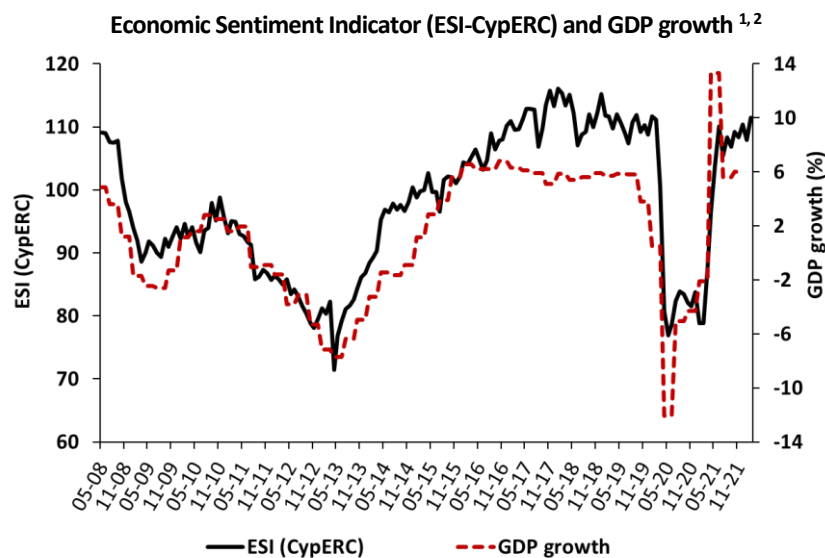


BUSINESS AND CONSUMER SURVEYS

February 2022

Summary

- In February 2022, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 3.5 points compared with January 2022. The increase in the ESI-CypERC resulted from stronger business confidence in services and, to a smaller extent, from confidence improvements in retail trade and industry.
- The increase in the Services Confidence Indicator resulted from more favourable assessments of recent turnover trends and upward revisions in demand expectations.
- The increase in the Retail Trade Confidence Indicator was driven by improved views on recent sales and upward revisions in sales expectations.
- The Construction Confidence Indicator recorded a slight decrease as a result of downward revisions in employment expectations.
- The rise in the Industry Confidence Indicator was driven by more favourable views on the current levels of order books and stocks of finished products, despite the downward revisions in production expectations.
- The Consumer Confidence Indicator declined marginally. In February, consumers grew more pessimistic about their future financial conditions and future economic conditions in Cyprus; however, consumers expressed stronger intentions to make major purchases in the near future.
- In February, economic uncertainty declined in all sectors and among consumers.
- Firms' selling price expectations and consumers' expectations about price trends remained at high levels in February, indicating the continuation of upward price pressures.



