



# Cyprus Economic Society: Discussion Forum The Cyprus Economy Panel 2024: Performance and prospects

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# Agenda

1. Global Macro Outlook 2024-25: G-20 growth dynamics diverge amid ongoing global slowdown
2. Cyprus: Broad-based improvements of its credit profile in recent years

1

Global Macro Outlook  
2024-25

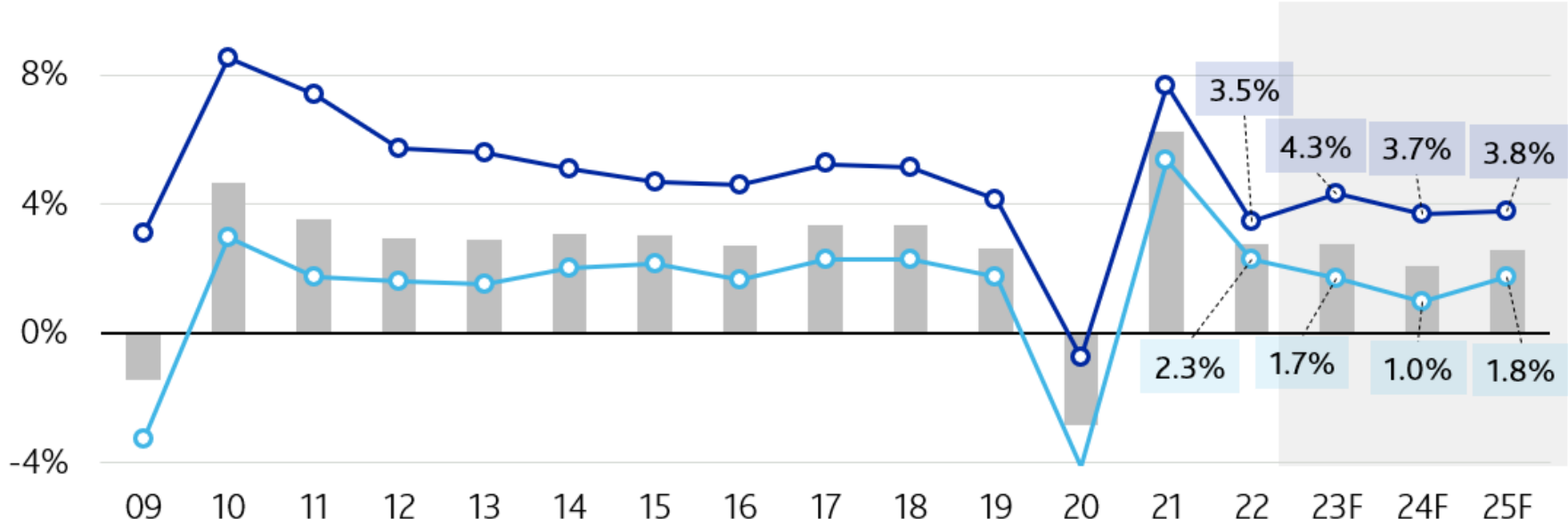
# Global economic growth will continue decelerating in 2024 before recovering to trend growth in 2025

## G-20 annual growth

### Economic growth

- G-20 Aggregate
- G-20 Advanced Economies (AE)
- G-20 Emerging Markets (EM)

