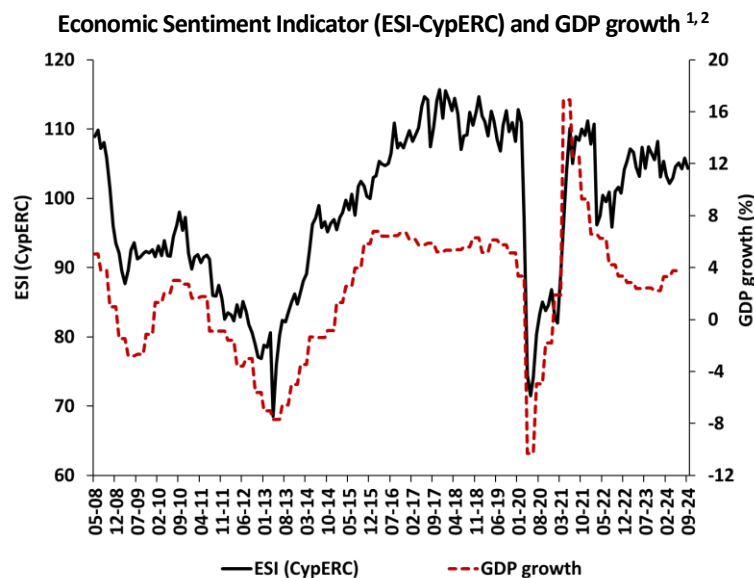


BUSINESS AND CONSUMER SURVEYS

September 2024

Summary

- In September 2024, economic sentiment in Cyprus deteriorated, as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.4 points compared to August 2024. The decrease in the ESI-CypERC, which reversed the gains registered in August, was driven by a deterioration in business confidence in the services and construction sectors.
- The decline in the Services Confidence Indicator resulted from less favourable assessments of the recent business situation (including turnover) and, to a smaller degree, from downward revisions in turnover expectations.
- The increase in the Retail Trade Confidence Indicator was mainly driven by improved views on recent and future sales.
- The Construction Confidence Indicator declined, as firms expressed more negative views on the current levels of their order books and revised their employment expectations downwards.
- The Industry Confidence Indicator rose for the second consecutive month, driven by improvements in firms' assessments of the current level of order books and upward revisions in production expectations.
- The Consumer Confidence Indicator increased marginally in September, as consumers' views on their recent and future financial situation improved.
- The Economic Uncertainty Indicator for Cyprus decreased, as the impact of some factors that had contributed to the rise in uncertainty in August moderated in September (e.g. lower volatility in financial markets, partial progress regarding the Great Sea Interconnector project). Moreover, the deceleration of inflation and the downward trend in interest rates seem to make it easier for firms and households to predict their future financial situation, resulting in lower economic uncertainty.



