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# MNI Russia Consumer Report October 2014

Insight and data for better decisions

## About MNI Indicators

### Insight and data for better decisions

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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 - October 2014

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# Russian Flu, or Just a Cold?

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The flight of capital and the slide in oil prices has resulted in the rouble plunging to new lows every week, prompting the central bank to drain the country's reserves in an effort to keep the currency within its desired band. Sound familiar?

The flight of capital from the Russian economy and the slide in oil prices has resulted in the rouble plunging to new lows every week, prompting the central bank to drain the country's reserves in an effort to keep the currency within its desired band. Sound familiar?

To some, the current situation draws many similarities with the financial crisis in 1998 when a loss in investor appetite for emerging markets combined with a fall in the price of oil placed pressure on the rouble causing it to quickly devalue. In response, the Russian central bank desperately tried to keep the rouble at its desired peg, spending all but \$10 billion of the nation's foreign currency reserves. It eventually abandoned its defence of the rouble and allowed the currency to float freely while the government defaulted on its debt in an event which is now referred to as the "Russian Flu".

Those hoping that the current climate is just a common cold rather than another case of the flu can take solace in the fact that the conditions preceding the 1998 crisis were far worse than those at present. At the time, Russia's finances were in dire straits following years of post-Soviet decline and the First Chechen War leaving it with reserves that were vastly insufficient to support a rouble subject to a speculative attack.

The most recent official data shows that Russia's reserves were \$443.8 billion on October 17 even after weeks of aggressively defending the rouble which has cost tens of billions in foreign currency assets. Reserves are generally considered to be sufficient if they are more than or equal to three months' worth of imports. In the three months to September imports totalled \$116.9 billion, inferring that the central bank can continue its interventions for just over 11 months.

Regardless, while Russia was previously fortunate that the 1998 crisis was followed by a surge in the price of oil, which accounts for around a half of Russia's annual budget revenue, it is unlikely that prices will recover from around \$84 per barrel in the

short-term and provide some respite to the government's reserves.

Russian Finance Minister Anton Siluanov has recently stated that while the government will fulfil its key obligations, the budget for 2015 is based on an oil price of \$100 per barrel and so if prices do not recover from their current level then it would need to cut the financing of some of its current commitments.

At its meeting on October 31, Russia's central bank drastically raised the key interest rate by 150 basis points to 9.5% and subsequently imposed a cap of \$350 million on its daily interventions moving the rouble closer to a planned free-float. Nevertheless, the currency has continued to decline and hit a record low of 48 against the US dollar on November 7 with expectations that it could fall below 50 by the end of the year.

Intensifying pressure on the rouble in recent days has sparked talk of a crisis, although so far it's not comparable to 1998. Nonetheless, the Russian government must learn from the past and apply the medicine to the economy before it succumbs to the illness that once gripped it, as oil prices show few signs that they will recover to the highs that previously provided a crutch to the economy.

**George Brown**

Junior Economist

MNI Indicators



# Executive Summary

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The MNI Russia Consumer Indicator fell by 5.4% on the month to 80.7 in October from 85.3 in September, a record low.

The MNI Russia Consumer Indicator fell by 5.4% on the month to 80.7 in October from 85.3 in September, a record low, as stubbornly high inflation and the weak rouble made households more pessimistic about the future than ever before.

The Current Indicator, which measures consumers' assessment of current conditions, fell to 85.4 in October from 88.2 in September, while the Expectations Indicator, which is made up of the three forward looking components, fell more markedly to a series low 77.5 in October from 83.4 previously.

Four out of the five components which make up the Consumer Indicator declined on the month, with the fall in sentiment led by Business Conditions in Five Years which fell to a series low of 81.2. With Russia's standoff with the West continuing, consumers downgraded their expectations of just how much the economy's long-term prospects will be dented.

The only component to rise on the month was Current Personal Finances, although it was still at a relatively low level of 81.7. The increase came in spite of consumers' dissatisfaction with the current level of prices rising to the highest on record, as shown by the Current Prices Satisfaction Indicator which fell to a record low of 56.1, as the Russian food ban and record low rouble pushed inflation to the highest level since July 2011.

Nevertheless, more consumers considered it a good time to buy a car in the next 12 months following the introduction of a government car scrappage scheme, although the Car Purchase Indicator remained firmly in contraction pointing towards a continuation in the slump of the automobile industry.

Western economic sanctions and the Russian food ban are undoubtedly hurting the business environment, with the Current Business Conditions indicator falling to an all-time low of 84.2 in October.

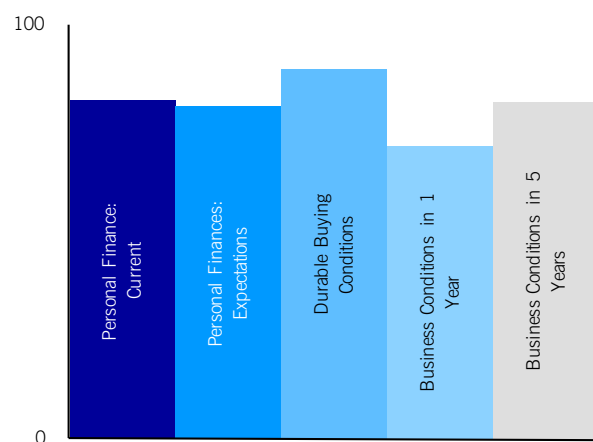
Fewer consumers were willing to purchase large household items due to the high cost of credit and the increased cost of imported goods as a result of the weakened rouble, with the Durable Buying Conditions Indicator declining to 89.1 in October.

Consumer's outlook for the employment market over the next 12 months rose slightly to 81.4, although remained far below the 100 threshold as concerns over further sanctions and the state of the economy mounted.

Consumers' expectations about interest rates on car and home loans have trended upwards over the past year and in October they rose slightly to 126.6, the highest since June.

With respondents expecting house prices to increase, more consumers considered it to be a good time to buy a house in the next six months, with the Real Estate Investment Indicator rising to 110.5 in October.

MNI Russia Consumer Indicator - Components



## All Russia - Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI Russia Consumer Indicator</b>	81.7	85.3	80.7	-	series low	82.6	-4.6	-5.4%
Current Indicator	81.6	88.2	85.4	-	Aug-14	85.1	-2.8	-3.2%
Expectations Indicator	81.8	83.4	77.5	-	series low	80.9	-5.9	-7.0%
Personal Finance: Current	77.1	78.8	81.7	Jul-14	-	79.2	2.9	3.7%
Personal Finance: Expected	86.2	86.2	80.4	-	series low	84.3	-5.8	-6.7%
Business Condition: 1 Year	70.5	73.5	71.0	-	Aug-14	71.7	-2.5	-3.4%
Business Condition: 5 Years	88.6	90.4	81.2	-	series low	86.7	-9.2	-10.2%
Durable Buying Conditions	86.0	97.7	89.1	-	Aug-14	90.9	-8.6	-8.8%
Current Business Conditions Indicator	85.5	89.2	84.2	-	series low	86.3	-5.0	-5.6%
Real Estate Investment Indicator	109.9	108.8	110.5	Jul-14	-	109.7	1.7	1.5%
Car Purchase Indicator	77.7	75.8	78.5	Jun-14	-	77.3	2.7	3.5%
Employment Outlook Indicator	87.4	80.9	81.4	Aug-14	-	83.2	0.5	0.5%
Inflation Expectations Indicator	145.1	140.9	144.7	Aug-14	-	143.6	3.8	2.7%
Current Prices Satisfaction Indicator	64.8	63.4	56.1	-	series low	61.4	-7.3	-11.6%
Interest Rates Expectations Indicator	123.0	124.2	126.6	Jun-14	-	124.6	2.4	2.0%



## All Russia - Summary

	2013			2014									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
<b>MNI Russia Consumer Indicator</b>	99.4	94.8	95.7	99.3	94.1	89.1	88.5	87.2	89.1	91.1	81.7	85.3	80.7
Current Indicator	99.2	94.3	95.7	102.0	98.6	89.4	90.2	87.3	91.1	97.1	81.6	88.2	85.4
Expectations Indicator	99.5	95.1	95.7	97.5	91.2	88.8	87.4	87.1	87.8	87.1	81.8	83.4	77.5
Personal Finance: Current	91.0	92.0	92.5	99.3	87.3	79.5	83.7	79.6	80.3	86.7	77.1	78.8	81.7
Personal Finance: Expected	101.2	101.7	101.9	101.2	96.3	96.3	93.4	95.0	91.5	90.8	86.2	86.2	80.4
Business Condition: 1 Year	101.5	94.9	94.4	95.1	87.8	79.4	77.8	77.7	80.7	81.1	70.5	73.5	71.0
Business Condition: 5 Years	95.8	88.7	90.8	96.4	89.4	90.7	91.1	88.6	91.2	89.5	88.6	90.4	81.2
Durable Buying Conditions	107.4	96.6	98.9	104.7	109.9	99.3	96.8	95.1	101.8	107.5	86.0	97.7	89.1
<b>Current Business Conditions Indicator</b>	94.5	97.4	94.9	100.3	97.5	99.2	95.7	85.5	91.0	93.6	85.5	89.2	84.2
<b>Real Estate Investment Indicator</b>	113.0	108.4	106.9	112.1	111.4	110.0	107.2	108.0	108.2	110.8	109.9	108.8	110.5
House Price Expectations	127.7	121.6	130.9	135.7	139.0	140.1	137.7	139.3	139.5	139.5	144.7	148.2	146.1
House Buying Sentiment	109.8	105.0	92.1	99.7	96.8	87.3	84.5	82.6	83.6	87.2	82.9	77.7	87.7
House Selling Sentiment	98.4	101.5	102.3	99.0	101.6	97.4	100.7	97.8	98.5	94.2	97.8	99.5	102.4
<b>Car Purchase Indicator</b>	85.1	81.9	81.0	83.3	88.3	85.1	82.2	79.3	79.8	78.4	77.7	75.8	78.5
Car Purchase Expectations	101.4	98.9	98.2	104.4	110.5	106.0	103.8	99.1	103.0	104.8	104.2	99.0	107.7
Price of Gasoline Expectations	131.3	135.2	136.2	137.7	133.8	135.8	139.4	140.5	143.4	148.0	148.9	147.3	150.6
<b>Employment Outlook Indicator</b>	100.4	98.1	98.2	87.2	86.5	92.9	90.9	87.8	87.5	87.6	87.4	80.9	81.4
Inflation Expectations Indicator	139.7	136.8	138.2	136.9	140.9	139.2	144.2	144.6	146.3	145.3	145.1	140.9	144.7
Current Prices Satisfaction Indicator	80.5	73.5	71.8	69.4	74.4	76.3	67.5	73.4	65.0	67.9	64.8	63.4	56.1
Interest Rates Expectations Indicator	115.6	115.5	114.9	115.9	122.6	119.2	122.3	126.0	126.8	121.9	123.0	124.2	126.6

## All Russia - Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
<b>MNI Russia Consumer Indicator</b>	80.7	99.9	93.2	95.2
Current Indicator	81.6	102.0	94.1	95.7
Expectations Indicator	77.5	100.3	92.7	95.4
Personal Finance: Current	77.1	103.2	89.9	91.5
Personal Finance: Expected	80.4	109.2	97.9	101.2
Business Condition: 1 Year	70.5	101.5	87.9	93.3
Business Condition: 5 Years	81.2	98.0	92.2	91.1
Durable Buying Conditions	86.0	109.9	98.3	97.4
<b>Current Business Conditions Indicator</b>	84.2	100.3	93.8	95.5
<b>Real Estate Investment Indicator</b>	105.3	113.0	108.8	108.3
House Price Expectations	117.9	148.2	132.5	133.3
House Buying Sentiment	77.7	109.8	93.4	96.6
House Selling Sentiment	94.2	102.4	99.4	99.4
<b>Car Purchase Indicator</b>	75.8	88.4	83.2	84.2
Car Purchase expectations	98.2	110.5	104.2	104.3
Price of Gasoline expectations	128.6	150.6	137.8	135.7
<b>Employment Outlook Indicator</b>	80.9	100.5	93.0	95.0
Inflation Expectations Indicator	130.7	146.3	139.7	139.3
Current Prices Satisfaction Indicator	56.1	86.0	73.8	73.7
Interest Rates Expectations Indicator	111.1	126.8	119.6	121.2

# Russian consumer sentiment fell to a record low in October.

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The MNI Russia Consumer Indicator fell by 5.4% on the month to 80.7 in October from 85.3 in September.



# Economic Landscape

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In spite of the dramatic monetary policy tightening by the Central Bank of Russia at its October 31 monetary meeting, the rouble has continued to slide and the situation is turning into a potential currency crisis.

In spite of the dramatic monetary policy tightening by the Central Bank of Russia at its October 31 monetary meeting, the rouble has continued to slide and the situation is turning into a potential currency crisis. The run on the currency came after the central bank effectively abandoned its support for the currency, commenting that it would only intervene if there was a threat to financial stability. Late Friday when this report was being finalised, the central bank tried to avert a further decline by saying it was ready to defend the rouble “at any moment” and rumours were rife of a possible emergency rate hike to try and stem the decline. The rouble hit a record low of 48 against the US dollar on November 7.

Inflation rose to the highest level since July 2011 in October, as the slide in the rouble and Russian food ban pushed prices up even further. Subsequently the central bank revised its forecasts for inflation, estimating that it will remain above 8% until March 2015, far above its target for both this year and next. However, the considerable weakening in the rouble since the calculation of these estimates may mean that inflation will be even higher than currently predicted.

**Economic growth slows**

The latest update from the Economy Ministry suggests GDP accelerated to 1.1% on the year in September after stagnating in August, in spite of the slide in the rouble and tumbling price of oil. On a monthly basis, GDP grew by 0.4% in September after contracting by 0.4% in August.

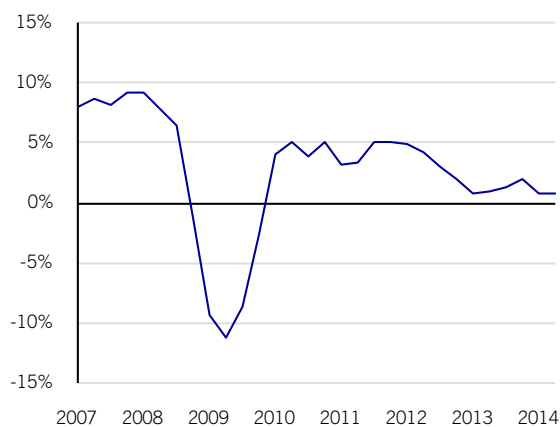
While the data for Q3 is not due to be released until November 13, the central bank has inferred from the monthly figures that the economy grew around 0.2% in the three months to September. Moreover, the central bank has estimated that growth will be close to zero in both Q4 2014 and Q1 2015, putting it perilously close to recession.

The economy ministry 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. They have also halved their growth forecast for 2015 to 1% from 2% previously.

