



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

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

**September 2006**



**Central Bank of Cyprus**

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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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## 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. CCI	Co-operative Credit Institutions
CSE	Cyprus Stock Exchange
Cystat	Statistical Service of the Republic of Cyprus
ECB	European Central Bank
HICP	Harmonised Index of Consumer Prices



## **Introduction**

Although the world economy is expanding at a strong pace, it is nonetheless anticipated to slow down due to the slack in the US economy. For the first time since June 2004 the US Federal Reserve left its interest rates unchanged. Despite this development, market expectations point to more rises in US interest rates by the end of the year. On the other side of the Atlantic, both the ECB and the Bank of England raised their official interest rates at their recent meetings. Presently their respective interest rates stand at 3% and 4,75%.

As regards domestic developments, credit and M2 continued to grow at robust rates and cause concern regarding inflationary pressures in the economy. More specifically, the annual rate of growth of credit to the private sector by domestic banks was 12,8% in July, up from 12,2% in June and 4,7% in July 2005. The annual rate of M2 growth was 12,8% in July, compared with 12,5% in June and 4,1% in July of the previous year. Inflation reached 3,22% in July compared with 3,02% in June 2006. In July, an acceleration was recorded in the prices of domestic industrial products, services and motor vehicles. In contrast, a deceleration was recorded in the prices of domestic agricultural products, electricity and petroleum products. The HICP increased by 2,8% compared with 2,6% in the previous month.

As far as external transactions are concerned, the trade deficit increased to £1.307,5 million in the first six months of 2006 compared with £1.051,2 in the corresponding period of 2005. The worsening of the deficit was mainly the result of the increase in the price of oil internationally.

The number of tourists visiting Cyprus in the first six months of the year was down by 2,1%, compared with an increase of 5,9% recorded in the corresponding period of 2005. During the same period, revenue from tourism increased by 4% compared with the marginal increase of 0,6% recorded in the same period of 2005, thus indicating an increase in per capita expenditure.

As regards private consumption, the turnover volume index of retail trade, based on provisional data, rose by 9,4% in June 2006 compared with 5,3% in the corresponding month of 2005.

Unemployment as a percentage of the economically active population reached 3,7%, compared with 3,9% in the same period of 2005. The decrease in the number of unemployed people, was mainly the result of the change in the methodology for the registration of seasonal unemployment.

In the secondary sectors of the economy, the manufacturing volume index decreased in the first five months of the year, while the performance of the construction sector showed a downward trend. Indicative of this was the deceleration in the volume index of authorized building permits in the first four months of 2005, as well as the local sales of cement in the period January - June 2005.

In accordance with the preliminary financial accounts published by Cystat and relating to the general government sector (which includes the central government and the semi governmental organisations), during the first six months of 2006 total revenue amounted to £1.557,2 million

and total expenditure £1.618,1 million, thus registering a fiscal deficit of £60,9 million pounds or 0,7% of GDP compared with a surplus of 0,5% of GDP for the corresponding six month period of 2005. The difference is mainly attributed to the tax amnesty receipts of 2005.

### *International economic developments*

In the **US**, GDP in the second quarter grew at an annual rate of 3,5%, compared with 3,6% in the first quarter. The slowdown in consumption expenditures of households, signs of slowdown in the real estate market, as well as reduced investments as a result of the recent rises in interest rates, were the main factors affecting GDP. In July the CPI rose by 4,1% compared with 4,3% in the previous month. On 8 August the US Federal Reserve decided for the first time since the summer of 2004 to leave its rates unchanged at 5,25%. Nonetheless, the accompanying statement of the US monetary authority mentioned that there are still inflationary pressures in the economy, thus implying that there may be future rises in interest rates. Industrial production rose by 4,9% year on year to July 2006, while retail sales rose by 3,4% year on year to June.

In the **euro area**, second quarter GDP rose at an annual rate of 2,4% compared with 2% in the previous quarter. Domestic demand appears to have been the biggest contributor to growth rather than exports. The biggest economies of the euro area i.e. Germany, France and Italy are about to adopt stricter fiscal policies. This will moderate somewhat the most optimistic prospects for economic growth in the euro area. For example, Germany is planning to raise VAT in 2007. As a result, consumers have been

purchasing goods in advance during the current year. At the same time, this development will have negative repercussions on consumption expenditures and economic growth in 2007. As regards inflation, upside risks continue. On 3 August, the ECB raised its official interest rate by 25 basis points, to 3%. Analysts expect two more rate increases by the end of the current year.

In the **UK**, GDP during the second quarter grew by 2,6%, compared with 2,2% in the previous quarter. Economic activity is expected to continue based on consumption and investment expenditures. In July, inflation reached 2,4%, compared with 2,5% in June and 2,3% in July 2005. In an unanticipated move, the Bank of England raised its official interest rate to 4,75% during its meeting on 3 August. According to the Bank, economic growth continues at rates that are equivalent or slightly higher than the average of the last six years. Inflation will continue to be above the official target set at 2%. The increase in the official interest rate was deemed necessary in order to channel inflation in the medium term towards the target of 2%.

In **Japan**, economic growth continues albeit at a moderate pace. More specifically, GDP in the second quarter grew by 2% compared with 3,8% in the first quarter, mainly because of increased usage of existing inventories. Recent data on industrial production and the services sector make a stronger case for further growth in the economy. On 14 July the Bank of Japan decided to raise its official interest rate from zero to 0,25%, following its recent announcement of adopting a restrictive monetary policy. The CPI rose by 1% in June, compared with a fall of 0,5% in the same month of 2005.

Chart 1 presents the Nikkei 225, S&P 500 and Eurostoxx 50 **share indices**. All three indices registered a fall in the last three months amounting to 9,9%, 2,8% and 3,4%, respectively. The war in Lebanon and the consequent rise in oil prices affected share prices negatively.

The daily average price of Brent crude in July was \$73,41 per barrel, compared with \$67,80 per barrel in June. Until 24 August the daily average price was \$74,6 per barrel. Geopolitical uncertainty in the Middle East was the main factor affecting the price of oil during the period from mid July to the end of August.

### **Exchange rates**

In July and during the first ten days of August 2006, the dollar exhibited minor fluctuations, reaching \$1,28 to the euro on 10 August. The publication of US economic indicators for the manufacturing sector seems to have affected positively the course of the dollar, which exhibited a small appreciation reaching \$1,25 to the euro in the week 15-20 July. The currency was also affected positively by events in the Middle East which led investors towards the safety of the dollar.

During the period under consideration, sterling did not register significant fluctuations against the euro. It remained stable at 68 pence to the euro.

### **The Cyprus pound**

In July and during the first ten days of August, the Cyprus pound remained stable at 57,51 cent to the euro. Reflecting the fluctuations of foreign currency during the period under review, the Cyprus pound also exhibited minor fluctuations relative to the dollar reaching \$2,23 dollars on 10 August 2006, compared with \$2,22 dollars on 3 July 2006.

Table 3 illustrates the Central Bank's total foreign currency transactions until 10 August 2006 on the basis of their transaction dates. During the period under consideration, net inflows of £369,56 million were recorded compared with £305,77 in the corresponding period of 2005. This was partly the result of the high level of borrowing by Cypriots in euro.

### **Monetary developments**

The annual rate of growth of M2 reached 12,8% in July, compared with 12,5% in June and 4,1% in July of the previous year (Table 4). During July the rise in credit to the private sector was the main factor for the expansion of M2. In addition, credit to the public sector continued to increase because of domestic borrowing by the government. According to preliminary data, the annual rate of growth of the money supply aggregate that includes CCIs (M2C)<sup>1</sup>, was 11,8% in July, compared with 11,4% in June and 5,5% in July 2005. The annual rate of growth of credit to the private sector was 12,8% in July, compared with 12,2% in the previous month and 4,7% in July 2005. It is noted that strong credit

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



growth registered by commercial banks is mainly a result of credit given out in foreign currency. If we estimate credit growth in both the commercial banks and the CCIs, we should expect the rate of growth to be lower since CCIs do not give out credit in foreign currency. Indeed, total credit expansion grew by 11,8% in July, compared with 6,3% in the same month of the previous year.

Loans to companies in the construction sector rose by 18,3% year on year to July, while personal-professional loans rose by 21,4% during the same period (Table 6). In the rest of the main sectors, there was an increase of 6,6% in loans in the tourism sector while loans in the domestic and foreign trade sector decreased by 3,8%.

Regarding the foreign currency borrowing of residents, there was a rise of £632,2 million in the 12 months to July, compared with a rise of £602,1 million in the same period to June and £150,8 million in the 12 months to July 2005. This is consistent with large foreign exchange inflows during the period (Table 8). The share of net new loans in foreign currency to the total amount of credit was 55% in the 12 months period to July, compared with 54,7% in the previous 12 months and 37,4% in the 12 months to July 2005. As a result, the share of these loans in the total amount at the end of July 2006 stood at 16,3%, compared with 11,3% at the end of July 2005. At the end of June, loans in euro accounted for 60,8% of the total loans in foreign currency, loans in Swiss francs accounted for 30% and loans in dollars 6,4%, compared with 67%, 18,8% and 9,7%, respectively, at the end of June 2005.

Residents' deposits in domestic currency rose by 11,9% in July, compared with an increase of 2,3% in July of the previous year. At the same time the annual rate of growth of residents' deposits in foreign currency continued to be high. In particular, they rose by 23,3% year on year to July 2006 compared with 19,1% year on year to July 2005.

In July and August surplus liquidity conditions prevailed in the **money market**. As a result, the Central Bank intervened in the money market via auctions for the acceptance of deposits. During the last auction, which was held on 17 August, £480 million were absorbed at an average interest rate of 3,03%.

Turning to **government securities** (Table 14), there was an auction in two year and one in ten year government bonds, with average yields of 3,51% and 4,28%, respectively. In the previous month the respective average yields on the aforementioned securities were 3,32% and 4,03%.

The average of the **overnight interbank** rate was 2,79% in July and 2,49% in June, compared with 3,11% and 2,7% in the same months of 2005.

### **Cyprus Stock Exchange**

The main and parallel market index of the **CSE** (Chart 7) declined in the first half of July and recovered towards the end of the month. The index fluctuated between 2.356,7 and 2.654,1. The daily average volume and daily average value decreased slightly compared with June. More specifically, the daily average volume was

1.683 transactions compared with 1.738 in June, while the daily average value was £4 million, compared with £4,3 million in June.

Regarding non-residents' trading on the CSE, in July there were net purchases amounting to £10,9 million compared with net sales of £0,2 million during July of the previous year (Table 20).

### **Domestic economy**

In July 2006 inflation rose to 3,22% compared with 3,02% in June 2006. This development was mainly due to the acceleration in the prices of domestic industrial products, services and motor vehicles. In contrast, there was a deceleration in the prices of domestic agricultural products, electricity and petroleum products. A small acceleration was recorded in the HICP which reached 2,8% compared with 2,6% in the previous month. In the first seven months of 2006 inflation rose to 2,92%, while the HICP rose to 2,5% in the period January-July 2006 compared with 2,1% in the same period of 2005.

Tourist arrivals decreased by 0,9% in June 2006 compared with the 6,7% increase reported in the corresponding month of 2005. During the period January-June 2006, tourist arrivals decreased by 2% compared with the 5,9% increase in the same period of the previous year. As regards revenue from tourism, in June 2006 this increased by 3,9% compared with 3,7% in June 2005. In the period January-June 2006, revenue from tourism recorded an increase of 4% compared with the marginal increase of 0,6% recorded in the same period of 2005. It should be noted that these figures do not include the expenditure of tourists owning holiday homes in Cyprus.

Table 27 presents preliminary data relating to the trade deficit for the first six months of 2006, as published by Cystat. The value of total imports increased by 18,7% compared with a 6,4% increase recorded in the same period of 2005. This acceleration is mainly due to the significant increase in the imports of fuel and consumer goods. As far as total exports are concerned, a marginal increase of 0,2% was recorded in the first six months of 2006 compared with 22,4% recorded in the corresponding period of 2005.

As a result of the above developments, the trade deficit deteriorated to £1.307,5 million in the first six months of 2006, compared with £1.051,2 million in the same period of 2005. It should be noted that the increase in the trade deficit is mainly due to the increase in the value of fuel imports resulting from the increase in prices internationally, as well as the increase in the imports of consumer goods. In fact, the price of oil in international markets was 30% higher in the first six months of 2006 compared with the first six months of 2005.

As regards private consumption, the turnover volume index of retail trade, based on provisional data, rose by 9,4% in June 2006 compared with 5,3% in the same month of 2005. During the first six months of 2006, the index recorded an increase of 6% compared with 5,8% in the corresponding period of 2005. Note, however, that the index does not include the registration of new cars, which recorded a 3% reduction in the first seven months of 2006, which indicates weaker private consumption compared with the rise in the volume index of retail trade. On the other hand, the significant increase in personal loans as well as the acceleration recorded by domestic credit card expenditure, which rose by 16,7% in the first

seven months of 2006 compared with 9,3% increase in the same period in 2005, indicates that private consumption still remains strong. Strong private consumption also accounts for the 9% increase in the imports of goods for private consumption, excluding oil, during the period January-May 2006.

