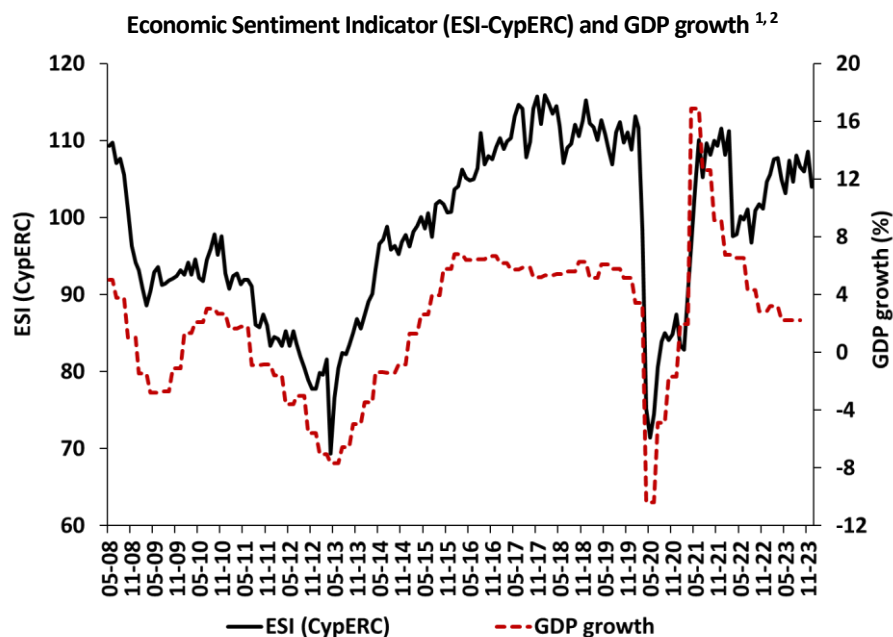


BUSINESS AND CONSUMER SURVEYS

December 2023

Summary

- In December 2023, economic sentiment in Cyprus deteriorated, as the Economic Sentiment Indicator (ESI-CypERC) decreased by 4.6 points compared with November 2023. The decrease in the ESI-CypERC was driven by weaker business confidence primarily in services and, to a lesser degree, in construction.
- The decline in the Services Confidence Indicator resulted from firms' less favourable views on their past performance (business situation and turnover), and downward revisions in demand expectations.
- The Retail Trade Confidence Indicator remained unchanged in December for the second month in a row, as the components of the Indicator stayed broadly stable vis-à-vis November.
- The Construction Confidence Indicator decreased, as firms assessed their current levels of order books more negatively and adjusted their employment expectations downwards.
- The Industry Confidence Indicator rose marginally due to firms' improved views on their current levels of order books and stocks of finished products.
- In December, the Consumer Confidence Indicator rose for the second month in a row. Compared to November, consumers assessed their current and future financial situation more favourably; moreover, consumers expressed more optimistic views on the future economic conditions in Cyprus.
- In December, economic uncertainty in Cyprus rose, mainly because of higher uncertainty among firms in services.



Notes: ¹ ESI (CypERC): the weights used in the calculation of the Indicator 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



