

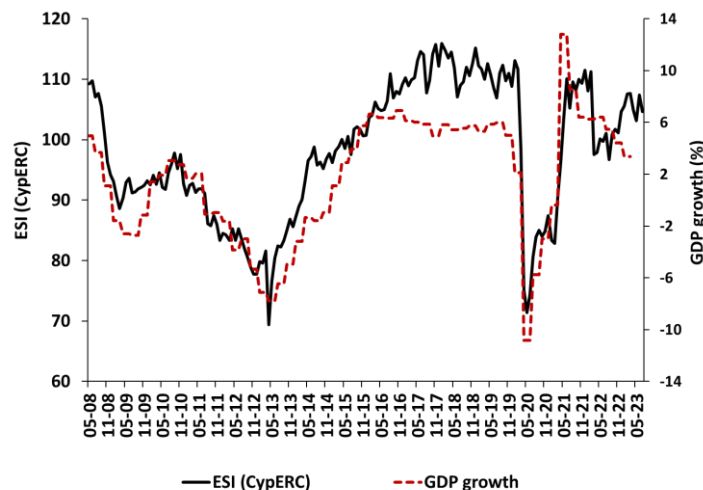
## BUSINESS AND CONSUMER SURVEYS

### July 2023

#### Summary

- In July 2023, economic sentiment in Cyprus deteriorated, as the Economic Sentiment Indicator (ESI-CypERC) decreased by 2.7 points compared with June 2023. The decrease in the ESI-CypERC was driven by weaker business confidence in services and, to a lesser degree, by lower consumer confidence.
- The Services Confidence Indicator decreased as all of its components deteriorated. More specifically, firms assessed their past performance (business situation and demand) less favourably and revised their demand expectations downwards.
- The Retail Trade Confidence Indicator remained stable at the level reached in June. In July, the improvement in the views on recent sales was offset by the deterioration in the assessments of the current stock levels, while sales expectations stayed largely unchanged.
- The increase in the Construction Confidence Indicator was due to more favourable assessments of the level of order books and upward revisions in employment expectations.
- The Industry Confidence Indicator improved for the third month in a row. In July, firms' views on the current levels of order books improved and production expectations continued to pick up; however, firms' assessments of the stocks of finished products deteriorated.
- The Consumer Confidence Indicator decreased, as a result of the downward revisions in consumers' expectations about the financial situation of their households and the economic conditions in Cyprus. Nevertheless, consumers' intentions to make major purchases over the next months strengthened in July.
- In July, economic uncertainty in Cyprus rose owing to higher uncertainty among consumers and among firms in all sectors, except retail trade.

**Economic Sentiment Indicator (ESI-CypERC) and GDP growth<sup>1,2</sup>**



Notes: <sup>1</sup> ESI (CypERC): the weights used in the calculation of the Indicator reflect the contribution of each sector to the GDP of Cyprus.

