

# The Cyprus Composite Leading Economic Index (CCLEI)

*“At March levels the year-over-year CCLEI growth rate in April”*

## What is a Composite Leading Economic Index (CLEI)?

The CLEI Index is designed to provide early warning signals for the turning points of business cycles i.e., early evidence of the turns in economic activity. This Index comprises of several leading economic activity variables whose changes tend to lead the changes in the overall economic activity and which are evaluated on a regular basis.

## What are the components of the Cyprus Composite Leading Economic Index (CCLEI)?

The leading variables have been selected from a large pool of domestic and international leading indicators and are: the Brent Crude oil price (€), the Economic Sentiment Indicator (ESI) in Cyprus and the euro area, the total property sales contracts, the tourist arrivals in Cyprus, the value of Cypriot credit card transactions, the retail trade sales turnover volume index, and the temperature-adjusted volume index of electricity production.

The Cyprus Composite Leading Economic Index<sup>1</sup> (CCLEI), constructed and estimated by the Economics Research Centre (CypERC) of the University of Cyprus, recorded a year-over-year decrease of 0.6% in April<sup>2</sup> 2024, following the year-over-year decreases of 0.6% and 0.4% in March and February 2024, respectively (based on latest and revised data).

*The year-over-year growth rate of the CCLEI remained stable in April 2024 compared to the previous month. The prevailing international developments and uncertainties have inevitably affected the CCLEI and especially the international leading indices that compose the Index, with the year-over-year growth rate of the CCLEI remaining negative in April 2024. Specifically, the year-over-year growth rates of the Economic Sentiment Indicators (ESI) in Cyprus, and especially in the euro area, worsened in April 2024. The negative year-over-year growth rate of the CCLEI in April is also due to the negative year-over-year growth rate of tourist arrivals in Cyprus in April, as well as the international price of Brent Crude oil which recorded a significant year-over-year increase in April. However, the increase in the year-over-year growth rate of the rest of the domestic leading components of the CCLEI, including property sales contracts, credit card transactions, retail sales volume, and the temperature-adjusted volume of electricity production, contained the decline in the CCLEI in April, withholding the year-over-year growth rate of the CCLEI at the same levels as in March.*

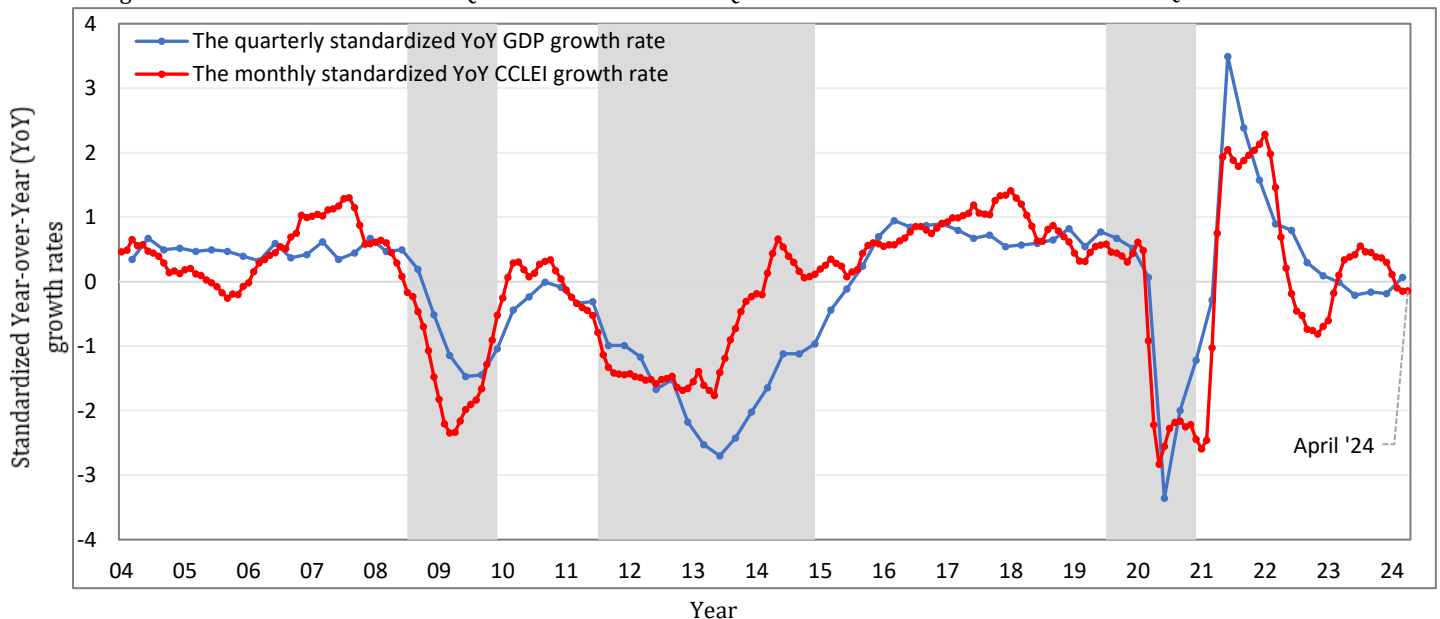
*In summary, the year-over-year growth rate of the CCLEI continues to be negative also in April, with the drop remaining at the same levels as that of the previous month. Further information regarding the methodology of constructing the CCLEI can be found at: [CCLEI](#).*

### Notes:

1. The CCLEI is estimated based on the econometric model of Aruoba, Diebold, and Scotti (2009).
2. The CCLEI for April 2024 is estimated based on the availability of the Brent Crude oil price, the ESI in the euro area and in Cyprus, the property sales contracts, the tourist arrivals, the credit card transactions, as well as the high-frequency data of the temperature-adjusted volume of electricity production. On the other hand, the retail sales volume is estimated based on the latest available information in a series of various economic indicators.

**Figure: The Cyprus Composite Leading Economic Index (CCLEI) vis-à-vis the Economic Activity of Cyprus**

Peak of GDP:	2008Q2	2011Q2	2019Q2
Trough of GDP:	2009Q2	2013Q2	2020Q2



*Source: Economics Research Centre (ERC) - Department of Economics, University of Cyprus (UCY).*

*Note that for comparison purposes, the Year-over-Year (YoY) quarterly growth rate of the Gross Domestic Product (GDP) vis-à-vis the YoY monthly growth rate of the CCLEI are presented in a standardized format in the graph. Shaded areas represent recession periods defined following the CERP Euro Area Business Cycle Dating Committee in combination with the conventional recession definition of at least two consecutive quarters of negative YoY growth rate of the GDP.*