

# The Cyprus Composite Leading Economic Index (CCLEI)

*“August 2024: The CCLEI sustains positive growth”*

## 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 0.8% in August<sup>2</sup> 2024, following the year-over-year increases of 0.5% and 0.4% recorded in July and June 2024, respectively (according to recent and revised data).

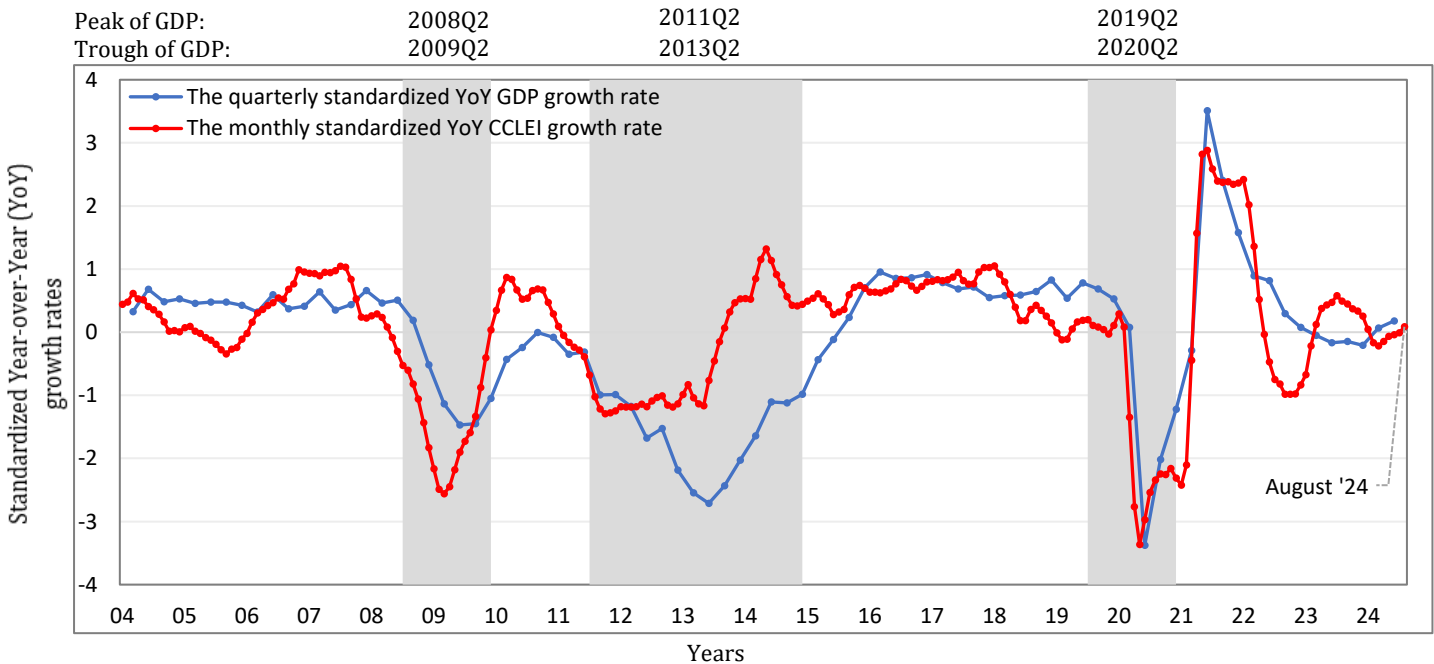
In August 2024, the Cyprus Composite Leading Economic Index (CCLEI) continued to show positive year-over-year growth. Nearly all components of the Index, with the exception of the Economic Sentiment Indicator (ESI) in Cyprus, contributed to this upward trend. Domestically, year-over-year increases in property sales contracts, temperature-adjusted volume of electricity production, tourist arrivals in Cyprus, credit card transactions, as well as retail sales volume, significantly boosted the CCLEI. On the international front, the rise in the Confidence Index in the euro area, along with a decrease in Brent crude oil prices in August 2024 compared to August 2023, further supported the Index’s growth.

In conclusion, the year-over-year growth of the CCLEI remained positive in August 2024, due to the growth of nearly all its underlying economic indicators. For further details on the methodology used in constructing the CCLEI, please refer to: [CCLEI](#).

### Notes:

1. The CCLEI is estimated based on the econometric model developed by Aruoba, Diebold, and Scotti (2009).
2. The CCLEI for August 2024 is based on the available data for Brent crude oil prices, the weighted Economic Sentiment Indicator (ESI) in both the euro area and Cyprus, property sales contracts, tourist arrivals, credit card transactions, as well as high-frequency temperature-adjusted data of electricity production volume. Additionally, retail sales volume is estimated using the most recent data from a range of economic indicators.

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



**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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