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# MNI Russia Consumer Report December 2013

Insight and data for better decisions

## About MNI Indicators

### Insight and data for better decisions

MNI Indicators offers unique macro-economic data and insight to businesses and the investment community. We produce data and intelligence that is unbiased, pertinent and responsive. Our data moves markets.

Specialising in business and consumer focused macro-economic reports, we give our customers the ability to make timely and relevant decisions. We strive to provide up-to-date information on business and consumer confidence on the economy.

MNI Indicators publishes data on a monthly basis. Our indicators are based on a unique and proprietary methodology and are designed to present an advance picture of the economic landscape as perceived by businesses and consumers every month.

Our monthly reports explore attitudes, perspectives and confidence across different countries and regions. They deliver in-depth analysis, highlight changing patterns and how these can affect potential developments in business and consumer activities.

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# MNI Russia Consumer Report - December 2013

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# Facing the truth

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Plans to dig Russia out of its hole are thin on the ground, and the longer this stagflation sets in, the more difficult it will be to escape.

Once the festive season is over, it would be nice to bear some good tidings at the end of what has been a dismal year for the Russian economy. Unfortunately our insights from some of Russia's largest companies from our sister business survey revealed that business confidence hit the lowest since our survey began in March, with production and new orders heading lower still. Meanwhile, this edition of our consumer sentiment survey for December shows consumer confidence is only just above the record low seen in November.

In order to fix a problem you first need to admit you have one, and while various ministers have acknowledged that the Russian economic model is broken, President Vladimir Putin has, until now, continued to blame the downturn on the global slowdown. Given the continued economic malaise, however, even Mr Putin has been forced to publicly change tack. "Of course we are experiencing the consequences of the global crisis, but we have to say openly: the main reasons for the economic slowdown are not external but internal," he said in the annual state-of-the-nation speech in Moscow.

Solving the problem won't be so easy, with Russia ending 2013 with growth at the lowest for four years and inflation at 6.5% in November – a kind of stagflation-light. And while Russia's leaders have recognised the issue, plans to actually dig Russia out of its hole are thin on the ground, and the longer this stagflation sets in, the more difficult it will be to escape.

The new head of the central bank, Elvira Nabiullina, has so far stuck to her guns, refusing to ease monetary policy in an effort to boost growth, given the continued

high rate of inflation. A fall in food price inflation and at least some easing in inflation expectations could give the central bank room to cut interest rates early in the New Year. Monetary policy, though, is not the answer to Russia's ills, which lie more on the supply side.

Low productivity, lack of investment, corruption, oil dependency, capital flight and poor demographics are just some of the issues the government needs to address in 2014 if it wants to stem the economic decline.

**Philip Uglow**

Chief Economist  
MNI Indicators



# Executive Summary

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The MNI Russia Consumer Indicator increased slightly in December, led by an improvement in both Current and Expectations Indicators.

The MNI Russia Consumer Indicator increased slightly to 95.7 in December from a record low of 94.8 in the previous month, led by a modest rise in respondents' willingness to purchase a large household item and their expectations for business conditions in five years. However, the indicator remained below the series average of 97.9.

A reading below 100 indicates increasing negativity among consumers, while values above show increasing positivity. Consumer sentiment has remained below the 100 breakeven level since the survey started in March.

Both Current and Expectations indicators increased in December. The Current Indicator increased 1.5% on the month to 95.7 compared with 94.3 in November. The Expectations Indicator rose slightly to 95.7 from 95.1 in November.

Both Current and Expected Personal Finances rose slightly for the second consecutive month, following steep declines in October.

The Durable Buying Conditions Indicator, which measures whether respondents think it is a good or bad time to buy a large household good, recovered in December following a sharp fall in November.

Optimism was greatest among the young in December, with confidence increasing only for the 18-34 age range, while it fell for the older groups.

The Consumer Indicator rose in five out of the 10 major cities surveyed; Rostov-on-Don, Saint Petersburg, Yekaterinburg, Chelyabinsk and Omsk.

