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MNI Russia Business Report February 2015

Insight and data for better decisions

MNI Russia Business Report

MNI Russia Business Sentiment is a monthly poll of Russian business executives at companies listed on the Moscow Exchange which has been available since March 2013. Companies are a mix of manufacturing, service, construction and agricultural firms.

The survey provides the first monthly snapshot of economic and business conditions, ahead of official data and other business confidence data in Russia.

Respondents are asked their opinion on whether a particular business activity has increased, decreased or remained the same compared with the previous month as well as their expectations for three months ahead, e.g. Is Production Higher/Same/Lower compared with a month ago?

A diffusion indicator is then calculated by adding the percentage share of positive responses to half the percentage of those respondents reporting no change. An indicator reading above 50 shows expansion, below 50 indicates contraction and a result of 50 means no change.

The survey looks at key business metrics including orders, production, pricing, inventories, credit availability and exchange rate impact. Sentiment on both current and future expectations allows users to comprehensively monitor business and economic trends.

Whether you are forecasting the Russian economy, analysing where to invest in Russia or want to know how other companies in your sector are performing, our monthly intelligence offers an unrivalled insight into exactly what Russia's largest companies are thinking.

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MNI Russia Business Report - February 2015

Contents

4	Editorial
6	Executive Summary
10	Economic Landscape
17	Indicators
18	MNI Russia Business Indicator
20	Orders
22	Output and Employment
24	Prices
26	Money and Credit
28	Logistics
30	Data Tables



Phone Home

This February marks one year since Russia's "little green men" first placed boots on Ukrainian soil. It's time to call an end to the conflict which has claimed thousands of lives and shaved billions of dollars off the value of the Russian economy.

This February marks one year since Russia's "little green men" first placed boots on Ukrainian soil. It's time to call an end to the conflict which has claimed thousands of lives and shaved billions of dollars off the value of the Russian economy.

On 27 February 2014, Russian troops seized control of the Crimean regional parliament and earned themselves the moniker "little green men" in reference to the colour of their uniforms and lack of insignia to identify them by. At first, President Putin denied that these troops were Russian military and instead described them as local "self-defence groups" who were protecting citizens as they undertook a referendum on whether to be annexed by Russia in which a remarkable 95.6% of votes were cast in favour of leaving Ukraine, a figure fiercely disputed by international observers.

Putin has since acknowledged that the little green men were Russian military, although denies that the troops which have continued to push into eastern Ukraine are supported by the Russian government in spite of possessing state-of-the-art military equipment. While the Russia-backed rebels have secured a great deal of additional Ukrainian territory, it has come at a great cost. In addition to the immense loss of human life, the resulting effect on the economy from the imposition of Western sanctions and loss in investor confidence will likely take Russia years to regain.

There is, however, some method in Putin's madness. The Crimea peninsula is a strategically important region which houses Russia's Black Sea Fleet in the port of Sevastopol and possesses vast gas reserves within its territorial waters that are anticipated to yield trillions of dollars once explored. Nevertheless, should Russia continue its advance into the part of Ukraine which Putin calls Novorossiia ("New Russia"), he stands to lose a lot more than he stands to gain.

So, what does Putin have to lose? Aside from the additional Ukrainian and Russian lives that will undoubtedly be lost, such action is likely to yield fresh sanctions from the West that will deal further damage to Russia's economy which is already expected to enter a deep recession in 2015. Evidence from our business survey has shown that companies are

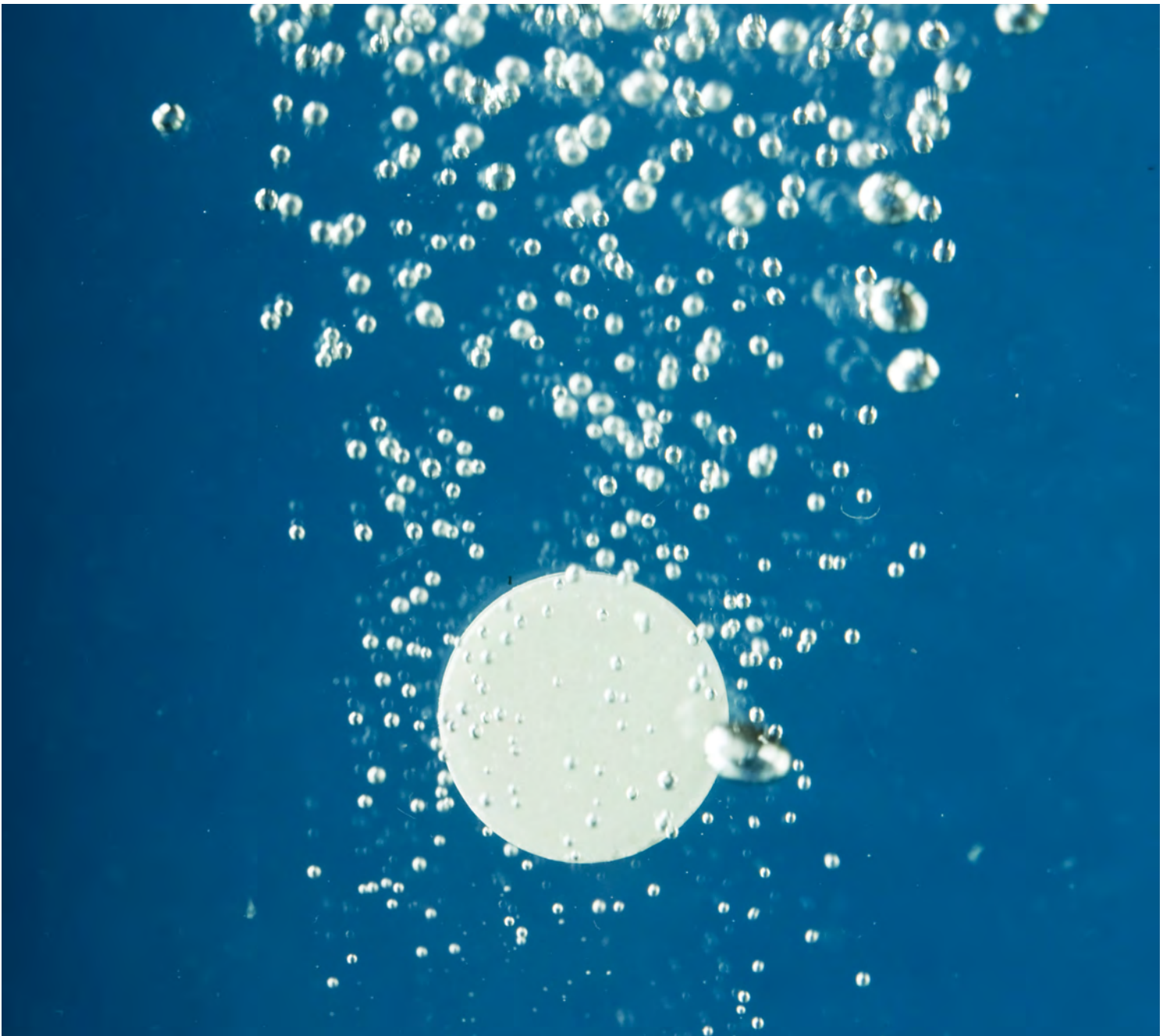
suffering from the current measures, particularly the capital restrictions as evidenced by the fall in the Availability of Credit Indicator to an all-time low in February. If the West is serious about bringing about a change in Putin's policy, it will widen the pool of Russian companies restricted from European capital markets and place a ban on the export of technology to the Russian gas industry following a similar ban against the oil sector.

Moreover, while the Crimean peninsula may have been of economic value the same cannot be said for the metallurgical and chemical enterprises in eastern Ukraine which have required tens of billions each year in subsidies due to a lack of competition, creaking machinery and a chronically unproductive workforce. Given the sorry state of Russia's finances, Putin can ill-afford to inherit this burden nor create additional competition for Russia's existing enterprises.

Putin's belief might be that by continuing its advance, the Russian government earns more leverage which it can use to force Ukraine's hand in moving further away from greater integration with the EU. Russia's aggression, however, may have the opposite effect and push Ukraine further towards the open arms of the EU. President Putin is probably better advised to stop any further incursions and for his army of little green men to phone "home".

George Brown

Junior Economist
MNI Indicators



Executive Summary

The MNI Russia Business Sentiment Indicator fell by 14.6% to 42.0 in February from 49.2 in January. Nearly three quarters of our panel thought that overall business conditions had not changed since January, while a record 22.5% of respondents reported that they had worsened.

The MNI Russia Business Sentiment Indicator fell by 14.6% to 42.0 in February from 49.2 in January. Nearly three quarters of our panel thought that overall business conditions had not changed since January, while a record 22.5% of respondents reported that they had worsened. Moreover, companies were slightly less optimistic in their near-term outlook, with the Future Expectations Indicator declining by 2% to 54.5 in February from 55.6 in January.

Aside from overall business sentiment, many of the key metrics of the report deteriorated to the worst level on record. Companies continued to suffer from the economic sanctions that have prevented many of Russia's largest state-owned companies from raising capital on Western capital markets, causing the Availability of Credit Indicator to fall to the lowest level since the series began in March 2013. Firms also reported a worsening in their financial position, falling into contraction for the first time ever.

