



CENTRAL BANK OF CYPRUS
ECONOMIC RESEARCH DEPARTMENT

**CONCISE
MONETARY
POLICY
REPORT**

SEPTEMBER 2004



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Introduction

The prolonged rise in the price of oil is not anticipated at present to have immense repercussions on the world economy. In spite of that, in most economies consumer confidence has receded, resulting in slight downward revisions for the forecasted growth rates and declines in major share indices. At the same time inflation pressures, at least in the euro area, have rekindled.

As regards the upward pressures on the price of "black gold" in the macroeconomic indicators for the Cypriot economy, these are determined by the depth and duration of the increase in oil prices, although at present, they appear to be of a limited magnitude. However, the possibility of oil prices keeping high over the long term, continues to cause serious concerns, especially as the Cyprus economy is quite dependent on oil as well as the existence of the ATA indexation scheme, which boosts inflationary pressures.

As regards current domestic developments, inflation in July 2004 reached 3.30% in comparison with 2.80% in June, largely as a result of the increase in the prices of domestic agricultural products. At the same time, a modest acceleration -compared with June- was reported for the prices of domestic industrial, non-oil products, and fuels and liquid gas. On monetary grounds, an acceleration was observed in the rate of growth of M2, whereas the rate of expansion of credit to the private sector recorded a slowdown, with the majority of credits being directed towards the construction sector and the acquisition of houses.

Concerns continue to be raised by the volume of the fiscal deficit which, apart from its repercussions on inflation and the current account balance, has triggered the initiation of the EU's Excessive Deficit Procedure for Cyprus. The need to implement fiscal consolidation is especially critical if Cyprus is to achieve its goal of participating in ERM 2 and adopting the euro as swiftly as possible.

International economic developments

Future prospects of the **American economy** were shadowed by mixed data. Job vacancies decreased considerably in July while, contrary to that, the rate of unemployment fell to 5,5%, compared with 6,2% in July 2003. On 10 August the Federal Reserve decided to raise the federal funds rate by 25 basis points, now standing at 1,5%, while at the same time it clarified that the recent slowdown in the economy may be attributed to the high price of oil which is considered temporary. More specifically, the annual rate of GDP growth in the second quarter was 4,8% while in the previous quarter it reached 5%. Evidence also shows that American consumers have lost some of their confidence. Specifically, the University of Michigan's index declined to 95,9 in August from 96,7 in July. As regards share values in July, the Nasdaq share index registered the largest drop, falling by 6,7%, while the Dow Jones and S&P 500 indices fell by 2% and 2,5%, respectively.

In the **euro area** annual GDP growth reached 2% in the second quarter, slightly lower than analysts' projections. At the meeting held on 5 August the European Central Bank¹ left its official interest rates unchanged. In July inflation rose to 2,3% due to the increase in the price of oil, while unemployment remained at 9% for the third consecutive month. The ZEW German business climate indicator was 45,3 in August, down from 48,4 in July. Germany's DAX share index decreased by 3,5% in July, while the French CAC 40 and the Italian BCI share indices registered decreases of 1,9% and 2,1%, respectively.

In **Britain**, on 5 August the Bank of England raised the official interest rate by 25 basis points, now standing at 4,75%. The continuous rise in property prices in conjunction with economic growth caused some concern about inflationary pressures. In spite of that, inflation was at

¹ It is noted that at the meeting on 2 September the European Central Bank left its official interest rates unchanged. The cut-off date for data was 20 August, therefore the above is not included in the report.

1,4% in July, still below the target of 2%. In parallel, the annual rate of GDP growth for the second quarter reached 3,7%, up from 3,4% in the previous quarter. The FTSE 100 share index exhibited a slight fall of 0,3% in July.

In **Japan**, the annual rate of GDP growth for the second quarter reached 4,4%, while the government is estimating GDP growth of 3,5% for the whole fiscal year. Increased exports as well as capital spending were the main factors that affected consumer demand positively and, therefore, GDP growth. The CPI remained unchanged in June, a sign that deflation has started to retreat. As regards share values, the Nikkei 225 index decreased by 4,8% in July.

The average price of **crude oil** was \$38 per barrel in July and by 20 August it reached \$43 per barrel. The main factors that affected the price of crude were the increase in demand originating from US and China, the interruption in Iraqi supplies, especially regarding following bombings in the country's oil fields, as well as the speculation regarding bankruptcy of Yukos, Russia's second largest oil exporting company. An additional factor for the continuous rise in the price of oil was OPEC's inadequate oil stocks for meeting excess world demand.

International currencies

With reference to foreign currencies, for the period through August 20, 2004, the euro strengthened marginally against the dollar, reaching 124 cents per euro on August 20. The pound sterling, during the period under examination, fluctuated on an average of 68 pence to the euro, remaining at approximately the same levels as in the previous month. The Japanese yen recorded fluctuations with a weakening trend against the euro, compared to earlier months, reaching yen 135 per euro on August 20. The behaviour of the yen was influenced by the increase in oil prices as Japan had to import substantial quantities of oil to meet its domestic needs.

The marginal weakening of the dollar against other foreign currencies, during the period under examination, is partly attributable to the announcement of ambiguous economic data for the U.S. economy. At the same time, the negative environment surrounding the U.S. dollar has been worsened due to the fact that, a number of economists, following the recent developments in oil prices, revised downwards their estimates with respect to the growth in the U.S. economy.

By August 20, the **Cyprus currency** had recorded a marginal strengthening against the euro, reaching 1,7307 (average fixing rate) on August 20, 2004, in comparison with euros 1,7254 on August 2. This strengthening becomes more pronounced if we compare the final rate on August 20 with the euros 1,7195 per Cyprus pound recorded on July 1. Reflecting the fluctuations in foreign currencies, during the period under examination, the Cyprus pound also slightly strengthened against the dollar, reaching dollars 2,1370 on August 20, in comparison with dollars 2,0825 at the beginning of the month. During the same period, the Cyprus pound strengthened against the pound sterling, reaching pound sterling 1,1681 on August 20 in comparison with pound sterling 1,1376 on August 2.

Nominal and Real Effective Exchange Rates of the Cyprus pound

The bilateral exchange rate developments analyzed above, may be placed in a proper context, if we analyze indicators of the real effective exchange rate of the Cyprus pound. Real effective exchange rate indicators generally portray the “average” fluctuation of a currency against the currencies of the country's major trading partners. The real effective exchange rate of a currency in real terms constitutes the deflated value of the corresponding nominal exchange rate, where the deflator can be the consumer price index or other price indices or cost indices, such as unit labour costs. An average upward trend in the indicator denotes a strengthening in the currency in real or nominal terms, and by extension it reflects the degree of weakening in the competitiveness of exports.

Diagram 2C indicates the monthly indicators for the real effective exchange rate for the Cyprus pound in real and nominal terms from 1992 through July 2004.

The “REER IMF” real effective exchange rate for the Cyprus pound in nominal terms, as shown in the above-mentioned diagram, is calculated by the IMF. The weighting takes account of competition in third countries (third country competition weights) and includes a total of 19 countries. Weighting is carried out on the basis of the respective weights for each trading partner within overall trade and tourism for the period 1988-1991. The more recent data for this particular IMF indicator (which has a 2000=100 base) pertain to April 2004. On account of this time lag, the Central Bank calculates a simplified index with 8 instead of 19 countries, known as the “REER CBC” index, on the basis of the IMF index, which, as shown in diagram 2C, tracks the original index with great precision. The two indices show a slight appreciation in the Cyprus pound in early 2003, becoming more pronounced in the latter months of the year. The average “REER CBC” indicator for 2003 amounted to 111,8 in comparison with 105,0 in 2002. A marginal improvement was recorded in the early months of 2004 in the “REER CBC” index, which reached 111,8 in May 2004, whereas the average for the first five months of the year amounted to 111,5.

The outlook indicated by the nominal index is diversified. The sharper appreciation observed in real terms is primarily attributable to the higher inflation recorded in Cyprus in comparison with other European countries, largely as a result of the progressive increase in the rate to VAT from 10% to 15% during 2002 and 2003 as well as increases in other consumption taxes (particularly those on petroleum products). More recent data pertaining to month of July 2004 place the index at 108,3 units, thereby underscoring the stability which has been observed in this index during recent months.

With respect to domestic foreign exchange market, the first 20 days of August witnessed inflows amounting to £40.46 million. Overall, for the period from January through August 20, 2004, net outflows were recorded at the order of £17,62 million in comparison with net outflows of £141,0 million in the corresponding period of 2003. The significantly lower foreign exchange outflows recorded in the first eight months of 2004, in relation to the year earlier, are partly attributable to the increase in interest rates, as well as, to the recovery of exports of services in 2004.

Domestic developments

With respect to domestic developments, **inflation** crept upward in July 2004 to 3,30%, in comparison with 2,80% in June. This development is traceable to the sizable acceleration in the prices of domestic agricultural products, as well as to the comparatively small acceleration in the prices **of** domestic industrial, non-oil products, and fuels and liquid gas. Simultaneously, a smaller increase, in comparison with the previous month, was observed in the electricity prices, which were not, as yet, affected by the increase in oil prices, due to the reserves maintained by the EAC [Electricity Authority of Cyprus]. Conversely, the efforts to maintain a relatively low inflation rate were eased by a slowdown in the prices charged for services. During the current year, inflation is anticipated to fluctuate within the range of 2,0%, because factors such as the increase in the VAT rate, which had driven up inflation in the previous year, will have virtually no impact in 2004. At the same time, the November 2003 increases in consumer taxes on most categories of mechanical equipment have been instrumental in curbing inflation. Already, through July, the decreases in the prices of motor vehicles had helped to curb inflation by 1,14% age points. It should be noted, however, that the steadily increasing rate observed in crude oil prices, will lead, should it continue, to higher-than-anticipated inflation rates for 2004 (see inset). For the entire first seven months of 2004, inflation amounted to 1,73% in comparison with 4,65% in the corresponding seven-month

period of 2003.

In relation to the **tourism sector**, arrivals in the month of July were down by 3,8%. For the first seven months of 2004 an increase of 4,7% was recorded in comparison with the same period in the previous year. With regard to tourism receipts the month of July recorded a downturn of the order of 4,8% in comparison with July 2003 whereas, during the first six months of 2004, a negligible increase of the order of 0,2% was recorded in comparison with the year-earlier period. During the first half of 2004, arrivals recorded an increase of 7,7% in comparison with the first six months of 2003, which means that there has been a decrease in the per capita spending by tourists.

As regards **foreign trade**, according to provisional data, for the period January to May 2004, total imports recorded an increase of the order of 16,4%. Total exports grew 8,2% during that same period. As a result of these trends, the trade balance for the period January-May 2004 widened and amounted to £873,4 million, as opposed to £736,1 million during the corresponding period of 2003.

As for **personal consumption**, the retail trade turnover index declined by 5,8% in May 2004, whereas it had gone up by 3,2% during the first five months of the year. In the **labour market**, the number of unemployed persons decreased by 3,3% in July 2004 in comparison with an upturn of 20,7% during July 2003. Specifically, unemployment, as a percentage of the economically active population, was fluctuating around 3,4% in July 2004, in comparison with 3,6% in July 2003. The **secondary sectors** of the economy continued to report encouraging developments. Manufacturing recorded an uptick during the first five months of 2004 whereas the construction sector continued to be overall encouraging. By way of illustration, you may observe the increase in the volume and value indices for construction permits, as well as sales of concrete during the first six months of 2004.

In **public finances** (according to provisional data relating to the accounts at the central government prepared by the Ministry of Finance), until May 31, 2004, the fiscal deficit, amounted to £74,1 million in comparison with £156,9 million during the same period of 2003. Specifically, government revenues rose by 8,5% in comparison with a 15,1% increase during the same period of 2003. However, a decline of the order of 1,3%, in comparison with a 20,1% increase in the corresponding period of 2003, was registered in government expenditure, largely on account of the downturn in defence-related expenditure within the context of the corrective measures. This fact ultimately contributes towards a significant improvement in the fiscal deficit.

According to the officially registered fiscal results, Cyprus does not satisfy the nominal convergence criteria as stipulated by the Maastricht Treaty, according to which, the fiscal deficit must not exceed 3% of GDP and public debt must not exceed 60% of GDP. As a result, May 1, 2004 (concurrently with Cyprus's complete accession to the European Union) saw the initiation of the Excessive Deficit Procedure in the context of the established procedures of the European Council, the Economic and Financial Committee, as well as ECOFIN. Given the target of expediting Cyprus's participation in ERM II, and ensuring that it stays there for the required minimum period of two years pending the ultimate adoption of the euro, it is becoming urgently necessary to rehabilitate Cyprus's government finances, in order to meet the nominal convergence criteria under the Maastricht Treaty.

Monetary developments

Regarding monetary developments, in July there was an increase in the growth of total money supply (M2) and a slowdown in the credit to the private sector.

M2 grew by 10,6% in July from 9% in June and 6,2% registered in July 2003. The acceleration in the growth rate of M2 is mainly due to the large increase observed in net foreign assets. More specifically, the Central Bank's foreign assets exhibited an increase due to the new issue of a 10 year eurobond (EMTN) by the government. Their effect on M2 was neutralised however, by the consequent fall in credit to the public sector. Total money supply was also affected by the increase in net foreign assets of commercial banks. Nonetheless, it is noted that this is a temporary phenomenon and provisional data for August already show that it has reversed. As a result M2 in August is estimated close to the levels of June.

Claims on the private sector grew by 5,1% at an annual rate in July compared with 5,6% registered in June and 6,9% registered in July 2003. The sectors of construction and personal loans have exhibited strong activity since the beginning of the current year and continue to absorb almost the entire new credit. Specifically, £123,8 million of new loans were used for construction and £188 million for personal and professional loans. Other sectors did not register notable changes. In percentages, 40,7% of new credit in Cyprus pounds was absorbed by construction and 61,8% by personal loans. It is worth noting that 48% of personal loans concerned credit for house purchases, that is out of £304,3 million of new credit, £214 million was directed towards construction or house purchasing. As regards loans of Cypriots in foreign currency, there was an increase of £13 million in July, compared with an increase of £23,5 million in the previous month, while the share of loans in foreign currency to the total amount of credit rose slightly to 10,1% from 9,9% in the previous month. At the end of July loans in euros absorbed 68,5% of the total, loans in dollars 9,9% and loans in Swiss francs 14%. In June the respective shares were 67%, 12,3% and 12,6%.

Turning to **deposits**, there is still a shift from demand to time deposits, contrary to the trend observed last year. In addition there was an increase in the deposits of Cypriots in foreign currency. Provisional data for the period 1 January to 20 August 2004 show that Cypriots'

deposits in foreign currency rose by £133 million, compared with an increase of £43 million in the same period of 2003, while deposits in Cyprus pound rose by £101,3 million, compared with a decrease by £80,1 million in the same period of the previous year.

