

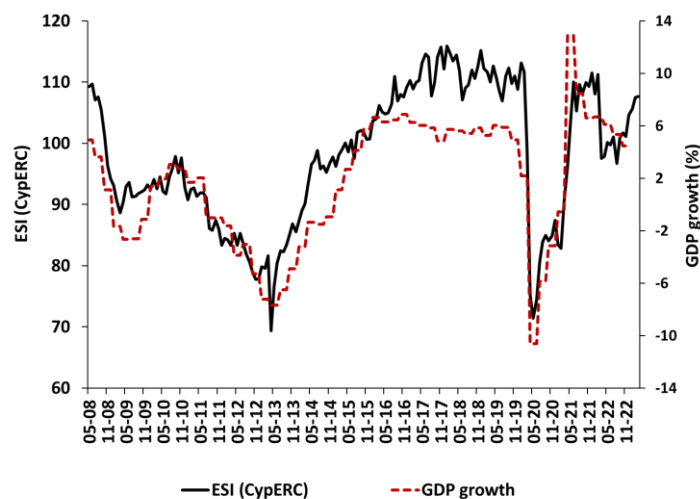
BUSINESS AND CONSUMER SURVEYS

March 2023

Summary

- In March 2023, economic sentiment in Cyprus improved slightly, as the Economic Sentiment Indicator (ESI-CypERC) increased by 0.2 points compared with February 2023. The marginal increase in the ESI-CypERC was driven by confidence gains in industry.
- The Services Confidence Indicator remained stable at the level reached in February, as the improved views on the past business situation and future demand were offset by less favorable assessments of past demand.
- The Retail Trade Confidence Indicator decreased slightly, mainly as a result of downward revisions in sales expectations.
- The drop in the Construction Confidence Indicator was largely driven by a deterioration in firms' assessments of the order book levels.
- The increase in the Industry Confidence Indicator mainly resulted from improved assessments of the stocks of finished products and upward revisions in production expectations.
- The Consumer Confidence Indicator remained unchanged at the level observed in February. In March, consumers assessed their recent financial conditions less favourably, but revised their expectations about the economic conditions in Cyprus upwards. Moreover, consumers' expectations about their future financial conditions and consumers' intentions to make major purchases stayed broadly stable.
- In March, economic uncertainty in Cyprus declined further as a result of the lower levels of uncertainty observed among consumers and among firms in services and manufacturing. Uncertainty in retail trade increased further, while uncertainty in construction was almost unchanged relative to the level registered in February.

