



BUSINESS AND CONSUMER SURVEYS

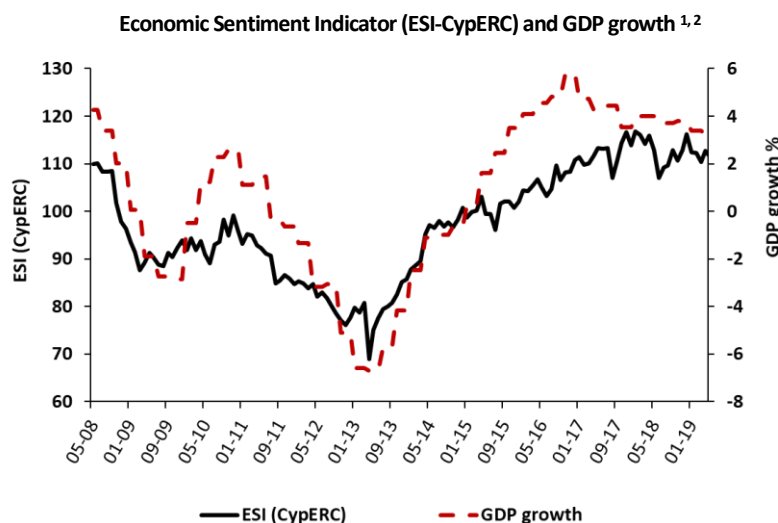
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



August 2019

SUMMARY

- In August 2019, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.6 points compared with July 2019. The increase resulted from stronger business confidence in the service sector and, to a lesser extent, from confidence gains in the retail trade and construction sectors.
- The large increase in the Services Confidence Indicator was driven by firms' more favourable views on their past performance (business situation and demand) and upward revisions in demand expectations.
- The marginal increase in the Retail Trade Confidence Indicator resulted from firms' improved assessments regarding their stock volumes.
- The increase in the Construction Confidence Indicator was mainly due to upward revisions in employment expectations.
- The decrease in the Industry Confidence Indicator resulted from less favourable assessments of the stocks of finished products and downward revisions in production expectations.
- The Consumer Confidence Indicator decreased marginally as consumers' expectations about the future economic conditions in Cyprus were revised downwards and consumers' intentions of making major purchases weakened.



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 Gross Domestic Product (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).

The Economics Research Centre of the University of Cyprus (CypERC) and RAI Consultants Ltd participate in the Joint Harmonised European Union Programme of Business and Consumer Surveys. CypERC acknowledges funding from the European Union, the Ministry of Finance and the University of Cyprus for conducting the project "Business and Consumer Surveys" in Cyprus.

Co-funded by
the European Union





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Indicators and balances ¹

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

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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This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme of Business and Consumer Surveys. This bulletin reflects only the authors' views* and the European Commission is not responsible for any use that may be made of the information it contains.

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