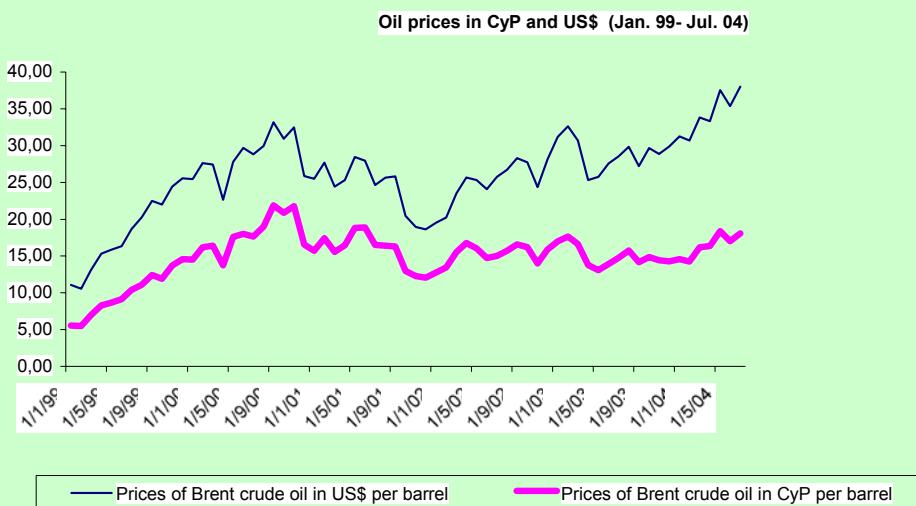
In the **money market** in July net capital inflows amounting to £13,6 million as well as moderate investment in government securities resulted in increased excess banking liquidity. As a result the average value of acceptance of deposits rose to £61,2 million, compared with nil value in June. In August the average value of deposit acceptances rose even further to £151,6 million mainly due to net capital inflows.

As far as **interest rates** are concerned, due to the rise in excess banking liquidity there was a decrease in the overnight interbank rate, reaching 4,15% in July from 4,22% in June. The average yield of 13 and 52 week treasury bills in June was 4,74% and 5,27%, respectively, while in July no auctions were held in these securities. Government bonds with maturities two and five years had average yields of 5,81% and 6,36% in June and 5,70% and 6,54% in July, respectively. There were no auctions held for ten and fifteen year government bonds in July while in the previous month average yields of these securities reached 6,58% and 7,05%, respectively. It is noted that in July there were net repayments of government securities amounting to £43,2 million, compared with net sales of £66 million in the previous month.

The **Cyprus all share index** closed at 74,5 in July, slightly below June's close. Both the daily average volume and the daily average value of transactions decreased. More specifically, the daily average volume was 408 transactions from 475 in the previous month while the daily average value was £0,3 million compared with £0,4 million in June. Investments of non-residents on the Cyprus Stock Exchange resulted in net inflows amounting to £0,3 million in June and £0,4 million in July. The largest volume of transactions originated from Greece.

The recent increase in oil prices and its impact on the Cyprus economy

In common with all countries that depend on oil, the Cyprus economy is facing the challenge of how to respond to the increase in oil prices in international markets. Indicatively, it is mentioned that the price of Brent crude oil, which in 2003 had been fluctuating at US\$29 per barrel on average, in August 2004 it exceeded US\$40 per barrel. The corresponding increase denominated in Cyprus pounds, is naturally smaller, on account of the strengthening of the Cypriot currency against the dollar in recent years (see diagram).



The recent increase in the price of "black gold" reflects inter alia the decrease in oil exports from the Middle East due to the political and military unrest in the region, particularly in Iraq, as well as the concerns regarding the possibility of new terrorist attacks in that vulnerable region. The upturn in oil prices was also fomented by the problems and uncertainty regarding the future of Yukos, the major Russian oil company. In addition, the high rate of increase in oil demand, particularly by China, is intensifying further the pressures exerted on the prices.

Recent surveys of international institutions and organizations came to the conclusion that, the negative effects of the increase in oil prices on the global economy need not be anticipated to

be severe. Despite the significant recent increase in the price of oil in U.S. dollars, the weakening of the dollar, the gradual decrease in the global economy's dependence on oil, as well as the comparatively low price of oil in real terms, indicate that the repercussions from the current increase in oil prices will necessarily be limited and less severe than previous price hikes, most notably at the oil crises. Needless to say, the validity of this conclusion will be dependent upon the intensity and duration of the trends under consideration. In particular, the European Commission calculates that, on an annual basis, an increase in the price of oil of the order of 25% (in euro prices) will reduce the rate of growth in GDP for the euro area by 0,3 percentage points while it will increase inflation by 0,2 percentage points. These repercussions are expected to be intensified or at least, be held steady in the years ahead, depending upon the duration of the phenomenon of rising oil prices. Similar evaluations have recently been made by the European Central Bank and by the International Energy Agency.

In relation to the impact on the Cypriot economy, taking into account the foregoing considerations for the global economy as well as the particular characteristics of the Cyprus economy itself (such as its heavy reliance on oil in comparison with all the European countries), we may infer that these harmful repercussions—failing a prompt reversal in oil price hikes—will undoubtedly be existent yet relatively constrained and will, of course, depend on the duration and intensity of the upward trend in prices. As regards the rate of increase in GDP, the defined upward trend in the economy is liable to be relatively restrained, albeit without undermining, at least significantly, the overall course of recovery and the positive prospects of the economy.

With respect to the negative repercussions of the oil price increases on inflation rates, it should be noted that, as with other economies, the cost of raw materials constitutes just one element of the overall cost of production of petroleum products, while final retail prices of petroleum products and electric power also incorporate to a large extent, the consumer taxes. In this

way, only a comparatively small portion of the increases in the prices of the energy raw materials is reflected in the ultimate price of the corresponding products in the consumer price index. In light of the foregoing considerations, if oil prices remain at their currently high levels until the end of the year, then, ceteris paribus, inflation for 2004 is expected to be slightly higher than originally anticipated, i.e., slightly above 2,0%.

In 2005, however, because of the ATA indexation scheme and the elimination of the impact of excise reductions on vehicles, inflationary pressures are expected to be more serious.

The increase in oil prices has also a direct impact on the balance of payments. Specifically, the recent and protracted increase in international oil prices is expected to have a negative impact on the current account balance. It is anticipated that, the overall imports of petroleum products will increase by approximately £45 million which corresponds to a 0,7% of GDP. Consequently, the current account balance in 2004 is expected to deteriorate in relation to the initial forecasts.

Table 1

GDP projections
(annual percentage change)¹

	The Economist Poll GDP forecasts ²			Lehman Brothers Weekly Outlook - GDP ³			International Monetary Fund World Economic Outlook ⁴			European Commission Economic Forecasts ⁵		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Britain	2,1	3,3 (3,1)	2,7 (2,6)	2,2	3,3 (3,0)	2,5 (2,4)	2,3 (1,7)	3,5 (2,4)	2,5	2,2 (2,0)	3,0 (2,8)	2,8 (2,9)
Japan	2,3	4,5 (4,1)	2,3 (2,1)	2,7	4,1 (3,9)	1,2 (1,0)	2,7 (2,0)	3,4 (1,4)	1,9	2,7 (2,6)	3,4 (1,7)	2,3 (1,5)
USA	3,2	4,5 (4,7)	3,5 (3,6)	3,0 (3,1)	4,3 (4,8)	3,3 (4,0)	3,1 (2,6)	4,6 (3,0)	3,9	3,1 (2,8)	4,2 (3,8)	3,2 (3,3)
Euro area	0,5	1,8 (1,7)	2,0	0,5	1,7	1,7 (2,4)	0,4 (0,5)	1,7 (1,9)	2,3	0,4	1,7 (1,8)	2,3
World				2,2	3,4 (3,6)	2,3 (2,8)	3,9 (3,2)	4,6 (4,1)	4,4	3,7 (3,3)	4,5 (4,1)	4,3 (4,1)

¹ Figures in parentheses indicate the corresponding previous month projection, in case of change.

In the case of the IMF and the EC, the figures indicate the respective projections in September and October 2003, respectively.

² The Economist, 21 August 2004.

³ Lehman Brothers Global Weekly Economic Monitor, 20 August 2004.

⁴ International Monetary Fund, World Economic Outlook, April 2004.

⁵ European Commission, Economic Forecasts, Spring 2004.

Table 2

Major share indices

(closing prices)

	2003		2004			% change
	31 Dec.	1 July	30 July	Jan.-July	July	
USA						
Dow Jones	10.425,0	10.334,2	10.129,2	-2,8	-2,0	
S&P 500	1.109,6	1.128,9	1.100,4	-0,8	-2,5	
Nasdaq	2.009,9	2.015,6	1.881,1	-6,4	-6,7	
Germany						
DAX	3.965,2 *	4.035,0	3.895,6	-1,8	-3,5	
France						
CAC 40	3.557,9	3.716,2	3.647,1	2,5	-1,9	
Italy						
BCI	1.256,6 *	1.326,7	1.298,3	3,3	-2,1	
Britain						
FTSE 100	4.476,9	4.424,7	4.413,1	-1,4	-0,3	
Japan						
Nikkei 225	10.676,6 *	11.896,0	11.325,8	6,1	-4,8	

Source: Reuters

* Closing date 30 December 2003

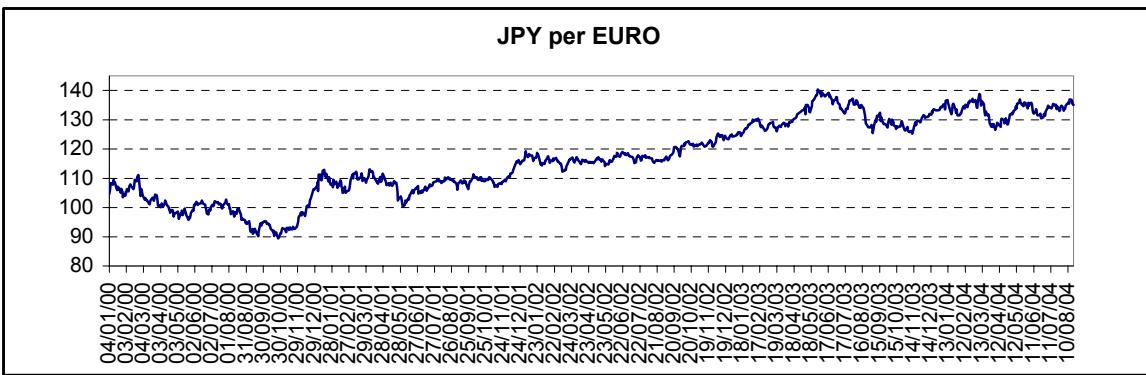
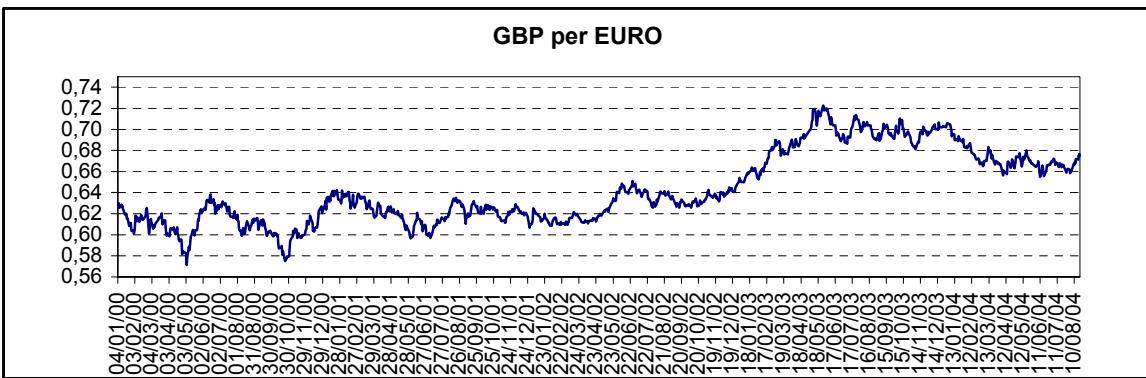
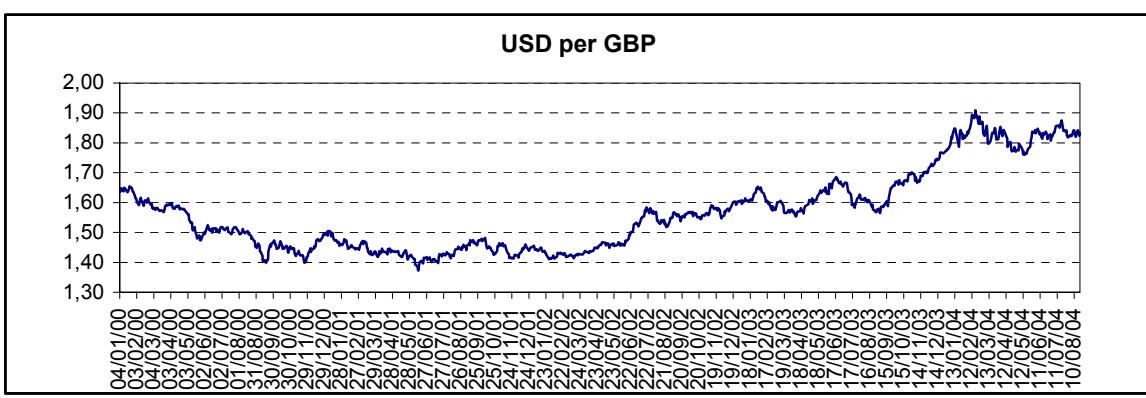
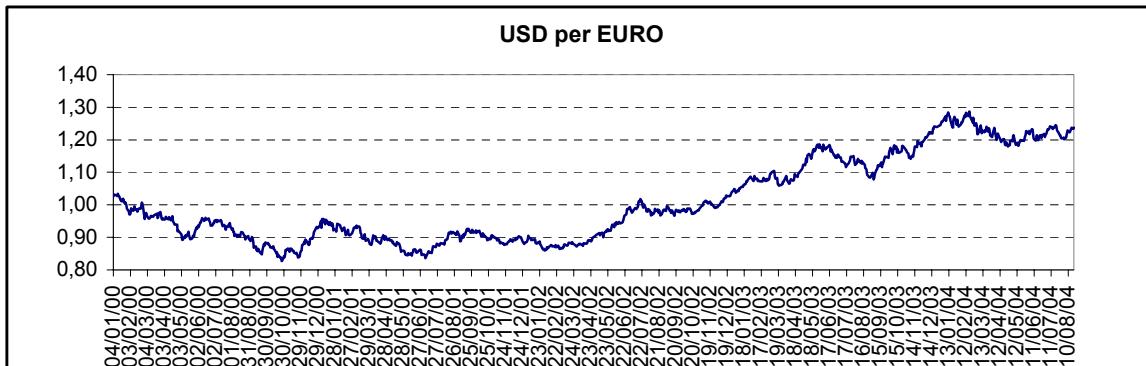
Table 3**Main economic indicators**

(percentage change on year ago)

	GDP				Industrial production June (annual)	Retail sales June (annual)	Unemployment June (annual)	Inflation ¹ July (annual)				
	2004 (Q1)		2004 (Q2)									
	(quarterly)*	(annual)	(quarterly)*	(annual)								
Britain	2,9	3,4	3,8	3,7	0,5	6,6 ⁴	4,8 ²	1,4				
Japan	6,1	5,6	1,7	4,4	8,9	-2,9	4,6	0,0 ³				
USA	3,9	4,8	3,0	4,8	4,9 ⁴	5,6	5,5 ⁴	3,0				
Euro area	2,3	1,3	2,0	2,0	2,7	1,2	9,0	2,3				

