



BUSINESS AND CONSUMER SURVEYS

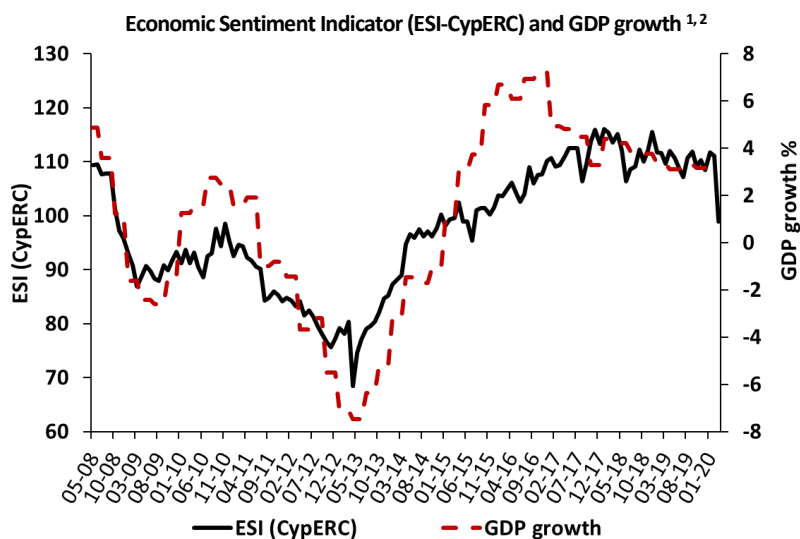
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



March 2020

SUMMARY

- In March 2020, economic sentiment in Cyprus deteriorated markedly as the Economic Sentiment Indicator (ESI-CypERC) decreased by 12.1 points compared with February 2020. The abrupt decline in ESI-CypERC reflects the initial impact of the coronavirus pandemic on the Cypriot economy. The decrease in ESI-CypERC resulted from a deterioration in business confidence in all sectors, particularly in services, as well as from a sharp weakening of consumer confidence.
- The decrease in the Services Confidence Indicator was driven by firms' less favourable views on their past business situation and large downward revisions in demand expectations.
- The decrease in the Retail Trade Confidence Indicator resulted from downward revisions in sales expectations.
- The Construction Confidence Indicator dropped due to firms' less favourable assessments of the current levels of their order books and downward revisions in employment expectations.
- The Industry Confidence Indicator declined as a result of a deterioration in firms' assessments of the current levels of their order books and stocks of finished products, as well as downward revisions in production expectations.
- The Consumer Confidence Indicator declined as consumers' expectations about their financial condition and the economic conditions in Cyprus deteriorated sharply, and consumers' intentions to make major purchases weakened considerably.



Notes:

¹ 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.

² GDP growth: GDP (in real terms, adjusted for seasonality and working days) is compared to the same quarter of the previous year (Source: Statistical Service of Cyprus).

