

# MNI Russia Consumer Report July 2014

Insight and data for better decisions



## About MNI Indicators

### Insight and data for better decisions

MNI Indicators offers unique macro-economic data and insight to businesses and the investment community. We produce data and intelligence that is unbiased, pertinent and responsive. Our data moves markets.

Specialising in business and consumer focused macro-economic reports, we give our customers the ability to make timely and relevant decisions. We strive to provide up-to-date information on business and consumer confidence on the economy.

MNI Indicators publishes data on a monthly basis. Our indicators are based on a unique and proprietary methodology and are designed to present an advance picture of the economic landscape as perceived by businesses and consumers every month.

Our monthly reports explore attitudes, perspectives and confidence across different countries and regions. They deliver in-depth analysis, highlight changing patterns and how these can affect potential developments in business and consumer activities.

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# MNI Russia Consumer Report - July 2014

## Contents

<b>4</b>	<b>Editorial</b>
<b>6</b>	<b>Executive Summary</b>
<b>12</b>	<b>Economic Landscape</b>
<b>16</b>	<b>Indicators</b>
17	MNI Russia Consumer Indicator
24	Personal Finances
26	Business Conditions
29	Durable Buying Conditions
30	Employment Outlook
31	Prices Sentiment
34	Interest Rates Expectations
35	Real Estate Investment
38	Car Purchase
40	Consumer Indicator - Regions
43	Consumer Indicator - Income Groups
<b>44</b>	<b>What the Panel Said</b>
<b>46</b>	<b>Data Tables</b>
<b>54</b>	<b>Methodology</b>



# BRICS Building

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It's been a momentous time for the BRICS with the annual summit in Brazil last month culminating in the announcement of a new development bank to potentially rival the existing multinational institutions of the World Bank and the IMF.



It's been a momentous time for the BRICS with the annual summit in Brazil last month culminating in the announcement of a new development bank to potentially rival the existing multinational institutions of the World Bank and the IMF.

The BRICS development bank, or New Development Bank, as it is named has been a long time coming, with the idea aired back in 2009. It's not difficult to see why the five nations of the BRICS want to set-up a new bank – both the World Bank and the IMF are criticised for representing western interests too greatly. For example, the US gets a disproportionate amount of votes at the World Bank. And developing nations feel they have to meet overbearing conditions for credit lines.

The BRICS themselves are a rather disparate group of nations, lumped together by their size and capacity for growth, rather than their aligned political, social and economic goals. Russia, Brazil and South Africa export commodities, while China exports manufactured goods and India exports services. They have recently disagreed among themselves over WTO decisions and failed to unite on issues such as Ukraine or China throwing its weight around in the South China Sea. All this said, the New Development Bank does mark a significant step for the BRICS and shows that in spite of some individual disagreements, there is a greater will to ensure that developing economies have their say. Indeed the bank could become a key symbol for emerging markets. Notably the new bank is not going to be called the BRICS development bank, a sign that it will lend not only to the BRICS, but also other developing nations. This also keeps the door open for new members at a later date as well, something that is likely needed if the bank is to rival the World Bank in the future.

For Russia, the formation of the BRICS bank is a perfect opportunity for President Putin to once again show the West that it is not as dependent on them as they might believe. Just two months ago, Russia signed a historic 30 year deal worth \$400 billion for its state run gas producer Gazprom to supply natural gas to China, a strategically planned decision to reduce its dependence from its existing EU trade partners.

While the amount of capital the bank will raise is far less than the World Bank, that doesn't mean it won't have an impact, although it will take considerable time to build up into anything meaningful. As well as \$100 billion in capital there will be an equally sized "Contingency Reserve Arrangement", an emergency fund in the style of the IMF to help protect countries against currency crises and short-term liquidity requirements. Russia would be wise to try and de-escalate the situation in Ukraine or it won't be long before it is the first beneficiary of the bank!

**Philip Uglow**  
**Chief Economist**  
MNI Indicators



# Executive Summary

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Russian consumer sentiment increased for the second consecutive month after hitting a record low in May, although it still remains well below the levels seen at the start of the year prior to the annexation of Crimea.



Russian consumer sentiment increased for the second consecutive month after hitting a record low in May, although it still remains well below the levels seen at the start of the year prior to the annexation of Crimea.

The MNI Russia Consumer Indicator rose 2.0 points on the month to 91.1 in July from 89.1 in June. Consumer sentiment has severely dented since the onset of the Ukraine crisis, with confidence now standing 8.4% below the level seen a year earlier.

While it looks like the Russian economy may have escaped falling into recession in Q2, there has been little to cheer about. The Russian central bank raised its benchmark interest rate by 50 basis points to 8% from 7.5% towards the end of July, to control inflation, the third increase since the start of the year.

The downing of a Malaysia Airlines flight MH17, which occurred after our survey was conducted, resulted in a ratcheting up in sanctions from both the EU and US against Russia's finance, energy and weapons industries. The new sanctions will restrict Russian state-owned banks from accessing European and American capital markets and reduce the export of oil-related equipment, military arms and technology to Russia.

Tighter monetary policy and the impact of sanctions will no doubt have a negative impact on both growth and consumer sentiment over the coming months.

In July, consumers felt significantly better about their current economic circumstances, although remained downbeat on the future outlook of the economy. Current Personal Finances increased sharply in July to the highest since February, with respondents reporting that it was a good time to purchase big ticket items.

The labour market has deteriorated significantly in 2014, with the Employment Outlook Indicator hitting a series low in the three months to July.

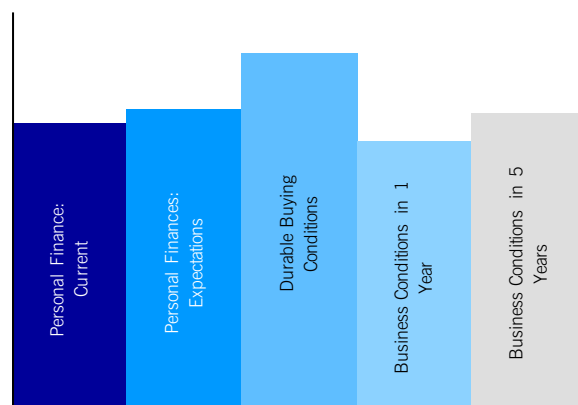
High prices have been a serious concern among consumers and while this eased a little in July, dissatisfaction with the current level of prices and inflationary expectations remained elevated.

In a bid to control both inflation and stabilise the currency, the Russian central bank has raised official interest rates by 250 basis points to 8% since the start of 2014.

Consumers have had high inflationary expectations since the start of the survey in March 2013 and they hit a record high in June. In July, expectations for inflation in 12 months' time remained broadly stable at 145.3 compared with 146.3 previously.

Just about half of respondents thought it would be a good time to buy a car and of those, the majority reported that there was greater supply and better quality cars in the market. However, there was a significant increase in those who cited the cost of use or upkeep deterring them to purchase a car.

#### MNI Russia Consumer Indicator - Components



## All Russia - Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI Russia Consumer Indicator</b>	87.2	89.1	91.1	Feb-14	-	89.1	2.0	2.3%
Current Indicator	87.3	91.1	97.1	Feb-14	-	91.8	6.0	6.6%
Expectations Indicator	87.1	87.8	87.1	-	May-14	87.3	-0.7	-0.8%
Personal Finance: Current	79.6	80.3	86.7	Feb-14	-	82.2	6.4	7.9%
Personal Finance: Expected	95.0	91.5	90.8	-	series low	92.4	-0.7	-0.8%
Business Condition: 1 Year	77.7	80.7	81.1	Feb-14	-	79.8	0.4	0.5%
Business Condition: 5 Years	88.6	91.2	89.5	-	May-14	89.8	-1.7	-1.9%
Durable Buying Conditions	95.1	101.8	107.5	Feb-14	-	101.5	5.7	5.6%
Current Business Conditions Indicator	85.5	91.0	93.6	Apr-14	-	90.0	2.6	2.9%
Real Estate Investment Indicator	108.0	108.2	110.8	Feb-14	-	109.0	2.6	2.4%
Car Purchase Indicator	79.3	79.8	78.4	-	series low	79.2	-1.4	-1.8%
Employment Outlook Indicator	87.8	87.5	87.6	May-14	-	87.6	0.1	0.1%
Inflation Expectations Indicator	144.6	146.3	145.3	-	May-14	145.4	-1.0	-0.6%
Current Prices Satisfaction Indicator	73.4	65.0	67.9	May-14	-	68.8	2.9	4.5%
Interest Rates Expectations Indicator	126.0	126.8	121.9	-	Mar-14	124.9	-4.9	-3.9%



## All Russia - Summary

	2013						2014						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>MNI Russia Consumer Indicator</b>	99.5	99.9	97.4	99.4	94.8	95.7	99.3	94.1	89.1	88.5	87.2	89.1	91.1
Current Indicator	100.5	99.2	95.8	99.2	94.3	95.7	102.0	98.6	89.4	90.2	87.3	91.1	97.1
Expectations Indicator	98.8	100.3	98.4	99.5	95.1	95.7	97.5	91.2	88.8	87.4	87.1	87.8	87.1
Personal Finance: Current	103.2	102.1	95.3	91.0	92.0	92.5	99.3	87.3	79.5	83.7	79.6	80.3	86.7
Personal Finance: Expected	103.4	104.9	105.4	101.2	101.7	101.9	101.2	96.3	96.3	93.4	95.0	91.5	90.8
Business Condition: 1 Year	95.9	98.7	96.1	101.5	94.9	94.4	95.1	87.8	79.4	77.8	77.7	80.7	81.1
Business Condition: 5 Years	97.2	97.5	93.7	95.8	88.7	90.8	96.4	89.4	90.7	91.1	88.6	91.2	89.5
Durable Buying Conditions	97.8	96.2	96.3	107.4	96.6	98.9	104.7	109.9	99.3	96.8	95.1	101.8	107.5
<b>Current Business Conditions Indicator</b>	95.4	95.6	97.6	94.5	97.4	94.9	100.3	97.5	99.2	95.7	85.5	91.0	93.6
<b>Real Estate Investment Indicator</b>	105.3	108.5	108.0	113.0	108.4	106.9	112.1	111.4	110.0	107.2	108.0	108.2	110.8
House Price Expectations	120.7	128.4	121.6	127.7	121.6	130.9	135.7	139.0	140.1	137.7	139.3	139.5	139.5
House Buying Sentiment	96.6	96.7	101.8	109.8	105.0	92.1	99.7	96.8	87.3	84.5	82.6	83.6	87.2
House Selling Sentiment	101.4	99.5	99.3	98.4	101.5	102.3	99.0	101.6	97.4	100.7	97.8	98.5	94.2
<b>Car Purchase Indicator</b>	86.2	88.4	85.7	85.1	81.9	81.0	83.3	88.3	85.1	82.2	79.3	79.8	78.4
Car Purchase Expectations	101.0	109.4	107.1	101.4	98.9	98.2	104.4	110.5	106.0	103.8	99.1	103.0	104.8
Price of Gasoline Expectations	128.6	132.7	135.6	131.3	135.2	136.2	137.7	133.8	135.8	139.4	140.5	143.4	148.0
<b>Employment Outlook Indicator</b>	97.1	97.5	99.9	100.4	98.1	98.2	87.2	86.5	92.9	90.9	87.8	87.5	87.6
Inflation Expectations Indicator	136.1	139.4	135.7	139.7	136.8	138.2	136.9	140.9	139.2	144.2	144.6	146.3	145.3
Current Prices Satisfaction Indicator	73.9	85.9	85.6	80.5	73.5	71.8	69.4	74.4	76.3	67.5	73.4	65.0	67.9
Interest Rates Expectations Indicator	114.1	113.2	111.1	115.6	115.5	114.9	115.9	122.6	119.2	122.3	126.0	126.8	121.9

## All Russia - Records

	2013- Current			
	Minimum	Maximum	Mean	Median
<b>MNI Russia Consumer Indicator</b>	87.2	99.9	95.1	97.2
Current Indicator	87.3	102.0	95.7	96.2
Expectations Indicator	87.1	100.3	94.8	97.5
Personal Finance: Current	79.5	103.2	91.8	92.5
Personal Finance: Expected	90.8	109.2	100.3	101.7
Business Condition: 1 Year	77.7	101.5	90.8	94.9
Business Condition: 5 Years	88.6	98.0	93.2	93.0
Durable Buying Conditions	92.9	109.9	99.6	97.8
<b>Current Business Conditions Indicator</b>	85.5	100.3	95.1	95.7
<b>Real Estate Investment Indicator</b>	105.3	113.0	108.7	108.0
House Price Expectations	117.9	140.1	130.1	128.4
House Buying Sentiment	82.6	109.8	95.3	96.8
House Selling Sentiment	94.2	102.3	99.4	99.3
<b>Car Purchase Indicator</b>	78.4	88.4	84.2	85.1
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Inflation Expectations Indicator	130.7	146.3	139.0	138.3
Current Prices Satisfaction Indicator	65.0	86.0	76.0	74.4
Interest Rates Expectations Indicator	111.1	126.8	118.7	119.2



# Consumer sentiment rose for the second consecutive month after hitting a record low in May.

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The MNI Russia Consumer Indicator rose 2.0 points on the month to 91.1 in July, 8.4% below the level seen a year earlier.



# Economic Landscape

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Western nations have stepped up economic sanctions against Russia following the downing of Malaysia Airlines flight MH17 last month.



Western nations have stepped up economic sanctions against Russia following the downing of Malaysia Airlines flight MH17 last month. Recently, the EU has imposed Tier 3 sectoral sanctions, something it has previously shied away from, placing an embargo on the trade of arms, energy-related equipment and technology which will most likely prove far more detrimental for the Russian economy than previous economic sanctions. In addition, restrictions on Russian access to capital markets have been extended and now include the major state-owned banks VTB Bank, Bank of Moscow and Russian Agricultural Bank.

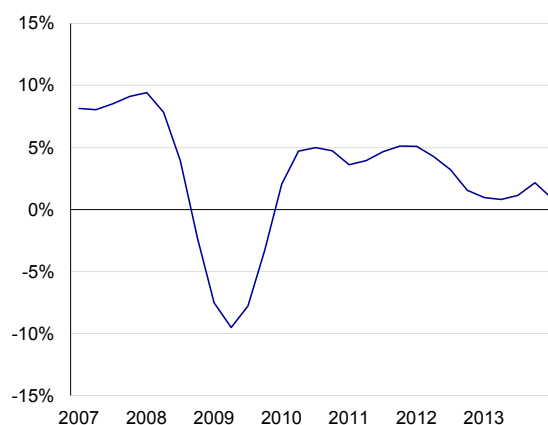
President Putin has recently approved the introduction of a new regional sales tax from 2015 onwards which aims to recoup budget shortfalls amid fears that Western sanctions may affect the country's long-term finances. This follows the central bank's decision to hike the key interest rate to 8% due to continued inflationary pressures and concerns about the impact of geopolitical tensions on the rouble.

### Economic growth stalls

The central bank has estimated that economic growth was close to zero in Q2, citing sluggish labour productivity growth and external political uncertainty as the primary causes. If this holds valid, Russia should narrowly avoid falling into a technical recession (two quarters of negative growth) following a slowdown to 0.9% growth in Q1 compared with a year earlier.

