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MNI Russia Consumer Report October 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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MNI Russia Consumer Report - October 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 consumers fell further into negative territory in October as concerns about the outlook for business intensified and as expectations for the job market sank to a new record low.

Confidence among Russian consumers fell further into negative territory in October as concerns about the outlook for business intensified and as expectations for the job market sank to a new record low.

The MNI Russia Consumer Sentiment Indicator fell 0.8% on the month to 69.5 in October from 70.0 in September, only slightly above the record low outturn of 69.2 in March. Four of the five components of the MNI Russia Consumer Sentiment Indicator declined between September and October, led by a scaling back in respondents' expectations for business conditions in five years.

While consumers were more-or-less unchanged in their assessment of their current financial situation, which remains close to the all-time low, they were increasingly pessimistic about the future state of their finances. A record proportion of our panel anticipated that the employment situation would worsen over the coming year.

Nearly all 1,000 respondents reported that they were spending at least 70% of their disposable income. High inflation has continued to erode take home pay and consumers this month said that they were the most dissatisfied on record with the current cost of living. Households saw no relief over the coming year either, with inflationary expectations remaining elevated.

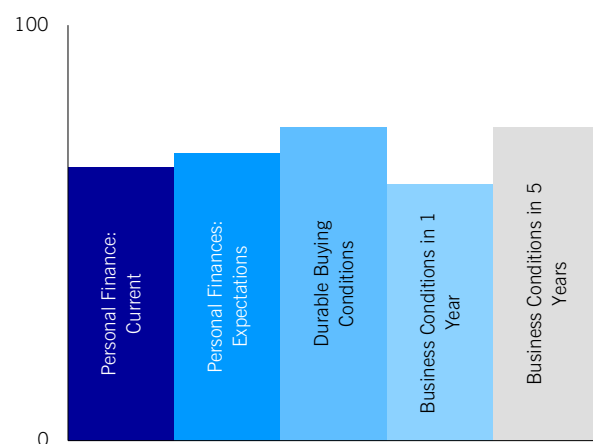
With households struggling to balance their finances, the Durable Buying Conditions indicator, a measure of whether it is a good or bad time to purchase a large household good, hit a record low this month. Car purchase sentiment also fell to the lowest level in the survey's history on the back of heightened expectations for gasoline prices over the coming year.

Conditions in the Russian real estate market were more-or-less the same in October as an improvement in the conditions for purchasing a property was countered by lower expectations for house prices.

Our panel trimmed back their expectations for interest rates in October, with 5.1% of those surveyed expecting interest rates to be lower in 12 months' time compared with the 4.6% who did in September.

The Current Indicator, which measures consumers' assessment of current conditions, was broadly stable at 70.6 in October after falling to 70.5 in September. Meanwhile, the Expectations Indicator, which is comprised of the three forward-looking components, declined to 68.8 in October from 69.7 in the previous month, the lowest level since the survey began in March 2013.

MNI Russia Consumer Indicator - Components



All Russia - Overview

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Consumer Indicator	72.5	70.0	69.5	-	Mar-15	70.7	-0.5	-0.8%
Current Indicator	73.5	70.5	70.6	Aug-15	-	71.5	0.1	0.1%
Expectations Indicator	71.8	69.7	68.8	-	series low	70.1	-0.9	-1.3%
Personal Finance: Current	68.2	65.6	65.8	Aug-15	-	66.5	0.2	0.3%
Personal Finance: Expected	71.0	69.5	69.2	-	series low	69.9	-0.3	-0.4%
Business Condition: 1 Year	64.9	62.0	61.7	-	Jul-15	62.9	-0.3	-0.6%
Business Condition: 5 Years	79.6	77.6	75.5	-	Mar-15	77.6	-2.1	-2.7%
Durable Buying Conditions	78.9	75.5	75.4	-	series low	76.6	-0.1	-0.1%
Current Business Conditions Indicator	67.3	65.8	64.8	-	series low	66.0	-1.0	-1.5%
Real Estate Investment Indicator	107.5	105.9	106.0	Aug-15	-	106.5	0.1	0.1%
Car Purchase Indicator	76.3	74.1	66.5	-	series low	72.3	-7.6	-10.2%
Employment Outlook Indicator	69.0	66.4	63.0	-	series low	66.1	-3.4	-5.1%
Inflation Expectations Indicator	154.4	157.0	156.9	-	Aug-15	156.1	-0.1	-0.1%
Current Prices Satisfaction Indicator	47.1	44.3	43.6	-	series low	45.0	-0.7	-1.5%
Interest Rates Expectations Indicator	151.2	152.3	151.5	-	Aug-15	151.7	-0.8	-0.5%

All Russia - Summary

	2014			2015									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
MNI Russia Consumer Indicator	84.3	76.3	80.3	70.6	73.1	69.2	73.0	72.8	76.4	70.8	72.5	70.0	69.5
Current Indicator	85.7	73.3	80.4	71.9	75.2	69.1	74.4	72.5	77.7	71.2	73.5	70.5	70.6
Expectations Indicator	83.3	78.3	80.2	69.8	71.8	69.2	72.0	73.0	75.6	70.5	71.8	69.7	68.8
Personal Finance: Current	80.0	67.5	73.3	65.2	67.9	62.1	68.4	67.8	71.4	64.5	68.2	65.6	65.8
Personal Finance: Expected	88.0	87.0	85.0	77.2	77.0	75.9	70.9	73.2	75.1	71.5	71.0	69.5	69.2
Business Condition: 1 Year	75.6	63.7	69.8	60.8	68.4	59.7	65.2	64.4	69.8	61.3	64.9	62.0	61.7
Business Condition: 5 Years	86.3	84.1	85.7	71.3	69.9	72.0	80.0	81.3	81.7	78.7	79.6	77.6	75.5
Durable Buying Conditions	91.4	79.1	87.6	78.6	82.5	76.2	80.5	77.3	83.9	77.9	78.9	75.5	75.4
Current Business Conditions Indicator	86.8	86.5	84.0	70.7	69.6	67.4	67.9	67.9	70.1	67.8	67.3	65.8	64.8
Real Estate Investment Indicator	109.3	105.2	108.7	105.3	106.4	105.8	106.5	106.8	108.7	106.8	107.5	105.9	106.0
House Price Expectations	142.9	142.8	144.1	142.8	142.9	143.5	142.5	142.9	142.9	144.6	143.1	144.0	143.5
House Buying Sentiment	84.7	73.5	81.2	73.2	76.3	72.7	76.1	76.4	80.6	74.5	77.6	74.2	74.8
House Selling Sentiment	99.7	100.7	99.3	99.9	100.0	98.8	99.2	99.0	97.4	98.7	98.3	100.5	100.2
Car Purchase Indicator	78.1	74.5	73.6	68.7	69.4	69.2	70.5	69.8	73.0	78.8	76.3	74.1	66.5
Car Purchase Expectations	104.4	97.6	96.5	86.0	87.2	86.0	88.9	87.0	93.1	86.3	81.4	80.6	81.5
Price of Gasoline Expectations	148.2	148.6	149.2	148.7	148.3	147.5	147.8	147.5	147.0	128.7	128.9	132.3	148.4
Employment Outlook Indicator	87.1	87.3	86.7	66.9	68.2	66.5	68.8	70.1	71.4	68.5	69.0	66.4	63.0
Inflation Expectations Indicator	144.7	144.5	144.3	161.1	169.2	160.9	153.1	152.6	154.7	156.3	154.4	157.0	156.9
Current Prices Satisfaction Indicator	62.6	62.0	60.2	44.9	47.6	47.0	47.3	48.0	49.0	46.0	47.1	44.3	43.6
Interest Rates Expectations Indicator	122.6	122.2	127.6	165.1	168.4	167.4	151.8	150.9	149.1	151.5	151.2	152.3	151.5

All Russia - Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
MNI Russia Consumer Indicator	69.2	101.2	85.9	88.7
Current Indicator	69.1	102.8	86.2	89.1
Expectations Indicator	68.8	100.2	85.7	87.7
Personal Finance: Current	62.1	103.5	81.2	81.4
Personal Finance: Expected	69.2	107.4	90.1	92.0
Business Condition: 1 Year	59.7	99.4	79.4	80.1
Business Condition: 5 Years	69.9	97.3	87.6	90.3
Durable Buying Conditions	75.4	107.4	91.2	95.5
Current Business Conditions Indicator	64.8	99.8	85.6	90.3
Real Estate Investment Indicator	105.2	110.7	107.6	107.3
House Price Expectations	121.4	144.6	136.2	139.7
House Buying Sentiment	72.7	101.1	85.8	84.5
House Selling Sentiment	96.3	101.4	99.2	99.2
Car Purchase Indicator	66.5	87.4	78.6	79.0
Car Purchase expectations	80.6	109.1	97.4	100.6
Price of Gasoline expectations	128.7	149.2	140.2	138.2
Employment Outlook Indicator	63.0	100.6	85.6	89.8
Inflation Expectations Indicator	129.9	169.2	144.8	142.0
Current Prices Satisfaction Indicator	43.6	86.1	64.6	66.4
Interest Rates Expectations Indicator	113.1	168.4	129.7	119.5

Consumer price inflation fell to 15.6% in October from 15.7% in September...

...marking the second consecutive month that inflation has eased.



Economic Landscape

Recognising continued inflation risks, the Central Bank of Russia chose to maintain the key interest rate at 11% at its meeting on October 30.

Recognising continued inflation risks, the Central Bank of Russia chose to maintain the key interest rate at 11% at its meeting on October 30. This marked the second meeting in a row that the central bank has decided to hold the key rate after five consecutive cuts which have brought it down by a total of 600 basis points. Even so, the benchmark rate is still above the 10.5% it was in December last year, before it was hiked to 17% in a desperate effort to support the rouble.

In a similar vein to our own surveys, official data suggested that business activity had stabilised in September, while consumers continued to face a torrid time, reinforcing the view that households are shouldering the majority of the slowdown in Russia. Industrial production was lifted a little after the manufacture of tradeables was encouraged by the weakness of the rouble, although it continued to be held back by weakness in consumer-oriented products. Also, the Economy Ministry's GDP estimate for September indicated that the Russian economy contracted by a lesser extent on the year and actually grew on the month in seasonally-adjusted terms. There was a tentative sign that inflation is once again on the back foot following the flare up in recent months, with consumer prices easing in October and prices at the factory gate a little lower in September. Even so, real wages fell further given the anaemic job market, weighing on both retail sales and car purchases, with the former declining at the sharpest pace since 1999.

Russia's recession deepens

Data released by the Federal Statistics Service (Rosstat) showed that GDP declined 6% on the year in the second quarter of 2015 following a contraction of 2.2% in the first quarter.

A sharp decline in the wholesale and retail sector led the slowdown in Q2, with output down 9.9% year-on-year following a contraction of 7.6% in Q1. The decline in the manufacturing sector accelerated to 4.8% on the year having shrunk just 0.6% in Q1, in stark contrast to the latter half of 2014 when it provided some measure of support for the economy. Western capital restrictions continued to depress the financial sector, with output falling 5.2% year-on-year following a decline of 3.9% in Q1. One of just a handful of areas to see growth was the agricultural sector, which expanded 2.1% on the year in

Q2 as the food ban gave a helping hand to domestic farmers, although this was down from growth of 2.9% in Q1.

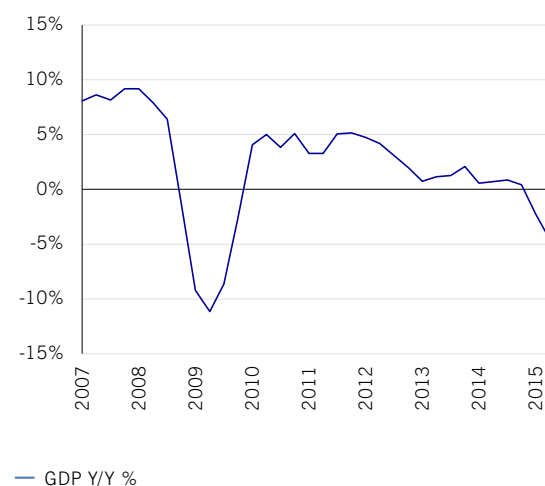
On an expenditure basis, a 10% year-on-year drop in gross fixed capital formation led the contraction in Q2 as investment outflows totalled \$20 billion on the quarter, down on the \$30 billion that left Russia's shores in Q1. Private consumption was also hit in Q2, suffering a 2.3% year-on-year decline as high inflation, falling wages and the prohibitive cost of credit all weighed on households' purchasing power. Net exports provided some measure of support, growing by 1.3% year-on-year in Q2 as the relative weakness of the rouble provided a boost to Russian manufactured goods overseas in spite of oil prices remaining low, the economy's main export.

Latest monthly figures from the Economic Development Ministry suggest that GDP fell 3.8% on the year in September following a 4.6% decline in August. Given the slump in oil prices over the past few months, the economy ministry forecasts that GDP will shrink 3.3% in 2015 but believes that the downturn had bottomed out.

Weak rouble helps to lift output

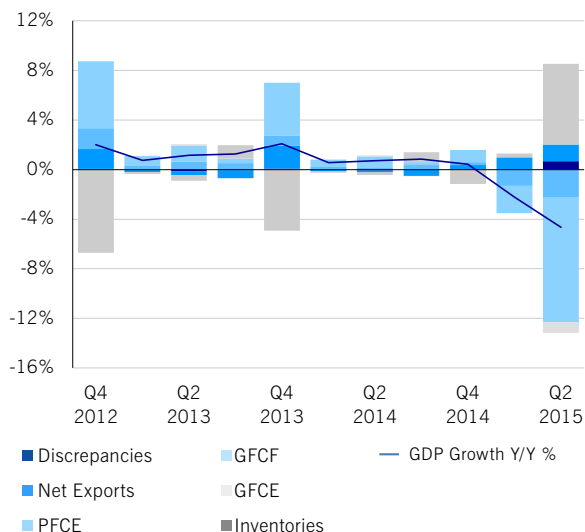
Industrial production expanded by a seasonally adjusted 0.6% on the month in September after contracting by 0.3% in September, while year-on-year growth increased slightly to -3.7% from -4.3% in the previous month.

Economic Growth



Source: Rosstat

Contribution to Economic Growth

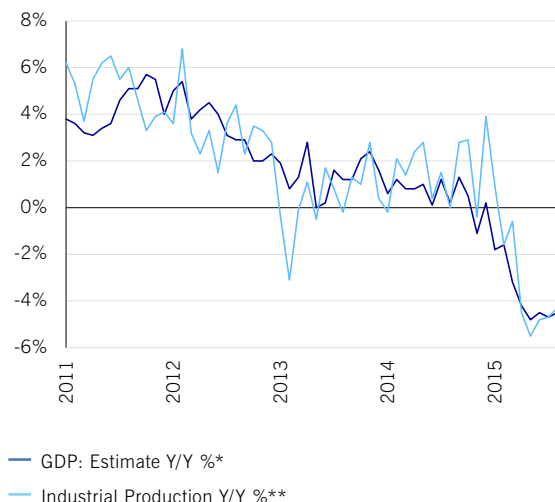


Source: Rosstat

Once again, there was evidence that the depreciation in the rouble over recent months provided some support to the industrial sector by helping to drive up export volumes. Looking at the product breakdown, there were improvements in tradeables (such as raw materials) which suggests overseas firms are switching to Russian suppliers in order to take advantage of the more favourable exchange rate. Even so, consumer-oriented goods (such as cars, clothing and durables) continued to drag down industrial production after Russian households reined in their spending in recent months.