**Industrial production rebounds in September**

Industrial production grew by 2.8% on the year in September after stagnating in August following six

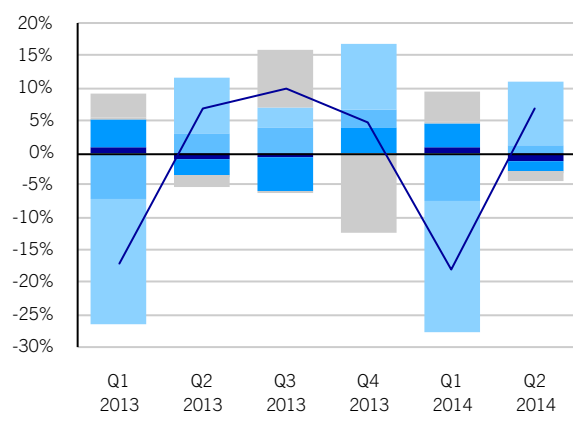
Economic Growth



— GDP Growth Y/Y %

Source: Federal State Statistics Service of Russia

Contribution to Economic Growth



■ Discrepancies    ■ GFCF    — GDP Growth Q/Q %  
 ■ Net Exports    ■ GFCE  
 ■ PFCE    ■ Inventories

Source: Federal State Statistics Service of Russia

consecutive months of growth. On a monthly basis, industrial production grew by 2.7% in September after contracting by 0.2% in August.

The improvement was driven by manufacturing output, which grew by 3.6% on the year compared with a contraction of 0.2% in August. Mining and quarrying output accelerated by 2.4% on the year in September compared with growth of 0.8% in the previous month. In contrast, utilities output contracted by 0.8% on the year in September after growing by 1.2% in August.

In the first nine months of 2014, industrial production grew 1.5% on the year compared with growth of 0.6% in the same period a year ago. Russia's Economic Development Ministry recently revised its forecast for industrial output, expecting it to expand by about 1.7% this year from 1% previously, after it failed to grow in 2013, citing that growth this year has been stronger than originally anticipated.

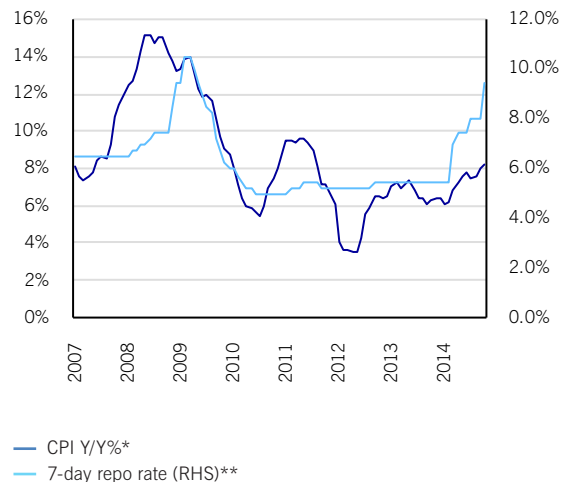
### Inflation rises in October

Consumer price inflation accelerated to 8.3% in October from 8% in September, the highest since July 2011. A ban on food imports from Western nations, in retaliation to sanctions placed upon Russia, caused food price inflation to reach 11.5% in October driven by the price of meat and poultry which was 18.2% above the same month last year. After stripping out the prices of food and fuel, core inflation accelerated to 8.4% from 8.2% in the previous month, the highest since July 2011.

Russia imports a large amount of consumer goods and food items, and the depreciation of the currency has pushed up prices in recent months, leaving the central bank very much on a tightening bias.

Russia's Economy Ministry currently forecasts that inflation will be around 7-7.5% by the end of 2014 and expects inflation to lie between 6-7% by the end of 2015. Both forecasts are likely to be exceeded as the slide in the rouble puts upward pressure on inflation and the Russian food ban appears unlikely to be lifted in the short-term.

### Inflation and Interest Rate



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

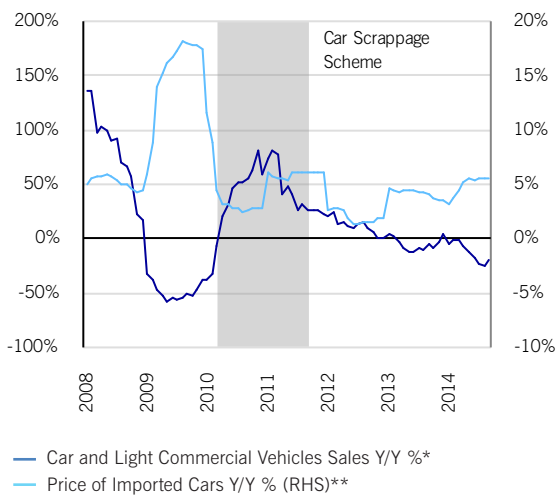
### Key Policy Rate Hiked to 9.5%

At its meeting on October 31, Russia's central bank raised the key interest rate by 150 basis points to 9.5% in an effort to stem the slide in the rouble. The central bank has now raised the benchmark interest rate four times this year by a total of 400 basis points.

The hike was far above expectations, with the central bank citing the considerable fall in oil prices and stricter sanctions as the main reasons for the slide in the rouble which had caused such a bold tightening in order to rein in spiralling inflation. The central bank now estimates that inflation is likely to remain above 8% until March 2015, far above the inflation target of 5% (+/-1.5%) for 2014.

Despite this, the central bank has retained its inflation targets of 4.5-5% for 2015 and 3.7-4.2% in 2016 which will almost certainly require further tightening of monetary policy in order for them to be met. These targets are increasingly overambitious given the negative shocks from increased geopolitical tensions 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, which are likely to push inflation up.

## Car Sales



Source: \*Association of European Businesses, \*\* Federal State Statistics Service of Russia

## Rouble Hits Record Low

The rouble fell to 48 against the US dollar for the first time on November 7 in spite of the hike in the key interest rate as the slump in oil prices continued and amid reports of fresh Russia military incursions into Ukraine.

Economic sanctions and the slide in the price of oil caused the rouble to breach the central bank's trading basket in October sparking unlimited interventions from the central bank to defend the currency, the first time it has had to do so since May. When the rouble breached the upper band of its trading corridor against a dollar-euro basket, the central bank would sell \$350 million before shifting the boundary of the trading corridor by 5 kopeks. In October alone, the central bank spent more than \$30 billion defending the rouble.

On November 5, the central bank effectively abandoned its support for the currency by capping the limit of its daily interventions to just \$350 million, adding that it would only intervene if there was a threat to financial stability. Consequently, the currency has weakened significantly as investors considered it overvalued, turning the situation into a potential

currency crisis. Late Friday when this report was being finalised, the central bank tried to avert a further decline by saying it was ready to defend the rouble "at any moment" and rumours were rife of possible of an emergency rate hike to try and stem the decline.

## Trade surplus widens in August

Russia's trade surplus narrowed to \$16.6 billion in August, from \$17.1 billion a month earlier, and was above \$14.2 billion recorded a year earlier.

Exports fell to \$41.5 billion in August, down from July's reading of \$46.1 billion, and were 2.4% below the same month a year earlier. Imports rose to \$24.9 billion in August, following seven consecutive months of decline, down from \$29 billion in July.

## Car sales plummet in September

In September, 197,233 cars were sold in Russia, 20.1% below the level in the same month a year earlier, according to the Association of European Businesses (AEB). The combination of a weaker rouble and increased cost of credit, a result of the central bank raising the key interest rate three times since the start of the year, has had a significant dampening effect on consumer spending on cars.

The nine months to September saw a decline of 13% in car sales compared with the same period a year earlier.

The AEB has forecast a 12% decline in car sales during 2014 following a drop of 5.5% in the previous year. The government has recently introduced a car scrappage and trade-in scheme, in an attempt to kick-start the market. Under the programme, consumers who trade in a car which is at least six-years old are eligible for a discount of at least 40,000 roubles (around USD 1,000) off a new vehicle. While the AEB expects the government measures to help mitigate the decline in car sales, it does not anticipate that there will be a reversal in the downward trend in the final quarter of 2014.



# Indicators

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Russian consumer sentiment fell to a record low in October as stubbornly high inflation and the weak rouble meant that households were more pessimistic about the future than ever before.



# MNI Russia Consumer Indicator Hits Record Low



Russian consumer sentiment fell to a record low in October as stubbornly high inflation and the weak rouble meant that households were more pessimistic about the future than ever before.

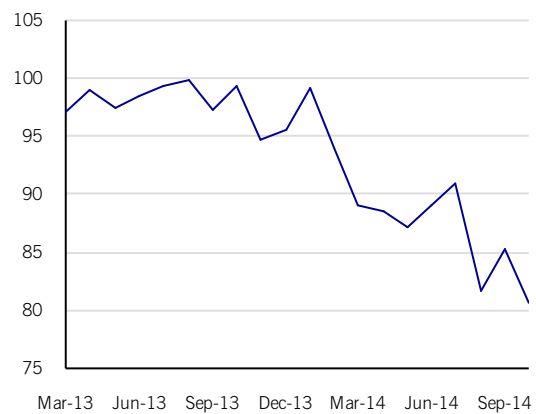
The MNI Russia Consumer Indicator fell by 5.4% on the month to 80.7 in October from 85.3 in September. Consumer sentiment has fallen sharply since the onset of the Ukraine crisis with confidence now standing 18.8% below the level seen a year earlier.

Four out of the five components which make up the Consumer Indicator declined on the month, with the decline in sentiment led by Business Conditions in Five Years which fell to a record low. The only component to rise was Current Personal Finances which improved to 81.7, although the majority of consumers still believed their household finances to have worsened compared with a year ago.

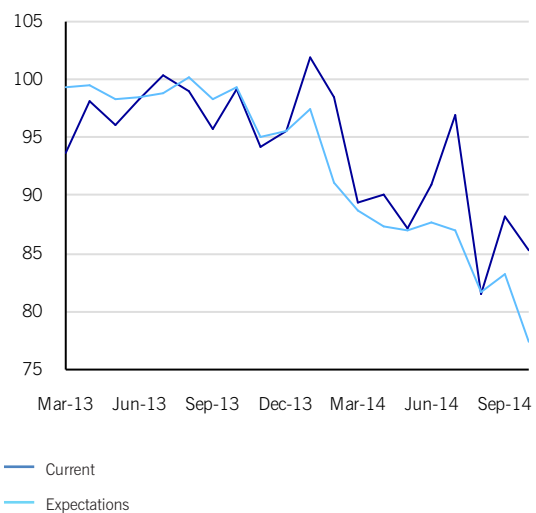
Consumers were more dissatisfied than ever before about the current level of prices, with the Current Prices Satisfaction Indicator falling to a series low of 56.1 in October. Official data showed that consumer price inflation accelerated to 8.3% in October, the highest since July 2011, as a record low rouble and the Russian ban on food imports has pushed up prices.

Western economic sanctions have targeted Russia's finance, energy and weapons industries. In retaliation, Russia introduced bans on certain agricultural imports from the West, which has started to push up prices. They are undoubtedly hurting the business

MNI Russia Consumer Indicator



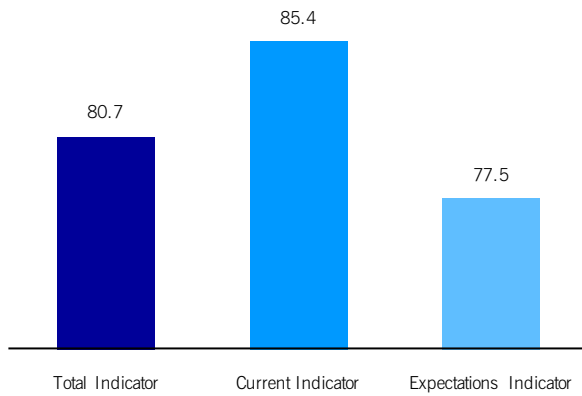
Current and Expectations Indicators



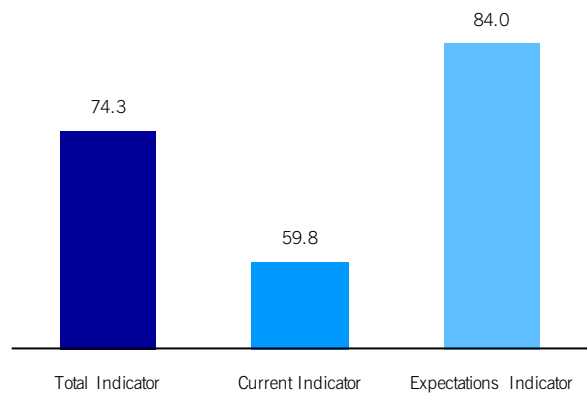
## MNI Russia Consumer Indicator

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
MNI Russia Consumer Indicator	99.4	87.2	89.1	91.1	81.7	85.3	80.7
Current	99.2	87.3	91.1	97.1	81.6	88.2	85.4
Expectations	99.5	87.1	87.8	87.1	81.8	83.4	77.5

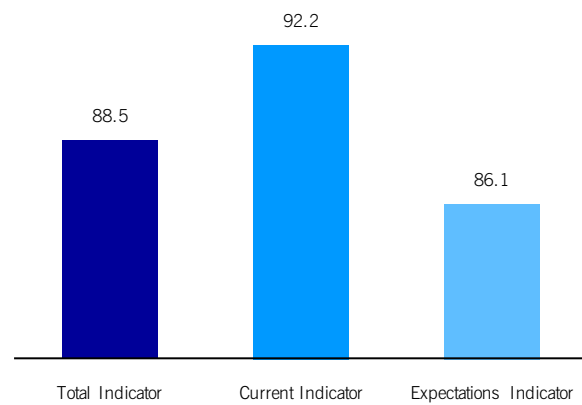
## All Russia



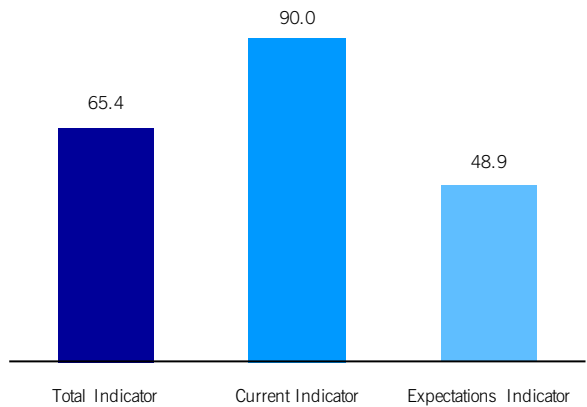
## West Siberian



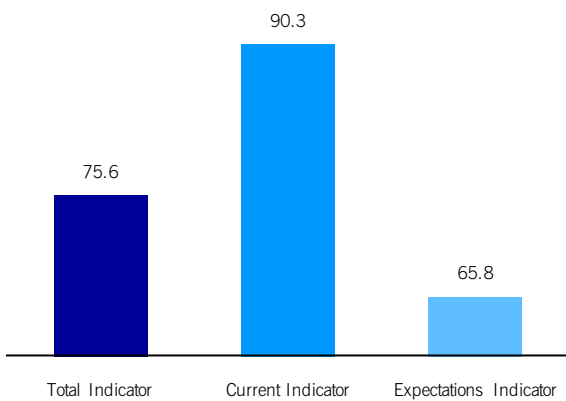
## Central Russia



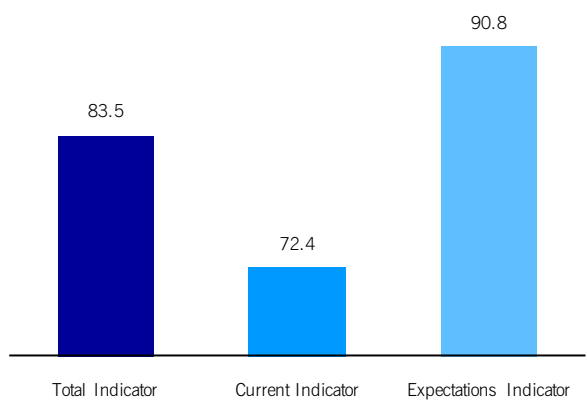
## Volga



## Urals



## North Caucasus





environment, with the Current Business Conditions indicator falling to an all-time low of 84.2 in October.