Russian ministers had predicted GDP growth of 2.5% this year before the turmoil in Ukraine. This has, though, been dramatically reduced to just 0.5%, following paltry growth of 1.3% in 2013. Central bank governor Elvira Nabiullina has also revised the growth rate for 2014 down to 0.4%, a little below the government's forecast, although a slight acceleration is expected in the second half of the year.

### Economic Growth



— GDP Growth y/y %

Source: Federal State Statistics Service of Russia

Following the EU's decision to enact Tier 3 sectoral sanctions, it is likely that Russia will experience negative growth in 2014 despite the Russian central bank's pledge to support any Russian banks that are affected by Western sanctions.

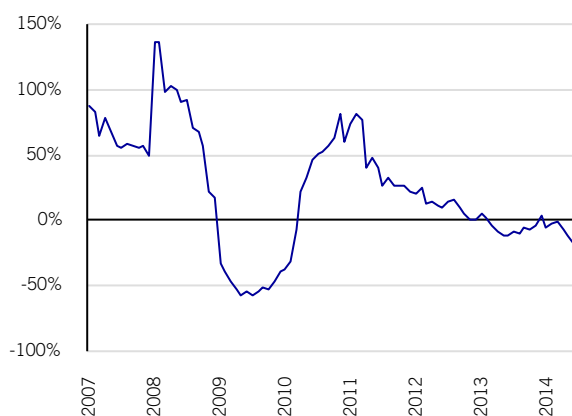
### Industrial production slows in June

Industrial production fell to 0.4% on the year in June, down from 2.8% in May due to a decline in manufacturing output growth. Manufacturing output slowed to just 0.3% on the year in June compared with growth of 4.8% in the previous month. More positively, though, the first six months of the year saw growth of 2.6% in manufacturing output compared with a fall of 0.6% in the same period a year earlier. Mining and quarrying output, slowed to 0.8% on the year in June compared with a growth of 0.9% in the previous month. Utilities output continued to contract

for the eighth consecutive month, with the pace of decline accelerating to 0.8% on the year from a decline of 0.5% in the previous month.

In the first six months of 2014, industrial production grew 1.5% on the year, having contracted by 0.2% in the same period a year ago. The economy ministry expects industrial output to increase by about 1% this year after it failed to grow in 2013.

### Car Sales



— Car and Light Commercial Vehicles Sales y/y %

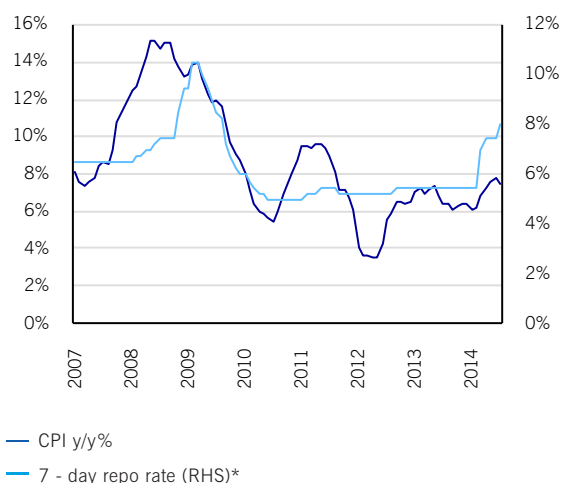
Source: Federal State Statistics Service of Russia

### Car sales decelerate in June

In June, 199,398 cars were sold in Russia, 17.4% below the level in the same month a year earlier, according to the Association of European Businesses (AEB). High inflation and a weaker rouble have negatively impacted consumer spending over the past year. The pace of the decline in car sales had been easing up to March when sales declined by just 0.4%, but the market has subsequently showed signs of distress again. The six months to June saw a decline of 7.7% in car sales compared with the same period a year earlier.

In view of the rouble's decline, the AEB has revised their full year forecast sharply lower and now anticipate that car sales will decline by 12% in 2014 following a drop of 5.5% in the previous year. It expects 1.2 million cars will be sold in the second half of this year, 16% below the level recorded a year earlier.

### Inflation and Interest Rate



Source: Federal State Statistics Service of Russia, \*Central Bank of Russia

### Inflation eases slightly in July

Consumer price inflation decelerated for the first time this year, easing to 7.5% in July from 7.8% in June. The introduction of a cap on regulated utility tariffs from July 1 likely helped to restrain inflation, although, the announcement of a new regional sales tax by President Putin and ongoing tensions in Ukraine will probably exacerbate spiralling inflation in Russia. From next year, administrative regions will be able to enact a sales tax of up to 3% on top of the current 18% federal VAT in order to cover any budget shortfalls.



Russia imports a large amount of consumer goods and food items, and the depreciation of the currency has pushed up prices in recent months, forcing the central bank to keep monetary policy tight.

#### Hike in the key policy rate

On July 25, the Russian central bank raised its benchmark interest rate by 50 basis points to 8% from 7.5% previously, the third increase since the start of the year.

The bank's central case is that consumer price inflation will ease to 6-6.5% by the end of the year, as the impact of the rouble decline wanes and lower administered price hikes, a good harvest and weak aggregate demand all bear down on inflation. Against this, negative shocks from increased geopolitical tension and the global monetary policy impact (a hike in rates by the US Federal Reserve for example) on the rouble, as well as changes to tax and tariffs policy, could push inflation up.

The central bank made clear that should the high rate of inflation persist, it would tighten monetary policy further in order to meet their inflation target.

#### Depreciation in the rouble

The rouble has been one of the most volatile emerging market currencies in 2014 due to the alarming levels of capital flowing out of the country following Russia's annexation of Crimea. In July, the rouble was 5.8% below the level seen in the same period a year ago, however the decline has eased in recent months. Consequently, foreign exchange reserves in Russia increased to \$478.3 billion in June from \$467.2 billion in May as there was a reduced need to try to protect the rouble from capital flight. However, some of this rebound in the rouble can be attributed to a Russian tax deadline boosting demand for the rouble from some companies, which could mean the resurgence could prove short-lived.

Capital outflows from Russia's private sector stood at \$48.8 billion in Q1 2014. About \$7.4 billion left Russia in June, down from \$8.8 billion in the previous month. Although the outflow slowed in the second quarter to \$25.8 billion, the outflow in the first six months to June already surpassed the \$62.7 billion capital flight seen for the whole of last year. The bank expects \$90 billion in net outflow this year, which given the current trend looks overly optimistic.

#### Trade surplus narrows in June

Russia's trade surplus narrowed to \$16.3 billion in June, from \$18.3 billion a month earlier, although above \$13.6 billion recorded a year earlier.

Exports eased to \$42.9 billion in June, 3.2% below May's reading of \$44.3 billion, although they were 2.5% above the same month a year earlier. Imports declined for the sixth consecutive month to \$26.6 billion, down by 5.9% on the year although 2.3% above May's reading of \$26 billion.

It is likely that Russia's trade surplus will narrow further following the implementation of Tier 3 sectoral sanctions by the EU, its largest trading partner, in response to the downing of Malaysia Airlines flight MH17. Relations are especially strained with the Netherlands, the origin of flight MH17 which had 193 Dutch nationals on board. It is possible that the Netherlands will introduce sanctions on oil and gas imports from Russia which, if implemented, could be damaging to Russia's trade balance given its role as a major distribution hub for oil and gas in Europe.



# Indicators

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Consumer sentiment has dented severely since the onset of the Ukraine crisis with confidence now standing 8.4% below the level seen a year earlier.

# MNI Russia Consumer Indicator

## Highest Since February



Russian consumer sentiment increased for the second consecutive month after hitting a record low in May, although it still remains well below the levels seen at the start of the year prior to the annexation of Crimea.

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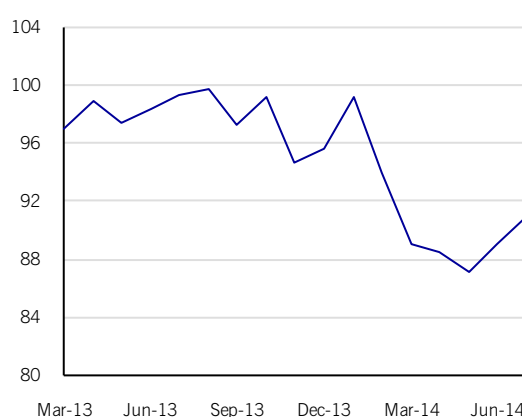
A reading below 100 indicates increasing negativity among consumers, while values above show increasing positivity. Consumer sentiment has remained below the 100 breakeven level since the series started in March 2013 and Q2 2014 marked the weakest sentiment on record given the significant weakening in economic growth and ramifications of Russia's military action in Crimea.

Consumers in July felt significantly better about their current economic circumstances, although remained downbeat on the future outlook of the economy. Current Personal Finances increased sharply in July to the highest since February, with respondents reporting that it was a good time to purchase big ticket items.

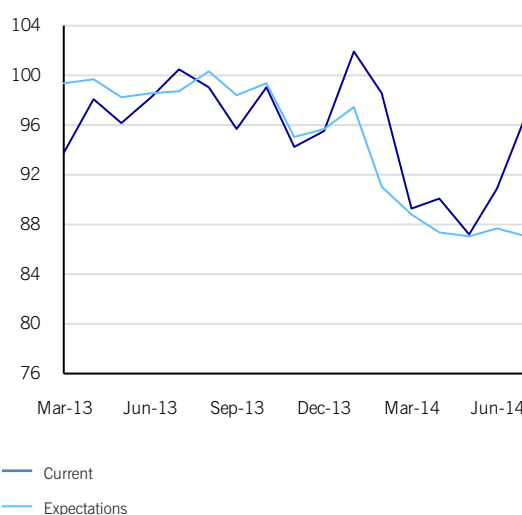
Optimism is expected to be short-lived with expectations for future Personal Finances hitting a series low and respondents remaining pessimistic about the outlook for businesses.

While it looks like the Russian economy may have escaped falling into recession in Q2, there has been little to cheer about in other economic data which

MNI Russia Consumer Indicator



Current and Expectations Indicators

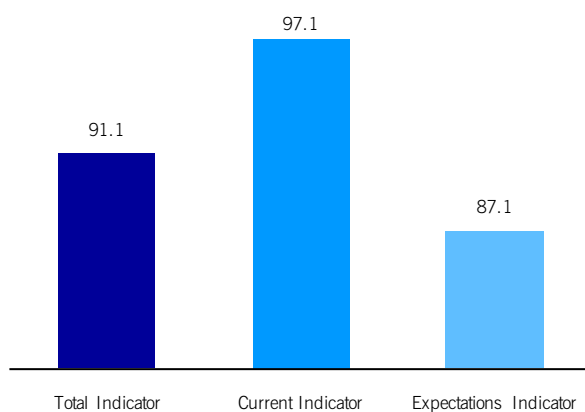


MNI Russia Consumer Indicator

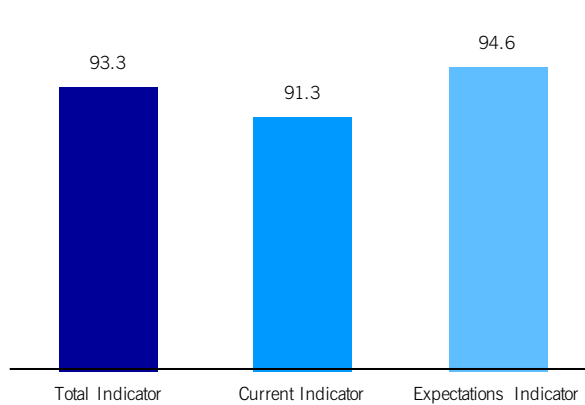
	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
MNI Russia Consumer Indicator	99.5	94.1	89.1	88.5	87.2	89.1	91.1
Current	100.5	98.6	89.4	90.2	87.3	91.1	97.1
Expectations	98.8	91.2	88.8	87.4	87.1	87.8	87.1



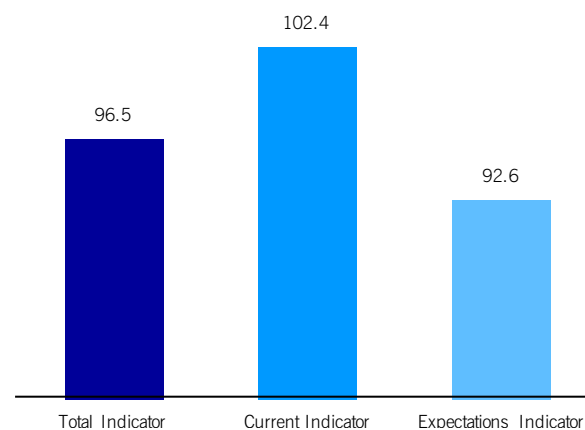
## All Russia



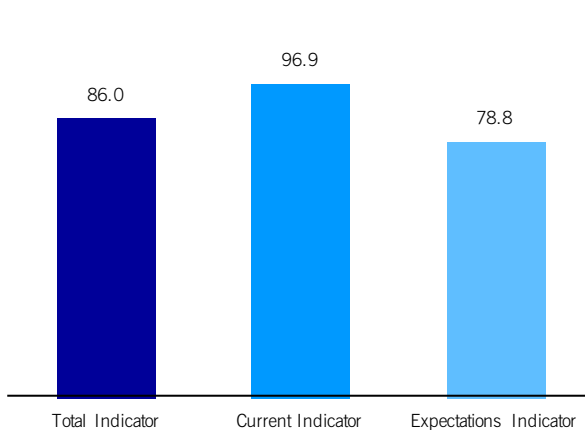
## West Siberian



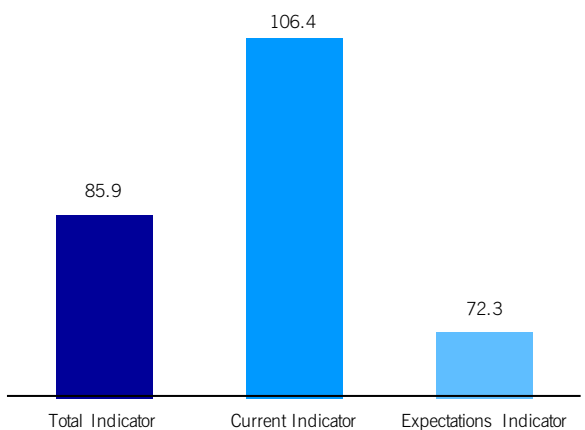
## Central Russia



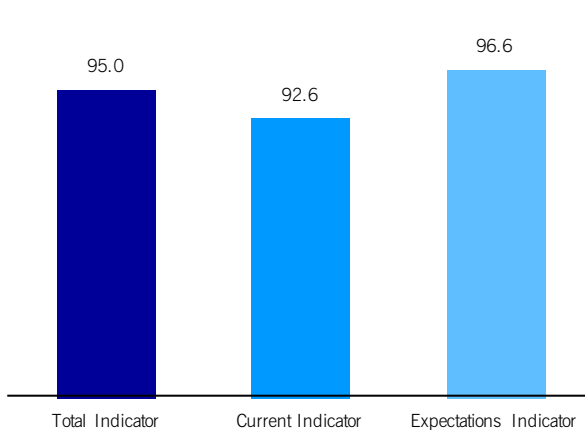
## Volga



## Urals



## North Caucasus





showed inflation hitting a three year high in June and eased only slightly in July. In response, the Russian central bank raised its benchmark interest rate by 50 basis points to 8% from 7.5% towards the end of July, the third increase since the start of the year. Further upward pressure on inflation could well prompt action from the central bank especially given the negative geopolitical backdrop and pressure on the rouble.