In the labour market, the number of registered unemployed fell by 3% in the first seven months of 2006, compared with an increase of 8,4% in the corresponding period of 2005. Unemployment as a percentage of the economically active population fluctuated at around 3,7% compared with 3,9% in the first seven months of 2005. The reduction in unemployment occurred due to the fact that in order to receive unemployment benefit, those who are seasonally unemployed do not have to register with the Labour Office.

As regards the secondary sectors of the economy, during the first five months of 2006, manufacturing fell by 2,4%, while in construction there was a deceleration in the volume of building permits and the sale of cement. More specifically, the sale of cement fell by 1,6% in the first six months of 2006 compared with an increase of 8% in the corresponding period of 2005. Building permits fell by 0,7% in the first four months of 2006 compared with an increase of 12,2% in the corresponding period of 2005.

According to data published by Cystat, government revenue in the first six months of 2006 amounted to £1.557,2 million and government expenditure to £1.618,1 million, thus registering increases of 4,3% and 11% respectively, compared with the first six months

of 2005. Consequently, the fiscal deficit reached £60,9 million or 0,7% of GDP compared with a 0,5% surplus which had been registered during the first six months of 2005. This fiscal deterioration is mainly due to the tax amnesty which resulted in increased tax receipts in 2005.

The main expenditure changes relate to the following categories: "Wages and salaries" increased by 7,6% including the 2,38% COLA adjustment, as well as the granting of 2% contractual salary increases as from 1 January 2006 to the civil servants. "Intermediate consumption" also registered a significant increase of 70%, since in absolute terms it reached £204,3 million up from £120,3 million, and it mainly covered one-off payments such as medication purchases, provision of medical services and maintenance costs of public premises.

"Social transfers", which include subsidies to secondary and elementary education, students' grants as well as cooperative societies, increased by 8,6%. As regards "other current transfers" an increase of 15,2% was recorded mainly due to the increased contribution of Cyprus towards the EU budget, which amounted to £40,4 million compared with £32,9 million in the corresponding 2005 period.

As regards government revenues, there was a 15% rise in the "receipts of taxes on production and imports". This includes a 17% increase in VAT receipts mainly due to: (i) the broadening of the VAT base; (2) an increase, as from 1 January 2006, in VAT from 5% to 8% for food served in restaurants and hotel accommodation; and (iii) enhanced private consumption.

## Prospects for 2006

GDP growth during 2006 is expected to fluctuate at 3,8%, which is the same as that recorded in 2005. However, if the price of oil remains at the current high levels, actual GDP growth might be slightly lower. Indicative of this is that in the first quarter of 2006, GDP increased to 3,3% compared with 3,9% in the corresponding period of 2005. External demand is expected to continue playing an important role in economic activity due to the anticipated improvement in the international economic environment, mainly in the European Union. As regards the labour market, the rise of real GDP is expected to lead to stabilization of the registered unemployed, provided that the increase of foreign workers in Cyprus remains at the same levels.

Inflation during 2006 is expected to reach the same levels as 2005 or marginally higher. Any fluctuations in oil prices will, of course, have a direct impact on prices. The continuation of competition in the retail trade sector, following Cyprus's accession to the EU, as well as monetary developments will have a significant impact on the inflation rate. Furthermore, if the prices of agricultural products continue to rise until the end of the year, inflation in this category will reach historically high levels.

Even with the pessimistic scenario of oil prices rising to \$70 per barrel, the HICP is expected to remain below the reference value of the Maastricht criteria. This estimation is compatible with the recent assessment of the European Commission.

Up until July 2006, the 12 month moving average HICP was around 2,2% compared with the relevant Maastricht criterion of 2,8% for July 2006. However, it is estimated that the gap between the Maastricht criterion and the HICP in Cyprus will decrease as a result of price movements in Cyprus, mainly due to the base effect of the low inflation rate registered in mid-2005.

In 2006 the balance of payments deficit is expected to rise slightly compared with 2005, mainly as a result of the recent revised estimates of oil prices to around \$70 per barrel and the situation in Lebanon.

In accordance with the Ministry of Finance forecasts, the fiscal deficit during 2006 is expected to fluctuate at around 2% of GDP whereas the public debt is expected to be around 67% of GDP. On the basis of the evidence so far, these targets are still feasible. An important development for Cyprus has been the abrogation of the Excessive Deficit Procedure (EDP) during the ECOFIN Council meeting of 11 July 2006. The European Commission recommendation had taken into consideration the constantly improving public finances, resulting from the implementation of most of the measures announced in the Convergence Programme of 2005-2009. Consequently, the adoption of the euro on 1 January 2008 is considered feasible.

## Tables and charts

**Table 1**

**GDP projections<sup>(1)</sup>**

(annual percentage change)

	The Economist Poll GDP forecasts <sup>(2)</sup>			Lehman Brothers Weekly Outlook - GDP <sup>(3)</sup>			International Monetary Fund World Economic Outlook <sup>(4)</sup>			European Commission Economic Forecasts <sup>(5)</sup>		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
World				2,5 (2,6)	2,9	2,3 (2,2)	4,8 (4,3)	4,9 (4,3)	4,7	4,6 (4,3)	4,6 (4,3)	4,3 (4,2)
Euro area	1,4	2,2 (2,1)	1,8 (1,7)	1,4	2,4 (2,0)	1,4 (0,9)	1,3 (1,2)	2,0 (1,8)	1,9	1,3	2,1 (1,9)	1,8 (2,1)
USA	3,6	3,4	2,7 (2,8)	3,2 (3,5)	3,4 (3,5)	2,7 (2,8)	3,5	3,4 (3,3)	3,3	3,5	3,2	2,7
Japan	2,6	3,0 (2,9)	2,4	2,6	2,7 (3,1)	2,9	2,7 (2,0)	2,8 (2,0)	2,1	2,7 (2,5)	2,8 (2,2)	2,4 (1,8)
UK	1,7	2,4	2,5	1,9 (1,8)	2,6 (2,2)	2,2 (2,4)	1,8 (1,9)	2,5 (2,2)	2,7	1,8 (1,6)	2,4 (2,3)	2,8

(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 and European Commission, the figures indicate the projections in September 2005 and November 2005, respectively.

(2) The Economist, 24 August 2006.

(3) Lehman Brothers Global Weekly Economic Monitor, 18 August 2006.

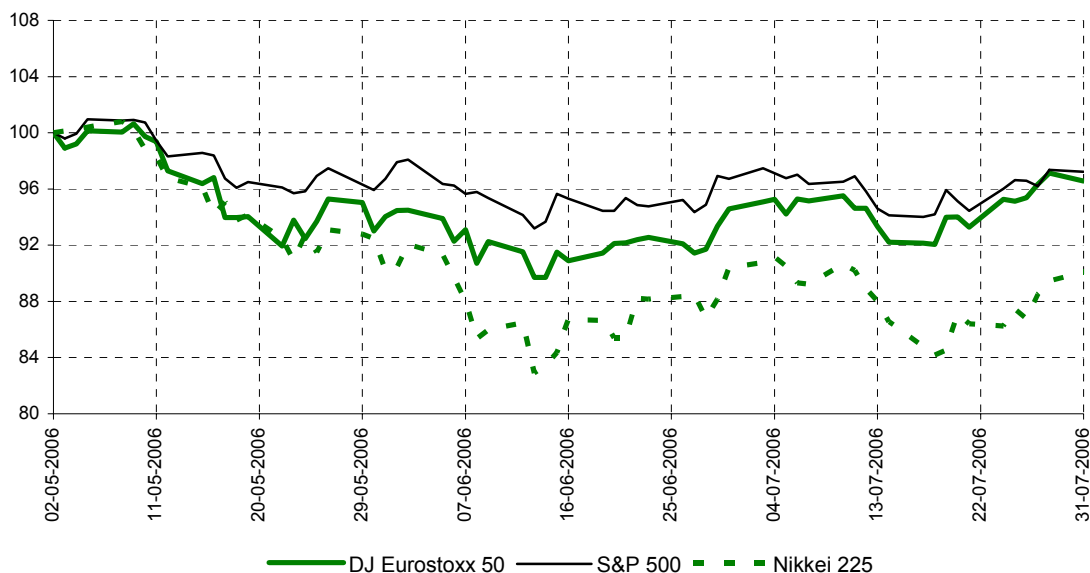
(4) International Monetary Fund, World Economic Outlook, April 2006.

(5) European Commission, Economic Forecasts, Spring 2006.

**Chart 1**

**Selected international stock market indices**

(2 May 2006 = 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 <sup>(2)</sup>	
	2006 (Q1)		2006 (Q2)					July (annual)	
	(quarterly) <sup>(1)</sup>	(annual)	(quarterly) <sup>(1)</sup>	(annual)					
UK	2,3	2,2	3,4	2,6	-0,7	4,0 <sup>(3)</sup>	5,5 <sup>(4)</sup>	2,4	
Japan	3,1	3,8	0,8	2,0	5,0	-0,6	4,2	1,0 <sup>(5)</sup>	
USA	5,6	3,6	2,5	3,5	4,9 <sup>(3)</sup>	3,4	4,8 <sup>(3)</sup>	4,1	
Euro area	2,4	2,0	3,6	2,4	4,3	1,5	7,8	2,4	

Source: *The Economist*, 24 August 2006.

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

(2) Based on the consumer price index.

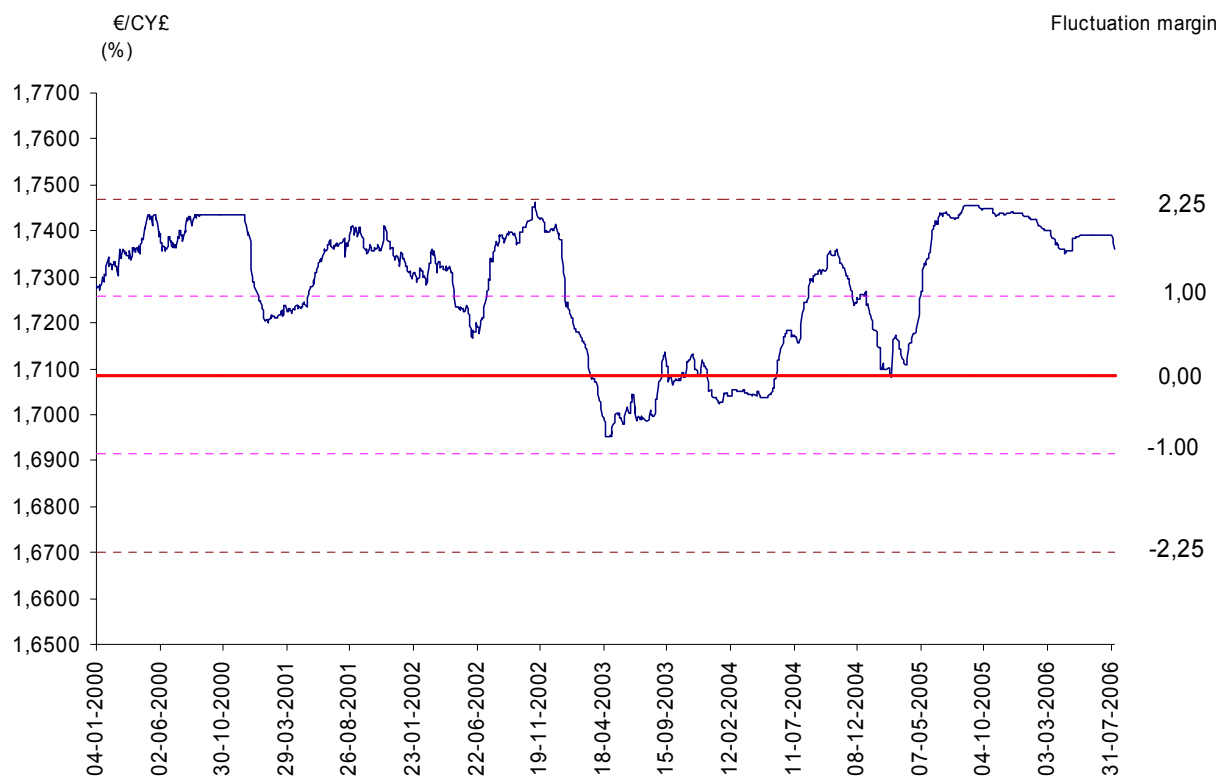
(3) July 2006.

(4) April - June 2006.

(5) June 2006.

