



# BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

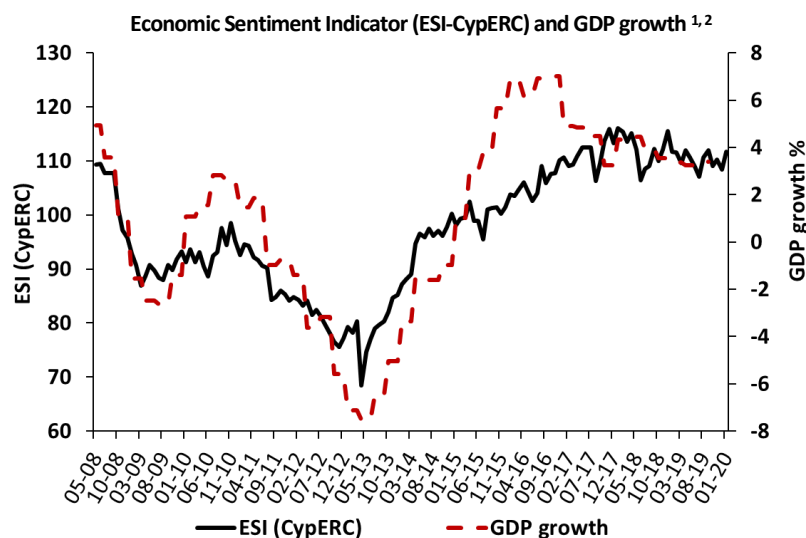


January 2020

*As of January 2020, the data for the Economic Sentiment Indicator has been revised due to an adjustment of the long-run mean and standard deviation used in the calculation of the Economic Sentiment Indicator.*

## SUMMARY

- In January 2020, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.3 points compared with December 2019. The increase resulted primarily from stronger business confidence in services and, to a smaller extent, from confidence improvements in industry, retail trade and among consumers.
- The increase in the Services Confidence Indicator was driven by firms' more favourable views on their past performance (business situation and demand) and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator increased marginally as firms' less favourable views on their past performance were offset by upward revisions in sales expectations.
- The Construction Confidence Indicator deteriorated due to firms' less favourable assessments of the current levels of their order books.
- The Industry Confidence Indicator increased as a result of firms' more positive assessments of the current levels of their order books and stocks of finished products, which more than compensated for downward revisions in production expectations.
- The Consumer Confidence Indicator increased marginally mainly due to consumers' stronger intentions to make major purchases in the next 12 months.



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 (chain-linked volume measures, seasonally adjusted) is compared to the same quarter of the previous year (Source: Statistical Service of Cyprus).

The Economics Research Centre of the University of Cyprus (CypERC) and RAI Consultants Ltd participate in the Joint Harmonised European Union Programme of Business and Consumer Surveys. CypERC acknowledges funding from the European Union, the Ministry of Finance and the University of Cyprus for conducting the project "Business and Consumer Surveys" in Cyprus.

