

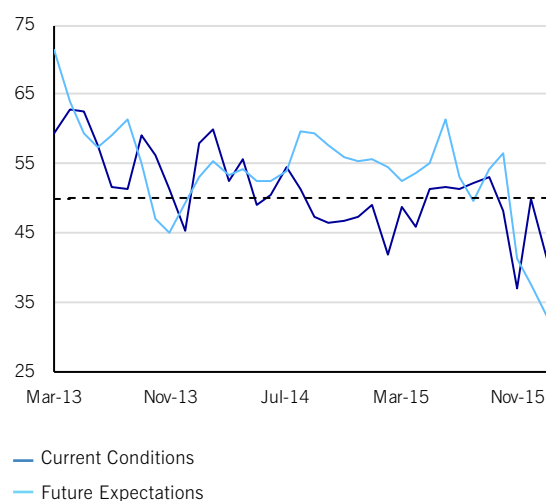
# Russian Business Sentiment Falls In January

MNI Russia Business Sentiment Indicator 41.3 in Jan vs 50.0 in Dec

## Key Findings

- The latest survey showed business sentiment falling sharply as concerns over the weakness of the Russian rouble mounted and credit channels tightened further.
- The MNI Russia Business Sentiment Indicator fell to 41.3 in January from 50.0 in December, leaving it not too far off the record low of 37.1 recorded in November. Sentiment is now 16.1% down on the year.
- Panellists were increasingly pessimistic about the coming three months with the Future Expectations Indicator declining to a record low of 33.0 in January from 37.6 in December.
- Headline confidence was rocked by the onslaught of negative news currently impacting Russia. The rouble continued to depreciate sharply ahead of, and during, the survey period. Downward pressure on the currency, which hit a record low against the US dollar after our survey had completed, was driven by the continued slide in the oil price.
- Firms reported that the currency was causing them more pain than ever before in the survey's history. The Effect of the Rouble Exchange Rate Indicator fell to a record low of 34.0 in January from 39.5 in December.
- While headline confidence fell sharply, key activity measures declined more moderately. New Orders and Production hovered around the 50 mark. Employment managed to put in a small increase back to the 50 level following two months in contraction.
- Credit conditions tightened further in January, with the Availability of Credit Indicator declining to 39.8, the lowest since February 2015.

MNI Russia Business Sentiment Indicator



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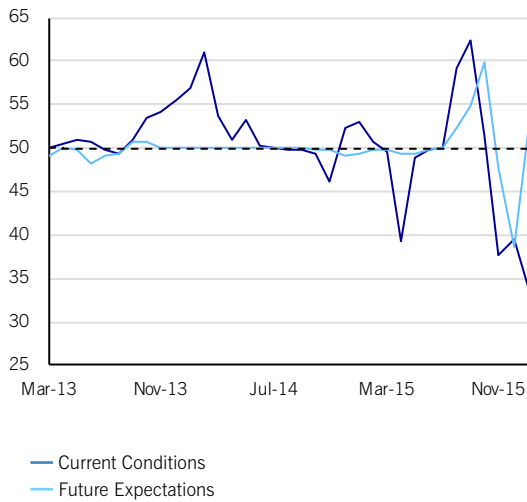
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Effect of the Rouble Exchange Rate

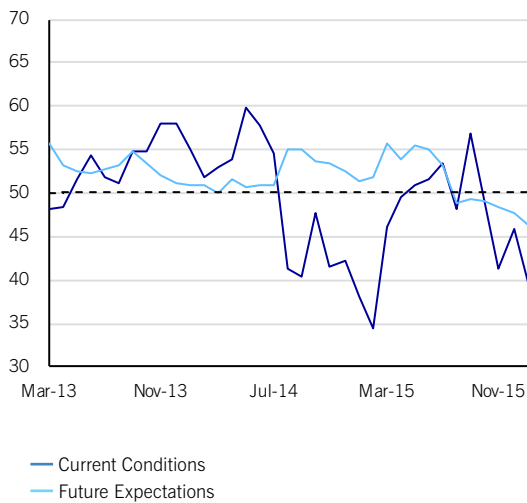


External Conditions Drive Sentiment Lower

Headline sentiment was the biggest loser in January with the MNI Russia Business Indicator falling 17.4% to 41.3. Notably, this contrasted with smaller declines in both Production and New Orders of 3.4% and 3.5% respectively. In absolute terms at 50.5 for Production and 49.0 for New Orders, both are now running significantly ahead of the headline figure.

