



BUSINESS AND CONSUMER SURVEYS

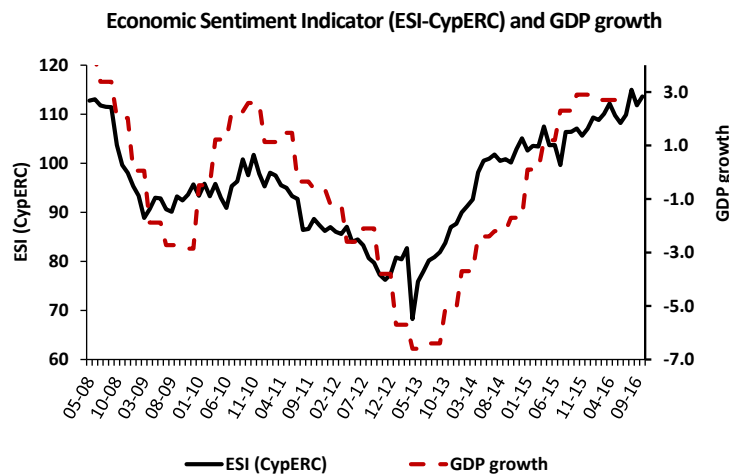
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



October 2016

SUMMARY

- In October 2016, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.8 points compared to September 2016 as a result of the pickup of economic confidence in services, retail trade and among consumers.
- The Services Confidence Indicator rose due to the upward revisions of firms' expectations about their turnover over the next three months.
- The Retail Trade Confidence Indicator increased as a result of improved assessments regarding firms' past sales and current stock volumes, and more optimistic responses about sales over the next three months.
- The Industry Confidence Indicator remained unchanged as the deterioration of firms' views of the current level of order books was offset by the improvement of firms' assessments of the stocks of finished products; moreover production expectations remained unaltered.
- The Construction Confidence Indicator deteriorated due to more pessimistic assessments of the current level of order books.
- The Consumer Confidence Indicator increased as a result of more optimistic responses regarding the future financial situation of households and the future general economic situation in Cyprus, including labour market conditions.



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)¹ and ESI (CypERC)

Month	2015			2016									
	10	11	12	1	2	3	4	5	6	7	8	9	10
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	107.1	105.6	107.1	109.3	108.8	110.1	112.2	109.8	108.2	109.9	115.0	111.8	113.6
SERVICES													
Services Confidence Indicator ³	10	4	8	15	17	20	19	16	10	14	27	20	21
Business situation, past 3 months ⁴	7	1	5	13	17	21	20	14	5	16	23	16	14
Turnover (demand), past 3 months ⁴	7	3	3	13	16	20	16	15	8	16	20	20	16
Expected turnover (demand), next 3 months ⁴	17	7	17	21	18	18	22	20	16	11	38	22	33
Employment, past 3 months	-2	-3	1	5	4	10	3	4	3	5	3	1	2
Expected employment, next 3 months	4	1	1	9	3	3	1	5	-1	2	-1	-1	1
Expected selling prices, next 3 months	-9	2	-7	-5	1	-2	7	-4	-5	2	1	-3	2
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-11	-4	-2	-5	-3	-5	0	0	-6	-1	3	0	4
Business activity (sales), past 3 months ⁴	-32	-19	-20	-15	-17	-24	-19	-8	-19	-16	-3	-8	-6
Stock of goods ⁴	-3	-1	-1	-4	-10	-5	-4	0	4	-4	6	2	-5
Expected business activity (sales), next 3 months ⁴	-3	6	14	-5	-1	3	15	6	5	8	19	10	12
Orders placed with suppliers, next 3 months	-15	-11	-4	-13	-20	-16	-1	-8	-7	-10	1	-6	-4
Expected employment, next 3 months	-3	-1	-1	0	-2	-4	-1	-1	-1	-1	-1	1	-2
Expected selling prices, next 3 months	0	2	-6	-11	-3	-9	7	2	4	0	3	3	2
CONSTRUCTION													
Construction Confidence Indicator ³	-43	-28	-30	-28	-28	-28	-25	-34	-28	-24	-32	-24	-26
Building activity, past 3 months	-3	-8	3	-13	1	7	1	0	6	2	3	12	-6
Current overall order books ⁴	-77	-60	-64	-55	-52	-55	-54	-62	-56	-51	-62	-51	-59
Expected employment, next 3 months ⁴	-8	5	4	-1	-5	-1	5	-6	0	2	-2	2	6
Expected selling prices, next 3 months	-19	-17	-9	-1	-16	-8	-4	-2	-10	-5	0	0	-4
INDUSTRY													
Industrial Confidence Indicator ³	-4	-4	-4	-6	-3	-3	4	4	1	0	8	-2	-2
Production, past 3 months	11	1	-8	-8	-7	9	8	7	14	12	6	13	3
Current overall order books ⁴	-40	-39	-33	-39	-48	-43	-34	-29	-29	-33	-25	-32	-40
Current export order books	-19	-27	-31	-30	-47	-28	11	-3	-38	-31	5	-14	-30
Stock of finished products ⁴	-17	-19	-15	-13	-22	-19	-26	-25	-23	-19	-26	-11	-18
Expected production, next 3 months ⁴	10	7	7	7	16	16	20	17	11	14	24	15	15
Expected employment, next 3 months ⁵	-2	0	3	1	4	-2	0	1	1	1	-1	1	-1
Expected selling prices, next 3 months	2	-2	-4	-6	-3	-3	5	4	-3	-2	5	0	2
CONSUMERS													
Consumer Confidence Indicator ³	-9	-8	-10	-10	-16	-14	-7	-11	-7	-8	-7	-6	-3
Financial situation of household, past 12 months	-24	-22	-23	-18	-20	-19	-20	-17	-16	-14	-13	-14	-11
Expected financial situation of household, next 12 months ⁴	3	1	-3	-3	-9	-5	-1	-6	-1	-3	1	-2	2
General economic situation in Cyprus, past 12 months	-9	-11	-15	-8	-14	-11	-1	-3	-1	-2	5	6	8
Expected general economic situation in Cyprus, next 12 months ⁴	12	12	12	10	-3	-3	10	5	12	9	14	15	18
Consumer prices, past 12 months	-18	-23	-14	-26	-28	-36	-25	-23	-19	-10	-7	-13	-17
Expected consumer prices, next 12 months	-18	-20	-20	-28	-28	-31	-14	-13	-7	-9	-17	-15	-14
Expected unemployment in Cyprus, next 12 months ^{4,5}	6	-3	3	-1	3	-3	-7	-7	-10	-3	-6	-5	-11
Major purchases at present	-41	-31	-36	-31	-30	-36	-27	-36	-32	-33	-28	-30	-24
Major purchases intentions, next 12 months	-41	-37	-40	-35	-44	-37	-30	-37	-36	-34	-38	-30	-24
Savings at present	-22	-24	-25	-21	-25	-30	-17	-23	-17	-19	-19	-23	-18
Savings intentions, next 12 months ⁴	-46	-50	-47	-48	-51	-52	-45	-51	-48	-41	-49	-43	-43
Statement on the current financial condition of household	1	2	2	3	6	1	4	3	5	8	6	5	9

Notes:

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

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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