



## BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

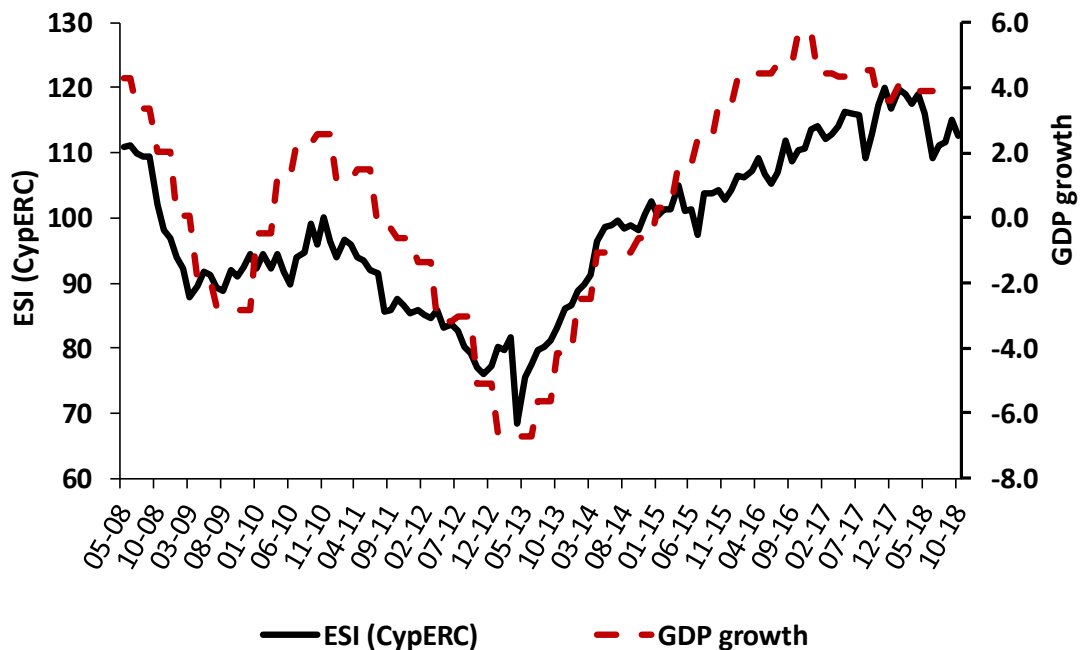


October 2018

### SUMMARY

- In October 2018, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 2.4 points compared with September 2018. The decline was mainly driven by confidence losses in services. Economic confidence in industry, construction, retail trade and among consumers changed only marginally in October.
- The Services Confidence Indicator declined due to a deterioration in firms' assessments of past business situation as well as past and expected demand.
- The Retail Trade Confidence Indicator increased as a result of improved assessments of past sales and upward revisions in sales expectations.
- The Construction Confidence Indicator increased due to improved assessments of the levels of order books.
- The Industry Confidence Indicator declined as a result of a deterioration in firms' assessments of the current level of order books and stocks of finished products.
- The marginal increase in the Consumer Confidence Indicator was driven by more optimistic responses regarding future economic conditions in Cyprus, including labour market conditions. Consumers' expectations about their own financial conditions and savings deteriorated.

Economic Sentiment Indicator (ESI-CypERC) and GDP growth (%)



