



# BUSINESS AND CONSUMER SURVEYS

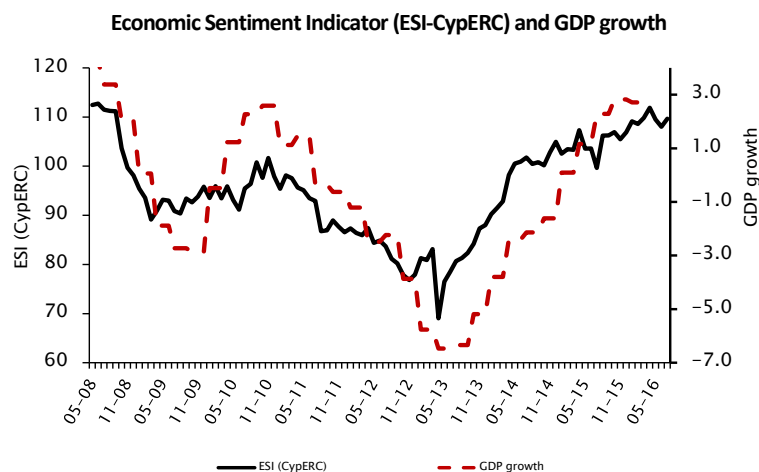
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



## July 2016

### SUMMARY

- In July 2016, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.6 points compared to June 2016 as a result of the pickup of business confidence in services, retail trade and construction.
- The Services Confidence Indicator rose due to firms' more positive assessments of past business situation and demand.
- The Retail Trade Confidence Indicator increased because of more positive responses regarding firms' recent sales and stock, as well due to improvement in firms' sales expectations.
- The Construction Confidence Indicator improved due to less pessimistic assessments of the level of current order books and employment plans.
- The decline in the Industry Confidence Indicator is driven by the deterioration of firms' views of the level of their current overall order books and stock of finished products.
- The Consumer Confidence Indicator decreased as a result of consumers' less optimistic responses regarding the future financial situation of their household and the future general economic situation in Cyprus, including labour market conditions.



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

Month	2015						2016						
	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	99.7	106.2	106.3	106.9	105.5	106.9	109.1	108.6	109.8	111.9	109.5	108.0	109.6
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	-3	12	11	10	4	8	15	17	20	19	16	10	14
Business situation, past 3 months <sup>4</sup>	-1	9	10	7	1	5	13	17	21	20	14	5	16
Turnover (demand), past 3 months <sup>4</sup>	-7	7	12	7	3	3	13	16	20	16	15	8	16
Expected turnover (demand), next 3 months <sup>4</sup>	0	21	12	17	7	17	21	18	18	22	20	16	11
Employment, past 3 months	4	11	8	-2	-3	1	5	4	10	3	4	3	5
Expected employment, next 3 months	2	6	-5	4	1	1	9	3	3	1	5	-1	2
Expected selling prices, next 3 months	-12	-9	-10	-9	2	-7	-5	1	-2	7	-4	-5	2
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-10	-14	-9	-11	-4	-2	-5	-3	-5	0	0	-6	-1
Business activity (sales), past 3 months <sup>4</sup>	-25	-34	-29	-32	-19	-20	-15	-17	-24	-19	-8	-19	-16
Stock of goods <sup>4</sup>	1	9	-1	-3	-1	-1	-4	-10	-5	-4	0	4	-4
Expected business activity (sales), next 3 months <sup>4</sup>	-5	0	1	-3	6	14	-5	-1	3	15	6	5	8
Orders placed with suppliers, next 3 months	-16	-20	-12	-15	-11	-4	-13	-20	-16	-1	-8	-7	-10
Expected employment, next 3 months	-1	-1	-1	-3	-1	-1	0	-2	-4	-1	-1	-1	-1
Expected selling prices, next 3 months	1	-3	0	0	2	-6	-11	-3	-9	7	2	4	0
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-45	-42	-38	-43	-28	-30	-28	-28	-28	-25	-34	-28	-24
Building activity, past 3 months	-25	-33	-28	-3	-8	3	-13	1	7	1	0	6	2
Current overall order books <sup>4</sup>	-76	-77	-75	-77	-60	-64	-55	-52	-55	-54	-62	-56	-51
Expected employment, next 3 months <sup>4</sup>	-13	-6	-2	-8	5	4	-1	-5	-1	5	-6	0	2
Expected selling prices, next 3 months	-31	-27	-33	-19	-17	-9	-1	-16	-8	-4	-2	-10	-5
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-11	-12	-9	-4	-4	-4	-6	-3	-3	4	4	1	0
Production, past 3 months	-19	-14	6	11	1	-8	-8	-7	9	8	7	14	12
Current overall order books <sup>4</sup>	-55	-56	-46	-40	-39	-33	-39	-48	-43	-34	-29	-29	-33
Current export order books	-11	-30	-36	-19	-27	-31	-30	-47	-28	11	-3	-38	-31
Stock of finished products <sup>4</sup>	-17	-19	-8	-17	-19	-15	-13	-22	-19	-26	-25	-23	-19
Expected production, next 3 months <sup>4</sup>	6	2	11	10	7	7	7	16	16	20	17	11	14
Expected employment, next 3 months <sup>5</sup>	0	0	-1	-2	0	3	1	4	-2	0	1	1	1
Expected selling prices, next 3 months	5	2	-3	2	-2	-4	-6	-3	-3	5	4	-3	-2
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-21	-14	-13	-9	-8	-10	-10	-16	-14	-7	-11	-7	-8
Financial situation of household, past 12 months	-30	-26	-23	-24	-22	-23	-18	-20	-19	-20	-17	-16	-14
Expected financial situation of household, next 12 months <sup>4</sup>	-8	-3	0	3	1	-3	-3	-9	-5	-1	-6	-1	-3
General economic situation in Cyprus, past 12 months	-22	-20	-12	-9	-11	-15	-8	-14	-11	-1	-3	-1	-2
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-2	8	10	12	12	12	10	-3	-3	10	5	12	9
Consumer prices, past 12 months	-9	-11	-15	-18	-23	-14	-26	-28	-36	-25	-23	-19	-10
Expected consumer prices, next 12 months	-12	-18	-22	-18	-20	-20	-28	-28	-31	-14	-13	-7	-9
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	19	13	11	6	-3	3	-1	3	-3	-7	-7	-10	-3
Major purchases at present	-43	-35	-38	-41	-31	-36	-31	-30	-36	-27	-36	-32	-33
Major purchases intentions, next 12 months	-47	-43	-39	-41	-37	-40	-35	-44	-37	-30	-37	-36	-34
Savings at present	-23	-19	-25	-22	-24	-25	-21	-25	-30	-17	-23	-17	-19
Savings intentions, next 12 months <sup>4</sup>	-56	-48	-51	-46	-50	-47	-48	-51	-52	-45	-51	-48	-41
Statement on the current financial condition of household	0	4	1	1	2	2	3	6	1	4	3	5	8

### 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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