At its meeting on October 31, Russia’s central bank drastically hiked the key interest rate by 150 basis points to 9.5% in an effort to stem the slide in the rouble. Since the onset of the Ukraine crisis, the central bank has hiked the key interest rate four times by a total of 400 basis points. At the time of writing this report, the rouble remains under significant pressure and expectations are growing that the central bank will possibly tighten policy further or intervene heavily in the foreign exchange market to stop the slide.

The Current Indicator, which measures consumers’ assessment of current conditions, fell to 85.4 in October from 88.2 in September, while the Expectations Indicator, which is made up of the three forward looking components, fell more markedly to a series low 77.5 in October from 83.4 previously.

**Regions**

Consumer sentiment declined in all major regions in October.

The most significant downturn in consumer confidence was observed in the Volga region with the Consumer Indicator falling to 65.4 from 75.6 in September and remained the lowest out of all the regions.

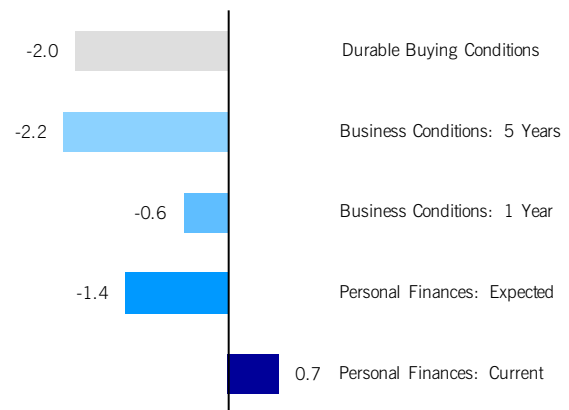
Among the major five regions, respondents from Central Russia were least pessimistic in October with the Consumer Indicator remaining below the 100 threshold level but falling to a record low of 88.5.

**Age**

Consumer sentiment declined among all three age groups in October.

Consumer confidence in the youngest group fell to a record low in October. The Consumer Indicator for the 18-34 year age range fell by 5% to 82.4 in October

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





from 86.8 in September. Only the Current Personal Finances indicator rose on the month, with the other four components of the Consumer Indicator falling to series' lows.

The Consumer Indicator for the 35-54 year age range declined the most, falling by 6.5% to a record low of 78.6 in October from 84.0 in September. There was a surge in respondents who thought that their Current Personal Finances had worsened, contributing the most to the drop in overall sentiment, while expectations about future business conditions also worsened.

Sentiment among the 55-65 year age range, the oldest of the three age groups, fell to 80.1 in October from 83.0 in September. There was a sharp fall in consumers' expectations about personal finances in the coming 12 months in spite of more respondents expecting business conditions in a year's time to improve.

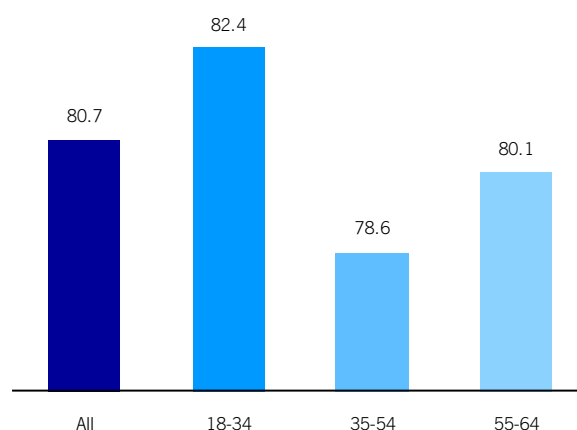
### Income

Consumer confidence declined sharply among low income households while it improved among high income households in October.

Consumer confidence for households with an average annual income under RUB 480,000 fell to a record low of 74.5 in October from 82.4 in September. Apart from Current Personal Finances, all other components of the Consumer Indicator fell to a series low in October. Consumers reported a significant deterioration in their willingness to purchase large household items as well as future business expectations.

For households with an average annual income of over RUB 480,000, consumer confidence improved to 92.1 in October from 89.6 in September. In spite of the rise in overall sentiment, both Expected Personal Finances and Business Conditions in Five Years fell to record lows in October.

Consumer Indicator: Age Groups

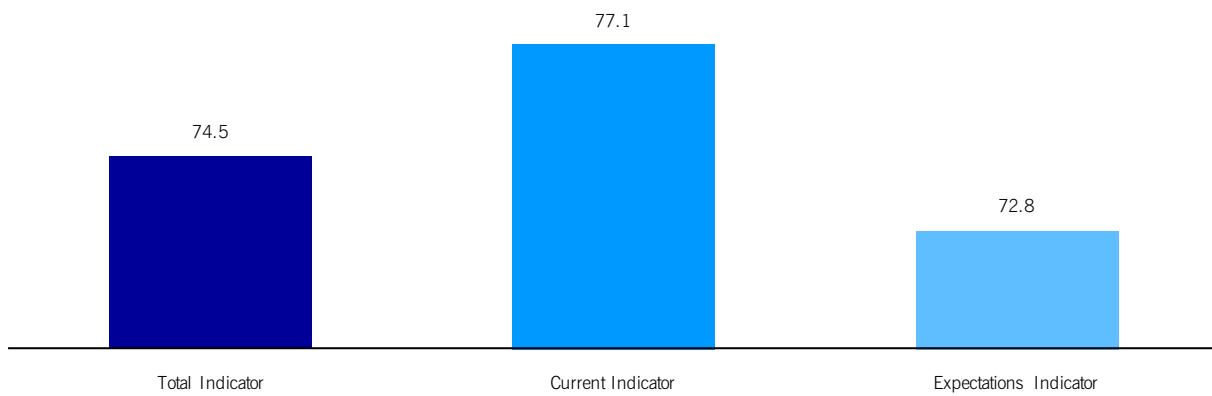


Compared with the previous year, confidence was 21.7% lower among lower income households, while for higher income households it was 7.6% lower. On average, confidence remains greater for higher income households. Our survey has shown that lower income households have been hit the most by the current political and economic tensions, while wealthier ones have not been impacted as much.

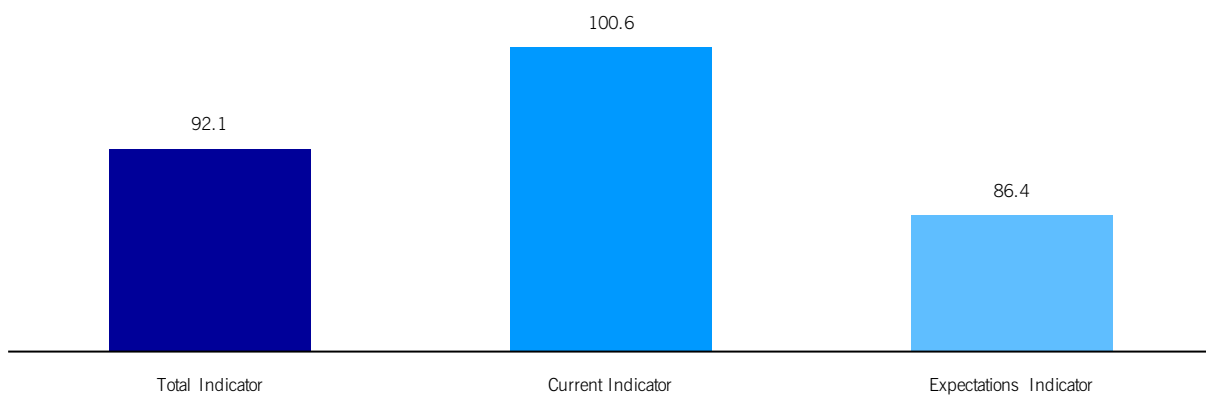
## MNI Russia Consumer Indicator Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



# MNI Russia Consumer Indicator

## Main Cities



The Consumer Indicator declined in eight out of the 10 major cities surveyed and was below the 100 breakeven level in each city.

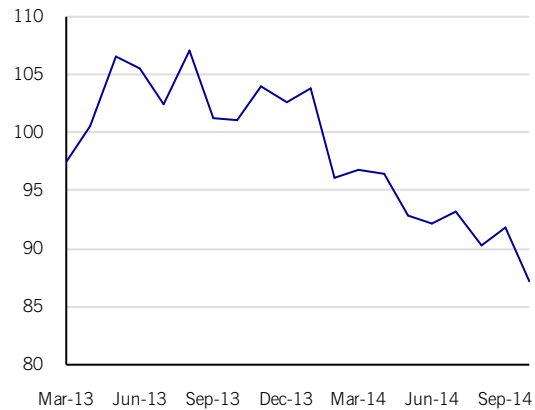
In the capital, Moscow, consumer sentiment fell to a series low of 87.3 in October from 91.9 in the previous month. Consumers reported a worsening across all components of the Consumer Indicator except Business Conditions in One Year, while the most significant decline was in their Expected Personal Finances which fell to a record low in October.

In Saint Petersburg, the second largest city in Russia, consumer sentiment dipped into contraction to 99.5 in October from 101.0 in September. The only indicator to rise on the month was Business Conditions in Five Years, while the decline in overall consumer sentiment was led by Business Conditions in One Year.

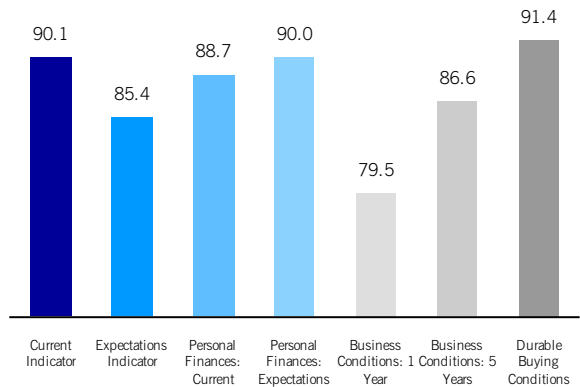
Consumer confidence in Novosibirsk, the third largest city by population in Russia, fell to 78.7 in October from 83.2 in September. Three out of the five components hit a series' low this month, with consumers only more optimistic about their Expected Personal Finances, although the indicator remained below the 100 threshold level that separates pessimism from optimism.

The greatest rise in sentiment was in Kazan, the "third capital" of Russia, with the Consumer Indicator rising to 75.4 from 72.6 in September. While more consumers were optimistic about their Expected Personal Finances and hence purchase of big ticket items, their expectations about Business Conditions in Five Years fell to a series low.

Consumer Indicator - Moscow

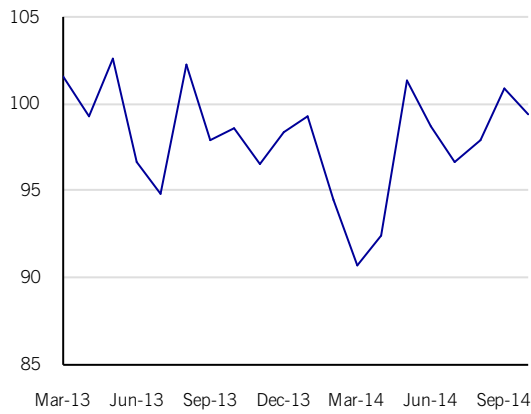


Consumer Indicator Components - Moscow

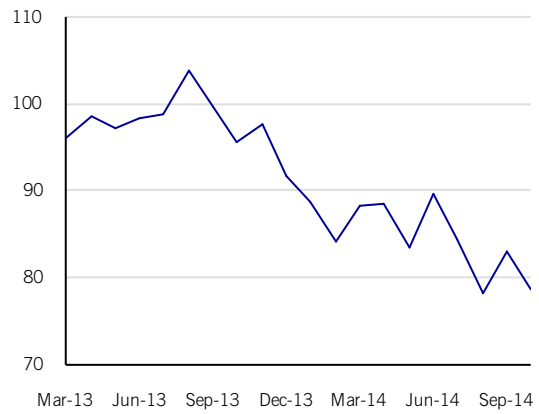




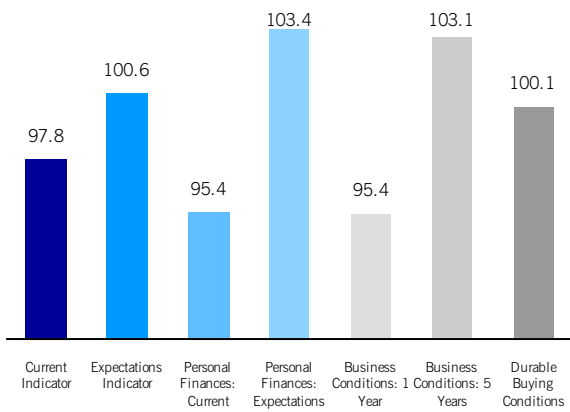
Consumer Indicator - Saint Petersburg



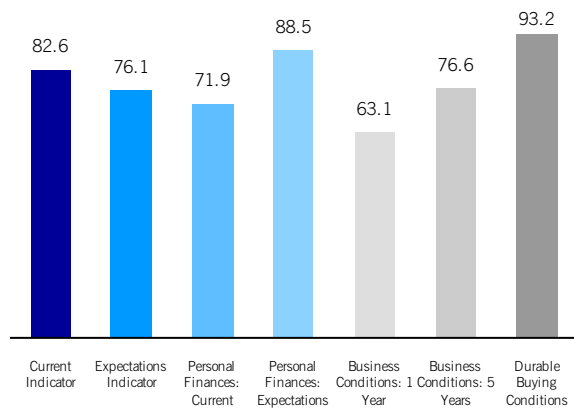
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



# Personal Finances

## Expectations at Record Low



With inflation accelerating to the highest level in three years and the rouble declining to a record low, respondents' expectations of personal finances for the next 12 months fell to the lowest level on record.

