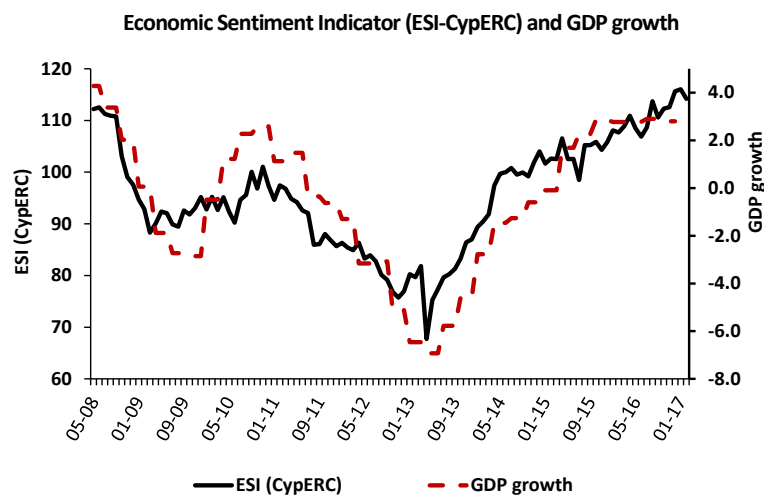




February 2017

SUMMARY

- Economic sentiment in Cyprus deteriorated in February 2017 as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.9 points compared with January 2017; the decline resulted from the worsening of business confidence in services and retail trade, and the weakening of consumer confidence.
- The Services Confidence Indicator declined due to firms' less optimistic assessments of past demand and downward revisions of turnover expectations.
- The Retail Trade Confidence Indicator decreased as a result of deteriorating assessments of current stock volumes and less optimistic responses concerning future sales.
- The Construction Confidence Indicator improved due to firms' more favourable assessments of future employment plans.
- The increase in the Industry Confidence Indicator was driven by less pessimistic assessments of current orders and upward revisions of production expectations.
- The Consumer Confidence Indicator decreased as a result of less optimistic replies regarding the future labour market conditions, the future financial situation of households and the general economic conditions in Cyprus over the next 12 months.



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.

Since February 2017 the data on the Economic Sentiment Indicator (CypERC) have been revised due to adjustments to the long-run mean and standard deviation of the series.

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Difference between the percentage of positive and negative responses (balance)¹ and ESI (CypERC)

Month	2016											2017	
	2	3	4	5	6	7	8	9	10	11	12	1	2
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	107.7	108.9	110.9	108.5	106.9	108.6	113.7	110.6	112.3	112.6	115.6	116.1	114.2
SERVICES													
Services Confidence Indicator ³	17	20	19	16	10	14	27	20	21	20	28	30	26
Business situation, past 3 months ⁴	17	21	20	14	5	16	23	16	14	19	30	27	28
Turnover (demand), past 3 months ⁴	16	20	16	15	8	16	20	20	16	21	15	27	26
Expected turnover (demand), next 3 months ⁴	18	18	22	20	16	11	38	22	33	21	40	36	25
Employment, past 3 months	4	10	3	4	3	5	3	1	2	-2	-4	-6	-1
Expected employment, next 3 months	3	3	1	5	-1	2	-1	-1	1	-5	-4	11	4
Expected selling prices, next 3 months	1	-2	7	-4	-5	2	1	-3	2	4	-1	0	7
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-3	-5	0	0	-6	-1	3	0	4	6	9	9	5
Business activity (sales), past 3 months ⁴	-17	-24	-19	-8	-19	-16	-3	-8	-6	-6	-2	8	8
Stock of goods ⁴	-10	-5	-4	0	4	-4	6	2	-5	-4	-6	0	7
Expected business activity (sales), next 3 months ⁴	-1	3	15	6	5	8	19	10	12	22	21	19	14
Orders placed with suppliers, next 3 months	-20	-16	-1	-8	-7	-10	1	-6	-4	8	3	3	2
Expected employment, next 3 months	-2	-4	-1	-1	-1	-1	-1	1	-2	-1	0	0	0
Expected selling prices, next 3 months	-3	-9	7	2	4	0	3	3	2	6	4	-3	3
CONSTRUCTION													
Construction Confidence Indicator ³	-28	-28	-25	-34	-28	-24	-32	-24	-26	-28	-27	-25	-23
Building activity, past 3 months	1	7	1	0	6	2	3	12	-6	11	5	8	2
Current overall order books ⁴	-52	-55	-54	-62	-56	-51	-62	-51	-59	-56	-54	-53	-53
Expected employment, next 3 months ⁴	-5	-1	5	-6	0	2	-2	2	6	1	-1	3	7
Expected selling prices, next 3 months	-16	-8	-4	-2	-10	-5	0	0	-4	2	-2	-3	3
INDUSTRY													
Industrial Confidence Indicator ³	-3	-3	4	4	1	0	8	-2	-2	3	0	0	4
Production, past 3 months	-7	9	8	7	14	12	6	13	3	7	6	6	12
Current overall order books ⁴	-48	-43	-34	-29	-29	-33	-25	-32	-40	-39	-39	-39	-32
Current export order books	-47	-28	11	-3	-38	-31	5	-14	-30	-36	-44	-40	-20
Stock of finished products ⁴	-22	-19	-26	-25	-23	-19	-26	-11	-18	-29	-16	-21	-16
Expected production, next 3 months ⁴	16	16	20	17	11	14	24	15	15	18	22	19	27
Expected employment, next 3 months ⁵	4	-2	0	1	1	1	-1	1	-1	-1	-2	-1	-1
Expected selling prices, next 3 months	-3	-3	5	4	-3	-2	5	0	2	-1	0	4	-4
CONSUMERS													
Consumer Confidence Indicator ³	-16	-14	-7	-11	-7	-8	-7	-6	-3	-1	-1	-1	-3
Financial situation of household, past 12 months	-20	-19	-20	-17	-16	-14	-13	-14	-11	-13	-15	-12	-8
Expected financial situation of household, next 12 months ⁴	-9	-5	-1	-6	-1	-3	1	-2	2	7	5	5	2
General economic situation in Cyprus, past 12 months	-14	-11	-1	-3	-1	-2	5	6	8	8	9	14	16
Expected general economic situation in Cyprus, next 12 months ⁴	-3	-3	10	5	12	9	14	15	18	19	20	20	18
Consumer prices, past 12 months	-28	-36	-25	-23	-19	-10	-7	-13	-17	-18	-17	-7	-10
Expected consumer prices, next 12 months	-28	-31	-14	-13	-7	-9	-17	-15	-14	-14	-16	-10	-5
Expected unemployment in Cyprus, next 12 months ^{4,5}	3	-3	-7	-7	-10	-3	-6	-5	-11	-9	-11	-14	-6
Major purchases at present	-30	-36	-27	-36	-32	-33	-28	-30	-24	-23	-23	-16	-20
Major purchases intentions, next 12 months	-44	-37	-30	-37	-36	-34	-38	-30	-24	-22	-26	-28	-29
Savings at present	-25	-30	-17	-23	-17	-19	-19	-23	-18	-13	-21	-23	-21
Savings intentions, next 12 months ⁴	-51	-52	-45	-51	-48	-41	-49	-43	-43	-41	-40	-43	-39
Statement on the current financial condition of household	6	1	4	3	5	8	6	5	9	9	6	7	8

Notes:

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

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

³ The calculation of the confidence (composite) indicator is described in http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf.

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

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



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