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# MNI Russia Consumer Report July 2015

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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#### Written and researched by

Philip Uglow, Chief Economist  
Shaily Mittal, Economist  
George Brown, Economist

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#### MNI Indicators | Deutsche Börse Group

Westferry House  
11 Westferry Circus  
London  
E14 4HE  
Tel: +44 (0)20 7862 7444  
Email: [info@mni-indicators.com](mailto:info@mni-indicators.com)

[www.mni-indicators.com](http://www.mni-indicators.com)

 [@MNIIndicators](https://twitter.com/MNIIndicators)

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# Executive Summary

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The MNI Russia Consumer Sentiment Indicator fell by 7.4% on the month to 70.8 in July from 76.4 in June, offsetting the improvement since the March low.

The MNI Russia Consumer Sentiment Indicator fell by 7.4% on the month to 70.8 in July from 76.4 in June, offsetting the improvement since the March low. While confidence among low-earners stumbled this month, high-income households were more pessimistic than ever before.

Residents in eight of the 10 major cities surveyed in Russia were more pessimistic this month, with sentiment in two of them declining to series lows.

All five components of the MNI Russia Consumer Sentiment Indicator declined sharply on the month, although all remained above their respective record lows. A more pessimistic short-term outlook for business conditions contributed the most to the fall in overall sentiment following the EU's decision to extend the current sanctions and amid the rouble rout brought on by falling oil prices.

The decline in oil prices was not all bad news, however, as it meant far fewer consumers anticipated that gasoline prices would rise. Even so, dissatisfaction with the current cost of living rose to a six-month high on the back of a hike in utility prices, prompting more of our panel to anticipate that prices would rise over the coming year.

More consumers were dissatisfied with the current state of their finances in July, prompting them to revise down their expectations for them over the coming year and causing their appetite for large household goods to wane.

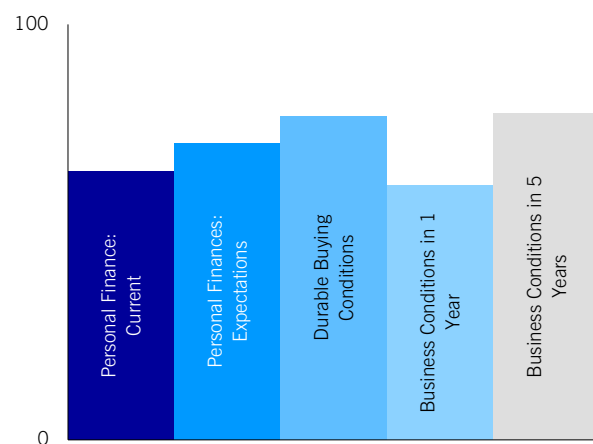
Meanwhile, the mid-June rate cut by the Central Bank of Russia failed to ease consumers' expectations for the cost of credit which instead rose on the month. Regardless, our indicator was still 8.2% below the outturn at the start of the year when the CBR embarked on its course of policy normalisation.

Respondents' expectations for the job market soured once again in July following three consecutive months of moderation, almost wiping out the gains made since the March low.

While a record proportion of consumers expected that house prices would rise over the coming years, confidence in the Russian real estate market stumbled slightly in July despite recent government initiatives to make mortgages more accessible.

The Current Indicator, which measures consumers' assessment of current conditions, fell to 71.2 in July from 77.7 in June, while the Expectations Indicator, which is comprised of the three forward-looking components, declined to 70.5 in July from 75.6 in the previous month.

MNI Russia Consumer Indicator - Components



## All Russia - Overview

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI Russia Consumer Indicator</b>	72.8	76.4	70.8	-	Mar-15	73.3	-5.6	-7.4%
Current Indicator	72.5	77.7	71.2	-	Mar-15	73.8	-6.5	-8.3%
Expectations Indicator	73.0	75.6	70.5	-	Mar-15	73.0	-5.1	-6.7%
Personal Finance: Current	67.8	71.4	64.5	-	Mar-15	67.9	-6.9	-9.6%
Personal Finance: Expected	73.2	75.1	71.5	-	Apr-15	73.3	-3.6	-4.9%
Business Condition: 1 Year	64.4	69.8	61.3	-	Mar-15	65.2	-8.5	-12.1%
Business Condition: 5 Years	81.3	81.7	78.7	-	Mar-15	80.6	-3.0	-3.8%
Durable Buying Conditions	77.3	83.9	77.9	-	May-15	79.7	-6.0	-7.2%
Current Business Conditions Indicator	67.9	70.1	67.8	-	Mar-15	68.6	-2.3	-3.4%
Real Estate Investment Indicator	106.8	108.7	106.8	-	May-15	107.4	-1.9	-1.8%
Car Purchase Indicator	69.8	73.0	78.8	Jul-14	-	73.9	5.8	7.9%
Employment Outlook Indicator	70.1	71.4	68.5	-	Mar-15	70.0	-2.9	-4.0%
Inflation Expectations Indicator	152.6	154.7	156.3	Mar-15	-	154.5	1.6	1.0%
Current Prices Satisfaction Indicator	48.0	49.0	46.0	-	Jan-15	47.7	-3.0	-6.0%
Interest Rates Expectations Indicator	150.9	149.1	151.5	Apr-15	-	150.5	2.4	1.6%

## All Russia - Summary

	2014						2015						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>MNI Russia Consumer Indicator</b>	89.8	84.9	87.0	84.3	76.3	80.3	70.6	73.1	69.2	73.0	72.8	76.4	70.8
Current Indicator	92.8	85.2	89.9	85.7	73.3	80.4	71.9	75.2	69.1	74.4	72.5	77.7	71.2
Expectations Indicator	87.8	84.7	85.0	83.3	78.3	80.2	69.8	71.8	69.2	72.0	73.0	75.6	70.5
Personal Finance: Current	85.5	80.0	82.3	80.0	67.5	73.3	65.2	67.9	62.1	68.4	67.8	71.4	64.5
Personal Finance: Expected	92.4	90.2	90.0	88.0	87.0	85.0	77.2	77.0	75.9	70.9	73.2	75.1	71.5
Business Condition: 1 Year	81.4	74.3	78.3	75.6	63.7	69.8	60.8	68.4	59.7	65.2	64.4	69.8	61.3
Business Condition: 5 Years	89.5	89.6	86.7	86.3	84.1	85.7	71.3	69.9	72.0	80.0	81.3	81.7	78.7
Durable Buying Conditions	100.2	90.5	97.5	91.4	79.1	87.6	78.6	82.5	76.2	80.5	77.3	83.9	77.9
<b>Current Business Conditions Indicator</b>	90.4	89.8	90.0	86.8	86.5	84.0	70.7	69.6	67.4	67.9	67.9	70.1	67.8
<b>Real Estate Investment Indicator</b>	109.9	109.7	109.0	109.3	105.2	108.7	105.3	106.4	105.8	106.5	106.8	108.7	106.8
House Price Expectations	141.0	143.4	142.7	142.9	142.8	144.1	142.8	142.9	143.5	142.5	142.9	142.9	144.6
House Buying Sentiment	85.8	84.1	84.2	84.7	73.5	81.2	73.2	76.3	72.7	76.1	76.4	80.6	74.5
House Selling Sentiment	97.1	98.5	99.9	99.7	100.7	99.3	99.9	100.0	98.8	99.2	99.0	97.4	98.7
<b>Car Purchase Indicator</b>	78.9	78.5	76.5	78.1	74.5	73.6	68.7	69.4	69.2	70.5	69.8	73.0	78.8
Car Purchase Expectations	103.0	103.8	101.7	104.4	97.6	96.5	86.0	87.2	86.0	88.9	87.0	93.1	86.3
Price of Gasoline Expectations	145.2	146.9	148.6	148.2	148.6	149.2	148.7	148.3	147.5	147.8	147.5	147.0	128.7
<b>Employment Outlook Indicator</b>	88.8	89.6	87.8	87.1	87.3	86.7	66.9	68.2	66.5	68.8	70.1	71.4	68.5
Inflation Expectations Indicator	142.1	142.4	141.7	144.7	144.5	144.3	161.1	169.2	160.9	153.1	152.6	154.7	156.3
Current Prices Satisfaction Indicator	66.2	65.7	64.0	62.6	62.0	60.2	44.9	47.6	47.0	47.3	48.0	49.0	46.0
Interest Rates Expectations Indicator	118.7	119.4	120.5	122.6	122.2	127.6	165.1	168.4	167.4	151.8	150.9	149.1	151.5

## All Russia - Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
<b>MNI Russia Consumer Indicator</b>	69.2	101.2	87.5	89.4
Current Indicator	69.1	102.8	87.7	90.3
Expectations Indicator	69.2	100.2	87.3	88.7
Personal Finance: Current	62.1	103.5	82.7	82.0
Personal Finance: Expected	70.9	107.4	92.2	94.1
Business Condition: 1 Year	59.7	99.4	81.1	80.9
Business Condition: 5 Years	69.9	97.3	88.7	91.6
Durable Buying Conditions	76.2	107.4	92.7	97.0
<b>Current Business Conditions Indicator</b>	67.4	99.8	87.7	90.8
<b>Real Estate Investment Indicator</b>	105.2	110.7	107.7	107.4
House Price Expectations	121.4	144.6	135.5	138.0
House Buying Sentiment	72.7	101.1	86.8	85.2
House Selling Sentiment	96.3	101.4	99.1	99.2
<b>Car Purchase Indicator</b>	68.7	87.4	79.3	80.1
Car Purchase expectations	86.0	109.1	99.1	101.7
Price of Gasoline expectations	128.7	149.2	140.6	139.1
<b>Employment Outlook Indicator</b>	66.5	100.6	87.6	90.2
Inflation Expectations Indicator	129.9	169.2	143.7	141.7
Current Prices Satisfaction Indicator	44.9	86.1	66.6	66.6
Interest Rates Expectations Indicator	113.1	168.4	127.4	119.3



# Consumer price inflation ticked up to 15.6% on the year in July from 15.3% in June.

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Even so, the rise was widely anticipated due to a planned hike in utility tariffs at the start of the month, which caused a sharp spike in the weekly data, indicating that this is likely to have been a momentary hick-up in the otherwise downward trend.



# Economic Landscape

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As we anticipated, the Central Bank of Russia chose to cut the key rate by 50 basis points to 11.0% at its July 31 meeting in spite of the recent fall in the rouble and potential for a reversal in the recently improved inflation picture.

As we anticipated, the Central Bank of Russia chose to cut the key rate by 50 basis points to 11.0% at its July 31 meeting in spite of the recent fall in the rouble and potential for a reversal in the recently improved inflation picture. Oil prices have slid over the past month following the Iran nuclear deal, prompting a significant depreciation in the rouble that has erased much of the ground that the currency had made in the first half of the year. By choosing to continue with its normalisation program, the central bank risks exacerbating the rouble rout which in-turn jeopardises its inflation mandate. Still, this is not a central case and more favourable base effects combined with the dire weakness in domestic demand should provide enough drag to keep inflation on a downward path.

Latest official data for June was mixed with some areas showing improvement – or at least a lower rate of decline – while others continued to show outright weakness. The decline in industrial production moderated slightly in June having suffered a surprise deterioration in the previous month. Unemployment fell in spite of expectations of a rise while the decline in real wages was more-or-less stable, although this failed to prevent retail sales from falling further into contraction. While consumer prices rose slightly in July, this was driven by a hike in utility tariffs and inflationary pressures are expected to continue to subside which should help to

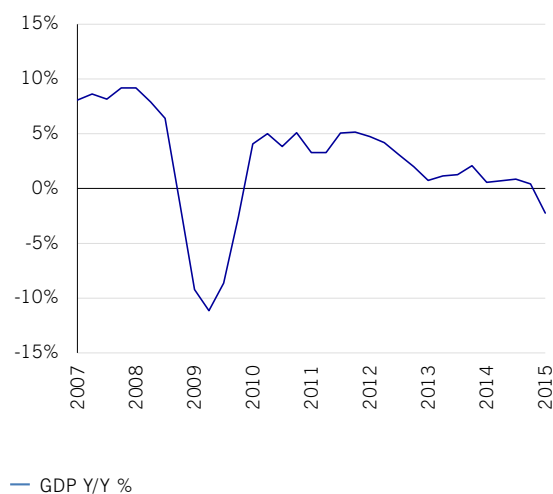
alleviate some of the drag on the demand side. It is evident that the prohibitively high level of interest rates are currently acting as a constraint on the economy's prospects of recovery, necessitating further normalisation in monetary policy by the CBR albeit at a gentler pace given the rising risks posed to inflation and the rouble by the external environment and the price of oil.

### Economy shrunk more than initially estimated

Data released by the Federal Statistics Service (Rosstat) showed that the economy shrunk by a revised 2.2% on the year in the first quarter of 2015, compared with the initially estimated fall of 1.9%, following growth of 0.4% in Q4 2014.

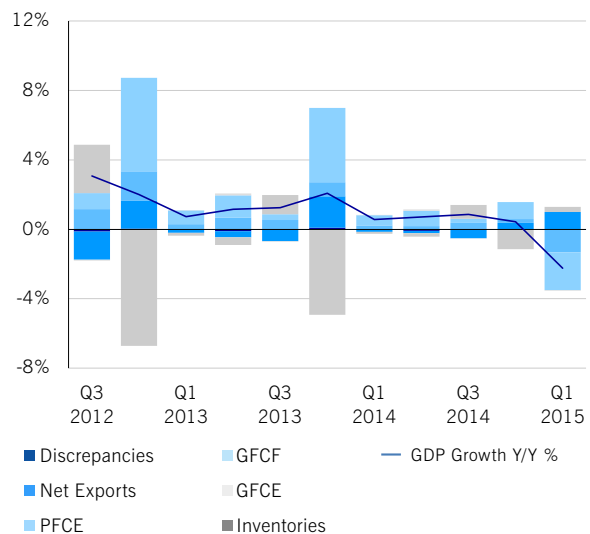
The slowdown was driven by a sharp decline in the wholesale and retail sector with output down 7.6% on the year in Q1 following an expansion of 1.7% in Q4. Similarly, declining appetite for property meant that the real estate sector suffered a 3.3% annual contraction in Q1 after a 1% expansion in Q4. Meanwhile, the manufacturing sector contracted by 0.6% on the year in Q1 following a 0.6% increase in Q4. Furthermore, sharp interest rate increases by the central bank in December combined with Western capital restrictions caused the financial sector to contract by 3.9% on the year compared with a rise of 6.5% in Q4.

### Economic Growth



Source: Rosstat

### Contribution to Economic Growth



Source: Rosstat

On an expenditure basis, the contraction in GDP in Q1 was led by a 2.2% year-on-year drop in gross fixed capital formation as investment outflows from Russia totalled \$33 billion on the quarter. Private consumption was also hit in Q1, suffering a 1.3% year-on-year decline as high interest rates, falling wages and prohibitively high inflation all weighed on demand. Net exports provided some measure of support, growing by 1% year-on-year in Q1 as the weakness in the rouble provided a boost to Russian manufactured goods overseas in spite of the drop in oil prices, the economy's main export.