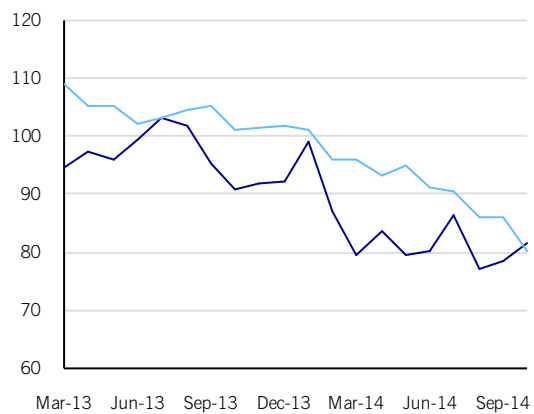
Consumers' personal finances have weakened over the past year and in October they were 10.2% below the level seen a year ago with the majority of them less satisfied with their current personal finances. Still the Current Personal Finances Indicator, which measures whether a household is better or worse off than a year ago, rose to 81.7 in October from 78.8 in August, although remained below the series average of 89.9.

Out of those who reported that their financial conditions improved, there was a significant rise in the proportion that gave credit to their employment situation. However, of those who thought their personal finances had worsened, a growing proportion cited government policy most likely the result of the ban on food which has caused prices to rise significantly in recent months.

In October, 98.8% of respondents spent 70-100% of their monthly household income on daily expenses, while 87.1% of respondents said they were saving between just 1-29% of their monthly disposable income.

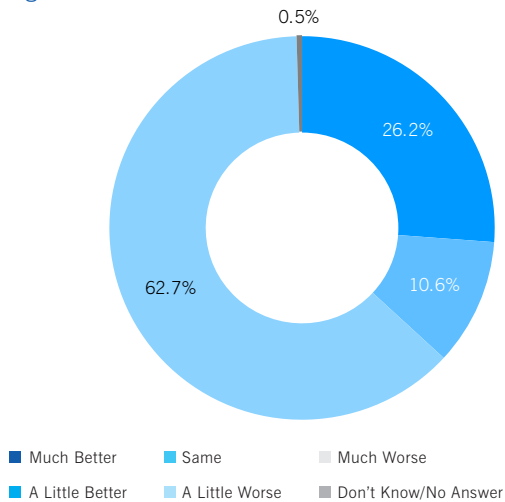
Expected Personal Finances, which measures whether households think their finances will be better in a year's time, fell to a series low of 80.4 in October from 86.2 in September.

Personal Finances



— Current  
— Expectations

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



### Personal Finances

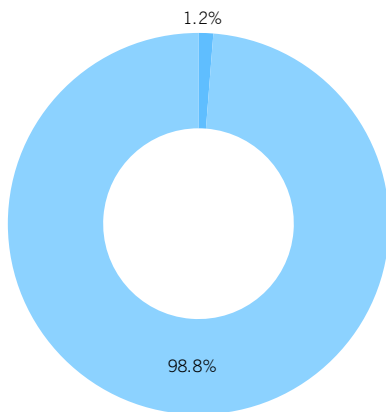
	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Current	91.0	79.6	80.3	86.7	77.1	78.8	81.7
Expectations	101.2	95.0	91.5	90.8	86.2	86.2	80.4



# How Households Spend their Money

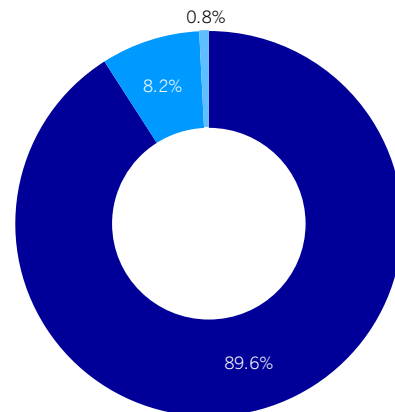


Daily Expenses  
(% of Households)



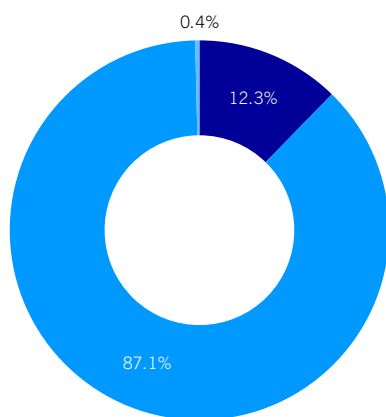
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



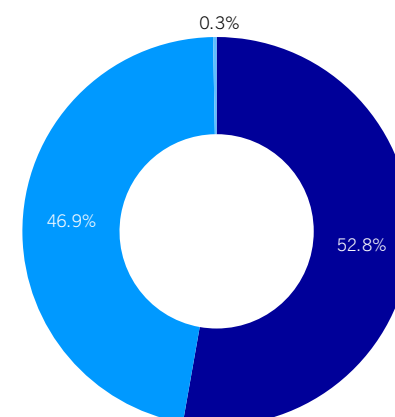
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Savings (% of Households)



- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Investments (% of Households)



- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

## Business Conditions Deteriorates to a Series Low



Perceptions about the current business environment were worse than ever before as Western economic sanctions and a record low rouble hurt the economy.

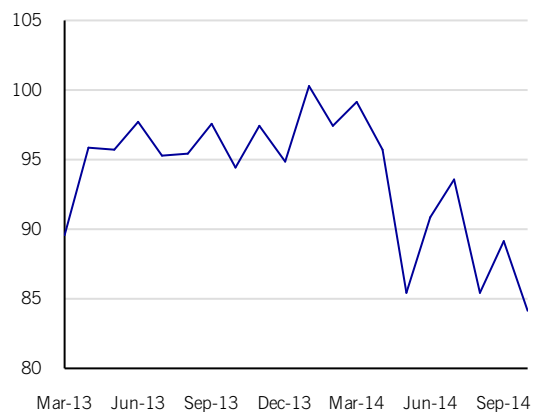
The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year earlier, fell to a series low of 84.2 in October from 89.2 in September. The proportion of respondents who thought that conditions were "poor" or "very poor" stood at 37.2%, while only 6.4% of them thought that conditions were "good" or "excellent".

Western economic sanctions have targeted Russia's finance, energy and weapons industries this year, while Russia has retaliated by introducing bans on certain agricultural imports from the West.

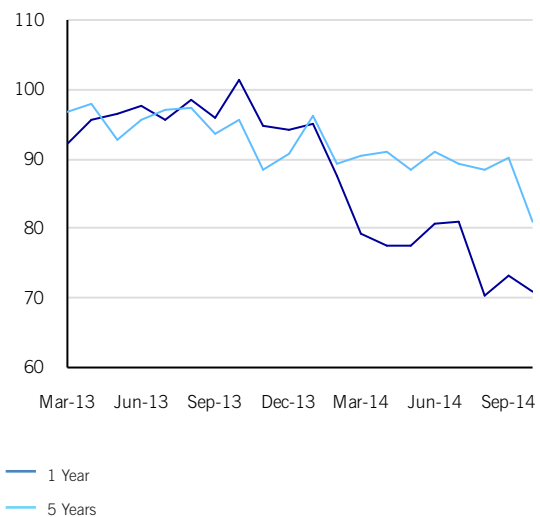
The indicator for Business Conditions in One Year declined to 71.0 from 73.5 in September and was more than 30% below the outturn in the same month a year ago.

Consumers anticipated that the current downturn will have long term repercussions with the Expectations for Business Conditions in Five Years Indicator falling to a record low of 81.2 in October from 90.4 in September.

Current Business Conditions Indicator



Expected Business Conditions



### Business Conditions

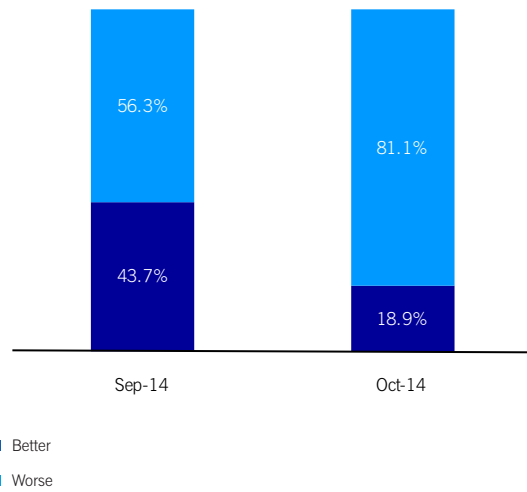
	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Current	94.5	85.5	91.0	93.6	85.5	89.2	84.2
In 1 Year	101.5	77.7	80.7	81.1	70.5	73.5	71.0
In 5 Years	95.8	88.6	91.2	89.5	88.6	90.4	81.2

# Business Conditions in 1 Year

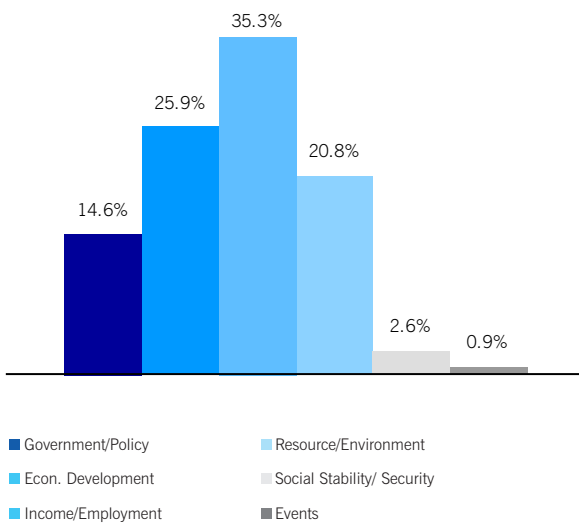


Among the 10 major cities surveyed, Kazan was the most pessimistic city about longer term business conditions, while only respondents from Saint Petersburg were optimistic about future business conditions.

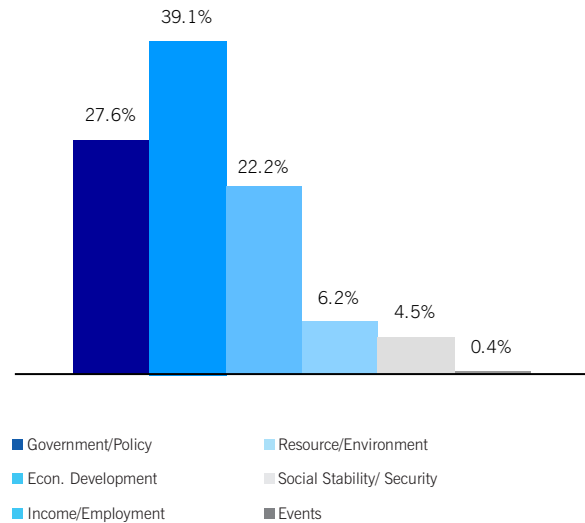
All Russia



All Russia, Reasons for Better



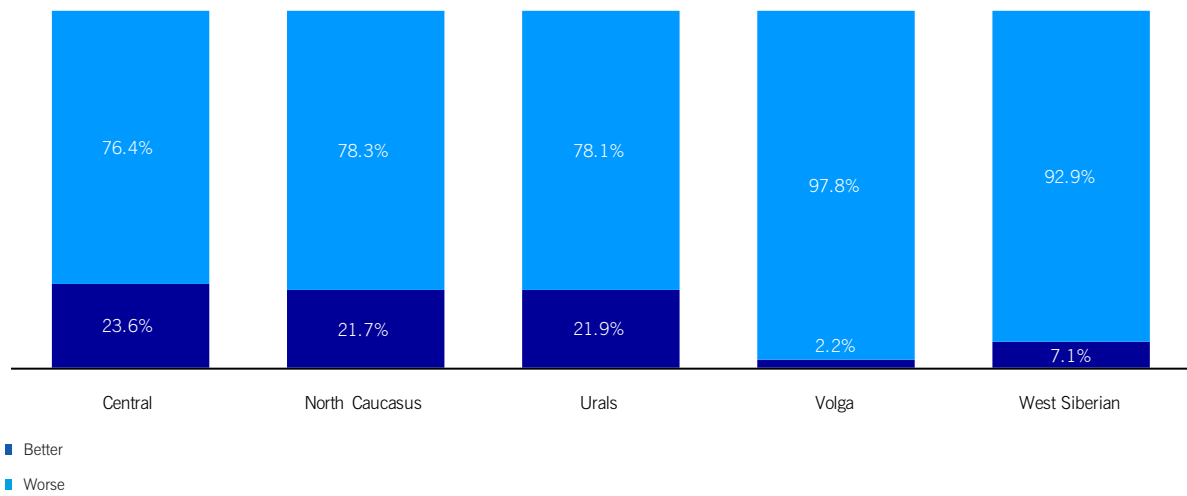
All Russia, Reasons for Worse



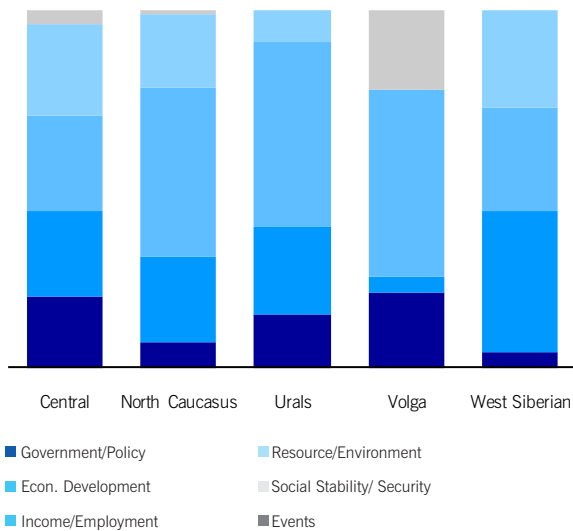
# Business Conditions in 1 Year Regions



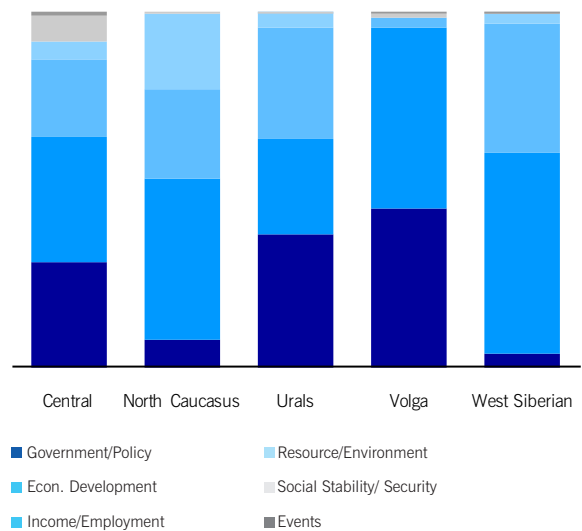
Business Expectations: Worse or Better?  
(% of Respondents)



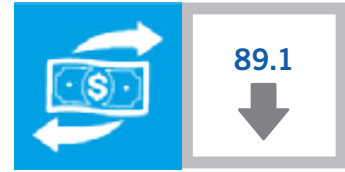
Reasons for Better  
(% of Respondents)



Reasons for Worse  
(% of Respondents)



# Durable Buying Conditions Remain in Contraction



Fewer consumers were willing to purchase large household items in October due to the high cost of credit and the increased cost of imported goods as a result of the weakened rouble.

