

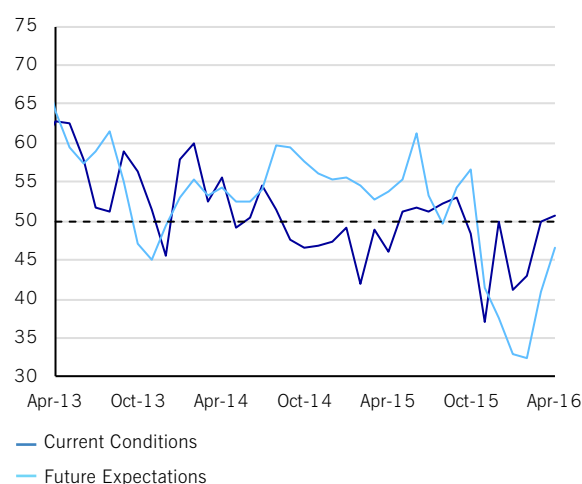
Russian Business Sentiment Climbs Above 50

Firms' Future Expectations Boosted as Economic Recovery Continues

Key Findings

- The latest survey showed that business sentiment rose for the third consecutive month, moving into expansionary territory for the first time since September 2015.
- The MNI Russia Business Sentiment Indicator increased 1.6% to 50.8 in April from 50.0 in March. Sentiment is now up 10.4% on the year and above the 12-month average of 48.4.
- Companies were significantly less pessimistic about the next three months. Future Expectations of business conditions rose 14.2% to 46.7 in April, from 40.9 in March, the highest since October 2015. While this indicates a growing belief in a potential economic recovery, the figure was still below the series average of 52.9, and also below 50 indicating that pessimists still have the upper hand.
- In line with the headline indicator, key activity measures performed better in April. Production increased 4.7% on the month to sit just under the breakeven point at 49.5, while New Orders rose to the exact 50 mark. Companies were also less pessimistic regarding orders and stock levels for the next three months, with future expectations for both measures rising 2.1% and 10.9% respectively, just shy of the 50 level. These results support the view that the long-term decline in the Russian economy may have ended.
- Inflationary pressures eased in April. Prices Received fell 6% to 50.3, leaving it at the lowest since July 2015. Despite the recent firming in commodity prices, Input Prices fell to a series low of 50.0.
- Following last month's hefty increase, an increasing number of companies reported that the exchange rate was hindering rather than helping business in April. The Effect of Rouble Exchange Rate indicator fell 8.4% to 44.9 from 49.0, but was above the 2016 Q1 average of 38.2. Expectations for the next three months rose 3.2% to 45.8 from 44.4 in the previous month.

MNI Russia Business Sentiment Indicator



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For more information:

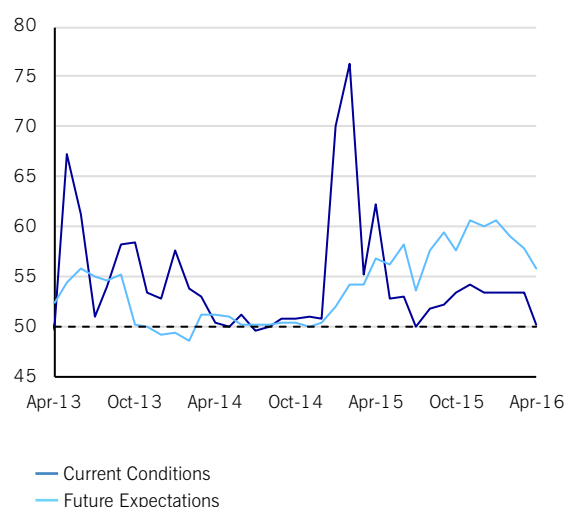
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Prices Received