Source: *The Economist*, 21 August 2004.¹ Based on the Consumer Price Index² April - June 2004³ June 2004⁴ July 2004

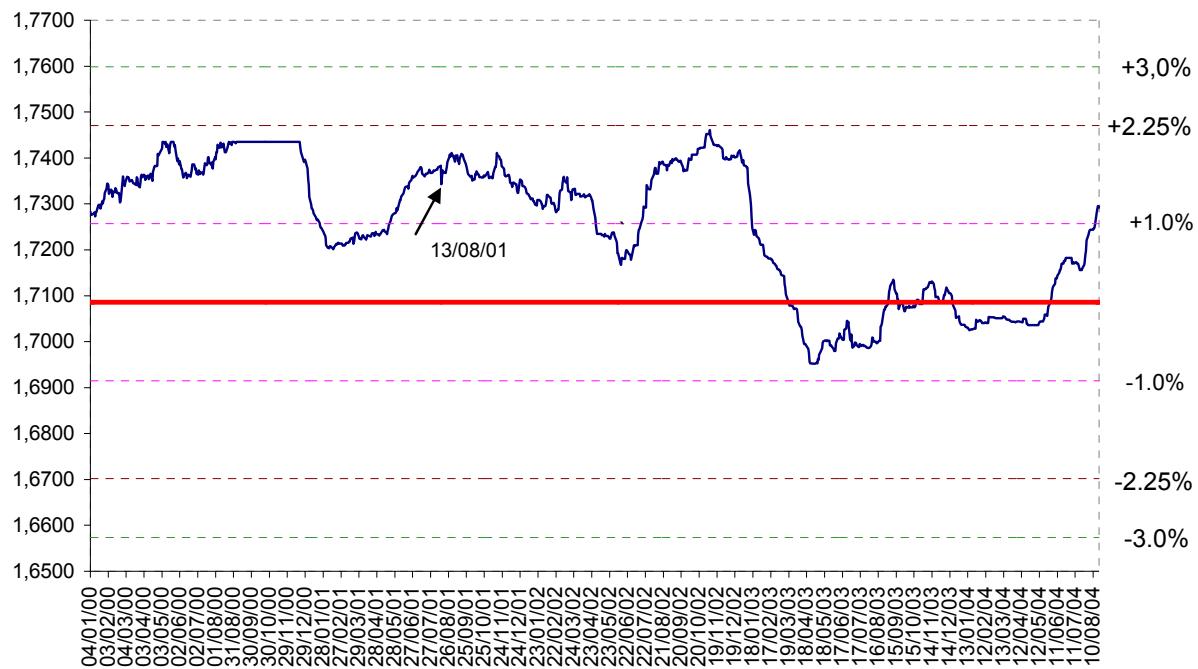
* percentage change on previous quarter at an annualised rate

Graph 1**Major international currencies****04/01/2000 - 20/08/2004***(opening, selling values)*

Graph 2A**Exchange rate of the Euro against the Cyprus pound**

04/01/2000- 20/08/2004

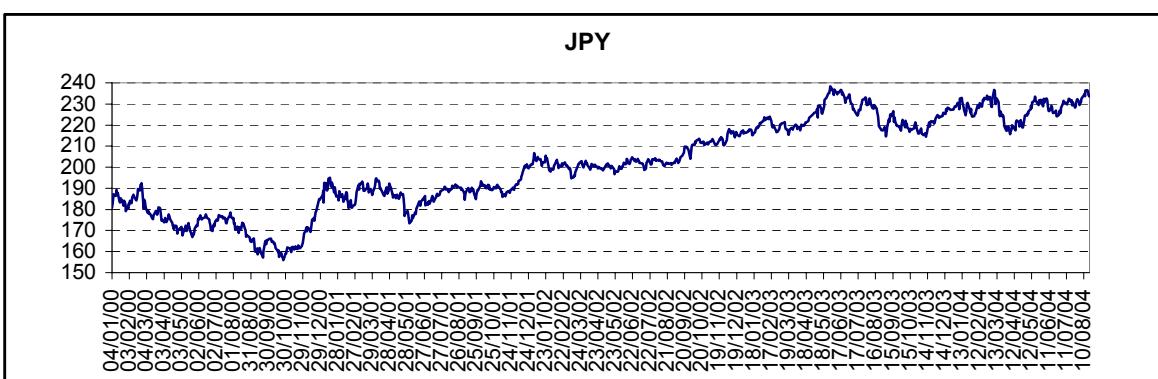
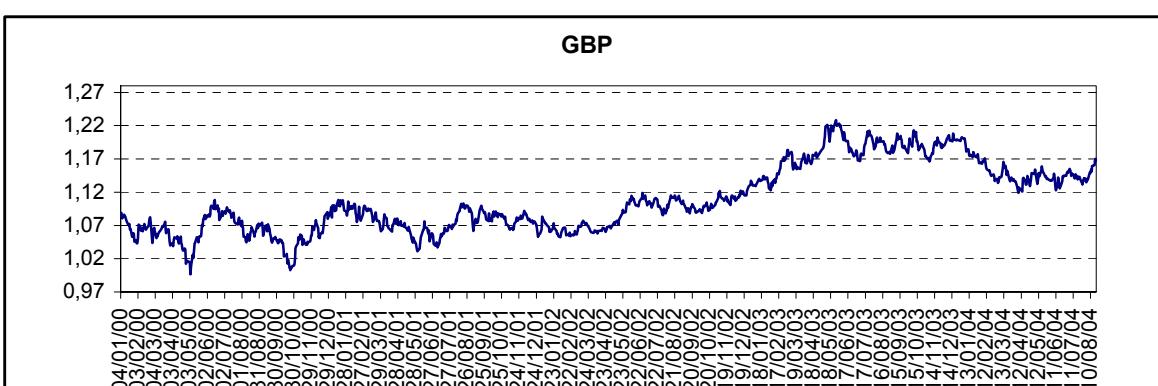
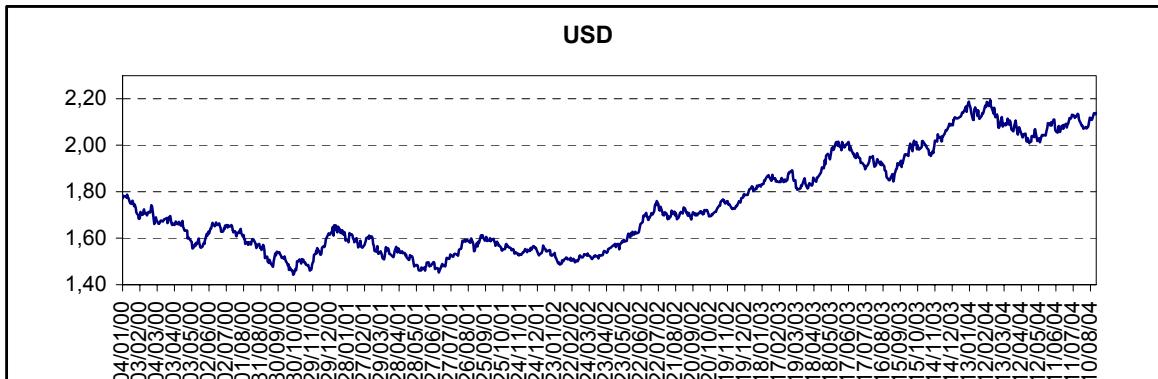
(Selling rate, opening)



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

Graph 2B**Cyprus Pound against major international currencies****04/01/2000 - 20/08/2004**

(opening, selling values)



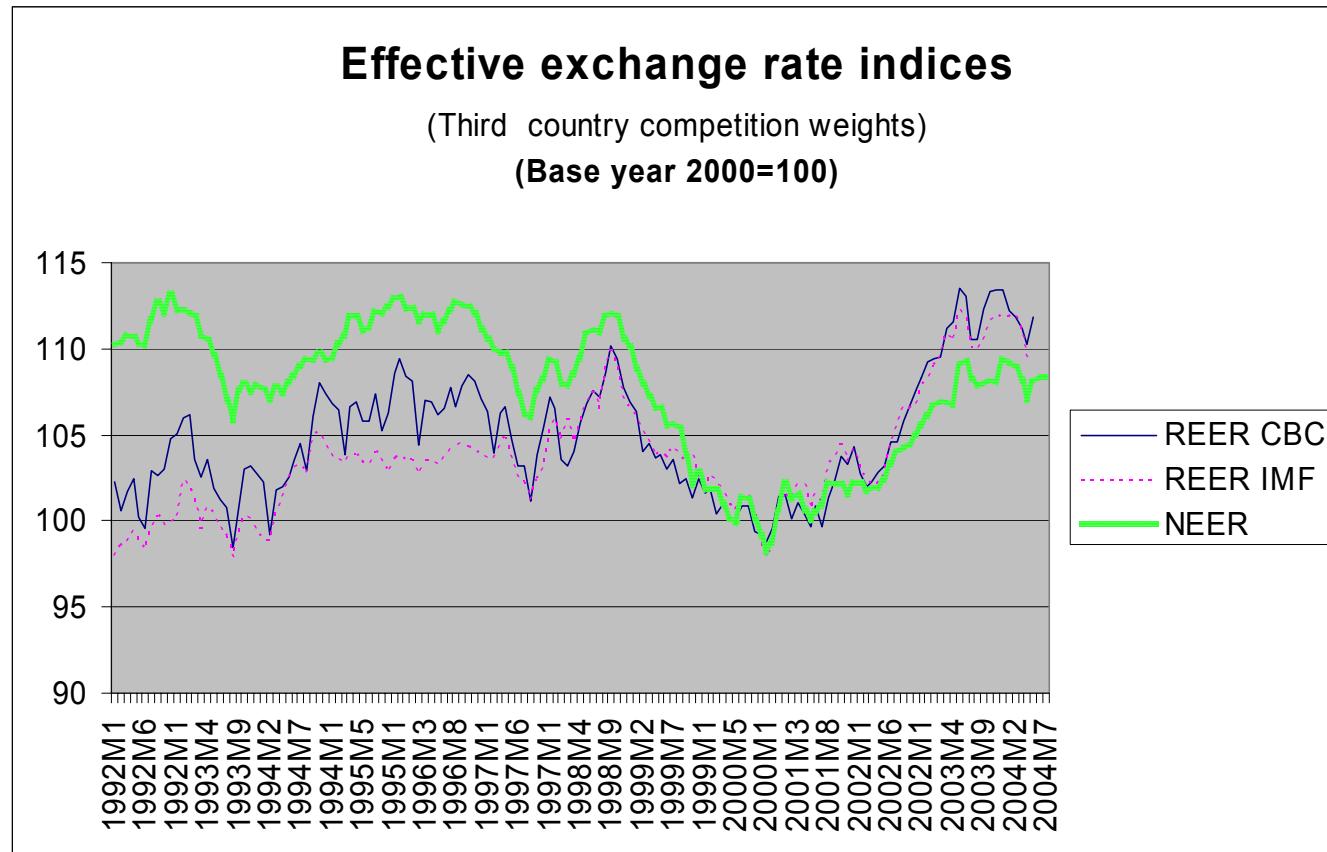
Graph 2C

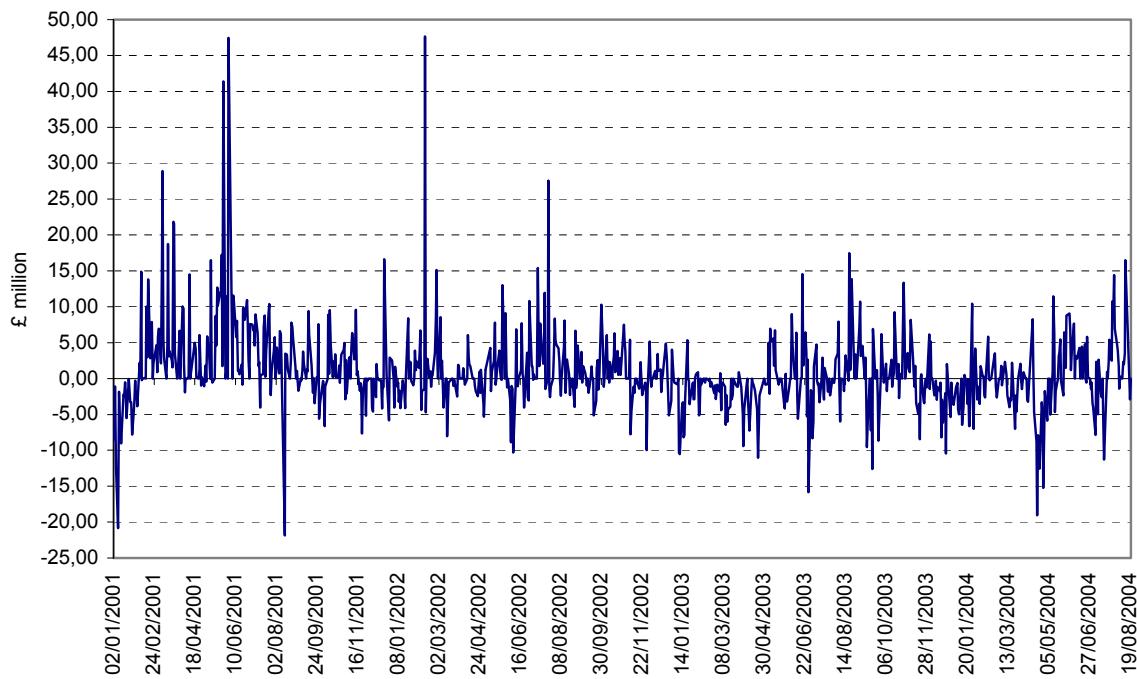
Table 4**Domestic Foreign Exchange Market: Purchases and Sales by the Central Bank of Cyprus**

