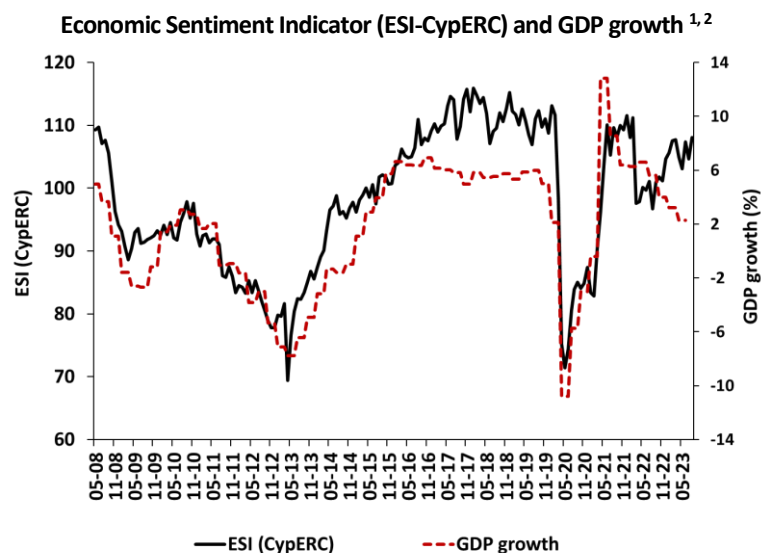


BUSINESS AND CONSUMER SURVEYS

August 2023

Summary

- In August 2023, economic sentiment in Cyprus improved, as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.4 points compared with July 2023. The increase in the ESI-CypERC was driven by confidence gains in services, and to a lesser degree, in retail trade.
- The Services Confidence Indicator increased as a result of firms' improved views on their past and future turnover.
- The increase in the Retail Trade Confidence Indicator was mainly driven by upward revisions in sales expectations.
- The drop in the Construction Confidence Indicator resulted mostly from firms' negative views on the level of order books.
- The Industry Confidence Indicator decreased, as firms assessed the current levels of their order books more negatively and revised their production expectations downwards.
- The Consumer Confidence Indicator deteriorated for the second month in a row. In August, consumers expressed more pessimistic views on the future economic conditions in Cyprus; moreover, consumers' intentions to make major purchases in the near future weakened.
- In August, economic uncertainty in Cyprus decreased largely because of lower uncertainty among firms in the services sector and among consumers.



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).