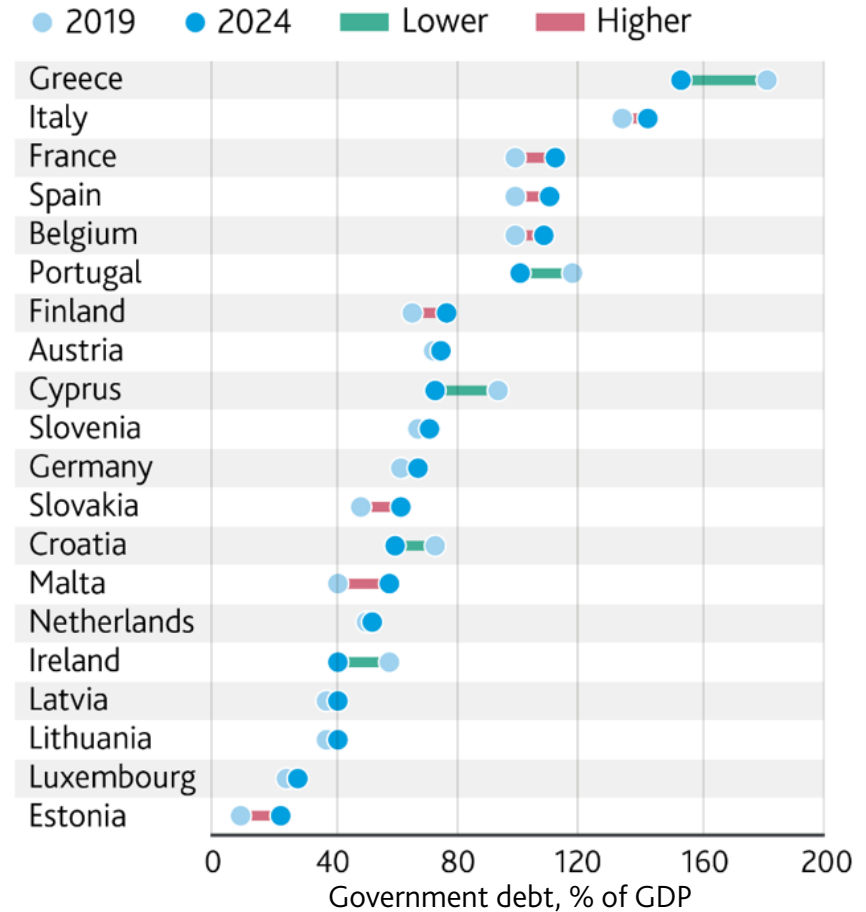
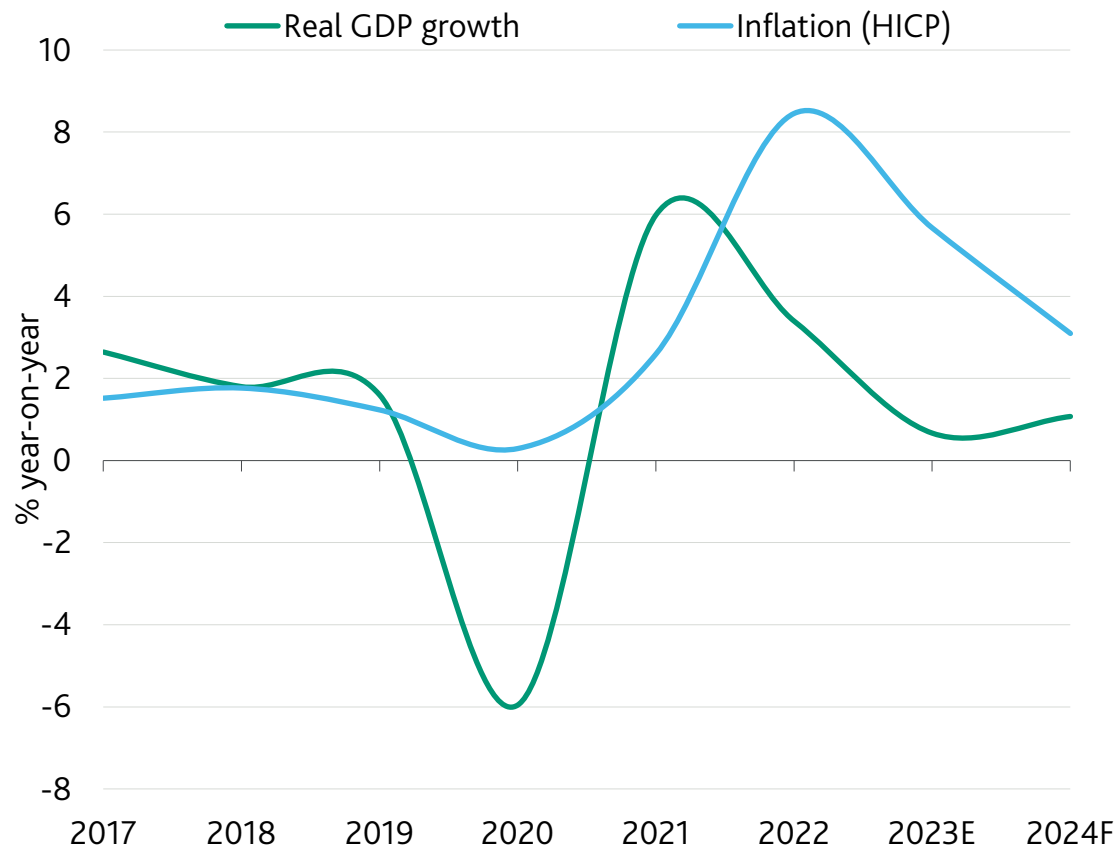
### Share of global GDP



Source: Moody's Investors Service

# Euro area – Stable regional outlook for 2024

Modest growth uptick, lower inflation, gradually declining debt burdens



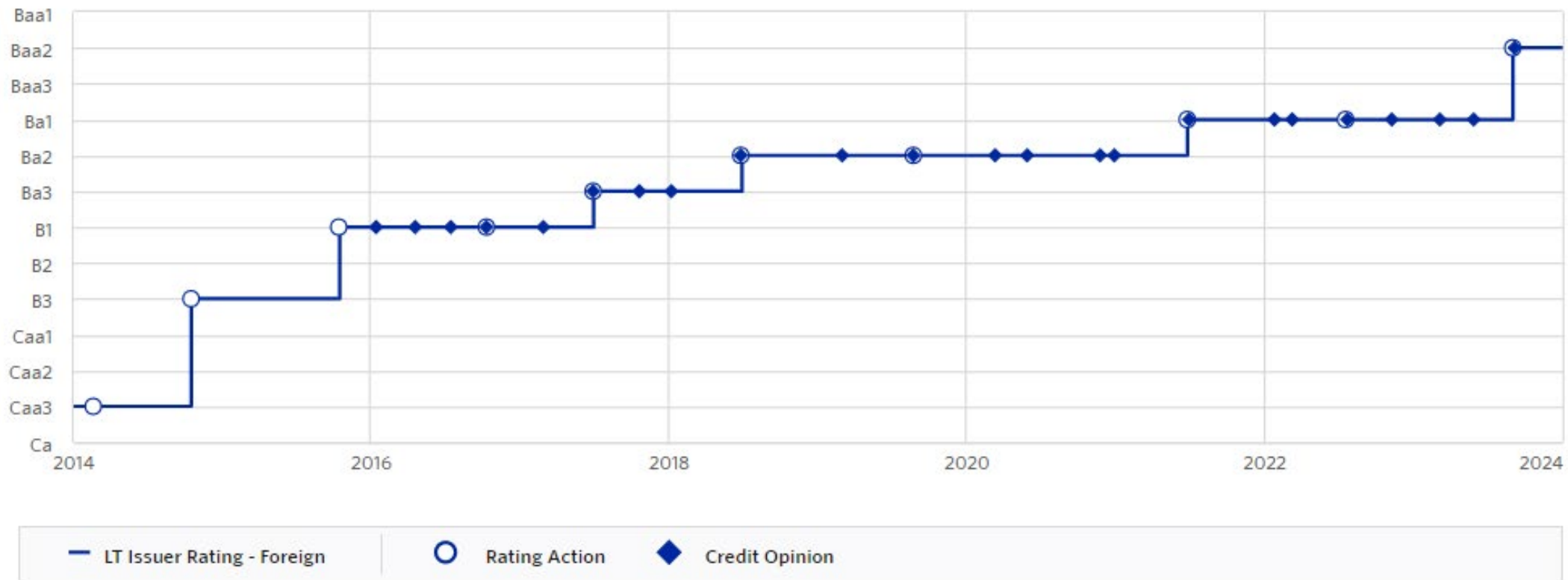
Sources: Eurostat, Moody's Investors Service