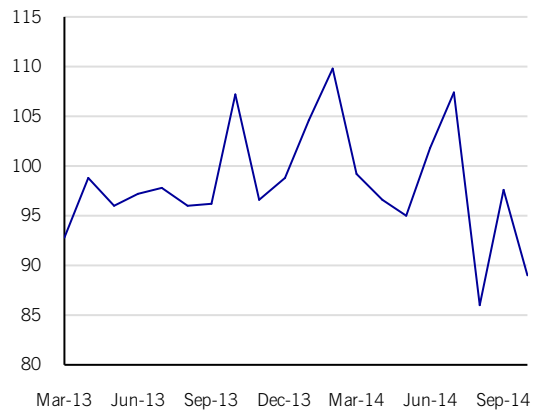
The Durable Buying Conditions Indicator fell to 89.1 in October from 97.7 in September and remained below the series average of 98.3.

Respondents are asked whether they believe it is a good or bad time to purchase a large consumer durable, and a result below 100 means that a higher percentage of respondents view it as a bad time. The indicator remained below the 100 level in October for the third consecutive month and was around 17% below the level seen a year ago.

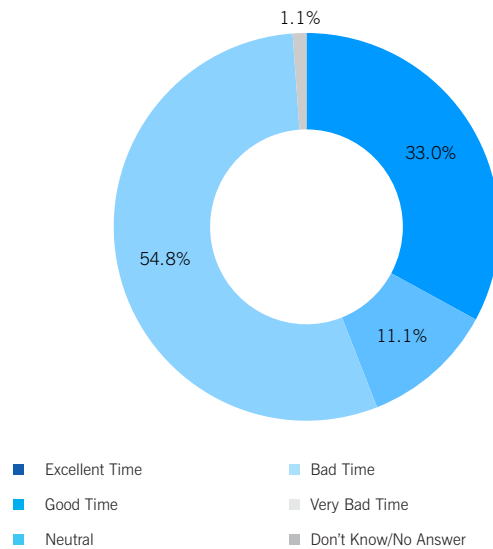
Russia's central bank raised the key interest rate by a further 150 basis points to 9.5% at the end of October, the fourth hike since the onset of the Ukraine crisis, bringing the total increase thus far to 400 basis points. Consequently, we could see a further deterioration in consumer's willingness to purchase large household items in the coming months as the rate hike increases the high cost of credit further.

Nine out of the ten largest cities surveyed thought that the conditions for purchasing big ticket items were less desirable in October. The decline in sentiment was led by Samara while respondents in Chelyabinsk were the least willing to purchase household durables. In contrast, consumers in Kazan were more optimistic about making big ticket purchases, with the indicator increasing by 12.3% to above the 100 threshold level.

Durable Buying Conditions



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



Durable Buying Conditions

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Durable Buying Conditions	107.4	95.1	101.8	107.5	86.0	97.7	89.1

# Employment Outlook Remains Poor



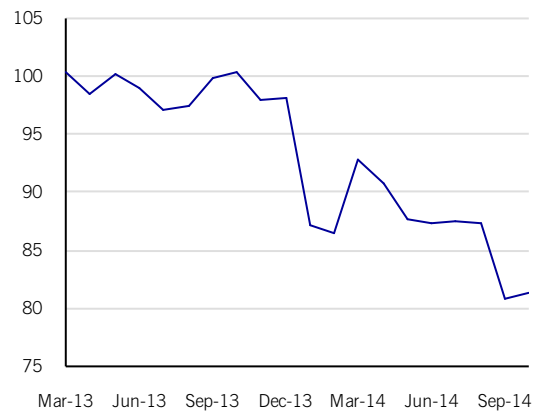
Consumer's outlook for the employment market improved marginally in October although remained far below the 100 threshold as concerns over further sanctions and the state of the economy mounted.

The Employment Outlook Indicator, which measures opinion on the outlook for the employment market over the next 12 months rose slightly to 81.4 in October after plunging to a series low of 80.9 in September. Views on the labour market have deteriorated significantly in 2014, particularly since the onset of the Ukraine crisis, with the Employment Outlook Indicator standing almost 19% below the level recorded a year earlier.

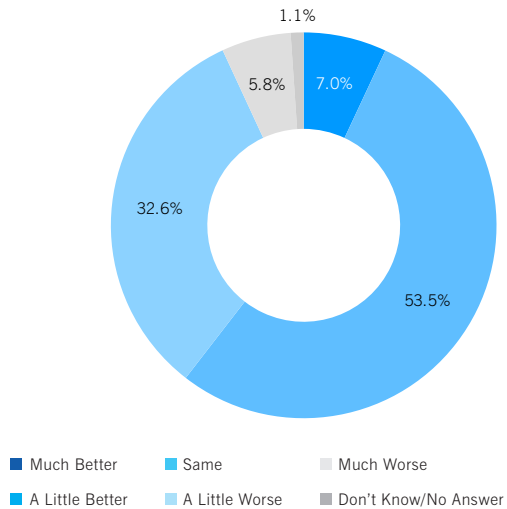
Respondents from the Volga region led the improvement in the employment outlook, with sentiment rising by 3.3% on the month, although it was the weakest region by far. While there was a small rise in those who thought employment conditions would deteriorate in the West Siberian region, it was sufficient to push the Employment Outlook to the lowest level on record.

Official statistics showed that the unemployment rate rose marginally to 4.9% in September from a record low of 4.8% in August. Results from the October edition of our sister survey on Russian Businesses showed that companies had just the right number of employees, choosing not to expand their workforces in light of the tough economic climate.

Employment Outlook Indicator



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



## Employment Outlook

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Employment Outlook	100.4	87.8	87.5	87.6	87.4	80.9	81.4

# Prices Sentiment

## Discontent with Current Prices at Record High



A record low rouble and the Russian ban on food imports have pushed up prices, making consumers less satisfied than ever before about the current level of prices.

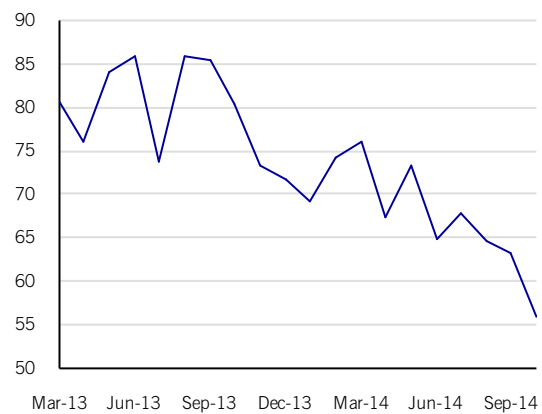
The Current Prices Satisfaction Indicator fell to 56.1 in October from 63.4 in September, the lowest since the survey began. A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has remained below 100 since the survey started and in October it was 30.3% below the same month a year earlier.

Official data showed that consumer price inflation accelerated to 8.3% in October from 8% in September, the highest since July 2011. A ban on food imports from Western nations, in retaliation to sanctions placed upon Russia, caused food price inflation to reach 11.5% in October driven by the price of meat and poultry which was 18.2% above the same month last year.

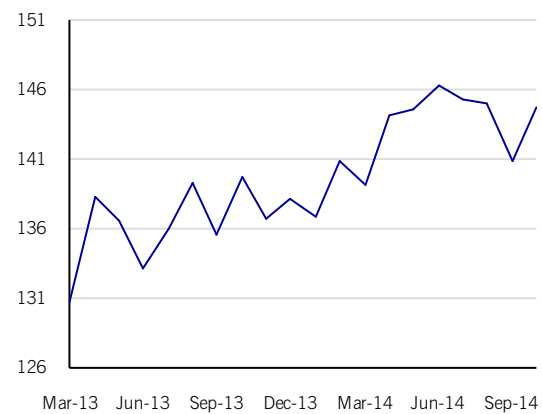
Satisfaction with current prices has trended downwards since last year in line with the decline in the rouble. In October, 62.6% of respondents reported they were dissatisfied with the current level of prices, the highest on record.

Consumers' inflation expectations have been at an elevated level since the start of the survey in March 2013. In October, expectations for inflation in 12 months' time rose to 144.7 compared with 140.9 previously.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



### Prices Sentiment

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Satisfaction with Current Prices	80.5	73.4	65.0	67.9	64.8	63.4	56.1
Inflation Expectations	139.7	144.6	146.3	145.3	145.1	140.9	144.7

# Prices Sentiment Regions



The Russian central bank has raised the official interest rate by 400 basis points to 9.5% since the start of 2014 in a bid to control inflation and stabilise the rouble. Recently, the central bank has estimated that inflation is likely to remain above 8% until March 2015, far above the inflation target of 5% (+/-1.5%) for 2014. Despite this, the central bank has retained its inflation targets of 4.5-5% for 2015 and 3.7-4.2% in 2016 which seem increasingly less likely to be met even with aggressive monetary tightening.

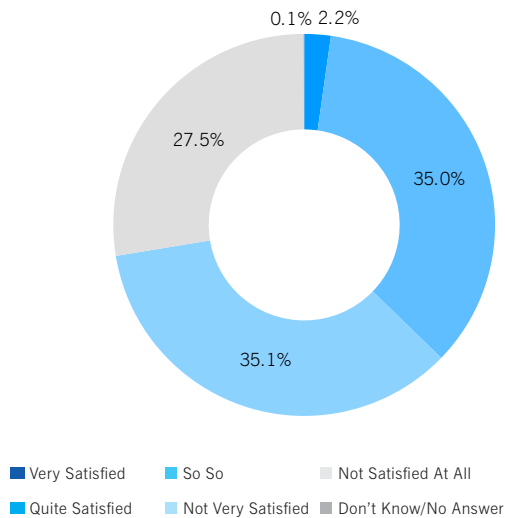
Since October 2013, most respondents had thought prices would rise between 11-24% over the next year, but this has changed in recent months. More than 30% of respondents believed that prices would rise by 25% or more over the next year.

### Regions

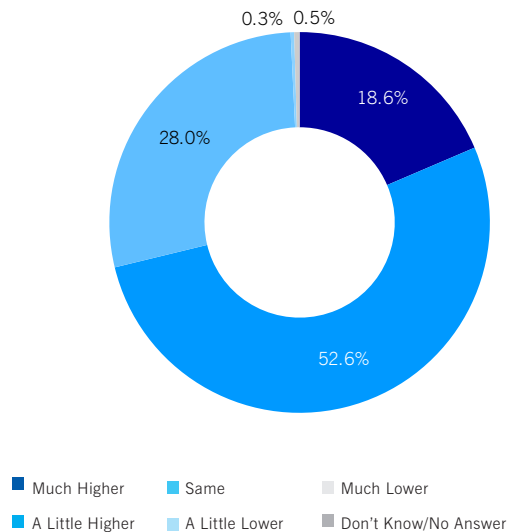
Satisfaction with Current Prices declined in all regions except in North Caucasus where it remained broadly stable. Respondents in Volga were the most dissatisfied, with the Current Prices Satisfaction indicator plummeting by 64.4% to a record low in October, while overall sentiment in Central Russia fell to the lowest on record.

Consumers from Central, Volga and the Urals had heightened expectations for future prices. Almost all consumers from the Volga region expected prices to rise over the next 12 months, the majority of whom expected that prices would rise by 25% or more.

Satisfaction with Current Prices  
(% of Households)



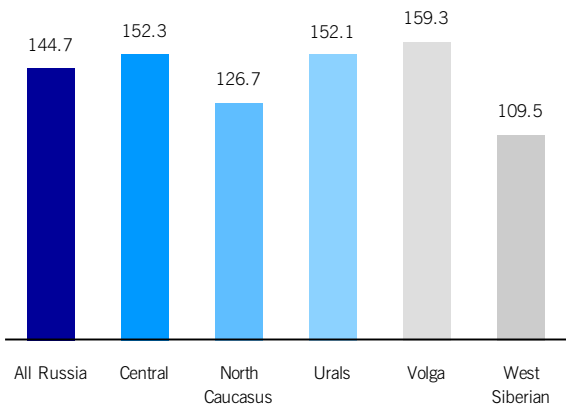
Inflation Expectations in 12 Months  
(% of Households)



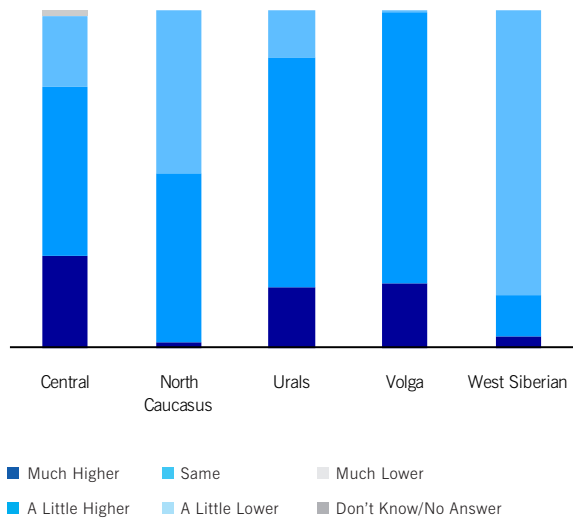




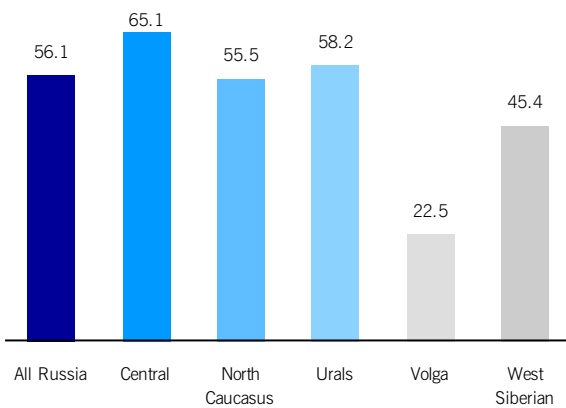
Inflation Expectations Indicator



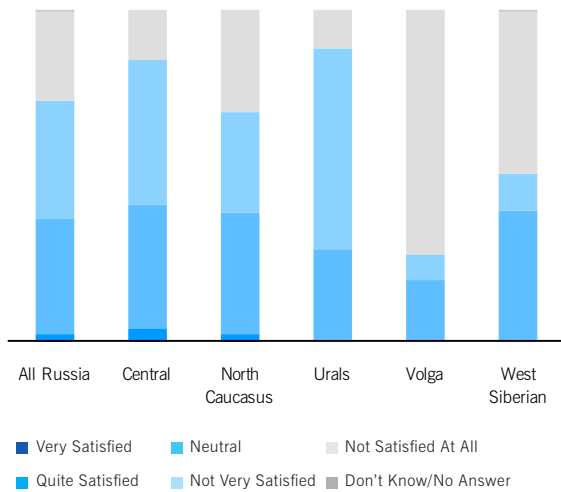
Expected Change in Prices in 1 Year (% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices (% of Households)



# Interest Rate Expectations Highest Since June



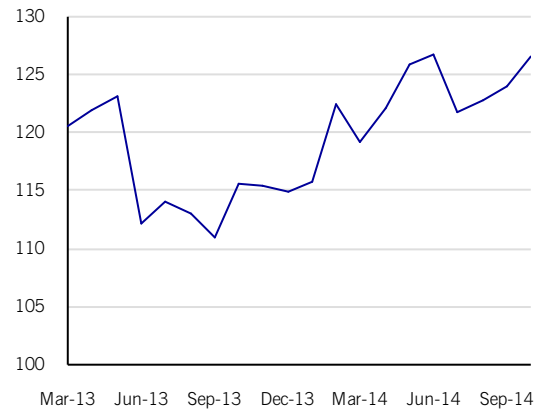
Consumers' expectations about interest rates on car and home loans have trended upwards over the past year and in October they rose slightly to the highest since June.