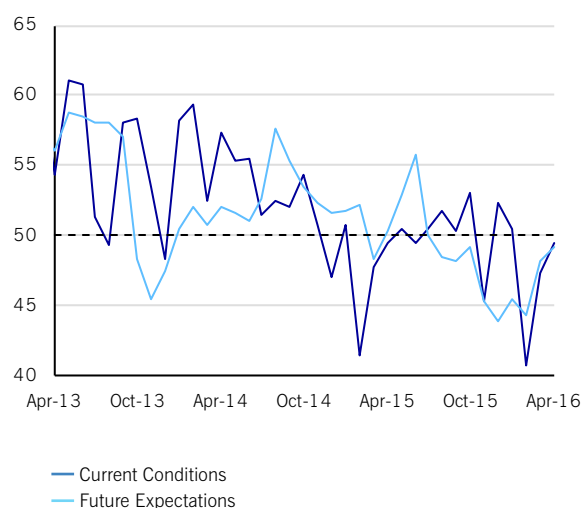


Russia Prime Minister Dmitry Medvedev announced a symbolic switch back to a three-year budget plan, which suggested a stabilisation of the economy following the detrimental effects of depressed crude prices and international sanctions. Since 2015 the country had implemented an annual budget to enable quicker reaction to such adverse market outcomes. April also saw capital outflows from Russia reach their lowest level since 2007 and the MICEX stock market index hit a record high, indicating increased investor confidence.

Inflationary pressures eased in April

In line with the recent decline in consumer price inflation, there was a weakening in both key price measures in the survey in April. Prices Received fell 6% to 50.3, the lowest since July 2015, while Input Prices declined to a series low of 50.0.

Production



Official data showed that consumer price inflation decreased to 7.3% in March from 8.1% in February. Inflation has eased sharply in recent months having stood at 12.9% in December 2015. Our data suggests this trend will continue. The expected measures for Input Prices and Prices Received declined 5.3% and 3.5% respectively in April.

This bodes well for the Central Bank, kept interest rates unchanged at 11% in their March 18 meeting, and may prompt more talk of a possible rate cut heading into their next meeting on April 29.

Growth in Production and Orders

Along with headline sentiment other key indicators fared well in April, suggesting a tentative upturn in firms' economic fortunes. Production rose for the second consecutive month, to sit just 0.5 points below the neutral mark. New Orders and Inventories also posted gains, of 0.4% and 1.4% respectively, to hit the neutral mark.

When asked about the next three months, firms were even more confident about demand with Expected New Orders and Inventories increasing 2.1% and 10.9% respectively. Official retail sales data in March showed sales were down 5.8%, slightly better than February's preliminary estimate of -5.9%. Given the latter was revised up to -4.3%, there are signs that consumption may begin to pick up in coming months.

Future Expectations Jump

Firms were optimistic about current business conditions for the first time in seven months, with the MNI Russia Business Sentiment Indicator rising to 50.8 from 50.0 in March. Optimism about current conditions spilled over into future expectations too, with the Future Expectations Indicator rising 14.2% to 46.7 in April, following March's increase of 25.8%.

The pickup in sentiment suggests that firms are beginning to see light at the end of the tunnel, with recent developments in the country also pointing towards renewed hope of a recovery. On April 19

MNI Russia Business Indicator

	Apr-15	Nov-15	Dec-15	Jan-15	Feb-16	Mar-16	Apr-16
Current Conditions	46.0	37.1	50.0	41.3	43.0	50.0	50.8
Future Expectations	53.8	41.4	37.6	33.0	32.5	40.9	46.7

