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MNI Russia Business Report

April 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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A Blessing and a Curse

While the recent appreciation in the rouble comes as a sigh of relief after having threatened the very stability of Russia's financial system just a few months previously, it creates a headache for those trying to juggle the government's finances.

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Western economic sanctions and the collapse of oil prices caused the rouble to weaken significantly over 2014. In response, the Central Bank of Russia (CBR) raised the key rate by a total of 1,150 basis points and abandoned a managed floating exchange rate in 2014. While the drastic action initially did little to stem the weakening in the rouble, the currency has since posted a fairly robust recovery as the allure of higher yielding assets has attracted investors to rouble debt, particularly since the settling of the conflict in Ukraine following the "Minsk 2.0" agreement which has significantly reduced the threat of additional Western sanctions.

Should the strengthening in the rouble be sustained, it could help further rein in inflation which has slowed in recent months due to the pass through of the currency weakness combined with a more favourable base effect. Moreover, it would allow the CBR to normalise the key interest rate much more quickly throughout 2015 following the dramatic policy tightening of 2014, thereby loosening the grip that it currently holds on Russia's prospects for economic growth.

Even so, the rouble's appreciation threatens to upset the Kremlin's finances which have fared pretty well considering the collapse in the price of oil which accounts for around half of its revenues. This is because Russia's fiscal budget is denominated in roubles but the proceeds from oil exports are in US dollars, thus the depreciation in the rouble along with the coinciding fall in oil prices meant that the government's finances were merely dented rather than decimated. Even so, with oil prices rising much more moderately than the appreciation in the rouble, this effect has now been diminished.

So, should the CBR make efforts to weaken the rouble or should it let it appreciate? On balance, the economy would most likely be better off under the former scenario. With oil prices unlikely to recover in

the near-term and with Russia having been cut off from international capital markets by Western sanctions, the government faces the prospect of making further withdrawals from its reserve fund to plug the budget shortfall. Given that plans are already in place to drain the fund by 3.2 trillion roubles, or more than half of its value, making further withdrawals would push the Kremlin into a corner with little to no safeguard from any future economic shocks.

One solution to limit the rouble appreciation would be to intervene directly in the FX market, although doing so would undermine its efforts to free-float the currency. Also, it would be a red rag to FX traders and controlling the value of the rouble would prove difficult.

Additionally, the CBR could cut the key benchmark interest rate more rapidly to reduce the yield and therefore attractiveness of Russian debt. This would also lend a helping hand to Russian households, who are bearing the brunt of the downturn as a sharp fall in wages coupled with the prohibitive cost of credit has weighed down heavily on their purchasing power. The downside is that this risks exacerbating inflationary pressures which are already high.

Perhaps the best course of action is to do nothing at all as the risks involved in trying to manipulate the currency are too great. A further fall in oil prices, the imposition of additional Western sanctions, an escalation in the conflict in Ukraine and the possibility of the US Federal Reserve beginning to raise interest rates are all still threatening to throw the rouble back into free fall.

George Brown
Economist
MNI Indicators



Executive Summary

The MNI Russia Business Sentiment Indicator fell by 5.7% to 46.0 in April from 48.8 in March, marking the eighth consecutive month that sentiment has been below the 50 level.

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Companies were, however, more optimistic in their near-term outlook, with the Future Expectations Indicator rising by 2.1% to 53.8 from a nine-month low of 52.7 in March.

Service sector companies were alone in being pessimistic in April, with the improvement in sentiment among both construction and manufacturing firms sufficient to break through the 50 level for the first time in three months. The improvement in expectations, meanwhile, was driven solely by manufacturing companies after having been the least optimistic in the history of the survey in the previous month. Expectations eased among service sector companies and remained unchanged for the fifth consecutive month among construction companies.

The recent appreciation in the exchange rate was taken negatively by our panel, with the vast majority reporting that the rouble was hurting rather than helping their business. The indicator measuring the impact of the rouble exchange rate on businesses hit a series low in April.

In spite of the decline on overall sentiment, there were noticeable pick-ups in orders and output. New Orders increased by 9% to 48.3 in April. While still in contraction it was the highest since January. Export Orders increased to the breakeven 50 mark in spite of complaints that the currency was hurting business. Production also increased to the highest since January, rising to 49.5 from 47.8 in March.

While fewer firms faced higher input costs in April, slightly more chose to raise the prices of their own goods and services after having been less willing in late-2014 to pass on higher costs.

Firms reported a further improvement in credit conditions with the Availability of Credit Indicator increasing to 49.5 in April from 46.0 in March, back close to the 50 breakeven mark. Companies also reported that their financial situation had improved on the month.

Fewer companies reported that they were building their stock levels in April, while the time taken for their suppliers to deliver key inputs fell to the shortest level in the survey's history.

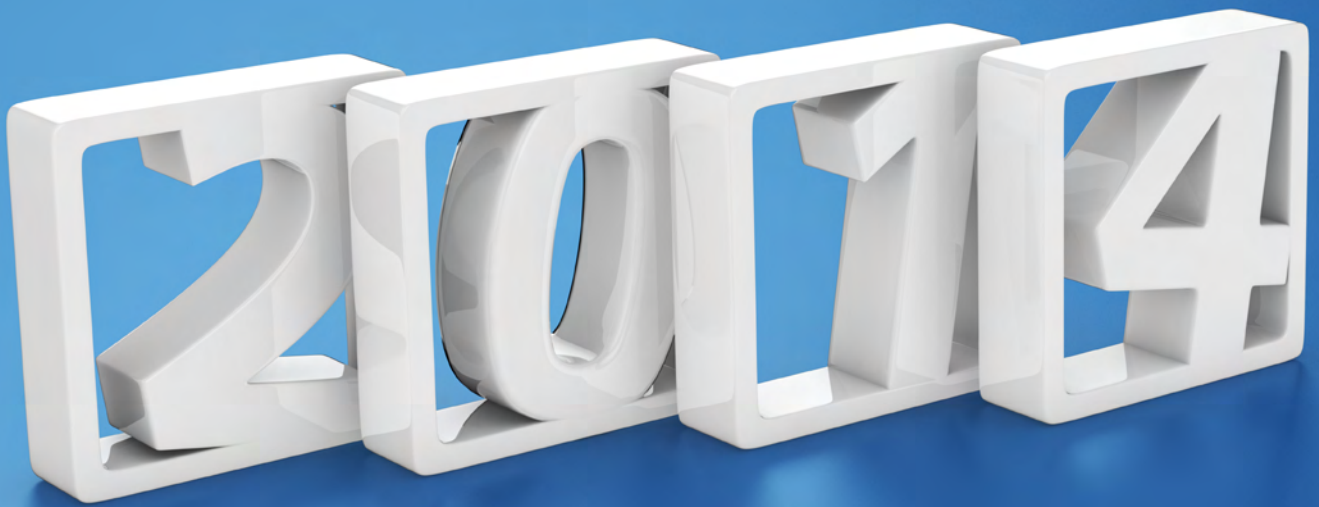
Six out of the 15 current conditions indicators in the MNI Russia Business Survey declined in April, while eight of the 15 Future Expectations indicators increased on the month.

Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Business Indicator								
Current Conditions	42.0	48.8	46.0	-	Feb-15	45.6	-2.8	-5.7%
Future Expectations	54.5	52.7	53.8	Feb-15	-	53.7	1.1	2.1%
Production								
Current Conditions	41.5	47.8	49.5	Jan-15	-	46.3	1.7	3.6%
Future Expectations	52.2	48.3	50.3	Feb-15	-	50.3	2.0	4.1%
New Orders								
Current Conditions	45.5	44.3	48.3	Jan-15	-	46.0	4.0	9.0%
Future Expectations	51.3	50.5	51.8	Dec-14	-	51.2	1.3	2.6%
Export Orders								
Current Conditions	50.0	48.7	50.0	Feb-15	-	49.6	1.3	2.7%
Future Expectations	51.1	51.1	51.1	Mar-15	-	51.1	0.0	0.0%
Productive Capacity								
Current Conditions	50.5	50.3	50.0	-	series low	50.3	-0.3	-0.6%
Future Expectations	50.5	51.0	51.0	Mar-15	-	50.8	0.0	0.0%
Order Backlogs								
Current Conditions	49.5	47.8	50.0	Feb-14	-	49.1	2.2	4.6%
Future Expectations	47.5	48.0	48.3	Aug-13	-	47.9	0.3	0.6%
Employment								
Current Conditions	49.8	50.0	50.5	Sep-14	-	50.1	0.5	1.0%
Future Expectations	48.8	49.0	50.5	Nov-14	-	49.4	1.5	3.1%
Inventories								
Current Conditions	62.8	66.9	60.8	-	Jan-15	63.5	-6.1	-9.1%
Future Expectations	49.3	50.0	50.0	Mar-15	-	49.8	0.0	0.0%
Input Prices								
Current Conditions	72.8	56.8	55.3	-	Dec-14	61.6	-1.5	-2.6%
Future Expectations	51.8	52.3	52.9	Jan-15	-	52.3	0.6	1.1%
Prices Received								
Current Conditions	76.3	55.3	62.3	Feb-15	-	64.6	7.0	12.7%
Future Expectations	54.2	54.2	56.8	series high	-	55.1	2.6	4.8%
Financial Position								
Current Conditions	48.5	49.3	52.8	Sep-14	-	50.2	3.5	7.1%
Future Expectations	57.6	52.5	54.7	Feb-15	-	54.9	2.2	4.2%
Interest Rates Paid								
Current Conditions	50.0	50.0	50.0	Mar-15	-	50.0	0.0	0.0%
Future Expectations	50.0	49.5	49.5	Mar-15	-	49.7	0.0	0.0%
Effect of Rouble Exchange Rate								
Current Conditions	50.8	49.5	39.3	-	series low	46.5	-10.2	-20.6%
Future Expectations	49.7	49.7	49.4	-	Dec-14	49.6	-0.3	-0.6%
Supplier Delivery Times								
Current Conditions	47.5	48.3	44.8	-	series low	46.9	-3.5	-7.2%
Future Expectations	50.0	49.7	49.5	-	Nov-13	49.7	-0.2	-0.4%
Availability of Credit								
Current Conditions	34.4	46.0	49.5	Jul-14	-	43.3	3.5	7.6%
Future Expectations	51.8	55.7	53.8	-	Feb-15	53.8	-1.9	-3.4%

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Economic Landscape

After months of waiting, the Federal Statistics Service (Rosstat) finally released official GDP data which revealed how the Russian economy fared in 2014.

After months of waiting, the Federal Statistics Service (Rosstat) finally released official GDP data which revealed how the Russian economy fared in 2014. In the final quarter of 2014, the Russian economy managed to eke out some growth on the year as resilient industrial production and strong retail sales helped to support an economy which was suffering from the slide in global oil prices and on the verge of a full-blown currency crisis. Even so, the dire economic situation and the weakness in both our business and consumer surveys for the first quarter of 2015 indicate that the descent into negative growth will have only been delayed slightly.

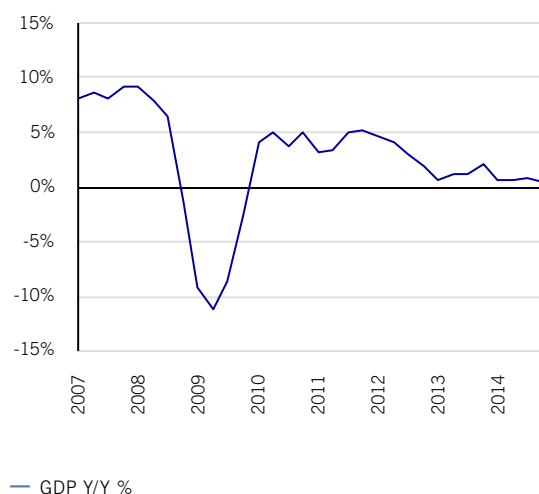
Following a two-and-a-half-year investigation, the European Commission (EC) has accused Gazprom of abusing its dominant market position to hinder competition and charge unfair prices in Europe. In formal charges placed against the state-controlled gas giant, the EC stated that it believed restrictive terms imposed in Gazprom contracts had hindered competition in eight European countries which consequently allowed it to inflate the prices charged to these states. The antitrust case comes at a bad time for Gazprom who is already suffering from low oil prices and opens up the possibility of multibillion-dollar fines and injunctions which would put further strain on its stretched finances.

Latest economic data has shown some improvement in business metrics while consumer data has remained poor overall, providing mixed messages on the severity of the downturn in the economy. In March, industrial production moderated by a full percentage point and quarterly figures produced by the Economy Ministry imply that GDP contracted less than it did in the first two months of 2015. Meanwhile, real wages declined by the most since August 1999 when the economy was recovering from the financial crisis as a rise in unemployment further eroded the bargaining power of the Russian workforce who have accepted wage cuts as companies seek to scale back their operations. This weighed further on consumers' purchasing power, with retail sales falling by the most since October 2009 and car sales posting a double-digit decline for the third consecutive month despite the government's car scrappage scheme.

Economy ekes out growth in final quarter of 2014

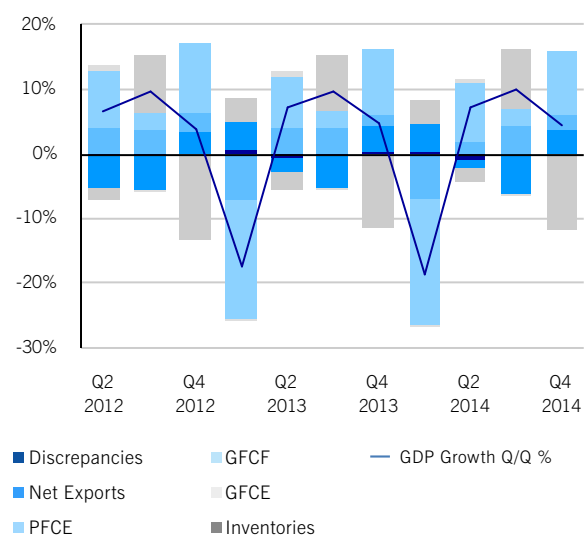
Fourth quarter GDP data released by the Federal Statistics Service (Rosstat) showed that the economy grew by 0.4% on the year, down from a revised 0.9% in Q3. The slowdown was a little sharper than many had expected, with resilient industrial production and strong retail sales helping to keep the economy above water. Consumer spending increased 1% on the year while manufacturing growth came in at 0.6%.

Economic Growth



Source: Rosstat

Contribution to Economic Growth



Source: Rosstat

Over the course of 2014 as a whole, the Russian economy expanded by 0.6% compared with growth of 1.3% in the previous year. Nevertheless, the dire economic situation and the weakness in both our business and consumer surveys for the first quarter of 2015 indicate that the fall into recession will have only been delayed slightly.

The latest GDP figures from the Economic Development Ministry revealed that the economy contracted by 2.3% on the year in February following a revised decline of 1.4% in January. 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, meanwhile, suggest contractions of 3% and 0.8% respectively.

Output continues to contract

Industrial production grew by a seasonally adjusted 0.4% on the month in March after contracting by 0.7% in the previous month. Even so, year-on-year growth fell by 0.6% in March following a decline of 1.6% previously.

A moderation in manufacturing output was the main driver, shrinking by 1.9% on the year in March following a decline of 2.8% in the month before. The greatest improvement came from the transportation means and equipment industry, which contracted by 5.2% on the

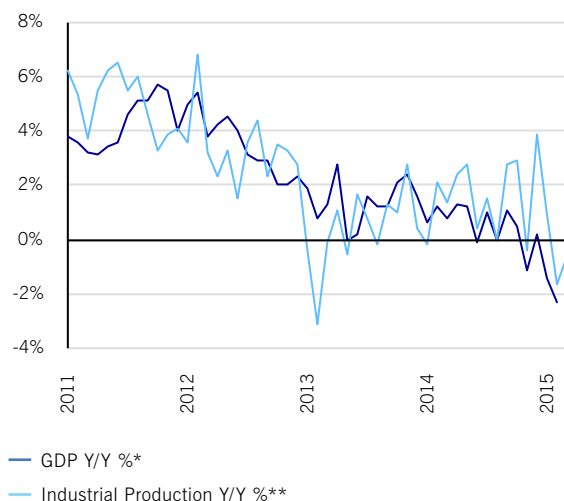
year from 22.4% in the previous month, while strong growth of 11.4% in the chemicals and chemical products industry also helped to pull manufacturing output upwards. Previously, the manufacturing sector has remained resilient as the Russian ban on Western food imports provided a boost to domestic food manufacturers, with output growing 2.3% on the year in March from 4.6% in the previous month, although the severe decline in other manufacturing industries has begun to outweigh this benefit in recent months.

Growth in mining and quarrying output accelerated to 0.4% on the year in March after an increase of just 0.1% in the previous month. While mining of coal and crude oil expanded by 3.6% and 0.9% respectively in April, a 5.2% contraction in the extraction of natural gas meant that overall growth for the sector remained rather feeble.

