



## BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

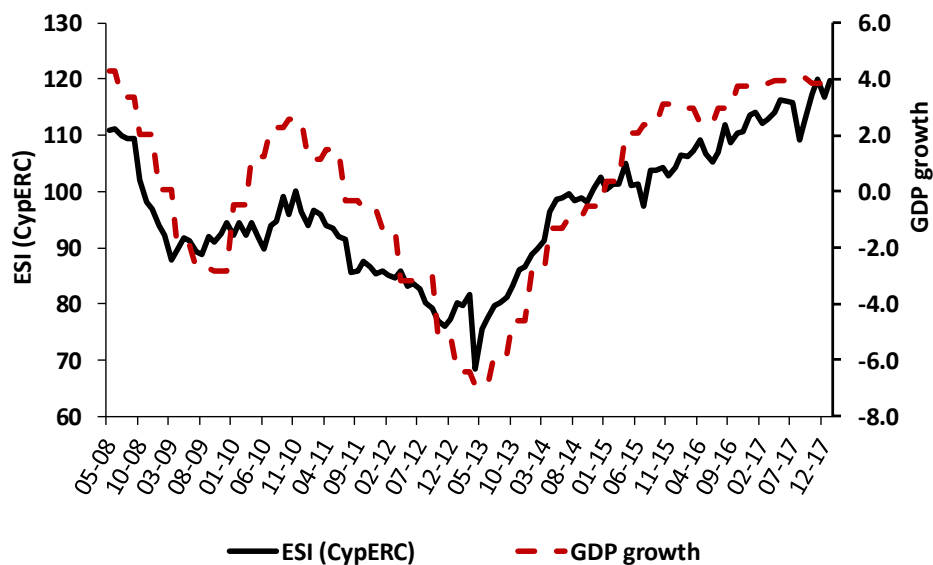


February 2018

### SUMMARY

- In February 2018, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 0.7 points compared with January 2018; the decline resulted from a worsening of business confidence in services.
- The Services Confidence Indicator declined due to firms' less optimistic views on recent business situation and downward revisions in turnover expectations.
- The Retail Trade Confidence Indicator rose marginally as a result of upward revisions in sales expectations.
- The Construction Confidence Indicator increased due to improved assessments of the levels of order books and upward revisions in employment expectations.
- The Industry Confidence Indicator remained unchanged. Firms' assessments of the levels of current orders and stocks of finished products as well as firms' future production plans remained broadly at their January levels.
- The Consumer Confidence Indicator rose to a historically high level in February. The improvement in consumer confidence resulted from more optimistic assessments of all components of the Indicator i.e. households' future financial conditions, future economic conditions in Cyprus, future labour market conditions and savings likelihood.

Economic Sentiment Indicator (ESI-CypERC)\* and GDP growth



Note: 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.

\*In February 2018, ESI CypERC was revised due to adjustments of the long-run mean and standard deviation of the component series.

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## Difference between the percentage of positive and negative responses (balance)<sup>1</sup> and ESI (CypERC)