Business overheads continued to rise in February as the weakness in the rouble caused Input Prices to hit a record high of 72.8. Faced with higher costs, our panel raised the prices of their goods and services at the fastest monthly pace on record as reflected by the rise in the Prices Received Indicator to a series high of 76.3.

However, the weakness in the rouble continued to be conducive overall to the business environment in spite of a fall in the Effect of Rouble Exchange Rate Indicator to 50.8 in February, as it helped to boost Export Orders a seven-month high of 50.0, the mark that separates expansion from contraction.

Still, the improvement in demand from abroad was unable to prevent overall New Orders from falling an all-time low of 45.5, forcing companies to scale back Production to a series low of 41.5. Even with companies scaling back at the quickest pace on record, the Inventories Indicator reached a record high of 62.8 in February suggesting that companies are failing to retrench fast enough amid the dwindling domestic demand.

In spite of the Central Bank of Russia loosening monetary policy in January, the Interest Rates Paid remained at 50.0 in February although it is likely to rise than fall over

the coming months as the effect of the CBR's previous rapid policy tightening filters through.

Our panel continued to report that they were reducing the size of their workforce in February, albeit at a slower pace than in the previous month. The Employment Indicator improved from January's one-year low of 49.3 to 49.8 in February, although remained far below the series average of 51.1.

Seven out of the 15 current conditions indicators in the MNI Russia Business Sentiment survey decreased in February, while nine of the 15 Future Expectations indicators rose on the month.

Sentiment declined across all three sectors in February, led by construction companies where the business indicator fell into contraction after having been exactly at the 50 level that separates optimism from pessimism for the previous two months. The decline in expectations, meanwhile, was driven solely by service sector companies who were alone among the sectors in being less optimistic in their outlook for the future, while expectations among manufacturing companies improved and remained unchanged among construction companies.

Overview

	Dec-14	Jan-15	Feb-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Business Indicator								
Current Conditions	47.3	49.2	42.0	-	series low	46.2	-7.2	-14.6%
Future Expectations	55.3	55.6	54.5	-	Jul-14	55.1	-1.1	-2.0%
Production								
Current Conditions	47.0	50.8	41.5	-	series low	46.4	-9.3	-18.3%
Future Expectations	51.6	51.8	52.2	Nov-14	-	51.9	0.4	0.8%
New Orders								
Current Conditions	48.3	50.5	45.5	-	series low	48.1	-5.0	-9.9%
Future Expectations	52.1	51.1	51.3	Dec-14	-	51.5	0.2	0.4%
Export Orders								
Current Conditions	49.0	49.3	50.0	Jul-14	-	49.4	0.7	1.4%
Future Expectations	52.1	51.0	51.1	Dec-14	-	51.4	0.1	0.2%
Productive Capacity								
Current Conditions	50.0	50.0	50.5	Nov-14	-	50.2	0.5	1.0%
Future Expectations	50.5	50.5	50.5	Jan-15	-	50.5	0.0	0.0%
Order Backlogs								
Current Conditions	49.3	46.5	49.5	Feb-14	-	48.4	3.0	6.5%
Future Expectations	47.0	47.2	47.5	Nov-14	-	47.2	0.3	0.6%
Employment								
Current Conditions	49.5	49.3	49.8	Nov-14	-	49.5	0.5	1.0%
Future Expectations	48.5	48.5	48.8	Nov-14	-	48.6	0.3	0.6%
Inventories								
Current Conditions	50.7	55.4	62.8	series high	-	56.3	7.4	13.4%
Future Expectations	48.6	49.3	49.3	Jan-15	-	49.1	0.0	0.0%
Input Prices								
Current Conditions	50.0	69.2	72.8	series high	-	64.0	3.6	5.2%
Future Expectations	50.0	53.4	51.8	-	Dec-14	51.7	-1.6	-3.0%
Prices Received								
Current Conditions	50.8	70.1	76.3	series high	-	65.7	6.2	8.8%
Future Expectations	50.5	52.1	54.2	Sep-13	-	52.3	2.1	4.0%
Financial Position								
Current Conditions	50.5	50.0	48.5	-	series low	49.7	-1.5	-3.0%
Future Expectations	57.6	57.1	57.6	Dec-14	-	57.4	0.5	0.9%
Interest Rates Paid								
Current Conditions	50.0	50.0	50.0	Jan-15	-	50.0	0.0	0.0%
Future Expectations	50.5	50.5	50.0	-	Sep-14	50.3	-0.5	-1.0%
Effect of Rouble Exchange Rate								
Current Conditions	52.4	52.9	50.8	-	Nov-14	52.0	-2.1	-4.0%
Future Expectations	49.1	49.4	49.7	Nov-14	-	49.4	0.3	0.6%
Supplier Delivery Times								
Current Conditions	50.0	50.3	47.5	-	Aug-13	49.3	-2.8	-5.6%
Future Expectations	50.0	50.0	50.0	Jan-15	-	50.0	0.0	0.0%
Availability of Credit								
Current Conditions	42.3	38.0	34.4	-	series low	38.2	-3.6	-9.5%
Future Expectations	52.6	51.4	51.8	Dec-14	-	51.9	0.4	0.8%

The MNI Russia Business Indicator fell by 14.6% to 42.0 in February...

...from 49.2 in January.



Economic Landscape

While a new ceasefire has been agreed between Russia and Ukraine, it appears to exist only in name as reports from the frontline have spoken of a continuation in fighting.

While a new ceasefire has been agreed between Russia and Ukraine, it appears to exist only in name as reports from the frontline have spoken of a continuation in fighting. Following 16 hours of gruelling overnight negotiation, Russian President Vladimir Putin and his Ukrainian counterpart Petro Poroshenko agreed in Minsk on February 12 to reaffirm the terms of the original memorandum which entailed a comprehensive ceasefire and outlined which of the disputed regions would be occupied by each party. Since then, however, the Ukrainian military have had to retreat from the strategically important road and rail hub of Debaltseve just days after the ceasefire was signed as the rebel forces continued their advance in a blatant violation of the ceasefire, bringing into question its validity.

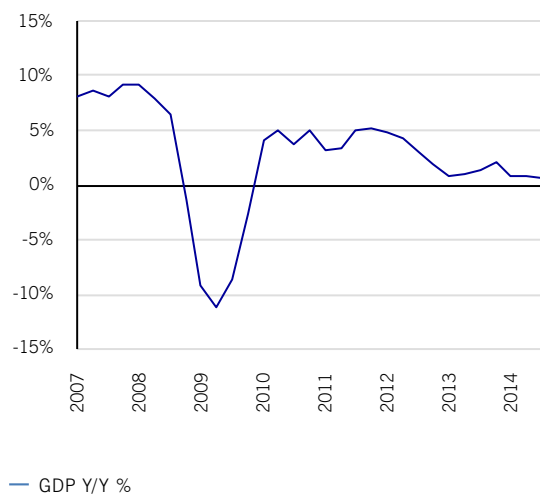
In the days following “Minsk 2.0”, the EU added 19 individuals and nine organisations to its list of those subject to asset freezes and banned from travelling within the bloc. Such a measure seems lenient and politically motivated, however, given that the most notable addition to the list is the “Russian Sinatra” Iosif Kobzon after he declared his support for the Russian-backed rebels, therefore making it more likely to provoke Putin than help bring about an end to Russia’s involvement in eastern Ukraine. Nevertheless, German Chancellor Angela Merkel has indicated that the EU will consider more punitive measures should the new ceasefire be violated. Options

on the table include a widening of the pool of Russian companies restricted from European capital markets and a ban on the export of technology to the Russian gas industry following a similar ban against the oil sector.

Russian companies face higher refinancing costs following the decision by Moody’s to cut the country’s credit rating to junk, following a similar decision by Standard & Poor’s just a few weeks previously. The rating agency stated that it had lowered Russia’s score to ‘Ba1’, or “speculative”, as it expects the economy to enter a deep recession this year as the decline in confidence constrains domestic demand and exacerbates already chronic underinvestment. Fitch is now alone among the three major three ratings agencies in not assigning Russia a junk rating, although this disparity is unlikely to last long with a further negative impact for refinancing.

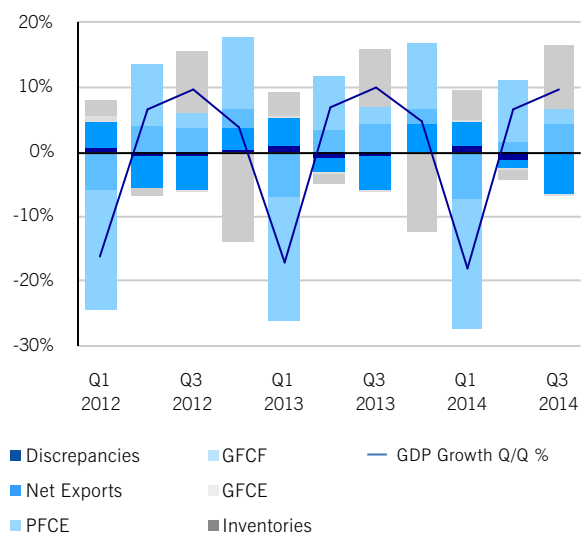
Latest economic data has shown more concrete signs that the downturn in the Russian economy has shifted up a gear. In January, real wages declined by the most since August 1999 when the economy was recovering from the financial crisis, as a rise in unemployment to an 11-month high further eroded the bargaining power of the Russian workforce who have accepted wage cuts as companies seek to scale back their operations. This has consequently diminished consumers’ purchasing power, which had remained resilient in recent months in spite of the

Economic Growth



Source: Rosstat

Contribution to Economic Growth



Source: Rosstat

downturn, with retail sales falling by the most in five years in January and car sales experiencing a double-digit decline in spite of the government's car scrappage scheme.

