	518,15	22,30	4,40	312,86
2005 Q3	1,7443	2,1278	1,1928	250,45	-3,55	-0,10	141,83
2005 Q4	1,7440	2,0737	1,1861	292,05	0,50	2,90	170,09
2006 Q1	1,7407	2,0930	1,1947	-85,05	1,70	0,60	-47,47
2006 Q2	1,7379	2,1830	1,1962	631,05	0,00	2,00	364,75
2006 Q3	1,7383	2,2116	1,1891	284,85	-0,15	1,80	152,29
2006 Q4	1,7316	2,2345	1,1658	154,90	-0,15	0,00	89,18
2007 Q1	1,7266	2,2622	1,1576	-426,90	-2,00	4,20	-243,93
2007 Q2	1,7159	2,3134	1,1644	-165,80	0,00	-1,00	-97,23
2006							
January	1,7429	2,1102	1,1960	-79,95	-0,30	0,00	-46,01
February	1,7411	2,0980	1,1896	-8,45	0,00	0,60	-4,34
March	1,7382	2,0894	1,1984	3,35	2,00	0,00	2,88
April	1,7356	2,1247	1,2059	159,45	-0,15	2,00	93,46
May	1,7388	2,2216	1,1881	326,40	0,00	0,00	187,73
June	1,7392	2,2027	1,1946	145,20	0,15	0,00	83,56
July	1,7392	2,2061	1,1963	113,65	-1,00	0,00	64,89
August	1,7366	2,2260	1,1759	26,00	0,00	0,00	14,94
September	1,7346	2,2093	1,1714	183,70	-0,15	1,80	107,36
October	1,7339	2,1876	1,1667	210,40	0,00	0,00	121,33
November	1,7310	2,2300	1,1666	-81,50	-0,15	0,00	-47,18
December	1,7298	2,2860	1,1640	26,00	0,00	0,00	15,03
2007							
January	1,7288	2,2478	1,1474	-142,40	-2,00	2,00	-81,55
February	1,7266	2,2556	1,1526	-143,00	0,00	2,20	-80,91
March	1,7251	2,2803	1,1732	-141,50	0,00	0,00	-81,47
April	1,7197	2,3257	1,1678	-250,00	0,00	0,00	-145,49
May	1,7152	2,3176	1,1688	-0,50	0,00	0,00	-0,29
June	1,7137	2,3002	1,1575	84,70	0,00	-1,00	48,55
July	1,7120	2,3475	1,1545	198,00	-0,30	0,00	115,55
August	1,7117	2,3324	1,1602	150,50	0,00	0,00	87,92
September	1,7118	2,3781	1,1790	-47,50	0,00	0,00	-27,75
October*	1,7118	2,4298	1,1910	177,00	-0,15	0,00	103,34

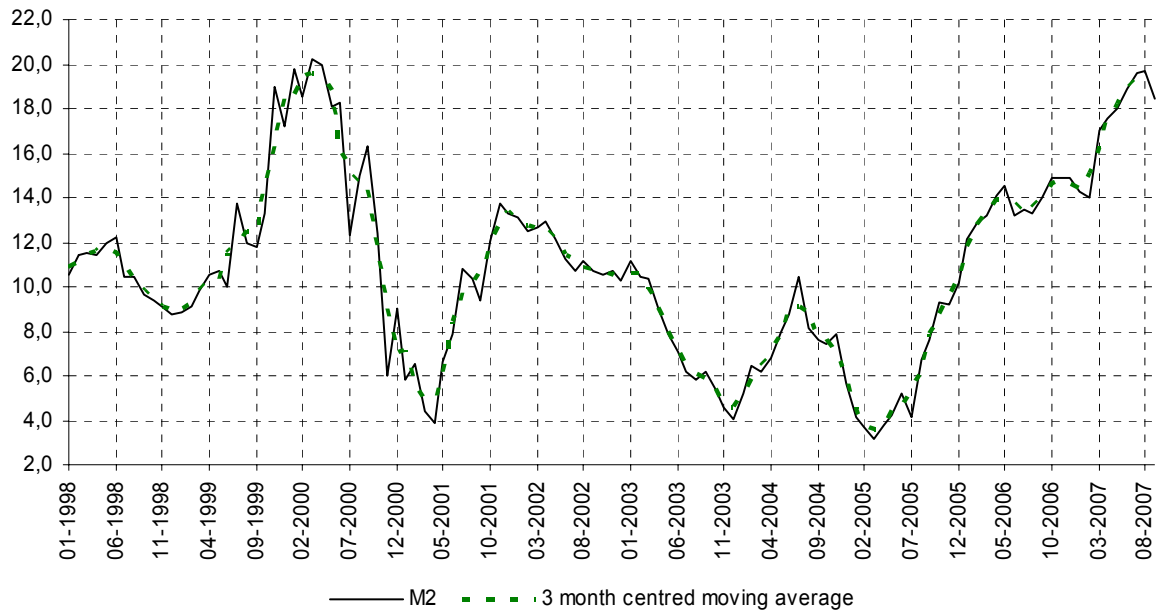
*Figure until 26 October 2007

Source: Central Bank of Cyprus.

Chart 5

M2 growth

(annual percentage change, monthly data)

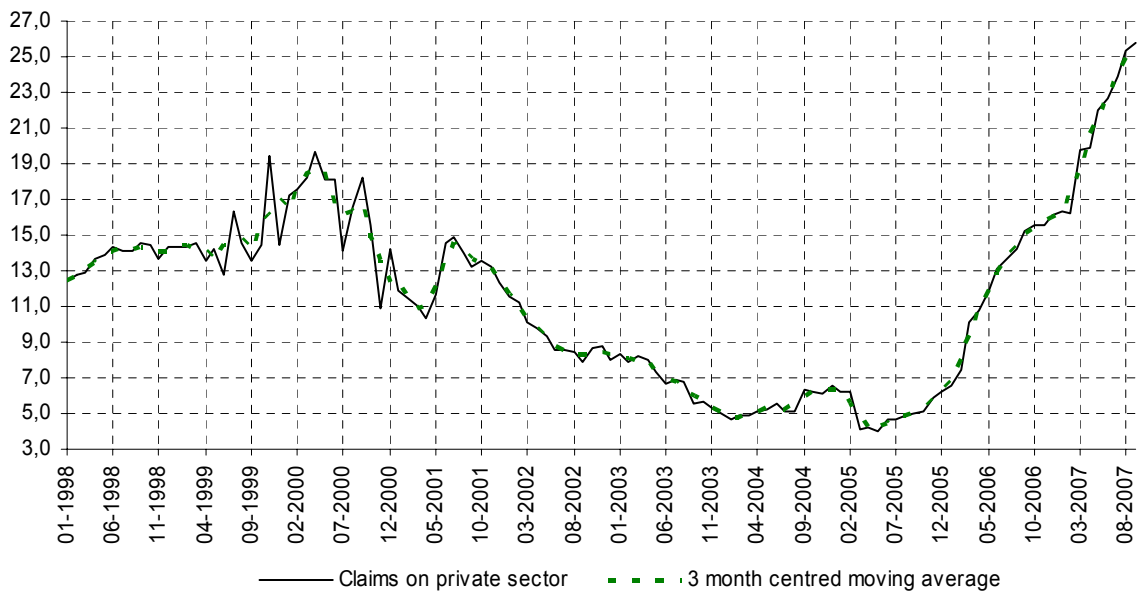


Source: Central Bank of Cyprus.

Chart 6

Growth of claims on private sector

(annual percentage change, monthly data)



Source: Central Bank of Cyprus.

Table 4
Main monetary indicators

	Outstanding amount as a percentage of M2 ⁽¹⁾	Annual percentage change			
		2006 Aug.	2006 Sept.	2007 Aug.	2007 Sept.
Money supply (M1)	18,7	22,5	22,2	23,6	20,5
Currency in circulation	4,6	8,5	6,8	7,1	3,5
Demand deposits	14,2	29,1	29,6	30,2	27,3
Quasi-money	81,3	11,4	12,3	18,8	18,0
Total money supply (M2)	100,0	13,3	14,0	19,7	18,4
Claims on private sector ⁽²⁾		14,2	15,2	25,3	25,8
of which in foreign currency		62,8	64,2	44,0	44,4
Claims on public sector		23,3	22,7	-8,7	-9,9

Source: Central Bank of Cyprus.

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

(2) In March 2007 certain municipality loans held with CCIs and other institutions not included in the monetary aggregates, were repayed with new loans from domestic banks. Adjusting for this, the growth rates for August and September 2007 is 24,2% and 24,7%, respectively.

