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BUSINESS AND CONSUMER SURVEYS

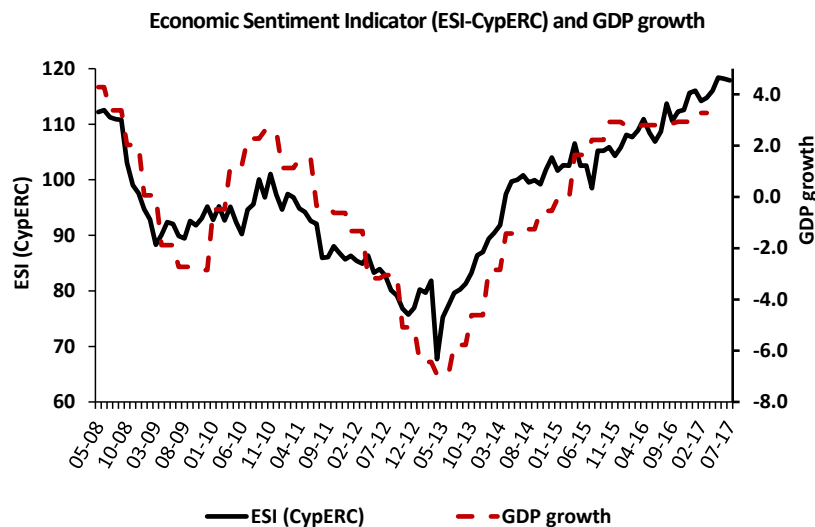
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



July 2017

SUMMARY

- In July 2017, economic sentiment in Cyprus deteriorated marginally. The Economic Sentiment Indicator (ESI-CypERC) declined by 0.3 points compared with June 2017, as a result of weaker confidence in services and retail trade. Some negative developments in consumer expectations in July have left the Consumer Confidence Indicator unchanged from its June value due to rounding. However, these developments slightly weigh on the ESI-CypERC due to the large importance assigned to consumer confidence in the construction of the sentiment indicator.
- The Services Confidence Indicator fell due to less optimistic views expressed by firms regarding their recent business situation and demand.
- The Retail Trade Confidence Indicator decreased as a result of the deterioration in firms' assessments of past sales and current stock volumes.
- The Construction Confidence Indicator rose due to firms' less pessimistic views on the current level of order books and upward revisions of future employment plans.
- The Industry Confidence Indicator increased as a result of improvements in assessments of current orders and stock volumes of finished products, and upward revisions in production expectations.
- The Consumer Confidence Indicator remained broadly unchanged. Expectations regarding future unemployment and households' future financial condition remained roughly at their June levels. Expectations regarding the future general economic conditions in Cyprus as well as consumers' savings intentions weakened.



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)¹ and ESI (CypERC)

