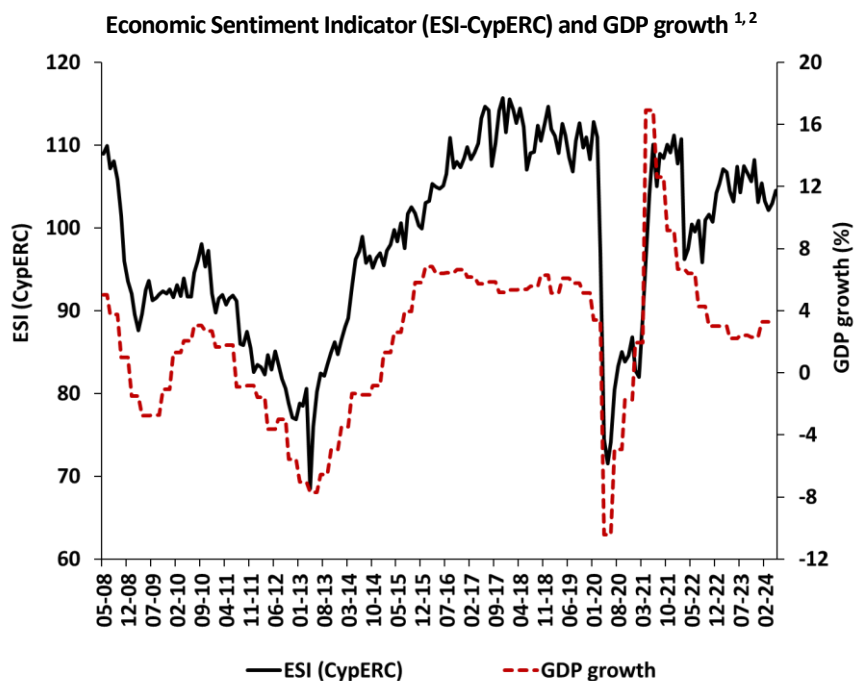


## BUSINESS AND CONSUMER SURVEYS

### May 2024

#### Summary

- In May 2024, economic sentiment in Cyprus improved, as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.6 points compared with April. The increase in the ESI-CypERC was mainly driven by stronger business confidence in services.
- The increase in the Services Confidence Indicator was due to firms' improved views on their past business situation and their recent turnover.
- The small drop in the Retail Trade Confidence Indicator resulted from worsening assessments of past sales and downward revisions in sales expectations.
- The Construction Confidence Indicator declined, as firms assessed their current levels of order books more negatively and revised their employment expectations downwards.
- The Industry Confidence Indicator remained unchanged in May, as the improvement in production expectations was offset by a deterioration in the assessments of the current level of order books and in the views on stocks of finished products.
- The Consumer Confidence Indicator rose marginally in May. Consumers' expectations about their financial situation and the general economic conditions in Cyprus improved; however, consumers' intentions to make major purchases over the next months weakened in May.
- Economic uncertainty in Cyprus decreased in May, owing to the lower uncertainty levels registered among consumers and among firms in all sectors, except construction.



Notes: <sup>1</sup> ESI (CypERC): the weights used in the calculation of the Indicator 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).

