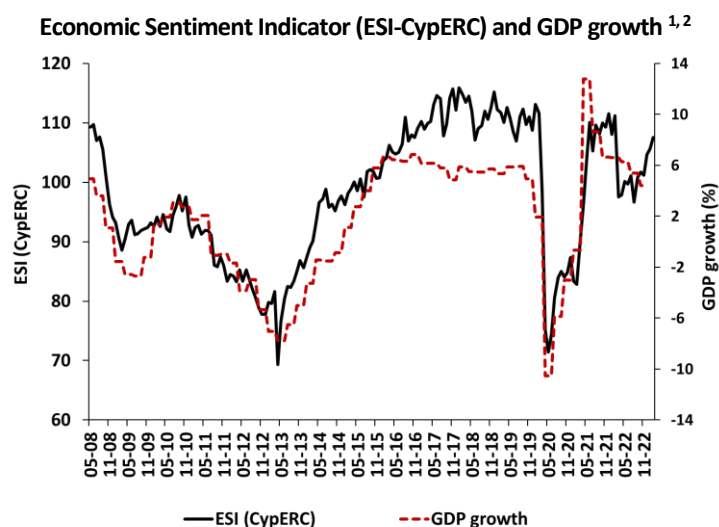


BUSINESS AND CONSUMER SURVEYS

February 2023

Summary

- In February 2023, economic sentiment in Cyprus improved further, as the Economic Sentiment Indicator (ESI-CypERC) increased by 1.9 points compared with January 2023. The increase in the ESI-CypERC was mainly driven by confidence gains in services and among consumers.
- The Services Confidence Indicator increased as a result of improved views on firms' past performance (demand and business situation).
- The Retail Trade Confidence Indicator decreased, as all the components of the indicator (views on recent sales, assessments of current stock levels, sales expectations) worsened.
- The marginal increase in the Construction Confidence Indicator was due to more favourable assessments of the levels of order books, despite downward revisions in employment expectations.
- The Industry Confidence Indicator remained stable at the level reached in January. Firms' assessments of the stocks of finished products and production expectations improved, while views on the current level of order books deteriorated.
- The Consumer Confidence Indicator improved for the fourth consecutive month. In February, consumers assessed their recent and future financial conditions more favourably, and revised their expectations about the economic conditions in Cyprus upwards. Nevertheless, consumers' intentions to make major purchases over the next months weakened.
- In February, economic uncertainty in Cyprus declined as a result of the lower levels of uncertainty observed among firms in all sectors except retail trade. Uncertainty among consumers remained unchanged relative to the level registered in January.



