



BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS

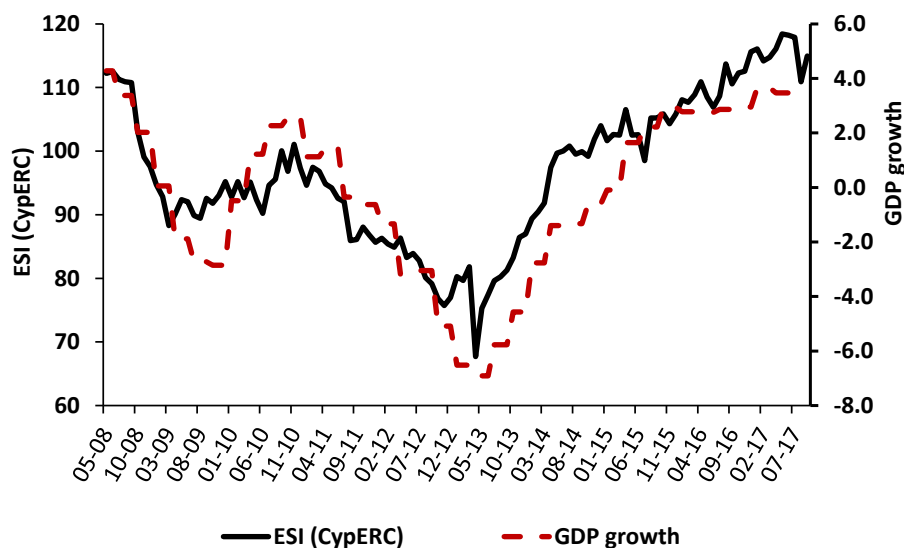


September 2017

SUMMARY

- In September 2017 economic sentiment in Cyprus picked up as the Economic Sentiment Indicator (ESI-CypERC) increased by 4.1 points compared with August 2017. The increase was driven by confidence improvements in services and among consumers.
- The Services Confidence Indicator rebounded after a sharp fall in August. This month's increase in services confidence is due to firms' upward revisions of demand expectations. The assessments of recent business conditions (i.e. business situation and demand over the last three months) remained virtually unchanged at the levels recorded in August, following a large downward revision from the historically high values registered over the period May – July.
- The Retail Trade Confidence Indicator remained unchanged as the deterioration in firms' assessments of past sales was offset by the improvement in respondents' views on current stock volumes and future sales.
- The Construction Confidence Indicator remained unchanged as the deterioration in firms' views on the current level of order books was offset by the upward revision of future employment plans.
- The Industry Confidence Indicator declined marginally as a result of firms' more pessimistic assessments of current orders.
- The Consumer Confidence Indicator rose slightly because of more optimistic responses regarding households' future financial situation and savings plans over the next 12 months.

Economic Sentiment Indicator (ESI-CypERC) and GDP growth



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 of Business and Consumer Surveys. CypERC acknowledges funding from the European Commission and the Ministry of Finance for conducting the Business and Consumer Survey Project in Cyprus.

