



BUSINESS AND CONSUMER SURVEYS

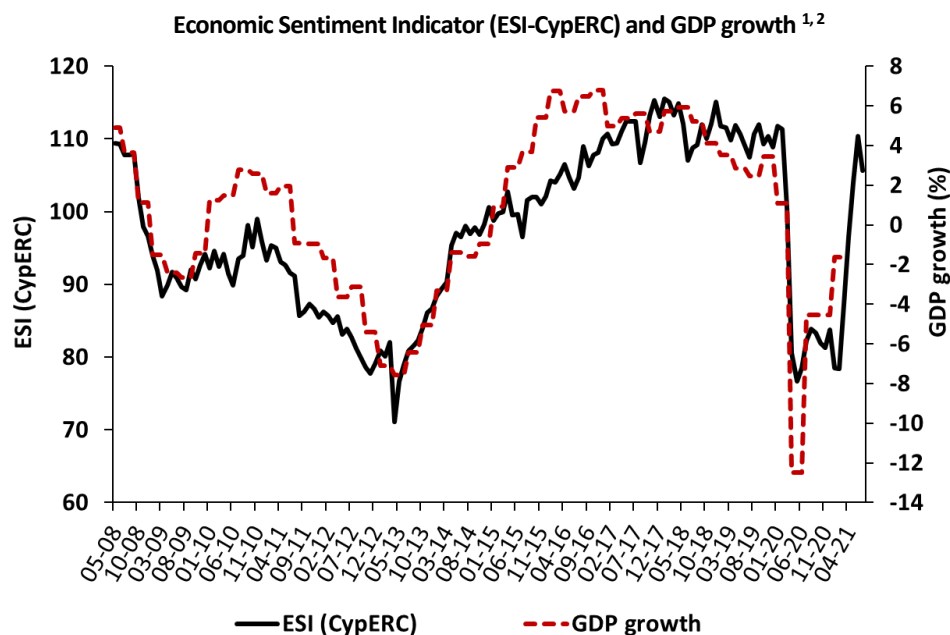
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



July 2021

SUMMARY

- In July 2021, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 4.7 points compared with June 2021. The decrease in the ESI-CypERC mainly resulted from weaker business confidence in services and lower consumer confidence.
- The decrease in the Services Confidence Indicator was driven by firms' less favourable views on past demand and downward revisions in demand expectations.
- The Retail Trade Confidence Indicator decreased marginally as a result of downward revisions in sales expectations.
- The marginal increase in the Construction Confidence Indicator was due to upward revisions in employment expectations.
- The Industry Confidence Indicator rose marginally mainly because of upward revisions in production expectations.
- The decline in the Consumer Confidence Indicator was largely driven by a deterioration in the forward-looking components of the Indicator. In July, consumers revised their expectations about their financial conditions and the economic conditions in Cyprus downwards; moreover, consumers' intentions to make major purchases weakened.
- In July, uncertainty among firms in all sectors, as well as among consumers increased.



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).

The Economics Research Centre of the University of Cyprus (CypERC) and RAI Consultants Ltd participate in the Joint Harmonised European Union Programme of Business and Consumer Surveys. CypERC acknowledges funding from the European Union, the Ministry of Finance and the University of Cyprus for conducting the project "Business and Consumer Surveys" in Cyprus.

