



## BUSINESS AND CONSUMER SURVEYS

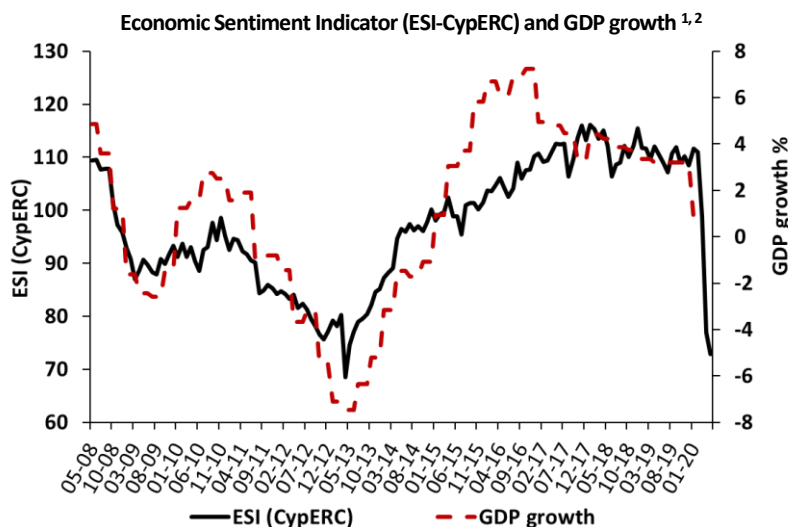
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



May 2020

### SUMMARY

- In May 2020, economic sentiment in Cyprus deteriorated further as the Economic Sentiment Indicator (ESI-CypERC) decreased by 4.1 points compared with April 2020. The decrease in ESI-CypERC was driven by additional confidence losses in services and retail trade, and to a smaller extent, by a weakening of confidence in construction. The decline in ESI-CypERC in May is mainly related to more negative assessments of the recent economic conditions than to worsening expectations.
- The decrease in the Services Confidence Indicator resulted from firms' less favourable views on their past business situation and past demand.
- The decline in the Retail Trade Confidence Indicator was due to firms' more negative assessments of their past sales and more adverse views on their stock levels.
- The Construction Confidence Indicator decreased as a result of more negative assessments of the level of order books and downward revisions in employment expectations.
- The Industry Confidence Indicator increased due to less adverse views on the current levels of stocks of finished products and upward revisions in production expectations.
- The increase in Consumer Confidence Indicator was mainly driven by upward revisions in consumers' expectations about their financial conditions and the economic conditions in Cyprus.
- New survey data, which aim at measuring economic uncertainty, show that the highest levels of uncertainty in May were registered in the sectors of construction and industry. The largest increase in the level of uncertainty compared with 2019 was recorded in the services sector.



Notes:

<sup>1</sup> 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.

<sup>2</sup> 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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## ECONOMICS RESEARCH CENTRE UNIVERSITY OF CYPRUS