Over the course of 2014 as a whole, the Russian economy expanded by 0.6% compared with growth of 1.3% in the previous year. Nevertheless, the economy is expected to contract this year given the difficult headwinds that it faces.

Latest monthly GDP figures from the Economic Development Ministry revealed that the economy shrunk by 4.2% on the year in June after a revised 4.8% decline in May. The economy ministry estimates that the economy will shrink by 2.5-2.8% in 2015 and that the downturn will be sharpest in the third quarter.

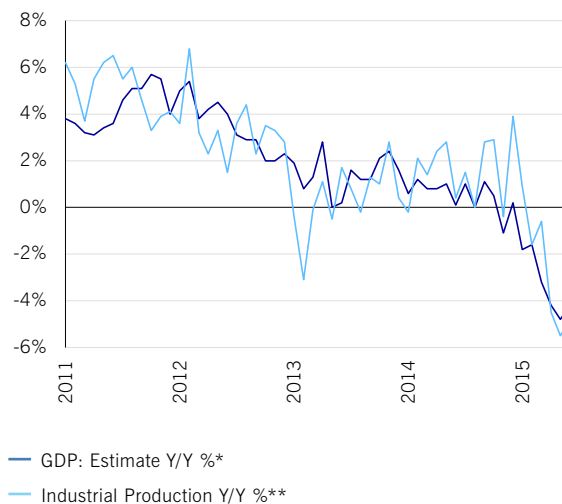
#### Output continues to contract

Industrial production declined by a seasonally adjusted 0.1% on the month in June after contracting by 0.6% in the previous month, causing year-on-year growth to fall by 4.8% in June following a decline of 5.5% in May.

On a quarterly basis, though, production in Q2 was down 4.9% year-on-year after suffering a 0.4% contraction in Q1. With industry accounting for around 40% of Russia's GDP, the deterioration in industrial production is likely to have dragged the economy further into contraction after having previously offered some measure of support for it.

The improvement in June industrial production was driven by manufacturing output, which declined by 6.6% on the year following a decline of 8.3% in May. Only the food and beverage industry expanded in June, growing 3.9% year-on-year after having fallen 1.5% in May, while moderations of more than 15% among both textile producers and manufacturers of goods not elsewhere classified also contributed.

#### Industrial Production and GDP



Source: \*Ministry of Economic Development, \*\*Rosstat

Mining and quarrying output contracted by 0.9% on the year in June, the same magnitude as the previous month. Much of this was driven by a 2.6% expansion in the mining of unclassified materials, although falls in the mining of coal and crude oil of 1.6% and 0.9% respectively meant that the sector as a whole remained in the red.

Utilities output shrunk by 1% on the year in June after declining 1.4% in May. Thermal energy production and distribution was down 1.3% on the year in June after shrinking 3.3% in May. Meanwhile, electricity production contracted by 0.6% on the year in June after suffering a 0.7% decline in the previous month.

In the first six months of 2015, industrial production contracted by 2.7% compared with growth of 1.5% in the same period a year ago.

#### CBR eases policy further

At its meeting on June 31, the Central Bank of Russia cut the key interest rate by 50 basis points to 11.0% as it sought to further normalise monetary policy. This marks the five time the CBR has cut the key interest rate this year, having previously raised it by 650 basis points in December in a desperate effort to support the rouble which was rapidly depreciating.



While inflation now appears to be easing, there are some risks that the trend could reverse given the recent rouble rout brought on by the slide in oil prices on the back of the Iran nuclear deal. By choosing to continue with its normalisation program, the central bank risks exacerbating the rouble rout which in-turn jeopardises its inflation mandate. Still, this is not a central case and more favourable base effects combined with the dire weakness in domestic demand should provide enough drag to keep inflation on a downward path.

In a press release explaining the rationale behind the rate cut, the CBR acknowledged the slight increase in inflation risks but stated that it decided to press ahead with its easing cycle given the significant contraction in the Russian economy. Once again, the CBR reiterated that it is open to additional monetary easing in line with its forecast for inflation.

Due to the recent volatility, it is difficult to predict what the central bank might do at its next meeting on September 11, although if the rouble fails to make up some of the ground it has lost then we would not be surprised if it chose to put its current course of easing on pause.

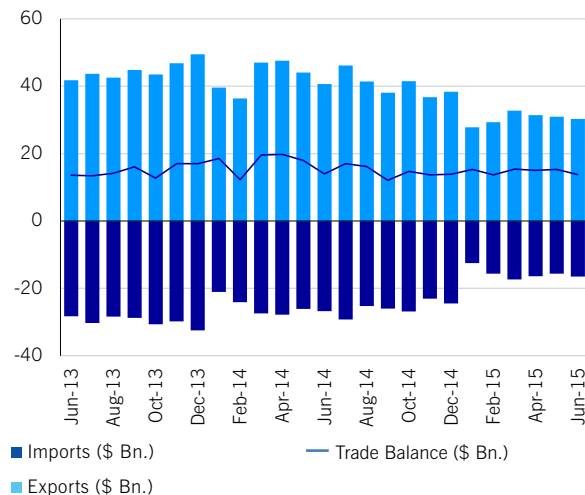
#### Trade surplus deteriorates

Russia's trade surplus has narrowed considerably over the past year as the low price of oil and economic sanctions have caused a continuous decline in exports that has outstripped the simultaneous fall in imports. In June, Russia's trade surplus declined by 1.1% to \$13.8 billion in June from \$13.9 billion a year earlier.

Exports declined by 25.5% on the year to \$30.3 billion in June from \$40.7 billion previously. Much of the decline is the result of the slide in the price of oil, Russia's key export commodity, which started falling in July last year. It is likely that exports will continue to post sharp annual declines until base effects begin to kick-in.

Imports, meanwhile, fell by a more pronounced 38.3% to \$16.5 billion in June from \$26.7 billion a year earlier. Since the rouble has weakened considerably over the past year, the cost of imports has risen sharply. Consequently, imports have reduced as companies have looked increasingly to domestic suppliers.

#### Trade Balance



Source: Federal Customs Service

Historically, a strong trade surplus has been a supporting factor for the rouble and the recent deterioration in Russia's terms of trade has only added to the headwinds faced by the currency. While the rouble had recovered considerably against the dollar in the first two quarters of 2015 after having lost almost half of its value in 2014, it has since depreciated significantly amid the recent slump in oil prices which could ease the pressure on imports over the coming months and thus cause Russia's trade surplus to narrow even further.

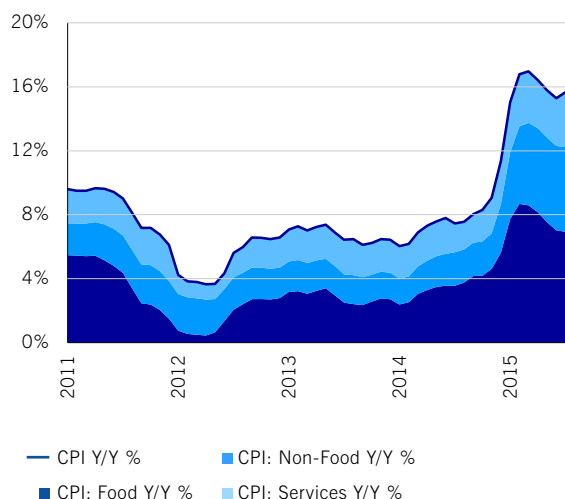
#### Inflation creeps up after hike in utility tariffs

Following a three-month deceleration, consumer price inflation ticked up to 15.6% on the year in July from 15.3% in June. Even so, the rise was widely anticipated due to a planned hike in utility tariffs at the start of the month, which caused a sharp spike in the weekly data, indicating that this is likely to have been a momentary hick-up in the otherwise downward trend. Food price inflation, which makes up more than a third of the basket, eased further to 18.6% on the year in July following a rise of 18.8% in June. Stripping out the prices of food and fuel, which tend to be volatile, core inflation also slowed for the third month in a row to 16.5% on the year from 17.1% in June.

Under the Central Bank of Russia's most recent baseline scenario, weak economic growth is forecast to slow inflation to below 7% by July 2016 before finally falling



### Consumer Price Inflation



to its medium-term target of 4% in 2017. Still, there are risks that inflation could start to rise again given the recent rouble rout. The currency has weakened following the decline of oil prices on the Iran nuclear deal, while the rate cut by the Central Bank of Russia on July 31 has further added to the pressure. Nevertheless, we continue to believe more favourable base effects combined with the dire weakness in domestic demand should provide enough drag to keep inflation on a downward path.

Producer price inflation, meanwhile, eased to 13.1% on the year in June having risen 13.4% in the previous month. Prices in the utility sector led the slowdown, falling to 2% year-on-year in June from 4.2% in May. Manufacturing sector prices also fell, albeit slightly, to 13.9% on the year in June from 14.7% in May, while prices in the mining and quarrying sector were up 16.8% from 14.4% in the previous month.

### Household finances remain poor

Unemployment surprisingly fell to 5.4% in June from 5.6% in May against expectations of a slight rise. Official statistics showed that the unemployment rate eased to 5.4% in June from 5.6% in May. Joblessness in Russia has remained relatively resilient in the face of the slowdown, with the labour market adjustment instead being transmitted through a combination of wage cuts and increased part-time employment.

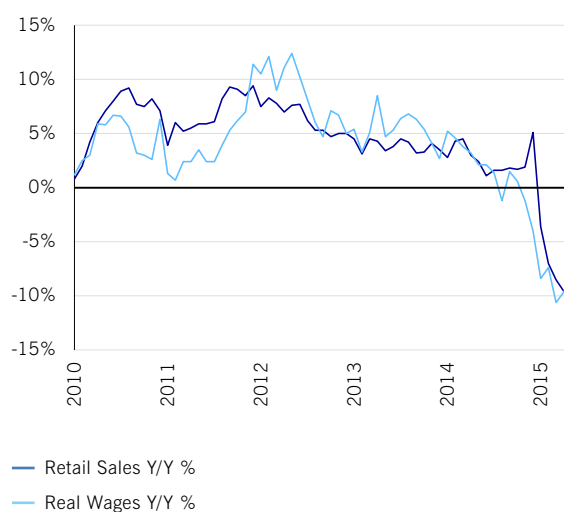
Higher unemployment has reduced the bargaining power of the Russian workforce and many have accepted wage cuts as companies seek to scale back their operations. Real wages fell by 7.2% on the year in June after declining by 7.3% in May. Evidence from our consumer survey shows that Russian households spend a significant proportion of their income on daily expenses; leaving them with very little, if any, to save or invest.

### Consumer spending remains anaemic

Retail sales fell by 9.4% in June from a year earlier, following a decline of 9.2% in May. Sales of non-food items declined by 9.1% on the year in June having contracted by a revised 9.6% in May, whereas food sales declined by 9.7% on the year in June after shrinking by a revised 9.6% in the previous month.

Automobile sales declined by 29.7% on the year in June following a fall of 37.7% in May. This came in spite of the government car scrappage and trade-in scheme which provides a discount of at least 40,000 roubles off a new vehicle to consumers who trade in a car that is at least six years old. The sharp decline in car sales may be due to dealerships having raised prices after having previously kept them in check. In June, the price of a domestically manufactured car was 21.5% above one produced a year previously and the price of an imported one was 18.1% higher on the year.

### Retail Sales and Real Wages



## Key Monthly Economic Data

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
GDP Y/Y %*	-1.8	-1.6	-3.2	-4.2	-4.8	-4.2	-
Industrial Production Y/Y %**	0.9	-1.6	-0.6	-4.5	-5.5	-4.8	-
Consumer Price Index Y/Y %**	15.0	16.7	16.9	16.4	15.8	15.3	15.6
Producer Price Index Y/Y %**	7.1	9.3	13.0	15.0	13.4	13.1	-
Unemployment Y/Y %**	5.5	5.8	5.9	5.8	5.6	5.4	-
Real Wages Y/Y %**	-8.4	-7.4	-10.6	-9.6	-7.4	-7.2	-
Retail Sales Y/Y %**	-3.6	-7.0	-8.5	-9.6	-9.2	-9.4	-
Car Sales Y/Y %***	-24.4	-37.9	-42.5	-41.5	-37.6	-29.7	-
Trade Balance \$ Bn.****	15.3	13.7	15.4	15.0	15.3	13.8	-
Exports \$ Bn.****	27.8	29.3	32.7	31.5	30.9	30.3	-
Imports \$ Bn.****	12.5	15.6	17.3	16.4	15.6	16.5	-
MNI Russia Business Sentiment Indicator	49.2	42.0	48.8	46.0	51.3	51.8	51.3
MNI Russia Consumer Sentiment Indicator	70.6	73.1	69.2	73.0	72.8	76.4	70.8

Source: \*Ministry of Economic Development, \*\*Rosstat, \*\*\*Association of European Businesses, \*\*\*\*Federal Customs Service



# Indicators

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Pessimism rose among Russian consumers this month as the extension of sanctions combined with the sharp fall in oil prices and resulting depreciation in the rouble prompted them to sharply revise down their expectations for business conditions over the coming year.

## MNI Russia Consumer Indicator Erases Gains Since March Low

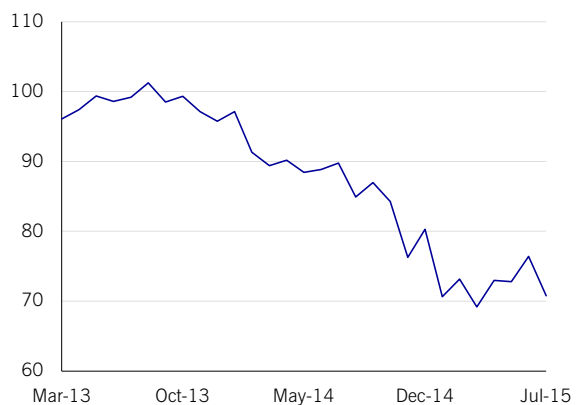


Pessimism rose among Russian consumers this month as the extension of sanctions combined with the sharp fall in oil prices and resulting depreciation in the rouble prompted them to sharply revise down their expectations for business conditions over the coming year.

The MNI Russia Consumer Sentiment Indicator fell by 7.4% on the month to 70.8 in July from 76.4 in June, offsetting the improvement since the March low. While the rise in consumer confidence over the past few months had raised hopes that sentiment had troughed, the extension of EU sanctions and the Iran nuclear deal have caused external factors to become more unfavourable, placing the economic recovery on shaky ground. Another rate cut by the Central Bank of Russia on July 31 should provide some measure of support for sentiment over the coming months, although there is a strong possibility that it will be overshadowed by the parallel deepening of the rouble rout.