The Interest Rate Expectations Indicator rose to 126.6 in October from 124.2 in September and was 9.5% 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.

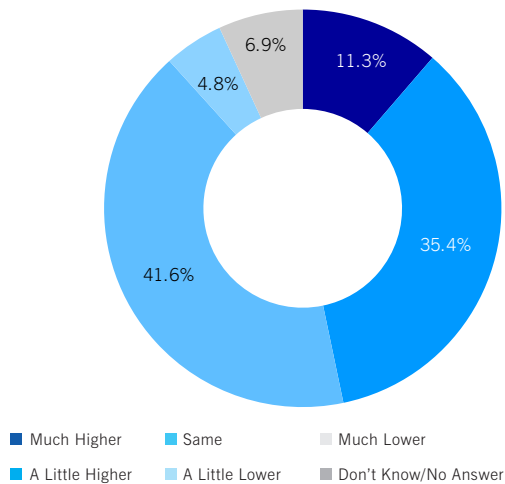
At its meeting on October 31, Russia's central bank drastically hiked the key interest rate by 150 basis points to 9.5% in an effort to stem the slide in the rouble and ease inflation closer to its target. Consequently, it is likely that we will see expectations about interest rates increase further in the coming months as the rate hike filters down to car and home loans. Since the onset of the Ukraine crisis, the central bank has hiked the key interest rate four times by a total of 400 basis points.

The proportion of survey participants expecting that interest rates on home and car loans would be higher in a year's time rose to an all-time high of 46.7% in October, while 41.6% expected interest rates to remain the same.

Interest Rate Expectations Indicator



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



## Interest Rate Expectations

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Interest Rate Expectations	115.6	126.0	126.8	121.9	123.0	124.2	126.6

# Real Estate Investment Highest Since July



With respondents expecting house prices to increase, more consumers considered it to be a good time to buy a house in the next six months, while in contrast those reporting it would be a good time to sell a house also rose to the highest on record.

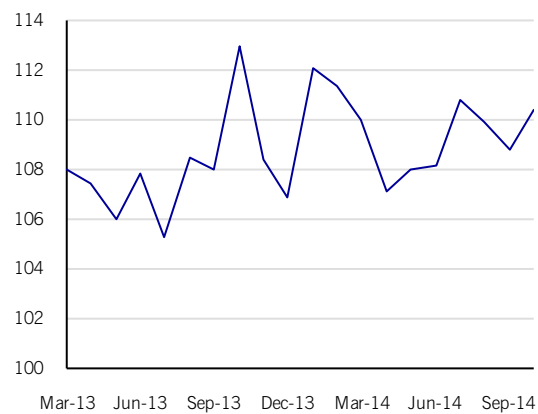
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) rose to 110.5 in October from 108.8 in September.

Consumers' expectations about house prices eased slightly in October after hitting a record high last month. The House Price Expectations component, which measures the outlook for prices over the coming six months, fell to 146.1 in October from 148.2 in September, although remained far above the outturn of 127.7 in the same month a year earlier.

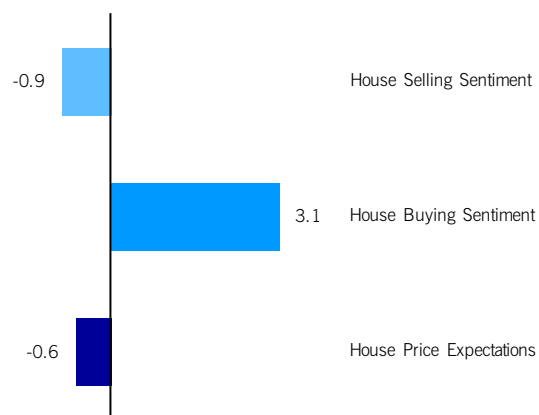
Consumers' sentiment about purchasing a house has dropped significantly since last year and in October it improved to the highest in eight months but remained below the 100 threshold that separates expansion from contraction. House Buying Sentiment, a measure of whether it is a good time to buy a house in the next six months, increased to 87.7 in October from 77.7 in September.

With expectations that house prices would be higher, more respondents than ever before believed it would be a good time to sell a house in the next six months. This was shown in House Selling Sentiment, a measure of whether it is a good time to sell a house in the next six months, which has a negative impact on

Real Estate Investment Indicator



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



## Real Estate Investment Sentiment

	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Real Estate Investment Sentiment	113.0	108.0	108.2	110.8	109.9	108.8	110.5
Price Expectations	127.7	139.3	139.5	139.5	144.7	148.2	146.1
House Buying	109.8	82.6	83.6	87.2	82.9	77.7	87.7
House Selling	98.4	97.8	98.5	94.2	97.8	99.5	102.4



# Real Estate Investment Components and Balances

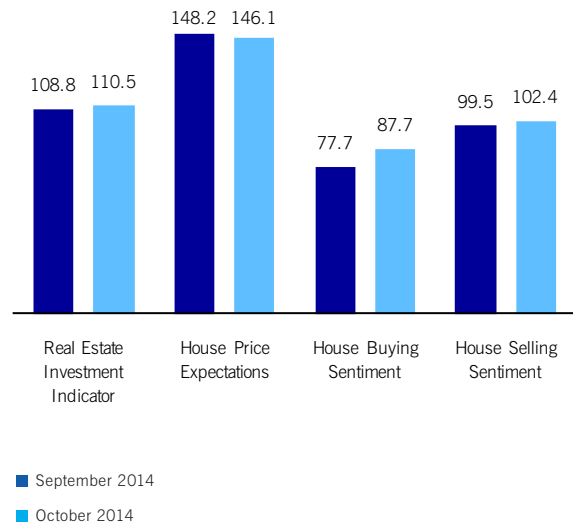
overall housing sentiment. In October, House Selling Sentiment rose to a record high of 102.4 from 99.5 in September, the first time it has ever been above the 100 threshold that separates expansion from contraction in six months.

### Regions

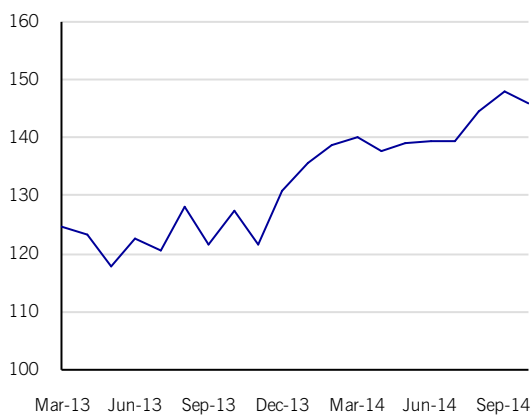
The Real Estate Investment Indicator improved in North Caucasus, the Urals and Volga. The rise in sentiment was led by respondents from the Volga region and it was also at the highest level here compared with other regions.

Respondents were less optimistic about housing compared with the previous month in West Siberian and the Central region, with the House Price Expectations falling to the lowest in four months in the latter.

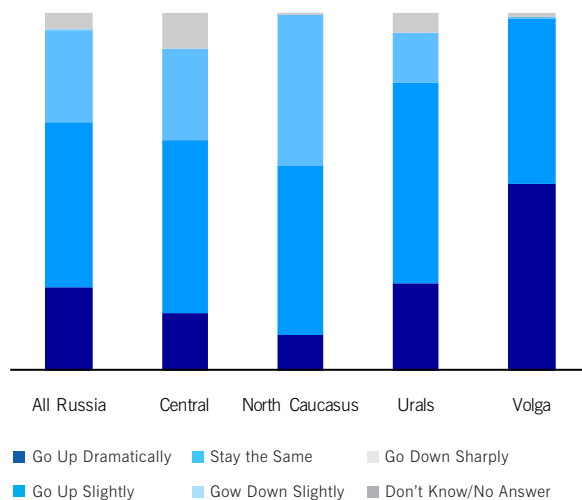
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in the Next 6 Months

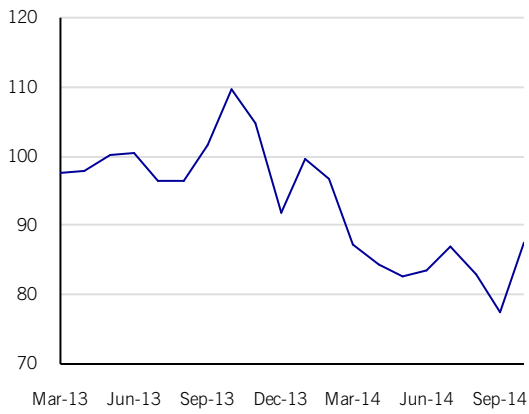


Expected Changes in Real Estate Prices in the Next 6 months (% of Households)

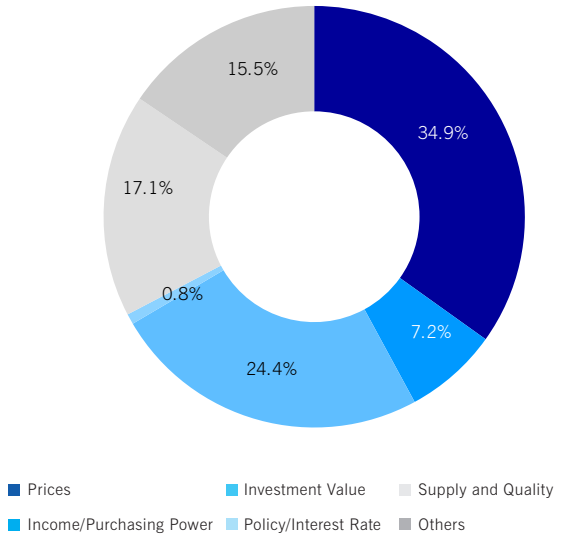




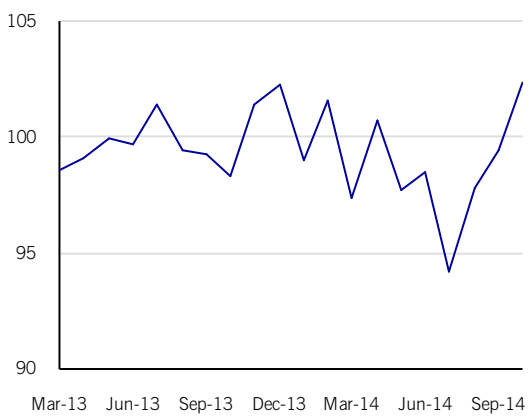
House Buying Sentiment



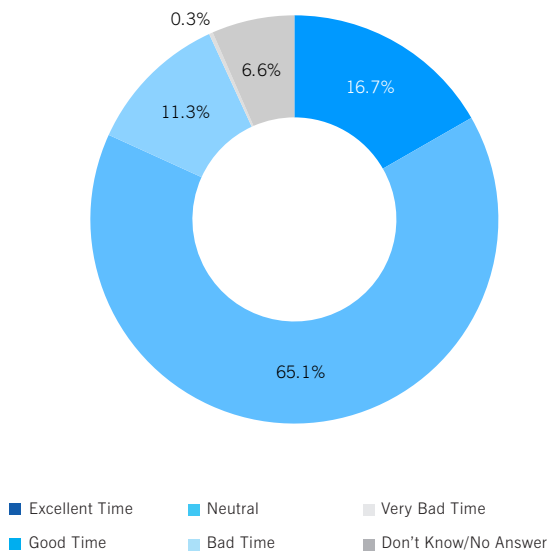
Reasons for Buying Houses (% of Households)



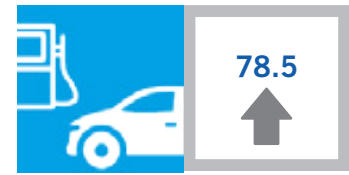
House Selling Sentiment



Timing for Selling Houses (% of Households)



# Car Purchase Picks Up Following Scrappage Scheme



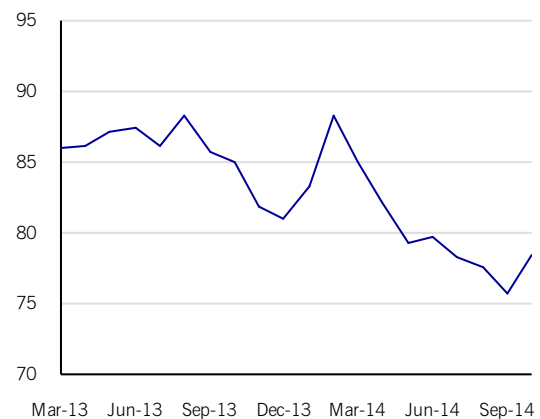
The introduction of a government scrappage scheme meant that more consumers expected it would be a good time to purchase a car in the next 12 months.

The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, increased above the 100 threshold to the highest level since February. Around 54% of respondents thought it would be a good time to buy a car, the highest on record, with the component rising to 107.7 in October from 99.0 in September.

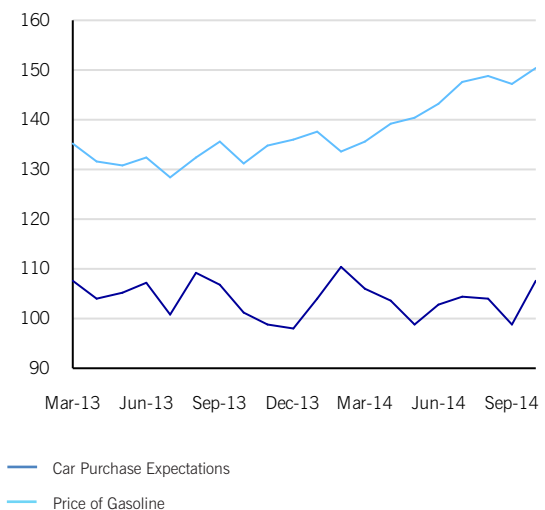
The improvement in the indicator was likely due to the introduction of a government car scrappage and trade-in scheme at the beginning of September in an effort to reverse the market slide in demand. Under this scheme, cars that are at least six-years old can be demolished or traded in return for payment towards the purchase of a new car. According to the Association of European Businesses, car sales plummeted for the ninth consecutive month by 20.1% in September from the same month a year ago in line with our indicator which fell to a series low in September. The improvement in sentiment in October could be a precursor to an improvement in car sales, the figures for which are due to be released later this month, although any reversal of the slide in the industry is likely to be gradual.

Consumers' confidence about purchasing a car has trended downwards since February due to higher interest rates and inflation. Nevertheless, in October the component was 6.1% above the level last year.

