

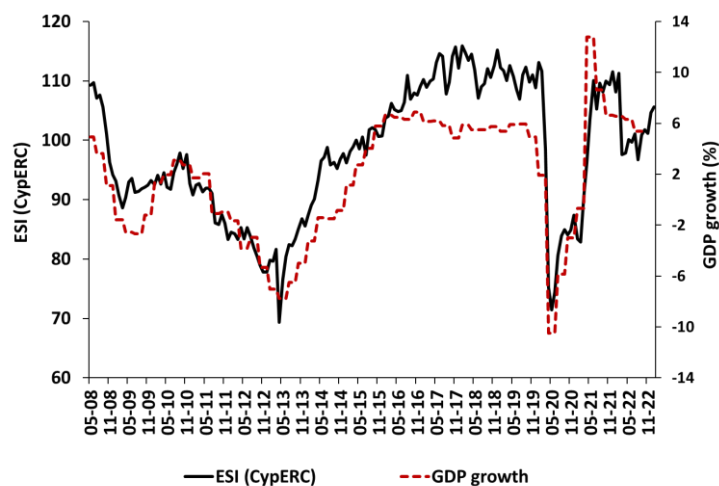
BUSINESS AND CONSUMER SURVEYS

January 2023

Summary

- In January 2023, economic sentiment in Cyprus improved further, as the Economic Sentiment Indicator (ESI-CypERC) increased by 0.9 points compared with December 2022. The increase in the ESI-CypERC was driven by confidence gains in retail trade, industry and among consumers.
- The Services Confidence Indicator remained unchanged, as the improved views on past performance (demand and business situation) were offset by downward revisions in demand expectations.
- The increase in the Retail Trade Confidence Indicator was driven by improvements in all of its components, i.e. assessments of past sales, views on current stock levels and sales expectations.
- The decrease in the Construction Confidence Indicator resulted from the deterioration in firms' assessments of order book levels, despite upward revisions in employment expectations.
- The Industry Confidence Indicator rose because of improved views on the current level of order books and upward revisions in production expectations.
- The increase in the Consumer Confidence Indicator resulted from improvements in all of its components. In January, consumers assessed their recent and future financial conditions more favourably, and revised their expectations about the economic conditions in Cyprus upwards. Moreover, consumers' intentions to make major purchases picked up in January.
- In January, economic uncertainty in Cyprus remained broadly stable at the level registered in December, as the lower levels of uncertainty in retail trade and, to a smaller degree, in services and industry were offset by higher uncertainty in construction and among consumers.

Economic Sentiment Indicator (ESI-CypERC) and GDP growth ^{1,2}



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).

