



BUSINESS AND CONSUMER SURVEYS

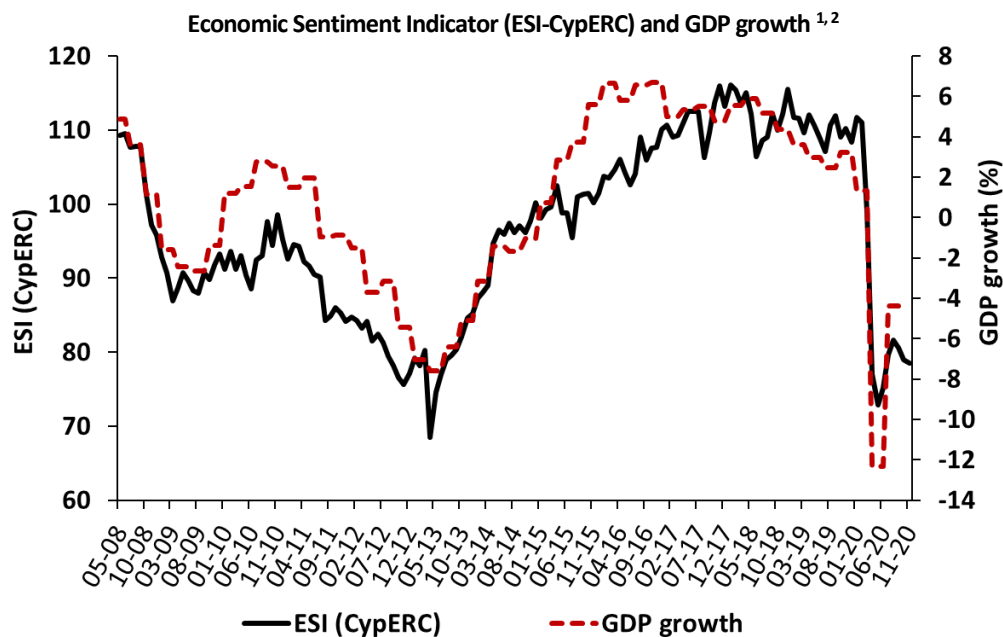
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



November 2020

SUMMARY

- In November 2020, economic sentiment in Cyprus deteriorated slightly as the Economic Sentiment Indicator (ESI-CypERC) decreased by 0.5 points compared with October 2020. The decrease in the ESI-CypERC resulted from the weakening of business confidence in construction and the worsening of consumer confidence.
- The marginal increase in the Services Confidence Indicator was driven by firms' more favourable views on their past business situation and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator remained unchanged compared with October; firms' assessments of past sales and current stock levels, as well as sales expectations stayed broadly stable.
- The decrease in the Construction Confidence Indicator was driven by a deterioration in firms' assessments of the levels of order books and downward revisions in employment expectations.
- The Industry Confidence Indicator increased marginally due to more favourable assessments of the current levels of finished goods stocks and upward revisions in production expectations.
- The Consumer Confidence Indicator fell to its lowest level since April. In November, consumers assessed their recent financial conditions more negatively; also, consumers revised their expectations about their future financial conditions and the future economic conditions in Cyprus downwards. In November, consumers' intentions to make major purchases weakened marginally.



