



BUSINESS AND CONSUMER SURVEYS

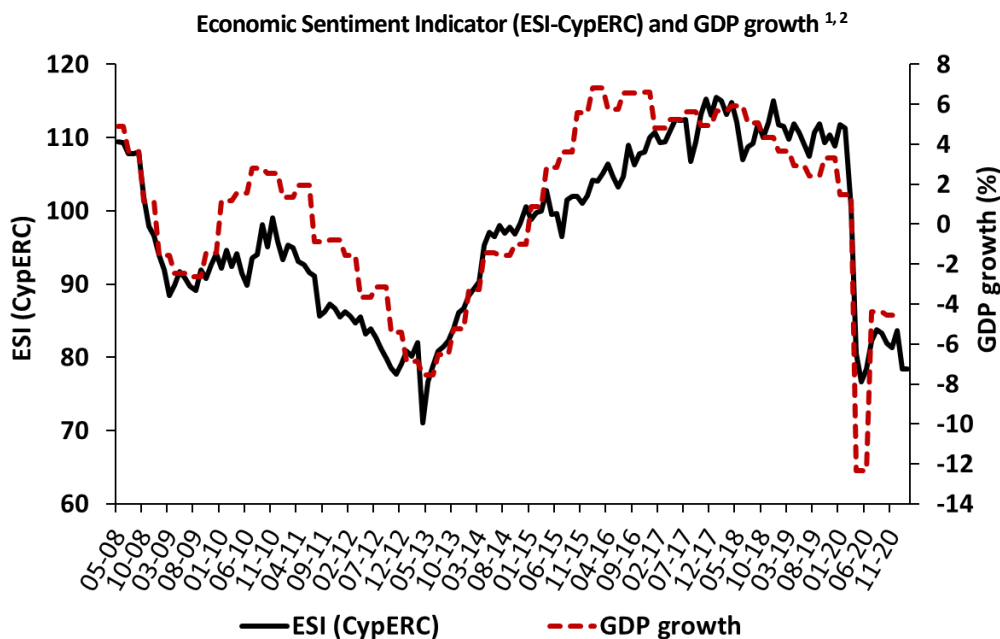
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



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SUMMARY

- In February 2021, economic sentiment in Cyprus deteriorated marginally as the Economic Sentiment Indicator (ESI-CypERC) decreased by 0.1 point compared with January 2021. The decrease in the ESI-CypERC was mainly driven by weaker business confidence in services.
- The decrease in the Services Confidence Indicator resulted from firms' less favourable views on their past business situation and past demand, despite improved demand expectations.
- The Retail Trade Confidence Indicator declined marginally due to downward revisions in sales expectations, despite more favourable views on recent sales.
- The Construction Confidence Indicator remained unchanged as improved assessments of the level of order books were offset by downward revisions in employment expectations.
- The marginal decrease in the Industry Confidence Indicator was mainly due to more pessimistic production expectations.
- The small improvement in the Consumer Confidence Indicator resulted from upward revisions in consumers' expectations about their financial conditions and the economic conditions in Cyprus over the next 12 months.



Notes:

¹ 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.

² 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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Indicators and balances ¹