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	
	2	3	4	5	6	7	8	9	10	11	12	1	2
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	111.2	97.6	97.9	100.1	99.7	101.1	96.7	100.9	101.7	101.2	104.7	105.6	107.5
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	36.9	57.0	42.6	37.7	35.9	36.7	30.6	32.2	32.0	32.5	38.8	38.6	34.0
SERVICES													
Services Confidence Indicator ³	40	4	5	13	13	16	1	10	16	12	22	22	27
Business situation, past 3 months ⁴	30	17	9	12	4	9	4	4	7	18	27	33	37
Turnover (demand), past 3 months ⁴	41	21	17	13	21	14	-4	13	13	9	3	19	33
Expected turnover (demand), next 3 months ⁴	48	-26	-10	14	14	25	4	14	27	11	35	13	12
Employment, past 3 months	1	-5	0	1	9	0	-8	-4	-13	-4	0	2	1
Expected employment, next 3 months	5	2	-2	8	3	-1	0	1	5	1	7	7	11
Expected selling prices, next 3 months	27	31	29	31	36	34	38	41	44	41	47	41	45
Uncertainty: difficulty predicting business situation ^{5,6}	41	67	45	36	32	36	29	29	28	29	43	42	35
RETAIL TRADE													
Retail Trade Confidence Indicator ³	0	-10	-11	-10	-11	-12	-12	-10	-6	-8	-5	1	-2
Business activity (sales), past 3 months ⁴	-17	-20	-20	-24	-29	-25	-29	-22	-22	-25	-16	-10	-12
Stock of goods ⁴	-8	-10	-2	-13	-15	-13	-19	-15	-15	-17	-8	-12	-8
Expected business activity (sales), next 3 months ⁴	8	-20	-15	-18	-20	-24	-26	-22	-12	-15	-7	1	-1
Orders placed with suppliers, next 3 months	-8	-21	-24	-17	-19	-28	-27	-27	-18	-23	-16	-9	-8
Expected employment, next 3 months	0	1	-1	0	1	-1	-3	3	-1	2	3	0	1
Expected selling prices, next 3 months	67	71	73	76	72	71	67	64	64	63	57	51	58
Uncertainty: difficulty predicting business situation ^{5,6}	68	69	81	74	65	55	61	57	61	65	59	54	56
CONSTRUCTION													
Construction Confidence Indicator ³	-17	-19	-23	-18	-18	-18	-20	-16	-22	-15	-11	-15	-14
Building activity, past 3 months	-10	-17	-28	-23	-15	-15	-15	-16	-16	-7	-15	-5	-13
Current overall order books ⁴	-34	-33	-43	-38	-34	-34	-35	-28	-43	-31	-23	-32	-27
Expected employment, next 3 months ⁴	0	-4	-2	1	-2	-1	-4	-3	-1	1	0	3	-2
Expected selling prices, next 3 months	79	85	87	86	88	85	86	90	86	84	80	80	85
Uncertainty: difficulty predicting business situation ^{5,6}	56	67	58	54	55	57	50	45	56	58	51	58	51
INDUSTRY													
Industrial Confidence Indicator ³	2	-8	-9	-10	-13	-7	-7	-4	-6	-10	-8	-5	-5
Production, past 3 months	6	-1	-13	-16	-16	-10	-12	-18	-17	-15	-17	-10	0
Current overall order books ⁴	-22	-28	-36	-46	-38	-38	-36	-33	-30	-44	-36	-28	-30
Current export order books	-43	-38	-46	-31	-39	-37	-38	-48	-59	-44	-35	-14	-20
Stock of finished products ⁴	-24	-18	-23	-25	-17	-17	-16	-29	-28	-30	-24	-20	-22
Expected production, next 3 months ⁴	4	-14	-14	-10	-17	-1	-2	-8	-18	-15	-13	-9	-6
Expected employment, next 3 months	0	0	1	1	2	1	1	0	1	0	0	0	1
Expected selling prices, next 3 months	52	62	67	73	68	66	62	59	55	51	37	36	34
Uncertainty: difficulty predicting business situation ^{5,6}	67	81	74	77	73	76	77	73	75	78	75	74	70
CONSUMERS													
Consumer Confidence Indicator ³	-19	-33	-33	-35	-35	-35	-36	-28	-33	-30	-28	-21	-18
Financial situation of household, past 12 months ⁴	-17	-19	-23	-25	-29	-27	-27	-22	-27	-24	-24	-20	-16
Expected financial situation of household, next 12 months ⁴	-12	-24	-23	-27	-28	-25	-23	-21	-21	-22	-12	-6	-4
General economic situation in Cyprus, past 12 months	-41	-47	-55	-54	-62	-61	-62	-47	-55	-51	-52	-48	-38
Expected general economic situation in Cyprus, next 12 months ⁴	-25	-54	-51	-55	-52	-51	-51	-38	-43	-41	-40	-27	-18
Consumer prices, past 12 months	71	63	72	76	82	76	83	74	82	83	85	88	84
Expected consumer prices, next 12 months	33	64	56	57	45	44	32	31	35	33	25	12	14
Expected unemployment in Cyprus, next 12 months	9	40	35	37	32	36	31	28	27	27	22	19	17
Major purchases at present	-45	-57	-55	-57	-57	-57	-51	-54	-57	-54	-56	-54	-48
Major purchases intentions, next 12 months ⁴	-24	-35	-35	-34	-31	-38	-43	-29	-39	-34	-36	-32	-36
Savings at present	-29	-23	-26	-23	-32	-25	-28	-25	-32	-31	-26	-19	-21
Savings intentions, next 12 months	-34	-37	-41	-46	-46	-44	-47	-42	-50	-48	-36	-32	-35
Statement on the current financial condition of household	13	15	14	12	12	12	14	11	8	11	12	15	15
Uncertainty: difficulty predicting household's financial situation ^{5,6}	-2	10	6	9	16	13	1	15	11	9	1	5	5

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/>

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.

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

* 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.