



# BUSINESS AND CONSUMER SURVEYS

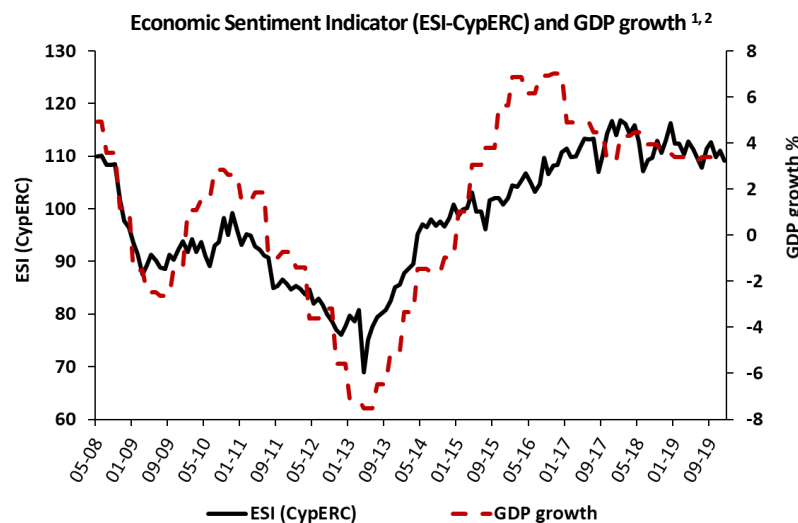
ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS



December 2019

## SUMMARY

- In December 2019, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.8 points compared with November 2019. The decrease resulted from weaker business confidence among firms in services and industry.
- The decrease in the Services Confidence Indicator was driven by firms' less favourable views on their past performance (business situation and demand) and downward revisions in demand expectations.
- The marginal increase in the Retail Trade Confidence Indicator was driven by improved assessments of past sales and upward revisions in sales expectations.
- The Construction Confidence Indicator improved due to firms' more favourable views on the current levels of their order books.
- The Industry Confidence Indicator decreased as a result of firms' more negative assessments of the current levels of their order books.
- The Consumer Confidence Indicator remained unchanged as upward revisions in consumers' expectations regarding their financial conditions and the economic conditions in the country were offset by consumers' weaker intentions to make major purchases.



Notes:

<sup>1</sup> 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.

<sup>2</sup> GDP growth: GDP (chain-linked volume measures, seasonally adjusted) is compared to the same quarter of the previous year (Source: Statistical Service of Cyprus).