Month	2020												2021	
	2	3	4	5	6	7	8	9	10	11	12	1	2	
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	111.3	100.5	80.5	76.6	78.5	82.3	83.8	83.3	81.9	81.3	83.7	78.5	78.4	
SERVICES														
Services Confidence Indicator ³	29	6	-48	-64	-63	-50	-43	-44	-49	-47	-42	-55	-58	
Business situation, past 3 months ⁴	44	29	-27	-53	-60	-63	-59	-34	-51	-42	-49	-56	-62	
Turnover (demand), past 3 months ⁴	24	25	-31	-58	-70	-62	-55	-53	-45	-51	-48	-54	-63	
Expected turnover (demand), next 3 months ⁴	20	-37	-88	-81	-59	-26	-15	-45	-51	-47	-30	-56	-48	
Employment, past 3 months	-6	-4	-5	-10	-17	2	9	-5	-1	1	1	-12	-9	
Expected employment, next 3 months	11	-4	-7	-4	-2	7	-4	4	11	5	-3	-15	-15	
Expected selling prices, next 3 months	5	-7	-28	-26	-18	-15	-10	-7	-14	-6	-9	-4	-18	
Uncertainty: difficulty predicting business situation ^{5,6}				45	63	40	59	48	32	44	58	62	67	
RETAIL TRADE														
Retail Trade Confidence Indicator ³	-2	-5	-25	-35	-29	-31	-25	-25	-28	-28	-25	-28	-29	
Business activity (sales), past 3 months ⁴	-12	-7	-26	-48	-52	-53	-54	-51	-50	-51	-50	-54	-49	
Stock of goods ⁴	0	1	-10	-1	-18	-12	-21	-19	-19	-20	-25	-17	-18	
Expected business activity (sales), next 3 months ⁴	6	-8	-61	-58	-54	-51	-43	-43	-52	-55	-50	-45	-56	
Orders placed with suppliers, next 3 months	0	-5	-50	-51	-52	-48	-41	-42	-49	-55	-52	-48	-49	
Expected employment, next 3 months	2	2	-2	0	-1	0	-2	-1	1	0	0	0	-2	
Expected selling prices, next 3 months	8	8	-6	-2	0	2	3	5	2	1	4	1	-3	
Uncertainty: difficulty predicting business situation ^{5,6}				57	53	57	60	71	76	80	78	77	67	
CONSTRUCTION														
Construction Confidence Indicator ³	1	-9	-9	-13	-13	-18	-14	-18	-11	-25	-20	-25	-25	
Building activity, past 3 months	21	13	-5	-48	-39	-33	-9	-15	-9	-32	-24	-34	-34	
Current overall order books ⁴	-14	-18	-22	-27	-31	-37	-26	-32	-22	-44	-38	-44	-42	
Expected employment, next 3 months ⁴	15	-1	3	1	5	1	-2	-3	-1	-7	-2	-6	-7	
Expected selling prices, next 3 months	16	10	-9	-8	-6	8	5	-4	2	-2	-8	-1	1	
Uncertainty: difficulty predicting business situation ^{5,6}				60	53	46	44	38	52	66	57	57	52	
INDUSTRY														
Industrial Confidence Indicator ³	10	3	-43	-36	-28	-28	-24	-28	-29	-28	-29	-34	-35	
Production, past 3 months	22	24	-21	-66	-63	-66	-56	-59	-61	-57	-60	-56	-53	
Current overall order books ⁴	-6	-11	-65	-73	-67	-60	-61	-61	-62	-67	-70	-64	-69	
Current export order books	-2	-6	-83	-45	-21	-60	-66	-51	-70	-69	-62	-68	-78	
Stock of finished products ⁴	-20	-15	-10	-32	-20	-9	-14	-13	-18	-23	-33	-20	-30	
Expected production, next 3 months ⁴	16	5	-75	-67	-38	-31	-26	-37	-44	-39	-52	-57	-66	
Expected employment, next 3 months ⁵	6	4	-5	-2	-1	0	-1	-1	-2	-3	-1	-2	-2	
Expected selling prices, next 3 months	10	1	-1	-1	-3	6	-1	-1	-1	-1	-3	-4	1	
Uncertainty: difficulty predicting business situation ^{5,6}				61	53	51	49	62	60	68	73	76	64	
CONSUMERS														
Consumer Confidence Indicator ³	-4	-23	-33	-29	-24	-21	-31	-29	-29	-35	-33	-35	-32	
Financial situation of household, past 12 months ⁴	-4	-2	-1	-8	-14	-13	-17	-15	-15	-18	-20	-20	-22	
Expected financial situation of household, next 12 months ⁴	4	-16	-27	-17	-8	-5	-15	-12	-10	-20	-15	-20	-14	
General economic situation in Cyprus, past 12 months	7	20	15	-2	-25	-32	-44	-44	-49	-58	-64	-68	-67	
Expected general economic situation in Cyprus, next 12 months ⁴	2	-37	-54	-45	-30	-25	-48	-43	-45	-56	-49	-54	-45	
Consumer prices, past 12 months	12	-1	-3	-7	-13	-13	-16	-18	-19	-17	-17	-21	-25	
Expected consumer prices, next 12 months	4	-3	-8	-16	-17	-16	-13	-17	-19	-15	-10	-21	-16	
Expected unemployment in Cyprus, next 12 months ⁵	-5	42	63	59	51	51	66	60	57	66	62	60	48	
Major purchases at present	-7	-45	-55	-41	-35	-30	-39	-42	-32	-49	-53	-51	-42	
Major purchases intentions, next 12 months ⁴	-20	-35	-48	-46	-42	-40	-44	-45	-45	-46	-48	-44	-46	
Savings at present	-28	-30	-35	-29	-28	-20	-19	-16	-24	-19	-24	-16	-23	
Savings intentions, next 12 months	-40	-47	-44	-35	-35	-39	-28	-28	-40	-39	-40	-35	-31	
Statement on the current financial condition of household	15	13	12	15	17	15	16	21	19	14	14	15	18	
Uncertainty: difficulty predicting household's financial situation ^{5,6}				-1	4	7	7	4	6	16	9	12	4	

Notes: ¹ 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. 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 and https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en. ⁴ The responses to this question are used in the calculation of the confidence (composite) indicator for each survey. ⁵ The responses to this question are not adjusted for seasonality. ⁶ 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.



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