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



Indicators and balances <sup>1</sup>

Month	2023								2024				
	5	6	7	8	9	10	11	12	1	2	3	4	5
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) <sup>2</sup>	103.1	107.4	104.3	107.5	106.6	105.6	108.2	103.1	105.4	103.3	102.1	102.9	104.5
ECONOMIC UNCERTAINTY INDICATOR (CypERC) <sup>2</sup>	29.8	19.7	30.3	21.3	29.6	25.2	23.7	39.2	35.8	31.5	29.5	30.8	22.3
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	15	27	18	29	30	26	34	12	21	17	14	15	21
Business situation, past 3 months <sup>4</sup>	29	42	35	35	32	37	46	28	17	23	32	26	36
Turnover (demand), past 3 months <sup>4</sup>	7	27	14	27	33	28	40	0	19	16	16	12	22
Expected turnover (demand), next 3 months <sup>4</sup>	10	12	4	26	26	13	15	8	27	12	-6	9	6
Employment, past 3 months	10	7	-3	5	-4	8	13	-9	-6	4	12	5	4
Expected employment, next 3 months	12	5	6	7	5	11	13	-19	1	10	23	9	6
Expected selling prices, next 3 months	46	39	37	39	36	33	36	34	25	34	39	31	27
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	30	14	30	15	26	21	17	46	38	32	26	30	20
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	1	2	2	3	1	0	0	0	1	-2	-6	-4	-6
Business activity (sales), past 3 months <sup>4</sup>	-11	-13	-10	-9	-11	-9	-3	-2	-3	-4	-5	-6	-10
Stock of goods <sup>4</sup>	-12	-11	-9	-9	-3	1	-2	-3	2	1	0	-3	-4
Expected business activity (sales), next 3 months <sup>4</sup>	0	7	6	10	11	10	1	0	7	-2	-12	-9	-11
Orders placed with suppliers, next 3 months	0	1	-2	1	4	1	-3	-4	3	-8	-14	-16	-16
Expected employment, next 3 months	1	0	0	-1	0	1	1	1	2	1	2	1	3
Expected selling prices, next 3 months	49	47	42	50	49	46	41	42	37	41	47	50	48
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	60	72	62	65	63	59	65	63	67	67	70	75	67
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-11	-13	-8	-11	-10	-6	1	-3	-7	-2	-4	1	-5
Building activity, past 3 months	-5	-4	-2	-7	-2	-2	3	8	0	7	10	8	6
Current overall order books <sup>4</sup>	-19	-22	-13	-18	-18	-17	-10	-13	-18	-12	-13	-5	-13
Expected employment, next 3 months <sup>4</sup>	-3	-5	-3	-4	-2	5	12	7	4	8	5	8	4
Expected selling prices, next 3 months	66	70	65	68	75	72	69	63	59	57	66	64	66
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	40	36	37	36	42	44	48	37	44	34	42	27	31
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	1	3	5	2	0	0	-3	1	0	-1	-6	0	0
Production, past 3 months	-1	6	6	9	10	9	-2	-3	-2	2	9	2	-2
Current overall order books <sup>4</sup>	-26	-27	-24	-29	-27	-27	-30	-27	-26	-27	-22	-18	-20
Current export order books	-48	-6	-10	-33	-37	-24	-49	-55	-43	-35	-45	-36	-28
Stock of finished products <sup>4</sup>	-22	-25	-14	-20	-19	-17	-16	-20	-17	-22	-9	-17	-15
Expected production, next 3 months <sup>4</sup>	7	12	26	13	7	12	5	9	10	2	-4	1	6
Expected employment, next 3 months	1	0	1	0	0	0	0	0	0	1	0	1	0
Expected selling prices, next 3 months	25	4	9	14	20	20	16	7	6	14	22	21	20
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	67	64	68	67	69	63	66	68	61	70	70	69	67
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-26	-20	-22	-24	-28	-28	-27	-22	-22	-27	-24	-27	-26
Financial situation of household, past 12 months <sup>4</sup>	-21	-16	-16	-16	-28	-18	-20	-14	-16	-22	-19	-19	-18
Expected financial situation of household, next 12 months <sup>4</sup>	-13	-9	-12	-13	-18	-19	-13	-9	-9	-14	-11	-17	-14
General economic situation in Cyprus, past 12 months	-46	-43	-46	-48	-57	-58	-49	-40	-40	-47	-41	-47	-42
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-27	-24	-36	-41	-41	-52	-40	-30	-33	-40	-33	-39	-36
Consumer prices, past 12 months	87	78	77	77	80	78	75	76	73	71	72	74	76
Expected consumer prices, next 12 months	7	16	27	26	25	44	21	18	31	29	22	35	31
Expected unemployment in Cyprus, next 12 months	16	18	18	17	18	22	17	18	17	17	14	13	14
Major purchases at present	-52	-44	-45	-42	-51	-49	-44	-39	-37	-36	-38	-41	-37
Major purchases intentions, next 12 months <sup>4</sup>	-43	-30	-24	-27	-24	-21	-33	-34	-31	-31	-33	-32	-34
Savings at present	-24	-24	-23	-15	-25	-21	-21	-23	-16	-23	-24	-25	-21
Savings intentions, next 12 months	-38	-43	-42	-35	-39	-33	-34	-31	-25	-39	-38	-34	-40
Statement on the current financial condition of household	14	14	15	17	16	15	15	17	15	9	15	13	14
Uncertainty: difficulty predicting household's financial situation <sup>5, 6</sup>	0	-3	5	2	9	5	6	2	8	2	8	3	-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 calculation of the Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf); however, the weights used in the calculation reflect the contribution of each sector to the GDP of Cyprus. <sup>3</sup> The Confidence Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf). <sup>4</sup> The responses to this question are used in the calculation of the Confidence 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.

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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.

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