

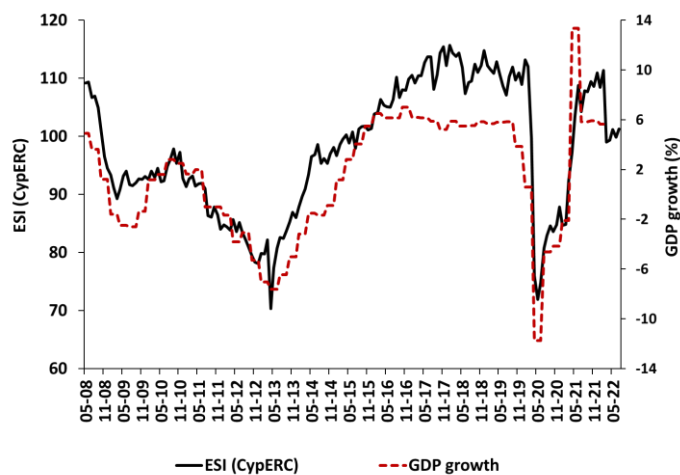
BUSINESS AND CONSUMER SURVEYS

July 2022

Summary

- In July 2022, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.4 points compared with June 2022. The increase in the ESI-CypERC resulted from stronger business confidence in services and industry.
- The increase in the Services Confidence Indicator was driven by improvements in firms' recent business situation and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator declined marginally, as firms revised their sales expectations downwards and assessed their current stock levels less favourably.
- The Construction Confidence Indicator remained unchanged for the second month in a row, as firms' assessments of the level of order books and employment expectations stayed broadly stable.
- The rise in the Industry Confidence Indicator is attributed to upward revisions in production expectations.
- The Consumer Confidence Indicator remained unchanged for the second consecutive month. On the one hand, consumers assessed their recent financial situation more favourably, and were less pessimistic about their future financial situation and the future economic conditions in Cyprus. On the other hand, consumers' intentions to make major purchases weakened significantly.
- In July, economic uncertainty in Cyprus rose as a result of higher uncertainty in industry, services and construction; uncertainty among firms in retail trade and among consumers declined.

