

# THE IMPACT OF COVID-19 AND ITS AFTERMATH

George Syrichas  
Economic Research Centre  
University of Cyprus

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Web Panel  
Cyprus Economic Society

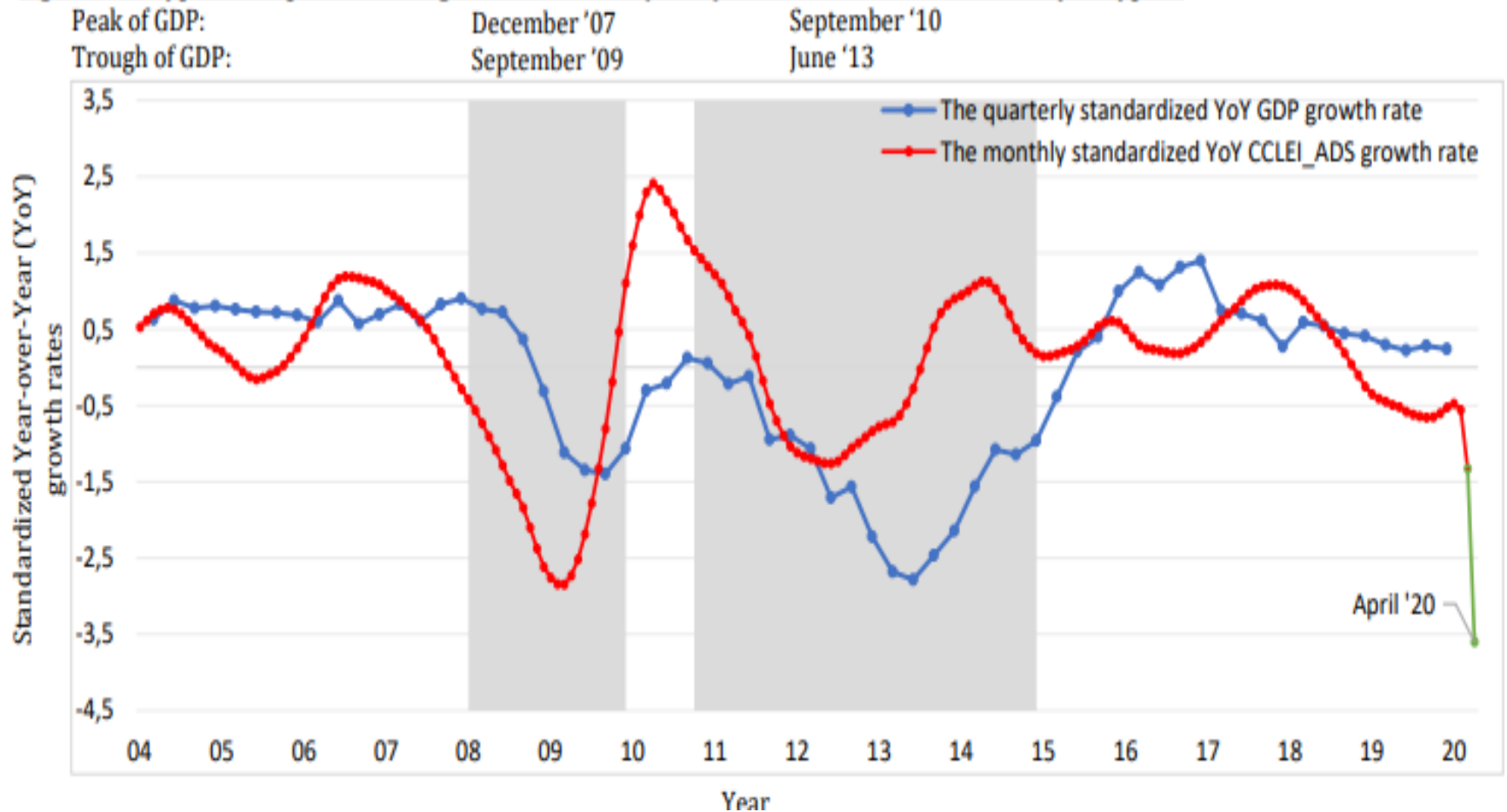
# Real Time Monitoring & Forecasting

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- Pandemic and uncertain economic environment
  - Government budget and borrowing
  - Financial Sector- Stress tests
- Normal circumstances- relatively good forecasts
- Two scenario: 7% and 14%
  - Emphasis on recent and higher frequency data
    - Business Consumer Surveys
    - Weekly and monthly data
- New environment requirements
  - Production of new higher frequency data
  - Uncertainty Indicator