All five components of the MNI Russia Consumer Sentiment Indicator declined relatively sharply on the month, although all remained above their respective record lows. A more pessimistic short-term outlook for business conditions contributed the most to the fall in overall sentiment, while consumers' long-term expectations were relatively unscathed by comparison and declined the least of the components. Consumers reported that their current financial situation had deteriorated this month, causing their appetite for large household goods to wane.

MNI Russia Consumer Indicator



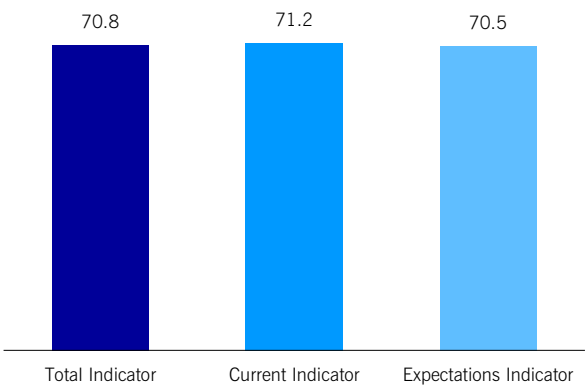
Current and Expectations Indicators



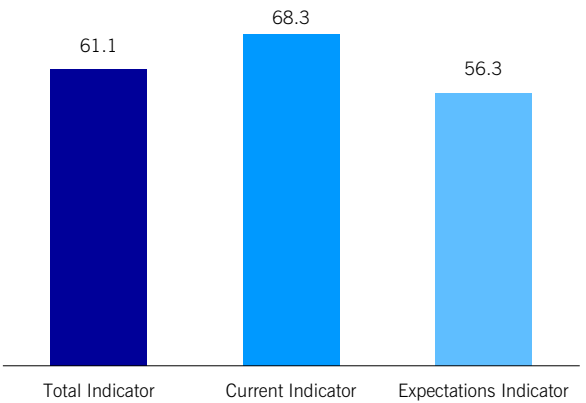
MNI Russia Consumer Indicator

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
MNI Russia Consumer Indicator	89.8	73.1	69.2	73.0	72.8	76.4	70.8
Current	92.8	75.2	69.1	74.4	72.5	77.7	71.2
Expectations	87.8	71.8	69.2	72.0	73.0	75.6	70.5

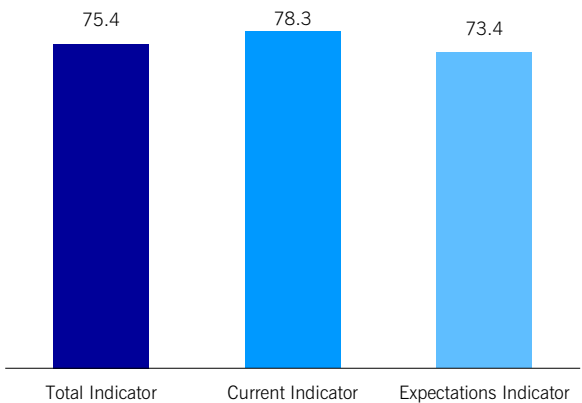
All Russia



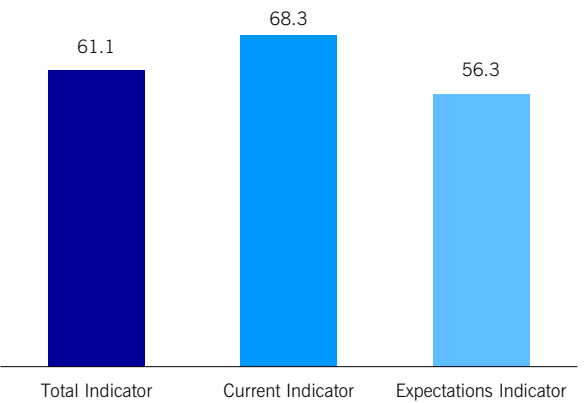
West Siberian



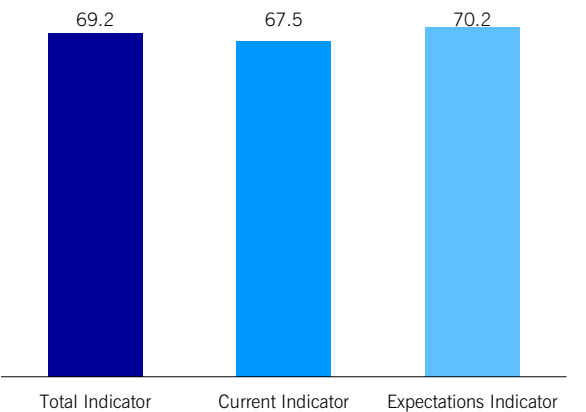
Central Russia



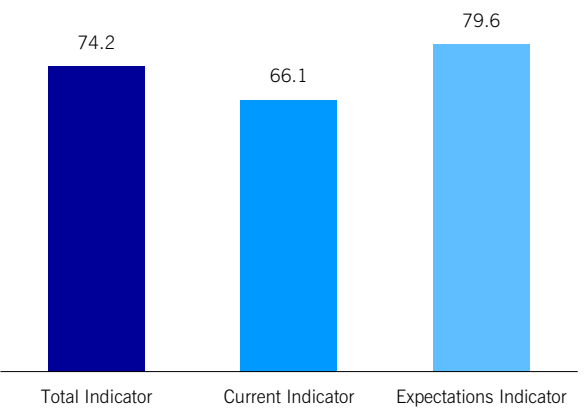
Volga



Urals



North Caucasus







Dissatisfaction with the current cost of living rose to a six-month high on the back of a hike in utility prices, prompting more of our panel to anticipate that prices would rise over the coming year. The fall in oil prices was not all bad news as it meant far fewer consumers anticipated that gasoline prices would rise. Meanwhile, the mid-June rate cut by the Central Bank of Russia failed to ease consumers' expectations for the cost of credit which instead rose on the month. Regardless, our indicator was still 8.2% below the outturn at the start of the year when the CBR embarked on its course of policy normalisation.

The Current Indicator, which measures consumers' assessment of current conditions, fell to 71.2 in July from 77.7 in June, while the Expectations Indicator, which is comprised of the three forward-looking components, declined to 70.5 in July from 75.6 in the previous month.

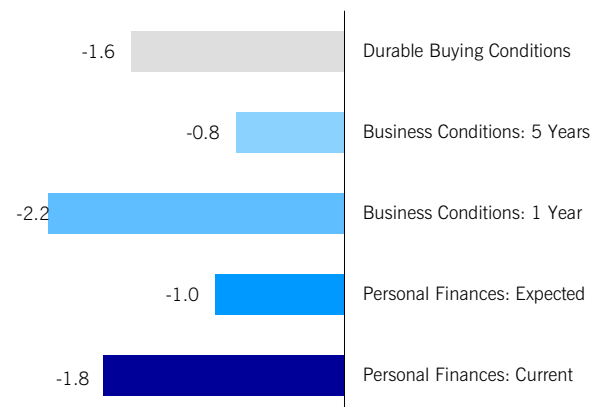
### Regions

Consumer sentiment fell in four of the five major regions in Russia.

Residents in the Central region reported the sharpest fall in sentiment, with the headline indicator declining 14.9% to an all-time low of 75.4 in July from 88.6 in June. Fewer consumers living in the region were dissatisfied with the current state of their finances, while Durable Buying Conditions picked up.

Consumer confidence only improved in the Urals region, where the headline indicator rose to 69.2 in July from 66.7 in June. Inhabitants were less pessimistic in their perception of their current financial situation and there was some pick-up in their outlook for their finances in the future.

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



### Age

All three age groups reported that they were more pessimistic in July.

The Consumer Indicator for 18 to 34-year-olds fell by 7.7% to 71.9 in July from 77.9 in June but remained the least pessimistic of the three age groups. Respondents were more downbeat in every aspect of the survey, particularly in their short-term expectations for business conditions which suffered a double-digit contraction.

Sentiment among the 35 to 54-year-old age group declined 7.2% to 70.8 in July from 76.3 in June. Consumers revised up their long-term outlook for the business environment, although were more pessimistic in their short-term expectations. Amid the sharp deterioration in their financial situation, many found it a bad time to make a big-ticket purchase with the Durable Buying Conditions Indicator falling to a record low.



The Consumer Indicator for 55 to 65-year-olds fell by 6.4% to 66.2 in July from 70.8 in June, leaving them the most downbeat of all. While their expectations for the future state of their finances remained more-or-less the same, they were more pessimistic than ever before in their short-term outlook for business conditions.

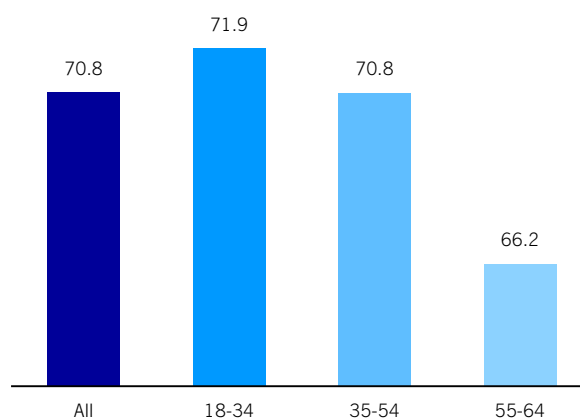
#### Income

Sentiment declined among both high and low-income households in July.

Consumer confidence for households with an average annual income under RUB 480,000 fell 3.8% to 68.3 in July from 71.0 in June. Low-income households were only less downbeat in their expectations for their finances in the future, with the decline in overall sentiment led by a more downbeat outlook for the business environment over the coming year.

For households with an average annual income above RUB 480,000, consumer confidence declined 10.7% to a series low of 74.3 in July from 83.2 in June. While high-income households' were considerably more pessimistic in their long-term outlook for business conditions, it was the only component not to decline to a record low in July.

Consumer Indicator: Age Groups

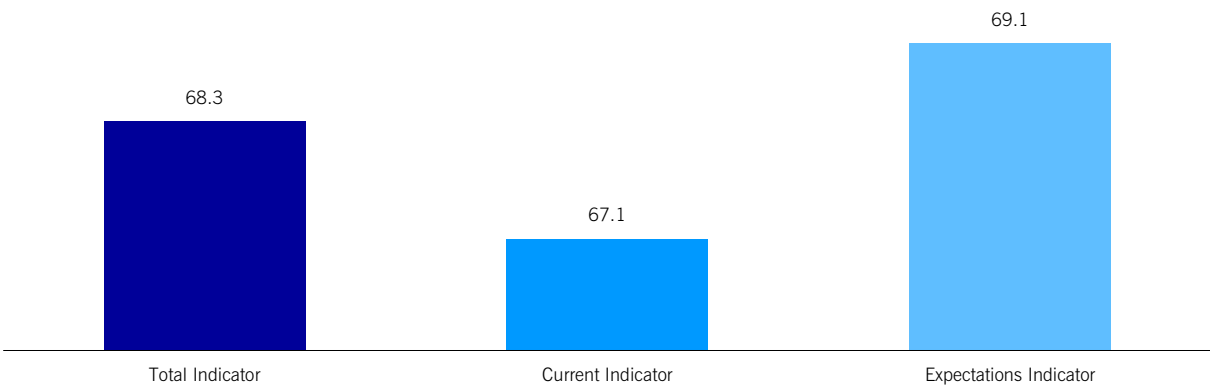


# MNI Russia Consumer Indicator

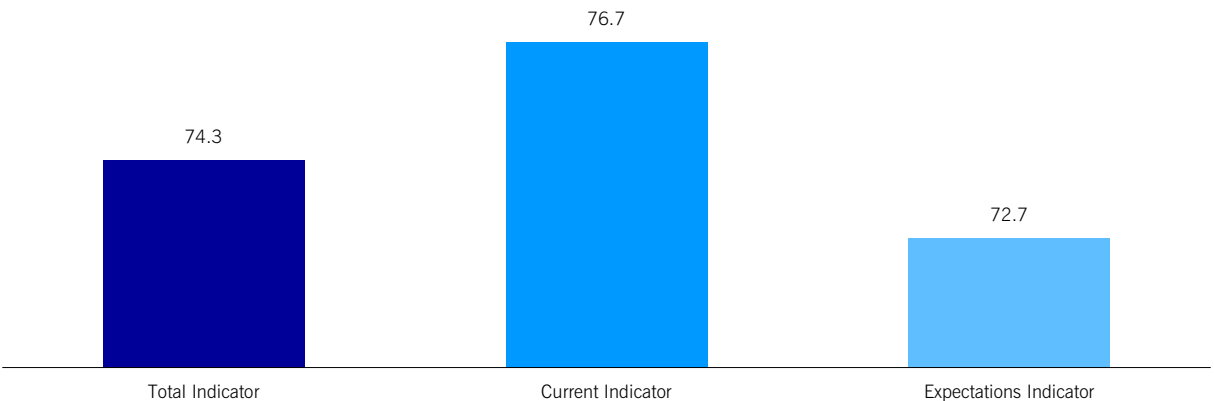
## Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



## MNI Russia Consumer Indicator

### Main Cities



Residents in eight of the 10 major cities surveyed in Russia were more pessimistic this month, with sentiment in two of them declining to series lows.

In the capital, Moscow, consumer sentiment fell by 5.8% to 79.6 in July from 84.5 in June. Residents of the city were only less pessimistic in their expectations for their finances in the future, with the remaining four components of the headline indicator declining on the month. Leading the decline in sentiment was a double-digit fall in Muscovites' short-term expectations for the business environment, while their long-term outlook was more-or-less unchanged by comparison.

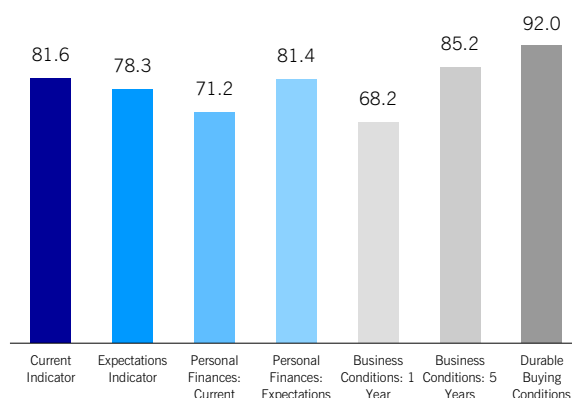
In Saint Petersburg, the second largest city in Russia, consumer sentiment declined 12.8% to 82.2 in July from 94.2 in June. Even though this month's decline matched Novosibirsk as being the sharpest this month, inhabitants of Saint Petersburg continued to remain the least downbeat of all cities surveyed. Residents were more pessimistic than ever before in their short-term expectations for business conditions, although they had a slightly less negative outlook for the coming five years. A record high proportion of inhabitants considered it to be a poor time to purchase a large household good as their current financial situation suffered a sharp deterioration.

