



CENTRAL BANK OF CYPRUS

ECONOMIC RESEARCH AND STATISTICS DIVISION

ECONOMIC RESEARCH DEPARTMENT

Concise
Monetary Policy Report

September 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
CSE	Cyprus Stock Exchange
Cystat	Statistical Service of the Republic of Cyprus
ECB	European Central Bank
IRD	Inland Revenue Department

INTRODUCTION

The **international economy** continues to grow, though rises in oil and food prices are fuelling inflation risks. The turmoil experienced in the international money markets, triggered by the crisis in the US subprime loans market resulted in large share losses both in the US and in other countries. As a result of the increased uncertainty surrounding liquidity issues, on 17 August 2007 the Federal Reserve reduced its discount rate from 6,25% to 5,75%. However, current market interest rates remain unaffected, since the federal funds rate, which is the rate used for the pricing of loans and deposits, remains unaltered. In addition, as a result of the aforementioned developments, the probability of further rises in interest rates by the ECB in September has been reduced. In fact, the ECB intervened so as to inject liquidity in the financial system and to reverse uncertainty. The ECB's example was also followed by the Bank of England which, despite its initial reservations, intervened on 21 August 2007 for the first time in the interbank market and boosted liquidity.

As regards **domestic developments**, the annual rates of growth in credit and money supply (M2) continued to rise at a rapid rate. In particular, the annual rate of growth in credit to the private sector by domestic banks was 23,8% in July compared with 22,6% in June 2007, while in July 2006 it had reached 13,7%. It should be noted that the strong credit expansion in July 2007 is partly the result of intense competition among domestic banks to increase their profitability and market share.

As a result of the above, **M2** grew by 19,6% in July compared with 18,9% in June, while in the same month of the previous year it had reached 13,5%.

Inflation rose to 2,43% in July 2007 compared with 1,86% in June. This development mainly reflects the significant acceleration in the prices of domestic agricultural products and, to a lesser extent, the acceleration in the prices of services. The prices of motor vehicles were reduced due to excise tax reductions in November 2006. At the same time, the prices of electricity and petroleum products fell and decelerated, respectively. For the first seven months of the current year, inflation rose to 1,8% compared with 2,9% in the corresponding period of 2006. The harmonised index of consumer prices rose to 2,3% in July of 2007, while for the first seven months of the year the index rose to 1,7%.

As far as external transactions are concerned, the trade deficit reached £1.383,7 million in the first half of 2007 compared with £1.270,4 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 seven months of 2007 was down by 1,7%, compared with the 1,3% decrease in the corresponding period of 2006. It should be noted that the last data for July 2007 show an increase of 3,2% compared to July 2006. Revenue from tourism recorded an increase of 1,8% in the first five months of 2007, compared with an increase of 4% in the corresponding period of 2006.

Private consumption remains robust with the turnover volume index of retail trade rising by 10,3% in June 2007 compared with 9,3% in the corresponding month of 2005. For the first six months of the year this index rose by 6,9% compared with 5,8% the corresponding period of 2006.

Unemployment as a percentage of the economically active population reached 3,2% in July 2007, compared with 3,4% in the same month of 2006. For the period January – July 2007, unemployment reached 3,3% compared with 3,5% in the corresponding period of 2006.

In the **secondary sectors of the economy** in the first five 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 four months and seven months of 2007, respectively.

The officially published figures on **public finances** cover only the first quarter of 2007. The Inland Revenue Department (IRD) has recently published government revenue figures covering the period January-June 2007. These figures indicate a continuation of the significant increase in revenues in the majority of tax categories, especially capital gains tax receipts. The total receipts of the IRD for the first six months of 2007 reached £457,6 million compared to £304,9 million for the corresponding period of 2006, thus registering a 50% increase.

INTERNATIONAL DEVELOPMENTS

As can be seen from **Tables 1 and 2**, (pp. 11 and 12), economic growth is expected to continue, with food and oil prices remaining at high levels and fuelling inflationary pressures internationally.

Euro area

Economic growth in the **euro area** is expected to be around 2,5% in 2007, while a mild slowdown is anticipated for 2008. Inflation in the euro area was 1,8% in July, compared with 1,9% in June 2007 and 2,4% in July 2006. The continuous rise in oil

prices, however, continues to fuel inflationary pressures. The ECB maintained its official interest rates unchanged on 2 August 2007, as anticipated by the markets. In another development, the ECB, responding to the crisis caused by subprime loans in the US, intervened in the markets so as to boost liquidity in the financial system and to reverse uncertainty and nervousness dominating the credit markets. More specifically, by 16 August 2007 the ECB had injected €211,2 billion into the system. As a result of the aforementioned developments, the probability of a further rise in interest rates in September is reduced.

UK

GDP is expected to grow at around 3% in 2007, mainly due to the improvement in the production and construction sectors, which outweighed the slowdown in total services. GDP is, however, expected to slowdown during 2008 compared with 2007, due to the uncertainty in consumer expenditure. Inflation was 1,9% in July 2007 compared with 2,4% in June and 2,5% in May. As a result of this fall, expectations for an interest rate rise above 5,75% have faded. There was a marginal fall in unemployment from 5,5% in the first quarter to 5,4% in the second quarter. House prices increased by 0,8% in July, with the annual growth reaching 11,2% due to increased demand. However, the tightness in international credit markets has begun to affect the UK as well. In particular, borrowing has become more difficult both as a result of a rise in interbank interest rates and as a result of the unwillingness of the Bank of England until recently to increase liquidity. On 21 August 2007, however, the Bank of England intervened for the first time in the interbank market and boosted liquidity. Markets anticipate that the Bank of England's basic interest rate will remain unchanged in the following months. Nevertheless,

it must be noted that the high interest rates, the large increase in house prices and the unfavourable economic developments internationally have significantly decreased the demand for housing loans. In fact, analysts anticipate a substantial decrease in the demand for new houses.

USA

GDP is expected to grow at a slower rate of around 2% in 2007 compared with 2,9% in 2006. Private consumption continues to be negatively affected by the crisis in the housing sector and the market for subprime loans. Unemployment reached 4,6% in July 2007, compared with 4,8% in the same month of the previous year. Inflation reached 2,4% in July, compared with 3,3% in the corresponding month of the previous year, with inflationary pressures persisting partly due to the increase in import prices and the slowdown in productivity. As a result, interest rates were predicted to remain at the same levels until the end of the current year. However, the financial turmoil led to substantial reductions in share prices, thus leading the Fed to reduce its discount rate on 17 August 2007, from 6,25% to 5,75%. This increase followed the Fed's liquidity injections in the market, which aimed at boosting confidence in the international financial markets. It is stressed, however, that current market interest rates remain unaffected, since the federal funds rate, which is the rate used for the pricing of loans and deposits, remains unaltered.

Japan

GDP increased by 2,3% in the second quarter of 2007, compared with 2,6% in the first quarter, partly due to the slowdown in consumption and exports. Unemployment was 3,7% in June 2007 compared with 3,8% in May. The consumer price

index remained at the same levels in June 2007 as in the previous months, recording a 0,2% fall. Similar predictions are also made for the short run. Markets anticipated a gradual increase in interest rates by the Bank of Japan in an effort to stabilise wholesale prices, which accelerated in July, partly due to increases in oil prices. However, the recent turmoil in the money markets has diminished market expectations of an increase in Japan's interest rates in the short run, thus leading investors to increase their positions in the carry trade.

China

GDP accelerated to 11,9% in the second quarter of 2007 compared with 11,1% in the first quarter, with predictions of around 10% for both 2007 and 2008. Exports of goods and investment expenditures continue to be the main pillars of economic development in China. In addition, inflation was 5,6% in July 2007 and is expected to reach 3,3% for the whole of the current year. It is, therefore, anticipated to be higher than the desired 3% level, mainly due to the increase in food and oil prices.

Stock exchange developments

Chart 1 (p. 11) presents the Eurostoxx 50, S&P 500 and Nikkei 225 **share indices** for the period May to July 2007. Following the steady paths of the three indices in May, there was a decrease in the two subsequent months, which was especially acute in July 2007. More specifically, during the period May – July 2007, the Eurostoxx 50, S&P 500 and Nikkei 225 share indices declined by 2,03%, 2,72% and 0,84%, respectively. The recent fluctuations in share prices are regarded by some analysts as self-correcting moves aimed at providing an efficient pricing of risk by the market.

Oil

In relation to the international market for oil, the average daily price of **Brent crude** reached \$77,66 per barrel in July 2007, compared with \$67,14 and \$71,58 per barrel in May and June 2007, respectively. Oil prices registered a rise due to, among other things, increased international demand, limited supplies by OPEC and geopolitical uncertainty.

EXCHANGE RATES

Euro

The crisis in the US subprime market, which led to the ECB to inject money into the banking system, negatively affected the euro vis the dollar and the yen. Furthermore, as a result of the crisis, market expectations for a 25 basis point rise in interest rates by the ECB in September, have now diminished.

US dollar

The dollar was initially negatively affected by Standard and Poor's statement on 10 July that it would examine the possibility of downgrading 612 mortgage titles which are supported by subprime loans. The crisis in the market for subprime loans affected the euro more than the dollar which resulted in the dollar strengthening against the euro at the end of the period under review.

The dollar reached \$1,358 per euro on 14 August 2007, similar to the level recorded on 2 July 2007 (**Chart 3**, p. 15). During the period under review, and more specifically on 19 July 2007, the dollar reached a record high relative to the euro at \$1,382.

Sterling

Sterling reached ST£0,6787 per euro on 14 August 2007 without large fluctuations, in spite of the increase in interest rates by 25 basis points to 5,75% on 5 July 2007.

Japanese yen

The yen strengthened against the euro, reaching ¥160,72 yen per euro on 14 August 2007 compared with ¥166,51 yen per euro on 2 July 2007. The yen benefited from the recent turmoil in the financial markets, which decreased the carry trade positions of investors.

Cyprus pound

In July and the first half of August, the Cyprus pound weakened against the euro reaching £0,5842 per euro (**Chart 4**, p.12). Reflecting the fluctuations of foreign currencies during the period under review, the Cyprus pound recorded a marginal weakening relative to the dollar reaching \$2,325 on 14 August 2007 compared with \$2,327 on 2 July 2007. During the period under review there was a gradual strengthening against sterling, reaching ST£1,162 on 14 August 2007 compared with ST£1,157 on 2 July 2007. Finally, the Cyprus pound weakened against the yen reaching ¥275,10 on 14 August 2007, compared with ¥285,22 on 2 July 2007 (**Chart 4**, p.16).