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

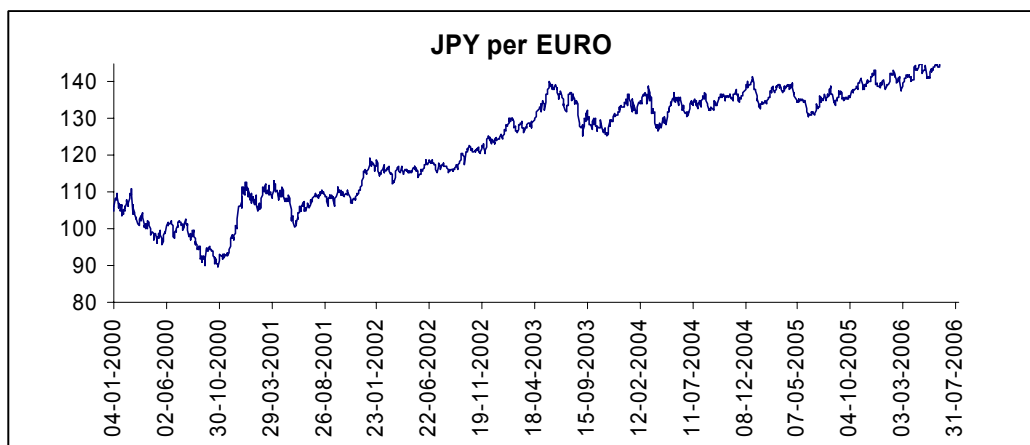
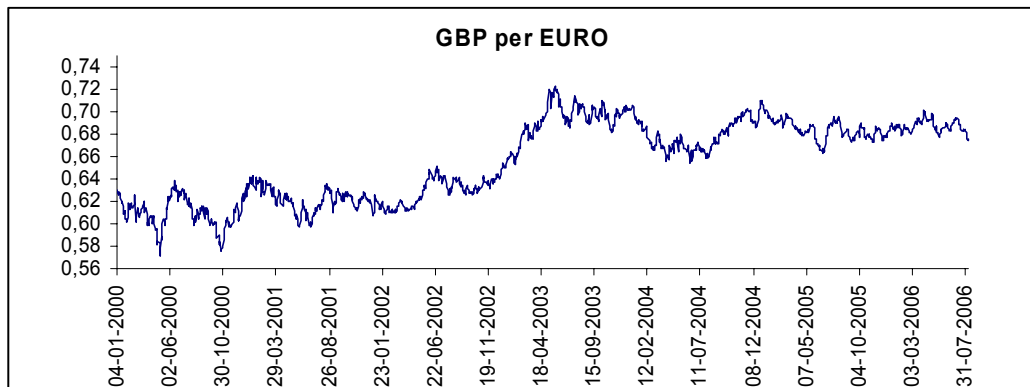
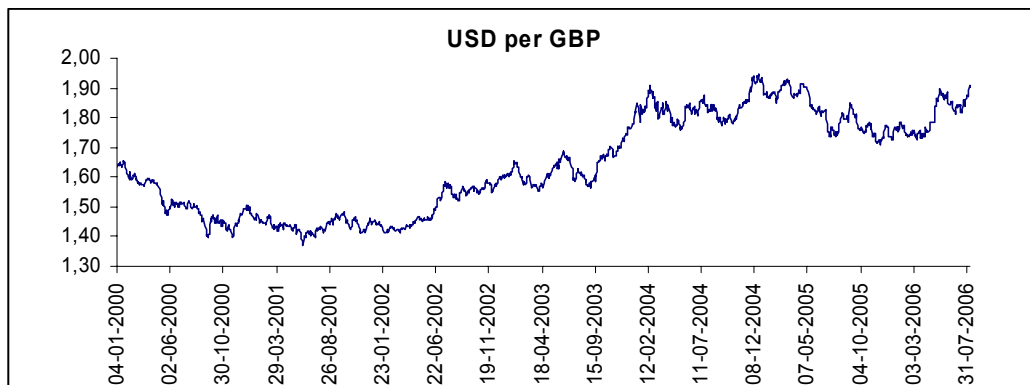
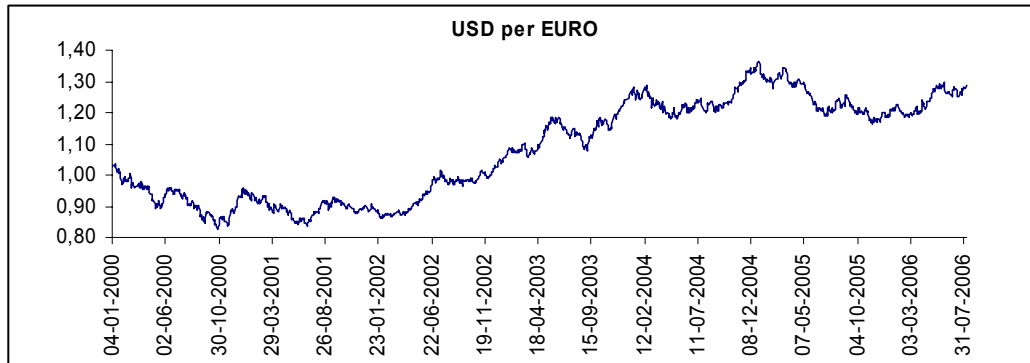
(middle rate fixing)



Source: Central Bank of Cyprus.

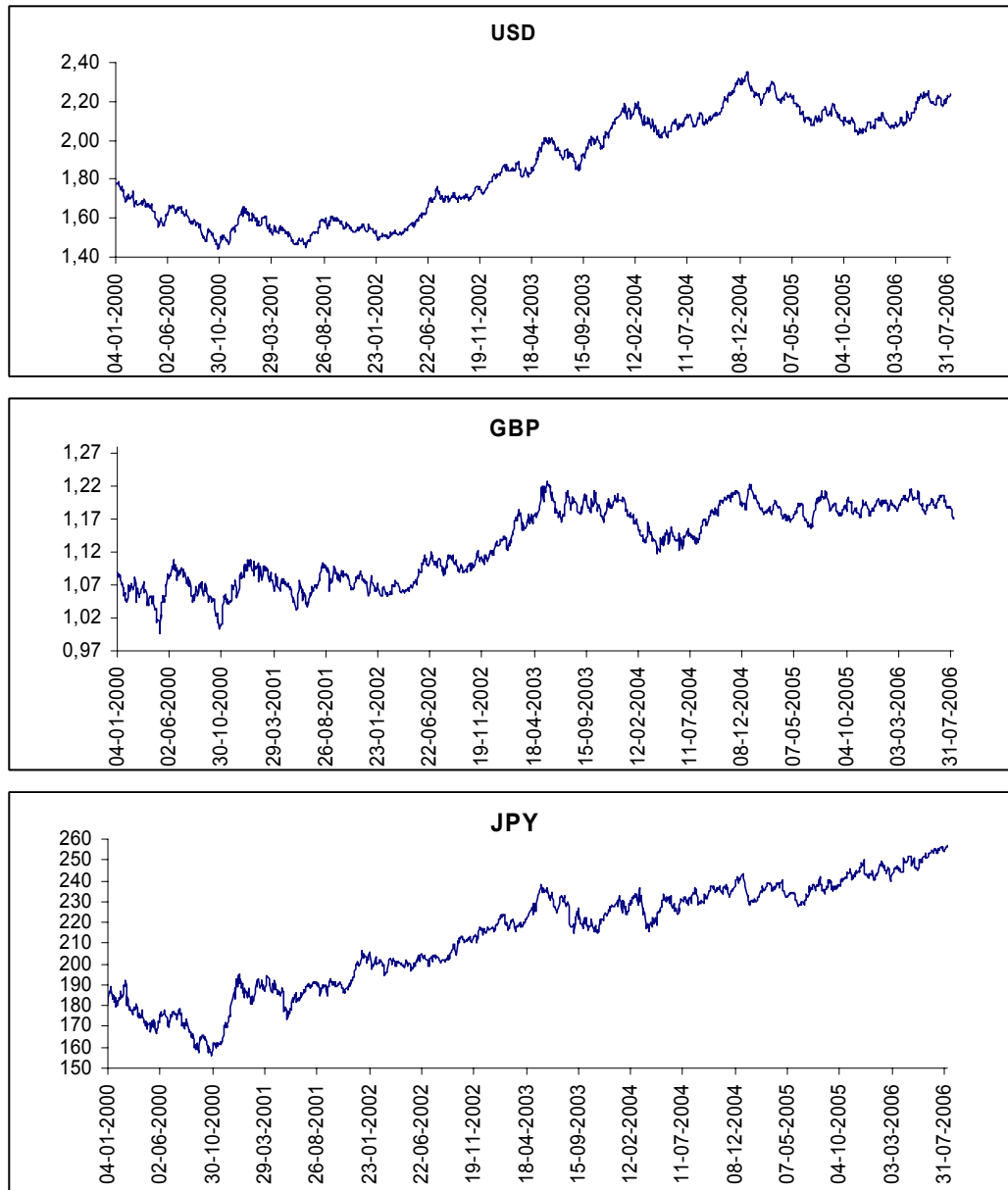
Note: The official fluctuation margins of the Cyprus pound against the euro are set equal to  $\pm 15\%$ .

**Chart 3**  
**Major international currencies**  
*(middle rate)*



Source: Central Bank of Cyprus.



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

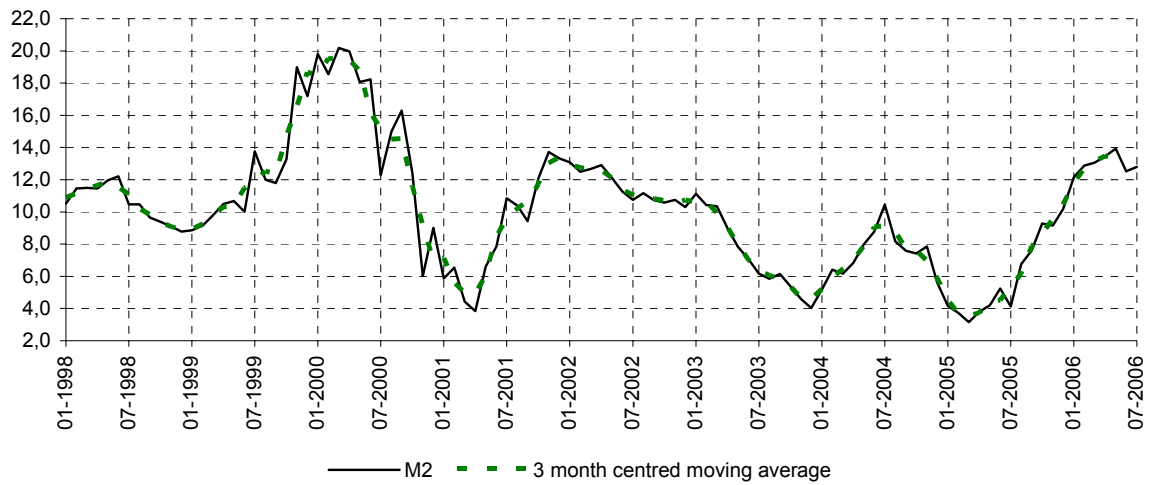
Source: Central Bank of Cyprus.