Perceptions about the current state of business and expectations in a year's time worsened while longer term expectations improved.

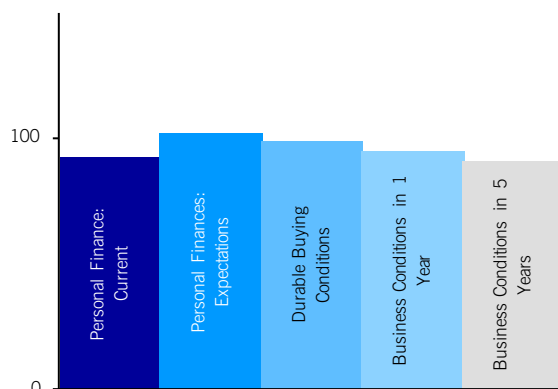
The Employment Outlook Indicator, which measures opinion on the outlook for the employment market over the next 12 months, remained broadly stable in December having fallen below the 100 breakeven level in November.

Concerns over inflation continued to worsen in December as the number of respondents who were not satisfied with the current level of prices increased further, and there was a rise in expectations for inflation over the coming year as well.

Led by a significant decline in house buying sentiment, the Real Estate Investment Indicator fell for the second consecutive month, having hit a record high in October.

The Car Purchase Indicator registered its fourth consecutive decline in December as car purchase expectations fell further into contraction and expectations for the price of gasoline increased.

#### MNI Russia Consumer Indicator - Components



## All Russia - Overview

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI Russia Consumer Indicator</b>	99.4	94.8	95.7	Oct-13	-	96.6	0.9	1.0%
Current Indicator	99.2	94.3	95.7	Oct-13	-	96.4	1.4	1.5%
Expectations Indicator	99.5	95.1	95.7	Oct-13	-	96.7	0.6	0.7%
Personal Finances: Current	91.0	92.0	92.5	Sep-13	-	91.8	0.5	0.6%
Personal Finances: Expectations	101.2	101.7	101.9	Sep-13	-	101.6	0.2	0.3%
Business Condition: 1 Year	101.5	94.9	94.4	-	Mar-13	96.9	-0.5	-0.5%
Business Condition: 5 Years	95.8	88.7	90.8	Oct-13	-	91.7	2.1	2.4%
Durable Buying Conditions	107.4	96.6	98.9	Oct-13	-	101.0	2.3	2.3%
Current Business Conditions Indicator	94.5	97.4	94.9	-	Oct-13	95.6	-2.5	-2.6%
Real Estate Investment Indicator	113.0	110.5	106.9	-	Jul-13	110.2	-3.6	-3.3%
Car Purchase Indicator	85.1	81.9	81.0	-	series low	82.7	-0.9	-1.1%
Employment Outlook Indicator	100.4	98.1	98.2	Oct-13	-	98.9	0.1	0.1%
Inflation Expectations Indicator	139.7	136.8	138.2	Oct-13	-	138.3	1.4	1.0%
Current Prices Satisfaction Indicator	80.5	73.5	71.8	-	series low	75.2	-1.7	-2.4%
Interest Rates Expectations Indicator	115.6	115.5	114.9	-	Sep-13	115.4	-0.6	-0.5%



