



# BUSINESS AND CONSUMER SURVEYS

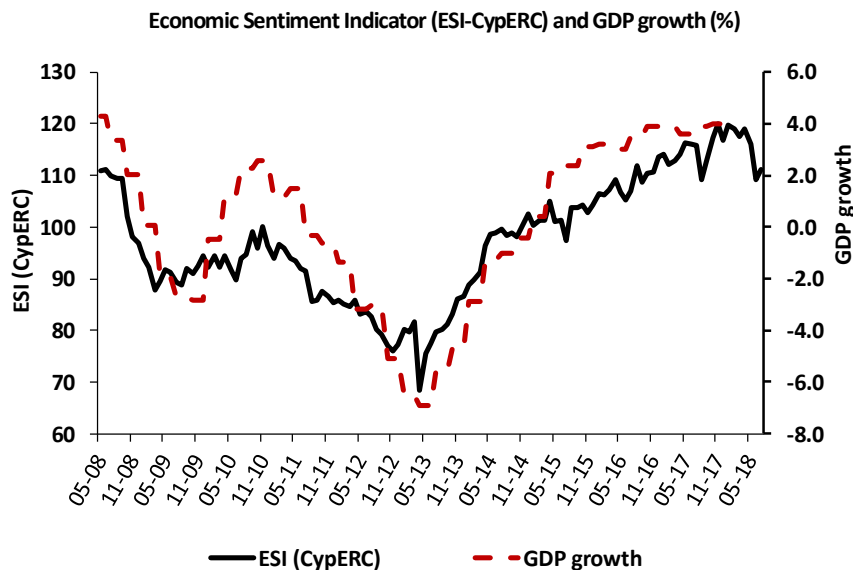
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



## July 2018

### SUMMARY

- In July 2018, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 2.0 points compared with June 2018. The increase was driven by stronger business confidence in services, construction and industry.
- The Services Confidence Indicator increased as a result of firms' more optimistic views on past business situation as well as past and expected demand.
- The Retail Trade Confidence Indicator decreased marginally as respondents' views on current stock volumes and future sales deteriorated.
- The Construction Confidence Indicator improved due to firms' more favourable assessments of future employment plans.
- The Industry Confidence Indicator increased due to a significant upward revision in production expectations.
- The Consumer Confidence Indicator decreased as a result of consumers' less favourable responses regarding their future financial conditions and the future economic conditions in Cyprus, including labour market conditions. Furthermore, consumers revised their savings expectations downwards, affecting the Indicator negatively.



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	2017						2018						
	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2,*</sup></b>	115.8	109.1	112.9	117.3	119.9	116.8	119.8	119.1	117.5	119.0	116.1	109.1	111.1
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	35	17	26	37	45	37	45	40	36	40	33	16	25
Business situation, past 3 months <sup>4</sup>	34	14	15	26	34	24	40	27	22	33	20	11	13
Turnover (demand), past 3 months <sup>4</sup>	34	15	15	30	41	42	44	48	41	46	42	22	33
Expected turnover (demand), next 3 months <sup>4</sup>	38	23	48	56	60	44	52	46	46	42	36	16	29
Employment, past 3 months	2	1	1	3	8	6	8	8	8	-8	6	-2	-6
Expected employment, next 3 months	3	4	11	12	7	10	14	4	9	7	9	5	6
Expected selling prices, next 3 months	4	0	2	-8	-3	-5	-10	-6	-2	1	0	-10	-1
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	6	6	6	8	6	10	8	9	13	8	10	6	5
Business activity (sales), past 3 months <sup>4</sup>	6	11	2	6	10	13	7	5	7	14	12	1	3
Stock of goods <sup>4</sup>	6	9	3	7	11	3	9	9	5	9	6	1	4
Expected business activity (sales), next 3 months <sup>4</sup>	19	15	20	24	19	20	26	30	36	20	23	17	14
Orders placed with suppliers, next 3 months	4	4	9	16	9	8	16	17	24	13	13	10	8
Expected employment, next 3 months	0	1	0	1	0	1	-1	0	3	0	1	0	1
Expected selling prices, next 3 months	2	8	6	9	9	8	2	5	3	11	3	3	4
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-25	-26	-26	-28	-23	-24	-23	-19	-16	-17	-13	-15	-11
Building activity, past 3 months	-1	8	6	-4	7	3	12	5	10	13	12	-3	3
Current overall order books <sup>4</sup>	-54	-52	-56	-59	-47	-47	-52	-45	-37	-42	-37	-34	-37
Expected employment, next 3 months <sup>4</sup>	4	1	3	2	1	-2	6	8	6	9	10	5	16
Expected selling prices, next 3 months	2	3	9	7	14	-1	0	11	9	3	13	15	11
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	6	4	3	8	9	9	11	11	5	7	4	-3	1
Production, past 3 months	4	10	9	4	18	20	18	13	10	8	15	10	8
Current overall order books <sup>4</sup>	-15	-12	-22	-17	-6	-9	-5	-5	-24	-19	-19	-28	-28
Current export order books	-26	-20	-18	-22	8	-23	-6	-15	-21	-12	-18	-36	-7
Stock of finished products <sup>4</sup>	-18	-11	-12	-16	-5	-16	-12	-12	-8	-10	-6	-15	-14
Expected production, next 3 months <sup>4</sup>	16	11	21	25	28	19	24	25	32	30	25	3	16
Expected employment, next 3 months <sup>5</sup>	-2	1	3	5	6	0	6	0	7	11	3	2	3
Expected selling prices, next 3 months	-3	-7	0	-2	1	-6	-5	0	-1	-1	1	5	-5
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-1	-2	-1	-1	2	-1	1	5	2	4	3	-3	-11
Financial situation of household, past 12 months	-3	-7	-7	-6	-5	-5	-5	0	-6	-1	-3	-5	-9
Expected financial situation of household, next 12 months <sup>4</sup>	4	1	3	6	6	4	5	10	3	8	2	4	0
General economic situation in Cyprus, past 12 months	16	19	18	18	18	18	18	28	24	26	20	17	0
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	17	22	21	18	20	15	17	23	19	21	17	14	-1
Consumer prices, past 12 months	-20	-15	-15	-12	-12	-9	-17	-15	-28	-11	-12	-3	-2
Expected consumer prices, next 12 months	-12	-11	-9	-10	-6	-11	-11	-13	-18	-12	-7	3	-2
Expected unemployment in Cyprus, next 12 months <sup>4,5</sup>	-12	-14	-10	-5	-17	-10	-18	-20	-20	-19	-21	-9	-3
Major purchases at present	-13	-17	-19	-16	-18	-15	-17	-21	-13	-11	-13	-15	-20
Major purchases intentions, next 12 months	-27	-29	-31	-28	-27	-21	-26	-17	-22	-19	-15	-15	-24
Savings at present	-14	-15	-17	-15	-18	-18	-20	-9	-14	-11	-9	-14	-27
Savings intentions, next 12 months <sup>4</sup>	-39	-44	-37	-33	-34	-34	-37	-32	-33	-30	-29	-38	-44
Statement on the current financial condition of household	14	10	12	13	13	12	9	12	15	13	17	12	9

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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**The Economics Research Centre (CypERC) of the University of Cyprus is an independent, non-profit organization with the aim of promoting scientific knowledge in economics, especially in matters concerning Cyprus.**

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