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

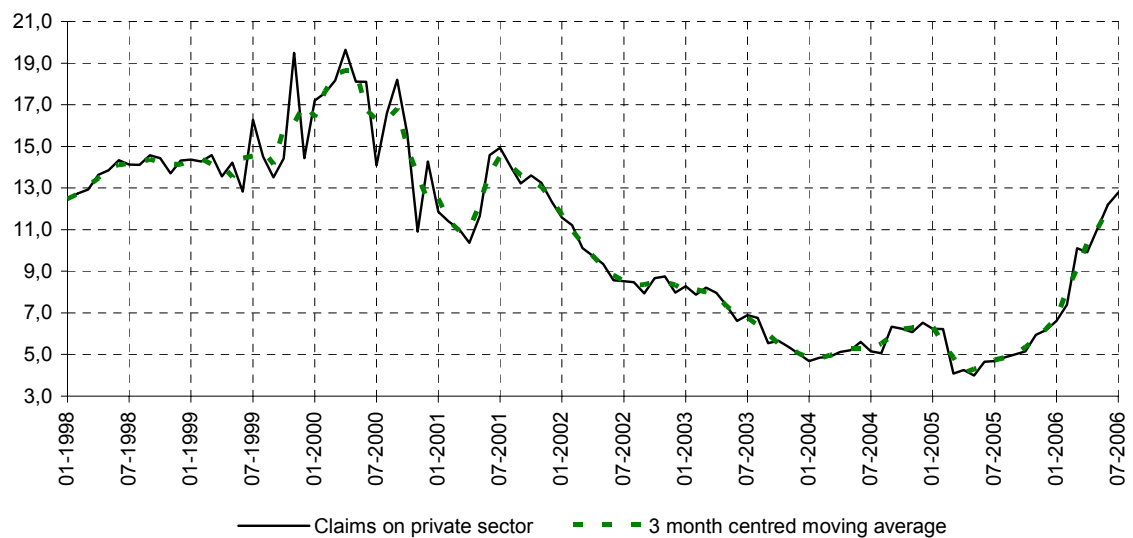
Period	Foreign currency per Cyprus pound (period average)			Purchases(+)/Sales(-) of foreign exchange by the Central Bank (based on transaction date)			
				In foreign currency (million)			In Cyprus pounds (million)
	Euro	USD	Sterling	Euro	USD	Sterling	
<u>Yearly</u>							
2001	1,7314	1,5602	1,0805	755,82	242,99	76,39	663,30
2002	1,7383	1,6445	1,0934	321,55	64,75	53,05	273,13
2003	1,7121	1,9378	1,1849	-259,75	5,16	19,50	-134,01
2004	1,7187	2,1357	1,1663	-91,40	15,75	25,70	-25,52
<u>Quarterly</u>							
2004 Q1	1,7060	2,1348	1,1604	-155,75	2,00	30,20	-64,23
2004 Q2	1,7099	2,0579	1,1401	-19,05	6,50	1,10	-7,49
2004 Q3	1,7271	2,1107	1,1612	199,60	4,95	-19,20	101,02
2004 Q4	1,7317	2,2394	1,2033	-116,2	2,3	13,6	-54,82
2005 Q1	1,7161	2,2496	1,1902	-161,1	10,5	30,1	-64,1
2005 Q2	1,7297	2,1785	1,1742	518,15	22,3	4,40	312,86
2005 Q3	1,7443	2,1278	1,1928	250,45	3,55	-0,10	141,83
2005 Q4	1,7440	2,0737	1,1861	292,05	0,5	2,90	170,09
2006 Q1	1,7407	2,0930	1,1947	-85,05	1,70	0,60	-47,47
2006 Q2	1,7379	2,1830	1,1962	631,05	0,00	2,00	364,75
<u>2005</u>							
January	1,7189	2,2561	1,2009	-100,60	0,00	10,90	-49,46
February	1,7149	2,2324	1,1828	-18,00	0,00	12,30	-0,11
March	1,7145	2,2602	1,1868	-42,50	10,05	6,90	-14,53
April	1,7159	2,2208	1,1722	91,35	20,75	4,40	66,32
May	1,7312	2,1958	1,1852	175,45	0,05	0,00	101,53
June	1,7419	2,1189	1,1653	251,35	1,50	0,00	145,01
July	1,7432	2,0992	1,1992	49,00	0,00	0,00	28,10
August	1,7453	2,1395	1,1831	134,05	-3,40	0,00	75,27
September	1,7445	2,1447	1,1960	67,40	-0,15	-0,10	38,46
October	1,7447	2,0961	1,1892	140,30	0,80	0,00	80,78
November	1,7437	2,0558	1,1845	95,15	-0,15	0,90	55,24
December	1,7438	2,0691	1,1845	56,60	-0,15	2,00	34,07
<u>2006</u>							
January	1,7429	2,1102	1,1960	-79,95	-0,30	0,00	-46,01
February	1,7411	2,098	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 <sup>(1)</sup>	1,7377	2,2276	1,1780	-21,85	0,00	0,00	-12,61

Source: Central Bank of Cyprus.

(1) Figures until 10 August, 2006.

**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 <sup>(1)</sup>	Annual percentage change			
		2005 June	2005 July	2006 June	2006 July
<b>Money supply (M1)</b>	<b>18,6</b>	<b>12,9</b>	<b>13,7</b>	<b>23,2</b>	<b>21,7</b>
Currency in circulation	5,5	10,1	8,6	10,0	7,7
Demand deposits	13,1	14,3	16,4	29,8	28,7
<b>Quasi-money</b>	<b>81,4</b>	<b>3,8</b>	<b>2,3</b>	<b>10,3</b>	<b>10,9</b>
<b>Total money supply (M2)</b>	<b>100,0</b>	<b>5,2</b>	<b>4,1</b>	<b>12,5</b>	<b>12,8</b>
Claims on private sector		4,7	4,7	12,2	12,8
of which in foreign currency		18,9	17,4	59,3	62,1
Claims on public sector		-6,3	8,9	28,9	24,7

Source: Central Bank of Cyprus.

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

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

	2005 June	2005 July	2006 June	2006 July
<b>Money supply (M1)</b>	<b>1.571.238</b>	<b>1.619.602</b>	<b>1.935.974</b>	<b>1.970.728</b>
Currency in circulation	521.279	540.625	573.512	582.147
Demand deposits	945.924	962.824	1.228.009	1.276.240
Deposits in foreign currency	104.035	116.153	134.453	112.341
<b>Quasi-money</b>	<b>7.718.828</b>	<b>7.759.889</b>	<b>8.517.712</b>	<b>8.609.019</b>
Saving deposits	329.616	330.533	392.506	393.915
Time deposits	6.609.638	6.612.881	7.134.849	7.177.137
Deposits in foreign currency	779.574	816.475	990.357	1.037.967
<b>Total money supply (M2)</b>	<b>9.290.066</b>	<b>9.379.491</b>	<b>10.453.686</b>	<b>10.579.747</b>
Net foreign assets	1.459.133	1.500.219	1.693.752	1.676.164
Claims on private sector	9.029.806	8.997.393	10.131.366	10.147.691
of which in foreign currency	1.015.824	1.018.560	1.617.874	1.650.780
Claims on public sector	1.868.497	1.971.565	2.407.880	2.457.841
Unclassified items	-3.067.370	-3.089.686	-3.779.312	-3.701.949

Source: Central Bank of Cyprus.

**Table 6**  
**Bank credit by sector<sup>(1)</sup>**

	Outstanding amount as a percentage of total <sup>(2)</sup>	Annual percentage change			
		2005 June	2005 July	2006 June	2006 July
Public institutions and corporations <sup>(3)</sup>	2,98	10,1	8,8	7,6	8,5
Agriculture	0,96	1,3	2,4	-8,3	-10,0
Mining	0,26	1,1	2,9	1,8	1,1
Manufacturing	4,96	0,4	0,8	0,3	0,5
Transport and communications	0,91	-24,2	-23,6	-2,9	-0,8
Foreign and domestic trade	13,79	-4,5	-4,0	-3,4	-3,8
Building and construction	18,23	11,0	10,8	17,9	18,3
Tourism	8,27	-2,0	-3,0	6,5	6,6
Personal and professional loans	49,60	11,5	12,0	20,3	21,4
Bills discounted: local	0,02	-7,7	-2,2	-34,5	-19,9
foreign	0,01	2,2	27,0	-49,5	-54,0
<b>Total</b>	<b>100,00</b>				

Source: Central Bank of Cyprus.

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

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

(3) Including government loans.

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

(outstanding amounts at end of period, CYP thousand)

	2005 June	2005 July	2006 June	2006 July
Public institutions and corporations <sup>(2)</sup>	298.790	296.125	321.384	321.421
Agriculture	115.589	115.202	106.003	103.734
Mining	27.987	27.645	28.493	27.939
Manufacturing	541.269	532.599	542.748	535.272
Transport and communications	99.980	98.943	97.032	98.162
Foreign and domestic trade	1.565.749	1.547.897	1.513.237	1.488.330
Building and construction	1.663.114	1.662.108	1.960.410	1.966.804
Tourism	854.044	837.879	909.346	892.903
Personal and professional loans	4.387.632	4.406.879	5.276.744	5.352.071
Bills discounted: local	3.549	3.311	2.324	2.651
foreign	2.714	2.799	1.370	1.287
<b>Total</b>	<b>9.560.417</b>	<b>9.531.387</b>	<b>10.759.091</b>	<b>10.790.574</b>

Source: Central Bank of Cyprus.

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

(2) Including government loans.

**Table 8**
**Claims on private sector <sup>(1)</sup>**

	2003	2004	2005	2005 July	2006 June	2006 July
<i>(outstanding amounts at end of period, CYP million)</i>						
Foreign currency loans to residents	799,0	909,9	1.205,8	1.018,6	1.617,9	1.650,8
Claims on private sector	8.302,0	8.844,2	9.390,8	8.997,4	10.131,4	10.147,7
Share %	9,6	10,3	12,8	11,3	16,0	16,3
<i>(12 month change, CYP million)</i>						
Foreign currency loans to residents	13,8	111,0	295,8	150,8	602,1	632,2
Claims on private sector	397,9	542,2	546,6	402,8	1.101,6	1.150,3
Share %	3,5	20,5	54,1	37,4	54,7	55,0

Source: Central Bank of Cyprus.

(1) From domestic banks.

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

	2004	2005	July		Jan.-July	
			2005	2006	2005	2006
<b>Foreign cardholder spending in Cyprus</b>						
Value (CYP thousand)	232.671	244.609	25.728	28.463	126.455	135.794
Annual % change	8,6	5,1	0,7	10,6	3,9	7,4
<b>Local cardholder spending in Cyprus</b>						
Value (CYP thousand)	591.912	659.486	61.507	72.065	357.893	417.839
Annual % change	12,3	11,4	6,2	17,2	9,3	16,7
<b>Local cardholder spending abroad</b>						
Value (CYP thousand)	195.009	244.131	19.610	24.809	127.961	174.044
Annual % change	9,3	25,2	17,7	26,5	19,8	36,0

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) <sup>(1)</sup>	Other factors (net)		
		Main refinancing operations (repos)	Long-term refinancing operations	Marginal lending facility (lombard)	Other liquidity providing operations (swap)								
	1	2	3	4	5	6	7	8	9	10	11	12	13
2004 June	1.108,4	0,0	0,0	0,0	0,0	32,9	79,4	0,0	519,6	-374,9	214,7	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	-190,3	175,0	639,4	1.294,3
Aug.	1.499,7	0,0	0,0	0,0	0,0	44,5	79,4	151,6	536,1	-140,6	185,9	642,9	1.302,8
Sep.	1.429,8	0,0	0,0	2,0	0,0	31,9	79,3	162,7	531,1	-208,9	191,0	644,6	1.286,9
Oct.	1.393,1	0,0	0,0	0,0	0,0	24,3	79,4	121,1	529,0	-192,1	185,5	645,8	1.278,6
Nov.	1.376,0	0,0	0,0	0,0	0,0	15,8	79,3	82,2	516,3	-144,9	184,1	643,2	1.254,6
Dec.	1.441,6	0,0	0,0	10,0	0,0	12,9	79,3	0,0	543,5	-29,0	201,9	642,9	1.278,6
2005 Jan.	1.419,9	0,0	0,0	0,6	0,0	50,7	79,6	114,2	537,8	-142,3	139,9	640,8	1.308,8
Feb.	1.425,9	0,0	0,0	0,6	0,3	11,4	79,4	55,0	520,7	-36,0	149,0	647,3	1.258,8
Mar.	1.432,9	0,0	0,0	0,3	0,0	25,2	79,3	28,4	524,0	-48,4	178,9	646,2	1.274,8
Apr.	1.361,7	0,0	0,0	0,1	0,0	63,7	79,3	17,3	537,7	-191,8	208,2	647,7	1.328,1
May	1.395,2	0,0	0,0	0,0	0,0	33,4	79,3	72,9	554,6	-204,1	210,1	648,9	1.316,3
June	1.510,9	0,0	0,0	6,2	0,1	36,2	79,7	68,3	568,4	-114,8	224,1	655,2	1.339,6
July	1.571,9	0,0	0,0	0,4	0,0	31,9	79,6	88,1	586,5	-62,2	182,6	665,8	1.363,8
Aug.	1.596,2	0,0	0,0	0,0	0,0	37,7	79,4	93,5	587,6	-58,1	185,2	670,8	1.375,5
Sep.	1.638,9	0,0	0,0	0,0	0,0	87,5	79,4	198,7	579,4	-119,0	200,2	612,7	1.359,1
Oct.	1.712,1	0,0	0,0	7,3	0,0	55,1	79,3	168,1	579,7	-12,5	231,5	618,1	1.332,3
Nov.	1.772,0	0,0	0,0	0,0	0,0	181,7	79,3	173,7	566,4	-41,3	246,6	565,6	1.393,1
Dec.	1.830,5	0,0	0,0	0,0	0,0	198,5	79,3	227,7	594,8	-130,6	277,8	583,0	1.455,7
2006 Jan.	1.840,4	0,0	0,0	0,0	0,0	190,5	0,1	333,5	579,2	-148,0	223,8	661,1	1.430,9
Feb.	1.796,1	0,0	0,0	0,0	0,0	174,0	0,0	302,9	562,2	-154,2	236,9	674,3	1.410,5
Mar.	1.792,1	0,0	0,0	0,9	0,0	238,8	0,1	256,1	564,8	-210,2	265,8	677,6	1.481,2
Apr.	1.845,7	0,0	0,0	0,0	0,0	183,3	0,0	138,7	594,7	-32,1	266,1	695,1	1.473,1
May	1.993,9	0,0	0,0	0,0	0,0	233,0	0,0	269,7	603,8	-78,0	271,3	694,2	1.531,0
June	2.066,8	0,0	0,0	0,0	0,0	237,5	0,0	417,3	618,9	-176,4	272,0	697,4	1.553,8
July	1.974,6	0,0	0,0	5,7	0,0	132,6	0,2	431,0	633,6	-133,8	211,6	705,1	1.471,5

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 on the government were converted into a loan with a maturity of 30 years, the repayment of which will commence in 2007.

