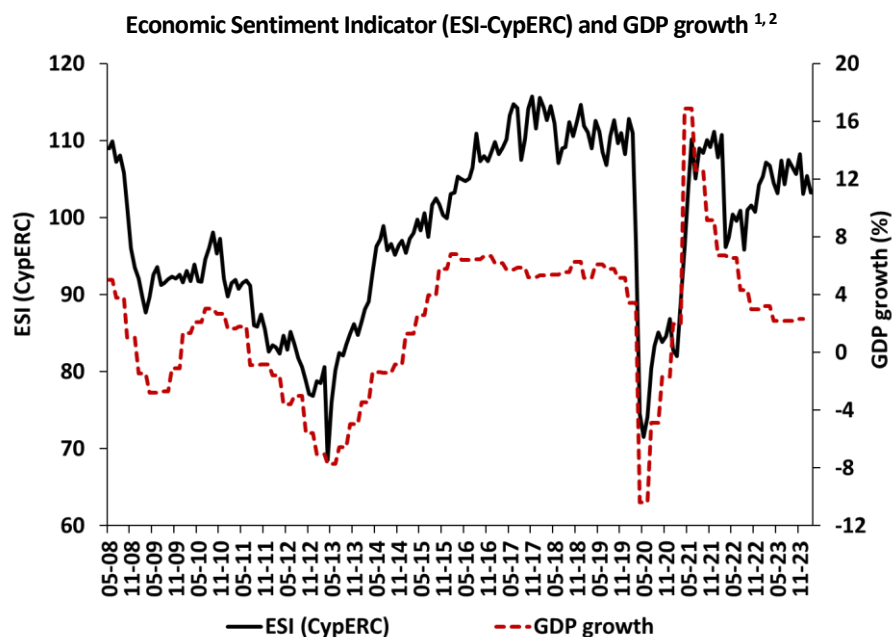


## BUSINESS AND CONSUMER SURVEYS

### February 2024

#### Summary

- In February 2024, economic sentiment in Cyprus deteriorated, as the Economic Sentiment Indicator (ESI-CypERC) decreased by 2.1 points compared with January. The decrease in the ESI-CypERC was driven by lower confidence among consumers and weaker business confidence in all sectors except construction.
- The Services Confidence Indicator decreased, as firms' assessments of their past and expected turnover deteriorated.
- The decrease in the Retail Trade Confidence Indicator was mainly due to downward revisions in sales expectations.
- The Construction Confidence Indicator increased, as firms' views on the current levels of order books improved and employment expectations picked up.
- The Industry Confidence Indicator declined marginally, mainly because of downward revisions in production expectations.
- The Consumer Confidence Indicator decreased as three (out of four) of its components deteriorated. In February, consumers' views on their recent financial situation worsened; moreover, consumers' expectations about their future financial conditions and the economic conditions in Cyprus weakened.
- In February, economic uncertainty in Cyprus decreased for the second month in a row, because of lower uncertainty levels among firms (mainly in construction) and among consumers.



Notes: <sup>1</sup> ESI (CypERC): the weights used in the calculation of the Indicator reflect the contribution of each sector to the GDP of Cyprus.