The CBC's foreign currency transactions on the basis of their transaction date are illustrated in **Table 3** (p.17). More specifically, net inflows of £198,8 million were recorded in the period under review, compared with net inflows of £54,58 million in the corresponding period of 2006. From the beginning of the year up to 14 August 2007, net inflows of £142,36 million were recorded

compared with net inflows of £371,86 during the corresponding period of 2006.

MONETARY DEVELOPMENTS

The annual growth rate of **total money supply** (M2) was 19,6% in July, compared with 13,5% in the same month of the previous year (**Table 4**, p. 17). The acceleration in M2 growth is mainly attributed to an increase in credit to the private sector. According to provisional data, the annual rate of growth of the money supply M2C¹, which also includes the CCIs, was 18,1% in July 2007, compared with 17,4% in the previous month and 12,1% in July 2006.

The annual rate of growth in **credit to the private sector** was 23,8% in July 2007, compared with 22,6% in the previous month, while in July 2006 it had reached 13,7%. Some municipalities repaid loans held with the CCIs and other organisations not included in the monetary aggregates, with new loans from domestic banks.² Taking this into consideration, the growth rate in loans reached 22,7% in July and 21,4% in June 2007.

Following the rapid increase in credit, especially in the construction sector, the CBC reduced the maximum percentage of financing allowed for the purchase or construction of property, from 70% to 60% of the value of the property funded. The maximum funding allowed for the purchase/construction of a primary residence remains at 80%. Furthermore, in order to absorb

excess bank liquidity, the CBC announced deposits of 167 days duration with a fixed interest rate.

With regards to sectoral developments, net **credit to the construction sector** increased at an annual rate of 37,8% in July 2007, while the **personal and professional loans** sector rose by 33,7% during the same period (**Table 6**, p. 18). As for the other sectors, in July 2007 there was an increase in **credit to the tourist and trade** sectors of 9,5% and 4,2%, respectively. Regarding the borrowing of residents in foreign currency, there was an increase of £663,7 million in the 12 month period to July 2007, compared with £656,2 million in the 12 month period to June 2007 (**Table 8**, p. 19). The share of net new loans in foreign currency to total credit was 27,2% in the 12 month period to July 2007 and 54,1% during the 12 month period to July 2006. The share of these new loans to total credit was 18,5% in July 2007, compared with 16,5% in July 2006.

At the end of July 2007, loans in euro as a percentage of total foreign currency loans reached 54,5%, loans in Swiss francs accounted for 37,4% and loans in dollars accounted for 3,2%, compared with 59,8%, 31,4% and 6,2%, respectively, at the end of July 2006. The increasing share of loans in Swiss francs is partly attributed to the low interest rates in this currency, as opposed to the steady and continuous rise of euro interest rates in the last two years.

Domestic currency deposits held by residents grew by 11,4% in July 2007, while in the same month of the preceding year they had grown by 12,5%. 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 86,7% in July 2007, compared with 24,9% in the same month of 2006. This

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.*

2. *With the forthcoming introduction of the new monthly balance sheet for the Monetary Financial Institutions, all the relevant data, including those of the CCIs, will be unified.*

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 all transactions on the Cyprus Stock Exchange are undertaken in euros.

During July 2007 there was an increase in excess liquidity in the **money market**, mainly due to a rise in net foreign assets and a decrease in government deposits with the CBC. At the auction held on 30 August 2007 for the acceptance of deposits of 14-day duration, the CBC absorbed the total amount tendered, i.e. £140,2 million, at a weighted average allotment rate of 4,50%. The minimum and maximum allotment rates were 4,43% and 4,50%, respectively. In addition, during the deposit trading on 19 July 2007, the CBC absorbed £206 million at an average allotment rate of 4,60%.

The average overnight **interbank rate** (Table 14, p. 23), was 4,26% in July 2007 compared with 3,86% in May and 4,06% in June 2007.

CYPRUS STOCK EXCHANGE

During the period June – July 2007, the main and parallel market index of the **Cyprus Stock Exchange** (CSE) (Chart 7, p. 29) registered an increase. The banking sector held a dominant position in investors' interest, while a decrease was experienced in the rest of the sectors. More specifically, analysts' predictions for the banking sector's financial stability were positive, thus leading to high target prices. As a result, there was an increase in the share prices of banks, with a very large volume of trading.

In July 2007 the aforementioned index fluctuated between 4.831,11 and 5.147,72. Both the average daily volume and the average daily value of

transactions rose compared with June 2007. However, by the middle of August the CSE experienced a fall, as a result of the negative international developments. More specifically, from 19 July 2007 until 16 August 2007, share capitalisation was reduced from €27,8 billion to €25 billion. The main index dropped from 5.147,72 on 19 July 2007 to 4.619,10 on 16 August 2007, which amounted to a fall of 10,3%.

DOMESTIC DEVELOPMENTS

Inflation rose to 2,43% in July 2007 compared with 1,86% in June. This development reflects, mainly, the significant acceleration in the prices of domestic agricultural products and, to a lesser extent, the acceleration in the prices of services. The prices of motor vehicles fell due to excise tax reductions in November 2006. At the same time, the prices of electricity and petroleum products fell and decelerated, respectively. For the first seven months of the current year, inflation rose to 1,8% compared with 2,9% in the corresponding period of 2006. The harmonised index of consumer prices rose to 2,3% in July of 2007 while for the first seven months of the year, the index rose to 1,7%.

Table 27 (p.36) presents a concise picture of the trade deficit for the first six months of 2007, as published by Cystat. The value of imports recorded a 6,4% increase compared with an increase of 17,7% in the corresponding period of 2006. As far as the total value of exports is concerned, a 2,7% fall was recorded in the first half of 2007 compared with a 7,5% increase in the corresponding period of 2006, mainly due to the reduction recorded in re-exports.

As a result of the above, the trade deficit deteriorated in the first half of 2007 reaching £1.383,7 million, compared with a deficit of

£1.270,4 million in the corresponding period of 2006.

The number of tourist arrivals fell by 1,7% in the first half of 2007 compared with a 1,3% decrease in the corresponding period of 2006. It should be noted that the last data for July 2007 show an increase of 3,2% year-on-year.

Revenue from tourism increased by 1,8% during the first five months of 2007 compared with an increase of 4% in the corresponding period of 2006. It should be noted that the data for revenue from tourism do not include revenue from tourists owing holiday homes in Cyprus.

As far as **private consumption** is concerned, the turnover volume index of retail sales was, according to preliminary Cystat figures, 10,3% a lot higher in June 2007 compared with June 2006. For the first six months of 2007, the index rose by 6,9% compared with an increase of 5,8% in the corresponding period of 2006. Note that as the sales of cars are not included in this index, and given that these sales rose by 35,7% in the first seven months of 2007, it means that 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 5,7% in the first seven months of 2007 compared with a fall of 3% in the same period of 2006. Unemployment as a percentage of the economically active population fluctuated at around 3,3%, compared with 3,5% in the first seven months of 2006.

In the **secondary sectors** of the economy, in the first five months of 2007, manufacturing rose by 5% while construction was buoyant. More specifically, the sales of cement rose by 11,3% in

the first seven months of 2007, compared with an increase of 0,9% in the corresponding period of 2006, while building permits rose by 13,1% in the first four months of 2007 compared with a fall of 0,7% in the first four months of the previous year.

The officially published figures on **public finances**, covering the consolidated accounts of central government, social security funds and general government, still only cover the first quarter of 2007. The Inland Revenue Department (IRD), however, has recently published government revenue figures covering the period January-June 2007. These figures indicate a continuation of the significant increases in revenues in the majority of tax revenue categories, and especially in capital gains receipts. The total receipts of the IRD for the first six months of 2007 reached £457,6 million compared with £304,9 million for the corresponding period of 2006, thus registering a significant increase of 50%.

More analytically, during the first six months of 2007 the receipts from capital gains taxation increased by 174%, reaching £126,4 million compared with the corresponding period of last year where receipts were £46,2 million. This is the result of the boom in the construction and immovable property sector. Simultaneously, the half-yearly receipts from corporate taxation registered an increase of 59% compared with the corresponding six month period of 2006. This is largely due to the increased profitability of companies, especially those which were formerly classified as international business companies.

Significant increases in general government expenditure have already been registered during the first quarter of 2007. Additionally, the government has announced a package of social measures, which will come into effect in 2007 and

2008, if approved by Parliament. The social package is €111,4 million or 1,2% of GDP, and it consists largely of measures which will exert permanent upward pressure on the fiscal deficit.

It is expected that the projected 1,5% fiscal deficit target will be met in 2007 due to unexpectedly high revenues. Despite the favourable performance of government revenues, which appear to be being utilised to finance increased expenditures, there is no room for slackening in the fiscal consolidation efforts since the permanent nature of the social measures announced by the government will most likely affect negatively the medium and long-term viability of the fiscal balances of Cyprus.

It should be stressed that the position of the CBC, the ECB and the European Commission has consistently been that, unanticipated increases in government revenues, like those in 2007, should be used to further consolidate the fiscal position rather than finance additional expenditures. The importance of this is further underlined by the fact that it is vital for Cyprus to ensure the long-term sustainability in public finances given the expected significant fiscal costs of an ageing population.

PROSPECTS FOR 2007

Real GDP growth is expected to rise marginally compared with 2006. **Private consumption** is expected to fluctuate at about the same level as in 2006.

Although 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. Note that the deceleration of the real GDP growth rate in the second quarter of 2007 reflects the developments in the sectors of transport, hotels and construction.

The above developments, along with a possible deceleration in the increase of foreign workers, will most likely decrease the unemployment rate.

It is expected that the projected fiscal deficit target of 1,5% will be met in 2007 due to unexpectedly high revenues. Despite the favourable performance of government revenues, which are being utilised to finance increased expenditure, there is no room for slackening in the fiscal consolidation efforts.

Inflation in 2007 is expected to decelerate due to the reduction in excise taxes on cars in November 2006 and the expected deceleration in oil price increases compared to last year's high prices. If oil prices don't rise to much higher levels compared with last year's high levels, this will positively affect the current account. It should be noted that oil prices, although lower in the first five months of 2007 compared with the corresponding months in 2006, have been demonstrating an increasing trend since February 2007, and as a result the positive effect in the current account might be limited or even reversed.

Finally, the **high growth rate of monetary aggregates** is still a matter of concern.