In Novosibirsk, the third-largest city by population in Russia, consumer sentiment fell by 12.8% to 62.8 in July from 72.0 in June. Residents may have been marginally less pessimistic in their expectations for business conditions over the coming five years, but their short-term outlook deteriorated to the worst level on record. Appetite for big-ticket items in the city fell sharply this month as households reported that their current financial situation had worsened.

Consumer Indicator - Moscow

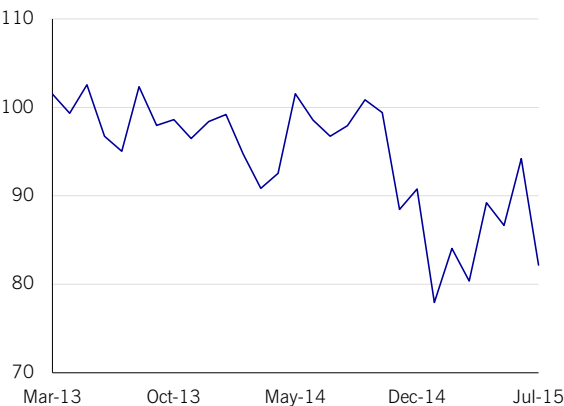


Consumer Indicator Components - Moscow

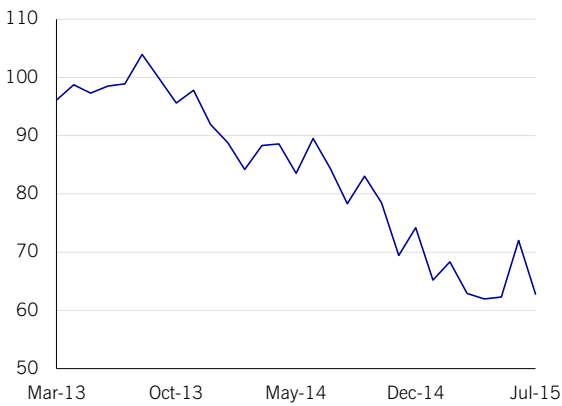




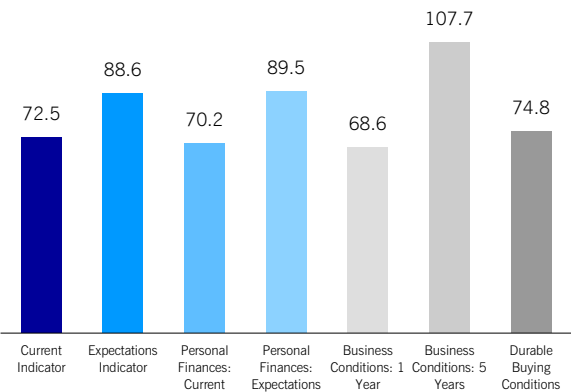
Consumer Indicator - Saint Petersburg



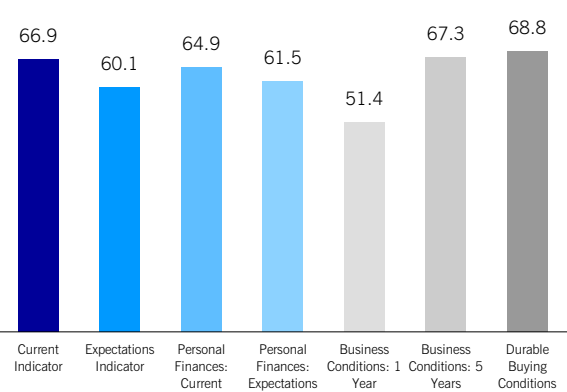
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk





# Personal Finances Fall Sharply



More consumers were dissatisfied with the current state of their finances in July, prompting them to revise down their expectations for them over the coming year.

Households have seen their financial situation deteriorate considerably over the past year as the poor jobs market has reduced the bargaining power of the Russian workforce, with many accepting wage cuts as companies seek to scale back their operations. While there had been some stabilisation in the first half of this year, this month's fall placed the indicator at the second lowest level in its survey's history.

The Current Personal Finances Indicator fell by 9.6% 64.5 in July from 71.4 in June. More than 80% of respondents reported that their Current Personal Finances had worsened over the past year in July, of whom nearly 30% cited higher household expenses as the main reason for the deterioration.

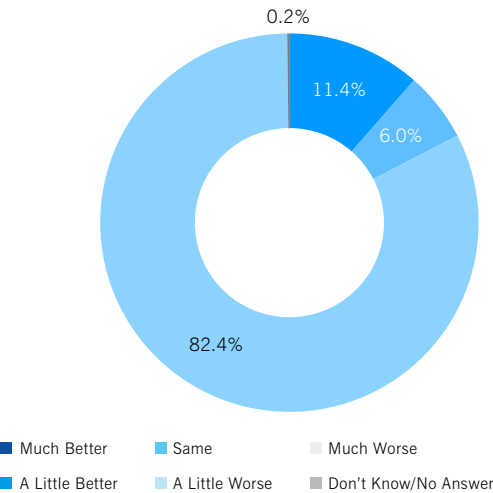
Disposable income has been eroded over the past year by high inflation, falling wages and the increased cost of credit, a trend which appears likely to continue in the short-term. All respondents spent more than 50% of their monthly household income on daily expenses in July and almost 45% of our panel reported that they were not saving any of their monthly income.

More households anticipated that their financial situation would worsen over the coming year, with Expectations for Personal Finances declining to a three-month low of 71.5 in July from 75.1 in June.

Personal Finances



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



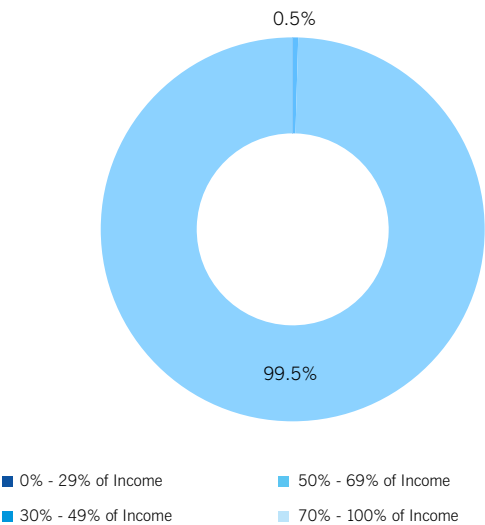
Personal Finances

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Current	85.5	67.9	62.1	68.4	67.8	71.4	64.5
Expectations	92.4	77.0	75.9	70.9	73.2	75.1	71.5

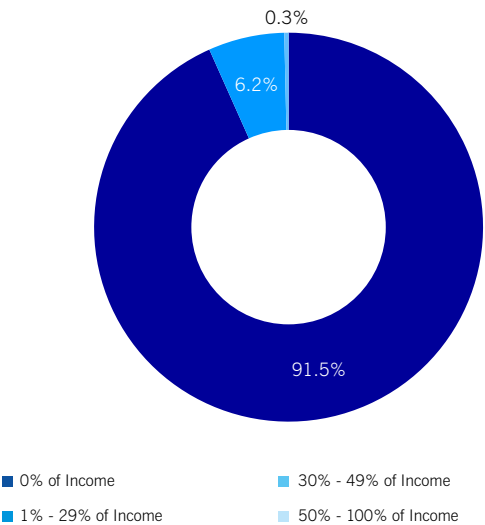
# How Households Spend their Money



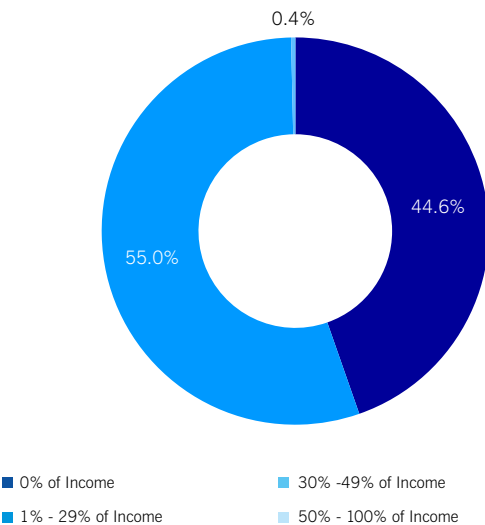
Daily Expenses  
(% of Households)



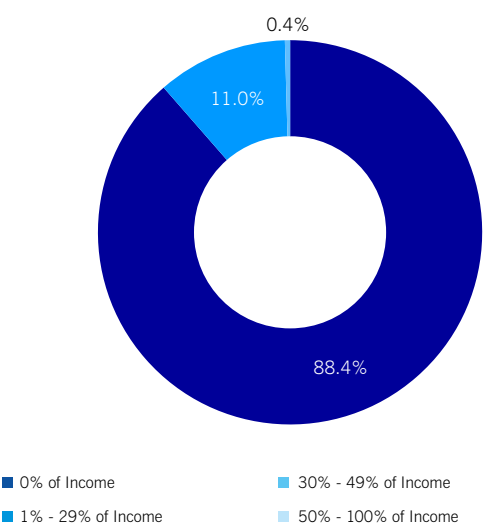
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings  
(% of Households)



Monthly Household Income Used for Investments  
(% of Households)



## Business Conditions

### Weighed Down by Extension of Sanctions



Following the EU's decision to extend the current sanctions, consumers reported that the current conditions for commerce had deteriorated and became more pessimistic in both their short and long-term expectations towards the business environment.

The business environment has been hit hard over the past year by economic sanctions imposed by Western nations following Russia's annexation of Crimea and its perceived support for the conflict in eastern Ukraine. Moreover, a ban on certain food imports from the West in retaliation to the sanctions has exacerbated the already-dire conditions.

Last month, the EU decided to extend the current sanctions for an additional six months from their original July expiration date and Russia followed suit in prolonging their own so-called counter-sanctions by an additional year. Combined with the recent rouble rout brought about by the fall in oil prices, this weighed down on consumers' perception of current business conditions and their outlook for it.

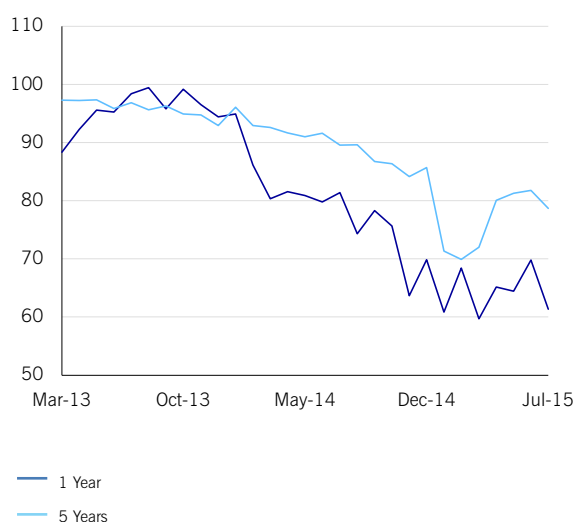
The Current Business Conditions Indicator, which captures respondents' views on the state of business compared with a year earlier, fell to 67.8 in July from 70.1 in June. Almost 60% of respondents thought that business conditions were poor and only 7.1% of our panel thought that conditions were good.

Consumers' expectations for Business Conditions in One Year declined to 61.3 in July from 69.8 in June. This month's fall placed the indicator perilously close to the lowest on record, with expectations standing

Current Business Conditions Indicator



Expected Business Conditions



#### Business Conditions

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Current	90.4	69.6	67.4	67.9	67.9	70.1	67.8
In 1 Year	81.4	68.4	59.7	65.2	64.4	69.8	61.3
In 5 Years	89.5	69.9	72.0	80.0	81.3	81.7	78.7

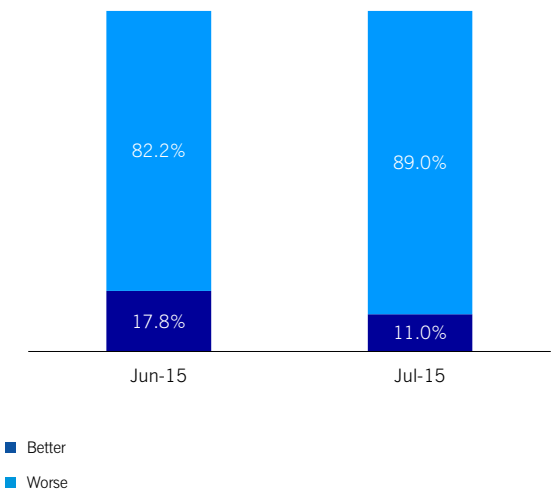


# Business Conditions in 1 Year

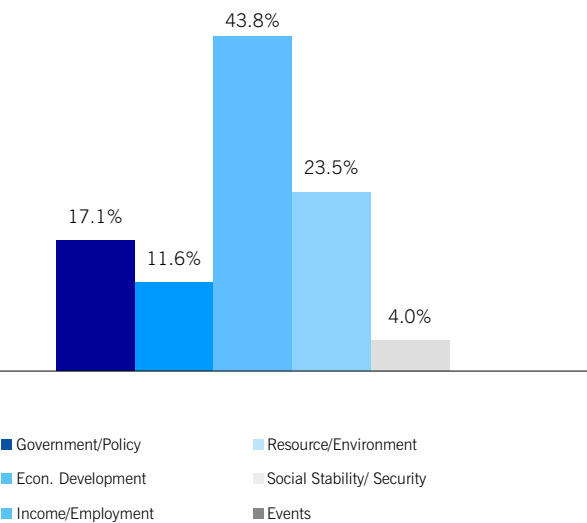
only 2.8% above the March low. Almost 85% anticipated that the conditions for doing business would deteriorate over the coming year, of whom almost a third cited a worsening the job market as the main reason for their pessimistic outlook.

Respondents were also more pessimistic about their outlook for long-term business conditions with the Expectations for Business Conditions in Five Years Indicator falling to 78.7 in July from 81.7 in June. Of those polled, 43.8% of respondents expected conditions to worsen over the next five years and 10% remained uncertain, suggesting that consumers remain doubtful on Russia's prospects in the long-term.

