

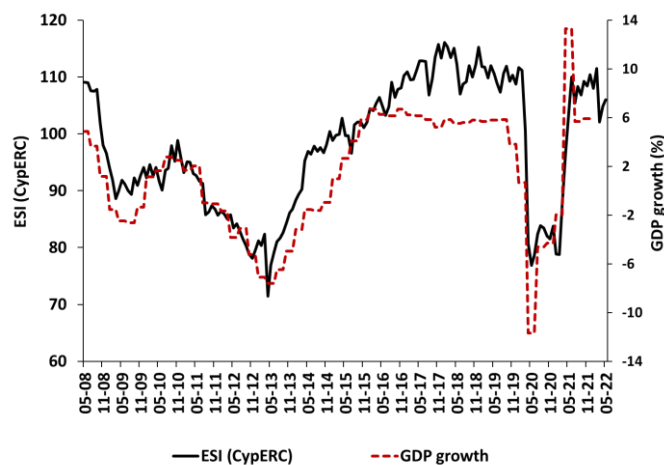
BUSINESS AND CONSUMER SURVEYS

May 2022

Summary

- In May 2022, economic sentiment in Cyprus improved slightly as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.1 points compared with April 2022. The increase in the ESI-CypERC resulted from stronger business confidence in services.
- The increase in the Services Confidence Indicator was driven by further improvements in the assessments of past performance (business situation and demand) and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator remained unchanged as the improved assessments of recent sales and current stock levels were offset by a deterioration in sales expectations.
- The Construction Confidence Indicator stayed unchanged as firms' assessments of the level of order books and employment expectations remained broadly stable.
- The decrease in the Industry Confidence Indicator was driven by a deterioration in the assessments of current levels of order books and pessimistic views on future production.
- The Consumer Confidence Indicator decreased, mainly because of downward revisions in consumers' expectations about their financial conditions and the general economic conditions in the country.
- In May, economic uncertainty declined in services, construction and retail trade; uncertainty rose among firms in industry and among households.
- Firms' selling price expectations as well as consumers' price expectations remained at extremely high levels, indicating the continuation of upward price pressures.