### Car Purchase Indicator



### Car Purchase Indicator - Components

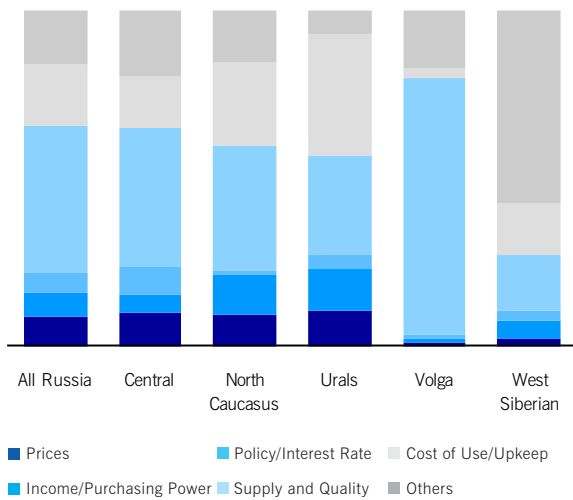


### Car Purchase Sentiment

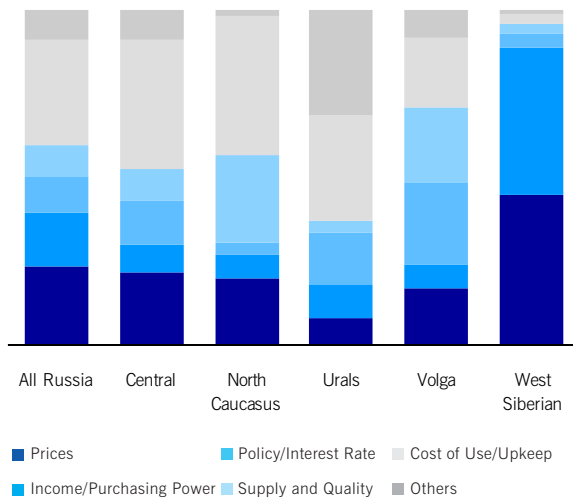
	Oct-13	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Car Purchase Sentiment	85.1	79.3	79.8	78.4	77.7	75.8	78.5
Car Purchase Expectations	101.4	99.1	103.0	104.8	104.2	99.0	107.7
Price of Gasoline	131.3	140.5	143.4	148.0	148.9	147.3	150.6



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



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

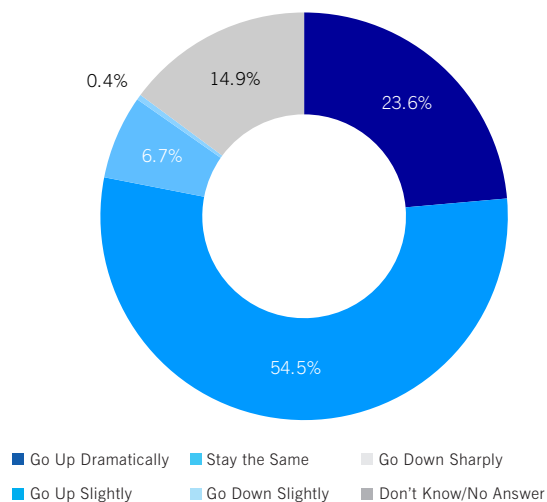


Of those who thought it was a good time to purchase a car, there was a significant increase in those who cited the supply and quality of cars as the main reasons. Many Russian automobile manufacturers choose to launch new models at the Moscow Motor Show, which occurred towards the end of August, therefore the lagged appearance of these new models in forecourts and on the roads may account for this improvement.

78% of consumers thought that the price of gasoline would rise in the next 12 months. Expectations for the Price of Gasoline rose to a series high of 150.6 in October from 147.3 in September following six consecutive months of increases.

Car Purchase Expectations and Expectations for the Price of Gasoline compose the Car Purchase Indicator. Car Purchase Sentiment rose to 78.5 in October from a record low of 75.8 in September.

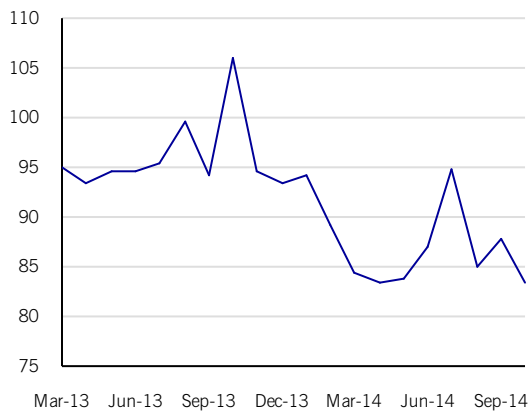
Expected Change in the Price of Gasoline (% of Households)



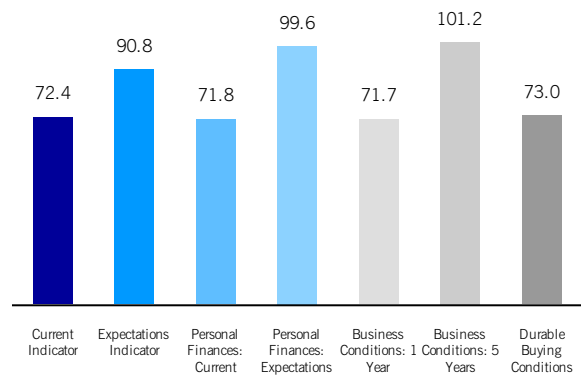
# MNI Russia Consumer Indicator Regions



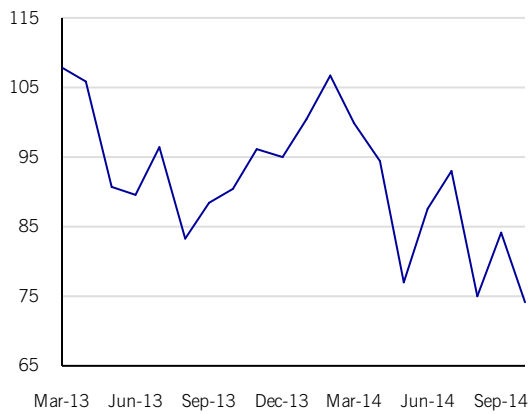
Consumer Indicator: North Caucasus



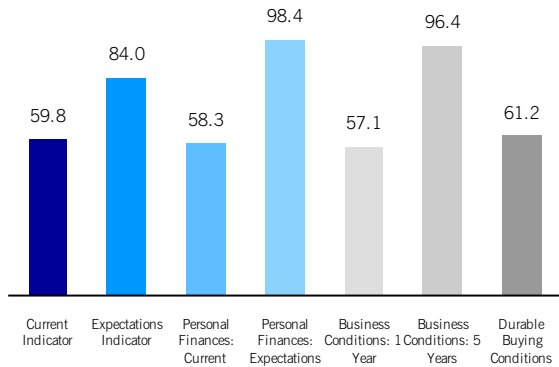
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian



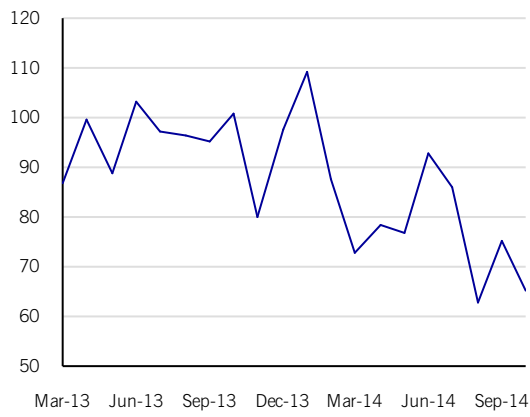
Consumer Indicator Components: West Siberian



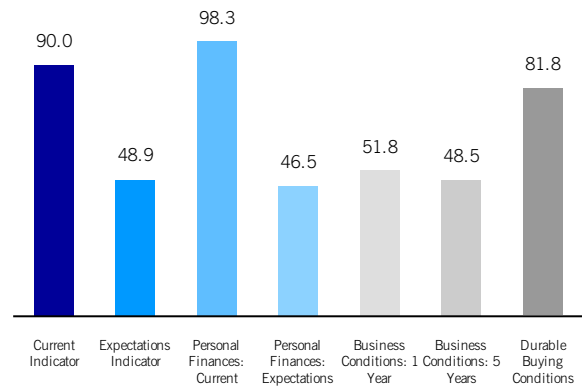




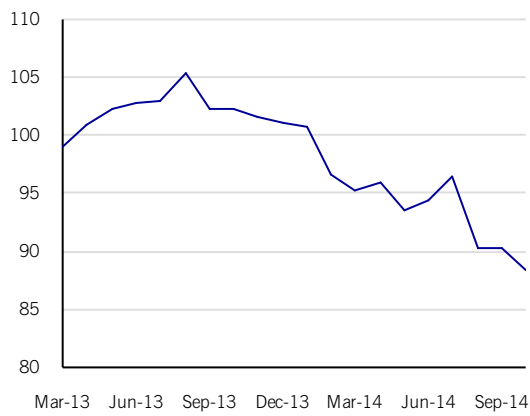
Consumer Indicator: Volga



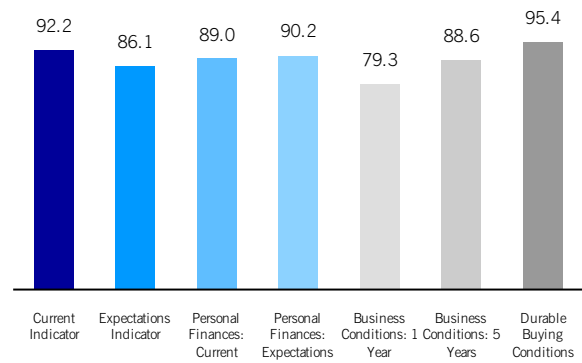
Consumer Indicator Components: Volga



Consumer Indicator: Central

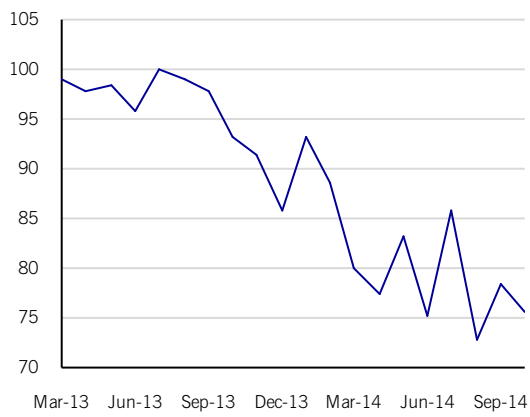


Consumer Indicator Components: Central

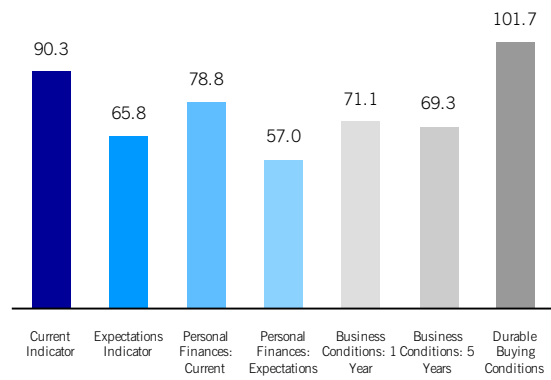




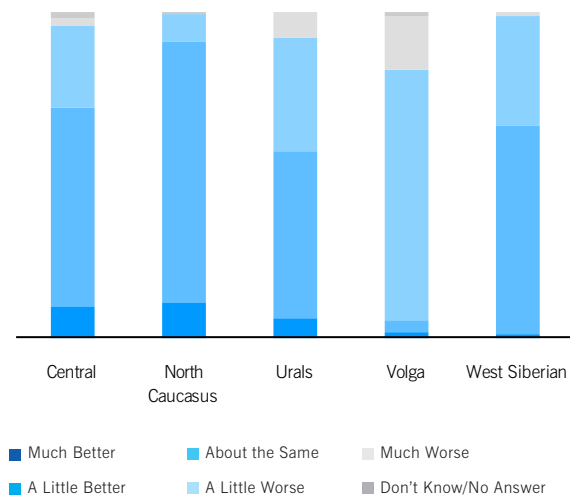
Consumer Indicator: Urals



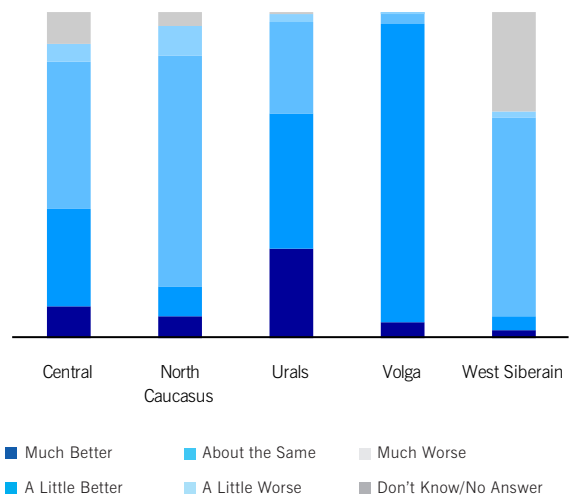
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

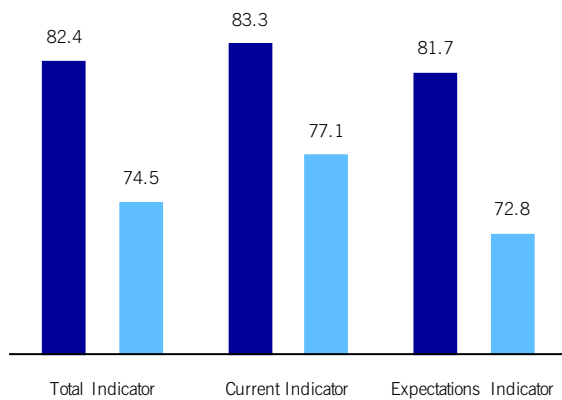


# MNI Russia Consumer Indicator

## Income Groups

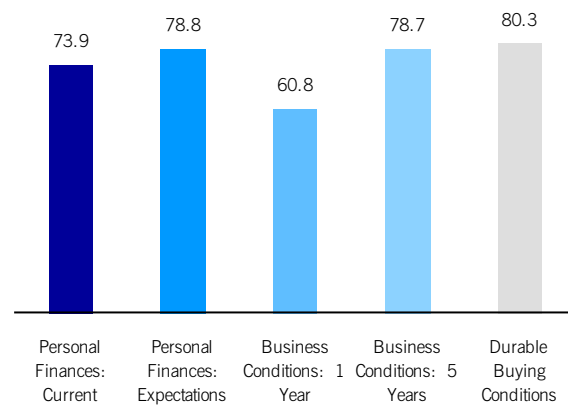


< RUB 480,000 Per Annum

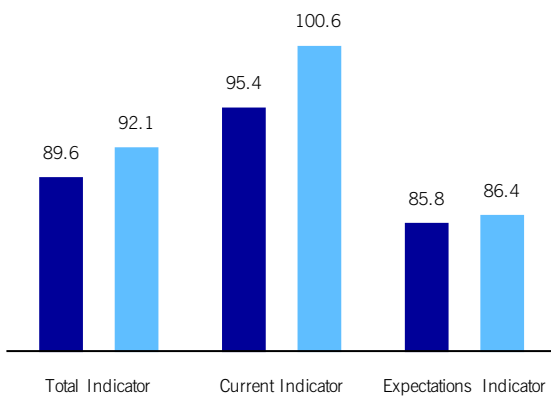


■ September 2014  
■ October 2014

< RUB 480,000 - Components

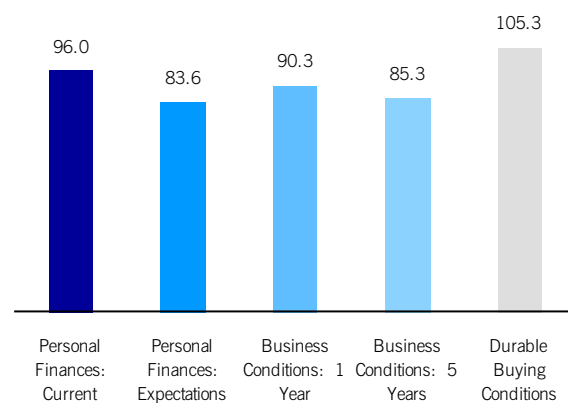


> RUB 480,000 Per Annum



■ September 2014  
■ October 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.