## All Russia - Summary

	2013									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>MNI Russia Consumer Indicator</b>	97.2	99.1	97.5	98.5	99.5	99.9	97.4	99.4	94.8	95.7
Current Indicator	93.8	98.2	96.2	98.4	100.5	99.2	95.8	99.2	94.3	95.7
Expectations Indicator	99.4	99.7	98.3	98.6	98.8	100.3	98.4	99.5	95.1	95.7
Personal Finances: Current	94.7	97.5	96.3	99.5	103.2	102.1	95.3	91.0	92.0	92.5
Personal Finances: Expectations	109.2	105.4	105.5	102.4	103.4	104.9	105.4	101.2	101.7	101.9
Business Condition: 1 Year	92.3	95.7	96.6	97.8	95.9	98.7	96.1	101.5	94.9	94.4
Business Condition: 5 Years	96.8	98.0	93.0	95.7	97.2	97.5	93.7	95.8	88.7	90.8
Durable Buying Conditions	92.9	98.8	96.2	97.2	97.8	96.2	96.3	107.4	96.6	98.9
<b>Current Business Conditions Indicator</b>	89.6	95.9	95.8	97.7	95.4	95.6	97.6	94.5	97.4	94.9
<b>Real Estate Investment Indicator</b>	111.4	108.5	107.9	107.9	105.3	108.5	108.0	113.0	110.5	106.9
House Price Expectations	135.0	126.6	123.6	122.9	120.7	128.4	121.6	127.7	128.1	130.9
House Buying Sentiment	97.7	98.1	100.2	100.5	96.6	96.7	101.8	109.8	105.0	92.1
House Selling Sentiment	98.6	99.1	100.0	99.8	101.4	99.5	99.3	98.4	101.5	102.3
<b>Car Purchase Indicator</b>	86.1	86.2	87.2	87.5	86.2	88.4	85.7	85.1	81.9	81.0
Car Purchase Expectations	107.6	104.1	105.5	107.5	101.0	109.4	107.1	101.4	98.9	98.2
Price of Gasoline Expectations	135.4	131.8	131.0	132.4	128.6	132.7	135.6	131.3	135.2	136.2
<b>Employment Outlook Indicator</b>	100.5	98.6	100.3	99.1	97.1	97.5	99.9	100.4	98.1	98.2
Inflation Expectations Indicator	130.7	138.3	136.6	133.2	136.1	139.4	135.7	139.7	136.8	138.2
Current Prices Satisfaction Indicator	80.6	76.2	84.2	86.0	73.9	85.9	85.6	80.5	73.5	71.8
Interest Rates Expectations Indicator	120.6	122.1	123.3	112.3	114.1	113.2	111.1	115.6	115.5	114.9

## All Russia - Records

	2013			
	Minimum	Maximum	Mean	Median
<b>MNI Russia Consumer Indicator</b>	94.8	99.9	97.9	98.0
Current Indicator	93.8	100.5	97.1	97.2
Expectations Indicator	95.1	100.3	98.4	98.7
Personal Finances: Current	91.0	103.2	96.4	95.8
Personal Finances: Expectations	101.2	109.2	104.1	104.1
Business Condition: 1 Year	92.3	101.5	96.4	96.0
Business Condition: 5 Year	88.7	98.0	94.7	95.7
Durable Buying Conditions	92.9	107.4	97.8	96.9
<b>Current Business Conditions Indicator</b>	89.6	97.7	95.5	95.7
<b>Real Estate Investment Indicator</b>	105.3	113.0	108.8	108.3
House Price Expectations	120.7	135.0	126.5	127.1
House Buying Sentiment	92.1	109.8	99.9	99.1
House Selling Sentiment	98.4	102.3	100.0	99.6
<b>Car Purchase Indicator</b>	81.0	88.4	85.5	86.1
Car Purchase Expectations	98.2	109.4	104.1	104.8
Price of Gasoline Expectations	128.6	136.2	133.0	132.6
<b>Employment Outlook Indicator</b>	97.1	100.5	99.0	98.8
Inflation Expectations Indicator	130.7	139.7	136.5	136.7
Current Prices Satisfaction Indicator	71.8	86.0	79.8	80.6
Interest Rates Expectations Indicator	111.1	123.3	116.3	115.2

# Consumer confidence rose in five out of the 10 major cities surveyed in December.

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Sentiment rose in Rostov-on-Don, Saint Petersburg, Yekaterinburg,  
Chelyabinsk and Omsk.



# Economic Landscape

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Lower growth estimates, falling industrial output, and an acceleration of inflation continued to highlight the weakness of Russia's economy and the difficulties that policymakers face to overcome stagnation.