**Table 11**
**Inflation and interest rates in Europe and Cyprus - July 2006**

(latest 12-month average)

	Inflation ( HICP)	Long-term interest rates	Long-term real interest rates
	(%)	(%)	(%)
Austria	1,80	3,58	1,78
Belgium	2,60	3,61	1,01
Czech Republic	2,30	3,64	1,34
Denmark	2,10	3,58	1,48
Estonia <sup>(1)</sup>	4,40	3,97	-0,43
Finland	1,20	3,53	2,33
France	2,10	3,60	1,50
Germany	2,20	3,55	1,35
Greece	3,50	3,83	0,33
Hungary	2,90	6,73	3,83
Ireland	2,60	3,54	0,94
Italy	2,30	3,81	1,51
Latvia	7,00	3,77	-3,23
Lithuania	3,20	3,79	0,59
Luxembourg	3,90	3,61	-0,29
Malta	3,10	4,35	1,25
Netherlands	1,70	3,57	1,87
Poland	1,30	5,07	3,77
Portugal	2,70	3,68	0,98
Slovakia	3,90	3,93	0,03
Slovenia	2,60	3,74	1,14
Spain	3,80	3,57	-0,23
Sweden	1,40	3,50	2,10
United Kingdom	2,20	4,31	2,11
Eurozone	2,40	3,62	1,22
EU -25	2,30	3,83	1,53
Cyprus	2,20	4,20	2,00

Sources: Eurostat and European Central Bank.

(1) Data for June 2006.



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

		change
<b>European Central Bank</b>		
<i>(3 August 2006)</i>		
Minimum bid rate on the main refinancing operations	3,00	+0,25
Interest rate on the marginal lending facility	4,00	+0,25
Interest rate on the deposit facility	2,00	+0,25
<b>Bank of England</b>		
<i>(3 August 2006)</i>		
Repo rate	4,75	+0,25
<b>Federal Reserve</b>		
<i>(8 August 2006)</i>		
Federal funds rate	5,25	-
Discount rate	6,25	-
<b>Central Bank of Cyprus</b>		
<i>(7 July 2006)</i>		
Minimum bid rate on the main refinancing operations	3,25	-
Maximum bid rate on the liquidity absorbing operations	3,25	-
Interest rate on the marginal lending facility	4,25	-
Interest rate on the deposit facility	2,25	-

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

**Table 13****Official interest rates***(percent per annum)*

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

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

	2003	2004	2005	2005 Jul.	2006 May	2006 Jun.	2006 Jul.
Interbank (1 day)	3,35	3,92	3,27	2,70	2,48	2,49	2,79
Acceptance of deposits	3,45	3,89	3,28	2,63	2,34	2,49	2,94
Treasury bills (13 weeks)	3,51	4,21	4,26	-	-	2,46	2,56
Treasury bills (52 weeks)	3,70	4,77	4,29	4,01	-	2,79	2,89
Development stocks (2 years)	3,83	5,14	4,74	4,03	-	3,32	3,51
Development stocks (5 years)	4,49	5,92	5,68	-	-	3,87	-
Development stocks (10 years)	4,70	6,07	5,17	-	-	4,03	4,28
Development stocks (15 years)	4,81	6,31	5,61	-	-	-	-

Source: Central Bank of Cyprus.

**Table 15**  
**Open market operations allotted through tenders - liquidity absorbing operations <sup>(1)</sup>**

(CYP million, interest rates in percent per annum)

Date of settlement	Bids (amount)	Allotment (amount)	Variable rate tenders				Running for (...) days	
			Maximum bid rate	Weighted average allotment rate	Minimum allotment rate	Maximum allotment rate		
2005	10 Nov.	417,5	250,0	3,25	2,91	2,48	3,12	14
	24 Nov.	396,5	180,0	3,25	2,53	2,50	2,54	14
	08 Dec.	411,0	200,0	3,25	2,48	2,48	2,49	14
	22 Dec.	455,5	300,0	3,25	2,54	2,43	3,25	14
2006	05 Jan.	533,5	300,0	3,25	2,46	2,44	2,49	14
	19 Jan.	604,0	380,0	3,25	2,41	2,39	2,43	14
	02 Feb.	544,0	300,0	3,25	2,37	2,36	2,37	14
	16 Feb.	477,0	300,0	3,25	2,71	2,32	3,25	14
	02 Mar.	414,0	250,0	3,25	2,58	2,46	2,69	14
	16 Mar.	508,5	280,0	3,25	2,69	2,46	3,00	14
	30 Mar.	260,5	110,0	3,25	2,43	2,43	2,44	14
	13 Apr.	366,0	140,0	3,25	2,39	2,38	2,41	14
	27 Apr.	434,5	220,0	3,25	2,36	2,34	2,37	14
	11 May	536,0	280,0	3,25	2,35	2,33	2,35	14
	25 May	691,0	320,0	3,25	2,32	2,26	2,33	14
	08 Jun.	627,5	400,0	3,25	2,31	2,29	2,32	14
	22 Jun.	622,5	520,0	3,25	2,78	2,30	3,22	14
	06 Jul.	552,0	400,0	3,25	2,84	2,31	3,14	14
	20 Jul.	553,0	430,0	3,25	3,13	2,78	3,17	14
	03 Aug.	707,0	480,0	3,25	3,06	2,85	3,09	14
	17 Aug.	687,0	480,0	3,25	3,03	2,95	3,05	14

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)
2005 July	2,70	3,12	2,85	3,44	-	2,07	2,11	2,12	2,13	2,17
Aug.	2,75	3,01	2,90	-	4,10	2,06	2,11	2,13	2,16	2,22
Sep.	2,55	2,91	2,83	-	-	2,09	2,12	2,14	2,17	2,22
Oct	2,85	2,99	2,87	3,98	-	2,07	2,12	2,20	2,27	2,41
Nov.	2,62	2,84	2,90	5,75	-	2,09	2,22	2,36	2,50	2,68
Dec.	2,51	2,85	2,95	3,31	-	2,28	2,41	2,47	2,60	2,78
2006 Jan.	2,51	3,07	3,12	3,07	-	2,33	2,39	2,51	2,65	2,83
Feb.	2,48	2,90	2,98	4,33	3,38	2,35	2,46	2,60	2,72	2,91
Mar.	2,52	2,84	3,02	2,97	3,35	2,52	2,63	2,72	2,87	3,11
Apr.	2,53	2,80	2,95	3,64	3,35	2,63	2,65	2,79	2,96	3,22
May	2,48	3,23	3,22	3,44	3,55	2,58	2,69	2,89	3,06	3,31
June	2,49	2,95	2,97	3,26	-	2,70	2,87	2,99	3,16	3,40
July	2,79	3,08	3,23	3,53	-	2,81	2,94	3,10	3,29	3,54

Sources: Central Bank of Cyprus and European Central Bank.

**Table 17****Commercial bank interest rates<sup>(1,2)</sup>***(percent per annum)*

	Lending rates					Deposit rates		
	Enterprises: overdraft within limits	Enterprises: secured loans	Personal: secured loans	Housing: loans secured by assignment of life policy	Credit cards	Current accounts	3 month notice - over CYP5.000	1 year fixed deposits - over CYP5.000
2004 July	7,92	7,90	8,53	7,30	11,50	0,66	4,43	4,08
Aug.	7,92	7,90	8,53	7,30	11,50	0,67	4,61	4,11
Sep.	7,92	7,92	8,55	7,30	11,50	0,66	4,44	4,14
Oct.	7,92	7,92	8,55	7,30	11,50	0,66	4,44	4,18
Nov.	7,92	7,92	8,55	7,30	11,50	0,64	4,44	4,21
Dec.	7,92	7,92	8,55	7,30	11,50	0,63	4,44	4,21
2005 Jan.	7,92	7,92	8,55	7,30	11,50	0,66	4,47	4,32
Feb.	7,90	7,91	8,60	7,30	11,67	0,67	4,39	4,36
Mar.	7,61	7,63	8,38	6,76	11,83	0,65	4,37	4,38
Apr.	7,61	7,63	8,38	6,76	11,75	0,64	4,30	4,38
May	7,18	7,20	7,97	6,33	11,83	0,55	4,04	4,07
June	6,69	6,70	7,58	5,76	12,00	0,39	3,47	3,88
July	6,69	6,70	7,47	5,76	12,00	0,42	3,47	3,85
Aug.	6,70	6,69	7,49	5,74	12,00	0,45	3,47	3,82
Sep.	6,69	6,69	7,49	5,74	12,00	0,46	3,47	3,79
Oct.	6,69	6,68	7,29	5,74	12,00	0,47	3,47	3,75
Nov.	6,69	6,68	7,29	5,72	12,00	0,46	3,48	3,72
Dec.	6,69	6,68	7,28	5,71	12,00	0,45	3,47	3,68
2006 Jan.	6,67	6,67	7,28	5,71	12,00	0,46	3,48	3,63
Feb.	6,65	6,65	7,27	5,71	12,00	0,45	3,48	3,59
Mar.	6,64	6,65	7,27	5,69	12,00	0,47	3,48	3,57
Apr.	6,64	6,64	7,28	5,69	12,00	0,48	3,48	3,55
May	6,64	6,63	7,28	5,68	12,00	0,47	3,48	3,52
June	6,65	6,62	7,28	5,68	12,00	0,43	3,48	3,43
July	6,65	6,62	7,28	5,68	12,00	0,46	3,47	3,42

Source: Domestic banks.

(1) Reported as at end of month.

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

**Table 18****Interest rates - European monetary financial institutions***(percent per annum, outstanding amounts as at end-of-period)***1. Interest rates on euro-denominated deposits by euro area residents**

	Deposits from households					Deposits from non-financial corporations			
	Overnight	With agreed maturity		Redeemable at notice <sup>(1)</sup>		Overnight	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
2005 June	0,70	1,92	3,22	2,11	2,38	0,94	2,10	3,55	
July	0,68	1,91	3,18	2,10	2,34	0,94	2,11	3,57	
Aug.	0,68	1,92	3,18	1,98	2,31	0,97	2,10	3,46	
Sep.	0,69	1,92	3,19	1,98	2,29	0,97	2,12	3,56	
Oct.	0,69	1,93	3,17	1,97	2,27	0,97	2,12	3,39	
Nov.	0,70	1,96	3,15	2,00	2,27	1,00	2,16	3,43	
Dec.	0,71	2,01	3,15	1,97	2,30	1,02	2,30	3,41	
2006 Jan.	0,73	2,05	3,10	2,00	2,32	1,05	2,32	3,47	
Feb.	0,74	2,09	3,12	1,97	2,34	1,08	2,38	3,37	
Mar.	0,76	2,16	3,00	1,98	2,37	1,14	2,48	3,35	
Apr.	0,79	2,21	3,01	2,00	2,42	1,16	2,53	3,40	
May	0,79	2,27	3,04	2,00	2,48	1,18	2,59	3,41	

**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
2005 June	4,61	4,33	4,67	7,91	6,93	5,78	4,32	3,85	4,35
July	4,53	4,29	4,63	7,88	6,86	5,70	4,30	3,82	4,29
Aug.	4,52	4,24	4,59	7,92	6,86	5,60	4,25	3,80	4,28
Sep.	4,49	4,23	4,59	7,91	6,85	5,67	4,25	3,78	4,26
Oct.	4,49	4,19	4,57	7,92	6,80	5,64	4,24	3,77	4,24
Nov.	4,48	4,17	4,53	7,86	6,77	5,66	4,29	3,79	4,25
Dec.	4,54	4,14	4,52	7,89	6,77	5,62	4,35	3,84	4,24
2006 Jan.	4,62	4,14	4,50	7,99	6,78	5,60	4,42	3,88	4,26
Feb.	4,58	4,16	4,54	7,97	6,79	5,68	4,49	3,95	4,31
Mar.	4,60	4,15	4,52	8,06	6,80	5,73	4,53	3,98	4,31
Apr.	4,63	4,16	4,52	8,10	6,73	5,75	4,59	4,05	4,34
May	4,63	4,16	4,52	8,10	6,70	5,71	4,64	4,10	4,36