Month	2016						2017						
	7	8	9	10	11	12	1	2	3	4	5	6	7
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	108.6	113.7	110.6	112.3	112.6	115.6	116.1	114.2	114.8	116.1	118.4	118.2	117.9
SERVICES													
Services Confidence Indicator ³	14	27	20	21	20	28	30	26	26	31	36	37	35
Business situation, past 3 months ⁴	16	23	16	14	19	30	27	28	23	30	35	36	34
Turnover (demand), past 3 months ⁴	16	20	20	16	21	15	27	26	25	33	37	44	34
Expected turnover (demand), next 3 months ⁴	11	38	22	33	21	40	36	25	31	31	36	32	38
Employment, past 3 months	5	3	1	2	-2	-4	-6	-1	-1	6	2	6	2
Expected employment, next 3 months	2	-1	-1	1	-5	-4	11	4	3	5	4	6	3
Expected selling prices, next 3 months	2	1	-3	2	4	-1	0	7	3	0	3	4	4
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-1	3	0	4	6	9	9	5	5	6	7	7	6
Business activity (sales), past 3 months ⁴	-16	-3	-8	-6	-6	-2	8	8	3	-3	1	8	6
Stock of goods ⁴	-4	6	2	-5	-4	-6	0	7	7	8	0	5	6
Expected business activity (sales), next 3 months ⁴	8	19	10	12	22	21	19	14	19	29	18	16	19
Orders placed with suppliers, next 3 months	-10	1	-6	-4	8	3	3	2	9	10	9	11	4
Expected employment, next 3 months	-1	-1	1	-2	-1	0	0	0	-3	1	1	-1	0
Expected selling prices, next 3 months	0	3	3	2	6	4	-3	3	1	5	7	6	2
CONSTRUCTION													
Construction Confidence Indicator ³	-24	-32	-24	-26	-28	-27	-25	-23	-29	-24	-27	-28	-25
Building activity, past 3 months	2	3	12	-6	11	5	8	2	-4	4	10	6	-1
Current overall order books ⁴	-51	-62	-51	-59	-56	-54	-53	-53	-60	-58	-56	-58	-54
Expected employment, next 3 months ⁴	2	-2	2	6	1	-1	3	7	1	10	2	2	4
Expected selling prices, next 3 months	-5	0	0	-4	2	-2	-3	3	4	4	3	6	2
INDUSTRY													
Industrial Confidence Indicator ³	0	8	-2	-2	3	0	0	4	10	7	3	3	6
Production, past 3 months	12	6	13	3	7	6	6	12	12	17	22	11	4
Current overall order books ⁴	-33	-25	-32	-40	-39	-39	-39	-32	-18	-27	-22	-21	-15
Current export order books	-31	5	-14	-30	-36	-44	-40	-20	-19	-30	-33	-18	-26
Stock of finished products ⁴	-19	-26	-11	-18	-29	-16	-21	-16	-17	-18	-17	-17	-18
Expected production, next 3 months ⁴	14	24	15	15	18	22	19	27	33	28	15	12	16
Expected employment, next 3 months ⁵	1	-1	1	-1	-1	-2	-1	-1	0	8	6	12	-2
Expected selling prices, next 3 months	-2	5	0	2	-1	0	4	-4	1	3	1	2	-3
CONSUMERS													
Consumer Confidence Indicator ³	-8	-7	-6	-3	-1	-1	-1	-3	-2	-3	1	-1	-1
Financial situation of household, past 12 months	-14	-13	-14	-11	-13	-15	-12	-8	-8	-9	-7	-8	-3
Expected financial situation of household, next 12 months ⁴	-3	1	-2	2	7	5	5	2	2	2	6	4	4
General economic situation in Cyprus, past 12 months	-2	5	6	8	8	9	14	16	14	14	16	18	16
Expected general economic situation in Cyprus, next 12 months ⁴	9	14	15	18	19	20	20	18	16	18	16	19	17
Consumer prices, past 12 months	-10	-7	-13	-17	-18	-17	-7	-10	-5	-13	-9	-15	-20
Expected consumer prices, next 12 months	-9	-17	-15	-14	-14	-16	-10	-5	-7	-9	-8	-11	-12
Expected unemployment in Cyprus, next 12 months ^{4,5}	-3	-6	-5	-11	-9	-11	-14	-6	-11	-8	-16	-12	-12
Major purchases at present	-33	-28	-30	-24	-23	-23	-16	-20	-24	-24	-15	-20	-13
Major purchases intentions, next 12 months	-34	-38	-30	-24	-22	-26	-28	-29	-26	-26	-25	-29	-27
Savings at present	-19	-19	-23	-18	-13	-21	-23	-21	-21	-13	-11	-11	-14
Savings intentions, next 12 months ⁴	-41	-49	-43	-43	-41	-40	-43	-39	-35	-41	-35	-37	-39
Statement on the current financial condition of household	8	6	5	9	9	6	7	8	10	10	10	13	14

Notes:

¹ Positive responses refer to increase/improvement/ above normal/very or fairly likely, while the opposite holds for negative responses. 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.

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

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



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