

#### **BUSINESS AND CONSUMER SURVEYS**

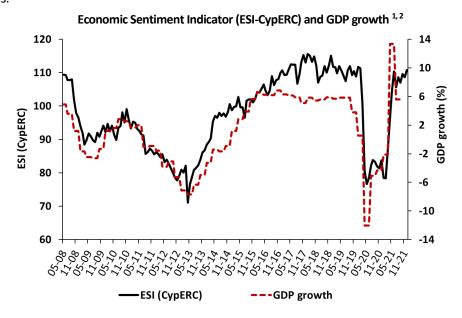
# ECONOMICS RESEARCH CENTRE UNIVERSITY OF CYPRUS



### December 2021

#### **SUMMARY**

- In December 2021, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 2.1 points compared with November 2021. The increase in the ESI-CypERC resulted from stronger business confidence in services, construction and industry.
- The increase in the Services Confidence Indicator was mainly driven by upward revisions in demand expectations.
- The Retail Trade Confidence Indicator remained unchanged as the improved views on past and future sales were offset by a deterioration in the assessments of current stock levels.
- The Construction Confidence Indicator improved slightly as a result of upward revisions in employment expectations, despite a deterioration in the assessments of the current levels of order books.
- The rise in the Industry Confidence Indicator resulted from more favourable views on the current levels of order books, as well as upward revisions in production expectations.
- The Consumer Confidence Indicator decreased marginally as consumers' intentions for making major purchases in the near future weakened significantly.
- In December, uncertainty among firms decreased, while uncertainty among consumers stayed at the level registered in November. Nevertheless, business uncertainty remains very high, particularly in the sectors of retail trade and industry.
- Selling price expectations remained at very high levels in December, despite some downward revisions.



#### Notes

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.







1

<sup>&</sup>lt;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>&</sup>lt;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>

