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The topics addressed in this issue of Economic Research, which represent research recently completed by the ERC are the following: (i) analysis of the GDP of Cyprus, relative to the EU, based on the Lisbon Methodology Assessment Framework, (ii) the exploration of alternative models for short-term forecasts for the Cyprus economy, (iii) the investigation of the factors affecting migration in Cyprus, and (iv) the retail gasoline price adjustment to world oil price fluctuations.

Within the Lisbon Methodology Assessment Framework, the GDP per capita and GDP growth rate of a country are analysed through the use of indicators related to demographics, the labour market and labour productivity components. The results for Cyprus indicate that Cyprus performs relatively well in labour force participation, as compared to the EU15 average, with the exception of the youngest age group. The main problems for Cyprus are found in capital deepening and productivity, where Cyprus performs well below the EU15 average, both in levels and in growth rates.

The ERC is investigating alternative models and methodologies for the construction of short-term forecasts for the Cyprus economy. The ultimate goal of this research is to combine forecasts from a large number of models, using appropriate techniques, so as to produce more accurate forecasts.

The factors which influence migration movements towards Cyprus are analyzed empirically, using data from 52 “sending” countries. Based to the findings of this study, one safe prediction is that, as long as the income gap between Cyprus and “sending” countries continues to work in favour of Cyprus, especially relatively to very poor countries, immigration flows from these areas will continue to expand in the next 10-20 years.

Using methods widely applied in international literature, the speed and the rate of adjustment of local retail gasoline prices to world oil price fluctuations are investigated. The results show that local retail prices adjust to the fluctuations of the international price of oil, with some delay. However, the hypothesis that local gasoline companies rush to raise the prices in the local market, when international prices go up, and delay to lower them, when international prices go down, is not empirically confirmed.