2

Cyprus: Broad-based  
improvements of its credit  
profile in recent years

# Cyprus' creditworthiness has improved over past 10 years

## Rating history



Source: Moody's Investors Service



# Cyprus' ratings were upgraded by two notches to Baa2 in September 2023

Broad-based, sustained improvements in Cyprus' credit profile:

**Robust medium-term GDP growth outlook and economic resilience to recent shocks.**

1

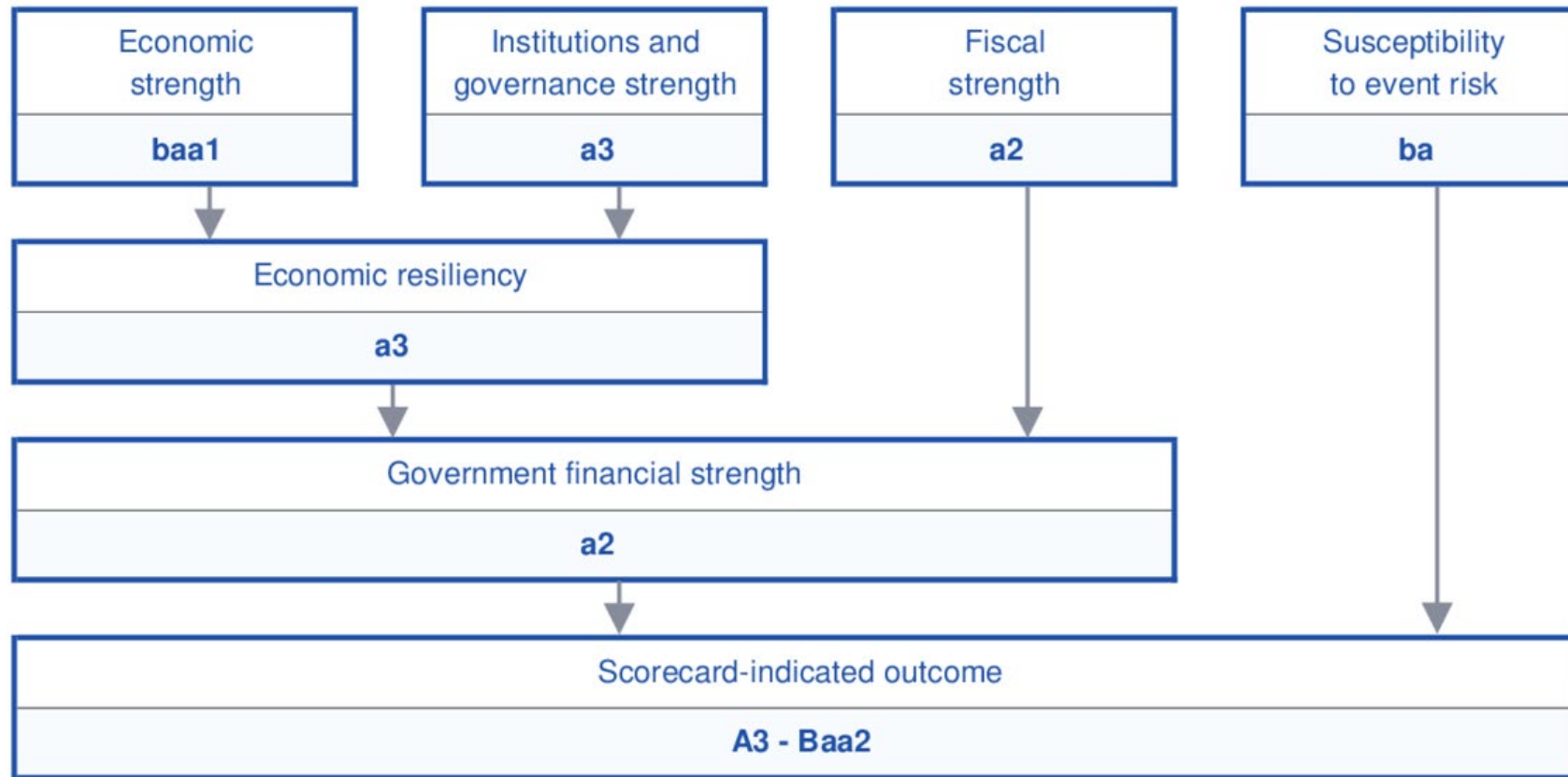
**Steady reduction of the debt level and favorable debt affordability**

