



BUSINESS AND CONSUMER SURVEYS

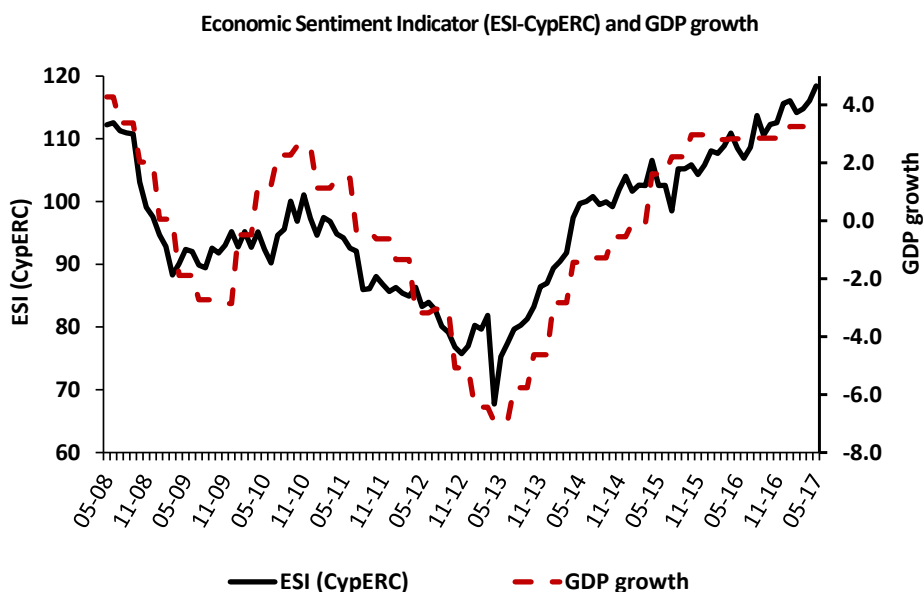
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



May 2017

SUMMARY

- In May 2017, economic sentiment in Cyprus increased as the Economic Sentiment Indicator (ESI-CypERC) rose by 2.3 points compared with April 2017. The increase was driven by confidence improvements in services, retail trade and among consumers.
- The Services Confidence Indicator rose as a result of more optimistic views expressed by firms regarding their past business situation as well as their past and expected demand.
- The Retail Trade Confidence Indicator increased marginally as the more favourable assessments of the volume of recent sales and stocks were almost offset by weaker sales expectations.
- The Construction Confidence Indicator decreased due to firms' downward revisions of future employment plans.
- The Industry Confidence Indicator declined mainly as a result of the downward revision of production expectations.
- The Consumer Confidence Indicator rose because of more optimistic responses regarding households' future financial situation, savings plans and the decline in unemployment over the next 12 months.



