



# BUSINESS AND CONSUMER SURVEYS

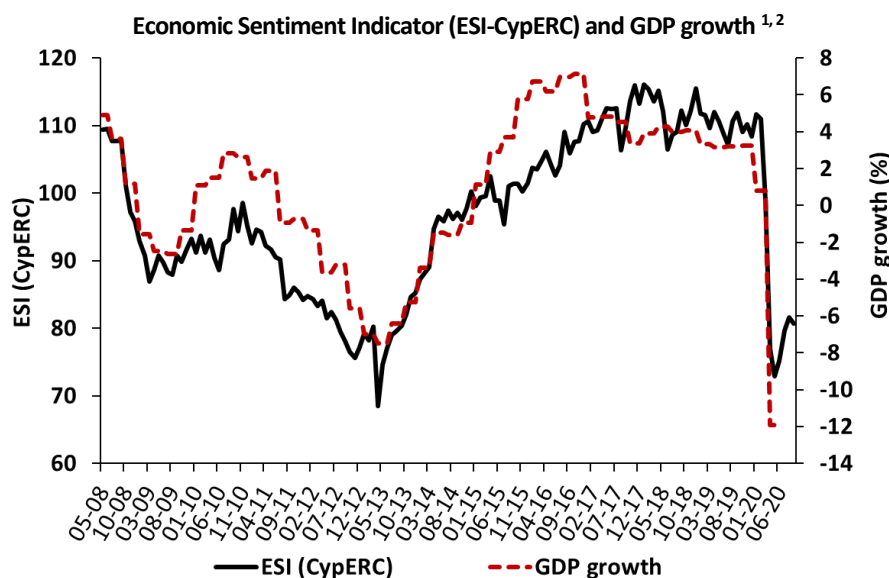
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



September 2020

## SUMMARY

- In September 2020, economic sentiment in Cyprus deteriorated slightly as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.0 point compared with August 2020. The decrease in the ESI-CypERC was driven by weaker business confidence in services, construction and industry.
- The marginal decrease in the Services Confidence Indicator resulted from downward revisions in demand expectations, despite improvements in firms' assessments of the past performance.
- The Retail Trade Confidence Indicator remained unchanged compared to August; firms' assessments of past sales and current stock levels as well as sales expectations stayed broadly stable.
- The decline in the Construction Confidence Indicator was driven by a deterioration in firms' assessments of the levels of order books and downward revisions in employment expectations.
- The Industry Confidence Indicator decreased due downward revisions in production expectations.
- The Consumer Confidence Indicator improved slightly. In September, consumers assessed their recent financial conditions less adversely and revised their expectations about their future financial conditions and the future economic conditions in Cyprus upwards. Nevertheless, consumers' expectations about the future economic conditions in the country remain particularly pessimistic.



