



BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS

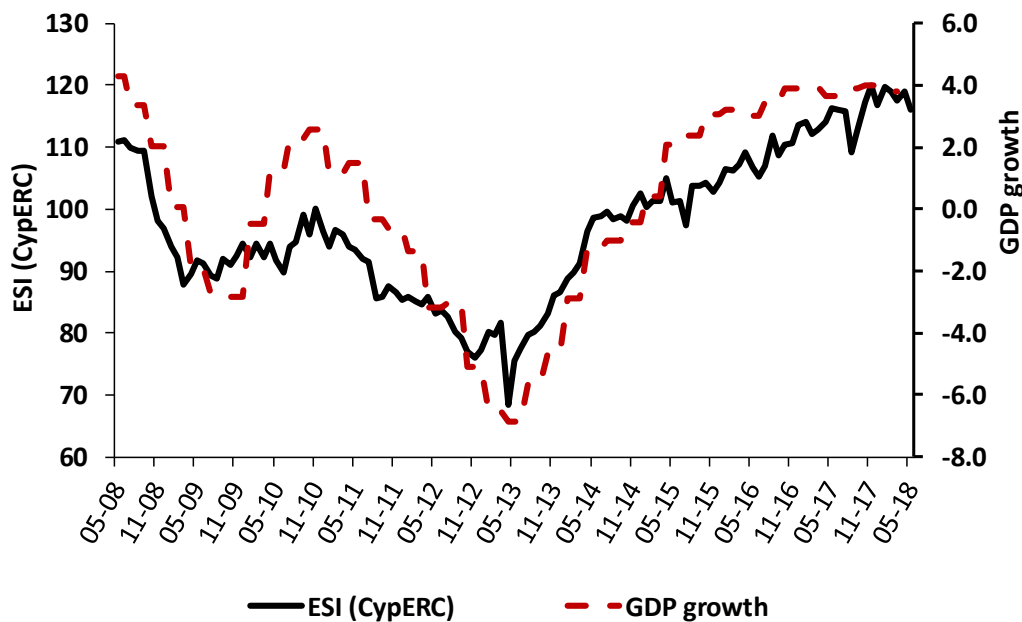


May 2018

SUMMARY

- In May 2018, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 2.9 points compared with April 2018; the decline resulted from a worsening of economic confidence in services, industry, and among consumers.
- The Services Confidence Indicator declined due to a deterioration in firms' assessments of recent business conditions (i.e. business situation and demand over the last three months), and downward revisions in demand expectations.
- The Retail Trade Confidence Indicator increased as a result of improved assessments of stock volumes, and upward revisions in sales expectations.
- The increase in the Construction Confidence Indicator was mainly driven by more favourable assessments of the current level of firms' order books.
- The Industry Confidence Indicator declined as a result of a deterioration in firms' views on the stocks of finished products, and downward revisions in production expectations.
- The marginal decrease in the Consumer Confidence Indicator was driven by downward revisions in consumers' expectations about their future financial conditions and the general economic conditions in Cyprus in the next 12 months.

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.

The Economics Research Centre of the University of Cyprus (CypERC) and RAI Consultants Ltd participate in the Joint Harmonised European Union Programme of Business and Consumer Surveys. CypERC acknowledges funding from the European Commission and the Ministry of Finance for conducting the Business and Consumer Survey Project in Cyprus.

Co-funded by
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Difference between the percentage of positive and negative responses (balance)¹ and ESI (CypERC)