Economy ekes out some growth

The latest GDP figures from the Economic Development Ministry revealed that the economy grew by 0.2% in December following a contraction of 0.5% in November as strong industrial production and retail sales sparked by panic buying outweighed the negative impact of a sustained decline in the price of oil and the continuing currency crisis.

Third quarter GDP data released by the Federal Statistics Service (Rosstat) showed that the economy grew by 0.7%, down from 0.8% in the three months to June. The slowdown in growth was, however, much more muted than many had anticipated given the imposition of Western sanctions and the food ban on the economy. A more granular look at GDP over the quarter reveals that the resilience of the economy can be attributed to a good harvest and robust industrial production on the back of import substitution and the commencement of a gas pipeline project to China.

While fourth quarter GDP is not due to be released until March 2, economic growth in the three months to December is expected to have moderated further. While consensus expectations are that the economy will have contracted, resilient industrial production and the monthly estimates from the Economic Development Industry over the period suggest the economy could exceed expectations and eke out low growth. Nevertheless, the dire economic situation and the weakness in both our business and consumer surveys indicate that the fall into recession will have only been delayed slightly.

The economy ministry has estimated that the economy will shrink by 4.5% in 2015 should the price of oil remain at or around \$45 a barrel. Scenarios based on prices of \$60 a barrel and \$80 a barrel suggest contractions of 3% and 0.8% respectively.

Industrial production slows in January

Import substitution in the wake of the depreciation in the rouble and the ban on Western food imports have kept industrial production resilient in spite of the widespread

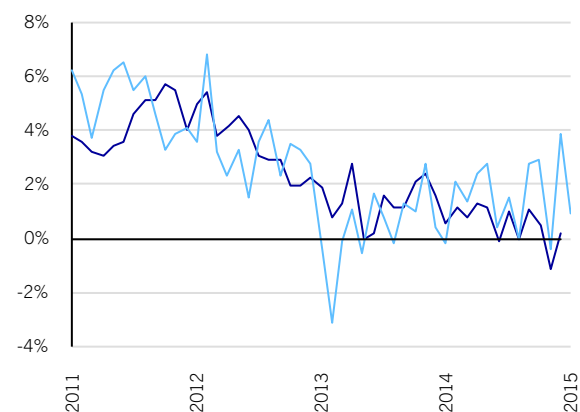
weakness in the economy. However, industrial production slowed considerably in January as some of the previous temporary effects dissipated.

Industrial production fell by a seasonally-adjusted 1.8% on the month in January, wiping out the 1.9% increase in the previous month. This caused year-on-year growth to decline to 0.3% in January from 3.9% previously.

The deceleration in manufacturing output was the main driver of the weakening in industrial production, shrinking by 0.1% on the year in January following growth of 4.1% in the month before. Production of passenger cars contracted by 25.7% on the year in January as car sales fell by a remarkable 24.4% annual decline in the same month in spite of the government's car scrappage scheme. Previously, the manufacturing sector has remained resilient as the Russian ban on Western food imports provided a boost to domestic food manufacturers, with the sector growing by 3.6% on the year in January after declining by 2.1% in the previous month.

Mining and quarrying output, meanwhile, provided some support for industrial production in spite of slowing to 1.5% on the year in January from 3% in the previous month. This was primarily due to a 9.5% annual decline in the extraction of natural gas, although the sector as a whole remained in growth as mining of coal continued to accelerate to 12.4% in January.

Industrial Production



— GDP Y/Y %*
— Industrial Production Y/Y %**

Source: *Ministry of Economic Development, **Rosstat

The deceleration in utilities output continued in January as growth slowed to 1.2% on the year after expanding by 3.4% on the year in December. In particular, electricity production moderated to 2.1% on the year from 3.3% in the previous month.

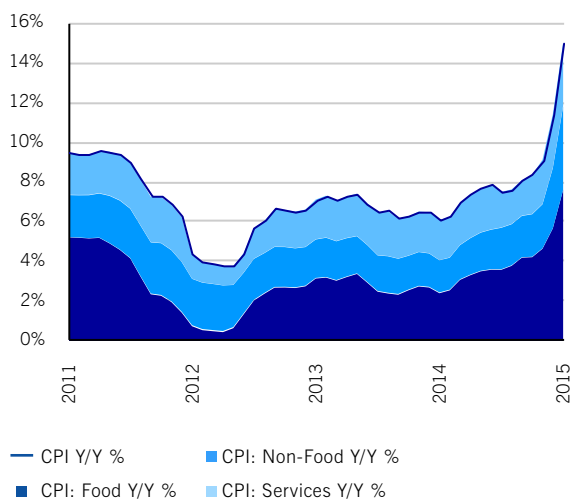
Over the course of 2014, industrial production grew by 1.7% compared with growth of just 0.4% in the same period a year ago. Ordinarily, this would suggest a similar acceleration in economic growth as the industrial sector comprises almost 40% of the Russian economy. Nevertheless, while the depreciation in the rouble and the ban on Western food imports may be helping to support industrial production, they are crippling other parts of the Russian economy. Therefore, the relationship between industrial production and economic growth that has been previously observed has diverged in 2014, with the latter slowing rather than picking up.

Inflation rises in January

Both consumer and wholesale prices accelerated in January as the weakness in the rouble continued to feed through to prices.

Consumer price inflation accelerated to 15% on the year in January from 11.4% in December, the highest since September 2008. Food price inflation rose 20.7% on the year in January after rising by 15.4% in December. Even after stripping out the prices of food and fuel, core inflation

Inflation



Source: Rosstat

has also surged as the significant weakening in the rouble has caused the price of many imported goods to rise. In January it accelerated to 14.7% on the year from 11.2% in the previous month, the highest since March 2009.

Under the central bank's most recent baseline scenario, inflation is forecast to remain above 10% throughout 2015 and is not anticipated to fall to the medium-term target of 4% until the end of 2017.

Producer price inflation, meanwhile, accelerated to 7.1% in January from 5.9% in December. Prices have previously been kept in check by weak demand and lower energy prices, although the effect of the latter disappeared in January as wholesale gasoline prices rose by 0.3% on the year following a decline of 16.3% in December. The acceleration in producer price inflation was anticipated given the significant rise in the MNI Input Prices Indicator in January's business survey, which is released prior to official wholesale inflation data. The subsequent rise in the indicator in February's business survey points to a further acceleration in producer price inflation.

Monetary policy remains tight in spite of rate cut

At its meeting on January 30, the Central Bank of Russia cut the key interest rate by 200 basis points to 15%, having raised it by 650 basis points in December to support the currency. While pressure on the currency has subsided since the December maelstrom, we had expected to see rates held at a higher level for a little longer. The timing of the move has caused some speculation that the CBR bowed to political pressure to cut rates, and although this cannot be ruled out we would see it more in terms of policy normalisation following the exaggerated move in December.

In a press release announcing the rationale behind the rate cut, the CBR said that it felt the current impact on inflation from the rouble would be transitory and pointed to cooling economic growth which would limit the increase in inflation.

The CBR is due to meet next on March 13 and is expected to hold rates steady. If oil prices and the rouble stabilise or strengthen then there is a possibility that monetary policy could be eased again.

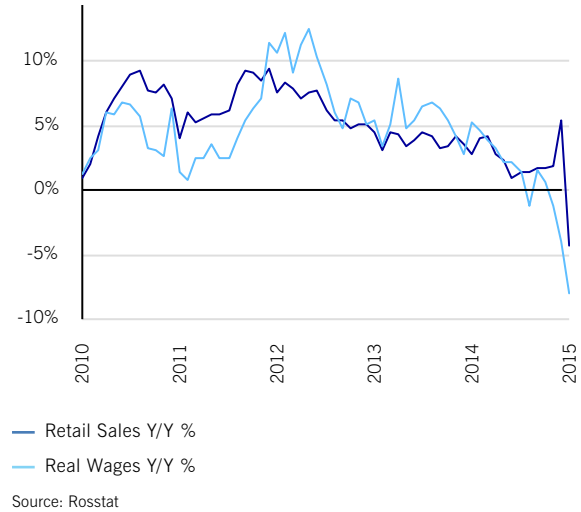
Household finances deteriorate

Amid the tough economic background, unemployment has started to rise and wages have fallen which will adversely impact the spending power of Russian households.

Western sanctions and the fall in the price of oil have hurt the finances of many Russian companies, causing some to collapse and others to start scaling back their workforce given the uncertain future. This has resulted in unemployment rising to an 11-month high of 5.5% in January from 5.3% in December. The employment situation in Russia has on the whole remained resilient in the face of the slowdown, a reflection of the country's overstaffing and low levels of productivity, although the recent trend in rising unemployment is expected to continue throughout 2015 in line with the downturn in the economy.