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⁾		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
World				2,7 (2,9)	2,3 (2,4)	2,1 (2,3)	5,4 (5,1)	4,9	4,9	5,2 (5,1)	4,8 (4,6)	4,8 (4,7)
Euro area	2,7	2,7 (2,6)	2,3 (2,2)	2,9 (2,8)	2,6 (2,7)	2,0	2,6 (2,4)	2,3 (2,0)	2,3	2,7 (2,6)	2,6 (2,1)	2,5 (2,2)
USA	3,4	2,0 (2,0)	2,6 (2,7)	2,9 (3,3)	1,9 (2,2)	2,1 (2,5)	3,3 (3,4)	2,2 (2,9)	2,8	3,3 (3,4)	2,2 (2,3)	2,7 (2,8)
Japan	2,1	2,6 (2,3)	2,3	2,2	2,4	2,1 (2,3)	2,2 (2,7)	2,3 (2,1)	1,9	2,2 (2,7)	2,3	2,1
UK	2,7	2,8 (2,7)	2,3 (2,5)	2,8	3,0 (2,8)	2,3 (2,5)	2,7	2,9 (2,7)	2,7	2,8 (2,7)	2,8 (2,6)	2,5 (2,4)
China				11,1 (10,7)	10,8 (10,2)	9,5 (9,8)	10,7 (10,0)	10,0	9,5	10,7 (10,4)	10,5 (9,8)	10,4 (9,7)

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

(2) The Economist, 9 August 2007.

(3) Lehman Brothers Global Weekly Economic Monitor, 31 August 2007.

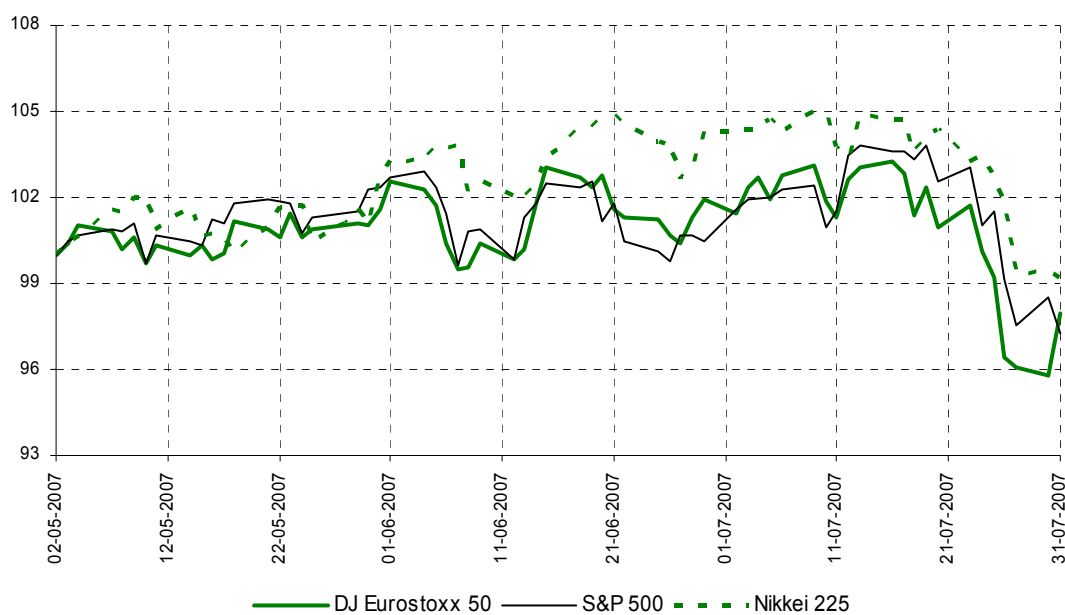
(4) International Monetary Fund, World Economic Outlook, April 2007.

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

Chart 1

Selected international stock market indices

(2 May 2007 = 100, daily data)



Source: Bloomberg.

Table 2

Main economic indicators

(percentage change year-on-year)

	GDP				Industrial production June (annual)	Retail sales June (annual)	Unemployment June (annual)	Inflation ⁽²⁾ July (annual)
	2007 (Q1)		2007 (Q2)					
	(quarterly) ⁽¹⁾	(annual)	(quarterly) ⁽¹⁾	(annual)				
UK	2,9	2,9	3,3	3,0	0,8	4,4 ⁽³⁾	5,4 ⁽⁴⁾	1,9
Japan	3,3	2,6	0,5	2,3	1,1	-0,5	3,7	-0,2 ⁽⁵⁾
USA	0,6	1,9	3,4	1,8	1,4 ⁽³⁾	3,7	4,6 ⁽³⁾	2,4
Euro area	2,4	3,0	1,2	2,5	2,3	0,9	6,9	1,8
China	μ/δ	11,1	μ/δ	11,9	18,0 ⁽³⁾	15,3 ⁽⁶⁾	9,5 ⁽⁷⁾	5,6

Source: *The Economist*, 30 August 2007.

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

(2) Based on the consumer price index.

(3) July 2007

(4) April - June 2007.

(5) June 2007.

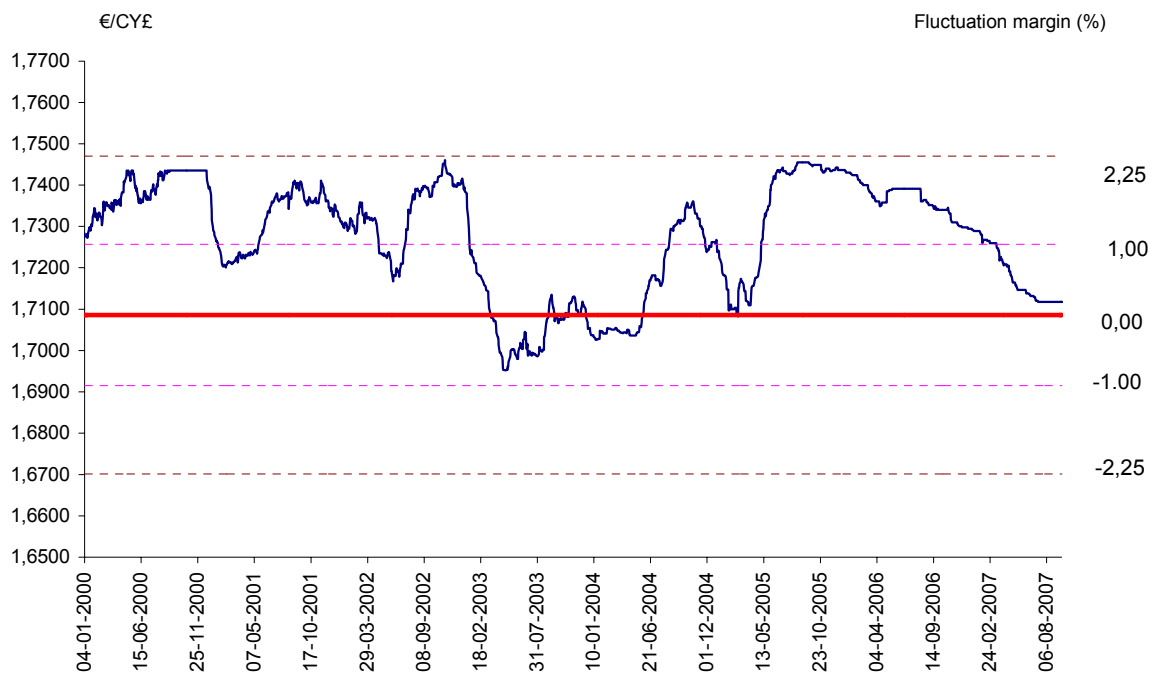
(6) March 2007.

(7) December 2006.

Chart 2

Exchange rate of the euro against the Cyprus pound

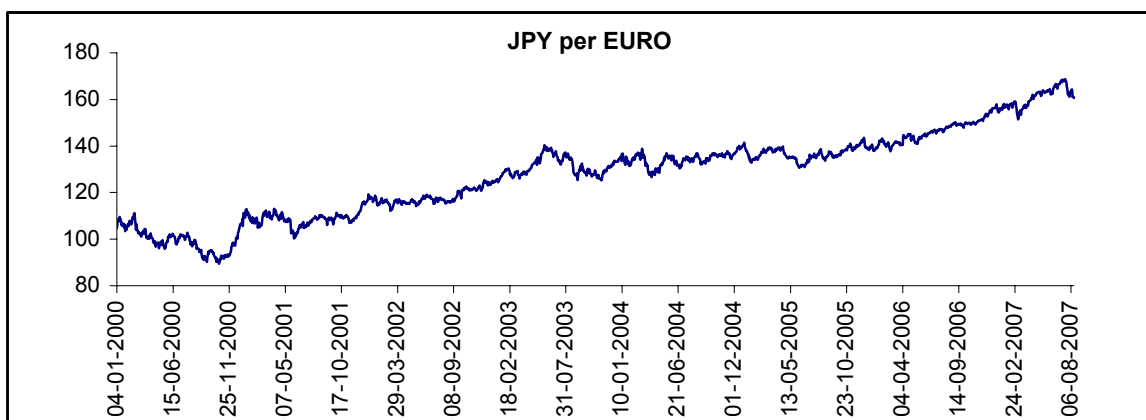
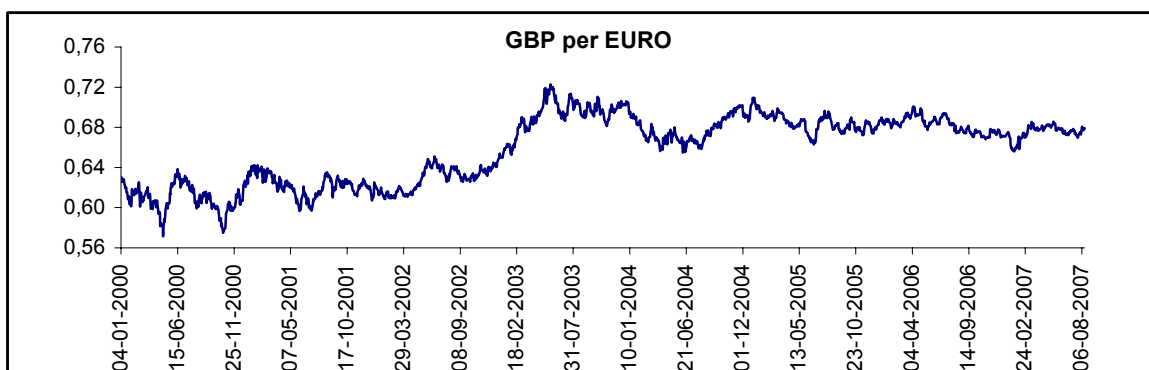
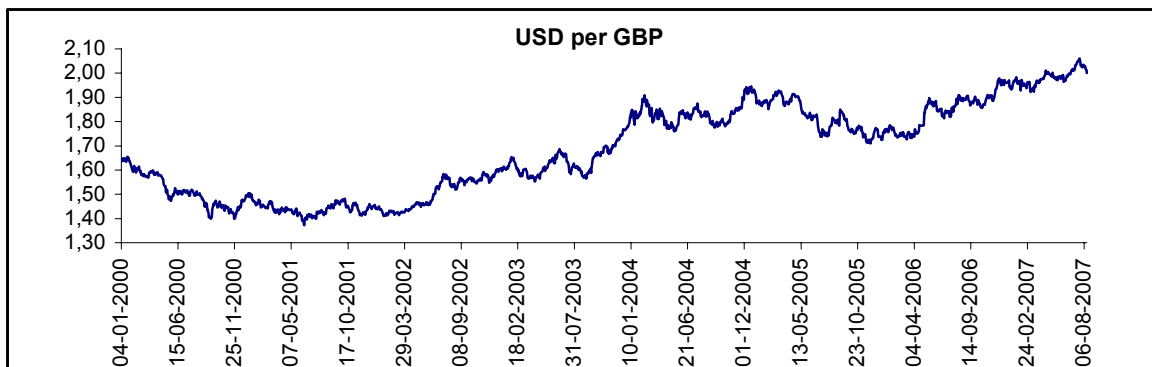
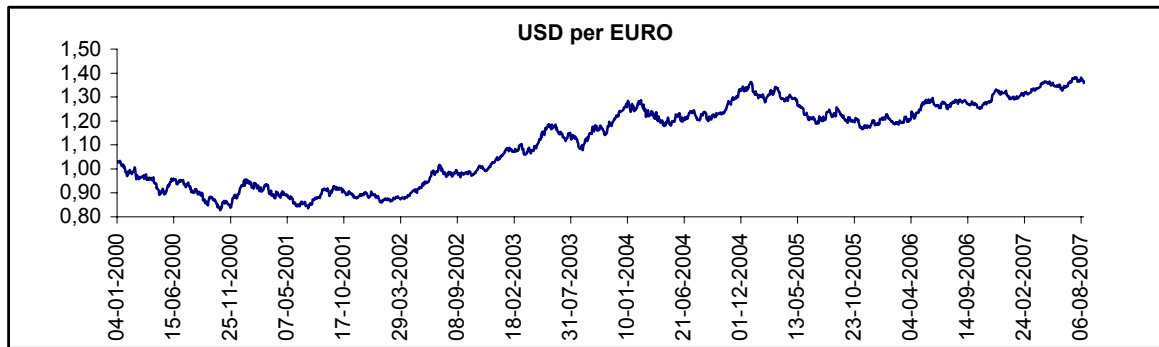
(middle rate fixing)