Overview

	Feb-16	Mar-16	Apr-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Business Indicator								
Current Conditions	43.0	50.0	50.8	Sep-15	-	47.9	0.8	1.6%
Future Expectations	32.5	40.9	46.7	Oct-15	-	40.0	5.8	14.2%
Production								
Current Conditions	40.8	47.3	49.5	Jan-16	-	45.9	2.2	4.7%
Future Expectations	44.3	48.2	49.2	Oct-15	-	47.2	1.0	2.1%
New Orders								
Current Conditions	46.5	49.8	50.0	Dec-15	-	48.8	0.2	0.4%
Future Expectations	43.9	47.2	48.2	Oct-15	-	46.4	1.0	2.1%
Export Orders								
Current Conditions	49.7	50.3	50.0	-	Feb-16	50.0	-0.3	-0.6%
Future Expectations	49.3	49.3	49.3	Mar-16	-	49.3	0.0	0.0%
Productive Capacity								
Current Conditions	50.0	50.0	50.0	Mar-16	-	50.0	0.0	0.0%
Future Expectations	50.0	50.0	50.0	Mar-16	-	50.0	0.0	0.0%
Order Backlogs								
Current Conditions	49.8	50.0	50.0	Mar-16	-	49.9	0.0	0.0%
Future Expectations	50.0	50.3	50.3	Mar-16	-	50.2	0.0	0.0%
Employment								
Current Conditions	49.8	50.0	50.0	Mar-16	-	49.9	0.0	0.0%
Future Expectations	48.5	48.8	50.0	Aug-15	-	49.1	1.2	2.5%
Inventories								
Current Conditions	52.7	49.3	50.0	Feb-16	-	50.7	0.7	1.4%
Future Expectations	39.9	43.2	47.9	Oct-15	-	43.7	4.7	10.9%
Input Prices								
Current Conditions	51.8	50.8	50.0	-	series low	50.9	-0.8	-1.6%
Future Expectations	56.8	56.5	53.5	-	Oct-15	55.6	-3.0	-5.3%
Prices Received								
Current Conditions	53.5	53.5	50.3	-	Jul-15	52.4	-3.2	-6.0%
Future Expectations	59.0	57.8	55.8	-	Jul-15	57.5	-2.0	-3.5%
Financial Position								
Current Conditions	49.5	50.5	50.0	-	Feb-16	50.0	-0.5	-1.0%
Future Expectations	53.8	54.3	53.6	-	Dec-15	53.9	-0.7	-1.3%
Interest Rates Paid								
Current Conditions	48.8	49.0	49.5	Dec-15	-	49.1	0.5	1.0%
Future Expectations	49.5	49.7	49.7	Mar-16	-	49.6	0.0	0.0%
Effect of Rouble Exchange Rate								
Current Conditions	31.6	49.0	44.9	-	Feb-16	41.8	-4.1	-8.4%
Future Expectations	40.9	44.4	45.8	Jan-16	-	43.7	1.4	3.2%
Supplier Delivery Times								
Current Conditions	50.0	50.0	50.0	Mar-16	-	50.0	0.0	0.0%
Future Expectations	50.0	50.0	50.0	Mar-16	-	50.0	0.0	0.0%
Availability of Credit								
Current Conditions	42.2	50.0	49.8	-	Feb-16	47.3	-0.2	-0.4%
Future Expectations	42.3	46.8	49.5	Jul-15	-	46.2	2.7	5.8%

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

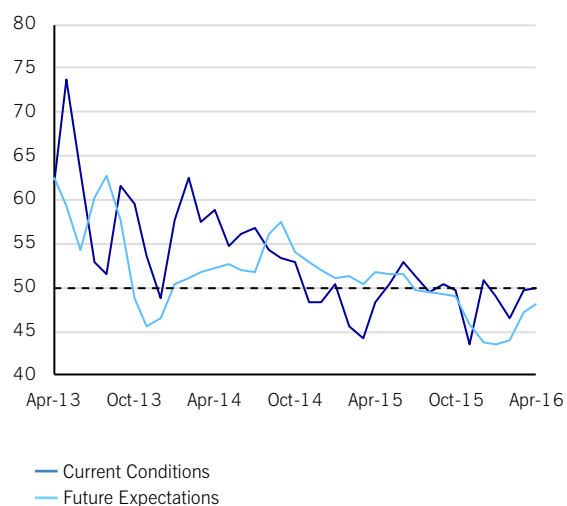
	Availability of Credit	Interest Rates Paid	Financial Position
Manufacturing	↓ < 50	↔ = 50	↓ = 50
Services	↑ = 50	↑ < 50	↓ < 50
Construction	↔ = 50	↔ = 50	↔ = 50

Sectors - Current Conditions

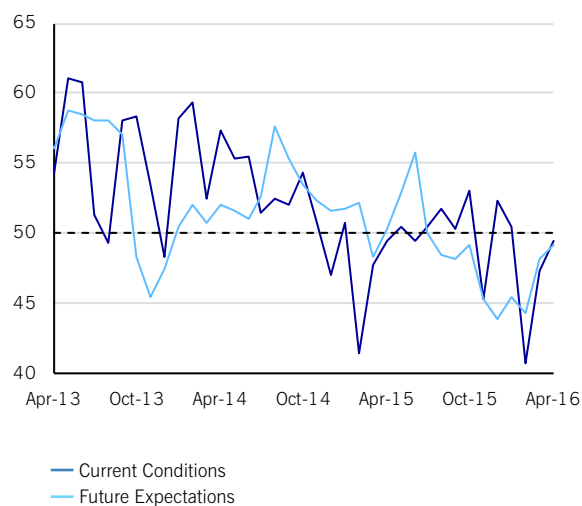
	Inventories of Finished Goods	Supplier Delivery Times
Manufacturing	↑ = 50	↔ = 50
Construction	↓ = 50	↔ = 50