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	2016								2017				
	5	6	7	8	9	10	11	12	1	2	3	4	5
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	108.5	106.9	108.6	113.7	110.6	112.3	112.6	115.6	116.1	114.2	114.8	116.1	118.4
SERVICES													
Services Confidence Indicator ³	16	10	14	27	20	21	20	28	30	26	26	31	36
Business situation, past 3 months ⁴	14	5	16	23	16	14	19	30	27	28	23	30	35
Turnover (demand), past 3 months ⁴	15	8	16	20	20	16	21	15	27	26	25	33	37
Expected turnover (demand), next 3 months ⁴	20	16	11	38	22	33	21	40	36	25	31	31	36
Employment, past 3 months	4	3	5	3	1	2	-2	-4	-6	-1	-1	6	2
Expected employment, next 3 months	5	-1	2	-1	-1	1	-5	-4	11	4	3	5	4
Expected selling prices, next 3 months	-4	-5	2	1	-3	2	4	-1	0	7	3	0	3
RETAIL TRADE													
Retail Trade Confidence Indicator ³	0	-6	-1	3	0	4	6	9	9	5	5	6	7
Business activity (sales), past 3 months ⁴	-8	-19	-16	-3	-8	-6	-6	-2	8	8	3	-3	1
Stock of goods ⁴	0	4	-4	6	2	-5	-4	-6	0	7	7	8	0
Expected business activity (sales), next 3 months ⁴	6	5	8	19	10	12	22	21	19	14	19	29	18
Orders placed with suppliers, next 3 months	-8	-7	-10	1	-6	-4	8	3	3	2	9	10	9
Expected employment, next 3 months	-1	-1	-1	-1	1	-2	-1	0	0	0	-3	1	1
Expected selling prices, next 3 months	2	4	0	3	3	2	6	4	-3	3	1	5	7
CONSTRUCTION													
Construction Confidence Indicator ³	-34	-28	-24	-32	-24	-26	-28	-27	-25	-23	-29	-24	-27
Building activity, past 3 months	0	6	2	3	12	-6	11	5	8	2	-4	4	10
Current overall order books ⁴	-62	-56	-51	-62	-51	-59	-56	-54	-53	-53	-60	-58	-56
Expected employment, next 3 months ⁴	-6	0	2	-2	2	6	1	-1	3	7	1	10	2
Expected selling prices, next 3 months	-2	-10	-5	0	0	-4	2	-2	-3	3	4	4	3
INDUSTRY													
Industrial Confidence Indicator ³	4	1	0	8	-2	-2	3	0	0	4	10	7	3
Production, past 3 months	7	14	12	6	13	3	7	6	6	12	12	17	22
Current overall order books ⁴	-29	-29	-33	-25	-32	-40	-39	-39	-39	-32	-18	-27	-22
Current export order books	-3	-38	-31	5	-14	-30	-36	-44	-40	-20	-19	-30	-33
Stock of finished products ⁴	-25	-23	-19	-26	-11	-18	-29	-16	-21	-16	-17	-18	-17
Expected production, next 3 months ⁴	17	11	14	24	15	15	18	22	19	27	33	28	15
Expected employment, next 3 months ⁵	1	1	1	-1	1	-1	-1	-2	-1	-1	0	8	6
Expected selling prices, next 3 months	4	-3	-2	5	0	2	-1	0	4	-4	1	3	1
CONSUMERS													
Consumer Confidence Indicator ³	-11	-7	-8	-7	-6	-3	-1	-1	-1	-3	-2	-3	1
Financial situation of household, past 12 months	-17	-16	-14	-13	-14	-11	-13	-15	-12	-8	-8	-9	-7
Expected financial situation of household, next 12 months ⁴	-6	-1	-3	1	-2	2	7	5	5	2	2	2	6
General economic situation in Cyprus, past 12 months	-3	-1	-2	5	6	8	8	9	14	16	14	14	16
Expected general economic situation in Cyprus, next 12 months ⁴	5	12	9	14	15	18	19	20	20	18	16	18	16
Consumer prices, past 12 months	-23	-19	-10	-7	-13	-17	-18	-17	-7	-10	-5	-13	-9
Expected consumer prices, next 12 months	-13	-7	-9	-17	-15	-14	-14	-16	-10	-5	-7	-9	-8
Expected unemployment in Cyprus, next 12 months ^{4,5}	-7	-10	-3	-6	-5	-11	-9	-11	-14	-6	-11	-8	-16
Major purchases at present	-36	-32	-33	-28	-30	-24	-23	-23	-16	-20	-24	-24	-15
Major purchases intentions, next 12 months	-37	-36	-34	-38	-30	-24	-22	-26	-28	-29	-26	-26	-25
Savings at present	-23	-17	-19	-19	-23	-18	-13	-21	-23	-21	-21	-13	-11
Savings intentions, next 12 months ⁴	-51	-48	-41	-49	-43	-43	-41	-40	-43	-39	-35	-41	-35
Statement on the current financial condition of household	3	5	8	6	5	9	9	6	7	8	10	10	10

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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