



# BUSINESS AND CONSUMER SURVEYS

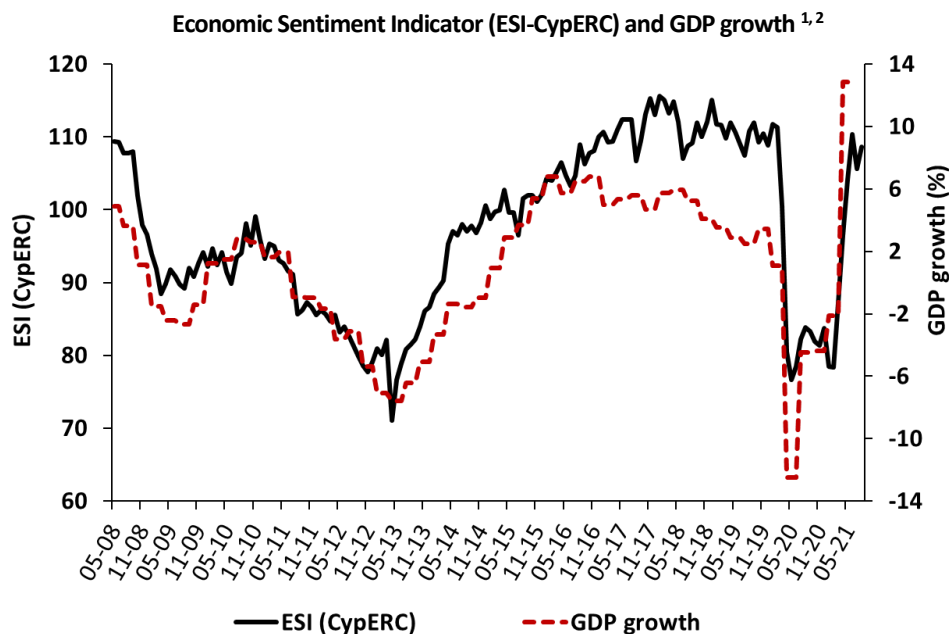
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



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## SUMMARY

- In August 2021, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.0 points compared with July 2021. The increase in the ESI-CypERC resulted from stronger business confidence in services and, to a smaller degree, from confidence gains in retail trade and among consumers.
- The increase in the Services Confidence Indicator was driven by improved assessments of past performance (business situation and demand), and upward revisions in demand expectations.
- The increase in the Retail Trade Confidence Indicator was mainly due to more favourable assessments of past sales, despite downward revisions in sales expectations.
- Downward revisions in employment expectations were offset by improved assessments of order book levels, leaving the Construction Confidence Indicator unchanged from July's level.
- The Industry Confidence Indicator stayed at the level registered in July, as the downward revisions in production expectations were offset by improvements in recent performance, which resulted from more favourable assessments of stock levels.
- The small increase in the Consumer Confidence Indicator resulted from improvements in the forward-looking components of the Indicator. Consumers' expectations about their financial conditions and the economic condition in Cyprus were revised upwards. Moreover, in August, consumers' intentions to make major purchases strengthened.