Notes: ¹ ESI (CypERC): the weights used in the calculation of the Indicator 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	2023				2024								
	9	10	11	12	1	2	3	4	5	6	7	8	9
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	106.6	105.6	108.2	103.1	105.4	103.3	102.1	102.9	104.5	105.1	104.3	105.8	104.4
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	29.6	25.2	23.7	39.2	35.8	31.5	29.5	30.8	22.3	28.6	26.9	41.9	27.3
SERVICES													
Services Confidence Indicator ³	30	26	34	12	21	17	14	15	21	23	17	24	17
Business situation, past 3 months ⁴	32	37	46	28	17	23	32	26	36	38	29	33	28
Turnover (demand), past 3 months ⁴	33	28	40	0	19	16	16	12	22	27	12	22	10
Expected turnover (demand), next 3 months ⁴	26	13	15	8	27	12	-6	9	6	3	10	18	14
Expected employment, next 3 months	5	11	13	-19	1	10	23	9	6	7	18	14	15
Expected selling prices, next 3 months	36	33	36	34	25	34	39	31	27	37	30	27	29
Uncertainty: difficulty predicting business situation 5, 6	26	21	17	46	38	32	26	30	20	28	26	49	29
RETAIL TRADE													
Retail Trade Confidence Indicator ³	1	0	0	0	1	-2	-6	-4	-6	-6	1	-2	3
Business activity (sales), past 3 months ⁴	-11	-9	-3	-2	-3	-4	-5	-6	-10	-13	-8	-13	-4
Stock of goods ⁴	-3	1	-2	-3	2	1	0	-3	-4	-4	-8	-6	-7
Expected business activity (sales), next 3 months ⁴	11	10	1	0	7	-2	-12	-9	-11	-9	3	1	7
Orders placed with suppliers, next 3 months	4	1	-3	-4	3	-8	-14	-16	-16	-15	1	-2	7
Expected employment, next 3 months	0	1	1	1	2	1	2	1	3	1	2	1	3
Expected selling prices, next 3 months	49	46	41	42	37	41	47	50	48	42	46	40	36
Uncertainty: difficulty predicting business situation 5, 6	63	59	65	63	67	67	70	75	67	65	62	65	56
CONSTRUCTION													
Construction Confidence Indicator ³	-10	-6	1	-3	-7	-2	-4	1	-5	-8	0	3	-1
Building activity, past 3 months	-2	-2	3	8	0	7	10	8	6	8	15	5	5
Current overall order books ⁴	-18	-17	-10	-13	-18	-12	-13	-5	-13	-16	-10	-7	-10
Expected employment, next 3 months ⁴	-2	5	12	7	4	8	5	8	4	0	10	12	8
Expected selling prices, next 3 months	75	72	69	63	59	57	66	64	66	59	57	55	56
Uncertainty: difficulty predicting business situation 5, 6	42	44	48	37	44	34	42	27	31	25	34	38	35
INDUSTRY													
Industrial Confidence Indicator ³	0	0	-3	1	0	-1	-6	0	0	-1	-2	0	3
Production, past 3 months	10	9	-2	-3	-2	2	9	2	-2	-3	-3	-6	-3
Current overall order books ⁴	-27	-27	-30	-27	-26	-27	-22	-18	-20	-22	-25	-28	-20
Current export order books	-37	-24	-49	-55	-43	-35	-45	-36	-28	-39	-50	-57	-64
Stock of finished products ⁴	-19	-17	-16	-20	-17	-22	-9	-17	-15	-14	-22	-25	-23
Expected production, next 3 months ⁴	7	12	5	9	10	2	-4	1	6	5	-3	3	6
Expected employment, next 3 months	0	0	0	0	0	1	0	1	0	1	1	1	0
Expected selling prices, next 3 months	20	20	16	7	6	14	22	21	20	16	6	15	16
Uncertainty: difficulty predicting business situation 5, 6	69	63	66	68	61	70	70	69	67	69	68	69	66
CONSUMERS													
Consumer Confidence Indicator ³	-28	-28	-27	-22	-22	-27	-24	-27	-26	-21	-22	-27	-26
Financial situation of household, past 12 months ⁴	-28	-18	-20	-14	-16	-22	-19	-19	-18	-17	-16	-19	-17
Expected financial situation of household, next 12 months ⁴	-18	-19	-13	-9	-9	-14	-11	-17	-14	-11	-14	-17	-13
General economic situation in Cyprus, past 12 months	-57	-58	-49	-40	-40	-47	-41	-47	-42	-47	-44	-45	-53
Expected general economic situation in Cyprus, next 12 months ⁴	-41	-52	-40	-30	-33	-40	-33	-39	-36	-33	-34	-41	-40
Consumer prices, past 12 months	80	78	75	76	73	71	72	74	76	74	74	77	77
Expected consumer prices, next 12 months	25	44	21	18	31	29	22	35	31	26	24	41	27
Expected unemployment in Cyprus, next 12 months	18	22	17	18	17	17	14	13	14	13	15	19	18
Major purchases at present	-51	-49	-44	-39	-37	-36	-38	-41	-37	-43	-35	-40	-40
Major purchases intentions, next 12 months ⁴	-24	-21	-33	-34	-31	-31	-33	-32	-34	-22	-24	-32	-33
Savings intentions, next 12 months	-39	-33	-34	-31	-25	-39	-38	-34	-40	-38	-33	-31	-30
Statement on the current financial condition of household	16	15	15	17	15	9	15	13	14	12	16	16	13
Uncertainty: difficulty predicting household's financial situation 5, 6	9	5	6	2	8	2	8	3	-4	4	-1	5	-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 calculation of the Indicator is described in 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. ³ The Confidence Indicator is described in https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf. ⁴ The responses to this question are used in the calculation of the Confidence 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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