The downing of a Malaysia Airlines flight MH17, which occurred after our survey was conducted, resulted in a ratcheting up in sanctions from both the EU and US against Russia's finance, energy and weapons industries. The new sanctions will restrict Russian state-owned banks from accessing European and American capital markets and reduce the export of oil-related equipment, military arms and technology to Russia.

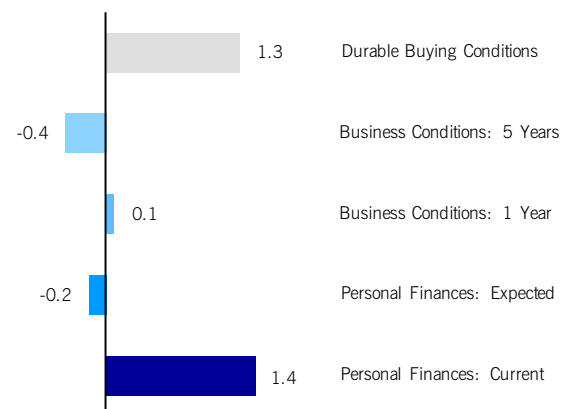
Tighter monetary policy and the impact of sanctions will no doubt have a negative impact on both growth and consumer sentiment over the coming months.

The Current Indicator, which measures consumers' assessment of current conditions, rose to 97.1 in July from 91.1 in June, while the Expectations Indicator, which is made up of the three forward looking components, stood at 87.1 in July compared with 87.8 previously.

### Regions

The rise in the MNI Russia Consumer Indicator was led by all major regions apart from the Volga region, which witnessed the sharpest decline in four months. In the Volga region, confidence declined to 86.0 from 93.2 in June. Consumers were highly pessimistic about the future, especially Business Conditions in one year's time. In contrast, more respondents expected business conditions to improve in five years.

Consumer Indicator: Contribution to Monthly Change (% pt.)





Among the top five regions, respondents from Central Russia had the strongest consumer sentiment, at 96.5 in July, the highest since February.

Age

Consumer sentiment rose among the youngest age group but fell in the oldest age group.

Consumer confidence in the youngest group rose to the highest in five months in July after hitting a record low in June. The Consumer Indicator for the 18-34 year age range increased to 93.6 from 88.1 in June. Consumers were highly confident about their current conditions as they reported healthier Personal Finances and a higher willingness to purchase household goods. Respondents were also more optimistic about Business Conditions in a Year's time, but not about longer term economic conditions

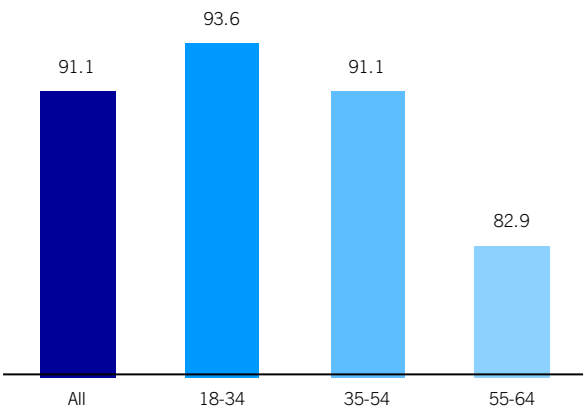
Consumer sentiment among 35-54 year olds stood at 91.1 in July compared with 90.6 in June. Their belief that it is a good time to purchase big tickets items was strong despite a not so buoyant Personal Financial situation. Among the five components of the Consumer Indicator, respondents were the least confident about Business Conditions in One Year.

For the oldest age range, 55-65 year olds, consumer confidence fell to the lowest since the start of the survey to 82.9 in July, offsetting the previous month's rise to 88.3. Consumers were highly perturbed about future Business Conditions, as they probably feared the impact of harsher sanctions on an already troubled economy.

Income

Consumer confidence rose in high income groups while it remained subdued in low income households in July.

Consumer Indicator: Age Groups



Consumer confidence for households with an average annual income of over RUB 480,000 expanded for the first time in five months to 100.5 in July from 97.1 in June, the highest level since April 2013. They were highly confident about current conditions but did not expect future conditions to improve much.

For households with an average annual income under RUB 432,000, the indicator stood at 84.7 in July compared with 84.3 in June. Respondents were perturbed about Business Conditions in a Year's time.

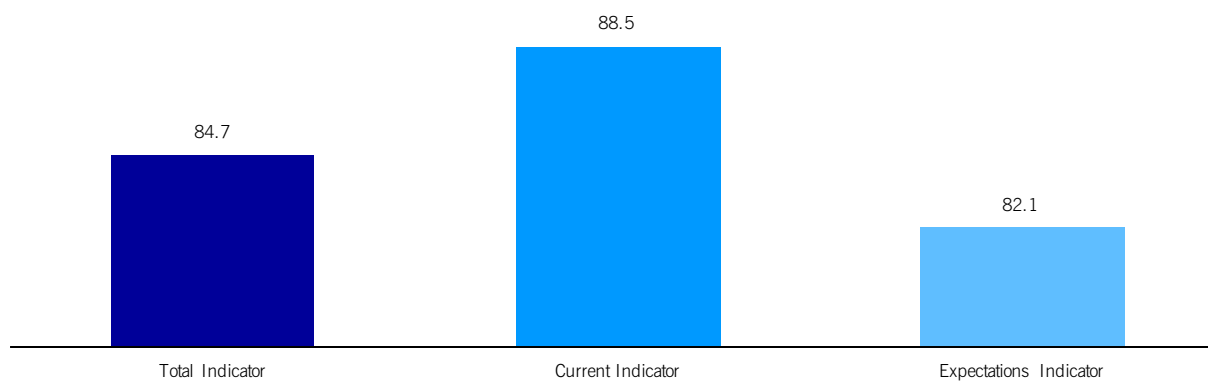
Compared with the previous year, confidence was about the same level among higher income households, while for lower income households it was 12% lower. And, on average, the level of confidence remained greater for higher income households. Our survey shows that low income households have been hit the most while wealthier ones have not been impacted much by the current political and economic tension.

## MNI Russia Consumer Indicator Income Groups



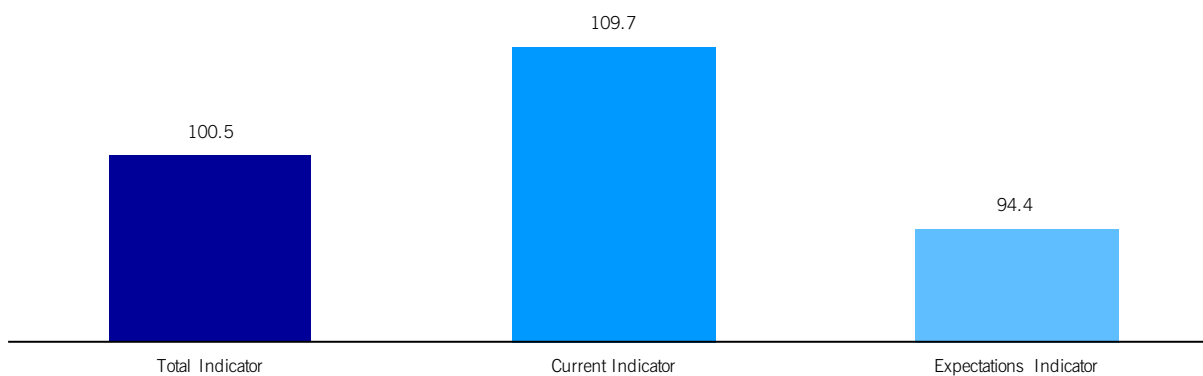
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< RUB 480,000 Per Annum



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> RUB 480,000 Per Annum





# MNI Russia Consumer Indicator

## Main Cities



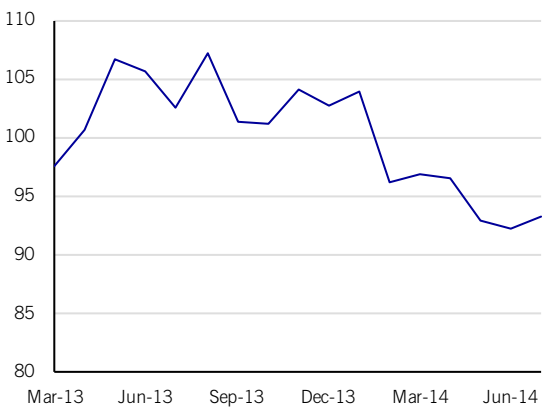
The Consumer Indicator rose in only four, fell in five and remained broadly stable in one city out of the 10 major cities surveyed. In spite of a rise in general confidence levels, consumer sentiment in the top 10 cities failed to expand in July.

In the capital Moscow, consumer sentiment rose slightly to 93.2 after declining for three months to 92.3 in June. More consumers were optimistic about their Current Personal Finances and expected their finances to improve over the next 12 months. Expectations for Business Conditions in Five Years eased back amid economic and political tensions.

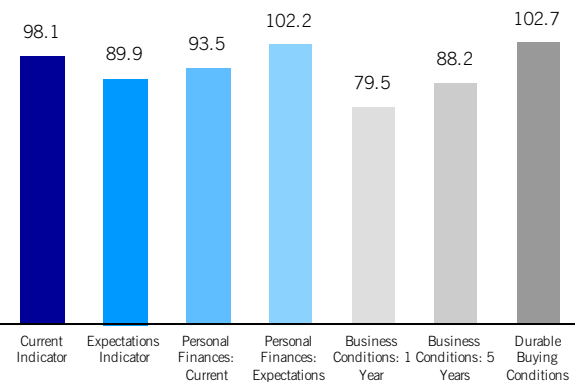
In Saint Petersburg, the second largest city in Russia, consumer sentiment declined for the second consecutive month to 96.7 in July from 98.7 in June. Consumers had less money to spend on big ticket items and they were less optimistic about Business Conditions. Their expectations for future Personal Finances, which remained above 100, were broadly unchanged from the previous month.

Consumer confidence in Novosibirsk, the third largest city by population in Russia, slipped 5.4 points to 84.4 in July from 89.8 in June. More consumers witnessed a rise in their Personal Finances but this was not enough for them to find it a good time to purchase household items. Respondents had serious concerns about the business environment, especially the longer term, the indicator for which hit a series low.

Consumer Indicator - Moscow

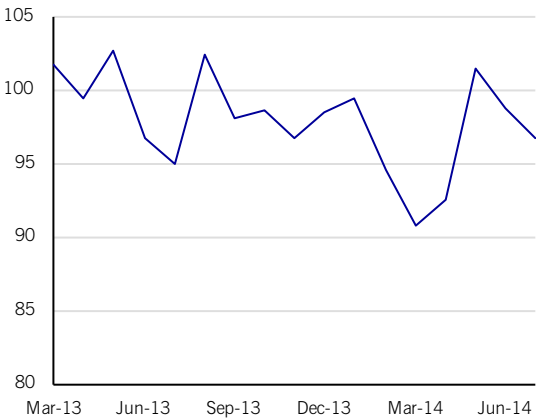


Consumer Indicator Components - Moscow

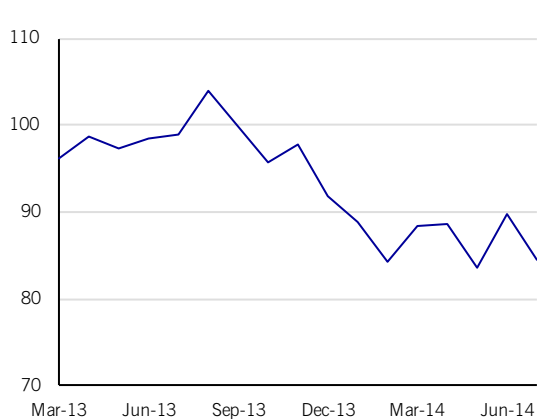




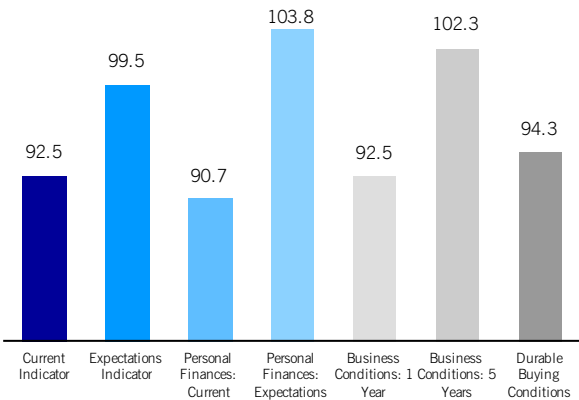
Consumer Indicator - Saint Petersburg



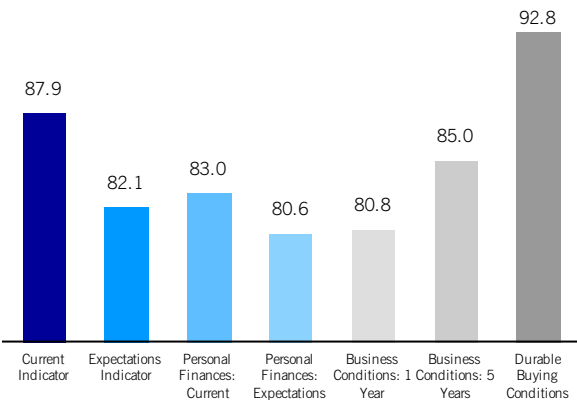
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



## Personal Finances

### Current Finances Rise Markedly



Respondents were more confident about their finances in the current month while expectations for the next 12 months declined to the lowest level on record.

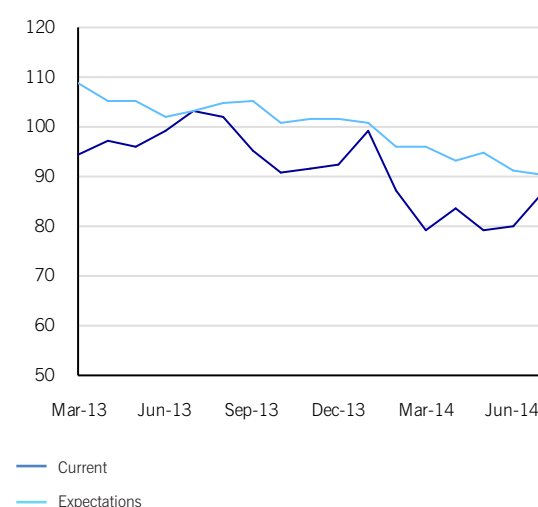
The Current Personal Finances Indicator, which measures whether a household is better or worse off than a year ago, rose by 6.4 points to 86.7 in July from 80.3 in June, the highest since February. In spite of the gain, the indicator was 16% below the level seen in the previous year.

Out of those who reported that their financial conditions improved, a growing proportion gave credit to business policies. However, of those who thought their personal finances had worsened, a high proportion said it was because of their employment situation.

