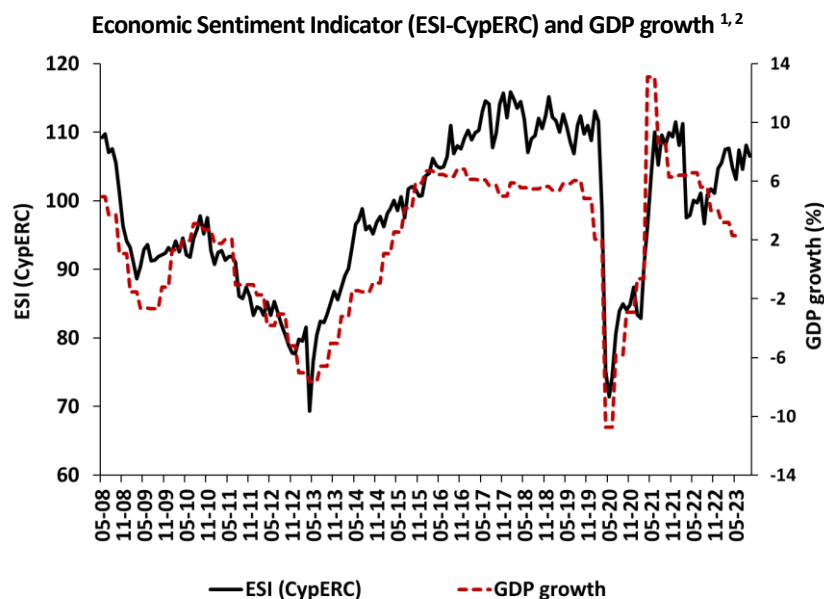


BUSINESS AND CONSUMER SURVEYS

September 2023

Summary

- In September 2023, economic sentiment in Cyprus deteriorated, as the Economic Sentiment Indicator (ESI-CypERC) decreased by 1.6 points compared with August 2023. The decrease in the ESI-CypERC was driven by a further decline in consumer confidence and a deterioration in business confidence in all sectors, except construction.
- The Services Confidence Indicator decreased slightly, as firms assessed their recent business situation less favourably.
- The decline in the Retail Trade Confidence Indicator was due to the deterioration in firms' views on recent sales and stock volumes.
- The Construction Confidence Indicator increased marginally, as firms' employment expectations improved.
- The Industry Confidence Indicator deteriorated for the second month in a row, mainly because of downward revisions in production expectations.
- The Consumer Confidence Indicator decreased, recording its lowest value over the period January – September. In September, consumers assessed their recent financial situation and their future financial position more negatively. Moreover, consumers' views on the recent economic conditions in Cyprus deteriorated markedly.
- In September, the increase in economic uncertainty in Cyprus was driven by higher levels of uncertainty among consumers and among firms, primarily in services and 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								
	9	10	11	12	1	2	3	4	5	6	7	8	9
ECONOMIC SENTIMENT INDICATOR (ESI CypERC) ²	100.9	101.7	101.2	104.7	105.6	107.5	107.7	104.9	103.1	107.4	104.7	108.1	106.5
ECONOMIC UNCERTAINTY INDICATOR (CypERC) ²	32.2	32.0	32.5	38.8	38.6	34.0	23.6	31.2	29.8	19.7	30.3	21.3	29.6
SERVICES													
Services Confidence Indicator ³	10	16	12	22	22	27	27	21	14	26	18	30	29
Business situation, past 3 months ⁴	4	7	18	27	33	37	41	45	26	41	35	35	29
Turnover (demand), past 3 months ⁴	13	13	9	3	19	33	25	25	6	25	16	30	30
Expected turnover (demand), next 3 months ⁴	14	27	11	35	13	12	15	-6	9	11	2	26	27
Employment, past 3 months	-4	-13	-4	0	2	1	-3	12	10	7	-4	6	-4
Expected employment, next 3 months	1	5	1	7	7	11	12	11	13	4	4	6	4
Expected selling prices, next 3 months	41	44	41	47	41	45	40	42	48	39	36	39	36
Uncertainty: difficulty predicting business situation ^{5,6}	29	28	29	43	42	35	20	35	30	14	30	15	26
RETAIL TRADE													
Retail Trade Confidence Indicator ³	-10	-6	-8	-5	1	-2	-3	-1	1	2	2	4	1
Business activity (sales), past 3 months ⁴	-22	-22	-25	-16	-10	-12	-12	-1	-10	-13	-10	-9	-11
Stock of goods ⁴	-15	-15	-17	-8	-12	-8	-7	-9	-13	-11	-9	-10	-3
Expected business activity (sales), next 3 months ⁴	-22	-12	-15	-7	1	-1	-3	-11	1	9	8	11	12
Orders placed with suppliers, next 3 months	-27	-18	-23	-16	-9	-8	-8	-11	1	2	-1	3	5
Expected employment, next 3 months	3	-1	2	3	0	1	2	2	1	0	0	-1	0