Manufacturing output was down 5.4% on the year following a 6.8% fall in the previous month. Chemicals production was the star performer with growth of 9.3%, though this was countered by a decline in 11 of the 14 remaining manufacturing industries. Mining and quarrying output was 0.8% above the same month a year earlier, matching the August improvement. Only extraction of crude oil and natural gas was down, shrinking by 0.4% in annual terms, while mining of unclassified materials exhibited the greatest improvement of 9.7% in September. Year-on-year growth in utilities output fell 2.6% in September following a decline of 0.7% in the previous month. Thermal energy production and distribution contracted 1.6% on the year in September following growth of 1.1% in August, whereas

Industrial Production and GDP Estimate



Source: *Ministry of Economic Development, **Rosstat

electricity production suffered a 1.6% decline after contracting just 0.1% in the previous month.

CBR holds rates steady for second consecutive meeting

Recognising continued inflation risks, the Central Bank of Russia chose to maintain the key interest rate at 11% at its meeting on October 30. This marked the second meeting in a row that the central bank has decided to hold the key rate after five consecutive cuts which have brought the key rate down by a total of 600 basis points. Even so, the benchmark rate is still above the 10.5% it was in December last year, before it was hiked to 17% in a desperate effort to support the rouble.

The CBR is caught between a rock and a hard place. On the 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 needs to cut rates to place the economy in a position from which it can emerge from recession should the external environment present an opportunity to do so. The growing likelihood of the US Federal Reserve implementing "lift-off" in December complicates matters as it will likely trigger a volatile reaction in emerging markets. Inflation is also proving difficult to bring down, with the latest official CPI data

continuing to suggest that it remains sticky, while the rouble remains on shaky ground in spite of a stabilisation in oil prices following the China-led equity and commodity rout in August. As such, our assessment at this stage is that the CBR will find its hands tied at its next meeting on December 11, leaving it with little option but to hold rates steady.

Trade balance shows tentative signs of stabilising

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 September, Russia's trade surplus declined by 26.5% on the year to \$8.9 billion from \$8.7 billion in August.

Exports declined by 32.8% on the year to \$25.6 billion in September from \$25.3 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 towards the end of 2015.

Imports, in contrast, fell by 35.7% on the year to \$16.7 billion in September from \$16.6 billion in August. 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.

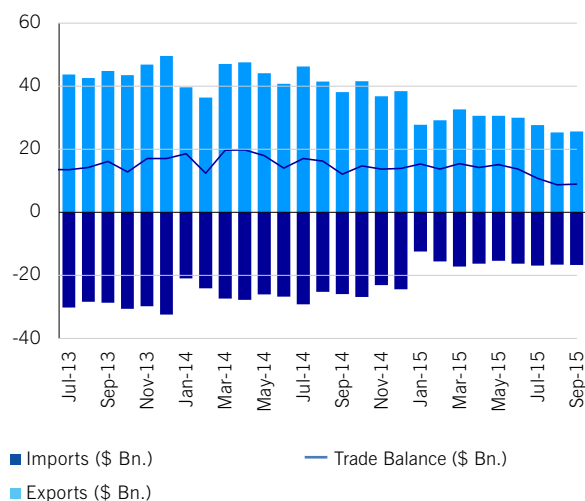
Inflation remains sticky

Annual growth in consumer price inflation fell to 15.6% in October from 15.7% in September, marking the second consecutive month that prices have eased.

The slowdown was mainly on the back of lower service sector inflation which eased to 13.1% in October from 13.8% previously. Food price inflation, which is the largest contributor to the CPI basket, dropped more moderately to 17.3% from 17.4% previously. In contrast, non-food item inflation was pushed higher to 15.6% in October from 15.2% in September as the rouble depreciation continued to filter through. Stripping out the prices of food and fuel, which tend to be volatile, core inflation fell to 16.4% on the year in October from 16.6% in September.

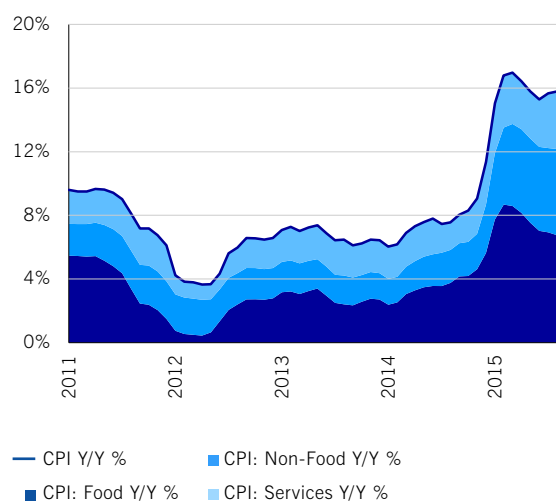
Recent volatility has prompted the Central Bank of Russia to push back their inflation forecast. At its last meeting, the central bank signalled that it now expects annual CPI growth to fall to 7% by October next year after previously estimating that it would do so one month prior, but maintained that inflation would still ease to its medium-term target of 4% in 2017.

Trade Balance



Source: Federal Customs Service

Consumer Price Inflation



Source: Rosstat

Prices at the factory gate in Russia were up 12.7% on the year in September, down from 13.7% in August. Inflation in the manufacturing sector, which accounts for almost 70% of the index, was unchanged at 14.3% on the year. Prices in the mining and quarrying sector fell sharply to 10.7% year-on-year in September from 14.6% in August, while inflation in the utilities sector eased to 7.3% after accelerating to 9% previously.

Remuneration falls amid poor job market

Unemployment surprisingly fell to 5.2% in September after remaining at 5.3% in August. 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.

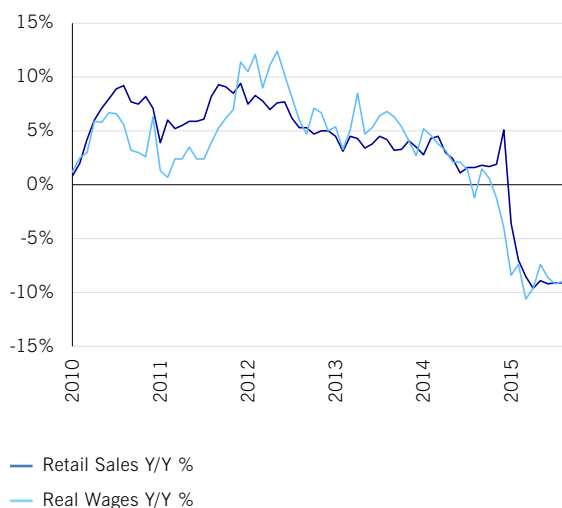
The poor job market has reduced the bargaining power of the Russian workforce and many have accepted wage cuts as companies seek to scale back their operations. Real wages fell by 9.7% on the year in September after declining by 9% in August (revised up from -9.8% previously). While the downturn in remuneration had begun to moderate towards the middle of the year, growing inflationary pressures have since pulled real wages further into negative territory over the past three months. 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.

Households rein in spending

Combined with the prohibitively high rate of inflation, falling wages have left Russian consumers with very little purchasing power. This is reflected in retail sales which were 10.4% below the level seen a year earlier in September compared with a 9.1% fall in August, the sharpest decline since August 1999. Sales of non-food items were down 10.9% on the year in September following a contraction of 8.3% in August, whereas food sales declined by 9.7% on the year after shrinking 10% in the previous month.

Automobile sales were down 28.6% on the year in September following a fall of 19.4% in August. 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

Retail Sales and Real Wages



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. In September, the price of a domestically manufactured car was 26.4% above one produced a year previously and the price of an imported one was 18.9% higher on the year.

Key Monthly Economic Data

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
GDP: Estimate Y/Y %*	-4.2	-4.8	-4.5	-4.7	-4.6	-3.8	-
Industrial Production Y/Y %**	-4.5	-5.5	-4.8	-4.7	-4.3	-3.7	-
Consumer Price Index Y/Y %**	16.4	15.8	15.3	15.6	15.8	15.7	15.6
Producer Price Index Y/Y %**	15.0	13.4	13.1	13.1	13.7	12.7	-
Unemployment Y/Y %**	5.8	5.6	5.4	5.3	5.3	5.2	-
Real Wages Y/Y %**	-9.6	-7.4	-8.6	-9.2	-9.0	-9.7	-
Retail Sales Y/Y %**	-9.6	-8.9	-9.2	-9.1	-9.1	-10.4	-
Car Sales Y/Y %***	-41.5	-37.6	-29.7	-27.5	-19.4	-28.6	-
Trade Balance \$ Bn.****	14.2	15.1	13.6	10.7	8.7	-141.6	-
Exports \$ Bn.****	30.5	30.6	30.0	27.7	25.3	25.6	-
Imports \$ Bn.****	16.3	15.5	16.4	17.0	16.6	167.2	-
MNI Russia Business Sentiment Indicator	46.0	51.3	51.8	51.3	52.3	53.0	48.3
MNI Russia Consumer Sentiment Indicator	73.0	72.8	76.4	70.8	72.5	70.0	69.5

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



Indicators

Russian households were increasingly downbeat in October as record high concerns for the future state of their finances meant they were less willing than ever to make a big-ticket purchase.

MNI Russia Consumer Indicator

Second-Lowest Outturn Ever



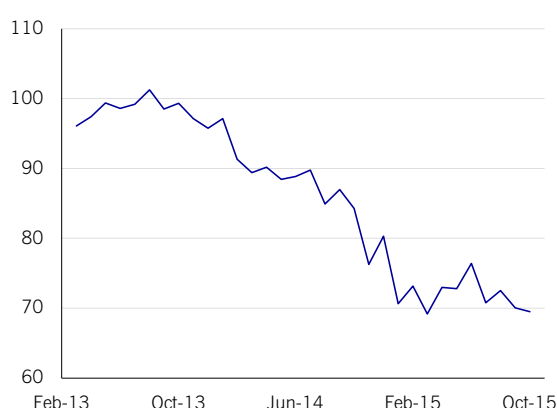
Russian households were increasingly downbeat in October as record high concerns over the future state of their finances meant they were less willing than ever to make a big-ticket purchase. The MNI Russia Consumer Sentiment Indicator fell 0.8% on the month to 69.5 in October from 70.0 in September, only just above the record low outturn of 69.2 in March.

Four of the five components of the MNI Russia Consumer Sentiment Indicator declined on the month, with both Expectations for Personal Finances and Durable Buying Conditions hitting fresh lows after achieving the same feat in September. Exerting the greatest drag on sentiment this month was a scaling back in households' five-year outlook for business conditions, while the only component to improve on the month was their perception of their current financial situation.

Confidence was hit by the increasingly unmanageable cost of living. All but one of our 1,000 respondents had spent at least 70% of their disposable income and this was the most commonly cited reason behind their dwindling finances in October. The bleakest ever outlook for the jobs market and elevated inflationary expectations meant that consumers were more pessimistic than ever before for the future state of their finances.

Another burden on the shoulders of consumers is the prohibitive cost of credit brought about by the tight monetary policy implemented by the Central Bank of Russia. While this pain could be alleviated through further rate cuts, the growing likelihood of the US

MNI Russia Consumer Indicator



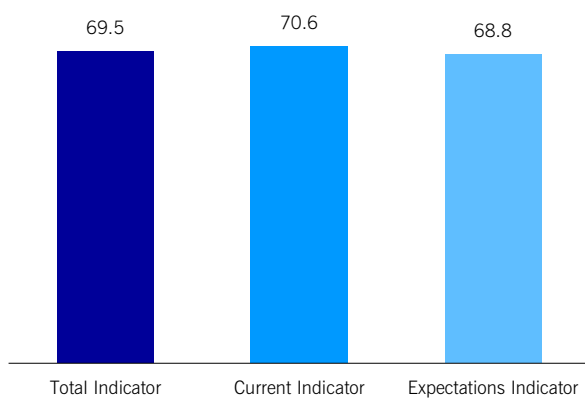
Current and Expectations Indicators



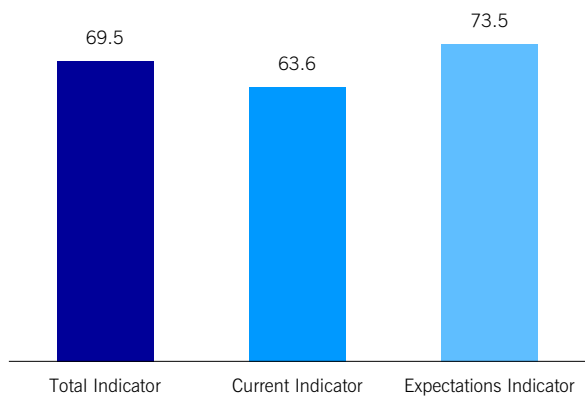
MNI Russia Consumer Indicator

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
MNI Russia Consumer Indicator	84.3	72.8	76.4	70.8	72.5	70.0	69.5
Current	85.7	72.5	77.7	71.2	73.5	70.5	70.6
Expectations	83.3	73.0	75.6	70.5	71.8	69.7	68.8

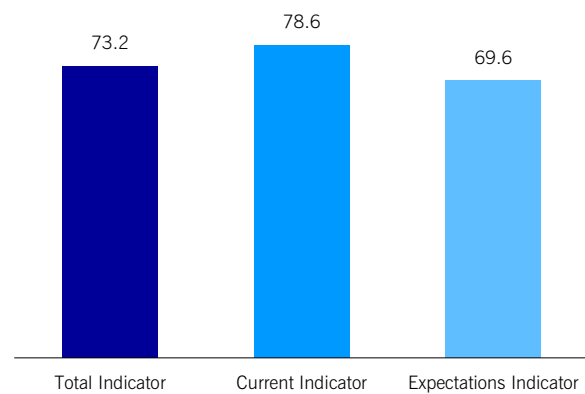
All Russia



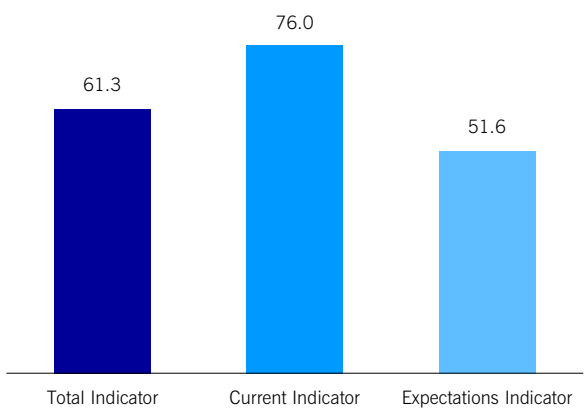
West Siberian



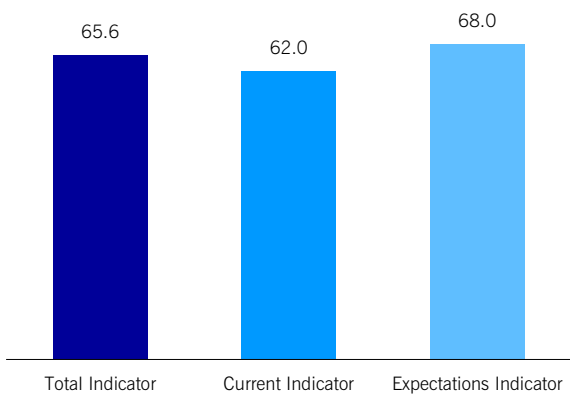
Central Russia



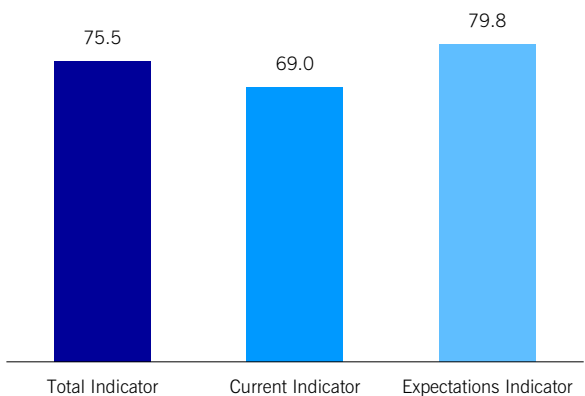
Volga



Urals



North Caucasus





Federal Reserve implementing “lift-off” in December complicates matters as it will likely trigger a volatile reaction in emerging markets. Inflation is also proving difficult to bring down, with the latest official CPI data continuing to suggest that it remains sticky, while the rouble remains on shaky ground in spite of a stabilisation in oil prices following the China-led equity and commodity rout in August. As such, our assessment at this stage is that the CBR will find its hands tied at its next meeting on December 11, leaving it with little option but to hold rates steady.