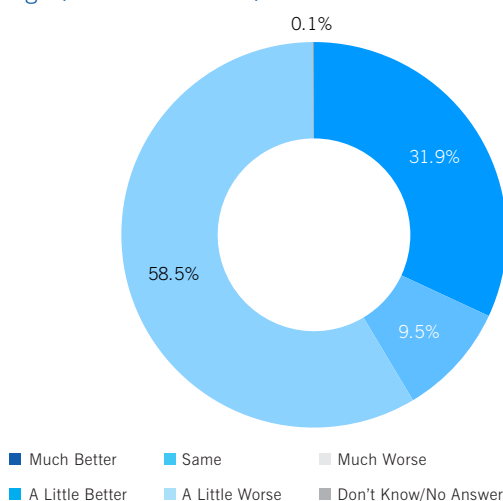
Consumers have been hit by higher inflation and weaker rouble this year which has impacted their personal disposable income and savings. In July, 94.8% of respondents spent 70-100% of their monthly household income on daily expenses, the lowest proportion in more than a year, while 78.9% of respondents said they were saving between just 1-29% of their monthly household income, the lowest since the start of the survey.

Expected Personal Finances, which measures whether households think their finances will be better in a year's time, declined further to a record low level of 90.8 from 91.5 in June. Consumers' expectations have driven gradually down, with July being the sixth consecutive month that consumers have been pessimistic.

#### Personal Finances



#### Current Financial Situation Compared with 1 Year Ago (% of Households)



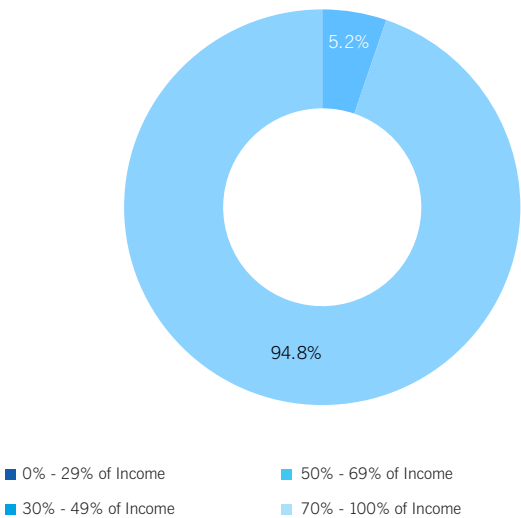
#### Personal Finances

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Current	103.2	87.3	79.5	83.7	79.6	80.3	86.7
Expectations	103.4	96.3	96.3	93.4	95.0	91.5	90.8

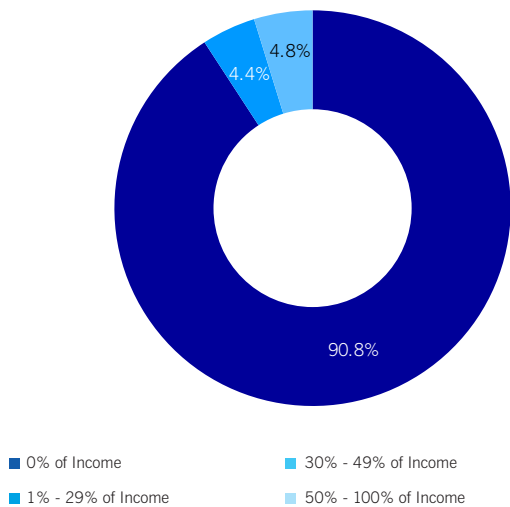
# How Households Spend their Money



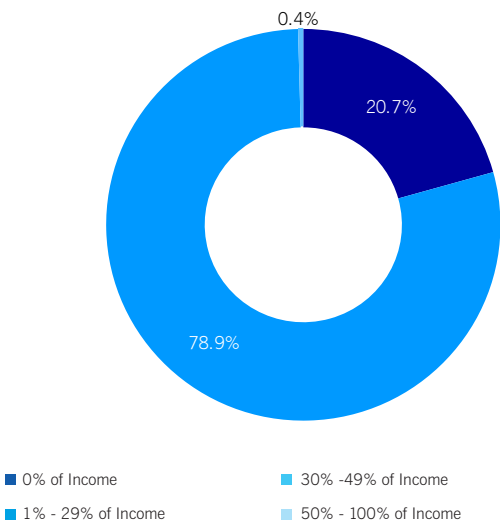
Daily Expenses  
(% of Households)



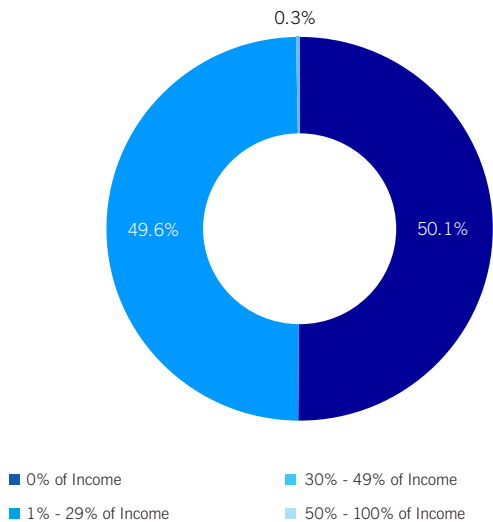
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings (% of Households)



Monthly Household Income Used for Investments (% of Households)





## Business Conditions Remain Subdued



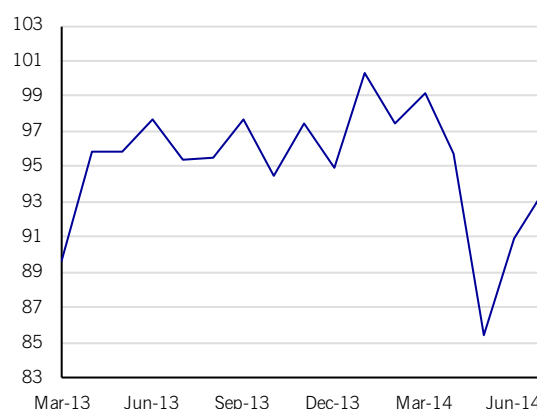
The threat of stricter sanctions and the continued lack of the government's plan to reinvigorate growth left consumers worried about the outlook for business.

The indicator for Business Conditions in One Year stood at 81.1 compared with 80.7 in June and was significantly below the outturn of 95.9 in the same period a year ago. The majority of those who expected business conditions to worsen in a year's time cited weaker income and employment as the main reasons.

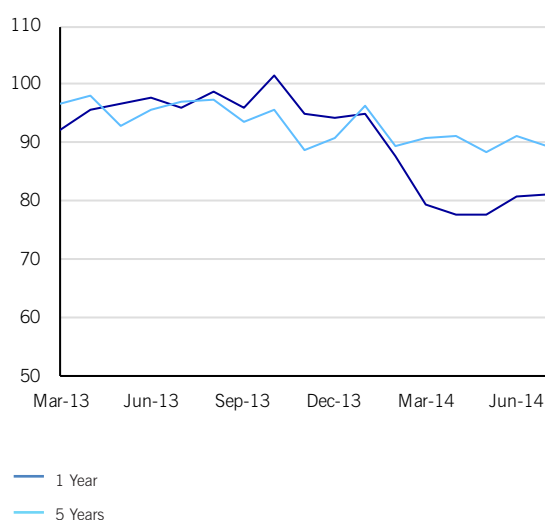
Consumers have increasingly been less hopeful about longer term Business Conditions since March 2013. Expectations about Business Conditions in Five Years fell to 89.5 in July from 91.2 in June, the lowest since May and about 8% below past year. Among the major cities surveyed, Kazan was the least optimistic city about longer term business conditions and respondents from Moscow had the sharpest fall on the month.

The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year earlier, rose to 93.6 in July from 91.0 in June but was still almost 7% below the level seen a year ago.

Current Business Conditions Indicator



Expected Business Conditions



### Business Conditions

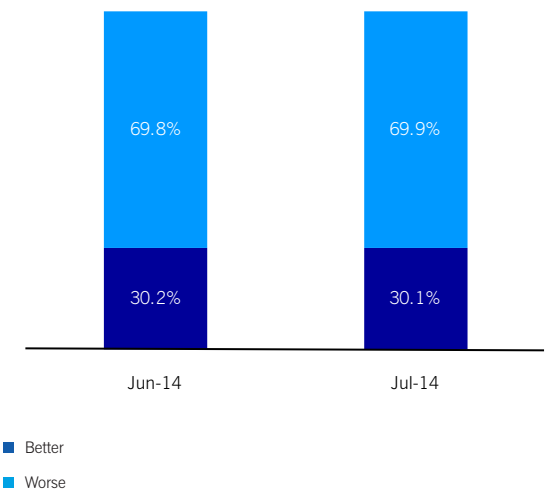
	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Current	95.4	97.5	99.2	95.7	85.5	91.0	93.6
In 1 Year	95.9	87.8	79.4	77.8	77.7	80.7	81.1
In 5 Years	97.2	89.4	90.7	91.1	88.6	91.2	89.5

# Business Conditions in 1 Year

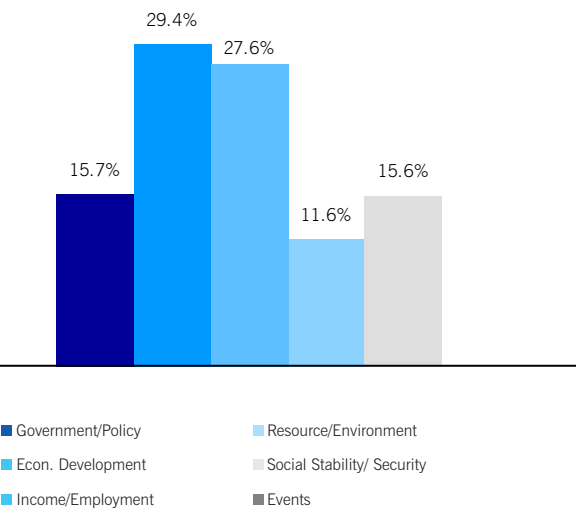


About 21% of respondents thought conditions were “poor” or “very poor” while 65.3% of them thought they were “only fair”. Our survey period closed before sectoral sanctions were imposed, the repercussions of which will be seen in the coming months.

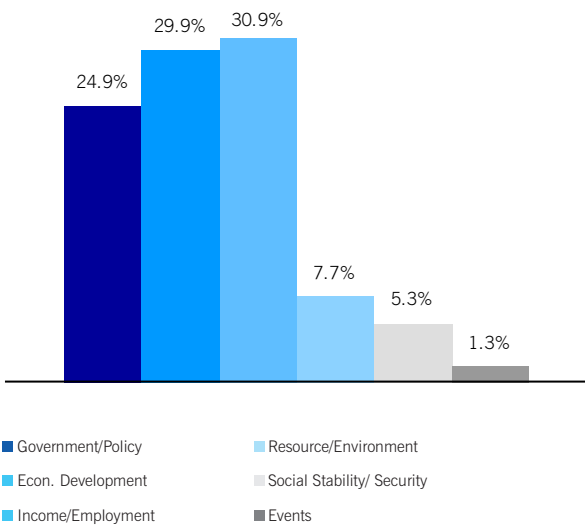
All Russia



All Russia, Reasons for Better



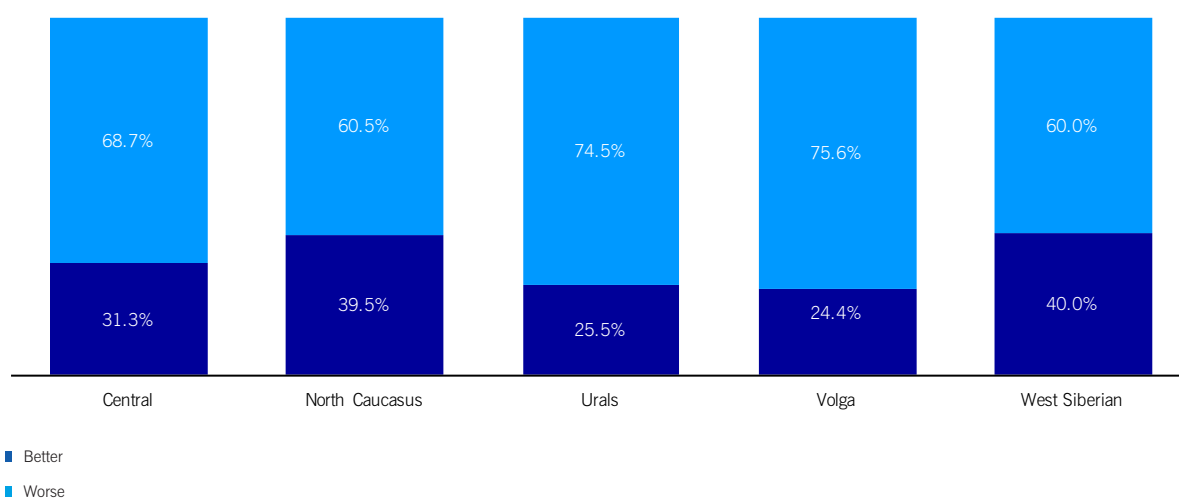
All Russia, Reasons for Worse



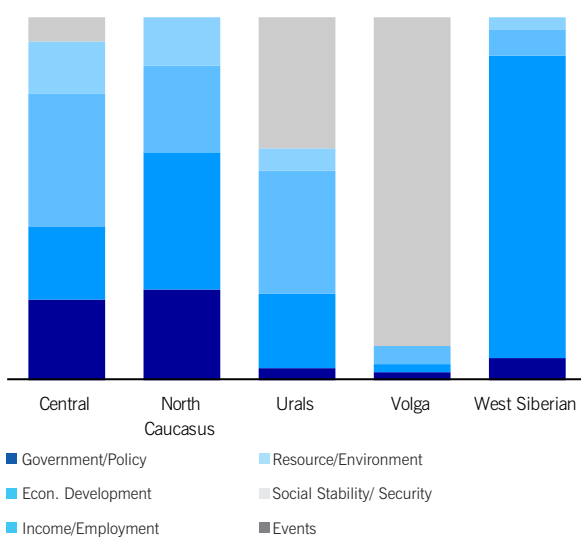
## Business Conditions in 1 Year Regions



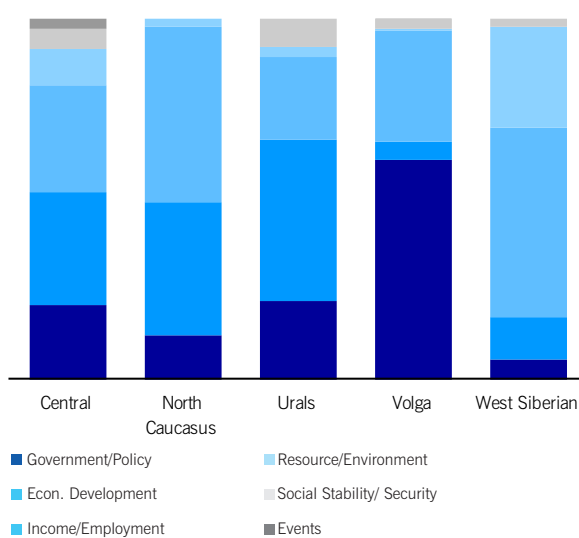
Business Expectations: Worse or Better?  
(% of Respondents)



Reasons for Better  
(% of Respondents)



Reasons for Worse  
(% of Respondents)



## Durable Buying Conditions Highest Since February



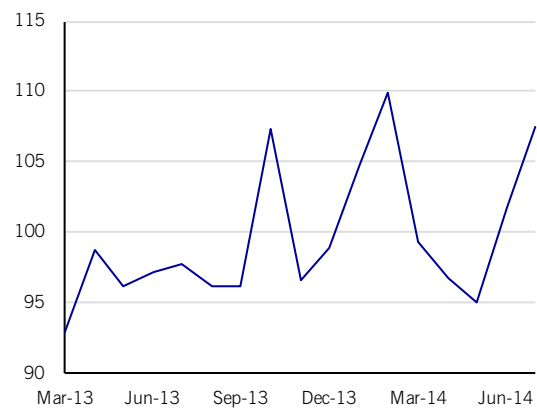
More consumers were willing to purchase large household items in July as they feared prices will rise in the future.

