SUMMARY

• In March 2021, economic sentiment in Cyprus improved significantly as the Economic Sentiment Indicator (ESI-CypERC) increased by 8.9 points compared with February 2021. The increase in the ESI-CypERC was mainly driven by confidence gains in services and among consumers.

• The large increase in the Services Confidence Indicator resulted from firms’ improved assessments of their past performance and upward revisions in demand expectations.

• The small increase in the Retail Trade Confidence Indicator was due to improved views on the current stock levels and upward revisions in sales expectations.

• The Construction Confidence Indicator improved slightly as a result of upward revisions in employment expectations, despite more negative assessments of the levels of order books.

• The marginal decrease in the Industry Confidence Indicator was driven by the deterioration in firms’ views on the current levels of finished goods stocks.

• The marked improvement in the Consumer Confidence Indicator reflected consumers’ more optimistic expectations about their future financial conditions and the future economic conditions in Cyprus, as well as consumers’ stronger intentions to make major purchases over the next months.

Economic Sentiment Indicator (ESI-CypERC) and GDP growth

Notes:
1 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.
2 GDP growth: GDP (in real terms, adjusted for seasonality and working days) is compared to the same quarter of the previous year (Source: Statistical Service of Cyprus).

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The weights used in the calculation of the Economic Sentiment Indicator reflect the contribution of each sector to the GDP of Cyprus. The balance is the difference between the percentage of respondents who state that the future business situation will improve and those who expect it to deteriorate. The confidences can vary between -50 (very poor confidence) and 100 (very good confidence).
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.

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