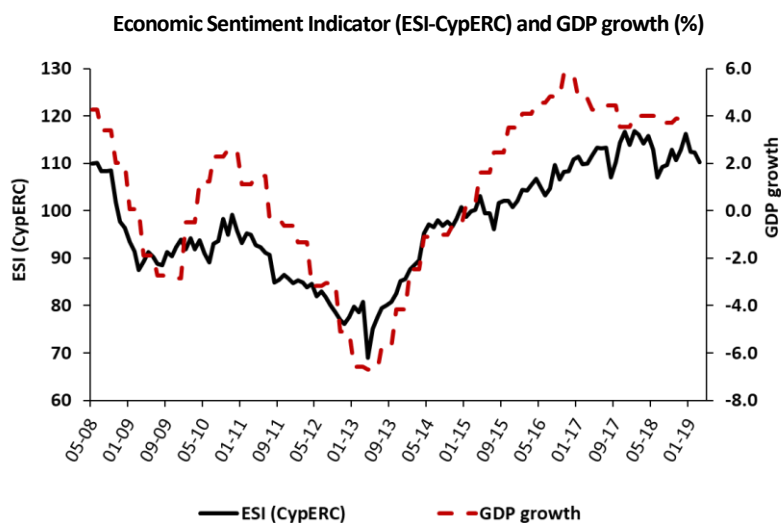




March 2019

SUMMARY

- In March 2019, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 2.0 points compared with February 2019. The decrease was mainly driven by a decline in business confidence in the services sector.
- The decline in the Services Confidence Indicator was driven by firms' less favourable views on their past performance (business situation and demand), and downward revisions in demand expectations.
- The marginal increase in the Retail Trade Confidence Indicator was due to upward revisions in sales expectations.
- The Construction Confidence Indicator increased as a result of firms' improved assessments of the current level of their order books.
- The increase in the Industry Confidence Indicator resulted from firms' more favourable assessments of their stocks of finished products.
- The Consumer Confidence Indicator decreased marginally as consumers' assessments of the future economic conditions in Cyprus deteriorated, and their intentions to make major purchases weakened.



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)¹ and ESI (CypERC)

Month	2018											2019		
	3	4	5	6	7	8	9	10	11	12	1	2	3	
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	114.2	115.9	112.8	107.1	109.2	109.7	112.9	110.7	112.9	116.2	112.4	112.3	110.3	
SERVICES														
Services Confidence Indicator ³	36	40	33	16	25	23	32	26	35	44	33	36	28	
Business situation, past 3 months ⁴	22	33	20	11	13	11	16	14	27	40	29	37	30	
Turnover (demand), past 3 months ⁴	41	46	42	22	33	26	29	23	42	49	35	42	26	
Expected turnover (demand), next 3 months ⁴	46	42	36	16	29	33	50	39	36	43	34	29	27	
Employment, past 3 months	8	-8	6	-2	-6	0	-11	2	10	13	13	2	8	
Expected employment, next 3 months	9	7	9	5	6	11	10	6	21	24	18	6	5	
Expected selling prices, next 3 months	-2	1	0	-10	-1	-3	-7	3	5	8	10	7	5	
RETAIL TRADE														
Retail Trade Confidence Indicator ³	13	8	10	6	5	10	0	2	5	2	1	0	1	
Business activity (sales), past 3 months ⁴	7	14	12	1	3	6	-3	3	-1	-4	-6	-11	-9	
Stock of goods ⁴	5	9	6	1	4	-3	1	11	2	5	0	-4	-2	
Expected business activity (sales), next 3 months ⁴	36	20	23	17	14	20	6	16	19	13	8	6	9	
Orders placed with suppliers, next 3 months	24	13	13	10	8	12	-4	7	9	13	-4	3	7	
Expected employment, next 3 months	3	0	1	0	1	0	0	1	0	0	2	0	-3	
Expected selling prices, next 3 months	3	11	3	3	4	8	4	7	2	4	6	8	2	
CONSTRUCTION														
Construction Confidence Indicator ³	-16	-17	-13	-15	-11	-11	-11	-8	-13	-11	-11	-11	-9	
Building activity, past 3 months	10	13	12	-3	3	10	16	9	3	6	11	18	13	
Current overall order books ⁴	-37	-42	-37	-34	-37	-33	-34	-26	-35	-30	-27	-34	-29	
Expected employment, next 3 months ⁴	6	9	10	5	16	12	12	11	9	7	5	12	11	
Expected selling prices, next 3 months	9	3	13	15	11	14	24	11	5	15	8	19	17	
INDUSTRY														
Industrial Confidence Indicator ³	5	7	4	-3	1	3	11	10	5	12	5	-1	3	
Production, past 3 months	10	8	15	10	8	4	10	18	4	22	12	4	7	
Current overall order books ⁴	-24	-19	-19	-28	-28	-17	-11	-18	-19	-20	-27	-26	-26	
Current export order books	-21	-12	-18	-36	-7	0	-18	-11	-17	-20	-20	-29	-23	
Stock of finished products ⁴	-8	-10	-6	-15	-14	-6	-16	-13	-12	-17	-18	-3	-18	
Expected production, next 3 months ⁴	32	30	25	3	16	21	27	36	23	39	23	19	17	
Expected employment, next 3 months ⁵	7	11	3	2	3	3	2	5	0	2	2	2	2	
Expected selling prices, next 3 months	-1	-1	1	5	-5	1	6	0	7	3	-2	2	6	
CONSUMERS														
Consumer Confidence Indicator ³	-1	2	0	0	-9	-3	-3	-2	-6	-6	-4	-7	-8	
Financial situation of household, past 12 months ⁴	-6	-1	-3	-5	-9	-7	-5	-5	-5	-8	-6	-10	-6	
Expected financial situation of household, next 12 months ⁴	3	8	2	4	0	2	4	2	-1	2	4	0	1	
General economic situation in Cyprus, past 12 months	24	26	20	17	0	6	4	10	5	4	10	5	4	
Expected general economic situation in Cyprus, next 12 months ⁴	19	21	17	14	-1	5	7	12	5	7	9	4	2	
Consumer prices, past 12 months	-28	-11	-12	-3	-2	-2	3	5	17	12	7	8	13	
Expected consumer prices, next 12 months	-18	-12	-7	3	-2	0	-2	-2	7	2	-1	4	0	
Expected unemployment in Cyprus, next 12 months ⁵	-20	-19	-21	-9	-3	-7	-5	-8	-8	-8	-13	-8	-11	
Major purchases at present	-13	-11	-13	-15	-20	-11	-7	-9	-26	-17	-18	-21	-11	
Major purchases intentions, next 12 months ⁴	-22	-19	-15	-15	-24	-14	-17	-18	-23	-26	-23	-22	-27	
Savings at present	-14	-11	-9	-14	-27	-24	-19	-19	-31	-28	-27	-29	-29	
Savings intentions, next 12 months	-33	-30	-29	-38	-44	-41	-38	-43	-39	-42	-43	-48	-42	
Statement on the current financial condition of household	15	13	17	12	9	7	15	11	7	12	10	9	12	

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 and https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en.

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.

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