# CYPRUS COMPOSITE LEADING ECONOMIC INDEX

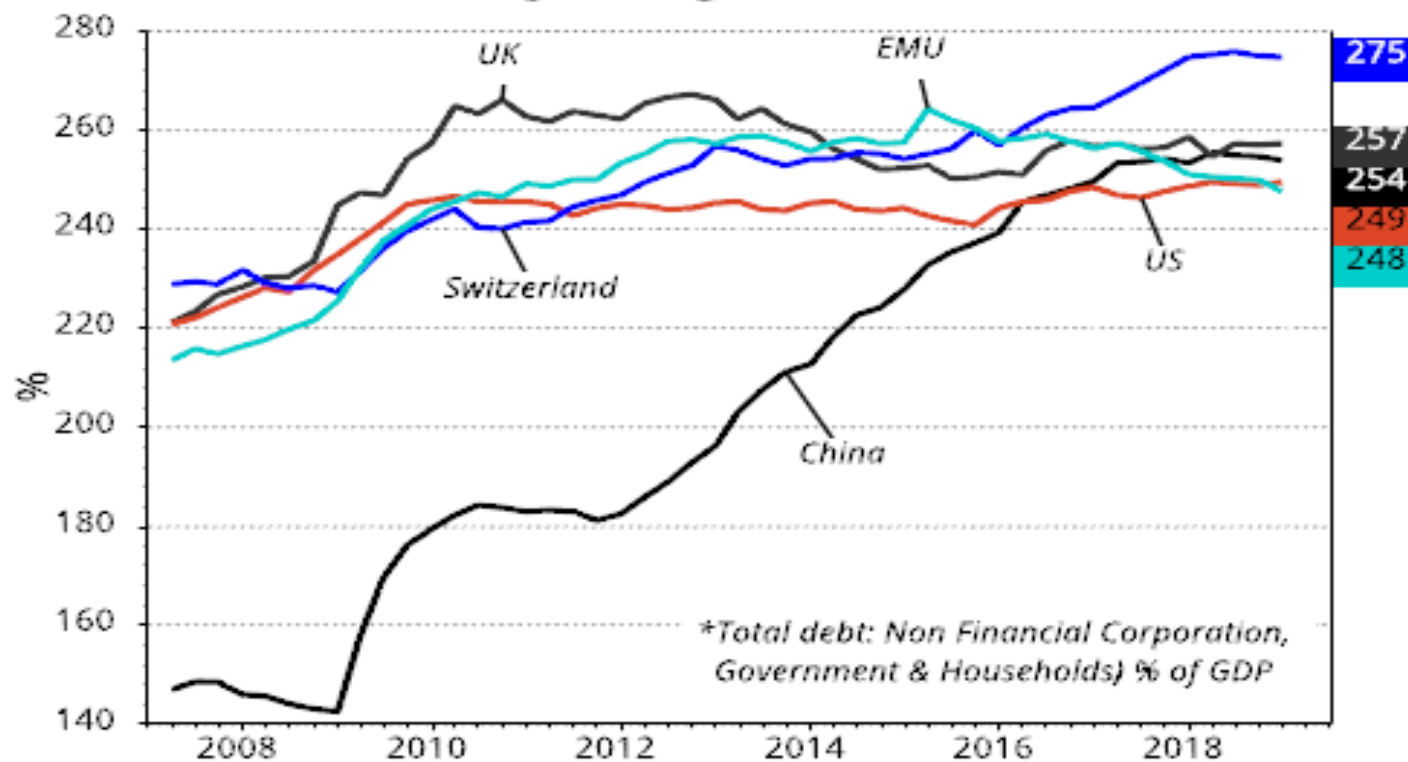
**Figure: The Cyprus Composite Leading Economic Index (CCLEI) vis-à-vis the Economic Activity of Cyprus**



