



# BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



## January 2019

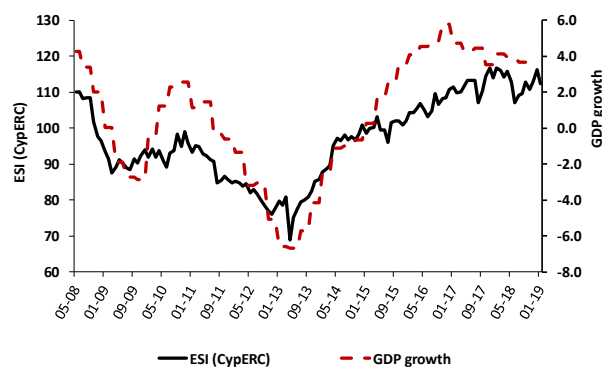
As of January 2019, the data for the Economic Sentiment Indicator have been revised due to:

- (i) a change in the components of the Consumer Confidence Indicator, following methodological improvements implemented by the European Commission ([https://ec.europa.eu/info/files/reviced-consumer-confidence-indicator\\_en](https://ec.europa.eu/info/files/reviced-consumer-confidence-indicator_en));
- (ii) an adjustment of the long-run mean and standard deviation used in the calculation of the Economic Sentiment Indicator.

### SUMMARY

- In January 2019, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 3.8 points compared with December 2018. The decline was mainly driven by confidence losses in services and industry. Economic confidence in construction remained unchanged, while confidence in retail trade changed only marginally. Consumer confidence, measured by the revised Consumer Confidence Indicator, strengthened slightly.
- The Services Confidence Indicator declined as a result of a deterioration in firms' assessments of past business situation and past demand, and a significant downward revision in demand expectations.
- The Retail Trade Confidence Indicator decreased marginally mainly as a result of downward revisions in sales expectations.
- The Construction Confidence Indicator remained unchanged as firms' improved views on the current level of order books were offset by downward revisions in employment plans.
- The Industry Confidence Indicator decreased mainly due to a large downward revision in production expectations, and a deterioration in firms' assessments of the current level of order books.
- The small increase in the revised Consumer Confidence Indicator was driven by improvements in consumers' views on all components of the Indicator, namely:
  - (i) household's financial situation over the past 12 months;
  - (ii) household's expected financial situation over the next 12 months;
  - (iii) expected general economic situation in the country over the next 12 months;
  - (iv) intentions of making major purchases over the next 12 months.

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.

The Economics Research Centre of the University of Cyprus (CypERC) and RAI Consultants Ltd participate in the Joint Harmonised European Union Programme of Business and Consumer Surveys. CypERC acknowledges funding from the European Commission, the Ministry of Finance and the University of Cyprus for conducting the Business and Consumer Survey Project in Cyprus.