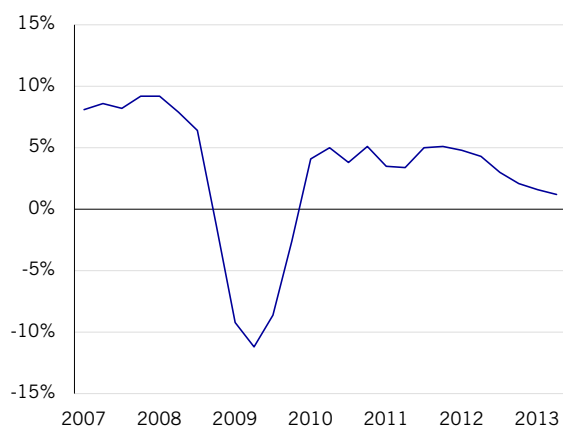
Lower growth estimates, falling industrial output, and an acceleration of inflation continued to highlight the weakness of Russia's economy and the difficulties that policymakers face to overcome stagnation, which the Economy Minister, Alexei Ulyukayev, expects to continue in 2014. He acknowledges that Russia's growth model, based on higher oil prices, has exhausted itself, but has so far failed to provide any clue of an alternative growth engine.

Following cuts in the long-term growth forecasts in November, the Economy Ministry revised down the growth estimates for 2013-2015 in December. The IMF and the World Bank also revised down their forecasts. 2013 will see the lowest GDP growth in four years.

#### GDP growth revised lower

Mr Ulyukayev said that GDP growth for the first 10 months of 2013 increased by 1.4% compared with the same period a year earlier, adding that he expects annual growth of just 1.5%. The ministry has revised down its 2013 forecast for GDP four times this year, given the weakness in the economy. Growth for 2014 was also cut to 2.5% from 3% previously and to 2.8% in 2015 from 3.1%, mainly due to weak investment.

#### Economic Growth



— GDP Growth y/y %

Source: Federal State Statistics Service of Russia

The IMF also revised down its 2013 and 2014 forecasts to 1.5% and 2% respectively, while the World Bank cut them to 1.3% for this year and 2.2% for next year. The economy remains weak and the latest data does not point to a revival in the short term. With the economy close to its potential, the IMF has warned that structural reforms to reduce oil revenue dependence, improve infrastructure, ease credit access and improve the business climate are urgently needed.

GDP rose 1.2% on the year in the third quarter, unchanged from the second quarter, partially due to disruption in the harvest in some areas. The Deputy Economy Minister, Andrei Klepach, said that the figures revealed disappointing signs of an economy that was losing momentum rather than gathering pace.

#### No respite from rising prices

Consumer price inflation rose to 6.5% in November from 6.3% in October, the highest rate in the past three months. Rising food prices have pushed inflation up this year, with egg prices up 39.2% on the year in November, the cost of fruit and vegetables up 8.9% from a year earlier and dairy products up 12.3%. The Central Bank of Russia said that the price increases seen in fruit and vegetables were unusual for this time of year.

The Economy Ministry revised up its inflation forecast for 2013 to 6.2% from 6% after the Russian Central Bank's first deputy, Ksenia Yudaeva, said that inflation would miss its target range of 5%-6% due to higher food prices.

#### Monetary policy: Interest rates unchanged

The central bank left its new key rate – the one-week repo rate at which it lends money to financial institutions – on hold at 5.5% after the policy meeting on December 13. It said that the pace of economic growth remains low and slightly below its potential, with production and investment subdued and business confidence indicators not improving.

The bank expects inflation to decline in the first half of 2014 and meet the target by the second half of the year. It added that a downward trend in inflation expectations is needed in order to achieve the target.

The bank has been unwilling to cut official interest rates due to the continued high level of inflation, which rose to 6.5% in November. The monetary policy stance has remained unchanged since October 2012.

The next monetary policy meeting will be held in February, and analysts expect interest rates to be cut if inflation eases noticeably.