Business Sentiment: Other Indicators

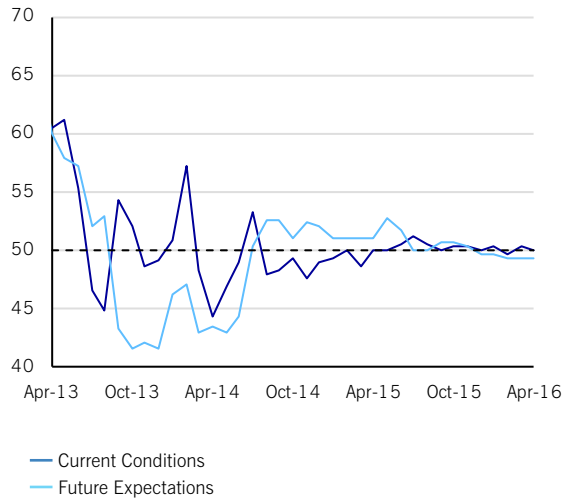
New Orders



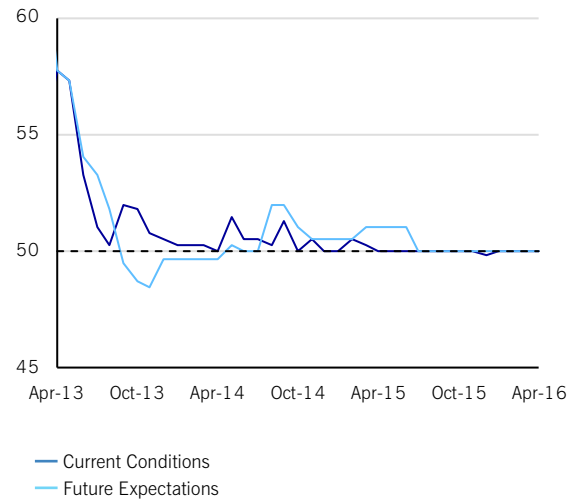
Production



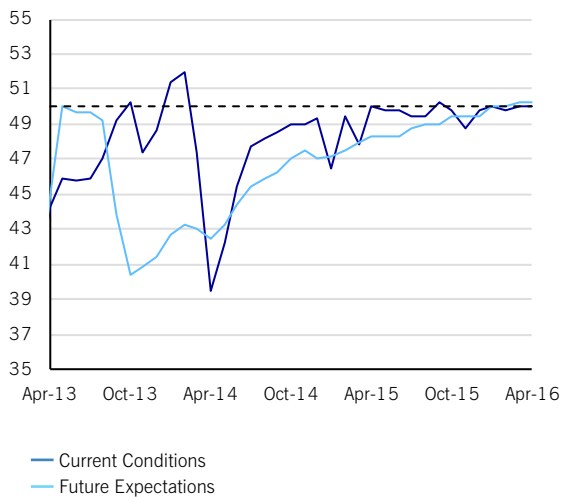
Export Orders



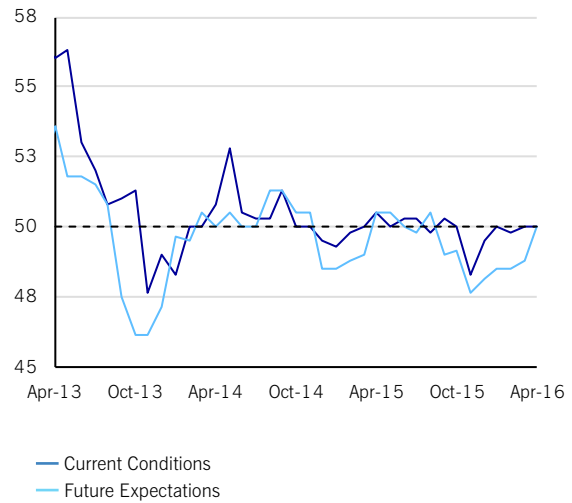
Productive Capacity



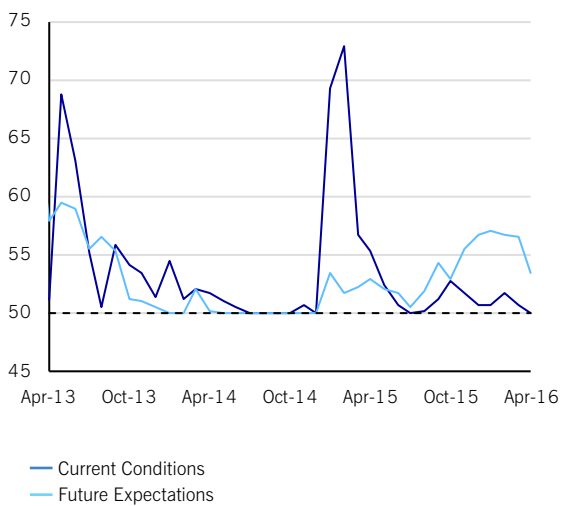
Order Backlogs



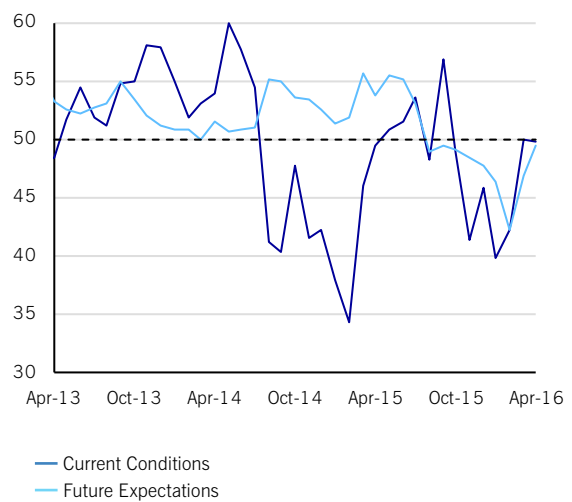
Employment



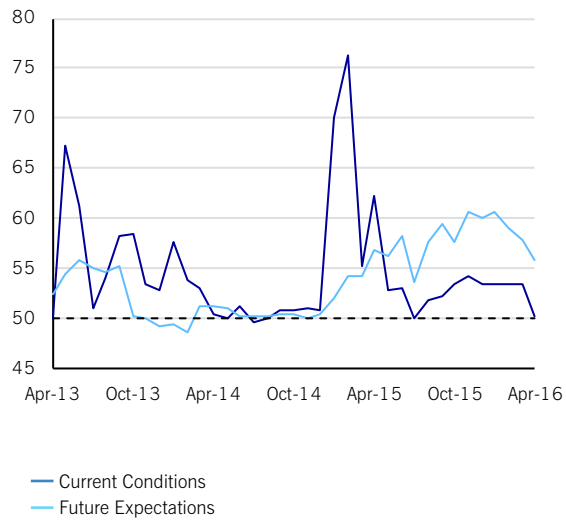
Input Prices



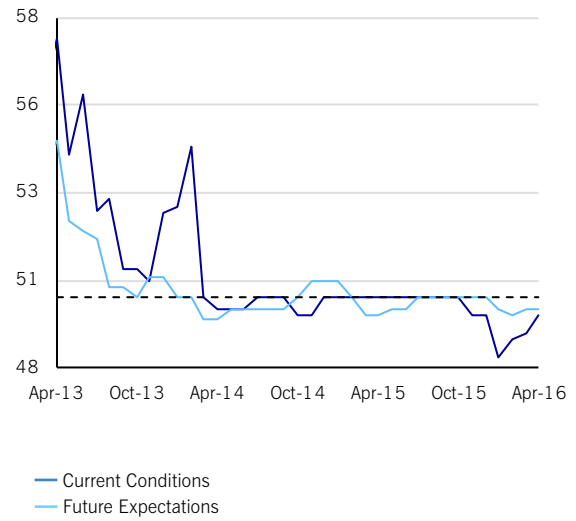
Availability of Credit



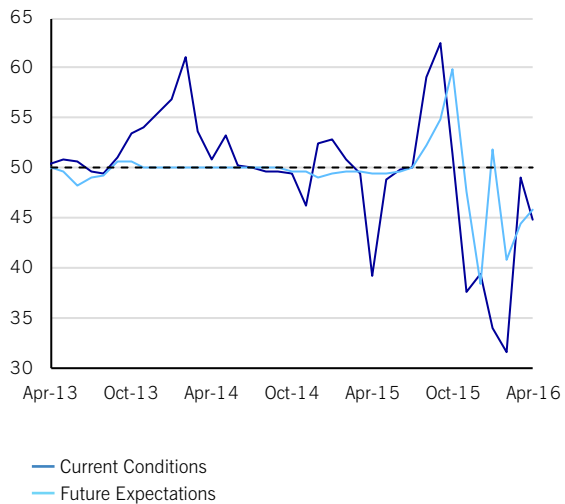
Prices Received



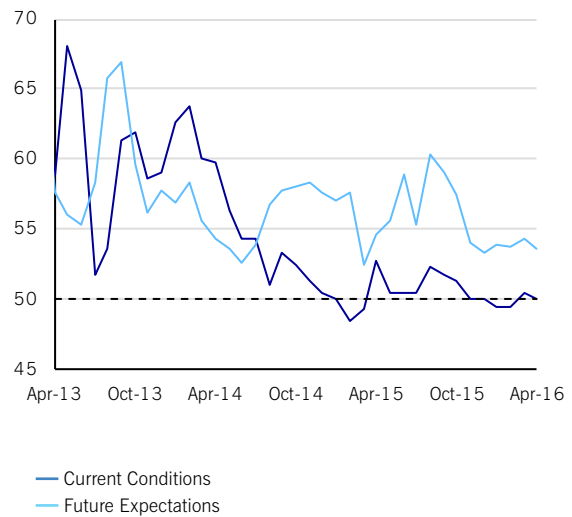
Interest Rates Paid



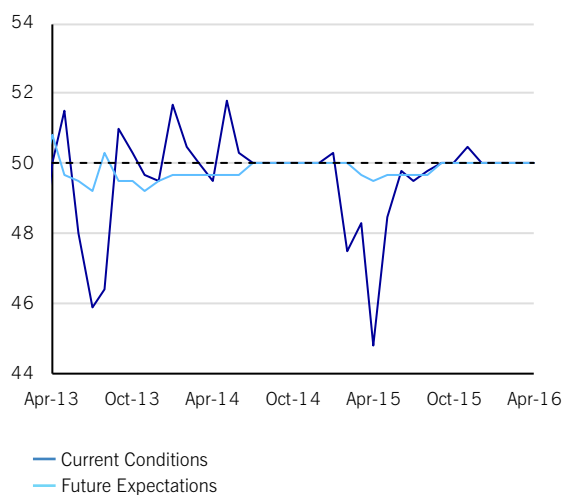
Effect of the Rouble Exchange Rate



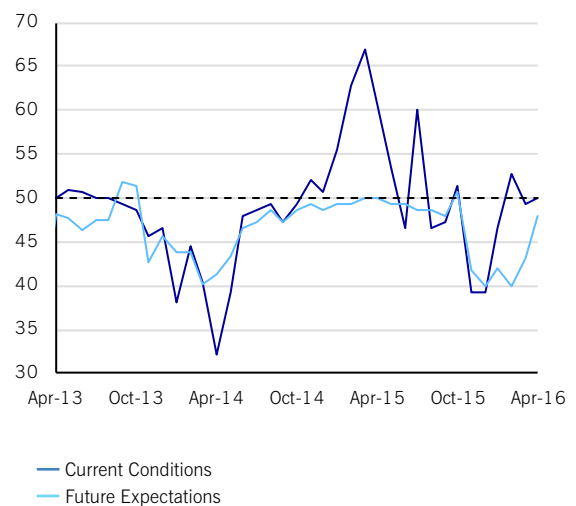
Financial Position



Supplier Deliveries



Inventories



Historical Summary

	2015										2016		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
MNI Russia Business Indicator													