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	2021								2022				
	5	6	7	8	9	10	11	12	1	2	3	4	5
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	103.9	110.0	105.5	108.4	106.9	109.2	108.4	110.4	108.0	111.5	102.1	104.9	106.0
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	39.6	27.9	39.3	37.9	35.6	33.1	43.4	31.7	43.6	36.9	57.0	42.6	37.7
SERVICES													
Services Confidence Indicator ³	15	35	23	31	25	33	32	37	29	41	15	23	30
Business situation, past 3 months ⁴	-2	20	23	26	7	9	26	15	26	26	16	21	27
Turnover (demand), past 3 months ⁴	1	29	24	33	28	30	39	44	32	44	27	30	33
Expected turnover (demand), next 3 months ⁴	47	54	23	34	41	60	31	53	29	53	2	18	30
Employment, past 3 months	2	4	-5	-6	-6	-17	-9	-20	-14	0	-8	-1	1
Expected employment, next 3 months	2	6	6	5	6	11	7	-3	-7	2	2	-3	11
Expected selling prices, next 3 months	7	5	4	6	11	9	19	10	24	24	31	33	31
Uncertainty: difficulty predicting business situation ^{5,6}	45	32	46	41	39	35	49	32	48	41	67	45	36
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-11	-7	-8	-6	-5	-4	-3	-3	-5	1	-8	-5	-5
Business activity (sales), past 3 months ⁴	-49	-37	-39	-29	-21	-22	-17	-14	-25	-16	-20	-19	-16
Stock of goods ⁴	-24	-11	-14	-15	-12	-17	-16	-11	-13	-9	-11	-2	-13
Expected business activity (sales), next 3 months ⁴	-9	4	2	-2	-8	-7	-8	-6	-2	11	-17	2	-10
Orders placed with suppliers, next 3 months	-14	-1	-7	-11	-12	-14	-11	-14	-11	-5	-20	-11	-11
Expected employment, next 3 months	-1	1	0	0	-1	-1	-1	2	-1	0	1	-1	-1
Expected selling prices, next 3 months	9	10	23	37	45	65	68	68	60	65	71	79	86
Uncertainty: difficulty predicting business situation ^{5,6}	65	57	67	76	72	71	77	73	71	68	69	81	74
CONSTRUCTION													
Construction Confidence Indicator ³	-15	-18	-17	-17	-20	-16	-19	-17	-14	-16	-16	-19	-19
Building activity, past 3 months	-4	-3	-13	-15	-17	-20	-17	-11	-9	-12	-17	-27	-10
Current overall order books ⁴	-36	-35	-41	-39	-37	-34	-37	-39	-34	-33	-31	-37	-37
Expected employment, next 3 months ⁴	5	-1	7	4	-2	1	0	6	6	1	0	-2	0
Expected selling prices, next 3 months	20	29	50	56	54	67	77	76	81	80	90	99	97
Uncertainty: difficulty predicting business situation ^{5,6}	41	33	52	54	38	37	58	46	57	56	67	58	54
INDUSTRY													
Industrial Confidence Indicator ³	-15	-13	-12	-12	-10	-8	-8	-3	-3	1	-7	3	-4
Production, past 3 months	-38	-28	-23	-23	-12	-2	0	5	-2	4	-3	-5	4
Current overall order books ⁴	-52	-53	-52	-59	-49	-43	-44	-36	-35	-26	-31	-27	-34
Current export order books	-54	-68	-50	-52	-38	-16	-43	-46	-77	-44	-41	-34	-29
Stock of finished products ⁴	-21	-22	-21	-30	-27	-26	-22	-22	-16	-23	-20	-25	-23
Expected production, next 3 months ⁴	-14	-7	-4	-6	-7	-6	-3	7	11	7	-11	11	0
Expected employment, next 3 months ⁵	1	0	1	1	1	1	3	0	1	0	0	1	1
Expected selling prices, next 3 months	3	1	10	10	27	38	58	56	52	52	62	71	76
Uncertainty: difficulty predicting business situation ^{5,6}	61	56	57	66	71	66	76	72	81	67	81	74	77
CONSUMERS													
Consumer Confidence Indicator ³	-18	-13	-23	-20	-17	-20	-19	-20	-18	-20	-27	-27	-32
Financial situation of household, past 12 months ⁴	-19	-13	-16	-16	-16	-15	-18	-15	-17	-17	-19	-23	-24
Expected financial situation of household, next 12 months ⁴	-3	0	-8	-5	-8	-11	-11	-8	-7	-14	-18	-17	-25
General economic situation in Cyprus, past 12 months	-71	-56	-59	-52	-48	-41	-40	-36	-44	-44	-50	-58	-52
Expected general economic situation in Cyprus, next 12 months ⁴	-19	-11	-31	-26	-20	-24	-23	-22	-20	-26	-42	-38	-50
Consumer prices, past 12 months	-17	-13	6	21	28	41	44	47	56	69	67	75	82
Expected consumer prices, next 12 months	-9	-12	7	18	14	37	36	20	25	34	63	58	63
Expected unemployment in Cyprus, next 12 months ⁵	23	13	40	36	24	21	22	22	20	9	39	33	37
Major purchases at present	-38	-32	-41	-42	-39	-43	-37	-44	-42	-47	-49	-47	-55
Major purchases intentions, next 12 months ⁴	-31	-30	-37	-31	-26	-31	-25	-35	-29	-25	-31	-30	-31
Savings at present	-21	-19	-15	-19	-24	-19	-19	-18	-25	-27	-20	-25	-25
Savings intentions, next 12 months	-33	-33	-33	-32	-40	-33	-36	-32	-37	-33	-35	-40	-49
Statement on the current financial condition of household	15	17	16	17	16	15	17	16	18	13	15	15	12
Uncertainty: difficulty predicting household's financial situation ^{5,6}	6	-4	-1	1	1	1	-1	-1	4	-2	10	6	9

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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