

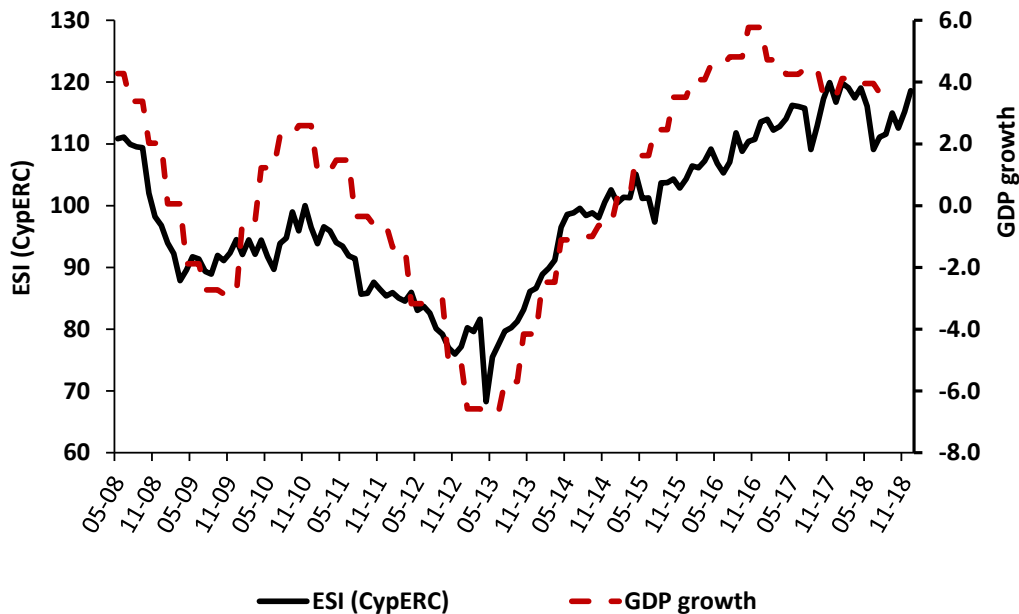


## December 2018

### SUMMARY

- In December 2018, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.4 points compared with November 2018. The increase was mainly driven by stronger business confidence in services and industry. The marginal improvements in confidence in the construction sector and among consumers had a negligible effect on the Indicator.
- The Services Confidence Indicator increased as a result of firms' improved assessments of past business situation and past demand, and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator decreased due to a deterioration in firms' assessments of past sales and current stock volumes, and downward revisions in sales expectations.
- The Construction Confidence Indicator increased marginally due to firms' improved assessments of their current levels of order books.
- The Industry Confidence Indicator increased as a result of improved assessments of the stocks of finished products, and upward revisions in production expectations.
- The marginal increase in the Consumer Confidence Indicator was driven by small upward revisions in consumers' expectations regarding their future financial situation and the future economic conditions in Cyprus.

Economic Sentiment Indicator (ESI-CypERC) and GDP growth (%)



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.

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 Commission, the Ministry of Finance and the University of Cyprus for conducting the Business and Consumer Survey Project in Cyprus.