The Current Indicator, which measures consumers’ assessment of current conditions, was broadly stable at 70.6 in October after falling to 70.5 in September. Meanwhile, the Expectations Indicator, which is comprised of the three forward-looking components, declined to 68.8 in October from 69.7 in the previous month, the lowest level since the survey began in March 2013.

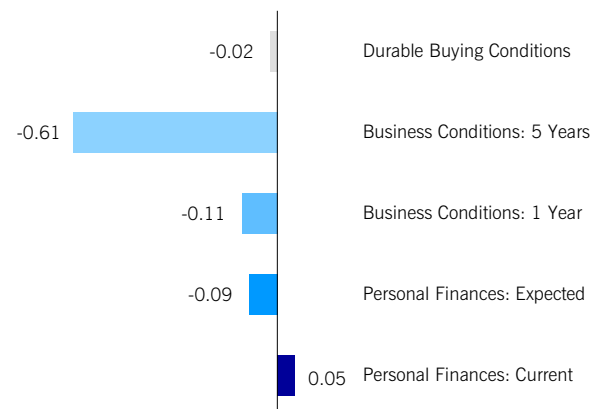
Regions

Consumer sentiment improved in three of the five major regions in Russia, staying unchanged in one of the two remaining regions and declining in the other.

Residents of the Urals region were alone in reporting that they were more downbeat in October, with the headline indicator falling 2.7% to a seven-month low of 65.6 in October from 67.4 in September. Consumers living in the region were far less willing to purchase a big-ticket item as their financial situation deteriorated further, although they had higher expectations for business conditions over the next year.

In contrast, consumer confidence improved the most in the Volga region where the headline indicator rose to 61.3 in October after falling to a record low of 59.3 in September. This was in spite of inhabitants scaling back their long-term outlook for the business environment to the lowest on record, with sharp gains in both their current financial situation and perception

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



of durable buying conditions helping to lift sentiment overall.

Age

While sentiment among both the youngest and oldest cohorts of our panel was more-or-less unchanged, middle-aged consumers reported that they were more downbeat than ever before.

The Consumer Indicator for 18 to 34-year-olds stood at 71.1 in October after falling 1.5% in September, remaining the least pessimistic age group of all. While four of the five components of headline sentiment declined on the month, they were balanced out by greater willingness to purchase big-ticket items.

Sentiment among the 35 to 54-year-old age group declined 2% to a record low of 68.5 in October from a previous low of 69.9 in September. While respondents had a slightly less pessimistic assessment of the current state of their finances, their short-term expectations for business conditions, outlook for their



financial situation and their perception of durable buying conditions were all the lowest on record.

The Consumer Indicator for 55 to 65-year-olds was broadly stable at 66.4 in October compared with 66.3 in September and they continued to be the most pessimistic of the three age groups. Despite having higher expectations for business conditions over the next year, consumers scaled back their long-term outlook for them.

Income

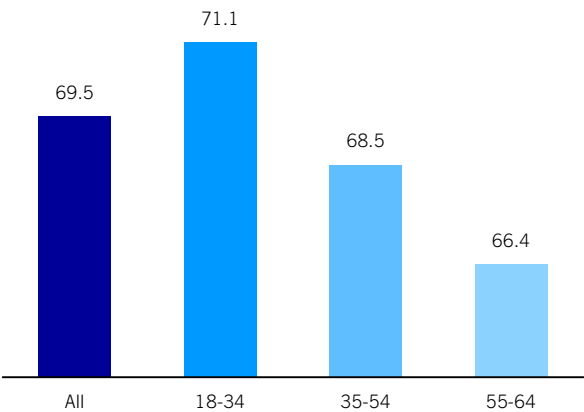
While sentiment among low-income households was unchanged on the month, high-earners were more downbeat than ever before in October.

Consumer confidence for households with an average annual income under RUB 480,000 remained flat at 66.7 in October. Even though low-income households were less dissatisfied with their current financial situation, their outlook for the future state of their finances was the bleakest on record.

For households with an average annual income above RUB 480,000, consumer confidence declined 1.9% to a record low of 73.4 in October from 74.8 in September. High-income households were only less downbeat in their perception of durable buying conditions, whereas a sharp scale back in their long-term expectations for the business environment led the decline in overall sentiment.

Consumer sentiment has averaged 69.1 among those in the low-income group over the past year, while for higher income households, it has averaged 78.6, suggesting that more affluent households are weathering the downturn better than poorer ones.

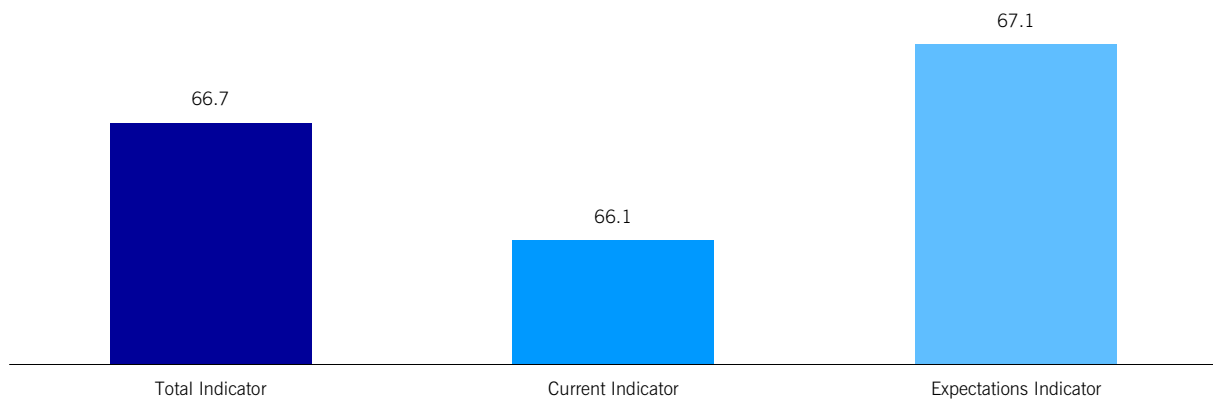
Consumer Indicator: Age Groups



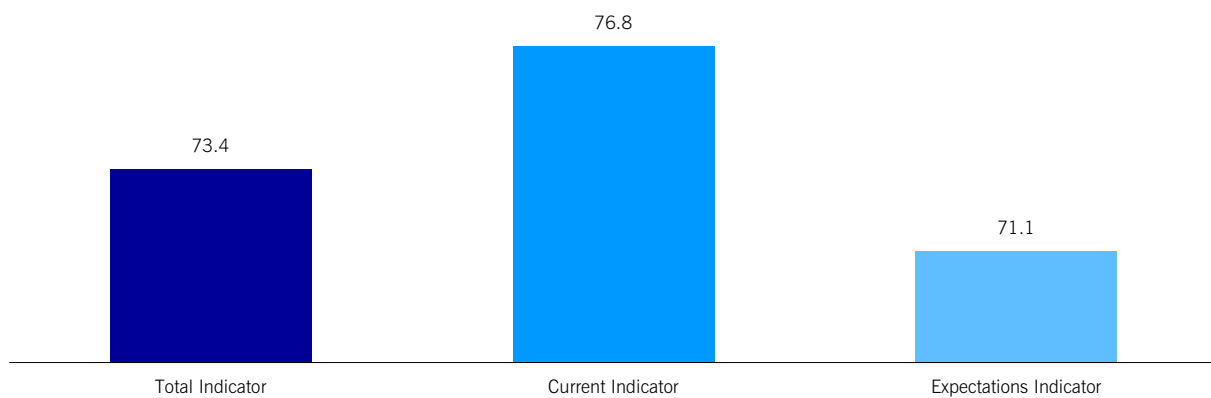
MNI Russia Consumer Indicator Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



MNI Russia Consumer Indicator

Main Cities



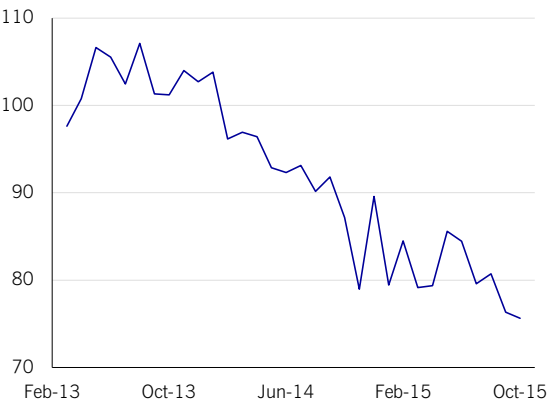
Residents in four of the 10 major cities surveyed in Russia were more downbeat this month and sentiment in two of them declined to a series low.

In the capital, Moscow, consumer sentiment fell 0.9% to 75.6 in October from 76.3 in September, the lowest level on record. Even though Muscovites had a less pessimistic assessment of their current financial condition, they were more willing to purchase a large household good. Still, they were more pessimistic than ever before in their long-term outlook for business conditions, leading the decline in overall confidence this month.

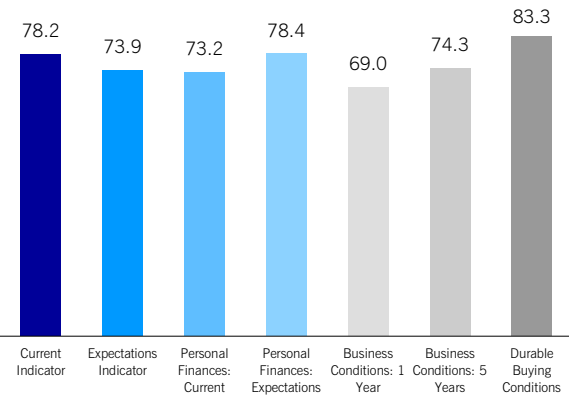
In Saint Petersburg, the second largest city in Russia, consumer sentiment receded 4.4% to a nine-month low of 78.1 in October from 81.7 in September, although remained the least downbeat of all cities surveyed. Inhabitants of Saint Petersburg were more downbeat in all five components of the headline indicator and only their outlook for the business environment over the next five years avoided hitting an all-time low.

In Novosibirsk, the third-largest city by population in Russia, consumer sentiment rose 3.2% to 62.4 in October from all-time low of 60.5 in September. Residents were less pessimistic in all aspects of the survey bar their outlook for their household finances which was reined in slightly. A sizeable improvement in consumers' long-term expectations for business conditions provided the greatest measure of support for sentiment, with the corresponding indicator rising to the highest level this year.

Consumer Indicator - Moscow

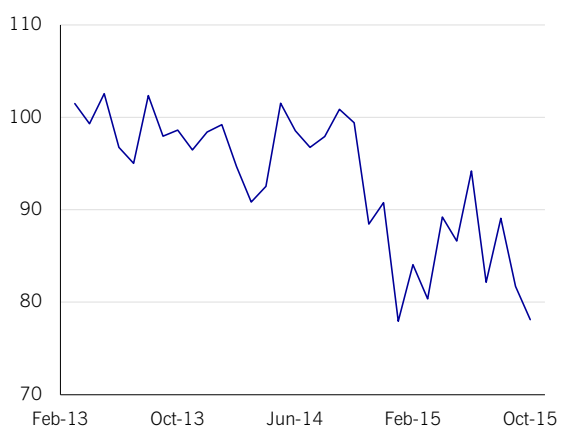


Consumer Indicator Components - Moscow

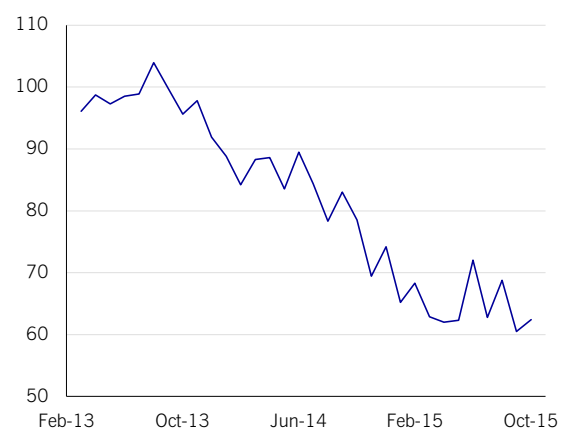




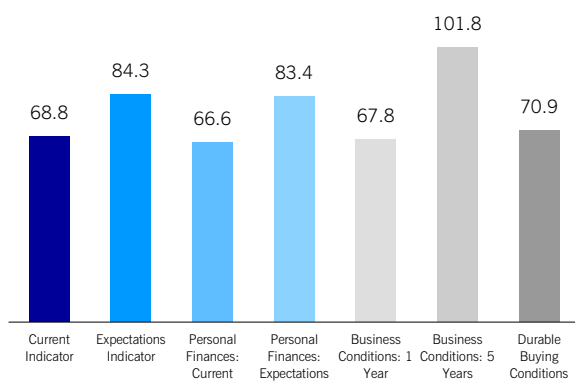
Consumer Indicator - Saint Petersburg



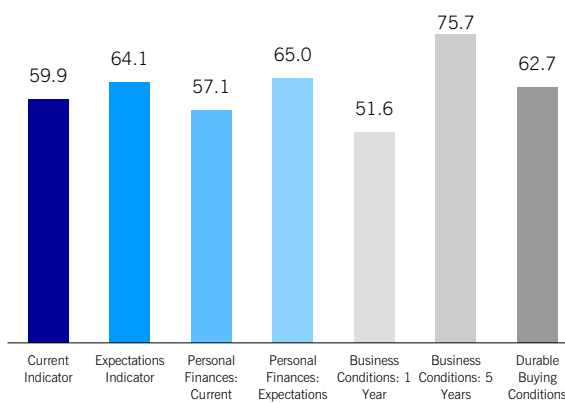
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



Personal Finances

Most Pessimistic Outlook for Finances on Record



While consumers were more-or-less unchanged in their assessment of their financial position in October, they were bleaker than ever before in their expectations for the future state of their finances.

