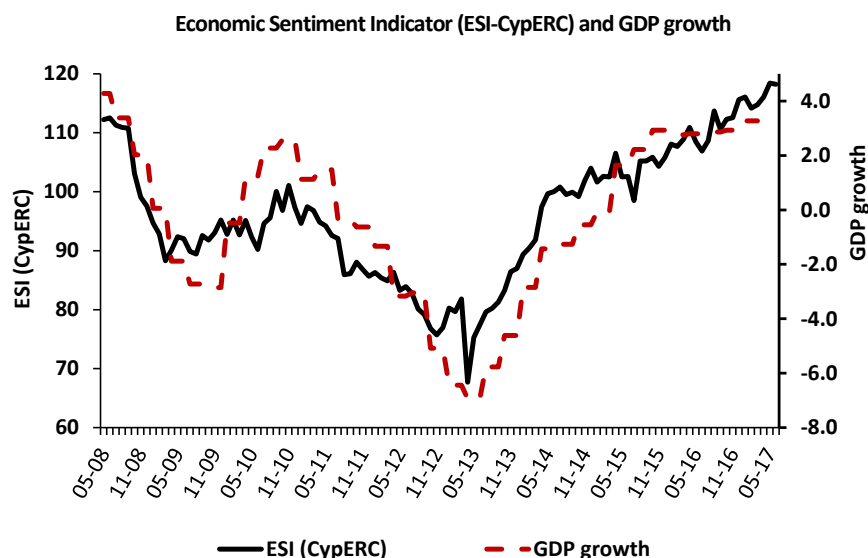




### June 2017

#### SUMMARY

- In June 2017, economic sentiment in Cyprus deteriorated slightly. The Economic Sentiment Indicator (ESI-CypERC) declined by 0.2 points compared to May 2017, as a result of weaker confidence in the construction sector and among consumers.
- The Services Confidence Indicator rose due to more optimistic views expressed by firms regarding their recent business situation and demand.
- The Retail Trade Confidence Indicator remained unchanged as the improvement in firms' assessments concerning past sales was offset by the deterioration in respondents' views on current stock volumes and future sales.
- The Construction Confidence Indicator deteriorated due to firms' more pessimistic assessments of the current level of order books.
- The Industry Confidence Indicator remained unchanged as the improved assessments of current orders were offset by the downward revision of production expectations.
- The Consumer Confidence Indicator declined as consumers were less optimistic about their future financial situation, their future savings and the decline in unemployment.



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.

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# BUSINESS AND CONSUMER SURVEYS

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## Difference between the percentage of positive and negative responses (balance)<sup>1</sup> and ESI (CypERC)

Month	2016							2017					
	6	7	8	9	10	11	12	1	2	3	4	5	6
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	106.9	108.6	113.7	110.6	112.3	112.6	115.6	116.1	114.2	114.8	116.1	118.4	118.2
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	10	14	27	20	21	20	28	30	26	26	31	36	37
Business situation, past 3 months <sup>4</sup>	5	16	23	16	14	19	30	27	28	23	30	35	36
Turnover (demand), past 3 months <sup>4</sup>	8	16	20	20	16	21	15	27	26	25	33	37	44
Expected turnover (demand), next 3 months <sup>4</sup>	16	11	38	22	33	21	40	36	25	31	31	36	32
Employment, past 3 months	3	5	3	1	2	-2	-4	-6	-1	-1	6	2	6
Expected employment, next 3 months	-1	2	-1	-1	1	-5	-4	11	4	3	5	4	6
Expected selling prices, next 3 months	-5	2	1	-3	2	4	-1	0	7	3	0	3	4
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-6	-1	3	0	4	6	9	9	5	5	6	7	7
Business activity (sales), past 3 months <sup>4</sup>	-19	-16	-3	-8	-6	-6	-2	8	8	3	-3	1	8
Stock of goods <sup>4</sup>	4	-4	6	2	-5	-4	-6	0	7	7	8	0	5
Expected business activity (sales), next 3 months <sup>4</sup>	5	8	19	10	12	22	21	19	14	19	29	18	16
Orders placed with suppliers, next 3 months	-7	-10	1	-6	-4	8	3	3	2	9	10	9	11
Expected employment, next 3 months	-1	-1	-1	1	-2	-1	0	0	0	-3	1	1	-1
Expected selling prices, next 3 months	4	0	3	3	2	6	4	-3	3	1	5	7	6
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-28	-24	-32	-24	-26	-28	-27	-25	-23	-29	-24	-27	-28
Building activity, past 3 months	6	2	3	12	-6	11	5	8	2	-4	4	10	6
Current overall order books <sup>4</sup>	-56	-51	-62	-51	-59	-56	-54	-53	-53	-60	-58	-56	-58
Expected employment, next 3 months <sup>4</sup>	0	2	-2	2	6	1	-1	3	7	1	10	2	2
Expected selling prices, next 3 months	-10	-5	0	0	-4	2	-2	-3	3	4	4	3	6
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	1	0	8	-2	-2	3	0	0	4	10	7	3	3
Production, past 3 months	14	12	6	13	3	7	6	6	12	12	17	22	11
Current overall order books <sup>4</sup>	-29	-33	-25	-32	-40	-39	-39	-39	-32	-18	-27	-22	-21
Current export order books	-38	-31	5	-14	-30	-36	-44	-40	-20	-19	-30	-33	-18
Stock of finished products <sup>4</sup>	-23	-19	-26	-11	-18	-29	-16	-21	-16	-17	-18	-17	-17
Expected production, next 3 months <sup>4</sup>	11	14	24	15	15	18	22	19	27	33	28	15	12
Expected employment, next 3 months <sup>5</sup>	1	1	-1	1	-1	-1	-2	-1	-1	0	8	6	12
Expected selling prices, next 3 months	-3	-2	5	0	2	-1	0	4	-4	1	3	1	2
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-7	-8	-7	-6	-3	-1	-1	-1	-3	-2	-3	1	-1
Financial situation of household, past 12 months	-16	-14	-13	-14	-11	-13	-15	-12	-8	-8	-9	-7	-8
Expected financial situation of household, next 12 months <sup>4</sup>	-1	-3	1	-2	2	7	5	5	2	2	2	6	4
General economic situation in Cyprus, past 12 months	-1	-2	5	6	8	8	9	14	16	14	14	16	18
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	12	9	14	15	18	19	20	20	18	16	18	16	19
Consumer prices, past 12 months	-19	-10	-7	-13	-17	-18	-17	-7	-10	-5	-13	-9	-15
Expected consumer prices, next 12 months	-7	-9	-17	-15	-14	-14	-16	-10	-5	-7	-9	-8	-11
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-10	-3	-6	-5	-11	-9	-11	-14	-6	-11	-8	-16	-12
Major purchases at present	-32	-33	-28	-30	-24	-23	-23	-16	-20	-24	-24	-15	-20
Major purchases intentions, next 12 months	-36	-34	-38	-30	-24	-22	-26	-28	-29	-26	-26	-25	-29
Savings at present	-17	-19	-19	-23	-18	-13	-21	-23	-21	-21	-13	-11	-11
Savings intentions, next 12 months <sup>4</sup>	-48	-41	-49	-43	-43	-41	-40	-43	-39	-35	-41	-35	-37
Statement on the current financial condition of household	5	8	6	5	9	9	6	7	8	10	10	10	13

### Notes:

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

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

<sup>3</sup> The calculation of the confidence (composite) indicator is described in [http://ec.europa.eu/economy\\_finance/indicators/business\\_consumer\\_surveys/userguide\\_en.pdf](http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf).

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

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



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