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

	2006 Aug.	2006 Sept.	2007 Aug.	2007 Sept.
Money supply (M1)	1.973.543	2.002.975	2.439.547	2.413.062
Currency in circulation	562.585	570.443	602.503	590.124
Demand deposits	1.265.632	1.292.579	1.507.865	1.488.424
Deposits in foreign currency	145.326	139.953	329.179	334.514
Quasi-money	8.751.261	8.868.257	10.394.216	10.463.163
Saving deposits	396.386	400.573	466.934	466.650
Time deposits	7.275.567	7.370.843	8.049.924	8.079.715
Deposits in foreign currency	1.079.308	1.096.841	1.877.358	1.916.798
Total money supply (M2)	10.724.804	10.871.232	12.833.763	12.876.225
Net foreign assets	1.802.200	1.832.630	3.085.524	3.206.562
Claims on private sector	10.252.463	10.404.894	12.850.580	13.087.012
of which in foreign currency	1.695.526	1.753.236	2.442.229	2.531.279
Claims on public sector	2.453.089	2.424.348	2.239.486	2.185.224
Unclassified items	-3.782.948	-3.790.640	-5.341.827	-5.602.573

Source: Central Bank of Cyprus.

Table 6
Bank credit by sector ⁽¹⁾

	Outstanding amount as a percentage of total ⁽²⁾	Annual percentage change			
		2006 Aug.	2006 Sept.	2007 Aug.	2007 Sept.
Public institutions and corporations ⁽³⁾	3,40	11,0	11,2	36,1	47,3
Agriculture	0,85	-8,6	-9,9	18,5	20,9
Mining	0,20	2,2	0,2	-1,3	-1,6
Manufacturing	3,81	1,8	3,0	-0,9	0,8
Transport and communications	1,47	5,4	16,5	116,8	100,1
Foreign and domestic trade	11,63	-2,2	-1,0	8,6	11,0
Building and construction	19,78	20,1	23,5	39,8	40,0
Tourism	6,66	6,8	6,0	8,7	9,1
Personal and professional loans	52,17	22,7	23,5	35,3	35,8
Bills discounted: local	0,01	-20,9	7,0	-43,0	-44,6
foreign	0,01	-13,4	22,0	-26,3	-47,8
Total	100,00				

Source: Central Bank of Cyprus.

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

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

(3) Including government loans.

Table 7
Bank credit by sector ⁽¹⁾

(outstanding amounts at end of period, CYP thousand)

	2006 Aug.	2006 Sept.	2007 Aug.	2007 Sept.
Public institutions and corporations ⁽²⁾	337.144	333.320	458.845	490.924
Agriculture	103.029	101.927	122.126	123.249
Mining	28.663	28.597	28.304	28.150
Manufacturing	539.572	545.840	534.528	550.092
Transport and communications	98.229	105.993	212.997	212.109
Foreign and domestic trade	1.487.202	1.512.260	1.614.760	1.679.333
Building and construction	1.995.334	2.039.629	2.788.592	2.855.602
Tourism	884.342	881.568	961.644	961.991
Personal and professional loans	5.429.626	5.544.594	7.345.405	7.531.356
Bills discounted: local	2.285	2.551	1.303	1.414
foreign	1.721	2.077	1.268	1.084
Total	10.907.147	11.098.356	14.069.772	14.435.304

Source: Central Bank of Cyprus.

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

(2) Including government loans.

Table 8
Claims on private sector⁽¹⁾

	2004	2005	2006	2006 Sept.	2007 Aug.	2007 Sept.
<i>(outstanding amounts at end of period, CYP million)</i>						
Foreign currency loans to residents	909,9	1.205,8	1.896,9	1.753,2	2.442,2	2.531,3
Claims on private sector	8.843,7	9.390,8	10.901,2	10.404,9	12.850,6	13.087,0
Share %	10,3	12,8	17,4	16,9	19,0	19,3
<i>(12 month change, CYP million)</i>						
Foreign currency loans to residents	111,0	295,8	691,2	685,3	746,7	778,0
Claims on private sector	541,7	547,1	1.510,4	1.372,8	2.598,1	2.682,1
Share %	20,5	54,1	45,8	49,9	28,7	29,0

Source: Central Bank of Cyprus.

(1) From domestic banks.

Table 9
Credit card transactions

	2005	2006	September		Jan.-Sep.	
			2006	2007	2006	2007
Foreign cardholder spending in Cyprus						
Value (CYP thousand)	244.609	256.958	29.136	29.583	196.918	206.854
Annual % change	5,1	5,0	3,2	1,5	5,4	5,0
Local cardholder spending in Cyprus						
Value (CYP thousand)	659.486	769.917	61.203	65.707	547.232	645.293
Annual % change	11,4	16,7	18,9	7,4	17,1	17,9
Local cardholder spending abroad						
Value (CYP thousand)	244.131	332.497	31.447	41.515	234.263	321.065
Annual % change	25,2	36,2	42,1	32,0	35,9	37,1

Source: JCC Payment Systems.

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

	Liquidity - providing factors					Liquidity - absorbing factors						Credit institutions current accounts (MRA)	Base money (6+7+9+12)
	Net assets in gold and foreign currency (NFA)	Monetary policy operations				Deposit facility (overnight)	Other liquidity-absorbing operations (additional, special & S.M.E. dep.)	Rev-repos & depos	Currency in circulation	Central govern. deposits (net) ⁽¹⁾	Other factors (net)		
		Main refinancing operations (repos)	Long-term refinancing operations	Marginal lending facility (lombard)	Other liquidity providing operations (swap)								
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005 Sep.	1.638,9	0,0	0,0	0,0	0,0	87,5	79,4	198,7	579,4	-119,0	200,2	612,7	1.359,1
Oct.	1.712,1	0,0	0,0	7,3	0,0	55,1	79,3	168,1	579,7	-12,5	231,5	618,1	1.332,3
Nov.	1.772,0	0,0	0,0	0,0	0,0	181,7	79,3	173,7	566,4	-41,3	246,6	565,6	1.393,1
Dec.	1.830,5	0,0	0,0	0,0	0,0	198,5	79,3	227,7	594,8	-130,6	277,8	583,0	1.455,7
2006 Jan.	1.840,4	0,0	0,0	0,0	0,0	190,5	0,1	333,5	579,2	-148,0	223,8	661,1	1.430,9
Feb.	1.796,1	0,0	0,0	0,0	0,0	174,0	0,0	302,9	562,2	-154,2	236,9	674,3	1.410,5
Mar.	1.792,1	0,0	0,0	0,9	0,0	238,8	0,1	256,1	564,8	-210,2	265,8	677,6	1.481,2
Apr.	1.845,7	0,0	0,0	0,0	0,0	183,3	0,0	138,7	594,7	-32,1	266,1	695,1	1.473,1
May	1.993,9	0,0	0,0	0,0	0,0	233,0	0,0	269,7	603,8	-78,0	271,3	694,2	1.531,0
June	2.066,8	0,0	0,0	0,0	0,0	237,5	0,0	417,3	618,9	-176,4	272,0	697,4	1.553,8
July	1.974,6	0,0	0,0	5,7	0,0	132,6	0,2	431,0	633,6	-133,8	211,6	705,1	1.471,5
Aug.	2.007,3	0,0	0,0	13,7	0,0	100,0	0,0	477,4	636,3	-127,0	225,7	708,6	1.444,9
Sep.	2.073,3	0,0	0,0	0,5	0,0	155,9	0,0	500,0	625,3	-171,5	245,2	718,9	1.500,1
Oct.	2.182,6	0,0	0,0	0,0	0,0	244,4	0,1	538,1	622,9	-230,0	262,9	744,3	1.611,7
Nov.	2.247,0	0,0	0,0	0,0	0,0	260,7	0,0	580,0	609,8	-233,7	277,9	752,1	1.622,7
Dec.	2.195,8	0,0	0,0	0,0	0,0	294,7	0,0	564,5	643,4	-352,0	278,5	766,7	1.704,9
2007 Jan.	2.181,3	0,0	0,0	0,0	0,0	288,9	0,0	645,2	636,5	-413,7	240,9	783,5	1.708,8
Feb.	2.109,9	0,0	0,0	0,0	0,0	204,6	0,0	525,0	616,0	-314,7	270,7	808,3	1.628,9
Mar.	1.992,6	0,0	0,0	0,0	0,0	145,2	0,0	285,5	616,3	-163,0	279,9	828,7	1.590,2
Apr.	1.888,7	0,0	0,0	0,0	0,0	64,7	0,0	110,0	642,6	-39,2	290,5	820,1	1.527,4
May	1.828,8	0,0	0,0	11,3	0,0	15,7	0,1	42,9	648,0	-4,9	288,8	849,4	1.513,2
June	1.892,1	0,0	0,0	0,0	0,0	50,4	0,0	68,7	666,1	-48,1	310,1	844,9	1.561,4
July	1.930,1	0,0	0,0	25,6	0,0	34,7	0,0	255,4	684,7	-160,7	277,1	864,6	1.583,9
Aug.	2.049,2	0,0	0,0	19,9	0,0	21,9	0,0	361,7	681,4	-163,7	282,0	885,7	1.589,0
Sep.	2.083,0	0,0	0,0	19,2	0,0	53,0	0,1	267,2	659,2	-85,3	294,6	913,3	1.625,6

Source: Central Bank of Cyprus.