Utilities output declined by 0.8% on the year in March after contracting by 1.7% in February. The decline was primarily due to a normalisation in weather conditions, with thermal energy production and distribution moderating to a 0.6% decline on the year in March from an 8% fall in February. Meanwhile, electricity production accelerated to 1.9% on the year in March from 0.7% in the previous month.

In the first quarter of 2015, industrial production contracted by 0.4% compared with growth of 1.4% in the same period a year ago.

Industrial Production and GDP



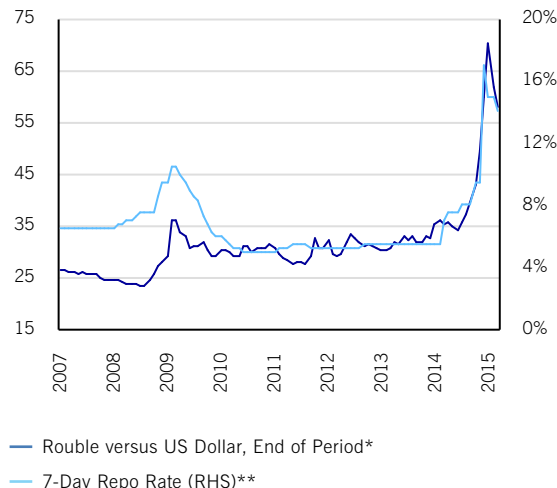
Source: *Ministry of Economic Development, **Rosstat

Monetary policy eased further

At its meeting on March 13, the Central Bank of Russia cut the key interest rate by 100 basis points to 14% as it seeks to further normalise monetary policy.

This marks the second time the CBR has cut the key interest rate this year after having previously raised it by 650 basis points in December in a desperate effort to support the rouble which was rapidly depreciating. 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 quick policy reversal had caused some speculation that the CBR was bowing 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.

CBR Key Rate and Rouble



Source: *Reuters, **Central Bank of Russia

In a press release announcing the rationale behind the rate cut, the CBR said that it felt that the balance of risks had shifted towards a more significant cooling in economic growth which required a rate cut that would not contribute to inflationary pressures. Crucially, the CBR signalled that it is open to additional monetary easing as inflation risks continue to abate.

The central bank is due to meet next on April 30 when it is likely to further normalise policy in an effort to alleviate the downturn in the Russian economy. Opting for another rate cut may help to ease the cost of credit in Russia, although there remains risks exacerbating the already-fast pace of accelerating inflation and further weakening the rouble.

Trade surplus improves

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 a fall in imports. In February, however, Russia's trade surplus reversed three consecutive declines and posted growth of 21.8% to \$15 billion from \$18.6 billion in February 2014.

Exports declined by 14.6% to \$31.1 billion in February from \$36.4 billion in a year earlier, although this was less than the 30.5% fall in the previous month which was the sharpest annual fall since January 2012. Much

of the decline is the result of the sharp drop in the price of oil, Russia's key export commodity, which started falling in July. Therefore, it is likely that exports will continue to post annual declines until base effects begin to materialise.

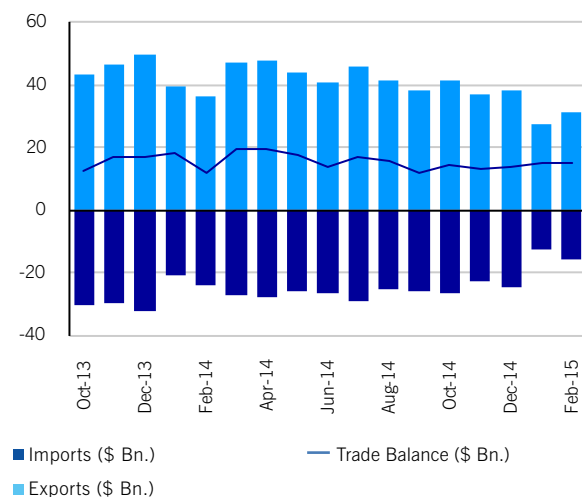
Imports, meanwhile, fell by 33.2% to \$16.1 billion in February from \$24.1 billion a year earlier, although even this was a moderation on the decline of 40.7% in the previous month. Since the rouble has weakened considerably over the past year, the cost of imports has increased sharply. Consequently, imports have reduced as companies have looked increasingly to domestic suppliers.

Historically, a strong trade surplus has been a supporting factor for the rouble and the recent deterioration in Russia's terms of trade has only added to the headwinds faced by the currency. The rouble lost almost half of its value in 2014 but recovered 6% against the dollar between February and January.

Upward spiral in inflation continues

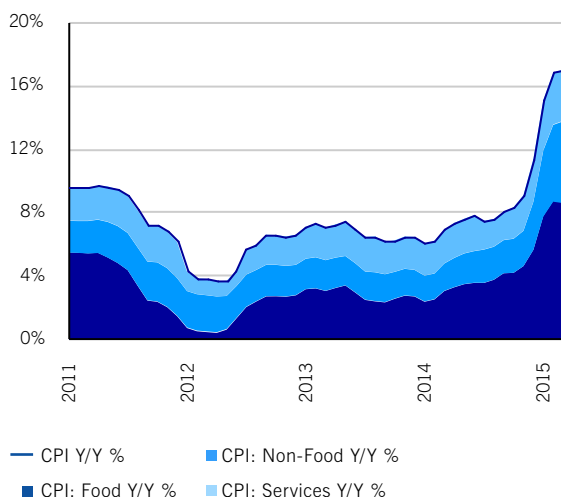
Both consumer and wholesale prices continued to accelerate in March as the weakness in the rouble continued to feed through to prices, although the pace of acceleration slowed considerably.

Trade Balance



Source: Federal Customs Service

Consumer Price Inflation



Source: Rosstat

Consumer price inflation accelerated to 16.9% on the year in March from 16.7% in February, the highest since March 2002. Much of the slowing was due to a deceleration in food price inflation, which makes up more than a third of the basket, to 23% on the year in March following a rise of 23.3% in February. Stripping out the prices of food and fuel, which tend to be volatile, core inflation continued to rise after the significant weakening in the rouble caused the price of many imported goods to rise. In March, it accelerated to 17.5% on the year from 16.8% in the previous month, the highest since the statistics office began measuring it in January 2003.

Under the Central Bank of Russia's most recent baseline scenario, weak economic growth is forecast to slow annual inflation to 9% by March 2016 before finally falling to its medium-term target of 4% in 2017.

Producer price inflation, meanwhile, accelerated to 13% in March from 9.5% in February. While prices have previously been kept in check by weak demand and lower energy prices, the weakness of the rouble has filtered through in recent months. Basic metals led the components of the wholesale basket in March, accelerating to 42.5% on the year from 38.8% in February.

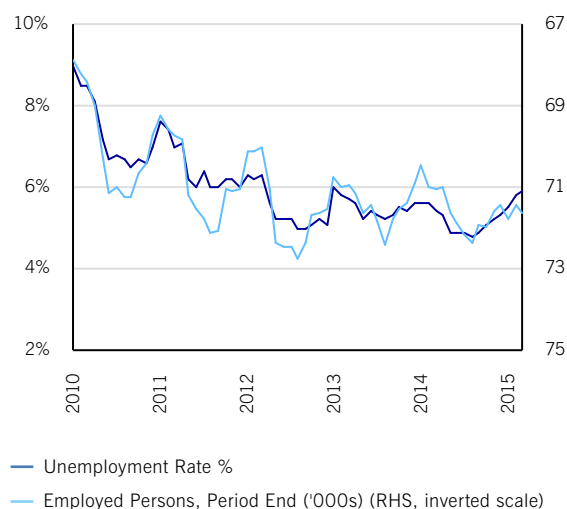
Household finances deteriorate

Amid the tough economic background, unemployment has risen and wages have deteriorated which have had an adverse impact on 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 resulted in unemployment rising to 5.9% in March from 5.8% in February, the highest since January 2013. 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 9.3% on the year in March after declining by a revised 7.4% in February, 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.

Labour Market



Source: Rosstat

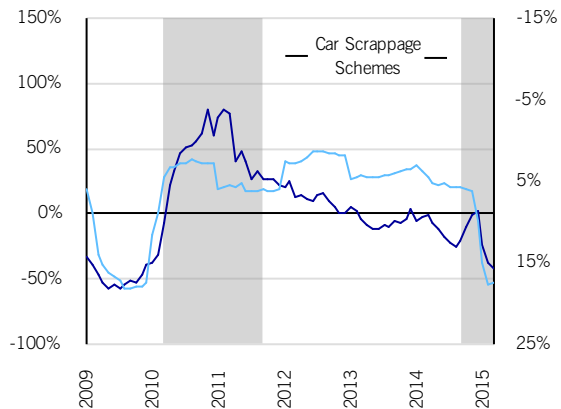
With wages likely to continue declining given rising unemployment, households could be ill-equipped to deal with the challenging conditions they are likely to have to endure in 2015.