Period	Average exchange rate intervention Foreign currency per Cyprus pound (period average)			Purchases (+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus Pounds (million)
	Euro	US dollar	Pound Sterling	Euro	US dollar	Pound Sterling	
<u>Year</u>							
2001	1,7314	1,5602	1,0805	437,31	155,24	70,72	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
2003	1,7121	1,9378	1,1849	-259,75	5,16	19,50	-134,02
<u>Quarterly</u>							
2002 Q1	1,7367	1,5226	1,0678	106,05	4,50	8,10	71,79
2002 Q2	1,7295	1,5882	1,0873	-12,25	17,30	33,80	34,44
2002 Q3	1,7397	1,7119	1,1054	205,55	13,85	-0,20	126,36
2002 Q4	1,7467	1,7472	1,1119	22,20	29,10	11,35	39,90
2003 Q1	1,7240	1,8505	1,1539	-201,80	1,61	0,00	-116,28
2003 Q2	1,7050	1,9358	1,1963	-56,20	1,75	1,00	-33,09
2003 Q3	1,7073	1,9208	1,1927	50,60	0,45	0,30	30,01
2003 Q4	1,7123	2,0373	1,1948	-52,35	1,35	18,20	-14,66
2004 Q1	1,7060	2,1398	1,1604	-155,75	2,00	30,20	-64,23
2004 Q2	1,7099	2,0579	1,1409	-19,05	6,50	1,10	- 7,50
<u>Monthly</u>							
December 2002	1,7453	1,7780	1,1209	13,20	8,80	2,60	14,96
January 2003	1,7328	1,8419	1,1392	-96,25	-0,40	0,00	-55,73
February 2003	1,7230	1,8570	1,1535	-37,25	-0,70	0,00	-22,00
March 2003	1,7154	1,8532	1,1707	-68,30	2,35	0,00	-38,55
April 2003	1,7050	1,8457	1,1749	-108,30	-1,40	0,00	-64,26
May 2003	1,7038	1,9728	1,2148	23,10	-0,35	1,00	14,21
June 2003	1,7063	1,9890	1,1991	29,00	0,00	0,00	16,96
July 2003	1,7026	1,9366	1,1919	-33,30	0,00	0,10	-19,47
August 2003	1,7053	1,9073	1,1940	88,30	0,05	-0,20	51,57
September 2003	1,7132	1,9226	1,1936	-4,40	0,40	0,40	-2,08
October 2003	1,7118	2,0038	1,1950	42,95	0,00	7,90	31,68
November 2003	1,7144	2,0062	1,1878	-28,80	1,35	8,30	-9,07
December 2003	1,7106	2,1005	1,2012	-66,50	0,00	2,00	-37,27
January 2004	1,7051	2,1497	1,1799	-83,20	-0,20	9,70	-40,62
February 2004	1,7064	2,1595	1,1555	-23,55	0,00	11,00	-4,25
March 2004	1,7066	2,0954	1,1457	-49,00	2,20	9,50	-19,36
April 2004	1,7058	2,0416	1,1355	-161,15	0,00	1,00	-93,62
May 2004	1,7068	2,0483	1,1471	49,95	0,00	0,00	29,22
June 2004	1,7171	2,0838	1,1402	92,15	6,50	0,10	56,90
July 2004	1,7190	2,1083	1,1454	54,70	5,40	-23,70	13,64
August ¹ 2004	1,7278	2,1100	1,1535	63,40	0,30	4,50	40,46

It includes data until the 20 August, 2004.

Graph 3

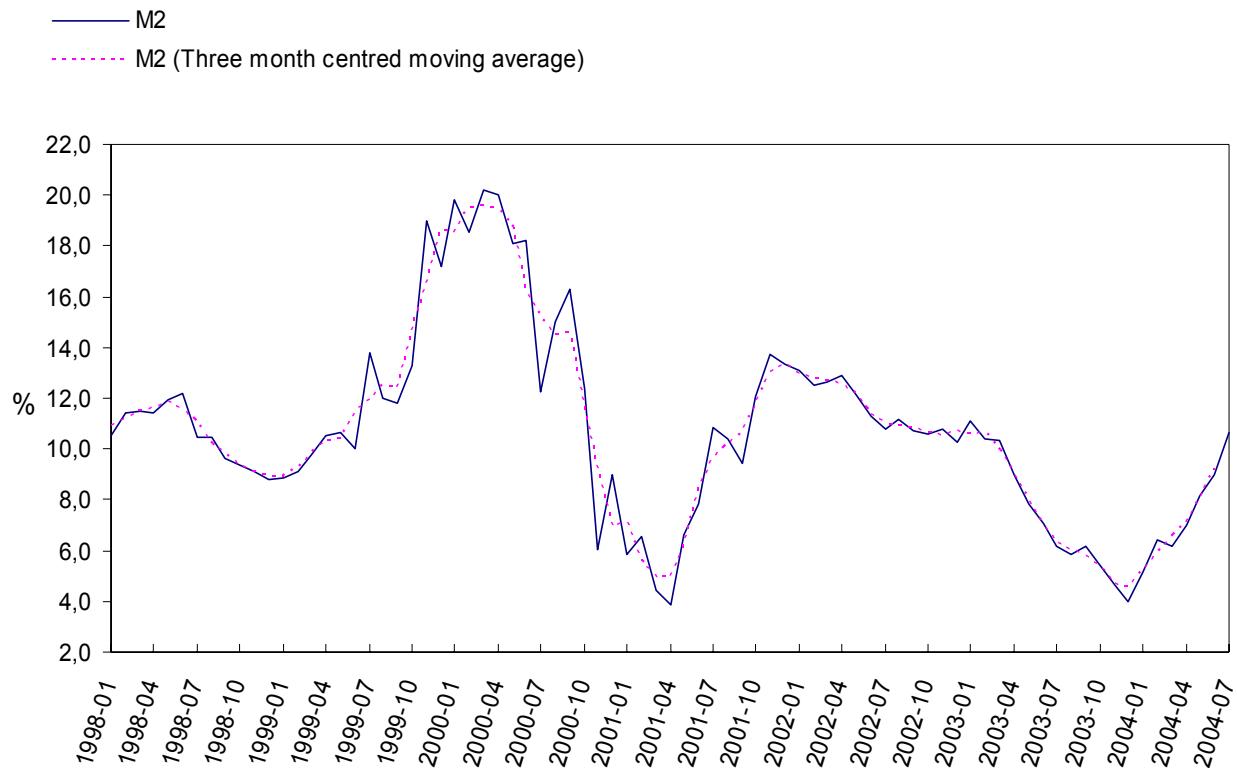
**Daily purchases / sales of foreign exchange by the Central Bank
from / to the domestic banks**
2/1/2001-20/8/2004



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

Graph 4**M2 growth**

(annual percentage changes, monthly data)

**Graph 5****Growth of claims on private sector**

(annual percentage changes, monthly data)

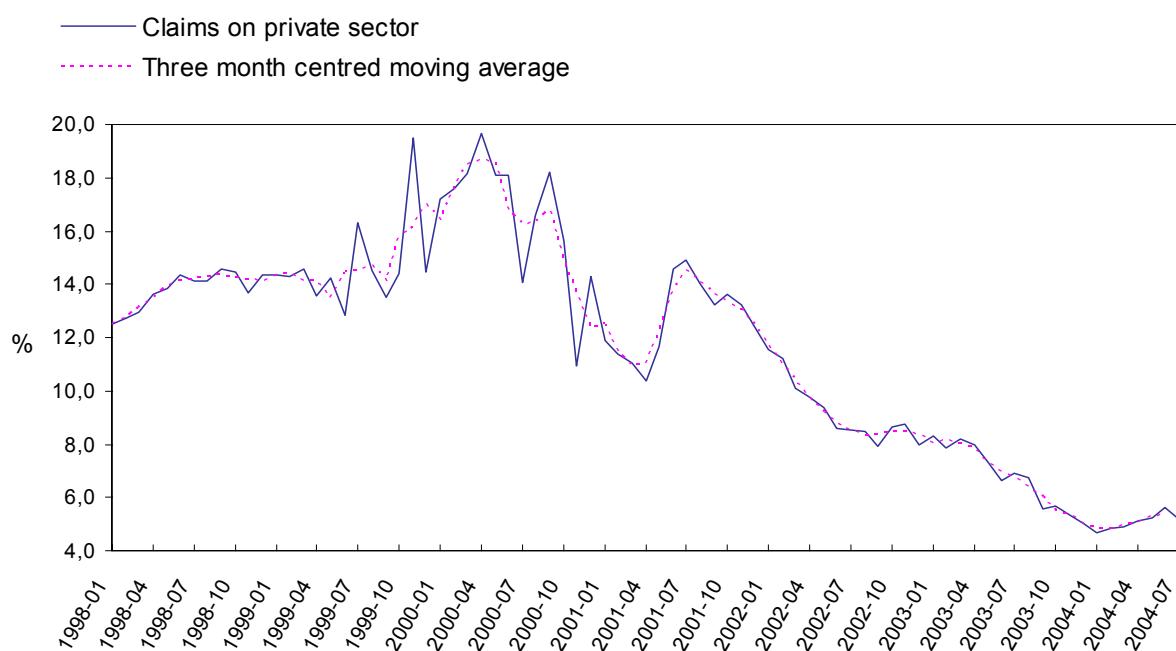


Table 5**Main monetary indicators***(annual percentage change)*

	2000	2001	2002	2003	2003 July	2004 June	2004 July
Money supply (M1)	-3,8	1,1	2,6	32,5	24,7	27,8	18,9
Total money supply (M2)	9,0	13,3	10,3	4,0	6,2	9,0	10,6
Claims on private sector	14,3	12,3	8,0	5,0	6,9	5,6	5,1

Table 6**Factors affecting total money supply**

(change, CYP thousand)

	July 2004	Jan. - July		June 2003/2004	July 2003/2004
		2003	2004		
Foreign assets (net)	420.036	-238.856	529.539	763.548	1.120.589
Claims on private sector	-33.176	269.661	293.920	457.795	420.848
Claims on public sector	-185.321	223.238	-102.815	87.642	-157.691
Unclassified items	-21.598	-262.201	-188.282	-580.275	-516.958
Total money supply (M2)	179.941	-8.158	532.362	728.710	866.788
Money supply (M1)	32.561	160.052	48.906	303.097	226.068
Currency in circulation	24.391	28.835	30.678	66.303	76.236
Demand deposits	8.170	131.217	18.228	236.794	149.832
Quasi-money	147.380	-168.210	483.456	425.613	640.720

Table 7**Bank credit by sector**

	January - July			
	2003		2004	
	change CYP' 000	share %	change CYP' 000	share %
Public institutions and corporations ¹	15.632	5,8	4.468	1,5
Agriculture	-872	-0,3	980	0,3
Mining	1.270	0,5	-2.650	-0,9
Manufacture	-2.390	-0,9	-11.943	-3,9
Transport and communication	-6.108	-2,3	-4.209	-1,4
Foreign and domestic trade	31.316	11,6	-12.044	-4,0
Building and construction	93.329	34,5	123.803	40,7
Tourism	37.951	14,0	19.501	6,4
Personal and professional loans	101.125	37,4	188.025	61,8
Bills discounted: Local	511	0,2	-694	-0,2
Foreign	-1.136	-0,4	-983	-0,3
Total	270.628	100,0	304.254	100,0

1) Including Government loans

Table 8**Claims on private sector¹⁾***(change, CYP million)*

		2004 May	2004 June	2004 July
Foreign currency loans to residents		16,2	23,5	13,0
Claims on private sector		1,1	165,7	-33,2

(end of period balances, CYP million)

	2001	2002	2003	2003 July	2004 June	2004 July
Foreign currency loans to residents	733,0	785,2	799,0	851,7	854,7	867,7
Claims on private sector	7320,1	7904,1	8300,7	8173,8	8627,8	8594,6
Share %	10,0	9,9	9,6	10,4	9,9	10,1

1) From local banks.

Table 9**Banking system's liquidity position**

(£ million, period averages of daily positions)

	Liquidity - providing factors						Liquidity - absorbing factors					Credit institutions current accounts (MRA)	Base money		
	Monetary policy operations						Currency in circulation	Central Govern. deposits (net) ¹⁾	Other factors (net)						
	Net assets in gold and foreign currency (NFA)	Main refinancing operations (repos)	Long term refinancing operations	Marginal lending facility (lombard)	Other liquidity providing operations (swap)	Deposit facility (overnight)			Repos & depos						
	1	2	3	4	5	6	7	8	9	10	11	12	(6+7+9+12) 13		
2002															
July	1.403,2	0,0	0,0	1,5	0,0	41,5	79,4	405,2	413,5	-212,0	179,6	497,5	1.031,9		
Aug.	1.465,0	0,0	0,0	1,9	0,0	21,9	79,5	427,1	422,7	-166,4	176,7	505,4	1.029,5		
Sep.	1.450,9	0,0	0,0	8,6	0,0	2,2	79,3	392,3	413,0	-127,4	190,7	509,3	1.003,9		
Oct.	1.461,3	0,0	0,0	0,3	0,0	10,5	79,4	332,6	413,3	-98,8	213,4	511,2	1.014,4		
Nov.	1.446,9	0,0	0,0	0,6	0,0	4,7	79,5	385,3	399,9	-135,9	201,8	512,1	996,2		
Dec.	1.371,4	0,0	0,0	0,0	0,0	36,2	79,3	412,0	425,4	-330,1	231,9	516,6	1.057,6		
2003															
Jan.	1.340,4	0,0	0,0	3,5	0,0	29,3	79,3	438,9	413,6	-315,3	172,7	525,3	1.047,6		
Feb.	1.280,1	0,0	0,0	0,4	0,0	32,4	79,3	325,0	402,2	-276,0	181,8	535,8	1.049,7		
Mar.	1.210,2	0,0	0,0	10,3	0,0	11,1	79,4	308,5	404,4	-309,5	188,5	538,1	1.032,9		
Apr.	1.141,6	0,0	0,0	0,2	0,0	14,7	79,4	210,4	422,4	-328,7	208,4	535,0	1.051,6		
May	1.112,4	0,0	0,0	3,2	0,0	13,4	79,4	152,3	438,8	-315,7	214,8	532,6	1.064,2		
June	1.095,7	0,0	0,0	1,6	0,0	9,9	79,3	136,7	447,1	-309,5	204,0	529,8	1.066,1		
July	1.075,1	0,0	0,0	0,0	0,0	27,6	79,3	117,7	462,2	-332,7	193,2	527,8	1.096,9		
Aug.	1.104,4	0,0	0,0	0,0	0,0	24,0	79,3	146,8	471,3	-343,6	196,6	530,0	1.104,6		
Sep.	1.144,1	0,0	0,0	2,6	0,0	14,0	79,7	174,5	465,9	-301,8	184,4	530,0	1.089,6		
Oct.	1.079,8	0,0	0,0	0,3	0,0	23,0	79,4	123,6	467,2	-330,3	184,9	532,3	1.101,9		
Nov.	1.122,7	0,0	0,0	0,6	0,0	31,2	79,3	107,7	461,5	-286,9	199,2	531,4	1.103,4		
Dec.	1.173,1	0,0	0,0	4,8	0,0	17,8	79,5	47,4	496,3	-217,9	222,7	532,1	1.125,7		
2004															
Jan.	1.214,1	0,0	0,0	0,0	0,0	55,4	79,3	151,9	491,2	-290,5	192,6	534,2	1.160,1		
Feb.	1.185,3	0,0	0,0	0,0	0,0	22,2	79,4	169,0	477,0	-304,4	194,1	547,9	1.126,5		
Mar.	1.151,2	0,0	0,0	2,2	0,0	17,4	79,6	140,3	478,6	-313,8	199,7	551,5	1.127,2		
Apr.	1.121,0	0,0	0,0	0,7	0,0	29,7	79,3	93,3	503,7	-366,2	226,5	555,2	1.168,0		
May	1.038,5	0,0	0,0	6,0	0,2	8,0	79,3	0,0	509,8	-415,8	222,8	640,6	1.237,7		
June	1.108,4	0,0	0,0	0,0	0,0	32,9	79,4	0,0	519,6	-374,5	214,3	636,8	1.268,6		
July	1.340,1	0,0	0,0	0,0	0,0	42,1	79,5	61,2	533,4	-189,9	174,6	639,4	1.294,3		