2

**Continued strengthening of the banking sector limits contingent liability risks and supports GDP growth**

3

# Cyprus' credit profile is determined by four factors

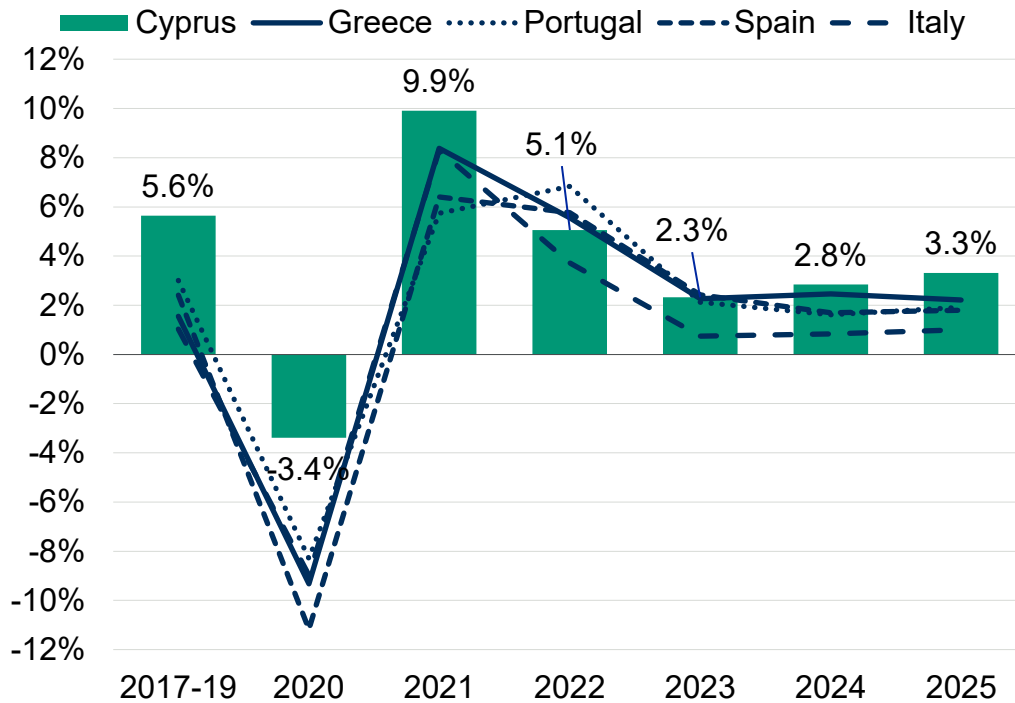


Source: Moody's Investors Service

# Growth of Cypriot economy will increase in 2024-25

## Cyprus has recovered faster than its Southern EU peers from the pandemic shock

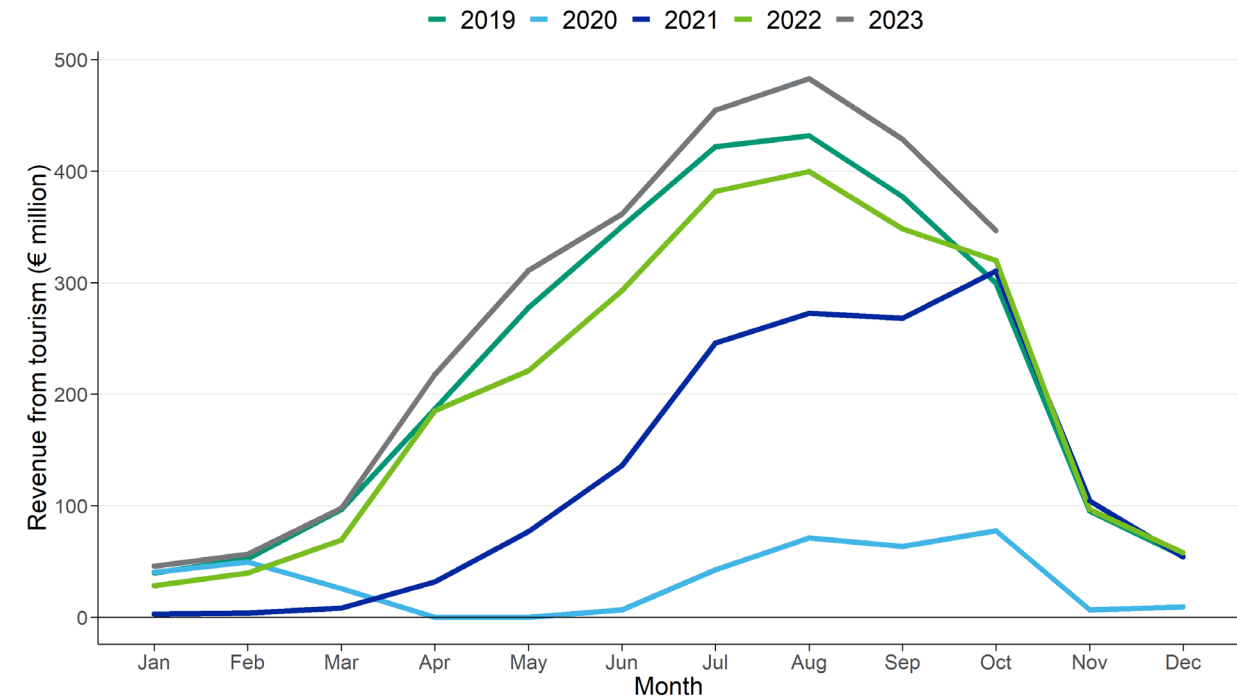