### Inflation



— CPI y/y %

Source: Federal State Statistics Service of Russia

### Less intervention in the FX market

The central bank took further measures towards a free float of the rouble, which is expected in 2015. In December, the bank cut the cumulative volume of interventions in the currency market from \$400 million to \$350 million. This added to October's decision to halve the bank's daily intervention in the currency market to \$60 million from \$120 million.

The move towards a free float has been pushed by the central bank governor, Elvira Nabiullina, in order

to improve the effectiveness of monetary policy. It should also help rouble adjust lower and rebalance the economy.

### Investment remains weak

Capital investment weakened further in October, contracting 1.9% on the year, following a 1.6% fall in September. The ministry has slashed its investment forecast for 2013 to 0.2% from 2.5%.

In recent months, the government has made several announcements about investment projects in various sectors, including communications and infrastructure. However they have not materialised yet, so any impact on growth will not be seen until the first quarter at the earliest.

Investment levels have declined in 2013, with fixed capital investment down 6.3% in the third quarter compared with the same quarter in 2012, although this was an improvement from a decline of 10.7% and 14.0% seen in the second and first quarters of 2013 respectively.

The low level of investment is seen by many as the reason behind Russia's current economic malaise.

### Industrial production on a falling trend

After a modest decline of 0.2% in the 12 months to October, industrial production contracted further in November, falling 1% on the year. The fall was driven by a sharp contraction in the utilities industry. Manufacturing also contributed negatively, contracting for the seventh straight month.

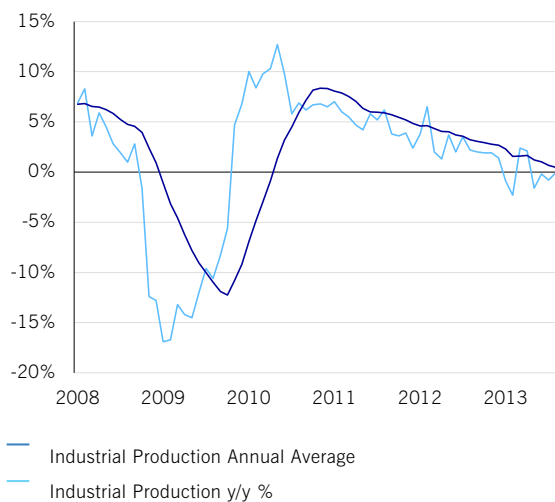
Utilities output declined for the first time in three months, by 4.6% in November, down from a 1.9% rise in October. The manufacturing sector fell 0.9% on the year, compared with a 1.9% fall in October.

Mining and quarrying output expanded 1.1% in November compared with a year ago, down from 1.8% in October.

Industrial production has contracted in eight of the

past twelve months, prompting industry to call for a rate cut to boost growth. With inflation stubbornly high, the central bank has instead left its key interest rate unchanged for months.

### Industrial Production



Source: Federal State Statistics Service of Russia

### Trade surplus moderates

The trade surplus stood at \$13.7 billion in November, up from \$13.2 billion in October, although down almost 7% from last year and 20.6% from the start of the year. The double digit growth in the trade surplus in July and August was mostly due to base effects.

Exports fell 5.0% on the year in November to \$43 billion, while imports declined 4.1% to \$29.3 billion, following a 4.3% decline to \$30.8 billion recorded in October.

### Retail sales up slightly

Retail sales recovered slightly in October, increasing by 3.5% on the year compared with 3% in the previous month, but still below the 4% growth seen in August.

Retail trade volumes of non-food products rose marginally by 0.9% on the year in October from 0.8%

in September, while non-food retail trade decreased 3% on the year compared with a 4.7% fall in September.

