



## SPRING 2009 ECONOMIC OUTLOOK FOR CYPRUS: ANSWERS FROM OEB

### MAIN FORECAST

	2008	2009
Real GDP growth	3.6	2.0
Consumer price inflation	4.4	2.5
Unemployment rate	3.9	4.5
Employment growth	1.8	1.8

#### Components of aggregate demand

Annual % change	2008	2009
Private consumption	6.4	3.2
Public consumption	6.1	5.5
Investment (Gross fixed capital formation)	6.3	2.4
Exports	2.6	2.3
Imports	3.1	2.4

### ECONOMIC SENTIMENT

<b>Trend in business climate over the next 6 months</b>	<b>Positive</b>	<b>Negative</b> Industry Services	<b>Unchanged</b>		
<b>Trend in profitability over the next 6 months</b>	<b>Positive</b>	<b>Negative</b> Industry Services	<b>Unchanged</b>		
<b>Investment intentions over the next 6 months</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b> Industry Services	<b>Decrease (faster pace)</b>
<b>Driving force behind investment decisions in the next 6 months</b>	<b>Replacement</b> Down	<b>Extension</b> Down	<b>Rationalisation</b> Up	<b>Innovation</b> Same	
<b>Overall trend in employment</b>	<b>Industry: past 6 months</b> Same	<b>Industry: next 6 months</b> Down	<b>Services: past 6 months</b> Same	<b>Services: next 6 months</b> Down	

### ACCESS TO FINANCE

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
for SMEs	Cost	Access		
for larger companies (>250 employees)	Cost	Access		
<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
for SMEs			Access	Cost
for larger companies (>250 employees)			Access	Cost
<b>For companies, the current financing situation is...</b>	<b>an existential threat</b>	<b>of high concern</b>	<b>somewhat concerning</b>	<b>not worrying</b>
<b>working capital / treasury needs</b>		SMEs large companies		
<b>debt refinancing</b>		SMEs large companies		
<b>financing productive investments</b>	SMEs large companies			
<b>financing innovation and R&amp;D</b>			SMEs large companies	



## POLICY MIX

*Given natl. circumstances, are recovery plans appropriate to stimulate the economy?*

not enough

*Tight, appropriate for the euro area*

*Tight*

*Appropriate*  
yes

*Loose*

*Loose, appropriate for the euro area*

*Monetary policy is...*

*adequate*

*inadequate*

*Consistency between fiscal and monetary policies*

yes