



mni | DEUTSCHE BÖRSE
GROUP

MNI Russia Consumer Report August 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.

MNI Indicators is part of MNI, a leading provider of news and intelligence. MNI is a wholly owned subsidiary of Deutsche Börse Group, one of the largest worldwide exchange organisations.

Written and researched by

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

Release Time


Embargoed until 9:45 a.m. Moscow time
September 9, 2015

MNI Indicators | Deutsche Börse Group

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

www.mni-indicators.com

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

 [MNI Indicators](#)

MNI Russia Consumer Report - August 2015

Contents

| | |
|----|------------------------------------|
| 4 | Executive Summary |
| 10 | Economic Landscape |
| 16 | Indicators |
| 17 | MNI Russia Consumer Indicator |
| 24 | Personal Finances |
| 26 | Business Conditions |
| 29 | Durable Buying Conditions |
| 30 | Employment Outlook |
| 31 | Prices Sentiment |
| 34 | Interest Rates Expectations |
| 35 | Real Estate Investment |
| 38 | Car Purchase |
| 40 | Consumer Indicator - Regions |
| 43 | Consumer Indicator - Income Groups |
| 44 | What the Panel Said |
| 46 | Data Tables |
| 54 | Methodology |



Executive Summary

Confidence among Russian households rose in August following last month's sharp reversal in consumer sentiment, although it is barely off the lows witnessed in March.

Confidence among Russian households rose in August following last month's sharp reversal in consumer sentiment, although it is barely off the lows witnessed in March.

The MNI Russia Consumer Sentiment Indicator rose 2.5% on the month to 72.5 in August from 70.8 in July. Confidence had picked up noticeably since March to a six-month high of 76.4 in June, but most of these gains were wiped out by the sharp fall in July.

Looking ahead the major concern is that the fall in oil and other commodity prices, which came soon after the August survey period ended, will bear down on sentiment potentially pushing it to new lows. Since the start of the survey in 2013, the fortunes of Russian households have been tightly linked to those of the oil price.

Four of the five components of the MNI Russia Consumer Sentiment Indicator increased on the month with the rise led by Current Personal Finances and Business Conditions in One Year. Smaller increases were seen in Durable Buying Conditions as well as the longer five year outlook for business conditions. The only component to decline this month, albeit slightly, was expectations for personal finances in one year.

The small uptick in overall sentiment since February has been matched by an improvement in attitudes towards the real estate market. Home buying sentiment rose in August and is now 6% up from the start of the year, although remains weak in absolute terms, while expectations for prices remain at an elevated level.

After bottoming in March, consumers' outlook for employment had gradually moderated until July's deterioration erased that in one fell swoop. While households in Russia were less downbeat in their expectations for the job market in August, it wasn't nearly enough to recoup the losses sustained in the previous month.

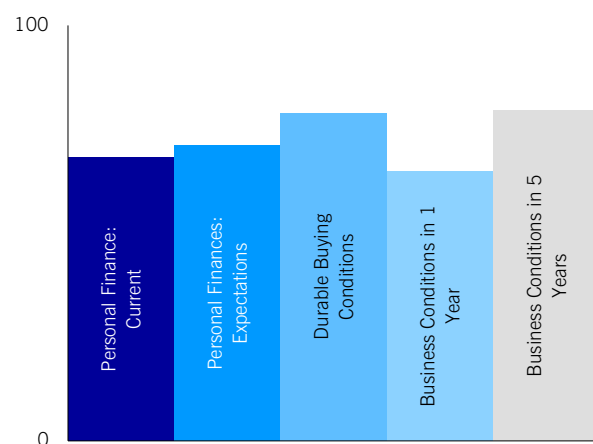
Slightly less of our panel were dissatisfied with the cost of living in August, but the proportion who expected that inflation would rise over the coming year was more-or-less the same.

Consumers trimmed back their expectations for interest rates only marginally following the Central Bank of Russia's decision to lower borrowing costs at its July meeting.

Sentiment towards the car market in Russia stumbled in August as fewer consumers considered it to be a good time to purchase a car and with expectations for gasoline prices over the coming year remaining high.

The Current Indicator, which measures consumers' assessment of current conditions, rose to 73.5 in August from 71.2 in July, while the Expectations Indicator, which is comprised of the three forward-looking components, improved to 71.8 from 70.5 in the previous month.

MNI Russia Consumer Indicator - Components



All Russia - Overview

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|---------------------------------------|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| MNI Russia Consumer Indicator | 76.4 | 70.8 | 72.5 | Jun-15 | - | 73.2 | 1.7 | 2.5% |
| Current Indicator | 77.7 | 71.2 | 73.5 | Jun-15 | - | 74.1 | 2.3 | 3.3% |
| Expectations Indicator | 75.6 | 70.5 | 71.8 | Jun-15 | - | 72.6 | 1.3 | 1.9% |
| Personal Finance: Current | 71.4 | 64.5 | 68.2 | Jun-15 | - | 68.0 | 3.7 | 5.7% |
| Personal Finance: Expected | 75.1 | 71.5 | 71.0 | - | Apr-15 | 72.5 | -0.5 | -0.6% |
| Business Condition: 1 Year | 69.8 | 61.3 | 64.9 | Jun-15 | - | 65.3 | 3.6 | 5.8% |
| Business Condition: 5 Years | 81.7 | 78.7 | 79.6 | Jun-15 | - | 80.0 | 0.9 | 1.2% |
| Durable Buying Conditions | 83.9 | 77.9 | 78.9 | Jun-15 | - | 80.2 | 1.0 | 1.3% |
| Current Business Conditions Indicator | 70.1 | 67.8 | 67.3 | - | series low | 68.4 | -0.5 | -0.7% |
| Real Estate Investment Indicator | 108.7 | 106.8 | 107.5 | Jun-15 | - | 107.7 | 0.7 | 0.6% |
| Car Purchase Indicator | 73.0 | 78.8 | 76.3 | - | Jun-15 | 76.0 | -2.5 | -3.2% |
| Employment Outlook Indicator | 71.4 | 68.5 | 69.0 | Jun-15 | - | 69.6 | 0.5 | 0.7% |
| Inflation Expectations Indicator | 154.7 | 156.3 | 154.4 | - | May-15 | 155.1 | -1.9 | -1.2% |
| Current Prices Satisfaction Indicator | 49.0 | 46.0 | 47.1 | Jun-15 | - | 47.4 | 1.1 | 2.3% |
| Interest Rates Expectations Indicator | 149.1 | 151.5 | 151.2 | - | Jun-15 | 150.6 | -0.3 | -0.2% |

All Russia - Summary

| | 2014 | | | | | 2015 | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
| MNI Russia Consumer Indicator | 84.9 | 87.0 | 84.3 | 76.3 | 80.3 | 70.6 | 73.1 | 69.2 | 73.0 | 72.8 | 76.4 | 70.8 | 72.5 |
| Current Indicator | 85.2 | 89.9 | 85.7 | 73.3 | 80.4 | 71.9 | 75.2 | 69.1 | 74.4 | 72.5 | 77.7 | 71.2 | 73.5 |
| Expectations Indicator | 84.7 | 85.0 | 83.3 | 78.3 | 80.2 | 69.8 | 71.8 | 69.2 | 72.0 | 73.0 | 75.6 | 70.5 | 71.8 |
| Personal Finance: Current | 80.0 | 82.3 | 80.0 | 67.5 | 73.3 | 65.2 | 67.9 | 62.1 | 68.4 | 67.8 | 71.4 | 64.5 | 68.2 |
| Personal Finance: Expected | 90.2 | 90.0 | 88.0 | 87.0 | 85.0 | 77.2 | 77.0 | 75.9 | 70.9 | 73.2 | 75.1 | 71.5 | 71.0 |
| Business Condition: 1 Year | 74.3 | 78.3 | 75.6 | 63.7 | 69.8 | 60.8 | 68.4 | 59.7 | 65.2 | 64.4 | 69.8 | 61.3 | 64.9 |
| Business Condition: 5 Years | 89.6 | 86.7 | 86.3 | 84.1 | 85.7 | 71.3 | 69.9 | 72.0 | 80.0 | 81.3 | 81.7 | 78.7 | 79.6 |
| Durable Buying Conditions | 90.5 | 97.5 | 91.4 | 79.1 | 87.6 | 78.6 | 82.5 | 76.2 | 80.5 | 77.3 | 83.9 | 77.9 | 78.9 |
| Current Business Conditions Indicator | 89.8 | 90.0 | 86.8 | 86.5 | 84.0 | 70.7 | 69.6 | 67.4 | 67.9 | 67.9 | 70.1 | 67.8 | 67.3 |
| Real Estate Investment Indicator | 109.7 | 109.0 | 109.3 | 105.2 | 108.7 | 105.3 | 106.4 | 105.8 | 106.5 | 106.8 | 108.7 | 106.8 | 107.5 |
| House Price Expectations | 143.4 | 142.7 | 142.9 | 142.8 | 144.1 | 142.8 | 142.9 | 143.5 | 142.5 | 142.9 | 142.9 | 144.6 | 143.1 |
| House Buying Sentiment | 84.1 | 84.2 | 84.7 | 73.5 | 81.2 | 73.2 | 76.3 | 72.7 | 76.1 | 76.4 | 80.6 | 74.5 | 77.6 |
| House Selling Sentiment | 98.5 | 99.9 | 99.7 | 100.7 | 99.3 | 99.9 | 100.0 | 98.8 | 99.2 | 99.0 | 97.4 | 98.7 | 98.3 |
| Car Purchase Indicator | 78.5 | 76.5 | 78.1 | 74.5 | 73.6 | 68.7 | 69.4 | 69.2 | 70.5 | 69.8 | 73.0 | 78.8 | 76.3 |
| Car Purchase Expectations | 103.8 | 101.7 | 104.4 | 97.6 | 96.5 | 86.0 | 87.2 | 86.0 | 88.9 | 87.0 | 93.1 | 86.3 | 81.4 |
| Price of Gasoline Expectations | 146.9 | 148.6 | 148.2 | 148.6 | 149.2 | 148.7 | 148.3 | 147.5 | 147.8 | 147.5 | 147.0 | 128.7 | 128.9 |
| Employment Outlook Indicator | 89.6 | 87.8 | 87.1 | 87.3 | 86.7 | 66.9 | 68.2 | 66.5 | 68.8 | 70.1 | 71.4 | 68.5 | 69.0 |
| Inflation Expectations Indicator | 142.4 | 141.7 | 144.7 | 144.5 | 144.3 | 161.1 | 169.2 | 160.9 | 153.1 | 152.6 | 154.7 | 156.3 | 154.4 |
| Current Prices Satisfaction Indicator | 65.7 | 64.0 | 62.6 | 62.0 | 60.2 | 44.9 | 47.6 | 47.0 | 47.3 | 48.0 | 49.0 | 46.0 | 47.1 |
| Interest Rates Expectations Indicator | 119.4 | 120.5 | 122.6 | 122.2 | 127.6 | 165.1 | 168.4 | 167.4 | 151.8 | 150.9 | 149.1 | 151.5 | 151.2 |

All Russia - Records

| | 2013 - Current | | | |
|--|----------------|---------|-------|--------|
| | Minimum | Maximum | Mean | Median |
| MNI Russia Consumer Indicator | 69.2 | 101.2 | 87.0 | 89.1 |
| Current Indicator | 69.1 | 102.8 | 87.2 | 90.1 |
| Expectations Indicator | 69.2 | 100.2 | 86.8 | 88.2 |
| Personal Finance: Current | 62.1 | 103.5 | 82.2 | 81.8 |
| Personal Finance: Expected | 70.9 | 107.4 | 91.5 | 93.2 |
| Business Condition: 1 Year | 59.7 | 99.4 | 80.5 | 80.6 |
| Business Condition: 5 Years | 69.9 | 97.3 | 88.4 | 91.3 |
| Durable Buying Conditions | 76.2 | 107.4 | 92.2 | 96.8 |
| Current Business Conditions Indicator | 67.3 | 99.8 | 87.0 | 90.6 |
| Real Estate Investment Indicator | 105.2 | 110.7 | 107.7 | 107.4 |
| House Price Expectations | 121.4 | 144.6 | 135.7 | 138.3 |
| House Buying Sentiment | 72.7 | 101.1 | 86.5 | 84.9 |
| House Selling Sentiment | 96.3 | 101.4 | 99.1 | 99.1 |
| Car Purchase Indicator | 68.7 | 87.4 | 79.2 | 79.6 |
| Car Purchase expectations | 81.4 | 109.1 | 98.5 | 101.5 |
| Price of Gasoline expectations | 128.7 | 149.2 | 140.2 | 138.2 |
| Employment Outlook Indicator | 66.5 | 100.6 | 87.0 | 90.1 |
| Inflation Expectations Indicator | 129.9 | 169.2 | 144.0 | 141.8 |
| Current Prices Satisfaction Indicator | 44.9 | 86.1 | 65.9 | 66.6 |
| Interest Rates Expectations Indicator | 113.1 | 168.4 | 128.2 | 119.4 |

Consumer price inflation accelerated to 15.8% on the year in August...

...stoking fears that last month's rise to 15.6% on the back of an annual hike in utility tariffs may not have been a one-off.



Economic Landscape

Following some moderation in the rate of decline in official data in recent months, the widespread deterioration in July suggests that the economic situation is more precarious than previously thought.

Following some moderation in the rate of decline in official data in recent months, the widespread deterioration in July suggests that the economic situation is more precarious than previously thought. Real wages fell further given the anaemic job market, weighing down on both retail sales and car purchases. Industrial production posted a moderate improvement, but there was a deterioration in manufacturing activity, its largest component. Consumer prices rose for the second consecutive month in August as the weaker rouble filtered through to non-food items and services, offsetting the further fall in food prices. This has stoked fears that the July uptick in inflation, on the back of an annual hike in utility tariffs, was not a one-off given that the impact of the significant depreciation of the currency over the past few months has not yet been fully realised.

Economic data, though, has not been the main event. Oil prices plummeted on the back of renewed concerns about China, pushing the rouble to new depths against the US dollar. While there has been some minor improvement following the rate cuts by People's Bank of China, both oil prices and the rouble remain significantly down. The risk of the economy falling further into contraction in Q3 has increased, having shown some signs of bottoming in recent months.

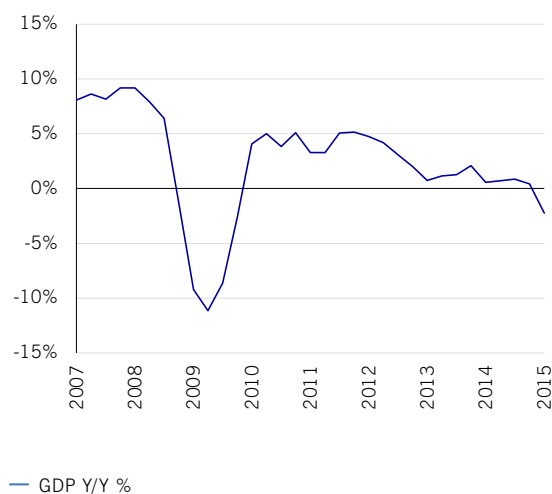
This recent volatility places the Central Bank of Russia between a rock and a hard place. On one hand, the central bank knows that pressing on with its policy normalisation efforts will add to the downward pressure on the rouble which in-turn could jeopardise its inflation mandate. At the same time, the CBR recognises that it must normalise the key rate in order to leave the economy in a position in which it can emerge from recession should the external environment present an opportunity to do so. The central bank is likely to find it much more challenging to cut the key rate over the coming months, potentially acting as an additional barrier to any future economic recovery.

Russia's recession deepens

Data released by the Federal Statistics Service (Rosstat) showed that the economy shrunk by 4.6% on the year in the second quarter of 2015 following a contraction of 2.2% in the first quarter.