Source: Central Bank of Cyprus.

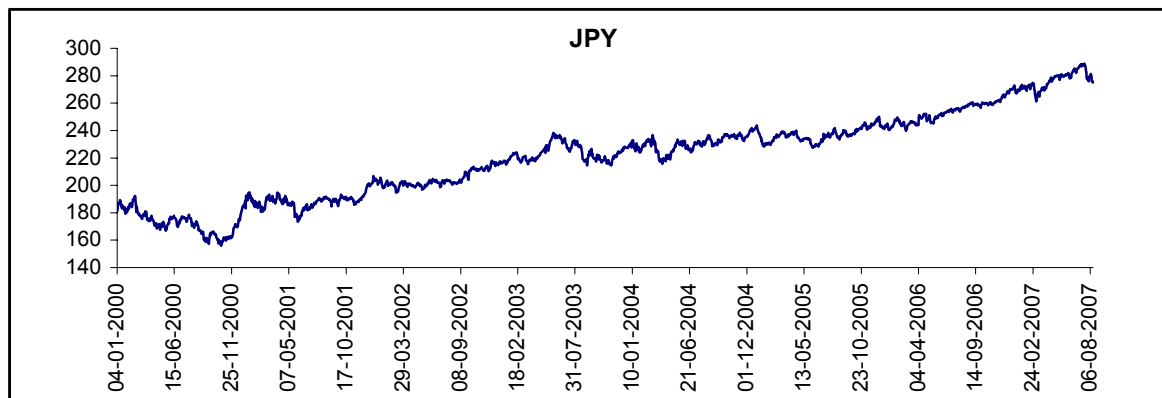
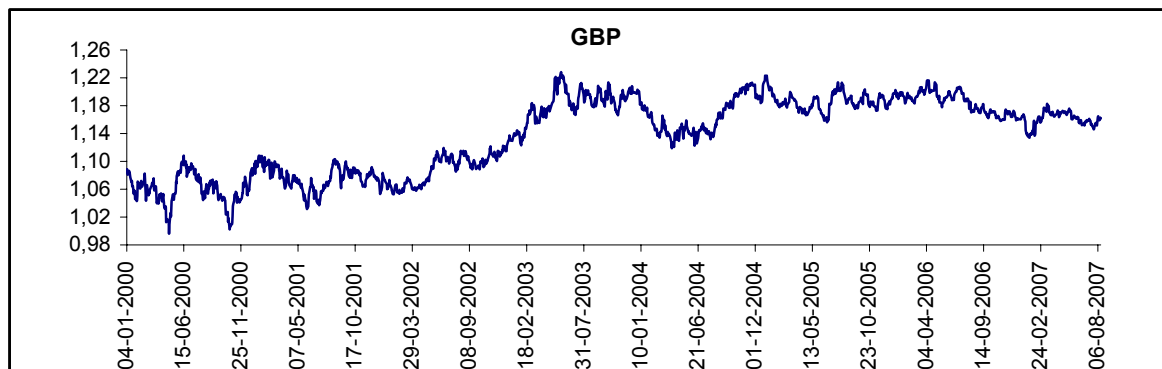
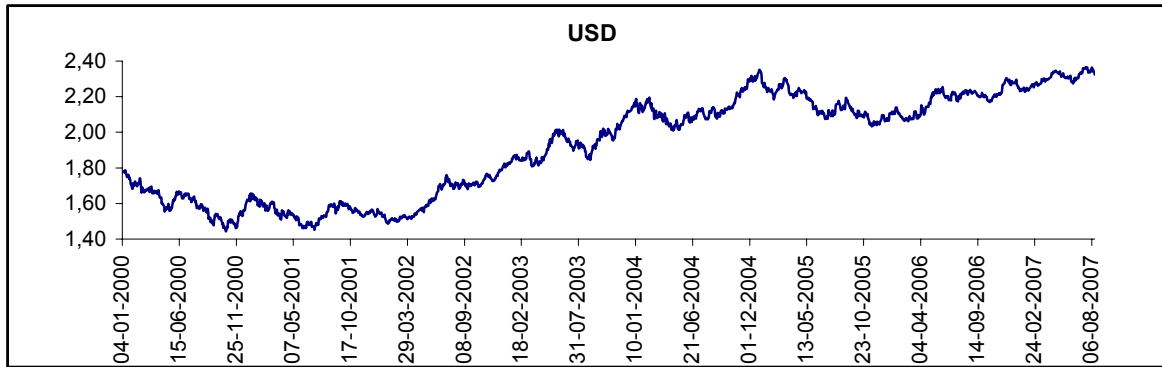
Note: The official fluctuation margins of the Cyprus pound against the euro are set equal to ±15%.

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	2,3458	1,1593	142,50	0,00	0,00	83,25

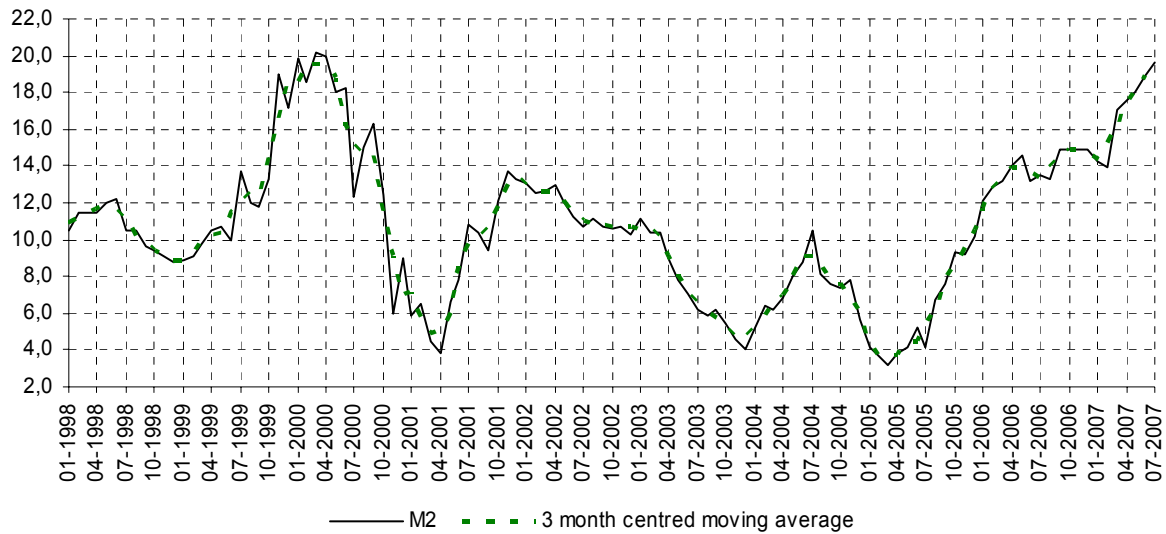
*Figure until 14 August 2007.

Source: Central Bank of Cyprus.

Chart 5

M2 growth

(annual percentage change, monthly data)

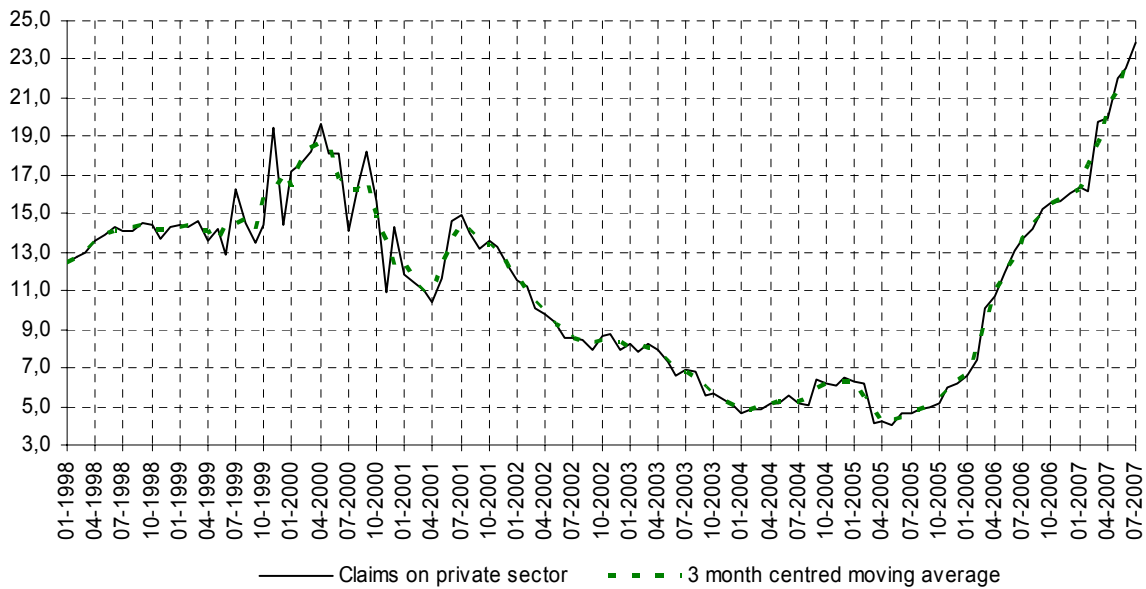


Source: Central Bank of Cyprus.

