



BUSINESS AND CONSUMER SURVEYS

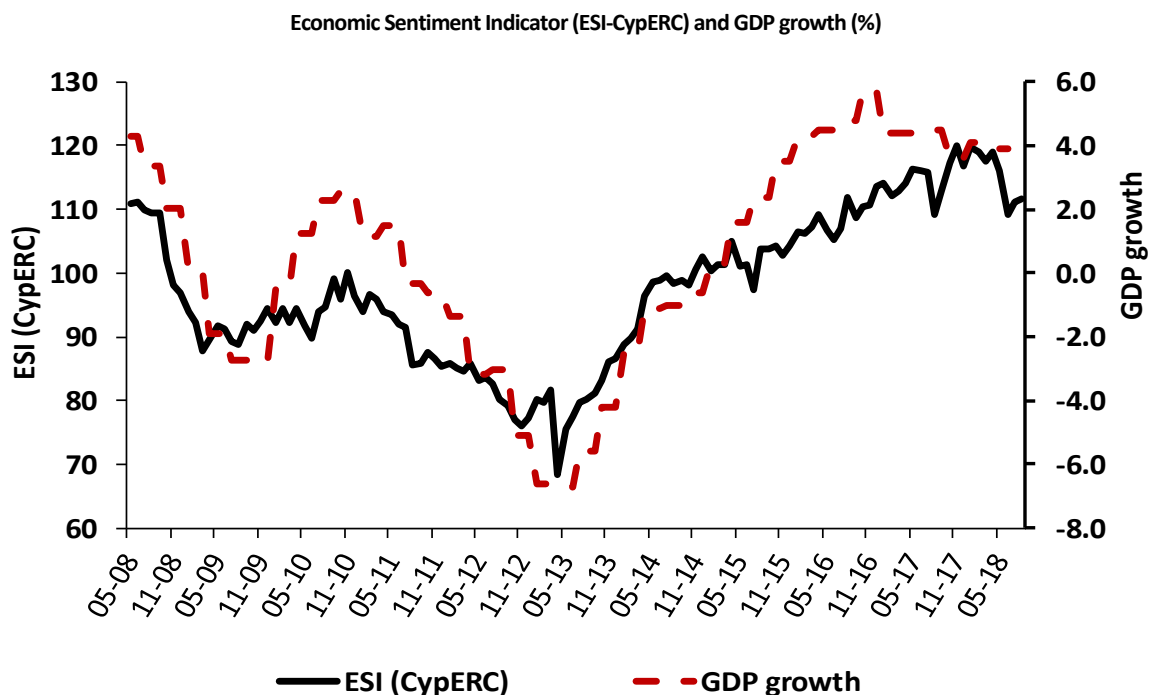
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



September 2018

SUMMARY

- In September 2018, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.4 points compared with August 2018. The increase was driven by stronger confidence in services, industry, and, to a lesser extent, among consumers.
- The Services Confidence Indicator increased as a result of improved assessments of past business situation and past demand, and significant upward revisions in demand expectations.
- The Retail Trade Confidence Indicator decreased due to a deterioration in firms' assessments of past sales and current stock volumes, and downward revisions in sales expectations.
- The Construction Confidence Indicator remained unchanged as both of its components (current level of order books and employment expectations) stayed at about the same levels as in the previous month.
- The Industry Confidence Indicator increased as a result of improved assessments of current orders and stock volumes of finished products, and upward revisions in production expectations.
- The increase in the Consumer Confidence Indicator was driven by upward revisions in consumers' expectations regarding their financial conditions, savings and the future economic conditions 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.

