



BUSINESS AND CONSUMER SURVEYS

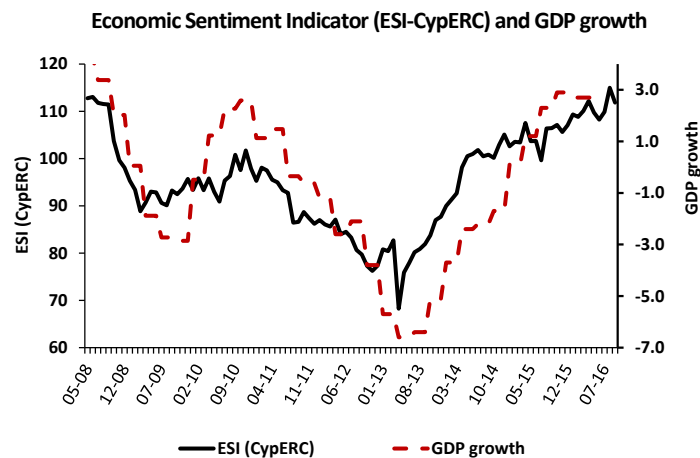
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



September 2016

SUMMARY

- In September 2016, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 3.2 points compared to August 2016 as a result of the worsening of business confidence in services, retail trade and industry.
- The Services Confidence Indicator declined due to firms' less optimistic assessments of past business situation and downward revisions in their turnover expectations over the next three months.
- The Retail Trade Confidence Indicator decreased as a result of more negative responses regarding firms' past sales and less optimistic sales expectations over the next three months.
- The decline in the Industry Confidence Indicator is driven by the downward revision of firms' assessments of production plans over the next three months, as well as by the deterioration of firms' views of the level of their current order books and stock of finished products.
- The Construction Confidence Indicator improved due to less pessimistic assessments of the level of current order books and upward revisions in firms' employment expectations.
- The Consumer Confidence Indicator increased marginally as a result of a less negative attitude towards savings and consumers' slightly more optimistic views regarding the future financial situation in Cyprus.



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.

The Economics Research Centre of the University of Cyprus (CypERC) participates jointly with RAI Consultants Ltd in the Joint Harmonised European Union Programme for Business and Consumer Surveys. CypERC acknowledges funding from the European Commission and the Ministry of Finance for the conduct of the Business and Consumer Survey Project in Cyprus.

Co-funded by
the European Union





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Difference between the percentage of positive and negative responses (balance)¹ and ESI (CypERC)