(1) The negative sign of net central government deposits is due to the inclusion of the government loan amounting to £961,1 million. Following the prohibition of public sector financing by the Central Bank in July 2002, outstanding claims of the Central Bank of Cyprus on the government were converted into a loan with a maturity of 30 years, the repayment of which will commence in July 2008.

Table 11

Inflation and interest rates in Europe and Cyprus – September 2007

(latest 12-month average)

	Inflation (HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria	1,80	4,16	2,36
Belgium	1,60	4,19	2,59
Czech Republic	2,00	4,09	2,09
Denmark	1,50	4,16	2,66
Estonia ⁽¹⁾	5,20	5,04	-0,16
Finland	1,40	4,17	2,77
France	1,40	4,17	2,77
Germany	1,80	4,11	2,31
Greece	2,90	4,38	1,48
Hungary	7,80	6,83	-0,97
Ireland	2,70	4,15	1,45
Italy	1,90	4,36	2,46
Latvia	8,20	5,21	-2,99
Lithuania	4,90	4,43	-0,47
Luxembourg	2,00	4,42	2,42
Malta	0,40	4,60	4,20
Netherlands	1,60	4,16	2,56
Poland	2,00	5,36	3,36
Portugal	2,40	4,30	1,90
Slovakia	2,10	4,41	2,31
Slovenia ⁽¹⁾	2,90	4,34	1,44
Spain	2,50	4,17	1,67
Sweden	1,50	4,01	2,51
United Kingdom ⁽¹⁾	2,50	4,93	2,43
Eurozone ⁽¹⁾	1,80	4,15	2,35
EU -25	2,10	4,42	2,32
Cyprus	1,70	4,39	2,69

Source: Eurostat.

(1) Data for August 2007.

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

		change
European Central Bank		
<i>(4 October 2007)</i>		
Minimum bid rate on the main refinancing operations	4,00	-
Interest rate on the marginal lending facility	5,00	-
Interest rate on the deposit facility	3,00	-
Bank of England		
<i>(4 October 2007)</i>		
Rate paid on commercial bank reserves	5,75	-
Federal Reserve		
<i>(18 September 2007)</i>		
Federal funds rate	4,75	-0,50
Discount rate	5,25	-0,50
Central Bank of Cyprus		
<i>(8 October 2007)</i>		
Minimum bid rate on the main refinancing operations	4,50	-
Maximum bid rate on the liquidity absorbing operations	4,50	-
Interest rate on the marginal lending facility	5,00	-
Interest rate on the deposit facility	3,00	-

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

Table 13
Official interest rates

(percent per annum, period averages)

Date of monetary policy decision	Deposit facility	Open market operations			Marginal lending facility	
		Main refinancing operations	Liquidity absorbing operations			
		Repo operations	Reverse repo operations	Acceptance of deposits operations ⁽¹⁾		
		Minimum bid rate	Maximum bid rate	Maximum bid rate		
2001	10 Aug.	3,50	5,00	5,00	-	6,50
	18 Sep.	3,00	4,50	4,50	-	6,00
	02 Nov.	2,50	4,00	4,00	4,00	5,50
2002	13 Dec.	2,50	3,75	3,75	3,75	5,00
2003	04 Apr.	2,50	3,50	3,50	3,50	4,50
2004	30 Apr.	3,50	4,50	4,50	4,50	5,50
2005	25 Feb.	3,25	4,25	4,25	4,25	5,25
	20 May	2,75	3,75	3,75	3,75	4,75
	09 Jun.	2,25	3,25	3,25	3,25	4,25
2006	01 Sep. ⁽²⁾	2,50	4,50	4,50	4,50	4,50
2007	12 Mar.	2,75	4,50	4,50	4,50	4,75
	06 Jun.	3,00	4,50	4,50	4,50	5,00

Source: Central Bank of Cyprus.

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

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

Table 14
Interest rates

(percent per annum, period averages)

	2004	2005	2006	2006 Sep.	2007 July	2007 Aug.	2007 Sep.
Interbank (1 day)	3,92	3,27	2,90	3,46	4,26	4,49	4,55
Acceptance of deposits	3,89	3,28	3,00	3,50	4,37	4,53	4,58
Treasury bills (13 weeks)	4,21	4,26	2,56	-	-	-	-
Treasury bills (52 weeks)	4,77	4,29	2,89	-	-	-	-
Development stocks (2 years)	5,14	4,74	3,40	-	-	-	-
Development stocks (5 years)	5,92	5,68	3,84	-	-	-	-
Development stocks (10 years)	6,07	5,17	4,12	-	-	-	4,60
Development stocks (15 years)	6,31	5,61	-	-	-	-	-

Source: Central Bank of Cyprus.

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

Date of settlement		Bids (amount)	Allotment (amount)	Variable rate tenders				Running for (...) days
				Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate	
2006	14 Sep.	727,5	500,0	4,50	3,88	3,29	3,94	14
	28 Sep.	803,0	500,0	4,50	3,89	3,65	3,94	14
	12 Oct.	829,0	550,0	4,50	3,89	3,79	3,91	14
	26 Oct.	930,5	580,0	4,50	3,87	3,69	3,93	14
	09 Nov.	824,0	580,0	4,50	3,88	3,78	3,92	14
	23 Nov.	842,0	580,0	4,50	3,89	3,79	3,91	14
	07 Dec.	886,0	530,0	4,50	3,87	3,79	3,90	14
	21 Dec.	1.034,0	600,0	4,50	3,76	3,65	3,80	14
2007	04 Jan.	889,0	650,0	4,50	3,84	3,50	3,97	14
	18 Jan.	916,0	650,0	4,50	3,84	3,74	3,94	14
	01 Feb.	1.023,5	600,0	4,50	3,69	3,67	3,69	14
	15 Feb.	789,0	450,0	4,50	3,71	3,48	3,88	14
	01 Mar.	579,5	350,0	4,50	3,50	3,44	3,57	14
	15 Mar.	492,0	250,0	4,50	3,45	3,39	3,47	14
	29 Mar.	248,0	150,0	4,50	3,52	3,34	3,59	14
	12 Apr.	242,0	100,0	4,50	3,47	3,39	3,49	14
	26 Apr.	204,0	50,0	4,50	3,34	3,34	3,34	14
	10 May	40,0	40,0	4,50	3,29	3,29	3,29	14
	24 May	40,0	40,0	4,50	3,98	3,98	3,98	14
	07 Jun.	134,0	80,0	4,50	3,88	3,84	3,92	14
	21 Jun.	147,0	70,0	4,50	3,59	3,59	3,59	14
	05 Jul.	308,0	280,0	4,50	4,26	3,54	4,50	14
	19 Jul.	96,0	80,0	4,50	4,37	4,26	4,48	14
	19 Jul.	206,0	206,0					167
	02 Aug.	219,0	150,0	4,50	4,38	4,25	4,47	14
16 Aug.	169,0	169,0	4,50	4,47	4,35	4,50	14	
30 Aug.	140,2	140,2	4,50	4,50	4,43	4,50	14	
13 Sep.	11,0	11,0	4,50	4,45	4,43	4,49	14	

Source: Central Bank of Cyprus.

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

Table 16
Money market interest rates

(percent per annum, period averages)

	Cyprus					Euro area				
	Overnight deposits	2-7 days deposits	1-month deposits	1-6 months deposits	6-12 months deposits	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)
2006 Sep.	3,46	3,79	3,73	3,76	-	3,04	3,16	3,34	3,53	3,72
Oct.	3,67	4,16	4,09	4,45	-	3,28	3,35	3,50	3,64	3,80
Nov.	3,58	3,95	4,02	4,24	-	3,33	3,42	3,60	3,73	3,86
Dec.	3,37	4,16	4,02	4,01	-	3,50	3,64	3,68	3,79	3,92
2007 Jan.	3,35	4,11	4,18	3,77	-	3,56	3,62	3,75	3,89	4,06
Feb.	3,10	3,96	4,13	4,00	4,00	3,57	3,65	3,82	3,94	4,09
Mar.	3,18	3,94	4,04	3,99	-	3,69	3,84	3,89	4,00	4,11
Apr.	3,62	3,95	3,95	4,05	4,20	3,82	3,86	3,98	4,10	4,25
May	3,86	4,09	4,12	3,88	-	3,79	3,92	4,07	4,20	4,37
June	4,06	4,17	4,22	4,27	-	3,96	4,10	4,15	4,28	4,51
July	4,26	4,24	4,31	4,38	-	4,06	4,11	4,22	4,36	4,56
Aug.	4,49	4,59	4,48	4,46	-	4,05	4,31	4,54	4,59	4,67
Sep.	4,55	4,75	4,64	4,60	-	4,03	4,43	4,74	4,75	4,72

Sources: Central Bank of Cyprus and European Central Bank.