Consumer spending falls sharply

Retail sales fell by 8.7% in March from a year earlier, following a decline of 7.7% in February, the largest decline since October 2009. Sales of non-food items declined by 9.9% on the year in March after having contracted by a 7.7% in February, whereas food sales declined by 7.5% on the year in March after shrinking by 7.9% in the previous month.

Automobile sales declined by 42.5% on the year in March following a fall of 37.9% in February. 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 growth observed in December, although small, would mark the end of an 11-month decline in the car market but the significant fall in the first three months of 2015 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 March, there was a 23% annual rise in the

Car Sales



— Car and Light Commercial Vehicles Sales Y/Y %*
— Price of Imported Cars Y/Y % (RHS, inverted scale)**

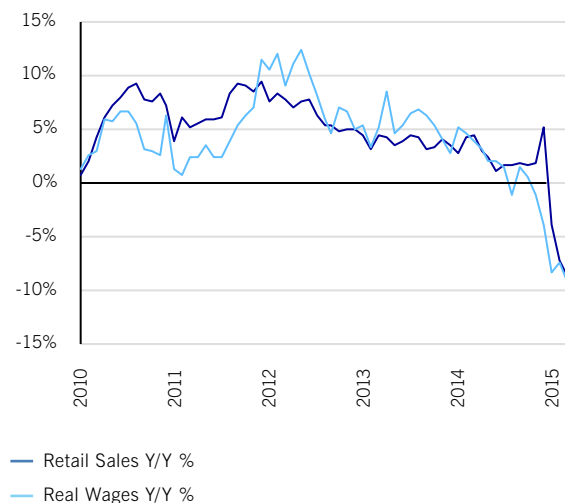
Source: *Association of European Businesses, **Rosstat

price of a domestically manufactured car and a 17.5% hike in the price of those that are imported.

The government has recently pledged 1.5 billion roubles of subsidies in order to help bring down the cost of car loans which have risen considerably following the rapid policy tightening of the Central Bank of Russia towards the end of 2014. It is hoped that the scheme will help Russian households buy up to 200,000 new cars, although these estimates seem optimistic given that expectations for personal finances fell to an all-time low in the March consumer survey which will likely weigh down heavily on major purchases such as cars.

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.

Retail Sales and Real Wages



Source: Rosstat

Key Monthly Economic Data

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
GDP Y/Y %*	0.5%	-1.1%	0.2%	-1.4%	-2.3%	-	-
Industrial Production Y/Y %**	2.9%	-0.4%	3.9%	0.9%	-1.6%	-0.6%	-
Consumer Price Index Y/Y %**	8.3%	9.1%	11.4%	15.0%	16.7%	16.9%	-
Producer Price Index Y/Y %**	5.1%	6.1%	5.8%	7.1%	9.5%	0.0%	-
Unemployment Y/Y %**	5.1%	5.2%	5.3%	5.5%	5.8%	5.9%	-
Real Wages Y/Y %**	0.6%	-1.2%	-4.0%	-8.4%	-7.4%	-9.3%	-
Retail Sales Y/Y %**	1.7%	1.9%	5.1%	-3.9%	-7.2%	-8.7%	-
Car Sales Y/Y %***	-9.9%	-1.1%	2.4%	-24.4%	-37.9%	-42.5%	-
Trade Balance \$ Bn.****	14.7	13.7	13.9	15.0	15.0	-	-
Exports \$ Bn.****	41.5	36.8	38.4	27.5	31.1	-	-
Imports \$ Bn.****	26.8	23.1	24.5	12.5	16.1	-	-
MNI Russia Business Sentiment Indicator	46.7	46.8	47.3	49.2	42.0	48.8	46.0
MNI Russia Consumer Sentiment Indicator	84.3	76.3	80.3	70.6	73.1	69.2	-

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



Indicators

Following a short-lived improvement in March, business sentiment declined once again as the brisk appreciation of the rouble proved detrimental to our panel of large Russian companies.

MNI Russia Business Indicator

Pessimism Rises



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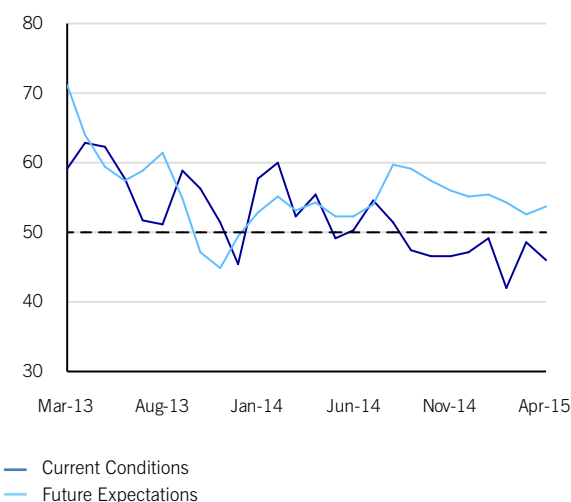
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Service sector companies were alone in being pessimistic in April, with the improvement in sentiment among both construction and manufacturing firms sufficient to break through the 50 level for the first time in three months. The improvement in expectations, meanwhile, was driven solely by manufacturing companies after having been the least optimistic in the history of the survey in the previous month. Expectations eased among service sector companies and remained unchanged for the fifth consecutive month among construction companies.

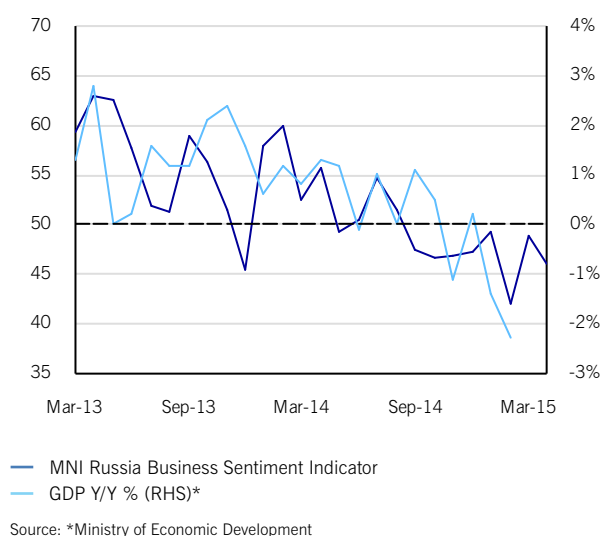
Data from the Ministry of Economic Development revealed that the Russian economy contracted by 2.3% on the year in February following a revised decline of 1.4% in January. Russia's GDP growth is captured well by the MNI Russia Business Sentiment Indicator and continues to suggest that economic growth has not yet returned to positive territory.

The Federal State Statistics Service released official GDP data for the three months to December on April 1 and revealed that economic growth had slowed to 0.4% on the year from a revised 0.9% in Q3. This was broadly in

MNI Russia Business Sentiment Indicator



MNI Russia Business Sentiment Indicator and GDP



Source: *Ministry of Economic Development

MNI Russia Business Indicator

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Current Conditions	55.6	46.8	47.3	49.2	42.0	48.8	46.0

line with our expectations after the MNI Russia Business Sentiment Indicator averaged just 46.9 in the three months to December, the weakest quarter of 2014.

Business confidence has deteriorated further in 2015 and averaged just 46.7 in Q1, the weakest quarter since the survey began in March 2013. Meanwhile, our sister MNI Russia Consumer Survey for March showed that consumer sentiment had also fallen to a record low of 71.0 in Q1. As such, both surveys provide an early indication that Russia may well have fallen into recession in the first quarter of the year.

While overall business sentiment may have declined, some of the key metrics of the report extended the improvements made in March but the majority remained weak. Fewer companies faced higher input costs in April, although slightly more chose to raise the prices of their own goods and services after having been less willing in late-2014 to pass on higher costs. Moreover, there was some improvement in overseas orders in spite of the rouble strengthening recently, although the vast majority of our panel believed that the exchange rate was harming business.

Six out of the 15 current conditions indicators in the MNI Russia Business Survey declined in April, while eight of the 15 Future Expectations indicators increased on the month.

Sectors - Overall Business Conditions

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

MNI Russia Business Indicator

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Future Expectations	54.3	56.1	55.3	55.6	54.5	52.7	53.8

Orders

Backlogs at 14-Month High



Fewer of our panel reported that they had experienced a fall in the number of orders they had received as the relatively weak rouble helped to lift export orders out of contraction.