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 Jun.	2006 Jul.	2007 Jun.	2007 Jul.
Money supply (M1)	19,7	24,2	22,7	24,8	26,0
Currency in circulation	4,9	9,9	7,6	7,3	6,6
Demand deposits	14,8	31,2	30,3	32,1	34,0
Quasi-money	80,3	10,9	11,5	17,6	18,2
Total money supply (M2)	100,0	13,2	13,5	18,9	19,6
Claims on private sector ⁽²⁾		13,1	13,7	22,6	23,8
of which in foreign currency		61,8	65,2	39,9	39,4
Claims on public sector		28,9	24,7	-7,1	-6,7

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 June and July 2007 is 21,4% and 22,7%, respectively.

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

	2006 Jun.	2006 Jul.	2007 Jun.	2007 Jul.
Money supply (M1)	1.950.989	1.987.861	2.434.621	2.504.446
Currency in circulation	573.133	581.574	615.014	619.977
Demand deposits	1.235.829	1.285.600	1.480.635	1.552.618
Deposits in foreign currency	142.027	120.687	338.972	331.851
Quasi-money	8.563.268	8.655.223	10.066.613	10.226.749
Saving deposits	394.341	395.902	464.731	467.210
Time deposits	7.173.206	7.215.552	7.856.756	7.917.857
Deposits in foreign currency	995.721	1.043.769	1.745.126	1.841.682
Total money supply (M2)	10.514.257	10.643.084	12.501.234	12.731.195
Net foreign assets	1.659.318	1.668.394	2.944.478	3.034.205
Claims on private sector	10.213.533	10.225.840	12.519.151	12.661.510
of which in foreign currency	1.643.578	1.682.720	2.299.824	2.346.423
Claims on public sector	2.407.880	2.457.841	2.235.747	2.292.843
Unclassified items	-3.766.474	-3.708.991	-5.198.142	-5.257.363

Source: Central Bank of Cyprus.

Table 6
Bank credit by sector ⁽¹⁾

	Outstanding amount as a percentage of total ⁽²⁾	Annual percentage change			
		2006 Jun.	2006 Jul.	2007 Jun.	2007 Jul.
Public institutions and corporations ⁽³⁾	3,23	8,1	9,1	35,9	38,5
Agriculture	0,88	-6,4	-8,1	7,2	14,4
Mining	0,20	1,8	1,1	1,4	1,4
Manufacturing	3,87	0,8	1,0	-0,1	-0,4
Transport and communications	1,39	2,0	4,6	82,0	86,6
Foreign and domestic trade	11,61	0,2	-0,4	5,6	4,2
Building and construction	19,70	18,6	19,0	33,4	37,8
Tourism	7,10	6,9	7,0	8,9	9,5
Personal and professional loans	51,99	21,0	22,1	32,3	33,7
Bills discounted: local	0,01	-34,5	-19,9	12,1	-36,2
foreign	0,01	-30,5	-33,1	-23,4	-23,7
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 Jun.	2006 Jul.	2007 Jun.	2007 Jul.
Public institutions and corporations ⁽²⁾	323.136	323.146	439.261	447.556
Agriculture	108.146	105.876	115.959	121.092
Mining	28.493	27.939	28.903	28.333
Manufacturing	545.652	538.154	544.953	535.942
Transport and communications	101.988	103.462	185.593	193.009
Foreign and domestic trade	1.568.280	1.541.857	1.656.613	1.606.251
Building and construction	1.971.849	1.978.184	2.631.103	2.726.164
Tourism	912.602	896.117	993.464	981.665
Personal and professional loans	5.309.010	5.381.273	7.021.974	7.192.676
Bills discounted: local	2.324	2.651	2.606	1.692
foreign	1.885	1.872	1.444	1.428
Total	10.873.365	10.900.531	13.621.873	13.835.808

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 Jul.	2007 Jun.	2007 Jul.
<i>(outstanding amounts at end of period, CYP million)</i>						
Foreign currency loans to residents	909,9	1.205,8	1.896,9	1.682,7	2.299,8	2.346,4
Claims on private sector	8.843,7	9.390,8	10.901,2	10.225,8	12.519,2	12.661,5
Share %	10,3	12,8	17,4	16,5	18,4	18,5
<i>(12 month change, CYP million)</i>						
Foreign currency loans to residents	111,0	295,8	691,2	664,2	656,2	663,7
Claims on private sector	541,7	547,1	1.510,4	1.228,4	2.305,6	2.435,7
Share %	20,5	54,1	45,8	54,1	28,5	27,2

Source: Central Bank of Cyprus.

(1) From domestic banks.

Table 9
Credit card transactions

	2005	2006	July		Jan.-July	
			2006	2007	2006	2007
Foreign cardholder spending in Cyprus						
Value (CYP thousand)	244.609	256.958	28.463	30.945	135.794	143.712
Annual % change	5,1	5,0	10,6	8,7	7,4	5,8
Local cardholder spending in Cyprus						
Value (CYP thousand)	659.486	769.917	72.065	83.509	417.839	503.248
Annual % change	11,4	16,7	17,2	15,9	16,7	20,4
Local cardholder spending abroad						
Value (CYP thousand)	244.131	332.497	24.809	36.511	174.044	240.669
Annual % change	25,2	36,2	26,5	47,2	36,0	38,3

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

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 – July 2007

(latest 12-month average)

	Inflation (HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria	1,70	4,08	2,38
Belgium	1,80	4,09	2,29
Czech Republic	2,00	3,98	1,98
Denmark	1,60	4,08	2,48
Estonia ⁽¹⁾	5,00	4,82	-0,18
Finland	1,30	4,08	2,78
France	1,40	4,08	2,68
Germany	1,70	4,03	2,33
Greece	3,00	4,30	1,30
Hungary	7,50	6,96	-0,54
Ireland	2,70	4,06	1,36
Italy	2,00	4,28	2,28
Latvia	7,50	5,06	-2,44
Lithuania	4,50	4,35	-0,15
Luxembourg	2,10	4,21	2,11
Malta	0,70	4,51	3,81
Netherlands	1,60	4,07	2,47
Poland	1,90	5,34	3,44
Portugal	2,50	4,21	1,71
Slovakia	2,70	4,46	1,76
Slovenia	2,80	4,26	1,46
Spain	2,60	4,08	1,48
Sweden	1,50	3,94	2,44
United Kingdom ⁽¹⁾	2,60	4,79	2,19
Eurozone	1,90	4,11	2,21
EU -25 ⁽²⁾	2,20	4,37	2,17
Cyprus	1,80	4,36	2,56

Sources: Eurostat and European Central Bank.

(1) Data for June 2007.

(2) Data for May 2007.

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

		change
European Central Bank		
<i>(2 August 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>(2 August 2007)</i>		
Rate paid on commercial bank reserves	5,75	-
Federal Reserve		
<i>(17 August 2007)</i>		
Federal funds rate	5,25	-
Discount rate	5,75	-0,50
Central Bank of Cyprus		
<i>(17 July 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 July	2007 May	2007 June	2007 July
Interbank (1 day)	3,92	3,27	2,90	2,79	3,86	4,06	4,26
Acceptance of deposits	3,89	3,28	3,00	2,94	3,47	3,79	4,37
Treasury bills (13 weeks)	4,21	4,26	2,56	2,56	-	-	-
Treasury bills (52 weeks)	4,77	4,29	2,89	2,89	-	-	-
Development stocks (2 years)	5,14	4,74	3,40	3,51	-	-	-
Development stocks (5 years)	5,92	5,68	3,84	-	-	-	-
Development stocks (10 years)	6,07	5,17	4,12	4,28	-	-	-
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

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 June	2,49	2,95	2,97	3,26	-	2,70	2,87	2,99	3,16	3,40
July	2,79	3,08	3,23	3,53	-	2,81	2,94	3,10	3,29	3,54
Aug.	2,86	3,04	3,25	3,67	-	2,97	3,09	3,23	3,41	3,62
Sep.	3,46	3,79	3,73	3,76	-	3,04	3,16	3,34	3,53	3,72
Oct.	3,67	4,16	4,09	4,45	-	3,28	3,35	3,50	3,64	3,80
Nov.	3,58	3,95	4,02	4,24	-	3,33	3,42	3,60	3,73	3,86
Dec.	3,37	4,16	4,02	4,01	-	3,50	3,64	3,68	3,79	3,92
2007 Jan.	3,35	4,11	4,18	3,77	-	3,56	3,62	3,75	3,89	4,06
Feb.	3,10	3,96	4,13	4,00	4,00	3,57	3,65	3,82	3,94	4,09
Mar.	3,18	3,94	4,04	3,99	-	3,69	3,84	3,89	4,00	4,11
Apr.	3,62	3,95	3,95	4,05	4,20	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

Source: 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 July	6,69	6,70	7,47	5,76	12,00	0,42	3,47	3,85
Aug.	6,70	6,69	7,49	5,74	12,00	0,45	3,47	3,82
Sep.	6,69	6,69	7,49	5,74	12,00	0,46	3,47	3,79
Oct.	6,69	6,68	7,29	5,74	12,00	0,47	3,47	3,75
Nov.	6,69	6,68	7,29	5,72	12,00	0,46	3,48	3,72
Dec.	6,69	6,68	7,28	5,71	12,00	0,45	3,47	3,68
2006 Jan.	6,67	6,67	7,28	5,71	12,00	0,46	3,48	3,63
Feb.	6,65	6,65	7,27	5,71	12,00	0,45	3,48	3,59
Mar.	6,64	6,65	7,27	5,69	12,00	0,47	3,48	3,57
Apr.	6,64	6,64	7,28	5,69	12,00	0,48	3,48	3,55
May	6,64	6,63	7,28	5,68	12,00	0,47	3,48	3,52
June	6,65	6,62	7,28	5,68	12,00	0,43	3,48	3,43
July	6,65	6,62	7,28	5,68	12,00	0,46	3,47	3,42
Aug.	6,64	6,62	7,29	5,68	12,00	0,46	3,47	3,42
Sep.	6,88	6,81	7,51	5,84	12,17	0,55	3,64	3,58
Oct.	6,89	6,81	7,50	5,84	12,17	0,51	3,65	3,58
Nov.	6,88	6,81	7,48	5,84	12,17	0,50	3,65	3,58
Dec.	6,88	6,80	7,48	5,84	12,17	0,51	3,65	3,58
2007 Jan.	6,90	6,81	7,63	5,92	12,17	0,54	3,65	3,58
Feb.	6,91	6,81	7,66	5,92	12,17	0,53	3,65	3,57
Mar.	6,89	6,80	7,67	5,92	12,17	0,53	3,65	3,57
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