The Durable Buying Conditions Indicator rose to 107.5 in July from 101.8 in June, the highest since February.

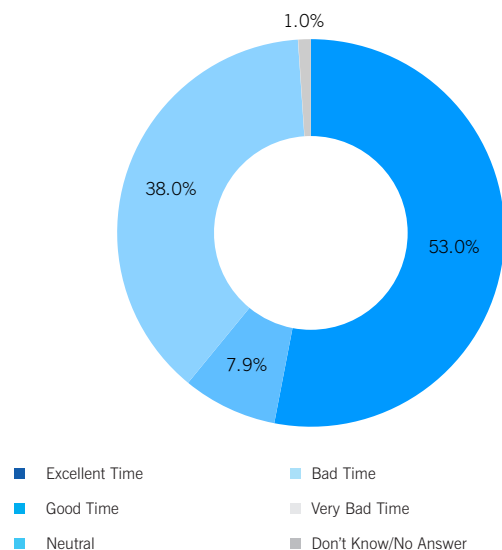
Respondents are asked whether they believe it is a good or bad time to purchase a large consumer durable, and a result above 100 means that a higher percentage of respondents view it as a good time. The Durable Buying Conditions Indicator was the strongest component of the overall MNI Russia Consumer Indicator in July.

Out of the ten largest cities surveyed, only respondents from Moscow and Samara were optimistic about buying a large household item in July. Respondents from all other cities felt it wasn't a good time to spend on large household items, with the Durable Buying Conditions Indicator remaining below 100.

Durable Buying Conditions



Is It a Good or Bad Time to Buy Large Household Goods? (% of Households)



Durable Buying Conditions

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Durable Buying Conditions	97.8	109.9	99.3	96.8	95.1	101.8	107.5



## Employment Outlook Remains Broadly Stable



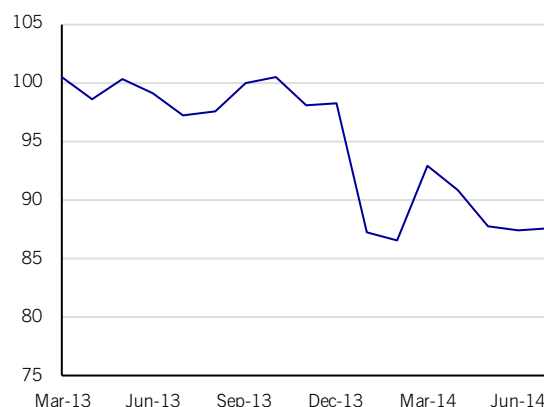
The outlook for the employment market remained subdued as concerns over further sanctions and the state of the economy mounted.

The Employment Outlook Indicator, which measures opinion on the outlook for the employment market over the next 12 months stood at 87.6 in July compared with 87.5 in June. The labour market has deteriorated significantly in 2014, with the Employment Outlook Indicator hitting a series low in the three months to July.

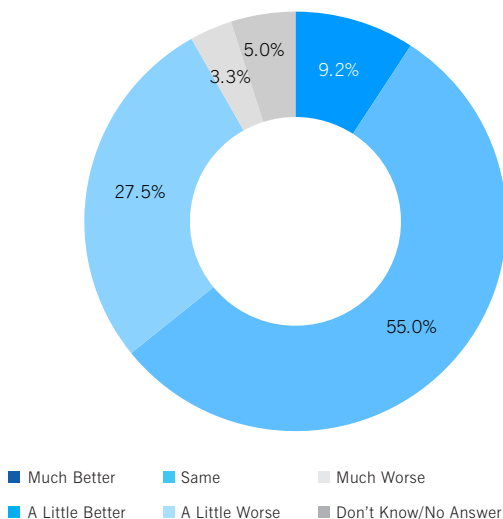
Respondents from the Urals region were the least optimistic about the employment outlook, although they were more positive from a month ago. In West Siberian, there was a sharp rise in those who thought employment conditions would be a little worse, pushing the Employment Outlook to a record low.

Official statistics showed that the unemployment rate stood at 4.9% in June, unchanged from May. Results from the July edition of our sister survey on Russian Businesses showed that companies' hiring has reduced, in line with the economy's downturn and they remained neutral about employment conditions over the next three months.

Employment Outlook Indicator



Employment Outlook for the Next 12 Months  
(% of Households)



Employment Outlook

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Employment Outlook	97.1	86.5	92.9	90.9	87.8	87.5	87.6

## Prices Sentiment Eases Slightly



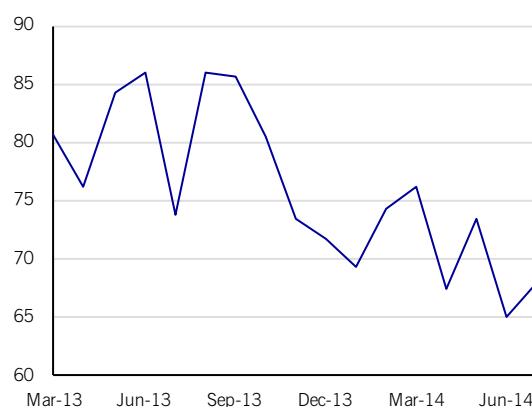
High prices have been a serious concern among consumers and while this eased a little in July, dissatisfaction with the current level of prices and inflationary expectations remained elevated.

Satisfaction with current prices has rapidly trended downwards since last year in line with the decline in the rouble. More than 50% of respondents reported they were dissatisfied with the current level of prices, slightly less than the previous month. The Current Prices Satisfaction Indicator rose to 67.9 in July from 65.0 in June, well below the average of 74.3 for the past 12 months and the series average of 76.0. A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has remained below 100 since the survey started in March 2013 and in July it was 8.1% below the same period a year earlier.

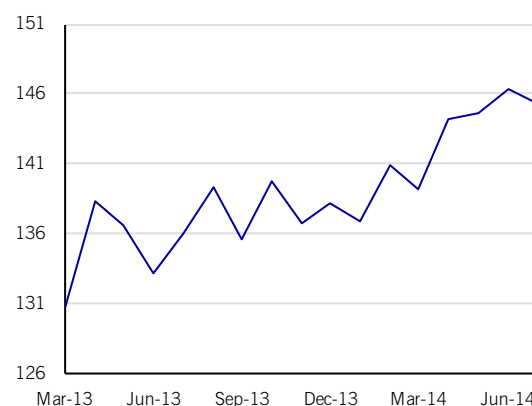
Official data showed that consumer price inflation eased for the first time this year to 7.5% in July from 7.8% in June. The cost of food products rose by 9.8% on the year, unchanged from the previous month.

Consumers have had high inflationary expectations since the start of the survey in March 2013 and they hit a record high in June. In July, expectations for inflation in 12 months' time remained broadly stable at 145.3 compared with 146.3 previously.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



### Prices Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Satisfaction with Current Prices	73.9	74.4	76.3	67.5	73.4	65.0	67.9
Inflation Expectations	136.1	140.9	139.2	144.2	144.6	146.3	145.3

# Prices Sentiment Regions



The Russian central bank has raised official interest rates by 250 basis points to 8% since the start of 2014 in a bid to control both inflation and stabilise the currency. While governor Elvira Nabiullina has said that the current monetary policy stance will achieve the bank’s medium-term inflation goals, the central bank has made it clear that it will tighten policy further should inflation remain too high.

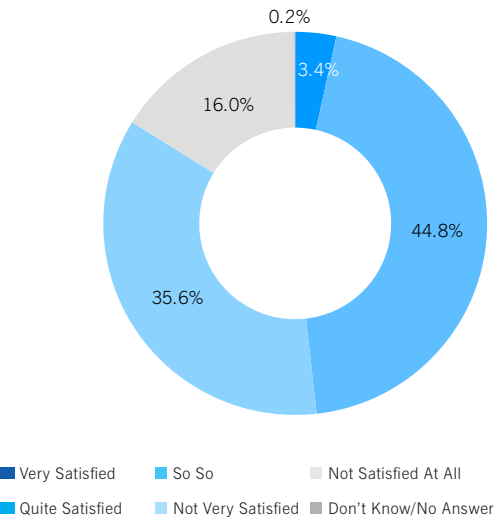
Consumers have had exceptionally high inflationary expectations since March this year when the rouble crashed against the US dollar and the euro. The majority of respondents believed that prices would rise more than 25% over the next year, a trend seen since February, before which they expected prices to rise 11-24%.

### Regions

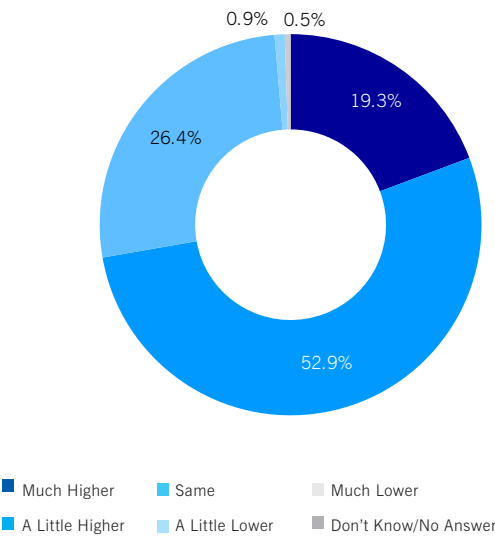
Satisfaction with Current Prices rose in Volga, Urals and Central Russia. The majority of West Siberian respondents said they were not satisfied at all, pushing the Current Prices Satisfaction indicator to a record low level in July. More respondents from North Caucasus were also dissatisfied with the current level of prices, with the indicator declining to the series low.

Consumers from Central and Western Siberia regions had lower expectations for future prices. In contrast, consumers from Volga expected prices to be much higher in the next 12 months. They had the highest inflationary expectations over the next 12 months compared with other regions as well.

Satisfaction with Current Prices  
(% of Households)

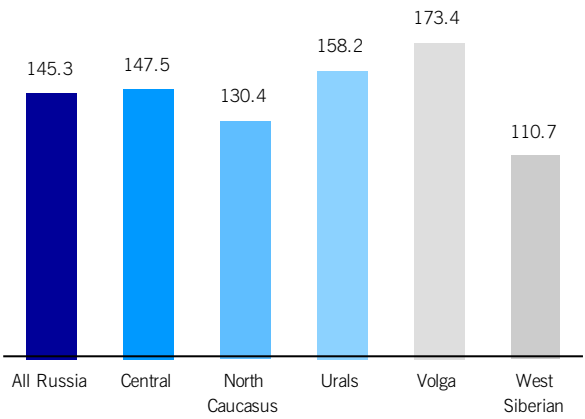


Inflation Expectations in 12 Months  
(% of Households)

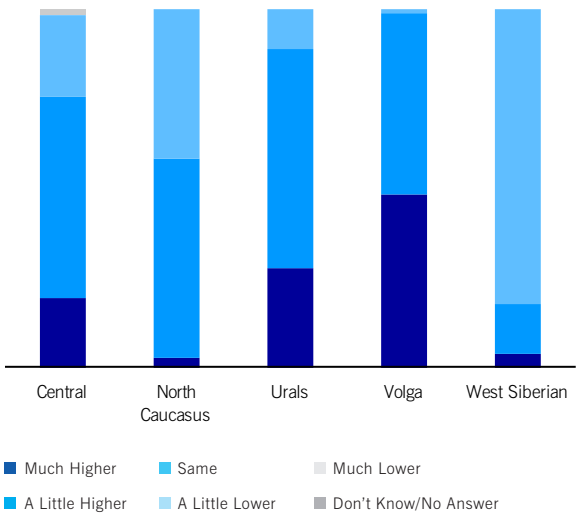




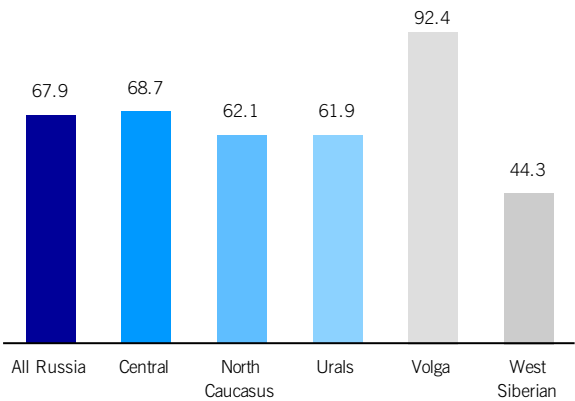
Inflation Expectations Indicator



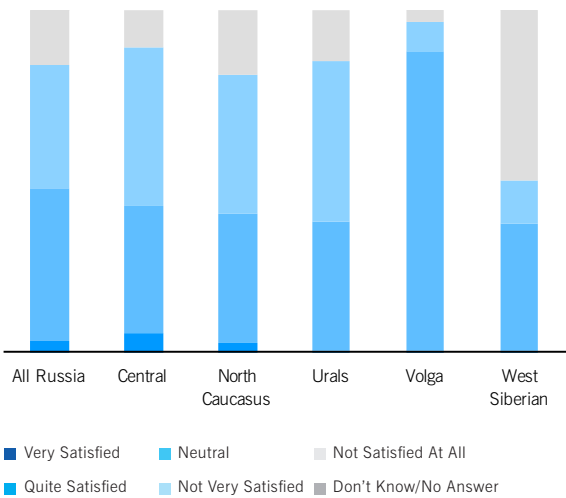
Expected Change in Prices in 1 Year  
(% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices  
(% of Households)





## Interest Rate Expectations Lowest Since March



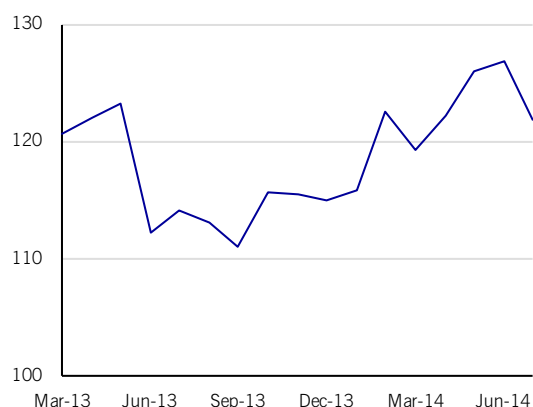
Consumers' expectations about interest rates on car and home loans have trended upwards since September and in July they eased slightly after hitting a record high in the previous month.