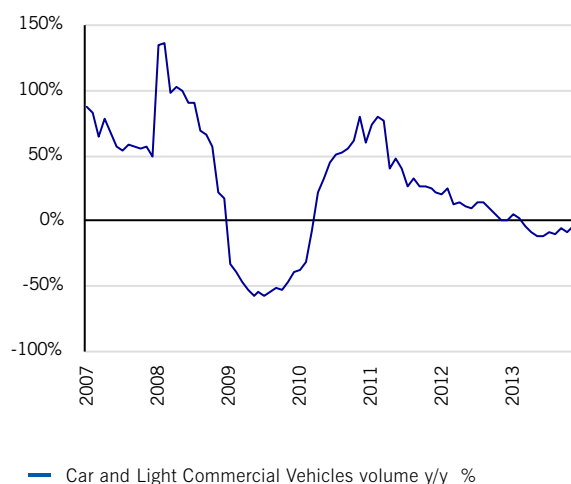
### Lower car sales

It has been a bad year for the car industry. From January to November, sales of new cars fell by 6.4% compared with the same period in 2012.

Car sales, though, contracted at a slower pace in November. In total, 231,982 car units were sold in November, 3.6% less than a year earlier. While this was the ninth consecutive annual fall it was an improvement from a decline of 7.7% in October.

Earlier in the year the government announced plans to allocate \$3.3 billion in indirect subsidies for the automotive industry, which might help it in 2014. These measures include subsidies, support for importing cars from the Far East, lower interest rates and compensation for banks' expenses on preferential car loans.

### Retail Trade Turnover: Cars



Source: Federal State Statistics Service of Russia



# Indicators

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The MNI Russia Consumer Indicator increased slightly in December from a record low in November, led by a rise in respondents' willingness to purchase a large household item and their expectations for business conditions in five years.



# MNI Russia Consumer Indicator

## Confidence Edges Up From Record Low



The MNI Russia Consumer Indicator increased slightly in December from a record low in the previous month, led by a rise in respondents' willingness to purchase a large household item and their expectations for business conditions in five years.

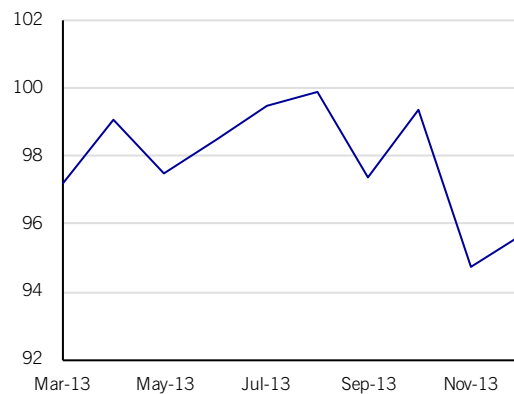
The Consumer Indicator increased from 94.8 in November to 95.7 in December, though was still below the series average of 97.9. A reading below 100 indicates increasing negativity among consumers, while values above show increasing positivity. Sentiment has remained below the 100 breakeven level since the survey started in March.

Both Current and Expectations indicators increased in December. The Current Indicator increased 1.5% on the month to 95.7 compared with 94.3 in November. The Expectations Indicator rose slightly to 95.7 compared with 95.1 in November.

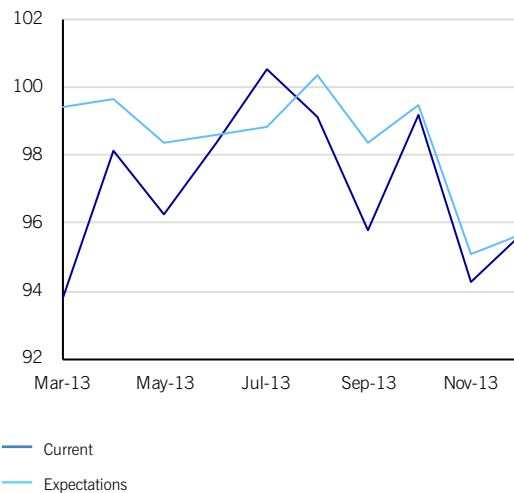
Current conditions were boosted by a 2.3% increase in the Durable Buying Conditions Indicator to 98.9 in December after posting a large decline in November to 96.6. The other component of the Current Indicator, Current Personal Finances, remained broadly stable at 92.5 compared with 92.0 in November.