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	2021						2022						
	7	8	9	10	11	12	1	2	3	4	5	6	7
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	104.2	107.8	107.6	109.5	108.6	110.9	108.4	111.4	99.0	99.4	101.2	99.8	101.2
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	39.3	37.9	35.6	33.1	43.4	31.7	43.6	36.9	57.0	42.6	37.7	35.9	36.7
SERVICES													
Services Confidence Indicator ³	19	29	27	32	32	38	30	40	8	10	16	13	16
Business situation, past 3 months ⁴	18	20	10	9	32	21	34	33	19	11	9	1	5
Turnover (demand), past 3 months ⁴	16	25	26	26	35	36	30	39	26	27	24	24	18
Expected turnover (demand), next 3 months ⁴	23	42	44	62	29	57	26	46	-21	-9	15	14	25
Employment, past 3 months	-7	-7	-8	-18	-10	-20	-11	1	-5	0	1	10	0
Expected employment, next 3 months	5	5	7	9	8	-2	-5	2	0	-5	5	2	-1
Expected selling prices, next 3 months	5	8	12	10	22	11	26	26	32	25	27	32	27
Uncertainty: difficulty predicting business situation ^{5, 6}	46	41	39	35	49	32	48	41	67	45	36	32	36
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-8	-5	-7	-4	-3	-1	-5	1	-8	-9	-11	-12	-13
Business activity (sales), past 3 months ⁴	-39	-28	-22	-21	-15	-12	-25	-16	-19	-20	-26	-30	-26
Stock of goods ⁴	-13	-15	-12	-16	-15	-13	-12	-8	-10	-2	-13	-15	-13
Expected business activity (sales), next 3 months ⁴	1	-3	-10	-7	-8	-5	-1	10	-16	-11	-20	-22	-27
Orders placed with suppliers, next 3 months	-9	-12	-15	-16	-11	-12	-11	-5	-17	-20	-19	-20	-30
Expected employment, next 3 months	1	0	-1	-1	-2	1	-1	0	1	-1	0	1	-1
Expected selling prices, next 3 months	29	39	43	56	58	60	58	64	67	69	70	67	66
Uncertainty: difficulty predicting business situation ^{5, 6}	67	76	72	71	77	73	71	68	69	81	74	65	55
CONSTRUCTION													
Construction Confidence Indicator ³	-18	-16	-16	-13	-16	-14	-17	-17	-19	-23	-18	-18	-18
Building activity, past 3 months	-16	-11	-9	-13	-12	-5	-8	-14	-19	-33	-24	-13	-13
Current overall order books ⁴	-41	-37	-31	-27	-33	-34	-37	-34	-33	-43	-38	-34	-34
Expected employment, next 3 months ⁴	6	6	-1	2	2	7	3	0	-4	-2	1	-2	-1
Expected selling prices, next 3 months	56	63	62	69	80	74	77	79	85	87	86	88	85
Uncertainty: difficulty predicting business situation ^{5, 6}	52	54	38	37	58	46	57	56	67	58	54	55	57
INDUSTRY													
Industrial Confidence Indicator ³	-11	-9	-6	-4	-6	-1	-2	2	-8	-10	-11	-14	-7
Production, past 3 months	-22	-21	-8	1	2	9	1	6	-1	-12	-15	-16	-9
Current overall order books ⁴	-53	-55	-45	-40	-39	-32	-32	-21	-28	-37	-46	-39	-38
Current export order books	-54	-35	-33	-3	-41	-50	-85	-54	-46	-43	-23	-35	-37
Stock of finished products ⁴	-19	-28	-27	-29	-21	-22	-19	-24	-18	-23	-25	-17	-17
Expected production, next 3 months ⁴	0	-1	-2	0	0	9	9	4	-15	-15	-12	-19	-1
Expected employment, next 3 months	1	0	1	1	2	1	1	0	0	1	1	2	1
Expected selling prices, next 3 months	11	10	32	43	68	60	52	53	61	67	74	68	68
Uncertainty: difficulty predicting business situation ^{5, 6}	57	66	71	66	76	72	81	67	81	74	77	73	76
CONSUMERS													
Consumer Confidence Indicator ³	-23	-21	-16	-19	-20	-22	-19	-19	-33	-33	-35	-35	-35
Financial situation of household, past 12 months ⁴	-16	-17	-15	-13	-17	-16	-17	-17	-19	-23	-25	-29	-27
Expected financial situation of household, next 12 months ⁴	-8	-6	-8	-12	-13	-9	-6	-12	-24	-23	-27	-28	-25
General economic situation in Cyprus, past 12 months	-62	-51	-44	-36	-38	-36	-42	-41	-47	-55	-54	-62	-61
Expected general economic situation in Cyprus, next 12 months ⁴	-34	-29	-17	-24	-26	-23	-19	-25	-54	-51	-55	-52	-51
Consumer prices, past 12 months	9	25	32	46	48	51	56	71	65	72	77	83	76
Expected consumer prices, next 12 months	10	21	18	44	42	20	22	33	64	56	57	45	44
Expected unemployment in Cyprus, next 12 months	47	39	29	25	23	22	22	14	32	26	31	28	37
Major purchases at present	-40	-39	-36	-40	-42	-44	-40	-45	-57	-55	-57	-57	-57
Major purchases intentions, next 12 months ⁴	-35	-31	-24	-29	-23	-39	-33	-24	-35	-35	-34	-31	-38
Savings at present	-16	-20	-25	-20	-23	-20	-25	-29	-23	-26	-23	-32	-25
Savings intentions, next 12 months	-35	-33	-40	-35	-36	-31	-39	-35	-37	-40	-48	-48	-43
Statement on the current financial condition of household	15	17	17	15	15	16	16	13	15	14	12	12	13
Uncertainty: difficulty predicting household's financial situation ^{5, 6}	-1	1	1	1	-1	-1	4	-2	10	6	9	16	13

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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