

The Cyprus Composite Leading Economic Index (CCLEI)

"CCLEI's Trajectory remained Steadily Upward in January 2025"

What is a Composite Leading Economic Index (CLEI)?

The CLEI Index is designed to provide early warning signals for the turning points of business cycles i.e., early evidence of the turns in economic activity. This Index comprises of several leading economic activity variables whose changes tend to lead the changes in the overall economic activity and which are evaluated on a regular basis.

What are the components of the Cyprus Composite Leading Economic Index (CCLEI)?

The leading variables have been selected from a large pool of domestic and international leading indicators and are: the Brent Crude oil price (€), the Economic Sentiment Indicator (ESI) in Cyprus and the euro area, the total property sales contracts, the tourist arrivals in Cyprus, the value of Cypriot credit card transactions, the retail trade sales turnover volume Index, and the temperature-adjusted volume Index of electricity production.

The Cyprus Composite Leading Economic Index¹ (CCLEI), which is constructed and estimated by the Economics Research Centre (CypERC) of the University of Cyprus, recorded a year-over-year increase of 2.1% in January² 2025. This increase followed the year-over-year increases of about 1.8% recorded in December and November 2024, based on the most recently revised data.

The year-over-year rate of expansion of the CCLEI continued its upward trend in January 2025, supported by the majority of its domestic and international economic components. Specifically, positive year-over-year growth rates in property sales contracts, tourist arrivals, the total value of transactions with Cypriot credit cards, retail sales volume and temperature-adjusted electricity production volume contributed to the strengthening of the Index. At the international level, despite the deterioration of the Sentiment Index in the euro area, the improvement of the corresponding Index in Cyprus, combined with the year-over-year decline in the price of Brent crude oil in January 2025 compared to January 2024, also contributed positively to the development of the CCLEI.

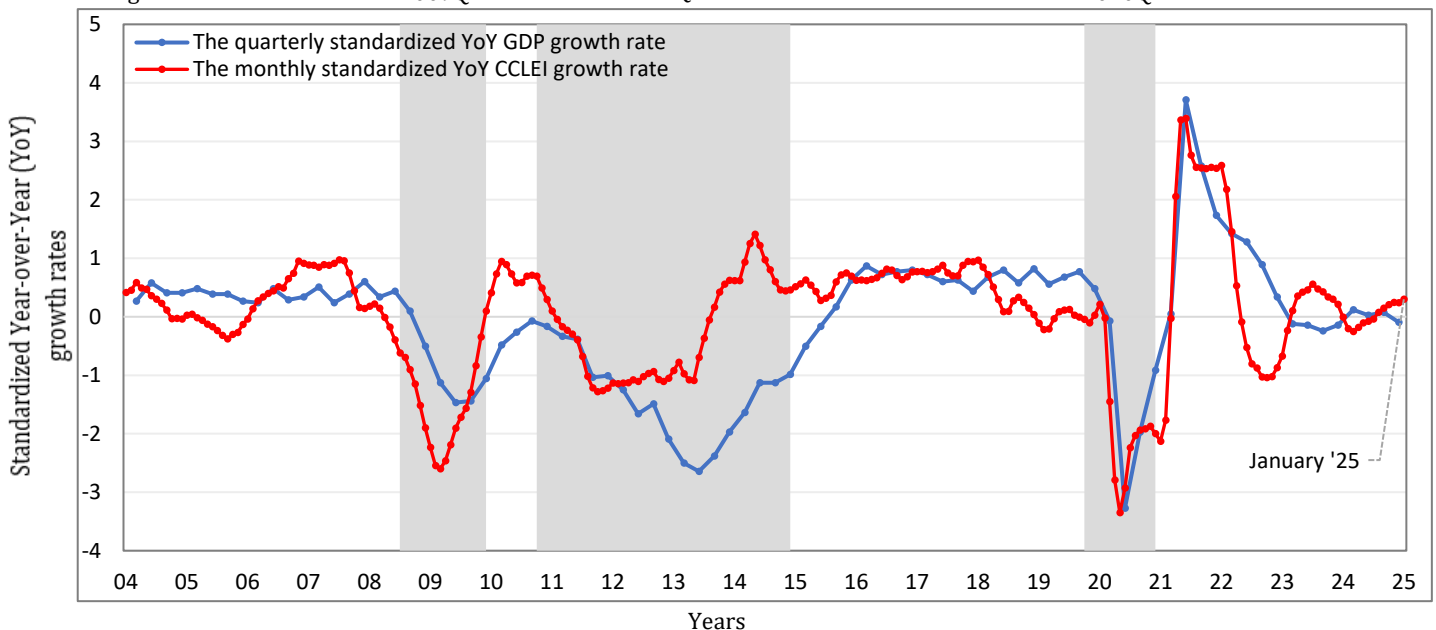
In summary, the CCLEI maintained its upward trend in January 2025, with the majority of leading domestic and international economic variables contributing positively to its year-over-year growth. For further details on the methodology used in constructing the CCLEI, please refer to: [CCLEI](#).

Notes:

1. The CCLEI is estimated based on the econometric model developed by Aruoba, Diebold, and Scotti (2009) and the relevant adjustment methodology of the Covid-19 pandemic.
2. The CCLEI for January 2025 is based on the available data for Brent crude oil prices, the weighted Economic Sentiment Indicator (ESI) in both the euro area and Cyprus, property sales contracts, tourist arrivals, credit card transactions, as well as high-frequency temperature-adjusted data of electricity production volume. Additionally, retail sales volume is estimated using the most recent data from a range of economic indicators.

Figure: The Cyprus Composite Leading Economic Index (CCLEI) vis-à-vis the Economic Activity of Cyprus

Peak of GDP:	2008Q2	2010Q3	2019Q3
Trough of GDP:	2009Q2	2013Q2	2020Q2



Source: Economics Research Centre (ERC) - Department of Economics, University of Cyprus (UCY).

Note that for comparison purposes, the Year-over-Year (YoY) quarterly growth rate of the Gross Domestic Product (GDP) vis-à-vis the YoY monthly growth rate of the CCLEI are presented in a standardized format in the graph. Shaded areas represent recession periods defined following the CERP Euro Area Business Cycle Dating Committee in combination with the conventional recession definition of at least two consecutive quarters of negative YoY growth rate of the GDP.

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