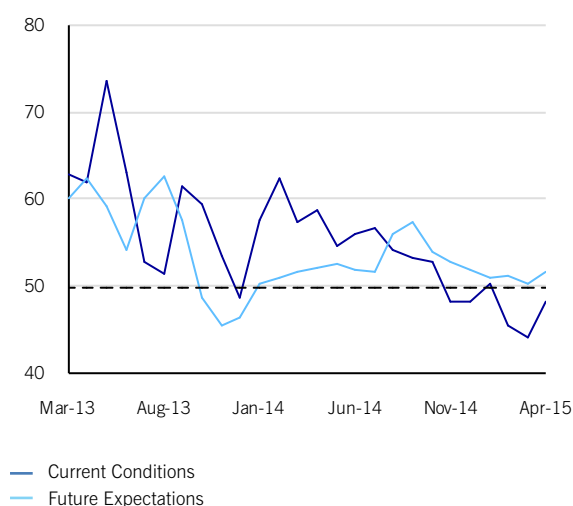
The number of orders received by our panel fell for the third consecutive month in April, albeit at a slower pace as Russian companies continue to face a highly uncertain business environment due to the imposition of painful sectoral sanctions by the West. In April, the New Orders Indicator rose to 48.3 after plummeting to a record low of 44.3 in March.

Companies were, however, more optimistic that demand would grow over the coming three months. The Expectations Indicator for New Orders rose to 51.8 in April from 50.5 in March. While manufacturing firms were more optimistic in their outlook for New Orders, construction companies continued to be pessimistic in their outlook for orders and service companies were neutral with the indicator falling to precisely the 50 level.

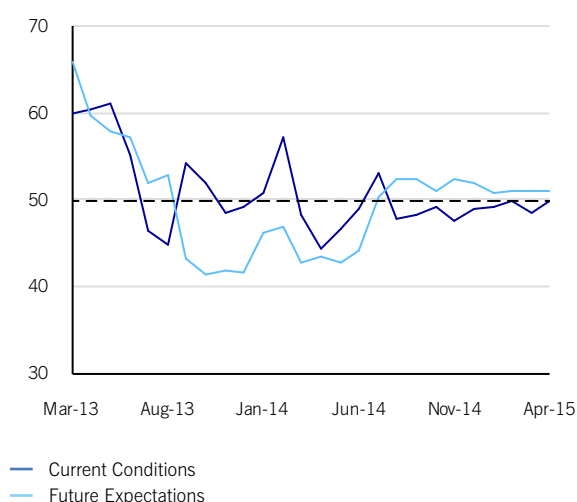
With the rouble having depreciated substantially throughout 2014, Russian goods and services have become cheaper to foreign companies. Even so, Western economic sanctions have prevented trade with certain Russian companies, resulting in numerous joint-ventures having to be cancelled, while new trade agreements have become a rarity amid fears of additional sanctions.

In spite of the rouble having strengthened recently, it remains relatively weak by historical stands and consequently outweighed the negative impact of the sanctions in April, causing Export Orders to improve to 50.0 from 48.7 in March.

New Orders



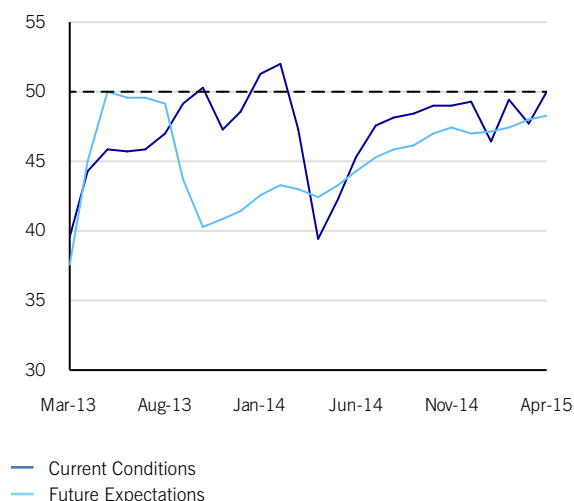
Export Orders



Orders - Current Conditions

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
New Orders	58.8	48.3	48.3	50.5	45.5	44.3	48.3
Export Orders	44.4	47.7	49.0	49.3	50.0	48.7	50.0
Order Backlogs	39.5	49.0	49.3	46.5	49.5	47.8	50.0

Order Backlogs



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

While the rouble has strengthened 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 remaining at 51.1 for the third consecutive month in April.

Meanwhile, the Order Backlogs Indicator rose to 50.0 in April from 47.8 in March, ending 13 months of contraction brought about by economic uncertainty and subdued demand. Even so, our panel remained pessimistic in their outlook for the future, with the Expectations Indicator remaining more-or-less unchanged at 48.3 in April compared with 48.0 in March.

Orders - Future Expectations

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
New Orders	52.2	52.9	52.1	51.1	51.3	50.5	51.8
Export Orders	43.5	52.5	52.1	51.0	51.1	51.1	51.1
Order Backlogs	42.5	47.5	47.0	47.2	47.5	48.0	48.3

Output and Employment

Production Highest Since January



A greater number of our panel of large Russian companies increased the size of their workforce in April and the majority maintained the same level of production as the previous month.

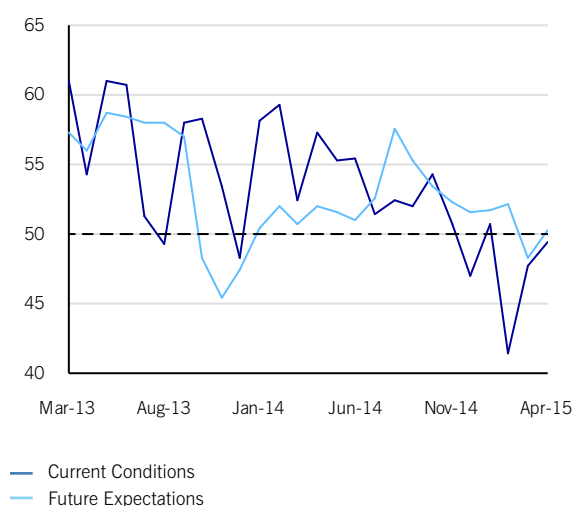
The Production Indicator rose by 3.6% to 49.5 in April from 47.8 in March, led by manufacturing companies which increased production for the first time since November 2014, although firms in the construction and service sectors continued to cut output.

Expectations for Production in the coming three months improved to 50.3 in April from 48.3 in March, although remained below the series average of 53.0. Both construction and manufacturing companies were more optimistic in their outlook for production in April, whereas expectations among those in the service sector became downbeat.

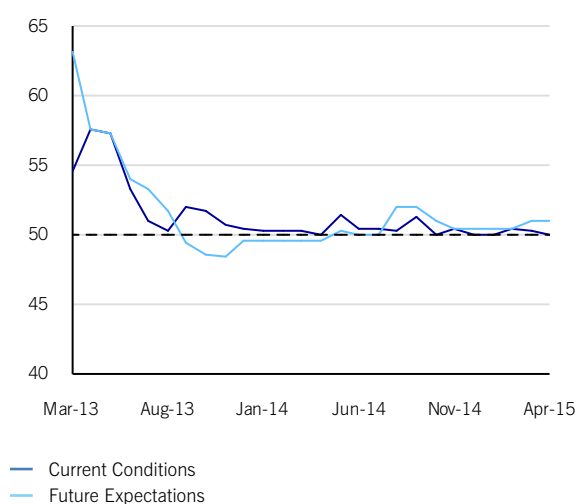
Official data showed that industrial production contracted by 0.6% on the year in March following a decline of 1.6% in February. A moderated decline in the manufacturing sector was the main factor for the more muted fall. On a seasonally-adjusted monthly basis, industrial production expanded by 0.4% in March following a decline of 0.7% in February.

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 falling only slightly to a series low of 50.0 in April from 50.3 in March. Moreover, companies continued to anticipate that they would expand their capacity in the future, with the Expectations Indicator remaining unchanged at 51.0 in April.

Production



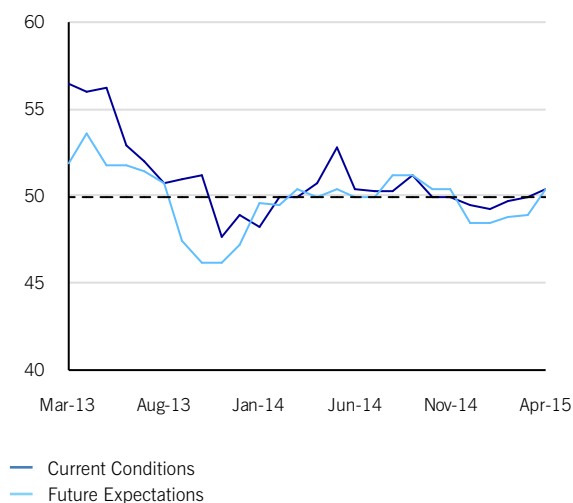
Productive Capacity



Output and Employment - Current Conditions

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Production	57.3	50.8	47.0	50.8	41.5	47.8	49.5
Productive Capacity	50.0	50.5	50.0	50.0	50.5	50.3	50.0
Employment	50.8	50.0	49.5	49.3	49.8	50.0	50.5

Employment



More companies chose to hire additional employees in April, as reflected by the rise in the Employment Indicator to 50.5 from 50.0 in March. Moreover, companies anticipated that their workforce would be higher in three months' time amid a more optimistic outlook for both orders and output, with the Expectations Indicator rising to 50.5 in April from 49.0 in March.

