

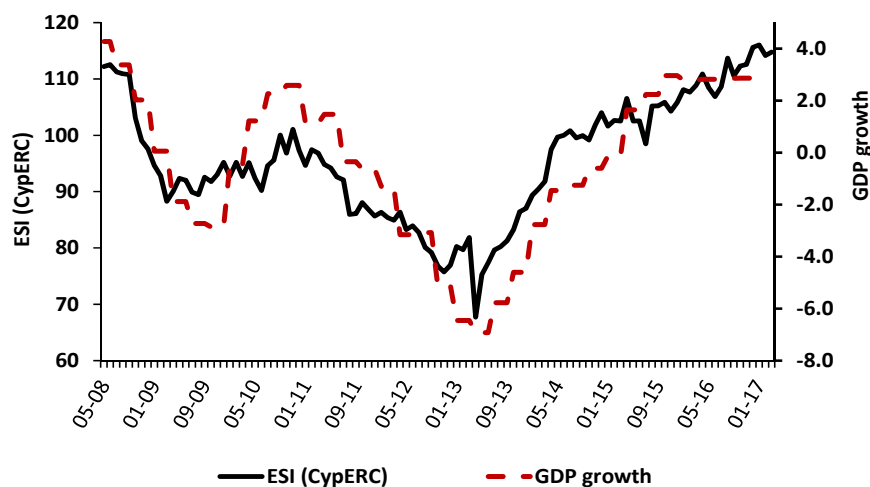


March 2017

SUMMARY

- In March 2017, economic sentiment in Cyprus picked up as the Economic Sentiment Indicator (ESI-CypERC) increased by 0.6 points compared to February 2017, driven by confidence improvements in industry and among consumers.
- The Services Confidence Indicator remained unchanged as the upward revisions of turnover expectations were offset by the less optimistic views expressed by firms regarding their recent business situation and demand.
- The Retail Trade Confidence Indicator remained unchanged as the deterioration in firms' assessments concerning past sales were offset by improved sales expectations.
- The Construction Confidence Indicator deteriorated due to firms' more pessimistic views on the current level of order books and less favourable assessments of their future employment plans.
- The Industry Confidence Indicator rose mainly as a result of the significant improvement in firms' assessments of current orders and the upward revision of production expectations.
- The Consumer Confidence Indicator increased as a result of more optimistic responses regarding the labour market conditions and less pessimistic views on future savings.

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) participates jointly with RAI Consultants Ltd in the Joint Harmonised European Union Programme for Business and Consumer Surveys. CypERC acknowledges funding from the European Commission and the Ministry of Finance for conducting the Business and Consumer Survey Project in Cyprus.

