



BUSINESS AND CONSUMER SURVEYS

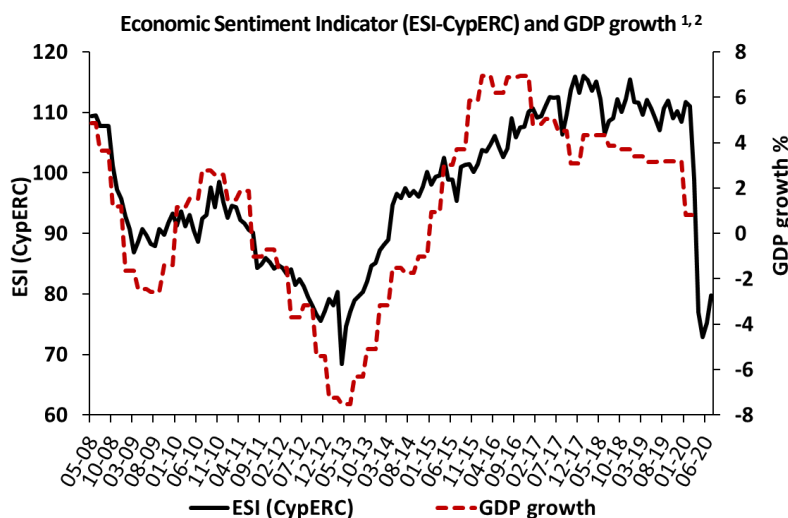
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



July 2020

SUMMARY

- In July 2020, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 4.5 points compared with June 2020. The increase in the ESI-CypERC was driven by confidence improvements in services and among consumers.
- The increase in the Services Confidence Indicator resulted from firms' less adverse assessments of their recent turnover and upward revisions in demand expectations.
- The marginal decrease in the Retail Trade Confidence Indicator was due to worsening views on past sales and current stock levels, despite the upward revisions in sales expectations.
- The Construction Confidence Indicator decreased as firms' assessments of the level of order books deteriorated further and future employment plans were more pessimistic.
- The Industry Confidence Indicator remained unchanged as the improved views on the current level of order books and upward revisions in production expectations were offset by more adverse assessments of the current level of stocks of finished products.
- The improvement in Consumer Confidence Indicator was mainly driven by upward revisions in consumers' expectations about their future financial conditions and the future economic conditions in Cyprus.
- In July, uncertainty in services, construction and industry declined; the largest decrease was recorded in services. Uncertainty among firms in the retail trade sector and among consumers increased. Uncertainty in all sectors and among consumers remains elevated compared to a similar period in 2019.