Current Conditions	46.0	51.3	51.8	51.3	52.3	53.0	48.3	37.1	50.0	41.3	43.0	50.0	50.8
Future Expectations	53.8	55.2	61.3	53.2	49.7	54.3	56.5	41.4	37.6	33.0	32.5	40.9	46.7
Production													
Current Conditions	49.5	50.5	49.5	50.5	51.8	50.3	53.0	45.3	52.3	50.5	40.8	47.3	49.5
Future Expectations	50.3	52.9	55.8	50.0	48.5	48.2	49.2	45.3	43.9	45.5	44.3	48.2	49.2
New Orders													
Current Conditions	48.3	50.5	52.8	51.3	49.5	50.5	49.8	43.5	50.8	49.0	46.5	49.8	50.0
Future Expectations	51.8	51.5	51.5	49.7	49.5	49.2	49.0	45.9	43.8	43.6	43.9	47.2	48.2
Export Orders													
Current Conditions	50.0	50.0	50.6	51.3	50.6	50.0	50.3	50.3	50.0	50.3	49.7	50.3	50.0
Future Expectations	51.1	52.7	51.7	50.0	50.0	50.7	50.7	50.3	49.7	49.7	49.3	49.3	49.3
Productive Capacity													
Current Conditions	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.8	50.0	50.0	50.0	50.0
Future Expectations	51.0	51.0	51.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Order Backlogs													