Rising unemployment has reduced the bargaining power of the Russian workforce and many have accepted wage cuts as companies seek to scale back their operations. Real wages fell by 8% on the year in January after declining by a revised 4% in December, the largest decline since August 1999 when the economy was recovering from the financial crisis. 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 for a

Retail Sales and Real Wages



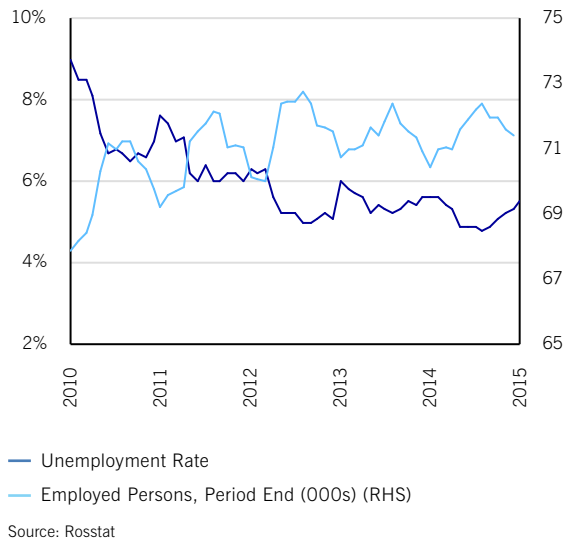
rainy day. With wages likely to continue declining given rising unemployment, households could be ill-equipped to deal with the challenging conditions they are likely to have to endure in 2015.

Consumer spending falls sharply

Retail sales fell by 4.4% in January from a year earlier, following growth of 5.3% in December, the first annual decline since December 2009. Previously, retail sales have been supported by the steep decline in the rouble which has eroded the value of Russian households' savings, with reports highlighting that consumers had been keen to purchase white goods or other household items rather than see their savings diminish. Nevertheless, such spending behaviour seems to have faded in January as sales of non-food items declined 3.5% on the year following growth of 10.5% in December. Food sales, meanwhile, declined by 5.5% on the year in January after shrinking by 0.4% in the previous month.

Automobile sales declined by 24.4% on the year in January following growth of 2.4% in December. Previously, the downturn in the car market had been mitigated by a government car scrappage and trade-in scheme introduced in September 2014 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. There were hopes that the growth observed in December, although small, would mark the end of an 11-month

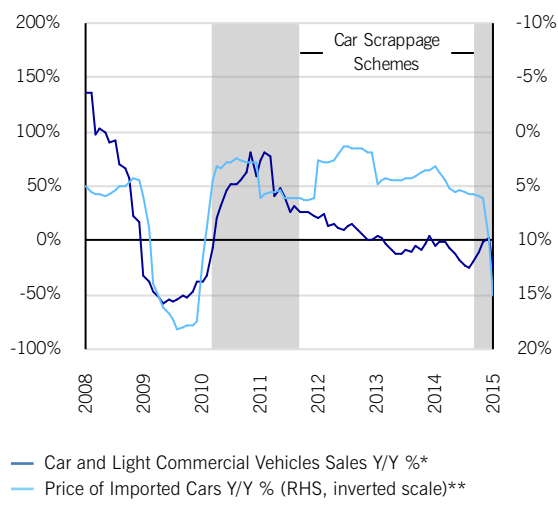
Labour Market



decline in the car market but the significant fall in January's data dispels any such notion. The sharp decline in car sales may be due to dealerships now pricing in the cost of the significantly weaker rouble, having previously keeping prices in check. In the year to January there was a 19.4% annual rise in the price of a domestically manufactured car and a 15% hike in the price of those that are imported.

As we anticipated, consumer spending has failed to retain its momentum as consumer purchasing power has been eroded by the fall in household finances. Indeed, this trend looks likely to continue throughout 2015 as purchasing conditions in the Russian economy are set to deteriorate further. Inflation is forecast to accelerate in the first quarter of 2015 before tapering off slightly but remaining uncomfortably high.

Car Sales



Source: *Association of European Businesses, **Rosstat

Key Monthly Economic Data

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
GDP Y/Y %*	1.0%	0.0%	1.1%	0.5%	-1.1%	0.2%	-
Industrial Production Y/Y %**	1.5%	0.0%	2.8%	2.9%	-0.4%	3.9%	0.9%
Consumer Price Index Y/Y %**	7.5%	7.6%	8.0%	8.3%	9.1%	11.4%	15.0%
Producer Price Index Y/Y %**	9.0%	5.7%	3.5%	5.1%	6.1%	5.8%	7.1%
Unemployment Y/Y %**	4.9%	4.8%	4.9%	5.1%	5.2%	5.3%	5.5%
Real Wages Y/Y %**	1.4%	-1.2%	1.5%	0.6%	-1.2%	-4.0%	-8.0%
Retail Sales Y/Y %**	1.3%	1.4%	1.7%	1.6%	1.8%	5.3%	-4.4%
Car Sales Y/Y %***	-22.9%	-25.8%	-20.1%	-9.9%	-1.1%	2.4%	-24.4%
Exports \$ Bn.****	462.1	414.7	381.1	411.4	366.6	376.1	-
Imports \$ Bn.****	-291.8	-252.6	-259.6	-269.2	-233.0	-246.8	-

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

Nearly three
quarters of our panel
thought that overall
business conditions
had not changed...

...while a record 22.5% of respondents reported that they had worsened.



Indicators

Sentiment among our panel of large Russian companies fell to the lowest level in the survey's history as a record number of firms reported declines in output and new orders.

MNI Russia Business Indicator

Sentiment Slides to Record Low



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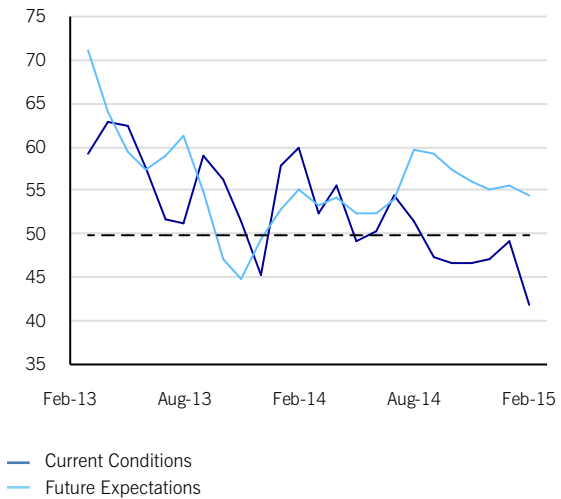
The MNI Russia Business Sentiment Indicator fell by 14.6% to 42.0 in February from 49.2 in January. Nearly three quarters of our panel thought that overall business conditions had not changed since January, while a record 22.5% of respondents reported that they had worsened. Moreover, companies were slightly less optimistic in their near-term outlook, with the Future Expectations Indicator declining by 2% to 54.5 in February from 55.6 in January.

Data from the Ministry of Economic Development revealed that the Russian economy grew by 0.2% on the year in December after contracting by a revised 1.1% in November. Russia's GDP growth is captured well by the MNI Russia Business Sentiment Indicator and the weakness in the February survey suggests that economic growth has declined even further which reinforces the likelihood that Russia will fall into recession in 2015.

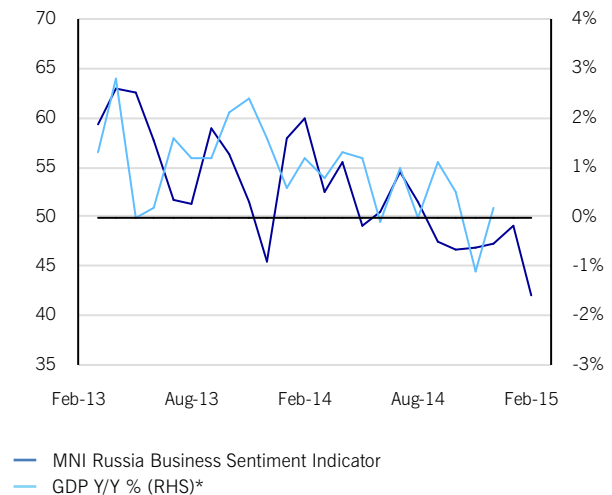
While the Federal State Statistics Service is not due to release official data on economic growth for the three months to December until March 2, that the weakness in the survey points to a slowdown from the 0.7% observed in Q3. The MNI Russia Business Sentiment Indicator averaged just 46.9 in Q4, the weakest on record.

Aside from overall business sentiment, many of the key metrics of the report deteriorated to the worst level on record. Companies continued to suffer from the economic sanctions that have prevented many of Russia's largest state-owned companies from raising funds on Western capital markets, causing the Availability of Credit Indicator to fall to the lowest level since the

MNI Russia Business Sentiment Indicator



MNI Russia Business Sentiment Indicator and GDP



Source: *Ministry of Economic Development

MNI Russia Business Indicator

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Current Conditions	60.0	47.5	46.7	46.8	47.3	49.2	42.0

series began in March 2013. Firms also reported a worsening in their financial position, falling into contraction for the first time ever.