"Food expenses are growing very quickly."

"Once again there is a government scheme of replacing old cars with new cars produced domestically making it a good time to make a purchase."

"Real estate prices are growing all the time."

"Credit rates are getting higher and higher."

"Income among households has decreased, making it a bad time for large purchases."

"The policy of the government is unpredictable, no one can say what tomorrow will bring."

"EU Sanctions and the feedback measures of Russia will negatively impact the business environment."

"Rouble became cheaper, prices went upside."

"We live for today, we see no improvements in the future."

"Many companies are closing, I might lose my job."

"While the prices of large and expensive goods are stable, one should buy."

"Petrol prices are growing."

"Real estate prices are artificially inflated by speculation, they will go down in the future."

"Dealerships have a side choice of cars by make, characteristics and price."

"Prices will grow in the future, one should stock up now."

"The economy is in crisis, business is worsening."

"I have no confidence in tomorrow. If you lose your job, you will not find a new one."

"Many household items are of bad quality and need to be replaced every 2-3 years."



# Data Tables

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

## Russia - Central Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Central Consumer Indicator</b>	90.3	90.3	88.5	-	series low	89.7	-1.8	-2.0%
Current Indicator	94.6	94.6	92.2	-	series low	93.8	-2.4	-2.5%
Expectations Indicator	87.5	87.4	86.1	-	series low	87.0	-1.3	-1.6%
Personal Finance: Current	88.0	87.1	89.0	Jul-14	-	88.0	1.9	2.2%
Personal Finance: Expected	94.3	94.7	90.2	-	series low	93.1	-4.5	-4.7%
Business Condition: 1 Year	78.3	81.0	79.3	-	Aug-14	79.5	-1.7	-2.1%
Business Condition: 5 Years	89.9	86.6	88.6	Aug-14	-	88.4	2.0	2.3%
Durable Buying Conditions	101.2	102.1	95.4	-	series low	99.6	-6.7	-6.5%
Current Business Conditions Indicator	91.5	91.2	86.5	-	Mar-13	89.7	-4.7	-5.1%
Real Estate Investment Indicator	112.9	111.9	111.6	-	Dec-13	112.1	-0.3	-0.3%
Car Purchase Indicator	77.3	73.6	74.7	Aug-14	-	75.2	1.1	1.6%
Employment Outlook Indicator	87.7	89.0	90.0	Jul-14	-	88.9	1.0	1.1%
Inflation Expectations Indicator	147.9	142.8	152.3	series high	-	147.7	9.5	6.6%
Current Prices Satisfaction Indicator	70.2	68.2	65.1	-	series low	67.8	-3.1	-4.5%
Interest Rates Expectations Indicator	118.4	121.6	121.7	series high	-	120.6	0.1	0.1%

## Russia - Urals Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Urals Consumer Indicator</b>	73.0	78.5	75.6	-	Aug-14	75.7	-2.9	-3.7%
Current Indicator	78.9	85.5	90.3	Jul-14	-	84.9	4.8	5.6%
Expectations Indicator	69.0	73.8	65.8	-	series low	69.5	-8.0	-10.9%
Personal Finance: Current	74.2	80.9	78.8	-	Aug-14	78.0	-2.1	-2.6%
Personal Finance: Expected	68.5	70.5	57.0	-	series low	65.3	-13.5	-19.1%
Business Condition: 1 Year	63.1	60.1	71.1	Jul-14	-	64.8	11.0	18.3%
Business Condition: 5 Years	75.3	90.9	69.3	-	series low	78.5	-21.6	-23.8%
Durable Buying Conditions	83.6	90.0	101.7	Jul-14	-	91.8	11.7	13.0%
Current Business Conditions Indicator	67.8	83.2	86.6	Jul-14	-	79.2	3.4	4.1%
Real Estate Investment Indicator	109.2	111.3	118.3	series high	-	112.9	7.0	6.3%
Car Purchase Indicator	83.3	74.7	79.4	Aug-14	-	79.1	4.7	6.2%
Employment Outlook Indicator	85.8	78.6	77.6	-	Jul-14	80.7	-1.0	-1.4%
Inflation Expectations Indicator	158.0	151.9	152.1	Aug-14	-	154.0	0.2	0.1%
Current Prices Satisfaction Indicator	67.1	64.8	58.2	-	Jun-14	63.4	-6.6	-10.1%
Interest Rates Expectations Indicator	138.1	144.4	147.0	Jun-14	-	143.2	2.6	1.8%



## Russia - Volga Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Volga Consumer Indicator</b>	62.9	75.6	65.4	-	Aug-14	68.0	-10.2	-13.5%
Current Indicator	57.4	82.4	90.0	Jul-14	-	76.6	7.6	9.3%
Expectations Indicator	66.6	71.0	48.9	-	series low	62.2	-22.1	-31.1%
Personal Finance: Current	53.9	53.1	98.3	Jan-14	-	68.4	45.2	85.1%
Personal Finance: Expected	56.1	57.4	46.5	-	series low	53.3	-10.9	-19.0%
Business Condition: 1 Year	52.8	52.2	51.8	-	series low	52.3	-0.4	-0.6%
Business Condition: 5 Years	90.9	103.4	48.5	-	May-14	80.9	-54.9	-53.1%
Durable Buying Conditions	60.9	111.7	81.8	-	Aug-14	84.8	-29.9	-26.8%
Current Business Conditions Indicator	62.3	79.4	53.6	-	May-14	65.1	-25.8	-32.5%
Real Estate Investment Indicator	115.5	112.3	120.2	Mar-14	-	116.0	7.9	7.0%
Car Purchase Indicator	56.7	82.4	87.0	May-14	-	75.4	4.6	5.5%
Employment Outlook Indicator	74.5	44.5	45.9	Aug-14	-	55.0	1.4	3.3%
Inflation Expectations Indicator	171.3	152.3	159.3	Aug-14	-	161.0	7.0	4.6%
Current Prices Satisfaction Indicator	57.4	63.3	22.5	-	series low	47.7	-40.8	-64.4%
Interest Rates Expectations Indicator	150.0	140.0	150.5	Jun-14	-	146.8	10.5	7.5%

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 Russia - North Caucasus Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - North Caucasus Consumer Indicator</b>	85.1	88.0	83.5	-	Apr-14	85.5	-4.5	-5.1%
Current Indicator	75.1	79.3	72.4	-	series low	75.6	-6.9	-8.7%
Expectations Indicator	91.8	93.7	90.8	-	Apr-14	92.1	-2.9	-3.1%
Personal Finance: Current	74.4	78.3	71.8	-	Apr-14	74.8	-6.5	-8.3%
Personal Finance: Expected	100.7	101.3	99.6	-	Oct-13	100.5	-1.7	-1.6%
Business Condition: 1 Year	74.5	78.1	71.7	-	Mar-14	74.8	-6.4	-8.3%
Business Condition: 5 Years	100.1	101.8	101.2	-	Aug-14	101.0	-0.6	-0.6%
Durable Buying Conditions	75.8	80.3	73.0	-	series low	76.4	-7.3	-9.1%
Current Business Conditions Indicator	100.3	99.3	96.8	-	series low	98.8	-2.5	-2.5%
Real Estate Investment Indicator	101.7	97.0	101.4	Aug-14	-	100.0	4.4	4.6%
Car Purchase Indicator	80.8	65.8	78.9	Aug-14	-	75.2	13.1	19.9%
Employment Outlook Indicator	98.9	100.8	100.7	-	Aug-14	100.1	-0.1	-0.1%
Inflation Expectations Indicator	128.7	126.7	126.7	Aug-14	-	127.4	0.0	0.0%
Current Prices Satisfaction Indicator	61.3	55.3	55.5	Aug-14	-	57.4	0.2	0.3%
Interest Rates Expectations Indicator	103.8	106.6	106.7	Jan-14	-	105.7	0.1	0.1%

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Russia - West Siberian Overview

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - West Siberian Consumer Indicator</b>	75.1	84.4	74.3	-	series low	77.9	-10.1	-12.0%
Current Indicator	60.9	76.2	59.8	-	series low	65.6	-16.4	-21.6%
Expectations Indicator	84.5	89.8	84.0	-	series low	86.1	-5.8	-6.5%
Personal Finance: Current	60.8	75.1	58.3	-	series low	64.7	-16.8	-22.3%
Personal Finance: Expected	97.8	96.9	98.4	Jun-14	-	97.7	1.5	1.5%
Business Condition: 1 Year	59.8	75.2	57.1	-	series low	64.0	-18.1	-24.0%
Business Condition: 5 Years	96.0	97.4	96.4	-	Aug-14	96.6	-1.0	-1.0%
Durable Buying Conditions	60.9	77.3	61.2	-	Aug-14	66.5	-16.1	-20.8%
Current Business Conditions Indicator	98.0	97.6	97.8	Aug-14	-	97.8	0.2	0.3%
Real Estate Investment Indicator	100.2	100.7	100.1	-	Jun-14	100.3	-0.6	-0.6%
Car Purchase Indicator	84.9	76.7	75.8	-	Jun-14	79.1	-0.9	-1.3%
Employment Outlook Indicator	90.1	82.7	82.5	-	series low	85.1	-0.2	-0.2%
Inflation Expectations Indicator	110.8	109.8	109.5	-	Nov-13	110.0	-0.3	-0.3%
Current Prices Satisfaction Indicator	45.6	45.7	45.4	-	Jul-14	45.6	-0.3	-0.6%
Interest Rates Expectations Indicator	104.9	103.3	103.6	Aug-14	-	103.9	0.3	0.3%

## All Russia - Overview by Age

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI Russia Consumer Indicator</b>	83.0	86.8	82.4	-	series low	84.1	-4.4	-5.0%
Current Indicator	84.1	86.9	86.4	-	Aug-14	85.8	-0.5	-0.6%
Expectations Indicator	82.3	86.7	79.7	-	series low	82.9	-7.0	-8.0%
Personal Finance: Current	80.7	75.5	90.3	Jul-14	-	82.2	14.8	19.6%
Personal Finance: Expected	89.7	90.6	84.3	-	series low	88.2	-6.3	-7.0%
Business Condition: 1 Year	72.8	72.3	71.6	-	series low	72.2	-0.7	-1.0%
Business Condition: 5 Years	84.5	97.1	83.3	-	series low	88.3	-13.8	-14.2%
Durable Buying Conditions	87.5	98.4	82.6	-	series low	89.5	-15.8	-16.0%
<b>Age 35-54</b>								
<b>MNI Russia Consumer Indicator</b>	82.4	84.0	78.6	-	series low	81.7	-5.4	-6.5%
Current Indicator	82.4	93.2	85.4	-	Aug-14	87.0	-7.8	-8.3%
Expectations Indicator	82.5	77.9	74.0	-	series low	78.1	-3.9	-5.0%
Personal Finance: Current	76.1	85.7	73.4	-	series low	78.4	-12.3	-14.3%
Personal Finance: Expected	88.0	75.8	75.8	Aug-14	-	79.9	0.0	0.1%
Business Condition: 1 Year	70.5	77.1	69.2	-	series low	72.3	-7.9	-10.2%
Business Condition: 5 Years	88.9	80.9	77.0	-	series low	82.3	-3.9	-4.9%
Durable Buying Conditions	88.6	100.7	97.4	-	Aug-14	95.6	-3.3	-3.2%
<b>Age 55-64</b>								
<b>MNI Russia Consumer Indicator</b>	75.8	83.0	80.1	-	Aug-14	79.6	-2.9	-3.5%
Current Indicator	72.0	79.2	79.7	Jul-14	-	77.0	0.5	0.6%
Expectations Indicator	78.3	85.5	80.3	-	Aug-14	81.4	-5.2	-6.1%
Personal Finance: Current	69.0	72.6	70.3	-	Aug-14	70.6	-2.3	-3.2%
Personal Finance: Expected	71.1	98.4	78.7	-	Aug-14	82.7	-19.7	-20.0%
Business Condition: 1 Year	63.5	67.5	74.5	Jun-14	-	68.5	7.0	10.3%
Business Condition: 5 Years	100.4	90.6	87.6	-	Jul-14	92.9	-3.0	-3.4%
Durable Buying Conditions	74.9	85.8	89.1	Jul-14	-	83.3	3.3	3.9%

## All Russia - Overview by Income

	Aug-14	Sep-14	Oct-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>&lt; RUB 480,000 Per Annum</b>								
<b>MNI Russia Consumer Indicator</b>	79.5	82.4	74.5	-	series low	78.8	-7.9	-9.5%
Current Indicator	78.5	83.3	77.1	-	series low	79.6	-6.2	-7.5%
Expectations Indicator	80.2	81.7	72.8	-	series low	78.2	-8.9	-10.9%
Personal Finance: Current	74.0	70.9	73.9	Aug-14	-	72.9	3.0	4.2%
Personal Finance: Expected	81.4	84.0	78.8	-	series low	81.4	-5.2	-6.2%
Business Condition: 1 Year	70.2	69.2	60.8	-	series low	66.7	-8.4	-12.1%
Business Condition: 5 Years	89.1	92.0	78.7	-	series low	86.6	-13.3	-14.4%
Durable Buying Conditions	83.0	95.8	80.3	-	series low	86.4	-15.5	-16.1%
<b>&gt; RUB 480,000 Per Annum</b>								
<b>MNI Russia Consumer Indicator</b>	84.6	89.6	92.1	Jul-14	-	88.8	2.5	2.8%
Current Indicator	85.7	95.4	100.6	Jul-14	-	93.9	5.2	5.4%
Expectations Indicator	84.0	85.8	86.4	Jul-14	-	85.4	0.6	0.8%
Personal Finance: Current	81.4	90.3	96.0	Jul-14	-	89.2	5.7	6.2%
Personal Finance: Expected	93.0	89.5	83.6	-	series low	88.7	-5.9	-6.6%
Business Condition: 1 Year	71.0	80.0	90.3	Jul-14	-	80.4	10.3	12.9%
Business Condition: 5 Years	87.9	87.8	85.3	-	series low	87.0	-2.5	-2.8%
Durable Buying Conditions	90.0	100.5	105.3	Jul-14	-	98.6	4.8	4.8%

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