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

Table 10**Interest rates**

(percentages per annum, period averages)

	2001	2002	2003	2003 July	2004 May	2004 June	2004 July
Interbank (1day)	4,93	3,42	3,35	3,19	4,73	4,22	4,15
Repos	6,39						
Reverse repos/depos	4,59	3,91	3,45	3,34			4,38
Treasury bills (13 weeks)	6,00	4,02	3,51	3,51		4,74	
Treasury bills (52 weeks)	6,35	4,30	3,70	3,63		5,27	
Development stocks (2 years)	6,11	4,56	3,83	3,69		5,81	5,70
Development stocks (5 years)	6,96	5,07	4,49	4,45		6,36	6,54
Development stocks (10 years)	7,66	5,37	4,70			6,58	
Development stocks (15 years)	6,47	5,60	4,81			7,05	

Source: Central Bank of Cyprus

Table 11**Inflation and interest rates in Europe and Cyprus - May 2004***(latest 12-month average)*

	Inflation (HICP)	Long-term interest rates	Long-term real interest rates
Belgium	1,60	4,22	2,62
Czech Republic	1,10	4,46	3,36
Denmark	1,20	4,32	3,12
Germany	1,20	4,11	2,91
Estonia	1,20	4,78	3,58
Greece	3,20	4,30	1,10
Spain	2,70	4,17	1,47
France	2,20	4,16	1,96
Ireland	2,90	4,17	1,27
Italy	2,60	4,30	1,70
Latvia	4,10	4,95	0,85
Lithuania	-0,80	4,89	5,69
Luxembourg	2,30	3,04	0,74
Hungary	5,80	7,61	1,81
Malta	1,90	4,76	2,86
Netherlands	1,80	4,16	2,36
Austria	1,30	4,22	2,92
Poland	1,50	6,37	4,87
Portugal	2,60	4,23	1,63
Slovenia	4,70	5,69	0,99
Slovakia	8,70	5,07	-3,63
Finland	0,70	4,13	3,43
Sweden	1,60	4,63	3,03
United Kingdom	1,30	4,81	3,51
Eurozone	2,00	4,20	2,20
EU -25	1,90	4,44	2,54
Cyprus	2,20	4,80	2,60

Source: Eurostat

Table 12**Official interest rates**

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

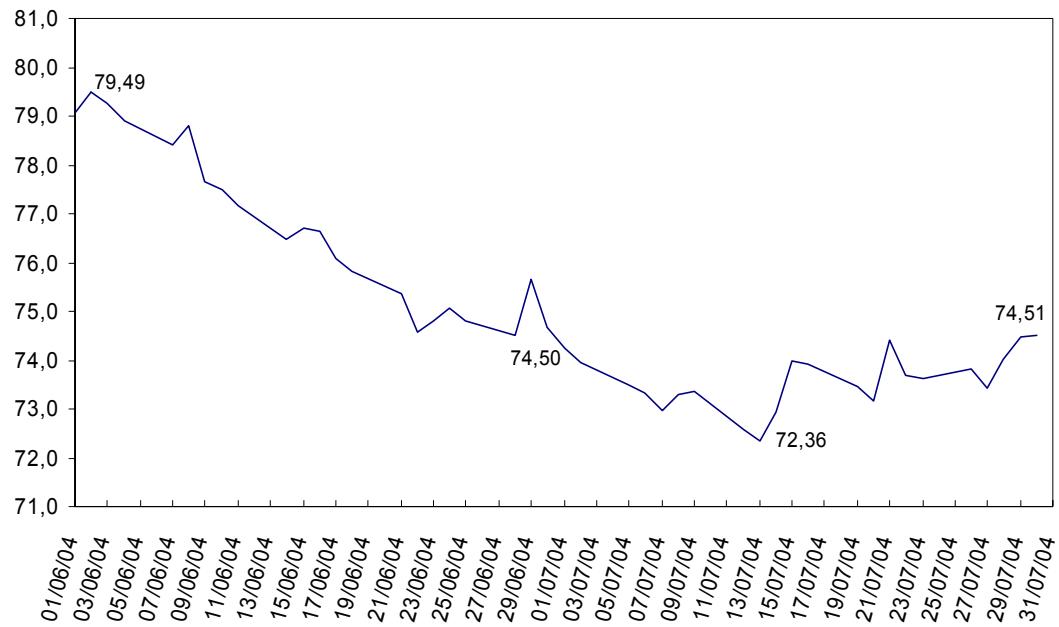
		change
European Central Bank <i>(5 August 2004)</i>		
Minimum bid rate on the main refinancing operations	2,00	-
Interest rate on the marginal lending facility	3,00	-
Interest rate on the deposit facility	1,00	-
Bank of England <i>(5 August 2004)</i>		
Repo Rate	4,75	+0,25
Federal Reserve System <i>(10 August 2004)</i>		
Federal Funds Rate	1,50	+0,25
Discount Rate	2,50	+0,25
Central Bank of Cyprus <i>(9 July 2004)</i>		
Minimum bid rate on the main refinancing operations	4,50	-
Interest rate on the marginal lending facility	5,50	-
Interest rate on the deposit facility	3,50	-

Sources: ECB, Bank of England, Federal Reserve System and CBC

Graph 6**Cyprus Stock Exchange (CSE) General Index**

June - July 2004

(29/3/1996=100, daily data)



Source: Cyprus Stock Exchange

Table 13**Investments by non-residents on the Cyprus Stock Exchange**

(CYP thousand)

	2002 ¹	2003	2004					
	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July
Purchases	50	495	1.295	361	809	613	469	1.076
Sales	0	358	327	240	1.017	99	139	636
Net investments	50	137	968	121	-208	514	330	440

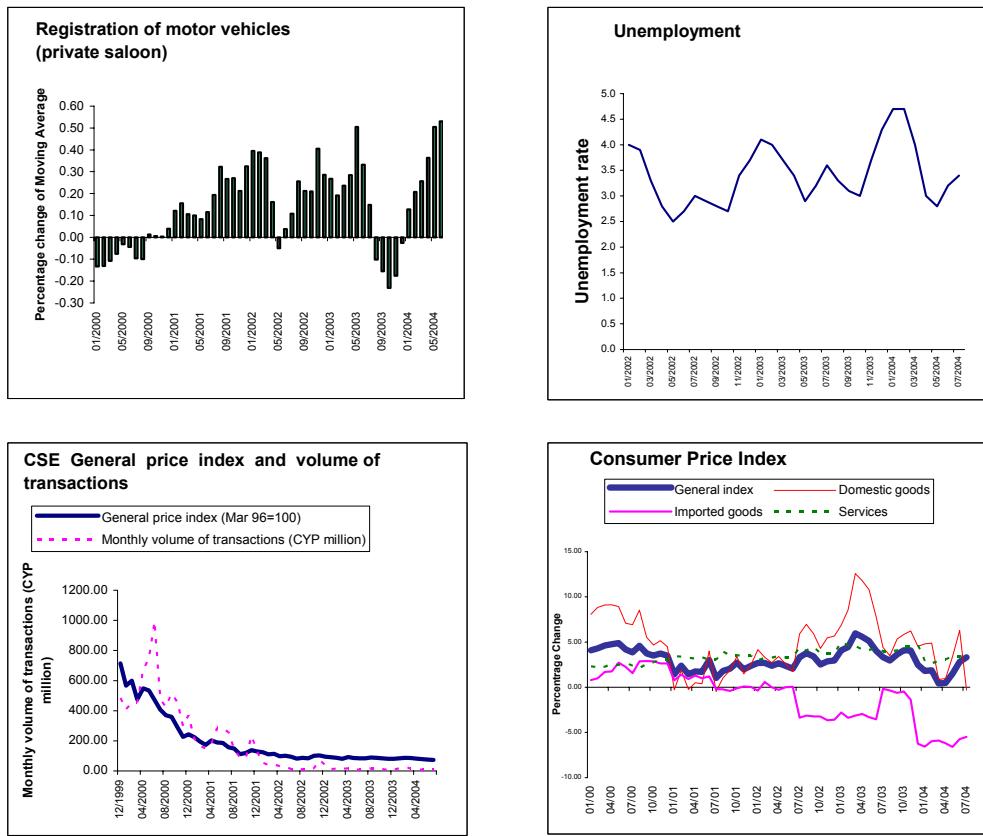
Source: Cyprus Stock Exchange

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

Table 14**Manufacturing production volume index***(percentage change by category)*

	May 03/02	May 04/03	Jan.-May 03/02	Jan.-May 04/03
General index	1,9	-2,6	1,7	0,7
Food products, beverages & tobacco	0,1	-9,9	-2,2	2,1
Textiles & textile products	7,8	-6,0	4,6	-8,3
Leather and leather products	-39,0	-18,4	-39,9	-17,0
Wood & wood products	11,1	4,9	14,3	3,8
Paper, paper products, publishing & printing	-2,4	3,7	-0,5	0,7
Refined petroleum products	17,9	-93,2	-7,7	-27,1
Chemicals, chemical products and man-made fibres	-4,7	-1,6	-6,3	3,6
Rubber and plastic products	-1,4	-3,4	-2,0	0,0
Other non-metallic mineral products	19,7	5,9	12,0	3,3
Basic metals & fabricated metal products	-5,0	1,3	4,3	2,6
Machinery and equipment n.e.c.	-7,4	4,1	-11,6	-0,4
Electrical & optical equipment	-23,2	-12,5	-13,2	-11,6
Transport equipment	9,4	5,9	32,7	-12,0
Manufacturing n.e.c.	12,8	8,7	13,8	1,1

Graph 7



Graph 8

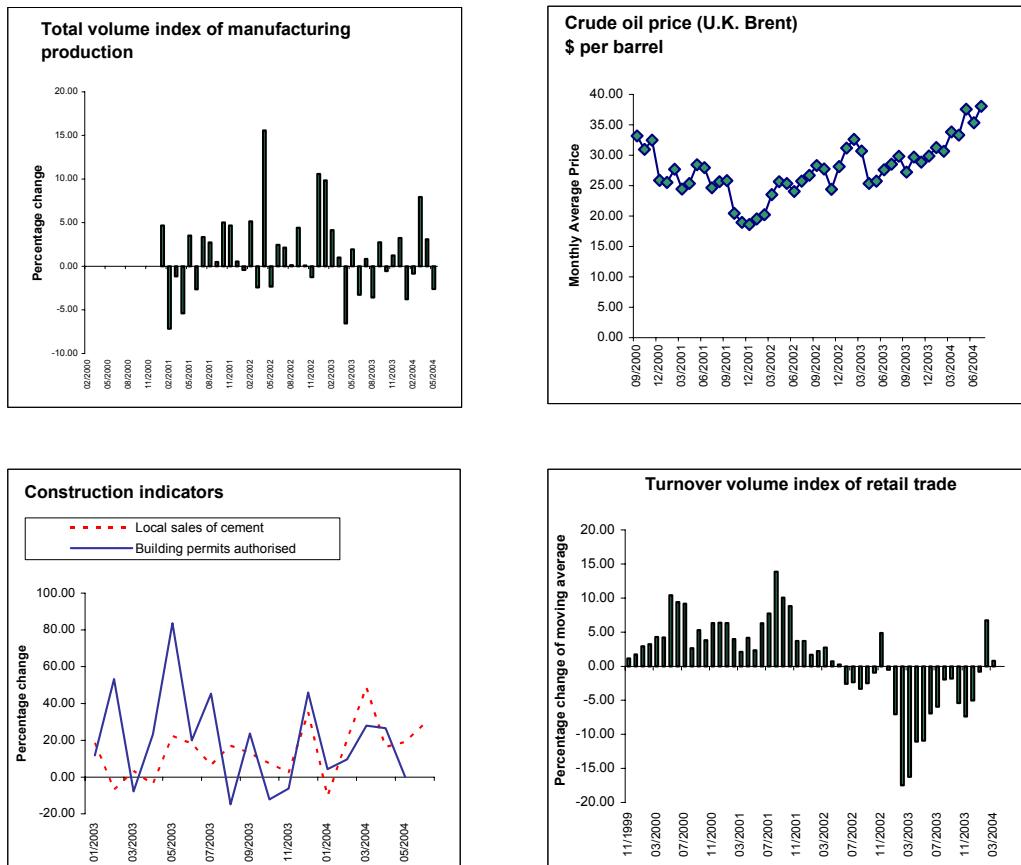


Table 15**Turnover volume index of Retail Trade**

(percentage change by category)

	May 04/03	Jan.- May 04/03
General index	-5,8	3,2
Retail sale in non-specialised stores with food, beverages or tobacco predominating	-9,0	-1,3
Other retail sale in non-specialised stores	-3,8	-0,2
Retail sale of food, beverages and tobacco in specialised stores	-0,1	4,0
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	-5,3	4,7
Retail sale of textiles, clothing, footwear and leather goods	11,4	16,1
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods hardware, paints and glass	10,3	11,5
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	-25,2	-2,6
Retail sale of second-hand goods in stores	13,7	0,4
Retail sale of in stores	-29,9	-8,9

NB: Comparison between 2003 and 2002 could not be made as revised figures for 2002 have not yet been calculated

Table 16**Public finances summary**

	Jan.-May 2003	Jan.-May 2004	Jan.-May 03/02	Jan.-May 04/03
	<i>million</i>		<i>(% change)</i>	
Total revenue and grants	823,8	894,0	15,1	8,5
Direct taxes	184,9	205,9	-18,4	11,3
Income tax	119,3	129,0	-24,0	8,1
Indirect taxes	384,9	439,4	27,4	14,2
Value added tax	192,6	232,6	34,8	20,8
Excise taxes	111,4	150,1	49,7	34,7
Import duty	19,2	-4,4	-29,1	-123,1
Social security funds contributions	122,6	146,5	-3,8	19,5
Other revenues	0,9	0,0	236,7	-100,0
Foreign grants	1,0	10,4	121,3	914,0
Total expenditure and net lending	980,7	968,1	20,1	-1,3
Current expenditure	902,8	931,3	20,1	3,2
Goods and services	82,5	69,9	31,0	-15,4
Wages and salaries	255,6	302,8	15,4	18,5
Pensions and gratuities	55,3	61,4	14,1	11,0
Social pensions	10,6	18,0	1,6	69,4
Other current transfers	155,6	161,1	44,1	3,6
Social security funds payments	124,4	156,7	5,5	26,0
Subsidies	43,8	27,0	166,3	-38,3
Interest	128,9	120,2	16,2	-6,8
Capital expenditure	73,5	36,8	29,3	-49,9
Investment	55,4	36,8	30,0	-33,6
Capital transfers	18,1	0,0	27,3	-100,0
Net lending	4,3	0,0		
Fiscal surplus (+)/deficit(-)	-156,9	-74,1	56,0	-52,8

Graph 9**Confidence Indicators**

(units, end of month)