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 was little changed at 65.8 in October after sinking to 65.6 in September. Four out of every five respondents reported that their financial situation had worsened over the past year in October, of whom 27.8% cited higher household expenses as the main reason for the deterioration while a further 25.5% put it down to a fall in their income.

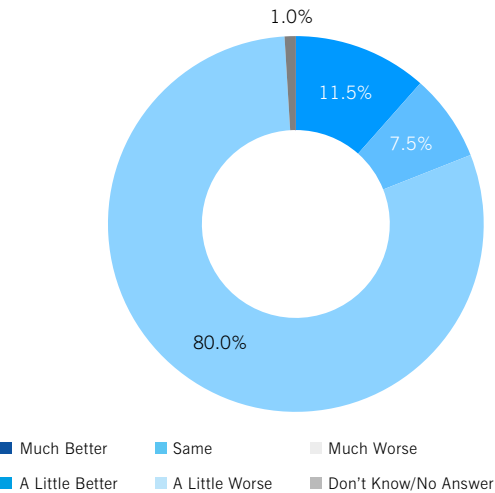
Disposable income has been eroded by a cocktail of high inflation, falling wages and the increased cost of credit, a trend which appears likely to continue in the short-term. Nearly every respondent spent at least 70% of their monthly household income on daily expenses in October and a record 49% of our panel reported that they were not saving any of their monthly income.

Households were more downbeat than ever before in their outlook for their financial situation over the coming year, trimming back their Expectations for Personal Finances slightly to 69.2 in October from 69.5 in September. Still, a sizeable 39.8% anticipated that their finances would remain stable compared with the 52.7% who expect them to deteriorate.

Personal Finances



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



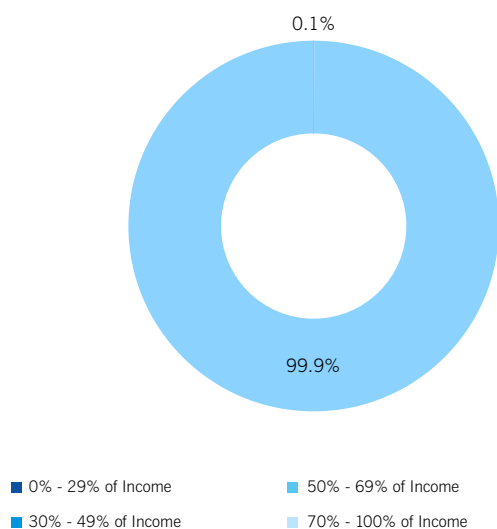
Personal Finances

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Current	80.0	67.8	71.4	64.5	68.2	65.6	65.8
Expectations	88.0	73.2	75.1	71.5	71.0	69.5	69.2

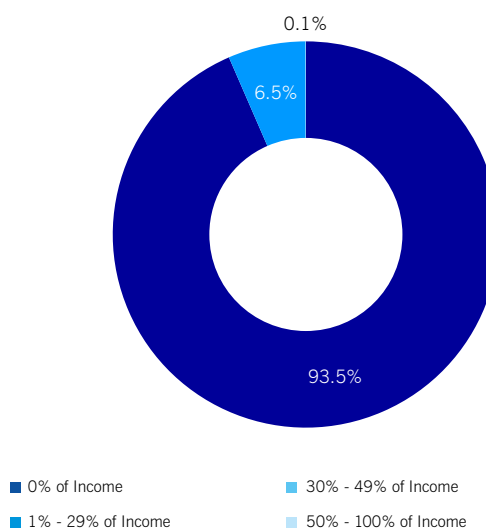
How Households Spend their Money



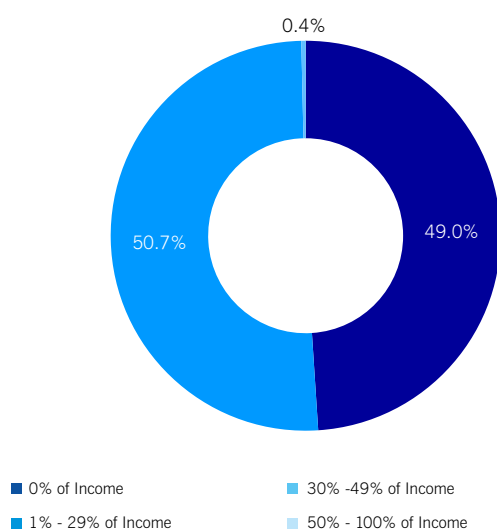
Daily Expenses
(% of Households)



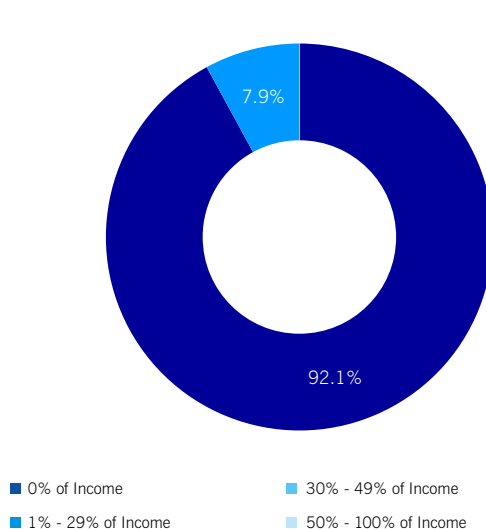
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings (% of Households)



Monthly Household Income Used for Investments (% of Households)



Business Conditions

Long-Term Expectations Trimmed Back



According to our panel, the Russian business environment deteriorated further this month and they were more pessimistic about its future prospects

Respondents' views on the state of business were worse than ever before in October, with the Current Business Conditions Indicator falling to a new low of 64.8 from 65.8 in September, the previous record holder. Given the Russian economy's reliance on oil exports, it is unsurprising that there is a high correlation of 0.95 between crude oil prices and our current business indicator, although this is pushed up significantly by the trend decline over the past two years. Over 60% of respondents thought that business conditions were poor and only 6.3% of our panel thought that conditions were good.

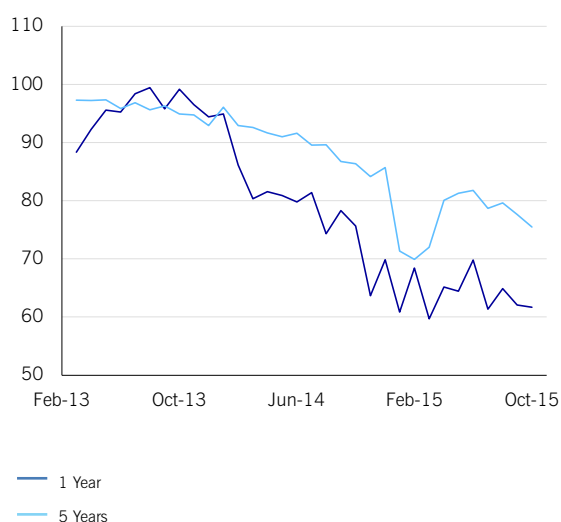
While the sanctions imposed by the EU were due to expire in July this year, the bloc decided to extend them by an additional six months which prompted Russia to also prolong their own so-called counter-sanctions by an additional year. Combined with the rouble weakness brought about by the fall in oil prices, this has weighed down on consumers' outlook for business conditions as well.

Expectations for Business Conditions in One Year were broadly unchanged at 61.7 in October compared with 62.0 in September. Over 80% of respondents anticipated that the conditions for doing business would deteriorate over the coming year, of whom 35.1% cited a worsening job market as the main

Current Business Conditions Indicator



Expected Business Conditions



Business Conditions

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Current	86.8	67.9	70.1	67.8	67.3	65.8	64.8
In 1 Year	75.6	64.4	69.8	61.3	64.9	62.0	61.7
In 5 Years	86.3	81.3	81.7	78.7	79.6	77.6	75.5

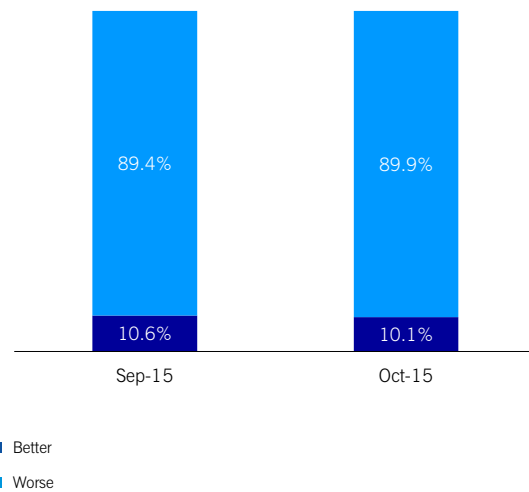


Business Conditions in 1 Year

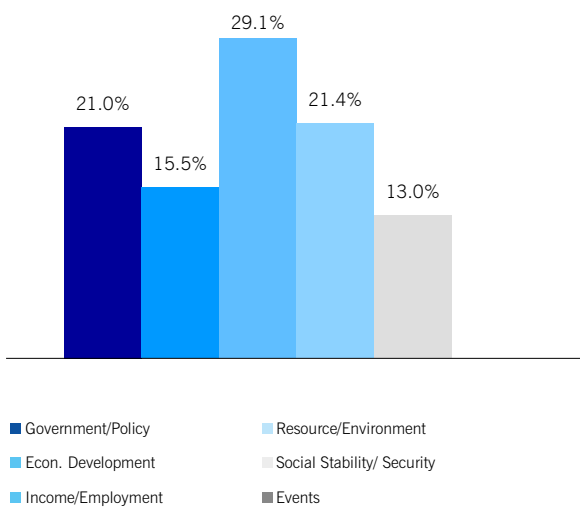
reason for their pessimistic outlook and 30.5% reported it was due to a lack of economic development.

Respondents were, however, more pessimistic in their long-term outlook for business conditions, scaling back their Expectations for Business Conditions in Five Years Indicator to 75.5 in October from 77.6 in September. Of those polled, 45.7% of respondents expected conditions to worsen over the next five years and only 11.4% expected conditions to improve.

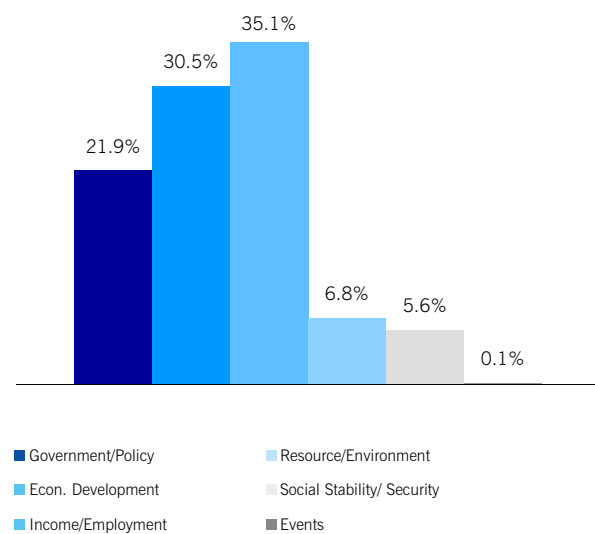
All Russia



All Russia, Reasons for Better



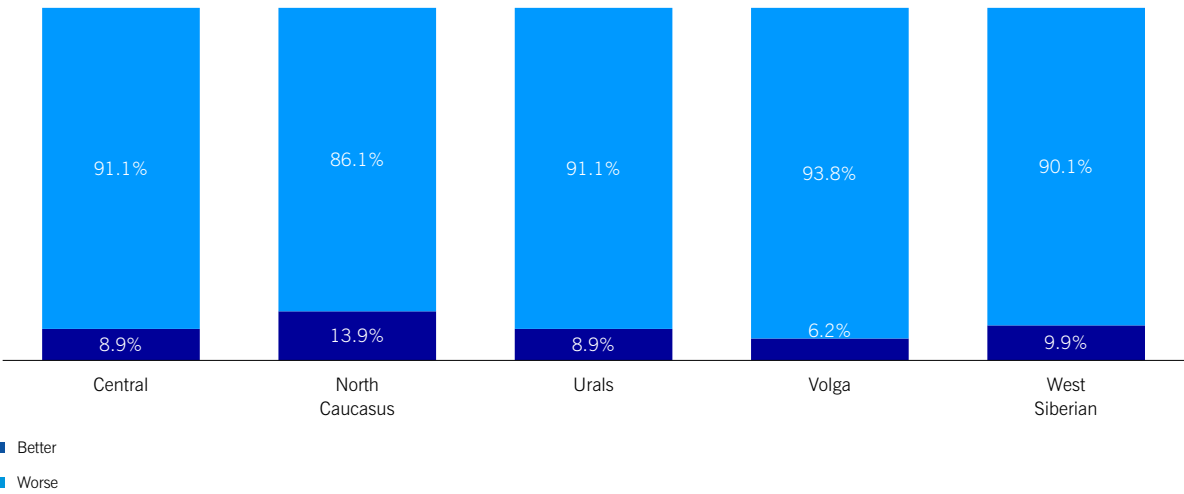
All Russia, Reasons for Worse



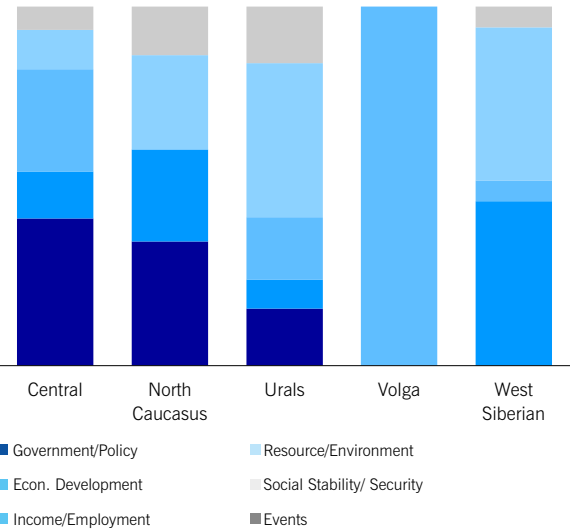
Business Conditions in 1 Year Regions



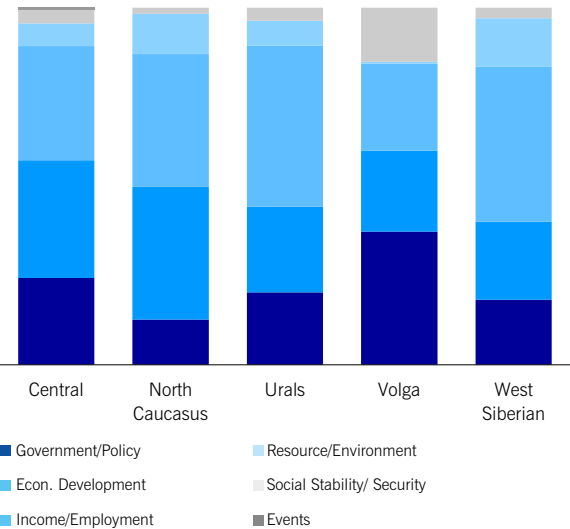
Business Expectations: Worse or Better?
(% of Respondents)



