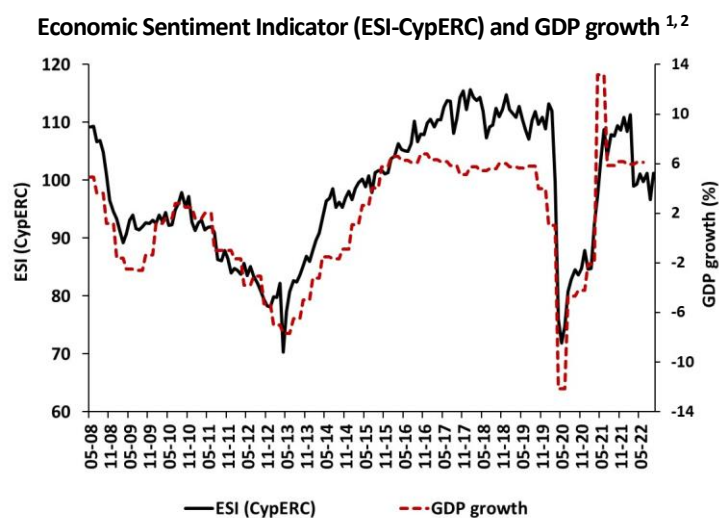


BUSINESS AND CONSUMER SURVEYS

September 2022

Summary

- In September 2022, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 4.5 points compared with August 2022. The increase in the ESI-CypERC was driven by confidence gains in all sectors and among consumers.
- The increase in the Services Confidence Indicator resulted from firms' improved assessments of their past performance (business situation and demand) as well as from upward revisions in turnover expectations.
- The small improvement in the Retail Trade Confidence Indicator was mainly driven by upward revisions in sales expectations.
- The Construction Confidence Indicator rose mainly as a result of more favourable assessments of the current levels of order books.
- The Industry Confidence Indicator increased because of improved views on the current levels of order books and stocks of finished products, despite downward revisions in production expectations.
- The increase in Consumer Confidence Indicator resulted from improvements in all of its components. In September, consumers assessed their recent financial conditions more favourably, and revised their expectations about their financial conditions and the economic conditions in Cyprus upwards. Moreover, consumers' intentions to make major purchases picked up in September.
- Economic uncertainty in Cyprus rose in September because of the higher uncertainty levels registered among consumers; uncertainty among firms in construction, retail trade and industry decreased.



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

² 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).

The Economics Research Centre of the University of Cyprus (CypERC) and RAI Consultants Ltd participate in the Joint Harmonised European Union Programme of Business and Consumer Surveys. CypERC acknowledges funding from the European Union, the Ministry of Finance and the University of Cyprus for conducting the project "Business and Consumer Surveys" in Cyprus.

