



BUSINESS AND CONSUMER SURVEYS

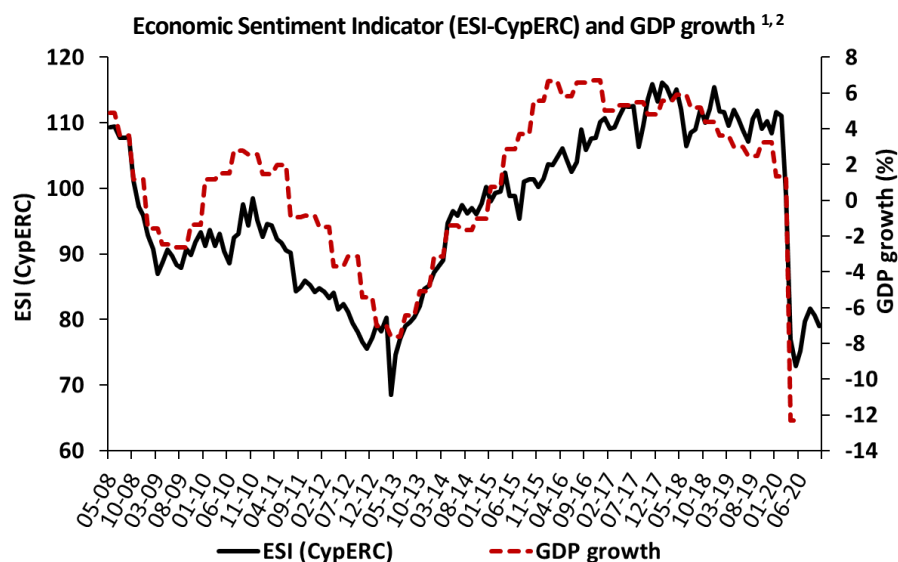
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



October 2020

SUMMARY

- In October 2020, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.6 points compared with September 2020. The decrease in the ESI-CypERC resulted from weaker business confidence in services, retail trade and, to a smaller degree, in industry.
- The decrease in the Services Confidence Indicator resulted from the deterioration of firms' views on their past business situation and downward revisions in demand expectations.
- The Retail Trade Confidence Indicator declined due to firms' more pessimistic views on their sales over the next three months.
- The increase in the Construction Confidence Indicator was driven by an improvement in firms' assessments of the levels of order books and upward revisions in employment expectations.
- The Industry Confidence Indicator decreased marginally due to downward revisions in production expectations, despite improved assessments of the current level of stocks of finished products.
- The Consumer Confidence Indicator remained unchanged as the upward revisions in consumers' expectations about their financial conditions were offset by the downward revisions in their expectations about the general economic conditions in the country.



