

# The Cyprus Composite Leading Economic Index (CCLEI)

*“The year-over-year growth rate of the CCLEI was positive in May”*

## 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 increase of 0.1% in May<sup>2</sup> 2024, following the year-over-year decreases of 0.2% and 0.4% in April and March 2024, respectively (according to recent and revised data).

The estimated year-over-year growth rate of the CCLEI was positive in May 2024. The positive estimate of the CCLEI in May is mainly due to the year-over-year growth of several domestic variables. Specifically, tourist arrivals in Cyprus, credit card transactions, retail sales volume, and the temperature-adjusted electricity production volume - contributed to the growth of the CCLEI in May. The preservation of the Economic Sentiment Indicator (ESI) in Cyprus in May 2024 at the same level as in May last year had a neutral effect on the change in the CCLEI. In contrast, the negative growth of the European ESI combined with the year-over-year increase in the international Brent Crude oil price and the decline in the year-over-year growth rate of property sales contracts, restrained the further rise of the CCLEI in May.

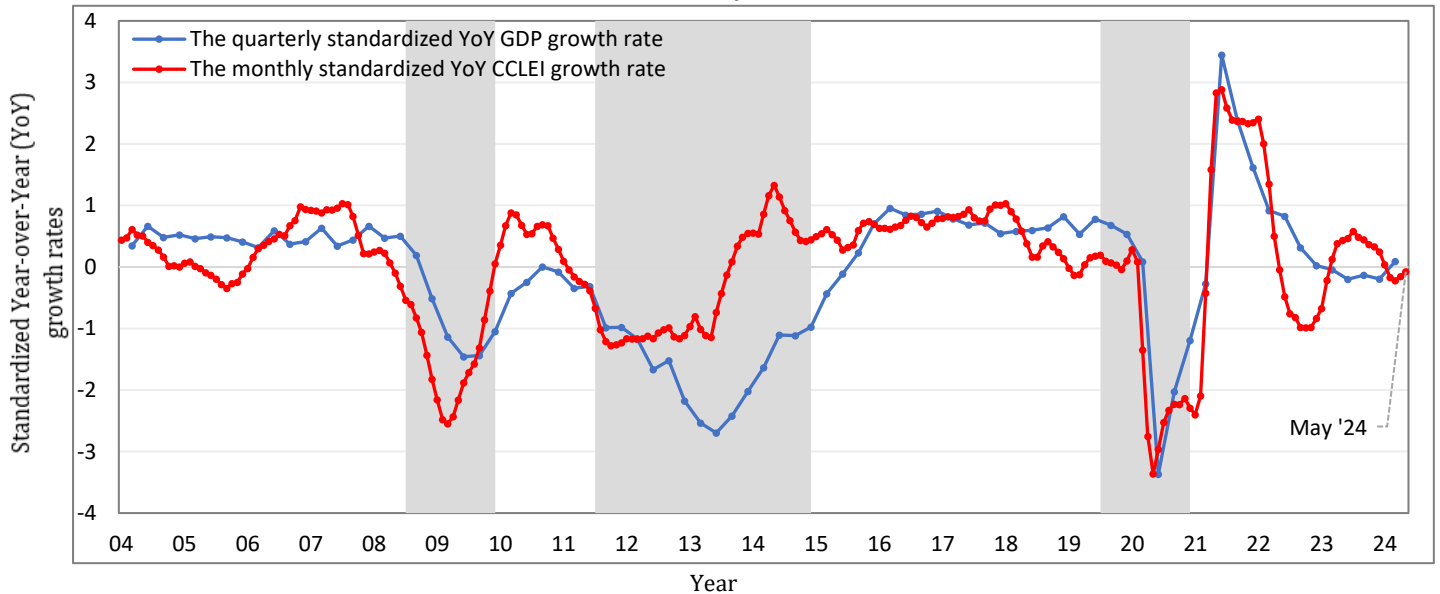
In conclusion, the year-over-year growth rate of the CCLEI is marginally positive in May 2024, halting the negative growth of the Index observed in recent months. Further information regarding the methodology of constructing the CCLEI can be found at: [CCLEI](#).

### Notes:

1. The CCLEI is estimated based on the econometric model of Aruoba, Diebold, and Scotti (2009).
2. The CCLEI for May 2024 is estimated based on the data availability of the Brent Crude oil price, the weighted 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.

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