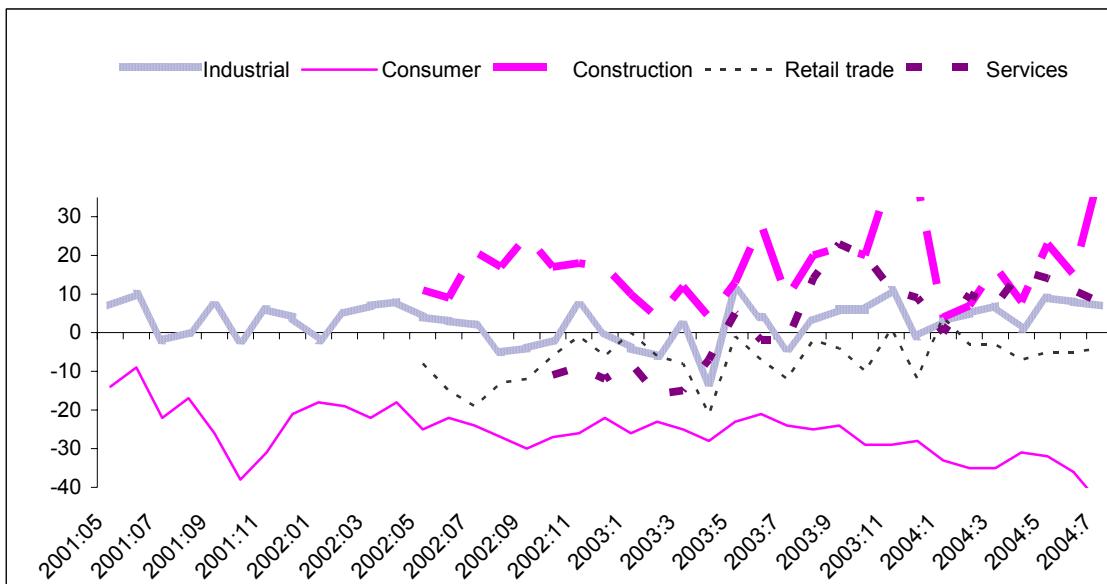


Table 17

	2002	2003	2002/2001 % change Jan. - Dec.	2003/2002 % change Jan. - Dec.	2002	2003	2004	2003/2002 % change Jan. - Apr.	2004/2003 % change Jan. - Apr.
	Jan. - Dec.	Jan. - Dec.	Jan. - Dec.	Jan. - Apr.	Jan. - Apr.	Jan. - Apr.	Jan. - Apr.	Jan. - Apr.	Jan. - Apr.
Total imports (cif)	2.486,6	2.304,0	-1,7	-7,3	814,8	740,6	893,0	-9,1	20,6
Imports for home consumption (cif)	2.256,5	2.096,5	3,7	-7,1	730,5	659,1	796,2	-9,8	20,8
<i>Non oil civil imports for home consumption (cif)</i>	<i>1.882,1</i>	<i>1.841,9</i>	<i>3,8</i>	<i>-2,1</i>	<i>615,8</i>	<i>575,2</i>	<i>717,9</i>	<i>-6,6</i>	<i>24,8</i>
<i>Imports destined for re-exports</i>	230,2	220,2	-34,6	-4,3	84,3	81,5	96,8	-3,3	18,7
Total exports	511,3	476,8	-18,6	-6,7	178,1	153,2	159,0	-14,0	3,8
Domestic exports (fob)	221,9	205,9	-5,1	-7,2	81,5	68,1	74,8	-16,4	9,8
Re-exports (fob)	247,1	224,5	-26,7	-9,1	87,0	69,8	74,6	-19,8	6,9
Shipstores	42,3	46,4	-25,9	9,7	9,6	15,3	9,6	58,7	-37,1
Trade balance	-1.975,4	-1.827,2	3,9	-7,5	-636,7	-587,4	-734,0	-7,7	25,0

¹ Figures for April 2004 are provisional

Table 18**Imports (cif) by economic destination**

(Cyprus pounds in millions)

	2002 Yearly Value	2003 Yearly Value	2002 Jan. - Mar. Value	2003 Jan. - Mar. Value	2004 Jan. - Mar. Value	2003/2002 Annual % Change	2003/2002 Jan. - Mar. % Change	2004/2003 Jan. - Mar. % Change
Consumer goods	641,6	638,2	176,6	144,5	164,0	-0,5	-18,1	13,5
Non-durable	351,0	356,8	112,4	82,5	95,5	1,7	-26,6	15,7
Semi-durable	178,0	172,6	38,2	37,5	41,3	-3,0	-1,8	10,1
Durable	112,6	108,7	25,9	24,5	27,2	-3,5	-5,5	11,2
Intermediate inputs	715,8	716,4	175,2	166,6	185,7	0,1	-4,9	11,5
Agricultural	43,3	41,2	8,9	7,7	11,1	-4,8	-13,9	45,2
Construction and mining	135,9	154,9	34,4	36,2	43,2	14,0	5,4	19,1
Manufacturing	419,3	416,8	106,5	99,3	108,6	-0,6	-6,8	9,4
Transport, storage and communication	26,2	23,3	4,8	5,4	5,0	-11,1	11,4	-8,1
Other sectors of the economy	91,1	80,2	20,6	18,0	18,9	-12,0	-12,4	4,7
Capital goods	242,8	256,6	57,3	56,5	69,4	5,7	-1,5	22,9
Agricultural	8,6	7,5	2,1	2,0	2,1			
Construction and mining	21,2	23,8	4,0	6,2	6,6			
Manufacturing	60,0	61,0	14,1	14,3	13,1			
Transport, storage and communication	45,8	62,4	11,0	11,9	20,0			
Other sectors of the economy	107,3	101,8	26,2	22,1	27,7			
Transport equipment and parts thereof	281,5	228,3	82,2	87,0	94,2	-18,9	5,8	8,4
of which:								
passenger cars	160,1	149,8	64,1	63,6	74,8	-6,4	-0,8	17,7
spare parts	66,3	66,3	15,4	21,1	15,6			
aircraft and parts	42,7	0,2	0,0	0,2	0,0			
Fuels and lubricants	240,4	162,5	67,6	58,9	60,3	-32,4	-13,0	2,4
Unclassified	134,3	92,1	29,4	22,0	3,3			
Imports for home consumption	2256,4	2094,0	525,5	477,3	518,2	-7,2	-9,2	8,6
Imports destined for re-exports	230,2	207,6	62,9	58,1	59,8	-9,8	-7,6	2,8
Total imports	2486,6	2301,6	588,4	535,5	578,0	-7,4	-9,0	7,9
Memo item: Non oil civil imports for home consumption	1882,1	1841,9	435,4	416,3	468,5	-2,1	-4,4	12,5

Source: Statistical Service of Cyprus

Table 19**Exports (fob) by economic destination**

(Cyprus pounds in millions)

	2002 Yearly Value	2003 Yearly Value	2002 Jan. - Mar. Value	2003 Jan. - Mar. Value	2004 Jan. - Mar. Value	2003/2002 Annual % Change	2003/2002 Jan. - Mar. % Change	2004/2003 Jan. - Mar. % Change
Agricultural products (raw)	36,9	43,6	12,8	11,3	14,5	18,2	-11,8	28,5
of which:								
potatoes	11,1	15,1	2,0	1,6	1,1			
other vegetables								
fresh, frozen or dried	3,8	4,4	1,6	1,7	1,5			
citrus fruit	18,3	19,0	8,8	7,4	9,2			
Minerals and industrial products of mineral origin	10,5	9,8	2,2	2,7	1,9	-6,7	26,8	-31,2
Industrial products of agricultural origin	32,9	32,7	6,9	7,7	6,7	-0,6	11,4	-13,7
of which:								
halloumi cheese	10,9	10,5	2,7	2,4	2,2			
fruit preserved	0,9	0,4	0,2	0,2	0,1			
fruit and vegetable juices	4,7	4,4	0,9	1,0	0,9			
beer	0,9	0,6	0,2	0,1	0,1			
wines	5,1	6,1	0,9	1,5	1,4			
meat	4,5	3,7	1,0	1,0	0,3			
Industrial products of manufacturing origin	141,6	119,9	35,2	27,7	28,7	-15,3	-21,2	3,4
of which:								
cigarettes	4,5	6,8	0,9	0,9	3,4			
cement	8,8	9,1	1,2	2,4	1,4			
pharmaceutical products	43,1	38,7	10,7	8,4	10,2			
articles of paper or of paperboard	5,5	5,6	1,8	1,3	1,3			
clothing	16,0	9,8	4,0	2,5	1,7			
footwear	3,2	1,4	0,8	0,4	0,3			
furniture	6,0	4,2	1,4	1,2	0,8			
Unclassified	0,0	0,0	0,0	0,0	0,1			
Domestic exports	221,9	205,9	57,1	49,5	51,8	-7,2	-13,3	4,7
re-exports	247,1	224,5	60,8	53,6	53,6	-9,1	-11,8	0,0
shipstores	42,3	46,4	6,5	9,9	6,6	9,6	51,5	-33,0
Total exports	511,3	476,8	124,4	113,0	112,0	-6,7	-9,2	-0,8

Source: Statistical Service of Cyprus

Table 20**Tourist arrivals¹**

(number of persons)

	2000	2001	2002	2003	2004	% change 2002/2001	% change 2003/2002	% change 2004/2003
January	63.553	64.214	54.067	59.529	56.504	-15,8	10,1	-5,1
February	87.243	83.569	71.950	77.972	75.705	-13,9	8,4	-2,9
March	135.487	137.578	138.625	91.634	111.946	0,8	-33,9	22,2
April	221.785	237.228	180.481	169.891	191.251	-23,9	-5,9	12,6
May	299.355	324.901	279.070	231.527	261.646	8,5	-17,0	13,0
June	302.011	322.835	293.192	262.100	264.799	6,9	-10,6	1,0
July	362.299	373.385	327.404	318.143	305.978	3,1	-2,8	-3,8
August	356.686	371.536	301.724	325.390		4,2	7,8	
September	329.964	329.400	306.731	287.358		-0,2	-6,3	
October	300.597	269.744	275.840	271.980		-10,3	-1,4	
November	133.500	107.454	111.327	123.800		-19,5	11,2	
December	93.722	74.887	77.822	83.919		-20,1	7,8	
Jan. - July	1.471.733	1.543.710	1.344.789	1.210.796	1.267.829	-12,9	-10,0	4,7
Jan. - Dec.	2.686.202	2.696.731	2.418.233	2.303.243		-10,3	-4,8	

Source: Statistical Service of Cyprus

¹Arrivals of same - day visitors are not included**Table 21****Receipts from tourism¹**

(Cyprus pounds in millions)

	2000	2001	2002	2003	2004	% change 2003/2002	% change 2004/2003
January	24,9	21,6	25,6	21,8	18,8	18,8	-15,0
February	29,1	28,9	31,4	25,4	8,9	8,9	-19,1
March	49,7	59,2	37,8	42,1	-36,1	-36,1	11,2
April	89,9	77,0	67,1	72,1	-12,9	-12,9	7,4
May	139,1	119,5	92,5	99,5	-22,6	-22,6	7,6
June	122,9	157,4	139,3	114,8	109,3	-17,6	-4,8
July	162,7	192,0	160,7	152,4		-5,2	
August	173,7	205,0	153,8	165,3		7,5	
September	161,9	176,3	157,4	134,1		-14,8	
October	135,1	130,2	128,0	112,4		-12,2	
November	54,1	48,8	51,4	48,7		-5,3	
December	36,2	29,2	35,6	32,9		-7,6	
Jan. - June	490,1	445,5	369,3	370,1	-17,1	-17,1	0,2
Jan. - Dec.	1.271,6	1.132,4	1.015,1		-10,4	-10,4	

Source: Statistical Service of Cyprus

¹Receipts from same - day visitors are not included

Table 22**Official Interest Rates**

(levels in percentages per annum)

Date of monetary policy decision	Deposit facility	Main refinancing operations				Marginal lending facility	
		Variable rate tenders		Fixed rate tenders			
		Repo	Reverse repo	Acceptance of deposits	Acceptance of deposits		
		Minimum bid rate	Maximum bid rate	Maximum bid rate	Fixed rate		
2001	10 Aug.	3,50		5,00		6,50	
	18 Sep.	3,00		4,50		6,00	
	02 Nov.	2,50	4,00	4,00	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	

Source: Central Bank of Cyprus

Table 23**Main refinancing operations allotted through tenders ⁽¹⁾**

(Cyprus pounds millions, interest rates in percentages per annum)

Date of settlement	Bids (amount)	Allotment (amount)	Variable rate tenders				Fixed rate tenders	Running for (...) days
			Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate		
2004	05 Jan.	200,0	180,0	3,50	3,38	3,25	3,45	10
	15 Jan.	263,5	200,0	3,50	3,37	3,27	3,44	6
	22 Jan.	169,8	169,8	3,50	3,31	3,24	3,43	7
	29 Jan.	177,5	160,0	3,50	3,47	3,36	3,50	14
	12 Feb.	198,0	170,0	3,50	3,47	3,41	3,50	14
	26 Feb.	202,0	190,0	3,50	3,47	3,41	3,50	14
	11 Mar.	201,0	150,0	3,50	3,47	3,42	3,50	7
	18 Mar.	165,0	100,0	3,50	3,37	3,33	3,39	15
	02 Apr.	164,0	100,0	3,50	3,31	3,29	3,50	13
	15 Apr.	152,0	100,0	3,50	3,29	3,29	3,29	14
	08 Jul.	125,5	70,0	4,50	4,45	4,44	4,46	7
	15 Jul.	79,0	79,0	4,50	4,34	4,32	4,47	14
	29 Jul.	122,0	100,0	4,50	4,39	4,33	4,43	14
	12 Aug.	182,5	180,0	4,50	4,37	4,32	4,43	14
	26 Aug.	209,0	180,0	4,50	4,29	4,14	4,41	14

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

Source : Central Bank of Cyprus

Table 24**Money market interest rates**

(percentages 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	1-month deposits	3-month deposits	6-month deposits	12-month deposits
2003	June	3,42	3,38	3,63	3,67	-	2,21	2,18	2,15	2,08	2,01
	July	3,19	-	3,49	3,75	-	2,08	2,13	2,13	2,09	2,08
	Aug.	3,09	-	3,41	3,57	-	2,10	2,12	2,14	2,17	2,28
	Sep.	3,35	3,60	3,46	3,66	-	2,02	2,13	2,15	2,18	2,26
	Oct.	3,18	3,42	3,56	3,58	3,90	2,01	2,10	2,14	2,17	2,30
	Nov.	3,34	3,54	3,55	3,70	4,00	1,97	2,09	2,16	2,22	2,41
	Dec.	3,31	3,60	3,50	3,65	-	2,06	2,13	2,15	2,20	2,38
2004	Jan.	3,10	-	3,52	-	3,25	2,02	2,08	2,09	2,12	2,22
	Feb.	3,03	-	3,57	3,86	4,18	2,03	2,06	2,07	2,09	2,16
	Mar.	3,21	3,18	3,58	4,09	-	2,01	2,04	2,03	2,02	2,06
	Apr.	3,25	3,44	3,46	4,25	-	2,08	2,05	2,05	2,06	2,16
	May	4,73	4,51	4,91	5,09	4,44	2,02	2,06	2,09	2,14	2,30
	June	4,22	4,41	4,67	5,20	5,20	2,02	2,08	2,11	2,19	2,40
	July	4,15	4,42	5,15	5,20	-					

