



BUSINESS AND CONSUMER SURVEYS

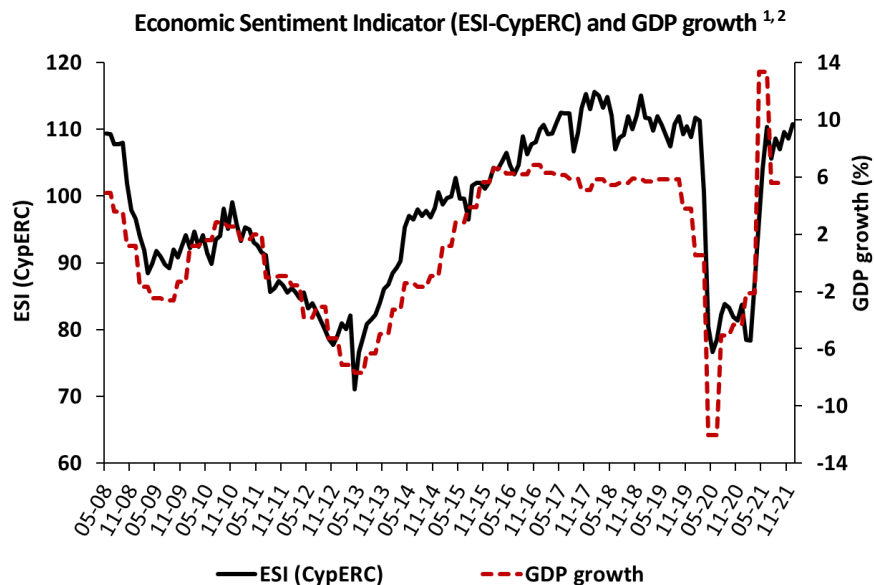
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



December 2021

SUMMARY

- In December 2021, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 2.1 points compared with November 2021. The increase in the ESI-CypERC resulted from stronger business confidence in services, construction and industry.
- The increase in the Services Confidence Indicator was mainly driven by upward revisions in demand expectations.
- The Retail Trade Confidence Indicator remained unchanged as the improved views on past and future sales were offset by a deterioration in the assessments of current stock levels.
- The Construction Confidence Indicator improved slightly as a result of upward revisions in employment expectations, despite a deterioration in the assessments of the current levels of order books.
- The rise in the Industry Confidence Indicator resulted from more favourable views on the current levels of order books, as well as upward revisions in production expectations.
- The Consumer Confidence Indicator decreased marginally as consumers' intentions for making major purchases in the near future weakened significantly.
- In December, uncertainty among firms decreased, while uncertainty among consumers stayed at the level registered in November. Nevertheless, business uncertainty remains very high, particularly in the sectors of retail trade and industry.
- Selling price expectations remained at very high levels in December, despite some downward revisions.



Notes:

¹ 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.

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).