No.   Process		2020	malcators and balances						21					
Services Confidence indicator   42	Month		1	2	3	4	5			8	9	10	11	12
Services Confidence indicator   42	ECONOMIC SENTIMENT INDICATOR (ESI CypERC) <sup>2</sup>	83.7	78.5	78.4	87.3	96.5	104.1	110.3	105.6	108.6	107.1	109.6	108.6	110.7
Sealmest statisting past 3 months   49														
Common   C	Services Confidence Indicator <sup>3</sup>	-42	-55	-58	-32	-6	15	35	23	31	25	33	32	37
Mathematic   Mat								20						15
Employment, paxt 3 months		-48	-54	-63	-45	-16	1	29	24	33	28	30	39	44
Emplyment, past 3 months 1 1 21 9 9 13 0 1 2 4 5 6 6 1 1 7 9 9 20 Lapected employment, next 3 months 3 15 15 15 10 3 2 16 6 1 1 7 3 3 10 10 10 10 10 10 10 10 10 10 10 10 10		-30	-56	-48	-6	27	47	54	23	34	41	60	31	53
Directarinty: difficulty predicting business situation   5		1	-12	-9	-13	0	2	4	-5	-6	-6	-17	-9	-20
Name   Part   Continuity   Co	Expected employment, next 3 months	-3	-15	-15	-10	-3	2	6	6	5	6	11	7	-3
Retail Trade Confidence indicator   25   28   29   26   20   11   37   39   29   20   21   38   33   33   33   38   34   34   34	Expected selling prices, next 3 months	-9	-4	-18	-10	-1	7	5	4	6	11	9	19	10
Part   Trade Confidence Indicator   25	Uncertainty: difficulty predicting business situation 5,6	58	62	67	42	65	45	32	46	41	39	35	49	32
Succision   Succ	RETAIL TRADE													
Stock of goods   1,7   1,8   1,2   1,1   1,8   1,2   1,1   1,4   1,1   1,4   1,5   1,2   1,7   1,6   1,1   1,4   1,5   1,1   1,4   1,4   1,5   1,4   1	Retail Trade Confidence Indicator <sup>3</sup>	-25	-28	-29	-26	-20	-11	-7	-8	-6	-5	-3	-3	-3
Expected business activity (sales), next 3 months	Business activity (sales), past 3 months <sup>4</sup>	-50	-54	-49	-49	-47	-49	-37	-39	-29	-21	-18	-17	-14
Orders placed with suppliers, next 3 months	Stock of goods <sup>4</sup>	-25	-17	-18	-22	-21	-24	-11	-14	-15	-12	-17	-16	-11
Orders placed with suppliers, next 3 months	Expected business activity (sales), next 3 months <sup>4</sup>	-50	-45	-56	-52	-33	-9	4	2	-2	-8	-8	-8	-6
Expected selling prices, next 3 months		-52	-48	-49	-51	-36	-14	-1	-7	-11	-12	-15	-11	-14
Uncertainty: difficulty predicting business situation \( \frac{\chick}{6} \) 78 \( \frac{\chick}{7} \) 79 \( \frac{\chick}		0	0	-2	0	0	-1	1	0	0	-1	-1	-1	2
Construction Confidence Indicator   20	Expected selling prices, next 3 months	4	1	-3	3	-1	9	10	23	37	45	70	68	68
Construction Confidence Indicator	Uncertainty: difficulty predicting business situation 5,6	78	77	67	68	62	65	57	67	76	72	71	77	73
Building activity, past 3 months	CONSTRUCTION													
Current overall order books	Construction Confidence Indicator <sup>3</sup>	-20	-25	-25	-22	-23	-15	-18	-17	-17	-20	-16	-19	-17
Expected employment, next 3 months	Building activity, past 3 months	-24	-34	-34	-39	-24	-4	-3	-13	-15	-17	-20	-17	-11
Expected selling prices, next 3 months	Current overall order books <sup>4</sup>	-38	-44	-42	-46	-44	-36	-35	-41	-39	-37	-34	-37	-39
Uncertainty: difficulty predicting business situation \$.6	Expected employment, next 3 months <sup>4</sup>	-2	-6	-7	1	-2	5	-1	7	4	-2	1	0	6
Industrial Confidence Indicator <sup>3</sup> -29 -34 -35 -37 -24 -15 -13 -12 -12 -10 -8 -8 -38 -38 -38 -38 -28 -33 -12 -20 -30 -55 -52 -53 -52 -53 -52 -53 -52 -53 -52 -53 -52 -59 -49 -43 -44 -36 -46 -46 -67 -55 -52 -53 -52 -53 -52 -53 -52 -53 -52 -53 -52 -53 -52 -59 -49 -43 -44 -36 -43 -46 -43 -46 -43 -46 -46 -46 -46 -46 -46 -46 -46 -46 -46	Expected selling prices, next 3 months	-8	-1	1	0	11	20	29	50	56	54	67	77	76
