



BUSINESS AND CONSUMER SURVEYS

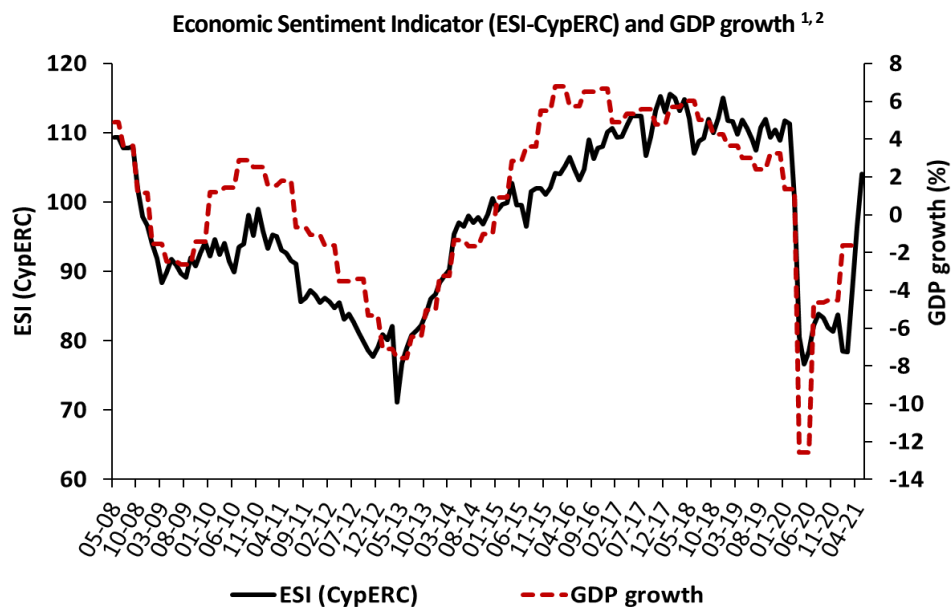
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



May 2021

SUMMARY

- In May 2021, economic sentiment in Cyprus strengthened further as the Economic Sentiment Indicator (ESI-CypERC) increased by 7.6 points compared with April 2021. The increase in the ESI-CypERC was driven by improvements in business confidence in all sectors.
- The Services Confidence Indicator increased strongly for the third consecutive month in May. The increase resulted from improved assessments of past performance (business situation and demand) and significant upward revisions in demand expectations.
- The increase in the Retail Trade Confidence Indicator was due to more favourable views on the current stock levels and upward revisions in sales expectations.
- The increase in the Construction Confidence Indicator was driven by more favourable assessments of the levels of order books and upward revisions in employment expectations.
- The rise in the Industry Confidence Indicator resulted from more favourable views on the current levels of order books and stocks of finished products, as well as from upward revisions in production expectations.
- The Consumer Confidence Indicator remained unchanged at the level reached in April. All components of the Indicator (i.e. assessments of recent and future household financial conditions, expectations about economic conditions in Cyprus, intentions to make major purchases) remained roughly unchanged in May.