%



Sources: Eurostat and Moody's Investors Service

## Tourism revenue surpassed pre-pandemic levels in 2023

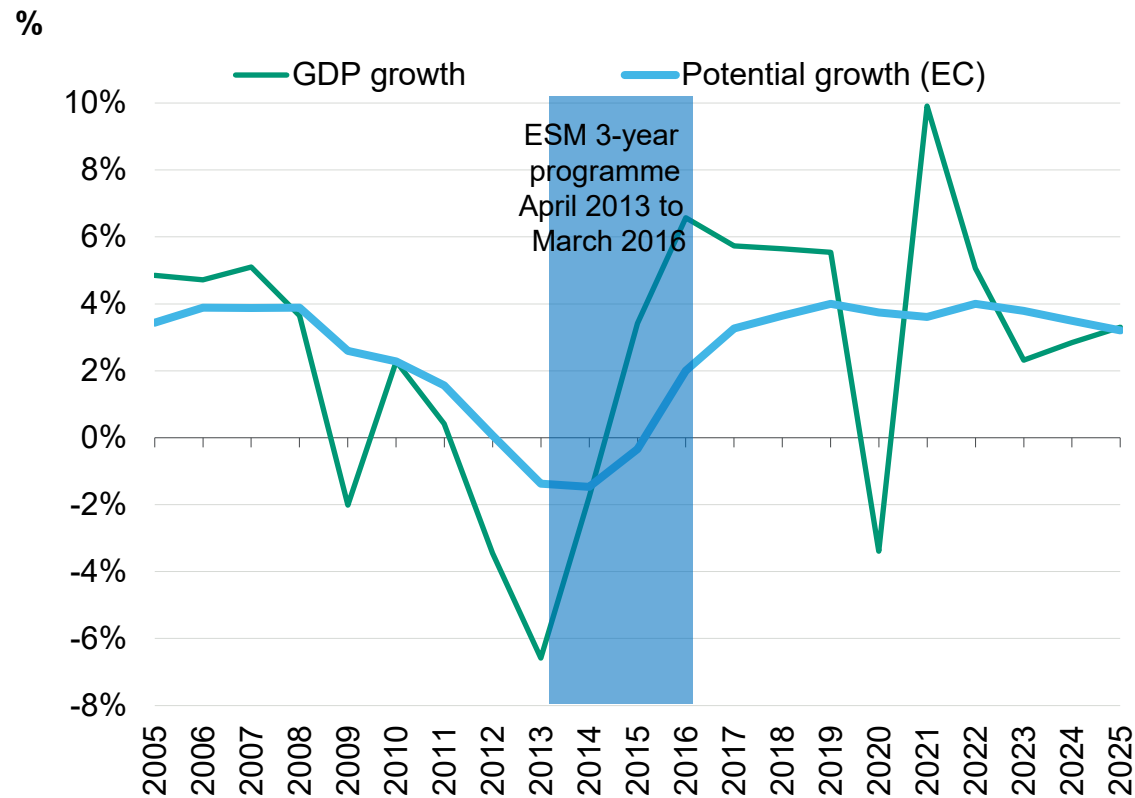
Revenue from tourism



Sources: Cystat and Moody's Investors Service

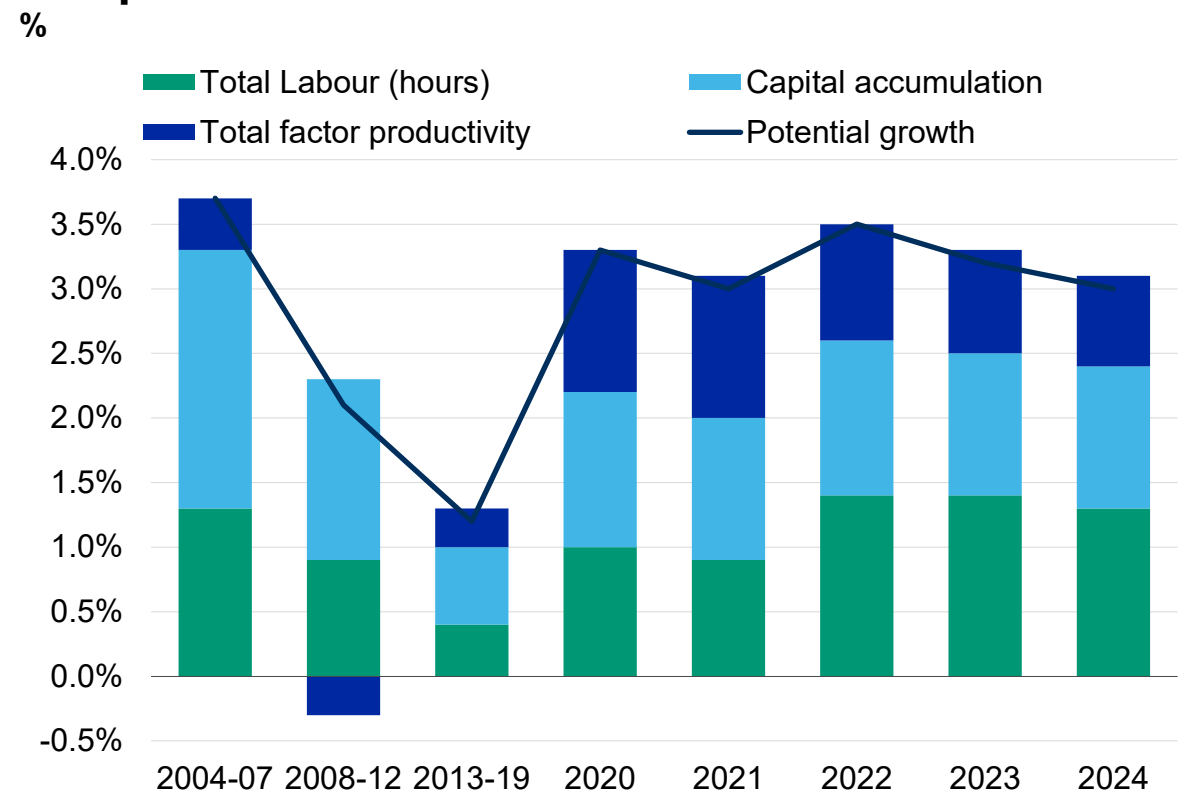
# Potential growth materially strengthened since low during the euro area debt crisis

Material increase of potential growth...