Wider business conditions are clearly being buffeted by the sharp decline in the oil price and the ensuing drop in the rouble. The Effect of the Rouble Exchange Rate Indicator fell to a record low of 34.0 in January from 39.5 in December. While exporters might benefit (there's actually not too much evidence from our survey to say they are, with Export Orders flat for the past year), other companies are feeling the impact via higher input costs, debt costs and a general destabilisation in economic conditions.

Availability of Credit



Credit Availability Down Sharply

Apart from the drop in overall sentiment, the standout figure this month was a sharp decline in Availability of Credit to 39.8 from 45.8 in December. Moreover, expectations for the next three months hit a record low. That credit is a little cheaper with Interest Rates Paid also hitting a record low in January will be of little comfort to companies unable to secure credit in the first place. The Financial Position Indicator dropped slightly to 49.5 from 50 in the previous month, the lowest since March 2015.

Price Pressures Expected to Grow

Current price measures remained stable in January with Input Prices and Prices Received remaining at 50.8 and 53.5 respectively. Expectations for the future crept higher, though, with the Future Expectations Indicator for Input prices ticking up to 57.0 from 56.8. For Prices Received it increased to 60.6 from 60.1 in the previous month.

MNI Russia Business Indicator

	Jan-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Current Conditions	49.2	52.3	53.0	48.3	37.1	50.0	41.3
Future Expectations	55.6	49.7	54.3	56.5	41.4	37.6	33.0

## Overview

	Nov-15	Dec-15	Jan-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI Russia Business Indicator</b>								
Current Conditions	37.1	50.0	41.3	-	Nov-15	42.8	-8.7	-17.4%
Future Expectations	41.4	37.6	33.0	-	series low	37.3	-4.6	-12.2%
<b>Production</b>								
Current Conditions	45.3	52.3	50.5	-	Nov-15	49.4	-1.8	-3.4%
Future Expectations	45.3	43.9	45.5	Oct-15	-	44.9	1.6	3.6%
<b>New Orders</b>								
Current Conditions	43.5	50.8	49.0	-	Nov-15	47.8	-1.8	-3.5%
Future Expectations	45.9	43.8	43.6	-	series low	44.4	-0.2	-0.5%
<b>Export Orders</b>								
Current Conditions	50.3	50.0	50.3	Nov-15	-	50.2	0.3	0.6%
Future Expectations	50.3	49.7	49.7	Dec-15	-	49.9	0.0	0.0%
<b>Productive Capacity</b>								
Current Conditions	50.0	49.8	50.0	Nov-15	-	49.9	0.2	0.4%
Future Expectations	50.0	50.0	50.0	Dec-15	-	50.0	0.0	0.0%
<b>Order Backlogs</b>								
Current Conditions	48.8	49.8	50.0	Sep-15	-	49.5	0.2	0.4%
Future Expectations	49.5	49.5	50.0	May-13	-	49.7	0.5	1.0%
<b>Employment</b>								
Current Conditions	48.3	49.5	50.0	Oct-15	-	49.3	0.5	1.0%
Future Expectations	47.7	48.2	48.5	Oct-15	-	48.1	0.3	0.6%
<b>Inventories</b>								
Current Conditions	39.2	39.2	46.6	Oct-15	-	41.7	7.4	18.9%
Future Expectations	41.8	39.9	41.9	Oct-15	-	41.2	2.0	5.0%
<b>Input Prices</b>								
Current Conditions	51.8	50.8	50.8	Dec-15	-	51.1	0.0	0.0%
Future Expectations	55.5	56.8	57.0	Jun-13	-	56.4	0.2	0.4%
<b>Prices Received</b>								
Current Conditions	54.3	53.5	53.5	Dec-15	-	53.8	0.0	0.0%
Future Expectations	60.6	60.1	60.6	Nov-15	-	60.4	0.5	0.8%
<b>Financial Position</b>								
Current Conditions	50.0	50.0	49.5	-	Mar-15	49.8	-0.5	-1.0%
Future Expectations	54.1	53.4	53.9	Nov-15	-	53.8	0.5	0.9%
<b>Interest Rates Paid</b>								
Current Conditions	49.5	49.5	48.3	-	series low	49.1	-1.2	-2.4%
Future Expectations	50.0	50.0	49.7	-	Apr-15	49.9	-0.3	-0.6%
<b>Effect of Rouble Exchange Rate</b>								
Current Conditions	37.7	39.5	34.0	-	series low	37.1	-5.5	-13.9%
Future Expectations	47.7	38.5	51.9	Oct-15	-	46.0	13.4	34.8%
<b>Supplier Delivery Times</b>								
Current Conditions	50.5	50.0	50.0	Dec-15	-	50.2	0.0	0.0%
Future Expectations	50.0	50.0	50.0	Dec-15	-	50.0	0.0	0.0%
<b>Availability of Credit</b>								
Current Conditions	41.4	45.8	39.8	-	Feb-15	42.3	-6.0	-13.1%
Future Expectations	48.5	47.7	46.3	-	series low	47.5	-1.4	-2.9%