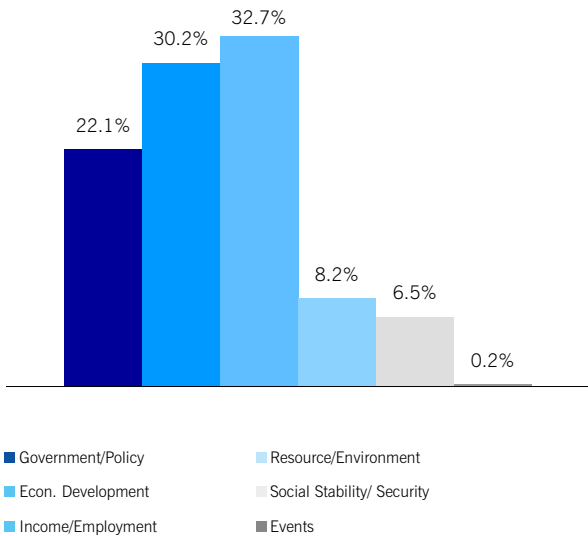
All Russia



All Russia, Reasons for Better



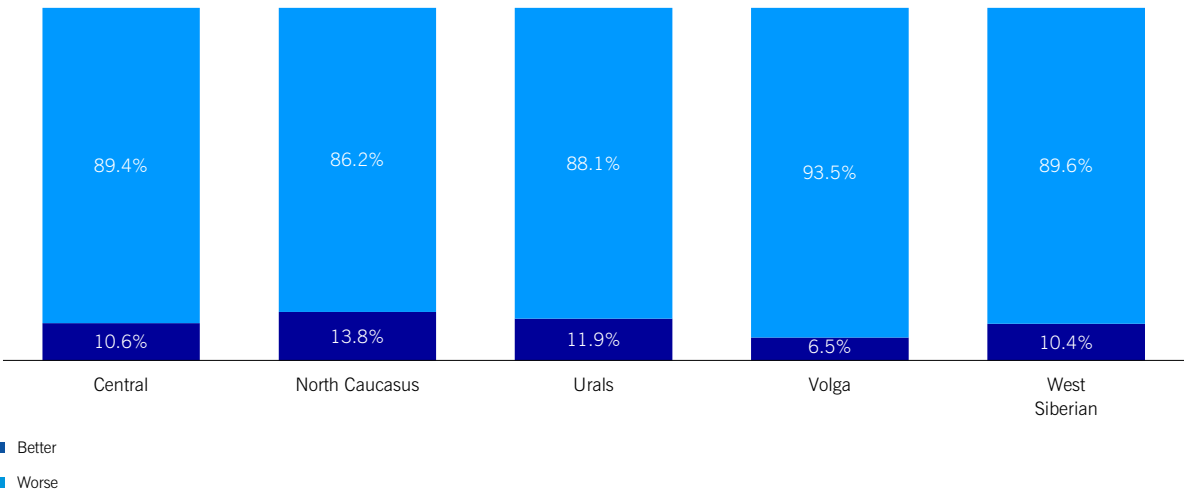
All Russia, Reasons for Worse



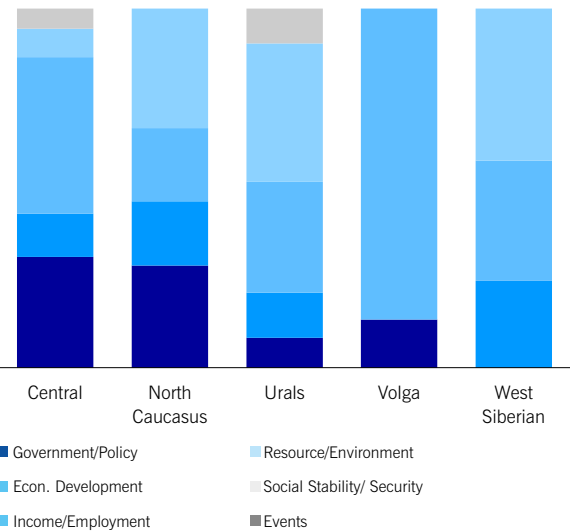
# Business Conditions in 1 Year Regions



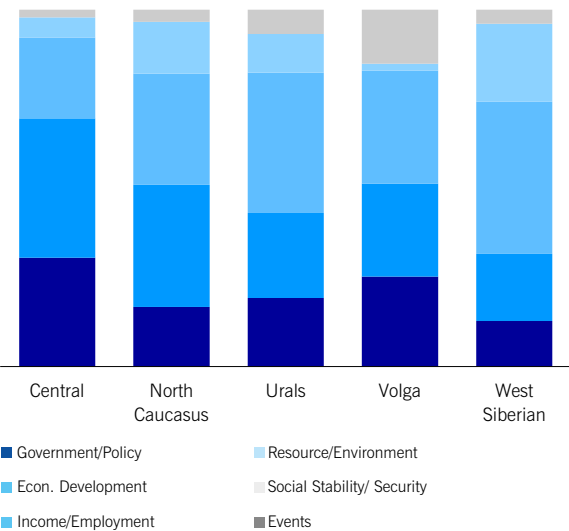
Business Expectations: Worse or Better?  
(% of Respondents)



Reasons for Better  
(% of Respondents)



Reasons for Worse  
(% of Respondents)





## Durable Buying Conditions Two-Month Low



Russian consumers' appetite for big-ticket items waned this month as their financial situation deteriorated and the cost of credit remained prohibitively high. The Durable Buying Conditions Indicator declined to 77.9 in July from a six-month high of 83.9 in June.

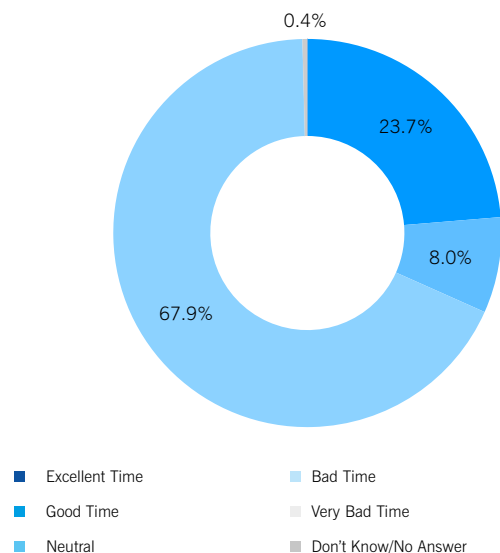
Respondents are asked whether they believe it is a good or bad time to purchase a large consumer durable, and a result below 100 means that a higher percentage of respondents view it as a bad time. Almost 70% of our panel thought that it was a poor time to purchase a household good in July, while nearly a quarter of those polled considered the conditions to be good.

The indicator has been quite volatile in recent months alongside mixed official economic data for retail sales. Nevertheless, it has followed a sharp downward trend over the past year with July's reading marking the 12th consecutive month that the indicator has been below the 100 level.

Durable Buying Conditions



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



Durable Buying Conditions

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Durable Buying Conditions	100.2	82.5	76.2	80.5	77.3	83.9	77.9

## Employment Outlook Expectations Deteriorate



Respondents' expectations for the job market soured once again in July following three consecutive months of moderation, almost wiping out the gains made since the March low.

The Employment Outlook Indicator, which gauges opinion on the outlook for the employment market over the next 12 months, declined to 68.5 in July from 71.4 in June. Almost 60% of respondents thought that the employment market would worsen over the next 12 months, while just 30% of them thought that it would remain stable.

Views on the labour market have deteriorated significantly since the onset of the Ukraine crisis, with expectations for the job market in July 21.8% below the series average.

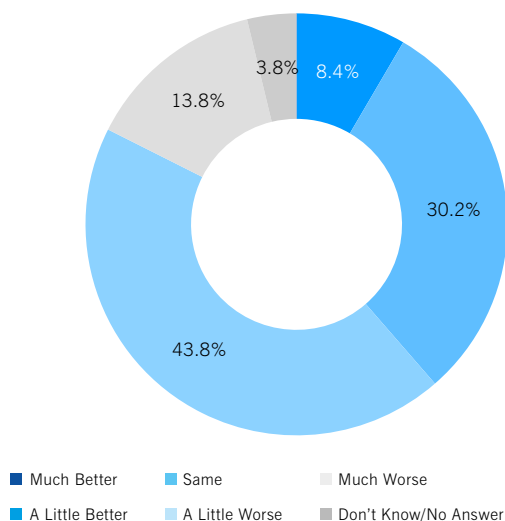
Official statistics showed that the unemployment rate eased to 5.4% in June from 5.6% in May. Joblessness in Russia has remained relatively resilient in the face of the slowdown, with the labour market adjustment instead being transmitted through a combination of wage cuts and increased part-time employment, although it is widely anticipated that it will eventually succumb to the pressures and rise in the latter part of 2015.

Indeed, the July edition of our sister survey of large Russian businesses found that employers considered the size of their workforce to be surplus to their requirements, suggesting that unemployment could rise should they choose to scale back.

Employment Outlook Indicator



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



Employment Outlook

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Employment Outlook	88.8	68.2	66.5	68.8	70.1	71.4	68.5

## Prices Sentiment

### Inflationary Expectations Rise



Amid a hike in utility tariffs, consumers were more dissatisfied with the current costs of living and had higher expectations for inflation over the coming 12 months.

The Current Prices Satisfaction Indicator fell to a six-month low of 46.0 in July from 49.0 in June, demonstrating just how much pain the current level of inflation is causing Russian consumers. 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 July it was more than 30% below the series average, with almost 80% of respondents dissatisfied with the current level of prices.

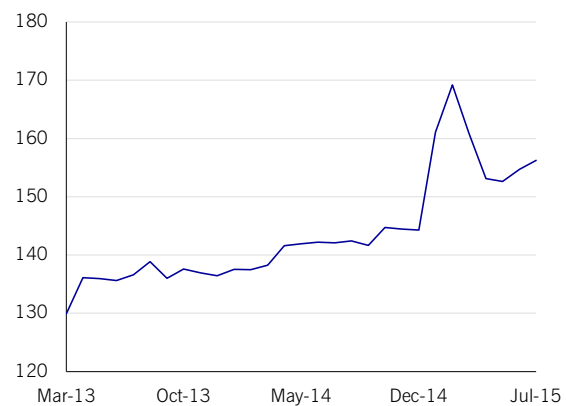
Meanwhile, a greater proportion of consumers expected prices to be higher in a year's time, resulting in the Inflation Expectations Indicator rising to 156.3 in July from 154.7 in June. Historically, our panel's inflationary expectations have closely matched the trend in consumer price inflation. Official data showed that an annual hike in utility tariffs caused consumer price inflation to rise to 15.6% on the year in July from 15.3% in June, preceded by a similar rise in our survey's Inflation Expectations Indicator. In spite of this month's rise in expectations, we maintain that the trend continues to be downward although entrenched inflation expectations will make the central bank's job of controlling inflation in the long-run more challenging.

An ease in inflationary pressures and the appreciation in the rouble has enabled the central bank to cut the

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



#### Prices Sentiment

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Satisfaction with Current Prices	66.2	47.6	47.0	47.3	48.0	49.0	46.0
Inflation Expectations	142.1	169.2	160.9	153.1	152.6	154.7	156.3

# Prices Sentiment Regions



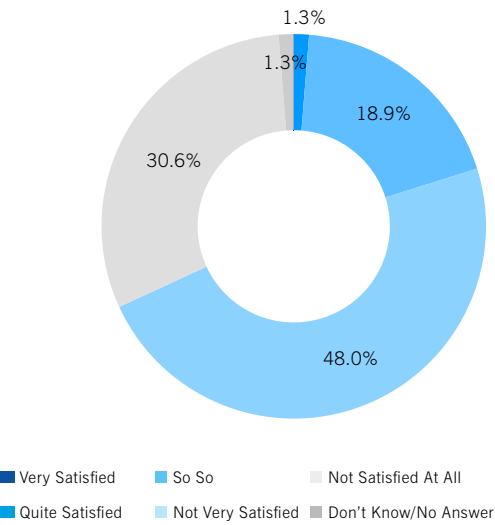
key rate at each of the past five meetings, although it still has some way to go before monetary policy is normalised following the rapid tightening in 2014. Under the Central Bank of Russia’s most recent baseline scenario, weak economic growth is forecast to slow annual inflation to below 7% by July 2016 before finally falling to its medium-term target of 4% in 2017.

### Regions

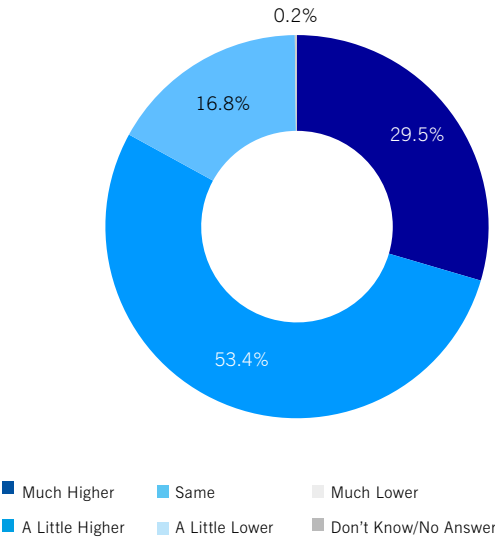
Dissatisfaction with current cost of living rose in three of the five regions surveyed in July. Residents of the Central region led the decline in the Current Prices Satisfaction Indicator, while consumers living in the Volga region continued to remain the most discontent.

Inflationary expectations rose in three regions this month. Inhabitants of the Volga region had higher expectations than ever before for prices over the coming 12 months, while more consumers in the Central and Urals regions also anticipated that inflation would rise.

Satisfaction with Current Prices  
(% of Households)

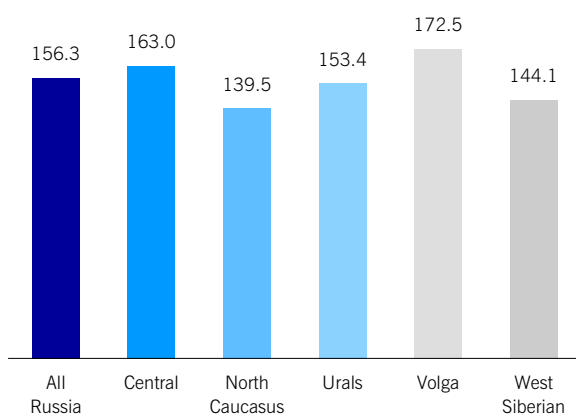


Inflation Expectations in 12 Months  
(% of Households)

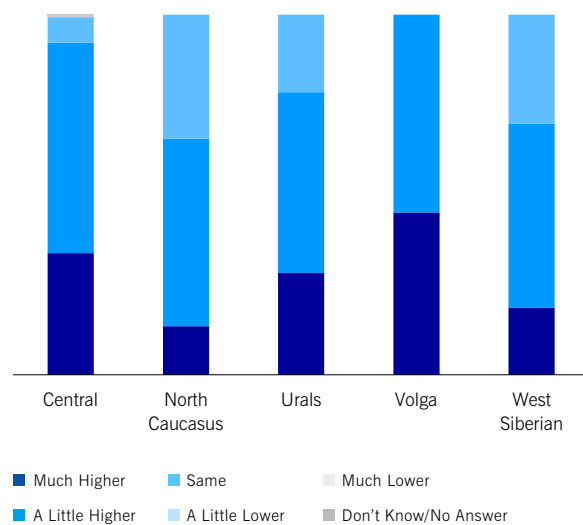




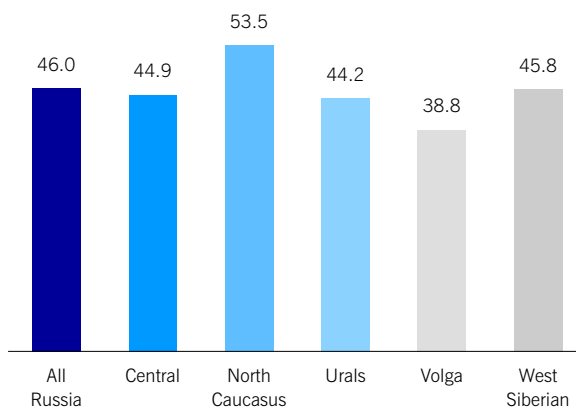
### Inflation Expectations Indicator



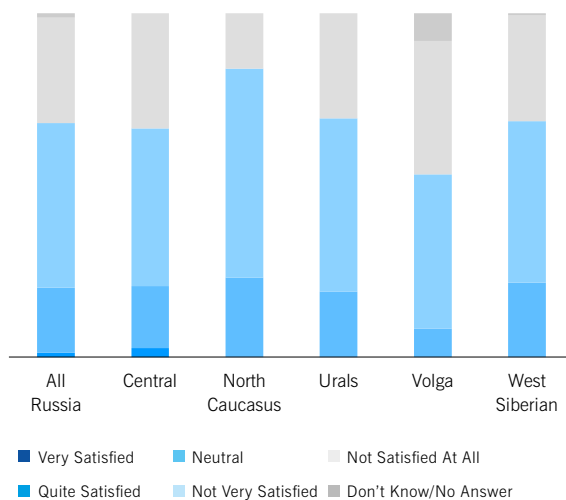
### Expected Change in Prices in 1 Year (% of Households)



### Current Prices Satisfaction Indicator



### Satisfaction with Current Prices (% of Households)



## Interest Rate Expectations Rise Despite Rate Cut



Even as the Central Bank of Russia continued to bring down the cost of credit through its gradual normalisation of monetary policy, more consumers anticipated that interest rates would rise over the coming 12 months.

