



# BUSINESS AND CONSUMER SURVEYS

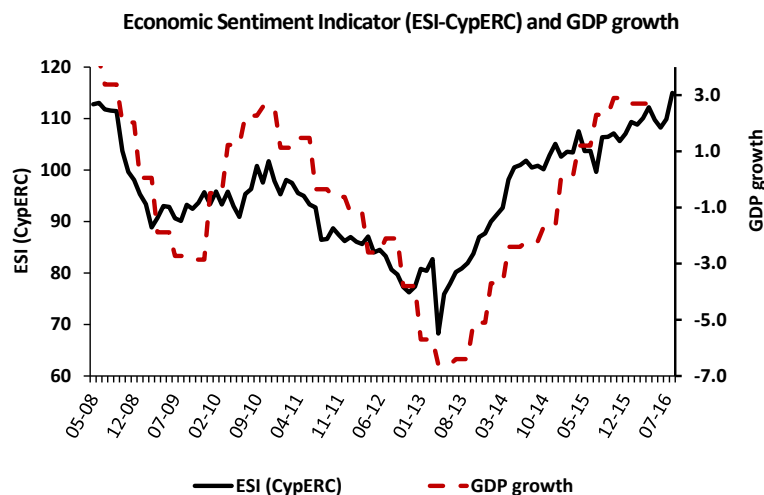
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



## August 2016

### SUMMARY

- In August 2016, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 5.1 points compared to July 2016 as a result of the pickup of business confidence in services, retail trade and industry.
- The Services Confidence Indicator rose due to firms' more positive assessments of past business situation and demand as well as because of more optimistic views regarding firms' turnover over the next three months.
- The Retail Trade Confidence Indicator increased as a result of more positive responses regarding firms' past sales and more optimistic sales expectations over the next three months.
- The increase in the Industry Confidence Indicator is driven by the upward revision of firms' assessments of production plans over the next three months, as well as by the improvement of firms' views of the level of their current order books and stock of finished products.
- The Construction Confidence Indicator deteriorated due to more pessimistic assessments of the level of current order books and downward revisions in firms' employment expectations.
- The Consumer Confidence Indicator increased marginally as the improvement of consumers' assessments of future economic conditions (households, country, labour market) was offset by the deterioration of savings expectations.



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	2015					2016							
	8	9	10	11	12	1	2	3	4	5	6	7	8
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	106.4	106.4	107.1	105.6	107.1	109.3	108.8	110.1	112.2	109.8	108.2	109.9	115.0
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	12	11	10	4	8	15	17	20	19	16	10	14	27
Business situation, past 3 months <sup>4</sup>	9	10	7	1	5	13	17	21	20	14	5	16	23
Turnover (demand), past 3 months <sup>4</sup>	7	12	7	3	3	13	16	20	16	15	8	16	20
Expected turnover (demand), next 3 months <sup>4</sup>	21	12	17	7	17	21	18	18	22	20	16	11	38
Employment, past 3 months	11	8	-2	-3	1	5	4	10	3	4	3	5	3
Expected employment, next 3 months	6	-5	4	1	1	9	3	3	1	5	-1	2	-1
Expected selling prices, next 3 months	-9	-10	-9	2	-7	-5	1	-2	7	-4	-5	2	1
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-14	-9	-11	-4	-2	-5	-3	-5	0	0	-6	-1	3
Business activity (sales), past 3 months <sup>4</sup>	-34	-29	-32	-19	-20	-15	-17	-24	-19	-8	-19	-16	-3
Stock of goods <sup>4</sup>	9	-1	-3	-1	-1	-4	-10	-5	-4	0	4	-4	6
Expected business activity (sales), next 3 months <sup>4</sup>	0	1	-3	6	14	-5	-1	3	15	6	5	8	19
Orders placed with suppliers, next 3 months	-20	-12	-15	-11	-4	-13	-20	-16	-1	-8	-7	-10	1
Expected employment, next 3 months	-1	-1	-3	-1	-1	0	-2	-4	-1	-1	-1	-1	-1
Expected selling prices, next 3 months	-3	0	0	2	-6	-11	-3	-9	7	2	4	0	3
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-42	-38	-43	-28	-30	-28	-28	-28	-25	-34	-28	-24	-32
Building activity, past 3 months	-33	-28	-3	-8	3	-13	1	7	1	0	6	2	3
Current overall order books <sup>4</sup>	-77	-75	-77	-60	-64	-55	-52	-55	-54	-62	-56	-51	-62
Expected employment, next 3 months <sup>4</sup>	-6	-2	-8	5	4	-1	-5	-1	5	-6	0	2	-2
Expected selling prices, next 3 months	-27	-33	-19	-17	-9	-1	-16	-8	-4	-2	-10	-5	0
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-12	-9	-4	-4	-4	-6	-3	-3	4	4	1	0	8
Production, past 3 months	-14	6	11	1	-8	-8	-7	9	8	7	14	12	6
Current overall order books <sup>4</sup>	-56	-46	-40	-39	-33	-39	-48	-43	-34	-29	-29	-33	-25
Current export order books	-30	-36	-19	-27	-31	-30	-47	-28	11	-3	-38	-31	5
Stock of finished products <sup>4</sup>	-19	-8	-17	-19	-15	-13	-22	-19	-26	-25	-23	-19	-26
Expected production, next 3 months <sup>4</sup>	2	11	10	7	7	7	16	16	20	17	11	14	24
Expected employment, next 3 months <sup>5</sup>	0	-1	-2	0	3	1	4	-2	0	1	1	1	-1
Expected selling prices, next 3 months	2	-3	2	-2	-4	-6	-3	-3	5	4	-3	-2	5
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-14	-13	-9	-8	-10	-10	-16	-14	-7	-11	-7	-8	-7
Financial situation of household, past 12 months	-26	-23	-24	-22	-23	-18	-20	-19	-20	-17	-16	-14	-13
Expected financial situation of household, next 12 months <sup>4</sup>	-3	0	3	1	-3	-3	-9	-5	-1	-6	-1	-3	1
General economic situation in Cyprus, past 12 months	-20	-12	-9	-11	-15	-8	-14	-11	-1	-3	-1	-2	5
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	8	10	12	12	12	10	-3	-3	10	5	12	9	14
Consumer prices, past 12 months	-11	-15	-18	-23	-14	-26	-28	-36	-25	-23	-19	-10	-7
Expected consumer prices, next 12 months	-18	-22	-18	-20	-20	-28	-28	-31	-14	-13	-7	-9	-17
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	13	11	6	-3	3	-1	3	-3	-7	-7	-10	-3	-6
Major purchases at present	-35	-38	-41	-31	-36	-31	-30	-36	-27	-36	-32	-33	-28
Major purchases intentions, next 12 months	-43	-39	-41	-37	-40	-35	-44	-37	-30	-37	-36	-34	-38
Savings at present	-19	-25	-22	-24	-25	-21	-25	-30	-17	-23	-17	-19	-19
Savings intentions, next 12 months <sup>4</sup>	-48	-51	-46	-50	-47	-48	-51	-52	-45	-51	-48	-41	-49
Statement on the current financial condition of household	4	1	1	2	2	3	6	1	4	3	5	8	6

### 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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