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								
	9	10	11	12	1	2	3	4	5	6	7	8	9
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	111.9	109.1	110.2	108.4	111.7	111.0	98.9	77.0	72.9	75.2	79.7	81.6	80.6
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	33	26	29	24	32	29	6	-48	-64	-63	-50	-43	-44
Business situation, past 3 months <sup>4</sup>	34	30	33	31	38	44	29	-27	-53	-60	-63	-59	-34
Turnover (demand), past 3 months <sup>4</sup>	33	26	30	28	33	24	25	-31	-58	-70	-62	-55	-53
Expected turnover (demand), next 3 months <sup>4</sup>	31	22	24	13	26	20	-37	-88	-81	-59	-26	-15	-45
Employment, past 3 months	7	2	-10	-9	3	-6	-4	-5	-10	-17	2	9	-5
Expected employment, next 3 months	15	5	-2	-7	1	11	-4	-7	-4	-2	7	-4	4
Expected selling prices, next 3 months	7	10	1	3	1	5	-7	-28	-26	-18	-15	-10	-7
Uncertainty: difficulty predicting business situation <sup>5,6</sup>		-10							45	63	40	59	48
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-3	-4	-6	-5	-4	-2	-5	-25	-35	-29	-31	-25	-25
Business activity (sales), past 3 months <sup>4</sup>	-20	-18	-17	-14	-22	-12	-7	-26	-48	-52	-53	-54	-51
Stock of goods <sup>4</sup>	2	-1	-2	2	3	0	1	-10	-1	-18	-12	-21	-19
Expected business activity (sales), next 3 months <sup>4</sup>	12	6	-2	2	14	6	-8	-61	-58	-54	-51	-43	-43
Orders placed with suppliers, next 3 months	4	-4	-6	2	6	0	-5	-50	-51	-52	-48	-41	-42
Expected employment, next 3 months	2	-1	1	-2	1	2	2	-2	0	-1	0	-2	-1
Expected selling prices, next 3 months	5	1	8	11	15	8	8	-6	-2	0	2	3	5
Uncertainty: difficulty predicting business situation <sup>5,6</sup>		46							57	53	57	60	71
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-2	-2	0	2	-5	1	-9	-9	-13	-13	-18	-14	-18
Building activity, past 3 months	23	24	29	19	25	21	13	-5	-48	-39	-33	-8	-15
Current overall order books <sup>4</sup>	-16	-13	-12	-7	-20	-14	-18	-22	-27	-31	-37	-27	-32
Expected employment, next 3 months <sup>4</sup>	11	9	12	11	11	15	-1	3	1	5	1	-2	-3
Expected selling prices, next 3 months	23	11	19	16	12	16	10	-9	-8	-6	8	6	-4
Uncertainty: difficulty predicting business situation <sup>5,6</sup>		11							60	53	46	44	38
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	7	9	10	8	10	10	3	-43	-36	-28	-28	-24	-28
Production, past 3 months	8	18	23	20	20	22	24	-21	-66	-63	-66	-56	-59
Current overall order books <sup>4</sup>	-24	-18	-8	-16	-14	-6	-11	-65	-73	-67	-60	-61	-61
Current export order books	-18	-14	-13	-1	-19	-2	-6	-83	-45	-21	-60	-66	-51
Stock of finished products <sup>4</sup>	-21	-12	-7	-8	-22	-20	-15	-10	-32	-20	-9	-14	-13
Expected production, next 3 months <sup>4</sup>	23	31	30	32	21	16	5	-75	-67	-38	-31	-26	-37
Expected employment, next 3 months <sup>5</sup>	0	9	7	6	4	6	4	-5	-2	-1	0	-1	-1
Expected selling prices, next 3 months	3	3	4	3	6	10	1	-1	-1	-3	6	-1	-1
Uncertainty: difficulty predicting business situation <sup>5,6</sup>		15							61	53	51	49	62
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-4	-9	-7	-7	-6	-4	-23	-33	-29	-24	-21	-31	-29
Financial situation of household, past 12 months <sup>4</sup>	-4	-5	-2	-2	-3	-4	-2	-1	-8	-14	-13	-17	-15
Expected financial situation of household, next 12 months <sup>4</sup>	4	-1	-1	3	3	4	-16	-27	-17	-8	-5	-15	-12
General economic situation in Cyprus, past 12 months	8	2	9	9	7	7	20	15	-2	-25	-32	-44	-44
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	4	-3	-1	1	2	2	-37	-54	-45	-30	-25	-48	-43
Consumer prices, past 12 months	2	3	-2	1	5	12	-1	-3	-7	-13	-13	-16	-18
Expected consumer prices, next 12 months	0	0	-5	3	4	4	-3	-8	-16	-17	-16	-13	-17
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	-4	-1	-6	-6	-5	-5	42	63	59	51	51	66	60
Major purchases at present	-13	-18	-11	-7	-8	-7	-45	-55	-41	-35	-30	-39	-42
Major purchases intentions, next 12 months <sup>4</sup>	-22	-27	-24	-28	-24	-20	-35	-48	-46	-42	-40	-44	-45
Savings at present	-22	-33	-30	-22	-29	-28	-30	-35	-29	-28	-20	-19	-16
Savings intentions, next 12 months	-41	-46	-47	-38	-43	-40	-47	-44	-35	-35	-39	-28	-28
Statement on the current financial condition of household	13	13	13	19	15	15	13	12	15	17	15	16	21
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>		-5							-1	4	7	7	4

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.



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