Indicators and balances ¹

Month	2022	2023											
	12	1	2	3	4	5	6	7	8	9	10	11	12
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) ²	104.7	105.6	107.5	107.7	104.9	103.1	107.4	104.7	108.1	106.5	106.0	108.6	104.0
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	38.8	38.6	34.0	23.6	31.2	29.8	19.7	30.3	21.3	29.6	25.2	23.7	39.2
SERVICES													
Services Confidence Indicator ³	22	22	27	27	21	14	26	18	30	29	26	34	15
Business situation, past 3 months ⁴	27	33	37	41	45	26	41	35	35	29	38	49	30
Turnover (demand), past 3 months ⁴	3	19	33	25	25	6	25	16	30	30	27	37	4
Expected turnover (demand), next 3 months ⁴	35	13	12	15	-6	9	11	2	26	27	13	15	10
Employment, past 3 months	0	2	1	-3	12	10	7	-4	6	-4	8	13	-9
Expected employment, next 3 months	7	7	11	12	11	13	4	4	6	4	11	15	-10
Expected selling prices, next 3 months	47	41	45	40	42	48	39	36	39	36	34	39	37
Uncertainty: difficulty predicting business situation ^{5,6}	43	42	35	20	35	30	14	30	15	26	21	17	46
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-5	1	-2	-3	-1	1	2	2	4	1	0	0	0
Business activity (sales), past 3 months ⁴	-16	-10	-12	-12	-1	-10	-13	-10	-9	-11	-10	-3	-2
Stock of goods ⁴	-8	-12	-8	-7	-9	-13	-11	-9	-10	-3	1	-3	-3
Expected business activity (sales), next 3 months ⁴	-7	1	-1	-3	-11	1	9	8	11	12	11	1	-1
Orders placed with suppliers, next 3 months	-16	-9	-8	-8	-11	1	2	-1	3	5	2	-3	-5
Expected employment, next 3 months	3	0	1	2	2	1	0	0	-1	0	1	1	1
Expected selling prices, next 3 months	57	51	58	57	57	49	46	41	52	51	48	42	43
Uncertainty: difficulty predicting business situation ^{5,6}	59	54	56	68	66	60	72	62	65	63	59	65	63
CONSTRUCTION													
Construction Confidence Indicator ³	-11	-15	-14	-17	-13	-11	-13	-8	-11	-10	-6	1	-3
Building activity, past 3 months	-15	-5	-13	-6	5	-5	-6	-4	-8	-5	-3	0	5
Current overall order books ⁴	-23	-32	-27	-32	-25	-19	-22	-13	-18	-18	-17	-10	-13
Expected employment, next 3 months ⁴	0	3	-2	-3	-1	-3	-5	-3	-4	-2	5	12	7
Expected selling prices, next 3 months	80	80	85	77	74	66	70	65	68	75	72	69	63
Uncertainty: difficulty predicting business situation ^{5,6}	51	58	51	50	44	40	36	37	36	42	44	48	37
INDUSTRY													
Industrial Confidence Indicator ³	-8	-5	-5	-1	-3	2	3	5	2	0	1	-3	-2
Production, past 3 months	-17	-10	0	-2	-3	-2	6	6	10	11	11	-2	-5
Current overall order books ⁴	-36	-28	-30	-29	-28	-25	-27	-24	-28	-27	-27	-30	-27
Current export order books	-35	-14	-20	-24	-36	-54	-13	-12	-42	-36	-24	-44	-55
Stock of finished products ⁴	-24	-20	-22	-26	-18	-22	-25	-14	-20	-19	-17	-16	-20
Expected production, next 3 months ⁴	-13	-9	-6	-1	1	9	11	24	13	8	12	5	2
Expected employment, next 3 months	0	0	1	2	1	0	0	1	0	0	0	1	1
Expected selling prices, next 3 months	37	36	34	24	28	25	4	9	14	20	20	16	7
Uncertainty: difficulty predicting business situation ^{5,6}	75	74	70	61	61	67	64	68	67	69	63	66	68
CONSUMERS													
Consumer Confidence Indicator ³	-28	-21	-18	-18	-25	-26	-20	-22	-24	-28	-28	-27	-22
Financial situation of household, past 12 months ⁴	-24	-20	-16	-18	-18	-21	-16	-16	-16	-28	-18	-21	-14
Expected financial situation of household, next 12 months ⁴	-12	-6	-4	-5	-10	-13	-9	-12	-13	-18	-19	-13	-9
General economic situation in Cyprus, past 12 months	-52	-48	-38	-33	-42	-46	-43	-46	-48	-57	-58	-49	-40
Expected general economic situation in Cyprus, next 12 months ⁴	-40	-27	-18	-13	-31	-27	-24	-36	-41	-41	-52	-40	-30
Consumer prices, past 12 months	85	88	84	82	84	87	79	78	78	80	78	76	76
Expected consumer prices, next 12 months	25	12	14	11	20	7	16	27	26	25	44	21	18
Expected unemployment in Cyprus, next 12 months	22	19	17	11	16	15	17	17	17	19	24	18	18
Major purchases at present	-56	-54	-48	-50	-46	-52	-44	-45	-42	-51	-49	-44	-39
Major purchases intentions, next 12 months ⁴	-36	-32	-36	-36	-42	-43	-30	-24	-27	-24	-21	-33	-34
Savings at present	-26	-19	-21	-17	-20	-24	-24	-23	-15	-25	-21	-21	-23
Savings intentions, next 12 months	-36	-32	-35	-31	-32	-38	-43	-42	-35	-39	-33	-34	-31
Statement on the current financial condition of household	12	15	15	20	16	14	14	15	17	16	14	15	17
Uncertainty: difficulty predicting household's financial situation ^{5,6}	1	5	5	-4	-7	0	-3	5	2	9	5	6	2

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 calculation of the Indicator is described in https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf; however, the weights used in the calculation reflect the contribution of each sector to the GDP of Cyprus. ³ The Confidence Indicator is described in https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf. ⁴ The responses to this question are used in the calculation of the Confidence 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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