



BUSINESS AND CONSUMER SURVEYS

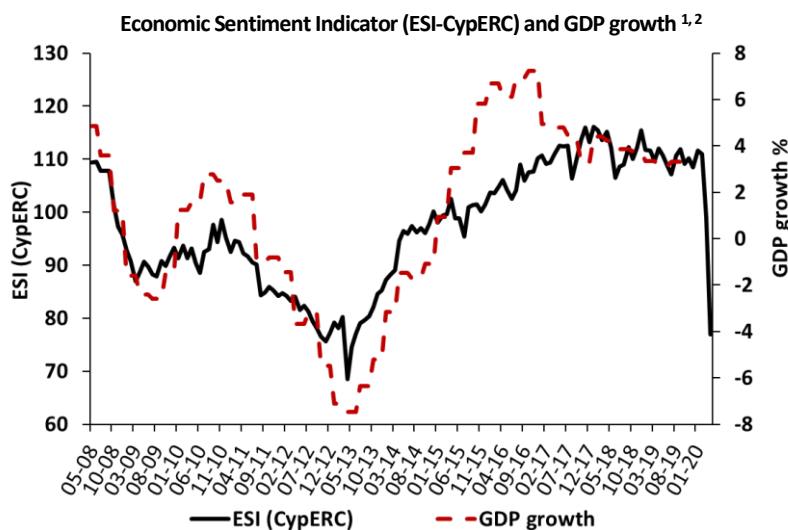
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



April 2020

SUMMARY

- In April 2020, economic sentiment in Cyprus deteriorated further as the Economic Sentiment Indicator (ESI-CypERC) decreased by 21.9 points compared with March 2020, suffering a historically large drop. In April ESI-CypERC declined below its long-run average, suggesting a grim outlook for economic activity in Cyprus, as a result of the coronavirus pandemic. The decrease in ESI-CypERC was driven by worsening confidence in services, retail trade and industry, as well as weakening consumer confidence.
- The decrease in the Services Confidence Indicator resulted from firms' less favourable views on their past business situation and past demand, as well as from major downward revisions in demand expectations.
- The decline in the Retail Trade Confidence Indicator was due to firms' more negative assessments of their past sales and more pessimistic sales expectations.
- The Construction Confidence Indicator remained unchanged at the negative level registered in March, as more optimistic employment expectations were offset by worsening assessments of the level of order books.
- The Industry Confidence Indicator dropped as a result of a deterioration in firms' assessments of the current levels of their order books and stocks of finished products, as well as downward revisions in production expectations.
- The decrease in Consumer Confidence Indicator was driven by downward revisions in consumers' expectations about their financial conditions and the economic conditions in Cyprus, as well as by consumers' weaker intentions to make major purchases.