Industrial Confidence Indicator <sup>3</sup> 2-9 3-4 3-5 3-7 2-4 1-15 1-3 1-12 1-12 1-10 8-8 1-8 3-9 Production, past 3 months 6-0 5-6 5-5 3-65 5-5 8-38 3-8 2-8 2-3 2-3 1-12 2-2 0 5-5 Current overall order books <sup>4</sup> 7-0 6-4 6-9 6-6 7-5 5-5 5-5 5-2 5-3 5-5 5-5 3-5 5-5 3-8 3-8 1-6 4-3 3-4 3-6 Current export order books 6-2 6-8 7-8 8-82 6-9 5-4 6-8 5-5 5-2 3-8 1-6 4-3 4-6 Stock of finished products <sup>4</sup> 3-3 2-0 3-0 2-0 1-7 2-1 2-2 2-1 3-0 2-7 2-6 2-2 2-2 Expected production, next 3 months <sup>4</sup> 5-5 2-5 7-66 6-66 3-4 1-1 7-2 1-2 2-1 3-0 2-7 2-6 2-2 2-2 Expected employment, next 3 months 3-1 2-2 2-2 0-0 0 1-1 0 1-1 1-1 1-1 3-1 3-0 Expected selling prices, next 3 months 3-3 4-4 1-2 1-3 3-1 1-0 1-0 1-1 1-1 1-1 3-3 0 Expected selling prices, next 3 months 3-3 4-4 1-2 1-3 3-1 1-0 1-0 1-1 1-1 1-1 3-3 5-8 5-6 CMSUMEES  Consumer Confidence Indicator <sup>3</sup> 3-3 3-35 3-32 2-3 1-18 1-18 1-13 2-3 2-0 1-17 2-0 1-19 2-0 1-19 2-0 1-19 1-19 1-11 3-1 1-1 1-1 1-1 1-1 1-1 1-1 1-1 1-	Uncertainty: difficulty predicting business situation 5, 6	57	57	52	56	43	41	33	52	54	38	37	58	46
Production, past 3 months -60 -56 -53 -58 -58 -58 -38 -28 -23 -23 -12 -2 0 5 Current overall order books -70 -64 -69 -67 -55 -52 -53 -52 -53 -52 -59 -49 -43 -44 -36 Current export order books -62 -68 -78 -82 -69 -54 -68 -50 -52 -53 -52 -59 -49 -43 -44 -36 Current export order books -62 -68 -78 -82 -69 -54 -68 -50 -52 -52 -53 -52 -53 -52 -59 -49 -43 -44 -36 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -43 -46 -47 -46 -7 -7 -6 -7 -6 -3 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7	INDUSTRY													
Current overall order books 4	Industrial Confidence Indicator <sup>3</sup>	-29	-34	-35	-37	-24	-15	-13	-12	-12	-10	-8	-8	-3
Current export order books  -62 -68 -78 -82 -69 -54 -68 -50 -52 -38 -16 -43 -46 Stock of finished products <sup>4</sup> -33 -20 -30 -20 -17 -21 -22 -21 -30 -27 -26 -22 -22 -22 -22 -22 -22 -22 -22 -22	Production, past 3 months	-60	-56	-53	-65	-58	-38	-28	-23	-23	-12	-2	0	5
Stock of finished products <sup>4</sup> -33 -20 -30 -20 -17 -21 -22 -21 -30 -27 -26 -22 -22 -22 -22 -22 -22 -22 -22 -22	Current overall order books <sup>4</sup>	-70	-64	-69	-67	-55	-52	-53	-52	-59	-49	-43	-44	-36
Expected production, next 3 months 4 5-2 5-57 6-66 6-66 -34 -14 -7 -4 -6 -7 -6 -3 7  Expected employment, next 3 months 5 1-1 2-2 2-2 0 0 0 1 0 1 0 1 1 1 1 1 1 3 0  Expected selling prices, next 3 months 3 -3 4 1 2-2 1 3 1 10 10 27 38 58 56  Uncertainty: difficulty predicting business situation 5.6 73 76 64 69 60 61 56 57 66 71 66 76 72  CONSUMERS  Consumer Confidence Indicator 3 -33 -35 -32 -23 -18 -18 -18 -13 -23 -20 -17 -20 -19 -20  Financial situation of household, past 12 months 4 -20 -20 -22 -24 -20 -19 -13 -16 -16 -16 -16 -15 -18 -15  Expected financial situation in Cyprus, past 12 months 6-4 -68 -67 -72 -71 -71 -56 -59 -52 -48 -41 -40 -36  Expected general economic situation in Cyprus, next 12 months 6-4 -45 -29 -19 -19 -11 -31 -26 -20 -20 -24 -23 -22  Expected general economic situation in Cyprus, next 12 months 6-4 -45 -29 -19 -19 -11 -31 -26 -20 -20 -24 -23 -22  Expected consumer prices, past 12 months 6-10 -17 -21 -25 -20 -17 -17 -17 -18 -6 -29 -19 -19 -11 -31 -26 -20 -20 -24 -23 -22  Expected consumer prices, next 12 months 6-10 -21 -16 -13 -9 -9 -9 -12 7 18 -14 -14 -17 -18 -17 -18 -18 -19 -19 -19 -19 -19 -19 -19 -19 -19 -19	Current export order books	-62	-68	-78	-82	-69	-54	-68	-50	-52	-38	-16	-43	-46
Expected employment, next 3 months	Stock of finished products <sup>4</sup>	-33	-20	-30	-20	-17	-21	-22	-21	-30	-27	-26	-22	-22