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

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Production	52.0	52.4	51.6	51.8	52.2	48.3	50.3
Productive Capacity	49.7	50.5	50.5	50.5	50.5	51.0	51.0
Employment	50.0	50.5	48.5	48.5	48.8	49.0	50.5

Prices

Exchange Rate Proves Painful



More companies raised the prices they charged for their goods and services in April in spite of a further easing in their input prices, while the rouble exchange rate was hurting business more than ever before.

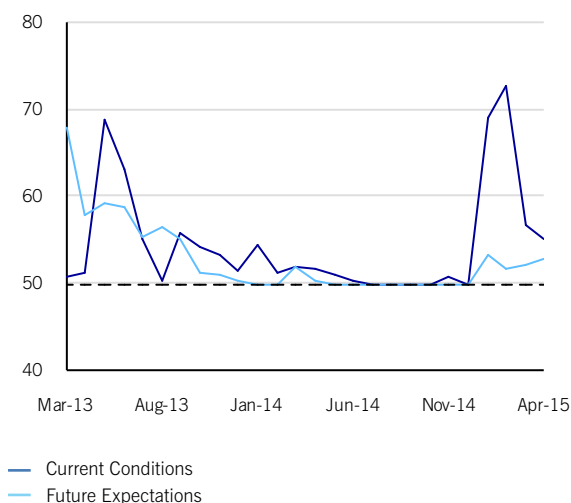
Fewer companies reported that the price of their raw materials had risen in April, causing Input Prices to ease to 55.3 in April from 56.8 in March. Companies' expectations for prices over the next three months, meanwhile, rose slightly with the Expectations Indicator increasing to 52.9 in April from 52.3 in the previous month.

Official figures showed that consumer price inflation accelerated to 16.9% on the year in March from 16.7% in February, the highest since March 2002. Much of the slowing was due to a deceleration in food price inflation, which makes up more than a third of the basket, to 23% on the year in March following a rise of 23.3% in February. Stripping out the prices of food and fuel, which tend to be volatile, core inflation accelerated to 17.5% on the year from 16.8% in the previous month, the highest since the statistics office began measuring it in January 2003.

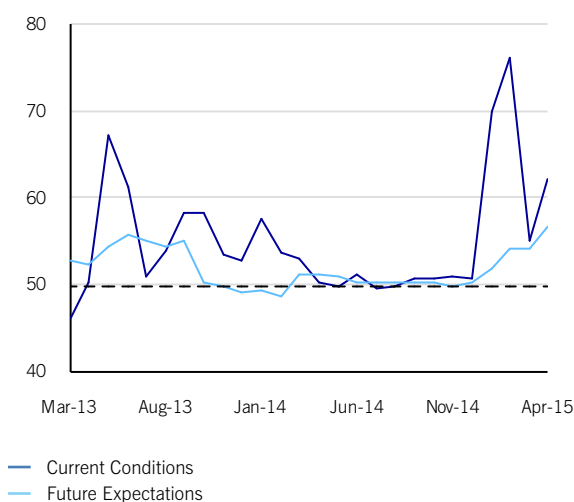
Even so, more companies chose to charge more for their own goods and services as reflected in the rise in the Prices Received Indicator to 62.3 in April from 55.3 in March. Companies had previously kept their prices in check in spite of rising input costs towards the end of 2014 amid the poor demand climate, therefore this month's rise could be a lagged effect which would explain why it has headed in the opposite direction to Input Prices.

Asked specifically about the current level of the exchange rate, a record number of companies reported that it was

Input Prices



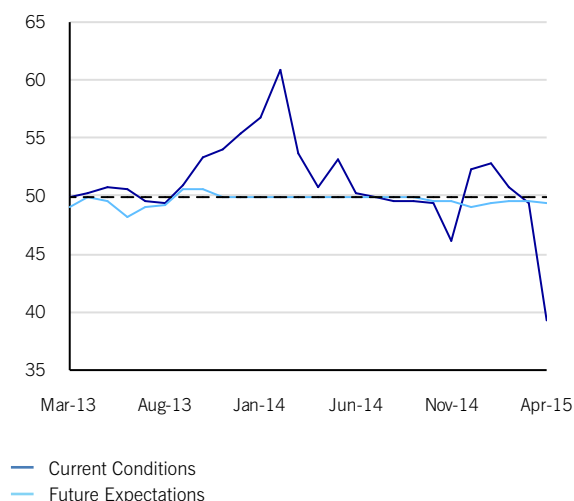
Prices Received



Prices - Current Conditions

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Input Prices	51.8	50.8	50.0	69.2	72.8	56.8	55.3
Prices Received	50.5	51.0	50.8	70.1	76.3	55.3	62.3
Exchange Rate	50.9	46.2	52.4	52.9	50.8	49.5	39.3

Effect of Rouble Exchange Rate



hurting their business operations. The Effect of the Rouble Exchange Rate Indicator, which measures whether the exchange rate is helping or hurting businesses, declined to a record low of 39.3 in April from 49.5 in March. A value above 50 shows that more firms reported that it was helping, while a reading below 50 shows the exchange rate was hurting.

Following a turbulent few months towards the end of 2014, the rouble has since recovered somewhat although downside risks remain given the volatility in the price of oil. Companies expected the rouble exchange rate to continue to hurt in the coming three months, with the Expectations Indicator falling marginally to 49.4 in April from 49.7 in March.

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

Prices - Future Expectations

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Input Prices	50.3	50.0	50.0	53.4	51.8	52.3	52.9
Prices Received	51.3	50.0	50.5	52.1	54.2	54.2	56.8
Exchange Rate	50.0	49.7	49.1	49.4	49.7	49.7	49.4

Money and Credit

Finances Back in the Black



Companies reported that their balance sheets had improved in April even as their credit availability continued to be squeezed by Western capital restrictions albeit to a lesser degree than in March.

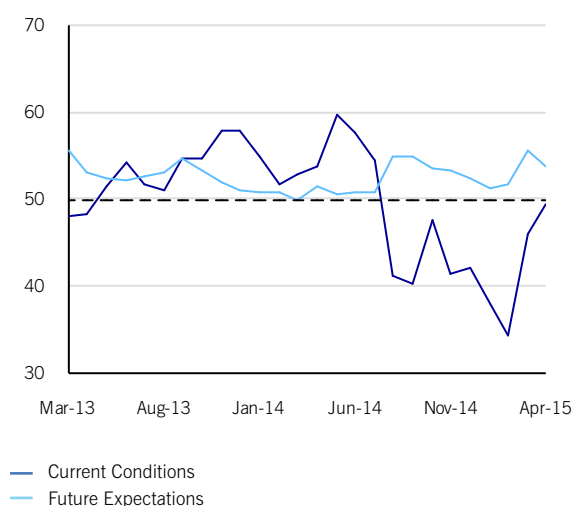
Russian businesses have found it increasingly difficult to secure lending since the annexation of Crimea in March 2014, particularly so following the subsequent imposition of capital restrictions by Western nations. As a consequence, credit availability to firms has been severely dented and is unlikely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

Nevertheless, the Availability of Credit Indicator rose to 49.5 in April from 46.0 in March but remained below the series average of 49.9. All three sectors reported an improvement in their credit availability in April, particularly manufacturing and construction companies whose respective indicators rose to precisely the 50 mark.