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										
	11	12	1	2	3	4	5	6	7	8	9	10	11
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	110.2	108.4	111.7	111.0	98.9	77.0	72.9	75.2	79.7	81.6	80.6	79.0	78.5
SERVICES													
Services Confidence Indicator ³	29	24	32	29	6	-48	-64	-63	-50	-43	-44	-49	-47
Business situation, past 3 months ⁴	33	31	38	44	29	-27	-53	-60	-63	-59	-34	-51	-42
Turnover (demand), past 3 months ⁴	30	28	33	24	25	-31	-58	-70	-62	-55	-53	-45	-51
Expected turnover (demand), next 3 months ⁴	24	13	26	20	-37	-88	-81	-59	-26	-15	-45	-51	-47
Employment, past 3 months	-10	-9	3	-6	-4	-5	-10	-17	2	9	-5	-1	1
Expected employment, next 3 months	-2	-7	1	11	-4	-7	-4	-2	7	-4	4	11	5
Expected selling prices, next 3 months	1	3	1	5	-7	-28	-26	-18	-15	-10	-7	-14	-6
Uncertainty: difficulty predicting business situation ^{5,6}	-10						45	63	40	59	48	32	44
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-6	-5	-4	-2	-5	-25	-35	-29	-31	-25	-25	-28	-28
Business activity (sales), past 3 months ⁴	-17	-14	-22	-12	-7	-26	-48	-52	-53	-54	-51	-50	-51
Stock of goods ⁴	-2	2	3	0	1	-10	-1	-18	-12	-21	-19	-19	-20
Expected business activity (sales), next 3 months ⁴	-2	2	14	6	-8	-61	-58	-54	-51	-43	-43	-52	-55
Orders placed with suppliers, next 3 months	-6	2	6	0	-5	-50	-51	-52	-48	-41	-42	-49	-55
Expected employment, next 3 months	1	-2	1	2	2	-2	0	-1	0	-2	-1	1	0
Expected selling prices, next 3 months	8	11	15	8	8	-6	-2	0	2	3	5	2	1
Uncertainty: difficulty predicting business situation ^{5,6}	46						57	53	57	60	71	76	80
CONSTRUCTION													
Construction Confidence Indicator ³	0	2	-5	1	-9	-9	-13	-13	-18	-14	-18	-11	-25
Building activity, past 3 months	29	19	25	21	13	-5	-48	-39	-33	-8	-15	-9	-32
Current overall order books ⁴	-12	-7	-20	-14	-18	-22	-27	-31	-37	-27	-32	-22	-44
Expected employment, next 3 months ⁴	12	11	11	15	-1	3	1	5	1	-2	-3	-1	-7
Expected selling prices, next 3 months	19	16	12	16	10	-9	-8	-6	8	6	-4	2	-2
Uncertainty: difficulty predicting business situation ^{5,6}	11						60	53	46	44	38	52	66
INDUSTRY													
Industrial Confidence Indicator ³	10	8	10	10	3	-43	-36	-28	-28	-24	-28	-29	-28
Production, past 3 months	23	20	20	22	24	-21	-66	-63	-66	-56	-59	-61	-57
Current overall order books ⁴	-8	-16	-14	-6	-11	-65	-73	-67	-60	-61	-61	-62	-67
Current export order books	-13	-1	-19	-2	-6	-83	-45	-21	-60	-66	-51	-70	-69
Stock of finished products ⁴	-7	-8	-22	-20	-15	-10	-32	-20	-9	-14	-13	-18	-23
Expected production, next 3 months ⁴	30	32	21	16	5	-75	-67	-38	-31	-26	-37	-44	-39
Expected employment, next 3 months ⁵	7	6	4	6	4	-5	-2	-1	0	-1	-1	-2	-3
Expected selling prices, next 3 months	4	3	6	10	1	-1	-1	-3	6	-1	-1	-1	-1
Uncertainty: difficulty predicting business situation ^{5,6}	15						61	53	51	49	62	60	68
CONSUMERS													
Consumer Confidence Indicator ³	-7	-7	-6	-4	-23	-33	-29	-24	-21	-31	-29	-29	-35
Financial situation of household, past 12 months ⁴	-2	-2	-3	-4	-2	-1	-8	-14	-13	-17	-15	-15	-18
Expected financial situation of household, next 12 months ⁴	-1	3	3	4	-16	-27	-17	-8	-5	-15	-12	-10	-20
General economic situation in Cyprus, past 12 months	9	9	7	7	20	15	-2	-25	-32	-44	-44	-49	-58
Expected general economic situation in Cyprus, next 12 months ⁴	-1	1	2	2	-37	-54	-45	-30	-25	-48	-43	-45	-56
Consumer prices, past 12 months	-2	1	5	12	-1	-3	-7	-13	-13	-16	-18	-19	-17
Expected consumer prices, next 12 months	-5	3	4	4	-3	-8	-16	-17	-16	-13	-17	-19	-15
Expected unemployment in Cyprus, next 12 months ⁵	-6	-6	-5	-5	42	63	59	51	51	66	60	57	66
Major purchases at present	-11	-7	-8	-7	-45	-55	-41	-35	-30	-39	-42	-32	-49
Major purchases intentions, next 12 months ⁴	-24	-28	-24	-20	-35	-48	-46	-42	-40	-44	-45	-45	-46
Savings at present	-30	-22	-29	-28	-30	-35	-29	-28	-20	-19	-16	-24	-19
Savings intentions, next 12 months	-47	-38	-43	-40	-47	-44	-35	-35	-39	-28	-28	-40	-39
Statement on the current financial condition of household	13	19	15	15	13	12	15	17	15	16	21	19	14
Uncertainty: difficulty predicting household's financial situation ^{5,6}	-5						-1	4	7	7	4	6	16

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.



Economics Research Centre

University of Cyprus

P.O. box 20537, 1678 Nicosia, CYPRUS

Telephone: 22893660, Fax: 22895027

Email: erc@ucy.ac.cy

Website: www.erc.ucy.ac.cy

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* Christiana Anaxagorou (email: anaxagorou.christiana@ucy.ac.cy)

* Marianna Charalambous (email: charalambous.a.marianna@ucy.ac.cy)

* Efi Kalorkoti (email: kalorkoti.efi@ucy.ac.cy)

* Nicoletta Pashourtidou (email: n.pashourtidou@ucy.ac.cy)

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