Sources: EC, Eurostat and Moody's Investors Service

... was driven by strengthening of all three components

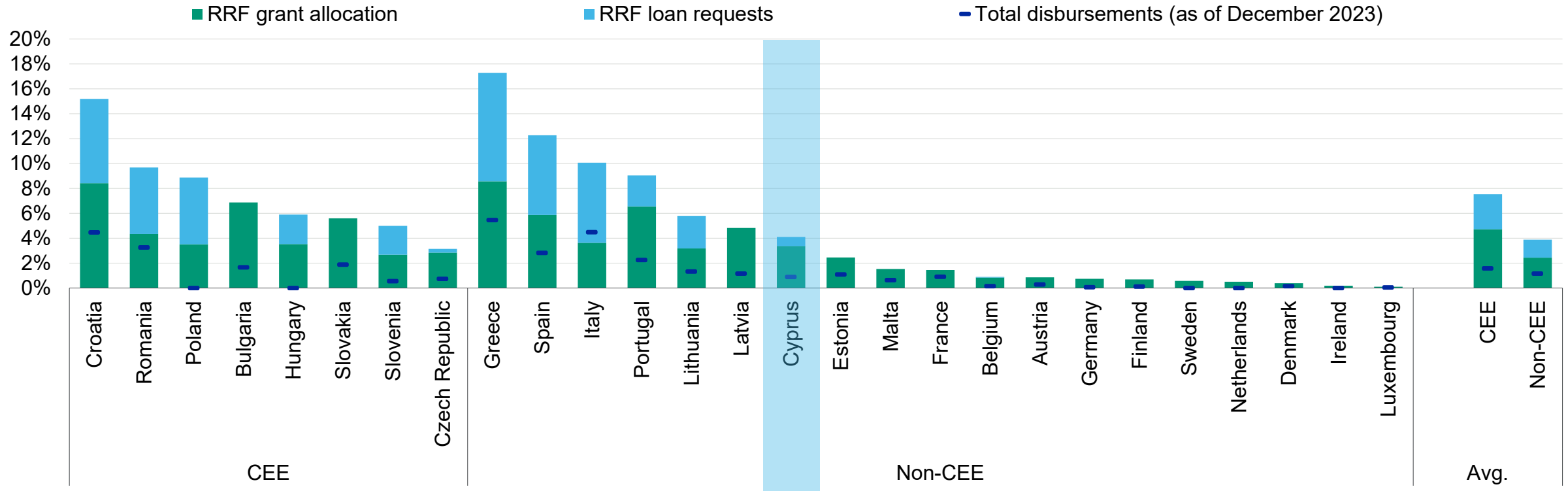


Sources: EC's 2023 country reports and Moody's Investors Service

# EU funding will support potential growth and encourage structural reforms

## RRF allocations for Cyprus amount to around 4% of GDP

% of GDP

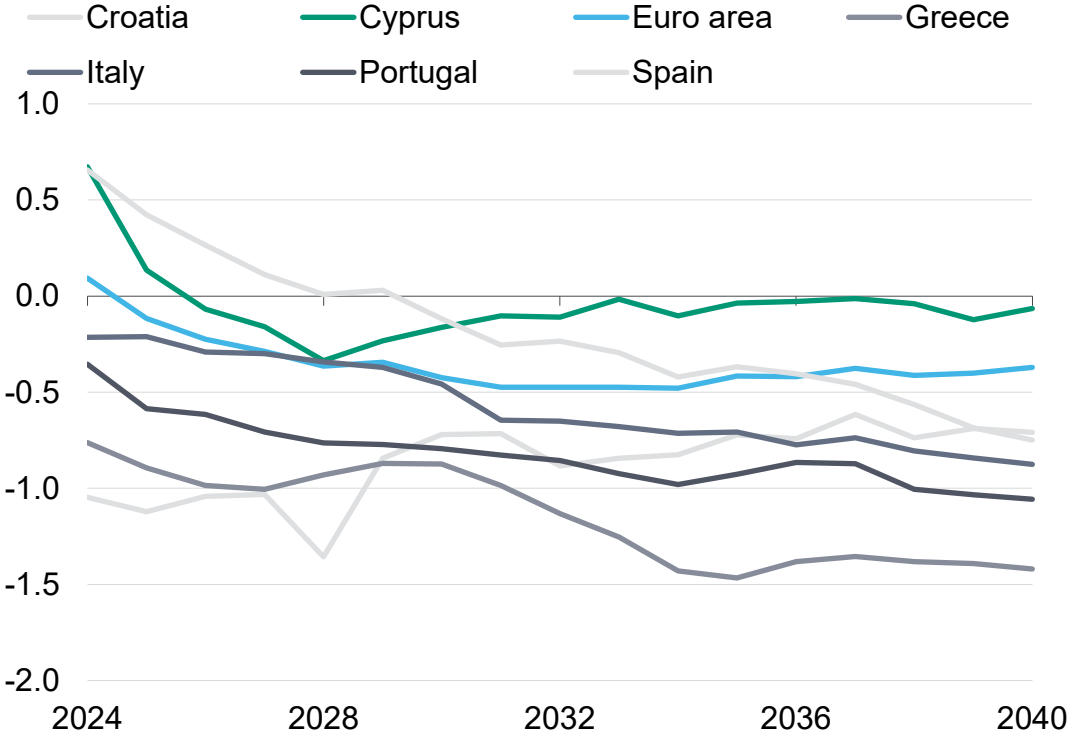


Sources: European Commission and Moody's Investors Service

# Cyprus' demographic trends are more favourable than those of the euro area as a whole

