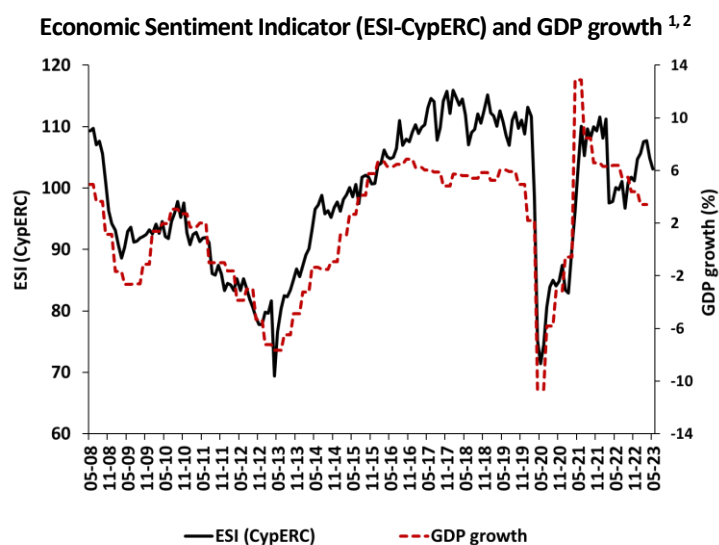


## BUSINESS AND CONSUMER SURVEYS

### May 2023

#### Summary

- In May 2023, economic sentiment in Cyprus deteriorated, as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.8 points compared with April 2023. The decrease in the ESI-CypERC primarily resulted from weaker business confidence in services.
- The decrease in the Services Confidence Indicator was driven by the deterioration in firms' assessments of past business situation and past demand, despite the upward revisions in demand expectations.
- The small increase in the Retail Trade Confidence Indicator was due to improved views on the current stock levels and upward revisions in sales expectations.
- The Construction Confidence Indicator increased slightly, as firms' assessments of the level of order books improved further; however, employment expectations deteriorated.
- The Industry Confidence Indicator increased as a result of improvements in all of its components. In May, manufacturing firms assessed their current levels of order books and stocks of finished products more favourably, and revised their production expectations upwards.
- The Consumer Confidence Indicator declined marginally. In May, consumers' views on the recent and future financial situation of their households worsened, while consumers' expectations about the general economic conditions in the country improved.
- In May, economic uncertainty in Cyprus decreased slightly, as a result of the lower uncertainty levels observed in the sectors of services, retail trade and construction. Uncertainty among manufacturing firms and among consumers increased in May.



