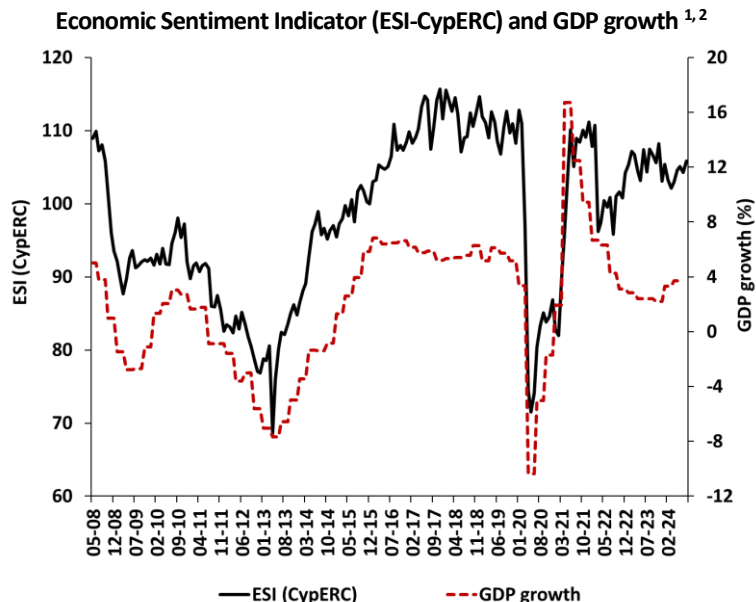


## BUSINESS AND CONSUMER SURVEYS

### August 2024

#### Summary

- In August 2024, economic sentiment in Cyprus improved, as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.5 points compared with July. The increase in the ESI-CypERC was driven by stronger business confidence in the services, construction and manufacturing sectors.
- The increase in the Services Confidence Indicator mainly resulted from firms' improved assessments of their recent and expected turnover.
- The small decrease in the Retail Trade Confidence Indicator was driven by a deterioration in firms' views on recent and future sales as well as on stock levels.
- The Construction Confidence Indicator rose for the second month in a row, as its components improved further. In August, firms assessed the current levels of their order books more favourably and revised their employment expectations upwards.
- The increase in the Industry Confidence Indicator was mostly due to firms' upward revisions in production expectations.
- The Consumer Confidence Indicator decreased in August as its components deteriorated. In August, consumers' views on their recent and future financial situation worsened and expectations about the general economic conditions in the country fell; moreover, consumers' intentions to make major purchases weakened.
- The improvement in economic confidence in August was accompanied by increased uncertainty. In August, the Economic Uncertainty Indicator for Cyprus rose markedly, owing to external and domestic factors. The ongoing geopolitical tensions, mainly in the Middle East, the high volatility in international markets in August that reflected concerns over global economic activity, as well as setbacks in major investment projects in Cyprus (mainly relating to the energy infrastructure) are among the factors that triggered business and consumer uncertainty.



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).

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Indicators and balances <sup>1</sup>

