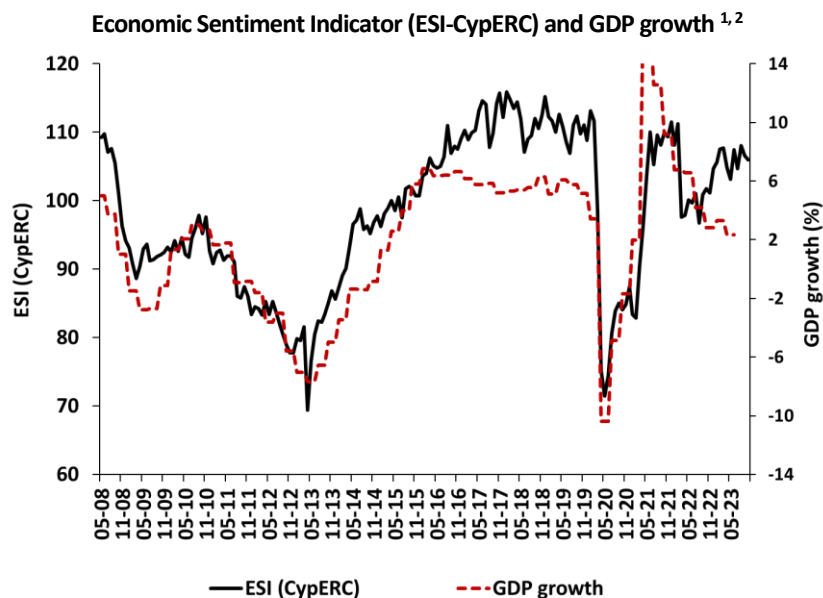


BUSINESS AND CONSUMER SURVEYS

October 2023

Summary

- In October 2023, economic sentiment in Cyprus deteriorated slightly as the Economic Sentiment Indicator (ESI-CypERC) decreased by 0.5 points compared with September 2023. The decrease in the ESI-CypERC was mainly driven by weaker business confidence in services.
- The Services Confidence Indicator declined, as firms assessed their recent and future turnover (i.e. demand for their services) less favourably.
- The small decrease in the Retail Trade Confidence Indicator was mostly due to a deterioration in firms' assessments of the current stock levels.
- The Construction Confidence Indicator improved primarily because of the upward revisions in employment expectations.
- The Industry Confidence Indicator increased marginally as a result of more optimistic production expectations, despite worsening views on the current levels of the stocks of finished products.
- The Consumer Confidence Indicator remained broadly stable at the level registered in September. On the one hand, consumers' assessments about their recent financial situation improved and consumers' intentions to make major purchases strengthened; on the other hand, consumers' expectations about the future economic conditions in the country deteriorated markedly in October.
- Economic uncertainty in Cyprus declined in October because of the lower uncertainty levels registered among consumers and among firms in all sectors except construction.