Reasons for Better
(% of Respondents)

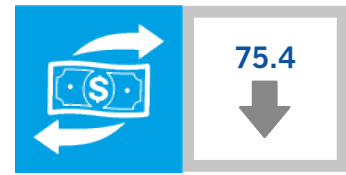


Reasons for Worse
(% of Respondents)



Durable Buying Conditions

Record Low Appetite for Big-Ticket Items

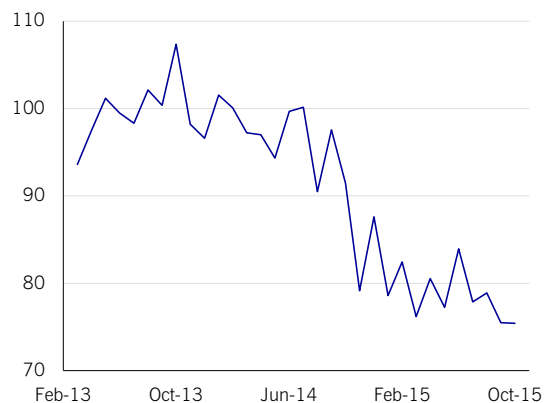


Households remained reluctant to purchase a big-ticket item in October as the combination of high inflation, low disposable income and the prohibitive cost of credit continued to erode their purchasing power. With a record number of households anticipating that their financial situation will worsen over the coming year, there is a possibility that consumer spending could be reined back even further over the coming months.

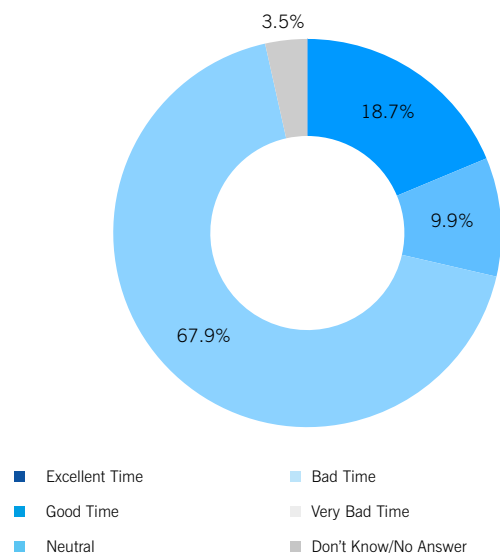
The Durable Buying Conditions Indicator fell just 0.1 point to 75.4 in October, enough to place it at the lowest on record. It has followed a sharp downward trend over the past year with October's reading marking the 15th consecutive month that the indicator has been below the 100 level. Almost 70% of our panel thought that it was a poor time to purchase a household good in October, while less than a fifth of those polled considered the conditions to be good.

While spending on durable goods has been dented over the past year primarily by a lack of purchasing power, 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. This has discouraged some consumers from updating their outdated household appliances as they perceive the remaining offering on the market to be of inferior quality to what they already own.

Durable Buying Conditions



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



Durable Buying Conditions

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Durable Buying Conditions	91.4	77.3	83.9	77.9	78.9	75.5	75.4

Employment Outlook Bleakest on Record



Consumers were gloomier than ever in their outlook for the job market, anticipating that unemployment would rise, having remained stable for the most part of this year.

The Employment Outlook Indicator fell to 63.0 in October from 66.4 in September, the lowest since the survey began in March 2013. 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, 63.2% thought that the job market would worsen over the next 12 months, while only 27.1% of them thought that it would remain stable.

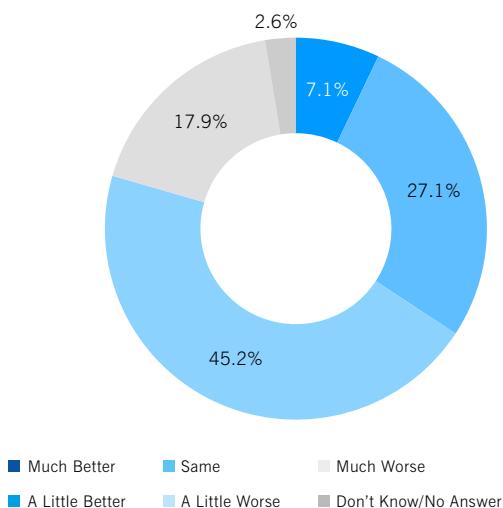
Official statistics showed that the unemployment rate surprisingly fell slightly to 5.2% in September after remaining at 5.3% in August. Joblessness in Russia has remained relatively resilient in the face of the slowdown, with the labour market adjustment instead being transmitted through a combination of wage cuts and increased part-time employment, although there remains a possibility that it will eventually succumb to the pressures and rise in the final quarter of 2015.

This was in line with our October edition of our sister survey of large Russian businesses who anticipated that the some 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

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Employment Outlook	87.1	70.1	71.4	68.5	69.0	66.4	63.0

Prices Sentiment

Record High Discontent with Current Prices



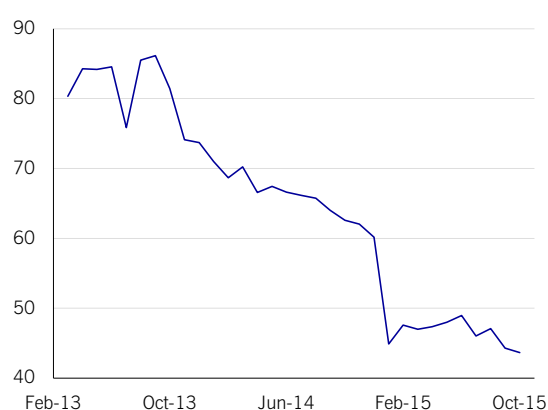
Even though official data suggests that inflation may have peaked, our panel were more dissatisfied than ever before with the cost of living in October and their inflationary expectations for the coming year remained elevated.

The Current Prices Satisfaction Indicator eased to a fresh low of 43.6 in October after tumbling to 44.3 in September. A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has remained below 100 since the survey started and in October it was 32.4% below the series average as a record 79.9% of our panel reported that they were dissatisfied with the current level of prices.

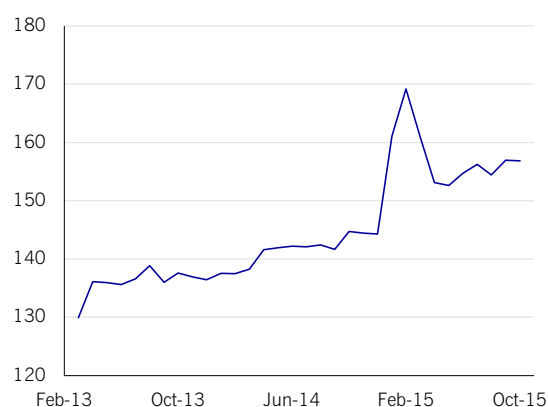
There was little change in the proportion of consumers who expected prices to be higher in a year's time, with the Inflation Expectations Indicator stable at 156.9 in October compared with 157.0 in September. Historically, our panel's inflationary expectations have closely matched the trend in consumer price inflation. Official data had suggested that the depreciation in the rouble was feeding through to consumer prices, but most recently it has provided some hope that inflation has now started to ease once again. CPI fell marginally to 15.6% on the year in October from 15.7% in September, also evidenced in last month's slight fall in the Inflation Expectations Indicator.

Even if the currency weakness has been absorbed, our survey provides evidence that consumers' inflationary expectations remain entrenched, potentially making the central bank's job of controlling

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Satisfaction with Current Prices	62.6	48.0	49.0	46.0	47.1	44.3	43.6
Inflation Expectations	144.7	152.6	154.7	156.3	154.4	157.0	156.9

Prices Sentiment Regions



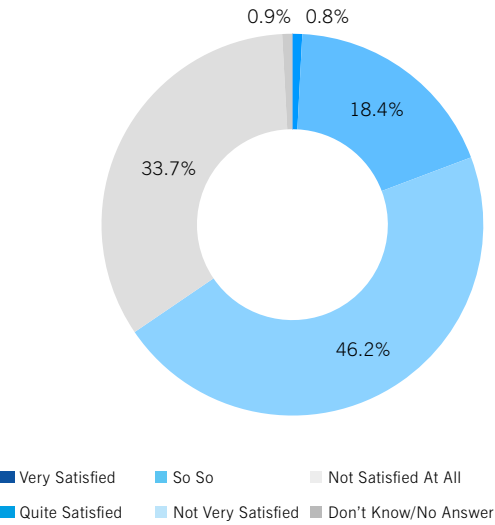
inflation in the long-run more challenging. Under the Central Bank of Russia’s most recent baseline scenario, weak economic growth is forecast to slow the annual pace of inflation to below 7% by October 2016 before finally falling to its medium-term target of 4% in 2017.

Regions

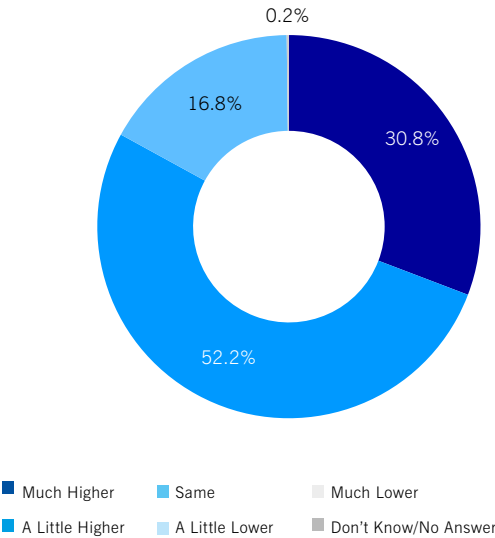
Dissatisfaction with the cost of living fell in two of the five regions surveyed in October. Residents of the Central region were more discontent than ever before with the current level of prices, while consumers living in the Volga region were struggling the most to cope despite improving the most on the month of the regions.

Inflationary expectations ticked up in three regions this month. Inhabitants of the Volga region had the highest expectations for inflation over the coming 12 months, while consumers in the North Caucasus region had the lowest.

Satisfaction with Current Prices
(% of Households)

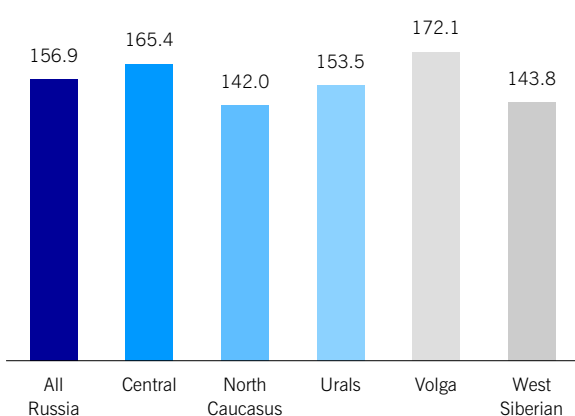


Inflation Expectations in 12 Months
(% of Households)

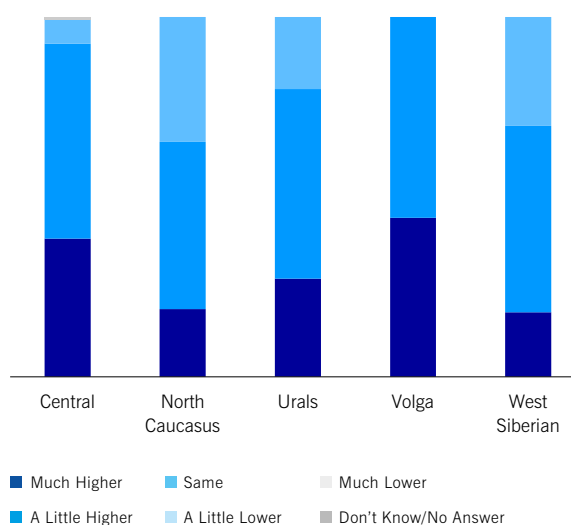




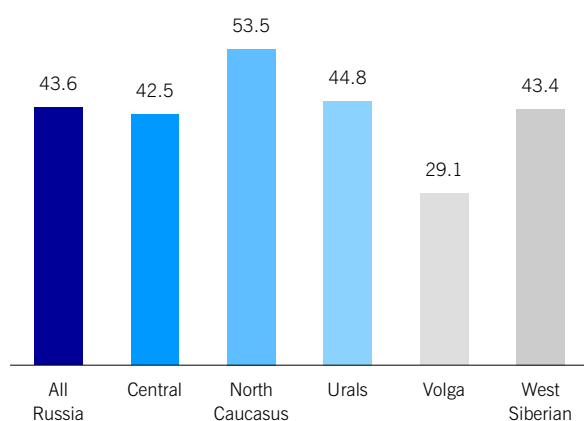
Inflation Expectations Indicator



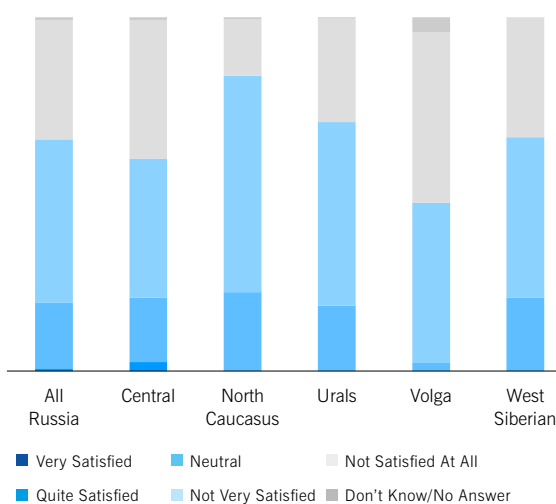
Expected Change in Prices in 1 Year (% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Ease Slightly



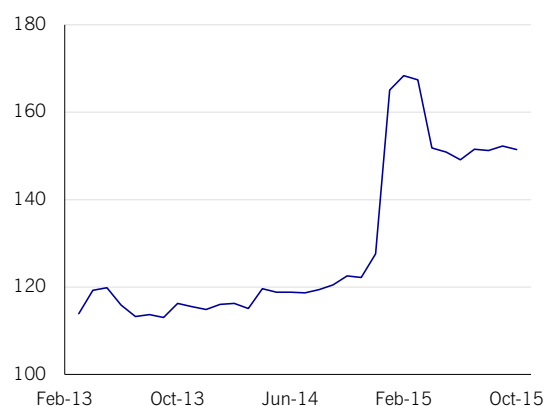
Our panel trimmed back their expectations for interest rates in October, pulling down the Interest Rate Expectations Indicator a little to 151.5 in October from 152.3 in September.