Month	2023					2024							
	8	9	10	11	12	1	2	3	4	5	6	7	8
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	107.5	106.6	105.6	108.2	103.1	105.4	103.3	102.1	102.9	104.5	105.1	104.3	105.8
<b>ECONOMIC UNCERTAINTY INDICATOR (CypERC)<sup>2</sup></b>	21.3	29.6	25.2	23.7	39.2	35.8	31.5	29.5	30.8	22.3	28.6	26.9	41.9
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	29	30	26	34	12	21	17	14	15	21	23	17	24
Business situation, past 3 months <sup>4</sup>	35	32	37	46	28	17	23	32	26	36	38	29	33
Turnover (demand), past 3 months <sup>4</sup>	27	33	28	40	0	19	16	16	12	22	27	12	22
Expected turnover (demand), next 3 months <sup>4</sup>	26	26	13	15	8	27	12	-6	9	6	3	10	18
Expected employment, next 3 months	7	5	11	13	-19	1	10	23	9	6	7	18	14
Expected selling prices, next 3 months	39	36	33	36	34	25	34	39	31	27	37	30	27
Uncertainty: difficulty predicting business situation 5, 6	15	26	21	17	46	38	32	26	30	20	28	26	49
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	3	1	0	0	0	1	-2	-6	-4	-6	-6	1	-2
Business activity (sales), past 3 months <sup>4</sup>	-9	-11	-9	-3	-2	-3	-4	-5	-6	-10	-13	-8	-13
Stock of goods <sup>4</sup>	-9	-3	1	-2	-3	2	1	0	-3	-4	-4	-8	-6
Expected business activity (sales), next 3 months <sup>4</sup>	10	11	10	1	0	7	-2	-12	-9	-11	-9	3	1
Orders placed with suppliers, next 3 months	1	4	1	-3	-4	3	-8	-14	-16	-16	-15	1	-2
Expected employment, next 3 months	-1	0	1	1	1	2	1	2	1	3	1	2	1
Expected selling prices, next 3 months	50	49	46	41	42	37	41	47	50	48	42	46	40
Uncertainty: difficulty predicting business situation 5, 6	65	63	59	65	63	67	67	70	75	67	65	62	65
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-11	-10	-6	1	-3	-7	-2	-4	1	-5	-8	0	3
Building activity, past 3 months	-7	-2	-2	3	8	0	7	10	8	6	8	15	5
Current overall order books <sup>4</sup>	-18	-18	-17	-10	-13	-18	-12	-13	-5	-13	-16	-10	-7
Expected employment, next 3 months <sup>4</sup>	-4	-2	5	12	7	4	8	5	8	4	0	10	12
Expected selling prices, next 3 months	68	75	72	69	63	59	57	66	64	66	59	57	55
Uncertainty: difficulty predicting business situation 5, 6	36	42	44	48	37	44	34	42	27	31	25	34	38
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	2	0	0	-3	1	0	-1	-6	0	0	-1	-2	0
Production, past 3 months	9	10	9	-2	-3	-2	2	9	2	-2	-3	-3	-6
Current overall order books <sup>4</sup>	-29	-27	-27	-30	-27	-26	-27	-22	-18	-20	-22	-25	-28
Current export order books	-33	-37	-24	-49	-55	-43	-35	-45	-36	-28	-39	-50	-57
Stock of finished products <sup>4</sup>	-20	-19	-17	-16	-20	-17	-22	-9	-17	-15	-14	-22	-25
Expected production, next 3 months <sup>4</sup>	13	7	12	5	9	10	2	-4	1	6	5	-3	3
Expected employment, next 3 months	0	0	0	0	0	0	1	0	1	0	1	1	1
Expected selling prices, next 3 months	14	20	20	16	7	6	14	22	21	20	16	6	15
Uncertainty: difficulty predicting business situation 5, 6	67	69	63	66	68	61	70	70	69	67	69	68	69
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-24	-28	-28	-27	-22	-22	-27	-24	-27	-26	-21	-22	-27
Financial situation of household, past 12 months <sup>4</sup>	-16	-28	-18	-20	-14	-16	-22	-19	-19	-18	-17	-16	-19
Expected financial situation of household, next 12 months <sup>4</sup>	-13	-18	-19	-13	-9	-9	-14	-11	-17	-14	-11	-14	-17
General economic situation in Cyprus, past 12 months	-48	-57	-58	-49	-40	-40	-47	-41	-47	-42	-47	-44	-45
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-41	-41	-52	-40	-30	-33	-40	-33	-39	-36	-33	-34	-41
Consumer prices, past 12 months	77	80	78	75	76	73	71	72	74	76	74	74	77
Expected consumer prices, next 12 months	26	25	44	21	18	31	29	22	35	31	26	24	41
Expected unemployment in Cyprus, next 12 months	17	18	22	17	18	17	17	14	13	14	13	15	19
Major purchases at present	-42	-51	-49	-44	-39	-37	-36	-38	-41	-37	-43	-35	-40
Major purchases intentions, next 12 months <sup>4</sup>	-27	-24	-21	-33	-34	-31	-31	-33	-32	-34	-22	-24	-32
Savings intentions, next 12 months	-35	-39	-33	-34	-31	-25	-39	-38	-34	-40	-38	-33	-31
Statement on the current financial condition of household	17	16	15	15	17	15	9	15	13	14	12	16	16
Uncertainty: difficulty predicting household's financial situation 5, 6	2	9	5	6	2	8	2	8	3	-4	4	-1	5

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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