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									
	10	11	12	1	2	3	4	5	6	7	8	9	10
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	109.1	110.2	108.4	111.7	111.0	98.9	77.0	72.9	75.2	79.7	81.6	80.6	79.0
SERVICES													
Services Confidence Indicator ³	26	29	24	32	29	6	-48	-64	-63	-50	-43	-44	-49
Business situation, past 3 months ⁴	30	33	31	38	44	29	-27	-53	-60	-63	-59	-34	-51
Turnover (demand), past 3 months ⁴	26	30	28	33	24	25	-31	-58	-70	-62	-55	-53	-45
Expected turnover (demand), next 3 months ⁴	22	24	13	26	20	-37	-88	-81	-59	-26	-15	-45	-51
Employment, past 3 months	2	-10	-9	3	-6	-4	-5	-10	-17	2	9	-5	-1
Expected employment, next 3 months	5	-2	-7	1	11	-4	-7	-4	-2	7	-4	4	11
Expected selling prices, next 3 months	10	1	3	1	5	-7	-28	-26	-18	-15	-10	-7	-14
Uncertainty: difficulty predicting business situation ^{5,6}		-10						45	63	40	59	48	32
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-4	-6	-5	-4	-2	-5	-25	-35	-29	-31	-25	-25	-28
Business activity (sales), past 3 months ⁴	-18	-17	-14	-22	-12	-7	-26	-48	-52	-53	-54	-51	-50
Stock of goods ⁴	-1	-2	2	3	0	1	-10	-1	-18	-12	-21	-19	-19
Expected business activity (sales), next 3 months ⁴	6	-2	2	14	6	-8	-61	-58	-54	-51	-43	-43	-52
Orders placed with suppliers, next 3 months	-4	-6	2	6	0	-5	-50	-51	-52	-48	-41	-42	-49
Expected employment, next 3 months	-1	1	-2	1	2	2	-2	0	-1	0	-2	-1	1
Expected selling prices, next 3 months	1	8	11	15	8	8	-6	-2	0	2	3	5	2
Uncertainty: difficulty predicting business situation ^{5,6}		46						57	53	57	60	71	76
CONSTRUCTION													
Construction Confidence Indicator ³	-2	0	2	-5	1	-9	-9	-13	-13	-18	-14	-18	-11
Building activity, past 3 months	24	29	19	25	21	13	-5	-48	-39	-33	-8	-15	-9
Current overall order books ⁴	-13	-12	-7	-20	-14	-18	-22	-27	-31	-37	-27	-32	-22
Expected employment, next 3 months ⁴	9	12	11	11	15	-1	3	1	5	1	-2	-3	-1
Expected selling prices, next 3 months	11	19	16	12	16	10	-9	-8	-6	8	6	-4	2
Uncertainty: difficulty predicting business situation ^{5,6}		11						60	53	46	44	38	52
INDUSTRY													
Industrial Confidence Indicator ³	9	10	8	10	10	3	-43	-36	-28	-28	-24	-28	-29
Production, past 3 months	18	23	20	20	22	24	-21	-66	-63	-66	-56	-59	-61
Current overall order books ⁴	-18	-8	-16	-14	-6	-11	-65	-73	-67	-60	-61	-61	-62
Current export order books	-14	-13	-1	-19	-2	-6	-83	-45	-21	-60	-66	-51	-70
Stock of finished products ⁴	-12	-7	-8	-22	-20	-15	-10	-32	-20	-9	-14	-13	-18
Expected production, next 3 months ⁴	31	30	32	21	16	5	-75	-67	-38	-31	-26	-37	-44
Expected employment, next 3 months ⁵	9	7	6	4	6	4	-5	-2	-1	0	-1	-1	-2
Expected selling prices, next 3 months	3	4	3	6	10	1	-1	-1	-3	6	-1	-1	-1
Uncertainty: difficulty predicting business situation ^{5,6}		15						61	53	51	49	62	60
CONSUMERS													
Consumer Confidence Indicator ³	-9	-7	-7	-6	-4	-23	-33	-29	-24	-21	-31	-29	-29
Financial situation of household, past 12 months ⁴	-5	-2	-2	-3	-4	-2	-1	-8	-14	-13	-17	-15	-15
Expected financial situation of household, next 12 months ⁴	-1	-1	3	3	4	-16	-27	-17	-8	-5	-15	-12	-10
General economic situation in Cyprus, past 12 months	2	9	9	7	7	20	15	-2	-25	-32	-44	-44	-49
Expected general economic situation in Cyprus, next 12 months ⁴	-3	-1	1	2	2	-37	-54	-45	-30	-25	-48	-43	-45
Consumer prices, past 12 months	3	-2	1	5	12	-1	-3	-7	-13	-13	-16	-18	-19
Expected consumer prices, next 12 months	0	-5	3	4	4	-3	-8	-16	-17	-16	-13	-17	-19
Expected unemployment in Cyprus, next 12 months ⁵	-1	-6	-6	-5	-5	42	63	59	51	51	66	60	57
Major purchases at present	-18	-11	-7	-8	-7	-45	-55	-41	-35	-30	-39	-42	-32
Major purchases intentions, next 12 months ⁴	-27	-24	-28	-24	-20	-35	-48	-46	-42	-40	-44	-45	-45
Savings at present	-33	-30	-22	-29	-28	-30	-35	-29	-28	-20	-19	-16	-24
Savings intentions, next 12 months	-46	-47	-38	-43	-40	-47	-44	-35	-35	-39	-28	-28	-40
Statement on the current financial condition of household	13	13	19	15	15	13	12	15	17	15	16	21	19
Uncertainty: difficulty predicting household's financial situation ^{5,6}		-5						-1	4	7	7	4	6

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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