Throughout 2014, the Central Bank of Russia 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 at its first five meetings of 2015.

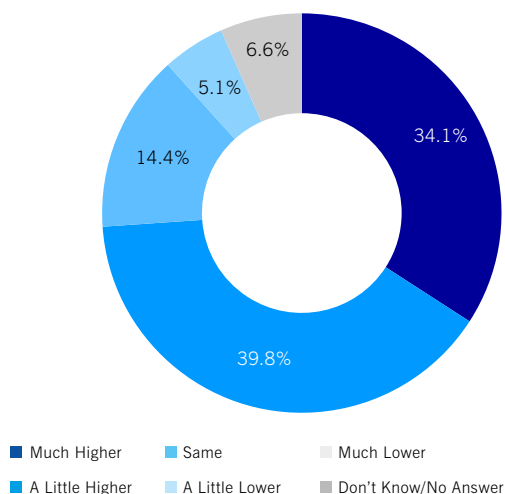
Citing increased inflation risks posed by the rouble depreciation, the CBR chose to maintain the key interest rate at 11% at its most recent meeting on October 30. Of those surveyed, 5.1% expected interest rates to be lower in 12 months' time compared with the 4.6% who did in September.

Providing that inflation continues to ease and the rouble remains on an upward trajectory, we expect the central bank to cut the benchmark rate by 50 basis points at its next meeting on December 11. Still, with the US Federal Reserve signalling that it is gearing up to hike rates in December, there is a possibility that the CBR will have to abstain since it will likely trigger a volatile market reaction, particularly in emerging markets.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Interest Rate Expectations	122.6	150.9	149.1	151.5	151.2	152.3	151.5

Real Estate Investment Broadly Stable



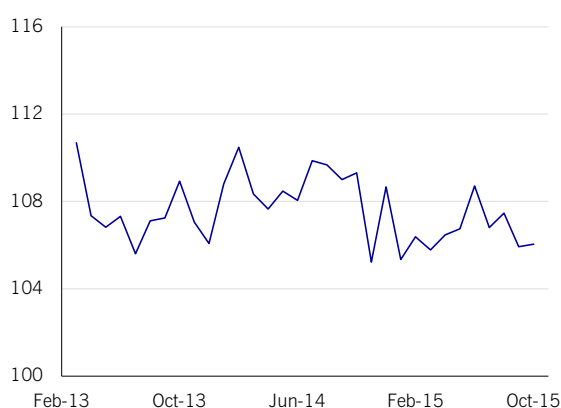
Conditions in the Russian real estate market were more-or-less the same in October as an improvement in the conditions for purchasing a property was countered by lower expectations for house prices. The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) stood at 106.0 in October compared with 105.9 in September.

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. While the government has introduced a subsidy programme in an attempt to stimulate demand, the real estate market has still suffered considerably amid the downturn.

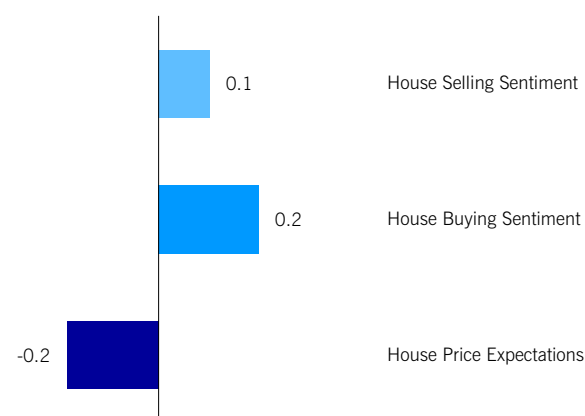
Slightly fewer of our panel anticipated that property prices would rise over the coming six months, lowering House Price Expectations to 143.5 in October from 144.0 in September. Even so, almost 70% of consumers expected prices to rise as opposed to the meagre 1.1% who forecast that they would fall.

House Buying Sentiment, which gauges whether consumers think it is a good or bad time to buy a house in the next six months, rose slightly to 74.8 in October from 74.2 in September. A little under 70% of respondents considered it to be a poor time to purchase a property compared with just 20.4% who thought it was a good time, with 26.1% of those deterred by a lack of purchasing power.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

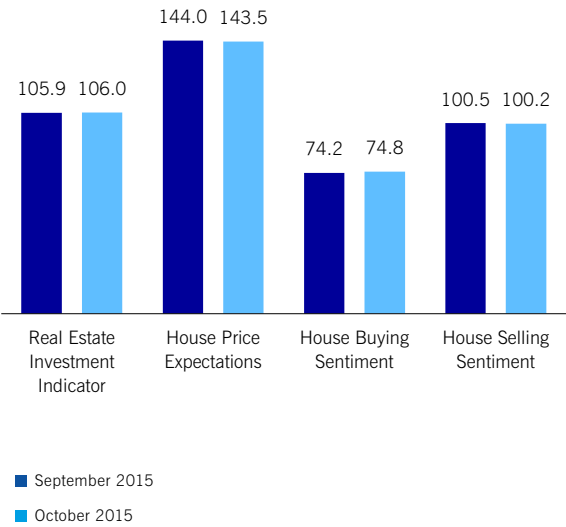
	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Real Estate Investment Sentiment	109.3	106.8	108.7	106.8	107.5	105.9	106.0
Price Expectations	142.9	142.9	142.9	144.6	143.1	144.0	143.5
House Buying	84.7	76.4	80.6	74.5	77.6	74.2	74.8
House Selling	99.7	99.0	97.4	98.7	98.3	100.5	100.2

Real Estate Investment Components and Balances

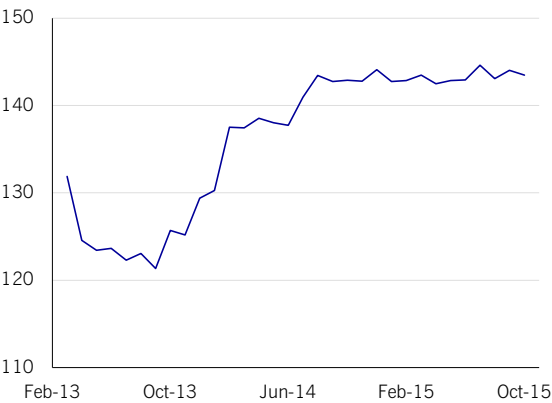


House Selling Sentiment, which has a negative impact on the overall House Price Indicator, was broadly stable at 100.2 in October after September's climb to 100.5 reversed six consecutive months of contraction.

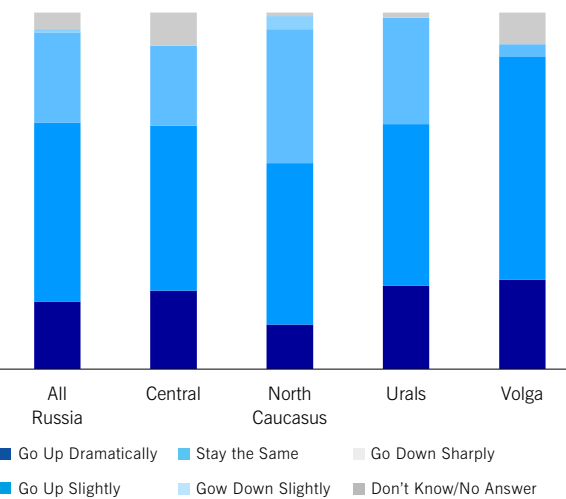
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in the Next 6 Months

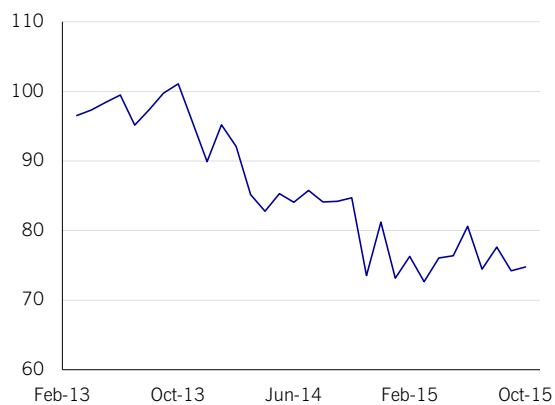


Expected Changes in Real Estate Prices in the Next 6 months (% of Households)

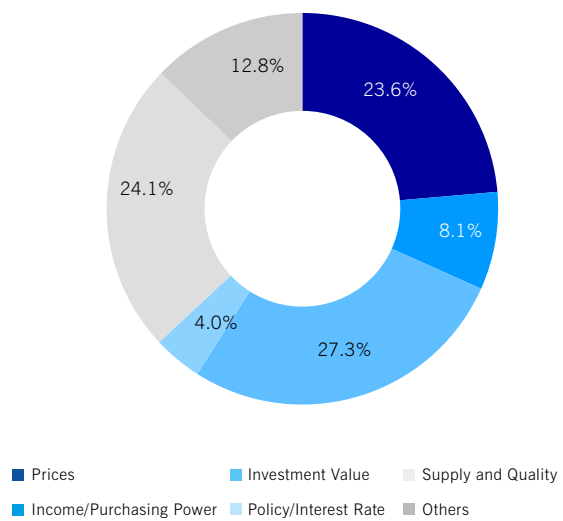




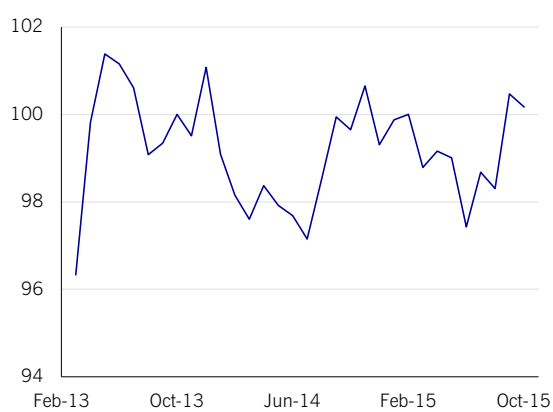
House Buying Sentiment



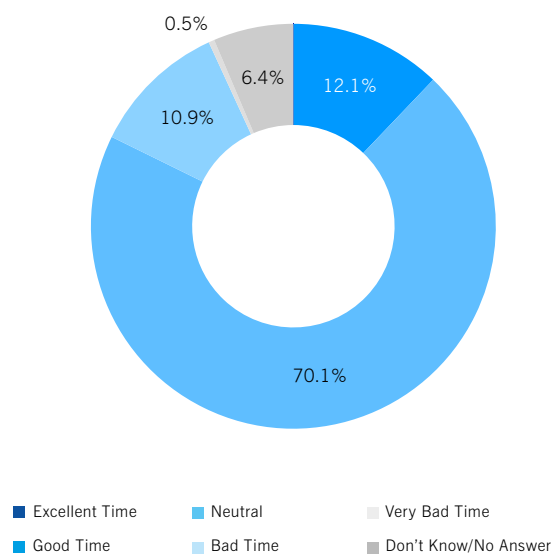
Reasons for Buying Houses (% of Households)



House Selling Sentiment

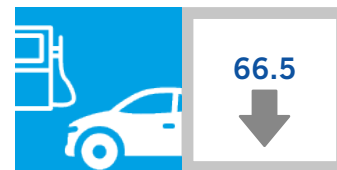


Timing for Selling Houses (% of Households)



Car Purchase

Heightened Expectations for Fuel Costs Deter Car Purchasers



Consumers continued to consider it to be a poor time to purchase a car in October as they raised their expectations for the price of gasoline over the coming year.

The Car Purchase Indicator, which is made up of two components (Car Purchase Expectations and Expectations for the Price of Gasoline), slid to a record low of 66.5 in October from 74.1 in September. Much of the decline was driven by higher expectations for gasoline prices, with consumers' willingness to buy a car remaining more-or-less the same as it was in the previous month.

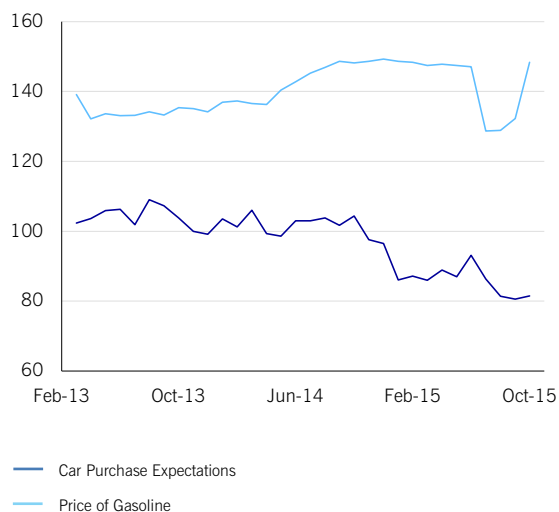
The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose to 81.5 in October and in doing so erased the 0.8 point fall to 80.6 in September. Over 60% of respondents thought it would be a bad time to purchase a car in the next 12 months, the majority of whom were deterred from making a purchase by the high cost of use and upkeep of a car.

Official data showed that car sales were down 28.6% on the year in September following a fall of 19.4% in August. Car sales have been hit by the prohibitive cost of credit as well as high prices passed on by dealerships following the rouble's sharp depreciation. In September, the price of a domestically manufactured car was 26.4% above one produced a year previously and the price of an imported one was 18.9% higher on the year.