Table 17**Commercial bank interest rates** ^(1, 2)

(percentages per annum)

	Lending rates					Deposit rates		
	Enterprises: overdraft within limits	Enterprises: secured loans	Personal: secured loans	Housing: loans secured by assignment of life policy	Credit cards	Current accounts	3 month notice - over CYP5.000	1 year fixed deposits - over CYP5.000
2005 Sep.	6,69	6,69	7,49	5,74	12,00	0,46	3,47	3,79
Oct.	6,69	6,68	7,29	5,74	12,00	0,47	3,47	3,75
Nov.	6,69	6,68	7,29	5,72	12,00	0,46	3,48	3,72
Dec.	6,69	6,68	7,28	5,71	12,00	0,45	3,47	3,68
2006 Jan.	6,67	6,67	7,28	5,71	12,00	0,46	3,48	3,63
Feb.	6,65	6,65	7,27	5,71	12,00	0,45	3,48	3,59
Mar.	6,64	6,65	7,27	5,69	12,00	0,47	3,48	3,57
Apr.	6,64	6,64	7,28	5,69	12,00	0,48	3,48	3,55
May	6,64	6,63	7,28	5,68	12,00	0,47	3,48	3,52
June	6,65	6,62	7,28	5,68	12,00	0,43	3,48	3,43
July	6,65	6,62	7,28	5,68	12,00	0,46	3,47	3,42
Aug.	6,64	6,62	7,29	5,68	12,00	0,46	3,47	3,42
Sep.	6,88	6,81	7,51	5,84	12,17	0,55	3,64	3,58
Oct.	6,89	6,81	7,50	5,84	12,17	0,51	3,65	3,58
Nov.	6,88	6,81	7,48	5,84	12,17	0,50	3,65	3,58
Dec.	6,88	6,80	7,48	5,84	12,17	0,51	3,65	3,58
2007 Jan.	6,90	6,81	7,63	5,92	12,17	0,54	3,65	3,58
Feb.	6,91	6,81	7,66	5,92	12,17	0,53	3,65	3,57
Mar.	6,89	6,80	7,67	5,92	12,17	0,53	3,65	3,57
Apr.	6,89	6,79	7,67	5,92	12,17	0,48	3,66	3,57
May	6,87	6,78	7,67	5,93	12,17	0,47	3,66	3,58
June	6,86	6,78	7,65	5,93	12,17	0,47	3,66	3,60
July	6,86	6,78	7,65	5,94	12,17	0,44	3,66	3,61
Aug.	6,86	6,77	7,65	5,95	12,17	0,45	3,66	3,63
Sept.	6,85	6,77	7,65	5,95	12,17	0,44	3,66	3,64

Source: Domestic banks.

(1) Reported as at end of month.

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

Table 18
Interest rates - European monetary financial institutions

(percent per annum, outstanding amounts as at end-of-period)

1. Interest rates on euro-denominated deposits by euro area residents

	Deposits from households					Deposits from non-financial corporations			
	Overnight	With agreed maturity		Redeemable at notice ⁽¹⁾		Overnight	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
2006 Sep.	0,86	2,59	3,08	2,26	2,68	1,36	3,00	3,69	
Oct.	0,90	2,69	3,10	2,30	2,75	1,45	3,15	3,80	
Nov.	0,91	2,78	3,05	2,30	2,81	1,49	3,24	3,80	
Dec.	0,92	2,89	3,05	2,38	2,87	1,51	3,42	3,88	
2007 Jan.	0,98	2,99	3,06	2,35	2,98	1,61	3,45	3,91	
Feb.	1,00	3,07	3,12	2,35	3,07	1,64	3,49	3,92	
Mar.	1,02	3,16	3,05	2,39	3,14	1,71	3,61	3,93	
Apr.	1,04	3,23	3,06	2,42	3,20	1,75	3,67	3,93	
May	1,06	3,30	3,03	2,43	3,25	1,78	3,72	3,96	
Jun.	1,08	3,39	3,04	2,42	3,32	1,77	3,87	3,99	
Jul.	1,10	3,49	3,02	2,45	3,40	1,81	3,92	4,00	
Aug.	1,15	3,58	3,02	2,53	3,46	1,87	4,03	4,09	

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

	Loans to households						Loans to non-financial corporations			
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity			
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	
2006 Sep.	4,82	4,27	4,62	8,30	6,81	5,87	4,93	4,40	4,53	
Oct.	4,90	4,29	4,65	8,35	6,81	5,88	5,07	4,51	4,57	
Nov.	4,98	4,33	4,68	8,33	6,81	5,91	5,14	4,59	4,63	
Dec.	5,01	4,34	4,70	8,41	6,81	5,93	5,23	4,66	4,68	
2007 Jan.	5,05	4,38	4,72	8,53	6,83	5,95	5,30	4,76	4,77	
Feb.	5,11	4,46	4,79	8,66	6,95	5,96	5,37	4,83	4,83	
Mar.	5,14	4,45	4,79	8,62	6,88	5,95	5,43	4,90	4,84	
Apr.	5,14	4,48	4,80	8,67	6,96	5,97	5,50	4,94	4,87	
May	5,16	4,48	4,82	8,71	6,95	5,97	5,50	4,98	4,90	
June	5,21	4,53	4,86	8,68	6,94	6,01	5,62	5,09	4,96	
July	5,29	4,57	4,89	8,80	6,96	6,06	5,70	5,15	5,00	
Aug.	5,36	4,59	4,90	8,85	7,00	6,07	5,76	5,24	5,04	

Source: European Central Bank.

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

Table 19
Interest rate announcements in 2007

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank ⁽¹⁾	11 3,50	8 3,50	8 3,75	12 3,75	10 3,75	6 4,00	5 4,00	2 4,00	6 4,00	4 4,00	8	6
Bank of England ⁽²⁾	11 5,25	8 5,25	8 5,25	5 5,25	10 5,50	7 5,50	5 5,75	2 5,75	6 5,75	4 5,75	8	6
Federal Reserve ⁽³⁾	30/31 5,25		20/21 5,25		9 5,25	27/28 5,25		17 5,25	18 4,75	30/31		11
Central Bank of Cyprus ⁽⁴⁾	12 4,50	23 4,50	12 4,50	13 4,50	18 4,50	6 4,50	17 4,50		10 4,50	8 4,50	12	10

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

(2) Rate paid on commercial bank reserves.

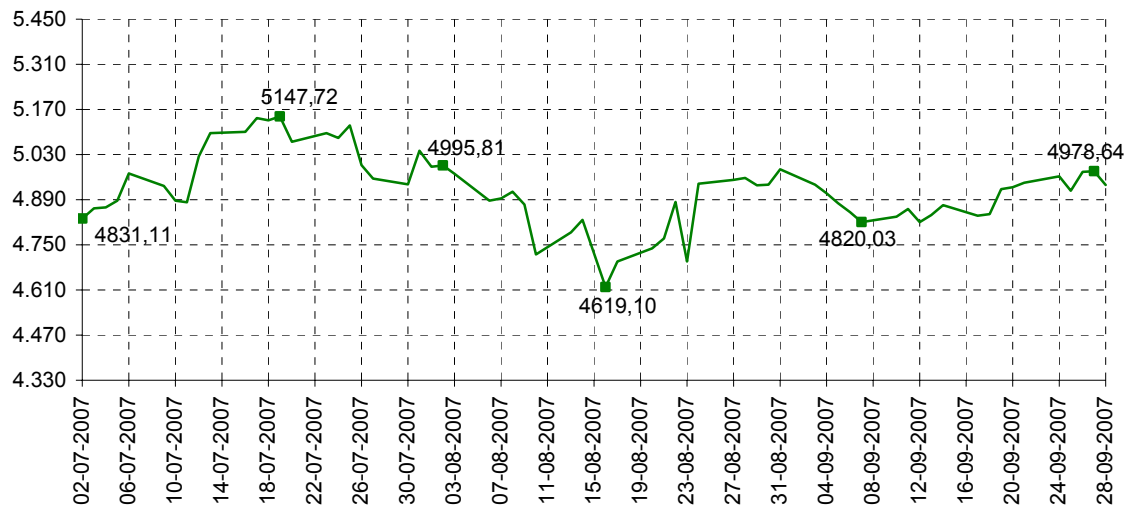
(3) Federal funds rate.

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

Chart 7

Cyprus Stock Exchange – main and parallel market index

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



Source: Cyprus Stock Exchange.