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						
	7	8	9	10	11	12	1	2	3	4	5	6	7
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	107.1	110.7	111.9	109.1	110.2	108.4	111.7	111.0	98.9	77.0	72.9	75.2	79.7
SERVICES													
Services Confidence Indicator ³	19	30	33	26	29	24	32	29	6	-48	-64	-63	-50
Business situation, past 3 months ⁴	15	29	34	30	33	31	38	44	29	-27	-53	-60	-63
Turnover (demand), past 3 months ⁴	20	31	33	26	30	28	33	24	25	-31	-58	-70	-62
Expected turnover (demand), next 3 months ⁴	24	31	31	22	24	13	26	20	-37	-88	-81	-59	-26
Employment, past 3 months	-4	-4	7	2	-10	-9	3	-6	-4	-5	-10	-17	2
Expected employment, next 3 months	4	8	15	5	-2	-7	1	11	-4	-7	-4	-2	7
Expected selling prices, next 3 months	-2	2	7	10	1	3	1	5	-7	-28	-26	-18	-15
Uncertainty: difficulty predicting business situation ^{5,6}		-10									45	63	40
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-3	-2	-3	-4	-6	-5	-4	-2	-5	-25	-35	-29	-31
Business activity (sales), past 3 months ⁴	-16	-21	-20	-18	-17	-14	-22	-12	-7	-26	-48	-52	-53
Stock of goods ⁴	-1	-7	2	-1	-2	2	3	0	1	-10	-1	-18	-12
Expected business activity (sales), next 3 months ⁴	7	7	12	6	-2	2	14	6	-8	-61	-58	-54	-51
Orders placed with suppliers, next 3 months	5	0	4	-4	-6	2	6	0	-5	-50	-51	-52	-48
Expected employment, next 3 months	0	1	2	-1	1	-2	1	2	2	-2	0	-1	0
Expected selling prices, next 3 months	5	5	5	1	8	11	15	8	8	-6	-2	0	2
Uncertainty: difficulty predicting business situation ^{5,6}		46									57	53	57
CONSTRUCTION													
Construction Confidence Indicator ³	-6	-3	-2	-2	0	2	-5	1	-9	-9	-13	-13	-18
Building activity, past 3 months	21	24	23	24	29	19	25	21	13	-5	-48	-39	-33
Current overall order books ⁴	-21	-20	-16	-13	-12	-7	-20	-14	-18	-22	-27	-31	-37
Expected employment, next 3 months ⁴	8	15	11	9	12	11	11	15	-1	3	1	5	1
Expected selling prices, next 3 months	13	17	23	11	19	16	12	16	10	-9	-8	-6	8
Uncertainty: difficulty predicting business situation ^{5,6}		11									60	53	46
INDUSTRY													
Industrial Confidence Indicator ³	5	3	7	9	10	8	10	10	3	-43	-36	-28	-28
Production, past 3 months	10	1	8	18	23	20	20	22	24	-21	-66	-63	-66
Current overall order books ⁴	-23	-21	-24	-18	-8	-16	-14	-6	-11	-65	-73	-67	-60
Current export order books	-33	-41	-18	-14	-13	-1	-19	-2	-6	-83	-45	-21	-60
Stock of finished products ⁴	-17	-13	-21	-12	-7	-8	-22	-20	-15	-10	-32	-20	-9
Expected production, next 3 months ⁴	20	18	23	31	30	32	21	16	5	-75	-67	-38	-31
Expected employment, next 3 months ⁵	2	0	0	9	7	6	4	6	4	-5	-2	-1	0
Expected selling prices, next 3 months	4	1	3	3	4	3	6	10	1	-1	-1	-3	6
Uncertainty: difficulty predicting business situation ^{5,6}		15									61	53	51
CONSUMERS													
Consumer Confidence Indicator ³	-6	-7	-4	-9	-7	-7	-6	-4	-23	-33	-29	-24	-21
Financial situation of household, past 12 months ⁴	-7	-5	-4	-5	-2	-2	-3	-4	-2	-1	-8	-14	-13
Expected financial situation of household, next 12 months ⁴	-1	3	4	-1	-1	3	3	4	-16	-27	-17	-8	-5
General economic situation in Cyprus, past 12 months	6	4	8	2	9	9	7	7	20	15	-2	-25	-32
Expected general economic situation in Cyprus, next 12 months ⁴	2	-2	4	-3	-1	1	2	2	-37	-54	-45	-30	-25
Consumer prices, past 12 months	4	-1	2	3	-2	1	5	12	-1	-3	-7	-13	-13
Expected consumer prices, next 12 months	-2	-3	0	0	-5	3	4	4	-3	-8	-16	-17	-16
Expected unemployment in Cyprus, next 12 months ⁵	-9	-4	-4	-1	-6	-6	-5	-5	42	63	59	51	51
Major purchases at present	-20	-13	-13	-18	-11	-7	-8	-7	-45	-55	-41	-35	-30
Major purchases intentions, next 12 months ⁴	-18	-25	-22	-27	-24	-28	-24	-20	-35	-48	-46	-42	-40
Savings at present	-28	-31	-22	-33	-30	-22	-29	-28	-30	-35	-29	-28	-20
Savings intentions, next 12 months	-38	-38	-41	-46	-47	-38	-43	-40	-47	-44	-35	-35	-39
Statement on the current financial condition of household	11	18	13	13	13	19	15	15	13	12	15	17	15
Uncertainty: difficulty predicting household's financial situation ^{5,6}		-5									-1	4	7

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 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. The data for 2019 refer to the average of the balances over the period May – August.



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