Current Conditions	50.0	49.8	49.8	49.5	49.5	50.3	49.8	48.8	49.8	50.0	49.8	50.0	50.0
Future Expectations	48.3	48.3	48.3	48.8	49.0	49.0	49.5	49.5	49.5	50.0	50.0	50.3	50.3
Employment													
Current Conditions	50.5	50.0	50.3	50.3	49.8	50.3	50.0	48.3	49.5	50.0	49.8	50.0	50.0
Future Expectations	50.5	50.5	50.0	49.8	50.5	49.0	49.2	47.7	48.2	48.5	48.5	48.8	50.0
Inventories													
Current Conditions	60.8	53.4	46.6	60.1	46.6	47.3	51.4	39.2	39.2	46.6	52.7	49.3	50.0
Future Expectations	50.0	49.3	49.3	48.6	48.6	47.9	50.7	41.8	39.9	41.9	39.9	43.2	47.9
Input Prices													
Current Conditions	55.3	52.5	50.8	50.0	50.3	51.3	52.8	51.8	50.8	50.8	51.8	50.8	50.0
Future Expectations	52.9	52.1	51.8	50.5	52.0	54.3	53.0	55.5	56.8	57.0	56.8	56.5	53.5
Prices Received													
Current Conditions	62.3	52.8	53.0	50.0	51.8	52.3	53.5	54.3	53.5	53.5	53.5	53.5	50.3
Future Expectations	56.8	56.3	58.2	53.6	57.7	59.4	57.6	60.6	60.1	60.6	59.0	57.8	55.8
Financial Position													
Current Conditions	52.8	50.5	50.5	50.5	52.3	51.8	51.3	50.0	50.0	49.5	49.5	50.5	50.0