Sources: Central Bank of Cyprus and European Central Bank

Table 25**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 CYP5000	1 year fixed deposits - over CYP5000
2002	May	6,78	7,13	7,90	7,15	10,50	0,93	4,03	4,79
	June	6,98	7,16	7,90	7,15	10,50	0,93	4,42	4,85
	July	6,98	7,16	7,90	7,15	10,50	0,93	4,42	4,85
	Aug.	6,98	7,16	7,90	7,21	10,50	0,83	4,42	4,85
	Sept.	6,98	7,16	7,90	7,21	10,50	0,84	4,37	4,88
	Oct.	7,15	7,33	7,90	7,21	10,50	0,84	4,37	4,88
	Nov.	7,15	7,33	7,90	7,21	10,50	0,83	4,40	4,84
	Dec.	6,98	6,88	7,52	6,78	10,33	0,66	3,80	4,56
	2003	Jan.	7,40	7,32	7,70	6,78	10,50	0,71	3,85
		Feb	7,22	7,21	7,70	6,78	10,50	0,65	3,84
		Mar	7,23	7,22	7,70	6,78	10,50	0,68	3,85
		Apr	6,77	6,74	7,13	6,18	10,50	0,45	3,33
		May	6,66	6,68	7,10	6,18	10,50	0,45	3,34
		June	6,76	6,72	7,20	6,18	10,50	0,45	3,33
		July	6,97	6,98	7,40	6,30	10,50	0,42	3,34
		Aug.	6,92	6,90	7,40	6,30	10,50	0,40	3,34
		Sep	6,92	6,90	7,40	6,30	10,50	0,46	3,34
		Oct.	6,92	6,90	7,53	6,30	10,50	0,44	3,35
		Nov.	6,92	6,90	7,53	6,30	10,50	0,42	3,35
		Dec.	6,92	6,90	7,53	6,30	10,50	0,44	3,35
2004	Jan.	6,92	6,90	7,53	6,30	10,50	0,44	3,35	3,43
	Feb	6,92	6,90	7,53	6,30	10,50	0,45	3,35	3,42
	Mar	6,92	6,90	7,53	6,30	10,50	0,44	3,35	3,43
	Apr	6,92	6,90	7,53	6,30	10,50	0,42	3,35	3,40
	May	7,92	7,90	8,53	7,30	11,50	0,69	4,41	3,88
	June	7,92	7,90	8,53	7,30	11,50	0,66	4,42	4,04
	July	7,92	7,90	8,53	7,30	11,50	0,66	4,43	4,08

(1) Reported as end of month.

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

Table 26**European Monetary Financial Institutions (MFI) interest rates**

(percentages per annum, outstanding amounts as 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
2003 May	0,84	2,34	3,47	2,24	3,10	1,08	2,50	4,50
June	0,76	2,18	3,48	2,23	3,01	0,99	2,26	4,45
July	0,68	2,08	3,43	2,14	2,93	0,88	2,24	4,40
Aug.	0,68	2,04	3,43	1,99	2,88	0,88	2,20	4,26
Sep.	0,69	2,01	3,44	2,00	2,85	0,87	2,23	4,32
Oct.	0,69	1,97	3,47	2,05	2,73	0,88	2,12	4,33
Nov.	0,70	1,98	3,44	2,01	2,70	0,87	2,13	4,43
Dec.	0,69	1,97	3,54	2,01	2,68	0,87	2,14	4,25
2004 Jan.	0,69	1,94	3,36	2,02	2,65	0,93	2,09	4,25
Feb.	0,69	1,94	3,42	2,02	2,63	0,87	2,09	4,20
Mar.	0,70	1,92	3,32	2,00	2,59	0,86	2,07	4,17
Apr.	0,70	1,90	3,35	2,02	2,57	0,85	2,09	4,17

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
2003 May	5,26	5,23	5,44	8,50	7,34	6,09	4,83	4,56	4,94
June	5,22	5,13	5,40	8,40	7,37	6,03	4,72	4,47	4,90
July	5,13	5,07	5,31	8,33	7,28	5,96	4,60	4,32	4,80
Aug.	5,03	4,99	5,25	8,29	7,23	6,07	4,54	4,21	4,74
Sep.	4,96	4,95	5,24	8,31	7,27	6,00	4,55	4,20	4,75
Oct.	4,96	4,92	5,20	8,13	7,13	5,85	4,56	4,12	4,71
Nov.	4,97	4,90	5,17	7,98	7,09	5,82	4,52	4,18	4,67
Dec.	4,96	4,88	5,14	8,04	7,05	6,00	4,55	4,23	4,66
2004 Jan.	4,90	4,89	5,11	8,15	7,02	5,92	4,57	4,07	4,56
Feb.	4,87	4,90	5,11	8,13	7,16	5,95	4,62	4,06	4,58
Mar.	4,84	4,82	5,04	8,05	7,16	5,89	4,56	3,96	4,61
Apr.	4,76	4,75	5,01	8,03	7,07	5,85	4,51	3,91	4,59

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 27**Interest rates announcements in 2004**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank ¹	8 2,00	5 2,00	4 2,00	1 2,00	6 2,00	3 2,00	1 2,00	5 2,00	2	7	4	2
Bank of England ²	8 3,75	5 4,00	4 4,00	8 4,00	6 4,25	10 4,50	8 4,50	5 4,75	9	7	4	9
Federal Reserve System ³	27/28 1,00		16 1,00		4 1,00	29/30 1,25		10 1,50	21		10	14
Central Bank of Cyprus ⁴	16 4,50	27 4,50		7 4,50		4 5,50	9 5,50		3	22		3
				30 5,50								

(1) Minimum bid rate on the main refinancing operations

(2) Repo Rate

(3) Federal Funds Rate

(4) Interest rate on the marginal lending facility

Table 28

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

	Quarterly					July 2003/ 2002	June 2004/ 2003	July 2004/ 2003	Jan.- July 2003/ 2002	Jan.- June 2004/ 2003	Jan.- July 2004/ 2003	Weights 1998=100
	2002	2003	2003 IV	2004 I	2004 II							
GENERAL INDEX	2,81	4,14	3,54	1,35	1,59	3,33	2,80	3,30	4,65	1,47	1,73	100,00
A LOCAL GOODS	4,35	7,30	5,54	3,47	3,53	4,41	6,27	7,83	8,96	3,49	4,09	36,69
A.1 Agricultural	1,79	4,54	6,04	6,06	3,14	6,81	7,54	11,13	3,27	1,82	3,04	7,93
A.2 Industrial	5,62	7,90	5,50	5,21	4,51	3,57	6,70	7,66	10,32	4,63	5,05	27,24
A.2.1 <i>industrial non-petroleum</i>	4,55	6,46	5,29	4,71	3,13	4,33	3,05	3,83	7,62	3,18	3,27	22,91
A.2.2 <i>fuel and gas</i>	10,57	14,16	6,39	7,24	10,33	0,58	21,93	23,37	22,65	10,40	12,19	4,33
A.3 Electricity	-2,26	10,20	4,41	1,63	-8,33	7,59	-4,43	-1,76	14,23	-5,71	-5,15	1,52
B IMPORTED GOODS	-1,69	-2,38	-2,69	-4,73	-6,18	-0,17	-5,74	-5,50	-2,77	-6,17	-6,07	22,20
B.1 Motor Vehicles	-5,07	-8,31	-8,12	-12,87	-9,58	-1,39	-14,46	-14,23	-10,05	-15,33	-15,17	9,43
B.2 Other Imported	0,85	1,81	0,84	0,61	-3,98	0,64	-0,17	0,25	2,63	-0,22	-0,15	12,77
C SERVICES	3,67	4,38	4,58	4,03	3,31	4,00	3,44	3,12	4,39	3,06	3,07	41,11
HICP	2,8	4,0	3,2	1,0	1,2	2,6	2,4	2,9	4,7	1,1	1,4	
Euro area inflation	2,3	2,1	2,0	1,7		1,9	2,4		2,2	2,0		

Table 29

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

			Quarterly			July 2003/ 2002	June 2004/ 2003	July 2004/ 2003	Jan.- July 2003/ 2002	Jan.- June 2004/ 2003	Jan.- July 2004/ 2003	Weights 1998=100
	2002	2003	2003 IV	2004 I	2004 II							
GENERAL INDEX	2,81	4,14	3,54	1,35	1,59	3,33	2,80	3,30	4,65	1,47	1,73	100,00
A LOCAL GOODS	1,64	2,79	2,17	1,35	1,39	1,68	2,46	3,00	3,38	1,37	1,60	36,69
A.1 Agricultural	0,15	0,37	0,48	0,06	0,25	0,50	0,58	0,84	0,27	0,15	0,25	7,93
A.2 Industrial	1,53	2,22	1,60	1,36	1,32	0,96	1,97	2,20	2,83	1,34	1,46	27,24
A.2.1 industrial non-petroleum	1,02	1,47	1,24	0,74	0,73	0,92	0,72	0,88	1,72	0,74	0,76	22,91
A.2.2 fuel and gas	0,51	0,74	0,36	0,62	0,59	0,03	1,25	1,32	1,12	0,60	0,70	4,33
A.3 Electricity	-0,05	0,20	0,09	-0,06	-0,18	0,10	-0,09	-0,04	0,27	-0,12	-0,11	1,52
B IMPORTED GOODS	-0,35	-0,48	-0,52	-1,18	-1,17	-0,03	-1,09	-1,04	-0,57	-1,17	-1,15	22,20
B.1 Motor Vehicles	-0,46	-0,69	-0,62	-1,19	-0,71	-0,11	-1,07	-1,07	-0,88	-1,15	-1,14	9,43
B.2 Other Imported	0,10	0,21	0,10	0,02	-0,46	0,08	-0,02	0,03	0,31	-0,03	-0,02	12,77
C SERVICES	1,52	1,83	1,90	1,17	1,37	1,70	1,44	1,33	1,84	1,27	1,28	41,11

Table 30

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

	Yearly		Quarterly			July 2003/ 2002	June 2004/ 2003	July 2004/ 2003	Jan.- July 2003/ 2002	Jan.- June 2004/ 2003	Jan.- July 2004/ 2003	Weights 1998=100
	2002	2003	2003 IV	2004 I	2004 II							
GENERAL INDEX	2,81	4,14	3,54	1,35	1,59	3,33	2,80	3,30	4,65	1,47	1,73	100,00
Food & non-alcoholic beverages	4,58	5,11	5,26	3,11	3,73	5,57	5,80	7,65	4,98	3,38	3,97	18,20
Alcoholic beverages & tobacco	13,32	24,22	24,53	13,36	13,09	12,12	12,87	13,24	27,89	13,23	13,23	1,78
Clothing and footwear	-3,46	1,19	1,34	-2,11	-1,71	0,52	-1,41	0,25	0,98	-1,91	-1,60	8,22
Housing, water, electricity and gas	4,08	5,04	4,46	3,79	2,85	4,11	3,80	4,35	5,64	3,31	3,46	21,27
Furnishings, household equipment and supplies	0,81	3,59	1,34	-0,37	-0,88	1,77	-1,45	-0,98	5,27	-0,63	-0,68	7,08
Health	4,70	5,66	5,36	3,63	4,39	5,63	4,67	2,90	5,87	4,01	3,85	4,92
Transport	0,39	0,35	-1,81	-6,41	-5,04	0,49	-1,60	-1,87	1,30	-5,72	-5,17	17,42
Communication	-8,81	-7,16	3,98	-5,05	-8,61	-11,99	-8,57	-8,42	-10,38	-6,83	-7,06	1,79
Recreation & culture	2,20	3,55	2,83	1,59	1,53	2,09	1,59	2,27	4,27	1,56	1,66	5,88
Education	5,71	4,02	3,28	3,25	3,25	4,49	3,25	3,25	4,49	3,25	3,25	2,33
Restaurants & hotels	3,97	5,31	4,59	3,62	4,57	4,00	5,04	5,34	5,86	4,09	4,27	6,07
Miscellaneous goods and services	5,49	5,50	4,43	4,81	6,34	4,21	6,45	4,71	6,30	5,58	5,45	5,04

Table 31

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

	Yearly		Quarterly			July 2003/ 2002	June 2004/ 2003	July 2004/ 2003	Jan.- July 2003/ 2002	Jan.- June 2004/ 2003	Jan.- July 2004/ 2003	Weights 1998=100
	2002	2003	2003 IV	2004 I	2004 II							
GENERAL INDEX	2,81	4,14	3,54	1,35	1,59	3,33	2,80	3,30	4,65	1,47	1,73	100,00
Food & non-alcoholic beverages	0,86	0,97	0,99	0,60	0,71	1,02	1,09	1,44	0,95	0,65	0,76	18,20
Alcoholic beverages & tobacco	0,27	0,54	0,59	0,35	0,34	0,30	0,34	0,35	0,60	0,34	0,35	1,78
Clothing and footwear	-0,25	0,08	0,00	-0,13	-0,12	0,03	-0,10	0,02	0,07	-0,13	-0,11	8,22
Housing, water, electricity and gas	0,88	1,10	0,98	0,84	0,63	0,92	0,84	0,98	1,24	0,73	0,77	21,27
Furnishings, household equipment and supplies	0,05	0,23	0,09	-0,02	-0,06	0,12	-0,10	-0,06	0,34	-0,04	-0,04	7,08
Health	0,25	0,30	0,28	0,20	0,23	0,31	0,25	0,16	0,31	0,22	0,21	4,92
Transport	0,07	0,06	-0,30	-1,07	-0,84	0,08	-0,26	-0,31	0,22	-0,96	-0,86	17,42
Communication	-0,13	-0,09	0,05	-0,06	-0,10	-0,16	-0,10	-0,10	-0,14	-0,08	-0,08	1,79
Recreation & culture	0,12	0,19	0,15	0,09	0,08	0,11	0,09	0,12	0,23	0,08	0,09	5,88
Education	0,14	0,10	0,08	0,08	0,08	0,11	0,08	0,08	0,11	0,08	0,08	2,33
Restaurants & hotels	0,26	0,35	0,30	0,24	0,30	0,27	0,34	0,36	0,39	0,27	0,29	6,07
Miscellaneous goods and services	0,28	0,29	0,24	0,26	0,33	0,23	0,34	0,26	0,33	0,29	0,29	5,04

Table 32**Cyprus Stock Exchange: Purchase of listed shares by non-residents⁽¹⁾**

(CYP thousand)

