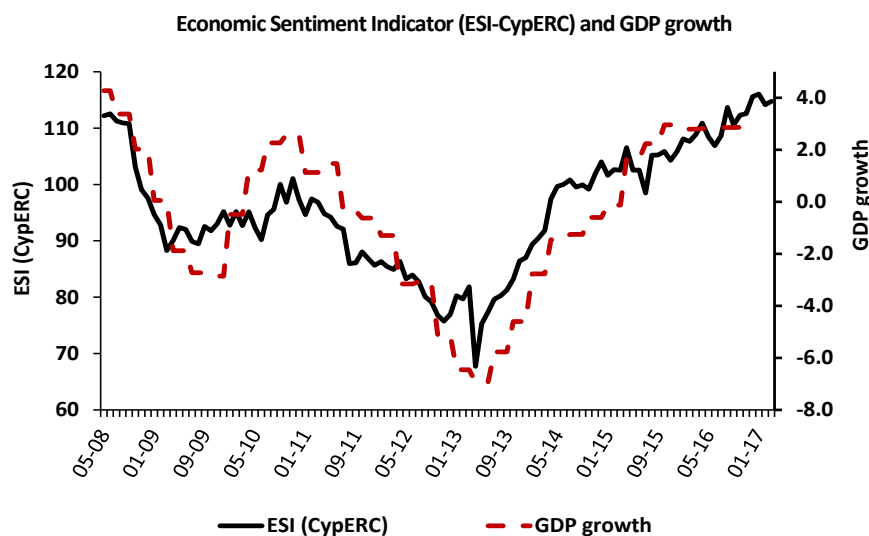




March 2017

SUMMARY

- In March 2017, economic sentiment in Cyprus picked up as the Economic Sentiment Indicator (ESI-CypERC) increased by 0.6 points compared to February 2017, driven by confidence improvements in industry and among consumers.
- The Services Confidence Indicator remained unchanged as the upward revisions of turnover expectations were offset by the less optimistic views expressed by firms regarding their recent business situation and demand.
- The Retail Trade Confidence Indicator remained unchanged as the deterioration in firms' assessments concerning past sales were offset by improved 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 rose mainly as a result of the significant improvement in firms' assessments of current orders and the upward revision of production expectations.
- The Consumer Confidence Indicator increased as a result of more optimistic responses regarding the labour market conditions and less pessimistic views on future savings.



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		
	3	4	5	6	7	8	9	10	11	12	1	2	3
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	108.9	110.9	108.5	106.9	108.6	113.7	110.6	112.3	112.6	115.6	116.1	114.2	114.8
SERVICES													
Services Confidence Indicator ³	20	19	16	10	14	27	20	21	20	28	30	26	26
Business situation, past 3 months ⁴	21	20	14	5	16	23	16	14	19	30	27	28	23
Turnover (demand), past 3 months ⁴	20	16	15	8	16	20	20	16	21	15	27	26	25
Expected turnover (demand), next 3 months ⁴	18	22	20	16	11	38	22	33	21	40	36	25	31
Employment, past 3 months	10	3	4	3	5	3	1	2	-2	-4	-6	-1	-1
Expected employment, next 3 months	3	1	5	-1	2	-1	-1	1	-5	-4	11	4	3
Expected selling prices, next 3 months	-2	7	-4	-5	2	1	-3	2	4	-1	0	7	3
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-5	0	0	-6	-1	3	0	4	6	9	9	5	5
Business activity (sales), past 3 months ⁴	-24	-19	-8	-19	-16	-3	-8	-6	-6	-2	8	8	3
Stock of goods ⁴	-5	-4	0	4	-4	6	2	-5	-4	-6	0	7	7
Expected business activity (sales), next 3 months ⁴	3	15	6	5	8	19	10	12	22	21	19	14	19
Orders placed with suppliers, next 3 months	-16	-1	-8	-7	-10	1	-6	-4	8	3	3	2	9
Expected employment, next 3 months	-4	-1	-1	-1	-1	-1	1	-2	-1	0	0	0	-3
Expected selling prices, next 3 months	-9	7	2	4	0	3	3	2	6	4	-3	3	1
CONSTRUCTION													
Construction Confidence Indicator ³	-28	-25	-34	-28	-24	-32	-24	-26	-28	-27	-25	-23	-29
Building activity, past 3 months	7	1	0	6	2	3	12	-6	11	5	8	2	-4
Current overall order books ⁴	-55	-54	-62	-56	-51	-62	-51	-59	-56	-54	-53	-53	-60
Expected employment, next 3 months ⁴	-1	5	-6	0	2	-2	2	6	1	-1	3	7	1
Expected selling prices, next 3 months	-8	-4	-2	-10	-5	0	0	-4	2	-2	-3	3	4
INDUSTRY													
Industrial Confidence Indicator ³	-3	4	4	1	0	8	-2	-2	3	0	0	4	10
Production, past 3 months	9	8	7	14	12	6	13	3	7	6	6	12	12
Current overall order books ⁴	-43	-34	-29	-29	-33	-25	-32	-40	-39	-39	-39	-32	-18
Current export order books	-28	11	-3	-38	-31	5	-14	-30	-36	-44	-40	-20	-19
Stock of finished products ⁴	-19	-26	-25	-23	-19	-26	-11	-18	-29	-16	-21	-16	-17
Expected production, next 3 months ⁴	16	20	17	11	14	24	15	15	18	22	19	27	33
Expected employment, next 3 months ⁵	-2	0	1	1	1	-1	1	-1	-1	-2	-1	-1	0
Expected selling prices, next 3 months	-3	5	4	-3	-2	5	0	2	-1	0	4	-4	1
CONSUMERS													
Consumer Confidence Indicator ³	-14	-7	-11	-7	-8	-7	-6	-3	-1	-1	-1	-3	-2
Financial situation of household, past 12 months	-19	-20	-17	-16	-14	-13	-14	-11	-13	-15	-12	-8	-8
Expected financial situation of household, next 12 months ⁴	-5	-1	-6	-1	-3	1	-2	2	7	5	5	2	2
General economic situation in Cyprus, past 12 months	-11	-1	-3	-1	-2	5	6	8	8	9	14	16	14
Expected general economic situation in Cyprus, next 12 months ⁴	-3	10	5	12	9	14	15	18	19	20	20	18	16
Consumer prices, past 12 months	-36	-25	-23	-19	-10	-7	-13	-17	-18	-17	-7	-10	-5
Expected consumer prices, next 12 months	-31	-14	-13	-7	-9	-17	-15	-14	-14	-16	-10	-5	-7
Expected unemployment in Cyprus, next 12 months ^{4,5}	-3	-7	-7	-10	-3	-6	-5	-11	-9	-11	-14	-6	-11
Major purchases at present	-36	-27	-36	-32	-33	-28	-30	-24	-23	-23	-16	-20	-24
Major purchases intentions, next 12 months	-37	-30	-37	-36	-34	-38	-30	-24	-22	-26	-28	-29	-26
Savings at present	-30	-17	-23	-17	-19	-19	-23	-18	-13	-21	-23	-21	-21
Savings intentions, next 12 months ⁴	-52	-45	-51	-48	-41	-49	-43	-43	-41	-40	-43	-39	-35
Statement on the current financial condition of household	1	4	3	5	8	6	5	9	9	6	7	8	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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