



BUSINESS AND CONSUMER SURVEYS

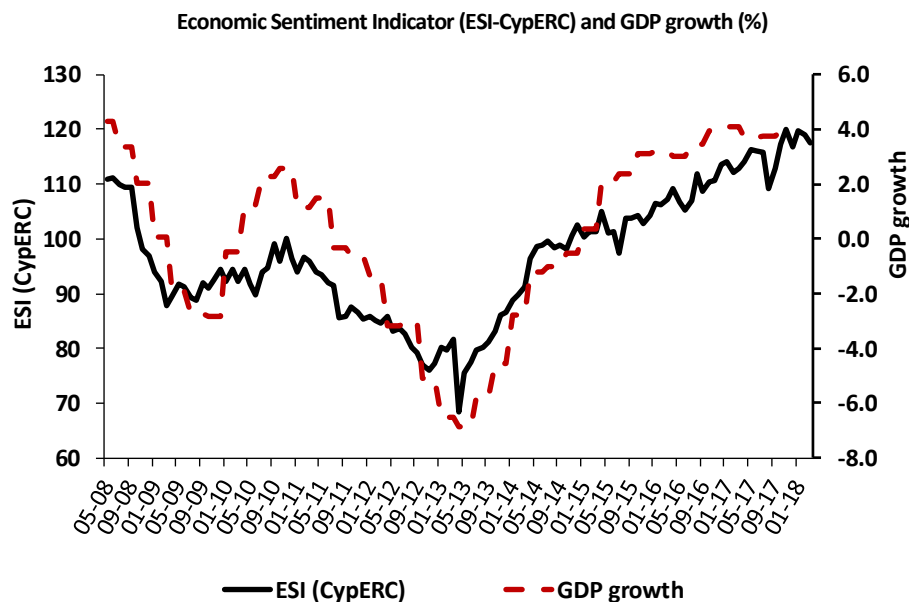
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



March 2018

SUMMARY

- In March 2018, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.6 points compared with February 2018; the decline resulted from a worsening of business confidence in services, industry, and among consumers.
- The Services Confidence Indicator declined due to a deterioration in firms' assessments of past business situation and past demand.
- The Retail Trade Confidence Indicator rose as a result of improved assessments of past sales and stock volumes, and upward revisions in sales expectations.
- The Construction Confidence Indicator increased due to improved assessments of the levels of order books.
- The Industry Confidence Indicator declined as a result of a deterioration in firms' assessments of the current level of order books and stocks of finished products.
- The decrease in the Consumer Confidence Indicator was mainly driven by downward revisions in consumers' expectations about their future financial conditions and the future economic conditions in Cyprus.



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	2017										2018		
	3	4	5	6	7	8	9	10	11	12	1	2	3
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)^{2,*}	112.8	114.0	116.3	116.1	115.8	109.1	112.9	117.3	119.9	116.8	119.8	119.1	117.5
SERVICES													
Services Confidence Indicator ³	26	31	36	37	35	17	26	37	45	37	45	40	36
Business situation, past 3 months ⁴	23	30	35	36	34	14	15	26	34	24	40	27	22
Turnover (demand), past 3 months ⁴	25	33	37	44	34	15	15	30	41	42	44	48	41
Expected turnover (demand), next 3 months ⁴	31	31	36	32	38	23	48	56	60	44	52	46	46
Employment, past 3 months	-1	6	2	6	2	1	1	3	8	6	8	8	8
Expected employment, next 3 months	3	5	4	6	3	4	11	12	7	10	14	4	9
Expected selling prices, next 3 months	3	0	3	4	4	0	2	-8	-3	-5	-10	-6	-2
RETAIL TRADE													
Retail Trade Confidence Indicator ³	5	6	7	7	6	6	6	8	6	10	8	9	13
Business activity (sales), past 3 months ⁴	3	-3	1	8	6	11	2	6	10	13	7	5	7
Stock of goods ⁴	7	8	0	5	6	9	3	7	11	3	9	9	5
Expected business activity (sales), next 3 months ⁴	19	29	18	16	19	15	20	24	19	20	26	30	36
Orders placed with suppliers, next 3 months	9	10	9	11	4	4	9	16	9	8	16	17	24
Expected employment, next 3 months	-3	1	1	-1	0	1	0	1	0	1	-1	0	3
Expected selling prices, next 3 months	1	5	7	6	2	8	6	9	9	8	2	5	3
CONSTRUCTION													
Construction Confidence Indicator ³	-29	-24	-27	-28	-25	-26	-26	-28	-23	-24	-23	-19	-16
Building activity, past 3 months	-4	4	10	6	-1	8	6	-4	7	3	12	5	10
Current overall order books ⁴	-60	-58	-56	-58	-54	-52	-56	-59	-47	-47	-52	-45	-37
Expected employment, next 3 months ⁴	1	10	2	2	4	1	3	2	1	-2	6	8	6
Expected selling prices, next 3 months	4	4	3	6	2	3	9	7	14	-1	0	11	9
INDUSTRY													
Industrial Confidence Indicator ³	10	7	3	3	6	4	3	8	9	9	11	11	5
Production, past 3 months	12	17	22	11	4	10	9	4	18	20	18	13	10
Current overall order books ⁴	-18	-27	-22	-21	-15	-12	-22	-17	-6	-9	-5	-5	-24
Current export order books	-19	-30	-33	-18	-26	-20	-18	-22	8	-23	-6	-15	-21
Stock of finished products ⁴	-17	-18	-17	-17	-18	-11	-12	-16	-5	-16	-12	-12	-8
Expected production, next 3 months ⁴	33	28	15	12	16	11	21	25	28	19	24	25	32
Expected employment, next 3 months ⁵	0	8	6	12	-2	1	3	5	6	0	6	0	7
Expected selling prices, next 3 months	1	3	1	2	-3	-7	0	-2	1	-6	-5	0	-1
CONSUMERS													
Consumer Confidence Indicator ³	-2	-3	1	-1	-1	-2	-1	-1	2	-1	1	5	2
Financial situation of household, past 12 months	-8	-9	-7	-8	-3	-7	-7	-6	-5	-5	-5	0	-6
Expected financial situation of household, next 12 months ⁴	2	2	6	4	4	1	3	6	6	4	5	10	3
General economic situation in Cyprus, past 12 months	14	14	16	18	16	19	18	18	18	18	18	28	24
Expected general economic situation in Cyprus, next 12 months ⁴	16	18	16	19	17	22	21	18	20	15	17	23	19
Consumer prices, past 12 months	-5	-13	-9	-15	-20	-15	-15	-12	-12	-9	-17	-15	-28
Expected consumer prices, next 12 months	-7	-9	-8	-11	-12	-11	-9	-10	-6	-11	-11	-13	-18
Expected unemployment in Cyprus, next 12 months ^{4,5}	-11	-8	-16	-12	-12	-14	-10	-5	-17	-10	-18	-20	-20
Major purchases at present	-24	-24	-15	-20	-13	-17	-19	-16	-18	-15	-17	-21	-13
Major purchases intentions, next 12 months	-26	-26	-25	-29	-27	-29	-31	-28	-27	-21	-26	-17	-22
Savings at present	-21	-13	-11	-11	-14	-15	-17	-15	-18	-18	-20	-9	-14
Savings intentions, next 12 months ⁴	-35	-41	-35	-37	-39	-44	-37	-33	-34	-34	-37	-32	-33
Statement on the current financial condition of household	10	10	10	13	14	10	12	13	13	12	9	12	15

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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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.

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