Expected selling prices, next 3 months	64	64	63	57	51	58	57	57	49	46	41	52	51
Uncertainty: difficulty predicting business situation ^{5,6}	57	61	65	59	54	56	68	66	60	72	62	65	63
CONSTRUCTION													
Construction Confidence Indicator ³	-16	-22	-15	-11	-15	-14	-17	-13	-11	-13	-8	-11	-10
Building activity, past 3 months	-16	-16	-7	-15	-5	-13	-6	5	-5	-6	-4	-8	-5
Current overall order books ⁴	-28	-43	-31	-23	-32	-27	-32	-25	-19	-22	-13	-18	-18
Expected employment, next 3 months ⁴	-3	-1	1	0	3	-2	-3	-1	-3	-5	-3	-4	-2
Expected selling prices, next 3 months	90	86	84	80	80	85	77	74	66	70	65	68	75
Uncertainty: difficulty predicting business situation ^{5,6}	45	56	58	51	58	51	50	44	40	36	37	36	42
INDUSTRY													
Industrial Confidence Indicator ³	-4	-6	-10	-8	-5	-5	-1	-3	2	3	5	2	0
Production, past 3 months	-18	-17	-15	-17	-10	0	-2	-3	-2	6	6	10	11
Current overall order books ⁴	-33	-30	-44	-36	-28	-30	-29	-28	-25	-27	-24	-28	-27
Current export order books	-48	-59	-44	-35	-14	-20	-24	-36	-54	-13	-12	-42	-36
Stock of finished products ⁴	-29	-28	-30	-24	-20	-22	-26	-18	-22	-25	-14	-20	-19
Expected production, next 3 months ⁴	-8	-18	-15	-13	-9	-6	-1	1	9	11	24	13	8
Expected employment, next 3 months	0	1	0	0	0	1	2	1	0	0	1	0	0
Expected selling prices, next 3 months	59	55	51	37	36	34	24	28	25	4	9	14	20
Uncertainty: difficulty predicting business situation ^{5,6}	73	75	78	75	74	70	61	61	67	64	68	67	69
CONSUMERS													
Consumer Confidence Indicator ³	-28	-33	-30	-28	-21	-18	-18	-25	-26	-20	-22	-24	-28
Financial situation of household, past 12 months ⁴	-22	-27	-24	-24	-20	-16	-18	-18	-21	-16	-16	-16	-28
Expected financial situation of household, next 12 months ⁴	-21	-21	-22	-12	-6	-4	-5	-10	-13	-9	-12	-13	-18
General economic situation in Cyprus, past 12 months	-47	-55	-51	-52	-48	-38	-33	-42	-46	-43	-46	-48	-57
Expected general economic situation in Cyprus, next 12 months ⁴	-38	-43	-41	-40	-27	-18	-13	-31	-27	-24	-36	-41	-41
Consumer prices, past 12 months	74	82	83	85	88	84	82	84	87	79	78	78	80
Expected consumer prices, next 12 months	31	35	33	25	12	14	11	20	7	16	27	26	25
Expected unemployment in Cyprus, next 12 months	28	27	27	22	19	17	11	16	15	17	17	17	19
Major purchases at present	-54	-57	-54	-56	-54	-48	-50	-46	-52	-44	-45	-42	-51
Major purchases intentions, next 12 months ⁴	-29	-39	-34	-36	-32	-36	-36	-42	-43	-30	-24	-27	-24
Savings at present	-25	-32	-31	-26	-19	-21	-17	-20	-24	-24	-23	-15	-25
Savings intentions, next 12 months	-42	-50	-48	-36	-32	-35	-31	-32	-38	-43	-42	-35	-39
Statement on the current financial condition of household	11	8	11	12	15	15	20	16	14	14	15	17	16
Uncertainty: difficulty predicting household's financial situation ^{5,6}	15	11	9	1	5	5	-4	-7	0	-3	5	2	9

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.

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