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	2021											2022	
	2	3	4	5	6	7	8	9	10	11	12	1	2
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	78.8	87.5	96.5	103.9	110.0	105.5	108.4	106.9	109.2	108.4	110.4	108.0	111.5
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	53.2	38.5	49.9	39.6	27.9	39.3	37.9	35.6	33.1	43.4	31.7	43.6	36.9
SERVICES													
Services Confidence Indicator ³	-58	-32	-6	15	35	23	31	25	33	32	37	29	41
Business situation, past 3 months ⁴	-62	-47	-29	-2	20	23	26	7	9	26	15	26	26
Turnover (demand), past 3 months ⁴	-63	-45	-16	1	29	24	33	28	30	39	44	32	44
Expected turnover (demand), next 3 months ⁴	-48	-6	27	47	54	23	34	41	60	31	53	29	53
Employment, past 3 months	-9	-13	0	2	4	-5	-6	-6	-17	-9	-20	-14	0
Expected employment, next 3 months	-15	-10	-3	2	6	6	5	6	11	7	-3	-7	2
Expected selling prices, next 3 months	-18	-10	-1	7	5	4	6	11	9	19	10	24	24
Uncertainty: difficulty predicting business situation ^{5,6}	67	42	65	45	32	46	41	39	35	49	32	48	41
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-29	-26	-20	-11	-7	-8	-6	-5	-4	-3	-3	-5	1
Business activity (sales), past 3 months ⁴	-49	-49	-47	-49	-37	-39	-29	-21	-22	-17	-14	-25	-16
Stock of goods ⁴	-18	-22	-21	-24	-11	-14	-15	-12	-17	-16	-11	-13	-9
Expected business activity (sales), next 3 months ⁴	-56	-52	-33	-9	4	2	-2	-8	-7	-8	-6	-2	11
Orders placed with suppliers, next 3 months	-49	-51	-36	-14	-1	-7	-11	-12	-14	-11	-14	-11	-5
Expected employment, next 3 months	-2	0	0	-1	1	0	0	-1	-1	-1	2	-1	0
Expected selling prices, next 3 months	-3	3	-1	9	10	23	37	45	65	68	68	60	65
Uncertainty: difficulty predicting business situation ^{5,6}	67	68	62	65	57	67	76	72	71	77	73	71	68
CONSTRUCTION													
Construction Confidence Indicator ³	-25	-22	-23	-15	-18	-17	-17	-20	-16	-19	-17	-14	-16
Building activity, past 3 months	-34	-39	-24	-4	-3	-13	-15	-17	-20	-17	-11	-9	-12
Current overall order books ⁴	-42	-46	-44	-36	-35	-41	-39	-37	-34	-37	-39	-34	-33
Expected employment, next 3 months ⁴	-7	1	-2	5	-1	7	4	-2	1	0	6	6	1
Expected selling prices, next 3 months	1	0	11	20	29	50	56	54	67	77	76	81	80
Uncertainty: difficulty predicting business situation ^{5,6}	52	56	43	41	33	52	54	38	37	58	46	57	56
INDUSTRY													
Industrial Confidence Indicator ³	-35	-37	-24	-15	-13	-12	-12	-10	-8	-8	-3	-3	1
Production, past 3 months	-53	-65	-58	-38	-28	-23	-23	-12	-2	0	5	-2	4
Current overall order books ⁴	-69	-67	-55	-52	-53	-52	-59	-49	-43	-44	-36	-35	-26
Current export order books	-78	-82	-69	-54	-68	-50	-52	-38	-16	-43	-46	-77	-44
Stock of finished products ⁴	-30	-20	-17	-21	-22	-21	-30	-27	-26	-22	-22	-16	-23
Expected production, next 3 months ⁴	-66	-66	-34	-14	-7	-4	-6	-7	-6	-3	7	11	7
Expected employment, next 3 months ⁵	-2	0	0	1	0	1	1	1	1	3	0	1	0
Expected selling prices, next 3 months	1	-2	1	3	1	10	10	27	38	58	56	52	52
Uncertainty: difficulty predicting business situation ^{5,6}	64	69	60	61	56	57	66	71	66	76	72	81	67
CONSUMERS													
Consumer Confidence Indicator ³	-32	-23	-18	-18	-13	-23	-20	-17	-20	-19	-20	-18	-20
Financial situation of household, past 12 months ⁴	-22	-24	-20	-19	-13	-16	-16	-16	-15	-18	-15	-17	-17
Expected financial situation of household, next 12 months ⁴	-14	-4	-5	-3	0	-8	-5	-8	-11	-11	-8	-7	-14
General economic situation in Cyprus, past 12 months	-67	-72	-71	-71	-56	-59	-52	-48	-41	-40	-36	-44	-44
Expected general economic situation in Cyprus, next 12 months ⁴	-45	-29	-19	-19	-11	-31	-26	-20	-24	-23	-22	-20	-26
Consumer prices, past 12 months	-25	-20	-17	-17	-13	6	21	28	41	44	47	56	69
Expected consumer prices, next 12 months	-16	-13	-9	-9	-12	7	18	14	37	36	20	25	34
Expected unemployment in Cyprus, next 12 months ⁵	48	40	36	23	13	40	36	24	21	22	22	20	9
Major purchases at present	-42	-35	-31	-38	-32	-41	-42	-39	-43	-37	-44	-42	-47
Major purchases intentions, next 12 months ⁴	-46	-35	-31	-31	-30	-37	-31	-26	-31	-25	-35	-29	-25
Savings at present	-23	-19	-21	-21	-19	-15	-19	-24	-19	-19	-18	-25	-27
Savings intentions, next 12 months	-31	-32	-38	-33	-33	-33	-32	-40	-33	-36	-32	-37	-33
Statement on the current financial condition of household	18	17	14	15	17	16	17	16	15	17	16	18	13
Uncertainty: difficulty predicting household's financial situation ^{5,6}	4	2	0	6	-4	-1	1	1	1	-1	-1	4	-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.

Economics Research Centre
University of Cyprus

Website: <https://www.ucy.ac.cy/erc/en/>
Email: erc@ucy.ac.cy Telephone: 22893660

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.

* Vasiliki G. Bozani (bozani.vasiliki@ucy.ac.cy)
* Marianna Charalambous (charalambous.a.marianna@ucy.ac.cy)
* Nicoletta Pashourtidou (n.pashourtidou@ucy.ac.cy)

The material in this document can be copied, distributed, transmitted and otherwise disseminated, but the source must be acknowledged.