Car Purchase Indicator

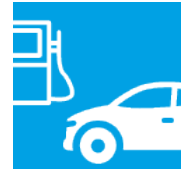


Car Purchase Indicator - Components

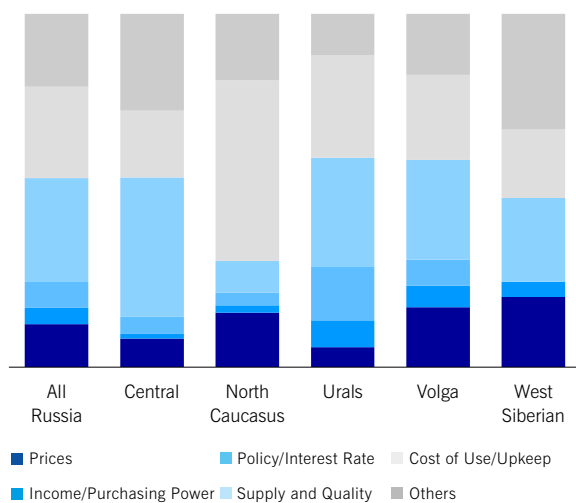


Car Purchase Sentiment

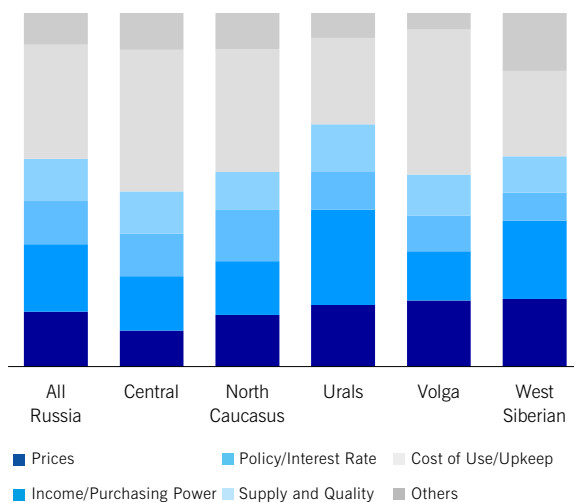
	Oct-14	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Car Purchase Sentiment	78.1	69.8	73.0	78.8	76.3	74.1	66.5
Car Purchase Expectations	104.4	87.0	93.1	86.3	81.4	80.6	81.5
Price of Gasoline	148.2	147.5	147.0	128.7	128.9	132.3	148.4



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

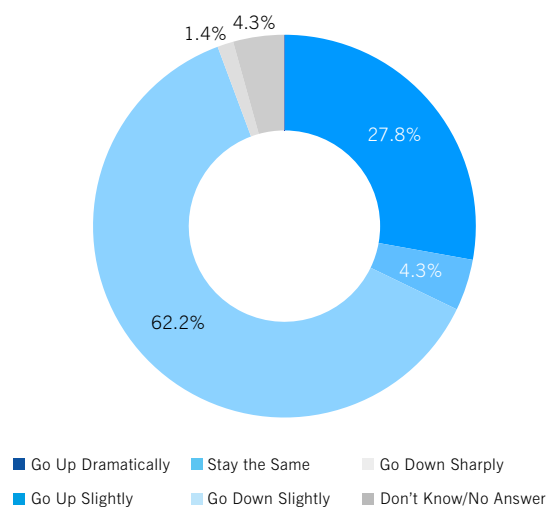


Reasons for a Bad Time to Buy a Car
(% of Households)



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 soaring to a nine-month high of 148.4 in October from 132.3 in September.

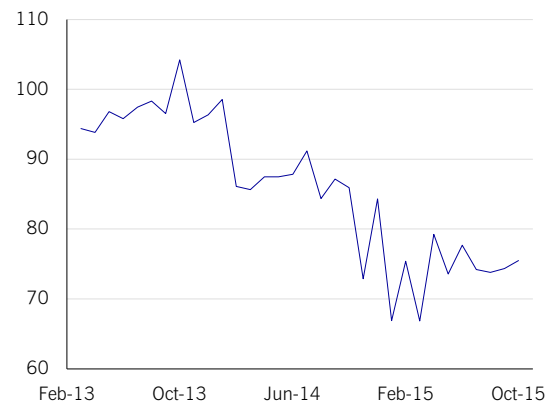
Expected Change in the Price of Gasoline
(% of Households)



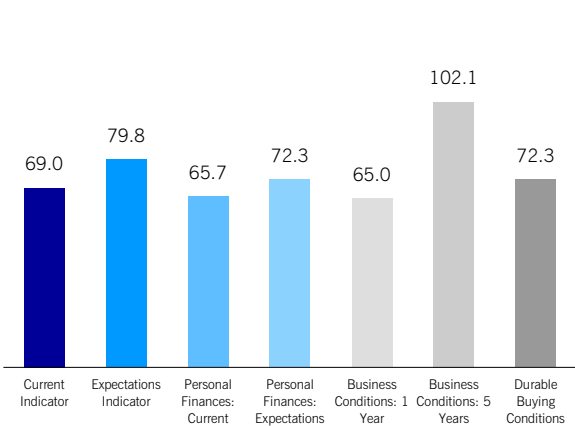
MNI Russia Consumer Indicator Regions



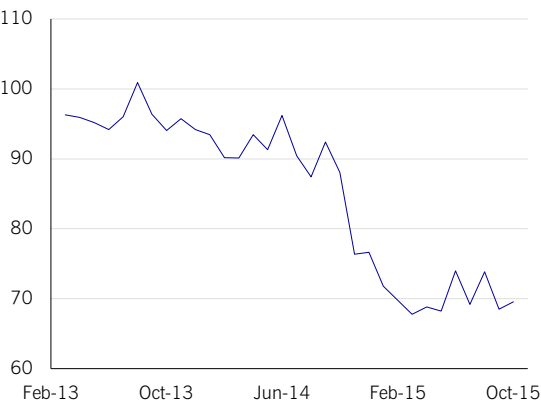
Consumer Indicator: North Caucasus



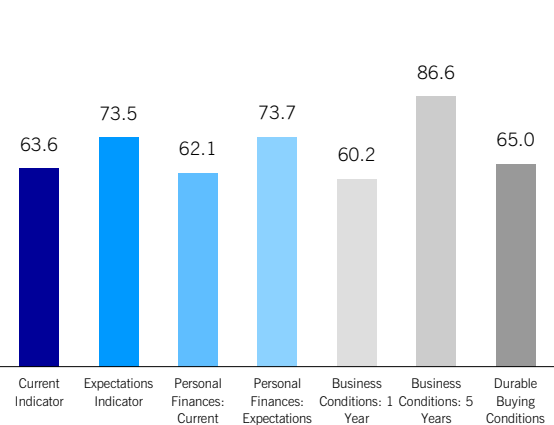
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian

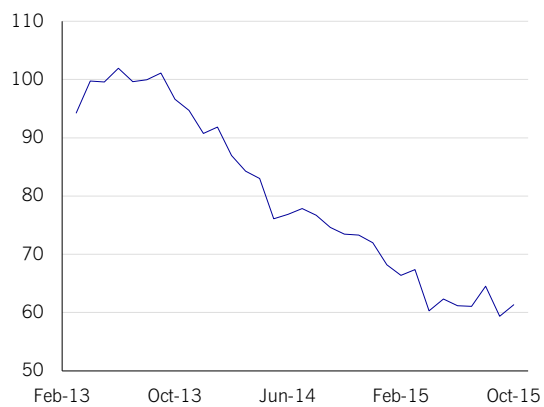


Consumer Indicator Components: West Siberian

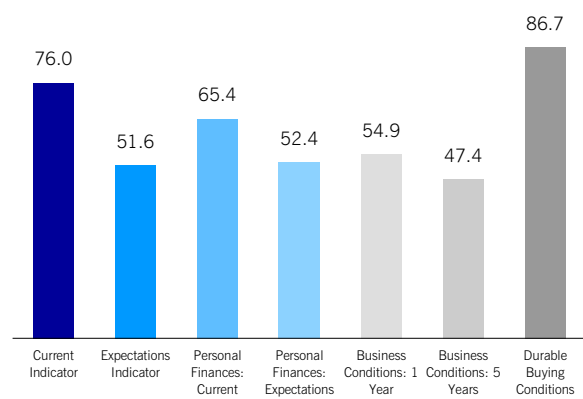




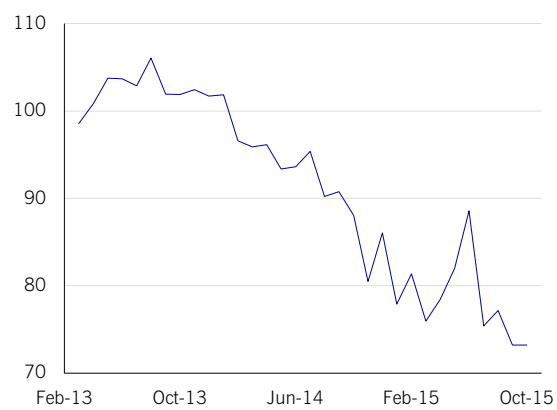
Consumer Indicator: Volga



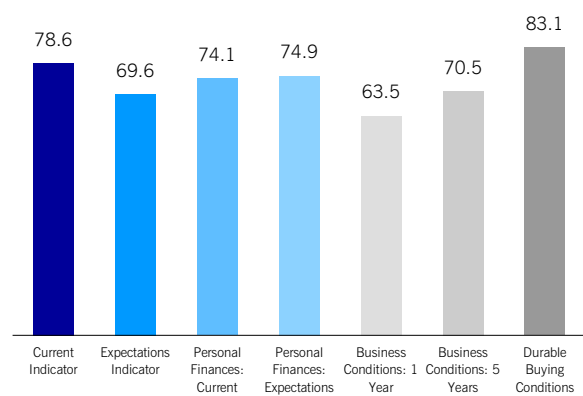
Consumer Indicator Components: Volga



Consumer Indicator: Central

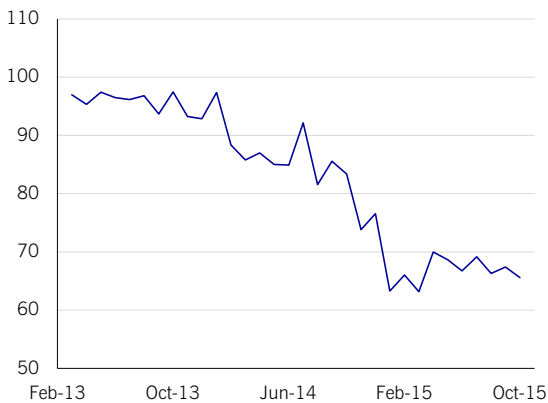


Consumer Indicator Components: Central

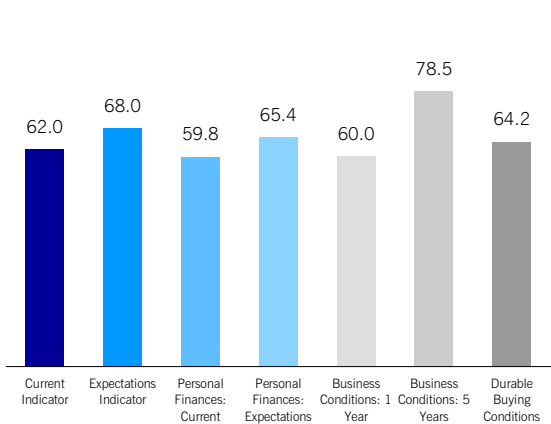




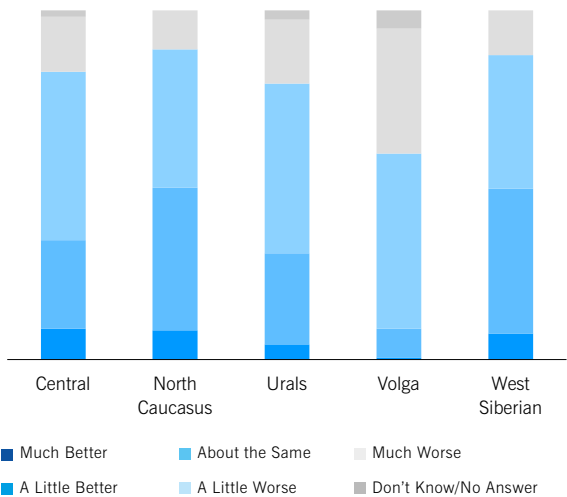
Consumer Indicator: Urals



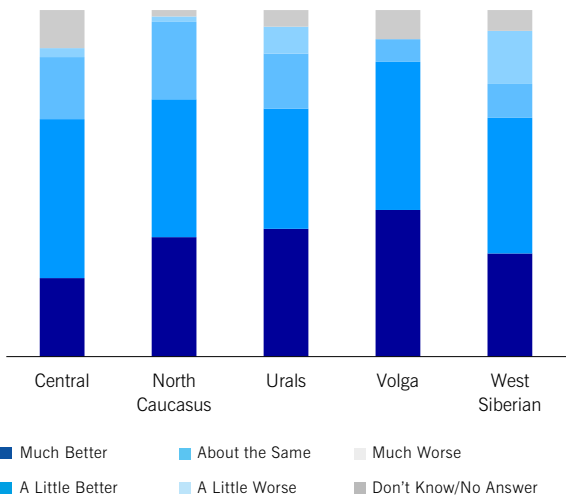
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

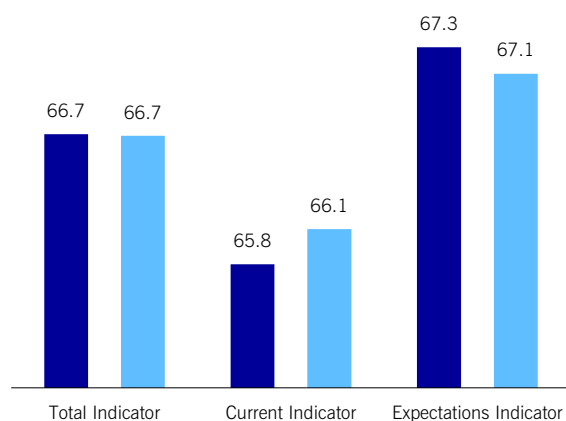


MNI Russia Consumer Indicator

Income Groups



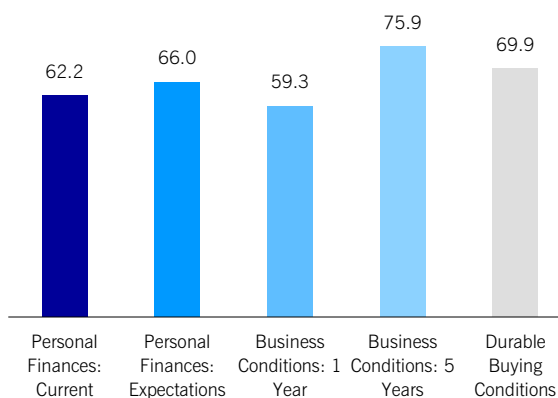
< RUB 480,000 Per Annum



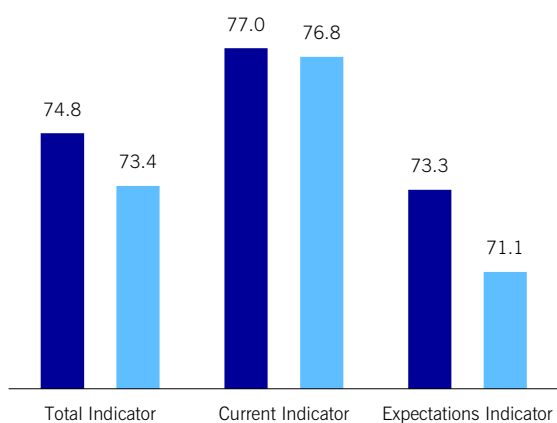
■ September 2015

■ October 2015

< RUB 480,000 - Components



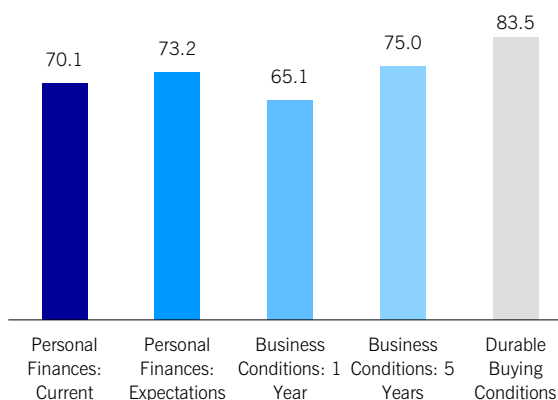
> RUB 480,000 Per Annum



■ September 2015

■ October 2015

> RUB 480,000 - Components





What the Panel Said

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

"There is less money in the family now after my brother lost his part-time job." **28-year-old female in Moscow**