Table 20**Percentage change in consumer price index by economic category (%)**

October 2007/2006

	2004	2005	2006	October 2006/2005	September 2007/2006	October 2007/2006	Jan. - Oct. 2006/2005	Jan. - Sept. 2007/2006	Jan. - Oct. 2007/2006	Weights		
										1998=100	2005=100 (for 2006)	2005=100 (for 2007) ⁽¹⁾
GENERAL INDEX	2,28	2,56	2,49	1,43	2,63	2,99	2,73	2,00	2,09	100,00	100,00	100,00
A Domestic products	2,95	1,79	4,35	3,94	4,84	3,03	4,58	4,18	4,06	32,36	28,60	28,98
A.1 Agricultural	3,32	1,34	6,51	7,20	9,52	0,41	5,82	10,42	9,34	7,93	6,92	6,93
A.2 Industrial	3,36	1,13	2,47	2,65	3,10	3,69	2,60	2,92	3,00	22,91	19,24	19,29
A.3 Electricity	-3,13	11,51	13,10	4,60	3,44	4,51	16,92	-3,39	-2,59	1,52	2,44	2,76
B Petroleum products	17,18	14,82	8,09	-6,37	3,36	9,31	9,73	-0,44	0,49	4,33	6,44	6,63
C Imported products	-5,55	-2,47	-1,14	-1,24	-2,62	-0,75	-0,82	-2,54	-2,36	22,20	25,31	24,62
C1 Motor vehicles	-13,50	-2,42	-1,38	-1,28	-8,92	-8,98	0,27	-10,00	-9,90	9,43	6,15	5,41
C2 Other imported	-0,39	-2,49	-1,07	-1,23	-0,81	1,49	-1,17	-0,32	-0,13	12,77	19,16	19,21
D Services	3,23	3,34	2,57	2,69	3,83	4,04	2,53	3,42	3,49	41,11	39,65	39,77
HICP	1,9	2,1	2,2	1,7	2,3	2,7	2,4	1,8	1,9			

(1) The weights for 2007 were updated as a result of the change in the taxes of motor vehicles.

Source: Cystat.

Table 21
Weighted contribution to the total percentage change in consumer price index by economic category (%)

October 2007/2006

		Weights											
		2004	2005	2006	October 2006/2005	September 2007/2006	October 2007/2006	Jan.- Oct. 2006/2005	Jan.- Sept. 2007/2006	Jan.- Oct. 2007/2006	1998=100	2005=100 (for 2006)	2005=100 (for 2007) ⁽¹⁾
	GENERAL INDEX	2,28	2,56	2,49	1,43	2,63	2,99	2,73	2,00	2,09	100,00	100,00	100,00
A	Domestic products	0,99	0,60	1,25	1,14	1,43	0,91	1,30	1,21	1,18	32,36	28,60	28,98
A.1	Agricultural	0,27	0,11	0,45	0,51	0,71	0,03	0,40	0,74	0,66	7,93	6,92	6,93
A.2	Industrial	0,78	0,27	0,47	0,51	0,59	0,72	0,50	0,56	0,58	22,91	19,24	19,29
A.3	Electricity	-0,07	0,23	0,32	0,12	0,11	0,14	0,40	-0,09	-0,07	1,52	2,44	2,76
B	Petroleum products	0,99	0,97	0,52	-0,44	0,24	0,62	0,63	-0,03	0,03	4,33	6,44	6,63
C	Imported products	-1,04	-0,43	-0,29	-0,31	-0,62	-0,18	-0,21	-0,62	-0,58	22,20	25,31	24,62
C1	Motor vehicles	-1,00	-0,15	-0,08	-0,08	-0,46	-0,46	0,02	-0,60	-0,60	9,43	6,15	5,41
C2	Other imported	-0,04	-0,28	-0,20	-0,23	-0,15	0,28	-0,22	-0,06	-0,02	12,77	19,16	19,21
D	Services	1,35	1,41	1,02	1,05	1,53	1,60	1,01	1,36	1,38	41,11	39,65	39,77

(1) The weights for 2007 were updated as a result of the change in the taxes of motor vehicles.

Source: Cystat.

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

October 2007/2006

	Years									Weights	
	2004			2005			2006			2005=100	1998=100
	2004	2005	2006	October 2006/2005	September 2007/2006	October 2007/2006	Jan.- Oct. 2006/2005	Jan.- Sept 2007/2006	Jan.- Oct. 2007/2006		
GENERAL INDEX	2,28	2,56	2,49	1,43	2,63	2,99	2,73	2,00	2,09	100,00	100,00
Food & non-alcoholic beverages	3,97	1,59	4,80	5,27	6,57	0,71	4,63	6,40	6,04	17,50	18,20
Alcoholic beverages & tobacco	10,57	0,23	0,49	1,29	1,28	3,28	0,51	1,40	1,33	2,21	1,78
Clothing & footwear	-0,79	-2,24	-0,32	-1,88	-2,72	3,32	-0,13	0,04	0,39	8,93	8,22
Housing, water, electricity & gas	4,19	5,41	4,90	2,13	2,82	1,02	5,58	1,37	1,57	15,87	21,27
Furnishings, household equipment & supplies	-0,45	0,58	0,13	-0,66	1,05	6,68	0,22	0,11	0,20	6,78	7,08
Health	3,72	0,36	1,31	3,72	6,36	1,36	0,82	6,02	6,09	5,03	4,92
Transport	-3,06	3,79	2,87	-1,85	-0,84	1,24	4,01	-2,21	-1,86	15,99	17,42
Communications	-8,48	-10,34	-1,83	-0,16	1,18	1,34	-2,14	1,24	1,24	3,94	1,79
Recreation & culture	2,26	1,06	-0,33	0,55	1,20	5,06	-0,52	0,27	0,38	6,33	5,88
Education	3,96	5,21	4,68	4,89	4,33	6,16	4,64	4,82	4,84	2,87	2,33
Restaurants & hotels	4,69	3,30	2,18	1,96	5,96	3,25	2,26	3,54	3,80	7,57	6,07
Miscellaneous goods & services	5,16	3,83	2,23	2,44	3,04	2,99	2,17	2,36	2,45	6,98	5,04

Source: Cystat.

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

October 2007/2006

	Years									Weights	
	2004	2005	2006	October 2006/2005	September 2007/2006	October 2007/2006	Jan.- Oct. 2006/2005	Jan.- Sept. 2007/2006	Jan.- Sept. 2007/2006	2005=100	1998=100
GENERAL INDEX	2,28	2,56	2,49	1,43	2,63	2,99	2,73	2,00	2,09	100,00	100,00
Food & non-alcoholic beverages	0,76	0,31	0,82	0,92	1,19	0,54	0,79	1,12	1,06	17,50	18,20
Alcoholic beverages & tobacco	0,28	0,01	0,01	0,03	0,03	0,02	0,01	0,03	0,03	2,21	1,78
Clothing & footwear	-0,05	-0,14	-0,03	-0,18	-0,23	0,30	-0,01	0,00	0,03	8,93	8,22
Housing, water, electricity & gas	0,93	1,22	0,76	0,34	0,46	0,53	0,86	0,22	0,25	15,87	21,27
Furnishings, household equipment & supplies	-0,03	0,04	0,01	-0,04	0,07	0,07	0,01	0,01	0,01	6,78	7,08
Health	0,20	0,02	0,06	0,18	0,32	0,33	0,04	0,30	0,30	5,03	4,92
Transport	-0,51	0,59	0,45	-0,30	-0,13	0,21	0,62	-0,36	-0,30	15,99	17,42
Communications	-0,10	-0,11	-0,07	-0,01	0,04	0,05	-0,08	0,05	0,05	3,94	1,79
Recreation & culture	0,12	0,06	-0,02	0,03	0,07	0,08	-0,03	0,02	0,02	6,33	5,88
Education	0,10	0,13	0,13	0,14	0,13	0,15	0,13	0,14	0,14	2,87	2,33
Restaurants & hotels	0,31	0,23	0,16	0,15	0,45	0,46	0,17	0,26	0,28	7,57	6,07
Miscellaneous goods & services	0,28	0,21	0,15	0,17	0,21	0,23	0,15	0,16	0,17	6,98	5,04

Source: Cystat.

