



# SKYY CONSULTING LTD

*Reliable value packages delivered by a reliable team*

**Think green and live sustainably!**

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## SKYY CONSULTING LTD October 2023 semi – annual newsletter

Dear friends and clients,

**Autumn** greetings to you all and we hope you are having a great start to the season! Although here at the eastern part of the Med sea it seems that “..the summer inhaled and held its breath too long..”, we are in the month of October and we are already adjusting our mindsets and routines to the rhythm of the season of reds, yellows and browns.

In this **season of change**, reflection and preparation, we tend to focus on long term goals and we seek new inspiration for creativity and mindfulness. At the same time, we always try to take the pulse of the socioeconomic conditions around us.

~ **The world** is currently witnessing the emergence of another geopolitical crisis after Hamas, the de facto governing authority of the **Gaza strip**, invaded **Israeli** communities during a Jewish holiday, brutally killed hundreds of innocent civilians and kidnapped others. The Israeli government formally declared war and gave the green light for “significant military steps”. This unprecedented terrorist attack characterized as the **Israeli 9/11** and openly praised only by Iran and Hezbollah, ignites an explosive situation in the Middle East. We pray for the lives of innocent people and we try to think how this disaster could have the best possible outcome.

~ In **the global economy**, while the forecast for growth for 2023 has been modestly higher than predicted in the April 2023 World Economic Outlook, it remains weak by historical standards. In most economies, the priority remains achieving sustained disinflation while ensuring **financial stability**. Economists, financial markets and most

central banks have become convinced that no further interest rate rises will be needed. The change in attitude in many countries is brought on by reports of a **slowdown in inflation** but also of a **slowdown in growth** mainly caused by the **increase in interest rates** and the **price of oil**. The new Middle East conflict of course adds new risks to the global economic outlook.

~In the "struggle" to **save the planet** it is apparent by now that the belief "*helping the environment hurts the business*" it's not true anymore. **Global energy** demand shows no signs of slowing over the next couple of decades. This makes the transition of our energy systems from fossil fuels to **renewable sources** a more daunting task. Being green is no longer a cost of doing business; it is a **catalyst for innovation**, new market opportunity, and wealth creation. On the other hand, according to analysts, although the new approach sounds great, **costs** for business **are increasingly high** with the chance for economic payback being low. The geopolitical crisis gripping the European continent, namely the Russia-Ukraine war, and the new crisis in the Middle East, complicate the energy market and **the transition to renewables**. Not only for businesses but for consumers too, the necessity (or in some cases the trend) of going green, comes with an increased degree of impracticality and **big upfront costs**. Analysts predict that **the cost** of physical assets in order to meet **net zero targets** by mid-century, will **triple** and will be **front-loaded**, with an expected **break-even point** situated towards the end of the target period.

~ In **the US** the fears for a recession have turned to predictions of a "*soft landing*" which, as the experts explained, it is a **slowdown in growth** that avoids the recession. Nevertheless, over 70% of average Americans describe the economy as "not so good" or "poor". The key parameters of the financial climate in the country are the **strong job market**, the **high inflation** rate and the **high interest rates**.

~ **The UK** economy is expected to **avoid a recession** too, however the high energy prices due to the war in Ukraine disrupted the **recovery** and pushed inflation at historically high levels. The Bank of England announced an **end to the rising interest rates** however, as the Bank's Governor said, it is very premature to consider lowering those. Recently the country's PM, with a speech of his, explained that the UK **leads** the world in **the net zero transition** something that will allow for **the easing** of some of the requirements and the

alignment with other international approaches in order to give people more time to prepare. Meanwhile, the **London Stock Market**, a market heavily weighted on energy stocks which are doing relatively better, has just restored its position as the **biggest** stock market in Europe with signs of investor bullishness for the first time in years.

~ The **Cyprus** economy faces **deceleration** attributed to ongoing inflationary pressures and increasing interest rates. The main support sectors in the growth of the local economy, the rating of which has just been recently upgraded to stable with sustained improvements and a steady growth of 3.2% till 2027, remain **construction**, a booming **tourist industry** and **IT**.

Cyprus, an **EU member-state** and a long-time multicultural society, recently suffered from a rising wave of attacks and **anti-migrant** demonstrations. This caused the intervention of government officials who pointed out that if migrants were to leave the island, the workforce would face a severe deficit as the **local workforce** cannot cover the **large needs** of the island's labour market. Based on the same statements, the flow of **asylum seekers** and **illegal migrants**, towards which a general social protest seems to be directed at, has decreased by 50% and that the practice of bringing in foreign workers to cover the market's needs has been in place since 1992, without creating any problem neither in society nor in the labour market because it is applied under strict conditions. It is widely believed though that **the reason** why things escalated to the recent violent events is the **inadequate measures** by the authorities.

On **the Cyprus issue**, after the collapse of the very promising negotiations of 2015-17, the current, 8 month old, government, with a president who during that period had actively participated in the negotiations as the foreign minister, does not seem to have the level of cohesion to **speak with one voice** on what the GC side expects as a **settlement of the issue**, always within the frame defined by the previous bilateral agreements. Any assistance from outside requires **genuine commitment** from both sides and it also highly depends on **geopolitical factors**. At the moment some of those factors that could provide a **window for the settlement** of the issue once and for all include, the determination of **Greece** and **Turkey** to seek new approaches to **resolve** long standing **disputes**, the new state of things with **the West** (NATO) **vs the East** after the war in Ukraine broke out, the relations between **the EU** and **Turkey** vs European investments, the **migration** issue, the **Turkish economy** challenges and the possibility of a **bicommunal exploitation** of

the hydrocarbons in the exclusive economic zone of the island. **Options** are always available for every problem as long as individuals in leading (particularly elected) positions have the **ethics**, the **vision** and the **political will** to rise above **personal agendas**.

~ In a world where things never get boring, at **SKYY Consulting Ltd** we choose to illuminate **challenges** and **ethical considerations** in every decision made. We strongly believe in a **balanced perspective** and hard work in order to **minimize risk** and to maximize the potential for good. Throughout the years we built a **team** of dedicated professionals/associates that can manage successfully any case in the **real estate/construction sector**. Our **advice** and insight is always available to whoever out there shares similar **values** with us.

All the best everyone, stay healthy and safe, and enjoy the warmth of **Autumn!**

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