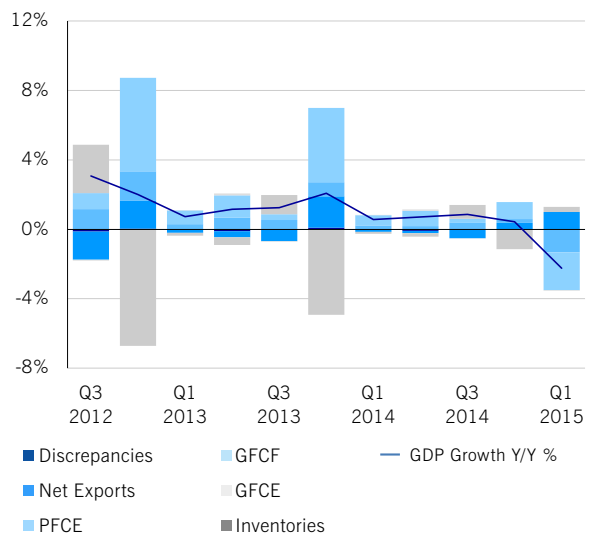
While data on an industrial and expenditure basis has yet to be released, it is likely that the contraction was driven by a sharp slowdown in industrial production (which accounts for around 40% of Russia's GDP), having previously offered some measure of support for it in Q1. Meanwhile, consumer spending is also expected to have exerted some drag on growth as it continued to be hit by the prohibitive cost of credit, falling wages and

Economic Growth



Source: Rosstat

Contribution to Economic Growth



Source: Rosstat

high inflation. Meanwhile, a narrowing in Russia's trade surplus could have had some bearing on the contraction in the second quarter as low oil prices, Western sanctions and the appreciation of the rouble during that period are likely to have dented Russian exports.

Latest monthly GDP figures from the Economic Development Ministry revealed that the economy shrunk by 4.6% on the year in July following a 4.2% decline in June. Given the slump in oil prices over the past few months, the economy ministry recently revised down its forecast for GDP in 2015 to -3.3% from -2.8% previously, although maintained that the downturn had bottomed out.

Output remains anaemic

After accounting for seasonal factors, industrial production was unchanged on the month in July following a 0.1% contraction in June, while year-on-year growth was broadly stable at -4.7% in July, compared with -4.8% in June.

There had been speculation that the swift depreciation in the rouble over the past couple of months would provide some relief to exporters, although if this were true it certainly wasn't to be found in this month's industrial production figures as the extension of sanctions continued to weigh on overseas orders. The currency,

though, has since weakened further and over time this should help to drive export volumes.

Manufacturing was down 7.1% on the year following a 6.6% fall in the previous month. While there was strong annual growth of 8.6% in chemicals output, there were double-digit falls in six of the 14 manufacturing industries that data is provided for, led by a 32.3% slump in the production of transportation as consumers shunned car purchases.

Conversely, mining and quarrying output managed to eke out growth of 0.2% compared with the same month a year earlier following a contraction of 0.9% in June. Much of this was driven by a 2.8% expansion in the mining of coal and peat, while extraction of unclassified materials also provided some support, growing 1.8% on the year, albeit down on last month's 2.6% rise.

Meanwhile, year-on-year growth in utilities output fell 0.8% in July following a decline of 1% in the previous month. Thermal energy production and distribution grew 0.1% on the year in July following a 1.3% fall in June, although electricity production contracted by 0.6% on the year in July after suffering a 0.8% decline in the previous month.

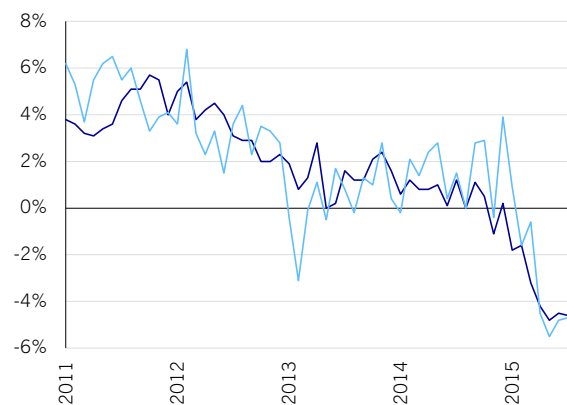
CBR eases policy further

At its meeting on July 31, the Central Bank of Russia cut the key interest rate by 50 basis points to 11% as it sought to further normalise monetary policy. This marks the fifth 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 depreciation of the rouble. Even so, more favourable base effects combined with the dire weakness in domestic demand should provide enough drag to keep inflation on a downward path provided that the rouble regains some ground.

The fall in oil prices, sharp decline in the rouble and its possible impact on inflation suggest the CBR will hold off from cutting rates at its next meeting on September 11. Given the risks to the inflation outlook from the

Industrial Production and GDP



— GDP: Estimate Y/Y %*

— Industrial Production Y/Y %**

Source: *Ministry of Economic Development, **Rosstat

currency the central bank is likely to find it much more challenging to cut the key rate over the coming months, potentially acting as an additional barrier to any future economic recovery.

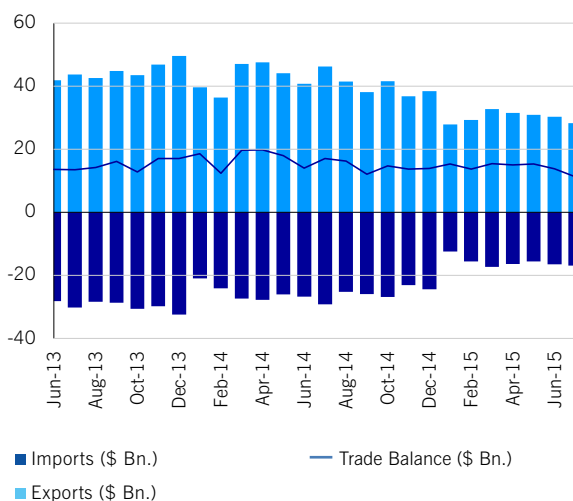
Trade surplus lowest since August 2012

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 July, Russia's trade surplus declined by 34% on the year to \$11.2 billion from \$13.8 billion in June.

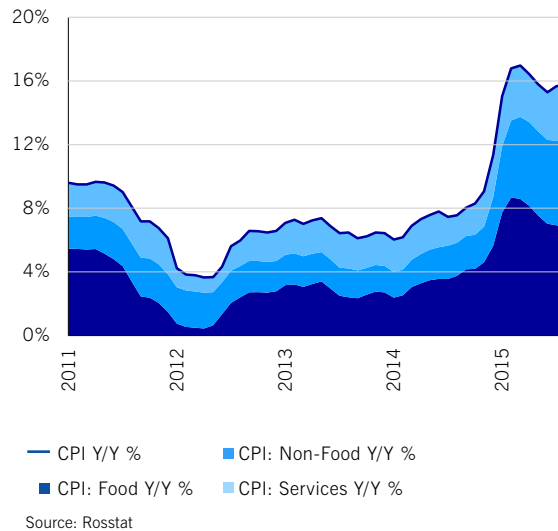
Exports declined by 39% on the year to \$28.2 billion in July from \$30.3 billion in the previous month. Much of the decline was the result of the slide in the price of oil, Russia's key export commodity, which started falling in July last year. It is likely that exports will continue to post sharp annual declines until base effects begin to kick-in.

Imports, meanwhile, fell by a more pronounced 41.9% on the year to \$17 billion in July from \$16.5 billion in June. 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



Consumer Price Inflation



Inflation pushed up by rouble rout

Consumer price inflation accelerated to 15.8% on the year in August, stoking fears that last month's rise to 15.6% on the back of an annual hike in utility tariffs may not have been a one-off following what appeared to be a gradual trend in easing price growth.

Much of the uptick in prices was driven by the weaker currency, the effect of which was most evident in service sector inflation which rose to 14.1% in August from 13.4% in July. Non-food items were also pushed higher, albeit more moderately to 14.6% from 14.3% previously, with the rouble depreciation yet to fully filter through on this side. Meanwhile, food price inflation was the only category to show a decline in August as a plentiful Russian harvest helped it to ease further to 18.1% in August from 18.6% in July. Stripping out the prices of food and fuel, which tend to be volatile, core inflation ticked up to 16.6% on the year after easing to 16.5% in July.

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 to its medium-term target of 4% in 2017. Still, the recent rouble fall has potentially scuppered the easing in inflation observed in the second quarter, which may

prompt the central bank to revise up their forecast for inflation at their next meeting on September 11.

Prices at the factory gate in Russia were up 1.5% on the month and 13.1% on the year in July (from June 0.7% m/m; 13.1% y/y). Producer price inflation was driven by the manufacturing sector, which accounts for almost 70% of the index, was up 14.2% compared with the previous year following a rise of 13.9% in June. While prices in the mining and quarrying sector eased to 14.5% year-on-year in July from 16.8% in June, inflation in the utilities sector accelerated to 5.4% on the year compared with a more moderate outturn of 2% in the previous month.

Labour market remains poor

Unemployment surprisingly fell to 5.3% in July following a similarly unexpected drop to 5.4% in June. 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.

The poor job market 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 9.2% on the year in July after declining by 8.6% in June (revised down from a contraction of 7.2% previously). 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.

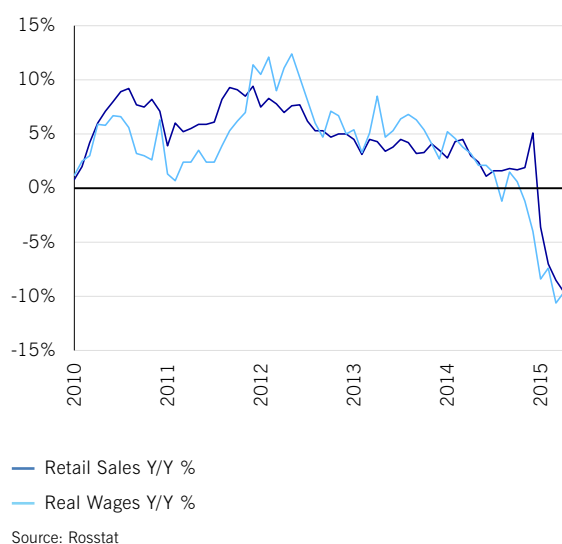
Consumer spending deteriorates

Combined with the prohibitively high rate of inflation, falling wages have left Russian households with very little purchasing power. This is reflected in retail sales which were 9.2% below the level seen a year earlier in July compared with a 9.4% fall in June. Sales of non-food items were down 9.4% on the year in July following a contraction of 9.7% in June, whereas food sales declined by 8.9% on the year after shrinking 9.1% in the previous month.

Automobile sales declined by 19.4% on the year in August following a fall of 27.5% in July. While the government has introduced a car scrappage 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, car sales have continued to be hit by the prohibitive cost of credit as well as high prices passed on by dealerships following the rouble's sharp depreciation. While data on car prices has yet to be released for August, the price of a domestically manufactured car in July was 21.3% above one produced a year previously and the price of an imported one was 17.7% higher on the year.

Retail Sales and Real Wages



Key Monthly Economic Data

| | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|---|--------|--------|--------|--------|--------|--------|--------|
| GDP Y/Y %* | -1.6 | -3.2 | -4.2 | -4.8 | -4.5 | -4.6 | - |
| Industrial Production Y/Y %** | -1.6 | -0.6 | -4.5 | -5.5 | -4.8 | -4.7 | - |
| Consumer Price Index Y/Y %** | 16.7 | 16.9 | 16.4 | 15.8 | 15.3 | 15.6 | 15.8 |
| Producer Price Index Y/Y %** | 9.3 | 13.0 | 15.0 | 13.4 | 13.1 | 13.1 | - |
| Unemployment Y/Y %** | 5.8 | 5.9 | 5.8 | 5.6 | 5.4 | 5.3 | - |
| Real Wages Y/Y %** | -7.4 | -10.6 | -9.6 | -7.4 | -8.6 | -9.2 | - |
| Retail Sales Y/Y %** | -7.0 | -8.5 | -9.6 | -9.2 | -9.4 | -9.2 | - |
| Car Sales Y/Y %*** | -37.9 | -42.5 | -41.5 | -37.6 | -29.7 | -27.5 | -19.4 |
| Trade Balance \$ Bn.**** | 13.7 | 15.4 | 15.0 | 15.3 | 13.8 | 11.2 | - |
| Exports \$ Bn.**** | 29.3 | 32.7 | 31.5 | 30.9 | 30.3 | 28.2 | - |
| Imports \$ Bn.**** | 15.6 | 17.3 | 16.4 | 15.6 | 16.5 | 17.0 | - |
| MNI Russia Business Sentiment Indicator | 42.0 | 48.8 | 46.0 | 51.3 | 51.8 | 51.3 | 52.3 |
| MNI Russia Consumer Sentiment Indicator | 73.1 | 69.2 | 73.0 | 72.8 | 76.4 | 70.8 | 72.5 |

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



Indicators

Households in Russia were slightly less downbeat in August following an improvement in their assessment of their financial situation and their outlook for business conditions over the coming year.

MNI Russia Consumer Indicator Fails to Recoup July Loss



Households in Russia were slightly less downbeat in August following an improvement in their assessment of their financial situation and their outlook for business conditions over the coming year. Still, sentiment is barely off the lows witnessed in March and is down nearly 30% from the more positive tone seen two years ago.

The MNI Russia Consumer Sentiment Indicator rose 2.5% on the month to 72.5 in August from 70.8 in July. Confidence had picked up noticeably since March to a six-month high of 76.4 in June, but most of these gains were wiped out the fall in July.

Looking ahead the major concern is that the recent fall in oil and other commodity prices, which came soon after the August survey period ended, will bear down on sentiment potentially pushing it to new lows. Since the start of the survey in 2013, the fortunes of Russian households have been tightly linked to those of the oil price – a correlation of 0.9 – with sentiment plummeting alongside the declines in crude.

Four of the five components of the MNI Russia Consumer Sentiment Indicator rose on the month with the rise led by Current Personal Finances and Business Conditions in One Year. Smaller increases were seen in Durable Buying Conditions as well as the longer five year outlook for business conditions. The only component to decline this month, albeit slightly, was expectations for personal finances in one year.