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Indicators and balances ¹

Month	2019											2020		
	3	4	5	6	7	8	9	10	11	12	1	2	3	
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	109.6	112.0	110.6	108.9	107.1	110.7	111.9	109.1	110.2	108.4	111.7	111.0	98.9	
SERVICES														
Services Confidence Indicator ³	28	34	31	24	19	30	33	26	29	24	32	29	6	
Business situation, past 3 months ⁴	30	32	27	17	15	29	34	30	33	31	38	44	29	
Turnover (demand), past 3 months ⁴	26	35	35	28	20	31	33	26	30	28	33	24	25	
Expected turnover (demand), next 3 months ⁴	27	37	30	28	24	31	31	22	24	13	26	20	-37	
Employment, past 3 months	8	10	-2	6	-4	-4	7	2	-10	-9	3	-6	-4	
Expected employment, next 3 months	5	13	-3	15	4	8	15	5	-2	-7	1	11	-4	
Expected selling prices, next 3 months	5	-1	1	3	-2	2	7	10	1	3	1	5	-7	
RETAIL TRADE														
Retail Trade Confidence Indicator ³	1	1	0	2	-3	-2	-3	-4	-6	-5	-4	-2	-5	
Business activity (sales), past 3 months ⁴	-9	-9	-15	-10	-16	-21	-20	-18	-17	-14	-22	-12	-7	
Stock of goods ⁴	-2	-2	3	-2	-1	-7	2	-1	-2	2	3	0	1	
Expected business activity (sales), next 3 months ⁴	9	10	19	15	7	7	12	6	-2	2	14	6	-8	
Orders placed with suppliers, next 3 months	7	9	8	8	5	0	4	-4	-6	2	6	0	-5	
Expected employment, next 3 months	-3	-1	0	-1	0	1	2	-1	1	-2	1	2	2	
Expected selling prices, next 3 months	2	6	4	6	5	5	5	1	8	11	15	8	8	
CONSTRUCTION														
Construction Confidence Indicator ³	-9	-10	1	-4	-6	-3	-2	-2	0	2	-5	1	-9	
Building activity, past 3 months	13	12	17	15	21	24	23	24	29	19	25	21	13	
Current overall order books ⁴	-29	-28	-14	-18	-21	-20	-16	-13	-12	-7	-20	-14	-18	
Expected employment, next 3 months ⁴	11	9	16	10	8	15	11	9	12	11	11	15	-1	
Expected selling prices, next 3 months	17	21	19	18	13	17	23	11	19	16	12	16	10	
INDUSTRY														
Industrial Confidence Indicator ³	3	5	3	9	5	3	7	9	10	8	10	10	3	
Production, past 3 months	7	9	1	7	10	1	8	18	23	20	20	22	24	
Current overall order books ⁴	-26	-20	-22	-19	-23	-21	-24	-18	-8	-16	-14	-6	-11	
Current export order books	-23	-33	-25	4	-33	-41	-18	-14	-13	-1	-19	-2	-6	
Stock of finished products ⁴	-18	-13	-9	-15	-17	-13	-21	-12	-7	-8	-22	-20	-15	
Expected production, next 3 months ⁴	17	22	23	30	20	18	23	31	30	32	21	16	5	
Expected employment, next 3 months ⁵	2	2	0	2	2	0	0	9	7	6	4	6	4	
Expected selling prices, next 3 months	6	1	3	4	4	1	3	3	4	3	6	10	1	
CONSUMERS														
Consumer Confidence Indicator ³	-8	-7	-9	-8	-6	-7	-4	-9	-7	-7	-6	-4	-23	
Financial situation of household, past 12 months ⁴	-6	-4	-7	-6	-7	-5	-4	-5	-2	-2	-3	-4	-2	
Expected financial situation of household, next 12 months ⁴	1	2	1	-2	-1	3	4	-1	-1	3	3	4	-16	
General economic situation in Cyprus, past 12 months	4	4	5	-1	6	4	8	2	9	9	7	7	20	
Expected general economic situation in Cyprus, next 12 months ⁴	2	-1	0	-2	2	-2	4	-3	-1	1	2	2	-37	
Consumer prices, past 12 months	13	15	15	13	4	-1	2	3	-2	1	5	12	-1	
Expected consumer prices, next 12 months	0	8	2	5	-2	-3	0	0	-5	3	4	4	-3	
Expected unemployment in Cyprus, next 12 months ⁵	-11	-11	-13	-4	-9	-4	-4	-1	-6	-6	-5	-5	42	
Major purchases at present	-11	-17	-14	-24	-20	-13	-13	-18	-11	-7	-8	-7	-45	
Major purchases intentions, next 12 months ⁴	-27	-26	-29	-22	-18	-25	-22	-27	-24	-28	-24	-20	-35	
Savings at present	-29	-28	-31	-33	-28	-31	-22	-33	-30	-22	-29	-28	-30	
Savings intentions, next 12 months	-42	-37	-47	-44	-38	-38	-41	-46	-47	-38	-43	-40	-47	
Statement on the current financial condition of household	12	12	10	13	11	18	13	13	13	19	15	15	13	

Notes:

¹ The balance is the difference between the percentage of positive responses and the percentage of negative responses. Positive responses refer to "increase", "improvement", "above normal", "very likely", "fairly likely", etc., while negative responses refer to "decrease", "deterioration", "below normal", "not at all likely", "not likely", etc. 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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