



## BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE  
UNIVERSITY OF CYPRUS

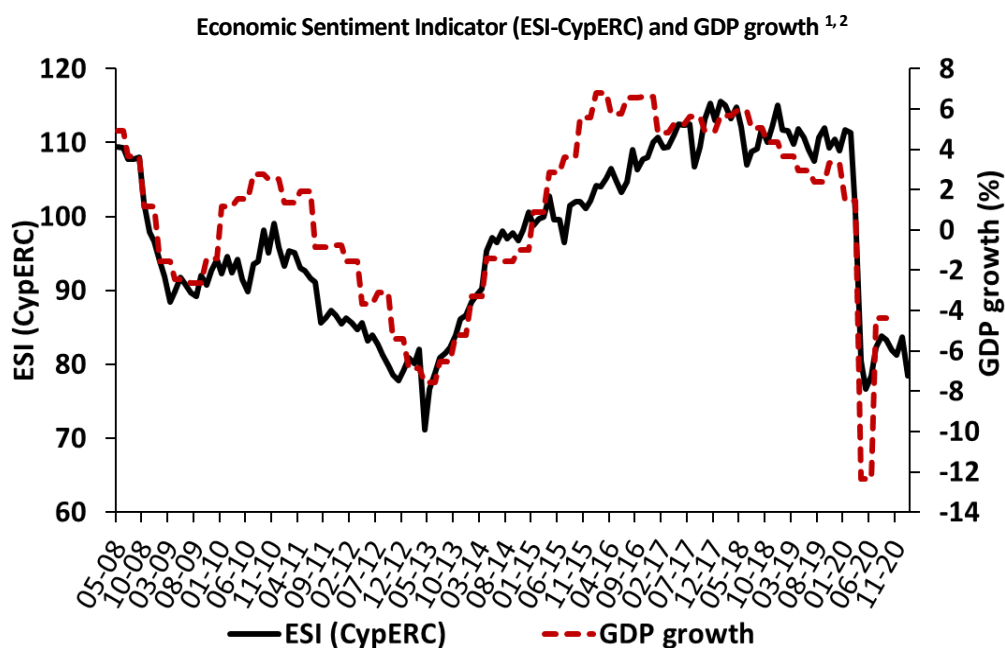


January 2021

*The data for the Economic Sentiment Indicator was revised due to adjustments to the long-run mean and standard deviation used in the calculation of the Indicator.*

