

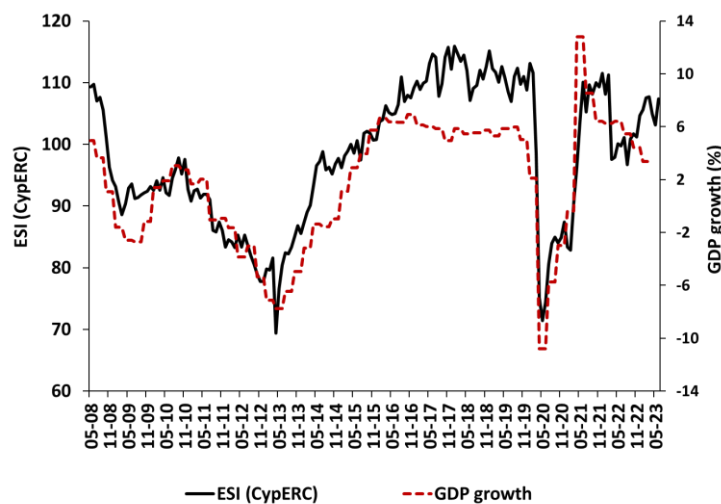
BUSINESS AND CONSUMER SURVEYS

June 2023

Summary

- In June 2023, economic sentiment in Cyprus improved, as the Economic Sentiment Indicator (ESI-CypERC) increased by 4.3 points compared with May 2023. The increase in the ESI-CypERC was mainly driven by confidence gains in services and among consumers.
- The strong increase in the Services Confidence Indicator was due to improved views on past performance (demand and business situation) and, to a smaller extent, upward revisions in demand expectations.
- The Retail Trade Confidence Indicator rose marginally, as a result of more favourable assessments of the current stock levels and upward revisions in sales expectations, despite a deterioration in firms' assessments of recent sales.
- The small decrease in the Construction Confidence Indicator resulted from a deterioration in both of its components. More specifically, in June, firms' assessments of the level of order books worsened and employment expectations moved down.
- The marginal increase in the Industry Confidence Indicator was due to improved views on the stocks of finished products and more optimistic production expectations, despite a deterioration in firms' assessments of the levels of order books.
- The increase in the Consumer Confidence Indicator resulted from improvements in all of its components. In June, consumers assessed their recent and future financial situation more favourably, and revised their expectations about the economic conditions in Cyprus upwards. Moreover, consumers' intentions to make major purchases over the next months strengthened markedly.
- In June, economic uncertainty in Cyprus decreased to a three-year low. Uncertainty declined among consumers and in all sectors, except for retail trade.