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 2006**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
European Central Bank <sup>(1)</sup>	12 <b>2,25</b>	2 <b>2,25</b>	2 <b>2,50</b>	6 <b>2,50</b>	4 <b>2,50</b>	8 <b>2,75</b>	6 <b>2,75</b>	3 <b>3,00</b>		5	2	7
								31				
Bank of England <sup>(2)</sup>	12 <b>4,50</b>	9 <b>4,50</b>	9 <b>4,50</b>	6 <b>4,50</b>	4 <b>4,50</b>	8 <b>4,50</b>	6 <b>4,50</b>	3 <b>4,75</b>	7	5	9	7
Federal Reserve <sup>(3)</sup>	31 <b>4,50</b>		28 <b>4,75</b>		10 <b>5,00</b>	28/29 <b>5,25</b>		8 <b>5,25</b>	20	24		12
Central Bank of Cyprus <sup>(4)</sup>	13 <b>4,25</b>	24 <b>4,25</b>		7 <b>4,25</b>	19 <b>4,25</b>		7 <b>4,25</b>		1	20		1

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

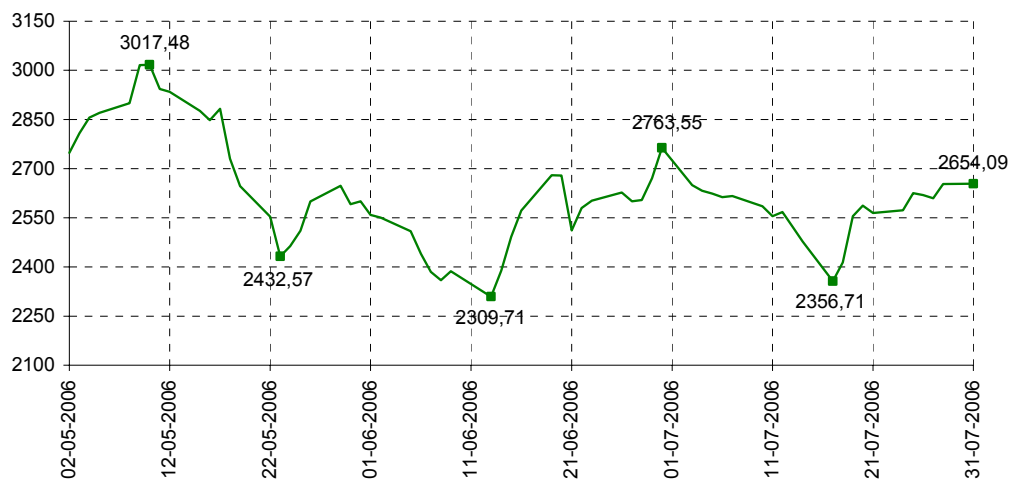
(2) Repo rate.

(3) Federal funds rate.

(4) Interest rate on the marginal lending facility.

**Chart 7**

**Cyprus Stock Exchange - main and parallel market index**  
(daily data, 3/9/2004=1000)



Source: Cyprus Stock Exchange.



**Table 20****Cyprus Stock Exchange: purchase and sale of listed shares by non-residents<sup>(1)</sup>***(CYP thousand)*

Geographic origin of non-resident investors	Purchase of listed shares by non-residents							Sale of listed shares by non-residents						
	2004	2005	2006					2004	2005	2006				
			Mar.	Apr.	May	June	July			Mar.	Apr.	May	June	July
<b>EUROPE</b>	<b>7.416,2</b>	<b>7.395,9</b>	<b>2.214,9</b>	<b>3.603,4</b>	<b>6.436,9</b>	<b>14.458,3</b>	<b>958,1</b>	<b>1.199,3</b>	<b>3.461,1</b>	<b>1.765,8</b>	<b>1.604,9</b>	<b>2.220,6</b>	<b>1.474,1</b>	<b>2.465,1</b>
EU-25	6.064,4	6.805,2	2.053,5	1.385,2	3.367,4	13.348,1	926,7	3.710,1	2.980,4	1.655,3	1.555,9	1.688,2	816,9	1.767,7
Greece	5.519,5	5.667,5	1.545,2	1.082,9	2.294,2	13.136,1	848,6	3.328,1	2.269,5	1.359,8	674,4	1.229,9	630,5	1.608,2
United Kingdom	265,2	238,2	231,8	132,0	295,8	149,2	11,4	182,5	390,6	132,4	178,5	316,6	74,0	138,6
Other European countries	1.351,8	590,7	161,4	2.218,2	3.069,5	1.110,1	31,4	228,6	480,7	110,5	49,0	532,3	657,3	697,4
Russian Federation	1.131,5	405,4	105,2	3,1	49,3	5,3	19,3	59,3	279,7	9,2	9,1	51,2	39,6	46,5
<b>AFRICA</b>	<b>415,8</b>	<b>51,4</b>	<b>59,5</b>	<b>3,7</b>	<b>21,3</b>	<b>13,4</b>	<b>2,8</b>	<b>295,7</b>	<b>90,1</b>	<b>0,0</b>	<b>7,9</b>	<b>28,4</b>	<b>0,0</b>	<b>0,0</b>
North African countries	0,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8	0,0	0,0	0,0	0,0	0,0
Other African countries	414,9	51,4	59,5	3,7	21,3	13,4	2,8	295,7	88,3	0,0	7,9	28,4	0,0	0,0
South Africa	56,7	0,0	0,0	1,8	7,9	0,0	0,0	0,0	7,6	0,0	7,9	0,0	0,0	0,0
<b>AMERICA</b>	<b>888,6</b>	<b>429,3</b>	<b>487,8</b>	<b>409,6</b>	<b>1.180,1</b>	<b>3.440,4</b>	<b>12.983,6</b>	<b>1.643,7</b>	<b>1.232,7</b>	<b>449,0</b>	<b>414,5</b>	<b>942,7</b>	<b>668,9</b>	<b>551,0</b>
North American countries	635,6	84,1	75,3	4,2	24,6	6,0	1.079,0	80,0	33,2	48,8	61,4	10,8	20,8	74,5
United States of America	634,9	81,9	75,3	4,2	10,5	6,0	1.078,5	28,7	33,2	48,8	52,5	10,8	14,9	74,5
Canada	0,7	2,2	0,0	0,0	14,1	0,0	0,5	51,3	0,0	0,0	8,9	0,0	5,9	0,0
Central American countries	253,0	345,2	412,5	405,5	1.155,5	3.434,4	11.904,6	1.563,7	1.199,4	400,2	353,0	931,9	648,1	476,5
South American countries	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>ASIA</b>	<b>61,7</b>	<b>267,3</b>	<b>8,5</b>	<b>0,0</b>	<b>11,2</b>	<b>0,0</b>	<b>0,0</b>	<b>12,2</b>	<b>229,2</b>	<b>1,0</b>	<b>1,1</b>	<b>88,2</b>	<b>4,3</b>	<b>0,0</b>
West Asia	17,0	204,7	8,4	0,0	11,2	0,0	0,0	12,2	168,9	1,0	1,1	43,1	4,3	0,0
Other Asian countries	44,8	62,6	0,1	0,0	0,0	0,0	0,0	0,0	60,3	0,0	0,1	45,1	0,0	0,0
<b>OCEANIA</b>	<b>18,5</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>8,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total</b>	<b>8.800,8</b>	<b>8.143,9</b>	<b>2.770,7</b>	<b>4.016,7</b>	<b>7.649,5</b>	<b>17.912,0</b>	<b>13.944,5</b>	<b>5.898,5</b>	<b>5.013,0</b>	<b>2.215,8</b>	<b>2.028,4</b>	<b>3.279,8</b>	<b>2.147,4</b>	<b>3.016,1</b>

Source: Cyprus Stock Exchange.

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

**Table 21**
**Percentage change in the consumer price index by economic origin (%)**

		2003	2004	2005	July 2005/ 2004	June 2006/ 2005	July 2006/ 2005	Jan.- Jul. 2005/ 2004	Jan.- Jun. 2006/ 2005	Jan.- Jul. 2006/ 2005	Weights	
											1998=100	2005=100
<b>GENERAL INDEX</b>		<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>1,91</b>	<b>3,02</b>	<b>3,22</b>	<b>2,54</b>	<b>2,87</b>	<b>2,92</b>	<b>100,00</b>	<b>100,00</b>
<b>A</b>	<b>Imported products</b>	7,30	5,03	3,90	<b>3,26</b>	5,44	4,81	<b>3,49</b>	4,88	<b>4,87</b>	<b>36,69</b>	<b>28,60</b>
A.1	Agricultural	4,54	3,32	1,34	-1,48	9,87	6,66	0,05	5,81	5,93	7,93	6,92
A.2	Industrial	6,46	3,36	1,14	3,95	2,32	3,22	4,30	2,40	2,52	22,91	19,24
A.3	Electricity	10,20	-3,13	11,51	12,11	19,31	12,06	5,61	23,91	22,21	1,52	2,44
<b>B</b>	<b>Petroleum Products</b>	<b>14,16</b>	<b>17,18</b>	<b>14,82</b>	<b>15,60</b>	<b>15,75</b>	<b>11,81</b>	<b>14,46</b>	<b>14,32</b>	<b>13,96</b>	<b>4,33</b>	<b>6,44</b>
<b>C</b>	<b>Imported products</b>	<b>-2,38</b>	<b>-5,55</b>	<b>-2,47</b>	<b>-3,56</b>	<b>-0,86</b>	<b>0,10</b>	<b>-2,58</b>	<b>-1,22</b>	<b>-1,03</b>	<b>22,20</b>	<b>25,31</b>
C1	Motor Vehicles	-8,31	-13,50	-2,42	-3,55	0,64	0,81	-2,40	0,38	0,44	9,43	6,15
C2	Other Imported	1,81	-0,39	-2,49	-3,57	-1,46	-0,26	-2,68	-1,88	-1,65	12,77	19,16
<b>D</b>	<b>Services</b>	<b>4,38</b>	<b>3,23</b>	<b>3,34</b>	<b>2,85</b>	<b>1,81</b>	<b>2,60</b>	<b>3,76</b>	<b>2,30</b>	<b>2,34</b>	<b>41,11</b>	<b>39,65</b>
<b>HICP</b>		<b>4,0</b>	<b>1,9</b>	<b>2,1</b>	<b>1,3</b>	<b>2,6</b>	<b>2,8</b>	<b>2,1</b>	<b>2,4</b>	<b>2,5</b>		

Source: Cystat.

**Table 22****Weighted contribution to the total change in the consumer price index by economic origin (%)**

		2003	2004	2005	July 2005/ 2004	June 2006/ 2005	July 2006/ 2005	Jan.- Jul. 2005/ 2004	Jan.- Jun. 2006/ 2005	Jan.- Jul. 2006/ 2005	Weights	
											1998=100	2005=100
<b>GENERAL INDEX</b>		<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>1,91</b>	<b>3,02</b>	<b>3,22</b>	<b>2,54</b>	<b>2,87</b>	<b>2,92</b>	<b>100,00</b>	<b>100,00</b>
<b>A</b>	<b>Imported products</b>	2,79	1,98	1,58	1,31	1,53	1,36	<b>1,40</b>	1,38	<b>1,38</b>	<b>36,69</b>	<b>28,60</b>
A.1	Agricultural	0,37	0,27	0,11	-0,12	0,63	0,44	0,01	0,39	0,39	7,93	6,92
A.2	Industrial	1,47	0,78	0,27	1,18	0,45	0,62	1,28	0,46	0,48	22,91	19,24
A.3	Electricity	0,20	-0,07	0,23	0,24	0,45	0,30	0,11	0,53	0,50	1,52	2,44
<b>B</b>	<b>Petroleum products</b>	<b>0,74</b>	<b>0,99</b>	<b>0,97</b>	<b>1,05</b>	<b>0,99</b>	<b>0,79</b>	<b>0,92</b>	<b>0,88</b>	<b>0,87</b>	<b>4,33</b>	<b>6,44</b>
<b>C</b>	<b>Imported products</b>	-0,48	-1,04	-0,43	-0,62	-0,22	0,03	<b>-0,45</b>	-0,31	-0,26	<b>22,20</b>	<b>25,31</b>
C1	Motor vehicles	-0,69	-1,00	-0,15	-0,22	0,04	0,05	-0,15	0,02	0,03	9,43	6,15
C2	Other imports	0,21	-0,04	-0,28	-0,40	-0,28	-0,05	-0,30	-0,35	-0,31	12,77	19,16
<b>D</b>	<b>Services</b>	<b>1,83</b>	<b>1,35</b>	<b>1,41</b>	<b>1,21</b>	<b>0,72</b>	<b>1,05</b>	<b>1,59</b>	<b>0,91</b>	<b>0,93</b>	<b>41,11</b>	<b>39,65</b>

Source: Cystat.