"State support for mortgages is pushing up house prices, meaning even less people can afford to purchase a property." **46-year-old male in Moscow**

"EU sanctions are due be lifted in the New Year which would help to improve the business environment, but there is still a chance that they will be extended once again." **52-year-old female in Moscow**

"Price of household goods has risen significantly, we prefer to stick with what we already own until the economic situation improves." **23-year-old male in Saint Petersburg**

"High cost of credit has pushed up the cost of purchasing a car." **37-year-old male in Saint Petersburg**

"Rouble just gets weaker by the day, there is no incentive to save." **41-year-old female in Saint Petersburg**

"Availability of appliances has fallen, there are not as many international manufacturers as there once were." **61-year-old male in Novosibirsk**

"Our income is just enough to cover the cost of putting food on the table and other necessities." **33-year-old female in Novosibirsk**

"There haven't been any layoffs where I work, but instead staff now work shorter shifts and bonuses have been scrapped." **26-year-old female in Novosibirsk**

"Gap between the rich and poor has increased." **44-year-old male in Rostov-on-Don**

"Businesses are shutting up shop wherever you look, the city is slowly dying." **51-year-old male in Omsk**

"New houses being built are fraught with problems as they as constructed using cheap materials and unskilled labour." **34-year-old female in Kursk**

"Lenders could do more to pass on the interest rate cuts by the central bank." **29-year-old female in Chelyabinsk**

"Of the five BRICS countries, Russia's economy is performing the worst." **41-year-old male in Kazan**



Data Tables

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

Russia - Central Overview

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Central Consumer Indicator	77.1	73.2	73.2	Aug-15	-	74.5	0.0	0.0%
Current Indicator	81.6	78.5	78.6	Aug-15	-	79.6	0.1	0.1%
Expectations Indicator	74.2	69.6	69.6	Aug-15	-	71.1	0.0	0.0%
Personal Finance: Current	77.8	75.0	74.1	-	Jul-15	75.6	-0.9	-1.1%
Personal Finance: Expected	77.4	73.4	74.9	Aug-15	-	75.2	1.5	2.0%
Business Condition: 1 Year	67.7	62.9	63.5	Aug-15	-	64.7	0.6	0.9%
Business Condition: 5 Years	77.5	72.6	70.5	-	series low	73.5	-2.1	-2.9%
Durable Buying Conditions	85.3	82.1	83.1	Aug-15	-	83.5	1.0	1.2%
Current Business Conditions Indicator	69.5	69.7	68.4	-	series low	69.2	-1.3	-1.8%
Real Estate Investment Indicator	112.2	107.0	106.7	-	series low	108.6	-0.3	-0.3%
Car Purchase Indicator	77.8	69.9	63.8	-	series low	70.5	-6.1	-8.9%
Employment Outlook Indicator	71.2	66.5	64.5	-	series low	67.4	-2.0	-3.0%
Inflation Expectations Indicator	161.8	165.6	165.4	-	Aug-15	164.3	-0.2	-0.1%
Current Prices Satisfaction Indicator	47.8	44.2	42.5	-	series low	44.8	-1.7	-3.8%
Interest Rates Expectations Indicator	141.7	144.9	144.3	-	Aug-15	143.6	-0.6	-0.4%

Russia - Urals Overview

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Urals Consumer Indicator	66.3	67.4	65.6	-	Mar-15	66.4	-1.8	-2.7%
Current Indicator	61.6	65.8	62.0	-	Aug-15	63.1	-3.8	-5.7%
Expectations Indicator	69.4	68.5	68.0	-	Mar-15	68.6	-0.5	-0.7%
Personal Finance: Current	58.1	63.1	59.8	-	Aug-15	60.3	-3.3	-5.1%
Personal Finance: Expected	66.2	65.7	65.4	-	Jun-15	65.8	-0.3	-0.6%
Business Condition: 1 Year	60.6	59.2	60.0	Aug-15	-	59.9	0.8	1.4%
Business Condition: 5 Years	81.5	80.5	78.5	-	Mar-15	80.2	-2.0	-2.4%
Durable Buying Conditions	65.1	68.5	64.2	-	Apr-15	65.9	-4.3	-6.3%
Current Business Conditions Indicator	62.2	59.8	60.0	Aug-15	-	60.7	0.2	0.3%
Real Estate Investment Indicator	103.6	104.0	105.4	Feb-14	-	104.3	1.4	1.3%
Car Purchase Indicator	69.2	69.3	65.1	-	Jun-15	67.9	-4.2	-6.0%
Employment Outlook Indicator	63.0	62.6	59.6	-	series low	61.7	-3.0	-4.9%
Inflation Expectations Indicator	151.2	152.4	153.5	Feb-15	-	152.4	1.1	0.8%
Current Prices Satisfaction Indicator	45.6	43.5	44.8	Aug-15	-	44.6	1.3	2.9%
Interest Rates Expectations Indicator	150.1	150.3	150.4	Jun-15	-	150.3	0.1	0.0%

Russia - Volga Overview

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Volga Consumer Indicator	64.5	59.3	61.3	Aug-15	-	61.7	2.0	3.4%
Current Indicator	73.3	67.6	76.0	Mar-15	-	72.3	8.4	12.5%
Expectations Indicator	58.6	53.8	51.6	-	series low	54.7	-2.2	-4.2%
Personal Finance: Current	56.2	56.0	65.4	Mar-15	-	59.2	9.4	16.9%
Personal Finance: Expected	62.0	57.0	52.4	-	Apr-15	57.1	-4.6	-8.1%
Business Condition: 1 Year	55.7	52.6	54.9	Aug-15	-	54.4	2.3	4.4%
Business Condition: 5 Years	58.2	52.0	47.4	-	series low	52.5	-4.6	-8.7%
Durable Buying Conditions	90.4	79.3	86.7	Aug-15	-	85.5	7.4	9.3%
Current Business Conditions Indicator	51.1	48.2	50.4	Aug-15	-	49.9	2.2	4.6%
Real Estate Investment Indicator	115.5	112.7	113.1	Aug-15	-	113.8	0.4	0.4%
Car Purchase Indicator	83.0	83.7	66.5	-	series low	77.7	-17.2	-20.6%
Employment Outlook Indicator	52.0	49.5	39.3	-	series low	46.9	-10.2	-20.5%
Inflation Expectations Indicator	169.6	171.3	172.1	Jul-15	-	171.0	0.8	0.4%
Current Prices Satisfaction Indicator	34.2	28.0	29.1	Aug-15	-	30.4	1.1	4.0%
Interest Rates Expectations Indicator	167.7	162.8	163.7	Aug-15	-	164.7	0.9	0.6%

Russia - North Caucasus Overview

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - North Caucasus Consumer Indicator	73.8	74.3	75.5	Jun-15	-	74.5	1.2	1.5%
Current Indicator	65.6	67.1	69.0	Jun-15	-	67.2	1.9	2.9%
Expectations Indicator	79.3	79.2	79.8	Jun-15	-	79.4	0.6	0.8%
Personal Finance: Current	66.3	65.2	65.7	Aug-15	-	65.7	0.5	0.8%
Personal Finance: Expected	71.5	72.1	72.3	Jul-15	-	72.0	0.2	0.4%
Business Condition: 1 Year	65.9	67.0	65.0	-	Jul-15	66.0	-2.0	-3.0%
Business Condition: 5 Years	100.6	98.6	102.1	series high	-	100.4	3.5	3.6%
Durable Buying Conditions	64.8	68.9	72.3	Apr-15	-	68.7	3.4	4.9%
Current Business Conditions Indicator	72.0	70.9	73.1	Jul-15	-	72.0	2.2	3.1%
Real Estate Investment Indicator	99.5	102.1	101.4	-	Aug-15	101.0	-0.7	-0.7%
Car Purchase Indicator	67.6	71.8	70.2	-	Aug-15	69.9	-1.6	-2.3%
Employment Outlook Indicator	77.2	76.0	73.2	-	Mar-15	75.5	-2.8	-3.7%
Inflation Expectations Indicator	139.3	141.0	142.0	Apr-15	-	140.8	1.0	0.7%
Current Prices Satisfaction Indicator	54.5	53.1	53.5	Aug-15	-	53.7	0.4	0.7%
Interest Rates Expectations Indicator	152.4	155.2	153.6	-	Aug-15	153.7	-1.6	-1.0%

Russia - West Siberian Overview

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - West Siberian Consumer Indicator	73.8	68.5	69.5	Aug-15	-	70.6	1.0	1.5%
Current Indicator	71.7	62.7	63.6	Aug-15	-	66.0	0.9	1.4%
Expectations Indicator	75.3	72.4	73.5	Aug-15	-	73.7	1.1	1.6%
Personal Finance: Current	68.7	60.6	62.1	Aug-15	-	63.8	1.5	2.6%
Personal Finance: Expected	72.5	73.9	73.7	-	Aug-15	73.4	-0.2	-0.3%
Business Condition: 1 Year	68.0	59.9	60.2	Aug-15	-	62.7	0.3	0.6%
Business Condition: 5 Years	85.2	83.3	86.6	Dec-14	-	85.0	3.3	4.0%
Durable Buying Conditions	74.7	64.8	65.0	Aug-15	-	68.2	0.2	0.4%
Current Business Conditions Indicator	71.3	67.9	69.8	Aug-15	-	69.7	1.9	2.8%
Real Estate Investment Indicator	104.5	103.5	101.9	-	May-14	103.3	-1.6	-1.5%
Car Purchase Indicator	73.9	68.9	64.9	-	series low	69.2	-4.0	-5.7%
Employment Outlook Indicator	71.5	72.7	71.7	-	Aug-15	72.0	-1.0	-1.3%
Inflation Expectations Indicator	145.4	145.6	143.8	-	Dec-14	144.9	-1.8	-1.3%
Current Prices Satisfaction Indicator	43.1	45.0	43.4	-	Aug-15	43.8	-1.6	-3.6%
Interest Rates Expectations Indicator	144.6	143.4	141.6	-	Dec-14	143.2	-1.8	-1.3%

All Russia - Overview by Age

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI Russia Consumer Indicator	72.2	71.1	71.1	-	Mar-15	71.5	0.0	-0.1%
Current Indicator	72.1	70.7	71.8	Aug-15	-	71.5	1.1	1.5%
Expectations Indicator	72.3	71.4	70.6	-	Mar-15	71.4	-0.8	-1.1%
Personal Finance: Current	67.3	67.4	67.0	-	Jul-15	67.2	-0.4	-0.6%
Personal Finance: Expected	71.2	71.0	70.9	-	series low	71.0	-0.1	-0.1%
Business Condition: 1 Year	64.5	63.5	63.0	-	Jul-15	63.7	-0.5	-0.8%
Business Condition: 5 Years	81.3	79.6	77.8	-	Mar-15	79.6	-1.8	-2.3%
Durable Buying Conditions	76.9	74.0	76.6	Aug-15	-	75.8	2.6	3.5%
Age 35-54								
MNI Russia Consumer Indicator	74.6	69.9	68.5	-	series low	71.0	-1.4	-2.0%
Current Indicator	77.4	70.9	69.6	-	series low	72.6	-1.3	-1.8%
Expectations Indicator	72.8	69.2	67.8	-	series low	69.9	-1.4	-2.1%
Personal Finance: Current	71.2	64.0	64.2	Aug-15	-	66.5	0.2	0.3%
Personal Finance: Expected	72.1	70.0	68.8	-	series low	70.3	-1.2	-1.6%
Business Condition: 1 Year	67.9	61.4	60.3	-	series low	63.2	-1.1	-1.8%
Business Condition: 5 Years	78.4	76.3	74.1	-	Mar-15	76.3	-2.2	-2.8%
Durable Buying Conditions	83.6	77.8	75.0	-	series low	78.8	-2.8	-3.6%
Age 55-64								
MNI Russia Consumer Indicator	67.3	66.3	66.4	Aug-15	-	66.7	0.1	0.2%
Current Indicator	67.6	68.5	68.6	Jun-15	-	68.2	0.1	0.1%
Expectations Indicator	67.1	64.8	64.9	Aug-15	-	65.6	0.1	0.2%
Personal Finance: Current	62.7	62.9	65.3	Jun-15	-	63.6	2.4	3.8%
Personal Finance: Expected	67.3	62.4	63.8	Aug-15	-	64.5	1.4	2.2%
Business Condition: 1 Year	57.5	58.1	60.5	Jun-15	-	58.7	2.4	4.2%
Business Condition: 5 Years	76.4	73.9	70.5	-	Mar-15	73.6	-3.4	-4.5%
Durable Buying Conditions	72.5	74.1	71.8	-	May-15	72.8	-2.3	-3.1%

All Russia - Overview by Income

	Aug-15	Sep-15	Oct-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< RUB 480,000 Per Annum								
MNI Russia Consumer Indicator	69.2	66.7	66.7	-	Mar-15	67.5	0.0	0.0%
Current Indicator	67.1	65.8	66.1	Aug-15	-	66.3	0.3	0.4%
Expectations Indicator	70.6	67.3	67.1	-	Mar-15	68.3	-0.2	-0.3%
Personal Finance: Current	63.0	61.4	62.2	Aug-15	-	62.2	0.8	1.4%
Personal Finance: Expected	67.4	66.5	66.0	-	series low	66.6	-0.5	-0.6%
Business Condition: 1 Year	62.8	58.7	59.3	Aug-15	-	60.3	0.6	0.9%
Business Condition: 5 Years	81.7	76.6	75.9	-	Mar-15	78.1	-0.7	-0.8%
Durable Buying Conditions	71.1	70.2	69.9	-	Mar-15	70.4	-0.3	-0.5%
> RUB 480,000 Per Annum								
MNI Russia Consumer Indicator	76.4	74.8	73.4	-	series low	74.9	-1.4	-1.9%
Current Indicator	81.1	77.0	76.8	-	Jul-15	78.3	-0.2	-0.3%
Expectations Indicator	73.3	73.3	71.1	-	series low	72.6	-2.2	-3.0%
Personal Finance: Current	74.0	71.4	70.1	-	Jul-15	71.8	-1.3	-1.9%
Personal Finance: Expected	75.5	73.9	73.2	-	series low	74.2	-0.7	-0.9%
Business Condition: 1 Year	67.2	66.7	65.1	-	Jul-15	66.3	-1.6	-2.4%
Business Condition: 5 Years	77.3	79.3	75.0	-	Feb-15	77.2	-4.3	-5.3%
Durable Buying Conditions	88.3	82.7	83.5	Aug-15	-	84.8	0.8	1.1%

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.



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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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