This survey was conducted before the Central Bank raised its key policy rate by 50 basis points to 8% on July 25 from 7.5% previously, the third increase since the start of the year. The central bank made clear that should the high rate of inflation persist, it will tighten monetary policy further in order to meet the inflation target.

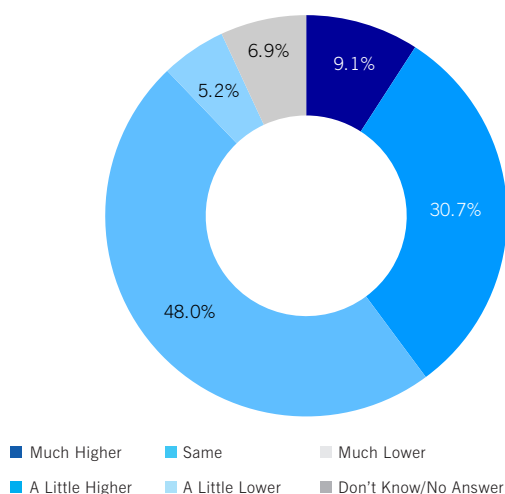
The Interest Rate Expectations Indicator fell to 121.9 in July from 126.8 in June and was 6.8% above the level recorded in the same month a year earlier. The indicator has remained above 100 since the survey started in March 2013, indicating that more households expected interest rates to rise than fall in the coming year, and the three months to July averaged very close to the series high recorded in Q2 2014.

Survey participants forecasting that interest rates on home and car loans would be higher in a year's time fell to almost 40% from 45% in June. The percentage of respondents expecting interest rates would be the same rose to 48% from almost 45% in June.

Interest Rate Expectations Indicator



Expected Change in Interest Rate in 1 year  
(% of Households)



Interest Rate Expectations

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Interest Rate Expectations	114.1	122.6	119.2	122.3	126.0	126.8	121.9

## Real Estate Investment Highest in Five Months



In spite of the continued subdued level of overall consumer sentiment, optimism about real estate increased further in July.

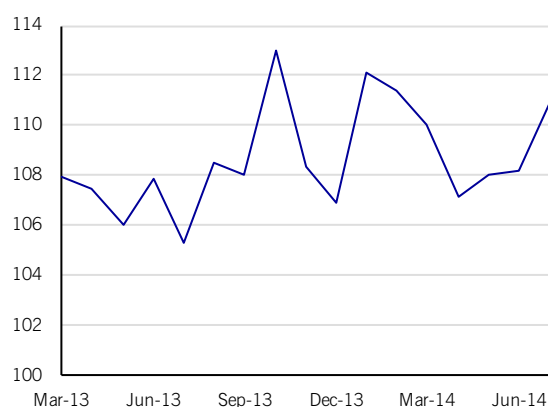
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) rose to 110.8 in July from 108.2 in June.

Consumers' expectations about house prices hit a record high in June and it remained flat in July. The House Price Expectations component, which measures the outlook for prices over the coming six months, remained at 139.5 in July, which was 15.7% above the outturn of 120.7 in the same month a year earlier.

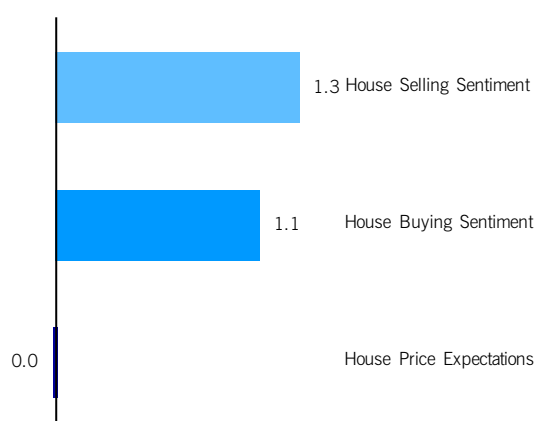
Consumers' sentiment about purchasing a house rose for the second consecutive month in July but has dropped significantly since last year. House Buying Sentiment, a measure of whether it is a good time to buy a house in the next six months, rose to 87.2 in July from 83.6 in June.

With expectations of higher house prices in the next six months, respondents did not believe it was a good time to sell a house. This is shown in House Selling Sentiment, a measure of whether it is a good time to sell a house in the next six months, which fell to a series low of 94.2 in July from 98.5 in June. This component has a negative impact on overall housing sentiment.

Real Estate Investment Indicator



Real Estate Investment Indicator: Contribution to Monthly Change (% pt.)



Real Estate Investment Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Real Estate Investment Sentiment	105.3	111.4	110.0	107.2	108.0	108.2	110.8
Price Expectations	120.7	139.0	140.1	137.7	139.3	139.5	139.5
House Buying	96.6	96.8	87.3	84.5	82.6	83.6	87.2
House Selling	101.4	101.6	97.4	100.7	97.8	98.5	94.2

# Real Estate Investment Components and Balances



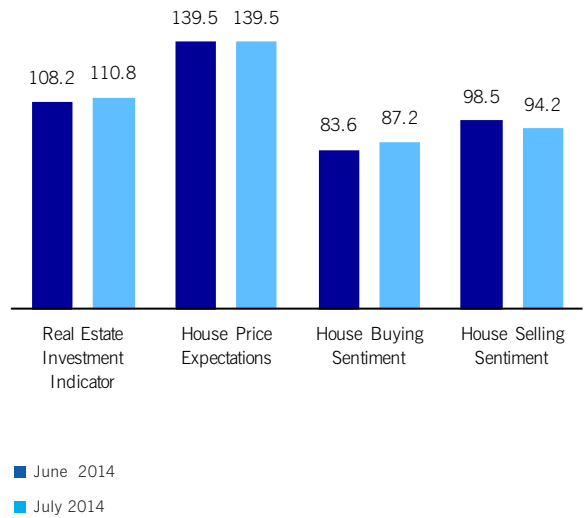
### Regions

The Real Estate Investment Indicator improved in all regions apart from the Volga region, where House Price Expectations hit a record low level in July.

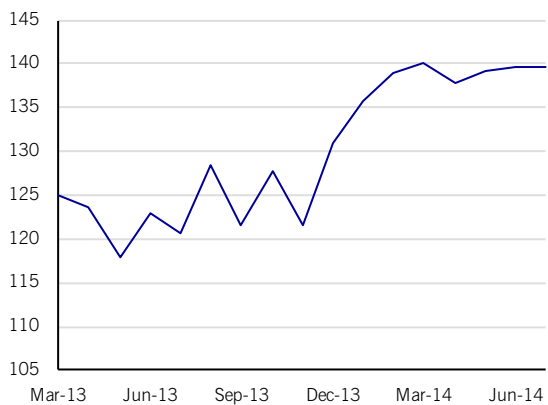
Respondents from the Central region were the most optimistic about real estate investment as their expectations about house prices hit a record high level in July.

In West Siberian, respondents were more optimistic about housing. The Real Estate Investment sentiment jumped above the 100 mark to the highest since February as the combined effect of higher House Price Expectations and House Buying Sentiment outweighed the rise in House Selling sentiment.

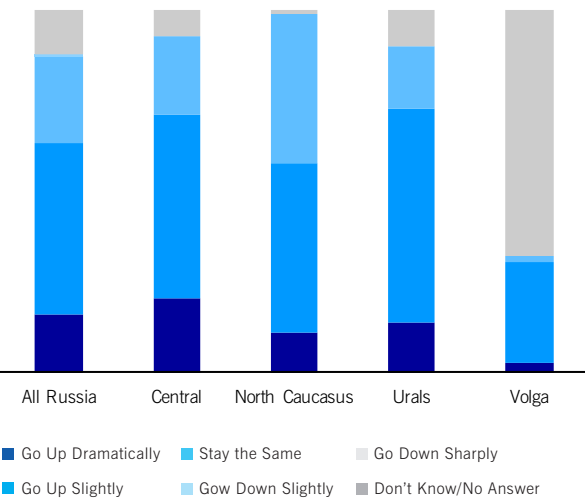
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes

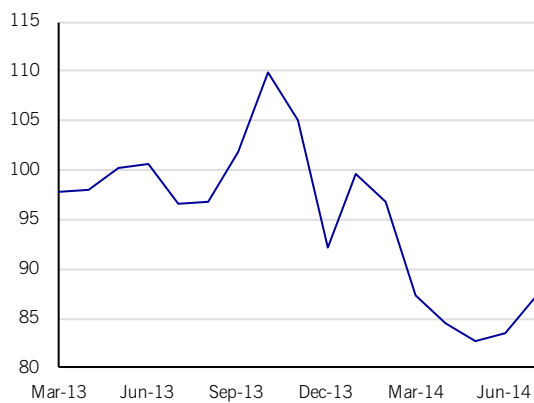


Expected Changes in Real Estate Prices in the Next 6 months (% of Households)

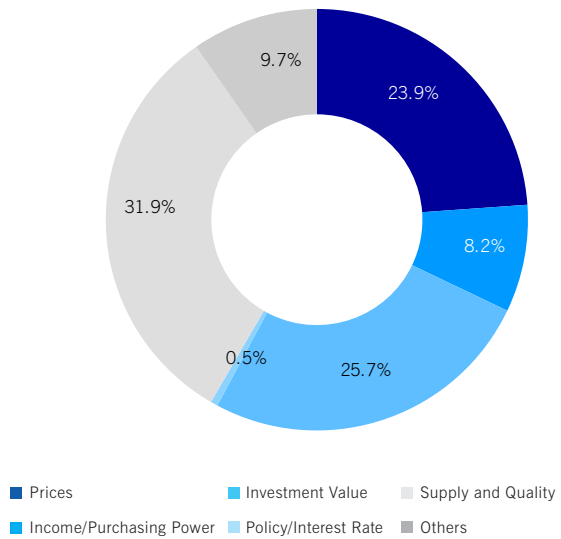




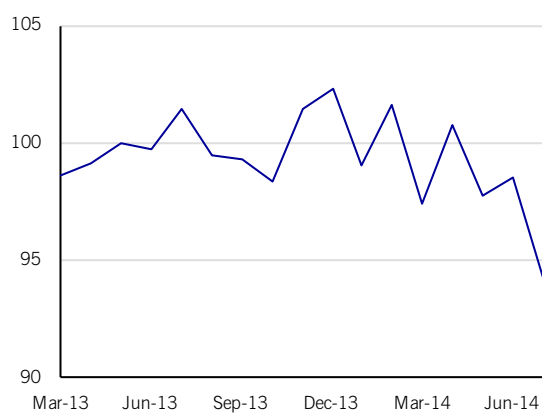
### House Buying Sentiment



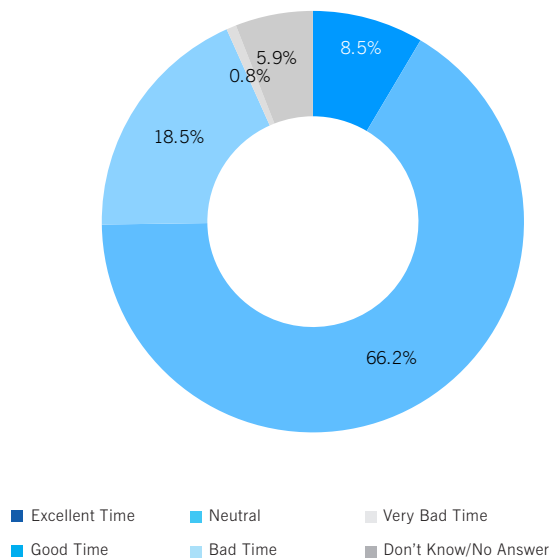
### Reasons for Buying Houses (% of Households)



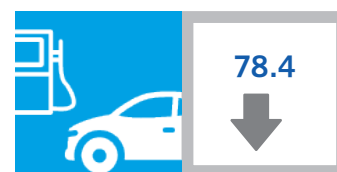
### House Selling Sentiment



### Timing for Selling Houses (% of Households)



## Car Purchase Gas Price Expectations at Record Level



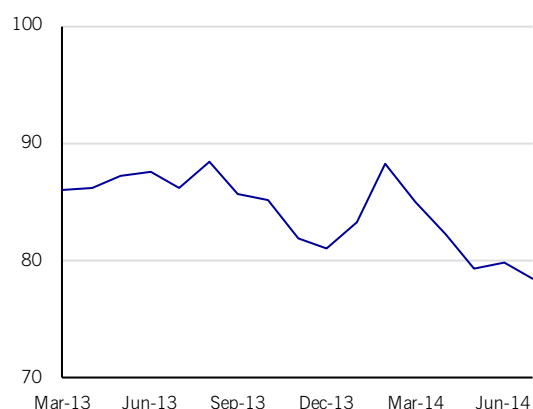
Consumers believed it would be a good time to purchase a car in the next 12 months in spite of weak employment conditions and economic growth.

The Car Purchase Expectations, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose slightly, following a much stronger growth in the previous month. Just about half of respondents thought it would be a good time to buy a car with the component rising to 104.8 from 103.0 in June.

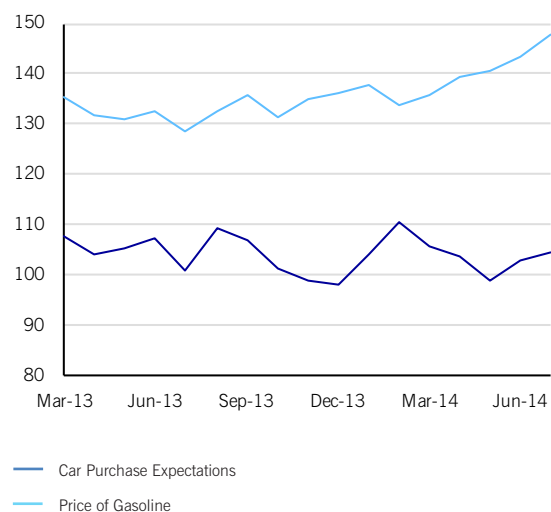
Consumers' confidence towards car purchase has fallen in each month since February apart from a small rise in the previous month and in July it was still 9% below the level seen a year ago. This likely reflects the impact of higher interest rates as compared with the previous year, making a car purchase an even more expensive affair. There was a substantial rise in consumers who reported weaker income and purchasing power holding them back from purchasing a car.

Of those who felt it was a good time to purchase a car, the majority reported that there was greater supply and better quality cars in the market. However, of those who thought it was a bad time to purchase a car, there was a significant increase in those who cited cost of use or upkeep as the main reason. About three-quarters of consumers thought the price of gasoline would rise in the next 12 months.

