



## BUSINESS AND CONSUMER SURVEYS

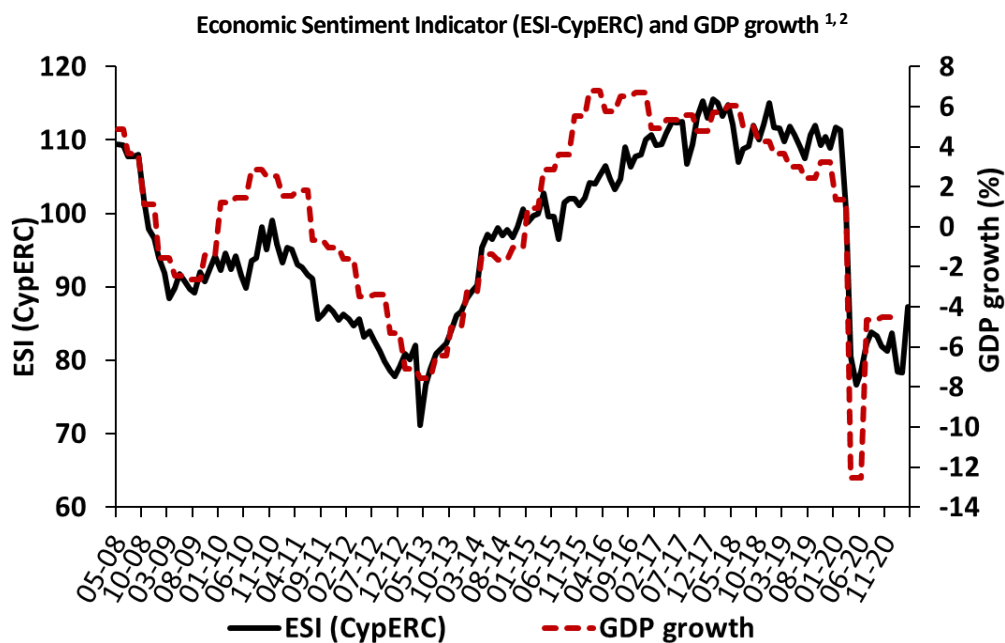
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



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### SUMMARY

- In March 2021, economic sentiment in Cyprus improved significantly as the Economic Sentiment Indicator (ESI-CypERC) increased by 8.9 points compared with February 2021. The increase in the ESI-CypERC was mainly driven by confidence gains in services and among consumers.
- The large increase in the Services Confidence Indicator resulted from firms' improved assessments of their past performance and upward revisions in demand expectations.
- The small increase in the Retail Trade Confidence Indicator was due to improved views on the current stock levels and upward revisions in sales expectations.
- The Construction Confidence Indicator improved slightly as a result of upward revisions in employment expectations, despite more negative assessments of the levels of order books.
- The marginal decrease in the Industry Confidence Indicator was driven by the deterioration in firms' views on the current levels of finished goods stocks.
- The marked improvement in the Consumer Confidence Indicator reflected consumers' more optimistic expectations about their future financial conditions and the future economic conditions in Cyprus, as well as consumers' stronger intentions to make major purchases over the next months.



Notes:

<sup>1</sup> 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.

<sup>2</sup> 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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## ECONOMICS RESEARCH CENTRE UNIVERSITY OF CYPRUS



