

ERRATUM TO THE ANNEX OF NATIONAL MEDIUM-TERM FISCAL-STRUCTURAL PLAN OF CYPRUS 2025-2028

Table A1b. Main variables	2023	2024	2025	2026	2027	2028
1. Potential GDP	4.07	3.86	3.63	3.27	3.28	3.10
2. GDP deflator	4.73	3.76	2.40	2.03	1.96	2.00
3. Net lending/borrowing	3.33	3.94	2.73	2.55	2.06	2.11
4. Structural balance	2.03	2.74	1.77	1.61	1.13	1.24
5. Structural primary balance	3.40	4.16	3.34	3.06	2.53	2.44
6. Gross debt	77.42	68.90	64.15	58.82	53.26	47.39
7. Change in gross debt	-8.31	-8.51	-4.76	-5.33	-5.56	-5.87

Table A2. Macroeconomic scenario	2023 (Levels)	2023	2024	2025	2026	2027	2028
GDP							
1. Real GDP		2.47	3.66	3.14	3.24	3.26	2.98
2. GDP deflator		4.73	3.76	2.40	2.03	1.96	2.00
3. Nominal GDP	29.81	7.31	7.55	5.61	5.33	5.28	5.03
Components of real GDP							
4. Private consumption expenditure		4.25	3.40				
5. Government consumption expenditure		2.33	4.11				
6. Gross fixed capital formation		12.47	-5.72				
7. Changes in inventories and net acquisition of valuables (% of GDP)							
8. Exports of goods and services		-1.25	0.98				
9. Imports of goods and services		1.72	-1.75				
Contribution to real GDP growth							
10. Final domestic demand		5.51	1.61				
11. Changes in inventories and net acquisition of value		-0.19	0.00				
12. External balance of goods and services		-2.83	2.56				
Deflators and HICP							
13. Private consumption deflator		3.18	2.20				
14. p.m. HICP		3.90	2.20				
15. Government consumption deflator		8.26	6.00				
16. Investment deflator		2.83	2.03				
17. Export price deflator (goods and services)		2.16	2.20				
18. Import price deflator (goods and services)		0.54	1.60				
Labour market							

Table A2. Macroeconomic scenario	2023 (Levels)	2023	2024	2025	2026	2027	2028
19. Domestic employment (1000 persons, national accounts)	474.24	1.49	2.10				
20. Average annual hours worked per person employed	1,830.77	0.25	0.20				
21. Real GDP per person employed		0.96	1.52	3.14	3.24	3.26	2.97
22. Real GDP per hour worked		0.71	1.33	3.14	3.24	3.26	2.97
23. Compensation of employees (bn NAC)	12,233.73	7.42	7.07				
24. Compensation per employee (= 23 / 19)							
25. Unemployment rate (%)		5.80	5.00				
Potential GDP and components							
26. Potential GDP		4.07	3.86	3.63	3.27	3.28	3.10
27. Labour		1.62	1.37				
28. Capital		1.77	1.72				
29. Total factor productivity		0.69	0.77				
30. Output gap		2.58	2.38	1.89	1.87	1.84	1.72

Table A3. External assumptions	2023	2024	2025	2026	2027	2028
1. Short-term interest rate (% , annual average)	3.43	3.56	2.82	2.81	2.79	2.78
2. Long-term interest rate (% , annual average)	3.91	3.32	3.32	3.38	3.45	3.51
3. USD/EUR exchange rate (annual average)	1.08	1.07				
4. NAC/EUR exchange rate (only for non-EA Member States) (annual average)	-	-				
5. World real GDP (excluding EU) (growth rate)	3.6	3.5				
6. EU real GDP (growth rate)	0.4	1				
7. World import volumes, excluding EU (growth rate)	0.9	3.2				
8. Oil prices (Brent, USD/barrel)	82.5	85.4				

Table A7a. Debt and headline balance projections and key underlying assumptions (under the planned fiscal path)																
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1. Gross debt	77.42	68.90	64.15	58.82	53.26	47.39	44.30	41.50	39.10	36.80	34.90	33.20	31.60	30.30	29.00	27.90
2. General government balance	3.33	3.94	2.73	2.55	2.06	2.11	2.20	2.00	1.80	1.60	1.40	1.30	1.10	1.00	0.90	0.80
3. Structural primary balance	3.40	4.16	3.34	3.06	2.53	2.44	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
4. Cyclical component	-1.30	-1.20	-1.00	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90
5. One-off measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Interest expenditure	1.37	1.42	1.57	1.45	1.40	1.20	1.30	1.20	1.20	1.10	1.10	1.10	1.00	1.00	0.90	0.90
7. Long-term interest rate	3.91	3.32	3.32	3.38	3.45	3.51	3.60	3.60	3.70	3.80	3.80	3.90	3.90	3.90	3.90	3.90
8. Short-term interest rate	3.43	3.56	2.82	2.81	2.79	2.78	2.80	2.80	2.70	2.70	2.70	2.70	2.70	2.60	2.60	2.50
9. Implicit average interest rate	1.71	1.97	2.40	2.37	2.51	2.37	2.86	2.82	3.01	2.93	3.11	3.28	3.14	3.30	3.10	3.24
10. Stock-flow adjustment	0.86	0.86	1.63	0.47	-0.54	-1.21	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
11. Potential GDP	4.07	3.86	3.63	3.27	3.28	3.10	1.70	1.60	1.50	1.50	1.50	1.50	1.60	1.70	1.80	1.80
12. Real GDP	2.47	3.66	3.14	3.24	3.26	2.98	1.70	1.60	1.50	1.50	1.50	1.50	1.60	1.70	1.80	1.80
13. GDP deflator	4.73	3.76	2.40	2.03	1.96	2.00	2.50	2.50	2.50	2.50	2.60	2.50	2.50	2.50	2.40	2.40
14. Nominal GDP	7.31	7.55	5.61	5.33	5.28	5.03	4.24	4.14	4.04	4.04	4.14	4.04	4.14	4.24	4.24	4.24

