

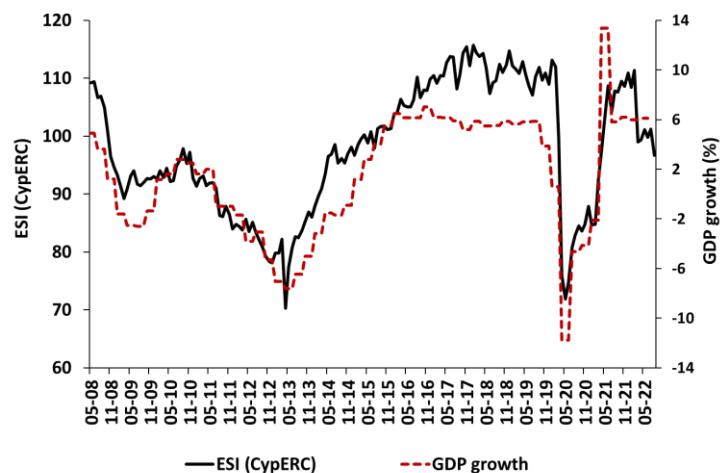
## BUSINESS AND CONSUMER SURVEYS

### August 2022

#### Summary

- In August 2022, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 4.5 points compared with July 2022. The decrease in the ESI-CypERC was due to weaker business confidence in services and, to a lesser degree, lower economic confidence in construction and among consumers.
- The Services Confidence Indicator decreased, as firms assessed their past performance (business situation and demand) less favourably and revised their turnover expectations downwards.
- The Retail Trade Confidence Indicator remained unchanged. On the one hand, firms' assessments of current stock levels improved; on the other hand, firms' views on past and future sales worsened.
- The decrease in the Construction Confidence Indicator was mainly driven by downward revisions in employment expectations.
- The Industry Confidence Indicator stayed at the level registered in July, as all the components of the Indicator (current level of order books, stocks of finished products, production expectations) remained broadly stable.
- The Consumer Confidence Indicator decreased marginally, mainly driven by consumers' weaker intentions of making major purchases over the next months.
- In August, economic uncertainty in Cyprus declined as a result of lower uncertainty in services, construction and among consumers; uncertainty among firms in retail trade increased, while uncertainty among firms in industry remained broadly unchanged.