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					
	6	7	8	9	10	11	12	1	2	3	4	5	6
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	99.7	101.1	96.7	100.9	101.7	101.2	104.7	105.6	107.5	107.7	104.9	103.1	107.4
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	35.9	36.7	30.6	32.2	32.0	32.5	38.8	38.6	34.0	23.6	31.2	29.8	19.7
SERVICES													
Services Confidence Indicator ³	13	16	1	10	16	12	22	22	27	27	21	14	26
Business situation, past 3 months ⁴	4	9	4	4	7	18	27	33	37	41	45	26	41
Turnover (demand), past 3 months ⁴	21	14	-4	13	13	9	3	19	33	25	25	6	25
Expected turnover (demand), next 3 months ⁴	14	25	4	14	27	11	35	13	12	15	-6	9	11
Employment, past 3 months	9	0	-8	-4	-13	-4	0	2	1	-3	12	10	7
Expected employment, next 3 months	3	-1	0	1	5	1	7	7	11	12	11	13	4
Expected selling prices, next 3 months	36	34	38	41	44	41	47	41	45	40	42	48	39
Uncertainty: difficulty predicting business situation ^{5,6}	32	36	29	29	28	29	43	42	35	20	35	30	14
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-11	-12	-12	-10	-6	-8	-5	1	-2	-3	-1	1	2
Business activity (sales), past 3 months ⁴	-29	-25	-29	-22	-22	-25	-16	-10	-12	-12	-1	-10	-13
Stock of goods ⁴	-15	-13	-19	-15	-15	-17	-8	-12	-8	-7	-9	-13	-11
Expected business activity (sales), next 3 months ⁴	-20	-24	-26	-22	-12	-15	-7	1	-1	-3	-11	1	9
Orders placed with suppliers, next 3 months	-19	-28	-27	-27	-18	-23	-16	-9	-8	-8	-11	1	2
Expected employment, next 3 months	1	-1	-3	3	-1	2	3	0	1	2	2	1	0
Expected selling prices, next 3 months	72	71	67	64	64	63	57	51	58	57	57	49	46
Uncertainty: difficulty predicting business situation ^{5,6}	65	55	61	57	61	65	59	54	56	68	66	60	72
CONSTRUCTION													
Construction Confidence Indicator ³	-18	-18	-20	-16	-22	-15	-11	-15	-14	-17	-13	-11	-13
Building activity, past 3 months	-15	-15	-15	-16	-16	-7	-15	-5	-13	-6	5	-5	-6
Current overall order books ⁴	-34	-34	-35	-28	-43	-31	-23	-32	-27	-32	-25	-19	-22
Expected employment, next 3 months ⁴	-2	-1	-4	-3	-1	1	0	3	-2	-3	-1	-3	-5
Expected selling prices, next 3 months	88	85	86	90	86	84	80	80	85	77	74	66	70
Uncertainty: difficulty predicting business situation ^{5,6}	55	57	50	45	56	58	51	58	51	50	44	40	36
INDUSTRY													
Industrial Confidence Indicator ³	-13	-7	-7	-4	-6	-10	-8	-5	-5	-1	-3	2	3
Production, past 3 months	-16	-10	-12	-18	-17	-15	-17	-10	0	-2	-3	-2	6
Current overall order books ⁴	-38	-38	-36	-33	-30	-44	-36	-28	-30	-29	-28	-25	-27
Current export order books	-39	-37	-38	-48	-59	-44	-35	-14	-20	-24	-36	-54	-13
Stock of finished products ⁴	-17	-17	-16	-29	-28	-30	-24	-20	-22	-26	-18	-22	-25
Expected production, next 3 months ⁴	-17	-1	-2	-8	-18	-15	-13	-9	-6	-1	1	9	11
Expected employment, next 3 months	2	1	1	0	1	0	0	0	1	2	1	0	0
Expected selling prices, next 3 months	68	66	62	59	55	51	37	36	34	24	28	25	4
Uncertainty: difficulty predicting business situation ^{5,6}	73	76	77	73	75	78	75	74	70	61	61	67	64
CONSUMERS													
Consumer Confidence Indicator ³	-35	-35	-36	-28	-33	-30	-28	-21	-18	-18	-25	-26	-20
Financial situation of household, past 12 months ⁴	-29	-27	-27	-22	-27	-24	-24	-20	-16	-18	-18	-21	-16
Expected financial situation of household, next 12 months ⁴	-28	-25	-23	-21	-21	-22	-12	-6	-4	-5	-10	-13	-9
General economic situation in Cyprus, past 12 months	-62	-61	-62	-47	-55	-51	-52	-48	-38	-33	-42	-46	-43
Expected general economic situation in Cyprus, next 12 months ⁴	-52	-51	-51	-38	-43	-41	-40	-27	-18	-13	-31	-27	-24
Consumer prices, past 12 months	82	76	83	74	82	83	85	88	84	82	84	87	79
Expected consumer prices, next 12 months	45	44	32	31	35	33	25	12	14	11	20	7	16
Expected unemployment in Cyprus, next 12 months	32	36	31	28	27	27	22	19	17	11	16	15	17
Major purchases at present	-57	-57	-51	-54	-57	-54	-56	-54	-48	-50	-46	-52	-44
Major purchases intentions, next 12 months ⁴	-31	-38	-43	-29	-39	-34	-36	-32	-36	-36	-42	-43	-30
Savings at present	-32	-25	-28	-25	-32	-31	-26	-19	-21	-17	-20	-24	-24
Savings intentions, next 12 months	-46	-44	-47	-42	-50	-48	-36	-32	-35	-31	-32	-38	-43
Statement on the current financial condition of household	12	12	14	11	8	11	12	15	15	20	16	14	14
Uncertainty: difficulty predicting household's financial situation ^{5,6}	16	13	1	15	11	9	1	5	5	-4	-7	0	-3

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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