



# BUSINESS AND CONSUMER SURVEYS

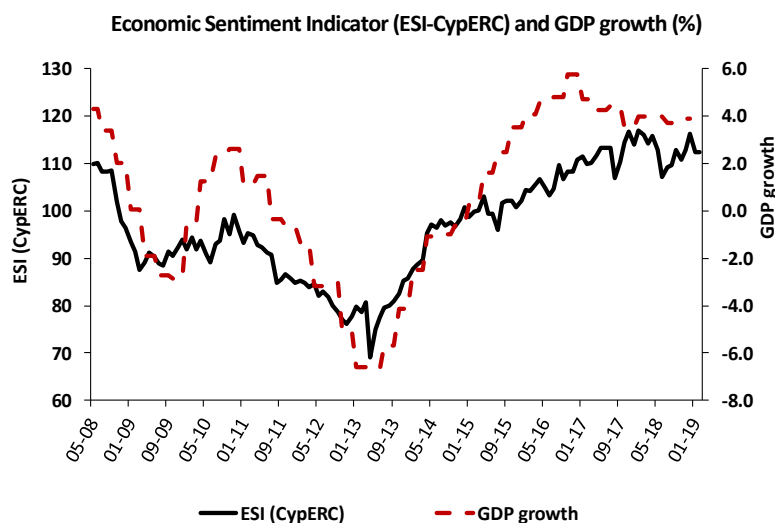
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



February 2019

## SUMMARY

- In February 2019, economic sentiment in Cyprus deteriorated marginally as the Economic Sentiment Indicator (ESI-CypERC) decreased by 0.1 points compared with January 2019. The decline was driven by confidence losses in industry, among consumers and, to a much lesser degree, in retail trade. Business confidence in services strengthened, while confidence in construction remained unchanged.
- The Services Confidence Indicator picked up as a result of firms' more optimistic views on their past business situation and their past demand.
- The marginal decrease in the Retail Trade Confidence Indicator was driven by a deterioration in firms' assessments of past sales, and downward revisions in sales expectations.
- The Construction Confidence Indicator remained unchanged as firms' upward revisions in employment expectations were offset by more negative assessments of the current level of their order books.
- The Industry Confidence Indicator declined as a result of a deterioration in firms' views on their stocks of finished products, and downward revisions in production expectations.
- The Consumer Confidence Indicator decreased as a result of consumers' less favourable responses regarding their past financial situation, their future financial conditions, and the future economic conditions in Cyprus.



Note: The weights used in the calculation of the Economic Sentiment Indicator constructed by the Economics Research Centre (ESI CypERC) reflect the contribution of each sector to the GDP of Cyprus.

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Difference between the percentage of positive and negative responses (balance)<sup>1</sup> and ESI (CypERC)

