

The Cyprus Composite Leading Economic Index (CCLEI)

"September 2024: The CCLEI's upward trend continues"

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 Index¹ (CCLEI), constructed and estimated by the Economics Research Centre (CypERC) of the University of Cyprus, recorded a year-over-year increase of 1.1% in September² 2024, following the year-over-year increases of 0.8% and 0.4% recorded in August and July 2024, respectively (according to recent and revised data).

The year-over-year growth rate of the CCLEI continued to be positive and expanding in September 2024. Almost all components of the CCLEI contributed to its upward trend. Specifically, the year-over-year increases in CCLEI components, including tourist arrivals in Cyprus, Cypriot credit card transactions, retail sales volume, the Economic Sentiment Indicator (ESI) in Cyprus and the euro area, as well as the fall in the prices of Brent crude oil in September 2024 compared to September 2023, supported the growth of the Index. However, declines in the year-over-year growth rates of property sales contracts and temperature-adjusted volume of electricity production held back further improvements in the CCLEI in September.

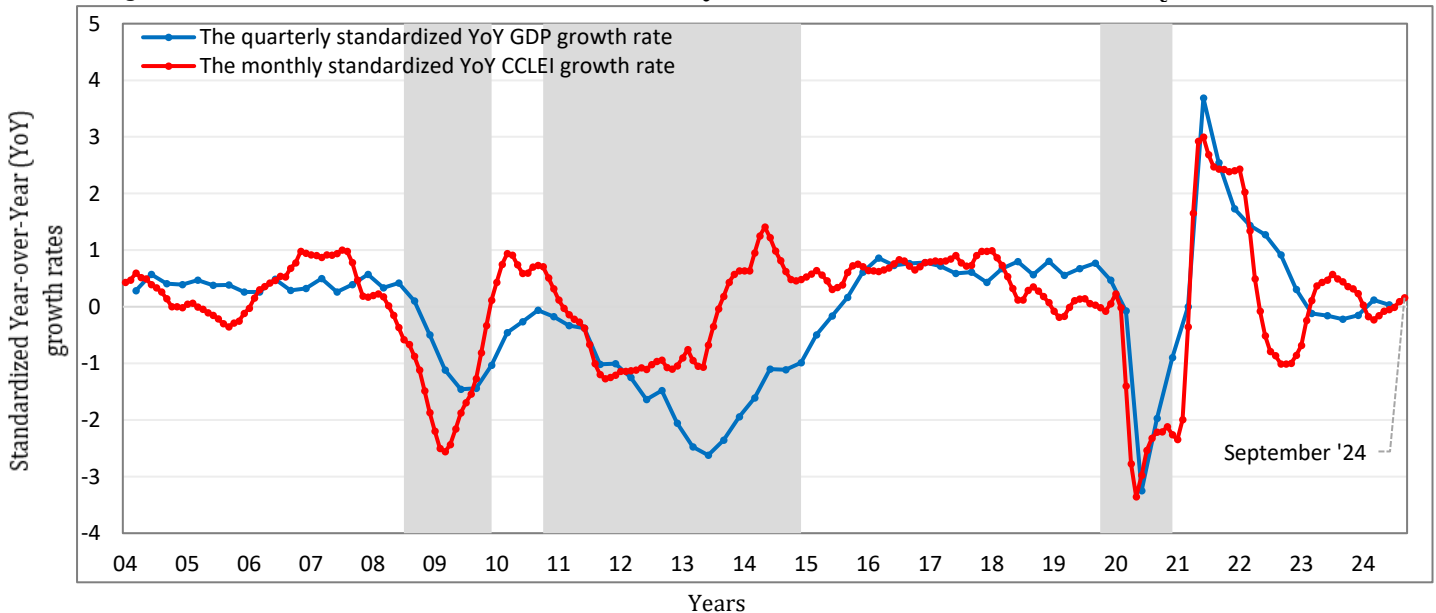
In conclusion, the CCLEI continued its upward trend in September 2024, due to the expansion of most of its underlying leading economic indicators. For further details on the methodology used in constructing the CCLEI, please refer to: [CCLEI](#).

Notes:

1. The CCLEI is estimated based on the econometric model developed by Aruoba, Diebold, and Scotti (2009) and the relevant adjustment methodology of the Covid-19 pandemic.
2. The CCLEI for September 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

Peak of GDP:	2008Q2	2010Q3	2019Q3
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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