The small rise in the Expectations Indicator was due to a rise in expectations for Business Conditions in Five Years and Expected Personal Finances which more than offset a decline in the indicator measuring Business Conditions in a Year's time.

MNI Russia Consumer Indicator



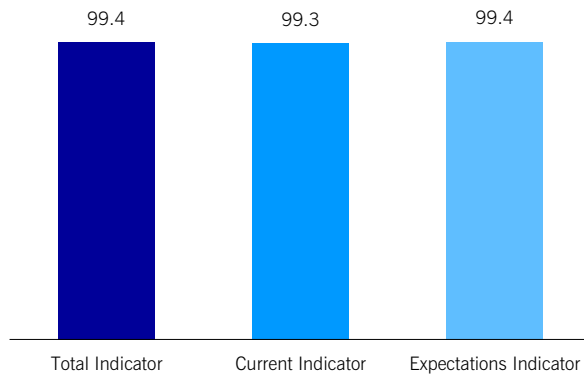
Current and Expected Indicators



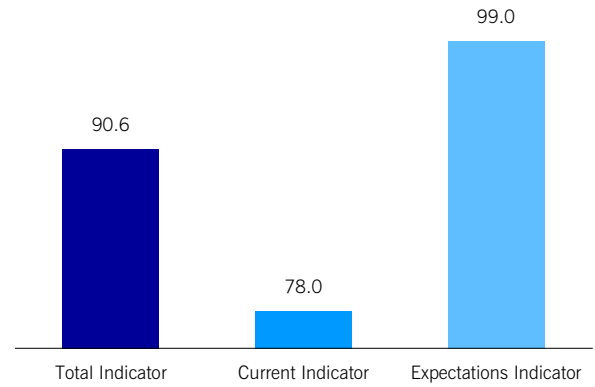
MNI Russia Consumer Indicator

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
MNI Russia Consumer Indicator	98.5	99.5	99.9	97.4	99.4	94.8	95.7
Current	98.4	100.5	99.2	95.8	99.2	94.3	95.7
Expectations	98.6	98.8	100.3	98.4	99.5	95.1	95.7