The small uptick in overall sentiment since February has been matched by an improvement in attitudes

MNI Russia Consumer Indicator



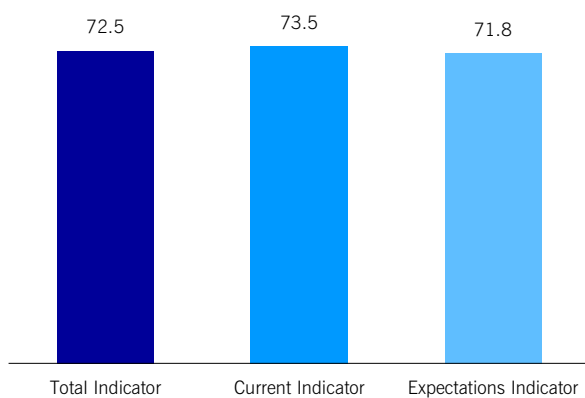
Current and Expectations Indicators



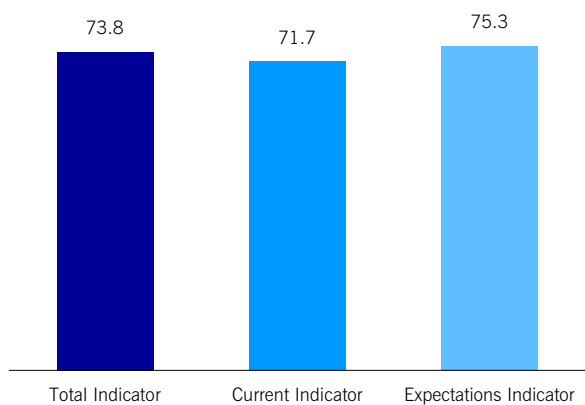
MNI Russia Consumer Indicator

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|
| MNI Russia Consumer Indicator | 84.9 | 69.2 | 73.0 | 72.8 | 76.4 | 70.8 | 72.5 |
| Current | 85.2 | 69.1 | 74.4 | 72.5 | 77.7 | 71.2 | 73.5 |
| Expectations | 84.7 | 69.2 | 72.0 | 73.0 | 75.6 | 70.5 | 71.8 |

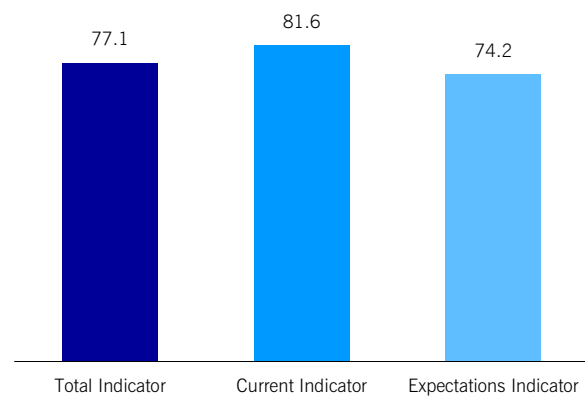
All Russia



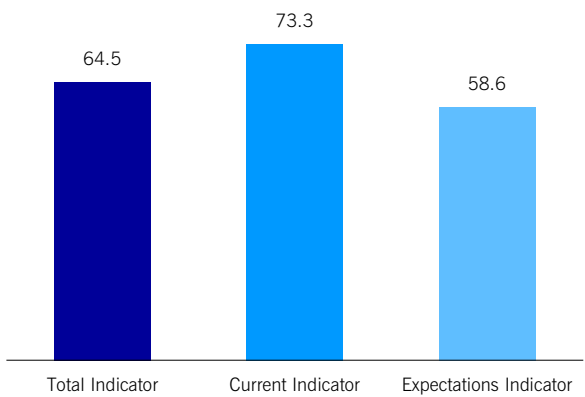
West Siberian



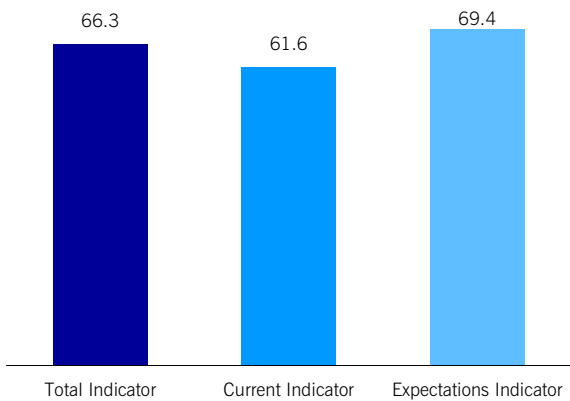
Central Russia



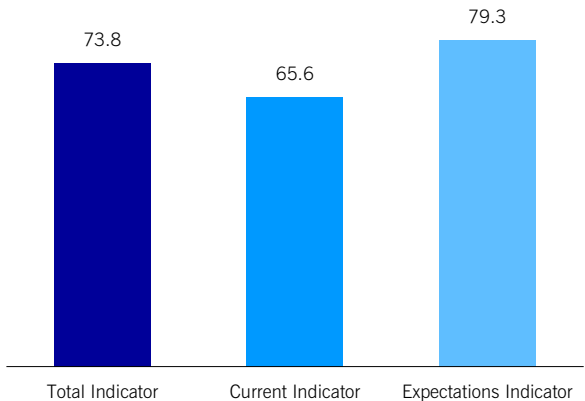
Volga



Urals



North Caucasus





towards the real estate market. Home buying sentiment rose in August and is now 6% up from the start of the year, although remains weak in absolute terms, while expectations for prices remain at an elevated level.

The Current Indicator, which measures consumers' assessment of current conditions, rose to 73.5 in August from 71.2 in July, while the Expectations Indicator, which is comprised of the three forward-looking components, improved to 71.8 from 70.5 in the previous month.

Regions

Consumer sentiment rose in three of the five major regions in Russia.

Residents in the West Siberian region reported the greatest improvement in sentiment, with the headline indicator rising 6.7% to 73.8 in August from 69.2 in July. Consumers living in the region were far less downbeat in their short-term outlook for business conditions, which led the rise in headline sentiment, while their long-term expectations saw only a moderate improvement.

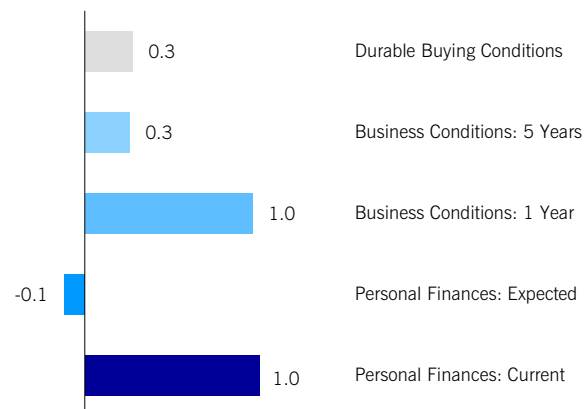
In contrast, consumer confidence fell the sharpest in the Urals region, where the headline indicator declined to 66.3 in August, having been the only region to register an improvement in July. Inhabitants reported that their current financial situation had deteriorated significantly while more expected their finances to worsen in the future, probably weighing down on their willingness to purchase durable goods which fell to a four-month low.

Age

All three age groups reported that they were less pessimistic in August.

The Consumer Indicator for 18 to 34 year olds rose by just 0.4% to 72.2 in August from 71.9 in July. While respondents were slightly less pessimistic about their

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





household finances in the present, their outlook for the future state of their finances was the bleakest on record.

Sentiment among the 35 to 54 year old age group climbed 5.5% to 74.6 in August from 70.8 in July, overtaking the youngest cohort of our panel in becoming the least downbeat of all. While consumers were slightly more pessimistic in their expectations for business conditions over the coming five years, the remaining four components posted increases.

The Consumer Indicator for 55 to 65 year olds rose 1.6% to 67.3 in August from 66.2 in July, the lowest of all three age groups. Despite being less dissatisfied with their current financial situation, fewer consumers in the oldest age group were willing to purchase a big-ticket item.

Income

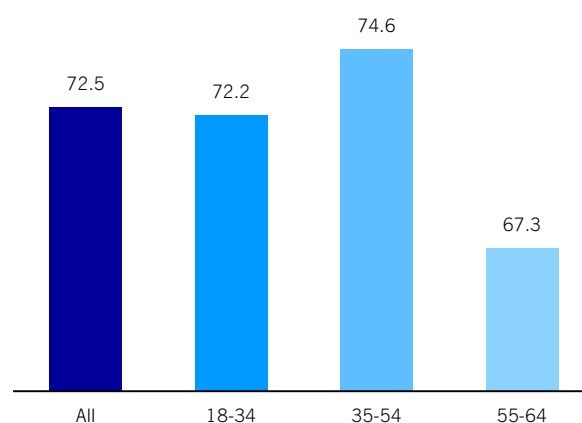
Sentiment improved among both high and low-income households in August.

Consumer confidence for households with an average annual income under RUB 480,000 rose 1.3% to 69.2 in August from 68.3 in July. Low-income households were less downbeat in their short and long-term expectations for business conditions but had a more pessimistic outlook for the future state of their finances.

For households with an average annual income above RUB 480,000, consumer confidence improved 2.9% to 76.4 in August from a series low of 74.3 in July. While fewer high-income households expected that the conditions for doing business would worsen over the coming year, their longer-term outlook for the business environment soured in August.

Consumer sentiment has averaged 72.6 among those in the low-income group over the past year, while for higher income households, it has averaged 81.9, suggesting that more affluent households are weathering the downturn better than poorer ones.

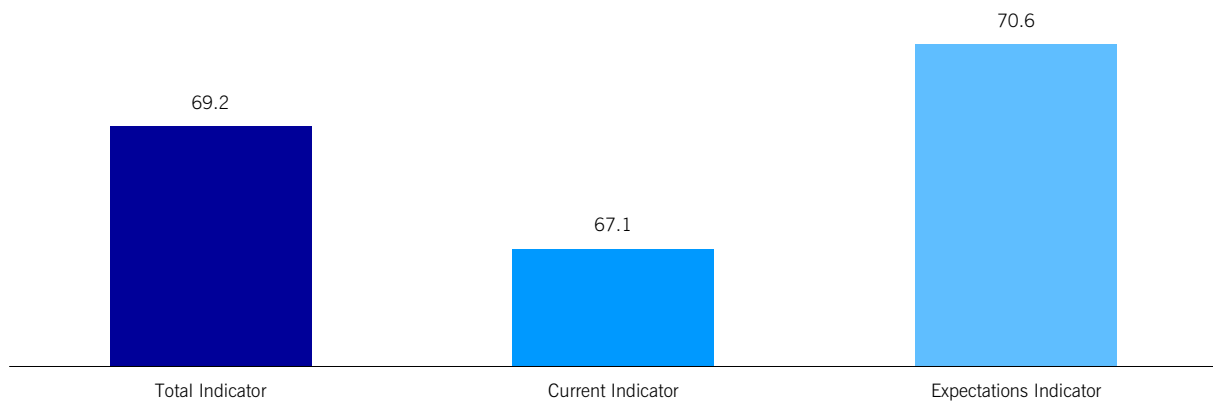
Consumer Indicator: Age Groups



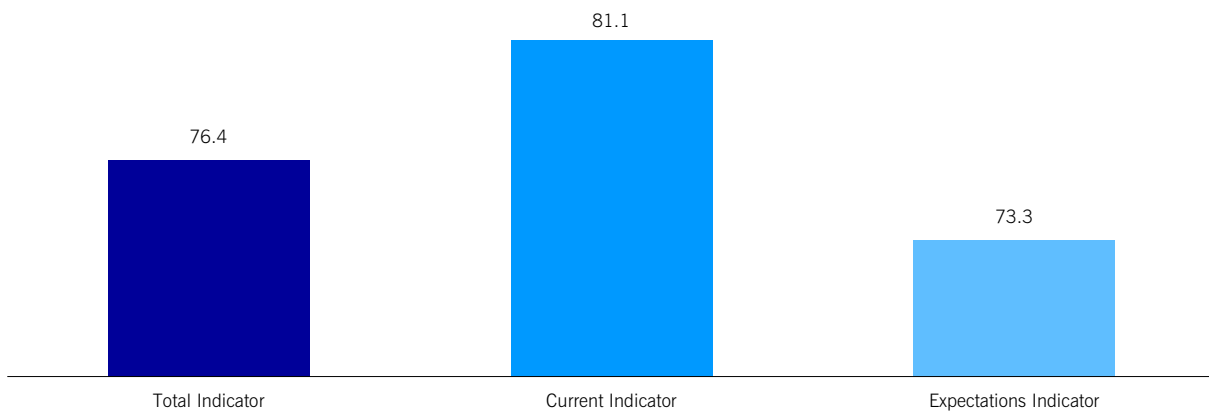
MNI Russia Consumer Indicator Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



MNI Russia Consumer Indicator

Main Cities



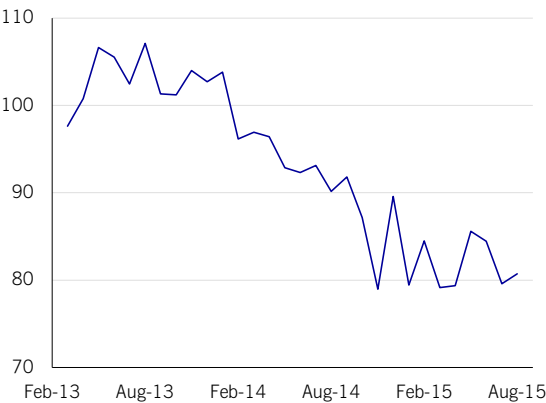
Residents in six of the 10 major cities surveyed in Russia were less pessimistic this month while sentiment in two of them declined to a series low.

In the capital, Moscow, consumer sentiment increased 1.4% to 80.7 in August from 79.6 in July. While Muscovites were more pessimistic in three components of the headline indicator, particularly in their expectations for the future state of their finances which were the lowest on record, strong improvements in the short-term outlook for business conditions and households current financial situation helped to lift overall confidence.

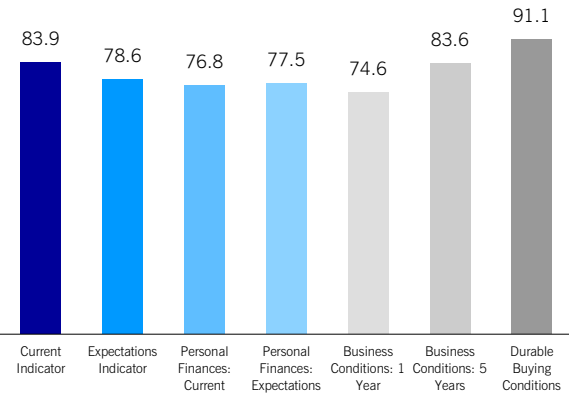
In Saint Petersburg, the second largest city in Russia, consumer sentiment rose 8.4% to 89.1 in August from 82.2 in July. Inhabitants of Saint Petersburg continued to remain the least downbeat of all cities surveyed and were only more pessimistic in their expectations for their finances over the coming year. Meanwhile, their short-term outlook for business conditions posted a double-digit recovery from a record low, although consumers were more-or-less unchanged in their expectations for the long-term.

In Novosibirsk, the third-largest city by population in Russia, consumer sentiment climbed 9.5% to 68.7 in August from 62.8 in July. Residents were less pessimistic in all aspects of the survey, led by a sharp improvement in short-term expectations for the business environment and supported by a double-digit gain in durable buying conditions.

Consumer Indicator - Moscow

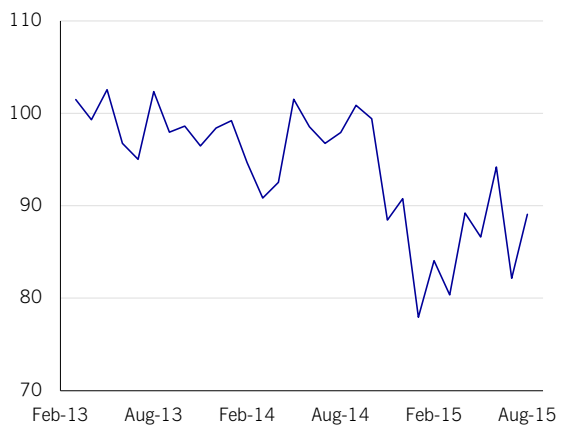


Consumer Indicator Components - Moscow

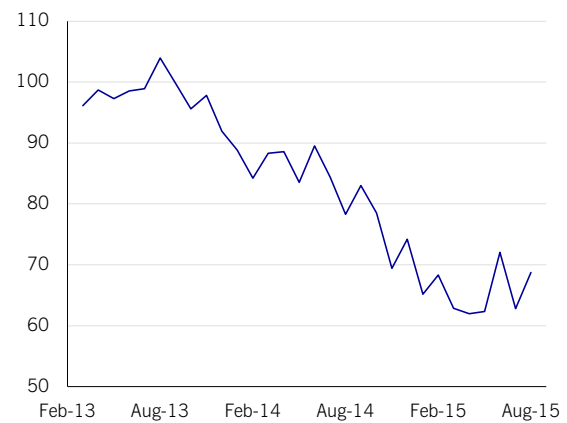




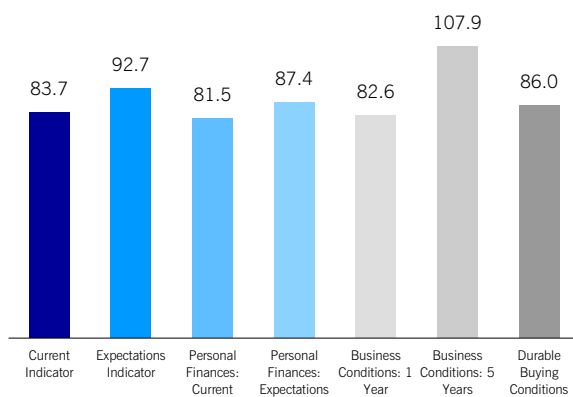
Consumer Indicator - Saint Petersburg



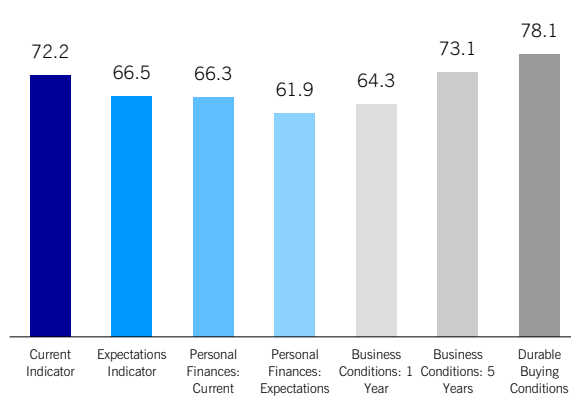
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



Personal Finances

Expectations Flirt with Record Low



Despite fewer households reporting that their financial situation had worsened in August, their expectations for the future state of their finances remained more-or-less the same.