Month	2018											2019	
	2	3	4	5	6	7	8	9	10	11	12	1	2
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	116.1	114.2	115.9	112.8	107.1	109.2	109.7	112.9	110.7	112.9	116.2	112.4	112.3
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	40	36	40	33	16	25	23	32	26	35	44	33	36
Business situation, past 3 months <sup>4</sup>	27	22	33	20	11	13	11	16	14	27	40	29	37
Turnover (demand), past 3 months <sup>4</sup>	48	41	46	42	22	33	26	29	23	42	49	35	42
Expected turnover (demand), next 3 months <sup>4</sup>	46	46	42	36	16	29	33	50	39	36	43	34	29
Employment, past 3 months	8	8	-8	6	-2	-6	0	-11	2	10	13	13	2
Expected employment, next 3 months	4	9	7	9	5	6	11	10	6	21	24	18	6
Expected selling prices, next 3 months	-6	-2	1	0	-10	-1	-3	-7	3	5	8	10	7
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	9	13	8	10	6	5	10	0	2	5	2	1	0
Business activity (sales), past 3 months <sup>4</sup>	5	7	14	12	1	3	6	-3	3	-1	-4	-6	-11
Stock of goods <sup>4</sup>	9	5	9	6	1	4	-3	1	11	2	5	0	-4
Expected business activity (sales), next 3 months <sup>4</sup>	30	36	20	23	17	14	20	6	16	19	13	8	6
Orders placed with suppliers, next 3 months	17	24	13	13	10	8	12	-4	7	9	13	-4	3
Expected employment, next 3 months	0	3	0	1	0	1	0	0	1	0	0	2	0
Expected selling prices, next 3 months	5	3	11	3	3	4	8	4	7	2	4	6	8
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-19	-16	-17	-13	-15	-11	-11	-11	-8	-13	-11	-11	-11
Building activity, past 3 months	5	10	13	12	-3	3	10	16	9	3	6	11	18
Current overall order books <sup>4</sup>	-45	-37	-42	-37	-34	-37	-33	-34	-26	-35	-30	-27	-34
Expected employment, next 3 months <sup>4</sup>	8	6	9	10	5	16	12	12	11	9	7	5	12
Expected selling prices, next 3 months	11	9	3	13	15	11	14	24	11	5	15	8	19
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	11	5	7	4	-3	1	3	11	10	5	12	5	-1
Production, past 3 months	13	10	8	15	10	8	4	10	18	4	22	12	4
Current overall order books <sup>4</sup>	-5	-24	-19	-19	-28	-28	-17	-11	-18	-19	-20	-27	-26
Current export order books	-15	-21	-12	-18	-36	-7	0	-18	-11	-17	-20	-20	-29
Stock of finished products <sup>4</sup>	-12	-8	-10	-6	-15	-14	-6	-16	-13	-12	-17	-18	-3
Expected production, next 3 months <sup>4</sup>	25	32	30	25	3	16	21	27	36	23	39	23	19
Expected employment, next 3 months <sup>5</sup>	0	7	11	3	2	3	3	2	5	0	2	2	2
Expected selling prices, next 3 months	0	-1	-1	1	5	-5	1	6	0	7	3	-2	2
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	4	-1	2	0	0	-9	-3	-3	-2	-6	-6	-4	-7
Financial situation of household, past 12 months <sup>4</sup>	0	-6	-1	-3	-5	-9	-7	-5	-5	-5	-8	-6	-10
Expected financial situation of household, next 12 months <sup>4</sup>	10	3	8	2	4	0	2	4	2	-1	2	4	0
General economic situation in Cyprus, past 12 months	28	24	26	20	17	0	6	4	10	5	4	10	5
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	23	19	21	17	14	-1	5	7	12	5	7	9	4
Consumer prices, past 12 months	-15	-28	-11	-12	-3	-2	-2	3	5	17	12	7	8
Expected consumer prices, next 12 months	-13	-18	-12	-7	3	-2	0	-2	-2	7	2	-1	4
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	-20	-20	-19	-21	-9	-3	-7	-5	-8	-8	-8	-13	-8
Major purchases at present	-21	-13	-11	-13	-15	-20	-11	-7	-9	-26	-17	-18	-21
Major purchases intentions, next 12 months <sup>4</sup>	-17	-22	-19	-15	-15	-24	-14	-17	-18	-23	-26	-23	-22
Savings at present	-9	-14	-11	-9	-14	-27	-24	-19	-19	-31	-28	-27	-29
Savings intentions, next 12 months	-32	-33	-30	-29	-38	-44	-41	-38	-43	-39	-42	-43	-48
Statement on the current financial condition of household	12	15	13	17	12	9	7	15	11	7	12	10	9

Notes:

<sup>1</sup> Positive responses refer to increase/improvement/ above normal/very or fairly likely, while the opposite holds for negative responses. Data are seasonally adjusted.

<sup>2</sup> The weights used in the calculation of the Economic Sentiment Indicator reflect the contribution of each sector to the GDP of Cyprus.

<sup>3</sup> The calculation of the confidence (composite) indicator is described in [http://ec.europa.eu/economy\\_finance/indicators/business\\_consumer\\_surveys/userguide\\_en.pdf](http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf) and [https://ec.europa.eu/info/files/revised-consumer-confidence-indicator\\_en](https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en).

<sup>4</sup> The responses to this question are used in the calculation of the confidence (composite) indicator for each survey.

<sup>5</sup> Following a suggestion by the European Commission, the responses to this question are not adjusted for seasonality.



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**The Economics Research Centre (CypERC) of the University of Cyprus is an independent, non-profit organization with the aim of promoting scientific knowledge in economics, especially in matters concerning Cyprus.**

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