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							
	8	9	10	11	12	1	2	3	4	5	6	7	8
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	83.8	83.3	81.9	81.3	83.7	78.5	78.4	87.3	96.5	104.1	110.3	105.6	108.6
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	-43	-44	-49	-47	-42	-55	-58	-32	-6	15	35	23	31
Business situation, past 3 months <sup>4</sup>	-59	-34	-51	-42	-49	-56	-62	-47	-29	-2	20	23	26
Turnover (demand), past 3 months <sup>4</sup>	-55	-53	-45	-51	-48	-54	-63	-45	-16	1	29	24	33
Expected turnover (demand), next 3 months <sup>4</sup>	-15	-45	-51	-47	-30	-56	-48	-6	27	47	54	23	34
Employment, past 3 months	9	-5	-1	1	1	-12	-9	-13	0	2	4	-5	-6
Expected employment, next 3 months	-4	4	11	5	-3	-15	-15	-10	-3	2	6	6	5
Expected selling prices, next 3 months	-10	-7	-14	-6	-9	-4	-18	-10	-1	7	5	4	6
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	59	48	32	44	58	62	67	42	65	45	32	46	41
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-25	-25	-28	-28	-25	-28	-29	-26	-20	-11	-7	-8	-6
Business activity (sales), past 3 months <sup>4</sup>	-54	-51	-50	-51	-50	-54	-49	-49	-47	-49	-37	-39	-29
Stock of goods <sup>4</sup>	-21	-19	-19	-20	-25	-17	-18	-22	-21	-24	-11	-14	-15
Expected business activity (sales), next 3 months <sup>4</sup>	-43	-43	-52	-55	-50	-45	-56	-52	-33	-9	4	2	-2
Orders placed with suppliers, next 3 months	-41	-42	-49	-55	-52	-48	-49	-51	-36	-14	-1	-7	-11
Expected employment, next 3 months	-2	-1	1	0	0	0	-2	0	0	-1	1	0	0
Expected selling prices, next 3 months	3	5	2	1	4	1	-3	3	-1	9	10	23	37
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	60	71	76	80	78	77	67	68	62	65	57	67	76
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-14	-18	-11	-25	-20	-25	-25	-22	-23	-15	-18	-17	-17
Building activity, past 3 months	-9	-15	-9	-32	-24	-34	-34	-39	-24	-4	-3	-13	-15
Current overall order books <sup>4</sup>	-26	-32	-22	-44	-38	-44	-42	-46	-44	-36	-35	-41	-39
Expected employment, next 3 months <sup>4</sup>	-2	-3	-1	-7	-2	-6	-7	1	-2	5	-1	7	4
Expected selling prices, next 3 months	5	-4	2	-2	-8	-1	1	0	11	20	29	50	56
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	44	38	52	66	57	57	52	56	43	41	33	52	54
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-24	-28	-29	-28	-29	-34	-35	-37	-24	-15	-13	-12	-12
Production, past 3 months	-56	-59	-61	-57	-60	-56	-53	-65	-58	-38	-28	-23	-23
Current overall order books <sup>4</sup>	-61	-61	-62	-67	-70	-64	-69	-67	-55	-52	-53	-52	-59
Current export order books	-66	-51	-70	-69	-62	-68	-78	-82	-69	-54	-68	-50	-52
Stock of finished products <sup>4</sup>	-14	-13	-18	-23	-33	-20	-30	-20	-17	-21	-22	-21	-30
Expected production, next 3 months <sup>4</sup>	-26	-37	-44	-39	-52	-57	-66	-66	-34	-14	-7	-4	-6
Expected employment, next 3 months <sup>5</sup>	-1	-1	-2	-3	-1	-2	-2	0	0	1	0	1	1
Expected selling prices, next 3 months	-1	-1	-1	-1	-3	-4	1	-2	1	3	1	10	10
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	49	62	60	68	73	76	64	69	60	61	56	57	66
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-31	-29	-29	-35	-33	-35	-32	-23	-18	-18	-13	-23	-20
Financial situation of household, past 12 months <sup>4</sup>	-17	-15	-15	-18	-20	-20	-22	-24	-20	-19	-13	-16	-16
Expected financial situation of household, next 12 months <sup>4</sup>	-15	-12	-10	-20	-15	-20	-14	-4	-5	-3	0	-8	-5
General economic situation in Cyprus, past 12 months	-44	-44	-49	-58	-64	-68	-67	-72	-71	-71	-56	-59	-52
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-48	-43	-45	-56	-49	-54	-45	-29	-19	-19	-11	-31	-26
Consumer prices, past 12 months	-16	-18	-19	-17	-17	-21	-25	-20	-17	-17	-13	6	21
Expected consumer prices, next 12 months	-13	-17	-19	-15	-10	-21	-16	-13	-9	-9	-12	7	18
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	66	60	57	66	62	60	48	40	36	23	13	40	36
Major purchases at present	-39	-42	-32	-49	-53	-51	-42	-35	-31	-38	-32	-41	-42
Major purchases intentions, next 12 months <sup>4</sup>	-44	-45	-45	-46	-48	-44	-46	-35	-31	-31	-30	-37	-31
Savings at present	-19	-16	-24	-19	-24	-16	-23	-19	-21	-21	-19	-15	-19
Savings intentions, next 12 months	-28	-28	-40	-39	-40	-35	-31	-32	-38	-33	-33	-33	-32
Statement on the current financial condition of household	16	21	19	14	14	15	18	17	14	15	17	16	17
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>	7	4	6	16	9	12	4	2	0	6	-4	-1	1

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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