### Indicators and balances <sup>1</sup>

Month	2019								2020				
	5	6	7	8	9	10	11	12	1	2	3	4	5
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	110.6	108.9	107.1	110.7	111.9	109.1	110.2	108.4	111.7	111.0	98.9	77.0	72.9
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	31	24	19	30	33	26	29	24	32	29	6	-48	-64
Business situation, past 3 months <sup>4</sup>	27	17	15	29	34	30	33	31	38	44	29	-27	-53
Turnover (demand), past 3 months <sup>4</sup>	35	28	20	31	33	26	30	28	33	24	25	-31	-58
Expected turnover (demand), next 3 months <sup>4</sup>	30	28	24	31	31	22	24	13	26	20	-37	-88	-81
Employment, past 3 months	-2	6	-4	-4	7	2	-10	-9	3	-6	-4	-5	-10
Expected employment, next 3 months	-3	15	4	8	15	5	-2	-7	1	11	-4	-7	-4
Expected selling prices, next 3 months	1	3	-2	2	7	10	1	3	1	5	-7	-28	-26
Uncertainty: difficulty predicting business situation <sup>6</sup>				-10									45
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	0	2	-3	-2	-3	-4	-6	-5	-4	-2	-5	-25	-35
Business activity (sales), past 3 months <sup>4</sup>	-15	-10	-16	-21	-20	-18	-17	-14	-22	-12	-7	-26	-48
Stock of goods <sup>4</sup>	3	-2	-1	-7	2	-1	-2	2	3	0	1	-10	-1
Expected business activity (sales), next 3 months <sup>4</sup>	19	15	7	7	12	6	-2	2	14	6	-8	-61	-58
Orders placed with suppliers, next 3 months	8	8	5	0	4	-4	-6	2	6	0	-5	-50	-51
Expected employment, next 3 months	0	-1	0	1	2	-1	1	-2	1	2	2	-2	0
Expected selling prices, next 3 months	4	6	5	5	5	1	8	11	15	8	8	-6	-2
Uncertainty: difficulty predicting business situation <sup>6</sup>				46									57
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	1	-4	-6	-3	-2	-2	0	2	-5	1	-9	-9	-13
Building activity, past 3 months	17	15	21	24	23	24	29	19	25	21	13	-5	-48
Current overall order books <sup>4</sup>	-14	-18	-21	-20	-16	-13	-12	-7	-20	-14	-18	-22	-27
Expected employment, next 3 months <sup>4</sup>	16	10	8	15	11	9	12	11	11	15	-1	3	1
Expected selling prices, next 3 months	19	18	13	17	23	11	19	16	12	16	10	-9	-8
Uncertainty: difficulty predicting business situation <sup>6</sup>				11									60
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	3	9	5	3	7	9	10	8	10	10	3	-43	-36
Production, past 3 months	1	7	10	1	8	18	23	20	20	22	24	-21	-66
Current overall order books <sup>4</sup>	-22	-19	-23	-21	-24	-18	-8	-16	-14	-6	-11	-65	-73
Current export order books	-25	4	-33	-41	-18	-14	-13	-1	-19	-2	-6	-83	-45
Stock of finished products <sup>4</sup>	-9	-15	-17	-13	-21	-12	-7	-8	-22	-20	-15	-10	-32
Expected production, next 3 months <sup>4</sup>	23	30	20	18	23	31	30	32	21	16	5	-75	-67
Expected employment, next 3 months <sup>5</sup>	0	2	2	0	0	9	7	6	4	6	4	-5	-2
Expected selling prices, next 3 months	3	4	4	1	3	3	4	3	6	10	1	-1	-1
Uncertainty: difficulty predicting business situation <sup>6</sup>				15									61
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-9	-8	-6	-7	-4	-9	-7	-7	-6	-4	-23	-33	-29
Financial situation of household, past 12 months <sup>4</sup>	-7	-6	-7	-5	-4	-5	-2	-2	-3	-4	-2	-1	-8
Expected financial situation of household, next 12 months <sup>4</sup>	1	-2	-1	3	4	-1	-1	3	3	4	-16	-27	-17
General economic situation in Cyprus, past 12 months	5	-1	6	4	8	2	9	9	7	7	20	15	-2
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	0	-2	2	-2	4	-3	-1	1	2	2	-37	-54	-45
Consumer prices, past 12 months	15	13	4	-1	2	3	-2	1	5	12	-1	-3	-7
Expected consumer prices, next 12 months	2	5	-2	-3	0	0	-5	3	4	4	-3	-8	-16
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	-13	-4	-9	-4	-4	-1	-6	-6	-5	-5	42	63	59
Major purchases at present	-14	-24	-20	-13	-13	-18	-11	-7	-8	-7	-45	-55	-41
Major purchases intentions, next 12 months <sup>4</sup>	-29	-22	-18	-25	-22	-27	-24	-28	-24	-20	-35	-48	-46
Savings at present	-31	-33	-28	-31	-22	-33	-30	-22	-29	-28	-30	-35	-29
Savings intentions, next 12 months	-47	-44	-38	-38	-41	-46	-47	-38	-43	-40	-47	-44	-35
Statement on the current financial condition of household	10	13	11	18	13	13	13	19	15	15	13	12	15
Uncertainty: difficulty predicting household's financial situation <sup>6</sup>				-5									-1

Notes: <sup>1</sup> The balance is the difference between the percentage of positive responses and the percentage of negative responses. Positive responses refer to "increase", "improvement", "above normal", "very likely", "fairly likely", etc., while negative responses refer to "decrease", "deterioration", "below normal", "not at all likely", "not likely", etc. 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) and [https://ec.europa.eu/info/files/revised-consumer-confidence-indicator\\_en](https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en). <sup>4</sup> The responses to this question are used in the calculation of the confidence (composite) indicator for each survey. <sup>5</sup> The responses to this question are not adjusted for seasonality. <sup>6</sup> The balance is the difference between the percentage of respondents who state that the future business situation (or household financial situation) is difficult to predict, and the percentage of respondents who state the opposite. The data for 2019 refer to the average of the balances over the period May – August.



**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)**

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\* Christiana Anaxagorou (email: [anaxagorou.christiana@ucy.ac.cy](mailto:anaxagorou.christiana@ucy.ac.cy))

\* Sofia Andreou (email: [andreou.sofia@ucy.ac.cy](mailto:andreou.sofia@ucy.ac.cy))

\* Nicoletta Pashourtidou (email: [n.pashourtidou@ucy.ac.cy](mailto:n.pashourtidou@ucy.ac.cy))

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