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	2022								2023				
	5	6	7	8	9	10	11	12	1	2	3	4	5
<b>ECONOMIC SENTIMENT INDICATOR (ESI CypERC)<sup>2</sup></b>	<b>100.1</b>	<b>99.7</b>	<b>101.1</b>	<b>96.7</b>	<b>100.9</b>	<b>101.7</b>	<b>101.2</b>	<b>104.7</b>	<b>105.6</b>	<b>107.5</b>	<b>107.7</b>	<b>104.9</b>	<b>103.1</b>
ECONOMIC UNCERTAINTY INDICATOR (CypERC) <sup>2</sup>	37.7	35.9	36.7	30.6	32.2	32.0	32.5	38.8	38.6	34.0	23.6	31.2	29.8
<b>SERVICES</b>													
Services Confidence Indicator <sup>3</sup>	13	13	16	1	10	16	12	22	22	27	27	21	14
Business situation, past 3 months <sup>4</sup>	12	4	9	4	4	7	18	27	33	37	41	45	26
Turnover (demand), past 3 months <sup>4</sup>	13	21	14	-4	13	13	9	3	19	33	25	25	6
Expected turnover (demand), next 3 months <sup>4</sup>	14	14	25	4	14	27	11	35	13	12	15	-6	9
Employment, past 3 months	1	9	0	-8	-4	-13	-4	0	2	1	-3	12	10
Expected employment, next 3 months	8	3	-1	0	1	5	1	7	7	11	12	11	13
Expected selling prices, next 3 months	31	36	34	38	41	44	41	47	41	45	40	42	48
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	36	32	36	29	29	28	29	43	42	35	20	35	30
<b>RETAIL TRADE</b>													
Retail Trade Confidence Indicator <sup>3</sup>	-10	-11	-12	-12	-10	-6	-8	-5	1	-2	-3	-1	1
Business activity (sales), past 3 months <sup>4</sup>	-24	-29	-25	-29	-22	-22	-25	-16	-10	-12	-12	-1	-10
Stock of goods <sup>4</sup>	-13	-15	-13	-19	-15	-15	-17	-8	-12	-8	-7	-9	-13
Expected business activity (sales), next 3 months <sup>4</sup>	-18	-20	-24	-26	-22	-12	-15	-7	1	-1	-3	-11	1
Orders placed with suppliers, next 3 months	-17	-19	-28	-27	-27	-18	-23	-16	-9	-8	-8	-11	1
Expected employment, next 3 months	0	1	-1	-3	3	-1	2	3	0	1	2	2	1
Expected selling prices, next 3 months	76	72	71	67	64	64	63	57	51	58	57	57	49
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	74	65	55	61	57	61	65	59	54	56	68	66	60
<b>CONSTRUCTION</b>													
Construction Confidence Indicator <sup>3</sup>	-18	-18	-18	-20	-16	-22	-15	-11	-15	-14	-17	-13	-11
Building activity, past 3 months	-23	-15	-15	-15	-16	-16	-7	-15	-5	-13	-6	5	-5
Current overall order books <sup>4</sup>	-38	-34	-34	-35	-28	-43	-31	-23	-32	-27	-32	-25	-19
Expected employment, next 3 months <sup>4</sup>	1	-2	-1	-4	-3	-1	1	0	3	-2	-3	-1	-3
Expected selling prices, next 3 months	86	88	85	86	90	86	84	80	80	85	77	74	66
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	54	55	57	50	45	56	58	51	58	51	50	44	40
<b>INDUSTRY</b>													
Industrial Confidence Indicator <sup>3</sup>	-10	-13	-7	-7	-4	-6	-10	-8	-5	-5	-1	-3	2
Production, past 3 months	-16	-16	-10	-12	-18	-17	-15	-17	-10	0	-2	-3	-2
Current overall order books <sup>4</sup>	-46	-38	-38	-36	-33	-30	-44	-36	-28	-30	-29	-28	-25
Current export order books	-31	-39	-37	-38	-48	-59	-44	-35	-14	-20	-24	-36	-54
Stock of finished products <sup>4</sup>	-25	-17	-17	-16	-29	-28	-30	-24	-20	-22	-26	-18	-22
Expected production, next 3 months <sup>4</sup>	-10	-17	-1	-2	-8	-18	-15	-13	-9	-6	-1	1	9
Expected employment, next 3 months	1	2	1	1	0	1	0	0	0	1	2	1	0
Expected selling prices, next 3 months	73	68	66	62	59	55	51	37	36	34	24	28	25
Uncertainty: difficulty predicting business situation <sup>5,6</sup>	77	73	76	77	73	75	78	75	74	70	61	61	67
<b>CONSUMERS</b>													
Consumer Confidence Indicator <sup>3</sup>	-35	-35	-35	-36	-28	-33	-30	-28	-21	-18	-18	-25	-26
Financial situation of household, past 12 months <sup>4</sup>	-25	-29	-27	-27	-22	-27	-24	-24	-20	-16	-18	-18	-21
Expected financial situation of household, next 12 months <sup>4</sup>	-27	-28	-25	-23	-21	-21	-22	-12	-6	-4	-5	-10	-13
General economic situation in Cyprus, past 12 months	-54	-62	-61	-62	-47	-55	-51	-52	-48	-38	-33	-42	-46
Expected general economic situation in Cyprus, next 12 months <sup>4</sup>	-55	-52	-51	-51	-38	-43	-41	-40	-27	-18	-13	-31	-27
Consumer prices, past 12 months	76	82	76	83	74	82	83	85	88	84	82	84	87
Expected consumer prices, next 12 months	57	45	44	32	31	35	33	25	12	14	11	20	7
Expected unemployment in Cyprus, next 12 months	37	32	36	31	28	27	27	22	19	17	11	16	15
Major purchases at present	-57	-57	-57	-51	-54	-57	-54	-56	-54	-48	-50	-46	-52
Major purchases intentions, next 12 months <sup>4</sup>	-34	-31	-38	-43	-29	-39	-34	-36	-32	-36	-36	-42	-43
Savings at present	-23	-32	-25	-28	-25	-32	-31	-26	-19	-21	-17	-20	-24
Savings intentions, next 12 months	-46	-46	-44	-47	-42	-50	-48	-36	-32	-35	-31	-32	-38
Statement on the current financial condition of household	12	12	12	14	11	8	11	12	15	15	20	16	14
Uncertainty: difficulty predicting household's financial situation <sup>5,6</sup>	9	16	13	1	15	11	9	1	5	5	-4	-7	0

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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