**Table 23**
**Percentage change in the consumer price index by category of goods and services (%)**

	Years			July	June	July	Jan.-	Jan.-	Jan.-	Weights	
	2003	2004	2005	2005/ 2004	2006/ 2005	2006/ 2005	Jul. 2005/ 2004	Jun. 2006/ 2005	Jul. 2006/ 2005	2005=100	1998=100
<b>GENERAL INDEX</b>	<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>1,91</b>	<b>3,02</b>	<b>3,22</b>	<b>2,54</b>	<b>2,88</b>	<b>2,92</b>	<b>100,00</b>	<b>100,00</b>
Food & non-alcoholic beverages	5,11	3,97	1,59	-0,30	6,26	5,01	1,08	4,51	4,58	17,50	18,20
Alcoholic beverages & tobacco	24,22	10,57	0,23	-0,21	0,67	1,59	0,93	-0,17	0,08	2,21	1,78
Clothing & footwear	1,19	-0,79	-2,24	-4,78	-2,45	0,75	-2,00	-0,01	0,10	8,93	8,22
Housing, water, electricity & gas	5,04	4,19	5,41	5,31	6,25	5,08	5,07	6,94	6,68	15,87	21,27
Furnishings, household equipment & supplies	3,59	-0,45	0,58	1,63	0,14	0,46	0,47	0,43	0,43	6,78	7,08
Health	5,66	3,72	0,36	0,07	3,27	3,40	1,11	-0,83	-0,23	5,03	4,92
Transport	0,35	-3,06	3,79	3,11	5,96	5,34	3,30	5,15	5,18	15,99	17,42
Communications	-7,16	-8,48	-10,34	-9,63	-7,60	-3,10	-8,85	-2,71	-2,77	3,94	1,79
Recreation & culture	3,55	2,26	1,06	1,05	-0,73	-0,06	2,26	-1,13	-0,98	6,33	5,88
Education	4,02	3,96	5,21	5,60	4,57	4,57	5,60	4,56	4,56	2,87	2,33
Restaurants & hotels	5,31	4,69	3,30	2,60	2,34	2,68	4,06	2,05	2,14	7,57	6,07
Miscellaneous goods & services	5,50	5,16	3,83	3,05	1,91	2,31	4,16	1,92	1,97	6,98	5,04

Source: Cystat.

**Table 24****Weighted contribution to the total change in the consumer price index by category of goods and services (%)**

	Years			July	June	July	Jan.-	Jan.-	Jan.-	Weights	
	2003	2004	2005	2005/ 2004	2006/ 2005	2006/ 2005	Jul. 2005/ 2004	Jun. 2006/ 2005	Jul. 2006/ 2005	2005=100	1998=100
<b>GENERAL INDEX</b>	<b>4,14</b>	<b>2,28</b>	<b>2,56</b>	<b>1,90</b>	<b>3,02</b>	<b>3,22</b>	<b>2,54</b>	<b>2,88</b>	<b>2,92</b>	<b>100,00</b>	<b>100,00</b>
Food & non-alcoholic beverages	0,97	0,76	0,31	-0,06	1,06	0,87	0,21	0,78	0,79	17,50	18,20
Alcoholic beverages & tobacco	0,54	0,28	0,01	-0,01	0,01	0,04	0,03	0,00	0,00	2,21	1,78
Clothing & footwear	0,08	-0,05	-0,14	-0,28	-0,23	0,06	-0,12	-0,02	-0,01	8,93	8,22
Housing, water, electricity & gas	1,10	0,93	1,22	1,20	0,98	0,82	1,14	1,09	1,05	15,87	21,27
Furnishings, household equipment & supplies	0,23	-0,03	0,04	0,10	0,01	0,03	0,03	0,03	0,03	6,78	7,08
Health	0,30	0,20	0,02	0,00	0,16	0,17	0,06	-0,05	-0,02	5,03	4,92
Transport	0,06	-0,51	0,59	0,49	0,94	0,87	0,51	0,82	0,82	15,99	17,42
Communications	-0,09	-0,10	-0,11	-0,10	-0,32	-0,13	-0,09	-0,12	-0,12	3,94	1,79
Recreation & culture	0,19	0,12	0,06	0,06	-0,05	0,00	0,12	-0,07	-0,06	6,33	5,88
Education	0,10	0,10	0,13	0,14	0,13	0,13	0,14	0,13	0,13	2,87	2,33
Restaurants & hotels	0,35	0,31	0,23	0,18	0,18	0,21	0,28	0,16	0,16	7,57	6,07
Miscellaneous goods & services	0,29	0,28	0,21	0,17	0,13	0,16	0,23	0,13	0,14	6,98	5,04

Source: Cystat.

**Table 25**
**Tourist arrivals<sup>1</sup>**

(number of persons)

	2000	2001	2002	2003	2004	2005	2006	% change 2003/2002	% change 2004/2003	% change 2005/2004	% change 2006/2005
January	63.553	64.214	54.067	59.529	56.504	58.894	54.875	10,1	-5,1	4,2	-6,8
February	87.243	83.569	71.950	77.972	75.705	72.600	66.151	8,4	-2,9	-4,1	-8,9
March	135.487	137.578	138.625	91.634	111.946	137.075	107.071	-33,9	22,2	22,4	-21,9
April	221.785	237.228	180.481	169.891	191.251	183.561	206.548	-5,9	12,6	-4,0	12,5
May	299.355	324.901	279.070	231.527	261.646	284.132	283.513	-17,0	13,0	8,6	-0,2
June	302.011	322.835	293.192	262.100	264.799	282.652	280.164	-10,6	1,0	6,7	-0,9
July	362.299	373.385	327.404	318.143	305.978	338.972		-2,8	-3,8	10,8	
August	356.686	371.536	301.724	325.390	305.926	336.587		7,8	-6,0	10,0	
September	329.964	329.400	306.731	287.358	303.506	302.833		-6,3	5,6	-0,2	
October	300.597	269.744	275.840	271.980	278.976	292.273		-1,4	2,6	4,8	
November	133.500	107.454	111.327	123.800	114.048	104.822		11,2	-7,9	-8,1	
December	93.722	74.887	77.822	83.919	78.723	75.656		7,8	-6,2	-3,9	
Jan. - Dec.	2.686.202	2.696.731	2.418.233	2.303.243	2.349.008	2.470.057		-4,8	2,0	5,2	
Jan.-June	1.109.434	1.170.325	1.017.385	892.653	961.851	1.018.914	998.322	-12,3	7,8	5,9	-2,0

Source: Cystat.

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

**Table 26**
**Receipts from tourism<sup>1</sup>**

(CYP million)

	2000	2001	2002	2003	2004	2005	2006	% change 2004/2003	% change 2005/2004	% change 2006/2005
January	-	24,9	21,6	25,6	21,8	20,7	21,2	-15,0	-5,0	2,4
February	-	29,1	28,9	31,4	25,4	23,5	23,1	-19,1	-7,5	-1,7
March	-	49,7	59,2	37,8	42,1	47,6	38,9	11,2	13,2	-18,3
April	-	89,9	77,0	67,1	72,1	62,0	74,5	7,4	-14,0	20,2
May	-	139,1	119,5	92,5	99,5	105,4	111,9	7,6	5,9	6,2
June	122,9	157,4	139,3	114,8	109,3	113,3	117,7	-4,8	3,7	3,9
July	162,7	192,0	160,7	152,4	135,1	140,1		-11,4	3,7	
August	173,7	205,0	153,8	165,3	148,1	161,3		-10,4	8,9	
September	161,9	176,3	157,4	134,1	141,2	137,9		5,3	-2,3	
October	135,1	130,2	128,0	112,4	115,9	120,5		3,1	4,0	
November	54,1	48,8	51,4	48,7	43,1	43,1		-11,5	0,0	
December	36,2	29,2	35,6	32,9	28,8	30,3		-12,4	5,2	
Jan. - Dec.	-	1.271,6	1.132,4	1.015,0	982,3	1.005,7		-3,2	2,4	
Jan. - June.		490,1	445,4	369,3	370,1	372,5	387,3	0,2	0,6	4,0

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 (cif)	Total Exports/ Dispatches (fob)	Total Imports (cif)	Total Exports (fob)	Arrivals (cif)	Dispatches (fob)	
<b>2000</b>	2.402,0	591,9	1.140,9	364,5	1.261,1	227,4	
<b>2001</b>	2.528,7	627,9	1.208,8	376,5	1.320,0	251,4	
<b>2002</b>	2.486,6	511,3	1.140,9	240,9	1.345,8	270,4	
<b>2003</b>	2.304,1	476,8	992,8	198,3	1.311,3	278,5	
<b>2004</b>	2.679,3	548,0	921,7	202,5	1.757,6	345,5	
<b>2005</b>	2.966,8	719,2	952,9	224,3	1.965,4	447,8	
<b>2005</b>	January	195,2	42,4	62,9	14,6	132,3	27,8
	February	214,9	46,8	76,5	18,6	138,5	28,2
	March	256,5	57,9	74,0	22,5	182,5	35,4
	April	230,7	59,8	78,1	18,6	152,6	41,3
	May	239,0	56,1	74,5	16,0	164,5	40,1
	June	234,7	56,7	85,3	18,9	149,4	37,8
	July	239,5	58,7	78,6	18,9	160,9	39,8
	August	221,0	52,8	64,5	17,3	156,2	35,5
	September	270,5	69,9	94,8	15,4	175,7	54,5
	October	283,5	72,5	93,9	16,2	189,6	56,3
	November	307,9	88,5	115,1	27,7	192,8	60,9
	December	273,3	56,9	74,6	17,0	198,8	40,0
<b>2006</b>	January	247,3	52,0	80,8	13,8	166,5	38,2
	February	237,1	49,0	83,3	17,1	153,6	31,9
	March	283,1	65,5	91,3	22,5	191,8	43,0
	April	251,2	51,5	86,5	21,1	164,9	30,4
	May	278,0	50,7	92,5	16,2	185,5	34,6
	June (p)	330,6	51,3	140,6	17,3	190,0	34,0
	Jan. - June 2003	1.118,0	245,7	478,3	100,5	639,6	145,2
	Jan. - June 2004	1.288,9	261,3	500,3	88,4	788,6	172,9
	Jan. - June 2005	1.371,0	319,8	451,3	109,2	919,7	210,7
	Jan - June 2006 (p)	1.627,8	320,3	575,7	108,0	1.052,0	212,4
	% change Jan. - June 2004/2003	15,3	6,3	4,6	-12,0	23,3	19,1
	% change Jan. - June 2005/2004	6,4	22,4	-9,8	23,4	16,6	21,8
	% change Jan. - June 2006/2005 (p)	18,7	0,2	27,6	-1,1	14,4	0,8

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

**Table 28**
**Turnover volume index of retail trade**

(percentage change by category)

	June 05/04	June 06/05	Jan-June 05/04	Jan.-June 06/05
<b>General index</b>	<b>5,3</b>	<b>9,4</b>	<b>5,8</b>	<b>6,0</b>
Retail sale in non-specialised stores with food, beverages or tobacco predominating	11,5	12,3	12,7	7,2
Other retail sale in non-specialised stores	5,2	5,9	3,1	1,5
Retail sale of food, beverages and tobacco in specialised stores	5,1	20,0	9,9	7,5
Retail sale of pharmaceutical and medical goods, cosmetics and toilet articles	22,0	11,5	22,7	14,5
Retail sale of textiles, clothing, footwear and leather goods	8,1	11,3	0,4	5,2
Retail sale of furniture, lighting equipment and household articles, electrical household appliances and radio and television goods				
hardware, paints and glass	6,2	15,7	8,1	10,1
Retail sale of books, newspapers and stationery and other retail sale in specialised stores	-10,8	-2,3	-5,9	-0,3
Retail sale of second-hand goods in stores	-13,9	-86,6	-14,9	-12,7
Retail sale not in stores	21,1	-13,2	2,8	4,3

Source: Cystat.