Month	2015				2016								
	9	10	11	12	1	2	3	4	5	6	7	8	9
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	106.4	107.1	105.6	107.1	109.3	108.8	110.1	112.2	109.8	108.2	109.9	115.0	111.8
SERVICES													
Services Confidence Indicator ³	11	10	4	8	15	17	20	19	16	10	14	27	20
Business situation, past 3 months ⁴	10	7	1	5	13	17	21	20	14	5	16	23	16
Turnover (demand), past 3 months ⁴	12	7	3	3	13	16	20	16	15	8	16	20	20
Expected turnover (demand), next 3 months ⁴	12	17	7	17	21	18	18	22	20	16	11	38	22
Employment, past 3 months	8	-2	-3	1	5	4	10	3	4	3	5	3	1
Expected employment, next 3 months	-5	4	1	1	9	3	3	1	5	-1	2	-1	-1
Expected selling prices, next 3 months	-10	-9	2	-7	-5	1	-2	7	-4	-5	2	1	-3
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-9	-11	-4	-2	-5	-3	-5	0	0	-6	-1	3	0
Business activity (sales), past 3 months ⁴	-29	-32	-19	-20	-15	-17	-24	-19	-8	-19	-16	-3	-8
Stock of goods ⁴	-1	-3	-1	-1	-4	-10	-5	-4	0	4	-4	6	2
Expected business activity (sales), next 3 months ⁴	1	-3	6	14	-5	-1	3	15	6	5	8	19	10
Orders placed with suppliers, next 3 months	-12	-15	-11	-4	-13	-20	-16	-1	-8	-7	-10	1	-6
Expected employment, next 3 months	-1	-3	-1	-1	0	-2	-4	-1	-1	-1	-1	-1	1
Expected selling prices, next 3 months	0	0	2	-6	-11	-3	-9	7	2	4	0	3	3
CONSTRUCTION													
Construction Confidence Indicator ³	-38	-43	-28	-30	-28	-28	-28	-25	-34	-28	-24	-32	-24
Building activity, past 3 months	-28	-3	-8	3	-13	1	7	1	0	6	2	3	12
Current overall order books ⁴	-75	-77	-60	-64	-55	-52	-55	-54	-62	-56	-51	-62	-51
Expected employment, next 3 months ⁴	-2	-8	5	4	-1	-5	-1	5	-6	0	2	-2	2
Expected selling prices, next 3 months	-33	-19	-17	-9	-1	-16	-8	-4	-2	-10	-5	0	0
INDUSTRY													
Industrial Confidence Indicator ³	-9	-4	-4	-4	-6	-3	-3	4	4	1	0	8	-2
Production, past 3 months	6	11	1	-8	-8	-7	9	8	7	14	12	6	13
Current overall order books ⁴	-46	-40	-39	-33	-39	-48	-43	-34	-29	-29	-33	-25	-32
Current export order books	-36	-19	-27	-31	-30	-47	-28	11	-3	-38	-31	5	-14
Stock of finished products ⁴	-8	-17	-19	-15	-13	-22	-19	-26	-25	-23	-19	-26	-11
Expected production, next 3 months ⁴	11	10	7	7	7	16	16	20	17	11	14	24	15
Expected employment, next 3 months ⁵	-1	-2	0	3	1	4	-2	0	1	1	1	-1	1
Expected selling prices, next 3 months	-3	2	-2	-4	-6	-3	-3	5	4	-3	-2	5	0
CONSUMERS													
Consumer Confidence Indicator ³	-13	-9	-8	-10	-10	-16	-14	-7	-11	-7	-8	-7	-6
Financial situation of household, past 12 months	-23	-24	-22	-23	-18	-20	-19	-20	-17	-16	-14	-13	-14
Expected financial situation of household, next 12 months ⁴	0	3	1	-3	-3	-9	-5	-1	-6	-1	-3	1	-2
General economic situation in Cyprus, past 12 months	-12	-9	-11	-15	-8	-14	-11	-1	-3	-1	-2	5	6
Expected general economic situation in Cyprus, next 12 months ⁴	10	12	12	12	10	-3	-3	10	5	12	9	14	15
Consumer prices, past 12 months	-15	-18	-23	-14	-26	-28	-36	-25	-23	-19	-10	-7	-13
Expected consumer prices, next 12 months	-22	-18	-20	-20	-28	-28	-31	-14	-13	-7	-9	-17	-15
Expected unemployment in Cyprus, next 12 months ^{4,5}	11	6	-3	3	-1	3	-3	-7	-7	-10	-3	-6	-5
Major purchases at present	-38	-41	-31	-36	-31	-30	-36	-27	-36	-32	-33	-28	-30
Major purchases intentions, next 12 months	-39	-41	-37	-40	-35	-44	-37	-30	-37	-36	-34	-38	-30
Savings at present	-25	-22	-24	-25	-21	-25	-30	-17	-23	-17	-19	-19	-23
Savings intentions, next 12 months ⁴	-51	-46	-50	-47	-48	-51	-52	-45	-51	-48	-41	-49	-43
Statement on the current financial condition of household	1	1	2	2	3	6	1	4	3	5	8	6	5

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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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.

This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme for Business and Consumer Surveys. This bulletin reflects only the authors' views and the European Commission is not responsible for any use that may be made of the information it contains.

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