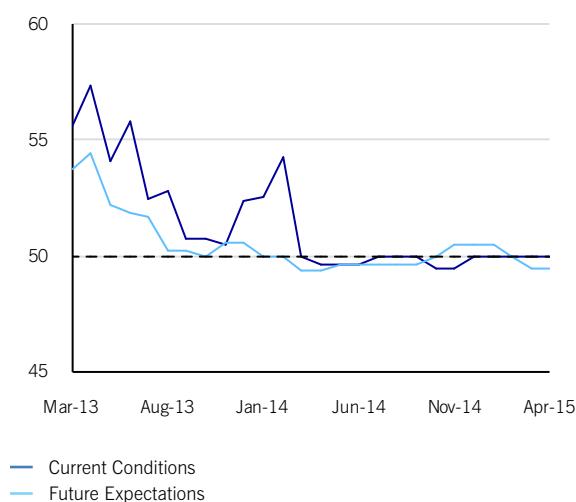
Throughout 2014, the Central Bank of Russia raised the benchmark interest rate by a total of 1150 basis points in an effort to stem a significant depreciation in the rouble brought about by a slide in oil prices and the imposition of economic sanctions. With the financial situation in Russia having stabilised somewhat recently, the CBR chose to reduce the key interest rate by 300 basis points to 14% at its first two meetings of 2015 and is likely to cut it further at its third meeting of the year on April 30.

Even so, the Interest Rates Paid Indicator remained at 50.0 in April for the fifth consecutive month as nearly our entire panel reported that they faced the same

Availability of Credit



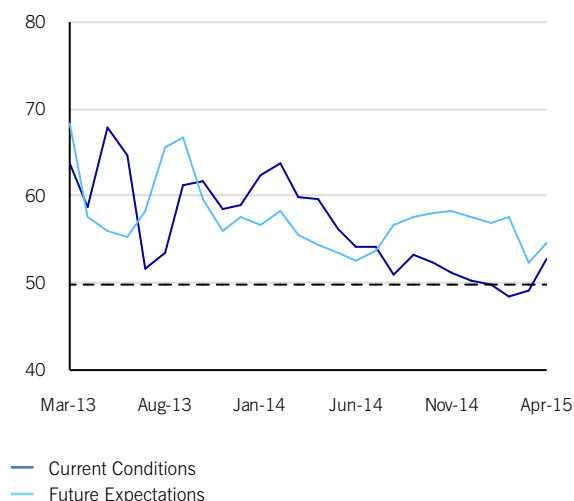
Interest Rates Paid



Money and Credit - Current Conditions

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Availability of Credit	53.9	41.5	42.3	38.0	34.4	46.0	49.5
Interest Rates Paid	49.7	49.5	50.0	50.0	50.0	50.0	50.0
Financial Position	59.8	51.3	50.5	50.0	48.5	49.3	52.8

Financial Position



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

financing costs as they did in March. It is surprising that the indicator has not been more responsive to the frequent, sizeable movements in the benchmark interest rate but there is a possibility that it will fall over the coming months as the CBR is expected to normalise monetary policy by cutting the key interest rate.

The financial health of our panel of companies has trended downwards over the past year, exacerbated by Russia's stand-off with the West. Even so, the Financial Position Indicator broke through the 50 breakeven level after having remained below it for two consecutive months, rising to 52.8 in April from 49.3 in March. Regardless of the improvement, the indicator was almost 12% below the level recorded a year earlier and 6.8% below the series average of 56.6.

With the Russian economy set to fall into recession this year, it is likely that this month's improvement will not be sustained and instead we will see a further worsening in the financial position of companies. Our panel remained optimistic, however, with the Expectations Indicator rising to 54.7 in April after falling to a record low of 52.5 in March.

Money and Credit - Future Expectations

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Availability of Credit	51.5	53.4	52.6	51.4	51.8	55.7	53.8
Interest Rates Paid	49.4	50.5	50.5	50.5	50.0	49.5	49.5
Financial Position	54.4	58.4	57.6	57.1	57.6	52.5	54.7

Logistics

Shortest Delivery Times on Record



Fewer companies reported that they were building their stock levels in April, while the time taken for their suppliers to deliver key inputs fell to the shortest level in the survey's history.

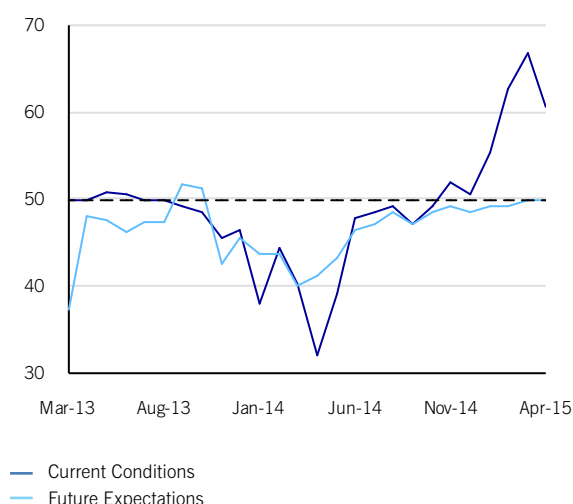
With the number of orders placed falling once again in April, the Inventories Indicator remained in expansion but eased to 60.8 after hitting a series high of 66.9 in March. With stock levels continuing to rise in spite of companies cutting output for the third consecutive month in April, it is likely that companies are failing to scale back quickly enough amid dwindling orders.

While companies in the manufacturing sector reduced their pace of stock building in April, construction companies reported that their inventories had not changed from the month before.

Inventories have risen sharply since hitting a low in April 2014 as the turmoil in Russia 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. In April, however, the Expectations Indicator for future stock levels remained unchanged at 50.0, the level that separates expansion from contraction, indicating that companies did not anticipate any change in their inventories over the coming three months.

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 proportion of companies reporting that supplier delivery times were shorter compared with a month ago.

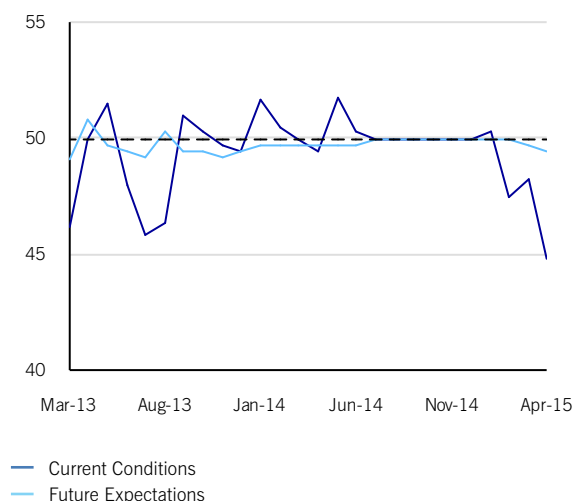
Inventories



Logistics - Current Conditions

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Inventories	32.2	52.0	50.7	55.4	62.8	66.9	60.8
Supplier Deliveries	49.5	50.0	50.0	50.3	47.5	48.3	44.8

Supplier Delivery Times



The time taken to deliver supplies to companies shortened for the third consecutive month in April as demand continued to be subdued, as reflected in the decline of the Supplier Delivery Times Indicator to a record low of 44.8 in April from 48.3 in March.

Previously, we had speculated that the indicator might return to the 50 breakeven level following the conclusion of the Russian New Year period since it has historically been inert in nature. Nevertheless, the sharp decline this month suggests a possible departure from the trend, although it will be necessary to observe the indicator over the coming months before determining whether this is indeed true.

Our panel's expectations for future delivery times fell slightly to 49.5 in April from 49.7 in March, indicating

Sectors - Current Conditions

	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↓ > 50	↓ < 50
Construction	↓ = 50	↓ < 50

Sectors - Future Expectations

	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↔ > 50	↓ < 50
Construction	↔ < 50	↔ = 50

that they anticipate that they will shorten further over the coming 12 months.

Logistics - Future Expectations

	Apr-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Apr-15
Inventories	41.2	49.3	48.6	49.3	49.3	50.0	50.0
Supplier Deliveries	49.7	50.0	50.0	50.0	50.0	49.7	49.5