Throughout 2014, the CBR raised the benchmark interest rate by a total of 1150 basis points in an effort to stem a significant depreciation in the rouble. With the financial situation in Russia having stabilised somewhat recently, the CBR has chosen to cut the key interest rate by a total of 600 basis points to 11% at its first five meetings of 2015.

This month's survey is the first to capture the CBR's 100 basis point cut in the key rate on June 15 which seems to have failed to lower our panel's expectations for the cost of credit. The Interest Rate Expectations Indicator rose to 151.5 in July from 149.1 in June, although this was 8.2% below the outturn at the start of the year.

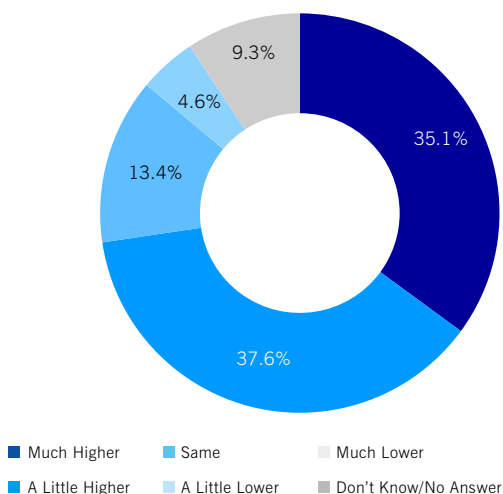
Meanwhile, the latest 50 basis point cut announced at the central bank's meeting on July 31 came after our survey period had closed. Despite this month's rise, we continue to believe that the CBR's normalisation cycle will act as a dampener on expectations over the coming months, but the pace at which they ease policy will ultimately depend on the pace at which Russia's retail banks pass on the cuts through lower lending rates.

Of those polled, 72.6% expected interest rates in a year's time to be higher, while only 13.4% of respondents expected interest rates to remain the same.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Interest Rate Expectations	118.7	168.4	167.4	151.8	150.9	149.1	151.5



# Real Estate Investment

## Record High Expectations for House Prices



Confidence in the Russian real estate market stumbled slightly in July despite recent government initiatives to make mortgages more accessible.

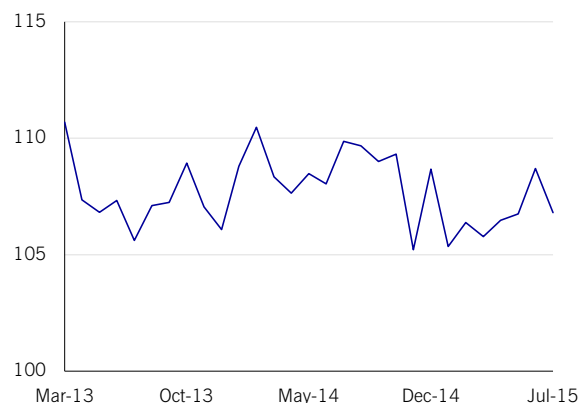
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) declined to 106.8 in July from 108.7 in June.

In spite of the Central Bank of Russia easing policy considerably this year, the key rate remains prohibitively high which has left mortgage rates similarly elevated. As might be expected, the real estate market has been hit hard which prompted the government to introduce a subsidy programme in an attempt to stimulate demand. The measures have proved to be very popular, with several banks quickly using up their allocations, prompting the government to recently double the size of the programme.

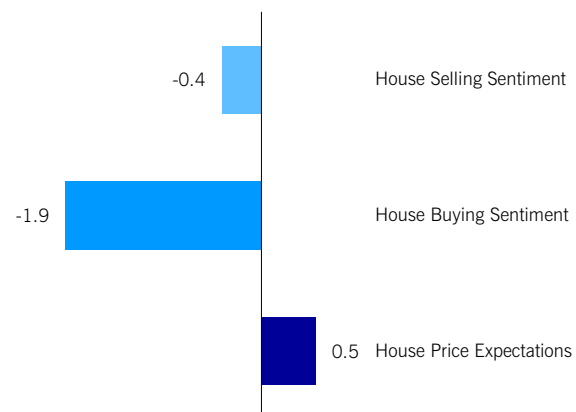
While this could make house buying an attractive proposition for those who have been looking for a property, in general consumers were very concerned about their finances amid the challenging job market. This was reflected in the sharp fall in House Buying Sentiment to 74.5 in July from 80.6 in June which accounted for much of the souring in sentiment towards the real estate market this month.

Meanwhile, the majority of our panel expected house prices to rise over the coming six months, with the House Price Expectations component rising to an all-time high of 144.6 in July from 142.9 in June.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

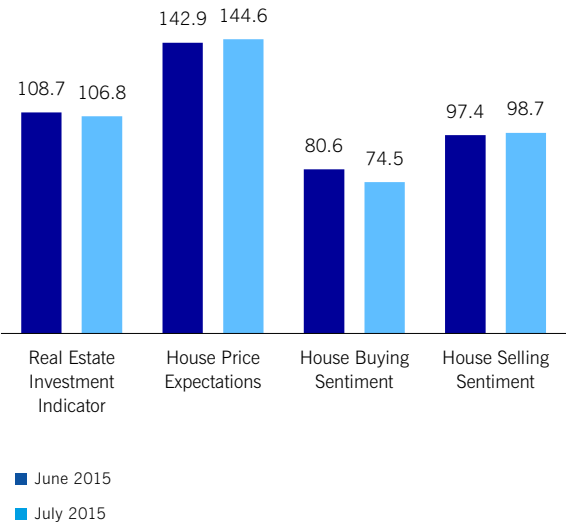
	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Real Estate Investment Sentiment	109.9	106.4	105.8	106.5	106.8	108.7	106.8
Price Expectations	141.0	142.9	143.5	142.5	142.9	142.9	144.6
House Buying	85.8	76.3	72.7	76.1	76.4	80.6	74.5
House Selling	97.1	100.0	98.8	99.2	99.0	97.4	98.7

# Real Estate Investment Components and Balances

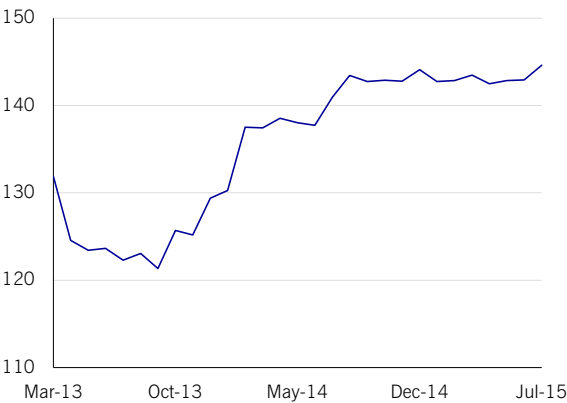


House Selling Sentiment, which has a negative impact on the overall House Price Indicator, rose to 98.7 in July from 97.4 in June, the fifth month in a row that month sentiment has been below the 100 threshold level.

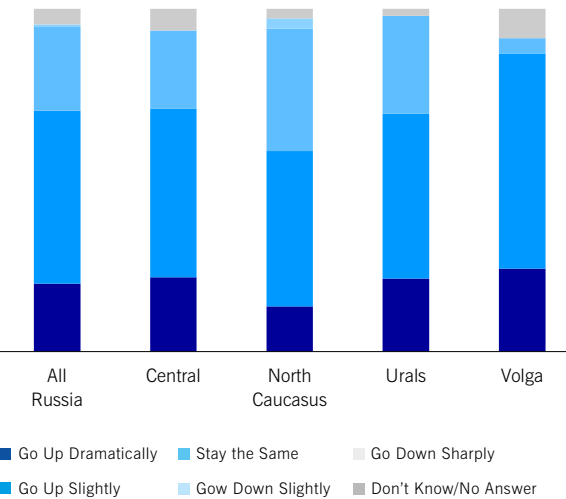
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in the Next 6 Months



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

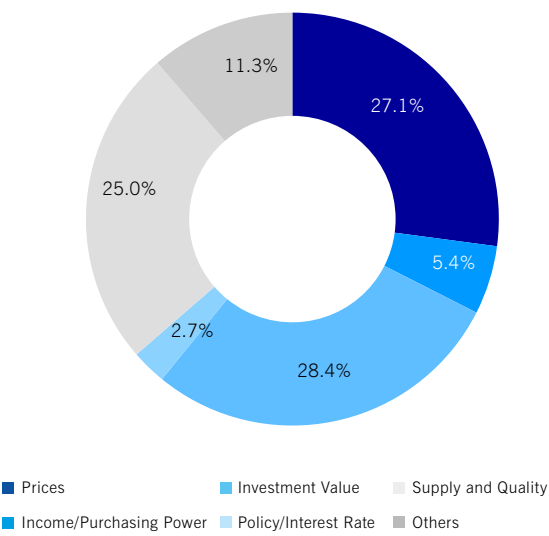




House Buying Sentiment



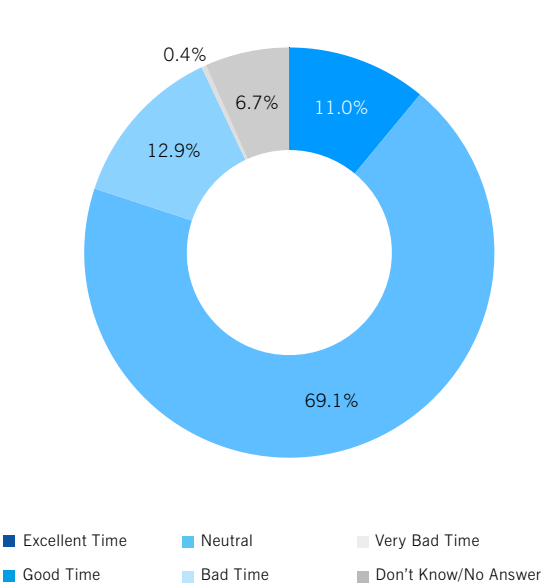
Reasons for Buying Houses (% of Households)



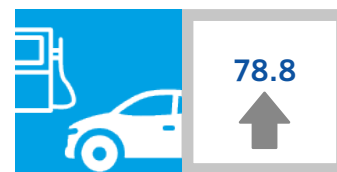
House Selling Sentiment



Timing for Selling Houses (% of Households)



## Car Purchase Gasoline Expectations Ease Considerably



Sentiment towards the car market improved in July on the back of lower expectations for gasoline prices over the coming year, yet fewer consumers considered it to be a good time to purchase a car.

The Car Purchase Indicator, which is made up of two components (Car Purchase Expectations and Expectations for the Price of Gasoline), rose to a one-year high of 78.8 in July from 73.0 in June.

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, eased to 86.3 in July from 93.1 in June. Just over 60% of respondents thought it would be a bad time to purchase a car in the next 12 months compared with 54% in June, the majority of whom were deterred from making a purchase by the high cost of use and upkeep of a car.

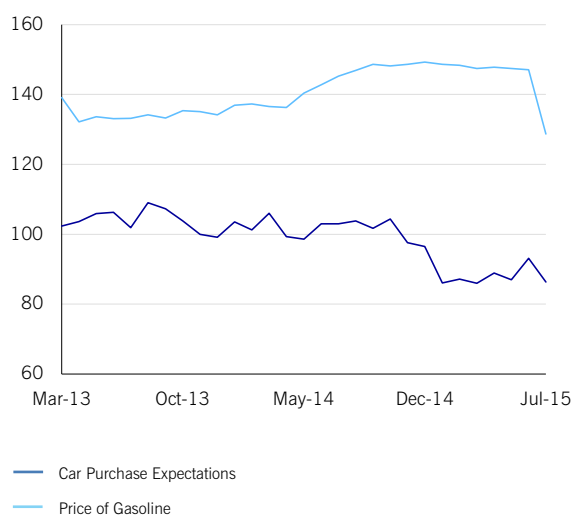
Official data showed car sales declined by 29.7% on the year in June following a fall of 37.7% in May. The sharp decline in car sales may be due to dealerships having raised prices. In June, the price of a domestically manufactured car was 21.5% above one produced a year previously and the price of an imported one was 18.1% higher on the year.

