



## FEBRUARY 2010 ECONOMIC OUTLOOK FOR CYPRUS: ANSWERS FROM OEB

MAIN FORECAST					
		2009	2010		
Real GDP growth		-0.5	0.5		
Consumer price inflation		0.5	2.5		
Unemployment rate		6.0	6.5		
Employment growth		0.0	0.0		
1 - 7 3					
Components of aggregate demand - in re	eal terms				
Annual % change		2009	2010		
Private consumption		0.5	1.0		
Public consumption		0.7	0.9		
Investment (Gross fixed capital formation)		1.0	1.0		
Exports		0.3	0.5		
•		0.3	0.3		
Imports		0.2	0.4		
ECONOMIC CENTIMENT					
ECONOMIC SENTIMENT					
	B	A4			
T	Positive	Negative	Unchanged		
Trend in business climate over the next		Industry			
6 months		Services			
	Positive	Negative	Unchanged		
Trend in profitability over the next 6		Industry			
months		Services			
		Services			
		for a control		Danis	D
	Increase	Increase	Unchanged	Decrease	Decrease
	(faster pace)	(slower pace)	3	(slower pace)	(faster pace)
Investment intentions over the next 6			Industry		
months		Services			
	Global demand	Domestic demand	Cost of finance	Availability of finance	
Influence on companies' investment					
decisions	negative	negative	positive	na	
uecisions					
	Dealessant	Futurales	Datia valiantia v	In a sure dia a	
5.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1	Replacement	Extension	Rationalisation	Innovation	
Driving force behind investment	positive	neutral	negative	neutral	
decisions in the next 6 months			3	11111	
	Industry: past 6	Industry: next 6	Services: past 6	Services: next 6	
	months	months	months	months	
Overall trend in employment	Down	Down	Down	Down	
ACCESS TO FINANCE AND IMPACT OF	THE CRISIS ON POTEN	TIAL GROWTH			
Compared to 6 months ago,	sharply up /				
· · · · · · · · · · · · · · · · · · ·				down / easier	
cost/access to finance has been	restrained	up / more difficult	same		
	restrained	up / more difficult	same		
cost/access to finance has been for SMEs	restrained	up / more difficult	Access	Cost	
	restrained	up / more difficult			
for SMEs	restrained	up / more difficult		Cost	
	restrained	up / more difficult	Access		
for SMEs	restrained	up / more difficult		Cost	
for SMEs	restrained	up / more difficult	Access	Cost	
for SMEs for larger companies (>250 employees)		up / more difficult	Access	Cost	
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POLICY MIX					
	Tight, appropriate for the euro area	Tight	Appropriate	Loose	Loose, appropriate fo
Monetary policy is			yes		
	adequate	inadequate			
Consistency between fiscal and monetary policies	yes				
			neither satisfactory		no clear committmen
	excellent committment	satisfactory committment	nor unsatisfactory committment	unsatisfactory committment	creating an extremely worrying situation
Regarding the sustainability of public finances, government shows		yes			
	respect the 3% limit	be in balance			
In 2015, the government deficit will	yes	yes			