Business Sentiment: By Sector

Sectors - Overall Business Conditions

	Manufacturing	Services	Construction
Current Conditions	↓ < 50	↓ < 50	↓ < 50
Future Expectations	↓ < 50	↓ < 50	↓ < 50

Sectors - Current Conditions

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

Sectors - Current Conditions

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

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 - Current Conditions

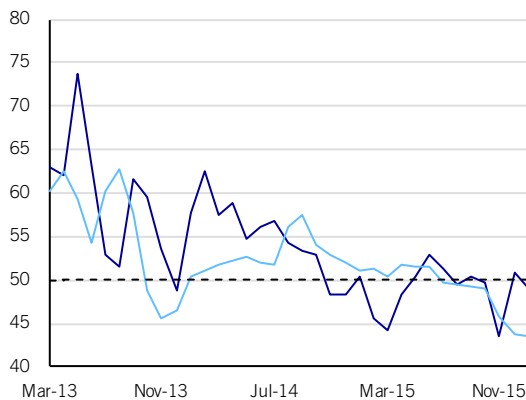
	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ < 50	↓ < 50	↔ = 50
Services	↓ < 50	↓ < 50	↓ < 50
Construction	↓ < 50	↔ = 50	↔ = 50

Sectors - Current Conditions

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

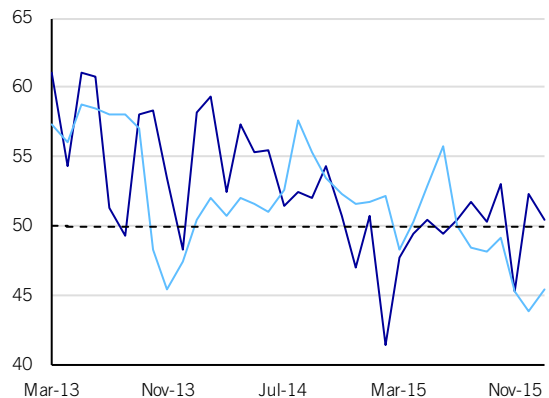
Business Sentiment: Other Indicators

New Orders



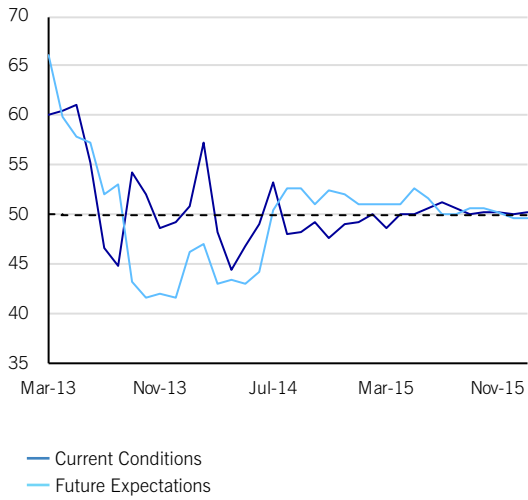
— Current Conditions  
— Future Expectations