Co-funded by  
the European Union





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

| Month  | 2019  |       |       |       |       |       |       |       |       |       |       |       | 2020  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    | 1     |
| <b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>               | 111.7 | 111.6 | 109.6 | 112.0 | 110.6 | 108.9 | 107.1 | 110.7 | 111.9 | 109.1 | 110.2 | 108.4 | 111.7 |
| <b>SERVICES</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Services Confidence Indicator <sup>3</sup>                                 | 33    | 32    | 28    | 34    | 31    | 24    | 19    | 30    | 33    | 26    | 29    | 24    | 32    |
| Business situation, past 3 months <sup>4</sup>                             | 29    | 38    | 30    | 32    | 27    | 17    | 15    | 29    | 34    | 30    | 33    | 31    | 38    |
| Turnover (demand), past 3 months <sup>4</sup>                              | 35    | 33    | 26    | 35    | 35    | 28    | 20    | 31    | 33    | 26    | 30    | 28    | 33    |
| Expected turnover (demand), next 3 months <sup>4</sup>                     | 34    | 26    | 27    | 37    | 30    | 28    | 24    | 31    | 31    | 22    | 24    | 13    | 26    |
| Employment, past 3 months  | 13    | 3     | 8     | 10    | -2    | 6     | -4    | -4    | 7     | 2     | -10   | -9    | 3     |
| Expected employment, next 3 months   | 18    | 1     | 5     | 13    | -3    | 15    | 4     | 8     | 15    | 5     | -2    | -7    | 1     |
| Expected selling prices, next 3 months                                     | 10    | 1     | 5     | -1    | 1     | 3     | -2    | 2     | 7     | 10    | 1     | 3     | 1     |
| <b>RETAIL TRADE</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Retail Trade Confidence Indicator <sup>3</sup>                             | 1     | -4    | 1     | 1     | 0     | 2     | -3    | -2    | -3    | -4    | -6    | -5    | -4    |
| Business activity (sales), past 3 months <sup>4</sup>                      | -6    | -22   | -9    | -9    | -15   | -10   | -16   | -21   | -20   | -18   | -17   | -14   | -22   |
| Stock of goods <sup>4</sup>  | 0     | 3     | -2    | -2    | 3     | -2    | -1    | -7    | 2     | -1    | -2    | 2     | 3     |
| Expected business activity (sales), next 3 months <sup>4</sup>             | 8     | 14    | 9     | 10    | 19    | 15    | 7     | 7     | 12    | 6     | -2    | 2     | 14    |
| Orders placed with suppliers, next 3 months                                | -4    | 6     | 7     | 9     | 8     | 8     | 5     | 0     | 4     | -4    | -6    | 2     | 6     |
| Expected employment, next 3 months   | 2     | 1     | -3    | -1    | 0     | -1    | 0     | 1     | 2     | -1    | 1     | -2    | 1     |
| Expected selling prices, next 3 months                                     | 6     | 15    | 2     | 6     | 4     | 6     | 5     | 5     | 5     | 1     | 8     | 11    | 15    |
| <b>CONSTRUCTION</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Construction Confidence Indicator <sup>3</sup>                             | -11   | -5    | -9    | -10   | 1     | -4    | -6    | -3    | -2    | -2    | 0     | 2     | -5    |
| Building activity, past 3 months   | 11    | 25    | 13    | 12    | 17    | 15    | 21    | 24    | 23    | 24    | 29    | 19    | 25    |
| Current overall order books <sup>4</sup>                                   | -27   | -20   | -29   | -28   | -14   | -18   | -21   | -20   | -16   | -13   | -12   | -7    | -20   |
| Expected employment, next 3 months <sup>4</sup>                            | 5     | 11    | 11    | 9     | 16    | 10    | 8     | 15    | 11    | 9     | 12    | 11    | 11    |
| Expected selling prices, next 3 months                                     | 8     | 12    | 17    | 21    | 19    | 18    | 13    | 17    | 23    | 11    | 19    | 16    | 12    |
| <b>INDUSTRY</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Industrial Confidence Indicator <sup>3</sup>                               | 5     | 10    | 3     | 5     | 3     | 9     | 5     | 3     | 7     | 9     | 10    | 8     | 10    |
| Production, past 3 months  | 12    | 20    | 7     | 9     | 1     | 7     | 10    | 1     | 8     | 18    | 23    | 20    | 20    |
| Current overall order books <sup>4</sup>                                   | -27   | -14   | -26   | -20   | -22   | -19   | -23   | -21   | -24   | -18   | -8    | -16   | -14   |
| Current export order books   | -20   | -19   | -23   | -33   | -25   | 4     | -33   | -41   | -18   | -14   | -13   | -1    | -19   |
| Stock of finished products <sup>4</sup>                                    | -18   | -22   | -18   | -13   | -9    | -15   | -17   | -13   | -21   | -12   | -7    | -8    | -22   |
| Expected production, next 3 months <sup>4</sup>                            | 23    | 21    | 17    | 22    | 23    | 30    | 20    | 18    | 23    | 31    | 30    | 32    | 21    |
| Expected employment, next 3 months <sup>5</sup>                            | 2     | 4     | 2     | 2     | 0     | 2     | 2     | 0     | 0     | 9     | 7     | 6     | 4     |
| Expected selling prices, next 3 months                                     | -2    | 6     | 6     | 1     | 3     | 4     | 4     | 1     | 3     | 3     | 4     | 3     | 6     |
| <b>CONSUMERS</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Consumer Confidence Indicator <sup>3</sup>                                 | -4    | -6    | -8    | -7    | -9    | -8    | -6    | -7    | -4    | -9    | -7    | -7    | -6    |
| Financial situation of household, past 12 months <sup>4</sup>              | -6    | -3    | -6    | -4    | -7    | -6    | -7    | -5    | -4    | -5    | -2    | -2    | -3    |
| Expected financial situation of household, next 12 months <sup>4</sup>     | 4     | 3     | 1     | 2     | 1     | -2    | -1    | 3     | 4     | -1    | -1    | 3     | 3     |
| General economic situation in Cyprus, past 12 months                       | 10    | 7     | 4     | 4     | 5     | -1    | 6     | 4     | 8     | 2     | 9     | 9     | 7     |
| Expected general economic situation in Cyprus, next 12 months <sup>4</sup> | 9     | 2     | 2     | -1    | 0     | -2    | 2     | -2    | 4     | -3    | -1    | 1     | 2     |
| Consumer prices, past 12 months  | 7     | 5     | 13    | 15    | 15    | 13    | 4     | -1    | 2     | 3     | -2    | 1     | 5     |
| Expected consumer prices, next 12 months                                   | -1    | 4     | 0     | 8     | 2     | 5     | -2    | -3    | 0     | 0     | -5    | 3     | 4     |
| Expected unemployment in Cyprus, next 12 months <sup>5</sup>               | -13   | -5    | -11   | -11   | -13   | -4    | -9    | -4    | -4    | -1    | -6    | -6    | -5    |
| Major purchases at present   | -18   | -8    | -11   | -17   | -14   | -24   | -20   | -13   | -13   | -18   | -11   | -7    | -8    |
| Major purchases intentions, next 12 months <sup>4</sup>                    | -23   | -24   | -27   | -26   | -29   | -22   | -18   | -25   | -22   | -27   | -24   | -28   | -24   |
| Savings at present   | -27   | -29   | -29   | -28   | -31   | -33   | -28   | -31   | -22   | -33   | -30   | -22   | -29   |
| Savings intentions, next 12 months   | -43   | -43   | -42   | -37   | -47   | -44   | -38   | -38   | -41   | -46   | -47   | -38   | -43   |
| Statement on the current financial condition of household                  | 10    | 15    | 12    | 12    | 10    | 13    | 11    | 18    | 13    | 13    | 13    | 19    | 15    |

#### 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> Following a suggestion by the European Commission, the responses to this question are not adjusted for seasonality.



**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)**

This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme of Business and Consumer Surveys. This bulletin reflects only the authors' views\* and the European Commission is not responsible for any use that may be made of the information it contains.

\* 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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