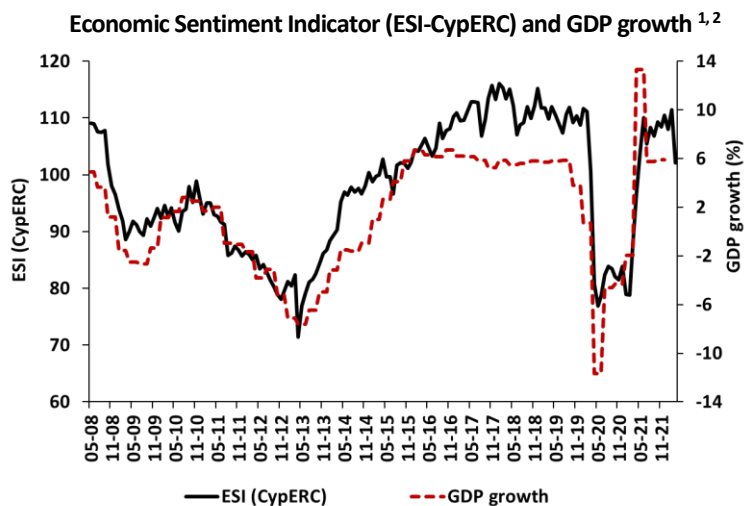


BUSINESS AND CONSUMER SURVEYS

March 2022

Summary

- In March 2022, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 9.4 points compared with February 2022. The decrease in the ESI-CypERC resulted from weaker business confidence in services, industry and retail trade, as well as from confidence losses among consumers.
- The decrease in the Services Confidence Indicator resulted from a deterioration in the assessments of past performance (business situation and demand), as well as from downward revisions in demand expectations.
- The decrease in the Retail Trade Confidence Indicator stemmed from less favourable views on recent sales and downward revisions in sales expectations.
- The Construction Confidence Indicator remained unchanged as the assessments of the level of order books and employment expectations stayed broadly stable.
- The decline in the Industry Confidence Indicator was driven by less favourable views on the current level of order books and stocks of finished products, and more pessimistic production expectations.
- The decline in the Consumer Confidence Indicator resulted from a deterioration in all of its components. In March, consumers assessed their recent financial conditions less favourably, and revised their expectations about their financial conditions and the economic conditions in Cyprus downwards. Moreover, consumers' intentions to make major purchases weakened in March.
- In March, the sharp deterioration of economic sentiment and the rise in uncertainty among firms and consumers were driven by external developments, namely Russia's invasion of Ukraine, the sanctions imposed on Russia and the rising international commodity prices. These negative developments in March resulted in large downward revisions in expectations about future activity and upward revisions in price expectations.