Geographic origin of non-resident investors	2002 Jan-Dec.	2003 Jan.	2003 Feb.	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.	2003 Sep.	2003 Oct.	2003 Nov.	2003 Dec.	2003 Jan-Dec.	2004 Jan.	2004 Feb.	2004 Mar.	2004 Apr.	2004 May	2004 June	2004 July
EUROPE	2.490,6	40,2	41,1	141,0	146,2	202,4	457,5	347,9	507,5	2.018,5	531,6	166,0	414,3	5.014,3	1.597,3	1.011,7	301,2	702,6	574,6	439,3	1.054,2
European Union ²	2.392,8	37,0	32,2	140,2	135,5	200,1	456,6	345,2	506,3	2.013,0	529,5	165,4	414,3	4.975,2	1.596,1	1.006,4	301,0	696,1	574,3	427,5	634,7
Greece	1.582,5	8,8	13,1	73,1	22,2	106,0	34,9	331,6	431,0	1.991,7	523,2	154,5	411,1	4.101,0	1.595,7	926,6	110,3	589,2	562,0	413,1	616,0
United Kingdom	742,6	12,3	5,5	37,8	81,3	45,0	409,5	5,8	52,0	13,0	5,5	10,9	0,1	678,7	0,0	9,5	120,6	105,9	11,2	10,3	0,3
Acceding countries ³	24,4	0,0	0,0	0,0	0,5	0,3	0,0	0,0	0,0	0,0	1,4	0,0	0,0	2,2	0,7	5,3	0,2	3,9	1,2	1,1	2,1
Other European countries	73,4	3,2	8,9	0,8	10,2	2,0	1,0	2,7	1,2	5,6	0,7	0,6	0,0	36,8	0,4	0,0	0,0	2,5	0,3	11,8	419,5
Russian Federation	50,2	0,4	2,4	0,7	10,0	2,0	0,3	1,8	0,0	0,0	0,2	0,0	0,0	17,9	0,2	0,0	0,0	0,0	0,0	5,9	379,5
AFRICA	792,6	0,5	0,0	137,1	127,0	14,0	5,6	284,1	147,9	145,2	37,6	29,7	20,8	3,7	2,0						
North Africa	6,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other African countries	786,0	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	137,1	127,0	14,0	5,6	284,1	147,9	145,2	37,6	29,7	20,8	3,7	2,0
South Africa	773,6	0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,5	5,0	20,0	0,0	12,5	0,0	0,0	0,7
AMERICA	338,0	4,7	0,7	0,0	4,6	56,4	3,0	54,5	83,1	21,3	9,8	13,1	51,8	303,0	489,6	138,0	20,8	76,8	0,0	26,2	0,0
North American countries	150,3	0,0	0,0	0,0	0,0	0,4	3,0	4,3	29,9	17,4	9,8	13,1	51,8	129,7	424,6	130,9	5,7	55,8	0,0	0,0	0,0
United States of America	84,4	0,0	0,0	0,0	0,0	0,4	3,0	4,3	28,0	17,4	7,7	13,1	51,8	125,7	424,6	130,2	5,7	55,8	0,0	0,0	0,0
Central American countries	187,6	4,7	0,7	0,0	4,6	56,0	0,0	50,2	53,1	4,0	0,0	0,0	0,0	173,3	65,1	7,1	15,1	21,0	0,0	26,2	0,0
British Virgin Islands	159,0	0,0	0,0	0,0	4,6	55,7	0,0	50,2	49,1	0,0	0,0	0,0	0,0	159,6	0,0	0,0	0,0	0,0	0,0	13,3	0,0
South American countries	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
ASIA	112,1	0,2	1,4	0,8	2,8	3,4	0,0	4,6	2,6	4,2	4,2	0,0	0,0	24,1	0,0	0,0	0,7	0,0	0,0	0,0	20,2
West Asia	108,5	0,2	1,4	0,8	2,8	2,6	0,0	4,6	2,6	4,2	4,2	0,0	0,0	23,3	0,0	0,0	0,7	0,0	0,0	0,0	3,2
Lebanon	73,0	0,2	1,4	0,8	2,8	2,6	0,0	4,6	2,6	3,8	3,7	0,0	0,0	22,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other Asian countries	3,6	0,0	0,0	0,0	0,0	0,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,8	0,0	0,0	0,0	0,0	0,0	0,0	16,9
OCEANIA	2,4	0,0	0,0	0,0	0,4	0,0	0,0	1,7	0,9	0,8	0,0	0,0	23,0	26,8	0,0	0,0	1,0	0,0	17,5	0,0	0,0
Total	3.735,6	45,6	43,2	141,8	153,9	262,2	460,5	408,7	594,1	2.181,9	672,5	193,1	494,7	5.652,2	2.234,8	1.294,9	361,3	809,1	613,0	469,2	1.076,3

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

(2) Up to April 2004 the sum for the European Union includes the 15 member states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom. As of May 2004 the sum for the European Union also includes the countries that acceded to the European Union on 1 May 2004.

(3) The countries (other than Cyprus) that acceded to the European Union on 1 May 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia).

Table 33**Cyprus Stock Exchange: Sale of listed shares by non-residents⁽¹⁾**

(CYP thousand)

Geographic origin of non-resident investors	2002	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2004	2004	2004	2004	2004	2004	2004
	Jan.-Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.-Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
EUROPE	1.285,1	14,9	12,0	36,9	35,0	9,9	70,9	24,3	112,6	96,9	137,3	292,9	355,7	1.199,3	484,6	171,7	186,4	989,0	85,7	129,1	177,1
European Union ¹	1.165,7	14,9	11,4	36,5	34,7	9,2	66,4	24,3	106,6	63,2	135,3	290,9	355,7	1.148,9	484,0	169,3	183,4	983,0	85,0	81,4	173,0
Greece	729,7	14,7	9,5	23,6	11,8	3,7	55,3	11,6	91,5	44,0	29,4	238,6	345,7	879,3	381,9	132,7	89,8	957,6	41,7	73,8	164,0
United Kingdom	411,2	0,3	1,9	12,8	22,6	4,3	11,1	8,6	5,1	14,8	81,6	47,1	6,1	216,1	7,9	30,6	89,8	6,8	5,7	7,6	7,6
Acceding countries ²	37,7	0,0	0,0	0,2	0,0	0,6	0,0	0,0	0,0	0,2	0,0	0,0	0,0	0,9	0,2	0,8	1,1	0,0	1,6	0,0	1,5
Other European countries	81,8	0,0	0,6	0,3	0,3	0,1	4,6	0,0	6,0	33,5	2,0	2,0	0,0	49,5	0,5	1,6	1,9	6,1	0,7	47,7	4,1
Russian Federation	71,1	0,0	0,2	0,0	0,0	0,0	2,9	0,0	0,0	0,4	0,0	0,0	0,0	3,5	0,0	0,0	0,0	0,0	0,0	15,0	0,0
AFRICA	305,8	0,0	0,0	2,6	12,4	2,1	17,1	69,3	124,3	36,9	28,4	11,7	0,0	2,6							
North Africa	7,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other African countries	298,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,6	12,4	2,1	17,1	69,3	124,3	36,9	28,4	11,7	0,0	2,6
South Africa	298,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
AMERICA	459,8	3,9	1,1	6,3	0,0	0,0	3,4	0,0	2,4	4,0	0,5	0,0	0,0	21,6	18,0	30,5	15,2	0,0	0,0	10,4	455,2
North American countries	393,3	0,0	0,0	0,0	0,0	0,0	3,4	0,0	0,0	0,2	0,0	0,0	0,0	3,7	0,0	1,0	0,0	0,0	0,0	0,0	5,8
United States of America	392,5	0,0	0,0	0,0	0,0	0,0	3,4	0,0	0,0	0,2	0,0	0,0	0,0	3,7	0,0	0,0	0,0	0,0	0,0	0,0	3,4
Central American countries	66,5	3,9	1,1	6,3	0,0	0,0	0,0	0,0	2,4	3,8	0,5	0,0	0,0	18,0	18,0	29,5	15,2	0,0	0,0	10,4	449,4
British Virgin Islands	42,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	10,4	449,4
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	0,0	0,0	0,0	0,0	0,0	0,0	0,0
ASIA	15,4	0,3	0,9	0,7	0,0	0,3	0,0	1,3	1,8	4,4	4,8	0,0	0,0	14,6	0,0	0,0	1,8	0,0	1,6	0,0	1,3
West Asia	15,2	0,3	0,9	0,7	0,0	0,3	0,0	1,3	1,8	4,4	4,8	0,0	0,0	14,6	0,0	0,0	1,8	0,0	1,6	0,0	1,3
Lebanon	15,0	0,3	0,2	0,7	0,0	0,3	0,0	1,3	1,8	4,4	4,8	0,0	0,0	13,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other Asian countries	0,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
OCEANIA	16,3	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							
Total	2.082,4	19,2	14,0	43,9	35,0	10,2	74,4	25,6	116,8	105,3	145,3	305,3	357,8	1.252,6	572,0	326,6	240,3	1.017,4	99,1	139,4	636,1

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

(2) Up to April 2004 the sum for the European Union includes the 15 member states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom. As of May 2004 the sum for the European Union also includes the countries that acceded to the European Union on 1 May 2004.

(3) The countries (other than Cyprus) that acceded to the European Union on 1 May 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia).

Table 34
Balance of Payments
£ million

ITEMS	CREDIT	DEBIT	NET	2002			2003			2004		
				(annual)			(annual)			(1 st quarter)		
CURRENT ACCOUNT	3,648.0	3,934.1	-286.1	3,624.2	3,858.3	-234.1	735.4	941.5	-206.1			
GOODS, SERVICES AND INCOME	3,482.6	3,834.8	-352.1	3,427.0	3,734.5	-307.5	666.5	906.3	-239.8			
GOODS AND SERVICES	3,244.2	3,321.9	-77.7	3,176.3	3,285.7	-109.4	572.8	826.7	-253.9			
GOODS	521.7	2,253.3	-1,731.6	494.1	2,111.2	-1,617.1	112.6	521.8	-409.2			
General merchandise	476.1	2,238.0	-1,761.9	446.4	2,070.0	-1,623.6	105.4	520.4	-415.0			
Repairs on goods	3.3	15.3	-12.0	1.4	22.9	-21.5	0.5	0.8	-0.3			
Goods procured in ports by carriers	42.3	0.0	42.3	46.4	17.9	28.5	6.6	0.3	6.3			
Non monetary gold	0.0	0.0	0.0	0.1	0.5	-0.4	0.0	0.3	-0.3			
SERVICES	2,722.6	1,068.6	1,654.0	2,682.2	1,174.5	1,507.7	460.3	305.0	155.3			
Transport	543.2	510.7	32.5	631.2	571.9	59.3	82.0	128.5	-46.5			
Sea transport	283.8	350.0	-66.1	397.2	373.7	23.4	65.0	80.8	-15.8			
Passenger transport on sea	1.6	1.2	0.4	0.9	4.2	-3.3	0.3	0.2	0.1			
Freight transport on sea	67.8	165.8	-98.0	133.6	153.4	-19.8	46.5	38.6	7.9			
Supporting, auxiliary and other services	214.4	183.0	31.4	262.7	216.1	46.5	18.3	42.1	-23.8			
Air transport	259.4	160.8	98.6	231.2	179.6	51.6	12.5	46.3	-33.8			
Passenger transport by air	130.0	42.2	87.8	116.7	42.4	74.4	2.4	10.6	-8.2			
Freight transport by air	17.1	82.9	-65.8	9.0	76.7	-67.7	1.5	19.3	-17.8			
Supporting, auxiliary and other services	112.3	35.7	76.6	105.4	60.5	44.9	8.6	16.4	-7.8			
Other transportation	0.0	0.0	0.0	2.8	18.6	-15.8	4.4	1.4	3.0			
Passenger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Freight	0.0	0.0	0.0	0.2	1.9	-1.7	0.1	0.5	-0.5			
Other	0.0	0.0	0.0	2.7	16.7	-14.0	4.3	0.8	3.5			
Travel	1,158.6	311.7	846.9	1,039.7	325.7	714.0	90.8	97.4	-6.6			
Business travel	59.1	12.1	47.0	52.4	8.1	44.3	0.2	2.9	-2.6			
Personal travel	1,099.5	299.6	799.9	987.4	317.7	669.7	90.6	94.6	-4.0			
Communications services	13.8	29.1	-15.3	25.5	34.5	-9.0	2.7	12.8	-10.1			
Construction services	57.7	5.1	52.7	79.3	7.6	71.7	26.8	1.4	25.5			
Insurance services	21.9	19.2	2.7	17.6	23.9	-6.3	3.5	8.6	-5.1			
Financial services	88.3	36.9	51.4	97.0	23.4	73.7	42.1	11.0	31.1			
Computer and information services	63.4	6.2	57.2	47.7	19.1	28.7	17.1	3.3	13.8			
Royalties and licence fees	26.0	9.3	16.7	7.8	20.0	-12.2	0.2	3.8	-3.6			
Other business services	561.2	67.5	493.7	543.2	61.3	481.8	154.9	22.2	132.7			
Merchanting and other trade-related services	83.6	8.5	75.2	109.1	2.3	106.8	11.5	4.7	6.8			
Operational leasing	28.5	5.3	23.3	25.1	8.3	16.8	0.1	0.0	0.0			
Miscellaneous business, professional and technical services	449.0	53.7	395.3	408.9	50.7	358.2	143.3	17.4	125.9			
Personal, cultural and recreational services	8.9	8.1	0.8	5.1	11.5	-6.4	2.0	5.2	-3.2			
Government services, n.i.e.	179.6	64.7	114.8	188.0	75.4	112.6	38.3	10.8	27.5			
Services not allocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
INCOME	238.4	512.8	-274.5	250.6	448.8	-198.1	93.7	79.5	14.1			
Compensation of employees	9.2	29.7	-20.5	48.4	44.1	4.3	49.1	9.7	39.3			
Investment Income	229.2	483.2	-254.0	202.3	404.7	-202.4	44.6	69.8	-25.2			
of which	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Reinvested earnings	11.1	174.3	-163.1	82.9	204.7	-121.8	4.8	22.7	-17.8			
Portfolio investment income	77.4	48.6	28.8	32.3	46.6	-14.3	11.0	9.2	1.8			
CURRENT TRANSFERS	165.4	99.4	66.0	197.3	123.8	73.4	68.9	35.3	33.6			
General government	16.3	1.1	15.2	25.0	1.4	23.7	2.9	0.5	2.4			
Other sectors	149.1	98.3	50.8	172.2	122.5	49.8	66.0	34.7	31.2			
CAPITAL AND FINANCIAL ACCOUNT				340.4		210.0			179.6			
Capital Account	13.6	16.7	-3.1	21.3	10.8	10.4	9.8	4.5	5.3			
Financial Account				343.4		199.6			174.3			
Direct Investment				364.0		251.9			77.1			
Abroad				-281.7		-271.1			-29.3			
In Cyprus				645.7		523.0			106.5			
Portfolio Investment				-309.2		147.5			-76.2			
Assets				-668.7		-253.8			-90.7			
Liabilities				359.5		401.3			14.5			
Financial Derivatives				-31.0		8.6			-3.2			
Other Investment				564.8		-319.6			97.5			
Assets				875.7		-1,252.2			185.9			
Liabilities				-310.9		932.6			-88.4			
Official Reserve Assets				-245.2		111.2			79.1			
				-54.3		0.0			0.0			
						24.0			26.5			
NET ERRORS AND OMISSIONS												

Note: Because of rounding there may be slight discrepancies between the totals shown and the sum of constituent items.