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Indicators and balances ¹

Month	2022					2023							
	8	9	10	11	12	1	2	3	4	5	6	7	8
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) ²	96.7	100.9	101.7	101.2	104.7	105.6	107.5	107.7	104.9	103.1	107.4	104.7	108.1
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	30.6	32.2	32.0	32.5	38.8	38.6	34.0	23.6	31.2	29.8	19.7	30.3	21.3
SERVICES													
Services Confidence Indicator ³	1	10	16	12	22	22	27	27	21	14	26	18	30
Business situation, past 3 months ⁴	4	4	7	18	27	33	37	41	45	26	41	35	35
Turnover (demand), past 3 months ⁴	-4	13	13	9	3	19	33	25	25	6	25	16	30
Expected turnover (demand), next 3 months ⁴	4	14	27	11	35	13	12	15	-6	9	11	2	26
Employment, past 3 months	-8	-4	-13	-4	0	2	1	-3	12	10	7	-4	6
Expected employment, next 3 months	0	1	5	1	7	7	11	12	11	13	4	4	6
Expected selling prices, next 3 months	38	41	44	41	47	41	45	40	42	48	39	36	39
Uncertainty: difficulty predicting business situation ^{5,6}	29	29	28	29	43	42	35	20	35	30	14	30	15
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-12	-10	-6	-8	-5	1	-2	-3	-1	1	2	2	4
Business activity (sales), past 3 months ⁴	-29	-22	-22	-25	-16	-10	-12	-12	-1	-10	-13	-10	-9
Stock of goods ⁴	-19	-15	-15	-17	-8	-12	-8	-7	-9	-13	-11	-9	-10
Expected business activity (sales), next 3 months ⁴	-26	-22	-12	-15	-7	1	-1	-3	-11	1	9	8	11
Orders placed with suppliers, next 3 months	-27	-27	-18	-23	-16	-9	-8	-8	-11	1	2	-1	3
Expected employment, next 3 months	-3	3	-1	2	3	0	1	2	2	1	0	0	-1
Expected selling prices, next 3 months	67	64	64	63	57	51	58	57	57	49	46	41	52
Uncertainty: difficulty predicting business situation ^{5,6}	61	57	61	65	59	54	56	68	66	60	72	62	65
CONSTRUCTION													
Construction Confidence Indicator ³	-20	-16	-22	-15	-11	-15	-14	-17	-13	-11	-13	-8	-11
Building activity, past 3 months	-15	-16	-16	-7	-15	-5	-13	-6	5	-5	-6	-4	-8
Current overall order books ⁴	-35	-28	-43	-31	-23	-32	-27	-32	-25	-19	-22	-13	-18
Expected employment, next 3 months ⁴	-4	-3	-1	1	0	3	-2	-3	-1	-3	-5	-3	-4
Expected selling prices, next 3 months	86	90	86	84	80	80	85	77	74	66	70	65	68
Uncertainty: difficulty predicting business situation ^{5,6}	50	45	56	58	51	58	51	50	44	40	36	37	36
INDUSTRY													
Industrial Confidence Indicator ³	-7	-4	-6	-10	-8	-5	-5	-1	-3	2	3	5	2
Production, past 3 months	-12	-18	-17	-15	-17	-10	0	-2	-3	-2	6	6	10
Current overall order books ⁴	-36	-33	-30	-44	-36	-28	-30	-29	-28	-25	-27	-24	-28
Current export order books	-38	-48	-59	-44	-35	-14	-20	-24	-36	-54	-13	-12	-42
Stock of finished products ⁴	-16	-29	-28	-30	-24	-20	-22	-26	-18	-22	-25	-14	-20
Expected production, next 3 months ⁴	-2	-8	-18	-15	-13	-9	-6	-1	1	9	11	24	13
Expected employment, next 3 months	1	0	1	0	0	0	1	2	1	0	0	1	0
Expected selling prices, next 3 months	62	59	55	51	37	36	34	24	28	25	4	9	14
Uncertainty: difficulty predicting business situation ^{5,6}	77	73	75	78	75	74	70	61	61	67	64	68	67
CONSUMERS													
Consumer Confidence Indicator ³	-36	-28	-33	-30	-28	-21	-18	-18	-25	-26	-20	-22	-24
Financial situation of household, past 12 months ⁴	-27	-22	-27	-24	-24	-20	-16	-18	-18	-21	-16	-16	-16
Expected financial situation of household, next 12 months ⁴	-23	-21	-21	-22	-12	-6	-4	-5	-10	-13	-9	-12	-13
General economic situation in Cyprus, past 12 months	-62	-47	-55	-51	-52	-48	-38	-33	-42	-46	-43	-46	-48
Expected general economic situation in Cyprus, next 12 months ⁴	-51	-38	-43	-41	-40	-27	-18	-13	-31	-27	-24	-36	-41
Consumer prices, past 12 months	83	74	82	83	85	88	84	82	84	87	79	78	78
Expected consumer prices, next 12 months	32	31	35	33	25	12	14	11	20	7	16	27	26
Expected unemployment in Cyprus, next 12 months	31	28	27	27	22	19	17	11	16	15	17	17	17
Major purchases at present	-51	-54	-57	-54	-56	-54	-48	-50	-46	-52	-44	-45	-42
Major purchases intentions, next 12 months ⁴	-43	-29	-39	-34	-36	-32	-36	-36	-42	-43	-30	-24	-27
Savings at present	-28	-25	-32	-31	-26	-19	-21	-17	-20	-24	-24	-23	-15
Savings intentions, next 12 months	-47	-42	-50	-48	-36	-32	-35	-31	-32	-38	-43	-42	-35
Statement on the current financial condition of household	14	11	8	11	12	15	15	20	16	14	14	15	17
Uncertainty: difficulty predicting household's financial situation ^{5,6}	1	15	11	9	1	5	5	-4	-7	0	-3	5	2

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.

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