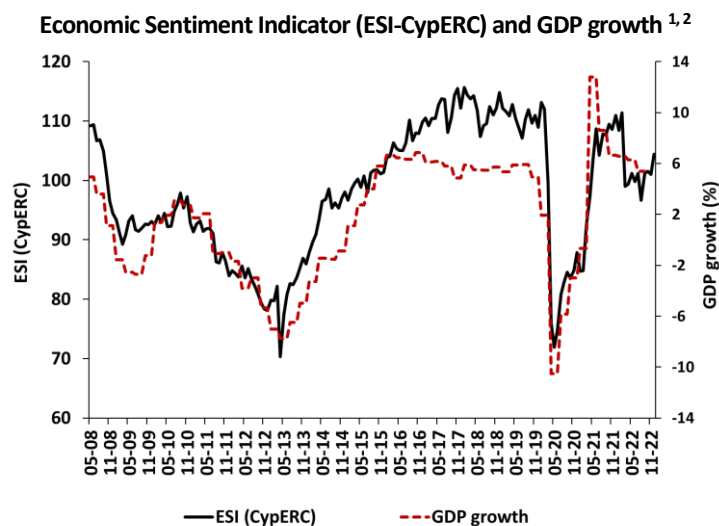


## BUSINESS AND CONSUMER SURVEYS

### December 2022

#### Summary

- In December 2022, economic sentiment in Cyprus strengthened, as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.3 points compared with November 2022. The increase in the ESI-CypERC was driven by confidence gains in all sectors and among consumers. The largest improvement in the business climate was registered in services.
- The Services Confidence Indicator rose, as a result of firms' more favourable views on their past business situation and upward revisions in demand expectations.
- The increase in the Retail Trade Confidence Indicator was due to improved assessments of past sales and upward revisions in sales expectations.
- The Construction Confidence Indicator increased for the second month in a row, as firms' assessments reflected further improvements in the current levels of order books.
- The small increase in the Industry Confidence Indicator resulted from more favourable assessments of the current level of order books and upward revisions in production expectations.
- The small improvement in the Consumer Confidence Indicator was mainly driven by upward revisions in consumers' expectations about the future financial conditions of their households. Nevertheless, consumers' assessments about their recent financial conditions and expectations about the future economic conditions in Cyprus stayed broadly stable. Consumers' intentions to make major purchases over the next months weakened marginally.
- In December, the increase in economic uncertainty in Cyprus was due to higher levels of uncertainty recorded among firms in the services sector. Uncertainty among firms in the remaining sectors and among consumers declined in December.



Notes: <sup>1</sup> ESI (CypERC): the weights used in the calculation of the Indicator 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).

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Indicators and balances <sup>1</sup>