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 July	0,81	2,43	3,03	2,08	2,58	1,24	2,80	3,61
Aug.	0,85	2,52	3,05	2,23	2,63	1,32	2,93	3,69
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
June	1,08	3,39	3,04	2,42	3,32	1,78	3,87	3,79

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 July	4,68	4,21	4,57	8,15	6,71	5,82	4,81	4,27	4,45
Aug.	4,72	4,23	4,60	8,21	6,72	5,82	4,85	4,33	4,48
Sep.	4,82	4,27	4,62	8,31	6,81	5,87	4,93	4,40	4,53
Oct.	4,90	4,29	4,65	8,36	6,81	5,88	5,07	4,51	4,57
Nov.	4,98	4,33	4,68	8,34	6,81	5,91	5,14	4,59	4,63
Dec.	5,01	4,34	4,70	8,43	6,81	5,93	5,23	4,66	4,68
2007 Jan.	5,05	4,38	4,72	8,55	6,84	5,95	5,30	4,76	4,77
Feb.	5,11	4,46	4,79	8,67	6,95	5,96	5,37	4,83	4,83
Mar.	5,14	4,45	4,79	8,64	6,88	5,95	5,43	4,90	4,84
Apr.	5,14	4,48	4,80	8,69	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	4,99	4,90
June	5,21	4,54	4,86	8,69	6,99	6,04	5,58	5,08	4,93

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	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	4	8	6
Federal Reserve ⁽³⁾	30/31 5,25		20/21 5,25		9 5,25	27/28 5,25		17 5,25	18	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	8	12	10

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

(2) Rate paid on commercial bank reserves.

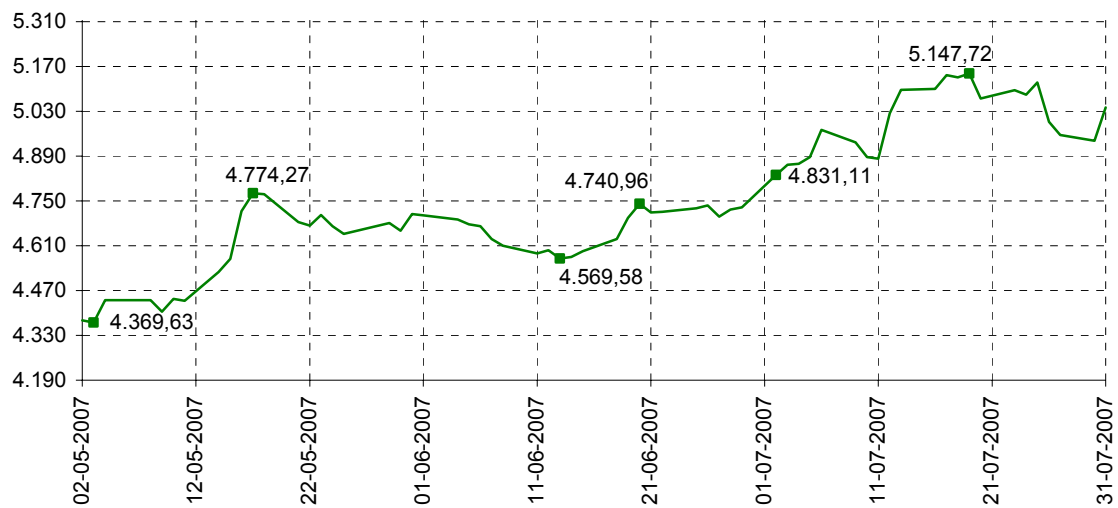
(3) Federal funds rate.

(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 (%)**

July 2007/2006

	2004	2005	2006	July 2006/2005	June 2007/2006	July 2007/2006	Jan. - Jul. 2006/2005	Jan. - Jun. 2007/2006	Jan. - Jul. 2007/2006	Weights		
										1998=100	2005=100 (for 2006)	2005=100 (for 2007) ⁽¹⁾
GENERAL INDEX	2,28	2,56	2,49	3,22	1,86	2,43	2,92	1,74	1,84	100,00	100,00	100,00
A Domestic products	2,95	1,79	4,35	4,81	2,65	4,40	4,87	3,79	3,88	32,36	28,60	28,98
A.1 Agricultural	3,32	1,34	6,51	6,66	4,21	10,25	5,80	9,93	9,98	7,93	6,92	6,93
A.2 Industrial	3,36	1,14	2,47	3,22	3,30	3,23	2,51	2,84	2,89	22,91	19,24	19,29
A.3 Electricity	-3,13	11,51	13,10	12,06	-6,01	-2,48	21,97	-5,36	-4,94	1,52	2,44	2,76
B Petroleum products	17,18	14,82	8,09	11,81	2,57	0,60	13,93	-0,79	-0,58	4,33	6,44	6,63
C Imported products	-5,55	-2,47	-1,14	0,10	-2,20	-2,22	-1,04	-2,61	-2,56	22,20	25,31	24,62
C1 Motor vehicles	-13,50	-2,42	-1,38	0,81	-10,06	-9,50	0,44	-10,34	-10,22	9,43	6,15	5,41
C2 Other imported	-0,39	-2,49	-1,07	-0,13	0,31	0,23	-1,51	-0,08	-0,04	12,77	19,16	19,21
D Services	3,23	3,34	2,57	2,60	3,51	3,88	2,35	3,21	3,30	41,11	39,65	39,77
HICP	1,9	2,1	2,2	2,8	1,7	2,3	2,5	1,6	1,7			

(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 (%)

July 2007/2006

												Weights		
		2004	2005	2006	July 2006/2005	June 2007/2006	July 2007/2006	Jan.- July 2006/2005	Jan.- June 2007/2006	Jan.- July 2007/2006	1998=100	2005=100 (for 2006)	2005=100 (for 2007) ⁽¹⁾	
GENERAL INDEX		2,28	2,56	2,49	3,22	1,86	2,43	2,92	1,74	1,84	100,00	100,00	100,00	
A	Domestic products	0,99	0,60	1,25	1,36	0,77	1,28	1,38	1,10	1,12	32,36	28,60	28,98	
A.1	Agricultural	0,27	0,11	0,45	0,44	0,29	0,70	0,40	0,70	0,70	7,93	6,92	6,93	
A.2	Industrial	0,78	0,27	0,47	0,62	0,64	0,62	0,48	0,54	0,56	22,91	19,24	19,29	
A.3	Electricity	-0,07	0,23	0,32	0,30	-0,18	-0,08	0,50	-0,14	-0,13	1,52	2,44	2,76	
B	Petroleum products	0,99	0,97	0,52	0,79	0,19	0,05	0,87	-0,05	-0,04	4,33	6,44	6,63	
C	Imported products	-1,04	-0,43	-0,29	0,03	-0,53	-0,52	-0,26	-0,64	-0,63	22,20	25,31	24,62	
C1	Motor vehicles	-1,00	-0,15	-0,08	0,05	-0,53	-0,51	0,03	-0,63	-0,62	9,43	6,15	5,41	
C2	Other imported	-0,04	-0,28	-0,20	-0,02	0,06	0,04	-0,29	-0,02	-0,01	12,77	19,16	19,21	
D	Services	1,35	1,41	1,02	1,05	1,39	1,56	0,94	1,27	1,31	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 (%)**

July 2007/2006

	Years									Weights	
				July	June	July	Jan.- July	Jan.- June	Jan.- July		
	2004	2005	2006	2006/2005	2007/2006	2007/2006	2006/2005	2007/2006	2007/2006	2005=100	1998=100
GENERAL INDEX	2,28	2,56	2,49	3,22	1,86	2,43	2,92	1,74	1,84	100,00	100,00
Food & non-alcoholic beverages	3,97	1,59	4,80	5,01	4,03	6,31	4,56	6,13	6,16	17,50	18,20
Alcoholic beverages & tobacco	10,57	0,23	0,49	1,59	1,16	0,93	0,08	1,58	1,49	2,21	1,78
Clothing & footwear	-0,79	-2,24	-0,32	0,75	0,74	2,13	-0,08	0,03	0,30	8,93	8,22
Housing, water, electricity & gas	4,19	5,41	4,90	5,03	1,11	1,66	6,66	0,91	1,02	15,87	21,27
Furnishings, household equipment & supplies	-0,45	0,58	0,13	0,46	0,68	-0,03	0,43	-0,03	-0,03	6,78	7,08
Health	3,72	0,36	1,31	3,40	6,36	6,41	-0,35	5,83	5,91	5,03	4,92
Transport	-3,06	3,79	2,87	5,34	-0,43	-1,41	5,18	-2,41	-2,26	15,99	17,42
Communications	-8,48	-10,34	-1,83	-3,10	1,22	1,27	-2,92	1,24	1,25	3,94	1,79
Recreation & culture	2,26	1,06	-0,33	-0,06	-0,25	1,30	-0,98	-0,18	0,03	6,33	5,88
Education	3,96	5,21	4,68	4,57	4,87	4,87	4,56	4,89	4,88	2,87	2,33
Restaurants & hotels	4,69	3,30	2,18	2,68	3,16	4,43	2,14	2,79	3,02	7,57	6,07
Miscellaneous goods & services	5,16	3,83	2,23	2,31	2,65	2,13	1,97	2,32	2,29	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 (%)

