



## BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

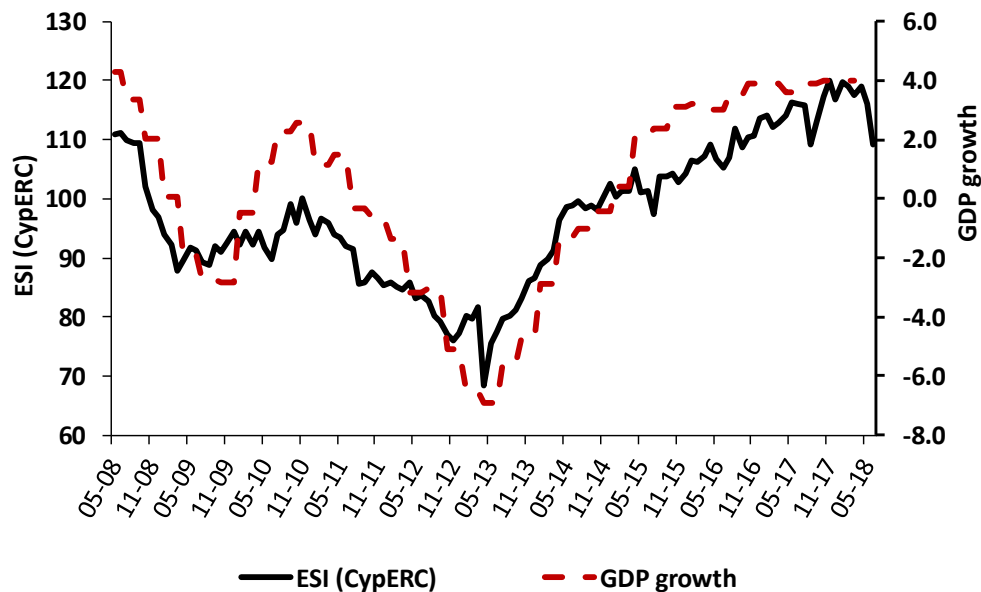


June 2018

### SUMMARY

- In June 2018, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 7.0 points compared with May 2018. The decline resulted from confidence losses in all sectors surveyed, and among consumers.
- The Services Confidence Indicator declined sharply due to a deterioration in firms' assessments of recent business conditions (i.e. business situation and demand over the last three months), and a large drop in demand expectations.
- The Retail Trade Confidence Indicator decreased as a result of less favourable assessments of past sales, and downward revisions in sales expectations.
- The decline in the Construction Confidence Indicator was driven by downward revisions in firms' future employment plans.
- The decrease in the Industry Confidence Indicator resulted from a deterioration in firms' assessments of overall order books, and an abrupt downward revision in production expectations.
- The Consumer Confidence Indicator decreased as a result of less optimistic views on the future economic conditions in Cyprus and the decline in unemployment. Also, downward revisions in consumers' savings expectations affected the Indicator negatively.

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.

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## Difference between the percentage of positive and negative responses (balance)<sup>1</sup> and ESI (CypERC)