Several companies have slashed wages in an effort to cut costs during the economic recession, having a detrimental impact on our panel's assessment of the state of their finances. The Current Personal Finances Indicator increased 5.7% to 68.2 in August from 64.5 in July, although it was down almost 15% on the year. Just under 80% of respondents reported that their financial situation had worsened over the past year in August, of whom nearly 30% cited higher household expenses as the main reason for the deterioration while a further 25.8% put it down to a fall in their income.

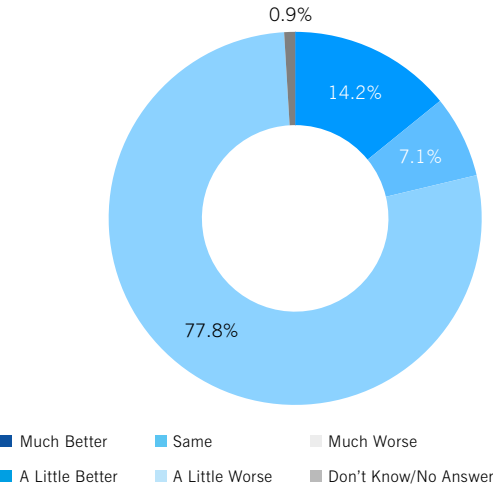
Disposable income has been eroded by a cocktail of high inflation, falling wages and the increased cost of credit, a trend which appears likely to continue in the short-term. All respondents spent at least 50% of their monthly household income on daily expenses in August and 43.3% of our panel reported that they were not saving any of their monthly income.

Households were only slightly more downbeat in their outlook for their financial situation over the coming year. While Expectations for Personal Finances fell only slightly to 71.0 in August, it was enough to leave it just 0.1 point above April's all-time low and was the sole component of the headline indicator to fall on the month.

Personal Finances



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



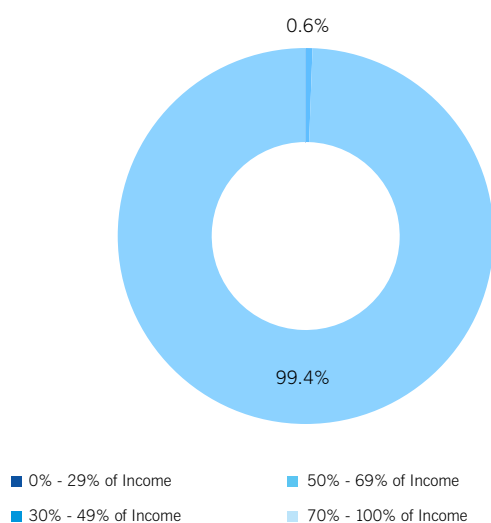
Personal Finances

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|--------------|--------|--------|--------|--------|--------|--------|--------|
| Current | 80.0 | 62.1 | 68.4 | 67.8 | 71.4 | 64.5 | 68.2 |
| Expectations | 90.2 | 75.9 | 70.9 | 73.2 | 75.1 | 71.5 | 71.0 |

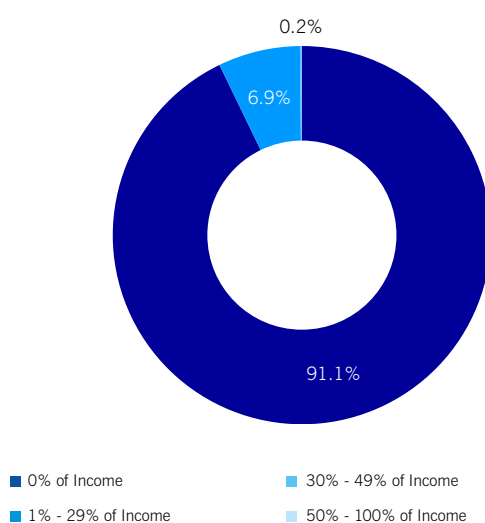
How Households Spend their Money



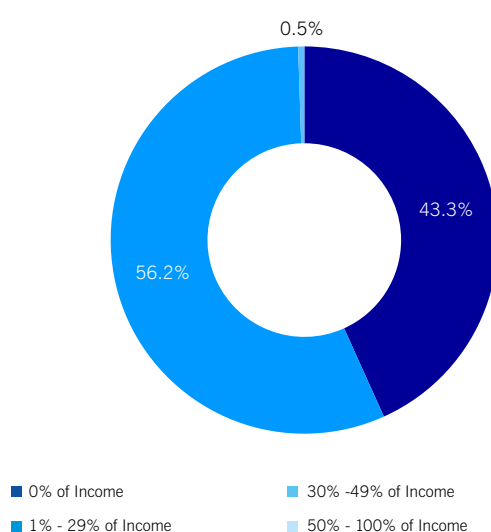
Daily Expenses
(% of Households)



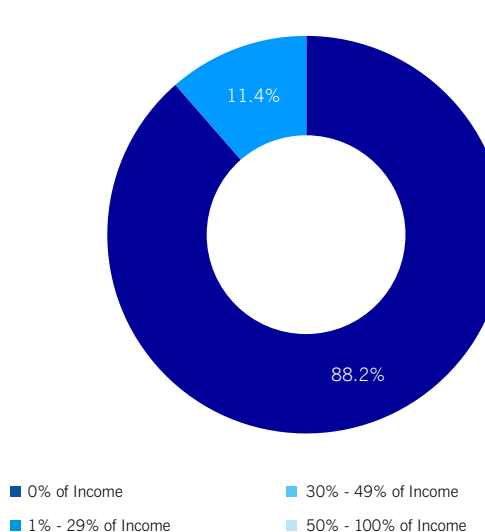
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings (% of Households)



Monthly Household Income Used for Investments (% of Households)



Business Conditions

Low Oil Prices Weigh on Current Business Conditions



Consumers considered the current conditions for doing business to be the worst on record as the price of oil slid throughout August, but were only slightly less pessimistic in their short and long-term expectations for them.

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.

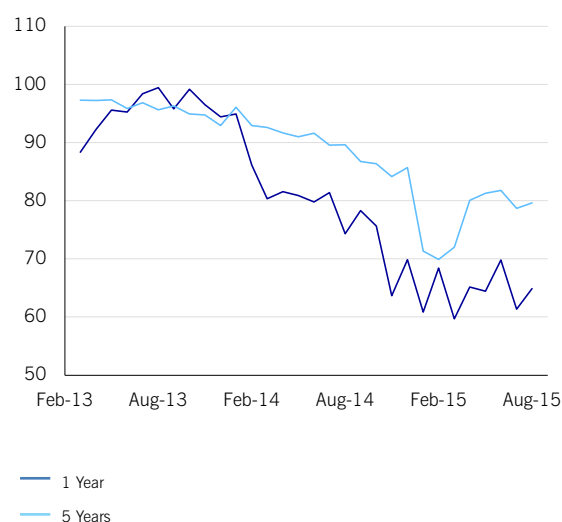
Over the past month, the price of oil has plummeted on the back of renewed concerns about China's growth prospects which has in-turn dragged the rouble down to fresh lows. Unsurprisingly, this weighed down on respondents' views on the state of business, with the Current Business Conditions Indicator falling to an all-time low of 67.3 in August from 67.8 in July. The correlation between crude oil prices and the current business indicator is 0.95, although this is pushed up significantly by the trend decline over the past two years. Almost 60% of respondents thought that business conditions were poor and only 6.8% of our panel thought that conditions were good.

While the sanctions imposed by the EU were due to expire in July this year, the bloc decided to extend them by an additional six months which prompted Russia to also prolong 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 has weighed down on consumers' perception of current business conditions and their outlook for it.

Current Business Conditions Indicator



Expected Business Conditions



Business Conditions

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|------------|--------|--------|--------|--------|--------|--------|--------|
| Current | 89.8 | 67.4 | 67.9 | 67.9 | 70.1 | 67.8 | 67.3 |
| In 1 Year | 74.3 | 59.7 | 65.2 | 64.4 | 69.8 | 61.3 | 64.9 |
| In 5 Years | 89.6 | 72.0 | 80.0 | 81.3 | 81.7 | 78.7 | 79.6 |

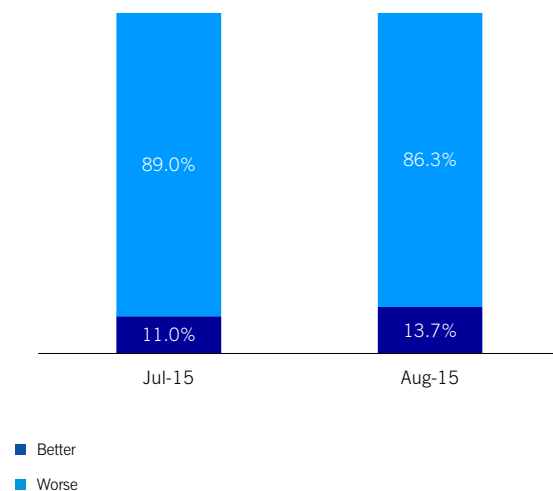


Business Conditions in 1 Year

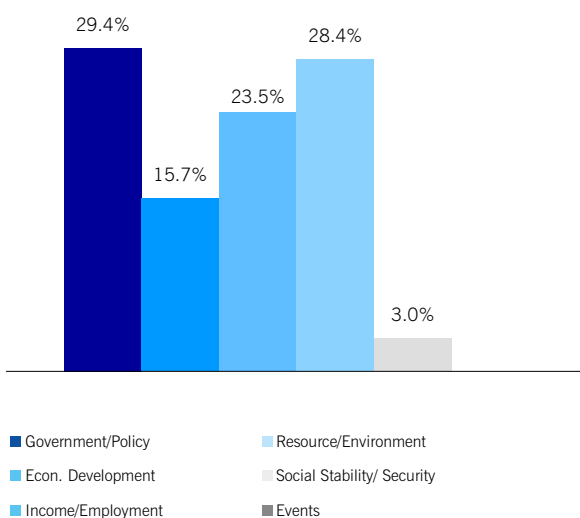
Consumers' expectations for Business Conditions in One Year improved by 5.8% to 64.9 in August after falling perilously close to the lowest on record, leading the improvement in headline sentiment this month. Even so, 81.5% of respondents anticipated that the conditions for doing business would deteriorate over the coming year, of whom a third cited a worsening job market as the main reason for their pessimistic outlook and almost as many reported it was due to a lack of economic development.

Respondents were also slightly less pessimistic in their long-term outlook for business conditions, with the Expectations for Business Conditions in Five Years Indicator rising to 79.6 in August from 78.7 in July. Of those polled, 43.1% of respondents expected conditions to worsen over the next five years and 10.5% remained uncertain, suggesting that consumers were doubtful on Russia's prospects in the long-term.

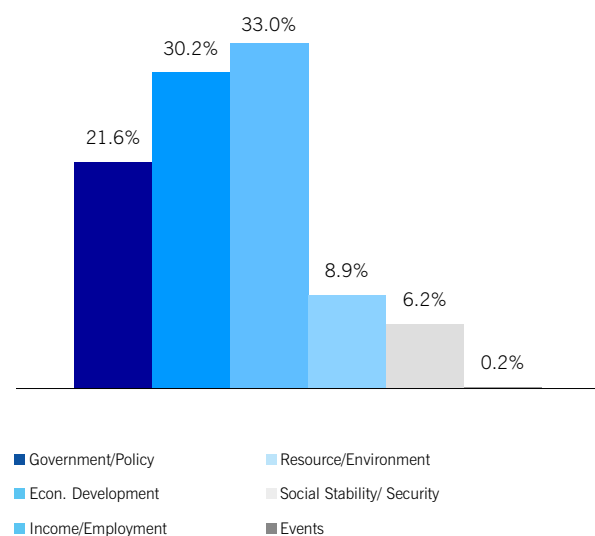
All Russia



All Russia, Reasons for Better



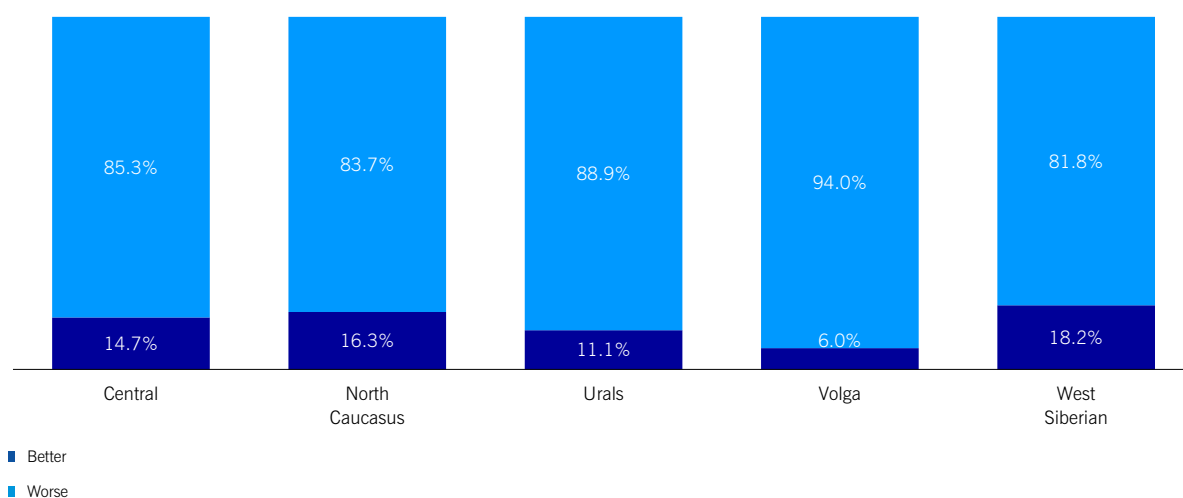
All Russia, Reasons for Worse



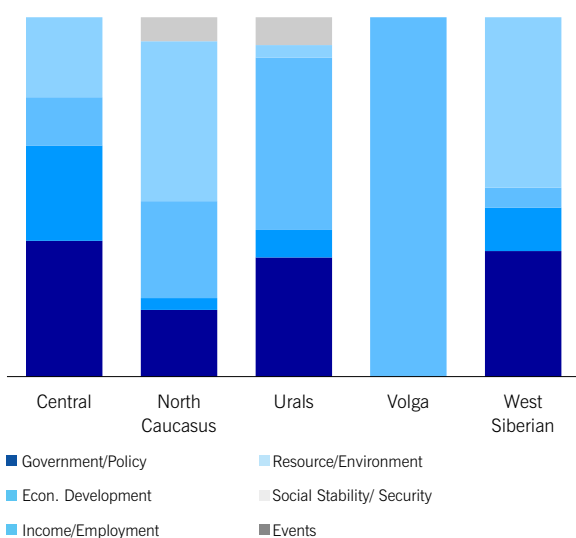
Business Conditions in 1 Year Regions



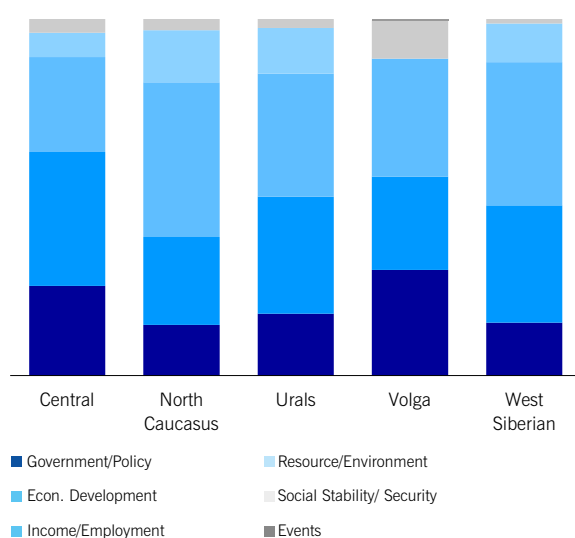
Business Expectations: Worse or Better?
(% of Respondents)



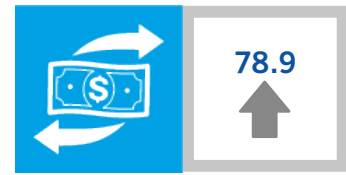
Reasons for Better
(% of Respondents)



Reasons for Worse
(% of Respondents)



Durable Buying Conditions Remain Poor

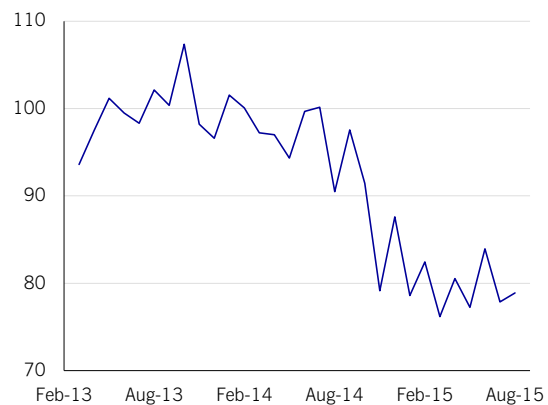


Slightly more of our panel considered it to be a good time to purchase a big-ticket item in August, although the majority continued to be less convinced.