Co-funded by  
the European Union





# BUSINESS AND CONSUMER SURVEYS

## ECONOMICS RESEARCH CENTRE UNIVERSITY OF CYPRUS



### Difference between the percentage of positive and negative responses (balance)<sup>1</sup> and ESI (CypERC)

Month	2017	2018											
	12	1	2	3	4	5	6	7	8	9	10	11	12
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2,*</sup></b>	116.8	119.8	119.1	117.5	119.0	116.1	109.1	111.1	111.6	115.0	112.6	115.2	118.6
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	37	45	40	36	40	33	16	25	23	32	26	35	44
Business situation, past 3 months <sup>4</sup>	24	40	27	22	33	20	11	13	11	16	14	27	40
Turnover (demand), past 3 months <sup>4</sup>	42	44	48	41	46	42	22	33	26	29	23	42	49
Expected turnover (demand), next 3 months <sup>4</sup>	44	52	46	46	42	36	16	29	33	50	39	36	43
Employment, past 3 months	6	8	8	8	-8	6	-2	-6	0	-11	2	10	13
Expected employment, next 3 months	10	14	4	9	7	9	5	6	11	10	6	21	24
Expected selling prices, next 3 months	-5	-10	-6	-2	1	0	-10	-1	-3	-7	3	5	8
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	10	8	9	13	8	10	6	5	10	0	2	5	2
Business activity (sales), past 3 months <sup>4</sup>	13	7	5	7	14	12	1	3	6	-3	3	-1	-4
Stock of goods <sup>4</sup>	3	9	9	5	9	6	1	4	-3	1	11	2	5
Expected business activity (sales), next 3 months <sup>4</sup>	20	26	30	36	20	23	17	14	20	6	16	19	13
Orders placed with suppliers, next 3 months	8	16	17	24	13	13	10	8	12	-4	7	9	13
Expected employment, next 3 months	1	-1	0	3	0	1	0	1	0	0	1	0	0
Expected selling prices, next 3 months	8	2	5	3	11	3	3	4	8	4	7	2	4
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-24	-23	-19	-16	-17	-13	-15	-11	-11	-11	-8	-13	-11
Building activity, past 3 months	3	12	5	10	13	12	-3	3	10	16	9	3	6
Current overall order books <sup>4</sup>	-47	-52	-45	-37	-42	-37	-34	-37	-33	-34	-26	-35	-30
Expected employment, next 3 months <sup>4</sup>	-2	6	8	6	9	10	5	16	12	12	11	9	7
Expected selling prices, next 3 months	-1	0	11	9	3	13	15	11	14	24	11	5	15
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	9	11	11	5	7	4	-3	1	3	11	10	5	12
Production, past 3 months	20	18	13	10	8	15	10	8	4	10	18	4	22
Current overall order books <sup>4</sup>	-9	-5	-5	-24	-19	-19	-28	-28	-17	-11	-18	-19	-20
Current export order books	-23	-6	-15	-21	-12	-18	-36	-7	0	-18	-11	-17	-20
Stock of finished products <sup>4</sup>	-16	-12	-12	-8	-10	-6	-15	-14	-6	-16	-13	-12	-17
Expected production, next 3 months <sup>4</sup>	19	24	25	32	30	25	3	16	21	27	36	23	39
Expected employment, next 3 months <sup>5</sup>	0	6	0	7	11	3	2	3	3	2	5	0	2
Expected selling prices, next 3 months	-6	-5	0	-1	-1	1	5	-5	1	6	0	7	3
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-1	1	5	2	4	3	-3	-11	-7	-6	-5	-7	-6
Financial situation of household, past 12 months	-5	-5	0	-6	-1	-3	-5	-9	-7	-5	-5	-5	-8
Expected financial situation of household, next 12 months <sup>4</sup>	4	5	10	3	8	2	4	0	2	4	2	-1	2
General economic situation in Cyprus, past 12 months	18	18	28	24	26	20	17	0	6	4	10	5	4
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	15	17	23	19	21	17	14	-1	5	7	12	5	7
Consumer prices, past 12 months	-9	-17	-15	-28	-11	-12	-3	-2	-2	3	5	17	12
Expected consumer prices, next 12 months	-11	-11	-13	-18	-12	-7	3	-2	0	-2	-2	7	2
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-10	-18	-20	-20	-19	-21	-9	-3	-7	-5	-8	-8	-8
Major purchases at present	-15	-17	-21	-13	-11	-13	-15	-20	-11	-7	-9	-26	-17
Major purchases intentions, next 12 months	-21	-26	-17	-22	-19	-15	-15	-24	-14	-17	-18	-23	-26
Savings at present	-18	-20	-9	-14	-11	-9	-14	-27	-24	-19	-19	-31	-28
Savings intentions, next 12 months <sup>4</sup>	-34	-37	-32	-33	-30	-29	-38	-44	-41	-38	-43	-39	-42
Statement on the current financial condition of household	12	9	12	15	13	17	12	9	7	15	11	7	12

#### 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.



## **BUSINESS AND CONSUMER SURVEYS**

**ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS**



**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.**

**Economics Research Centre**

**University of Cyprus**

**P.O. box 20537, 1678 Nicosia, CYPRUS**

**Telephone: 22893660, Fax: 22895027**

**Email: [erc@ucy.ac.cy](mailto:erc@ucy.ac.cy)**

**Website: [www.erc.ucy.ac.cy](http://www.erc.ucy.ac.cy)**

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.

\* Charalampos Karagiannakis (email: [Karagiannakis.Charalampos@ucy.ac.cy](mailto:Karagiannakis.Charalampos@ucy.ac.cy))

\* Nicoletta Pashourtidou (email: [n.pashourtidou@ucy.ac.cy](mailto:n.pashourtidou@ucy.ac.cy))

*The material in this document can be copied, distributed, transmitted and otherwise disseminated, but the source must be acknowledged.*