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	2021					2022							
	8	9	10	11	12	1	2	3	4	5	6	7	8
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	<b>107.8</b>	<b>107.6</b>	<b>109.5</b>	<b>108.6</b>	<b>110.9</b>	<b>108.4</b>	<b>111.4</b>	<b>99.0</b>	<b>99.4</b>	<b>101.2</b>	<b>99.8</b>	<b>101.2</b>	<b>96.7</b>
<b>ECONOMIC UNCERTAINTY INDICATOR (CypERC)<sup>2</sup></b>	<b>37.9</b>	<b>35.6</b>	<b>33.1</b>	<b>43.4</b>	<b>31.7</b>	<b>43.6</b>	<b>36.9</b>	<b>57.0</b>	<b>42.6</b>	<b>37.7</b>	<b>35.9</b>	<b>36.7</b>	<b>30.6</b>
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	29	27	32	32	38	30	40	8	10	16	13	16	1
Business situation, past 3 months <sup>4</sup>	20	10	9	32	21	34	33	19	11	9	1	5	0
Turnover (demand), past 3 months <sup>4</sup>	25	26	26	35	36	30	39	26	27	24	24	18	1
Expected turnover (demand), next 3 months <sup>4</sup>	42	44	62	29	57	26	46	-21	-9	15	14	25	3
Employment, past 3 months	-7	-8	-18	-10	-20	-11	1	-5	0	1	10	0	-9
Expected employment, next 3 months	5	7	9	8	-2	-5	2	0	-5	5	2	-1	-1
Expected selling prices, next 3 months	8	12	10	22	11	26	26	32	25	27	32	27	34
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	41	39	35	49	32	48	41	67	45	36	32	36	29
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-5	-7	-4	-3	-1	-5	1	-8	-9	-11	-12	-13	-13
Business activity (sales), past 3 months <sup>4</sup>	-28	-22	-21	-15	-12	-25	-16	-19	-20	-26	-30	-26	-30
Stock of goods <sup>4</sup>	-15	-12	-16	-15	-13	-12	-8	-10	-2	-13	-15	-13	-19
Expected business activity (sales), next 3 months <sup>4</sup>	-3	-10	-7	-8	-5	-1	10	-16	-11	-20	-22	-27	-29
Orders placed with suppliers, next 3 months	-12	-15	-16	-11	-12	-11	-5	-17	-20	-19	-20	-30	-29
Expected employment, next 3 months	0	-1	-1	-2	1	-1	0	1	-1	0	1	-1	-3
Expected selling prices, next 3 months	39	43	56	58	60	58	64	67	69	70	67	66	63
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	76	72	71	77	73	71	68	69	81	74	65	55	61
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-16	-16	-13	-16	-14	-17	-17	-19	-23	-18	-18	-18	-20
Building activity, past 3 months	-11	-9	-13	-12	-5	-8	-14	-19	-33	-24	-13	-13	-13
Current overall order books <sup>4</sup>	-37	-31	-27	-33	-34	-37	-34	-33	-43	-38	-34	-34	-35
Expected employment, next 3 months <sup>4</sup>	6	-1	2	2	7	3	0	-4	-2	1	-2	-1	-4
Expected selling prices, next 3 months	63	62	69	80	74	77	79	85	87	86	88	85	86
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	54	38	37	58	46	57	56	67	58	54	55	57	50
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-9	-6	-4	-6	-1	-2	2	-8	-10	-11	-14	-7	-7
Production, past 3 months	-21	-8	1	2	9	1	6	-1	-12	-15	-16	-9	-11
Current overall order books <sup>4</sup>	-55	-45	-40	-39	-32	-32	-21	-28	-37	-46	-39	-38	-37
Current export order books	-35	-33	-3	-41	-50	-85	-54	-46	-43	-23	-35	-37	-27
Stock of finished products <sup>4</sup>	-28	-27	-29	-21	-22	-19	-24	-18	-23	-25	-17	-17	-16
Expected production, next 3 months <sup>4</sup>	-1	-2	0	0	9	9	4	-15	-15	-12	-19	-1	-1
Expected employment, next 3 months	0	1	1	2	1	1	0	0	1	1	2	1	1
Expected selling prices, next 3 months	10	32	43	68	60	52	53	61	67	74	68	68	65
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	66	71	66	76	72	81	67	81	74	77	73	76	77
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-21	-16	-19	-20	-22	-19	-19	-33	-33	-35	-35	-35	-36
Financial situation of household, past 12 months <sup>4</sup>	-17	-15	-13	-17	-16	-17	-17	-19	-23	-25	-29	-27	-28
Expected financial situation of household, next 12 months <sup>4</sup>	-6	-8	-12	-13	-9	-6	-12	-24	-23	-27	-28	-25	-23
General economic situation in Cyprus, past 12 months	-51	-44	-36	-38	-36	-42	-41	-47	-55	-54	-62	-61	-62
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-29	-17	-24	-26	-23	-19	-25	-54	-51	-55	-52	-51	-51
Consumer prices, past 12 months	25	32	46	48	51	56	71	65	72	77	83	76	83
Expected consumer prices, next 12 months	21	18	44	42	20	22	33	64	56	57	45	44	32
Expected unemployment in Cyprus, next 12 months	39	29	25	23	22	22	14	32	26	31	28	37	32
Major purchases at present	-39	-36	-40	-42	-44	-40	-45	-57	-55	-57	-57	-57	-51
Major purchases intentions, next 12 months <sup>4</sup>	-31	-24	-29	-23	-39	-33	-24	-35	-35	-34	-31	-38	-43
Savings at present	-20	-25	-20	-23	-20	-25	-29	-23	-26	-23	-32	-25	-28
Savings intentions, next 12 months	-33	-40	-35	-36	-31	-39	-35	-37	-40	-48	-48	-43	-47
Statement on the current financial condition of household	17	17	15	15	16	16	13	15	14	12	12	13	14
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>	1	1	1	-1	-1	4	-2	10	6	9	16	13	1

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.

**Economics Research Centre  
University of Cyprus**

Website: <https://www.ucy.ac.cy/erc/en/>

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\* Christiana Anaxagorou (email: [anaxagorou.christiana@ucy.ac.cy](mailto:anaxagorou.christiana@ucy.ac.cy))

\* Vasiliki G. Bozani ([bozani.vasiliki@ucy.ac.cy](mailto:bozani.vasiliki@ucy.ac.cy))

\* Marianna Charalambous ([charalambous.a.marianna@ucy.ac.cy](mailto:charalambous.a.marianna@ucy.ac.cy))

\* Nicoletta Pashourtidou ([n.pashourtidou@ucy.ac.cy](mailto:n.pashourtidou@ucy.ac.cy))

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