



BUSINESS AND CONSUMER SURVEYS

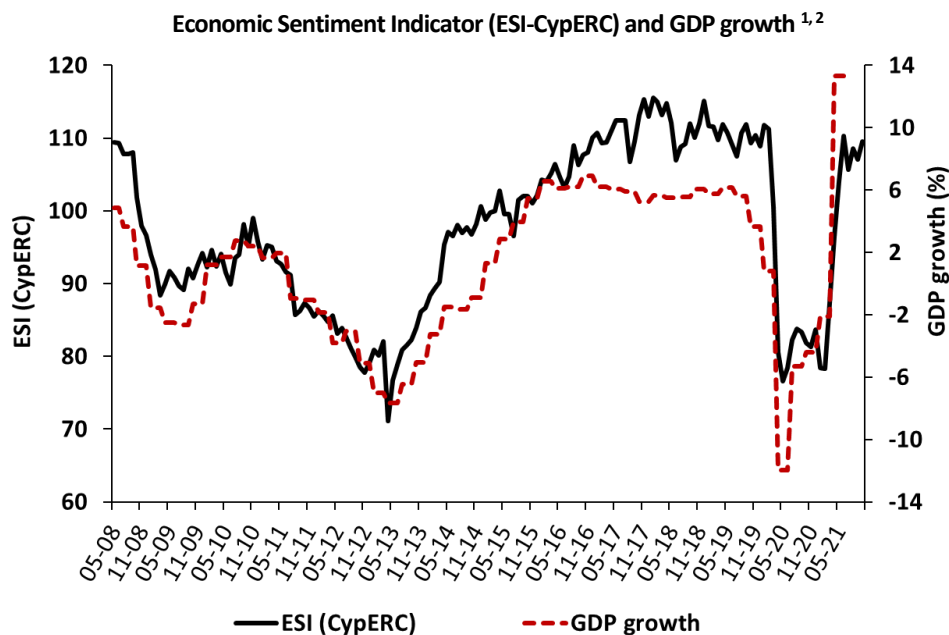
ECONOMICS RESEARCH CENTRE
UNIVERSITY OF CYPRUS



October 2021

SUMMARY

- In October 2021, economic sentiment in Cyprus improved as the Economic Sentiment Indicator (ESI-CypERC) increased by 2.5 points compared with September 2021. The increase in the Indicator was driven by confidence gains in all sectors, despite the deterioration in consumer confidence.
- The increase in the Services Confidence Indicator resulted from improved assessments of past performance (business situation and demand) and upward revisions in demand expectations.
- The Retail Trade Confidence Indicator increased because of improved assessments of past sales and more favourable views on the current stock levels. Sales expectations remained stable.
- The Construction Confidence Indicator improved slightly as a result of more favourable assessments of the current levels of order books and upward revisions in employment expectations.
- The marginal increase in the Industry Confidence Indicator was mainly driven by improved views on the current levels of order books.
- The Consumer Confidence Indicator registered a small decline. In October, consumers were more pessimistic about their future financial conditions and future economic conditions in Cyprus. Moreover, in October consumers' intentions to make major purchases weakened.