Seven out of the 15 current conditions indicators in the MNI Russia Business Sentiment survey decreased in February, while nine of the 15 Future Expectations indicators rose on the month.

Sentiment declined across all three sectors in February, led by construction companies where the business indicator fell into contraction after having been exactly at the 50 level that separates optimism from pessimism for the previous two months. The decline in expectations, meanwhile, was driven solely by service sector companies who were alone among the sectors in being less optimistic in their outlook for the future, while expectations among manufacturing companies improved and remained unchanged among construction companies.

Sectors - Overall Business Conditions

	Manufacturing	Services	Construction
Current Conditions	↓ < 50	↓ < 50	↓ < 50
Future Expectations	↑ > 50	↓ > 50	↔ > 50

MNI Russia Business Indicator

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Future Expectations	55.3	59.4	57.6	56.1	55.3	55.6	54.5

Orders

Demand Deteriorates to All-Time Low



A record proportion of our panel reported that they had received fewer orders in February following the conclusion of the Russian New Year period, although the weak rouble helped to lift export orders out of contraction to a seven-month high.

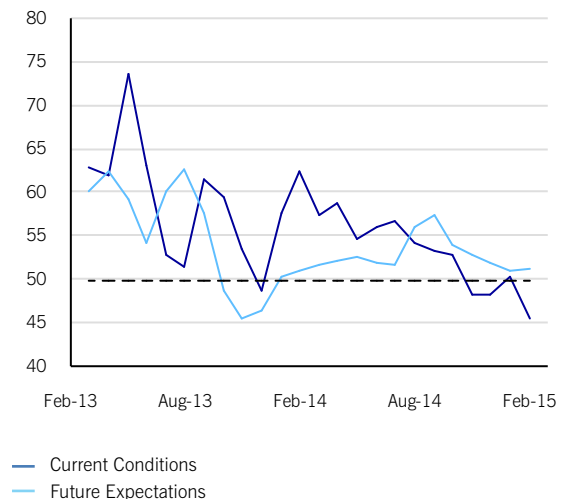
As we suggested last month, the pick-up in total orders in January was mainly due to seasonal effects arising from the Russian New Year period. In February, the New Orders Indicator plummeted to a record low of 45.5 from a three-month high of 50.5 previously.

New Orders across the three sectors have weakened in recent months as companies have been faced with a highly uncertain business environment due to the imposition of painful sectoral sanctions by the West. Construction companies reported that orders had fallen for the fourth consecutive month, while the indicator for both manufacturing and service sector companies fell into contraction.

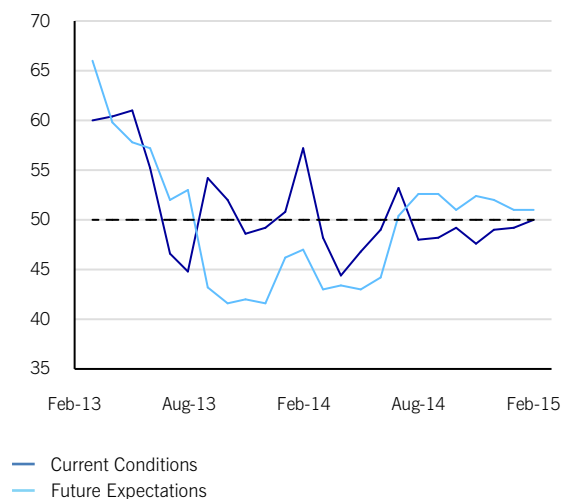
Companies were, however, mildly more optimistic that demand would grow over the coming three months. The Expectations Indicator for New Orders stood at 51.3 in February compared with 51.1 in January. Even though construction companies were less optimistic and manufacturing companies turned pessimistic, the rise in confidence among service sector companies was sizeable enough to cause overall sentiment to rise.

With the rouble depreciating substantially in recent months, Russian goods and services have become cheaper to foreign companies, although the negative impact of the sanctions had outweighed any benefit to exporters until February. Western economic sanctions have prevented trade with certain Russian companies, resulting in numerous joint-ventures having to be

New Orders



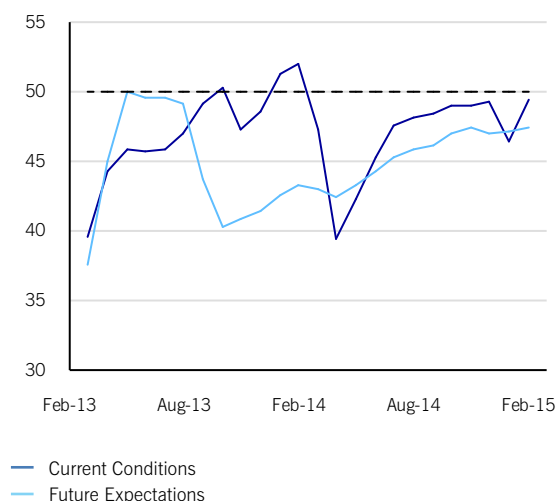
Export Orders



Orders - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
New Orders	62.5	53.3	52.8	48.3	48.3	50.5	45.5
Export Orders	57.2	48.3	49.3	47.7	49.0	49.3	50.0
Order Backlogs	52.0	48.5	49.0	49.0	49.3	46.5	49.5

Order Backlogs



cancelled, while new trade agreements have become a rarity amid fears of additional sanctions.

In February, however, the weakness in the currency helped to increase Export Orders, which rose to 50.0, the mark that separates expansion from contraction, from 49.3 in January and to the highest level since July 2014.

While the rouble has stabilised lately, risks are to the downside and there remains a possibility that the currency will continue to depreciate. This could partially account for why our panel continued to anticipate that Export Orders would rise in the coming three months, with the Expectations Indicator standing at 51.1 in February compared with 51.0 in January.

Sectors - Current Conditions

	New Orders	Export Orders	Order Backlogs
Manufacturing	↓ < 50	↑ < 50	↑ < 50
Services	↓ < 50	↑ > 50	↑ > 50
Construction	↔ < 50	↔ = 50	↑ < 50

Sectors - Future Expectations

	New Orders	Export Orders	Order Backlogs
Manufacturing	↓ > 50	↔ = 50	↔ < 50
Services	↑ > 50	↑ > 50	↑ < 50
Construction	↓ < 50	↔ = 50	↔ < 50

Heightened economic uncertainty and subdued demand meant that the Order Backlogs Indicator remained in contraction, albeit improving to 49.5 in February from 46.5 in January. In line with higher optimism that demand would be greater in the future, Future Expectations improved marginally to 47.5 in February from 47.2 in January although remained in contraction.

Orders - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
New Orders	51.0	57.4	54.0	52.9	52.1	51.1	51.3
Export Orders	47.1	52.6	51.1	52.5	52.1	51.0	51.1
Order Backlogs	43.3	46.2	47.0	47.5	47.0	47.2	47.5

Output and Employment

Production Plummets to Record Low



Production fell to an all-time low and companies continued to scale back the size of their workforce as the already poor demand backdrop deteriorated further still.

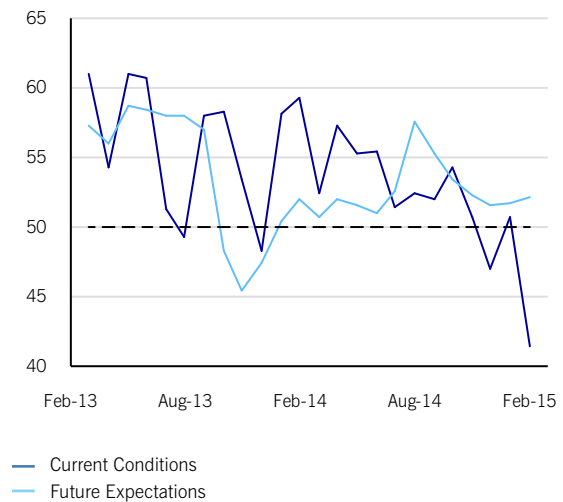
Following a short-lived improvement to 50.8 in January, the Production Indicator fell by 18.3% to a series low of 41.5. Companies across all three sectors scaled back production in February, particularly those in the service sector where the indicator fell sharply into contraction having previously been comfortably above the 50 level in January.

Expectations for Production in the coming three months, meanwhile, rose slightly to 52.2 in February from 51.8 in January, roughly around the same level it was in February 2014. Although both manufacturing and service sector had higher expectations for production in February, optimism among construction companies faded to the 50 mark.

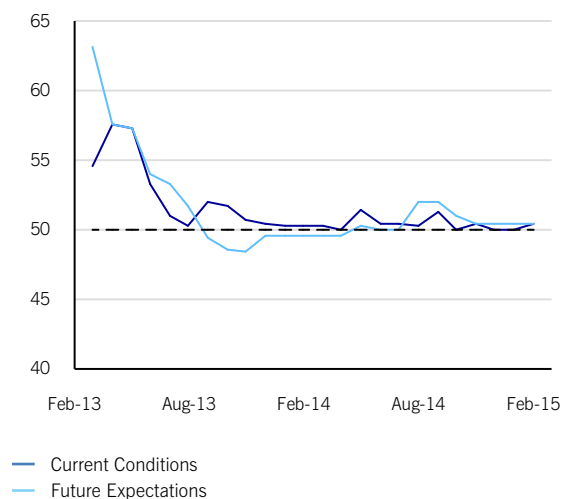
Official data showed that industrial production moderated to 0.9% on the year in January after growing by 3.9% in December. The slowdown was driven by a deceleration in the manufacturing sector, particularly car production which contracted by 25.7% on the year. On a seasonally-adjusted monthly basis, industrial production contracted by 1.8% in January following growth of 1.9% in December.

