



BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS

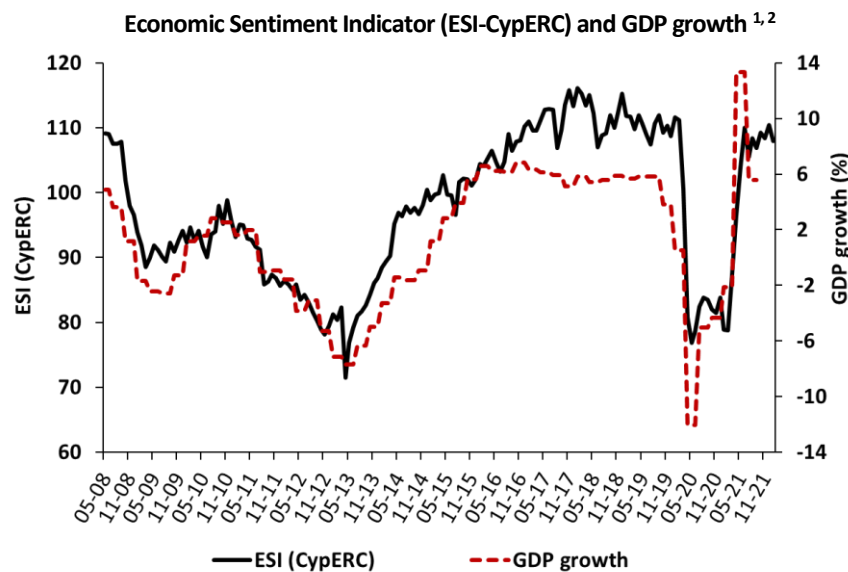


January 2022

SUMMARY

- In January 2022, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 2.4 points compared with December 2021. The decrease in the ESI-CypERC resulted from weaker business confidence in services and retail trade.
- The decrease in the Services Confidence Indicator was driven by firms' less favourable views on past demand and downward revisions in demand expectations.
- The Retail Trade Confidence Indicator decreased as a result of less favourable assessments of recent sales, despite improved sales expectations.
- The increase in Construction Confidence Indicator was due to more favourable assessments of the current levels of order books.
- The Industry Confidence Indicator stayed at the level registered in December, as the deterioration in the assessments of the stocks of finished products was offset by upward revisions in production expectations.
- The Consumer Confidence Indicator improved slightly as consumers expressed stronger intentions to make major purchases in the near future, and revised their expectations about the future economic conditions in Cyprus upwards.
- In January, economic uncertainty in Cyprus rose as result of higher uncertainty among firms in services, construction and industry, as well as among consumers; uncertainty in retail trade remained significantly elevated, despite a small decrease in January.

The series for the Economic Sentiment Indicator (ESI-CypERC) has been revised as a result of adjustments to the long-run means and standard deviations of the data used in its calculation.



Notes:

¹ The weights used in the calculation of the Economic Sentiment Indicator constructed by the Economics Research Centre (ESI CypERC) 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	2021												2022
	1	2	3	4	5	6	7	8	9	10	11	12	1
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	78.9	78.8	87.5	96.5	103.9	110.0	105.5	108.4	106.9	109.2	108.4	110.4	108.0
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	54.0	53.2	38.5	49.9	39.6	27.9	39.3	37.9	35.6	33.1	43.4	31.7	43.6
SERVICES													
Services Confidence Indicator ³	-55	-58	-32	-6	15	35	23	31	25	33	32	37	29
Business situation, past 3 months ⁴	-56	-62	-47	-29	-2	20	23	26	7	9	26	15	26
Turnover (demand), past 3 months ⁴	-54	-63	-45	-16	1	29	24	33	28	30	39	44	32
Expected turnover (demand), next 3 months ⁴	-56	-48	-6	27	47	54	23	34	41	60	31	53	29
Employment, past 3 months	-12	-9	-13	0	2	4	-5	-6	-6	-17	-9	-20	-14
Expected employment, next 3 months	-15	-15	-10	-3	2	6	6	5	6	11	7	-3	-7
Expected selling prices, next 3 months	-4	-18	-10	-1	7	5	4	6	11	9	19	10	24
Uncertainty: difficulty predicting business situation ^{5,6}	62	67	42	65	45	32	46	41	39	35	49	32	48
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-28	-29	-26	-20	-11	-7	-8	-6	-5	-4	-3	-3	-5
Business activity (sales), past 3 months ⁴	-54	-49	-49	-47	-49	-37	-39	-29	-21	-22	-17	-14	-25
Stock of goods ⁴	-17	-18	-22	-21	-24	-11	-14	-15	-12	-17	-16	-11	-13
Expected business activity (sales), next 3 months ⁴	-45	-56	-52	-33	-9	4	2	-2	-8	-7	-8	-6	-2
Orders placed with suppliers, next 3 months	-48	-49	-51	-36	-14	-1	-7	-11	-12	-14	-11	-14	-11
Expected employment, next 3 months	0	-2	0	0	-1	1	0	0	-1	-1	-1	2	-1
Expected selling prices, next 3 months	1	-3	3	-1	9	10	23	37	45	65	68	68	60
Uncertainty: difficulty predicting business situation ^{5,6}	77	67	68	62	65	57	67	76	72	71	77	73	71
CONSTRUCTION													
Construction Confidence Indicator ³	-25	-25	-22	-23	-15	-18	-17	-17	-20	-16	-19	-17	-14
Building activity, past 3 months	-34	-34	-39	-24	-4	-3	-13	-15	-17	-20	-17	-11	-9
Current overall order books ⁴	-44	-42	-46	-44	-36	-35	-41	-39	-37	-34	-37	-39	-34
Expected employment, next 3 months ⁴	-6	-7	1	-2	5	-1	7	4	-2	1	0	6	6
Expected selling prices, next 3 months	-1	1	0	11	20	29	50	56	54	67	77	76	81
Uncertainty: difficulty predicting business situation ^{5,6}	57	52	56	43	41	33	52	54	38	37	58	46	57
INDUSTRY													
Industrial Confidence Indicator ³	-34	-35	-37	-24	-15	-13	-12	-12	-10	-8	-8	-3	-3
Production, past 3 months	-56	-53	-65	-58	-38	-28	-23	-23	-12	-2	0	5	-2
Current overall order books ⁴	-64	-69	-67	-55	-52	-53	-52	-59	-49	-43	-44	-36	-35
Current export order books	-68	-78	-82	-69	-54	-68	-50	-52	-38	-16	-43	-46	-77
Stock of finished products ⁴	-20	-30	-20	-17	-21	-22	-21	-30	-27	-26	-22	-22	-16
Expected production, next 3 months ⁴	-57	-66	-66	-34	-14	-7	-4	-6	-7	-6	-3	7	11
Expected employment, next 3 months ⁵	-2	-2	0	0	1	0	1	1	1	1	3	0	1
Expected selling prices, next 3 months	-4	1	-2	1	3	1	10	10	27	38	58	56	52
Uncertainty: difficulty predicting business situation ^{5,6}	76	64	69	60	61	56	57	66	71	66	76	72	81
CONSUMERS													
Consumer Confidence Indicator ³	-35	-32	-23	-18	-18	-13	-23	-20	-17	-20	-19	-20	-18
Financial situation of household, past 12 months ⁴	-20	-22	-24	-20	-19	-13	-16	-16	-16	-15	-18	-15	-17
Expected financial situation of household, next 12 months ⁴	-20	-14	-4	-5	-3	0	-8	-5	-8	-11	-11	-8	-7
General economic situation in Cyprus, past 12 months	-68	-67	-72	-71	-71	-56	-59	-52	-48	-41	-40	-36	-44
Expected general economic situation in Cyprus, next 12 months ⁴	-54	-45	-29	-19	-19	-11	-31	-26	-20	-24	-23	-22	-20
Consumer prices, past 12 months	-21	-25	-20	-17	-17	-13	6	21	28	41	44	47	56
Expected consumer prices, next 12 months	-21	-16	-13	-9	-9	-12	7	18	14	37	36	20	25
Expected unemployment in Cyprus, next 12 months ⁵	60	48	40	36	23	13	40	36	24	21	22	22	20
Major purchases at present	-51	-42	-35	-31	-38	-32	-41	-42	-39	-43	-37	-44	-42
Major purchases intentions, next 12 months ⁴	-44	-46	-35	-31	-31	-30	-37	-31	-26	-31	-25	-35	-29
Savings at present	-16	-23	-19	-21	-21	-19	-15	-19	-24	-19	-19	-18	-25
Savings intentions, next 12 months	-35	-31	-32	-38	-33	-33	-33	-32	-40	-33	-36	-32	-37
Statement on the current financial condition of household	15	18	17	14	15	17	16	17	16	15	17	16	18
Uncertainty: difficulty predicting household's financial situation ^{5,6}	12	4	2	0	6	-4	-1	1	1	1	-1	-1	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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