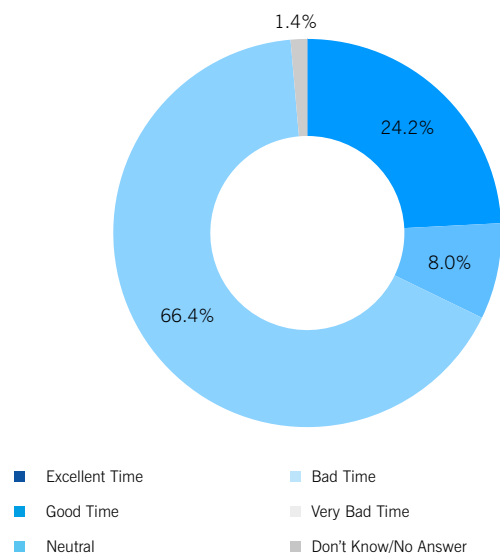
Spending on durable goods has been dented over the past year by a combination of high inflation, low disposable income and the prohibitive cost of credit. Sales have also been affected by the decision by several international companies to pull their products from Russian stores in light of the economic downturn, prompting some consumers to report that they were reluctant to update their outdated household appliances as they perceive the remaining offering on the market to be of poor build quality.

While the Durable Buying Conditions Indicator rose to 78.9 in August from 77.9 in July, it 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 August's reading marking the 13th consecutive month that the indicator has been below the 100 level. Moreover, two-thirds of our panel thought that it was a poor time to purchase a household good in August, while nearly a quarter of those polled considered the conditions to be good.

Durable Buying Conditions



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



Durable Buying Conditions

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| Durable Buying Conditions | 90.5 | 76.2 | 80.5 | 77.3 | 83.9 | 77.9 | 78.9 |

Employment Outlook Improves Slightly



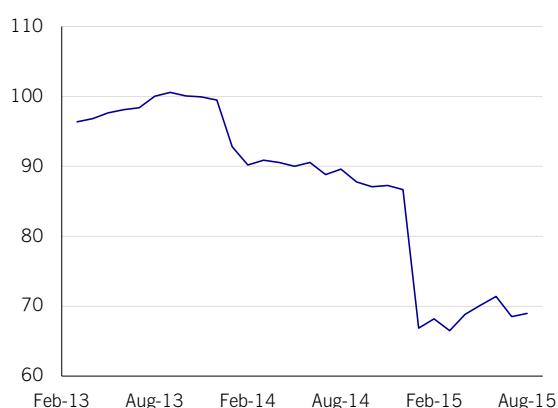
After bottoming in March, consumers' outlook for employment had gradually moderated until July's deterioration erased that in one fell swoop. While households in Russia were less downbeat in their expectations for the job market in August, it wasn't nearly enough to recoup the losses sustained in the previous month.

The Employment Outlook Indicator rose marginally to 69.0 in August following July's fall to 68.5 but was a remarkable 23% down on the outturn in the same month a year earlier. Consumers are asked what they think about the outlook for the job market over the coming 12 months, with a reading below 100 signalling that respondents are on balance pessimistic while a reading above 100 signals optimism. Of those polled, 56.5% thought that the job market would worsen over the next 12 months, while only 31.4% of them thought that it would remain stable.

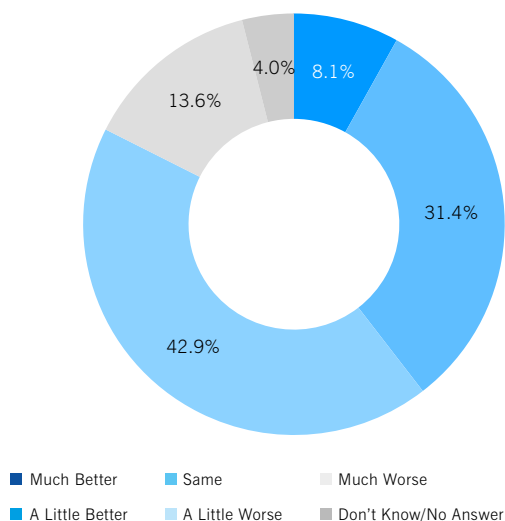
Official statistics showed that the unemployment rate eased to 5.3% in July from 5.4% in June. Joblessness in Russia has remained relatively resilient in the face of the slowdown, with the labour market adjustment instead being transmitted through a combination of wage cuts and increased part-time employment, although it is widely anticipated that it will eventually succumb to the pressures and rise in the latter part of 2015.

Indeed, the August edition of our sister survey of large Russian businesses anticipated that the size of their workforce would be surplus to their requirements over the coming three months, 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

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|--------------------|--------|--------|--------|--------|--------|--------|--------|
| Employment Outlook | 89.6 | 66.5 | 68.8 | 70.1 | 71.4 | 68.5 | 69.0 |

Prices Sentiment

Discontent with Current Prices Falls



Slightly less of our panel were dissatisfied with the cost of living in August, but the proportion who expected that inflation would rise over the coming year was more-or-less the same.

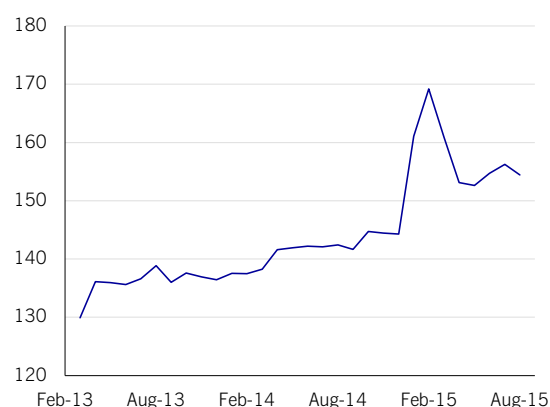
The Current Prices Satisfaction Indicator ticked up to 47.1 in August from a six-month low of 46.0 in July, demonstrating just how much pain the current level of inflation is causing Russian consumers. A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has remained below 100 since the survey started and in August it was 28.6% below the series average as 77% of our panel reported that they were dissatisfied with the current level of prices.

Meanwhile, fewer consumers expected prices to be higher in a year's time, resulting in the Inflation Expectations Indicator easing to 154.4 in August from 156.3 in July. Historically, our panel's inflationary expectations have closely matched the trend in consumer price inflation. Official data suggests that the recent depreciation in the rouble has fed through to consumer prices, with CPI climbing to 15.8% on the year in August from 15.6% in July, as suggested by last month's rise in the Inflation Expectations Indicator. While our panel's outlook for inflation may have eased slightly this month, their expectations remain entrenched and there is a growing risk that the weak currency could derail the trend of easing prices seen in the second quarter, making the central bank's job of controlling inflation in the long-run more challenging.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Satisfaction with Current Prices | 65.7 | 47.0 | 47.3 | 48.0 | 49.0 | 46.0 | 47.1 |
| Inflation Expectations | 142.4 | 160.9 | 153.1 | 152.6 | 154.7 | 156.3 | 154.4 |

Prices Sentiment Regions



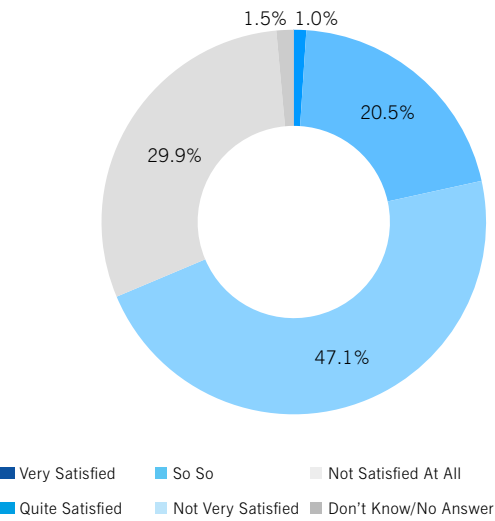
Under the Central Bank of Russia's most recent baseline scenario, weak economic growth is forecast to slow annual inflation to below 7% by July 2016 before finally falling to its medium-term target of 4% in 2017.

Regions

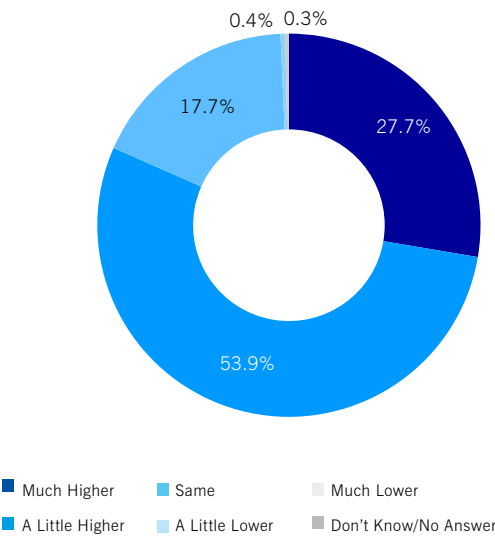
Dissatisfaction with the current cost of living fell in three of the five regions surveyed in August. Residents of the Central region led the improvement in the Current Prices Satisfaction Indicator, while consumers living in the Volga region were more discontent than ever before.

Inflationary expectations eased in four regions this month. Inhabitants of the Volga region revised down their expectations the most for inflation over the coming 12 months, while more consumers in the West Siberian region anticipated that inflation would rise.

Satisfaction with Current Prices
(% of Households)

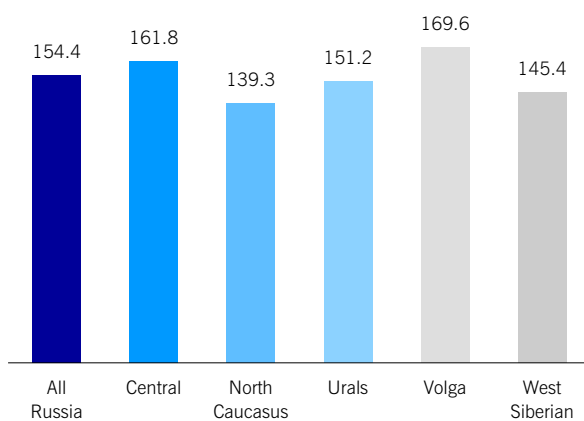


Inflation Expectations in 12 Months
(% of Households)

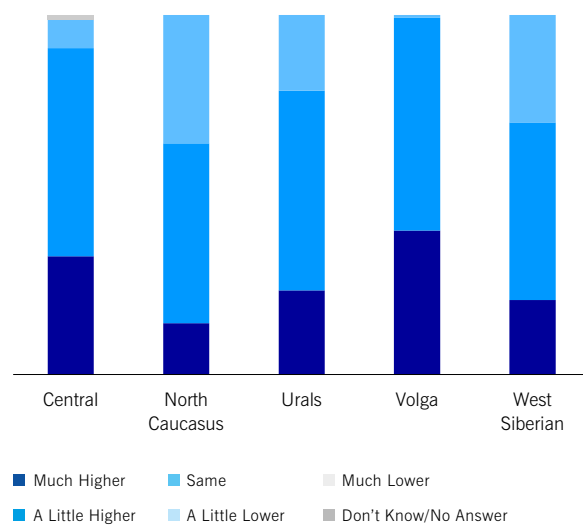




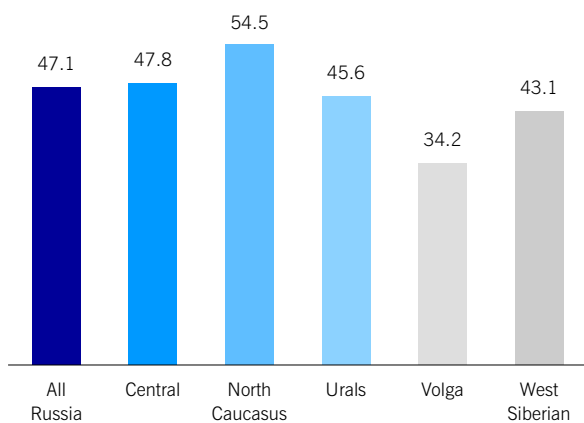
Inflation Expectations Indicator



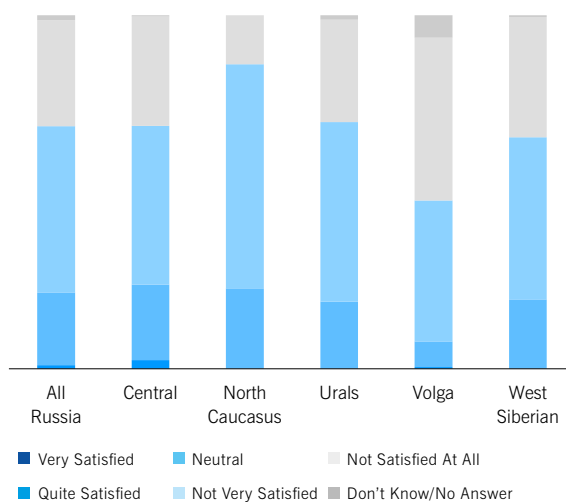
Expected Change in Prices in 1 Year (% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Remain High



Consumers trimmed back their expectations for interest rates only marginally in August following the Central Bank of Russia's decision to lower borrowing costs at its July meeting.

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 in the first half of the year, the central bank was able to cut the benchmark rate by a total of 600 basis points to 11% at its first five meetings of 2015.

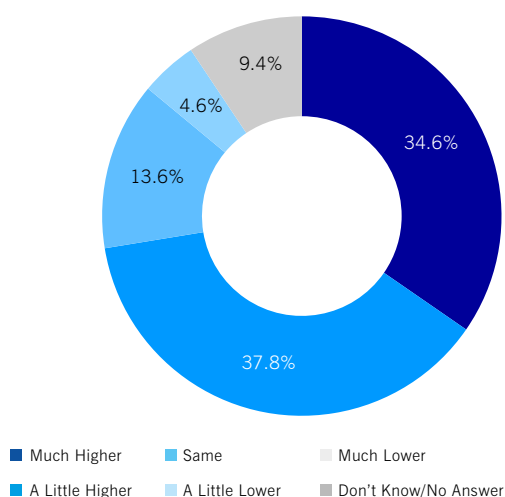
Most recently, the CBR cut the key rate on July 31 by a further 50 basis points, the smallest in its current normalisation cycle, which seems to have had little impact on our panel's expectations for the cost of credit. The Interest Rate Expectations Indicator remained more-or-less unchanged at 151.2 in August compared with 151.5 in July, although this was 8.4% below the outturn at the start of the year. Of those polled, 72.4% expected interest rates in a year's time to be higher, while only 13.6% of respondents expected interest rates to remain the same.