Co-funded by  
the European Union





# BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



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

| Month  | 2018  |       |       |       |       |       |       |       |       |       |       |       | 2019  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    | 1     |
| <b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>               | 116.8 | 116.1 | 114.2 | 115.9 | 112.8 | 107.1 | 109.2 | 109.7 | 112.9 | 110.7 | 112.9 | 116.2 | 112.4 |
| <b>SERVICES</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Services Confidence Indicator <sup>3</sup>                                 | 45    | 40    | 36    | 40    | 33    | 16    | 25    | 23    | 32    | 26    | 35    | 44    | 33    |
| Business situation, past 3 months <sup>4</sup>                             | 40    | 27    | 22    | 33    | 20    | 11    | 13    | 11    | 16    | 14    | 27    | 40    | 29    |
| Turnover (demand), past 3 months <sup>4</sup>                              | 44    | 48    | 41    | 46    | 42    | 22    | 33    | 26    | 29    | 23    | 42    | 49    | 35    |
| Expected turnover (demand), next 3 months <sup>4</sup>                     | 52    | 46    | 46    | 42    | 36    | 16    | 29    | 33    | 50    | 39    | 36    | 43    | 34    |
| Employment, past 3 months  | 8     | 8     | 8     | -8    | 6     | -2    | -6    | 0     | -11   | 2     | 10    | 13    | 13    |
| Expected employment, next 3 months   | 14    | 4     | 9     | 7     | 9     | 5     | 6     | 11    | 10    | 6     | 21    | 24    | 18    |
| Expected selling prices, next 3 months                                     | -10   | -6    | -2    | 1     | 0     | -10   | -1    | -3    | -7    | 3     | 5     | 8     | 10    |
| <b>RETAIL TRADE</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Retail Trade Confidence Indicator <sup>3</sup>                             | 8     | 9     | 13    | 8     | 10    | 6     | 5     | 10    | 0     | 2     | 5     | 2     | 1     |
| Business activity (sales), past 3 months <sup>4</sup>                      | 7     | 5     | 7     | 14    | 12    | 1     | 3     | 6     | -3    | 3     | -1    | -4    | -6    |
| Stock of goods <sup>4</sup>  | 9     | 9     | 5     | 9     | 6     | 1     | 4     | -3    | 1     | 11    | 2     | 5     | 0     |
| Expected business activity (sales), next 3 months <sup>4</sup>             | 26    | 30    | 36    | 20    | 23    | 17    | 14    | 20    | 6     | 16    | 19    | 13    | 8     |
| Orders placed with suppliers, next 3 months                                | 16    | 17    | 24    | 13    | 13    | 10    | 8     | 12    | -4    | 7     | 9     | 13    | -4    |
| Expected employment, next 3 months   | -1    | 0     | 3     | 0     | 1     | 0     | 1     | 0     | 0     | 1     | 0     | 0     | 2     |
| Expected selling prices, next 3 months                                     | 2     | 5     | 3     | 11    | 3     | 3     | 4     | 8     | 4     | 7     | 2     | 4     | 6     |
| <b>CONSTRUCTION</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Construction Confidence Indicator <sup>3</sup>                             | -23   | -19   | -16   | -17   | -13   | -15   | -11   | -11   | -11   | -8    | -13   | -11   | -11   |
| Building activity, past 3 months   | 12    | 5     | 10    | 13    | 12    | -3    | 3     | 10    | 16    | 9     | 3     | 6     | 11    |
| Current overall order books <sup>4</sup>                                   | -52   | -45   | -37   | -42   | -37   | -34   | -37   | -33   | -34   | -26   | -35   | -30   | -27   |
| Expected employment, next 3 months <sup>4</sup>                            | 6     | 8     | 6     | 9     | 10    | 5     | 16    | 12    | 12    | 11    | 9     | 7     | 5     |
| Expected selling prices, next 3 months                                     | 0     | 11    | 9     | 3     | 13    | 15    | 11    | 14    | 24    | 11    | 5     | 15    | 8     |
| <b>INDUSTRY</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Industrial Confidence Indicator <sup>3</sup>                               | 11    | 11    | 5     | 7     | 4     | -3    | 1     | 3     | 11    | 10    | 5     | 12    | 5     |
| Production, past 3 months  | 18    | 13    | 10    | 8     | 15    | 10    | 8     | 4     | 10    | 18    | 4     | 22    | 12    |