## Labour supply developments more favorable in Cyprus compared to EA and Southern EU peers

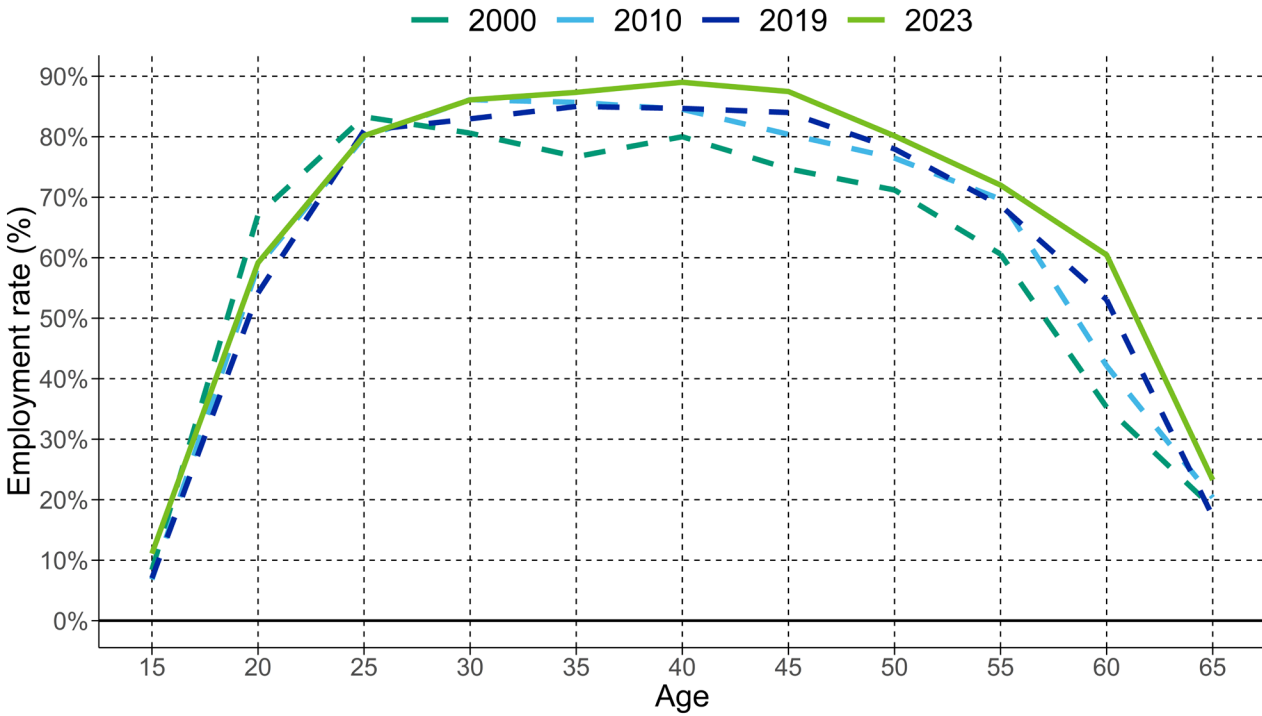
Working-age population, % change, year-on-year



Sources: Eurostat and Moody's Investors Service

## Ongoing increase in the employment rate continues to support labour supply

%

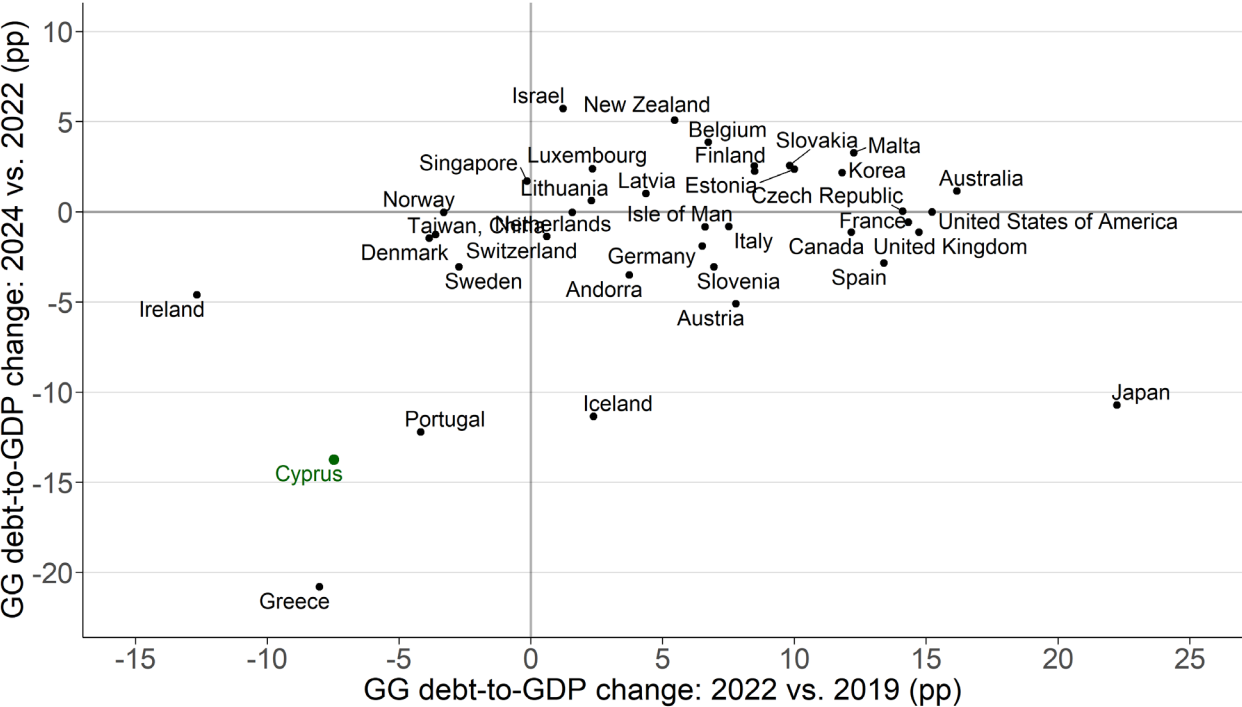


Sources: Eurostat and Moody's Investors Service

# Steady reduction of public debt level and favorable debt affordability

Cyprus has one of the largest reduction in its debt burden among advanced economies