<sup>2</sup> 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 <sup>1</sup>

Month	2022						2023						
	7	8	9	10	11	12	1	2	3	4	5	6	7
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) <sup>2</sup>	101.1	96.7	100.9	101.7	101.2	104.7	105.6	107.5	107.7	104.9	103.1	107.4	104.7
ECONOMIC UNCERTAINTY INDICATOR (CypERC) <sup>2</sup>	36.7	30.6	32.2	32.0	32.5	38.8	38.6	34.0	23.6	31.2	29.8	19.7	30.3
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	16	1	10	16	12	22	22	27	27	21	14	26	18
Business situation, past 3 months <sup>4</sup>	9	4	4	7	18	27	33	37	41	45	26	41	35
Turnover (demand), past 3 months <sup>4</sup>	14	-4	13	13	9	3	19	33	25	25	6	25	16
Expected turnover (demand), next 3 months <sup>4</sup>	25	4	14	27	11	35	13	12	15	-6	9	11	2
Employment, past 3 months	0	-8	-4	-13	-4	0	2	1	-3	12	10	7	-4
Expected employment, next 3 months	-1	0	1	5	1	7	7	11	12	11	13	4	4
Expected selling prices, next 3 months	34	38	41	44	41	47	41	45	40	42	48	39	36
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	36	29	29	28	29	43	42	35	20	35	30	14	30
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-12	-12	-10	-6	-8	-5	1	-2	-3	-1	1	2	2
Business activity (sales), past 3 months <sup>4</sup>	-25	-29	-22	-22	-25	-16	-10	-12	-12	-1	-10	-13	-10
Stock of goods <sup>4</sup>	-13	-19	-15	-15	-17	-8	-12	-8	-7	-9	-13	-11	-9
Expected business activity (sales), next 3 months <sup>4</sup>	-24	-26	-22	-12	-15	-7	1	-1	-3	-11	1	9	8
Orders placed with suppliers, next 3 months	-28	-27	-27	-18	-23	-16	-9	-8	-8	-11	1	2	-1
Expected employment, next 3 months	-1	-3	3	-1	2	3	0	1	2	2	1	0	0
Expected selling prices, next 3 months	71	67	64	64	63	57	51	58	57	57	49	46	41
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	55	61	57	61	65	59	54	56	68	66	60	72	62
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-18	-20	-16	-22	-15	-11	-15	-14	-17	-13	-11	-13	-8
Building activity, past 3 months	-15	-15	-16	-16	-7	-15	-5	-13	-6	5	-5	-6	-4
Current overall order books <sup>4</sup>	-34	-35	-28	-43	-31	-23	-32	-27	-32	-25	-19	-22	-13
Expected employment, next 3 months <sup>4</sup>	-1	-4	-3	-1	1	0	3	-2	-3	-1	-3	-5	-3
Expected selling prices, next 3 months	85	86	90	86	84	80	80	85	77	74	66	70	65
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	57	50	45	56	58	51	58	51	50	44	40	36	37
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-7	-7	-4	-6	-10	-8	-5	-5	-1	-3	2	3	5
Production, past 3 months	-10	-12	-18	-17	-15	-17	-10	0	-2	-3	-2	6	6
Current overall order books <sup>4</sup>	-38	-36	-33	-30	-44	-36	-28	-30	-29	-28	-25	-27	-24
Current export order books	-37	-38	-48	-59	-44	-35	-14	-20	-24	-36	-54	-13	-12
Stock of finished products <sup>4</sup>	-17	-16	-29	-28	-30	-24	-20	-22	-26	-18	-22	-25	-14
Expected production, next 3 months <sup>4</sup>	-1	-2	-8	-18	-15	-13	-9	-6	-1	1	9	11	24
Expected employment, next 3 months	1	1	0	1	0	0	0	1	2	1	0	0	1
Expected selling prices, next 3 months	66	62	59	55	51	37	36	34	24	28	25	4	9
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	76	77	73	75	78	75	74	70	61	61	67	64	68
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-35	-36	-28	-33	-30	-28	-21	-18	-18	-25	-26	-20	-22
Financial situation of household, past 12 months <sup>4</sup>	-27	-27	-22	-27	-24	-24	-20	-16	-18	-18	-21	-16	-16
Expected financial situation of household, next 12 months <sup>4</sup>	-25	-23	-21	-21	-22	-12	-6	-4	-5	-10	-13	-9	-12
General economic situation in Cyprus, past 12 months	-61	-62	-47	-55	-51	-52	-48	-38	-33	-42	-46	-43	-46
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-51	-51	-38	-43	-41	-40	-27	-18	-13	-31	-27	-24	-36
Consumer prices, past 12 months	76	83	74	82	83	85	88	84	82	84	87	79	78
Expected consumer prices, next 12 months	44	32	31	35	33	25	12	14	11	20	7	16	27
Expected unemployment in Cyprus, next 12 months	36	31	28	27	27	22	19	17	11	16	15	17	17
Major purchases at present	-57	-51	-54	-57	-54	-56	-54	-48	-50	-46	-52	-44	-45
Major purchases intentions, next 12 months <sup>4</sup>	-38	-43	-29	-39	-34	-36	-32	-36	-36	-42	-43	-30	-24
Savings at present	-25	-28	-25	-32	-31	-26	-19	-21	-17	-20	-24	-24	-23
Savings intentions, next 12 months	-44	-47	-42	-50	-48	-36	-32	-35	-31	-32	-38	-43	-42
Statement on the current financial condition of household	12	14	11	8	11	12	15	15	20	16	14	14	15
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>	13	1	15	11	9	1	5	5	-4	-7	0	-3	5

Notes: <sup>1</sup> 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. <sup>2</sup> The calculation of the Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](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. <sup>3</sup> The Confidence Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf). <sup>4</sup> The responses to this question are used in the calculation of the Confidence Indicator for each survey. <sup>5</sup> The responses to this question are not adjusted for seasonality. <sup>6</sup> 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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