Month	2017								2018				
	5	6	7	8	9	10	11	12	1	2	3	4	5
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)^{2,*}	116.3	116.1	115.8	109.1	112.9	117.3	119.9	116.8	119.8	119.1	117.5	119.0	116.1
SERVICES													
Services Confidence Indicator ³	36	37	35	17	26	37	45	37	45	40	36	40	33
Business situation, past 3 months ⁴	35	36	34	14	15	26	34	24	40	27	22	33	20
Turnover (demand), past 3 months ⁴	37	44	34	15	15	30	41	42	44	48	41	46	42
Expected turnover (demand), next 3 months ⁴	36	32	38	23	48	56	60	44	52	46	46	42	36
Employment, past 3 months	2	6	2	1	1	3	8	6	8	8	8	-8	6
Expected employment, next 3 months	4	6	3	4	11	12	7	10	14	4	9	7	9
Expected selling prices, next 3 months	3	4	4	0	2	-8	-3	-5	-10	-6	-2	1	0
RETAIL TRADE													
Retail Trade Confidence Indicator ³	7	7	6	6	6	8	6	10	8	9	13	8	10
Business activity (sales), past 3 months ⁴	1	8	6	11	2	6	10	13	7	5	7	14	12
Stock of goods ⁴	0	5	6	9	3	7	11	3	9	9	5	9	6
Expected business activity (sales), next 3 months ⁴	18	16	19	15	20	24	19	20	26	30	36	20	23
Orders placed with suppliers, next 3 months	9	11	4	4	9	16	9	8	16	17	24	13	13
Expected employment, next 3 months	1	-1	0	1	0	1	0	1	-1	0	3	0	1
Expected selling prices, next 3 months	7	6	2	8	6	9	9	8	2	5	3	11	3
CONSTRUCTION													
Construction Confidence Indicator ³	-27	-28	-25	-26	-26	-28	-23	-24	-23	-19	-16	-17	-13
Building activity, past 3 months	10	6	-1	8	6	-4	7	3	12	5	10	13	12
Current overall order books ⁴	-56	-58	-54	-52	-56	-59	-47	-47	-52	-45	-37	-42	-37
Expected employment, next 3 months ⁴	2	2	4	1	3	2	1	-2	6	8	6	9	10
Expected selling prices, next 3 months	3	6	2	3	9	7	14	-1	0	11	9	3	13
INDUSTRY													
Industrial Confidence Indicator ³	3	3	6	4	3	8	9	9	11	11	5	7	4
Production, past 3 months	22	11	4	10	9	4	18	20	18	13	10	8	15
Current overall order books ⁴	-22	-21	-15	-12	-22	-17	-6	-9	-5	-5	-24	-19	-19
Current export order books	-33	-18	-26	-20	-18	-22	8	-23	-6	-15	-21	-12	-18
Stock of finished products ⁴	-17	-17	-18	-11	-12	-16	-5	-16	-12	-12	-8	-10	-6
Expected production, next 3 months ⁴	15	12	16	11	21	25	28	19	24	25	32	30	25
Expected employment, next 3 months ⁵	6	12	-2	1	3	5	6	0	6	0	7	11	3
Expected selling prices, next 3 months	1	2	-3	-7	0	-2	1	-6	-5	0	-1	-1	1
CONSUMERS													
Consumer Confidence Indicator ³	1	-1	-1	-2	-1	-1	2	-1	1	5	2	4	3
Financial situation of household, past 12 months	-7	-8	-3	-7	-7	-6	-5	-5	-5	0	-6	-1	-3
Expected financial situation of household, next 12 months ⁴	6	4	4	1	3	6	6	4	5	10	3	8	2
General economic situation in Cyprus, past 12 months	16	18	16	19	18	18	18	18	18	28	24	26	20
Expected general economic situation in Cyprus, next 12 months ⁴	16	19	17	22	21	18	20	15	17	23	19	21	17
Consumer prices, past 12 months	-9	-15	-20	-15	-15	-12	-12	-9	-17	-15	-28	-11	-12
Expected consumer prices, next 12 months	-8	-11	-12	-11	-9	-10	-6	-11	-11	-13	-18	-12	-7
Expected unemployment in Cyprus, next 12 months ^{4,5}	-16	-12	-12	-14	-10	-5	-17	-10	-18	-20	-20	-19	-21
Major purchases at present	-15	-20	-13	-17	-19	-16	-18	-15	-17	-21	-13	-11	-13
Major purchases intentions, next 12 months	-25	-29	-27	-29	-31	-28	-27	-21	-26	-17	-22	-19	-15
Savings at present	-11	-11	-14	-15	-17	-15	-18	-18	-20	-9	-14	-11	-9
Savings intentions, next 12 months ⁴	-35	-37	-39	-44	-37	-33	-34	-34	-37	-32	-33	-30	-29
Statement on the current financial condition of household	10	13	14	10	12	13	13	12	9	12	15	13	17

Notes:

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

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

³ The calculation of the confidence (composite) indicator is described in http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf.

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

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



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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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This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme of Business and Consumer Surveys. This bulletin reflects only the authors' views* and the European Commission is not responsible for any use that may be made of the information it contains.

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