Month	2017							2018					
	6	7	8	9	10	11	12	1	2	3	4	5	6
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2,*</sup></b>	116.1	115.8	109.1	112.9	117.3	119.9	116.8	119.8	119.1	117.5	119.0	116.1	109.1
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	37	35	17	26	37	45	37	45	40	36	40	33	16
Business situation, past 3 months <sup>4</sup>	36	34	14	15	26	34	24	40	27	22	33	20	11
Turnover (demand), past 3 months <sup>4</sup>	44	34	15	15	30	41	42	44	48	41	46	42	22
Expected turnover (demand), next 3 months <sup>4</sup>	32	38	23	48	56	60	44	52	46	46	42	36	16
Employment, past 3 months	6	2	1	1	3	8	6	8	8	8	-8	6	-2
Expected employment, next 3 months	6	3	4	11	12	7	10	14	4	9	7	9	5
Expected selling prices, next 3 months	4	4	0	2	-8	-3	-5	-10	-6	-2	1	0	-10
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	7	6	6	6	8	6	10	8	9	13	8	10	6
Business activity (sales), past 3 months <sup>4</sup>	8	6	11	2	6	10	13	7	5	7	14	12	1
Stock of goods <sup>4</sup>	5	6	9	3	7	11	3	9	9	5	9	6	1
Expected business activity (sales), next 3 months <sup>4</sup>	16	19	15	20	24	19	20	26	30	36	20	23	17
Orders placed with suppliers, next 3 months	11	4	4	9	16	9	8	16	17	24	13	13	10
Expected employment, next 3 months	-1	0	1	0	1	0	1	-1	0	3	0	1	0
Expected selling prices, next 3 months	6	2	8	6	9	9	8	2	5	3	11	3	3
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-28	-25	-26	-26	-28	-23	-24	-23	-19	-16	-17	-13	-15
Building activity, past 3 months	6	-1	8	6	-4	7	3	12	5	10	13	12	-3
Current overall order books <sup>4</sup>	-58	-54	-52	-56	-59	-47	-47	-52	-45	-37	-42	-37	-34
Expected employment, next 3 months <sup>4</sup>	2	4	1	3	2	1	-2	6	8	6	9	10	5
Expected selling prices, next 3 months	6	2	3	9	7	14	-1	0	11	9	3	13	15
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	3	6	4	3	8	9	9	11	11	5	7	4	-3
Production, past 3 months	11	4	10	9	4	18	20	18	13	10	8	15	10
Current overall order books <sup>4</sup>	-21	-15	-12	-22	-17	-6	-9	-5	-5	-24	-19	-19	-28
Current export order books	-18	-26	-20	-18	-22	8	-23	-6	-15	-21	-12	-18	-36
Stock of finished products <sup>4</sup>	-17	-18	-11	-12	-16	-5	-16	-12	-12	-8	-10	-6	-15
Expected production, next 3 months <sup>4</sup>	12	16	11	21	25	28	19	24	25	32	30	25	3
Expected employment, next 3 months <sup>5</sup>	12	-2	1	3	5	6	0	6	0	7	11	3	2
Expected selling prices, next 3 months	2	-3	-7	0	-2	1	-6	-5	0	-1	-1	1	5
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-1	-1	-2	-1	-1	2	-1	1	5	2	4	3	-3
Financial situation of household, past 12 months	-8	-3	-7	-7	-6	-5	-5	-5	0	-6	-1	-3	-5
Expected financial situation of household, next 12 months <sup>4</sup>	4	4	1	3	6	6	4	5	10	3	8	2	4
General economic situation in Cyprus, past 12 months	18	16	19	18	18	18	18	18	28	24	26	20	17
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	19	17	22	21	18	20	15	17	23	19	21	17	14
Consumer prices, past 12 months	-15	-20	-15	-15	-12	-12	-9	-17	-15	-28	-11	-12	-3
Expected consumer prices, next 12 months	-11	-12	-11	-9	-10	-6	-11	-11	-13	-18	-12	-7	3
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-12	-12	-14	-10	-5	-17	-10	-18	-20	-20	-19	-21	-9
Major purchases at present	-20	-13	-17	-19	-16	-18	-15	-17	-21	-13	-11	-13	-15
Major purchases intentions, next 12 months	-29	-27	-29	-31	-28	-27	-21	-26	-17	-22	-19	-15	-15
Savings at present	-11	-14	-15	-17	-15	-18	-18	-20	-9	-14	-11	-9	-14
Savings intentions, next 12 months <sup>4</sup>	-37	-39	-44	-37	-33	-34	-34	-37	-32	-33	-30	-29	-38
Statement on the current financial condition of household	13	14	10	12	13	13	12	9	12	15	13	17	12

### Notes:

<sup>1</sup> Positive responses refer to increase/improvement/ above normal/very or fairly likely, while the opposite holds for negative responses. 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).

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

<sup>5</sup> 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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