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Indicators and balances ¹

Month	2022												2023
	1	2	3	4	5	6	7	8	9	10	11	12	1
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	108.1	111.2	97.6	97.9	100.1	99.7	101.1	96.7	100.9	101.7	101.2	104.7	105.6
ECONOMIC UNCERTAINTY INDICATOR (CypERC)²	43.6	36.9	57.0	42.6	37.7	35.9	36.7	30.6	32.2	32.0	32.5	38.8	38.6
SERVICES													
Services Confidence Indicator ³	30	40	4	5	13	13	16	1	10	16	12	22	22
Business situation, past 3 months ⁴	30	30	17	9	12	4	9	4	4	7	18	27	33
Turnover (demand), past 3 months ⁴	31	41	21	17	13	21	14	-4	13	13	9	3	19
Expected turnover (demand), next 3 months ⁴	28	48	-26	-10	14	14	25	4	14	27	11	35	13
Employment, past 3 months	-11	1	-5	0	1	9	0	-8	-4	-13	-4	0	2
Expected employment, next 3 months	-4	5	2	-2	8	3	-1	0	1	5	1	7	7
Expected selling prices, next 3 months	24	27	31	29	31	36	34	38	41	44	41	47	41
Uncertainty: difficulty predicting business situation ^{5, 6}	48	41	67	45	36	32	36	29	29	28	29	43	42
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-6	0	-10	-11	-10	-11	-12	-12	-10	-6	-8	-5	1
Business activity (sales), past 3 months ⁴	-26	-17	-20	-20	-24	-29	-25	-29	-22	-22	-25	-16	-10
Stock of goods ⁴	-12	-8	-10	-2	-13	-15	-13	-19	-15	-15	-17	-8	-12
Expected business activity (sales), next 3 months ⁴	-4	8	-20	-15	-18	-20	-24	-26	-22	-12	-15	-7	1
Orders placed with suppliers, next 3 months	-14	-8	-21	-24	-17	-19	-28	-27	-27	-18	-23	-16	-9
Expected employment, next 3 months	-1	0	1	-1	0	1	-1	-3	3	-1	2	3	0
Expected selling prices, next 3 months	61	67	71	73	76	72	71	67	64	64	63	57	51
Uncertainty: difficulty predicting business situation ^{5, 6}	71	68	69	81	74	65	55	61	57	61	65	59	54
CONSTRUCTION													
Construction Confidence Indicator ³	-17	-17	-19	-23	-18	-18	-18	-20	-16	-22	-15	-11	-15
Building activity, past 3 months	-4	-10	-17	-28	-23	-15	-15	-15	-16	-16	-7	-15	-5
Current overall order books ⁴	-37	-34	-33	-43	-38	-34	-34	-35	-28	-43	-31	-23	-32
Expected employment, next 3 months ⁴	3	0	-4	-2	1	-2	-1	-4	-3	-1	1	0	3
Expected selling prices, next 3 months	77	79	85	87	86	88	85	86	90	86	84	80	80
Uncertainty: difficulty predicting business situation ^{5, 6}	57	56	67	58	54	55	57	50	45	56	58	51	58
INDUSTRY													
Industrial Confidence Indicator ³	-2	2	-8	-9	-10	-13	-7	-7	-4	-6	-10	-8	-5
Production, past 3 months	0	6	-1	-13	-16	-16	-10	-12	-18	-17	-15	-17	-10
Current overall order books ⁴	-33	-22	-28	-36	-46	-38	-38	-36	-33	-30	-44	-36	-28
Current export order books	-82	-43	-38	-46	-31	-39	-37	-38	-48	-59	-44	-35	-14
Stock of finished products ⁴	-19	-24	-18	-23	-25	-17	-17	-16	-29	-28	-30	-24	-20
Expected production, next 3 months ⁴	8	4	-14	-14	-10	-17	-1	-2	-8	-18	-15	-13	-9
Expected employment, next 3 months	1	0	0	1	1	2	1	1	0	1	0	0	0
Expected selling prices, next 3 months	54	52	62	67	73	68	66	62	59	55	51	37	36
Uncertainty: difficulty predicting business situation ^{5, 6}	81	67	81	74	77	73	76	77	73	75	78	75	74
CONSUMERS													
Consumer Confidence Indicator ³	-19	-19	-33	-33	-35	-35	-35	-36	-28	-33	-30	-28	-21
Financial situation of household, past 12 months ⁴	-18	-17	-19	-23	-25	-29	-27	-27	-22	-27	-24	-24	-20
Expected financial situation of household, next 12 months ⁴	-6	-12	-24	-23	-27	-28	-25	-23	-21	-21	-22	-12	-6
General economic situation in Cyprus, past 12 months	-42	-41	-47	-55	-54	-62	-61	-62	-47	-55	-51	-52	-48
Expected general economic situation in Cyprus, next 12 months ⁴	-19	-25	-54	-51	-55	-52	-51	-51	-38	-43	-41	-40	-27
Consumer prices, past 12 months	56	71	63	72	76	82	76	83	74	82	83	85	88
Expected consumer prices, next 12 months	22	33	64	56	57	45	44	32	31	35	33	25	12
Expected unemployment in Cyprus, next 12 months	15	9	40	35	37	32	36	31	28	27	27	22	19
Major purchases at present	-40	-45	-57	-55	-57	-57	-57	-51	-54	-57	-54	-56	-54
Major purchases intentions, next 12 months ⁴	-33	-24	-35	-35	-34	-31	-38	-43	-29	-39	-34	-36	-32
Savings at present	-25	-29	-23	-26	-23	-32	-25	-28	-25	-32	-31	-26	-19
Savings intentions, next 12 months	-38	-34	-37	-41	-46	-46	-44	-47	-42	-50	-48	-36	-32
Statement on the current financial condition of household	16	13	15	14	12	12	12	14	11	8	11	12	15
Uncertainty: difficulty predicting household's financial situation ^{5, 6}	4	-2	10	6	9	16	13	1	15	11	9	1	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.

The revisions to the data are due to the seasonal adjustment method applied. Moreover, the series for the Economic Sentiment Indicator (ESI-CypERC) has been revised as a result of adjustments to the long-run means and standard deviations of the data used in its calculation.

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