Month	2021	2022											
	12	1	2	3	4	5	6	7	8	9	10	11	12
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	<b>110.9</b>	<b>108.4</b>	<b>111.4</b>	<b>99.0</b>	<b>99.4</b>	<b>101.2</b>	<b>99.8</b>	<b>101.2</b>	<b>96.7</b>	<b>101.2</b>	<b>101.6</b>	<b>101.1</b>	<b>104.4</b>
ECONOMIC UNCERTAINTY INDICATOR (CypERC) <sup>2</sup>	31.7	43.6	36.9	57.0	42.6	37.7	35.9	36.7	30.6	32.2	32.0	32.5	38.8
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	38	30	40	8	10	16	13	16	1	11	15	12	21
Business situation, past 3 months <sup>4</sup>	21	34	33	19	11	9	1	5	0	3	5	19	29
Turnover (demand), past 3 months <sup>4</sup>	36	30	39	26	27	24	24	18	1	17	13	8	1
Expected turnover (demand), next 3 months <sup>4</sup>	57	26	46	-21	-9	15	14	25	3	13	26	9	33
Employment, past 3 months	-20	-11	1	-5	0	1	10	0	-9	-4	-13	-4	0
Expected employment, next 3 months	-2	-5	2	0	-5	5	2	-1	-1	3	8	4	9
Expected selling prices, next 3 months	11	26	26	32	25	27	32	27	34	42	47	44	56
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	32	48	41	67	45	36	32	36	29	29	28	29	43
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-1	-5	1	-8	-9	-11	-12	-13	-13	-11	-7	-8	-5
Business activity (sales), past 3 months <sup>4</sup>	-12	-25	-16	-19	-20	-26	-30	-26	-30	-24	-22	-25	-15
Stock of goods <sup>4</sup>	-13	-12	-8	-10	-2	-13	-15	-13	-19	-14	-15	-17	-7
Expected business activity (sales), next 3 months <sup>4</sup>	-5	-1	10	-16	-11	-20	-22	-27	-29	-23	-13	-16	-8
Orders placed with suppliers, next 3 months	-12	-11	-5	-17	-20	-19	-20	-30	-29	-29	-19	-23	-16
Expected employment, next 3 months	1	-1	0	1	-1	0	1	-1	-3	3	-1	2	3
Expected selling prices, next 3 months	60	58	64	67	69	70	67	66	63	60	62	61	54
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	73	71	68	69	81	74	65	55	61	57	61	65	59
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-14	-17	-17	-19	-23	-18	-18	-18	-20	-16	-22	-15	-11
Building activity, past 3 months	-5	-8	-14	-19	-33	-24	-13	-13	-13	-13	-16	-4	-12
Current overall order books <sup>4</sup>	-34	-37	-34	-33	-43	-38	-34	-34	-35	-28	-43	-31	-23
Expected employment, next 3 months <sup>4</sup>	7	3	0	-4	-2	1	-2	-1	-4	-3	-1	1	0
Expected selling prices, next 3 months	74	77	79	85	87	86	88	85	86	90	86	84	80
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	46	57	56	67	58	54	55	57	50	45	56	58	51
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-1	-2	2	-8	-10	-11	-14	-7	-7	-4	-6	-10	-8
Production, past 3 months	9	1	6	-1	-12	-15	-16	-9	-11	-18	-17	-15	-17
Current overall order books <sup>4</sup>	-32	-32	-21	-28	-37	-46	-39	-38	-37	-33	-29	-45	-36
Current export order books	-50	-85	-54	-46	-43	-23	-35	-37	-27	-48	-58	-47	-39
Stock of finished products <sup>4</sup>	-22	-19	-24	-18	-23	-25	-17	-17	-16	-29	-28	-30	-24
Expected production, next 3 months <sup>4</sup>	9	9	4	-15	-15	-12	-19	-1	-1	-7	-18	-16	-13
Expected employment, next 3 months	1	1	0	0	1	1	2	1	1	0	1	0	0
Expected selling prices, next 3 months	60	52	53	61	67	74	68	68	65	59	56	52	38
Uncertainty: difficulty predicting business situation <sup>5, 6</sup>	72	81	67	81	74	77	73	76	77	73	75	78	75
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-22	-19	-19	-33	-33	-35	-35	-35	-36	-28	-33	-30	-28
Financial situation of household, past 12 months <sup>4</sup>	-16	-17	-17	-19	-23	-25	-29	-27	-28	-22	-27	-24	-24
Expected financial situation of household, next 12 months <sup>4</sup>	-9	-6	-12	-24	-23	-27	-28	-25	-23	-21	-21	-22	-12
General economic situation in Cyprus, past 12 months	-36	-42	-41	-47	-55	-54	-62	-61	-62	-47	-55	-51	-52
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-23	-19	-25	-54	-51	-55	-52	-51	-51	-38	-43	-41	-40
Consumer prices, past 12 months	51	56	71	65	72	77	83	76	83	74	82	83	84
Expected consumer prices, next 12 months	20	22	33	64	56	57	45	44	32	31	35	33	25
Expected unemployment in Cyprus, next 12 months	22	22	14	32	26	31	28	37	32	29	30	31	26
Major purchases at present	-44	-40	-45	-57	-55	-57	-57	-57	-51	-54	-57	-54	-56
Major purchases intentions, next 12 months <sup>4</sup>	-39	-33	-24	-35	-35	-34	-31	-38	-43	-29	-39	-34	-36
Savings at present	-20	-25	-29	-23	-26	-23	-32	-25	-28	-25	-32	-31	-26
Savings intentions, next 12 months	-31	-39	-35	-37	-40	-48	-48	-43	-47	-41	-49	-46	-35
Statement on the current financial condition of household	16	16	13	15	14	12	12	13	14	11	9	11	12
Uncertainty: difficulty predicting household's financial situation <sup>5, 6</sup>	-1	4	-2	10	6	9	16	13	1	15	11	9	1

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 calculation of the Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](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. <sup>3</sup> The Confidence Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf). <sup>4</sup> The responses to this question are used in the calculation of the Confidence 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.

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