**Table 29**
**Manufacturing production volume index**

(percentage change by category)

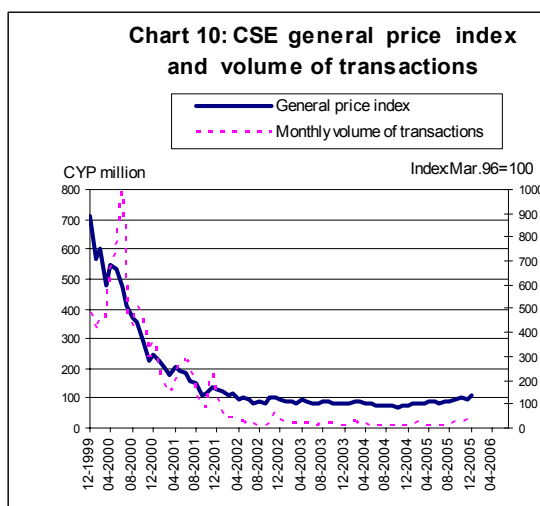
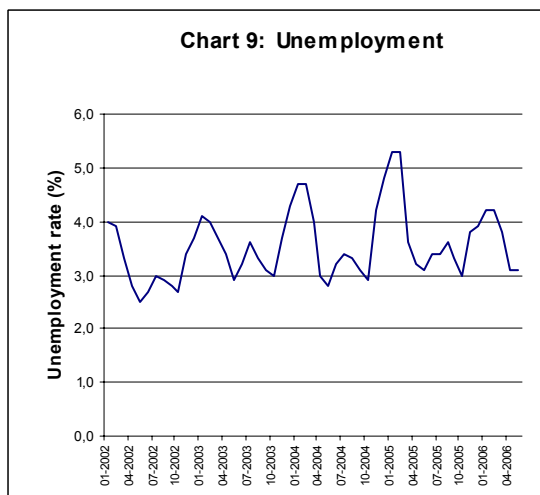
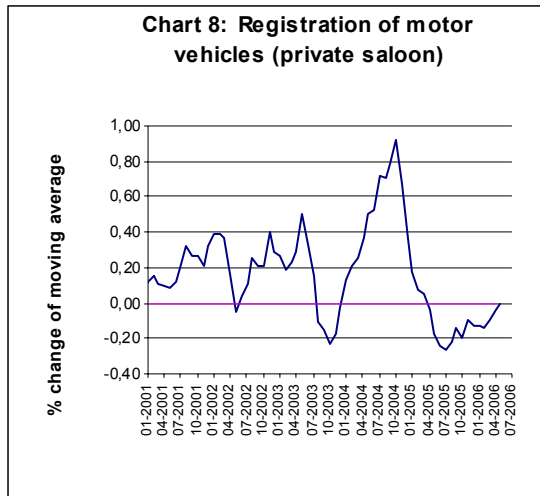
	May 05/04	May 06/05	Jan-May 05/04	Jan.-May. 06/05
<b>General index</b>	<b>-0,6</b>	<b>2,3</b>	<b>-2,0</b>	<b>-2,4</b>
Food products, beverages & tobacco	8,5	-5,8	0,7	-9,7
Textiles & textile products	-9,5	-1,6	-12,4	-15,1
Leather & leather products	-56,2	-9,3	-52,9	-23,2
Wood & wood products	-1,8	-6,9	0,02	2,2
Paper, paper products, publishing & printing	-6,8	9,3	-5,0	3,1
Refined petroleum products	-23,7	6,9	-95,7	7,3
Chemicals, chemical products & man-made fibres	12,3	4,7	4,4	3,2
Rubber & plastic products	-3,0	7,6	-5,4	-0,8
Other non-metallic mineral products	-3,3	9,0	6,9	-1,8
Basic metals & fabricated metal products	-12,4	8,7	-10,1	2,1
Machinery & equipment n.e.c.	-1,1	0,9	6,5	2,3
Electrical & optical equipment	-11,1	42,5	1,6	17,7
Transport equipment	-6,2	16,6	-3,9	8,2
Manufacturing n.e.c.	-7,0	10,5	-5,9	3,6

Source: Cystat.



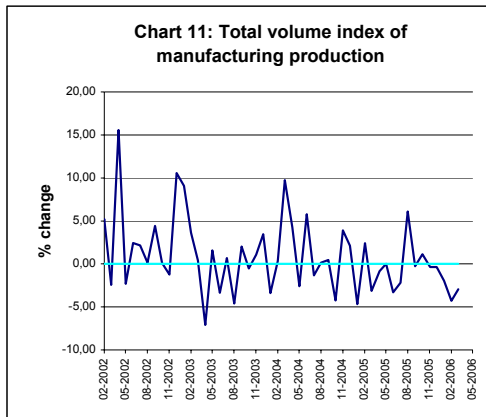
**Charts 8-10**

**Selected economic indicators**

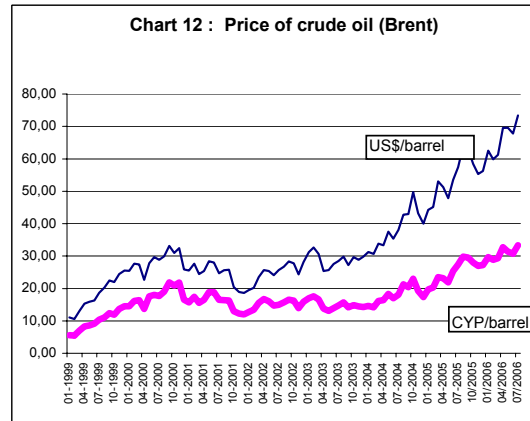


**Charts 11-14**

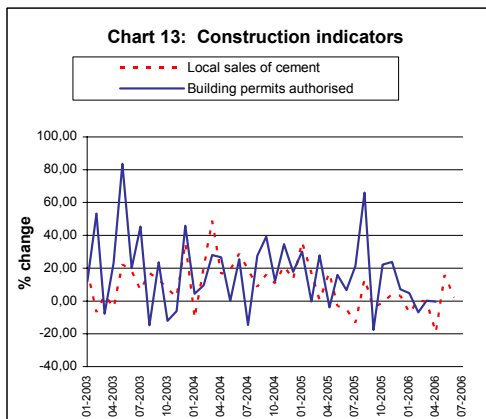
**Selected economic indicators**



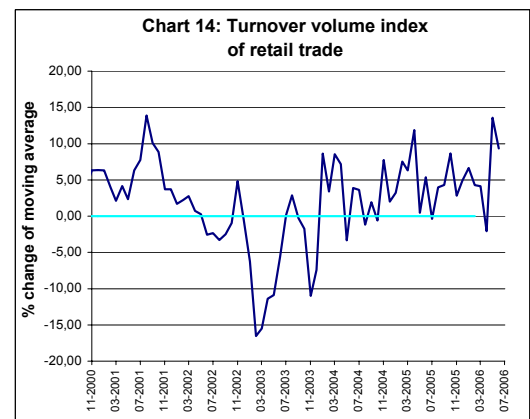
Source: Cystat.



Source: Reuters.



Source: Cystat.



Source: Cystat.

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

(CYP million)

CATEGORIES	2005 (Annual) (Prov.)			2005 (Q1) (Prov.)			2006 (Q1) (Prov.)		
	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET	CREDIT	DEBIT	NET
<b>CURRENT ACCOUNT</b>	<b>4.340,8</b>	<b>4.793,8</b>	<b>-453,0</b>	<b>827,3</b>	<b>1.066,3</b>	<b>-239,0</b>	<b>964,7</b>	<b>1.206,5</b>	<b>-241,9</b>
<b>Goods, services and income</b>	<b>4.048,4</b>	<b>4.543,7</b>	<b>-495,4</b>	<b>749,2</b>	<b>1.034,5</b>	<b>-285,3</b>	<b>873,4</b>	<b>1.134,5</b>	<b>-261,1</b>
<b>Goods and services</b>	<b>3.691,1</b>	<b>3.927,9</b>	<b>-236,9</b>	<b>683,7</b>	<b>916,2</b>	<b>-232,6</b>	<b>768,7</b>	<b>1.027,7</b>	<b>-259,0</b>
<b>Goods</b>	<b>675,7</b>	<b>2.671,0</b>	<b>-1.995,3</b>	<b>151,6</b>	<b>591,8</b>	<b>-440,2</b>	<b>166,5</b>	<b>703,7</b>	<b>-537,2</b>
<b>Services</b>	<b>3.015,3</b>	<b>1.256,9</b>	<b>1.758,4</b>	<b>532,1</b>	<b>324,4</b>	<b>207,7</b>	<b>602,2</b>	<b>324,0</b>	<b>278,2</b>
Transport	714,3	500,6	213,7	152,7	146,3	6,4	185,1	148,3	36,8
Travel	1.081,7	432,8	648,9	104,9	100,9	4,0	100,5	97,3	3,3
Communications services	15,6	44,0	-28,4	3,2	9,2	-6,0	7,5	11,9	-4,4
Construction services	75,6	4,9	70,7	20,2	0,7	19,5	17,5	2,5	15,0
Insurance services	26,3	30,0	-3,7	4,4	9,1	-4,6	15,4	11,2	4,2
Financial services	127,6	43,7	83,9	29,2	12,0	17,1	31,6	6,2	25,4
Computer and information services	98,7	16,0	82,7	17,5	6,2	11,3	19,5	4,5	15,0
Royalties and licence fees	6,9	21,2	-14,3	1,2	1,4	-0,1	2,1	3,0	-0,9
Other business services	699,1	94,6	604,5	156,8	22,7	134,0	175,8	22,9	152,9
Personal, cultural and recreational services	19,2	26,0	-6,9	3,6	6,4	-2,8	6,5	6,8	-0,3
Government services, n.i.e.	150,4	43,1	107,4	38,4	9,5	28,9	40,6	9,5	31,1
<b>Income</b>	<b>357,3</b>	<b>615,8</b>	<b>-258,5</b>	<b>65,5</b>	<b>118,3</b>	<b>-52,8</b>	<b>104,6</b>	<b>106,8</b>	<b>-2,1</b>
Compensation of employees	24,2	85,8	-61,6	3,8	18,1	-14,3	4,0	24,0	-20,0
Investment income	333,1	530,0	-196,9	61,7	100,2	-38,5	100,7	82,8	17,9
<b>Current transfers</b>	<b>292,5</b>	<b>250,1</b>	<b>42,4</b>	<b>78,2</b>	<b>31,8</b>	<b>46,3</b>	<b>91,3</b>	<b>72,0</b>	<b>19,3</b>
General government	108,2	97,3	10,9	32,1	0,9	31,2	38,6	32,4	6,3
Other sectors	184,3	152,8	31,5	46,1	31,0	15,1	52,7	39,7	13,0
<b>Capital and financial account</b>			<b>518,5</b>			<b>269,4</b>			<b>270,1</b>
<b>Capital account</b>	<b>60,9</b>	<b>20,6</b>	<b>40,3</b>	<b>13,5</b>	<b>14,1</b>	<b>-0,5</b>	<b>7,7</b>	<b>11,2</b>	<b>-3,5</b>
<b>Financial account</b>			<b>478,2</b>			<b>269,9</b>			<b>273,6</b>
Direct investment			<b>340,8</b>			<b>79,4</b>			<b>57,6</b>
Abroad			<b>-200,4</b>			<b>-44,2</b>			<b>-36,1</b>
In Cyprus			<b>541,2</b>			<b>123,6</b>			<b>93,7</b>
Portfolio investment			<b>-62,0</b>			<b>311,1</b>			<b>-85,7</b>
Assets			<b>-755,9</b>			<b>-132,4</b>			<b>-380,8</b>
Liabilities			<b>693,9</b>			<b>443,5</b>			<b>295,1</b>
Financial derivatives			<b>-6,8</b>			<b>-4,1</b>			<b>1,6</b>
Other investment			<b>540,0</b>			<b>-170,1</b>			<b>232,1</b>
Assets			<b>-3.384,1</b>			<b>-884,4</b>			<b>-279,0</b>
Liabilities			<b>3.924,1</b>			<b>714,3</b>			<b>511,1</b>
Reserve assets			<b>-333,8</b>			<b>53,6</b>			<b>68,0</b>
<b>NET ERRORS AND OMISSIONS</b>			<b>-65,6</b>			<b>-30,3</b>			<b>-28,2</b>

Sources: Central Bank of Cyprus and Cystat.

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

	Jan-June 2005	Jan-June 2006	Jan - June 06/05
	CYP million		% change
<b>EXPENDITURE</b>			
Intermediate consumption	120,3	204,3	84,0
Capital formation	123,0	118,0	-5,0
Compensation of employees	532,5	573,1	40,6
Other taxes on productions	0,2	0,2	0,0
Subsidies	5,0	0,7	-4,3
Interest paid	114,5	122,2	7,7
Social benefits	419,3	455,5	36,2
Other current transfers	118,7	136,8	18,1
Capital transfers	22,9	7,3	-15,6
<b>Total expenditure</b>	<b>1.456,4</b>	<b>1.618,1</b>	<b>161,7</b>
<b>REVENUE</b>			
Market output & output for own final use	99,7	110,8	11,1
Taxes on production and imports	619,7	713,4	93,7
<i>of which VAT</i>	361,8	423,1	61,3
Property income	49,2	19,4	-29,8
Current taxes on income, wealth, etc	303,1	348,7	45,6
Social contributions	281,2	297,5	16,3
Other current transfers	66,0	64,4	-1,6
Capital transfers	73,5	3,0	-70,5
<b>Total revenue</b>	<b>1.492,4</b>	<b>1.557,2</b>	<b>64,8</b>
<b>Surplus (+) / Deficit (-)</b>	<b>36,0</b>	<b>-60,9</b>	<b>-96,9</b>

Source: Cystat.