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	2017			2018									
	10	11	12	1	2	3	4	5	6	7	8	9	10
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2, *</sup></b>	117.3	119.9	116.8	119.8	119.1	117.5	119.0	116.1	109.1	111.1	111.6	115.0	112.6
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	37	45	37	45	40	36	40	33	16	25	23	32	26
Business situation, past 3 months <sup>4</sup>	26	34	24	40	27	22	33	20	11	13	11	16	14
Turnover (demand), past 3 months <sup>4</sup>	30	41	42	44	48	41	46	42	22	33	26	29	23
Expected turnover (demand), next 3 months <sup>4</sup>	56	60	44	52	46	46	42	36	16	29	33	50	39
Employment, past 3 months	3	8	6	8	8	8	-8	6	-2	-6	0	-11	2
Expected employment, next 3 months	12	7	10	14	4	9	7	9	5	6	11	10	6
Expected selling prices, next 3 months	-8	-3	-5	-10	-6	-2	1	0	-10	-1	-3	-7	3
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	8	6	10	8	9	13	8	10	6	5	10	0	2
Business activity (sales), past 3 months <sup>4</sup>	6	10	13	7	5	7	14	12	1	3	6	-3	3
Stock of goods <sup>4</sup>	7	11	3	9	9	5	9	6	1	4	-3	1	11
Expected business activity (sales), next 3 months <sup>4</sup>	24	19	20	26	30	36	20	23	17	14	20	6	16
Orders placed with suppliers, next 3 months	16	9	8	16	17	24	13	13	10	8	12	-4	7
Expected employment, next 3 months	1	0	1	-1	0	3	0	1	0	1	0	0	1
Expected selling prices, next 3 months	9	9	8	2	5	3	11	3	3	4	8	4	7
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-28	-23	-24	-23	-19	-16	-17	-13	-15	-11	-11	-11	-8
Building activity, past 3 months	-4	7	3	12	5	10	13	12	-3	3	10	16	9
Current overall order books <sup>4</sup>	-59	-47	-47	-52	-45	-37	-42	-37	-34	-37	-33	-34	-26
Expected employment, next 3 months <sup>4</sup>	2	1	-2	6	8	6	9	10	5	16	12	12	11
Expected selling prices, next 3 months	7	14	-1	0	11	9	3	13	15	11	14	24	11
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	8	9	9	11	11	5	7	4	-3	1	3	11	10
Production, past 3 months	4	18	20	18	13	10	8	15	10	8	4	10	18
Current overall order books <sup>4</sup>	-17	-6	-9	-5	-5	-24	-19	-19	-28	-28	-17	-11	-18
Current export order books	-22	8	-23	-6	-15	-21	-12	-18	-36	-7	0	-18	-11
Stock of finished products <sup>4</sup>	-16	-5	-16	-12	-12	-8	-10	-6	-15	-14	-6	-16	-13
Expected production, next 3 months <sup>4</sup>	25	28	19	24	25	32	30	25	3	16	21	27	36
Expected employment, next 3 months <sup>5</sup>	5	6	0	6	0	7	11	3	2	3	3	2	5
Expected selling prices, next 3 months	-2	1	-6	-5	0	-1	-1	1	5	-5	1	6	0
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-1	2	-1	1	5	2	4	3	-3	-11	-7	-6	-5
Financial situation of household, past 12 months	-6	-5	-5	-5	0	-6	-1	-3	-5	-9	-7	-5	-5
Expected financial situation of household, next 12 months <sup>4</sup>	6	6	4	5	10	3	8	2	4	0	2	4	2
General economic situation in Cyprus, past 12 months	18	18	18	18	28	24	26	20	17	0	6	4	10
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	18	20	15	17	23	19	21	17	14	-1	5	7	12
Consumer prices, past 12 months	-12	-12	-9	-17	-15	-28	-11	-12	-3	-2	-2	3	5
Expected consumer prices, next 12 months	-10	-6	-11	-11	-13	-18	-12	-7	3	-2	0	-2	-2
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-5	-17	-10	-18	-20	-20	-19	-21	-9	-3	-7	-5	-8
Major purchases at present	-16	-18	-15	-17	-21	-13	-11	-13	-15	-20	-11	-7	-9
Major purchases intentions, next 12 months	-28	-27	-21	-26	-17	-22	-19	-15	-15	-24	-14	-17	-18
Savings at present	-15	-18	-18	-20	-9	-14	-11	-9	-14	-27	-24	-19	-19
Savings intentions, next 12 months <sup>4</sup>	-33	-34	-34	-37	-32	-33	-30	-29	-38	-44	-41	-38	-43
Statement on the current financial condition of household	13	13	12	9	12	15	13	17	12	9	7	15	11

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).

<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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