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									
	10	11	12	1	2	3	4	5	6	7	8	9	10
ECONOMIC SENTIMENT INDICATOR (ESI CypERC)²	81.9	81.3	83.7	78.5	78.4	87.3	96.5	104.1	110.3	105.6	108.6	107.1	109.6
SERVICES													
Services Confidence Indicator ³	-49	-47	-42	-55	-58	-32	-6	15	35	23	31	25	33
Business situation, past 3 months ⁴	-51	-42	-49	-56	-62	-47	-29	-2	20	23	26	7	9
Turnover (demand), past 3 months ⁴	-45	-51	-48	-54	-63	-45	-16	1	29	24	33	28	30
Expected turnover (demand), next 3 months ⁴	-51	-47	-30	-56	-48	-6	27	47	54	23	34	41	60
Employment, past 3 months	-1	1	1	-12	-9	-13	0	2	4	-5	-6	-6	-17
Expected employment, next 3 months	11	5	-3	-15	-15	-10	-3	2	6	6	5	6	11
Expected selling prices, next 3 months	-14	-6	-9	-4	-18	-10	-1	7	5	4	6	11	9
Uncertainty: difficulty predicting business situation ^{5,6}	32	44	58	62	67	42	65	45	32	46	41	39	35
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-28	-28	-25	-28	-29	-26	-20	-11	-7	-8	-6	-5	-3
Business activity (sales), past 3 months ⁴	-50	-51	-50	-54	-49	-49	-47	-49	-37	-39	-29	-21	-18
Stock of goods ⁴	-19	-20	-25	-17	-18	-22	-21	-24	-11	-14	-15	-12	-17
Expected business activity (sales), next 3 months ⁴	-52	-55	-50	-45	-56	-52	-33	-9	4	2	-2	-8	-8
Orders placed with suppliers, next 3 months	-49	-55	-52	-48	-49	-51	-36	-14	-1	-7	-11	-12	-15
Expected employment, next 3 months	1	0	0	0	-2	0	0	-1	1	0	0	-1	-1
Expected selling prices, next 3 months	2	1	4	1	-3	3	-1	9	10	23	37	45	70
Uncertainty: difficulty predicting business situation ^{5,6}	76	80	78	77	67	68	62	65	57	67	76	72	71
CONSTRUCTION													
Construction Confidence Indicator ³	-11	-25	-20	-25	-25	-22	-23	-15	-18	-17	-17	-20	-16
Building activity, past 3 months	-9	-32	-24	-34	-34	-39	-24	-4	-3	-13	-15	-17	-20
Current overall order books ⁴	-22	-44	-38	-44	-42	-46	-44	-36	-35	-41	-39	-37	-34
Expected employment, next 3 months ⁴	-1	-7	-2	-6	-7	1	-2	5	-1	7	4	-2	1
Expected selling prices, next 3 months	2	-2	-8	-1	1	0	11	20	29	50	56	54	67
Uncertainty: difficulty predicting business situation ^{5,6}	52	66	57	57	52	56	43	41	33	52	54	38	37
INDUSTRY													
Industrial Confidence Indicator ³	-29	-28	-29	-34	-35	-37	-24	-15	-13	-12	-12	-10	-8
Production, past 3 months	-61	-57	-60	-56	-53	-65	-58	-38	-28	-23	-23	-12	-2
Current overall order books ⁴	-62	-67	-70	-64	-69	-67	-55	-52	-53	-52	-59	-49	-43
Current export order books	-70	-69	-62	-68	-78	-82	-69	-54	-68	-50	-52	-38	-16
Stock of finished products ⁴	-18	-23	-33	-20	-30	-20	-17	-21	-22	-21	-30	-27	-26
Expected production, next 3 months ⁴	-44	-39	-52	-57	-66	-66	-34	-14	-7	-4	-6	-7	-6
Expected employment, next 3 months ⁵	-2	-3	-1	-2	-2	0	0	1	0	1	1	1	1
Expected selling prices, next 3 months	-1	-1	-3	-4	1	-2	1	3	1	10	10	27	38
Uncertainty: difficulty predicting business situation ^{5,6}	60	68	73	76	64	69	60	61	56	57	66	71	66
CONSUMERS													
Consumer Confidence Indicator ³	-29	-35	-33	-35	-32	-23	-18	-18	-13	-23	-20	-17	-20
Financial situation of household, past 12 months ⁴	-15	-18	-20	-20	-22	-24	-20	-19	-13	-16	-16	-16	-15
Expected financial situation of household, next 12 months ⁴	-10	-20	-15	-20	-14	-4	-5	-3	0	-8	-5	-8	-11
General economic situation in Cyprus, past 12 months	-49	-58	-64	-68	-67	-72	-71	-71	-56	-59	-52	-48	-41
Expected general economic situation in Cyprus, next 12 months ⁴	-45	-56	-49	-54	-45	-29	-19	-19	-11	-31	-26	-20	-24
Consumer prices, past 12 months	-19	-17	-17	-21	-25	-20	-17	-17	-13	6	21	28	41
Expected consumer prices, next 12 months	-19	-15	-10	-21	-16	-13	-9	-9	-12	7	18	14	37
Expected unemployment in Cyprus, next 12 months ⁵	57	66	62	60	48	40	36	23	13	40	36	24	21
Major purchases at present	-32	-49	-53	-51	-42	-35	-31	-38	-32	-41	-42	-39	-43
Major purchases intentions, next 12 months ⁴	-45	-46	-48	-44	-46	-35	-31	-31	-30	-37	-31	-26	-31
Savings at present	-24	-19	-24	-16	-23	-19	-21	-21	-19	-15	-19	-24	-19
Savings intentions, next 12 months	-40	-39	-40	-35	-31	-32	-38	-33	-33	-33	-32	-40	-33
Statement on the current financial condition of household	19	14	14	15	18	17	14	15	17	16	17	16	15
Uncertainty: difficulty predicting household's financial situation ^{5,6}	6	16	9	12	4	2	0	6	-4	-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.



Economics Research Centre

University of Cyprus

P.O. box 20537, 1678 Nicosia, CYPRUS

Telephone: 22893660, Fax: 22895027

Email: erc@ucy.ac.cy

Website: www.erc.ucy.ac.cy

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

* Marianna Charalambous (email: charalambous.a.marianna@ucy.ac.cy)

* Efi Kalorkoti (email: kalorkoti.efi@ucy.ac.cy)

* Nicoletta Pashourtidou (email: n.pashourtidou@ucy.ac.cy)

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