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	2020								2021				
	5	6	7	8	9	10	11	12	1	2	3	4	5
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	76.6	78.5	82.3	83.8	83.3	81.9	81.3	83.7	78.5	78.4	87.3	96.5	104.1
SERVICES													
Services Confidence Indicator ³	-64	-63	-50	-43	-44	-49	-47	-42	-55	-58	-32	-6	15
Business situation, past 3 months ⁴	-53	-60	-63	-59	-34	-51	-42	-49	-56	-62	-47	-29	-2
Turnover (demand), past 3 months ⁴	-58	-70	-62	-55	-53	-45	-51	-48	-54	-63	-45	-16	1
Expected turnover (demand), next 3 months ⁴	-81	-59	-26	-15	-45	-51	-47	-30	-56	-48	-6	27	47
Employment, past 3 months	-10	-17	2	9	-5	-1	1	1	-12	-9	-13	0	2
Expected employment, next 3 months	-4	-2	7	-4	4	11	5	-3	-15	-15	-10	-3	2
Expected selling prices, next 3 months	-26	-18	-15	-10	-7	-14	-6	-9	-4	-18	-10	-1	7
Uncertainty: difficulty predicting business situation ^{5,6}	45	63	40	59	48	32	44	58	62	67	42	65	45
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-35	-29	-31	-25	-25	-28	-28	-25	-28	-29	-26	-20	-11
Business activity (sales), past 3 months ⁴	-48	-52	-53	-54	-51	-50	-51	-50	-54	-49	-49	-47	-49
Stock of goods ⁴	-1	-18	-12	-21	-19	-19	-20	-25	-17	-18	-22	-21	-24
Expected business activity (sales), next 3 months ⁴	-58	-54	-51	-43	-43	-52	-55	-50	-45	-56	-52	-33	-9
Orders placed with suppliers, next 3 months	-51	-52	-48	-41	-42	-49	-55	-52	-48	-49	-51	-36	-14
Expected employment, next 3 months	0	-1	0	-2	-1	1	0	0	0	-2	0	0	-1
Expected selling prices, next 3 months	-2	0	2	3	5	2	1	4	1	-3	3	-1	9
Uncertainty: difficulty predicting business situation ^{5,6}	57	53	57	60	71	76	80	78	77	67	68	62	65
CONSTRUCTION													
Construction Confidence Indicator ³	-13	-13	-18	-14	-18	-11	-25	-20	-25	-25	-22	-23	-15
Building activity, past 3 months	-48	-39	-33	-9	-15	-9	-32	-24	-34	-34	-39	-24	-4
Current overall order books ⁴	-27	-31	-37	-26	-32	-22	-44	-38	-44	-42	-46	-44	-36
Expected employment, next 3 months ⁴	1	5	1	-2	-3	-1	-7	-2	-6	-7	1	-2	5
Expected selling prices, next 3 months	-8	-6	8	5	-4	2	-2	-8	-1	1	0	11	20
Uncertainty: difficulty predicting business situation ^{5,6}	60	53	46	44	38	52	66	57	57	52	56	43	41
INDUSTRY													
Industrial Confidence Indicator ³	-36	-28	-28	-24	-28	-29	-28	-29	-34	-35	-37	-24	-15
Production, past 3 months	-66	-63	-66	-56	-59	-61	-57	-60	-56	-53	-65	-58	-38
Current overall order books ⁴	-73	-67	-60	-61	-61	-62	-67	-70	-64	-69	-67	-55	-52
Current export order books	-45	-21	-60	-66	-51	-70	-69	-62	-68	-78	-82	-69	-54
Stock of finished products ⁴	-32	-20	-9	-14	-13	-18	-23	-33	-20	-30	-20	-17	-21
Expected production, next 3 months ⁴	-67	-38	-31	-26	-37	-44	-39	-52	-57	-66	-66	-34	-14
Expected employment, next 3 months ⁵	-2	-1	0	-1	-1	-2	-3	-1	-2	-2	0	0	1
Expected selling prices, next 3 months	-1	-3	6	-1	-1	-1	-1	-3	-4	1	-2	1	3
Uncertainty: difficulty predicting business situation ^{5,6}	61	53	51	49	62	60	68	73	76	64	69	60	61
CONSUMERS													
Consumer Confidence Indicator ³	-29	-24	-21	-31	-29	-29	-35	-33	-35	-32	-23	-18	-18
Financial situation of household, past 12 months ⁴	-8	-14	-13	-17	-15	-15	-18	-20	-20	-22	-24	-20	-19
Expected financial situation of household, next 12 months ⁴	-17	-8	-5	-15	-12	-10	-20	-15	-20	-14	-4	-5	-3
General economic situation in Cyprus, past 12 months	-2	-25	-32	-44	-44	-49	-58	-64	-68	-67	-72	-71	-71
Expected general economic situation in Cyprus, next 12 months ⁴	-45	-30	-25	-48	-43	-45	-56	-49	-54	-45	-29	-19	-19
Consumer prices, past 12 months	-7	-13	-13	-16	-18	-19	-17	-17	-21	-25	-20	-17	-17
Expected consumer prices, next 12 months	-16	-17	-16	-13	-17	-19	-15	-10	-21	-16	-13	-9	-9
Expected unemployment in Cyprus, next 12 months ⁵	59	51	51	66	60	57	66	62	60	48	40	36	23
Major purchases at present	-41	-35	-30	-39	-42	-32	-49	-53	-51	-42	-35	-31	-38
Major purchases intentions, next 12 months ⁴	-46	-42	-40	-44	-45	-45	-46	-48	-44	-46	-35	-31	-31
Savings at present	-29	-28	-20	-19	-16	-24	-19	-24	-16	-23	-19	-21	-21
Savings intentions, next 12 months	-35	-35	-39	-28	-28	-40	-39	-40	-35	-31	-32	-38	-33
Statement on the current financial condition of household	15	17	15	16	21	19	14	14	15	18	17	14	15
Uncertainty: difficulty predicting household's financial situation ^{5,6}	-1	4	7	7	4	6	16	9	12	4	2	0	6

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 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 and https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en. ⁴ The responses to this question are used in the calculation of the confidence (composite) 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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