July 2007/2006

	Years									Weights	
	2004	2005	2006	July 2006/2005	June 2007/2006	July 2007/2006	Jan.- July 2006/2005	Jan.- June 2007/2006	Jan.- July 2007/2006	2005=100	1998=100
GENERAL INDEX	2,28	2,56	2,49	3,22	1,86	2,43	2,92	1,74	1,84	100,00	100,00
Food & non-alcoholic beverages	0,76	0,31	0,82	0,87	0,70	1,12	0,80	1,08	1,09	17,50	18,20
Alcoholic beverages & tobacco	0,28	0,01	0,01	0,04	0,03	0,02	0,00	0,03	0,03	2,21	1,78
Clothing & footwear	-0,05	-0,14	-0,03	0,06	0,07	0,17	-0,01	0,00	0,03	8,93	8,22
Housing, water, electricity & gas	0,93	1,22	0,76	0,81	0,18	0,27	1,05	0,15	0,17	15,87	21,27
Furnishings, household equipment & supplies	-0,03	0,04	0,01	0,03	0,04	0,00	0,03	0,00	0,00	6,78	7,08
Health	0,20	0,02	0,06	0,17	0,32	0,32	-0,02	0,29	0,29	5,03	4,92
Transport	-0,51	0,59	0,45	0,87	-0,07	-0,23	0,83	-0,39	-0,37	15,99	17,42
Communications	-0,10	-0,11	-0,07	-0,13	0,05	0,05	-0,12	0,05	0,05	3,94	1,79
Recreation & culture	0,12	0,06	-0,02	0,00	-0,02	0,08	-0,06	-0,01	0,00	6,33	5,88
Education	0,10	0,13	0,13	0,13	0,14	0,14	0,13	0,14	0,14	2,87	2,33
Restaurants & hotels	0,31	0,23	0,16	0,21	0,24	0,34	0,16	0,21	0,23	7,57	6,07
Miscellaneous goods & services	0,28	0,21	0,15	0,16	0,18	0,15	0,14	0,16	0,16	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				
			Mar.	Apr.	May	June	July			Mar.	Apr.	May	June	July
EUROPE	7.395,9	257.715,8	14.763,2	16.001,1	22.009,3	2.518,2	2.870,3	3.461,1	282.799,6	26.607,5	22.036,2	20.822,2	1.122,5	1.669,4
EU-25	6.805,2	242.454,5	14.335,2	15.221,9	21.171,7	2.497,2	2.800,2	2.980,4	275.945,2	26.333,8	21.593,3	20.191,5	1.098,4	1.635,9
Greece	5.667,5	140.748,9	6.614,6	7.693,4	14.304,0	886,6	977,2	2.269,5	260.812,4	22.395,7	8.532,8	17.704,4	657,9	954,0
United Kingdom	238,2	58.345,6	6.501,2	7.070,3	5.257,1	1.457,8	1.464,3	390,6	10.088,4	3.379,2	12.336,4	1.361,2	421,9	606,7
Other European countries	590,7	15.261,3	428,0	779,2	837,5	21,0	70,1	480,7	6.854,4	273,7	442,9	630,7	24,1	33,6
Russian Federation	405,4	1.029,9	94,7	17,8	0,3	1,0	1,0	279,7	1.220,2	127,1	116,4	107,7	2,3	8,5
AFRICA	51,4	7.252,2	755,3	374,0	169,4	10,8	52,2	90,1	8.722,4	428,0	384,4	242,7	16,8	80,7
North African countries	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8	0,0	0,0	5,7	0,0	0,0	0,0
Other African countries	51,4	7.252,2	755,3	374,0	169,4	10,8	52,2	88,3	8.722,4	428,0	378,7	242,7	16,8	80,7
South Africa	0,0	232,6	108,1	90,6	59,9	4,7	13,7	7,6	220,4	0,0	87,5	133,2	10,8	18,1
AMERICA	429,3	128.783,8	1.872,1	5.874,1	7.182,1	164,0	597,1	1.232,7	32.988,8	21.253,2	5.253,2	11.908,6	237,8	282,0
North American countries	84,1	94.136,8	884,0	1.242,9	1.008,3	58,9	221,0	33,2	6.193,4	19.831,1	3.815,9	7.349,2	62,3	91,4
United States of America	81,9	94.115,1	870,5	1.242,9	1.006,2	58,8	220,8	33,2	5.957,0	19.818,5	3.783,3	7.348,2	62,3	88,8
Canada	2,2	21,7	13,5	0,0	2,1	0,1	0,1	0,0	236,5	12,6	32,5	0,9	0,0	2,6
Central American countries	345,2	34.647,0	988,1	4.631,2	6.173,9	105,2	376,2	1.199,4	26.795,3	1.422,0	1.437,3	4.559,5	175,6	190,6
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	347,0	9,3	7,8	1,2	1,3	229,2	5.446,5	37,3	507,1	50,3	26,5	4,6
West Asia	204,7	86,1	2,3	9,3	0,0	0,0	1,2	168,9	955,4	37,3	507,1	50,3	26,5	2,7
Other Asian countries	62,6	6.437,4	344,7	0,0	7,8	1,2	0,1	60,3	4.491,1	0,0	0,0	0,0	0,0	1,9
OCEANIA	0,0	28,2	11,6	78,8	18,8	2,4	3,1	0,0	19,0	38,1	35,3	48,3	1,3	15,6
Total	8.143,9	400.303,5	17.749,2	22.337,2	29.387,5	2.696,6	3.524,1	5.013,0	329.976,3	48.364,1	28.216,1	33.072,2	1.404,9	2.052,2

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		-6,0	10,0	-6,5	
September	329.964	329.400	306.731	287.358	303.506	302.833	296.532		5,6	-0,2	-2,1	
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 - July	1.471.733	1.543.710	1.344.789	1.210.796	1.267.829	1.357.886	1.339.765	1.316.518	4,7	7,1	-1,3	-1,7
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	2,4	-7,1
February	-	29,1	28,9	31,4	25,4	23,5	23,1	22,6	-19,1	-7,5	-1,7	-2,2
March	-	49,7	59,1	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	20,2	-2,8
May	-	139,1	119,5	92,5	99,5	105,4	111,9	119,8	7,6	5,9	6,2	7,0
June	122,9	157,4	139,3	114,8	109,3	113,3	117,7		-4,8	3,7	3,9	
July	162,7	192,0	160,7	152,4	135,1	140,1	155,0		-11,4	3,7	10,6	
August	173,7	205,0	153,8	165,3	148,1	161,3	155,0		-10,4	8,9	-3,9	
September	161,9	176,3	157,4	134,1	141,2	137,9	140,9		5,3	-2,3	2,2	
October	135,1	130,2	128,0	112,4	115,9	120,5	122,9		3,1	4,0	2,0	
November	54,1	48,8	51,4	48,7	43,1	43,1	37,6		-11,5	0,0	-12,8	
December	36,2	29,2	35,6	32,9	28,8	30,3	28,8		-12,4	5,2	-5,0	
Jan - May		332,7	306,1	254,5	260,8	259,2	269,6	274,6	2,5	-0,6	4,0	1,8
Jan - Dec		1.271,6	1.132,3	1.015,0	982,3	1.005,7	1.027,5		-3,2	2,4	2,2	

Source: Cystat.

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

Table 27**Trade balance data**

(CYP million)

Period	TOTAL TRADE		EXTRA-EU TRADE		INTRA-EU TRADE	
	Total Imports/ Arrivals	Total Imports/ Arrivals	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	26,4
September	281,5	52,8	91,8	21,7	189,6	31,1
October	269,2	45,3	72,8	16,3	196,5	28,2
November	279,5	59,8	80,5	23,9	201,1	36,8
December	259,6	53,0	88,8	17,1	175,4	36,8
2007						
January	266,2	65,9	96,8	13,6	169,4	52,4
February	245,8	44,0	59,3	15,3	186,5	28,6
March	288,1	52,8	81,5	17,8	206,4	35,0
April	305,2	52,8	90,9	13,5	214,3	39,3
May (p)	297,9	58,9	88,6	15,4	209,2	43,6
June (p)	315,1	60,0	93,2	17,7	221,9	42,4
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. - June 2005	1.371,0	319,8	451,3	109,2	919,7	210,7
Jan. - June 2006	1.614,3	344,0	535,0	101,4	1.079,3	242,0
Jan. - June 2007 (p)	1.718,3	334,6	510,6	93,3	1.207,7	241,1
% change Jan. - Dec 2006/2005	8,8	-9,5	5,6	-3,6	10,3	-13,2
% change Jan. - June 2005/2006	17,7	7,5	18,6	-7,1	17,3	14,9
% change Jan. - June 2006/2007 (p)	6,4	-2,7	-4,6	-8,0	11,9	-0,4

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.

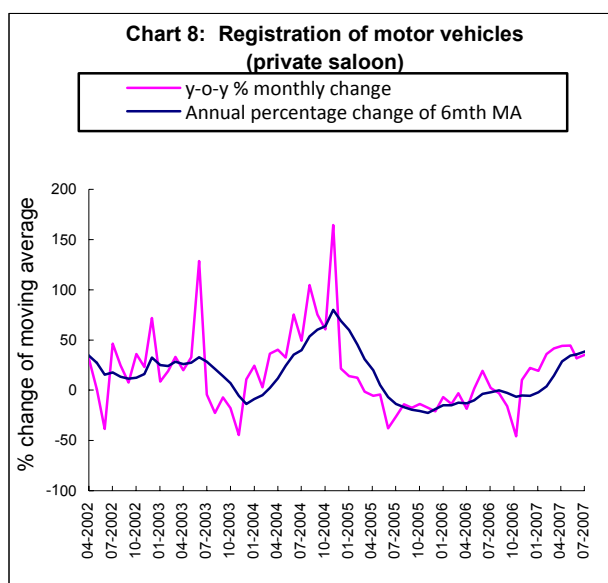
Table 28
Turnover volume index of retail trade

(percentage change by category)

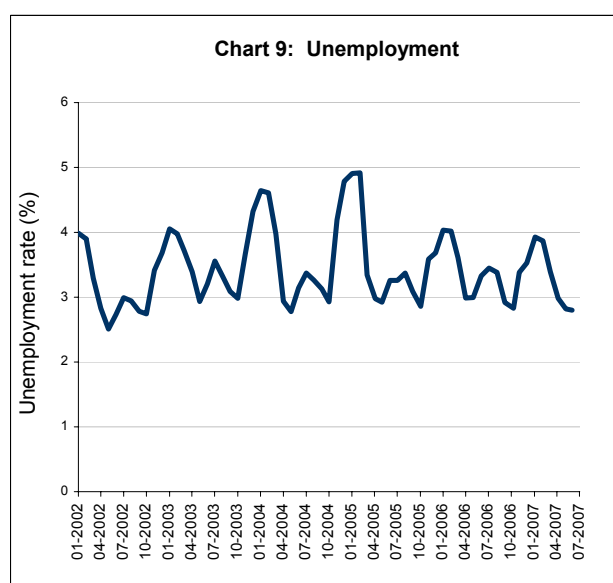
	June 06/05	June 07/06 ⁽¹⁾	Jan.-June 06/05	Jan.-June 07/06
General index	9,3	10,3	5,8	6,9
Retail sale in non-specialised stores with food, beverages or tobacco predominating	12,1	8,0	7,1	5,7
Other retail sale in non-specialised stores	6,7	7,6	4,6	4,8
Retail sale of food, beverages and tobacco in specialised stores	13,4	-3,1	3,5	-3,2
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	11,5	14,4	14,6	12,0
Retail sale of textiles, clothing, footwear and leather goods	11,3	15,9	4,8	9,4
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods hardware, paints and glass	15,9	8,6	10,3	9,3
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	-1,8	22,2	-0,1	9,0
Retail sale of second-hand goods in stores	-35,4	-32,8	-18,0	-40,2
Retail sale not in stores	-13,2	3,7	4,3	6,6

(1) Provisional data.