| Current overall order books <sup>4</sup>                                   | -5    | -5    | -24   | -19   | -19   | -28   | -28   | -17   | -11   | -18   | -19   | -20   | -27   |
| Current export order books   | -6    | -15   | -21   | -12   | -18   | -36   | -7    | 0     | -18   | -11   | -17   | -20   | -20   |
| Stock of finished products <sup>4</sup>                                    | -12   | -12   | -8    | -10   | -6    | -15   | -14   | -6    | -16   | -13   | -12   | -17   | -18   |
| Expected production, next 3 months <sup>4</sup>                            | 24    | 25    | 32    | 30    | 25    | 3     | 16    | 21    | 27    | 36    | 23    | 39    | 23    |
| Expected employment, next 3 months <sup>5</sup>                            | 6     | 0     | 7     | 11    | 3     | 2     | 3     | 3     | 2     | 5     | 0     | 2     | 2     |
| Expected selling prices, next 3 months                                     | -5    | 0     | -1    | -1    | 1     | 5     | -5    | 1     | 6     | 0     | 7     | 3     | -2    |
| <b>CONSUMERS</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Consumer Confidence Indicator <sup>3</sup>                                 | -2    | 4     | -1    | 2     | 0     | 0     | -9    | -3    | -3    | -2    | -6    | -6    | -4    |
| Financial situation of household, past 12 months <sup>4</sup>              | -5    | 0     | -6    | -1    | -3    | -5    | -9    | -7    | -5    | -5    | -5    | -8    | -6    |
| Expected financial situation of household, next 12 months <sup>4</sup>     | 5     | 10    | 3     | 8     | 2     | 4     | 0     | 2     | 4     | 2     | -1    | 2     | 4     |
| General economic situation in Cyprus, past 12 months                       | 18    | 28    | 24    | 26    | 20    | 17    | 0     | 6     | 4     | 10    | 5     | 4     | 10    |
| Expected general economic situation in Cyprus, next 12 months <sup>4</sup> | 17    | 23    | 19    | 21    | 17    | 14    | -1    | 5     | 7     | 12    | 5     | 7     | 9     |
| Consumer prices, past 12 months  | -17   | -15   | -28   | -11   | -12   | -3    | -2    | -2    | 3     | 5     | 17    | 12    | 7     |
| Expected consumer prices, next 12 months                                   | -11   | -13   | -18   | -12   | -7    | 3     | -2    | 0     | -2    | -2    | 7     | 2     | -1    |
| Expected unemployment in Cyprus, next 12 months <sup>5</sup>               | -18   | -20   | -20   | -19   | -21   | -9    | -3    | -7    | -5    | -8    | -8    | -8    | -13   |
| Major purchases at present   | -17   | -21   | -13   | -11   | -13   | -15   | -20   | -11   | -7    | -9    | -26   | -17   | -18   |
| Major purchases intentions, next 12 months <sup>4</sup>                    | -26   | -17   | -22   | -19   | -15   | -15   | -24   | -14   | -17   | -18   | -23   | -26   | -23   |
| Savings at present   | -20   | -9    | -14   | -11   | -9    | -14   | -27   | -24   | -19   | -19   | -31   | -28   | -27   |
| Savings intentions, next 12 months   | -37   | -32   | -33   | -30   | -29   | -38   | -44   | -41   | -38   | -43   | -39   | -42   | -43   |
| Statement on the current financial condition of household                  | 9     | 12    | 15    | 13    | 17    | 12    | 9     | 7     | 15    | 11    | 7     | 12    | 10    |

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.



## **BUSINESS AND CONSUMER SURVEYS**

**ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS**



**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.**

**Economics Research Centre**

**University of Cyprus**

**P.O. box 20537, 1678 Nicosia, CYPRUS**

**Telephone: 22893660, Fax: 22895027**

**Email: [erc@ucy.ac.cy](mailto:erc@ucy.ac.cy)**

**Website: [www.erc.ucy.ac.cy](http://www.erc.ucy.ac.cy)**

This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme of Business and Consumer Surveys. This bulletin reflects only the authors' views\* and the European Commission is not responsible for any use that may be made of the information it contains.

\* Charalampos Karagiannakis (email: [Karagiannakis.Charalampos@ucy.ac.cy](mailto:Karagiannakis.Charalampos@ucy.ac.cy))

\* Nicoletta Pashourtidou (email: [n.pashourtidou@ucy.ac.cy](mailto:n.pashourtidou@ucy.ac.cy))

*The material in this document can be copied, distributed, transmitted and otherwise disseminated, but the source must be acknowledged.*