# Debt Accumulation & Risks

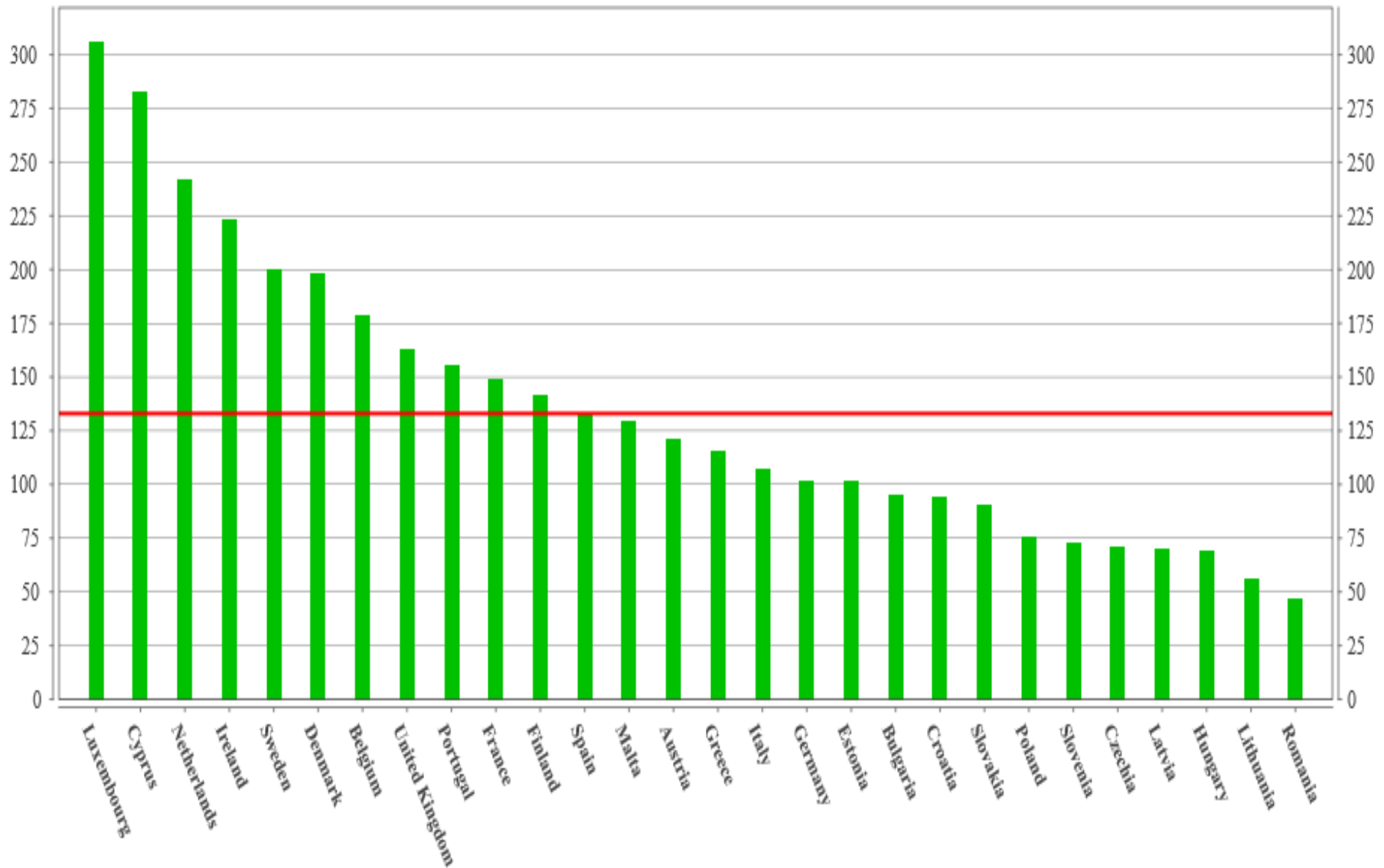
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## High debt\* makes economy more vulnerable for negative growth shock



Source: Refinitiv Datastream / ECR Research

## Private sector debt-%GDP (source Eurostat)



# Eurozone North-South Divide: Another Sovereign Crisis?

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## General Government Balance(% of GDP)

	5-year average					Spring 2020 forecast	
	2011-15	2016	2017	2018	2019	2020	2021
Belgium	-3.4	-2.4	-0.7	-0.8	-1.9	-8.9	-4.2
Germany	0.1	1.2	1.2	1.9	1.4	-7.0	-1.5
Estonia	0.4	-0.5	-0.8	-0.6	-0.3	-8.3	-3.4
Ireland	-6.5	-0.7	-0.3	0.1	0.4	-5.6	-2.9
Greece	-8.3	0.5	0.7	1.0	1.5	-6.4	-2.1
Spain	-7.7	-4.3	-3.0	-2.5	-2.8	-10.1	-6.7
France	-4.3	-3.6	-2.9	-2.3	-3.0	-9.9	-4.0
Italy	-3.0	-2.4	-2.4	-2.2	-1.6	-11.1	-5.6
Cyprus	-5.4	0.3	2.0	-3.7	1.7	-7.0	-1.8
Latvia	-2.0	0.2	-0.8	-0.8	-0.2	-7.3	-4.5
Lithuania	-3.1	0.2	0.5	0.6	0.3	-6.9	-2.7
Luxembourg	0.9	1.8	1.3	3.1	2.2	-4.8	0.1
Malta	-2.2	1.0	3.3	1.9	0.5	-6.7	-2.5
Netherlands	-3.1	0.0	1.3	1.4	1.7	-6.3	-3.5
Austria	-2.1	-1.5	-0.8	0.2	0.7	-6.1	-1.9
Portugal	-6.2	-1.9	-3.0	-0.4	0.2	-6.5	-1.8
Slovenia	-6.7	-1.9	0.0	0.7	0.5	-7.2	-2.1
Slovakia	-3.5	-2.5	-1.0	-1.0	-1.3	-8.5	-4.2
Finland	-2.2	-1.7	-0.7	-0.9	-1.1	-7.4	-3.4
Euro area	-3.1	-1.5	-1.0	-0.5	-0.6	-8.5	-3.5



