

The Cyprus Composite Leading Economic Index (CCLEI)

“March CCLEI: Marginal negative growth amid geopolitical disruptions”

What is the CCLEI?

The CCLEI Index is designed to provide early warning signals of turning points in business cycles, i.e., turning points in the Cypriot economic activity. The CCLEI consists of a number of leading variables of the Cypriot economic activity, whose changes tend to precede changes in overall economic activity and which are assessed on a regular basis.

What are the components of the 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 (CCLEI)¹, which is constructed and estimated by the Economics Research Centre (CypERC) of the University of Cyprus, reversed its positive development of recent months and recorded a marginal year-over-year decrease (-0.01%) in March² 2026, according to the most recently revised data. This performance follows year-over-year increases of 0.72% and 1.78% recorded in February and January 2026, respectively.

The year-over-year growth rate of the CCLEI showed a marginal decline in March 2026 compared to the corresponding month of the previous year, reflecting the effects of the recent conflicts in the Middle East. In particular, the economic climate in both Cyprus and the euro area deteriorated in March 2026 compared to March 2025, leading to a year-over-year decrease in the weighted Economic Sentiment Indicator (ESI). At the same time, energy prices were negatively affected, as, after continuous year-over-year decreases in the price of Brent crude oil, a significant year-over-year increase was recorded in March 2026. Moreover, tourist arrivals were adversely affected, following flight cancellations, while the temperature-adjusted volume of electricity production also had a negative contribution to the CCLEI, which recorded a year-over-year decrease in March 2026. In contrast, property sales contracts, credit card transactions, and the retail sales volume index had a positive effect on the year-over-year growth rate of the CCLEI.

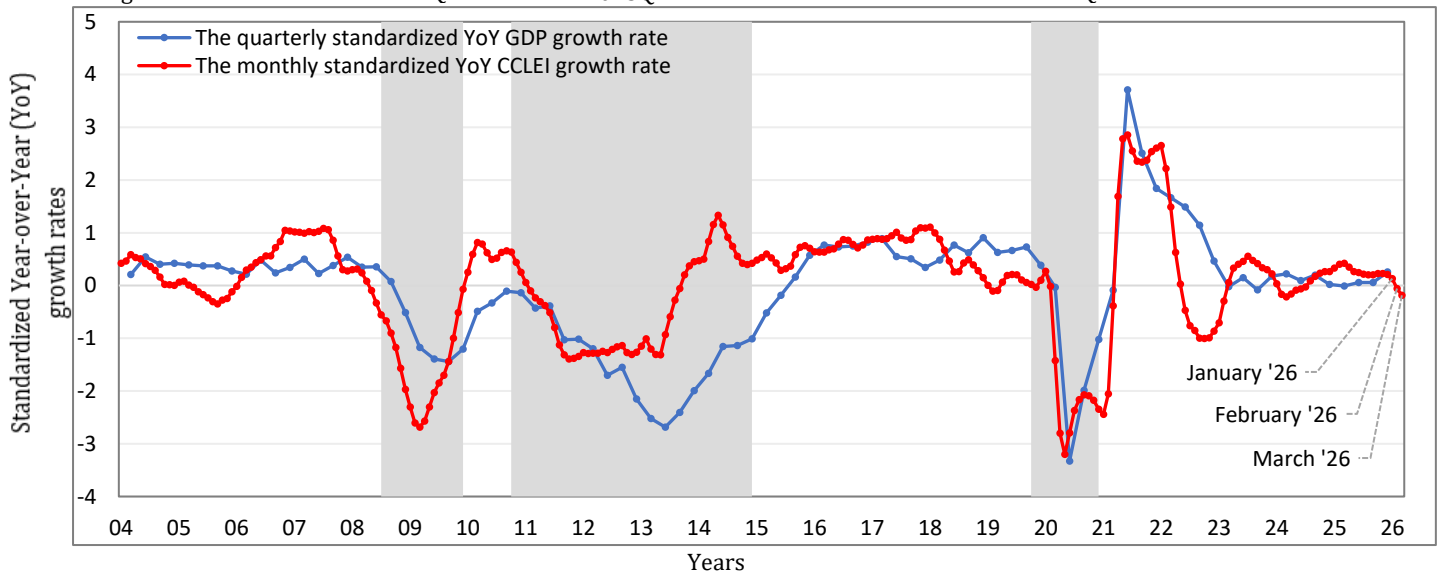
In conclusion, the marginal year-over-year decrease in the CCLEI growth rate in March signals a potential slowdown in the growth rate of the Cypriot economy, amid heightened geopolitical conflicts and intensifying external economic pressures. For more details on the CCLEI methodology, please refer to the [CCLEI](#) website.

Notes

1. The CCLEI is estimated based on the econometric model developed by [Aruoba, Diebold, and Scotti \(2009\)](#) and the relevant adjustment methodology for the COVID-19 pandemic.
2. The estimated March CCLEI is based on available weekly data for the price of Brent crude oil and electricity production volume, as well as preliminary monthly data for the ESI in the euro area and Cyprus. Preliminary data for tourist arrivals, retail trade and credit card transactions, and property sales contracts were also incorporated into the estimation.

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:	2009Q3	2013Q2	2020Q2



Source: Economics Research Centre (CypERC) - 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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