While we expect the CBR to put its current course of easing on pause at its next meeting on September 11, we maintain that it will continue to cut the rate further providing the downward pressure on the rouble dissipates and inflation falls further. While this could act as a dampener on expectations over the coming months, consumers' outlook for credit is ultimately dependent on the pace at which Russia's retail banks pass on the cuts through lower lending rates.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|
| Interest Rate Expectations | 119.4 | 167.4 | 151.8 | 150.9 | 149.1 | 151.5 | 151.2 |

Real Estate Investment Improves on the Back of Greater Buying Confidence

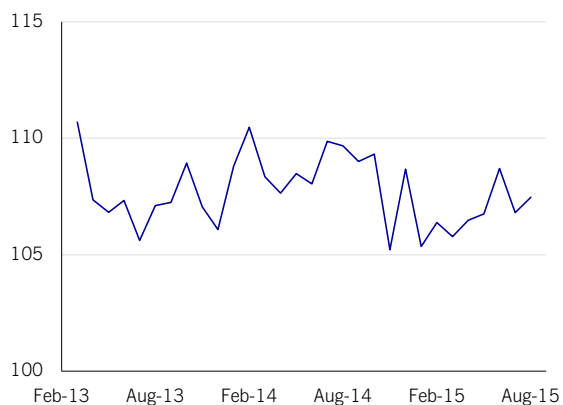


Consumers' perception of the Russian real estate market improved in August as more consumers considered it a good time to make a property purchase amid continued widespread expectations that prices will rise. The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) rose to 107.5 from 106.8 in July.

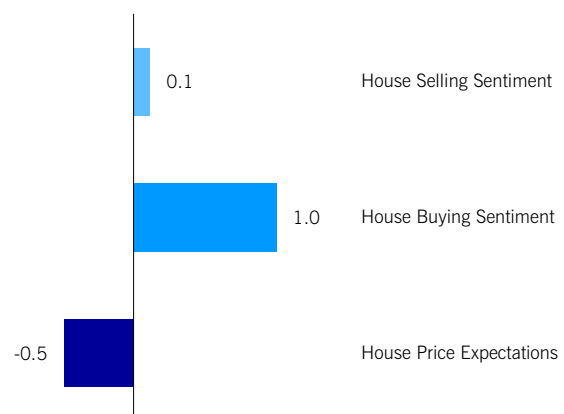
In spite of the Central Bank of Russia easing policy considerably this year, the key rate remains prohibitively high which has left mortgage rates similarly elevated. As might be expected, the real estate market has been hit hard which prompted the government to introduce a subsidy programme in March 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 double the size of the programme in June. While this could make house buying an attractive proposition for those who have been looking for a property, in general consumers have been very concerned about their finances amid the challenging job market.

A rise in House Buying Sentiment to 77.6 in August accounted for much of the improvement in sentiment towards the real estate market this month. Even so, almost three times as many respondents considered it to be a poor time to purchase a property than those who thought it was a good time, with more than a quarter of which deterred by a lack of purchasing power.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Real Estate Investment Sentiment | 109.7 | 105.8 | 106.5 | 106.8 | 108.7 | 106.8 | 107.5 |
| Price Expectations | 143.4 | 143.5 | 142.5 | 142.9 | 142.9 | 144.6 | 143.1 |
| House Buying | 84.1 | 72.7 | 76.1 | 76.4 | 80.6 | 74.5 | 77.6 |
| House Selling | 98.5 | 98.8 | 99.2 | 99.0 | 97.4 | 98.7 | 98.3 |

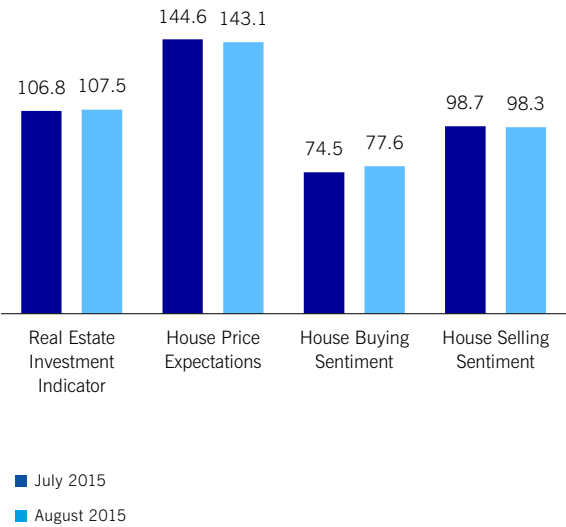
Real Estate Investment Components and Balances



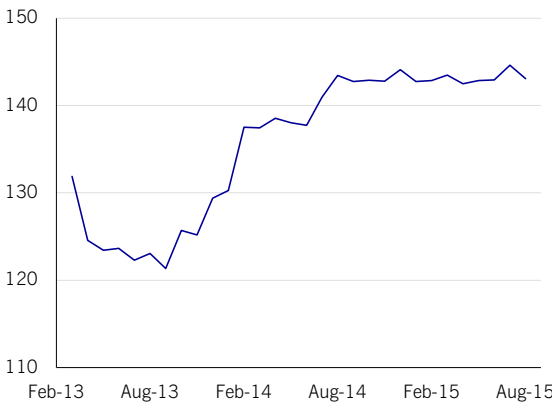
Meanwhile, the majority of our panel anticipated that house prices would rise over the coming six months, with House Price Expectations easing slightly to 143.1 from an all-time high of 144.6 in July.

House Selling Sentiment, which has a negative impact on the overall House Price Indicator, remained broadly stable at 98.3 in August compared with 98.7 in July, the sixth consecutive month sentiment has been below the 100 threshold level.

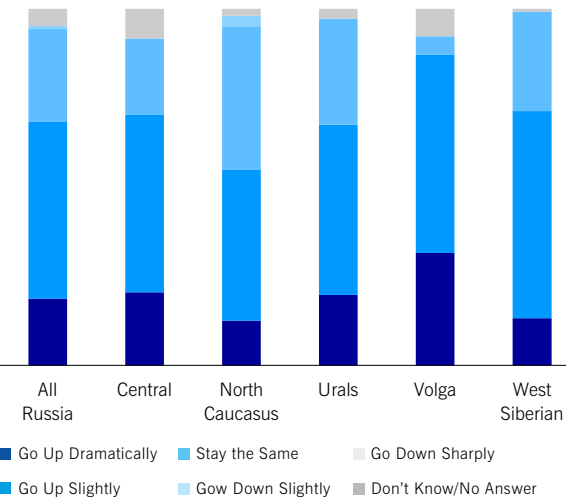
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in the Next 6 Months

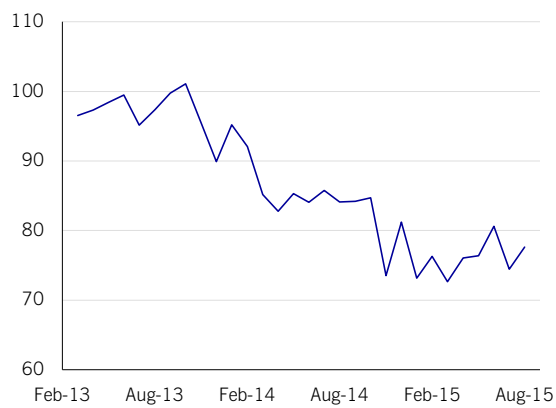


Expected Changes in Real Estate Prices in the Next 6 months (% of Households)

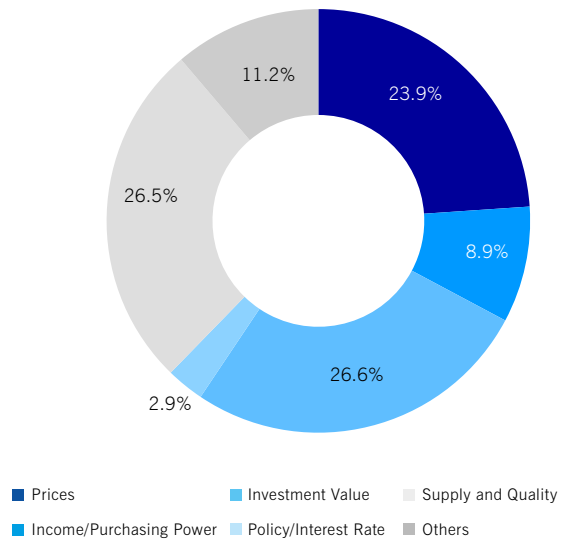




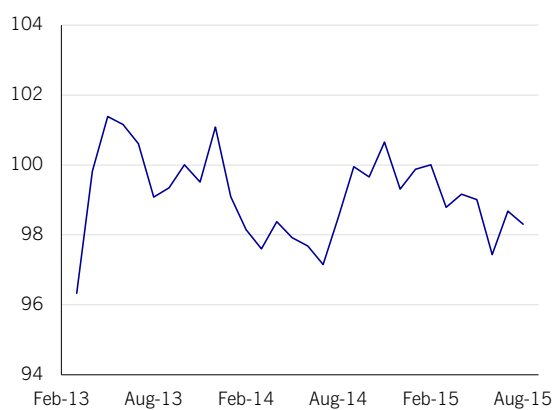
House Buying Sentiment



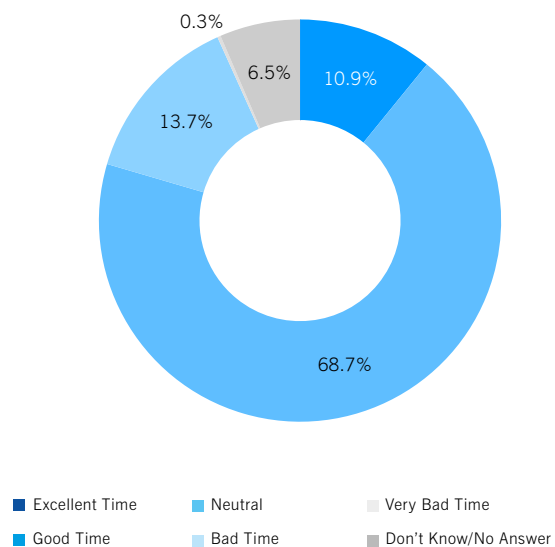
Reasons for Buying Houses (% of Households)



House Selling Sentiment

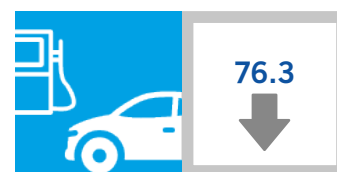


Timing for Selling Houses (% of Households)



Car Purchase

Fall in Potential Car Purchasers



Sentiment towards the car market in Russia stumbled in August as fewer consumers considered it to be a good time to purchase a car and with expectations for gasoline prices over the coming year remaining high.

The Car Purchase Indicator, which is made up of two components (Car Purchase Expectations and Expectations for the Price of Gasoline), eased to 76.3 in August from a one-year high of 78.8 in July. This was predominantly due to a fall in consumers' willingness to buy a car in August, with their outlook for gasoline prices remaining more-or-less the same as they were in the previous month.

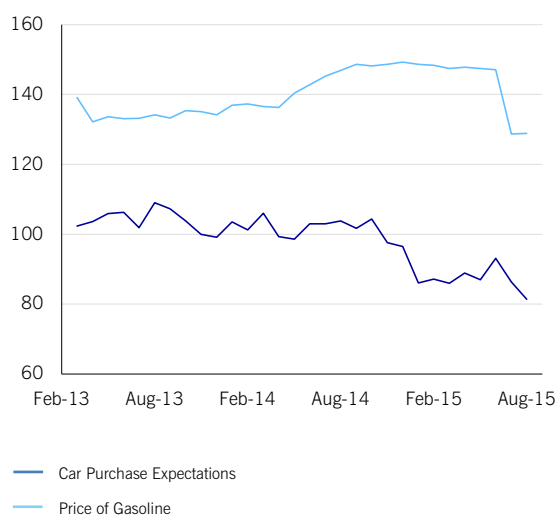
The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, fell to 81.4 in August from 86.3 in July. Just over 65% of respondents thought it would be a bad time to purchase a car in the next 12 months compared with 60.8% in July, 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 27.5% on the year in July following a fall of 29.7% in June. The sharp decline in car sales is due to dealerships having raised prices substantially following the rouble depreciation toward the end of last year as well as the prohibitively high cost of credit. In July, the price of a domestically manufactured car was 21.3% above one produced a year previously and the price of an imported one was 17.7% higher on the year.

Car Purchase Indicator

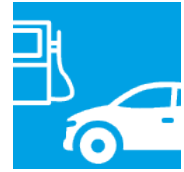


Car Purchase Indicator - Components

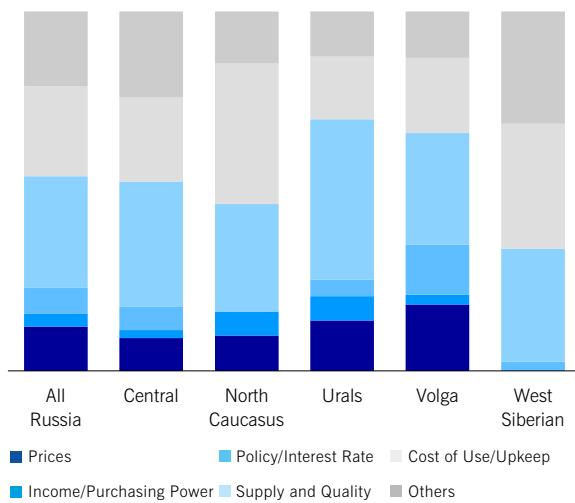


Car Purchase Sentiment

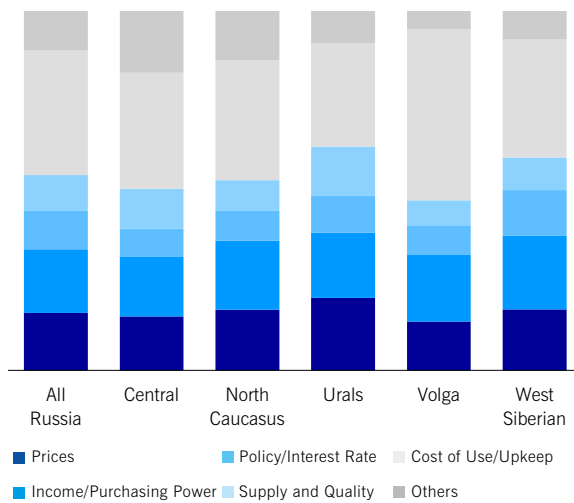
| | Aug-14 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| Car Purchase Sentiment | 78.5 | 69.2 | 70.5 | 69.8 | 73.0 | 78.8 | 76.3 |
| Car Purchase Expectations | 103.8 | 86.0 | 88.9 | 87.0 | 93.1 | 86.3 | 81.4 |
| Price of Gasoline | 146.9 | 147.5 | 147.8 | 147.5 | 147.0 | 128.7 | 128.9 |



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

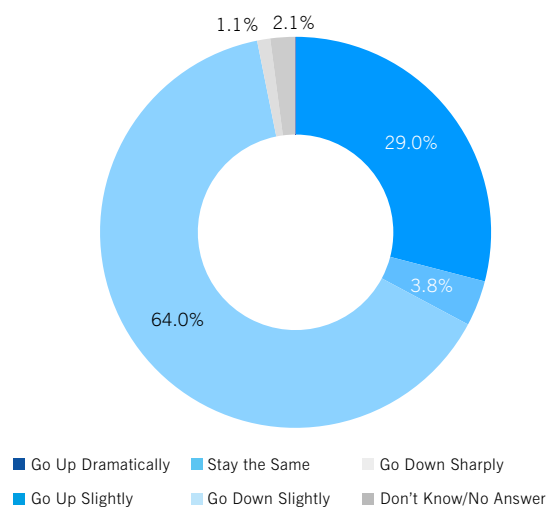


Reasons for a Bad Time to Buy a Car
(% of Households)



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 anticipate that fuel prices would rise over the next 12 months, with the Expectations for the Price of Gasoline component remaining broadly stable at 128.9 in August compared with 128.7 in July.