Co-funded by
the European Union





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Indicators and balances ¹

Month	2020						2021						
	7	8	9	10	11	12	1	2	3	4	5	6	7
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	82.3	83.8	83.3	81.9	81.3	83.7	78.5	78.4	87.3	96.5	104.1	110.3	105.6
SERVICES													
Services Confidence Indicator ³	-50	-43	-44	-49	-47	-42	-55	-58	-32	-6	15	35	23
Business situation, past 3 months ⁴	-63	-59	-34	-51	-42	-49	-56	-62	-47	-29	-2	20	23
Turnover (demand), past 3 months ⁴	-62	-55	-53	-45	-51	-48	-54	-63	-45	-16	1	29	24
Expected turnover (demand), next 3 months ⁴	-26	-15	-45	-51	-47	-30	-56	-48	-6	27	47	54	23
Employment, past 3 months	2	9	-5	-1	1	1	-12	-9	-13	0	2	4	-5
Expected employment, next 3 months	7	-4	4	11	5	-3	-15	-15	-10	-3	2	6	6
Expected selling prices, next 3 months	-15	-10	-7	-14	-6	-9	-4	-18	-10	-1	7	5	4
Uncertainty: difficulty predicting business situation ^{5,6}	40	59	48	32	44	58	62	67	42	65	45	32	46
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-31	-25	-25	-28	-28	-25	-28	-29	-26	-20	-11	-7	-8
Business activity (sales), past 3 months ⁴	-53	-54	-51	-50	-51	-50	-54	-49	-49	-47	-49	-37	-39
Stock of goods ⁴	-12	-21	-19	-19	-20	-25	-17	-18	-22	-21	-24	-11	-14
Expected business activity (sales), next 3 months ⁴	-51	-43	-43	-52	-55	-50	-45	-56	-52	-33	-9	4	2
Orders placed with suppliers, next 3 months	-48	-41	-42	-49	-55	-52	-48	-49	-51	-36	-14	-1	-7
Expected employment, next 3 months	0	-2	-1	1	0	0	0	-2	0	0	-1	1	0
Expected selling prices, next 3 months	2	3	5	2	1	4	1	-3	3	-1	9	10	23
Uncertainty: difficulty predicting business situation ^{5,6}	57	60	71	76	80	78	77	67	68	62	65	57	67
CONSTRUCTION													
Construction Confidence Indicator ³	-18	-14	-18	-11	-25	-20	-25	-25	-22	-23	-15	-18	-17
Building activity, past 3 months	-33	-9	-15	-9	-32	-24	-34	-34	-39	-24	-4	-3	-13
Current overall order books ⁴	-37	-26	-32	-22	-44	-38	-44	-42	-46	-44	-36	-35	-41
Expected employment, next 3 months ⁴	1	-2	-3	-1	-7	-2	-6	-7	1	-2	5	-1	7
Expected selling prices, next 3 months	8	5	-4	2	-2	-8	-1	1	0	11	20	29	50
Uncertainty: difficulty predicting business situation ^{5,6}	46	44	38	52	66	57	57	52	56	43	41	33	52
INDUSTRY													
Industrial Confidence Indicator ³	-28	-24	-28	-29	-28	-29	-34	-35	-37	-24	-15	-13	-12
Production, past 3 months	-66	-56	-59	-61	-57	-60	-56	-53	-65	-58	-38	-28	-23
Current overall order books ⁴	-60	-61	-61	-62	-67	-70	-64	-69	-67	-55	-52	-53	-52
Current export order books	-60	-66	-51	-70	-69	-62	-68	-78	-82	-69	-54	-68	-50
Stock of finished products ⁴	-9	-14	-13	-18	-23	-33	-20	-30	-20	-17	-21	-22	-21
Expected production, next 3 months ⁴	-31	-26	-37	-44	-39	-52	-57	-66	-66	-34	-14	-7	-4
Expected employment, next 3 months ⁵	0	-1	-1	-2	-3	-1	-2	-2	0	0	1	0	1
Expected selling prices, next 3 months	6	-1	-1	-1	-1	-3	-4	1	-2	1	3	1	10
Uncertainty: difficulty predicting business situation ^{5,6}	51	49	62	60	68	73	76	64	69	60	61	56	57
CONSUMERS													
Consumer Confidence Indicator ³	-21	-31	-29	-29	-35	-33	-35	-32	-23	-18	-18	-13	-23
Financial situation of household, past 12 months ⁴	-13	-17	-15	-15	-18	-20	-20	-22	-24	-20	-19	-13	-16
Expected financial situation of household, next 12 months ⁴	-5	-15	-12	-10	-20	-15	-20	-14	-4	-5	-3	0	-8
General economic situation in Cyprus, past 12 months	-32	-44	-44	-49	-58	-64	-68	-67	-72	-71	-71	-56	-59
Expected general economic situation in Cyprus, next 12 months ⁴	-25	-48	-43	-45	-56	-49	-54	-45	-29	-19	-19	-11	-31
Consumer prices, past 12 months	-13	-16	-18	-19	-17	-17	-21	-25	-20	-17	-17	-13	6
Expected consumer prices, next 12 months	-16	-13	-17	-19	-15	-10	-21	-16	-13	-9	-9	-12	7
Expected unemployment in Cyprus, next 12 months ⁵	51	66	60	57	66	62	60	48	40	36	23	13	40
Major purchases at present	-30	-39	-42	-32	-49	-53	-51	-42	-35	-31	-38	-32	-41
Major purchases intentions, next 12 months ⁴	-40	-44	-45	-45	-46	-48	-44	-46	-35	-31	-31	-30	-37
Savings at present	-20	-19	-16	-24	-19	-24	-16	-23	-19	-21	-21	-19	-15
Savings intentions, next 12 months	-39	-28	-28	-40	-39	-40	-35	-31	-32	-38	-33	-33	-33
Statement on the current financial condition of household	15	16	21	19	14	14	15	18	17	14	15	17	16
Uncertainty: difficulty predicting household's financial situation ^{5,6}	7	7	4	6	16	9	12	4	2	0	6	-4	-1

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.



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This bulletin publishes results from Business and Consumer Surveys conducted in Cyprus as part of the Joint Harmonised European Union Programme of Business and Consumer Surveys. This bulletin reflects only the authors' views* and the European Commission is not responsible for any use that may be made of the information it contains.

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