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## ECONOMICS RESEARCH CENTRE UNIVERSITY OF CYPRUS



### Indicators and balances <sup>1</sup>

Month	2018												2019													
	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	116.2	112.4	112.3	110.3	112.7	111.4	109.5	107.8	111.4	112.7	109.8	111.0	109.2													
<b>SERVICES</b>																										
Services Confidence Indicator <sup>3</sup>	44	33	36	28	34	31	24	19	30	33	26	29	24													
Business situation, past 3 months <sup>4</sup>	40	29	37	30	32	27	17	15	29	34	30	33	31													
Turnover (demand), past 3 months <sup>4</sup>	49	35	42	26	35	35	28	20	31	33	26	30	28													
Expected turnover (demand), next 3 months <sup>4</sup>	43	34	29	27	37	30	28	24	31	31	22	24	13													
Employment, past 3 months	13	13	2	8	10	-2	6	-4	-4	7	2	-10	-9													
Expected employment, next 3 months	24	18	6	5	13	-3	15	4	8	15	5	-2	-7													
Expected selling prices, next 3 months	8	10	7	5	-1	1	3	-2	2	7	10	1	3													
<b>RETAIL TRADE</b>																										
Retail Trade Confidence Indicator <sup>3</sup>	2	1	0	1	1	0	2	-3	-2	-3	-4	-6	-5													
Business activity (sales), past 3 months <sup>4</sup>	-4	-6	-11	-9	-9	-15	-10	-16	-21	-20	-18	-17	-14													
Stock of goods <sup>4</sup>	5	0	-4	-2	-2	3	-2	-1	-7	2	-1	-2	2													
Expected business activity (sales), next 3 months <sup>4</sup>	13	8	6	9	10	19	15	7	7	12	6	-2	2													
Orders placed with suppliers, next 3 months	13	-4	3	7	9	8	8	5	0	4	-4	-6	2													
Expected employment, next 3 months	0	2	0	-3	-1	0	-1	0	1	2	-1	1	-2													
Expected selling prices, next 3 months	4	6	8	2	6	4	6	5	5	5	1	8	11													
<b>CONSTRUCTION</b>																										
Construction Confidence Indicator <sup>3</sup>	-11	-11	-11	-9	-10	1	-4	-6	-3	-2	-2	0	2													
Building activity, past 3 months	6	11	18	13	12	17	15	21	24	23	24	29	19													
Current overall order books <sup>4</sup>	-30	-27	-34	-29	-28	-14	-18	-21	-20	-16	-13	-12	-7													
Expected employment, next 3 months <sup>4</sup>	7	5	12	11	9	16	10	8	15	11	9	12	11													
Expected selling prices, next 3 months	15	8	19	17	21	19	18	13	17	23	11	19	16													
<b>INDUSTRY</b>																										
Industrial Confidence Indicator <sup>3</sup>	12	5	-1	3	5	3	9	5	3	7	9	10	8													
Production, past 3 months	22	12	4	7	9	1	7	10	1	8	18	23	20													
Current overall order books <sup>4</sup>	-20	-27	-26	-26	-20	-22	-19	-23	-21	-24	-18	-8	-16													
Current export order books	-20	-20	-29	-23	-33	-25	4	-33	-41	-18	-14	-13	-1													
Stock of finished products <sup>4</sup>	-17	-18	-3	-18	-13	-9	-15	-17	-13	-21	-12	-7	-8													
Expected production, next 3 months <sup>4</sup>	39	23	19	17	22	23	30	20	18	23	31	30	32													
Expected employment, next 3 months <sup>5</sup>	2	2	2	2	2	0	2	2	0	0	9	7	6													
Expected selling prices, next 3 months	3	-2	2	6	1	3	4	4	1	3	3	4	3													
<b>CONSUMERS</b>																										
Consumer Confidence Indicator <sup>3</sup>	-6	-4	-7	-8	-7	-9	-8	-6	-7	-4	-9	-7	-7													
Financial situation of household, past 12 months <sup>4</sup>	-8	-6	-10	-6	-4	-7	-6	-7	-5	-4	-5	-2	-2													
Expected financial situation of household, next 12 months <sup>4</sup>	2	4	0	1	2	1	-2	-1	3	4	-1	-1	3													
General economic situation in Cyprus, past 12 months	4	10	5	4	4	5	-1	6	4	8	2	9	9													
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	7	9	4	2	-1	0	-2	2	-2	4	-3	-1	1													
Consumer prices, past 12 months	12	7	8	13	15	15	13	4	-1	2	3	-2	1													
Expected consumer prices, next 12 months	2	-1	4	0	8	2	5	-2	-3	0	0	-5	3													
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	-8	-13	-8	-11	-11	-13	-4	-9	-4	-4	-1	-6	-6													
Major purchases at present	-17	-18	-21	-11	-17	-14	-24	-20	-13	-13	-18	-11	-7													
Major purchases intentions, next 12 months <sup>4</sup>	-26	-23	-22	-27	-26	-29	-22	-18	-25	-22	-27	-24	-28													
Savings at present	-28	-27	-29	-29	-28	-31	-33	-28	-31	-22	-33	-30	-22													
Savings intentions, next 12 months	-42	-43	-48	-42	-37	-47	-44	-38	-38	-41	-46	-47	-38													
Statement on the current financial condition of household	12	10	9	12	12	10	13	11	18	13	13	13	19													

#### 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 weights used in the calculation of the Economic Sentiment Indicator reflect the contribution of each sector to the GDP of Cyprus.

<sup>3</sup> The calculation of the confidence (composite) indicator is described in [http://ec.europa.eu/economy\\_finance/indicators/business\\_consumer\\_surveys/userguide\\_en.pdf](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](https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en).

<sup>4</sup> The responses to this question are used in the calculation of the confidence (composite) indicator for each survey.

<sup>5</sup> Following a suggestion by the European Commission, the responses to this question are not adjusted for seasonality.



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