Production

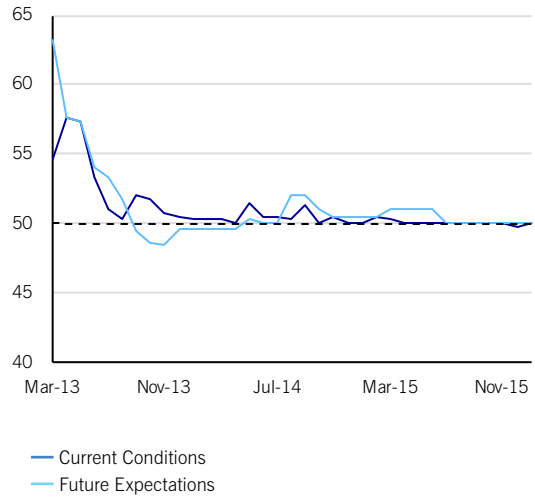


— Current Conditions  
— Future Expectations

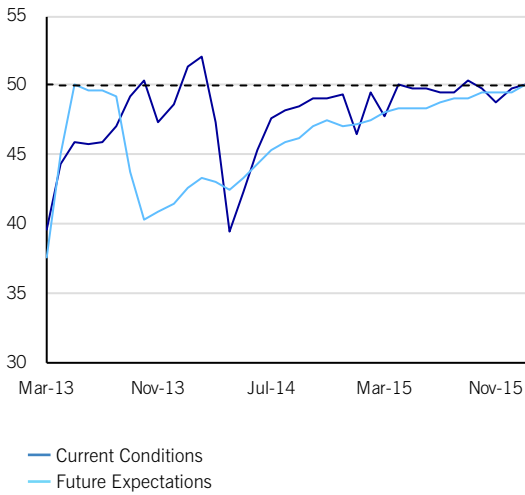
Export Orders



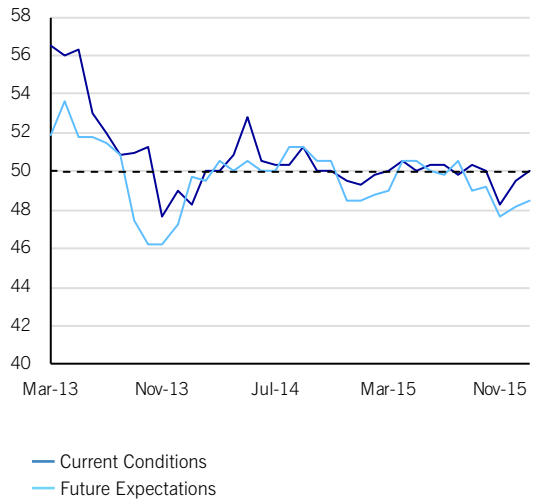
Productive Capacity



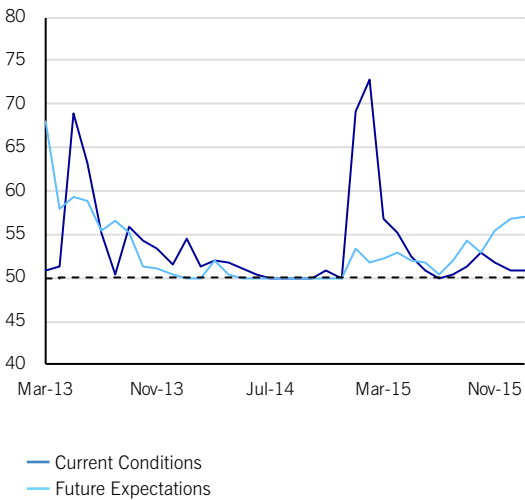
Order Backlogs



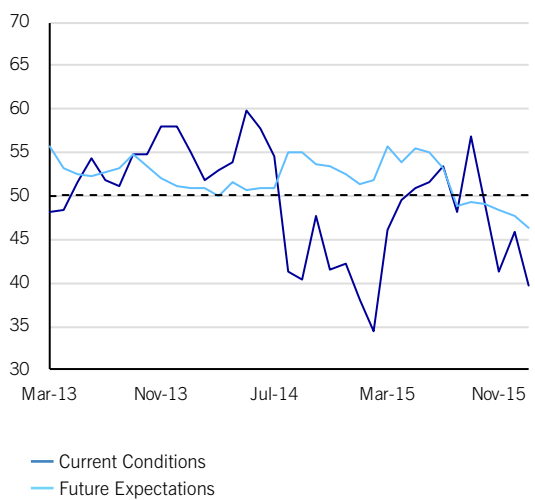
Employment