### SUMMARY

- In January 2021, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 5.2 points compared with December 2020. The decrease in the ESI-CypERC resulted from a weakening of economic confidence among businesses and consumers.
- The drop in the Services Confidence Indicator was driven by a deterioration in all of its components, namely past business situation, past turnover and demand expectations.
- The Retail Trade Confidence Indicator decreased due to less favourable views on recent sales and stock volumes, despite upward revisions in sales expectations.
- The Construction Confidence Indicator declined as firms gave more negative assessments of the levels of order books and revised their employment expectations downwards.
- The decrease in the Industry Confidence Indicator resulted from more unfavourable views on the stocks of finished products and more pessimistic production expectations, despite improved assessments of the current levels of order books.
- Consumers' expectations about their financial conditions and economic conditions in Cyprus were revised downwards, resulting in a drop in the Consumer Confidence Indicator, despite stronger intentions for making 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 (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	2020												2021
	1	2	3	4	5	6	7	8	9	10	11	12	1
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	111.8	111.3	100.5	80.5	76.6	78.5	82.3	83.8	83.3	81.9	81.3	83.7	78.5
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	32	29	6	-48	-64	-63	-50	-43	-44	-49	-47	-42	-55
Business situation, past 3 months <sup>4</sup>	38	44	29	-27	-53	-60	-63	-59	-34	-51	-42	-49	-56
Turnover (demand), past 3 months <sup>4</sup>	33	24	25	-31	-58	-70	-62	-55	-53	-45	-51	-48	-54
Expected turnover (demand), next 3 months <sup>4</sup>	26	20	-37	-88	-81	-59	-26	-15	-45	-51	-47	-30	-56
Employment, past 3 months	3	-6	-4	-5	-10	-17	2	9	-5	-1	1	1	-12
Expected employment, next 3 months	1	11	-4	-7	-4	-2	7	-4	4	11	5	-3	-15
Expected selling prices, next 3 months	1	5	-7	-28	-26	-18	-15	-10	-7	-14	-6	-9	-4
Uncertainty: difficulty predicting business situation <sup>5,6</sup>					45	63	40	59	48	32	44	58	62
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-4	-2	-5	-25	-35	-29	-31	-25	-25	-28	-28	-25	-28
Business activity (sales), past 3 months <sup>4</sup>	-22	-12	-7	-26	-48	-52	-53	-54	-51	-50	-51	-50	-54
Stock of goods <sup>4</sup>	3	0	1	-10	-1	-18	-12	-21	-19	-19	-20	-25	-17
Expected business activity (sales), next 3 months <sup>4</sup>	14	6	-8	-61	-58	-54	-51	-43	-43	-52	-55	-50	-45
Orders placed with suppliers, next 3 months	6	0	-5	-50	-51	-52	-48	-41	-42	-49	-55	-52	-48
Expected employment, next 3 months	1	2	2	-2	0	-1	0	-2	-1	1	0	0	0
Expected selling prices, next 3 months	15	8	8	-6	-2	0	2	3	5	2	1	4	1
Uncertainty: difficulty predicting business situation <sup>5,6</sup>					57	53	57	60	71	76	80	78	77
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-5	1	-9	-9	-13	-13	-18	-14	-18	-11	-25	-20	-25
Building activity, past 3 months	25	21	13	-5	-48	-39	-33	-9	-15	-9	-32	-24	-34
Current overall order books <sup>4</sup>	-20	-14	-18	-22	-27	-31	-37	-26	-32	-22	-44	-38	-44
Expected employment, next 3 months <sup>4</sup>	11	15	-1	3	1	5	1	-2	-3	-1	-7	-2	-6
Expected selling prices, next 3 months	12	16	10	-9	-8	-6	8	5	-4	2	-2	-8	-1
Uncertainty: difficulty predicting business situation <sup>5,6</sup>					60	53	46	44	38	52	66	57	57
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	10	10	3	-43	-36	-28	-28	-24	-28	-29	-28	-29	-34
Production, past 3 months	20	22	24	-21	-66	-63	-66	-56	-59	-61	-57	-60	-56
Current overall order books <sup>4</sup>	-14	-6	-11	-65	-73	-67	-60	-61	-61	-62	-67	-70	-64
Current export order books	-19	-2	-6	-83	-45	-21	-60	-66	-51	-70	-69	-62	-68
Stock of finished products <sup>4</sup>	-22	-20	-15	-10	-32	-20	-9	-14	-13	-18	-23	-33	-20
Expected production, next 3 months <sup>4</sup>	21	16	5	-75	-67	-38	-31	-26	-37	-44	-39	-52	-57
Expected employment, next 3 months <sup>5</sup>	4	6	4	-5	-2	-1	0	-1	-1	-2	-3	-1	-2
Expected selling prices, next 3 months	6	10	1	-1	-1	-3	6	-1	-1	-1	-1	-3	-4
Uncertainty: difficulty predicting business situation <sup>5,6</sup>					61	53	51	49	62	60	68	73	76
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-6	-4	-23	-33	-29	-24	-21	-31	-29	-29	-35	-33	-35
Financial situation of household, past 12 months <sup>4</sup>	-3	-4	-2	-1	-8	-14	-13	-17	-15	-15	-18	-20	-20
Expected financial situation of household, next 12 months <sup>4</sup>	3	4	-16	-27	-17	-8	-5	-15	-12	-10	-20	-15	-20
General economic situation in Cyprus, past 12 months	7	7	20	15	-2	-25	-32	-44	-44	-49	-58	-64	-68
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	2	2	-37	-54	-45	-30	-25	-48	-43	-45	-56	-49	-54
Consumer prices, past 12 months	5	12	-1	-3	-7	-13	-13	-16	-18	-19	-17	-17	-21
Expected consumer prices, next 12 months	4	4	-3	-8	-16	-17	-16	-13	-17	-19	-15	-10	-21
Expected unemployment in Cyprus, next 12 months <sup>5</sup>	-5	-5	42	63	59	51	51	66	60	57	66	62	60
Major purchases at present	-8	-7	-45	-55	-41	-35	-30	-39	-42	-32	-49	-53	-51
Major purchases intentions, next 12 months <sup>4</sup>	-24	-20	-35	-48	-46	-42	-40	-44	-45	-45	-46	-48	-44
Savings at present	-29	-28	-30	-35	-29	-28	-20	-19	-16	-24	-19	-24	-16
Savings intentions, next 12 months	-43	-40	-47	-44	-35	-35	-39	-28	-28	-40	-39	-40	-35
Statement on the current financial condition of household	15	15	13	12	15	17	15	16	21	19	14	14	15
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>					-1	4	7	7	4	6	16	9	12

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> 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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