<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>

Month	2023											2024	
	2	3	4	5	6	7	8	9	10	11	12	1	2
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) <sup>2</sup>	107.1	106.7	104.5	103.1	107.4	104.3	107.5	106.6	105.6	108.2	103.1	105.4	103.3
ECONOMIC UNCERTAINTY INDICATOR (CypERC) <sup>2</sup>	34.0	23.6	31.2	29.8	19.7	30.3	21.3	29.6	25.2	23.7	39.2	35.8	31.5
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	27	25	21	15	27	18	29	30	26	34	12	21	17
Business situation, past 3 months <sup>4</sup>	35	39	40	29	42	35	35	32	37	46	28	17	23
Turnover (demand), past 3 months <sup>4</sup>	35	21	27	7	27	14	27	33	28	40	0	19	16
Expected turnover (demand), next 3 months <sup>4</sup>	12	15	-4	10	12	4	26	26	13	15	8	27	12
Employment, past 3 months	2	-3	12	10	7	-3	5	-4	8	13	-9	-6	4
Expected employment, next 3 months	11	12	12	12	5	6	7	5	11	13	-19	1	10
Expected selling prices, next 3 months	46	42	42	46	39	37	39	36	33	36	34	25	34
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	35	20	35	30	14	30	15	26	21	17	46	38	32
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-1	-2	0	1	2	2	3	1	0	0	0	1	-2
Business activity (sales), past 3 months <sup>4</sup>	-12	-12	-2	-11	-13	-10	-9	-11	-9	-3	-2	-3	-4
Stock of goods <sup>4</sup>	-8	-7	-9	-12	-11	-9	-9	-3	1	-2	-3	2	1
Expected business activity (sales), next 3 months <sup>4</sup>	1	-1	-8	0	7	6	10	11	10	1	0	7	-2
Orders placed with suppliers, next 3 months	-6	-6	-8	0	1	-2	1	4	1	-3	-4	3	-8
Expected employment, next 3 months	1	2	2	1	0	0	-1	0	1	1	1	2	1
Expected selling prices, next 3 months	57	56	55	49	47	42	50	49	46	41	42	37	41
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	56	68	66	60	72	62	65	63	59	65	63	67	67
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-14	-17	-13	-11	-13	-8	-11	-10	-6	1	-3	-7	-2
Building activity, past 3 months	-18	-7	1	-5	-4	-2	-7	-2	-2	3	8	0	7
Current overall order books <sup>4</sup>	-27	-32	-25	-19	-22	-13	-18	-18	-17	-10	-13	-18	-12
Expected employment, next 3 months <sup>4</sup>	-2	-3	-1	-3	-5	-3	-4	-2	5	12	7	4	8
Expected selling prices, next 3 months	85	77	74	66	70	65	68	75	72	69	63	59	57
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	51	50	44	40	36	37	36	42	44	48	37	44	34
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-4	-1	-2	1	3	5	2	0	0	-3	1	0	-1
Production, past 3 months	1	-1	-2	-1	6	6	9	10	9	-2	-3	-2	2
Current overall order books <sup>4</sup>	-30	-28	-28	-26	-27	-24	-29	-27	-27	-30	-27	-26	-27
Current export order books	-28	-31	-33	-48	-6	-10	-33	-37	-24	-49	-55	-43	-35
Stock of finished products <sup>4</sup>	-22	-26	-18	-22	-25	-14	-20	-19	-17	-16	-20	-17	-22
Expected production, next 3 months <sup>4</sup>	-3	1	4	7	12	26	13	7	12	5	9	10	2
Expected employment, next 3 months	1	2	0	1	0	1	0	0	0	0	0	0	1
Expected selling prices, next 3 months	34	24	28	25	4	9	14	20	20	16	7	6	14
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	70	61	61	67	64	68	67	69	63	66	68	61	70
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-18	-18	-25	-26	-20	-22	-24	-28	-28	-27	-22	-22	-27
Financial situation of household, past 12 months <sup>4</sup>	-16	-18	-18	-21	-16	-16	-16	-28	-18	-20	-14	-16	-22
Expected financial situation of household, next 12 months <sup>4</sup>	-4	-5	-10	-13	-9	-12	-13	-18	-19	-13	-9	-9	-14
General economic situation in Cyprus, past 12 months	-38	-33	-42	-46	-43	-46	-48	-57	-58	-49	-40	-40	-47
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-18	-13	-31	-27	-24	-36	-41	-41	-52	-40	-30	-33	-40
Consumer prices, past 12 months	84	83	85	87	78	77	77	80	78	75	76	73	71
Expected consumer prices, next 12 months	14	11	20	7	16	27	26	25	44	21	18	31	29
Expected unemployment in Cyprus, next 12 months	18	14	18	16	18	18	17	18	22	17	18	17	17
Major purchases at present	-48	-50	-46	-52	-44	-45	-42	-51	-49	-44	-39	-37	-36
Major purchases intentions, next 12 months <sup>4</sup>	-36	-36	-42	-43	-30	-24	-27	-24	-21	-33	-34	-31	-31
Savings at present	-21	-17	-20	-24	-24	-23	-15	-25	-21	-21	-23	-16	-23
Savings intentions, next 12 months	-35	-31	-32	-38	-43	-42	-35	-39	-33	-34	-31	-25	-39
Statement on the current financial condition of household	15	19	16	14	14	15	17	16	15	15	17	15	9
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>	5	-4	-7	0	-3	5	2	9	5	6	2	8	2

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 calculation of the Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](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. <sup>3</sup> The Confidence Indicator is described in [https://ec.europa.eu/info/sites/default/files/bcs\\_user\\_guide.pdf](https://ec.europa.eu/info/sites/default/files/bcs_user_guide.pdf). <sup>4</sup> The responses to this question are used in the calculation of the Confidence 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 situation (or household financial situation) is difficult to predict, and the percentage of respondents who state the opposite.

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