Weak consumer demand and a tough economic climate have left many companies with a high degree of excess capacity and evidence from the survey suggests that firms have done little to cut back in recent months, with the Productive Capacity Indicator rising slightly to 50.5 in February from 50.0 in January. Moreover, companies continued to anticipate that they would expand their capacity in the future in spite of a likely worsening in the

Production



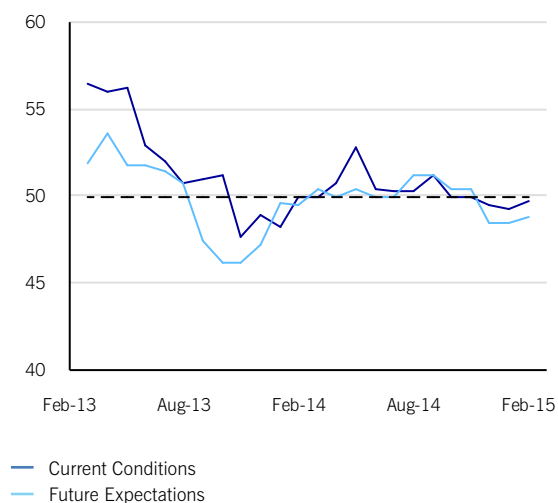
Productive Capacity



Output and Employment - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Production	59.3	52.0	54.3	50.8	47.0	50.8	41.5
Productive Capacity	50.3	51.3	50.0	50.5	50.0	50.0	50.5
Employment	50.0	51.3	50.0	50.0	49.5	49.3	49.8

Employment



business environment, with the Expectations Indicator remaining in expansion at 50.5 in February.

Our panel continued to report that they were reducing the size of their workforce in February, albeit at a slower pace than in the previous month. The Employment Indicator improved from January's one-year low of 49.3 to 49.8 in February, although remained far below the series average of 51.1.

Sectors - Current Conditions

	Production	Productive Capacity	Employment
Manufacturing	↓ < 50	↑ > 50	↔ < 50
Services	↓ < 50	↑ > 50	↔ > 50
Construction	↓ < 50	↔ = 50	↑ < 50

Sectors - Future Expectations

	Production	Productive Capacity	Employment
Manufacturing	↑ > 50	↔ > 50	↔ < 50
Services	↑ > 50	↔ = 50	↔ = 50
Construction	↓ = 50	↔ = 50	↑ < 50

Output and Employment - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Production	52.0	55.3	53.5	52.4	51.6	51.8	52.2
Productive Capacity	49.7	52.0	51.0	50.5	50.5	50.5	50.5
Employment	49.5	51.3	50.5	50.5	48.5	48.5	48.8

Prices

Business Overheads at All-Time High



Input prices rose to the highest on record in February as the weakness of the rouble continued to filter through, prompting our panel to raise the prices of their goods and services at the fastest monthly pace on record.

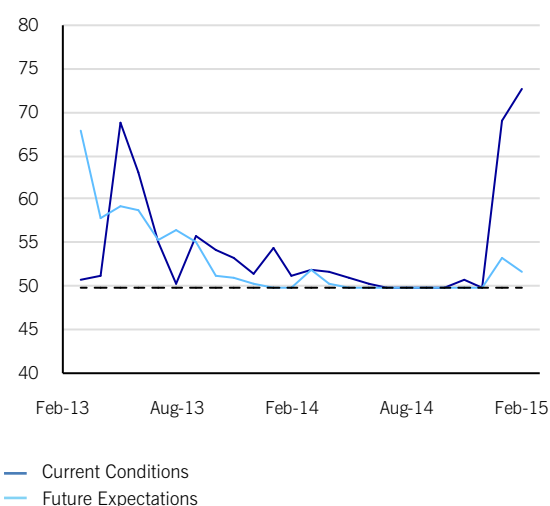
Input Prices rose to a new record high of 72.8 in February after soaring 38.4% to 69.2 in January. Companies' expectations for prices over the next three months, meanwhile, eased slightly with the Expectations Indicator falling to 51.8 in February from 53.4 in the previous month.

Official figures showed that consumer price inflation accelerated to 15% in January from 11.4% in December, the highest since August 2008. A ban on food imports from Western nations, in retaliation to sanctions placed upon Russia, caused food price inflation to reach 20.7% on the year in January which makes up more than a third of the basket. Even after stripping out the prices of food and fuel, core inflation accelerated to 14.7% from 11.2% in the previous month, the highest since August 2008.

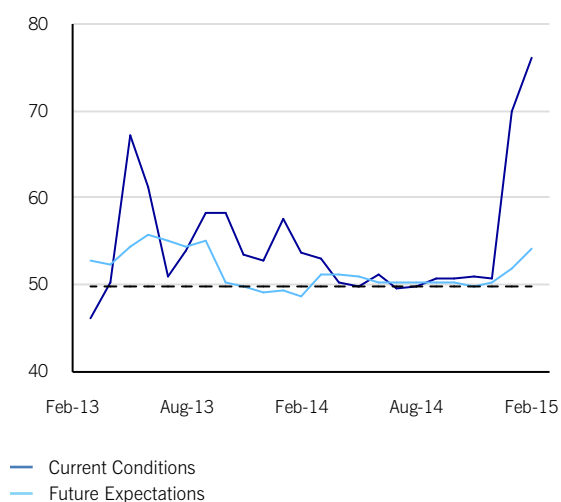
Faced with considerably higher business overheads, the majority of our panel reported that they had raised the prices that they charged for their goods and services. This was reflected in the Prices Received Indicator which hit a new series high of 76.3 in February from a previous high of 70.1 in January.

Inflationary pressures have been compounded by the rapid weakening of the rouble in recent months, with companies reporting that the current exchange rate had become less conducive to business. The Effect of the Rouble Exchange Rate Indicator, which measures whether the exchange rate is helping or hurting businesses, fell to 50.8 in February from 52.9 in the

Input Prices



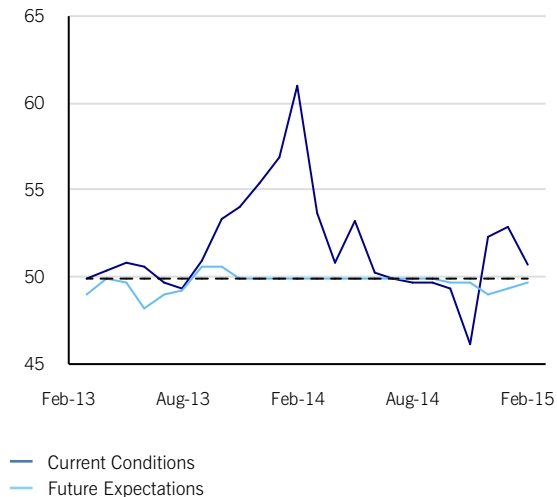
Prices Received



Prices - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Input Prices	51.3	50.0	50.0	50.8	50.0	69.2	72.8
Prices Received	53.8	50.8	50.8	51.0	50.8	70.1	76.3
Exchange Rate	61.0	49.7	49.4	46.2	52.4	52.9	50.8

Effect of Rouble Exchange Rate



month before. Businesses are asked whether the exchange rate is helping or hurting their company and a value above 50 shows that more firms reported that it was helping, while a reading below 50 shows the exchange rate was hurting.

On the surface, the fact that this indicator has declined gradually in recent months in spite of improving Export Orders seems counterintuitive. However, it is possible that the rise in the cost of imported inputs from the weakness in the rouble is slowly eroding the benefit to exporters, although this cannot be said with any degree of conviction given that our price sentiment data is not sufficiently granular to enable such analysis.

Following a turbulent few months, the rouble has recovered and stabilised somewhat which prompted the Central Bank of Russia to cut the key interest rate by

Sectors - Current Conditions

	Input Prices	Prices Received	Effect of Rouble Exchange Rate
Manufacturing	↑ > 50	↑ > 50	↓ > 50
Services	↑ > 50	↑ > 50	↔ > 50
Construction	↑ > 50	↑ > 50	↔ = 50

Sectors - Future Expectations

	Input Prices	Prices Received	Effect of Rouble Exchange Rate
Manufacturing	↓ > 50	↑ > 50	↑ < 50
Services	↔ = 50	↔ = 50	↔ = 50
Construction	↔ = 50	↔ = 50	↔ = 50

200 basis points to 15% at its meeting on January 30. Nevertheless, downside risks remain given the volatility in the price of oil and the possibility of fresh sanctions as the conflict in Eastern Ukraine shows little sign of abating in spite of a recently agreed ceasefire. Companies expected the rouble exchange rate to hurt in the coming three months, with the Expectations Indicator remaining below the 50 mark at 49.7 in February compared with 49.4 in January.