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

Month	2017					2018							
	9	10	11	12	1	2	3	4	5	6	7	8	9
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)^{2,*}	112.9	117.3	119.9	116.8	119.8	119.1	117.5	119.0	116.1	109.1	111.1	111.6	115.0
SERVICES													
Services Confidence Indicator ³	26	37	45	37	45	40	36	40	33	16	25	23	32
Business situation, past 3 months ⁴	15	26	34	24	40	27	22	33	20	11	13	11	16
Turnover (demand), past 3 months ⁴	15	30	41	42	44	48	41	46	42	22	33	26	29
Expected turnover (demand), next 3 months ⁴	48	56	60	44	52	46	46	42	36	16	29	33	50
Employment, past 3 months	1	3	8	6	8	8	8	-8	6	-2	-6	0	-11
Expected employment, next 3 months	11	12	7	10	14	4	9	7	9	5	6	11	10
Expected selling prices, next 3 months	2	-8	-3	-5	-10	-6	-2	1	0	-10	-1	-3	-7
RETAIL TRADE													
Retail Trade Confidence Indicator ³	6	8	6	10	8	9	13	8	10	6	5	10	0
Business activity (sales), past 3 months ⁴	2	6	10	13	7	5	7	14	12	1	3	6	-3
Stock of goods ⁴	3	7	11	3	9	9	5	9	6	1	4	-3	1
Expected business activity (sales), next 3 months ⁴	20	24	19	20	26	30	36	20	23	17	14	20	6
Orders placed with suppliers, next 3 months	9	16	9	8	16	17	24	13	13	10	8	12	-4
Expected employment, next 3 months	0	1	0	1	-1	0	3	0	1	0	1	0	0
Expected selling prices, next 3 months	6	9	9	8	2	5	3	11	3	3	4	8	4
CONSTRUCTION													
Construction Confidence Indicator ³	-26	-28	-23	-24	-23	-19	-16	-17	-13	-15	-11	-11	-11
Building activity, past 3 months	6	-4	7	3	12	5	10	13	12	-3	3	10	16
Current overall order books ⁴	-56	-59	-47	-47	-52	-45	-37	-42	-37	-34	-37	-33	-34
Expected employment, next 3 months ⁴	3	2	1	-2	6	8	6	9	10	5	16	12	12
Expected selling prices, next 3 months	9	7	14	-1	0	11	9	3	13	15	11	14	24
INDUSTRY													
Industrial Confidence Indicator ³	3	8	9	9	11	11	5	7	4	-3	1	3	11
Production, past 3 months	9	4	18	20	18	13	10	8	15	10	8	4	10
Current overall order books ⁴	-22	-17	-6	-9	-5	-5	-24	-19	-19	-28	-28	-17	-11
Current export order books	-18	-22	8	-23	-6	-15	-21	-12	-18	-36	-7	0	-18
Stock of finished products ⁴	-12	-16	-5	-16	-12	-12	-8	-10	-6	-15	-14	-6	-16
Expected production, next 3 months ⁴	21	25	28	19	24	25	32	30	25	3	16	21	27
Expected employment, next 3 months ⁵	3	5	6	0	6	0	7	11	3	2	3	3	2
Expected selling prices, next 3 months	0	-2	1	-6	-5	0	-1	-1	1	5	-5	1	6
CONSUMERS													
Consumer Confidence Indicator ³	-1	-1	2	-1	1	5	2	4	3	-3	-11	-7	-6
Financial situation of household, past 12 months	-7	-6	-5	-5	-5	0	-6	-1	-3	-5	-9	-7	-5
Expected financial situation of household, next 12 months ⁴	3	6	6	4	5	10	3	8	2	4	0	2	4
General economic situation in Cyprus, past 12 months	18	18	18	18	18	28	24	26	20	17	0	6	4
Expected general economic situation in Cyprus, next 12 months ⁴	21	18	20	15	17	23	19	21	17	14	-1	5	7
Consumer prices, past 12 months	-15	-12	-12	-9	-17	-15	-28	-11	-12	-3	-2	-2	3
Expected consumer prices, next 12 months	-9	-10	-6	-11	-11	-13	-18	-12	-7	3	-2	0	-2
Expected unemployment in Cyprus, next 12 months ^{4,5}	-10	-5	-17	-10	-18	-20	-20	-19	-21	-9	-3	-7	-5
Major purchases at present	-19	-16	-18	-15	-17	-21	-13	-11	-13	-15	-20	-11	-7
Major purchases intentions, next 12 months	-31	-28	-27	-21	-26	-17	-22	-19	-15	-15	-24	-14	-17
Savings at present	-17	-15	-18	-18	-20	-9	-14	-11	-9	-14	-27	-24	-19
Savings intentions, next 12 months ⁴	-37	-33	-34	-34	-37	-32	-33	-30	-29	-38	-44	-41	-38
Statement on the current financial condition of household	12	13	13	12	9	12	15	13	17	12	9	7	15

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.

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