



BUSINESS AND CONSUMER SURVEYS

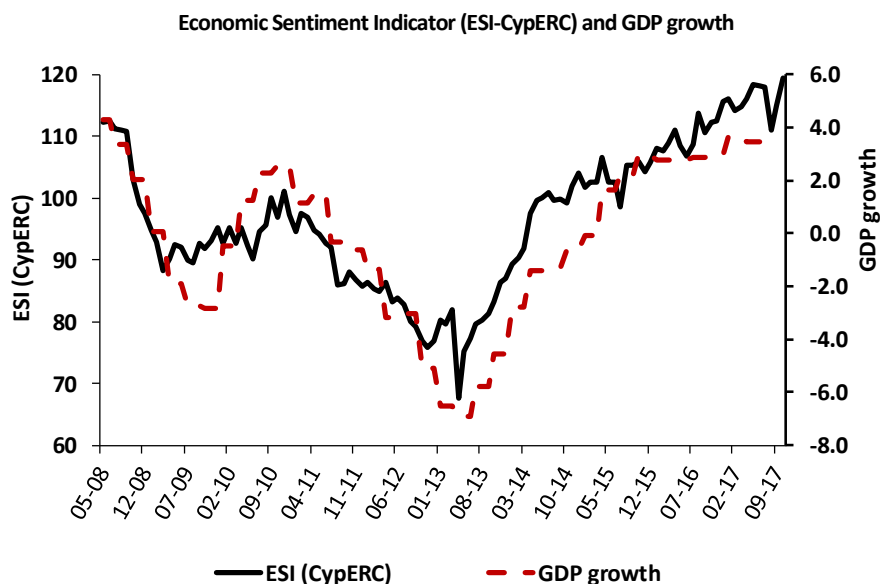
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