Co-funded by
the European Union





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

Month	2016										2017		
	3	4	5	6	7	8	9	10	11	12	1	2	3
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	108.9	110.9	108.5	106.9	108.6	113.7	110.6	112.3	112.6	115.6	116.1	114.2	114.8
SERVICES													
Services Confidence Indicator ³	20	19	16	10	14	27	20	21	20	28	30	26	26
Business situation, past 3 months ⁴	21	20	14	5	16	23	16	14	19	30	27	28	23
Turnover (demand), past 3 months ⁴	20	16	15	8	16	20	20	16	21	15	27	26	25
Expected turnover (demand), next 3 months ⁴	18	22	20	16	11	38	22	33	21	40	36	25	31
Employment, past 3 months	10	3	4	3	5	3	1	2	-2	-4	-6	-1	-1
Expected employment, next 3 months	3	1	5	-1	2	-1	-1	1	-5	-4	11	4	3
Expected selling prices, next 3 months	-2	7	-4	-5	2	1	-3	2	4	-1	0	7	3
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-5	0	0	-6	-1	3	0	4	6	9	9	5	5
Business activity (sales), past 3 months ⁴	-24	-19	-8	-19	-16	-3	-8	-6	-6	-2	8	8	3
Stock of goods ⁴	-5	-4	0	4	-4	6	2	-5	-4	-6	0	7	7
Expected business activity (sales), next 3 months ⁴	3	15	6	5	8	19	10	12	22	21	19	14	19
Orders placed with suppliers, next 3 months	-16	-1	-8	-7	-10	1	-6	-4	8	3	3	2	9
Expected employment, next 3 months	-4	-1	-1	-1	-1	-1	1	-2	-1	0	0	0	-3
Expected selling prices, next 3 months	-9	7	2	4	0	3	3	2	6	4	-3	3	1
CONSTRUCTION													
Construction Confidence Indicator ³	-28	-25	-34	-28	-24	-32	-24	-26	-28	-27	-25	-23	-29
Building activity, past 3 months	7	1	0	6	2	3	12	-6	11	5	8	2	-4
Current overall order books ⁴	-55	-54	-62	-56	-51	-62	-51	-59	-56	-54	-53	-53	-60
Expected employment, next 3 months ⁴	-1	5	-6	0	2	-2	2	6	1	-1	3	7	1
Expected selling prices, next 3 months	-8	-4	-2	-10	-5	0	0	-4	2	-2	-3	3	4
INDUSTRY													
Industrial Confidence Indicator ³	-3	4	4	1	0	8	-2	-2	3	0	0	4	10
Production, past 3 months	9	8	7	14	12	6	13	3	7	6	6	12	12
Current overall order books ⁴	-43	-34	-29	-29	-33	-25	-32	-40	-39	-39	-39	-32	-18
Current export order books	-28	11	-3	-38	-31	5	-14	-30	-36	-44	-40	-20	-19
Stock of finished products ⁴	-19	-26	-25	-23	-19	-26	-11	-18	-29	-16	-21	-16	-17
Expected production, next 3 months ⁴	16	20	17	11	14	24	15	15	18	22	19	27	33
Expected employment, next 3 months ⁵	-2	0	1	1	1	-1	1	-1	-1	-2	-1	-1	0
Expected selling prices, next 3 months	-3	5	4	-3	-2	5	0	2	-1	0	4	-4	1
CONSUMERS													
Consumer Confidence Indicator ³	-14	-7	-11	-7	-8	-7	-6	-3	-1	-1	-1	-3	-2
Financial situation of household, past 12 months	-19	-20	-17	-16	-14	-13	-14	-11	-13	-15	-12	-8	-8
Expected financial situation of household, next 12 months ⁴	-5	-1	-6	-1	-3	1	-2	2	7	5	5	2	2
General economic situation in Cyprus, past 12 months	-11	-1	-3	-1	-2	5	6	8	8	9	14	16	14
Expected general economic situation in Cyprus, next 12 months ⁴	-3	10	5	12	9	14	15	18	19	20	20	18	16
Consumer prices, past 12 months	-36	-25	-23	-19	-10	-7	-13	-17	-18	-17	-7	-10	-5
Expected consumer prices, next 12 months	-31	-14	-13	-7	-9	-17	-15	-14	-14	-16	-10	-5	-7
Expected unemployment in Cyprus, next 12 months ^{4,5}	-3	-7	-7	-10	-3	-6	-5	-11	-9	-11	-14	-6	-11
Major purchases at present	-36	-27	-36	-32	-33	-28	-30	-24	-23	-23	-16	-20	-24
Major purchases intentions, next 12 months	-37	-30	-37	-36	-34	-38	-30	-24	-22	-26	-28	-29	-26
Savings at present	-30	-17	-23	-17	-19	-19	-23	-18	-13	-21	-23	-21	-21
Savings intentions, next 12 months ⁴	-52	-45	-51	-48	-41	-49	-43	-43	-41	-40	-43	-39	-35
Statement on the current financial condition of household	1	4	3	5	8	6	5	9	9	6	7	8	10

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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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.

This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme for 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.

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