Table 24**Cyprus Stock Exchange: purchase and sale of listed shares by non-residents⁽¹⁾***(CYP thousand)*

Geographic origin of non-resident investors	Purchase of listed shares by non-residents							Sale of listed shares by non-residents						
	2005	2006	2007					2005	2006	2007				
			Apr.	May	June	July	Aug.			Apr.	May	June	July	Aug.
EUROPE	7.395,9	257.715,8	16.001,1	22.009,3	2.518,2	2.870,3	1.449,4	3.461,1	282.799,6	22.036,2	20.822,2	1.122,5	1.669,4	1.310,4
EU-25	6.805,2	242.454,5	15.221,9	21.171,7	2.497,2	2.800,2	1.416,5	2.980,4	275.945,2	21.593,3	20.191,5	1.098,4	1.635,9	1.276,2
Greece	5.667,5	140.748,9	7.693,4	14.304,0	886,6	977,2	583,2	2.269,5	260.812,4	8.532,8	17.704,4	657,9	954,0	687,9
United Kingdom	238,2	58.345,6	7.070,3	5.257,1	1.457,8	1.464,3	662,2	390,6	10.088,4	12.336,4	1.361,2	421,9	606,7	548,9
Other European countries	590,7	15.261,3	779,2	837,5	21,0	70,1	32,9	480,7	6.854,4	442,9	630,7	24,1	33,6	34,2
Russian Federation	405,4	1.029,9	17,8	0,3	1,0	1,0	1,0	279,7	1.220,2	116,4	107,7	2,3	8,5	2,1
AFRICA	51,4	7.252,2	374,0	169,4	10,8	52,2	4,7	90,1	8.722,4	384,4	242,7	16,8	80,8	102,8
North African countries	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8	0,0	5,7	0,0	0,0	0,1	0,1
Other African countries	51,4	7.252,2	374,0	169,4	10,8	52,2	4,7	88,3	8.722,4	378,7	242,7	16,8	80,7	102,7
South Africa	0,0	232,6	90,6	59,9	4,7	13,7	2,5	7,6	220,4	87,5	133,2	10,8	18,1	9,8
AMERICA	429,3	128.783,8	5.874,1	7.182,1	164,0	597,1	556,5	1.232,7	32.988,8	5.253,2	11.908,6	237,8	282,0	913,9
North American countries	84,1	94.136,8	1.242,9	1.008,3	58,9	221,0	123,5	33,2	6.193,4	3.815,9	7.349,2	62,3	91,4	122,5
United States of America	81,9	94.115,1	1.242,9	1.006,2	58,8	220,8	123,5	33,2	5.957,0	3.783,3	7.348,2	62,3	88,8	118,1
Canada	2,2	21,7	0,0	2,1	0,1	0,1	0,0	0,0	236,5	32,5	0,9	0,0	2,6	4,4
Central American countries	345,2	34.647,0	4.631,2	6.173,9	105,2	376,2	433,0	1.199,4	26.795,3	1.437,3	4.559,5	175,6	190,6	791,4
South American countries	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
ASIA	267,3	6.523,5	9,3	7,8	1,2	1,3	0,7	229,2	5.446,5	507,1	50,3	26,5	4,6	0,0
West Asia	204,7	86,1	9,3	0,0	0,0	1,2	0,1	168,9	955,4	507,1	50,3	26,5	2,7	0,0
Other Asian countries	62,6	6.437,4	0,0	7,8	1,2	0,1	0,6	60,3	4.491,1	0,0	0,0	0,0	1,9	0,0
OCEANIA	0,0	28,2	78,8	18,8	2,4	3,1	10,1	0,0	19,0	35,3	48,3	1,3	15,6	24,7
Total	8.143,9	400.303,5	22.337,2	29.387,5	2.696,6	3.524,1	2.021,4	5.013,0	329.976,3	28.216,1	33.072,2	1.404,9	2.052,3	2.351,8

Source: Cyprus Stock Exchange.

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

Table 25
Tourist arrivals⁽¹⁾

(number of persons)

	2000	2001	2002	2003	2004	2005	2006	2007	% change 2004/2003	% change 2005/2004	% change 2006/2005	% change 2007/2006
January	63.553	64.214	54.067	59.529	56.504	58.894	54.875	51.848	-5,1	4,2	-6,8	-5,5
February	87.243	83.569	71.950	77.972	75.705	72.600	66.151	63.098	-2,9	-4,1	-8,9	-4,6
March	135.487	137.578	138.625	91.634	111.946	137.075	107.071	104.316	22,2	22,4	-21,9	-2,6
April	221.785	237.228	180.481	169.891	191.251	183.561	206.548	189.310	12,6	-4,0	12,5	-8,3
May	299.355	324.901	279.070	231.527	261.646	284.132	283.513	273.058	13,0	8,6	-0,2	-3,7
June	302.011	322.835	293.192	262.100	264.799	282.652	280.164	282.465	1,0	6,7	-0,9	0,8
July	362.299	373.385	327.404	318.143	305.978	338.972	341.443	352.423	-3,8	10,8	0,7	3,2
August	356.686	371.536	301.724	325.390	305.926	336.587	314.872	340.534	-6,0	10,0	-6,5	8,1
September	329.964	329.400	306.731	287.358	303.506	302.833	296.532	315.437	5,6	-0,2	-2,1	6,4
October	300.597	269.744	275.840	271.980	278.976	292.273	283.046		2,6	4,8	-3,2	
November	133.500	107.454	111.327	123.800	114.048	104.822	95.682		-7,9	-8,1	-8,7	
December	93.722	74.887	77.822	83.919	78.723	75.656	71.022		-6,2	-3,9	-6,1	
Jan - Sept.	2.158.383	2.244.646	1.953.244	1.823.544	1.877.261	1.997.306	1.951.169	1.972.489	2,9	6,4	-2,3	1,1
Jan - Dec	2.686.202	2.696.731	2.418.233	2.303.243	2.349.008	2.470.057	2.400.919		2,0	5,2	-2,8	

Source: Cystat.

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

Table 26
Receipts from tourism⁽¹⁾

(CYP million)

	2000	2001	2002	2003	2004	2005	2006	2007	% change 2004/2003	% change 2005/2004	% change 2006/2005	% change 2007/2006
January	-	24,9	21,6	25,6	21,8	20,7	21,2	19,7	-15,0	-5,0	2,3	-7,1
February	-	29,1	28,9	31,4	25,4	23,5	23,1	22,6	-19,1	-7,5	-1,8	-2,2
March	-	49,7	59,1	37,8	42,1	47,6	38,9	40,1	11,1	13,2	-18,3	3,1
April	-	89,9	77,0	67,1	72,1	62,0	74,5	72,4	7,4	-14,0	20,1	-2,8
May	-	139,1	119,5	92,5	99,5	105,4	111,9	119,8	7,6	5,9	6,1	7,1
June	122,9	157,4	139,3	114,8	109,3	113,3	117,7	121,4	-4,8	3,7	3,9	3,2
July	162,7	192,0	160,7	152,4	135,1	140,1	155,0	168,1	-11,4	3,7	10,6	8,4
August	173,7	205,0	153,8	165,3	148,1	161,3	155,0	179,1	-10,4	8,9	-3,9	15,5
September	161,9	176,3	157,4	134,1	141,2	137,9	140,9		5,3	-2,3	2,2	
October	135,1	130,2	128,0	112,4	115,9	120,5	122,9		3,1	4,0	2,0	
November	54,1	48,8	51,4	48,7	43,1	43,1	37,6		-11,5	0,0	-12,8	
December	36,2	29,2	35,6	32,9	28,8	30,3	28,8		-12,4	5,2	-5,0	
Jan - August		887,1	759,9	687,0	653,3	673,9	697,2	743,1	-4,9	3,2	3,5	6,6
Jan - Dec		1.271,6	1.132,3	1.015,0	982,3	1.005,7	1.027,4		-3,2	2,4	2,2	

Source: Cystat.

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

Table 27**Trade balance data**

(CYP million)

Period	TOTAL TRADE		EXTRA-EU TRADE		INTRA-EU TRADE	
	Total Imports/ Arrivals	Total Exports/ Dispatches	Total Imports	Total Exports	Arrivals	Dispatches
	(cif)	(fob)	(cif)	(fob)	(cif)	(fob)
2000	2.402,0	591,9	1.140,9	364,5	1.261,1	227,4
2001	2.528,7	627,9	1.208,8	376,5	1.320,0	251,4
2002	2.486,6	511,3	1.140,9	240,9	1.345,8	270,4
2003	2.304,1	476,8	992,8	198,3	1.311,3	278,5
2004	2.679,3	548,0	921,7	202,5	1.757,6	345,5
2005	2.966,8	719,2	952,9	224,3	1.965,4	447,8
2006	3.226,8	650,7	1.073,8	224,6	2.110,1	417,7
2006						
January	247,5	59,6	80,0	13,2	167,5	46,3
February	238,2	57,2	80,4	16,6	157,9	40,1
March	284,2	66,1	86,6	18,7	197,6	47,4
April	252,0	53,4	81,4	20,5	170,7	32,9
May	280,4	55,1	91,5	15,8	188,9	39,3
June	312,0	52,6	115,1	16,6	196,8	36,0
July	263,4	52,7	79,9	17,1	183,5	35,6
August	259,4	43,2	85,9	17,8	173,5	25,4
2007						
January	266,2	65,9	96,8	13,6	169,4	52,3
February	245,8	44,0	59,3	15,3	186,5	28,6
March	288,1	52,8	81,7	17,8	206,4	35,0
April	305,1	52,8	90,7	13,5	214,3	39,3
May	299,7	59,8	88,7	15,4	211,0	44,4
June	316,0	60,7	93,5	17,7	222,5	42,9
July	321,1	49,9	105,1	17,1	216,0	32,1
August (p)	293,5	44,4	96,4	15,0	197,1	29,4
Jan. - Dec. 2005	2.966,8	719,1	973,1	221,6	1.993,7	497,6
Jan. - Dec. 2006	3.226,8	650,7	1.028,0	213,6	2.198,9	431,9
Jan. - Aug. 2005	1.831,5	431,3	594,7	145,4	1.236,9	285,9
Jan. - Aug. 2006	2.137,0	439,8	700,7	136,3	1.436,3	303,0
Jan. - Aug. 2007 (p)	2.335,6	430,3	712,4	125,3	1.623,1	304,0
% change Jan. - Dec 2006/2005	8,8	-9,5	5,6	-3,6	10,3	-13,2
% change Jan. - Aug. 2005/2006	16,7	2,0	17,8	-6,3	16,1	6,0
% change Jan. - Aug. 2006/2007 (p)	9,3	-2,2	1,7	-8,1	13,0	0,3

P :Provisional data

Source :Cystat.