Data tables

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Historical Summary

	2014									2015			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
MNI Russia Business Indicator													
Current Conditions	55.6	49.2	50.5	54.6	51.5	47.5	46.7	46.8	47.3	49.2	42.0	48.8	46.0
Future Expectations	54.3	52.5	52.5	54.0	59.8	59.4	57.6	56.1	55.3	55.6	54.5	52.7	53.8
Production													
Current Conditions	57.3	55.3	55.5	51.5	52.5	52.0	54.3	50.8	47.0	50.8	41.5	47.8	49.5
Future Expectations	52.0	51.7	51.1	52.6	57.7	55.3	53.5	52.4	51.6	51.8	52.2	48.3	50.3
New Orders													
Current Conditions	58.8	54.8	56.0	56.8	54.3	53.3	52.8	48.3	48.3	50.5	45.5	44.3	48.3
Future Expectations	52.2	52.7	51.9	51.8	56.0	57.4	54.0	52.9	52.1	51.1	51.3	50.5	51.8
Export Orders													
Current Conditions	44.4	46.9	49.0	53.3	48.0	48.3	49.3	47.7	49.0	49.3	50.0	48.7	50.0
Future Expectations	43.5	43.0	44.3	50.4	52.6	52.6	51.1	52.5	52.1	51.0	51.1	51.1	51.1
Productive Capacity													
Current Conditions	50.0	51.5	50.5	50.5	50.3	51.3	50.0	50.5	50.0	50.0	50.5	50.3	50.0
Future Expectations	49.7	50.3	50.0	50.0	52.0	52.0	51.0	50.5	50.5	50.5	50.5	51.0	51.0
Order Backlogs													
Current Conditions	39.5	42.3	45.4	47.7	48.2	48.5	49.0	49.0	49.3	46.5	49.5	47.8	50.0
Future Expectations	42.5	43.3	44.4	45.4	45.9	46.2	47.0	47.5	47.0	47.2	47.5	48.0	48.3
Employment													
Current Conditions	50.8	52.8	50.5	50.3	50.3	51.3	50.0	50.0	49.5	49.3	49.8	50.0	50.5
Future Expectations	50.0	50.5	50.0	50.0	51.3	51.3	50.5	50.5	48.5	48.5	48.8	49.0	50.5
Inventories													
Current Conditions	32.2	39.2	48.0	48.6	49.3	47.3	49.3	52.0	50.7	55.4	62.8	66.9	60.8
Future Expectations	41.2	43.4	46.5	47.3	48.6	47.3	48.6	49.3	48.6	49.3	49.3	50.0	50.0
Input Prices													
Current Conditions	51.8	51.0	50.5	50.0	50.0	50.0	50.0	50.8	50.0	69.2	72.8	56.8	55.3
Future Expectations	50.3	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	53.4	51.8	52.3	52.9
Prices Received													
Current Conditions	50.5	50.0	51.3	49.7	50.0	50.8	50.8	51.0	50.8	70.1	76.3	55.3	62.3
Future Expectations	51.3	51.0	50.3	50.3	50.3	50.5	50.5	50.0	50.5	52.1	54.2	54.2	56.8
Financial Position													
Current Conditions	59.8	56.3	54.3	54.3	51.0	53.3	52.5	51.3	50.5	50.0	48.5	49.3	52.8
Future Expectations	54.4	53.6	52.7	53.9	56.8	57.8	58.1	58.4	57.6	57.1	57.6	52.5	54.7
Interest Rates Paid													
Current Conditions	49.7	49.7	49.7	50.0	50.0	50.0	49.5	49.5	50.0	50.0	50.0	50.0	50.0
Future Expectations	49.4	49.7	49.7	49.7	49.7	49.7	50.0	50.5	50.5	50.5	50.0	49.5	49.5
Effect of Rouble Exchange Rate													
Current Conditions	50.9	53.3	50.3	50.0	49.7	49.7	49.4	46.2	52.4	52.9	50.8	49.5	39.3
Future Expectations	50.0	50.0	50.0	50.0	50.0	50.0	49.7	49.7	49.1	49.4	49.7	49.7	49.4
Supplier Delivery Times													
Current Conditions	49.5	51.8	50.3	50.0	50.0	50.0	50.0	50.0	50.0	50.3	47.5	48.3	44.8
Future Expectations	49.7	49.7	49.7	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.7	49.5
Availability of Credit													
Current Conditions	53.9	59.9	57.7	54.5	41.3	40.3	47.8	41.5	42.3	38.0	34.4	46.0	49.5
Future Expectations	51.5	50.6	50.8	51.0	55.1	55.0	53.6	53.4	52.6	51.4	51.8	55.7	53.8

Historical Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
MNI Russia Business Indicator				
Current Conditions	42.0	62.9	52.5	51.5
Future Expectations	45.0	71.3	55.7	55.2
Production				
Current Conditions	41.5	61.1	53.5	53.0
Future Expectations	45.5	58.8	53.0	52.1
New Orders				
Current Conditions	44.3	73.8	55.4	54.6
Future Expectations	45.5	62.8	53.7	52.2
Export Orders				
Current Conditions	44.4	61.1	50.9	49.3
Future Expectations	41.6	66.0	49.9	51.1
Productive Capacity				
Current Conditions	50.0	57.7	51.4	50.5
Future Expectations	48.5	63.2	51.6	50.5
Order Backlogs				
Current Conditions	39.5	52.0	47.2	47.8
Future Expectations	37.7	50.0	45.3	45.7
Employment				
Current Conditions	47.7	56.5	51.0	50.4
Future Expectations	46.2	53.6	49.9	50.3
Inventories				
Current Conditions	32.2	66.9	49.1	49.4
Future Expectations	37.5	51.9	46.7	47.5
Input Prices				
Current Conditions	50.0	72.8	54.6	51.7
Future Expectations	50.0	67.9	53.0	51.2
Prices Received				
Current Conditions	46.3	76.3	55.3	53.0
Future Expectations	48.7	56.8	52.0	51.2
Financial Position				
Current Conditions	48.5	68.0	56.6	55.3
Future Expectations	52.5	68.5	57.6	57.4
Interest Rates Paid				
Current Conditions	49.5	57.4	51.5	50.0
Future Expectations	49.4	54.5	50.5	50.0
Effect of Rouble Exchange Rate				
Current Conditions	39.3	61.0	51.2	50.7
Future Expectations	48.2	50.7	49.8	50.0
Supplier Delivery Times				
Current Conditions	44.8	51.8	49.4	50.0
Future Expectations	49.1	50.8	49.8	49.7
Availability of Credit				
Current Conditions	34.4	59.9	49.9	51.8
Future Expectations	50.0	55.7	52.7	52.6

Historical Records - Quarterly

	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Quarterly Change	Quarterly % Change
MNI Russia Business Indicator							
Current Conditions	56.8	51.8	51.2	46.9	46.7	-0.2	-0.4%
Future Expectations	53.9	53.1	57.7	56.3	54.3	-2.0	-3.6%
Production							
Current Conditions	56.7	56.0	52.0	50.7	46.7	-4.0	-7.9%
Future Expectations	51.1	51.6	55.2	52.5	50.8	-1.7	-3.2%
New Orders							
Current Conditions	59.2	56.5	54.8	49.8	46.8	-3.0	-6.0%
Future Expectations	51.0	52.3	55.1	53.0	51.0	-2.0	-3.8%
Export Orders							
Current Conditions	52.1	46.8	49.9	48.7	49.3	0.6	1.2%
Future Expectations	45.5	43.6	51.9	51.9	51.1	-0.8	-1.5%
Productive Capacity							
Current Conditions	50.3	50.7	50.7	50.2	50.3	0.1	0.2%
Future Expectations	49.7	50.0	51.3	50.7	50.7	0.0	0.0%
Order Backlogs							
Current Conditions	50.3	42.4	48.1	49.1	47.9	-1.2	-2.4%
Future Expectations	43.0	43.4	45.8	47.2	47.6	0.4	0.8%
Employment							
Current Conditions	49.4	51.4	50.6	49.8	49.7	-0.1	-0.2%
Future Expectations	49.9	50.2	50.9	49.8	48.8	-1.0	-2.0%
Inventories							
Current Conditions	41.0	39.8	48.4	50.7	61.7	11.0	21.7%
Future Expectations	42.6	43.7	47.7	48.8	49.5	0.7	1.4%
Input Prices							
Current Conditions	52.6	51.1	50.0	50.3	66.3	16.0	31.8%
Future Expectations	50.7	50.1	50.0	50.0	52.5	2.5	5.0%
Prices Received							
Current Conditions	54.9	50.6	50.2	50.9	67.2	16.3	32.0%
Future Expectations	49.8	50.9	50.4	50.3	53.5	3.2	6.4%
Financial Position							
Current Conditions	62.2	56.8	52.9	51.4	49.3	-2.1	-4.1%
Future Expectations	57.0	53.6	56.2	58.0	55.7	-2.3	-4.0%
Interest Rates Paid							
Current Conditions	52.3	49.7	50.0	49.7	50.0	0.3	0.6%
Future Expectations	49.8	49.6	49.7	50.3	50.0	-0.3	-0.6%
Effect of Rouble Exchange Rate							
Current Conditions	57.2	51.5	49.8	49.3	51.1	1.8	3.7%
Future Expectations	50.0	50.0	50.0	49.5	49.6	0.1	0.2%
Supplier Delivery Times							
Current Conditions	50.7	50.5	50.0	50.0	48.7	-1.3	-2.6%
Future Expectations	49.7	49.7	50.0	50.0	49.9	-0.1	-0.2%
Availability of Credit							
Current Conditions	53.3	57.2	45.4	43.9	39.5	-4.4	-10.0%
Future Expectations	50.6	51.0	53.7	53.2	53.0	-0.2	-0.4%

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