



# BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

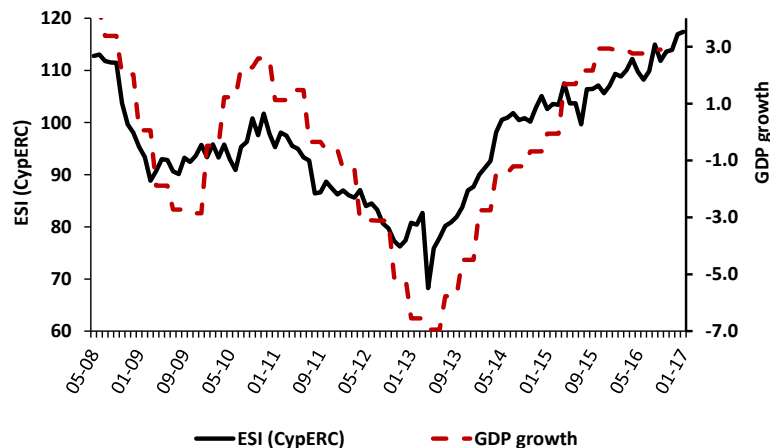


January 2017

## SUMMARY

- In January 2017, economic sentiment in Cyprus picked up marginally as the Economic Sentiment Indicator (ESI-CypERC) increased by 0.4 points compared with December 2016, driven by confidence improvements in services and construction.
- The Services Confidence Indicator rose as a result of markedly more optimistic views expressed by firms regarding their demand over the past three months.
- The Retail Trade Confidence Indicator remained unchanged as the improved assessments of firms' past sales were offset by the deterioration in current stock volumes and sales expectations.
- The Industry Confidence Indicator remained unchanged as the improvement in firms' appraisals of the stocks of finished products was counterbalanced by the downward revision of production expectations.
- The Construction Confidence Indicator rose due to less pessimistic views about the current level of firms' order books, and more favourable assessments of their future employment plans.
- The Consumer Confidence Indicator remained unchanged as the more optimistic responses regarding the labour market conditions were offset by a more negative attitude towards savings.

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) participates jointly with RAI Consultants Ltd in the Joint Harmonised European Union Programme for Business and Consumer Surveys. CypERC acknowledges funding from the European Commission and the Ministry of Finance for the conduct of 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	2016												2017
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	109.3	108.8	110.1	112.2	109.8	108.2	109.9	115.0	111.8	113.6	113.9	117.0	117.4
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	15	17	20	19	16	10	14	27	20	21	20	28	30
Business situation, past 3 months <sup>4</sup>	13	17	21	20	14	5	16	23	16	14	19	30	27
Turnover (demand), past 3 months <sup>4</sup>	13	16	20	16	15	8	16	20	20	16	21	15	27
Expected turnover (demand), next 3 months <sup>4</sup>	21	18	18	22	20	16	11	38	22	33	21	40	36
Employment, past 3 months	5	4	10	3	4	3	5	3	1	2	-2	-4	-6
Expected employment, next 3 months	9	3	3	1	5	-1	2	-1	-1	1	-5	-4	11
Expected selling prices, next 3 months	-5	1	-2	7	-4	-5	2	1	-3	2	4	-1	0
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-5	-3	-5	0	0	-6	-1	3	0	4	6	9	9
Business activity (sales), past 3 months <sup>4</sup>	-15	-17	-24	-19	-8	-19	-16	-3	-8	-6	-6	-2	8
Stock of goods <sup>4</sup>	-4	-10	-5	-4	0	4	-4	6	2	-5	-4	-6	0
Expected business activity (sales), next 3 months <sup>4</sup>	-5	-1	3	15	6	5	8	19	10	12	22	21	19
Orders placed with suppliers, next 3 months	-13	-20	-16	-1	-8	-7	-10	1	-6	-4	8	3	3
Expected employment, next 3 months	0	-2	-4	-1	-1	-1	-1	-1	1	-2	-1	0	0
Expected selling prices, next 3 months	-11	-3	-9	7	2	4	0	3	3	2	6	4	-3
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-28	-28	-28	-25	-34	-28	-24	-32	-24	-26	-28	-27	-25
Building activity, past 3 months	-13	1	7	1	0	6	2	3	12	-6	11	5	8
Current overall order books <sup>4</sup>	-55	-52	-55	-54	-62	-56	-51	-62	-51	-59	-56	-54	-53
Expected employment, next 3 months <sup>4</sup>	-1	-5	-1	5	-6	0	2	-2	2	6	1	-1	3
Expected selling prices, next 3 months	-1	-16	-8	-4	-2	-10	-5	0	0	-4	2	-2	-3
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-6	-3	-3	4	4	1	0	8	-2	-2	3	0	0
Production, past 3 months	-8	-7	9	8	7	14	12	6	13	3	7	6	6
Current overall order books <sup>4</sup>	-39	-48	-43	-34	-29	-29	-33	-25	-32	-40	-39	-39	-39
Current export order books	-30	-47	-28	11	-3	-38	-31	5	-14	-30	-36	-44	-40
Stock of finished products <sup>4</sup>	-13	-22	-19	-26	-25	-23	-19	-26	-11	-18	-29	-16	-21
Expected production, next 3 months <sup>4</sup>	7	16	16	20	17	11	14	24	15	15	18	22	19
Expected employment, next 3 months <sup>5</sup>	1	4	-2	0	1	1	1	-1	1	-1	-1	-2	-1
Expected selling prices, next 3 months	-6	-3	-3	5	4	-3	-2	5	0	2	-1	0	4
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-10	-16	-14	-7	-11	-7	-8	-7	-6	-3	-1	-1	-1
Financial situation of household, past 12 months	-18	-20	-19	-20	-17	-16	-14	-13	-14	-11	-13	-15	-12
Expected financial situation of household, next 12 months <sup>4</sup>	-3	-9	-5	-1	-6	-1	-3	1	-2	2	7	5	5
General economic situation in Cyprus, past 12 months	-8	-14	-11	-1	-3	-1	-2	5	6	8	8	9	14
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	10	-3	-3	10	5	12	9	14	15	18	19	20	20
Consumer prices, past 12 months	-26	-28	-36	-25	-23	-19	-10	-7	-13	-17	-18	-17	-7
Expected consumer prices, next 12 months	-28	-28	-31	-14	-13	-7	-9	-17	-15	-14	-14	-16	-10
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-1	3	-3	-7	-7	-10	-3	-6	-5	-11	-9	-11	-14
Major purchases at present	-31	-30	-36	-27	-36	-32	-33	-28	-30	-24	-23	-23	-16
Major purchases intentions, next 12 months	-35	-44	-37	-30	-37	-36	-34	-38	-30	-24	-22	-26	-28
Savings at present	-21	-25	-30	-17	-23	-17	-19	-19	-23	-18	-13	-21	-23
Savings intentions, next 12 months <sup>4</sup>	-48	-51	-52	-45	-51	-48	-41	-49	-43	-43	-41	-40	-43
Statement on the current financial condition of household	3	6	1	4	3	5	8	6	5	9	9	6	7

### 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.**

This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme for 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.

Research Director: Prof. Panos Pashardes

Research Coordinator: Nicoletta Pashourtidou

Research Officers: Charalampos Karagiannakis

Christos Papamichael

Alexandros Polycarpou

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

**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)**