Month	2017											2018	
	2	3	4	5	6	7	8	9	10	11	12	1	2
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2,*</sup></b>	112.2	112.8	114.0	116.3	116.1	115.8	109.1	112.9	117.3	119.9	116.8	119.8	119.1
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	26	26	31	36	37	35	17	26	37	45	37	45	40
Business situation, past 3 months <sup>4</sup>	28	23	30	35	36	34	14	15	26	34	24	40	27
Turnover (demand), past 3 months <sup>4</sup>	26	25	33	37	44	34	15	15	30	41	42	44	48
Expected turnover (demand), next 3 months <sup>4</sup>	25	31	31	36	32	38	23	48	56	60	44	52	46
Employment, past 3 months	-1	-1	6	2	6	2	1	1	3	8	6	8	8
Expected employment, next 3 months	4	3	5	4	6	3	4	11	12	7	10	14	4
Expected selling prices, next 3 months	7	3	0	3	4	4	0	2	-8	-3	-5	-10	-6
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	5	5	6	7	7	6	6	6	8	6	10	8	9
Business activity (sales), past 3 months <sup>4</sup>	8	3	-3	1	8	6	11	2	6	10	13	7	5
Stock of goods <sup>4</sup>	7	7	8	0	5	6	9	3	7	11	3	9	9
Expected business activity (sales), next 3 months <sup>4</sup>	14	19	29	18	16	19	15	20	24	19	20	26	30
Orders placed with suppliers, next 3 months	2	9	10	9	11	4	4	9	16	9	8	16	17
Expected employment, next 3 months	0	-3	1	1	-1	0	1	0	1	0	1	-1	0
Expected selling prices, next 3 months	3	1	5	7	6	2	8	6	9	9	8	2	5
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-23	-29	-24	-27	-28	-25	-26	-26	-28	-23	-24	-23	-19
Building activity, past 3 months	2	-4	4	10	6	-1	8	6	-4	7	3	12	5
Current overall order books <sup>4</sup>	-53	-60	-58	-56	-58	-54	-52	-56	-59	-47	-47	-52	-45
Expected employment, next 3 months <sup>4</sup>	7	1	10	2	2	4	1	3	2	1	-2	6	8
Expected selling prices, next 3 months	3	4	4	3	6	2	3	9	7	14	-1	0	11
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	4	10	7	3	3	6	4	3	8	9	9	11	11
Production, past 3 months	12	12	17	22	11	4	10	9	4	18	20	18	13
Current overall order books <sup>4</sup>	-32	-18	-27	-22	-21	-15	-12	-22	-17	-6	-9	-5	-5
Current export order books	-20	-19	-30	-33	-18	-26	-20	-18	-22	8	-23	-6	-15
Stock of finished products <sup>4</sup>	-16	-17	-18	-17	-17	-18	-11	-12	-16	-5	-16	-12	-12
Expected production, next 3 months <sup>4</sup>	27	33	28	15	12	16	11	21	25	28	19	24	25
Expected employment, next 3 months <sup>5</sup>	-1	0	8	6	12	-2	1	3	5	6	0	6	0
Expected selling prices, next 3 months	-4	1	3	1	2	-3	-7	0	-2	1	-6	-5	0
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-3	-2	-3	1	-1	-1	-2	-1	-1	2	-1	1	5
Financial situation of household, past 12 months	-8	-8	-9	-7	-8	-3	-7	-7	-6	-5	-5	-5	0
Expected financial situation of household, next 12 months <sup>4</sup>	2	2	2	6	4	4	1	3	6	6	4	5	10
General economic situation in Cyprus, past 12 months	16	14	14	16	18	16	19	18	18	18	18	18	28
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	18	16	18	16	19	17	22	21	18	20	15	17	23
Consumer prices, past 12 months	-10	-5	-13	-9	-15	-20	-15	-15	-12	-12	-9	-17	-15
Expected consumer prices, next 12 months	-5	-7	-9	-8	-11	-12	-11	-9	-10	-6	-11	-11	-13
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-6	-11	-8	-16	-12	-12	-14	-10	-5	-17	-10	-18	-20
Major purchases at present	-20	-24	-24	-15	-20	-13	-17	-19	-16	-18	-15	-17	-21
Major purchases intentions, next 12 months	-29	-26	-26	-25	-29	-27	-29	-31	-28	-27	-21	-26	-17
Savings at present	-21	-21	-13	-11	-11	-14	-15	-17	-15	-18	-18	-20	-9
Savings intentions, next 12 months <sup>4</sup>	-39	-35	-41	-35	-37	-39	-44	-37	-33	-34	-34	-37	-32
Statement on the current financial condition of household	8	10	10	10	13	14	10	12	13	13	12	9	12

Notes:

<sup>1</sup> Positive responses refer to increase/improvement/ above normal/very or fairly likely, while the opposite holds for negative responses. Data are seasonally adjusted.

<sup>2</sup> The weights used in the calculation of the Economic Sentiment Indicator reflect the contribution of each sector to the GDP of Cyprus.

<sup>3</sup> The calculation of the confidence (composite) indicator is described in [http://ec.europa.eu/economy\\_finance/indicators/business\\_consumer\\_surveys/userguide\\_en.pdf](http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf).

<sup>4</sup> The responses to this question are used in the calculation of the confidence (composite) indicator for each survey.

<sup>5</sup> Following a suggestion by the European Commission, the responses to this question are not adjusted for seasonality.

\* In February 2018, the data on ESI CypERC were revised due to adjustments of the long-run mean and standard deviation of the component series.



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**The Economics Research Centre (CypERC) of the University of Cyprus is an independent, non-profit organization with the aim of promoting scientific knowledge in economics, especially in matters concerning Cyprus.**

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