While the slide in global oil prices has reduced gasoline prices in many countries, the extension of excise taxes on Russian gasoline production has pushed up fuel costs for consumers in 2015. The majority of Russian consumers continued to

Car Purchase Indicator

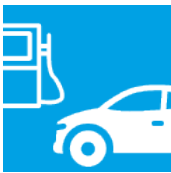


Car Purchase Indicator - Components

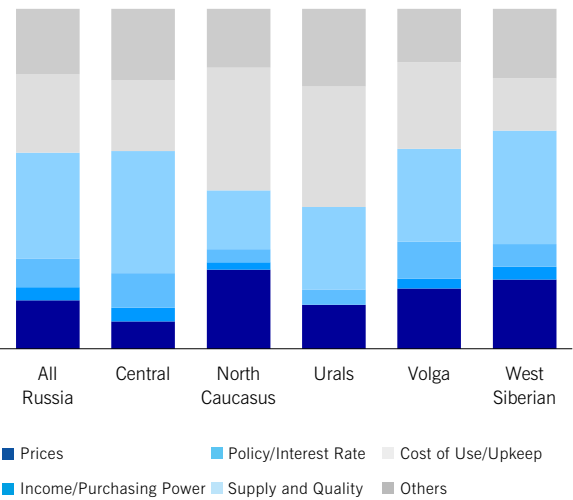


Car Purchase Sentiment

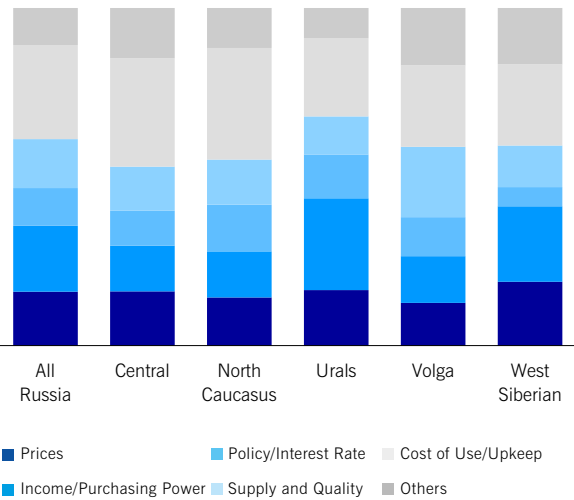
	Jul-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Car Purchase Sentiment	78.9	69.4	69.2	70.5	69.8	73.0	78.8
Car Purchase Expectations	103.0	87.2	86.0	88.9	87.0	93.1	86.3
Price of Gasoline	145.2	148.3	147.5	147.8	147.5	147.0	128.7



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

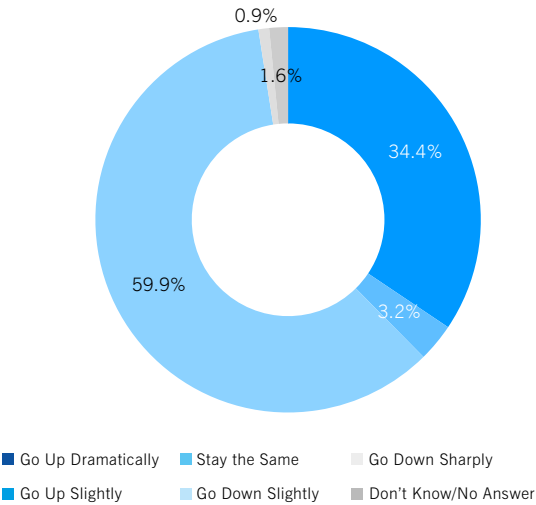


Reasons for a Bad Time to Buy a Car  
(% of Households)



anticipate that fuel prices would rise over the next 12 months, although 13% of respondents expected them to fall, driving down the Expectations for the Price of Gasoline component to 128.7 in July from 147.0 in June.

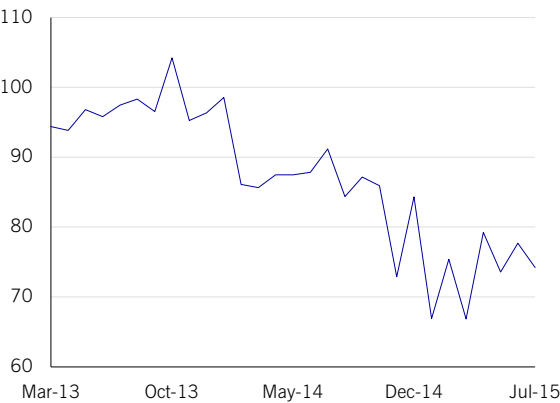
Expected Change in the Price of Gasoline  
(% of Households)



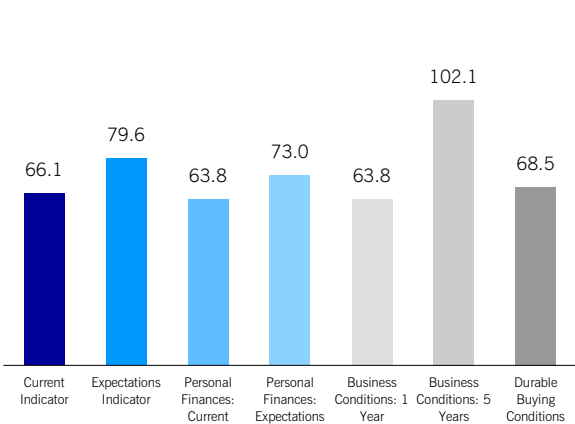
# MNI Russia Consumer Indicator Regions



Consumer Indicator: North Caucasus



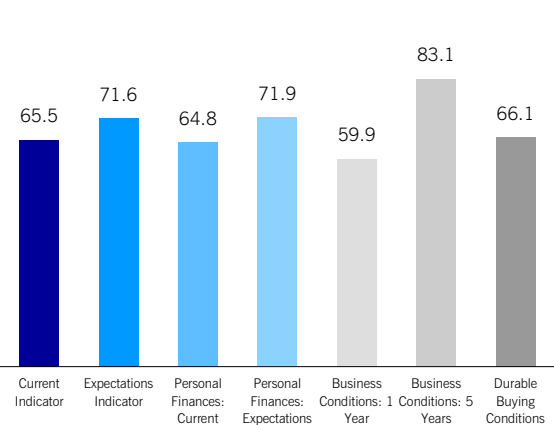
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian



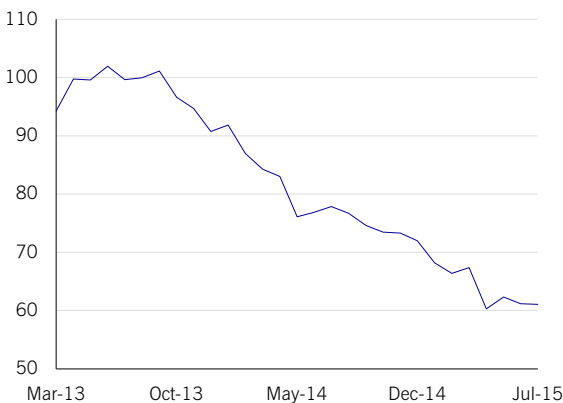
Consumer Indicator Components: West Siberian



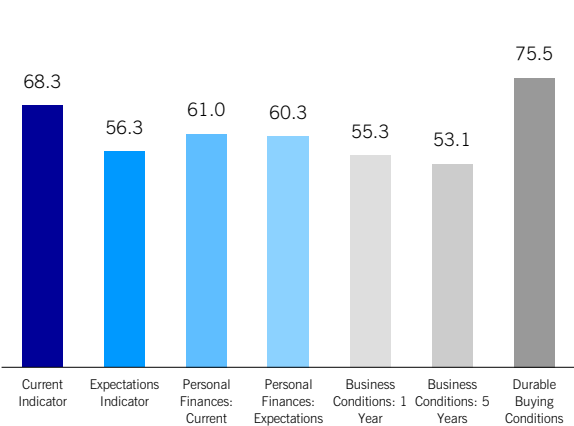




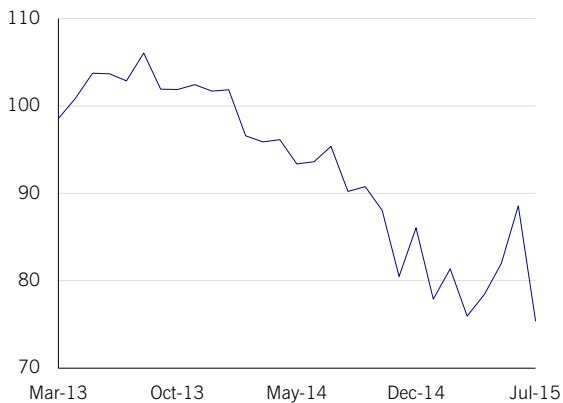
Consumer Indicator: Volga



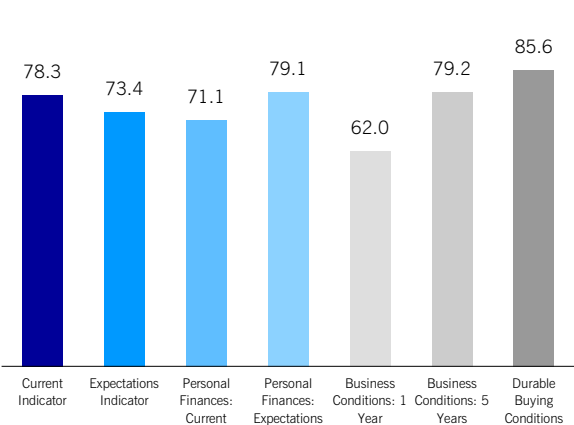
Consumer Indicator Components: Volga



Consumer Indicator: Central



Consumer Indicator Components: Central

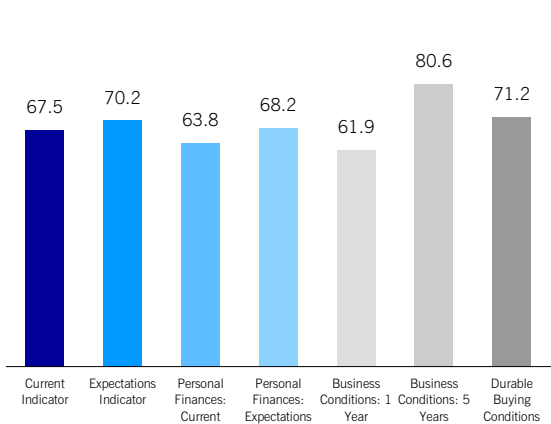




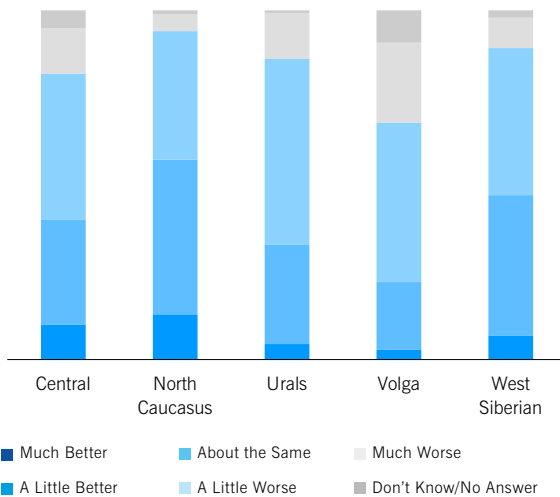
Consumer Indicator: Urals



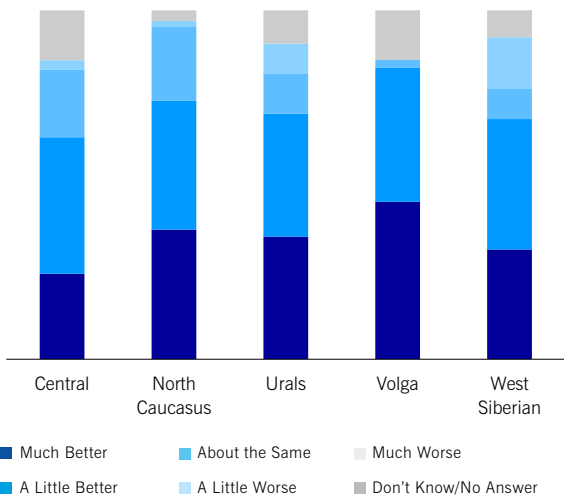
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

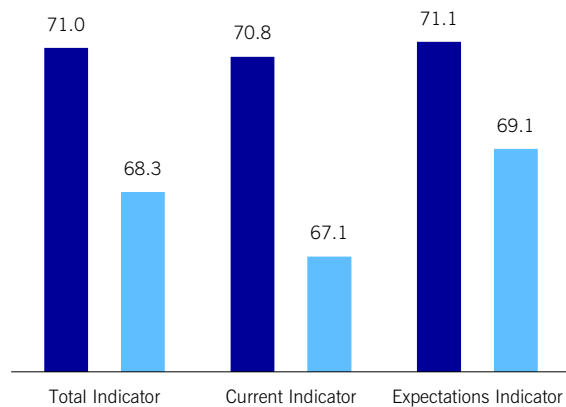


## MNI Russia Consumer Indicator

### Income Groups



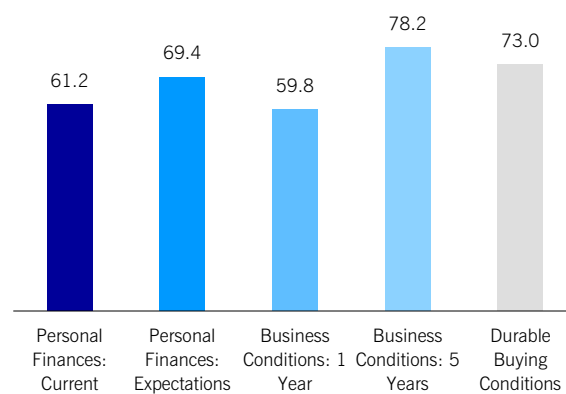
#### < RUB 480,000 Per Annum



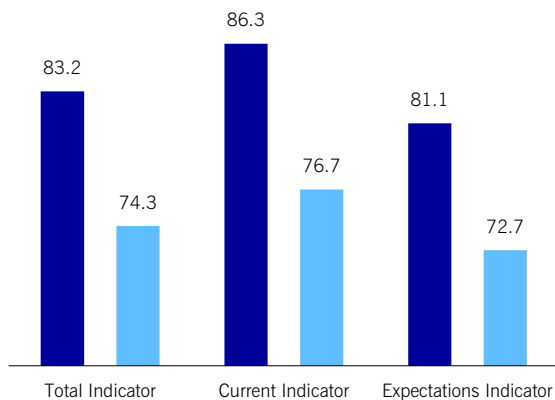
■ June 2015

■ July 2015

#### < RUB 480,000 - Components



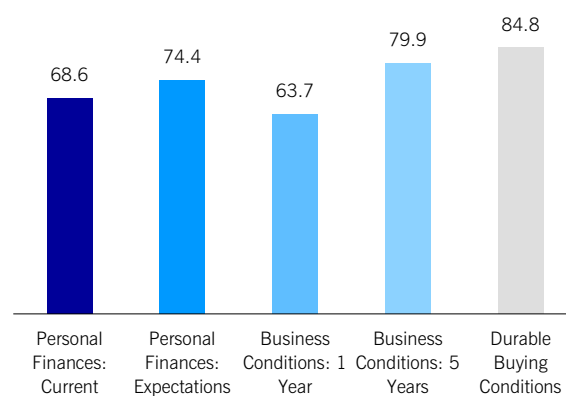
#### > RUB 480,000 Per Annum



■ June 2015

■ July 2015

#### > 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.

"Utility tariffs were increased in July, as were real estate taxes." **59-year-old female in Moscow**

"Subsidised mortgages has helped to lift demand for newly-built houses." **28-year-old male in Moscow**

"A modernisation programme for the city's roads is in progress, while new metro stations are popping up." **46-year-old male in Moscow**

"Prices of seasonable food produce has become cheaper." **34-year-old female in Saint Petersburg**