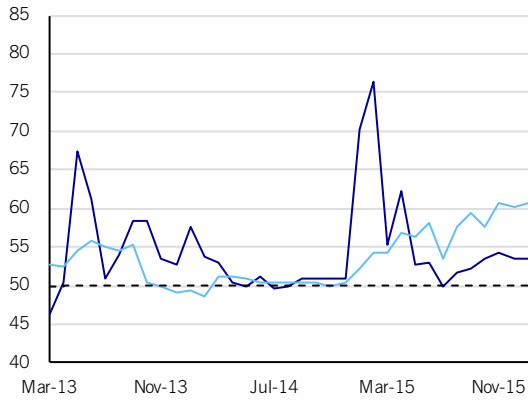
Input Prices



Availability of Credit

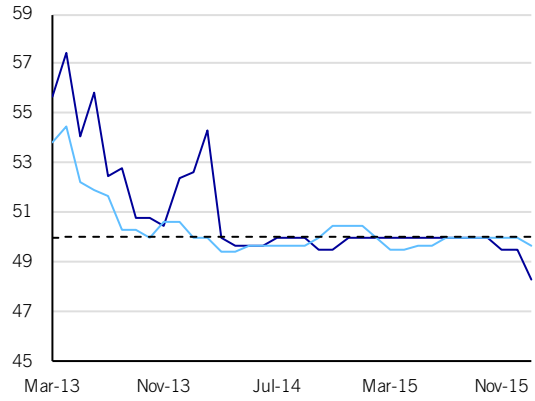


Prices Received



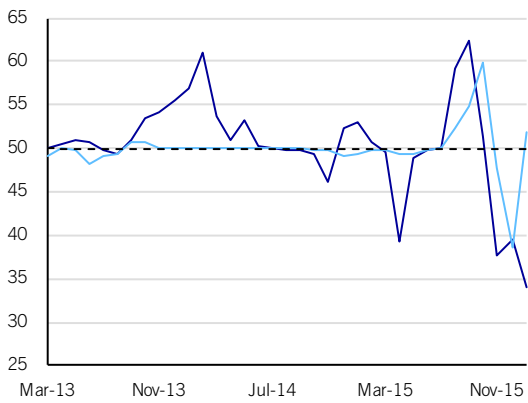
— Current Conditions  
— Future Expectations

Interest Rates Paid



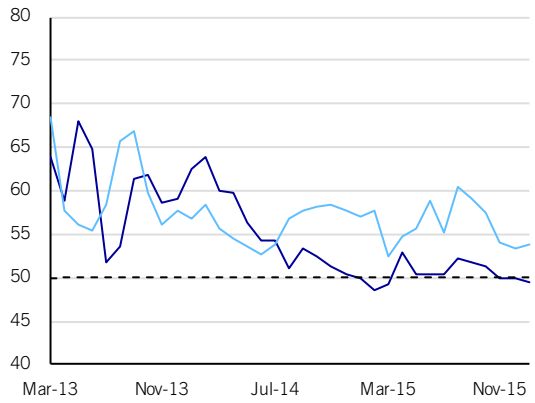
— Current Conditions  
— Future Expectations