Future Expectations	54.7	55.6	58.9	55.3	60.4	59.1	57.5	54.1	53.4	53.9	53.8	54.3	53.6
Interest Rates Paid													
Current Conditions	50.0	50.0	50.0	50.0	50.0	50.0	50.0	49.5	49.5	48.3	48.8	49.0	49.5
Future Expectations	49.5	49.7	49.7	50.0	50.0	50.0	50.0	50.0	50.0	49.7	49.5	49.7	49.7
Effect of Rouble Exchange Rate													
Current Conditions	39.3	48.8	49.8	50.0	59.1	62.4	51.5	37.7	39.5	34.0	31.6	49.0	44.9
Future Expectations	49.4	49.4	49.7	50.0	52.3	54.8	59.9	47.7	38.5	51.9	40.9	44.4	45.8
Supplier Delivery Times													
Current Conditions	44.8	48.5	49.8	49.5	49.8	50.0	50.0	50.5	50.0	50.0	50.0	50.0	50.0
Future Expectations	49.5	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	49.5	50.8	51.5	53.5	48.2	56.8	49.0	41.4	45.8	39.8	42.2	50.0	49.8
Future Expectations	53.8	55.5	55.1	53.1	48.9	49.4	49.1	48.5	47.7	46.3	42.3	46.8	49.5

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.

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