Table A7b. Debt projections and key stressed variables, deterministic scenarios and stochastic simulations																
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Financial stress scenario																
1. Gross debt	77.42	68.90	64.20	58.80	53.30	47.50	44.30	41.60	39.10	37.00	35.10	33.30	31.80	30.50	29.20	28.10
2. Long-term interest rate	3.91	3.32	3.32	3.38	3.45	3.51	4.60	3.60	3.70	3.80	3.80	3.90	3.90	3.90	3.90	3.90
3. Short-term interest rate	3.43	3.56	2.82	2.81	2.79	2.78	3.80	2.80	2.70	2.70	2.70	2.70	2.70	2.60	2.60	2.50
Lower SPB scenario																
4. Gross debt	77.42	68.90	64.20	58.80	53.30	47.50	44.40	42.40	41.00	40.10	39.70	39.30	39.10	39.10	39.20	39.50
5. Structural primary balance	3.40	4.16	3.30	3.10	2.50	2.40	2.20	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Adverse 'r-g' scenario																
6. Gross debt	77.42	68.90	64.20	58.80	53.30	47.50	44.60	42.00	39.80	37.80	36.20	34.60	33.40	32.20	31.20	30.30
7. Long-term interest rate	3.91	3.32	3.32	3.38	3.45	3.51	4.10	4.10	4.20	4.30	4.30	4.40	4.40	4.40	4.40	4.40
8. Short-term interest rate	3.43	3.56	2.82	2.81	2.79	2.78	3.30	3.30	3.20	3.20	3.20	3.20	3.20	3.10	3.10	3.00
9. Real GDP	2.47	3.66	3.10	3.20	3.30	3.00	1.20	1.10	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30
10. Potential GDP	4.07	3.86	3.63	3.27	3.28	3.10	1.20	1.10	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30
Stochastic simulations																
11. Probability of debt being below its value in T+4/7				80.70												

Table A7c. Debt and headline balance projections and underlying assumptions (under 'no-fiscal-policy-change' baseline)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
1. Gross debt	77.42	68.90	64.20	58.80	53.30	47.50	45.20	43.40	41.90	40.60	39.60	38.80	38.20	37.70	37.40	37.20
2. General government balance	3.33	3.94	2.70	2.50	2.00	2.10	1.20	1.00	0.70	0.60	0.30	0.20	-	-0.20	-0.30	-0.40
3. Structural primary balance	3.40	4.16	3.30	3.10	2.50	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
4. Cyclical component	-1.30	-1.20	-1.00	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90
5. Interest expenditure	1.37	1.42	1.60	1.40	1.40	1.20	1.30	1.30	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6. Long-term interest rate	3.91	3.32	3.32	3.38	3.45	3.51	3.60	3.60	3.70	3.80	3.80	3.90	3.90	3.90	3.90	3.90
7. Short-term interest rate	3.43	3.56	2.82	2.81	2.79	2.78	2.80	2.80	2.70	2.70	2.70	2.70	2.70	2.60	2.60	2.50
8. Implicit average interest rate	1.71	1.97	2.45	2.30	2.51	2.37	2.85	3.00	2.88	2.98	3.08	3.15	3.22	3.27	3.32	3.34
9. Potential GDP	4.07	3.86	3.63	3.27	3.28	3.10	1.70	1.60	1.50	1.50	1.50	1.50	1.60	1.70	1.80	1.80
10. Real GDP	2.47	3.66	3.10	3.20	3.30	3.00	1.70	1.60	1.50	1.50	1.50	1.50	1.60	1.70	1.80	1.80
11. GDP deflator	4.73	3.76	2.40	2.03	1.96	2.00	2.50	2.50	2.50	2.50	2.60	2.50	2.50	2.50	2.40	2.40
12. Nominal GDP	7.31	7.55	5.57	5.29	5.33	5.06	4.24	4.14	4.04	4.04	4.14	4.04	4.14	4.24	4.24	4.24
13. Fiscal multiplier	0.75															

* Values in red indicate the corrected values