## Gross Government Debt(%of GDP)

	5-year average	Spring 2020 forecast					
	2011-15	2016	2017	2018	2019	2020	2021
Belgium	105.2	104.9	101.7	99.8	98.6	113.8	110.0
Germany	77.5	69.2	65.3	61.9	59.8	75.6	71.8
Estonia	9.3	10.2	9.3	8.4	8.4	20.7	22.6
Ireland	106.4	73.8	67.7	63.5	58.8	66.4	66.7
Greece	172.8	178.5	176.2	181.2	176.6	196.4	182.6
Spain	90.4	99.2	98.6	97.6	95.5	115.6	113.7
France	92.5	98.0	98.3	98.1	98.1	116.5	111.9
Italy	129.9	134.8	134.1	134.8	134.8	158.9	153.6
Cyprus	93.4	103.4	93.9	100.6	95.5	115.7	105.0
Latvia	41.1	40.9	39.3	37.2	36.9	43.1	43.7
Lithuania	39.8	39.7	39.1	33.8	36.3	48.5	48.4
Luxembourg	21.9	20.1	22.3	21.0	22.1	26.4	25.7
Malta	65.5	55.5	50.3	45.6	43.1	50.7	50.8
Netherlands	65.6	61.9	56.9	52.4	48.6	62.1	57.6
Austria	82.9	82.9	78.3	74.0	70.4	78.8	75.8
Portugal	127.8	131.5	126.1	122.0	117.7	131.6	124.4
Slovenia	66.6	78.7	74.1	70.4	66.1	83.7	79.9
Slovakia	51.1	52.0	51.3	49.4	48.0	59.5	59.9
Finland	56.3	63.2	61.3	59.6	59.4	69.4	69.6
<b>Euro area</b>	92.8	92.2	89.8	87.8	86.0	102.7	98.8

## GDP Growth (source EC 2020)

	5-year average	Spring 2020 forecast					
	2011-15	2016	2017	2018	2019	2020	2021
<b>Belgium</b>	1.3	1.5	2.0	1.5	1.4	-7.2	6.7
<b>Germany</b>	1.7	2.2	2.5	1.5	0.6	-6.5	5.9
<b>Estonia</b>	3.3	2.6	5.7	4.8	4.3	-6.9	5.9
<b>Ireland</b>	7.1	3.7	8.1	8.2	5.5	-7.9	6.1
<b>Greece</b>	-3.9	-0.2	1.5	1.9	1.9	-9.7	7.9
<b>Spain</b>	0.0	3.0	2.9	2.4	2.0	-9.4	7.0
<b>France</b>	1.0	1.1	2.3	1.7	1.3	-8.2	7.4
<b>Italy</b>	-0.7	1.3	1.7	0.8	0.3	-9.5	6.5
<b>Cyprus</b>	-1.6	6.7	4.4	4.1	3.2	-7.4	6.1
<b>Latvia</b>	3.6	1.8	3.8	4.3	2.2	-7.0	6.4
<b>Lithuania</b>	3.8	2.6	4.2	3.6	3.9	-7.9	7.4
<b>Luxembourg</b>	2.9	4.6	1.8	3.1	2.3	-5.4	5.7
<b>Malta</b>	5.7	5.8	6.5	7.3	4.4	-5.8	6.0
<b>Netherlands</b>	0.8	2.2	2.9	2.6	1.8	-6.8	5.0
<b>Austria</b>	1.1	2.1	2.5	2.4	1.6	-5.5	5.0
<b>Portugal</b>	-0.8	2.0	3.5	2.6	2.2	-6.8	5.8
<b>Slovenia</b>	0.4	3.1	4.8	4.1	2.4	-7.0	6.7
<b>Slovakia</b>	2.6	2.1	3.0	4.0	2.3	-6.7	6.6
<b>Finland</b>	0.1	2.7	3.1	1.6	1.0	-6.3	3.7
<b>Euro area</b>	0.8	1.9	2.5	1.9	1.2	-7.7	6.3