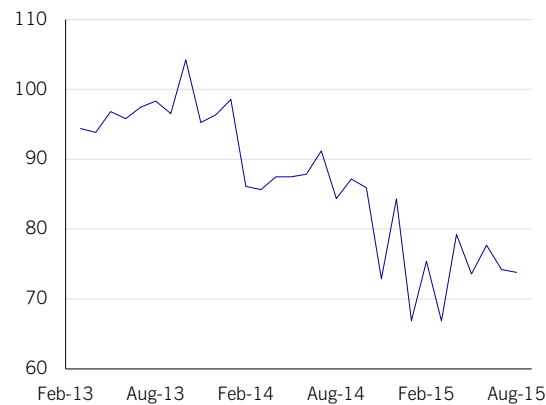
Expected Change in the Price of Gasoline
(% of Households)



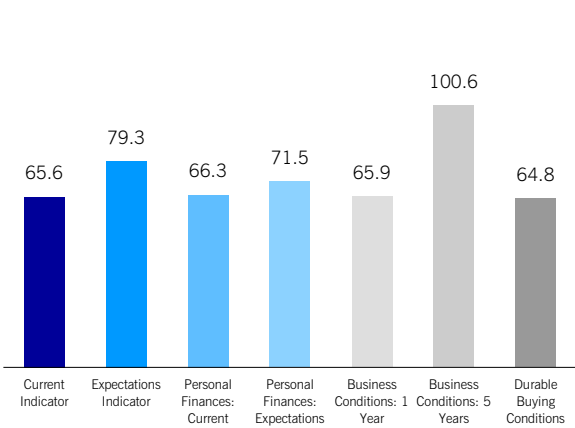
MNI Russia Consumer Indicator Regions



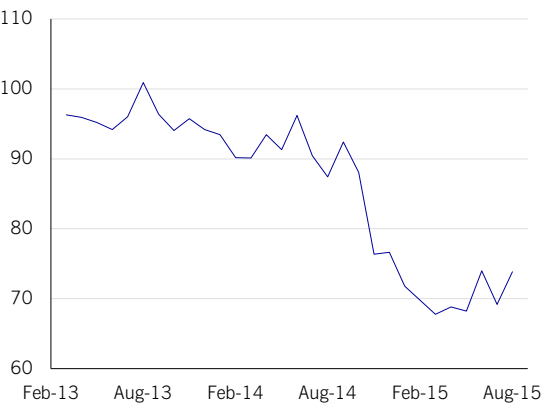
Consumer Indicator: North Caucasus



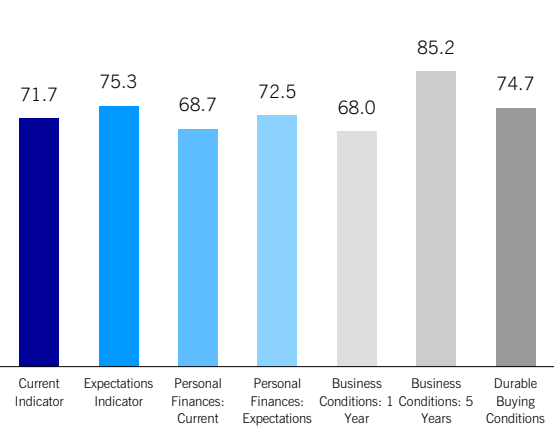
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian

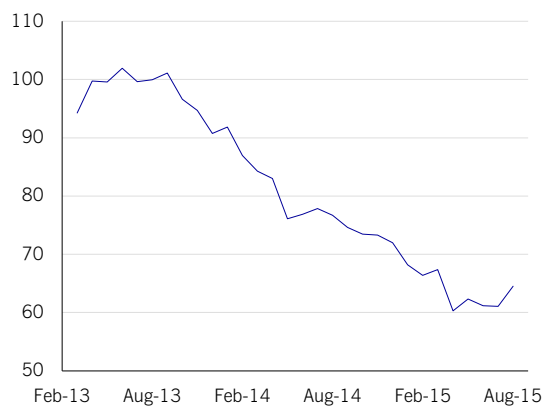


Consumer Indicator Components: West Siberian

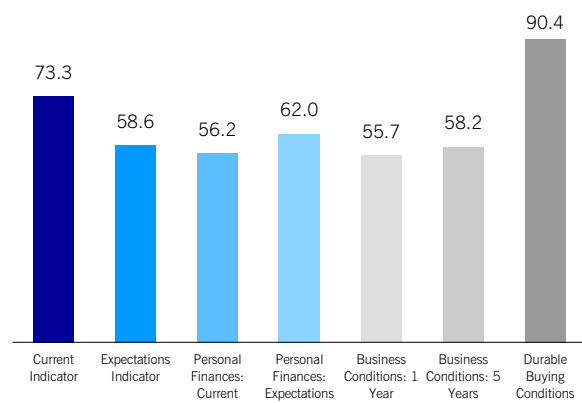




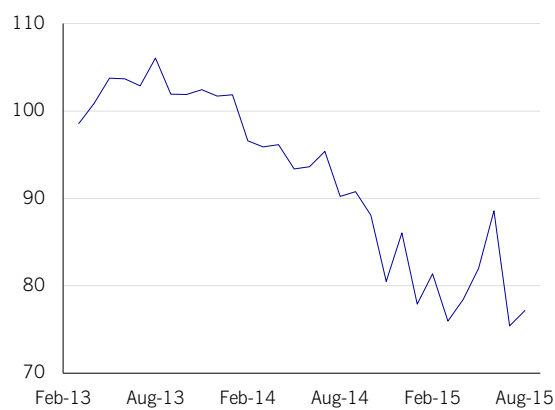
Consumer Indicator: Volga



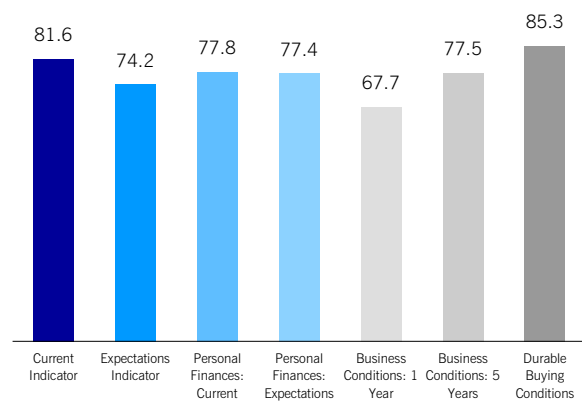
Consumer Indicator Components: Volga



Consumer Indicator: Central

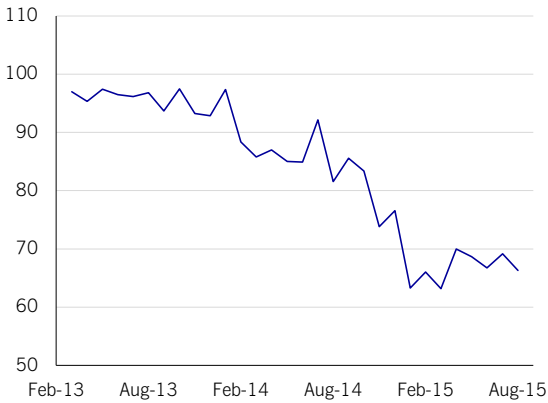


Consumer Indicator Components: Central

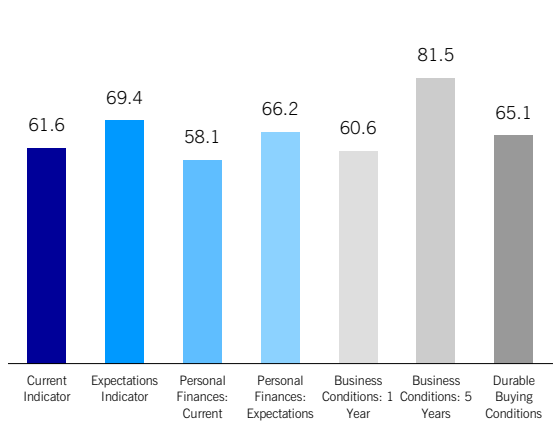




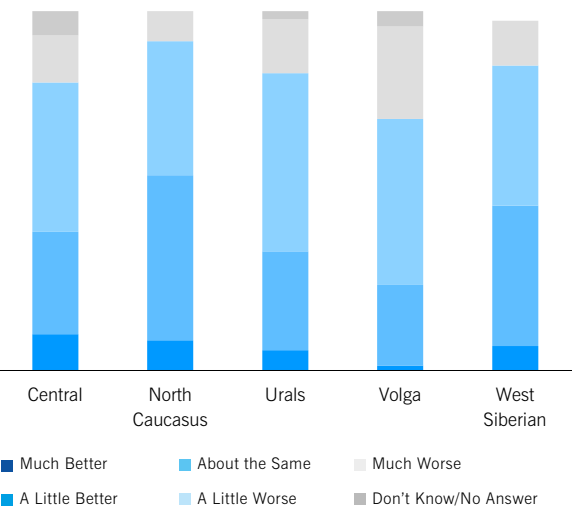
Consumer Indicator: Urals



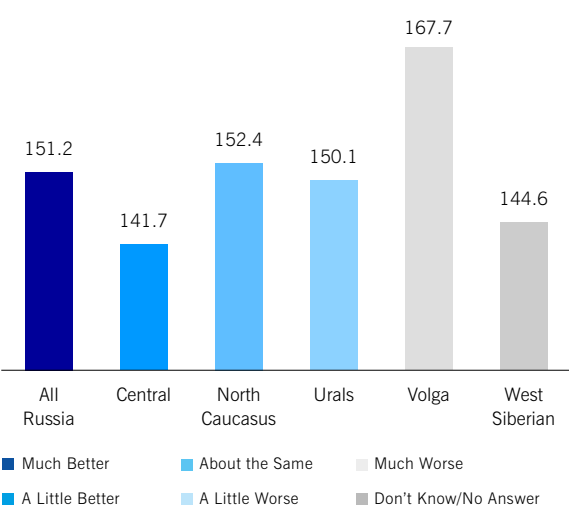
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

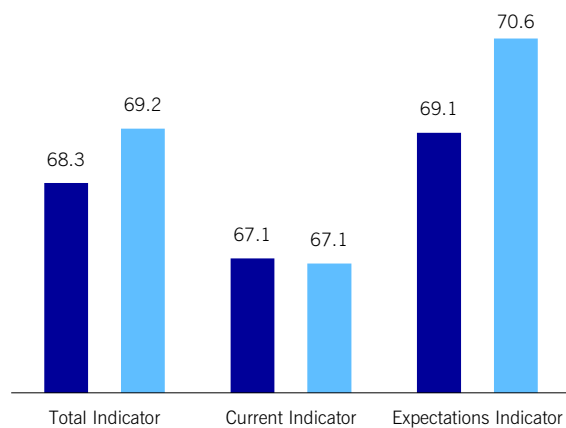


MNI Russia Consumer Indicator

Income Groups

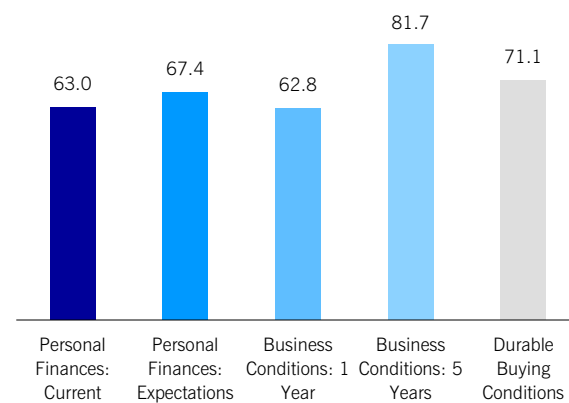


< RUB 480,000 Per Annum

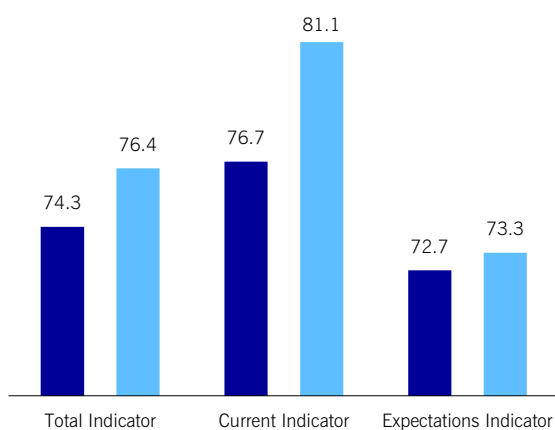


■ July 2015
■ August 2015

< RUB 480,000 - Components

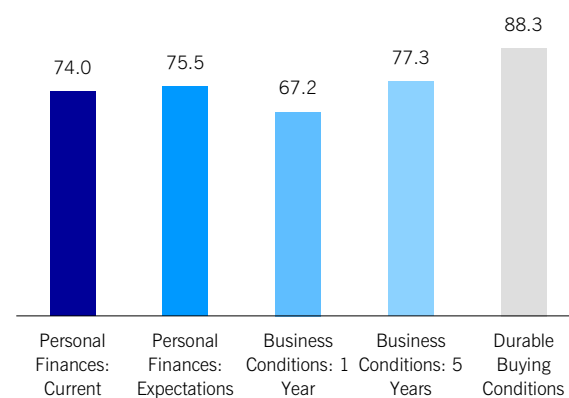


> RUB 480,000 Per Annum



■ July 2015
■ August 2015

> RUB 480,000 - Components





What the Panel Said

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

"Our finances do not allow us to consider making any big purchases." **46-year-old male in Moscow**

"Authorities cannot stop the rouble from depreciating, it is bad for business." **23-year-old female in Moscow**

"Seasonal fruit and vegetables have come down in price, although the price of everything else has increased." **41-year-old female in Moscow**

"My savings are not growing so quickly after Rosbank lowered its deposit rates." **52-year-old male in Saint Petersburg**

"Iranian oil returning to the world market will cause issues for the Russian economy." **35-year-old male from Saint Petersburg**

"With the rouble depreciating every day, it is perhaps better to buy a house rather than see your savings disappear." **32-year-old female in Saint Petersburg**

"Not only have they frozen salaries where I work, they are late handing out pay cheques each month." **61-year-old female in Novosibirsk**

"Economic situation may not be good at the moment but it will improve but over time as the Russian government is building relations with China." **33-year-old male in Novosibirsk**

"Our income is falling as prices keep rising, making each day more difficult to live than the last." **47-year-old male in Novosibirsk**

"We just bought a flat so we are in a lot of debt." **29-year-old male in Kazan**

"During a crisis it is better not to risk making any large payments, it is better to save your money in case you need it at a later date." **56-year-old female in Omsk**

"New properties on the real estate market are poorly constructed, developers try to cut costs wherever they can." **33-year-old male in Nizhny Novgorod**

"Most household appliances on offer are manufactured domestically and are of poor quality." **62-year-old female in Chelyabinsk**

"Government is only concerned about big businesses, smaller companies are shutting down." **49-year-old female in Yekaterinburg**

"Several car manufacturers have exited the Russian market, there aren't anything left that I would consider buying from." **51-year-old male in Rostov-on-Don**



Data Tables

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

Russia - Central Overview

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|--|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Russia - Central Consumer Indicator | 88.6 | 75.4 | 77.1 | Jun-15 | - | 80.4 | 1.7 | 2.3% |
| Current Indicator | 92.3 | 78.3 | 81.6 | Jun-15 | - | 84.1 | 3.3 | 4.1% |
| Expectations Indicator | 86.1 | 73.4 | 74.2 | Jun-15 | - | 77.9 | 0.8 | 1.0% |
| Personal Finance: Current | 84.4 | 71.1 | 77.8 | Jun-15 | - | 77.8 | 6.7 | 9.5% |
| Personal Finance: Expected | 91.5 | 79.1 | 77.4 | - | series low | 82.7 | -1.7 | -2.3% |
| Business Condition: 1 Year | 79.7 | 62.0 | 67.7 | Jun-15 | - | 69.8 | 5.7 | 9.1% |
| Business Condition: 5 Years | 87.2 | 79.2 | 77.5 | - | Apr-15 | 81.3 | -1.7 | -2.0% |
| Durable Buying Conditions | 100.1 | 85.6 | 85.3 | - | Nov-14 | 90.3 | -0.3 | -0.3% |
| Current Business Conditions Indicator | 82.6 | 72.3 | 69.5 | - | series low | 74.8 | -2.8 | -4.0% |
| Real Estate Investment Indicator | 115.9 | 110.7 | 112.2 | Jun-15 | - | 112.9 | 1.5 | 1.3% |
| Car Purchase Indicator | 82.2 | 78.5 | 77.8 | - | May-15 | 79.5 | -0.7 | -0.8% |
| Employment Outlook Indicator | 82.3 | 71.1 | 71.2 | Jun-15 | - | 74.9 | 0.1 | 0.2% |
| Inflation Expectations Indicator | 160.2 | 163.0 | 161.8 | - | Jun-15 | 161.7 | -1.2 | -0.7% |
| Current Prices Satisfaction Indicator | 56.8 | 44.9 | 47.8 | Jun-15 | - | 49.8 | 2.9 | 6.6% |
| Interest Rates Expectations Indicator | 133.5 | 142.7 | 141.7 | - | Jun-15 | 139.3 | -1.0 | -0.7% |