Car Purchase Indicator



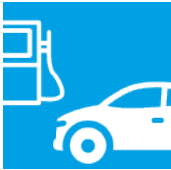
Car Purchase Indicator - Components



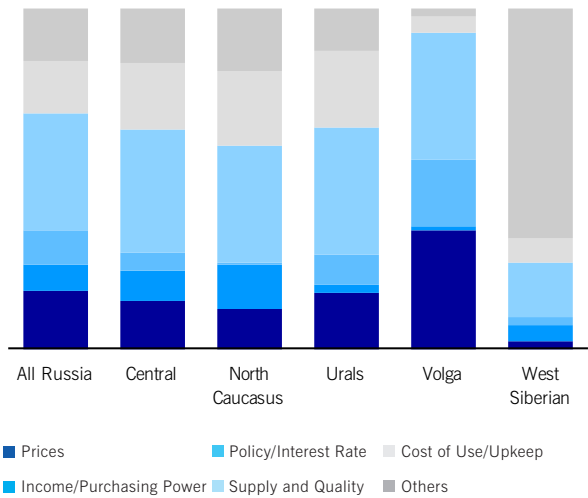
Car Purchase Sentiment

	Jul-13	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Car Purchase Sentiment	86.2	88.3	85.1	82.2	79.3	79.8	78.4
Car Purchase Expectations	101.0	110.5	106.0	103.8	99.1	103.0	104.8
Price of Gasoline	128.6	133.8	135.8	139.4	140.5	143.4	148.0

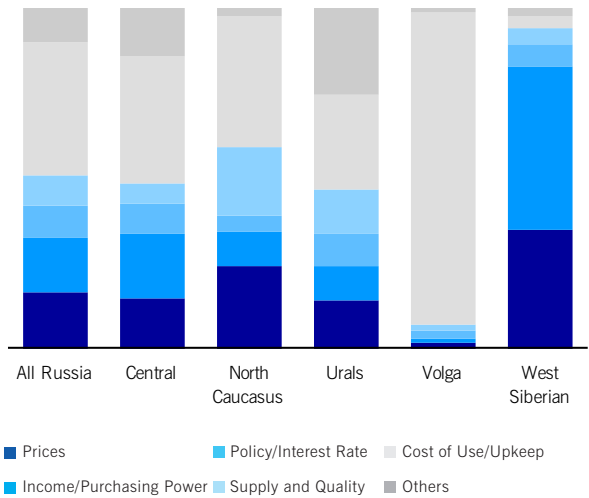




Reasons for a Good Time to Buy a Car  
(% of Households)



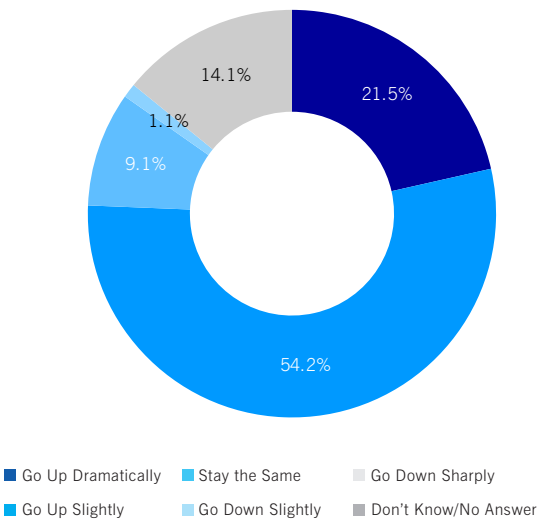
Reasons for a Bad Time to Buy a Car  
(% of Households)



Expectations for the Price of Gasoline increased to 148.0 in July from 143.4 in June, the highest reading since the start of the survey.

The Car Purchase Expectations and Expectations for the Price of Gasoline compose the Car Purchase Indicator. Car Purchase Sentiment hit a record low of 78.4 in July from 79.8 in the previous month as the negative impact of higher gas price expectations outweighed consumers' willingness to own a car. In general, higher inflation and a weaker rouble have negatively impacted consumer spending on cars.

Expected Change in the Price of Gasoline  
(% of Households)

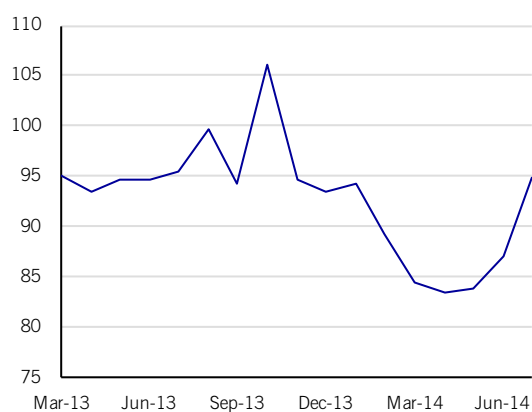


# MNI Russia Consumer Indicator

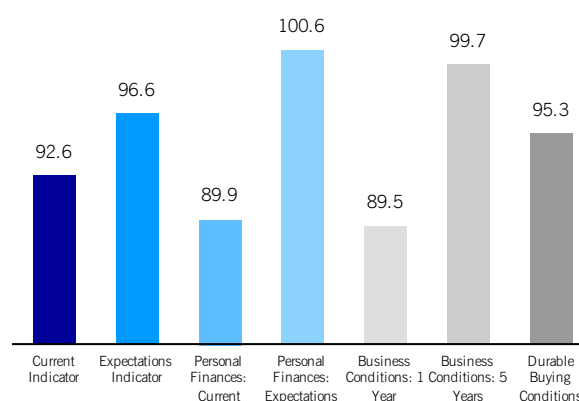
## Regions



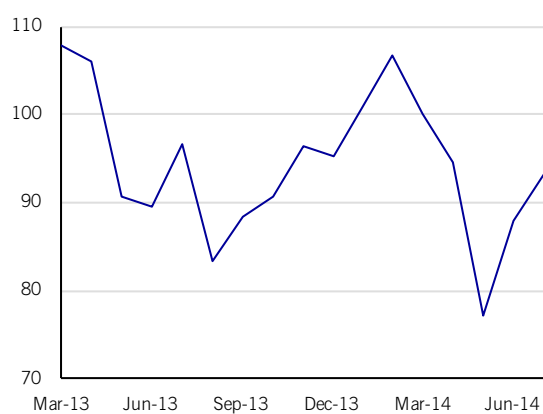
Consumer Indicator: North Caucasus



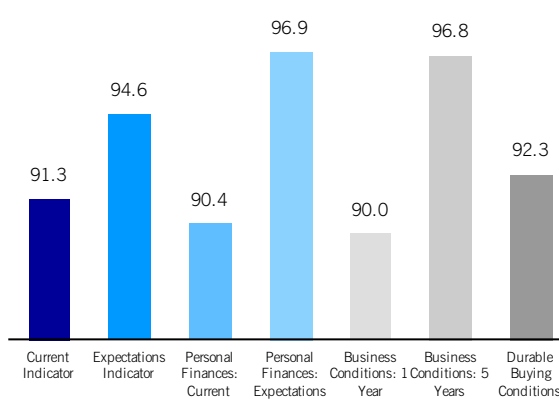
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian

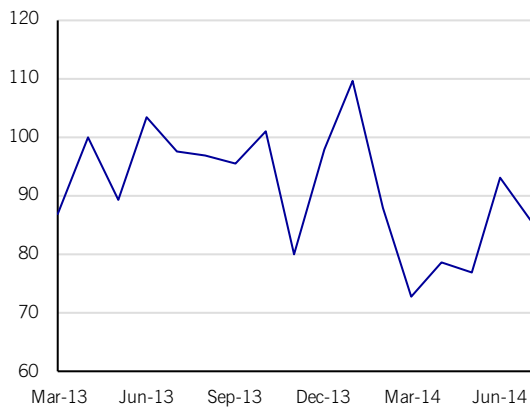


Consumer Indicator Components: West Siberian

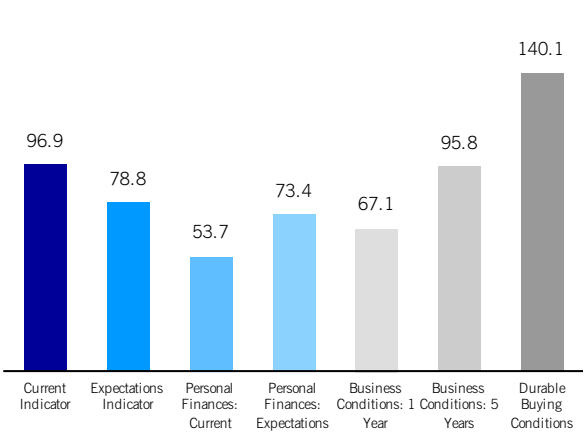




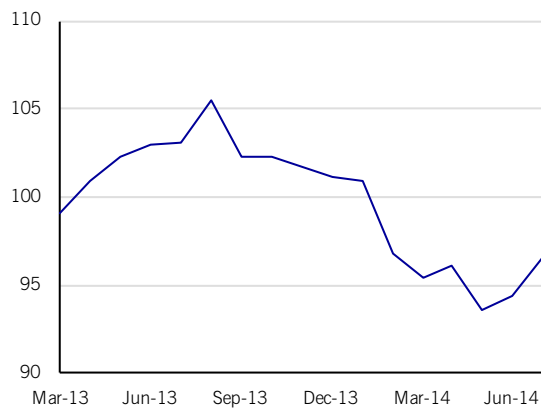
Consumer Indicator: Volga



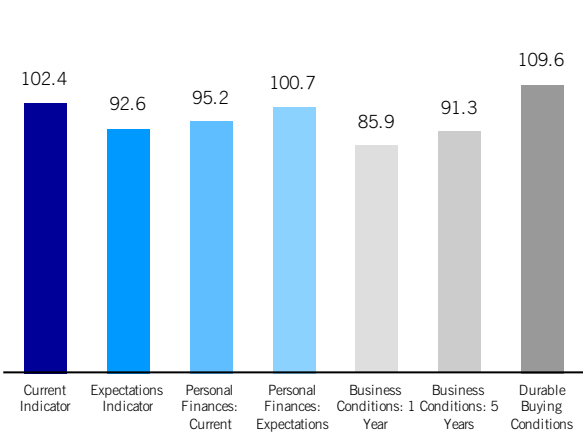
Consumer Indicator Components: Volga



Consumer Indicator: Central



Consumer Indicator Components: Central

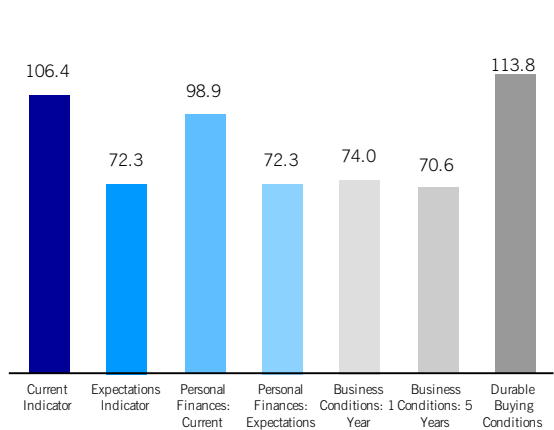




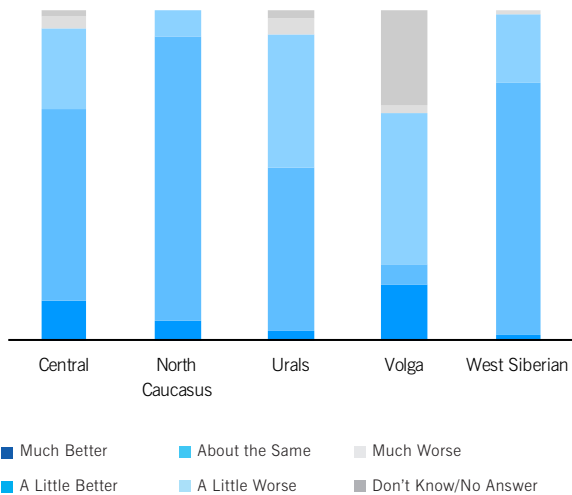
Consumer Indicator: Urals



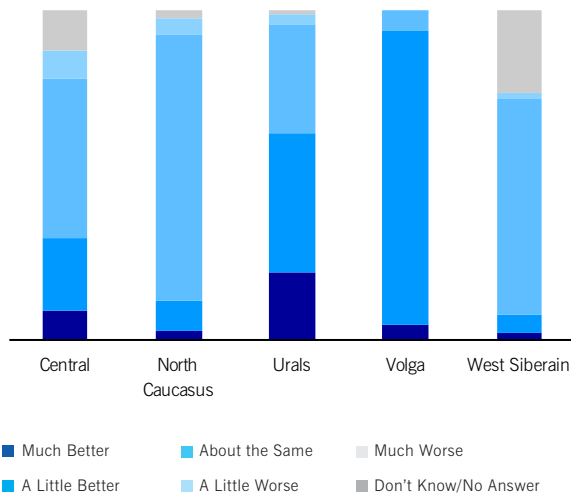
Consumer Indicator Components: Urals



Employment Indicator Outlook for the Next 12 Months (% of Households)



Interest Rates Expectations Indicator (% of Households)

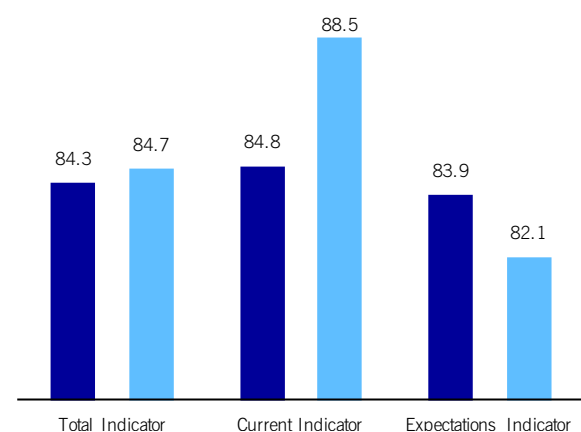


## MNI Russia Consumer Indicator

### Income Groups



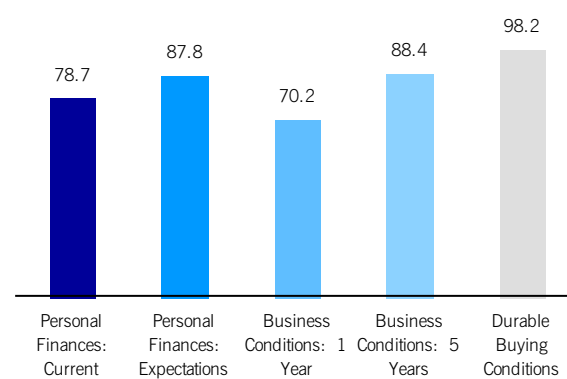
#### < RUB 480,000 Per Annum



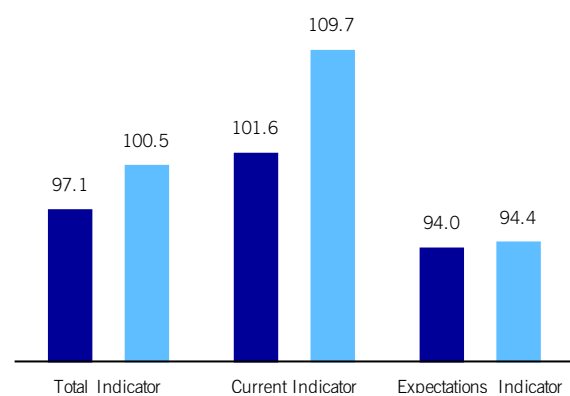
■ June 2014

■ July 2014

#### < RUB 480,000 - Components



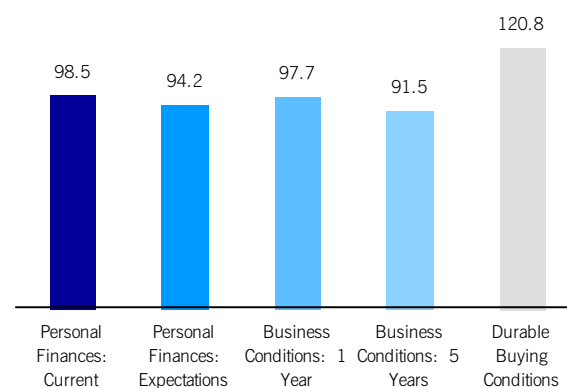
#### > RUB 480,000 Per Annum



■ June 2014

■ July 2014

#### > RUB 480,000 - Components







# What the Panel Said

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A selection of comments from the panel of consumers surveyed over the past month.