Prices - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Input Prices	50.0	50.0	50.0	50.0	50.0	53.4	51.8
Prices Received	48.7	50.5	50.5	50.0	50.5	52.1	54.2
Exchange Rate	50.0	50.0	49.7	49.7	49.1	49.4	49.7

Money and Credit

Financial Position Contracts for the First Time



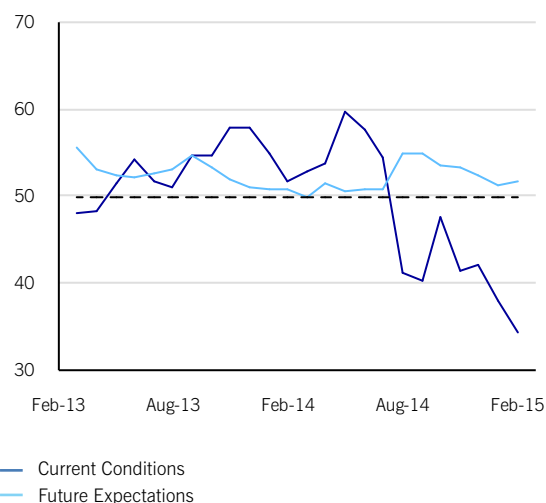
In spite of the Central Bank of Russia loosening monetary policy in January, Western capital restrictions continued to squeeze the credit availability of our panel of large Russian companies, causing their financial position to deteriorate to the worst level in the survey's history.

Russian businesses have found it increasingly difficult to secure lending since the annexation of Crimea in March 2014, particularly so following the subsequent imposition of capital restrictions by Western nations. As a consequence, credit availability to firms has been severely dented and is unlikely to improve as two of the three major ratings agencies have now cut their assessment of Russian government debt to below investment-grade.

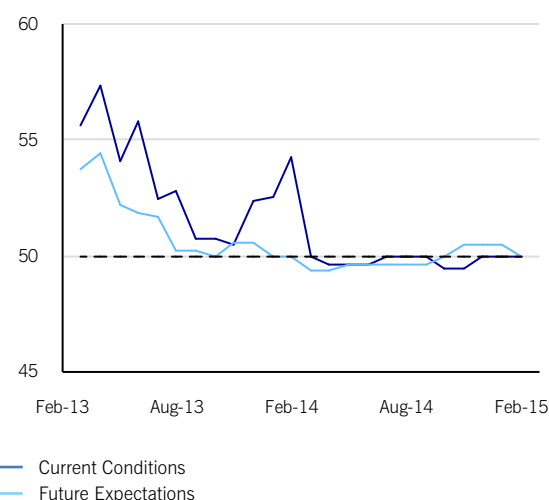
In February, the Availability of Credit Indicator fell 9.5% to a new series low of 34.4 from a previous series low of 38.0 in January. Some of the decline is likely due to the decision by Standard and Poor's to cut the rating of Russian government debt to junk which has raised companies' refinancing costs. The fall in sentiment was driven solely by manufacturing companies, who were alone among the sectors in reporting that their credit availability had deteriorated further. Those in the construction sector reported no change and service sector companies experienced an improvement, although both sectors remained far below the 50 breakeven line.

Since the onset of the Ukraine crisis in February 2014, the Central Bank of Russia has raised the benchmark interest rate by a total of 950 basis points. Most recently, the CBR cut the key interest rate by 200 basis points to 15% at its meeting on January 30. While the Interest Rates Paid Indicator remained at 50.0 in February, it is

Availability of Credit



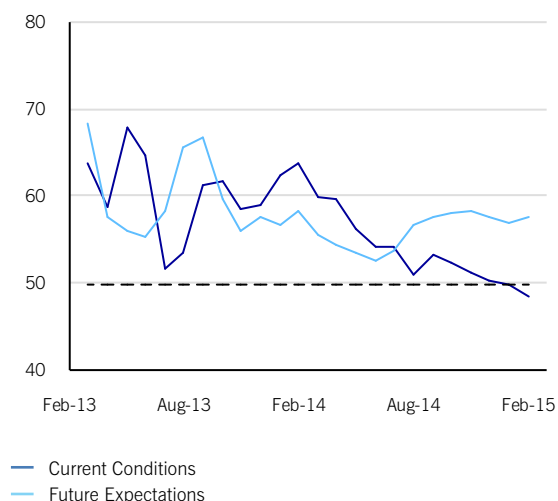
Interest Rates Paid



Money and Credit - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Availability of Credit	51.9	40.3	47.8	41.5	42.3	38.0	34.4
Interest Rates Paid	54.3	50.0	49.5	49.5	50.0	50.0	50.0
Financial Position	63.8	53.3	52.5	51.3	50.5	50.0	48.5

Financial Position



likely to rise over the coming months as the effect of the CBR's previous rapid policy tightening filters through.

The financial health of our panel of companies has trended downwards over the past year, exacerbated by Russia's stand-off with the West. In February, the Financial Position Indicator declined below the 50 breakeven level for the first time in the survey's history to 48.5 from a previous low of 50.0 in January as companies continued to be hurt by the economic sanctions and the sharp slide in oil prices. The indicator now sits 24% below the level recorded a year earlier and 15% below the series average of 57.1.

With the Russian economy set to fall into recession this year, it is likely that we will see a further worsening in the financial position of companies. Our panel, however, remained relatively optimistic in their expectations for

Sectors - Current Conditions

	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ < 50	↔ = 50	↓ < 50
Services	↑ < 50	↔ = 50	↓ < 50
Construction	↔ < 50	↔ = 50	↑ < 50

Sectors - Future Expectations

	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ > 50	↓ < 50	↔ > 50
Services	↑ > 50	↔ > 50	↑ > 50
Construction	↔ = 50	↔ = 50	↓ > 50

their financial situation in the next three months, with the Expectations Indicator rising to 57.6 in February from 57.1 in January.

Money and Credit - Future Expectations

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Availability of Credit	50.9	55.0	53.6	53.4	52.6	51.4	51.8
Interest Rates Paid	50.0	49.7	50.0	50.5	50.5	50.5	50.0
Financial Position	58.4	57.8	58.1	58.4	57.6	57.1	57.6

Logistics

Highest Inventories on Record



Amid a sharp fall in the number of orders received by companies in February, suppliers were able to cut their delivery times and companies built up their stock levels at the quickest pace in the history of the survey even as companies cut production sharply.

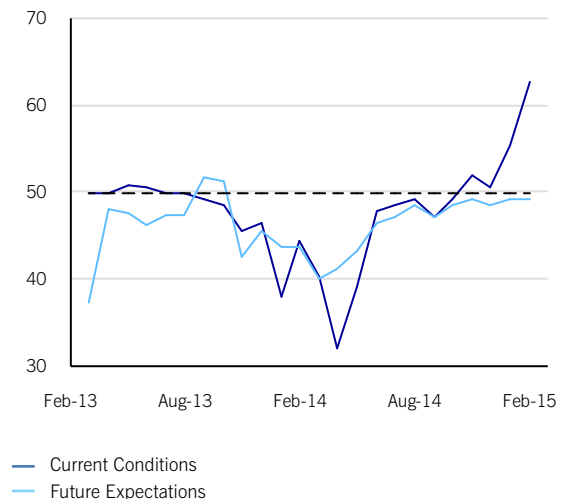
While Russian companies have previously exhibited reluctance to scale back output in spite of a sustained decline in the number of orders placed, they exhibited a change of heart in February by cutting production faster than ever before. Even so, the Inventories Indicator rose by 13.4% to hit a new series high of 62.8 from a previous high 55.4 in January, suggesting that companies are failing to scale back enough amid the dwindling domestic demand.

Companies in the manufacturing sector experienced a double-digit rise in their inventories, while a greater proportion of construction companies reported that they had also accumulated additional finished goods, albeit at a slightly slower pace.

Inventories have risen sharply since hitting a low in April as the turmoil in Russia has intensified with firms being left with stocks, a trend which is likely to continue with little sign of any resolution to the situation in the short to medium-term. Expectations for future stock levels, though, remained just below the 50 level at 49.3 in February.