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Indicators and balances ¹

Month	Indicators and balances ¹												
	2020	2021											
	12	1	2	3	4	5	6	7	8	9	10	11	12
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	83.7	78.5	78.4	87.3	96.5	104.1	110.3	105.6	108.6	107.1	109.6	108.6	110.7
SERVICES													
Services Confidence Indicator ³	-42	-55	-58	-32	-6	15	35	23	31	25	33	32	37
Business situation, past 3 months ⁴	-49	-56	-62	-47	-29	-2	20	23	26	7	9	26	15
Turnover (demand), past 3 months ⁴	-48	-54	-63	-45	-16	1	29	24	33	28	30	39	44
Expected turnover (demand), next 3 months ⁴	-30	-56	-48	-6	27	47	54	23	34	41	60	31	53
Employment, past 3 months	1	-12	-9	-13	0	2	4	-5	-6	-6	-17	-9	-20
Expected employment, next 3 months	-3	-15	-15	-10	-3	2	6	6	5	6	11	7	-3
Expected selling prices, next 3 months	-9	-4	-18	-10	-1	7	5	4	6	11	9	19	10
Uncertainty: difficulty predicting business situation ^{5,6}	58	62	67	42	65	45	32	46	41	39	35	49	32
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-25	-28	-29	-26	-20	-11	-7	-8	-6	-5	-3	-3	-3
Business activity (sales), past 3 months ⁴	-50	-54	-49	-49	-47	-49	-37	-39	-29	-21	-18	-17	-14
Stock of goods ⁴	-25	-17	-18	-22	-21	-24	-11	-14	-15	-12	-17	-16	-11
Expected business activity (sales), next 3 months ⁴	-50	-45	-56	-52	-33	-9	4	2	-2	-8	-8	-8	-6
Orders placed with suppliers, next 3 months	-52	-48	-49	-51	-36	-14	-1	-7	-11	-12	-15	-11	-14
Expected employment, next 3 months	0	0	-2	0	0	-1	1	0	0	-1	-1	-1	2
Expected selling prices, next 3 months	4	1	-3	3	-1	9	10	23	37	45	70	68	68
Uncertainty: difficulty predicting business situation ^{5,6}	78	77	67	68	62	65	57	67	76	72	71	77	73
CONSTRUCTION													
Construction Confidence Indicator ³	-20	-25	-25	-22	-23	-15	-18	-17	-17	-20	-16	-19	-17
Building activity, past 3 months	-24	-34	-34	-39	-24	-4	-3	-13	-15	-17	-20	-17	-11
Current overall order books ⁴	-38	-44	-42	-46	-44	-36	-35	-41	-39	-37	-34	-37	-39
Expected employment, next 3 months ⁴	-2	-6	-7	1	-2	5	-1	7	4	-2	1	0	6
Expected selling prices, next 3 months	-8	-1	1	0	11	20	29	50	56	54	67	77	76
Uncertainty: difficulty predicting business situation ^{5,6}	57	57	52	56	43	41	33	52	54	38	37	58	46
INDUSTRY													
Industrial Confidence Indicator ³	-29	-34	-35	-37	-24	-15	-13	-12	-12	-10	-8	-8	-3
Production, past 3 months	-60	-56	-53	-65	-58	-38	-28	-23	-23	-12	-2	0	5
Current overall order books ⁴	-70	-64	-69	-67	-55	-52	-53	-52	-59	-49	-43	-44	-36
Current export order books	-62	-68	-78	-82	-69	-54	-68	-50	-52	-38	-16	-43	-46
Stock of finished products ⁴	-33	-20	-30	-20	-17	-21	-22	-21	-30	-27	-26	-22	-22
Expected production, next 3 months ⁴	-52	-57	-66	-66	-34	-14	-7	-4	-6	-7	-6	-3	7
Expected employment, next 3 months ⁵	-1	-2	-2	0	0	1	0	1	1	1	1	3	0
Expected selling prices, next 3 months	-3	-4	1	-2	1	3	1	10	10	27	38	58	56
Uncertainty: difficulty predicting business situation ^{5,6}	73	76	64	69	60	61	56	57	66	71	66	76	72
CONSUMERS													
Consumer Confidence Indicator ³	-33	-35	-32	-23	-18	-18	-13	-23	-20	-17	-20	-19	-20
Financial situation of household, past 12 months ⁴	-20	-20	-22	-24	-20	-19	-13	-16	-16	-16	-15	-18	-15
Expected financial situation of household, next 12 months ⁴	-15	-20	-14	-4	-5	-3	0	-8	-5	-8	-11	-11	-8
General economic situation in Cyprus, past 12 months	-64	-68	-67	-72	-71	-71	-56	-59	-52	-48	-41	-40	-36
Expected general economic situation in Cyprus, next 12 months ⁴	-49	-54	-45	-29	-19	-19	-11	-31	-26	-20	-24	-23	-22
Consumer prices, past 12 months	-17	-21	-25	-20	-17	-17	-13	6	21	28	41	44	47
Expected consumer prices, next 12 months	-10	-21	-16	-13	-9	-9	-12	7	18	14	37	36	20
Expected unemployment in Cyprus, next 12 months ⁵	62	60	48	40	36	23	13	40	36	24	21	22	22
Major purchases at present	-53	-51	-42	-35	-31	-38	-32	-41	-42	-39	-43	-37	-44
Major purchases intentions, next 12 months ⁴	-48	-44	-46	-35	-31	-31	-30	-37	-31	-26	-31	-25	-35
Savings at present	-24	-16	-23	-19	-21	-21	-19	-15	-19	-24	-19	-19	-18
Savings intentions, next 12 months	-40	-35	-31	-32	-38	-33	-33	-33	-32	-40	-33	-36	-32
Statement on the current financial condition of household	14	15	18	17	14	15	17	16	17	16	15	17	16
Uncertainty: difficulty predicting household's financial situation ^{5,6}	9	12	4	2	0	6	-4	-1	1	1	1	-1	-1

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 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 and https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en. ⁴ The responses to this question are used in the calculation of the confidence (composite) 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.



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