Economic Sentiment Indicator (ESI-CypERC) and GDP growth^{1,2}



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	2022										2023		
	3	4	5	6	7	8	9	10	11	12	1	2	3
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	97.6	97.9	100.1	99.7	101.1	96.7	100.9	101.7	101.2	104.7	105.6	107.5	107.7
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	57.0	42.6	37.7	35.9	36.7	30.6	32.2	32.0	32.5	38.8	38.6	34.0	23.6
SERVICES													
Services Confidence Indicator ³	4	5	13	13	16	1	10	16	12	22	22	27	27
Business situation, past 3 months ⁴	17	9	12	4	9	4	4	7	18	27	33	37	41
Turnover (demand), past 3 months ⁴	21	17	13	21	14	-4	13	13	9	3	19	33	25
Expected turnover (demand), next 3 months ⁴	-26	-10	14	14	25	4	14	27	11	35	13	12	15
Employment, past 3 months	-5	0	1	9	0	-8	-4	-13	-4	0	2	1	-3
Expected employment, next 3 months	2	-2	8	3	-1	0	1	5	1	7	7	11	12
Expected selling prices, next 3 months	31	29	31	36	34	38	41	44	41	47	41	45	40
Uncertainty: difficulty predicting business situation ^{5,6}	67	45	36	32	36	29	29	28	29	43	42	35	20
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-10	-11	-10	-11	-12	-12	-10	-6	-8	-5	1	-2	-3
Business activity (sales), past 3 months ⁴	-20	-20	-24	-29	-25	-29	-22	-22	-25	-16	-10	-12	-12
Stock of goods ⁴	-10	-2	-13	-15	-13	-19	-15	-15	-17	-8	-12	-8	-7
Expected business activity (sales), next 3 months ⁴	-20	-15	-18	-20	-24	-26	-22	-12	-15	-7	1	-1	-3
Orders placed with suppliers, next 3 months	-21	-24	-17	-19	-28	-27	-27	-18	-23	-16	-9	-8	-8
Expected employment, next 3 months	1	-1	0	1	-1	-3	3	-1	2	3	0	1	2
Expected selling prices, next 3 months	71	73	76	72	71	67	64	64	63	57	51	58	57
Uncertainty: difficulty predicting business situation ^{5,6}	69	81	74	65	55	61	57	61	65	59	54	56	68
CONSTRUCTION													
Construction Confidence Indicator ³	-19	-23	-18	-18	-18	-20	-16	-22	-15	-11	-15	-14	-17
Building activity, past 3 months	-17	-28	-23	-15	-15	-15	-16	-16	-7	-15	-5	-13	-6
Current overall order books ⁴	-33	-43	-38	-34	-34	-35	-28	-43	-31	-23	-32	-27	-32
Expected employment, next 3 months ⁴	-4	-2	1	-2	-1	-4	-3	-1	1	0	3	-2	-3
Expected selling prices, next 3 months	85	87	86	88	85	86	90	86	84	80	80	85	77
Uncertainty: difficulty predicting business situation ^{5,6}	67	58	54	55	57	50	45	56	58	51	58	51	50
INDUSTRY													
Industrial Confidence Indicator ³	-8	-9	-10	-13	-7	-7	-4	-6	-10	-8	-5	-5	-1
Production, past 3 months	-1	-13	-16	-16	-10	-12	-18	-17	-15	-17	-10	0	-2
Current overall order books ⁴	-28	-36	-46	-38	-38	-36	-33	-30	-44	-36	-28	-30	-29
Current export order books	-38	-46	-31	-39	-37	-38	-48	-59	-44	-35	-14	-20	-24
Stock of finished products ⁴	-18	-23	-25	-17	-17	-16	-29	-28	-30	-24	-20	-22	-26
Expected production, next 3 months ⁴	-14	-14	-10	-17	-1	-2	-8	-18	-15	-13	-9	-6	-1
Expected employment, next 3 months	0	1	1	2	1	1	0	1	0	0	0	1	2
Expected selling prices, next 3 months	62	67	73	68	66	62	59	55	51	37	36	34	24
Uncertainty: difficulty predicting business situation ^{5,6}	81	74	77	73	76	77	73	75	78	75	74	70	61
CONSUMERS													
Consumer Confidence Indicator ³	-33	-33	-35	-35	-35	-36	-28	-33	-30	-28	-21	-18	-18
Financial situation of household, past 12 months ⁴	-19	-23	-25	-29	-27	-27	-22	-27	-24	-24	-20	-16	-18
Expected financial situation of household, next 12 months ⁴	-24	-23	-27	-28	-25	-23	-21	-21	-22	-12	-6	-4	-5
General economic situation in Cyprus, past 12 months	-47	-55	-54	-62	-61	-62	-47	-55	-51	-52	-48	-38	-33
Expected general economic situation in Cyprus, next 12 months ⁴	-54	-51	-55	-52	-51	-51	-38	-43	-41	-40	-27	-18	-13
Consumer prices, past 12 months	63	72	76	82	76	83	74	82	83	85	88	84	82
Expected consumer prices, next 12 months	64	56	57	45	44	32	31	35	33	25	12	14	11
Expected unemployment in Cyprus, next 12 months	40	35	37	32	36	31	28	27	27	22	19	17	11
Major purchases at present	-57	-55	-57	-57	-57	-51	-54	-57	-54	-56	-54	-48	-50
Major purchases intentions, next 12 months ⁴	-35	-35	-34	-31	-38	-43	-29	-39	-34	-36	-32	-36	-36
Savings at present	-23	-26	-23	-32	-25	-28	-25	-32	-31	-26	-19	-21	-17
Savings intentions, next 12 months	-37	-41	-46	-46	-44	-47	-42	-50	-48	-36	-32	-35	-31
Statement on the current financial condition of household	15	14	12	12	12	14	11	8	11	12	15	15	20
Uncertainty: difficulty predicting household's financial situation ^{5,6}	10	6	9	16	13	1	15	11	9	1	5	5	-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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