Source: Cystat.

Charts 8 - 9
Selected economic indicators


Source: Cystat.



Source: Cystat.

Table 29

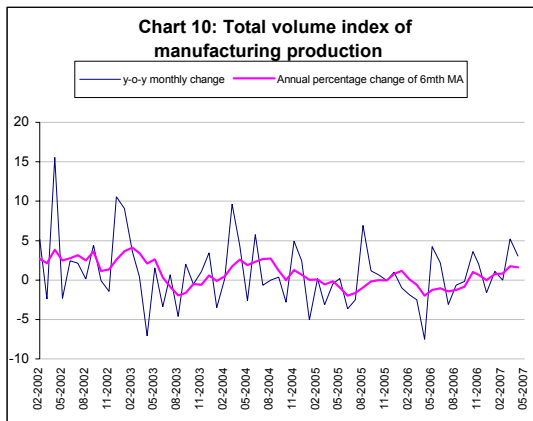
Manufacturing production volume index

(percentage change by category)

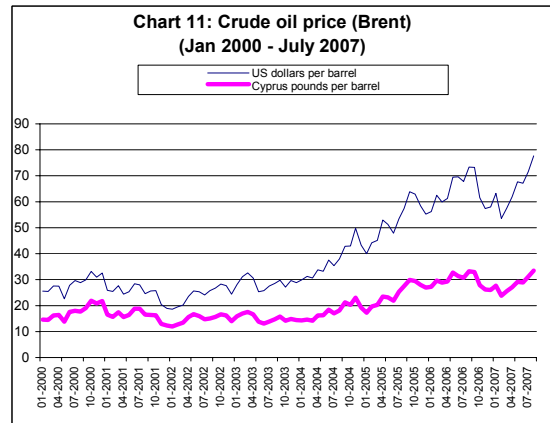
	May 06/05	May 07/06	Jan.-May 06/05	Jan .- May 07/06
General index	4,0	0,1	-2,2	5,0
Food products, beverages & tobacco	-7,8	-0,9	-11,4	2,9
Textiles & textile products	-20,2	4,5	-25,5	8,9
Leather & leather products	-9,3	-10,3	-23,2	7,6
Wood & wood products	5,7	-5,7	1,80	2,7
Paper, paper products, publishing & printing	12,7	-3,8	4,0	1,1
Refined petroleum products	6,9	-9,7	7,3	-18,2
Chemicals, chemical products & man-made fibres	5,6	2,8	4,2	9,5
Rubber & plastic products	9,1	2,0	-0,4	4,2
Other non-metallic mineral products	8,8	4,1	0,9	8,3
Basic metals & fabricated metal products	17,9	-1,5	4,7	4,5
Machinery & equipment n.e.c.	6,5	4,3	4,7	0,8
Electrical & optical equipment	62,5	3,5	22,0	14,9
Transport equipment	25,2	15,4	24,7	2,6
Manufacturing n.e.c.	13,7	-1,3	4,1	7,4

Source: Cystat.

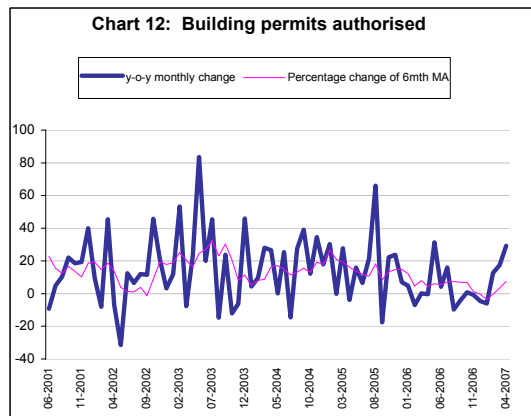
Charts 10 -14
Selected economic indicators



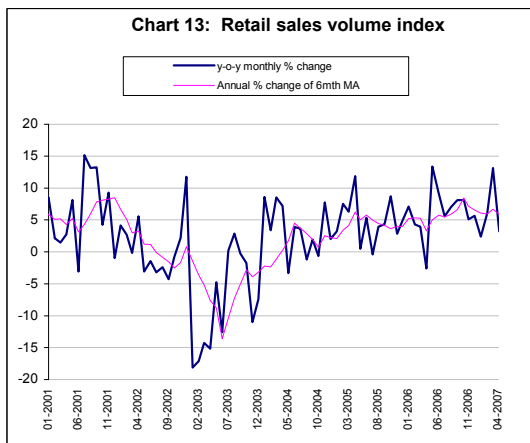
Source: Cystat.



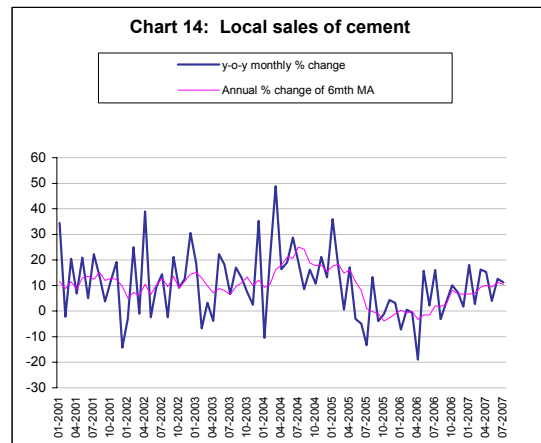
Source: Reuters.



Source: Cystat.



Source: Cystat.



Source: Cystat.

Table 30**Balance of payments**

(CYP million)

CATEGORIES	2006 (Annual) (Prov.)			2006 (Q1) (Prov.)			2007 (Q1) (Prov.)		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
CURRENT ACCOUNT	5.360,1	5.856,0	-495,9	1.109,1	1.319,7	-210,6	1.160,4	1.427,9	-267,5
Goods, services and income	4.998,1	5.582,9	-584,8	1.004,1	1.247,6	-243,6	1.056,9	1.360,1	-303,2
Goods and services	3.973,9	4.320,6	-346,7	801,7	1.026,7	-225,0	820,8	1.093,4	-272,6
Goods	650,9	2.952,0	-2.301,2	182,8	705,9	-523,1	160,5	732,6	-572,1
Services	3.323,1	1.368,6	1.954,5	618,9	320,8	298,1	660,3	360,8	299,5
Transport	780,2	503,1	277,1	190,0	145,0	45,0	197,4	148,5	48,9
Travel	1.101,6	449,5	652,1	101,7	97,3	4,4	101,5	106,2	-4,8
Communications services	40,5	58,6	-18,1	7,5	11,9	-4,4	19,1	22,2	-3,1
Construction services	93,8	10,8	83,0	17,5	2,5	15,0	24,7	4,9	19,8
Insurance services	53,2	35,4	17,8	15,4	11,2	4,2	9,5	8,5	1,0
Financial services	151,2	60,9	90,2	31,7	6,2	25,4	44,9	7,5	37,4
Computer and information services	87,7	15,9	71,9	24,2	4,5	19,8	24,1	5,1	19,1
Royalties and licence fees	7,5	27,8	-20,2	3,1	3,0	0,1	2,6	1,9	0,8
Other business services	804,5	135,1	669,4	177,4	22,9	154,4	178,2	41,8	136,5
Personal, cultural and recreational services	24,6	30,2	-5,6	6,5	6,9	-0,4	8,1	7,3	0,8
Government services, n.i.e.	178,2	41,3	136,9	44,0	9,5	34,4	50,1	7,0	43,1
Income	1.024,2	1.262,3	-238,1	202,3	220,9	-18,6	236,1	266,7	-30,6
Compensation of employees	15,8	84,0	-68,2	4,3	24,0	-19,7	3,9	26,0	-22,1
Investment income	1.008,3	1.178,3	-169,9	198,0	196,9	1,1	232,2	240,7	-8,5
Current transfers	362,0	273,0	88,9	105,0	72,1	33,0	103,6	67,8	35,8
General government	121,6	81,1	40,4	38,7	32,4	6,3	34,1	19,7	14,4
Other sectors	240,4	191,9	48,5	66,4	39,7	26,7	69,5	48,1	21,4
Capital and financial account			557,9			289,2			203,2
Capital account	31,3	29,6	1,7	7,7	11,2	-3,5	1,8	5,9	-4,1
Financial account			556,2			292,7			207,2
Direct investment			348,7			87,6			76,2
Abroad			-336,0			-51,3			-87,1
In Cyprus			684,7			138,9			163,3
Portfolio investment			-272,1			-90,5			-201,0
Assets			-2.274,7			-386,0			-737,6
Liabilities			2.002,6			295,5			536,6
Financial derivatives			-1,7			1,6			2,8
Other investment			941,8			226,0			-196,4
Assets			-2.355,4			-285,4			-639,7
Liabilities			3.297,2			511,4			443,3
Reserve assets			-460,5			68,0			525,6
NET ERRORS AND OMISSIONS			-62,0			-78,6			64,3

Sources: Central Bank of Cyprus and Cystat.

Table 31
Tax receipts by Inland Revenue Department

TAXES	Jan-June 2007 CYP	Jan-June 2006 CYP	Change CYP	Change (%)
INCOME TAX:				
Employees	118.920.365	102.602.949	16.317.416	16
Self-employed	9.504.525	9.410.417	94,108	1
Legal persons/companies	63.622.781	40.120.299	23.502.482	59
IMMOVABLE PROPERTY TAX	1.933.863	1.779.387	154,476	9
CAPITAL GAINS TAX	126.348.395	46.154.287	80.194.108	1,7
SPECIAL CONTRIBUTION TO DEFENCE FUND	100.552.851	77.346.330	23.206.521	30
STAMP DUTY	21.008.576	13.673.403	7.335.173	54
PENALTIES	13.470.118	12.059.491	1.410.627	12
OTHER TAXES	2.250.748	1.759.706	491,042	28
TOTAL RECEIPTS	457.612.222	304.906.269	152.705.953	50

Source: Inland Revenue Department.