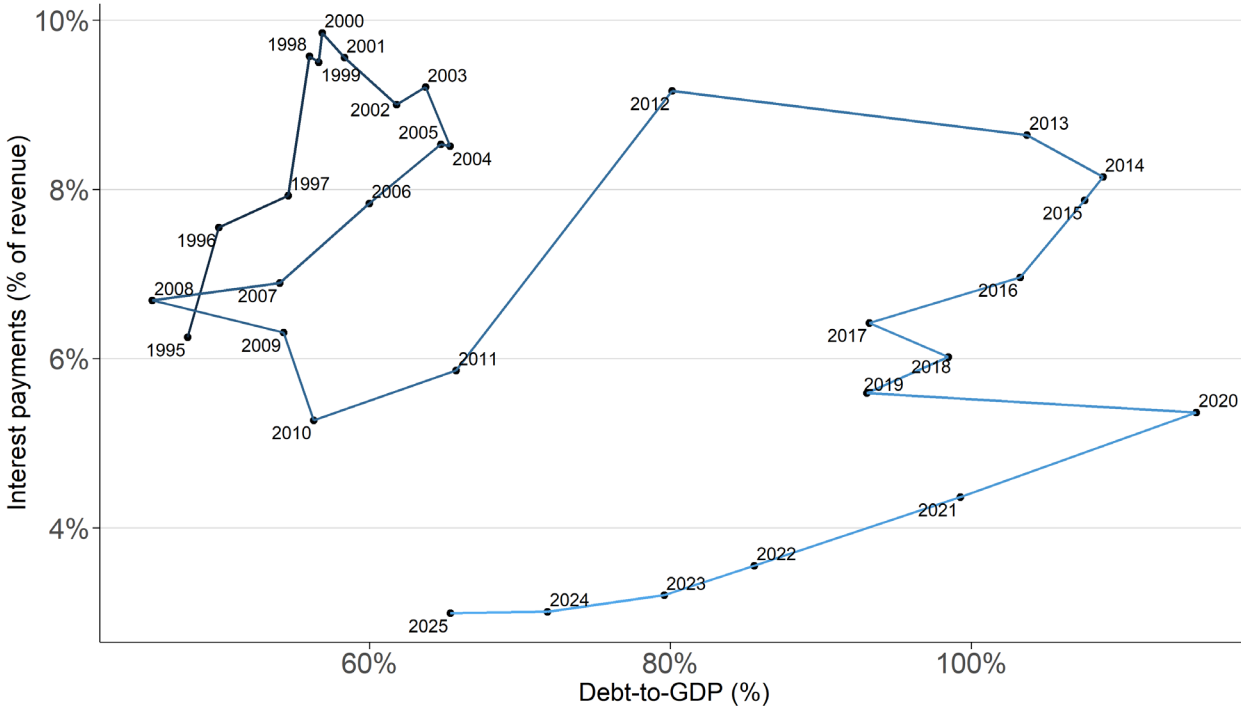
%



Sources: National authorities, Eurostat, IMF and Moody's Investors Service

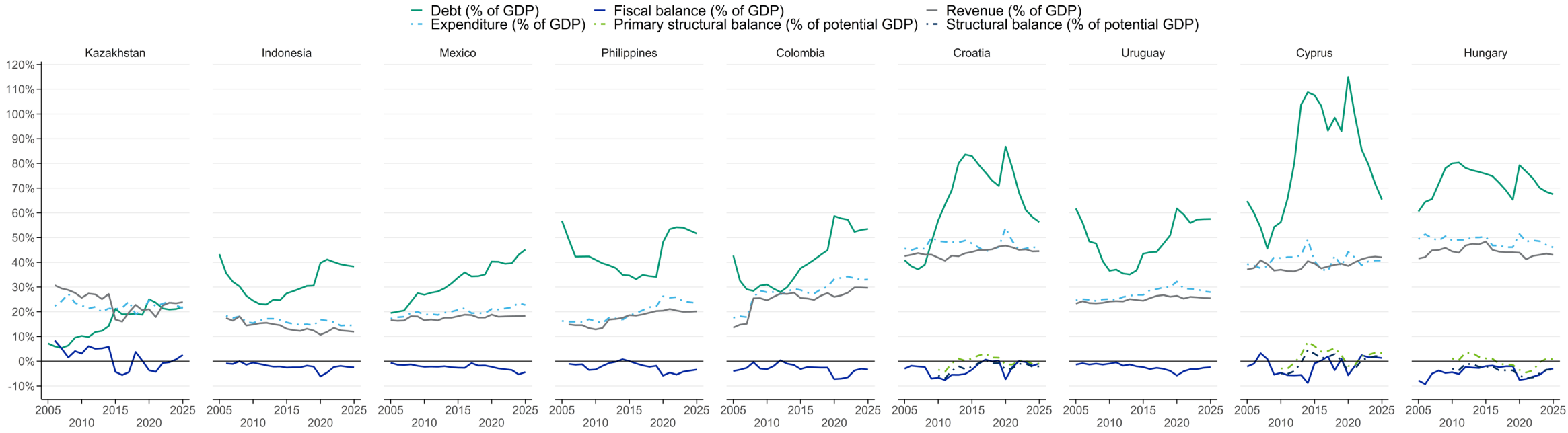
Debt burden on sustained downward path and solid debt affordability

General government, %



Sources: Eurostat and Moody's Investors Service

# Cyprus is among the few Baa2-rated peers with a fiscal surplus in 2024-25, and the debt burden decreased rapidly compared with most peers, although from higher levels



Sources: National Statistical Offices and Moody's Investors Service



# Analytical coverage



## Heiko Peters

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Heiko Peters is a Vice President - Senior Analyst in Moody's Sovereign Risk Group and is based in the Frankfurt office. He has Lead Analyst responsibilities for a number of European sovereigns and supra-nationals, producing ratings and research related to their creditworthiness.

Heiko joined Moody's from Deutsche Bank AG, where he was Senior Economist - Vice President in the European Economics Team of Deutsche Bank Research. He published research on economic and political topics, including global trade, labour markets, demographics and migration, and covered in particular the economies of Germany and Austria. Prior to that he had worked from 2009 to 2011 as an Economist for the German Council of Economic Experts in Wiesbaden, reporting to the Chair of the Council. Moreover, his professional background includes stints at the Deutsche Bundesbank (Visiting Researcher), Germany's Monopolies Commission and the German Institute for Economic Research (DIW), both as a Visiting Fellow

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