The Supplier Delivery Times Indicator measures sentiment about the speed of supplier deliveries compared with the previous month. A reading above 50 indicates that a higher proportion of companies reported that supplier deliveries were longer compared with a month ago while a reading below 50 indicates a higher

Inventories



Logistics - Current Conditions

	Feb-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Inventories	44.4	47.3	49.3	52.0	50.7	55.4	62.8
Supplier Deliveries	50.5	50.0	50.0	50.0	50.0	50.3	47.5



Data tables

- 31 Historical Summary
- 32 Historical Records
- 33 Historical Records - Quarterly

Historical Summary

	2014											2015	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
MNI Russia Business Indicator													
Current Conditions	60.0	52.5	55.6	49.2	50.5	54.6	51.5	47.5	46.7	46.8	47.3	49.2	42.0
Future Expectations	55.3	53.3	54.3	52.5	52.5	54.0	59.8	59.4	57.6	56.1	55.3	55.6	54.5
Production													
Current Conditions	59.3	52.5	57.3	55.3	55.5	51.5	52.5	52.0	54.3	50.8	47.0	50.8	41.5
Future Expectations	52.0	50.8	52.0	51.7	51.1	52.6	57.7	55.3	53.5	52.4	51.6	51.8	52.2
New Orders													
Current Conditions	62.5	57.5	58.8	54.8	56.0	56.8	54.3	53.3	52.8	48.3	48.3	50.5	45.5
Future Expectations	51.0	51.8	52.2	52.7	51.9	51.8	56.0	57.4	54.0	52.9	52.1	51.1	51.3
Export Orders													
Current Conditions	57.2	48.3	44.4	46.9	49.0	53.3	48.0	48.3	49.3	47.7	49.0	49.3	50.0
Future Expectations	47.1	43.0	43.5	43.0	44.3	50.4	52.6	52.6	51.1	52.5	52.1	51.0	51.1
Productive Capacity													
Current Conditions	50.3	50.3	50.0	51.5	50.5	50.5	50.3	51.3	50.0	50.5	50.0	50.0	50.5
Future Expectations	49.7	49.7	49.7	50.3	50.0	50.0	52.0	52.0	51.0	50.5	50.5	50.5	50.5
Order Backlogs													
Current Conditions	52.0	47.4	39.5	42.3	45.4	47.7	48.2	48.5	49.0	49.0	49.3	46.5	49.5
Future Expectations	43.3	43.0	42.5	43.3	44.4	45.4	45.9	46.2	47.0	47.5	47.0	47.2	47.5
Employment													
Current Conditions	50.0	50.0	50.8	52.8	50.5	50.3	50.3	51.3	50.0	50.0	49.5	49.3	49.8
Future Expectations	49.5	50.5	50.0	50.5	50.0	50.0	51.3	51.3	50.5	50.5	48.5	48.5	48.8
Inventories													
Current Conditions	44.4	40.4	32.2	39.2	48.0	48.6	49.3	47.3	49.3	52.0	50.7	55.4	62.8
Future Expectations	43.8	40.2	41.2	43.4	46.5	47.3	48.6	47.3	48.6	49.3	48.6	49.3	49.3
Input Prices													
Current Conditions	51.3	52.1	51.8	51.0	50.5	50.0	50.0	50.0	50.0	50.8	50.0	69.2	72.8
Future Expectations	50.0	52.1	50.3	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	53.4	51.8
Prices Received													
Current Conditions	53.8	53.1	50.5	50.0	51.3	49.7	50.0	50.8	50.8	51.0	50.8	70.1	76.3
Future Expectations	48.7	51.3	51.3	51.0	50.3	50.3	50.3	50.5	50.5	50.0	50.5	52.1	54.2
Financial Position													
Current Conditions	63.8	60.1	59.8	56.3	54.3	54.3	51.0	53.3	52.5	51.3	50.5	50.0	48.5
Future Expectations	58.4	55.6	54.4	53.6	52.7	53.9	56.8	57.8	58.1	58.4	57.6	57.1	57.6
Interest Rates Paid													
Current Conditions	54.3	50.0	49.7	49.7	49.7	50.0	50.0	50.0	49.5	49.5	50.0	50.0	50.0
Future Expectations	50.0	49.4	49.4	49.7	49.7	49.7	49.7	49.7	50.0	50.5	50.5	50.5	50.0
Effect of Rouble Exchange Rate													
Current Conditions	61.0	53.7	50.9	53.3	50.3	50.0	49.7	49.7	49.4	46.2	52.4	52.9	50.8
Future Expectations	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.7	49.7	49.1	49.4	49.7
Supplier Delivery Times													
Current Conditions	50.5	50.0	49.5	51.8	50.3	50.0	50.0	50.0	50.0	50.0	50.0	50.3	47.5
Future Expectations	49.7	49.7	49.7	49.7	49.7	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Availability of Credit													
Current Conditions	51.9	53.0	53.9	59.9	57.7	54.5	41.3	40.3	47.8	41.5	42.3	38.0	34.4
Future Expectations	50.9	50.0	51.5	50.6	50.8	51.0	55.1	55.0	53.6	53.4	52.6	51.4	51.8

Historical Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
MNI Russia Business Indicator				
Current Conditions	42.0	62.9	52.9	51.7
Future Expectations	45.0	71.3	56.0	55.3
Production				
Current Conditions	41.5	61.1	53.9	53.9
Future Expectations	45.5	58.8	53.3	52.3
New Orders				
Current Conditions	45.5	73.8	56.1	55.4
Future Expectations	45.5	62.8	53.9	52.5
Export Orders				
Current Conditions	44.4	61.1	51.0	49.3
Future Expectations	41.6	66.0	49.8	51.1
Productive Capacity				
Current Conditions	50.0	57.7	51.5	50.5
Future Expectations	48.5	63.2	51.7	50.5
Order Backlogs				
Current Conditions	39.5	52.0	47.1	47.6
Future Expectations	37.7	50.0	45.0	45.2
Employment				
Current Conditions	47.7	56.5	51.1	50.4
Future Expectations	46.2	53.6	49.9	50.3
Inventories				
Current Conditions	32.2	62.8	47.9	49.3
Future Expectations	37.5	51.9	46.4	47.4
Input Prices				
Current Conditions	50.0	72.8	54.5	51.4
Future Expectations	50.0	67.9	53.0	50.8
Prices Received				
Current Conditions	46.3	76.3	55.0	52.1
Future Expectations	48.7	55.8	51.7	50.8
Financial Position				
Current Conditions	48.5	68.0	57.1	57.5
Future Expectations	52.7	68.5	58.0	57.6
Interest Rates Paid				
Current Conditions	49.5	57.4	51.6	50.3
Future Expectations	49.4	54.5	50.6	50.2
Effect of Rouble Exchange Rate				
Current Conditions	46.2	61.0	51.8	50.9
Future Expectations	48.2	50.7	49.8	50.0
Supplier Delivery Times				
Current Conditions	45.9	51.8	49.6	50.0
Future Expectations	49.1	50.8	49.8	49.7
Availability of Credit				
Current Conditions	34.4	59.9	50.1	51.9
Future Expectations	50.0	55.6	52.5	52.4

Historical Records - Quarterly

	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Quarterly Change	Quarterly % Change
MNI Russia Business Indicator							
Current Conditions	51.1	56.8	51.8	51.2	46.9	-4.3	-8.4%
Future Expectations	47.2	53.9	53.1	57.7	56.3	-1.4	-2.4%
Production							
Current Conditions	53.4	56.7	56.0	52.0	50.7	-1.3	-2.5%
Future Expectations	47.1	51.1	51.6	55.2	52.5	-2.7	-4.9%
New Orders							
Current Conditions	53.9	59.2	56.5	54.8	49.8	-5.0	-9.1%
Future Expectations	46.9	51.0	52.3	55.1	53.0	-2.1	-3.8%
Export Orders							
Current Conditions	50.0	52.1	46.8	49.9	48.7	-1.2	-2.4%
Future Expectations	41.8	45.5	43.6	51.9	51.9	0.0	0.0%
Productive Capacity							
Current Conditions	51.0	50.3	50.7	50.7	50.2	-0.5	-1.0%
Future Expectations	49.0	49.7	50.0	51.3	50.7	-0.6	-1.2%
Order Backlogs							
Current Conditions	48.8	50.3	42.4	48.1	49.1	1.0	2.1%
Future Expectations	40.9	43.0	43.4	45.8	47.2	1.4	3.1%
Employment							
Current Conditions	49.3	49.4	51.4	50.6	49.8	-0.8	-1.6%
Future Expectations	46.5	49.9	50.2	50.9	49.8	-1.1	-2.2%
Inventories							
Current Conditions	47.0	41.0	39.8	48.4	50.7	2.3	4.8%
Future Expectations	46.5	42.6	43.7	47.7	48.8	1.1	2.3%
Input Prices							
Current Conditions	53.0	52.6	51.1	50.0	50.3	0.3	0.6%
Future Expectations	50.9	50.7	50.1	50.0	50.0	0.0	0.0%
Prices Received							
Current Conditions	54.9	54.9	50.6	50.2	50.9	0.7	1.4%
Future Expectations	49.8	49.8	50.9	50.4	50.3	-0.1	-0.2%
Financial Position							
Current Conditions	59.9	62.2	56.8	52.9	51.4	-1.5	-2.8%
Future Expectations	57.9	57.0	53.6	56.2	58.0	1.8	3.2%
Interest Rates Paid							
Current Conditions	51.2	52.3	49.7	50.0	49.7	-0.3	-0.6%
Future Expectations	50.4	49.8	49.6	49.7	50.3	0.6	1.2%
Effect of Rouble Exchange Rate							
Current Conditions	54.3	57.2	51.5	49.8	49.3	-0.5	-1.0%
Future Expectations	50.2	50.0	50.0	50.0	49.5	-0.5	-1.0%
Supplier Delivery Times							
Current Conditions	49.8	50.7	50.5	50.0	50.0	0.0	0.0%
Future Expectations	49.4	49.7	49.7	50.0	50.0	0.0	0.0%
Availability of Credit							
Current Conditions	56.9	53.3	57.2	45.4	43.9	-1.5	-3.3%
Future Expectations	52.2	50.6	51.0	53.7	53.2	-0.5	-0.9%

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