



BUSINESS AND CONSUMER SURVEYS

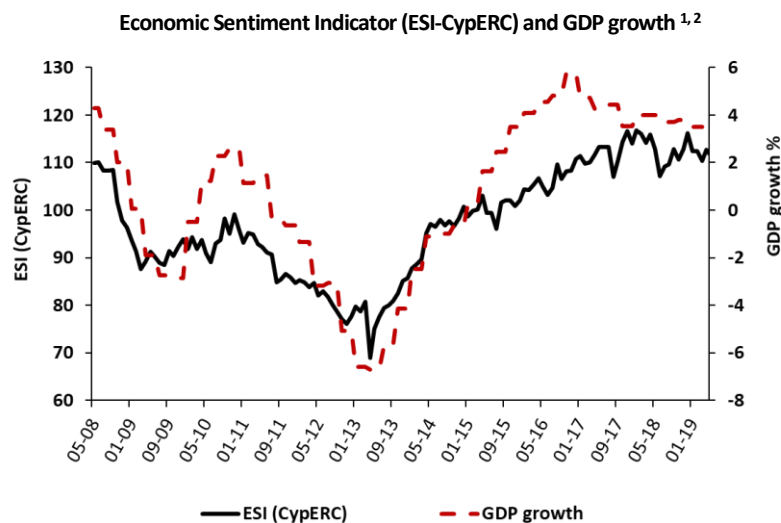
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



July 2019

SUMMARY

- In July 2019, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.7 points compared with June 2019. The decrease resulted from weaker business confidence in services, retail trade, construction and industry.
- 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 decrease in the Retail Trade Confidence Indicator resulted from more negative assessments of past sales and downward revisions in sales expectations.
- The small decline in the Construction Confidence Indicator was due to firms' more negative views on the current level of their order books and downward revisions in employment expectations.
- The decrease in the Industry Confidence Indicator resulted from more negative assessments of the current level of order books and downward revisions in production expectations.
- The Consumer Confidence Indicator increased marginally mainly due to more optimistic assessments of the future economic conditions in Cyprus and less pessimistic responses regarding consumers' intentions to make major purchases in the near future.



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 (at constant prices, seasonally and working day adjusted) is compared to the same quarter of the previous year (Source: Statistical Service of Cyprus).

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Indicators and balances ¹

Month	2018						2019						
	7	8	9	10	11	12	1	2	3	4	5	6	7
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	109.2	109.7	112.9	110.7	112.9	116.2	112.4	112.3	110.3	112.7	111.4	109.5	107.8
SERVICES													
Services Confidence Indicator ³	25	23	32	26	35	44	33	36	28	34	31	24	19
Business situation, past 3 months ⁴	13	11	16	14	27	40	29	37	30	32	27	17	15
Turnover (demand), past 3 months ⁴	33	26	29	23	42	49	35	42	26	35	35	28	20
Expected turnover (demand), next 3 months ⁴	29	33	50	39	36	43	34	29	27	37	30	28	24
Employment, past 3 months	-6	0	-11	2	10	13	13	2	8	10	-2	6	-4
Expected employment, next 3 months	6	11	10	6	21	24	18	6	5	13	-3	15	4
Expected selling prices, next 3 months	-1	-3	-7	3	5	8	10	7	5	-1	1	3	-2
RETAIL TRADE													
Retail Trade Confidence Indicator ³	5	10	0	2	5	2	1	0	1	1	0	2	-3
Business activity (sales), past 3 months ⁴	3	6	-3	3	-1	-4	-6	-11	-9	-9	-15	-10	-16
Stock of goods ⁴	4	-3	1	11	2	5	0	-4	-2	-2	3	-2	-1
Expected business activity (sales), next 3 months ⁴	14	20	6	16	19	13	8	6	9	10	19	15	7
Orders placed with suppliers, next 3 months	8	12	-4	7	9	13	-4	3	7	9	8	8	5
Expected employment, next 3 months	1	0	0	1	0	0	2	0	-3	-1	0	-1	0
Expected selling prices, next 3 months	4	8	4	7	2	4	6	8	2	6	4	6	5
CONSTRUCTION													
Construction Confidence Indicator ³	-11	-11	-11	-8	-13	-11	-11	-11	-9	-10	1	-4	-6
Building activity, past 3 months	3	10	16	9	3	6	11	18	13	12	17	15	21
Current overall order books ⁴	-37	-33	-34	-26	-35	-30	-27	-34	-29	-28	-14	-18	-21
Expected employment, next 3 months ⁴	16	12	12	11	9	7	5	12	11	9	16	10	8
Expected selling prices, next 3 months	11	14	24	11	5	15	8	19	17	21	19	18	13
INDUSTRY													
Industrial Confidence Indicator ³	1	3	11	10	5	12	5	-1	3	5	3	9	5
Production, past 3 months	8	4	10	18	4	22	12	4	7	9	1	7	10
Current overall order books ⁴	-28	-17	-11	-18	-19	-20	-27	-26	-26	-20	-22	-19	-23
Current export order books	-7	0	-18	-11	-17	-20	-20	-29	-23	-33	-25	4	-33
Stock of finished products ⁴	-14	-6	-16	-13	-12	-17	-18	-3	-18	-13	-9	-15	-17
Expected production, next 3 months ⁴	16	21	27	36	23	39	23	19	17	22	23	30	20
Expected employment, next 3 months ⁵	3	3	2	5	0	2	2	2	2	2	0	2	2
Expected selling prices, next 3 months	-5	1	6	0	7	3	-2	2	6	1	3	4	4
CONSUMERS													
Consumer Confidence Indicator ³	-9	-3	-3	-2	-6	-6	-4	-7	-8	-7	-9	-8	-6
Financial situation of household, past 12 months ⁴	-9	-7	-5	-5	-5	-8	-6	-10	-6	-4	-7	-6	-7
Expected financial situation of household, next 12 months ⁴	0	2	4	2	-1	2	4	0	1	2	1	-2	-1
General economic situation in Cyprus, past 12 months	0	6	4	10	5	4	10	5	4	4	5	-1	6
Expected general economic situation in Cyprus, next 12 months ⁴	-1	5	7	12	5	7	9	4	2	-1	0	-2	2
Consumer prices, past 12 months	-2	-2	3	5	17	12	7	8	13	15	15	13	4
Expected consumer prices, next 12 months	-2	0	-2	-2	7	2	-1	4	0	8	2	5	-2
Expected unemployment in Cyprus, next 12 months ⁵	-3	-7	-5	-8	-8	-8	-13	-8	-11	-11	-13	-4	-9
Major purchases at present	-20	-11	-7	-9	-26	-17	-18	-21	-11	-17	-14	-24	-20
Major purchases intentions, next 12 months ⁴	-24	-14	-17	-18	-23	-26	-23	-22	-27	-26	-29	-22	-18
Savings at present	-27	-24	-19	-19	-31	-28	-27	-29	-29	-28	-31	-33	-28
Savings intentions, next 12 months	-44	-41	-38	-43	-39	-42	-43	-48	-42	-37	-47	-44	-38
Statement on the current financial condition of household	9	7	15	11	7	12	10	9	12	12	10	13	11

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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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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