Notes: ¹ ESI (CypERC): the weights used in the calculation of the Indicator 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		
	3	4	5	6	7	8	9	10	11	12	1	2	3
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	87.5	96.5	103.9	110.0	105.5	108.4	106.9	109.2	108.4	110.4	108.0	111.5	102.1
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	38.5	49.9	39.6	27.9	39.3	37.9	35.6	33.1	43.4	31.7	43.6	36.9	57.0
SERVICES													
Services Confidence Indicator ³	-32	-6	15	35	23	31	25	33	32	37	29	41	15
Business situation, past 3 months ⁴	-47	-29	-2	20	23	26	7	9	26	15	26	26	16
Turnover (demand), past 3 months ⁴	-45	-16	1	29	24	33	28	30	39	44	32	44	27
Expected turnover (demand), next 3 months ⁴	-6	27	47	54	23	34	41	60	31	53	29	53	2
Employment, past 3 months	-13	0	2	4	-5	-6	-6	-17	-9	-20	-14	0	-8
Expected employment, next 3 months	-10	-3	2	6	6	5	6	11	7	-3	-7	2	2
Expected selling prices, next 3 months	-10	-1	7	5	4	6	11	9	19	10	24	24	31
Uncertainty: difficulty predicting business situation ^{5,6}	42	65	45	32	46	41	39	35	49	32	48	41	67
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-26	-20	-11	-7	-8	-6	-5	-4	-3	-3	-5	1	-8
Business activity (sales), past 3 months ⁴	-49	-47	-49	-37	-39	-29	-21	-22	-17	-14	-25	-16	-20
Stock of goods ⁴	-22	-21	-24	-11	-14	-15	-12	-17	-16	-11	-13	-9	-11
Expected business activity (sales), next 3 months ⁴	-52	-33	-9	4	2	-2	-8	-7	-8	-6	-2	11	-17
Orders placed with suppliers, next 3 months	-51	-36	-14	-1	-7	-11	-12	-14	-11	-14	-11	-5	-20
Expected employment, next 3 months	0	0	-1	1	0	0	-1	-1	-1	2	-1	0	1
Expected selling prices, next 3 months	3	-1	9	10	23	37	45	65	68	68	60	65	71
Uncertainty: difficulty predicting business situation ^{5,6}	68	62	65	57	67	76	72	71	77	73	71	68	69
CONSTRUCTION													
Construction Confidence Indicator ³	-22	-23	-15	-18	-17	-17	-20	-16	-19	-17	-14	-16	-16
Building activity, past 3 months	-39	-24	-4	-3	-13	-15	-17	-20	-17	-11	-9	-12	-17
Current overall order books ⁴	-46	-44	-36	-35	-41	-39	-37	-34	-37	-39	-34	-33	-31
Expected employment, next 3 months ⁴	1	-2	5	-1	7	4	-2	1	0	6	6	1	0
Expected selling prices, next 3 months	0	11	20	29	50	56	54	67	77	76	81	80	90
Uncertainty: difficulty predicting business situation ^{5,6}	56	43	41	33	52	54	38	37	58	46	57	56	67
INDUSTRY													
Industrial Confidence Indicator ³	-37	-24	-15	-13	-12	-12	-10	-8	-8	-3	-3	1	-7
Production, past 3 months	-65	-58	-38	-28	-23	-23	-12	-2	0	5	-2	4	-3
Current overall order books ⁴	-67	-55	-52	-53	-52	-59	-49	-43	-44	-36	-35	-26	-31
Current export order books	-82	-69	-54	-68	-50	-52	-38	-16	-43	-46	-77	-44	-41
Stock of finished products ⁴	-20	-17	-21	-22	-21	-30	-27	-26	-22	-22	-16	-23	-20
Expected production, next 3 months ⁴	-66	-34	-14	-7	-4	-6	-7	-6	-3	7	11	7	-11
Expected employment, next 3 months ⁵	0	0	1	0	1	1	1	1	3	0	1	0	0
Expected selling prices, next 3 months	-2	1	3	1	10	10	27	38	58	56	52	52	62
Uncertainty: difficulty predicting business situation ^{5,6}	69	60	61	56	57	66	71	66	76	72	81	67	81
CONSUMERS													
Consumer Confidence Indicator ³	-23	-18	-18	-13	-23	-20	-17	-20	-19	-20	-18	-20	-27
Financial situation of household, past 12 months ⁴	-24	-20	-19	-13	-16	-16	-16	-15	-18	-15	-17	-17	-19
Expected financial situation of household, next 12 months ⁴	-4	-5	-3	0	-8	-5	-8	-11	-11	-8	-7	-14	-18
General economic situation in Cyprus, past 12 months	-72	-71	-71	-56	-59	-52	-48	-41	-40	-36	-44	-44	-50
Expected general economic situation in Cyprus, next 12 months ⁴	-29	-19	-19	-11	-31	-26	-20	-24	-23	-22	-20	-26	-42
Consumer prices, past 12 months	-20	-17	-17	-13	6	21	28	41	44	47	56	69	67
Expected consumer prices, next 12 months	-13	-9	-9	-12	7	18	14	37	36	20	25	34	63
Expected unemployment in Cyprus, next 12 months ⁵	40	36	23	13	40	36	24	21	22	22	20	9	39
Major purchases at present	-35	-31	-38	-32	-41	-42	-39	-43	-37	-44	-42	-47	-49
Major purchases intentions, next 12 months ⁴	-35	-31	-31	-30	-37	-31	-26	-31	-25	-35	-29	-25	-31
Savings at present	-19	-21	-21	-19	-15	-19	-24	-19	-19	-18	-25	-27	-20
Savings intentions, next 12 months	-32	-38	-33	-33	-33	-32	-40	-33	-36	-32	-37	-33	-35
Statement on the current financial condition of household	17	14	15	17	16	17	16	15	17	16	18	13	15
Uncertainty: difficulty predicting household's financial situation ^{5,6}	2	0	6	-4	-1	1	1	1	-1	-1	4	-2	10

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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