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

Table 28

Turnover volume index of retail trade

(percentage change by category)

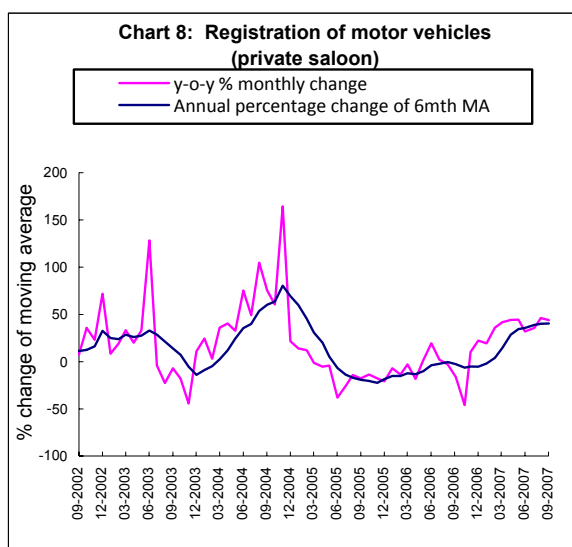
	August 06/05	August 07/06 ⁽¹⁾	Jan.-Aug. 06/05	Jan.-Aug. 07/06
General index	7,0	9,1	5,9	9,6
Retail sale in non-specialised stores with food, beverages or tobacco predominating	8,7	5,7	7,4	5,6
Other retail sale in non-specialised stores	5,4	2,6	1,9	4,8
Retail sale of food, beverages and tobacco in specialised stores	10,1	-8,0	5,2	-5,4
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	11,4	26,7	13,9	16,5
Retail sale of textiles, clothing, footwear and leather goods	11,6	8,2	6,5	9,1
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods	5,6	10,6	9,1	10,3
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	1,0	18,8	0,2	12,8
Retail sale of second-hand goods in stores	-34,7	-10,9	79,4	-35,4
Retail sale not in stores	27,5	12,4	-7,6	10,5

Source: Cystat.

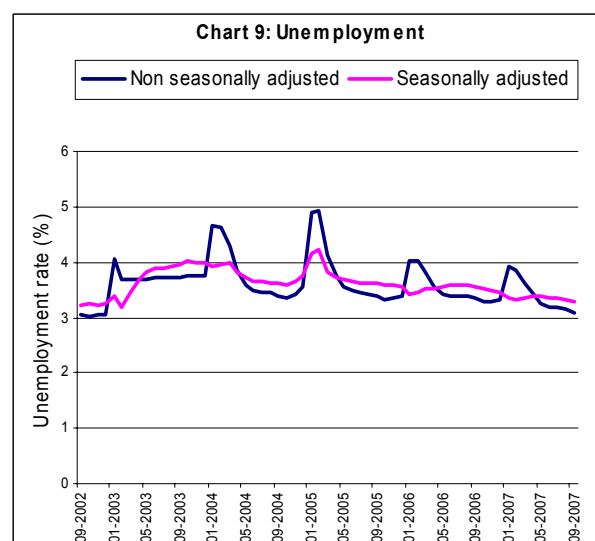
(1) Provisional data.

Charts 8 - 9

Selected economic indicators (A)



Source: Cystat.



Source: Cystat.

Table 29

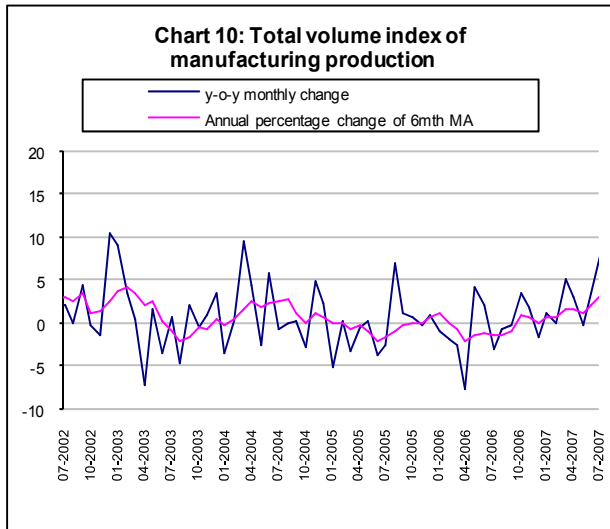
Manufacturing production volume index

(percentage change by category)

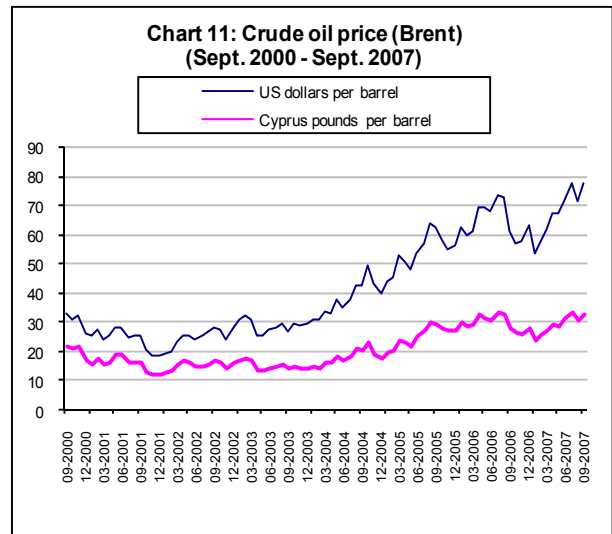
	July 06/05	July 07/06	Jan.-July 06/05	Jan. - July 07/06
General index	-1,6	6,6	-1,5	3,2
Food products, beverages & tobacco	-6,6	5,8	-9,8	1,9
Textiles & textile products	-23,6	2,7	-26,3	3,3
Leather & leather products	-21,7	-22,6	-22,2	-5,1
Wood & wood products	-10,4	-7,6	0,5	-2,0
Paper, paper products, publishing & printing	4,4	3,2	4,7	-0,2
Refined petroleum products	3,4	10,0	6,0	-20,6
Chemicals, chemical products & man-made fibres	5,8	16,3	4,8	9,7
Rubber & plastic products	2,8	11,9	2,2	5,5
Other non-metallic mineral products	5,2	12,2	1,8	6,2
Basic metals & fabricated metal products	10,6	5,6	6,9	4,0
Machinery & equipment n.e.c.	-0,3	0,2	4,0	0,7
Electrical & optical equipment	30,5	20,3	24,9	10,0
Transport equipment	12,5	6,4	20,6	3,7
Manufacturing n.e.c.	-10,4	8,1	2,2	2,1

Source: Cystat.

