

# The Economic Policy Uncertainty index for Cyprus

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## *Abstract*

In this paper, we construct the Economic Policy Uncertainty (EPU) index for Cyprus, using the novel newspaper frequency-based methodology proposed by Baker, Bloom, and Davis (2016). We collect data from four local newspapers and create the monthly data series of the EPU index for the period October 1999 until May 2022. The index reveals interesting insights for macroeconomic research given the increased economic uncertainty that is rationally triggered by global and domestic turmoil periods during the last two decades. The examination of the case of Cyprus is of great importance, as it is the only Eurozone country for which a bail-in programme was enforced during the Eurozone crisis. The newly constructed EPU index shows a tendency to increase during periods of domestic political anxiety with the referendum for the Annan's plan in 2004, unexpected events like the explosion in the Mari naval base in 2011, economic crises, the 2013 bank deposits haircut, the Covid-19 pandemic, and more recently the war between Russia and Ukraine.

**Keywords:** economic policy uncertainty, Cyprus

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