



## BUSINESS AND CONSUMER SURVEYS

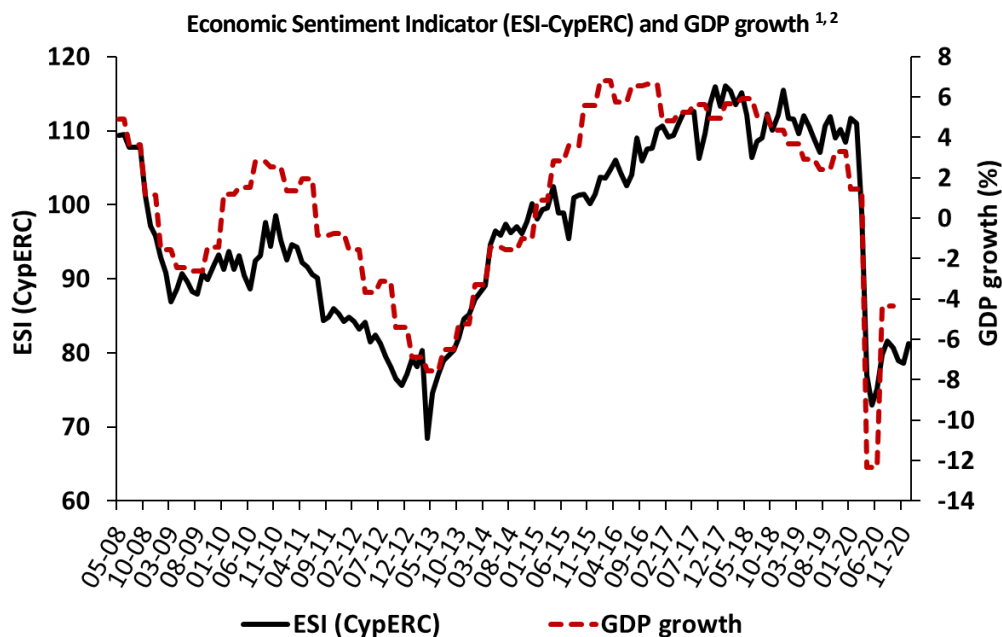
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



December 2020

### SUMMARY

- In December 2020, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 2.8 points compared with November 2020. The increase in the ESI-CypERC was driven by confidence gains in all sectors, except industry, as well as by improvements in consumer confidence.
- The increase in the Services Confidence Indicator resulted from firms' less adverse assessments of their recent turnover and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator increased mainly due to more favourable assessments of stock volumes and upward revisions in sales expectations.
- The increase in the Construction Confidence Indicator was driven by improved assessments of the levels of order books and upward revisions in employment expectations.
- The Industry Confidence Indicator decreased marginally due to downward revisions in production expectations, despite more favourable assessments of the current levels of finished goods stocks.
- The Consumer Confidence Indicator registered a small increase; consumers revised their expectations about their future financial conditions and the future economic conditions in Cyprus upwards. In December, consumers' intentions to make major purchases weakened further, falling to their lowest point since April.



Notes:

<sup>1</sup> 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.

<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).

