



BUSINESS AND CONSUMER SURVEYS

ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS

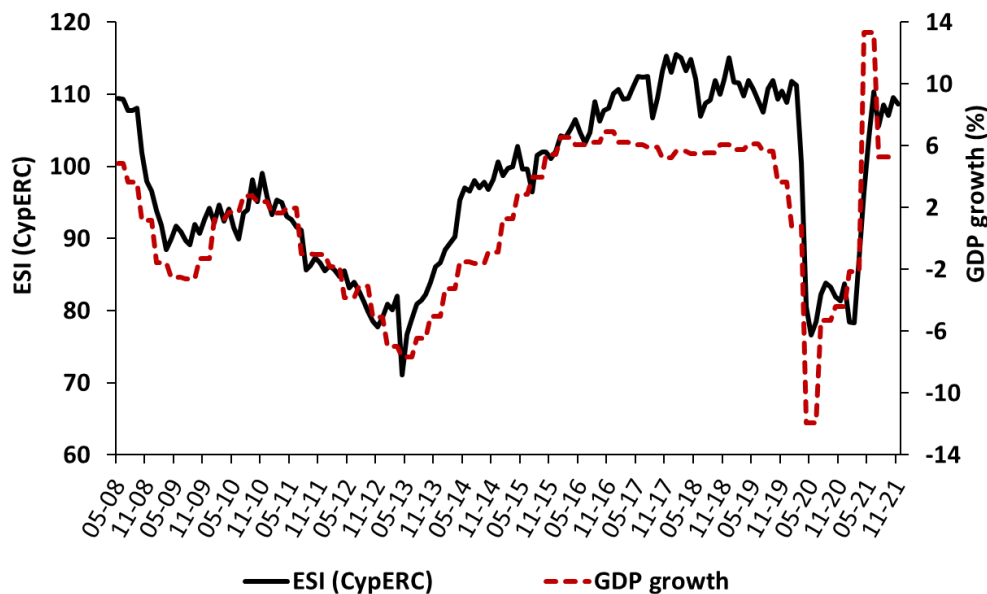


November 2021

SUMMARY

- In November 2021, economic sentiment in Cyprus deteriorated as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1 point compared with October 2021. The decrease was driven by the deterioration in construction and services confidence.
- The marginal decrease in the Services Confidence Indicator resulted from downward revisions in demand expectations, despite improved assessments of past performance (business situation and demand).
- The Retail Trade Confidence Indicator remained unchanged as its components (assessments of past sales, views on current stock levels, sales expectations) stayed broadly stable in November.
- The decline in the Construction Confidence Indicator was mainly driven by a deterioration in firms' assessments of the current levels of order books.
- The Industry Confidence Indicator stayed at the level registered in October, as the upward revisions in production expectations were offset by a deterioration in firms' views on the current levels of finished goods stocks.
- The Consumer Confidence Indicator increased marginally in November, mainly because consumers expressed stronger intentions for making major purchases in the near future.
- In November, uncertainty among firms in all sectors rose. At the same time, firms' selling price expectations, as well as consumers' expectations about price trends reached very high levels, pointing to a continuation of upward pressures.

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



Notes:

¹ The weights used in the calculation of the Economic Sentiment Indicator constructed by the Economics Research Centre (ESI CypERC) 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	2020		2021										
	11	12	1	2	3	4	5	6	7	8	9	10	11
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	81.3	83.7	78.5	78.4	87.3	96.5	104.1	110.3	105.6	108.6	107.1	109.6	108.6
SERVICES													
Services Confidence Indicator ³	-47	-42	-55	-58	-32	-6	15	35	23	31	25	33	32
Business situation, past 3 months ⁴	-42	-49	-56	-62	-47	-29	-2	20	23	26	7	9	26
Turnover (demand), past 3 months ⁴	-51	-48	-54	-63	-45	-16	1	29	24	33	28	30	39
Expected turnover (demand), next 3 months ⁴	-47	-30	-56	-48	-6	27	47	54	23	34	41	60	31
Employment, past 3 months	1	1	-12	-9	-13	0	2	4	-5	-6	-6	-17	-9
Expected employment, next 3 months	5	-3	-15	-15	-10	-3	2	6	6	5	6	11	7
Expected selling prices, next 3 months	-6	-9	-4	-18	-10	-1	7	5	4	6	11	9	19
Uncertainty: difficulty predicting business situation ^{5,6}	44	58	62	67	42	65	45	32	46	41	39	35	49
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-28	-25	-28	-29	-26	-20	-11	-7	-8	-6	-5	-3	-3
Business activity (sales), past 3 months ⁴	-51	-50	-54	-49	-49	-47	-49	-37	-39	-29	-21	-18	-17
Stock of goods ⁴	-20	-25	-17	-18	-22	-21	-24	-11	-14	-15	-12	-17	-16
Expected business activity (sales), next 3 months ⁴	-55	-50	-45	-56	-52	-33	-9	4	2	-2	-8	-8	-8
Orders placed with suppliers, next 3 months	-55	-52	-48	-49	-51	-36	-14	-1	-7	-11	-12	-15	-11
Expected employment, next 3 months	0	0	0	-2	0	0	-1	1	0	0	-1	-1	-1
Expected selling prices, next 3 months	1	4	1	-3	3	-1	9	10	23	37	45	70	68
Uncertainty: difficulty predicting business situation ^{5,6}	80	78	77	67	68	62	65	57	67	76	72	71	77
CONSTRUCTION													
Construction Confidence Indicator ³	-25	-20	-25	-25	-22	-23	-15	-18	-17	-17	-20	-16	-19
Building activity, past 3 months	-32	-24	-34	-34	-39	-24	-4	-3	-13	-15	-17	-20	-17
Current overall order books ⁴	-44	-38	-44	-42	-46	-44	-36	-35	-41	-39	-37	-34	-37
Expected employment, next 3 months ⁴	-7	-2	-6	-7	1	-2	5	-1	7	4	-2	1	0
Expected selling prices, next 3 months	-2	-8	-1	1	0	11	20	29	50	56	54	67	77
Uncertainty: difficulty predicting business situation ^{5,6}	66	57	57	52	56	43	41	33	52	54	38	37	58
INDUSTRY													
Industrial Confidence Indicator ³	-28	-29	-34	-35	-37	-24	-15	-13	-12	-12	-10	-8	-8
Production, past 3 months	-57	-60	-56	-53	-65	-58	-38	-28	-23	-23	-12	-2	0
Current overall order books ⁴	-67	-70	-64	-69	-67	-55	-52	-53	-52	-59	-49	-43	-44
Current export order books	-69	-62	-68	-78	-82	-69	-54	-68	-50	-52	-38	-16	-43
Stock of finished products ⁴	-23	-33	-20	-30	-20	-17	-21	-22	-21	-30	-27	-26	-22
Expected production, next 3 months ⁴	-39	-52	-57	-66	-66	-34	-14	-7	-4	-6	-7	-6	-3
Expected employment, next 3 months ⁵	-3	-1	-2	-2	0	0	1	0	1	1	1	1	3
Expected selling prices, next 3 months	-1	-3	-4	1	-2	1	3	1	10	10	27	38	58
Uncertainty: difficulty predicting business situation ^{5,6}	68	73	76	64	69	60	61	56	57	66	71	66	76
CONSUMERS													
Consumer Confidence Indicator ³	-35	-33	-35	-32	-23	-18	-18	-13	-23	-20	-17	-20	-19
Financial situation of household, past 12 months ⁴	-18	-20	-20	-22	-24	-20	-19	-13	-16	-16	-16	-15	-18
Expected financial situation of household, next 12 months ⁴	-20	-15	-20	-14	-4	-5	-3	0	-8	-5	-8	-11	-11
General economic situation in Cyprus, past 12 months	-58	-64	-68	-67	-72	-71	-71	-56	-59	-52	-48	-41	-40
Expected general economic situation in Cyprus, next 12 months ⁴	-56	-49	-54	-45	-29	-19	-19	-11	-31	-26	-20	-24	-23
Consumer prices, past 12 months	-17	-17	-21	-25	-20	-17	-17	-13	6	21	28	41	44
Expected consumer prices, next 12 months	-15	-10	-21	-16	-13	-9	-9	-12	7	18	14	37	36
Expected unemployment in Cyprus, next 12 months ⁵	66	62	60	48	40	36	23	13	40	36	24	21	22
Major purchases at present	-49	-53	-51	-42	-35	-31	-38	-32	-41	-42	-39	-43	-37
Major purchases intentions, next 12 months ⁴	-46	-48	-44	-46	-35	-31	-31	-30	-37	-31	-26	-31	-25
Savings at present	-19	-24	-16	-23	-19	-21	-21	-19	-15	-19	-24	-19	-19
Savings intentions, next 12 months	-39	-40	-35	-31	-32	-38	-33	-33	-33	-32	-40	-33	-36
Statement on the current financial condition of household	14	14	15	18	17	14	15	17	16	17	16	15	17
Uncertainty: difficulty predicting household's financial situation ^{5,6}	16	9	12	4	2	0	6	-4	-1	1	1	1	-1

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 weights used in the calculation of the Economic Sentiment Indicator reflect the contribution of each sector to the GDP of Cyprus.

³ The calculation of the confidence (composite) indicator is described in http://ec.europa.eu/economy_finance/indicators/business_consumer_surveys/userguide_en.pdf and

https://ec.europa.eu/info/files/revised-consumer-confidence-indicator_en. ⁴ The responses to this question are used in the calculation of the confidence (composite) 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.



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