October 2017

SUMMARY

- In October 2017 economic sentiment in Cyprus picked up as the Economic Sentiment Indicator (ESI-CypERC) increased by 4.5 points compared with September 2017. The increase was driven by confidence improvements in services, retail trade and industry.
- The Services Confidence Indicator has fully recovered after a sharp fall in August and has now surpassed its July figure. In October, the increase in services confidence was driven by firms' more optimistic views on past business situation and past demand as well as by upward revisions of demand expectations.
- The Retail Trade Confidence Indicator increased as a result of improved assessments of past sales and upward revisions of firms' sales expectations.
- The Construction Confidence Indicator deteriorated due to firms' more pessimistic views on the current level of order books and less favourable assessments of their future employment plans.
- The Industry Confidence Indicator increased as a result of improvements in assessments of current orders and stock volumes of finished products, and upward revisions of production expectations.
- The Consumer Confidence Indicator remained unchanged as the stronger expectations regarding households' future financial condition and consumers' savings intentions were offset by the weakening of expectations regarding labour market conditions and the general 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	2016			2017									
	10	11	12	1	2	3	4	5	6	7	8	9	10
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	112.3	112.6	115.6	116.1	114.2	114.8	116.1	118.4	118.2	117.9	110.9	115.0	119.5
SERVICES													
Services Confidence Indicator ³	21	20	28	30	26	26	31	36	37	35	17	26	37
Business situation, past 3 months ⁴	14	19	30	27	28	23	30	35	36	34	14	15	26
Turnover (demand), past 3 months ⁴	16	21	15	27	26	25	33	37	44	34	15	15	30
Expected turnover (demand), next 3 months ⁴	33	21	40	36	25	31	31	36	32	38	23	48	56
Employment, past 3 months	2	-2	-4	-6	-1	-1	6	2	6	2	1	1	3
Expected employment, next 3 months	1	-5	-4	11	4	3	5	4	6	3	4	11	12
Expected selling prices, next 3 months	2	4	-1	0	7	3	0	3	4	4	0	2	-8
RETAIL TRADE													
Retail Trade Confidence Indicator ³	4	6	9	9	5	5	6	7	7	6	6	6	8
Business activity (sales), past 3 months ⁴	-6	-6	-2	8	8	3	-3	1	8	6	11	2	6
Stock of goods ⁴	-5	-4	-6	0	7	7	8	0	5	6	9	3	7
Expected business activity (sales), next 3 months ⁴	12	22	21	19	14	19	29	18	16	19	15	20	24
Orders placed with suppliers, next 3 months	-4	8	3	3	2	9	10	9	11	4	4	9	16
Expected employment, next 3 months	-2	-1	0	0	0	-3	1	1	-1	0	1	0	1
Expected selling prices, next 3 months	2	6	4	-3	3	1	5	7	6	2	8	6	9
CONSTRUCTION													
Construction Confidence Indicator ³	-26	-28	-27	-25	-23	-29	-24	-27	-28	-25	-26	-26	-28
Building activity, past 3 months	-6	11	5	8	2	-4	4	10	6	-1	8	6	-4
Current overall order books ⁴	-59	-56	-54	-53	-53	-60	-58	-56	-58	-54	-52	-56	-59
Expected employment, next 3 months ⁴	6	1	-1	3	7	1	10	2	2	4	1	3	2
Expected selling prices, next 3 months	-4	2	-2	-3	3	4	4	3	6	2	3	9	7
INDUSTRY													
Industrial Confidence Indicator ³	-2	3	0	0	4	10	7	3	3	6	4	3	8
Production, past 3 months	3	7	6	6	12	12	17	22	11	4	10	9	4
Current overall order books ⁴	-40	-39	-39	-39	-32	-18	-27	-22	-21	-15	-12	-22	-17
Current export order books	-30	-36	-44	-40	-20	-19	-30	-33	-18	-26	-20	-18	-22
Stock of finished products ⁴	-18	-29	-16	-21	-16	-17	-18	-17	-17	-18	-11	-12	-16
Expected production, next 3 months ⁴	15	18	22	19	27	33	28	15	12	16	11	21	25
Expected employment, next 3 months ⁵	-1	-1	-2	-1	-1	0	8	6	12	-2	1	3	5
Expected selling prices, next 3 months	2	-1	0	4	-4	1	3	1	2	-3	-7	0	-2
CONSUMERS													
Consumer Confidence Indicator ³	-3	-1	-1	-1	-3	-2	-3	1	-1	-1	-2	-1	-1
Financial situation of household, past 12 months	-11	-13	-15	-12	-8	-8	-9	-7	-8	-3	-7	-7	-6
Expected financial situation of household, next 12 months ⁴	2	7	5	5	2	2	2	6	4	4	1	3	6
General economic situation in Cyprus, past 12 months	8	8	9	14	16	14	14	16	18	16	19	18	18
Expected general economic situation in Cyprus, next 12 months ⁴	18	19	20	20	18	16	18	16	19	17	22	21	18
Consumer prices, past 12 months	-17	-18	-17	-7	-10	-5	-13	-9	-15	-20	-15	-15	-12
Expected consumer prices, next 12 months	-14	-14	-16	-10	-5	-7	-9	-8	-11	-12	-11	-9	-10
Expected unemployment in Cyprus, next 12 months ^{4,5}	-11	-9	-11	-14	-6	-11	-8	-16	-12	-12	-14	-10	-5
Major purchases at present	-24	-23	-23	-16	-20	-24	-24	-15	-20	-13	-17	-19	-16
Major purchases intentions, next 12 months	-24	-22	-26	-28	-29	-26	-26	-25	-29	-27	-29	-31	-28
Savings at present	-18	-13	-21	-23	-21	-21	-13	-11	-11	-14	-15	-17	-15
Savings intentions, next 12 months ⁴	-43	-41	-40	-43	-39	-35	-41	-35	-37	-39	-44	-37	-33
Statement on the current financial condition of household	9	9	6	7	8	10	10	10	13	14	10	12	13

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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