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





# BUSINESS AND CONSUMER SURVEYS

## ECONOMICS RESEARCH CENTRE UNIVERSITY OF CYPRUS



### Indicators and balances <sup>1</sup>

	2019	2020											
Month	12	1	2	3	4	5	6	7	8	9	10	11	12
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	108.4	111.7	111.0	98.9	77.0	72.9	75.2	79.7	81.6	80.6	79.0	78.5	81.3
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	24	32	29	6	-48	-64	-63	-50	-43	-44	-49	-47	-42
Business situation, past 3 months <sup>4</sup>	31	38	44	29	-27	-53	-60	-63	-59	-34	-51	-42	-49
Turnover (demand), past 3 months <sup>4</sup>	28	33	24	25	-31	-58	-70	-62	-55	-53	-45	-51	-48
Expected turnover (demand), next 3 months <sup>4</sup>	13	26	20	-37	-88	-81	-59	-26	-15	-45	-51	-47	-30
Employment, past 3 months	-9	3	-6	-4	-5	-10	-17	2	9	-5	-1	1	1
Expected employment, next 3 months	-7	1	11	-4	-7	-4	-2	7	-4	4	11	5	-3
Expected selling prices, next 3 months	3	1	5	-7	-28	-26	-18	-15	-10	-7	-14	-6	-9
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	-10					45	63	40	59	48	32	44	58
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-5	-4	-2	-5	-25	-35	-29	-31	-25	-25	-28	-28	-25
Business activity (sales), past 3 months <sup>4</sup>	-14	-22	-12	-7	-26	-48	-52	-53	-54	-51	-50	-51	-50
Stock of goods <sup>4</sup>	2	3	0	1	-10	-1	-18	-12	-21	-19	-19	-20	-25
Expected business activity (sales), next 3 months <sup>4</sup>	2	14	6	-8	-61	-58	-54	-51	-43	-43	-52	-55	-50
Orders placed with suppliers, next 3 months	2	6	0	-5	-50	-51	-52	-48	-41	-42	-49	-55	-52
Expected employment, next 3 months	-2	1	2	2	-2	0	-1	0	-2	-1	1	0	0
Expected selling prices, next 3 months	11	15	8	8	-6	-2	0	2	3	5	2	1	4
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	46					57	53	57	60	71	76	80	78
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	2	-5	1	-9	-9	-13	-13	-18	-14	-18	-11	-25	-20
Building activity, past 3 months	19	25	21	13	-5	-48	-39	-33	-8	-15	-9	-32	-24
Current overall order books <sup>4</sup>	-7	-20	-14	-18	-22	-27	-31	-37	-27	-32	-22	-44	-38
Expected employment, next 3 months <sup>4</sup>	11	11	15	-1	3	1	5	1	-2	-3	-1	-7	-2
Expected selling prices, next 3 months	16	12	16	10	-9	-8	-6	8	6	-4	2	-2	-8
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	11					60	53	46	44	38	52	66	57
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	8	10	10	3	-43	-36	-28	-28	-24	-28	-29	-28	-29
Production, past 3 months	20	20	22	24	-21	-66	-63	-66	-56	-59	-61	-57	-60
Current overall order books <sup>4</sup>	-16	-14	-6	-11	-65	-73	-67	-60	-61	-61	-62	-67	-70
Current export order books	-1	-19	-2	-6	-83	-45	-21	-60	-66	-51	-70	-69	-62
Stock of finished products <sup>4</sup>	-8	-22	-20	-15	-10	-32	-20	-9	-14	-13	-18	-23	-33
Expected production, next 3 months <sup>4</sup>	32	21	16	5	-75	-67	-38	-31	-26	-37	-44	-39	-52
Expected employment, next 3 months <sup>5</sup>	6	4	6	4	-5	-2	-1	0	-1	-1	-2	-3	-1
Expected selling prices, next 3 months	3	6	10	1	-1	-1	-3	6	-1	-1	-1	-1	-3
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	15					61	53	51	49	62	60	68	73
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-7	-6	-4	-23	-33	-29	-24	-21	-31	-29	-29	-35	-33
Financial situation of household, past 12 months <sup>4</sup>	-2	-3	-4	-2	-1	-8	-14	-13	-17	-15	-15	-18	-20
Expected financial situation of household, next 12 months <sup>4</sup>	3	3	4	-16	-27	-17	-8	-5	-15	-12	-10	-20	-15
General economic situation in Cyprus, past 12 months	9	7	7	20	15	-2	-25	-32	-44	-44	-49	-58	-64
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	1	2	2	-37	-54	-45	-30	-25	-48	-43	-45	-56	-49
Consumer prices, past 12 months	1	5	12	-1	-3	-7	-13	-13	-16	-18	-19	-17	-17
Expected consumer prices, next 12 months	3	4	4	-3	-8	-16	-17	-16	-13	-17	-19	-15	-10
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	-6	-5	-5	42	63	59	51	51	66	60	57	66	62
Major purchases at present	-7	-8	-7	-45	-55	-41	-35	-30	-39	-42	-32	-49	-53
Major purchases intentions, next 12 months <sup>4</sup>	-28	-24	-20	-35	-48	-46	-42	-40	-44	-45	-45	-46	-48
Savings at present	-22	-29	-28	-30	-35	-29	-28	-20	-19	-16	-24	-19	-24
Savings intentions, next 12 months	-38	-43	-40	-47	-44	-35	-35	-39	-28	-28	-40	-39	-40
Statement on the current financial condition of household	19	15	15	13	12	15	17	15	16	21	19	14	14
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>	-5					-1	4	7	7	4	6	16	9

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 weights used in the calculation of the Economic Sentiment Indicator reflect the contribution of each sector to the GDP of Cyprus.

<sup>3</sup> The calculation of the confidence (composite) indicator is described in [http://ec.europa.eu/economy\\_finance/indicators/business\\_consumer\\_surveys/userguide\\_en.pdf](http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf) and [https://ec.europa.eu/info/files/revised-consumer-confidence-indicator\\_en](https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en). <sup>4</sup> The responses to this question are used in the calculation of the confidence (composite) 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. The data for 2019 refer to the average of the balances over the period May – August.



**Economics Research Centre**

**University of Cyprus**

**P.O. box 20537, 1678 Nicosia, CYPRUS**

**Telephone: 22893660, Fax: 22895027**

**Email: [erc@ucy.ac.cy](mailto:erc@ucy.ac.cy)**

**Website: [www.erc.ucy.ac.cy](http://www.erc.ucy.ac.cy)**

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](mailto:anaxagorou.christiana@ucy.ac.cy))

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

\* Efi Kalorkoti (email: [kalorkoti.efi@ucy.ac.cy](mailto:kalorkoti.efi@ucy.ac.cy))

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

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