Effect of the Rouble Exchange Rate



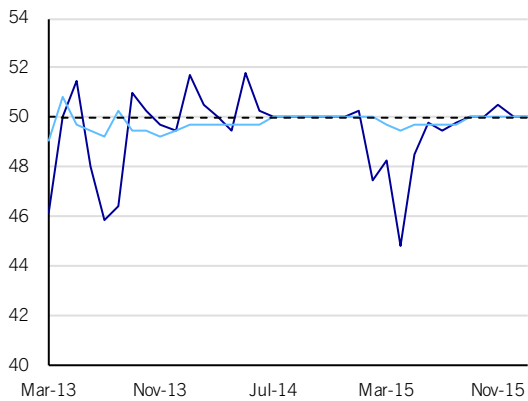
— Current Conditions  
— Future Expectations

Financial Position



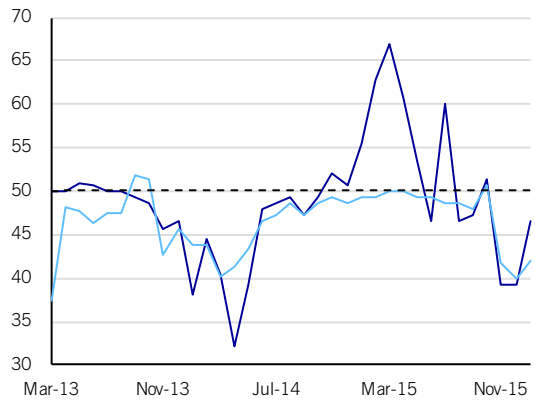
— Current Conditions  
— Future Expectations