Expected selling prices, next 3 months	Expected production, next 3 months <sup>4</sup>	-52	-57	-66	-66	-34	-14	-7	-4	-6	-7	-6	-3	7
Uncertainty: difficulty predicting business situation 5.6 73 76 64 69 60 61 56 57 66 71 66 76 72  CONSUMERS  Consumer Confidence Indicator3 -33 -35 -32 -23 -18 -18 -18 -13 -23 -20 -17 -20 -19 -20  Financial situation of household, past 12 months4 -20 -20 -22 -24 -20 -19 -13 -16 -16 -16 -16 -15 -18 -15  Expected financial situation of household, next 12 months4 -15 -20 -14 -4 -5 -3 0 -8 -5 -8 -11 -11 -8  General economic situation in Cyprus, past 12 months -64 -68 -67 -72 -71 -71 -56 -59 -52 -48 -41 -40 -36  Expected general economic situation in Cyprus, next 12 months4 -17 -21 -25 -20 -17 -17 -13 -6 21 -28 -41 -44 -47  Expected consumer prices, past 12 months -17 -21 -25 -20 -17 -17 -13 -6 21 -28 -41 -44 -47  Expected consumer prices, next 12 months -10 -21 -16 -13 -9 -9 -9 -12 -7 -18 -14 -40 -36 -24 -21 -22 -22  Expected unemployment in Cyprus, next 12 months5 -62 -60 -20 -48 -40 -36 -20 -36 -20 -36 -20 -36 -36 -36 -36 -36 -36 -36 -36 -36 -36	Expected employment, next 3 months <sup>5</sup>	-1	-2	-2	0	0	1	0	1	1	1	1	3	0
Consumer Confidence Indicator <sup>3</sup> -33 -35 -32 -23 -18 -18 -13 -23 -20 -17 -20 -19 -20 Financial situation of household, past 12 months <sup>4</sup> -20 -20 -22 -24 -20 -19 -13 -16 -16 -16 -16 -15 -18 -15 Expected financial situation of household, next 12 months <sup>4</sup> -15 -20 -14 -4 -5 -3 0 -8 -5 -8 -11 -11 -8 General economic situation in Cyprus, past 12 months -64 -68 -67 -72 -71 -71 -56 -59 -52 -48 -41 -40 -36 Expected general economic situation in Cyprus, next 12 months -4 -45 -29 -19 -19 -11 -31 -26 -20 -24 -23 -22 Consumer prices, past 12 months -17 -21 -25 -20 -17 -17 -17 -13 -6 -21 -28 -41 -44 -47 Expected consumer prices, next 12 months -10 -21 -16 -13 -9 -9 -9 -12 -7 -18 -14 -40 -36 -20 -22 -22 -24 -23 -22 -24 -25 -25 -25 -25 -25 -25 -25 -25 -25 -25	Expected selling prices, next 3 months	-3	-4	1	-2	1	3	1	10	10	27	38	58	56
Consumer Confidence Indicator <sup>3</sup> -33 -35 -32 -23 -18 -18 -13 -23 -20 -17 -20 -19 -20 Financial situation of household, past 12 months <sup>4</sup> -20 -20 -22 -24 -20 -19 -13 -16 -16 -16 -15 -18 -15 Expected financial situation of household, next 12 months <sup>4</sup> -15 -20 -14 -4 -5 -3 0 -8 -5 -8 -11 -11 -8 General economic situation in Cyprus, past 12 months -64 -68 -67 -72 -71 -71 -56 -59 -52 -48 -41 -40 -36 Expected general economic situation in Cyprus, next 12 months -17 -21 -25 -20 -17 -17 -13 -6 -21 -25 -20 -17 -17 -13 -26 -20 -24 -23 -22 Expected consumer prices, past 12 months -10 -21 -16 -13 -9 -9 -9 -12 -7 -18 -14 -40 -36 -20 -22 -22 -24 -22 -22 -24 -22 -22 -24 -22 -22	Uncertainty: difficulty predicting business situation 5,6	73	76	64	69	60	61	56	57	66	71	66	76	72
Financial situation of household, past 12 months <sup>4</sup> -20 -20 -22 -24 -20 -19 -13 -16 -16 -16 -15 -18 -15 Expected financial situation of household, next 12 months <sup>4</sup> -15 -20 -14 -4 -5 -3 0 -8 -5 -8 -11 -11 -8 General economic situation in Cyprus, past 12 months -64 -68 -67 -72 -71 -71 -56 -59 -52 -48 -41 -40 -36 Expected general economic situation in Cyprus, next 12 months <sup>4</sup> -45 -29 -19 -19 -11 -31 -26 -20 -24 -23 -22 months -17 -21 -25 -20 -17 -17 -13 -6 21 -28 -41 -44 -47 Expected consumer prices, past 12 months -10 -21 -16 -13 -9 -9 -9 -12 -7 -18 -14 -47 -7 -18 -18 -15 -18	CONSUMERS													