Russia - Urals Overview

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|--|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Russia - Urals Consumer Indicator | 66.7 | 69.2 | 66.3 | - | Mar-15 | 67.4 | -2.9 | -4.1% |
| Current Indicator | 64.6 | 67.5 | 61.6 | - | Mar-15 | 64.6 | -5.9 | -8.8% |
| Expectations Indicator | 68.2 | 70.2 | 69.4 | - | Jun-15 | 69.3 | -0.8 | -1.1% |
| Personal Finance: Current | 59.7 | 63.8 | 58.1 | - | Mar-15 | 60.5 | -5.7 | -9.0% |
| Personal Finance: Expected | 63.9 | 68.2 | 66.2 | - | Jun-15 | 66.1 | -2.0 | -3.0% |
| Business Condition: 1 Year | 61.2 | 61.9 | 60.6 | - | May-15 | 61.2 | -1.3 | -2.0% |
| Business Condition: 5 Years | 79.3 | 80.6 | 81.5 | May-15 | - | 80.5 | 0.9 | 1.1% |
| Durable Buying Conditions | 69.4 | 71.2 | 65.1 | - | Apr-15 | 68.6 | -6.1 | -8.6% |
| Current Business Conditions Indicator | 60.3 | 61.2 | 62.2 | May-15 | - | 61.2 | 1.0 | 1.6% |
| Real Estate Investment Indicator | 105.2 | 101.9 | 103.6 | Jun-15 | - | 103.6 | 1.7 | 1.7% |
| Car Purchase Indicator | 64.3 | 72.9 | 69.2 | - | Jun-15 | 68.8 | -3.7 | -5.0% |
| Employment Outlook Indicator | 63.9 | 62.5 | 63.0 | Jun-15 | - | 63.1 | 0.5 | 0.9% |
| Inflation Expectations Indicator | 151.3 | 153.4 | 151.2 | - | May-15 | 152.0 | -2.2 | -1.5% |
| Current Prices Satisfaction Indicator | 44.6 | 44.2 | 45.6 | May-15 | - | 44.8 | 1.4 | 3.1% |
| Interest Rates Expectations Indicator | 153.3 | 148.5 | 150.1 | Jun-15 | - | 150.6 | 1.6 | 1.1% |

Russia - Volga Overview

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|--|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Russia - Volga Consumer Indicator | 61.2 | 61.1 | 64.5 | Mar-15 | - | 62.3 | 3.4 | 5.6% |
| Current Indicator | 70.9 | 68.3 | 73.3 | Mar-15 | - | 70.8 | 5.0 | 7.4% |
| Expectations Indicator | 54.7 | 56.3 | 58.6 | Mar-15 | - | 56.5 | 2.3 | 4.2% |
| Personal Finance: Current | 54.9 | 61.0 | 56.2 | - | Jun-15 | 57.4 | -4.8 | -7.9% |
| Personal Finance: Expected | 58.8 | 60.3 | 62.0 | Mar-15 | - | 60.4 | 1.7 | 2.8% |
| Business Condition: 1 Year | 54.4 | 55.3 | 55.7 | May-15 | - | 55.1 | 0.4 | 0.7% |
| Business Condition: 5 Years | 50.9 | 53.1 | 58.2 | Dec-14 | - | 54.1 | 5.1 | 9.5% |
| Durable Buying Conditions | 86.8 | 75.5 | 90.4 | Mar-15 | - | 84.2 | 14.9 | 19.7% |
| Current Business Conditions Indicator | 51.1 | 56.7 | 51.1 | - | May-15 | 53.0 | -5.6 | -10.0% |
| Real Estate Investment Indicator | 110.8 | 115.1 | 115.5 | Mar-15 | - | 113.8 | 0.4 | 0.3% |
| Car Purchase Indicator | 69.8 | 94.7 | 83.0 | - | Jun-15 | 82.5 | -11.7 | -12.4% |
| Employment Outlook Indicator | 47.2 | 55.8 | 52.0 | - | Jun-15 | 51.7 | -3.8 | -6.8% |
| Inflation Expectations Indicator | 166.4 | 172.5 | 169.6 | - | Jun-15 | 169.5 | -2.9 | -1.7% |
| Current Prices Satisfaction Indicator | 34.8 | 38.8 | 34.2 | - | series low | 35.9 | -4.6 | -11.9% |
| Interest Rates Expectations Indicator | 162.9 | 164.3 | 167.7 | May-15 | - | 165.0 | 3.4 | 2.0% |

Russia - North Caucasus Overview

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|---|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Russia - North Caucasus Consumer Indicator | 77.7 | 74.2 | 73.8 | - | May-15 | 75.2 | -0.4 | -0.5% |
| Current Indicator | 70.9 | 66.1 | 65.6 | - | May-15 | 67.5 | -0.5 | -0.9% |
| Expectations Indicator | 82.2 | 79.6 | 79.3 | - | Mar-15 | 80.4 | -0.3 | -0.4% |
| Personal Finance: Current | 71.8 | 63.8 | 66.3 | Jun-15 | - | 67.3 | 2.5 | 3.9% |
| Personal Finance: Expected | 74.8 | 73.0 | 71.5 | - | series low | 73.1 | -1.5 | -2.1% |
| Business Condition: 1 Year | 70.5 | 63.8 | 65.9 | Jun-15 | - | 66.7 | 2.1 | 3.3% |
| Business Condition: 5 Years | 101.4 | 102.1 | 100.6 | - | May-15 | 101.4 | -1.5 | -1.4% |
| Durable Buying Conditions | 70.0 | 68.5 | 64.8 | - | Mar-15 | 67.8 | -3.7 | -5.4% |
| Current Business Conditions Indicator | 71.9 | 74.2 | 72.0 | - | Jun-15 | 72.7 | -2.2 | -2.9% |
| Real Estate Investment Indicator | 102.1 | 100.4 | 99.5 | - | May-15 | 100.7 | -0.9 | -0.9% |
| Car Purchase Indicator | 68.6 | 73.0 | 67.6 | - | May-15 | 69.7 | -5.4 | -7.4% |
| Employment Outlook Indicator | 79.4 | 83.1 | 77.2 | - | May-15 | 79.9 | -5.9 | -7.2% |
| Inflation Expectations Indicator | 139.9 | 139.5 | 139.3 | - | Dec-14 | 139.6 | -0.2 | -0.2% |
| Current Prices Satisfaction Indicator | 54.8 | 53.5 | 54.5 | Jun-15 | - | 54.3 | 1.0 | 1.8% |
| Interest Rates Expectations Indicator | 154.9 | 154.7 | 152.4 | - | Dec-14 | 154.0 | -2.3 | -1.5% |

Russia - West Siberian Overview

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|--|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Russia - West Siberian Consumer Indicator | 74.0 | 69.2 | 73.8 | Jun-15 | - | 72.3 | 4.6 | 6.7% |
| Current Indicator | 72.4 | 65.5 | 71.7 | Jun-15 | - | 69.9 | 6.2 | 9.5% |
| Expectations Indicator | 75.0 | 71.6 | 75.3 | Dec-14 | - | 74.0 | 3.7 | 5.0% |
| Personal Finance: Current | 69.5 | 64.8 | 68.7 | Jun-15 | - | 67.7 | 3.9 | 6.1% |
| Personal Finance: Expected | 75.1 | 71.9 | 72.5 | Jun-15 | - | 73.2 | 0.6 | 0.8% |
| Business Condition: 1 Year | 67.4 | 59.9 | 68.0 | Oct-14 | - | 65.1 | 8.1 | 13.5% |
| Business Condition: 5 Years | 82.5 | 83.1 | 85.2 | Dec-14 | - | 83.6 | 2.1 | 2.6% |
| Durable Buying Conditions | 75.4 | 66.1 | 74.7 | Jun-15 | - | 72.1 | 8.6 | 12.9% |
| Current Business Conditions Indicator | 72.1 | 68.5 | 71.3 | Jun-15 | - | 70.6 | 2.8 | 4.2% |
| Real Estate Investment Indicator | 105.0 | 104.9 | 104.5 | - | Apr-15 | 104.8 | -0.4 | -0.4% |
| Car Purchase Indicator | 68.3 | 70.6 | 73.9 | Jan-15 | - | 70.9 | 3.3 | 4.6% |
| Employment Outlook Indicator | 70.5 | 73.7 | 71.5 | - | Jun-15 | 71.9 | -2.2 | -3.1% |
| Inflation Expectations Indicator | 144.2 | 144.1 | 145.4 | May-15 | - | 144.6 | 1.3 | 0.9% |
| Current Prices Satisfaction Indicator | 43.7 | 45.8 | 43.1 | - | Mar-15 | 44.2 | -2.7 | -5.9% |
| Interest Rates Expectations Indicator | 143.1 | 142.8 | 144.6 | Mar-15 | - | 143.5 | 1.8 | 1.2% |

All Russia - Overview by Age

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|--------------------------------------|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Age 18-34 | | | | | | | | |
| MNI Russia Consumer Indicator | 77.9 | 71.9 | 72.2 | Jun-15 | - | 74.0 | 0.3 | 0.4% |
| Current Indicator | 77.6 | 72.2 | 72.1 | - | Mar-15 | 74.0 | -0.1 | -0.2% |
| Expectations Indicator | 78.1 | 71.8 | 72.3 | Jun-15 | - | 74.1 | 0.5 | 0.8% |
| Personal Finance: Current | 72.2 | 65.8 | 67.3 | Jun-15 | - | 68.4 | 1.5 | 2.2% |
| Personal Finance: Expected | 79.6 | 74.2 | 71.2 | - | series low | 75.0 | -3.0 | -4.1% |
| Business Condition: 1 Year | 70.3 | 62.4 | 64.5 | Jun-15 | - | 65.7 | 2.1 | 3.3% |
| Business Condition: 5 Years | 84.5 | 78.7 | 81.3 | Jun-15 | - | 81.5 | 2.6 | 3.3% |
| Durable Buying Conditions | 83.0 | 78.5 | 76.9 | - | Mar-15 | 79.5 | -1.6 | -2.1% |
| Age 35-54 | | | | | | | | |
| MNI Russia Consumer Indicator | 76.3 | 70.8 | 74.6 | Jun-15 | - | 73.9 | 3.8 | 5.5% |
| Current Indicator | 79.8 | 71.0 | 77.4 | Jun-15 | - | 76.1 | 6.4 | 9.0% |
| Expectations Indicator | 73.9 | 70.6 | 72.8 | Jun-15 | - | 72.4 | 2.2 | 3.1% |
| Personal Finance: Current | 72.0 | 64.4 | 71.2 | Jun-15 | - | 69.2 | 6.8 | 10.7% |
| Personal Finance: Expected | 72.7 | 70.0 | 72.1 | Jun-15 | - | 71.6 | 2.1 | 2.9% |
| Business Condition: 1 Year | 70.1 | 61.4 | 67.9 | Jun-15 | - | 66.5 | 6.5 | 10.5% |
| Business Condition: 5 Years | 79.1 | 80.3 | 78.4 | - | Mar-15 | 79.3 | -1.9 | -2.3% |
| Durable Buying Conditions | 87.5 | 77.7 | 83.6 | Jun-15 | - | 82.9 | 5.9 | 7.7% |
| Age 55-64 | | | | | | | | |
| MNI Russia Consumer Indicator | 70.8 | 66.2 | 67.3 | Jun-15 | - | 68.1 | 1.1 | 1.6% |
| Current Indicator | 71.5 | 67.8 | 67.6 | - | May-15 | 69.0 | -0.2 | -0.3% |
| Expectations Indicator | 70.3 | 65.2 | 67.1 | Jun-15 | - | 67.5 | 1.9 | 2.9% |
| Personal Finance: Current | 66.3 | 59.7 | 62.7 | Jun-15 | - | 62.9 | 3.0 | 5.0% |
| Personal Finance: Expected | 64.9 | 65.0 | 67.3 | Feb-15 | - | 65.7 | 2.3 | 3.5% |
| Business Condition: 1 Year | 66.7 | 57.0 | 57.5 | Jun-15 | - | 60.4 | 0.5 | 0.9% |
| Business Condition: 5 Years | 79.1 | 73.5 | 76.4 | Jun-15 | - | 76.3 | 2.9 | 3.9% |
| Durable Buying Conditions | 76.8 | 75.9 | 72.5 | - | May-15 | 75.1 | -3.4 | -4.5% |

All Russia - Overview by Income

| | Jun-15 | Jul-15 | Aug-15 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|--------------------------------------|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| < RUB 480,000 Per Annum | | | | | | | | |
| MNI Russia Consumer Indicator | 71.0 | 68.3 | 69.2 | Jun-15 | - | 69.5 | 0.9 | 1.3% |
| Current Indicator | 70.8 | 67.1 | 67.1 | - | Mar-15 | 68.3 | 0.0 | -0.1% |
| Expectations Indicator | 71.1 | 69.1 | 70.6 | Jun-15 | - | 70.3 | 1.5 | 2.2% |
| Personal Finance: Current | 65.6 | 61.2 | 63.0 | Jun-15 | - | 63.3 | 1.8 | 2.9% |
| Personal Finance: Expected | 68.7 | 69.4 | 67.4 | - | Apr-15 | 68.5 | -2.0 | -2.9% |
| Business Condition: 1 Year | 65.1 | 59.8 | 62.8 | Jun-15 | - | 62.6 | 3.0 | 5.0% |
| Business Condition: 5 Years | 79.6 | 78.2 | 81.7 | Dec-14 | - | 79.8 | 3.5 | 4.5% |
| Durable Buying Conditions | 76.1 | 73.0 | 71.1 | - | Mar-15 | 73.4 | -1.9 | -2.7% |
| > RUB 480,000 Per Annum | | | | | | | | |
| MNI Russia Consumer Indicator | 83.2 | 74.3 | 76.4 | Jun-15 | - | 78.0 | 2.1 | 2.9% |
| Current Indicator | 86.3 | 76.7 | 81.1 | Jun-15 | - | 81.4 | 4.4 | 5.8% |
| Expectations Indicator | 81.1 | 72.7 | 73.3 | Jun-15 | - | 75.7 | 0.6 | 0.9% |
| Personal Finance: Current | 78.6 | 68.6 | 74.0 | Jun-15 | - | 73.7 | 5.4 | 7.8% |
| Personal Finance: Expected | 81.9 | 74.4 | 75.5 | Jun-15 | - | 77.3 | 1.1 | 1.5% |
| Business Condition: 1 Year | 75.8 | 63.7 | 67.2 | Jun-15 | - | 68.9 | 3.5 | 5.5% |
| Business Condition: 5 Years | 85.5 | 79.9 | 77.3 | - | Mar-15 | 80.9 | -2.6 | -3.3% |
| Durable Buying Conditions | 94.0 | 84.8 | 88.3 | Jun-15 | - | 89.0 | 3.5 | 4.1% |

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.



mni | DEUTSCHE BÖRSE
GROUP

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.

www.mni-indicators.com

Insight and data for better decisions

Published by

MNI Indicators | Deutsche Börse Group

Westferry House

11 Westferry Circus

London

E14 4HE

www.mni-indicators.com



@MNIIndicators



MNI Indicators

Copyright © 2015 MNI Indicators | Deutsche Börse Group.

Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.