Supplier Deliveries



— Current Conditions  
— Future Expectations

Inventories



— Current Conditions  
— Future Expectations

## Historical Summary

	2015												2016
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
<b>MNI Russia Business Indicator</b>													
Current Conditions	49.2	42.0	48.8	46.0	51.3	51.8	51.3	52.3	53.0	48.3	37.1	50.0	41.3
Future Expectations	55.6	54.5	52.7	53.8	55.2	61.3	53.2	49.7	54.3	56.5	41.4	37.6	33.0
<b>Production</b>													
Current Conditions	50.8	41.5	47.8	49.5	50.5	49.5	50.5	51.8	50.3	53.0	45.3	52.3	50.5
Future Expectations	51.8	52.2	48.3	50.3	52.9	55.8	50.0	48.5	48.2	49.2	45.3	43.9	45.5
<b>New Orders</b>													
Current Conditions	50.5	45.5	44.3	48.3	50.5	52.8	51.3	49.5	50.5	49.8	43.5	50.8	49.0
Future Expectations	51.1	51.3	50.5	51.8	51.5	51.5	49.7	49.5	49.2	49.0	45.9	43.8	43.6
<b>Export Orders</b>													
Current Conditions	49.3	50.0	48.7	50.0	50.0	50.6	51.3	50.6	50.0	50.3	50.3	50.0	50.3
Future Expectations	51.0	51.1	51.1	51.1	52.7	51.7	50.0	50.0	50.7	50.7	50.3	49.7	49.7
<b>Productive Capacity</b>													
Current Conditions	50.0	50.5	50.3	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.8	50.0
Future Expectations	50.5	50.5	51.0	51.0	51.0	51.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
<b>Order Backlogs</b>													
Current Conditions	46.5	49.5	47.8	50.0	49.8	49.8	49.5	49.5	50.3	49.8	48.8	49.8	50.0
Future Expectations	47.2	47.5	48.0	48.3	48.3	48.3	48.8	49.0	49.0	49.5	49.5	49.5	50.0
<b>Employment</b>													
Current Conditions	49.3	49.8	50.0	50.5	50.0	50.3	50.3	49.8	50.3	50.0	48.3	49.5	50.0
Future Expectations	48.5	48.8	49.0	50.5	50.5	50.0	49.8	50.5	49.0	49.2	47.7	48.2	48.5
<b>Inventories</b>													
Current Conditions	55.4	62.8	66.9	60.8	53.4	46.6	60.1	46.6	47.3	51.4	39.2	39.2	46.6
Future Expectations	49.3	49.3	50.0	50.0	49.3	49.3	48.6	48.6	47.9	50.7	41.8	39.9	41.9
<b>Input Prices</b>													
Current Conditions	69.2	72.8	56.8	55.3	52.5	50.8	50.0	50.3	51.3	52.8	51.8	50.8	50.8
Future Expectations	53.4	51.8	52.3	52.9	52.1	51.8	50.5	52.0	54.3	53.0	55.5	56.8	57.0
<b>Prices Received</b>													
Current Conditions	70.1	76.3	55.3	62.3	52.8	53.0	50.0	51.8	52.3	53.5	54.3	53.5	53.5
Future Expectations	52.1	54.2	54.2	56.8	56.3	58.2	53.6	57.7	59.4	57.6	60.6	60.1	60.6
<b>Financial Position</b>													
Current Conditions	50.0	48.5	49.3	52.8	50.5	50.5	50.5	52.3	51.8	51.3	50.0	50.0	49.5
Future Expectations	57.1	57.6	52.5	54.7	55.6	58.9	55.3	60.4	59.1	57.5	54.1	53.4	53.9
<b>Interest Rates Paid</b>													
Current Conditions	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.5	49.5	48.3
Future Expectations	50.5	50.0	49.5	49.5	49.7	49.7	50.0	50.0	50.0	50.0	50.0	50.0	49.7
<b>Effect of Rouble Exchange Rate</b>													
Current Conditions	52.9	50.8	49.5	39.3	48.8	49.8	50.0	59.1	62.4	51.5	37.7	39.5	34.0
Future Expectations	49.4	49.7	49.7	49.4	49.4	49.7	50.0	52.3	54.8	59.9	47.7	38.5	51.9
<b>Supplier Delivery Times</b>													
Current Conditions	50.3	47.5	48.3	44.8	48.5	49.8	49.5	49.8	50.0	50.0	50.5	50.0	50.0
Future Expectations	50.0	50.0	49.7	49.5	49.7	49.7	49.7	49.7	50.0	50.0	50.0	50.0	50.0
<b>Availability of Credit</b>													
Current Conditions	38.0	34.4	46.0	49.5	50.8	51.5	53.5	48.2	56.8	49.0	41.4	45.8	39.8
Future Expectations	51.4	51.8	55.7	53.8	55.5	55.1	53.1	48.9	49.4	49.1	48.5	47.7	46.3

#### About MNI Indicators

MNI Indicators specialises in producing business and consumer surveys designed to present an advance picture of the economic landscape and highlight changing trends in business and consumer activity. The timely reports explore attitudes, perspectives and sentiment across the globe, including China, India and Russia. Alongside MNI Indicators' core focus on consumer and business surveys in emerging markets, MNI Indicators produces the renowned Chicago Business Barometer (Chicago PMI), a key leading indicator of the US economy. MNI Indicators is part of MNI, a leading provider of news and intelligence and a wholly owned subsidiary of Deutsche Börse AG, one of the largest worldwide exchange organisations.

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#### About the MNI Russia Business Sentiment Survey

MNI Russia Business Sentiment is a monthly poll of Russian business executives at companies listed on the Moscow Stock Exchange. Around 200 companies are surveyed each month and 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.**

**Date range:** Monthly since March 2013

**Collection method:** Computer aided telephone interviews

**Collection period:** Ten working days from the first business day of the month in Russia.

#### Published by

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