



# BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

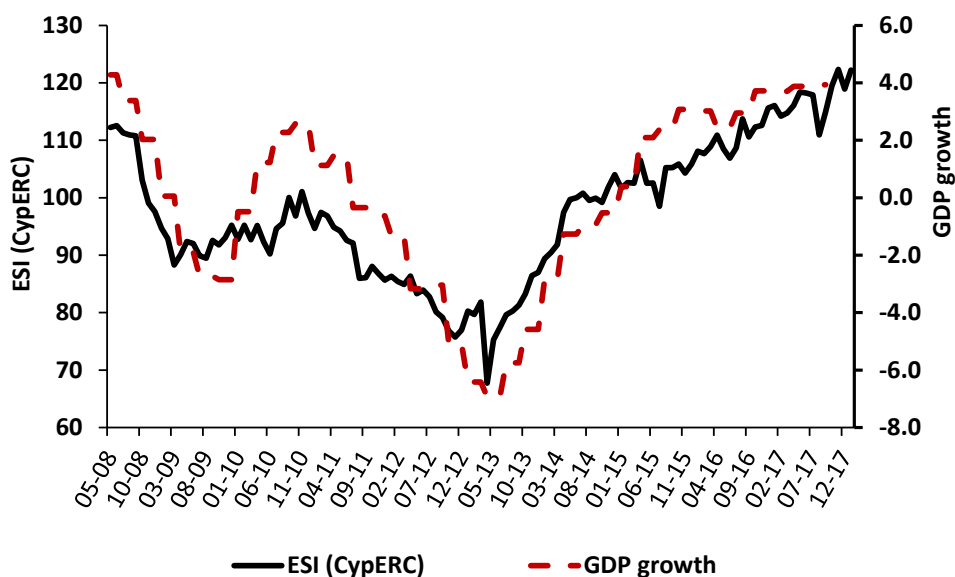


January 2018

## SUMMARY

- Economic sentiment in Cyprus strengthened as the Economic Sentiment Indicator (ESI-CypERC) increased in January 2018 by 3.3 points compared with December 2017; the increase was driven by a boost in services confidence and, to a lesser extent, confidence improvements in construction, industry and among consumers.
- The Services Confidence Indicator increased as a result of firms' more optimistic views on past business situation as well as past and expected demand.
- The Retail Trade Confidence Indicator decreased as a result of deterioration in firms' assessments of past sales and current stock volumes.
- The Construction Confidence Indicator increased marginally due to upward revisions in employment expectations.
- The rise in Industry Confidence Indicator was driven by improved assessments of overall order books and upward revisions in production expectations.
- The Consumer Confidence Indicator increased as a result of consumers' more favourable responses regarding their future financial situation and the future economic conditions in Cyprus, including the future state of the labour market.

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.

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

Month	2017												2018
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	116.1	114.2	114.8	116.1	118.4	118.2	117.9	110.9	115.0	119.5	122.3	118.9	122.2
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	30	26	26	31	36	37	35	17	26	37	45	37	45
Business situation, past 3 months <sup>4</sup>	27	28	23	30	35	36	34	14	15	26	34	24	40
Turnover (demand), past 3 months <sup>4</sup>	27	26	25	33	37	44	34	15	15	30	41	42	44
Expected turnover (demand), next 3 months <sup>4</sup>	36	25	31	31	36	32	38	23	48	56	60	44	52
Employment, past 3 months	-6	-1	-1	6	2	6	2	1	1	3	8	6	8
Expected employment, next 3 months	11	4	3	5	4	6	3	4	11	12	7	10	14
Expected selling prices, next 3 months	0	7	3	0	3	4	4	0	2	-8	-3	-5	-10
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	9	5	5	6	7	7	6	6	6	8	6	10	8
Business activity (sales), past 3 months <sup>4</sup>	8	8	3	-3	1	8	6	11	2	6	10	13	7
Stock of goods <sup>4</sup>	0	7	7	8	0	5	6	9	3	7	11	3	9
Expected business activity (sales), next 3 months <sup>4</sup>	19	14	19	29	18	16	19	15	20	24	19	20	26
Orders placed with suppliers, next 3 months	3	2	9	10	9	11	4	4	9	16	9	8	16
Expected employment, next 3 months	0	0	-3	1	1	-1	0	1	0	1	0	1	-1
Expected selling prices, next 3 months	-3	3	1	5	7	6	2	8	6	9	9	8	2
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-25	-23	-29	-24	-27	-28	-25	-26	-26	-28	-23	-24	-23
Building activity, past 3 months	8	2	-4	4	10	6	-1	8	6	-4	7	3	12
Current overall order books <sup>4</sup>	-53	-53	-60	-58	-56	-58	-54	-52	-56	-59	-47	-47	-52
Expected employment, next 3 months <sup>4</sup>	3	7	1	10	2	2	4	1	3	2	1	-2	6
Expected selling prices, next 3 months	-3	3	4	4	3	6	2	3	9	7	14	-1	0
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	0	4	10	7	3	3	6	4	3	8	9	9	11
Production, past 3 months	6	12	12	17	22	11	4	10	9	4	18	20	18
Current overall order books <sup>4</sup>	-39	-32	-18	-27	-22	-21	-15	-12	-22	-17	-6	-9	-5
Current export order books	-40	-20	-19	-30	-33	-18	-26	-20	-18	-22	8	-23	-6
Stock of finished products <sup>4</sup>	-21	-16	-17	-18	-17	-17	-18	-11	-12	-16	-5	-16	-12
Expected production, next 3 months <sup>4</sup>	19	27	33	28	15	12	16	11	21	25	28	19	24
Expected employment, next 3 months <sup>5</sup>	-1	-1	0	8	6	12	-2	1	3	5	6	0	6
Expected selling prices, next 3 months	4	-4	1	3	1	2	-3	-7	0	-2	1	-6	-5
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-1	-3	-2	-3	1	-1	-1	-2	-1	-1	2	-1	1
Financial situation of household, past 12 months	-12	-8	-8	-9	-7	-8	-3	-7	-7	-6	-5	-5	-5
Expected financial situation of household, next 12 months <sup>4</sup>	5	2	2	2	6	4	4	1	3	6	6	4	5
General economic situation in Cyprus, past 12 months	14	16	14	14	16	18	16	19	18	18	18	18	18
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	20	18	16	18	16	19	17	22	21	18	20	15	17
Consumer prices, past 12 months	-7	-10	-5	-13	-9	-15	-20	-15	-15	-12	-12	-9	-17
Expected consumer prices, next 12 months	-10	-5	-7	-9	-8	-11	-12	-11	-9	-10	-6	-11	-11
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-14	-6	-11	-8	-16	-12	-12	-14	-10	-5	-17	-10	-18
Major purchases at present	-16	-20	-24	-24	-15	-20	-13	-17	-19	-16	-18	-15	-17
Major purchases intentions, next 12 months	-28	-29	-26	-26	-25	-29	-27	-29	-31	-28	-27	-21	-26
Savings at present	-23	-21	-21	-13	-11	-11	-14	-15	-17	-15	-18	-18	-20
Savings intentions, next 12 months <sup>4</sup>	-43	-39	-35	-41	-35	-37	-39	-44	-37	-33	-34	-34	-37
Statement on the current financial condition of household	7	8	10	10	10	13	14	10	12	13	13	12	9

### 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.



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