### Indicators and balances <sup>1</sup>

Month	2020											2021		
	3	4	5	6	7	8	9	10	11	12	1	2	3	
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	100.5	80.5	76.6	78.5	82.3	83.8	83.3	81.9	81.3	83.7	78.5	78.4	87.3	
<b>SERVICES</b>														
Services Confidence Indicator <sup>3</sup>	6	-48	-64	-63	-50	-43	-44	-49	-47	-42	-55	-58	-32	
Business situation, past 3 months <sup>4</sup>	29	-27	-53	-60	-63	-59	-34	-51	-42	-49	-56	-62	-47	
Turnover (demand), past 3 months <sup>4</sup>	25	-31	-58	-70	-62	-55	-53	-45	-51	-48	-54	-63	-45	
Expected turnover (demand), next 3 months <sup>4</sup>	-37	-88	-81	-59	-26	-15	-45	-51	-47	-30	-56	-48	-6	
Employment, past 3 months	-4	-5	-10	-17	2	9	-5	-1	1	1	-12	-9	-13	
Expected employment, next 3 months	-4	-7	-4	-2	7	-4	4	11	5	-3	-15	-15	-10	
Expected selling prices, next 3 months	-7	-28	-26	-18	-15	-10	-7	-14	-6	-9	-4	-18	-10	
Uncertainty: difficulty predicting business situation <sup>5,6</sup>			45	63	40	59	48	32	44	58	62	67	42	
<b>RETAIL TRADE</b>														
Retail Trade Confidence Indicator <sup>3</sup>	-5	-25	-35	-29	-31	-25	-25	-28	-28	-25	-28	-29	-26	
Business activity (sales), past 3 months <sup>4</sup>	-7	-26	-48	-52	-53	-54	-51	-50	-51	-50	-54	-49	-49	
Stock of goods <sup>4</sup>	1	-10	-1	-18	-12	-21	-19	-19	-20	-25	-17	-18	-22	
Expected business activity (sales), next 3 months <sup>4</sup>	-8	-61	-58	-54	-51	-43	-43	-52	-55	-50	-45	-56	-52	
Orders placed with suppliers, next 3 months	-5	-50	-51	-52	-48	-41	-42	-49	-55	-52	-48	-49	-51	
Expected employment, next 3 months	2	-2	0	-1	0	-2	-1	1	0	0	0	-2	0	
Expected selling prices, next 3 months	8	-6	-2	0	2	3	5	2	1	4	1	-3	3	
Uncertainty: difficulty predicting business situation <sup>5,6</sup>			57	53	57	60	71	76	80	78	77	67	68	
<b>CONSTRUCTION</b>														
Construction Confidence Indicator <sup>3</sup>	-9	-9	-13	-13	-18	-14	-18	-11	-25	-20	-25	-25	-22	
Building activity, past 3 months	13	-5	-48	-39	-33	-9	-15	-9	-32	-24	-34	-34	-39	
Current overall order books <sup>4</sup>	-18	-22	-27	-31	-37	-26	-32	-22	-44	-38	-44	-42	-46	
Expected employment, next 3 months <sup>4</sup>	-1	3	1	5	1	-2	-3	-1	-7	-2	-6	-7	1	
Expected selling prices, next 3 months	10	-9	-8	-6	8	5	-4	2	-2	-8	-1	1	0	
Uncertainty: difficulty predicting business situation <sup>5,6</sup>			60	53	46	44	38	52	66	57	57	52	56	
<b>INDUSTRY</b>														
Industrial Confidence Indicator <sup>3</sup>	3	-43	-36	-28	-28	-24	-28	-29	-28	-29	-34	-35	-37	
Production, past 3 months	24	-21	-66	-63	-66	-56	-59	-61	-57	-60	-56	-53	-65	
Current overall order books <sup>4</sup>	-11	-65	-73	-67	-60	-61	-61	-62	-67	-70	-64	-69	-67	
Current export order books	-6	-83	-45	-21	-60	-66	-51	-70	-69	-62	-68	-78	-82	
Stock of finished products <sup>4</sup>	-15	-10	-32	-20	-9	-14	-13	-18	-23	-33	-20	-30	-20	
Expected production, next 3 months <sup>4</sup>	5	-75	-67	-38	-31	-26	-37	-44	-39	-52	-57	-66	-66	
Expected employment, next 3 months <sup>5</sup>	4	-5	-2	-1	0	-1	-1	-2	-3	-1	-2	-2	0	
Expected selling prices, next 3 months	1	-1	-1	-3	6	-1	-1	-1	-1	-3	-4	1	-2	
Uncertainty: difficulty predicting business situation <sup>5,6</sup>			61	53	51	49	62	60	68	73	76	64	69	
<b>CONSUMERS</b>														
Consumer Confidence Indicator <sup>3</sup>	-23	-33	-29	-24	-21	-31	-29	-29	-35	-33	-35	-32	-23	
Financial situation of household, past 12 months <sup>4</sup>	-2	-1	-8	-14	-13	-17	-15	-15	-18	-20	-20	-22	-24	
Expected financial situation of household, next 12 months <sup>4</sup>	-16	-27	-17	-8	-5	-15	-12	-10	-20	-15	-20	-14	-4	
General economic situation in Cyprus, past 12 months	20	15	-2	-25	-32	-44	-44	-49	-58	-64	-68	-67	-72	
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-37	-54	-45	-30	-25	-48	-43	-45	-56	-49	-54	-45	-29	
Consumer prices, past 12 months	-1	-3	-7	-13	-13	-16	-18	-19	-17	-17	-21	-25	-20	
Expected consumer prices, next 12 months	-3	-8	-16	-17	-16	-13	-17	-19	-15	-10	-21	-16	-13	
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	42	63	59	51	51	66	60	57	66	62	60	48	40	
Major purchases at present	-45	-55	-41	-35	-30	-39	-42	-32	-49	-53	-51	-42	-35	
Major purchases intentions, next 12 months <sup>4</sup>	-35	-48	-46	-42	-40	-44	-45	-45	-46	-48	-44	-46	-35	
Savings at present	-30	-35	-29	-28	-20	-19	-16	-24	-19	-24	-16	-23	-19	
Savings intentions, next 12 months	-47	-44	-35	-35	-39	-28	-28	-40	-39	-40	-35	-31	-32	
Statement on the current financial condition of household	13	12	15	17	15	16	21	19	14	14	15	18	17	
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>			-1	4	7	7	4	6	16	9	12	4	2	

Notes: <sup>1</sup> 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. <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> The responses to this question are not adjusted for seasonality. <sup>6</sup> The balance is the difference between the percentage of respondents who state that the future business situation (or household financial situation) is difficult to predict, and the percentage of respondents who state the opposite.



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