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									
	10	11	12	1	2	3	4	5	6	7	8	9	10
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) ²	101.7	101.2	104.7	105.6	107.5	107.7	104.9	103.1	107.4	104.7	108.1	106.5	106.0
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	32.0	32.5	38.8	38.6	34.0	23.6	31.2	29.8	19.7	30.3	21.3	29.6	25.2
SERVICES													
Services Confidence Indicator ³	16	12	22	22	27	27	21	14	26	18	30	29	26
Business situation, past 3 months ⁴	7	18	27	33	37	41	45	26	41	35	35	29	38
Turnover (demand), past 3 months ⁴	13	9	3	19	33	25	25	6	25	16	30	30	27
Expected turnover (demand), next 3 months ⁴	27	11	35	13	12	15	-6	9	11	2	26	27	13
Employment, past 3 months	-13	-4	0	2	1	-3	12	10	7	-4	6	-4	8
Expected employment, next 3 months	5	1	7	7	11	12	11	13	4	4	6	4	11
Expected selling prices, next 3 months	44	41	47	41	45	40	42	48	39	36	39	36	34
Uncertainty: difficulty predicting business situation ^{5,6}	28	29	43	42	35	20	35	30	14	30	15	26	21
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-6	-8	-5	1	-2	-3	-1	1	2	2	4	1	0
Business activity (sales), past 3 months ⁴	-22	-25	-16	-10	-12	-12	-1	-10	-13	-10	-9	-11	-10
Stock of goods ⁴	-15	-17	-8	-12	-8	-7	-9	-13	-11	-9	-10	-3	1
Expected business activity (sales), next 3 months ⁴	-12	-15	-7	1	-1	-3	-11	1	9	8	11	12	11
Orders placed with suppliers, next 3 months	-18	-23	-16	-9	-8	-8	-11	1	2	-1	3	5	2
Expected employment, next 3 months	-1	2	3	0	1	2	2	1	0	0	-1	0	1
Expected selling prices, next 3 months	64	63	57	51	58	57	57	49	46	41	52	51	48
Uncertainty: difficulty predicting business situation ^{5,6}	61	65	59	54	56	68	66	60	72	62	65	63	59
CONSTRUCTION													
Construction Confidence Indicator ³	-22	-15	-11	-15	-14	-17	-13	-11	-13	-8	-11	-10	-6
Building activity, past 3 months	-16	-7	-15	-5	-13	-6	5	-5	-6	-4	-8	-5	-3
Current overall order books ⁴	-43	-31	-23	-32	-27	-32	-25	-19	-22	-13	-18	-18	-17
Expected employment, next 3 months ⁴	-1	1	0	3	-2	-3	-1	-3	-5	-3	-4	-2	5
Expected selling prices, next 3 months	86	84	80	80	85	77	74	66	70	65	68	75	72
Uncertainty: difficulty predicting business situation ^{5,6}	56	58	51	58	51	50	44	40	36	37	36	42	44
INDUSTRY													
Industrial Confidence Indicator ³	-6	-10	-8	-5	-5	-1	-3	2	3	5	2	0	1
Production, past 3 months	-17	-15	-17	-10	0	-2	-3	-2	6	6	10	11	11
Current overall order books ⁴	-30	-44	-36	-28	-30	-29	-28	-25	-27	-24	-28	-27	-27
Current export order books	-59	-44	-35	-14	-20	-24	-36	-54	-13	-12	-42	-36	-24
Stock of finished products ⁴	-28	-30	-24	-20	-22	-26	-18	-22	-25	-14	-20	-19	-17
Expected production, next 3 months ⁴	-18	-15	-13	-9	-6	-1	1	9	11	24	13	8	12
Expected employment, next 3 months	1	0	0	0	1	2	1	0	0	1	0	0	0
Expected selling prices, next 3 months	55	51	37	36	34	24	28	25	4	9	14	20	20
Uncertainty: difficulty predicting business situation ^{5,6}	75	78	75	74	70	61	61	67	64	68	67	69	63
CONSUMERS													
Consumer Confidence Indicator ³	-33	-30	-28	-21	-18	-18	-25	-26	-20	-22	-24	-28	-28
Financial situation of household, past 12 months ⁴	-27	-24	-24	-20	-16	-18	-18	-21	-16	-16	-16	-28	-18
Expected financial situation of household, next 12 months ⁴	-21	-22	-12	-6	-4	-5	-10	-13	-9	-12	-13	-18	-19
General economic situation in Cyprus, past 12 months	-55	-51	-52	-48	-38	-33	-42	-46	-43	-46	-48	-57	-58
Expected general economic situation in Cyprus, next 12 months ⁴	-43	-41	-40	-27	-18	-13	-31	-27	-24	-36	-41	-41	-52
Consumer prices, past 12 months	82	83	85	88	84	82	84	87	79	78	78	80	78
Expected consumer prices, next 12 months	35	33	25	12	14	11	20	7	16	27	26	25	44
Expected unemployment in Cyprus, next 12 months	27	27	22	19	17	11	16	15	17	17	17	19	24
Major purchases at present	-57	-54	-56	-54	-48	-50	-46	-52	-44	-45	-42	-51	-49
Major purchases intentions, next 12 months ⁴	-39	-34	-36	-32	-36	-36	-42	-43	-30	-24	-27	-24	-21
Savings at present	-32	-31	-26	-19	-21	-17	-20	-24	-24	-23	-15	-25	-21
Savings intentions, next 12 months	-50	-48	-36	-32	-35	-31	-32	-38	-43	-42	-35	-39	-33
Statement on the current financial condition of household	8	11	12	15	15	20	16	14	14	15	17	16	14
Uncertainty: difficulty predicting household's financial situation ^{5,6}	11	9	1	5	5	-4	-7	0	-3	5	2	9	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.

**Economics Research Centre
University of Cyprus**

Website: <https://www.ucy.ac.cy/erc/en/>

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* Vasiliki G. Bozani (email: bozani.vasiliki@ucy.ac.cy)

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

* Niki Demosthenous (email: demosthenous.niki@ucy.ac.cy)

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

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