Co-funded by
the European Union





BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



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

Month	2016					2017								
	9	10	11	12	1	2	3	4	5	6	7	8	9	
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	110.6	112.3	112.6	115.6	116.1	114.2	114.8	116.1	118.4	118.2	117.9	110.9	115.0	
SERVICES														
Services Confidence Indicator ³	20	21	20	28	30	26	26	31	36	37	35	17	26	
Business situation, past 3 months ⁴	16	14	19	30	27	28	23	30	35	36	34	14	15	
Turnover (demand), past 3 months ⁴	20	16	21	15	27	26	25	33	37	44	34	15	15	
Expected turnover (demand), next 3 months ⁴	22	33	21	40	36	25	31	31	36	32	38	23	48	
Employment, past 3 months	1	2	-2	-4	-6	-1	-1	6	2	6	2	1	1	
Expected employment, next 3 months	-1	1	-5	-4	11	4	3	5	4	6	3	4	11	
Expected selling prices, next 3 months	-3	2	4	-1	0	7	3	0	3	4	4	0	2	
RETAIL TRADE														
Retail Trade Confidence Indicator ³	0	4	6	9	9	5	5	6	7	7	6	6	6	
Business activity (sales), past 3 months ⁴	-8	-6	-6	-2	8	8	3	-3	1	8	6	11	2	
Stock of goods ⁴	2	-5	-4	-6	0	7	7	8	0	5	6	9	3	
Expected business activity (sales), next 3 months ⁴	10	12	22	21	19	14	19	29	18	16	19	15	20	
Orders placed with suppliers, next 3 months	-6	-4	8	3	3	2	9	10	9	11	4	4	9	
Expected employment, next 3 months	1	-2	-1	0	0	0	-3	1	1	-1	0	1	0	
Expected selling prices, next 3 months	3	2	6	4	-3	3	1	5	7	6	2	8	6	
CONSTRUCTION														
Construction Confidence Indicator ³	-24	-26	-28	-27	-25	-23	-29	-24	-27	-28	-25	-26	-26	
Building activity, past 3 months	12	-6	11	5	8	2	-4	4	10	6	-1	8	6	
Current overall order books ⁴	-51	-59	-56	-54	-53	-53	-60	-58	-56	-58	-54	-52	-56	
Expected employment, next 3 months ⁴	2	6	1	-1	3	7	1	10	2	2	4	1	3	
Expected selling prices, next 3 months	0	-4	2	-2	-3	3	4	4	3	6	2	3	9	
INDUSTRY														
Industrial Confidence Indicator ³	-2	-2	3	0	0	4	10	7	3	3	6	4	3	
Production, past 3 months	13	3	7	6	6	12	12	17	22	11	4	10	9	
Current overall order books ⁴	-32	-40	-39	-39	-39	-32	-18	-27	-22	-21	-15	-12	-22	
Current export order books	-14	-30	-36	-44	-40	-20	-19	-30	-33	-18	-26	-20	-18	
Stock of finished products ⁴	-11	-18	-29	-16	-21	-16	-17	-18	-17	-17	-18	-11	-12	
Expected production, next 3 months ⁴	15	15	18	22	19	27	33	28	15	12	16	11	21	
Expected employment, next 3 months ⁵	1	-1	-1	-2	-1	-1	0	8	6	12	-2	1	3	
Expected selling prices, next 3 months	0	2	-1	0	4	-4	1	3	1	2	-3	-7	0	
CONSUMERS														
Consumer Confidence Indicator ³	-6	-3	-1	-1	-1	-3	-2	-3	1	-1	-1	-2	-1	
Financial situation of household, past 12 months	-14	-11	-13	-15	-12	-8	-8	-9	-7	-8	-3	-7	-7	
Expected financial situation of household, next 12 months ⁴	-2	2	7	5	5	2	2	2	6	4	4	1	3	
General economic situation in Cyprus, past 12 months	6	8	8	9	14	16	14	14	16	18	16	19	18	
Expected general economic situation in Cyprus, next 12 months ⁴	15	18	19	20	20	18	16	18	16	19	17	22	21	
Consumer prices, past 12 months	-13	-17	-18	-17	-7	-10	-5	-13	-9	-15	-20	-15	-15	
Expected consumer prices, next 12 months	-15	-14	-14	-16	-10	-5	-7	-9	-8	-11	-12	-11	-9	
Expected unemployment in Cyprus, next 12 months ^{4,5}	-5	-11	-9	-11	-14	-6	-11	-8	-16	-12	-12	-14	-10	
Major purchases at present	-30	-24	-23	-23	-16	-20	-24	-24	-15	-20	-13	-17	-19	
Major purchases intentions, next 12 months	-30	-24	-22	-26	-28	-29	-26	-26	-25	-29	-27	-29	-31	
Savings at present	-23	-18	-13	-21	-23	-21	-21	-13	-11	-11	-14	-15	-17	
Savings intentions, next 12 months ⁴	-43	-43	-41	-40	-43	-39	-35	-41	-35	-37	-39	-44	-37	
Statement on the current financial condition of household	5	9	9	6	7	8	10	10	10	13	14	10	12	

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.



BUSINESS AND CONSUMER SURVEYS

**ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS**



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 of 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.

Research Director: Prof. Emeritus Panos Pashardes

Research Coordinator: Nicoletta Pashourtidou

Research Officers: Charalampos Karagiannakis

Christos Papamichael

Alexandros Polycarpou

Advisor: Prof. Elena Andreou

The material in this document can be copied, distributed, transmitted and otherwise disseminated, but the source must be acknowledged.

Economics Research Centre, University of Cyprus, P.O. box 20537, 1678 Nicosia, CYPRUS

Telephone: 22893660, Fax: 22895027, Email: erc@ucy.ac.cy, Website: www.erc.ucy.ac.cy