Expected financial situation of household, next 12 months <sup>4</sup> -15 -20 -14 -4 -5 -3 0 -8 -5 -8 -11 -11 -8  General economic situation in Cyprus, past 12 months -64 -68 -67 -72 -71 -71 -56 -59 -52 -48 -41 -40 -36  Expected general economic situation in Cyprus, next 12 months -49 -54 -45 -29 -19 -19 -11 -31 -26 -20 -24 -23 -22  Consumer prices, past 12 months -17 -21 -25 -20 -17 -17 -13 -6 21 -28 -41 -44 -47  Expected consumer prices, next 12 months -10 -21 -16 -13 -9 -9 -9 -12 -7 18 14 37 36 20  Expected unemployment in Cyprus, next 12 months -62 -60 -48 -40 -36 -23 -13 -40 -36 -24 -21 -22 -22	Consumer Confidence Indicator <sup>3</sup>	-33	-35	-32	-23	-18	-18	-13	-23	-20	-17	-20	-19	-20
General economic situation in Cyprus, past 12 months	Financial situation of household, past 12 months <sup>4</sup>	-20	-20	-22	-24	-20	-19	-13	-16	-16	-16	-15	-18	-15
Expected general economic situation in Cyprus, next 12 nonths <sup>4</sup> -49  -54  -49  -49  -54  -45  -29  -19  -19  -19  -11  -31  -26  -20  -24  -23  -23  -22  -20  -20  -24  -23  -22  -20  -20  -20  -24  -23  -22  -20  -20  -20  -20  -20  -20	Expected financial situation of household, next 12 months <sup>4</sup>	-15	-20	-14	-4	-5	-3	0	-8	-5	-8	-11	-11	-8
months <sup>4</sup> -49 -54 -45 -29 -19 -19 -11 -31 -26 -20 -24 -23 -22 -20 -24 -23 -22 -25 -20 -17 -17 -13 -6 -21 -28 -41 -44 -47 -25 -20 -17 -17 -13 -13 -26 -20 -24 -23 -22 -25 -20 -17 -17 -13 -13 -26 -20 -20 -24 -23 -22 -25 -20 -17 -17 -13 -18 -18 -18 -18 -18 -18 -18 -18 -18 -18	General economic situation in Cyprus, past 12 months	-64	-68	-67	-72	-71	-71	-56	-59	-52	-48	-41	-40	-36
Consumer prices, past 12 months -17 -21 -25 -20 -17 -17 -13 6 21 28 41 44 47 Expected consumer prices, next 12 months -10 -21 -16 -13 -9 -9 -9 -12 7 18 14 37 36 20 Expected unemployment in Cyprus, next 12 months 62 60 48 40 36 23 13 40 36 24 21 22 22		-49	-54	-45	-29	-19	-19	-11	-31	-26	-20	-24	-23	-22
Expected consumer prices, next 12 months $-10$ $-21$ $-16$ $-13$ $-9$ $-9$ $-12$ $7$ $18$ $14$ $37$ $36$ $20$ Expected unemployment in Cyprus, next 12 months $-10$ $-21$ $-16$ $-13$ $-10$ $-1$		-17	-21	-25	-20	-17	-17	-13	6	21	28	<b>4</b> 1	44	47
Expected unemployment in Cyprus, next 12 months <sup>5</sup> 62 60 48 40 36 23 13 40 36 24 21 22 22														
Nation duringses at Dresent -51 -51 -51 -51 -51 -51 -51 -51 -51 -51	Major purchases at present	-53	-51	-42	-35	-31	-38	-32	-41	-42	-39	-43	-37	-44
Major purchases intentions, next 12 months <sup>4</sup> -48  -48  -49  -49  -49  -49  -49  -49														
Savings at present -24 -16 -23 -19 -21 -21 -19 -15 -19 -24 -19 -19 -18														
Savings at present 24 -10 -23 -19 -21 -21 -19 -19 -19 -19 -19 -19 -19 -19 -19 -1														
Statement on the current financial condition of household 14 15 18 17 14 15 17 16 17 16 15 17 16														
Uncertainty: difficulty predicting household's financial situation 5.6 9 12 4 2 0 6 -4 -1 1 1 1 -1 -1														

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",

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 <a href="https://ec.europa.eu/economy finance/indicators/business consumer surveys/userguide en.pdf">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 city that the confidence of the percentage of respondents who state that the future business city that the product is presented to the confidence. situation (or household financial situation) is difficult to predict, and the percentage of respondents who state the opposite.



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