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	2019									2020			
	4	5	6	7	8	9	10	11	12	1	2	3	4
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	112.0	110.6	108.9	107.1	110.7	111.9	109.1	110.2	108.4	111.7	111.0	98.9	77.0
SERVICES													
Services Confidence Indicator ³	34	31	24	19	30	33	26	29	24	32	29	6	-48
Business situation, past 3 months ⁴	32	27	17	15	29	34	30	33	31	38	44	29	-27
Turnover (demand), past 3 months ⁴	35	35	28	20	31	33	26	30	28	33	24	25	-31
Expected turnover (demand), next 3 months ⁴	37	30	28	24	31	31	22	24	13	26	20	-37	-88
Employment, past 3 months	10	-2	6	-4	-4	7	2	-10	-9	3	-6	-4	-5
Expected employment, next 3 months	13	-3	15	4	8	15	5	-2	-7	1	11	-4	-7
Expected selling prices, next 3 months	-1	1	3	-2	2	7	10	1	3	1	5	-7	-28
RETAIL TRADE													
Retail Trade Confidence Indicator ³	1	0	2	-3	-2	-3	-4	-6	-5	-4	-2	-5	-25
Business activity (sales), past 3 months ⁴	-9	-15	-10	-16	-21	-20	-18	-17	-14	-22	-12	-7	-26
Stock of goods ⁴	-2	3	-2	-1	-7	2	-1	-2	2	3	0	1	-10
Expected business activity (sales), next 3 months ⁴	10	19	15	7	7	12	6	-2	2	14	6	-8	-61
Orders placed with suppliers, next 3 months	9	8	8	5	0	4	-4	-6	2	6	0	-5	-50
Expected employment, next 3 months	-1	0	-1	0	1	2	-1	1	-2	1	2	2	-2
Expected selling prices, next 3 months	6	4	6	5	5	5	1	8	11	15	8	8	-6
CONSTRUCTION													
Construction Confidence Indicator ³	-10	1	-4	-6	-3	-2	-2	0	2	-5	1	-9	-9
Building activity, past 3 months	12	17	15	21	24	23	24	29	19	25	21	13	-5
Current overall order books ⁴	-28	-14	-18	-21	-20	-16	-13	-12	-7	-20	-14	-18	-22
Expected employment, next 3 months ⁴	9	16	10	8	15	11	9	12	11	11	15	-1	3
Expected selling prices, next 3 months	21	19	18	13	17	23	11	19	16	12	16	10	-9
INDUSTRY													
Industrial Confidence Indicator ³	5	3	9	5	3	7	9	10	8	10	10	3	-43
Production, past 3 months	9	1	7	10	1	8	18	23	20	20	22	24	-21
Current overall order books ⁴	-20	-22	-19	-23	-21	-24	-18	-8	-16	-14	-6	-11	-65
Current export order books	-33	-25	4	-33	-41	-18	-14	-13	-1	-19	-2	-6	-83
Stock of finished products ⁴	-13	-9	-15	-17	-13	-21	-12	-7	-8	-22	-20	-15	-10
Expected production, next 3 months ⁴	22	23	30	20	18	23	31	30	32	21	16	5	-75
Expected employment, next 3 months ⁵	2	0	2	2	0	0	9	7	6	4	6	4	-5
Expected selling prices, next 3 months	1	3	4	4	1	3	3	4	3	6	10	1	-1
CONSUMERS													
Consumer Confidence Indicator ³	-7	-9	-8	-6	-7	-4	-9	-7	-7	-6	-4	-23	-33
Financial situation of household, past 12 months ⁴	-4	-7	-6	-7	-5	-4	-5	-2	-2	-3	-4	-2	-1
Expected financial situation of household, next 12 months ⁴	2	1	-2	-1	3	4	-1	-1	3	3	4	-16	-27
General economic situation in Cyprus, past 12 months	4	5	-1	6	4	8	2	9	9	7	7	20	15
Expected general economic situation in Cyprus, next 12 months ⁴	-1	0	-2	2	-2	4	-3	-1	1	2	2	-37	-54
Consumer prices, past 12 months	15	15	13	4	-1	2	3	-2	1	5	12	-1	-3
Expected consumer prices, next 12 months	8	2	5	-2	-3	0	0	-5	3	4	4	-3	-8
Expected unemployment in Cyprus, next 12 months ⁵	-11	-13	-4	-9	-4	-4	-1	-6	-6	-5	-5	42	63
Major purchases at present	-17	-14	-24	-20	-13	-13	-18	-11	-7	-8	-7	-45	-55
Major purchases intentions, next 12 months ⁴	-26	-29	-22	-18	-25	-22	-27	-24	-28	-24	-20	-35	-48
Savings at present	-28	-31	-33	-28	-31	-22	-33	-30	-22	-29	-28	-30	-35
Savings intentions, next 12 months	-37	-47	-44	-38	-38	-41	-46	-47	-38	-43	-40	-47	-44
Statement on the current financial condition of household	12	10	13	11	18	13	13	13	19	15	15	13	12

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 Following a suggestion by the European Commission, the responses to this question are not adjusted for seasonality.



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