"The work situation has become better."

"I have got a new part-time job to solve my financial problems."

"Our finances don't allow us to buy a new real estate."

"Unsatisfactory terms of consumer credit."

"Small businesses are being killed."

"The government's policy is unpredictable."

"Car insurance is expensive."

"If you lose your job, you will not find one."

"Business situation has worsened."

"One should buy now as house prices will definitely grow."

"The quality of imported cars is good."

"Business is under pressure, we might close soon."

"To buy a flat is impossible, but a car is OK."

"People will pay for all these sanctions."

"Everything is just getting more expensive."

"It is always good to invest in real estate."

"My quality of life has improved and I am more willing to buy a new car."

"Prices for housing are very high."

"Labour productivity in industries is slowing all the time."

"Crimea is one of the best places in Russia."

"It is better to buy a house than to pay rent."

"Advertising campaigns are well made. They stimulate demand and sale of goods."

A closer look at the data from the July consumer survey.

## Russia - Central Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Central Consumer Indicator</b>	93.6	94.4	96.5	Feb-14	-	94.8	2.1	2.3%
Current Indicator	96.2	99.1	102.4	Jan-14	-	99.2	3.3	3.4%
Expectations Indicator	91.9	91.3	92.6	Apr-14	-	91.9	1.3	1.5%
Personal Finance: Current	91.1	90.3	95.2	Jan-14	-	92.2	4.9	5.4%
Personal Finance: Expected	99.6	97.0	100.7	Apr-14	-	99.1	3.7	3.8%
Business Condition: 1 Year	86.0	83.3	85.9	May-14	-	85.1	2.6	3.2%
Business Condition: 5 Years	90.1	93.6	91.3	-	May-14	91.7	-2.3	-2.5%
Durable Buying Conditions	101.3	107.8	109.6	Feb-14	-	106.2	1.8	1.6%
Current Business Conditions Indicator	88.5	93.4	91.1	-	May-14	91.0	-2.3	-2.5%
Real Estate Investment Indicator	114.6	111.9	115.3	series high	-	113.9	3.4	3.0%
Car Purchase Indicator	83.3	83.9	77.1	-	series low	81.4	-6.8	-8.0%
Employment Outlook Indicator	90.9	90.7	90.3	-	Feb-14	90.6	-0.4	-0.4%
Inflation Expectations Indicator	147.4	149.7	147.5	-	May-14	148.2	-2.2	-1.5%
Current Prices Satisfaction Indicator	69.6	66.8	68.7	May-14	-	68.4	1.9	2.9%
Interest Rates Expectations Indicator	115.9	112.8	115.7	May-14	-	114.8	2.9	2.6%

## Russia - Urals Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Urals Consumer Indicator</b>	83.3	75.3	85.9	Feb-14	-	81.5	10.6	14.1%
Current Indicator	78.9	83.1	106.4	Jul-13	-	89.5	23.3	28.0%
Expectations Indicator	86.2	70.1	72.3	May-14	-	76.2	2.2	3.2%
Personal Finance: Current	58.0	80.9	98.9	Jan-14	-	79.3	18.0	22.2%
Personal Finance: Expected	86.5	68.1	72.3	May-14	-	75.6	4.2	6.1%
Business Condition: 1 Year	81.0	55.2	74.0	May-14	-	70.1	18.8	34.1%
Business Condition: 5 Years	91.2	86.9	70.6	-	series low	82.9	-16.3	-18.8%
Durable Buying Conditions	99.8	85.3	113.8	Feb-14	-	99.6	28.5	33.4%
Current Business Conditions Indicator	75.8	84.5	92.7	Mar-14	-	84.3	8.2	9.6%
Real Estate Investment Indicator	109.7	110.1	114.6	Feb-14	-	111.5	4.5	4.1%
Car Purchase Indicator	76.6	75.0	89.4	Oct-13	-	80.3	14.4	19.2%
Employment Outlook Indicator	76.2	69.3	76.5	Mar-14	-	74.0	7.2	10.4%
Inflation Expectations Indicator	158.4	157.7	158.2	May-14	-	158.1	0.5	0.3%
Current Prices Satisfaction Indicator	63.4	42.0	61.9	May-14	-	55.8	19.9	47.3%
Interest Rates Expectations Indicator	133.4	149.9	140.0	-	May-14	141.1	-9.9	-6.6%



## Russia - Volga Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Volga Consumer Indicator</b>	76.9	93.2	86.0	-	May-14	85.4	-7.2	-7.7%
Current Indicator	99.8	96.1	96.9	May-14	-	97.6	0.8	0.8%
Expectations Indicator	61.7	91.2	78.8	-	May-14	77.2	-12.4	-13.7%
Personal Finance: Current	92.0	53.9	53.7	-	series low	66.5	-0.2	-0.4%
Personal Finance: Expected	83.7	81.2	73.4	-	Apr-14	79.4	-7.8	-9.5%
Business Condition: 1 Year	54.3	113.2	67.1	-	May-14	78.2	-46.1	-40.7%
Business Condition: 5 Years	47.2	79.4	95.8	Apr-14	-	74.1	16.4	20.7%
Durable Buying Conditions	107.6	138.3	140.1	Jan-14	-	128.7	1.8	1.3%
Current Business Conditions Indicator	47.7	84.7	108.7	Jan-14	-	80.4	24.0	28.3%
Real Estate Investment Indicator	99.5	106.7	103.6	-	May-14	103.3	-3.1	-2.8%
Car Purchase Indicator	95.8	84.6	57.9	-	series low	79.4	-26.7	-31.5%
Employment Outlook Indicator	62.7	73.5	83.2	Apr-14	-	73.1	9.7	13.2%
Inflation Expectations Indicator	171.6	153.0	173.4	Apr-14	-	166.0	20.4	13.3%
Current Prices Satisfaction Indicator	91.3	46.0	92.4	Sep-13	-	76.6	46.4	100.7%
Interest Rates Expectations Indicator	158.0	151.5	149.4	-	Apr-14	153.0	-2.1	-1.4%

## Russia - North Caucasus Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - North Caucasus Consumer Indicator</b>	83.9	87.2	95.0	Oct-13	-	88.7	7.8	9.0%
Current Indicator	73.0	78.7	92.6	Oct-13	-	81.4	13.9	17.6%
Expectations Indicator	91.1	92.8	96.6	Jan-14	-	93.5	3.8	4.1%
Personal Finance: Current	73.1	77.6	89.9	Jan-14	-	80.2	12.3	15.8%
Personal Finance: Expected	101.5	101.1	100.6	-	Oct-13	101.1	-0.5	-0.4%
Business Condition: 1 Year	72.7	78.1	89.5	Jan-14	-	80.1	11.4	14.6%
Business Condition: 5 Years	99.2	99.2	99.7	Mar-14	-	99.4	0.5	0.5%
Durable Buying Conditions	73.0	79.8	95.3	Oct-13	-	82.7	15.5	19.4%
Current Business Conditions Indicator	102.9	103.0	100.3	-	Oct-13	102.1	-2.7	-2.5%
Real Estate Investment Indicator	100.9	97.1	106.3	Feb-14	-	101.4	9.2	9.5%
Car Purchase Indicator	67.1	67.5	78.4	Mar-14	-	71.0	10.9	16.2%
Employment Outlook Indicator	100.4	100.2	99.0	-	Jan-14	99.9	-1.2	-1.3%
Inflation Expectations Indicator	125.6	123.9	130.4	Oct-13	-	126.6	6.5	5.2%
Current Prices Satisfaction Indicator	72.9	72.4	62.1	-	series low	69.1	-10.3	-14.2%
Interest Rates Expectations Indicator	104.3	101.6	105.0	Jan-14	-	103.6	3.4	3.3%

## Russia - West Siberian Overview

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - West Siberian Consumer Indicator</b>	77.1	87.8	93.3	Apr-14	-	86.1	5.5	6.2%
Current Indicator	60.8	77.9	91.3	Mar-14	-	76.7	13.4	17.3%
Expectations Indicator	87.9	94.5	94.6	Apr-14	-	92.3	0.1	0.1%
Personal Finance: Current	59.0	75.8	90.4	Feb-14	-	75.1	14.6	19.1%
Personal Finance: Expected	106.0	106.9	96.9	-	series low	103.3	-10.0	-9.4%
Business Condition: 1 Year	58.9	77.6	90.0	Mar-14	-	75.5	12.4	16.0%
Business Condition: 5 Years	98.9	98.8	96.8	-	Sep-13	98.2	-2.0	-2.1%
Durable Buying Conditions	62.7	79.9	92.3	Mar-14	-	78.3	12.4	15.5%
Current Business Conditions Indicator	99.4	98.0	97.6	-	series low	98.3	-0.4	-0.4%
Real Estate Investment Indicator	95.4	96.3	109.3	Feb-14	-	100.3	13.0	13.4%
Car Purchase Indicator	61.9	70.3	84.7	Apr-14	-	72.3	14.4	20.5%
Employment Outlook Indicator	99.1	99.2	89.2	-	series low	95.8	-10.0	-10.1%
Inflation Expectations Indicator	117.9	147.3	110.7	-	Nov-13	125.3	-36.6	-24.8%
Current Prices Satisfaction Indicator	90.7	92.1	44.3	-	series low	75.7	-47.8	-51.9%
Interest Rates Expectations Indicator	148.9	148.4	104.3	-	Feb-14	133.9	-44.1	-29.7%

## All Russia - Overview by Age

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI Russia Consumer Indicator</b>	89.5	88.1	93.6	Feb-14	-	90.4	5.5	6.3%
Current Indicator	90.9	87.4	99.1	Feb-14	-	92.5	11.7	13.4%
Expectations Indicator	88.5	88.5	90.0	Apr-14	-	89.0	1.5	1.6%
Personal Finance: Current	84.7	79.4	94.9	Jan-14	-	86.3	15.5	19.5%
Personal Finance: Expected	99.0	95.2	93.4	-	series low	95.9	-1.8	-2.0%
Business Condition: 1 Year	78.6	75.4	85.8	Feb-14	-	79.9	10.4	13.7%
Business Condition: 5 Years	88.0	94.9	90.8	-	May-14	91.2	-4.1	-4.3%
Durable Buying Conditions	97.1	95.4	103.3	Feb-14	-	98.6	7.9	8.3%
<b>Age 35-54</b>								
<b>MNI Russia Consumer Indicator</b>	85.1	90.6	91.1	Feb-14	-	88.9	0.5	0.5%
Current Indicator	84.4	96.7	98.4	Sep-13	-	93.2	1.7	1.8%
Expectations Indicator	85.6	86.5	86.2	-	May-14	86.1	-0.3	-0.4%
Personal Finance: Current	74.2	84.5	82.3	-	May-14	80.3	-2.2	-2.6%
Personal Finance: Expected	90.0	91.3	88.6	-	series low	90.0	-2.7	-3.0%
Business Condition: 1 Year	77.6	84.6	80.3	-	May-14	80.8	-4.3	-5.0%
Business Condition: 5 Years	89.3	83.7	89.8	Mar-14	-	87.6	6.1	7.2%
Durable Buying Conditions	94.6	108.8	114.5	series high	-	106.0	5.7	5.2%
<b>Age 55-64</b>								
<b>MNI Russia Consumer Indicator</b>	83.7	88.3	82.9	-	series low	85.0	-5.4	-6.1%
Current Indicator	80.5	87.5	85.9	-	May-14	84.6	-1.6	-1.8%
Expectations Indicator	85.8	88.9	80.9	-	series low	85.2	-8.0	-9.0%
Personal Finance: Current	74.1	71.4	74.9	Apr-14	-	73.5	3.5	4.9%
Personal Finance: Expected	94.1	79.0	89.7	May-14	-	87.6	10.7	13.6%
Business Condition: 1 Year	74.2	87.6	68.5	-	series low	76.8	-19.1	-21.8%
Business Condition: 5 Years	89.0	100.0	84.4	-	series low	91.1	-15.6	-15.6%
Durable Buying Conditions	87.0	103.7	97.0	-	May-14	95.9	-6.7	-6.4%

## All Russia - Overview by Income

	May-14	Jun-14	Jul-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< RUB 480,000 Per Annum								
<b>MNI Russia Consumer Indicator</b>	80.6	84.3	84.7	Mar-14	-	83.2	0.4	0.5%
Current Indicator	77.1	84.8	88.5	Mar-14	-	83.5	3.7	4.4%
Expectations Indicator	82.9	83.9	82.1	-	series low	83.0	-1.8	-2.1%
Personal Finance: Current	70.2	74.6	78.7	Mar-14	-	74.5	4.1	5.5%
Personal Finance: Expected	92.8	88.3	87.8	-	Apr-14	89.6	-0.5	-0.6%
Business Condition: 1 Year	68.2	76.1	70.2	-	May-14	71.5	-5.9	-7.7%
Business Condition: 5 Years	87.9	87.4	88.4	Apr-14	-	87.9	1.0	1.2%
Durable Buying Conditions	84.1	94.9	98.2	Mar-14	-	92.4	3.3	3.5%
> RUB 480,000 Per Annum								
<b>MNI Russia Consumer Indicator</b>	97.7	97.1	100.5	Apr-13	-	98.4	3.4	3.6%
Current Indicator	103.9	101.6	109.7	series high	-	105.1	8.1	8.0%
Expectations Indicator	93.6	94.0	94.4	Feb-14	-	94.0	0.4	0.4%
Personal Finance: Current	94.7	89.7	98.5	Jan-14	-	94.3	8.8	9.8%
Personal Finance: Expected	97.2	95.2	94.2	-	series low	95.5	-1.0	-1.1%
Business Condition: 1 Year	94.6	88.6	97.7	Feb-14	-	93.6	9.1	10.3%
Business Condition: 5 Years	89.1	98.3	91.5	-	May-14	93.0	-6.8	-6.9%
Durable Buying Conditions	113.1	113.4	120.8	series high	-	115.8	7.4	6.5%

## Methodology

The MNI Russia Consumer Sentiment Survey is a wide ranging monthly survey of consumer confidence across Russia.

Data is collected through computer aided telephone interviews (CATI), with each interviewee selected randomly by computer. At least 1,000 interviews are conducted each month.

The survey adopts a similar methodology to the University of Michigan survey of U.S. consumer sentiment.

The MNI Russia Consumer Indicator is derived from five questions, two on current conditions and three on future expectations:

- 1) Current personal financial situation compared to a year ago
- 2) Current willingness to buy major household items
- 3) Personal financial situation one year from now
- 4) Overall business conditions one year from now
- 5) Overall business conditions for the next 5 years

Indicators relating to specific questions in the report are diffusion indices with 100 representing a neutral level, meaning positive and negative answers are equal. Values above 100 indicate increasing positivity while values below show increasing negativity.





## Discovering trends in Emerging Markets

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