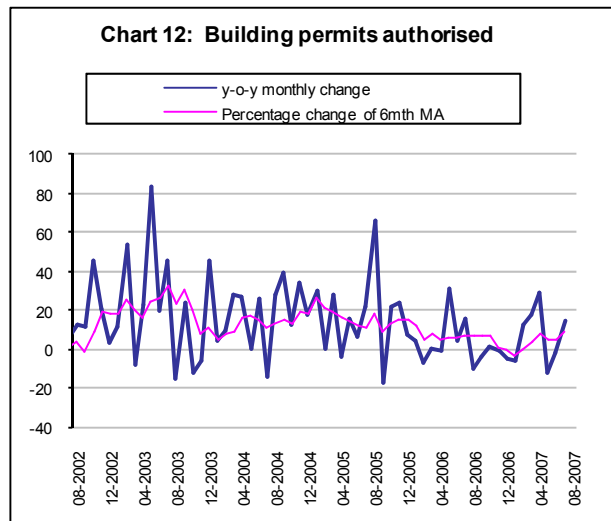
Charts 10 -14
Selected economic indicators (B)



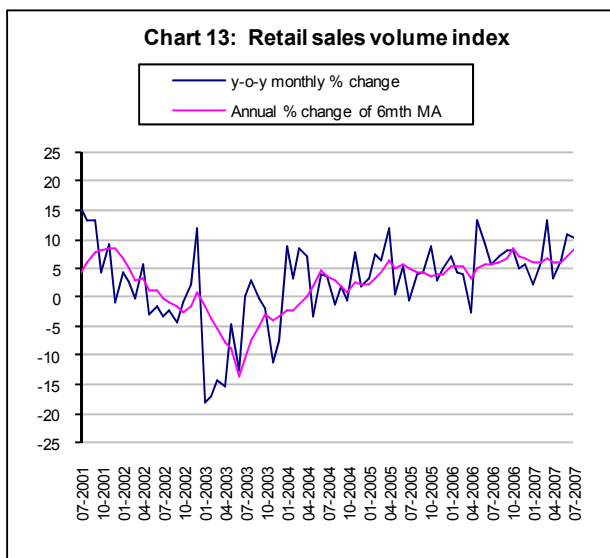
Source: Cystat.



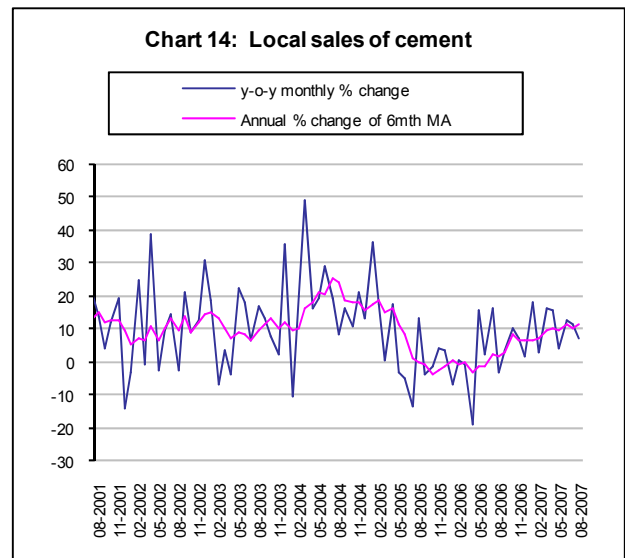
Source: Reuters.



Source: Cystat.



Source: Cystat.



Source: Cystat.

Table 30**Balance of payments***(CYP million)*

CATEGORIES	2006 (Annual) (Prov.)			2006 (Q1) (Prov.)			2006 (Q2) (Prov.)			2007 (Q1) (Prov.)			2007 (Q2) (Prov.)		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
CURRENT ACCOUNT	5.353,7	5.850,1	-496,4	1.091,4	1.254,9	-163,5	1.358,5	1.343,5	15,0	1.160,4	1.427,9	-267,5	1.501,3	1.565,7	-64,4
Goods, services and income	4.969,4	5.562,8	-593,4	986,4	1.182,8	-196,4	1.259,6	1.275,8	-16,2	1.056,9	1.360,1	-303,2	1.404,5	1.495,4	-90,9
Goods and services	3.977,5	4.319,9	-342,4	804,0	1.026,7	-222,7	1.056,0	1.073,8	-17,8	820,8	1.093,4	-272,6	1.063,0	1.173,7	-110,7
Goods	650,8	2.952,0	-2.301,2	182,8	705,9	-523,1	161,1	765,0	-603,9	160,5	732,6	-572,1	173,5	859,1	-685,6
Services	3.326,6	1.367,9	1.958,8	621,2	320,8	300,4	894,9	308,8	586,1	660,3	360,8	299,5	889,5	314,6	574,9
Transport	774,3	502,4	271,9	190,0	145,0	45,0	227,7	121,7	106,0	197,4	148,5	48,9	210,0	105,3	104,8
Travel	1.101,5	449,5	651,9	101,5	97,3	4,3	321,0	98,8	222,2	101,5	106,2	-4,8	326,7	115,7	211,0
Communications services	42,9	58,6	-15,7	9,9	11,9	-2,0	7,4	18,0	-10,6	19,1	22,2	-3,1	7,1	8,1	-1,0
Construction services	93,8	10,8	83,0	17,5	2,5	15,0	24,5	2,6	21,9	24,7	4,9	19,8	22,5	3,1	19,4
Insurance services	53,2	35,4	17,8	15,4	11,2	4,2	14,1	7,0	7,0	9,5	8,5	1,0	10,3	5,0	5,4
Financial services	147,2	60,9	86,2	31,7	6,2	25,4	30,6	16,1	14,5	44,9	7,5	37,4	44,0	18,3	25,6
Computer and information services	94,4	15,9	78,5	24,2	4,5	19,8	23,8	3,2	20,6	24,1	5,1	19,1	22,5	2,3	20,2
Royalties and licence fees	7,5	27,8	-20,2	3,1	3,0	0,1	0,2	1,7	-1,5	2,6	1,9	0,8	0,5	1,2	-0,8
Other business services	806,7	135,1	671,6	177,4	22,9	154,4	198,5	26,6	171,9	178,2	41,8	136,5	189,7	29,3	160,4
Personal, cultural and recreational services	24,6	30,2	-5,6	6,5	6,9	-0,4	4,2	6,6	-2,4	8,1	7,3	0,8	8,4	14,5	-6,1
Government services, n.i.e.	180,6	41,3	139,3	44,0	9,5	34,4	42,9	6,6	36,2	50,1	7,0	43,1	47,8	11,8	36,0
Income	992,0	1.242,9	-250,9	182,4	156,1	26,3	203,6	202,0	1,6	236,1	266,7	-30,6	341,6	321,7	19,9
Compensation of employees	16,1	86,0	-69,9	4,3	24,5	-20,1	3,9	15,7	-11,8	3,9	26,0	-22,1	4,1	18,0	-13,9
Investment income	975,8	1.156,9	-181,0	178,0	131,6	46,4	199,7	186,3	13,4	232,2	240,7	-8,5	337,5	303,7	33,8
Current transfers	384,3	287,3	96,9	105,0	72,1	33,0	98,9	67,6	31,2	103,6	67,8	35,8	96,7	70,3	26,5
General government	143,9	95,4	48,5	38,7	32,4	6,2	33,5	20,4	13,1	34,1	19,7	14,4	33,9	16,7	17,2
Other sectors	240,4	191,9	48,5	66,4	39,7	26,7	65,4	47,3	18,1	69,5	48,1	21,4	62,9	53,6	9,3
Capital and financial account			580,6			183,0			59,0			203,2			96,2
Capital account	45,4	30,3	15,1	7,7	11,2	-3,5	15,7	6,4	9,4	1,8	5,9	-4,1	5,9	8,5	-2,6
Financial account			565,5			186,5			49,7			207,2			98,8
Direct investment			297,7			-16,9			67,9			76,2			74,1
Abroad			-392,5			-61,4			-31,2			-87,1			-70,4
In Cyprus			690,2			44,4			99,0			163,3			144,6
Portfolio investment			-345,2			-90,5			160,8			-201,0			409,7
Assets			-2.205,0			-386,0			-338,7			-737,6			-248,2
Liabilities			1.859,8			295,5			499,5			536,6			657,9
Financial derivatives			8,3			1,6			1,5			2,8			-0,9
Other investment			1.065,2			224,3			10,1			-196,4			-105,4
Assets			-2.337,9			-285,4			-548,9			-639,7			-2.241,5
Liabilities			3.403,1			509,7			559,0			443,3			2.136,1
Reserve assets			-460,5			68,0			-190,6			525,6			-278,7
NET ERRORS AND OMISSIONS			-84,2			-19,5			-74,0			64,3			-31,8

Sources: Central Bank of Cyprus and Cystat.

Table 31
Government tax receipts

TAXES	Jan-August 2007 CYP	Jan-August 2006 CYP	Change CYP	Change (%)
INCOME TAX:				
Employees	160.117.103	138.338.731	21.778.372	16
Self-employed	19.889.321	15.491.916	4.397.405	28
Legal persons/companies	205.809.963	141.255.589	64.554.374	46
IMMOVABLE PROPERTY TAX	2.945.026	2.517.225	427.801	17
CAPITAL GAINS TAX	176.372.450	64.738.929	111.633.521	172
SPECIAL CONTRIBUTION TO DEFENCE FUND	130.519.800	101.454.938	29.064.862	29
STAMP DUTY	28.193.213	18.377.842	9.815.371	53
PENALTIES	17.627.869	15.803.589	1.824.280	12
OTHER TAXES	3.952.948	2.148.925	1.804.023	84
TOTAL RECEIPTS	745.427.693	500.127.684	245.300.009	49

Source: Inland Revenue Department.