Co-funded by
the European Union



Indicators and balances¹

Month	2021				2022								
	9	10	11	12	1	2	3	4	5	6	7	8	9
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	107.6	109.5	108.6	110.9	108.4	111.4	99.0	99.4	101.2	99.8	101.2	96.7	101.2
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	35.6	33.1	43.4	31.7	43.6	36.9	57.0	42.6	37.7	35.9	36.7	30.6	32.2
SERVICES													
Services Confidence Indicator ³	27	32	32	38	30	40	8	10	16	13	16	1	11
Business situation, past 3 months ⁴	10	9	32	21	34	33	19	11	9	1	5	0	3
Turnover (demand), past 3 months ⁴	26	26	35	36	30	39	26	27	24	24	18	1	17
Expected turnover (demand), next 3 months ⁴	44	62	29	57	26	46	-21	-9	15	14	25	3	13
Employment, past 3 months	-8	-18	-10	-20	-11	1	-5	0	1	10	0	-9	-4
Expected employment, next 3 months	7	9	8	-2	-5	2	0	-5	5	2	-1	-1	3
Expected selling prices, next 3 months	12	10	22	11	26	26	32	25	27	32	27	34	42
Uncertainty: difficulty predicting business situation ^{5,6}	39	35	49	32	48	41	67	45	36	32	36	29	29
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-7	-4	-3	-1	-5	1	-8	-9	-11	-12	-13	-13	-11
Business activity (sales), past 3 months ⁴	-22	-21	-15	-12	-25	-16	-19	-20	-26	-30	-26	-30	-24
Stock of goods ⁴	-12	-16	-15	-13	-12	-8	-10	-2	-13	-15	-13	-19	-14
Expected business activity (sales), next 3 months ⁴	-10	-7	-8	-5	-1	10	-16	-11	-20	-22	-27	-29	-23
Orders placed with suppliers, next 3 months	-15	-16	-11	-12	-11	-5	-17	-20	-19	-20	-30	-29	-29
Expected employment, next 3 months	-1	-1	-2	1	-1	0	1	-1	0	1	-1	-3	3
Expected selling prices, next 3 months	43	56	58	60	58	64	67	69	70	67	66	63	60
Uncertainty: difficulty predicting business situation ^{5,6}	72	71	77	73	71	68	69	81	74	65	55	61	57
CONSTRUCTION													
Construction Confidence Indicator ³	-16	-13	-16	-14	-17	-17	-19	-23	-18	-18	-18	-20	-16
Building activity, past 3 months	-9	-13	-12	-5	-8	-14	-19	-33	-24	-13	-13	-13	-13
Current overall order books ⁴	-31	-27	-33	-34	-37	-34	-33	-43	-38	-34	-34	-35	-28
Expected employment, next 3 months ⁴	-1	2	2	7	3	0	-4	-2	1	-2	-1	-4	-3
Expected selling prices, next 3 months	62	69	80	74	77	79	85	87	86	88	85	86	90
Uncertainty: difficulty predicting business situation ^{5,6}	38	37	58	46	57	56	67	58	54	55	57	50	45
INDUSTRY													
Industrial Confidence Indicator ³	-6	-4	-6	-1	-2	2	-8	-10	-11	-14	-7	-7	-4
Production, past 3 months	-8	1	2	9	1	6	-1	-12	-15	-16	-9	-11	-18
Current overall order books ⁴	-45	-40	-39	-32	-32	-21	-28	-37	-46	-39	-38	-37	-33
Current export order books	-33	-3	-41	-50	-85	-54	-46	-43	-23	-35	-37	-27	-48
Stock of finished products ⁴	-27	-29	-21	-22	-19	-24	-18	-23	-25	-17	-17	-16	-29
Expected production, next 3 months ⁴	-2	0	0	9	9	4	-15	-15	-12	-19	-1	-1	-7
Expected employment, next 3 months	1	1	2	1	1	0	0	1	1	2	1	1	0
Expected selling prices, next 3 months	32	43	68	60	52	53	61	67	74	68	68	65	59
Uncertainty: difficulty predicting business situation ^{5,6}	71	66	76	72	81	67	81	74	77	73	76	77	73
CONSUMERS													
Consumer Confidence Indicator ³	-16	-19	-20	-22	-19	-19	-33	-33	-35	-35	-35	-36	-28
Financial situation of household, past 12 months ⁴	-15	-13	-17	-16	-17	-17	-19	-23	-25	-29	-27	-28	-22
Expected financial situation of household, next 12 months ⁴	-8	-12	-13	-9	-6	-12	-24	-23	-27	-28	-25	-23	-21
General economic situation in Cyprus, past 12 months	-44	-36	-38	-36	-42	-41	-47	-55	-54	-62	-61	-62	-47
Expected general economic situation in Cyprus, next 12 months ⁴	-17	-24	-26	-23	-19	-25	-54	-51	-55	-52	-51	-51	-38
Consumer prices, past 12 months	32	46	48	51	56	71	65	72	77	83	76	83	74
Expected consumer prices, next 12 months	18	44	42	20	22	33	64	56	57	45	44	32	31
Expected unemployment in Cyprus, next 12 months	29	25	23	22	22	14	32	26	31	28	37	32	29
Major purchases at present	-36	-40	-42	-44	-40	-45	-57	-55	-57	-57	-57	-51	-54
Major purchases intentions, next 12 months ⁴	-24	-29	-23	-39	-33	-24	-35	-35	-34	-31	-38	-43	-29
Savings at present	-25	-20	-23	-20	-25	-29	-23	-26	-23	-32	-25	-28	-25
Savings intentions, next 12 months	-40	-35	-36	-31	-39	-35	-37	-40	-48	-48	-43	-47	-41
Statement on the current financial condition of household	17	15	15	16	16	13	15	14	12	12	13	14	11
Uncertainty: difficulty predicting household's financial situation ^{5,6}	1	1	-1	-1	4	-2	10	6	9	16	13	1	15

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

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.

* Christiana Anaxagorou (email: anaxagorou.christiana@ucy.ac.cy)

* Vasiliki G. Bozani (bozani.vasiliki@ucy.ac.cy)

* Marianna Charalambous (charalambous.a.marianna@ucy.ac.cy)

* Nicoletta Pashourtidou (n.pashourtidou@ucy.ac.cy)

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