"Even if we wanted to purchase a new household durable, the high cost of credit would prevent us from doing so." **52-year-old male in Saint Petersburg**

"My family's income has fallen as prices have risen, now we have just enough to get by." **37-year-old female in Saint Petersburg**

"Rouble has started falling again and I'm doubtful as to whether it will recover this time." **43-year-old female in Novosibirsk**

"There have been layoffs where I work, I managed to hold onto my job but it meant that I had to take a pay cut." **29-year-old male in Novosibirsk**

"Some of the best car manufacturers have exited the market in Russia, those that remain are not really worth buying." **56-year-old male in Novosibirsk**

"Price of property will almost certainly rise, making an investment in the real estate market a must for those that can." **49-year-old female in Rostov-on-Don**

"There are a lot of appliances on the market right now, although the majority are low-quality which means that they break much more easily." **63-year-old female in Kazan**

"Cars cost a lot of money to maintain, making a purchase unnecessary to all but those who really cannot live without one." **33-year-old male in Ryazan**

"Incompetence of the government has caused international relations to deteriorate, hardly any foreign companies want to do business anymore." **61-year-old male in Nizhny Novgorod**

"Business conditions are unlikely to improve after the government prolonged the food embargo by an additional year." **27-year-old female in Samara**



# Data Tables

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



## Russia - Central Overview

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Central Consumer Indicator</b>	82.0	88.6	75.4	-	series low	82.0	-13.2	-14.9%
Current Indicator	86.1	92.3	78.3	-	series low	85.6	-14.0	-15.1%
Expectations Indicator	79.2	86.1	73.4	-	series low	79.6	-12.7	-14.7%
Personal Finance: Current	84.1	84.4	71.1	-	Mar-15	79.9	-13.3	-15.8%
Personal Finance: Expected	81.2	91.5	79.1	-	Apr-15	83.9	-12.4	-13.5%
Business Condition: 1 Year	73.6	79.7	62.0	-	series low	71.8	-17.7	-22.1%
Business Condition: 5 Years	82.7	87.2	79.2	-	Apr-15	83.0	-8.0	-9.2%
Durable Buying Conditions	88.2	100.1	85.6	-	Nov-14	91.3	-14.5	-14.6%
Current Business Conditions Indicator	74.4	82.6	72.3	-	Apr-15	76.4	-10.3	-12.4%
Real Estate Investment Indicator	110.4	115.9	110.7	-	May-15	112.3	-5.2	-4.5%
Car Purchase Indicator	73.9	82.2	78.5	-	May-15	78.2	-3.7	-4.5%
Employment Outlook Indicator	76.1	82.3	71.1	-	Jan-15	76.5	-11.2	-13.6%
Inflation Expectations Indicator	155.3	160.2	163.0	Mar-15	-	159.5	2.8	1.7%
Current Prices Satisfaction Indicator	51.1	56.8	44.9	-	series low	50.9	-11.9	-21.0%
Interest Rates Expectations Indicator	135.5	133.5	142.7	Mar-15	-	137.2	9.2	6.9%

## Russia - Urals Overview

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Urals Consumer Indicator</b>	68.7	66.7	69.2	Apr-15	-	68.2	2.5	3.6%
Current Indicator	62.9	64.6	67.5	Oct-14	-	65.0	2.9	4.6%
Expectations Indicator	72.5	68.2	70.2	May-15	-	70.3	2.0	3.1%
Personal Finance: Current	60.3	59.7	63.8	Oct-14	-	61.3	4.1	6.8%
Personal Finance: Expected	69.2	63.9	68.2	May-15	-	67.1	4.3	6.7%
Business Condition: 1 Year	60.1	61.2	61.9	Apr-15	-	61.1	0.7	1.0%
Business Condition: 5 Years	88.3	79.3	80.6	May-15	-	82.7	1.3	1.7%
Durable Buying Conditions	65.5	69.4	71.2	Oct-14	-	68.7	1.8	2.6%
Current Business Conditions Indicator	64.9	60.3	61.2	May-15	-	62.1	0.9	1.5%
Real Estate Investment Indicator	97.8	105.2	101.9	-	May-15	101.6	-3.3	-3.2%
Car Purchase Indicator	61.2	64.3	72.9	Oct-14	-	66.1	8.6	13.4%
Employment Outlook Indicator	66.4	63.9	62.5	-	Mar-15	64.3	-1.4	-2.2%
Inflation Expectations Indicator	146.2	151.3	153.4	Feb-15	-	150.3	2.1	1.3%
Current Prices Satisfaction Indicator	48.2	44.6	44.2	-	Feb-15	45.7	-0.4	-0.9%
Interest Rates Expectations Indicator	150.5	153.3	148.5	-	Dec-14	150.8	-4.8	-3.1%

## Russia - Volga Overview

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Volga Consumer Indicator</b>	62.3	61.2	61.1	-	Apr-15	61.5	-0.1	-0.2%
Current Indicator	71.2	70.9	68.3	-	series low	70.1	-2.6	-3.7%
Expectations Indicator	56.4	54.7	56.3	May-15	-	55.8	1.6	2.8%
Personal Finance: Current	59.4	54.9	61.0	Mar-15	-	58.4	6.1	11.0%
Personal Finance: Expected	57.3	58.8	60.3	Mar-15	-	58.8	1.5	2.6%
Business Condition: 1 Year	56.3	54.4	55.3	May-15	-	55.3	0.9	1.7%
Business Condition: 5 Years	55.5	50.9	53.1	May-15	-	53.2	2.2	4.3%
Durable Buying Conditions	83.1	86.8	75.5	-	series low	81.8	-11.3	-13.0%
Current Business Conditions Indicator	50.9	51.1	56.7	Apr-15	-	52.9	5.6	11.0%
Real Estate Investment Indicator	114.4	110.8	115.1	Mar-15	-	113.4	4.3	3.9%
Car Purchase Indicator	70.6	69.8	94.7	Feb-14	-	78.4	24.9	35.7%
Employment Outlook Indicator	52.5	47.2	55.8	Mar-15	-	51.8	8.6	18.0%
Inflation Expectations Indicator	167.5	166.4	172.5	series high	-	168.8	6.1	3.7%
Current Prices Satisfaction Indicator	34.6	34.8	38.8	Feb-15	-	36.1	4.0	11.4%
Interest Rates Expectations Indicator	170.8	162.9	164.3	May-15	-	166.0	1.4	0.9%

## Russia - North Caucasus Overview

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - North Caucasus Consumer Indicator</b>	73.6	77.7	74.2	-	May-15	75.2	-3.5	-4.5%
Current Indicator	64.4	70.9	66.1	-	May-15	67.1	-4.8	-6.7%
Expectations Indicator	79.7	82.2	79.6	-	Mar-15	80.5	-2.6	-3.2%
Personal Finance: Current	62.4	71.8	63.8	-	May-15	66.0	-8.0	-11.1%
Personal Finance: Expected	79.4	74.8	73.0	-	series low	75.7	-1.8	-2.4%
Business Condition: 1 Year	61.2	70.5	63.8	-	May-15	65.2	-6.7	-9.6%
Business Condition: 5 Years	98.4	101.4	102.1	series high	-	100.6	0.7	0.7%
Durable Buying Conditions	66.3	70.0	68.5	-	May-15	68.3	-1.5	-2.2%
Current Business Conditions Indicator	71.9	71.9	74.2	Dec-14	-	72.7	2.3	3.3%
Real Estate Investment Indicator	99.4	102.1	100.4	-	May-15	100.6	-1.7	-1.7%
Car Purchase Indicator	66.7	68.6	73.0	Dec-14	-	69.4	4.4	6.4%
Employment Outlook Indicator	75.9	79.4	83.1	Dec-14	-	79.5	3.7	4.7%
Inflation Expectations Indicator	140.7	139.9	139.5	-	Dec-14	140.0	-0.4	-0.3%
Current Prices Satisfaction Indicator	53.1	54.8	53.5	-	May-15	53.8	-1.3	-2.4%
Interest Rates Expectations Indicator	158.5	154.9	154.7	-	Dec-14	156.0	-0.2	-0.1%

## Russia - West Siberian Overview

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - West Siberian Consumer Indicator</b>	68.2	74.0	69.2	-	May-15	70.5	-4.8	-6.5%
Current Indicator	63.8	72.4	65.5	-	May-15	67.2	-6.9	-9.6%
Expectations Indicator	71.2	75.0	71.6	-	May-15	72.6	-3.4	-4.5%
Personal Finance: Current	62.8	69.5	64.8	-	May-15	65.7	-4.7	-6.8%
Personal Finance: Expected	72.7	75.1	71.9	-	Apr-15	73.2	-3.2	-4.2%
Business Condition: 1 Year	60.9	67.4	59.9	-	Mar-15	62.7	-7.5	-11.1%
Business Condition: 5 Years	79.8	82.5	83.1	Dec-14	-	81.8	0.6	0.7%
Durable Buying Conditions	64.7	75.4	66.1	-	May-15	68.7	-9.3	-12.2%
Current Business Conditions Indicator	66.2	72.1	68.5	-	May-15	68.9	-3.6	-5.1%
Real Estate Investment Indicator	107.3	105.0	104.9	-	Apr-15	105.7	-0.1	-0.1%
Car Purchase Indicator	68.8	68.3	70.6	Jan-15	-	69.2	2.3	3.4%
Employment Outlook Indicator	71.9	70.5	73.7	Dec-14	-	72.0	3.2	4.5%
Inflation Expectations Indicator	148.4	144.2	144.1	-	Dec-14	145.6	-0.1	-0.1%
Current Prices Satisfaction Indicator	45.3	43.7	45.8	Dec-14	-	44.9	2.1	4.7%
Interest Rates Expectations Indicator	141.7	143.1	142.8	-	May-15	142.5	-0.3	-0.2%

## All Russia - Overview by Age

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI Russia Consumer Indicator</b>	75.3	77.9	71.9	-	Mar-15	75.0	-6.0	-7.7%
Current Indicator	75.0	77.6	72.2	-	Mar-15	74.9	-5.4	-7.0%
Expectations Indicator	75.4	78.1	71.8	-	Mar-15	75.1	-6.3	-8.2%
Personal Finance: Current	71.0	72.2	65.8	-	Mar-15	69.7	-6.4	-8.8%
Personal Finance: Expected	76.7	79.6	74.2	-	Apr-15	76.8	-5.4	-6.8%
Business Condition: 1 Year	66.1	70.3	62.4	-	Mar-15	66.3	-7.9	-11.3%
Business Condition: 5 Years	83.5	84.5	78.7	-	Mar-15	82.2	-5.8	-6.8%
Durable Buying Conditions	79.0	83.0	78.5	-	Mar-15	80.2	-4.5	-5.4%
<b>Age 35-54</b>								
<b>MNI Russia Consumer Indicator</b>	71.9	76.3	70.8	-	Mar-15	73.0	-5.5	-7.2%
Current Indicator	71.8	79.8	71.0	-	Mar-15	74.2	-8.8	-11.0%
Expectations Indicator	72.0	73.9	70.6	-	Mar-15	72.2	-3.3	-4.6%
Personal Finance: Current	65.7	72.0	64.4	-	Mar-15	67.4	-7.6	-10.7%
Personal Finance: Expected	71.6	72.7	70.0	-	series low	71.4	-2.7	-3.7%
Business Condition: 1 Year	63.1	70.1	61.4	-	Mar-15	64.9	-8.7	-12.4%
Business Condition: 5 Years	81.3	79.1	80.3	May-15	-	80.2	1.2	1.5%
Durable Buying Conditions	77.9	87.5	77.7	-	series low	81.0	-9.8	-11.2%
<b>Age 55-64</b>								
<b>MNI Russia Consumer Indicator</b>	65.7	70.8	66.2	-	May-15	67.6	-4.6	-6.4%
Current Indicator	64.9	71.5	67.8	-	May-15	68.1	-3.7	-5.2%
Expectations Indicator	66.1	70.3	65.2	-	Mar-15	67.2	-5.1	-7.2%
Personal Finance: Current	61.7	66.3	59.7	-	Apr-15	62.6	-6.6	-9.9%
Personal Finance: Expected	64.5	64.9	65.0	Mar-15	-	64.8	0.1	0.2%
Business Condition: 1 Year	61.6	66.7	57.0	-	series low	61.8	-9.7	-14.6%
Business Condition: 5 Years	72.3	79.1	73.5	-	May-15	75.0	-5.6	-7.1%
Durable Buying Conditions	68.2	76.8	75.9	-	May-15	73.6	-0.9	-1.2%



## All Russia - Overview by Income

	May-15	Jun-15	Jul-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< RUB 480,000 Per Annum								
<b>MNI Russia Consumer Indicator</b>	69.3	71.0	68.3	-	Mar-15	69.5	-2.7	-3.8%
Current Indicator	67.6	70.8	67.1	-	Mar-15	68.5	-3.7	-5.2%
Expectations Indicator	70.4	71.1	69.1	-	Mar-15	70.2	-2.0	-2.8%
Personal Finance: Current	63.8	65.6	61.2	-	Mar-15	63.5	-4.4	-6.6%
Personal Finance: Expected	70.4	68.7	69.4	May-15	-	69.5	0.7	1.0%
Business Condition: 1 Year	60.1	65.1	59.8	-	Mar-15	61.7	-5.3	-8.2%
Business Condition: 5 Years	80.8	79.6	78.2	-	Mar-15	79.5	-1.4	-1.7%
Durable Buying Conditions	71.4	76.1	73.0	-	May-15	73.5	-3.1	-4.1%
> RUB 480,000 Per Annum								
<b>MNI Russia Consumer Indicator</b>	78.5	83.2	74.3	-	series low	78.7	-8.9	-10.7%
Current Indicator	79.6	86.3	76.7	-	series low	80.9	-9.6	-11.2%
Expectations Indicator	77.7	81.1	72.7	-	series low	77.2	-8.4	-10.4%
Personal Finance: Current	74.0	78.6	68.6	-	series low	73.7	-10.0	-12.7%
Personal Finance: Expected	78.2	81.9	74.4	-	series low	78.2	-7.5	-9.2%
Business Condition: 1 Year	70.9	75.8	63.7	-	series low	70.1	-12.1	-16.0%
Business Condition: 5 Years	83.9	85.5	79.9	-	Mar-15	83.1	-5.6	-6.6%
Durable Buying Conditions	85.2	94.0	84.8	-	series low	88.0	-9.2	-9.9%

## 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 has been in place since March 2013.

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.





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## Discovering trends in Emerging Markets

MNI's Emerging Markets Indicators explore attitudes, perspectives and confidence in Russia, India and China. Our data and monthly reports present an advance picture of the economic landscape as perceived by businesses and consumers.

Our indicators allow investors, economists, analysts, and companies to identify economic trends and make informed investment and business decisions. Our data moves markets.

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Westferry House

11 Westferry Circus

London

E14 4HE

[www.mni-indicators.com](http://www.mni-indicators.com)



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