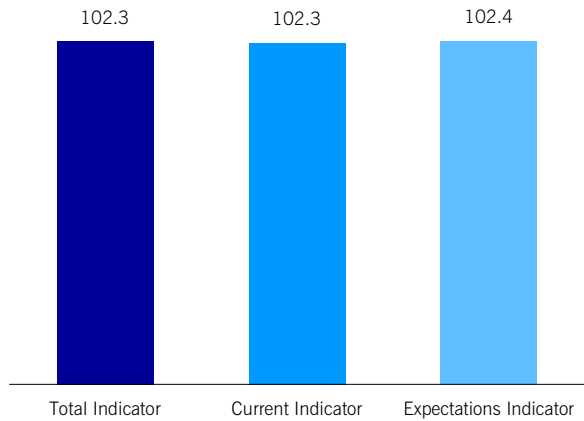
## All Russia



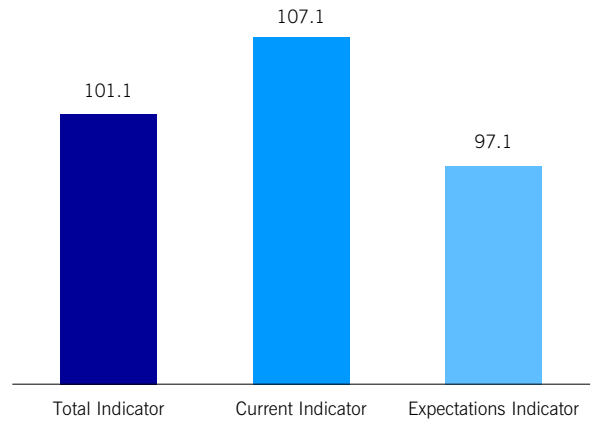
## West Siberian



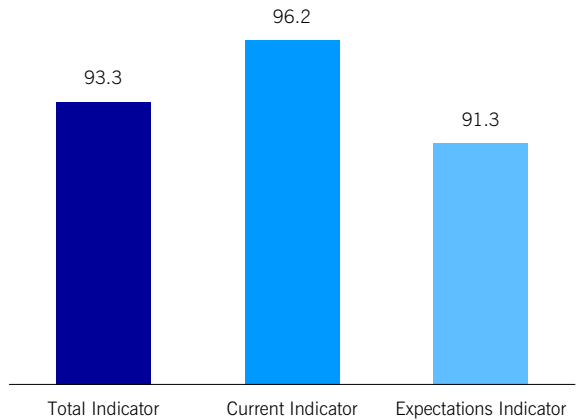
## Central Russia



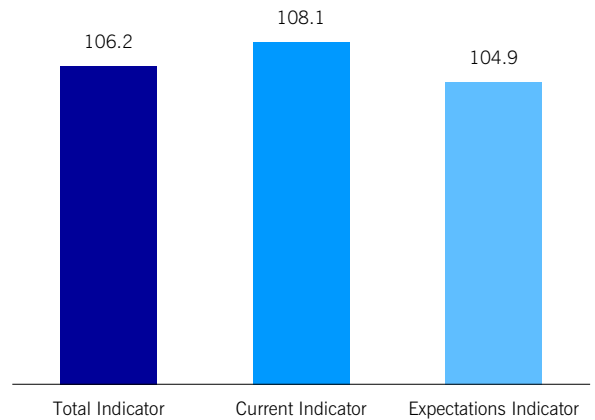
## Volga



## Urals



## North Caucasus





Expected Personal Finances was the only component of the Consumer Indicator that remained above the 100 breakeven level. The weakest component was Business Conditions in Five Years.

**Regions**

Consumer sentiment fell in all 12 regions apart from Volga where confidence bounced back sharply by 22.2% to 97.8, having hit a series low of 80.0 in November.

The largest fall was seen in Central Black Earth where sentiment fell 6.9% on the month to 92.4 from 99.3 in November. Kaliningrad saw a 3.6% monthly fall from 96.4 to 92.9.

The Consumer Indicator was above the 100 breakeven level only in the Central region while it was the lowest in the Urals region.

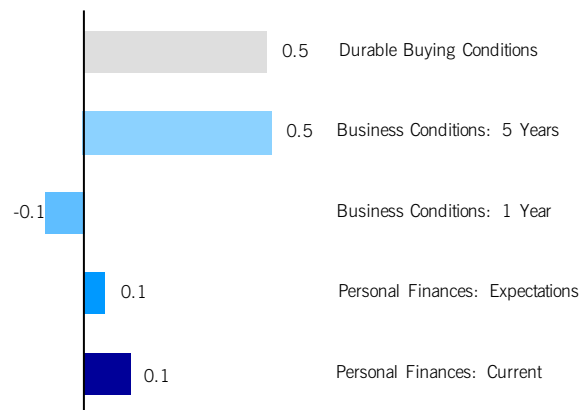
**Age**

Optimism was greatest among the young in December, with confidence increasing only for the 18-34 age range, while it fell for the older groups. Among the 18-34 age range, the Consumer Indicator increased by 3.8% from 95.5 in November to 99.1 in December. The Current Indicator increased 8.7% and broke above the breakeven level to 100.4 from 92.4 in November. The Expectations Indicator increased slightly to 98.3, up from 97.6 in November.

Consumer confidence for the 35-54 age group, hit a series low in December, declining to 92.7. Of the five components, Durable Buying Conditions was the only indicator to increase while Current Personal Finances declined the most. Three out of the five components hit a series low in December.

Consumer sentiment was lowest among the oldest age range of 55-65 year olds. Confidence dropped to 92.3 from 94.1, the lowest since March when the series started. The decline in the Consumer Indicator

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





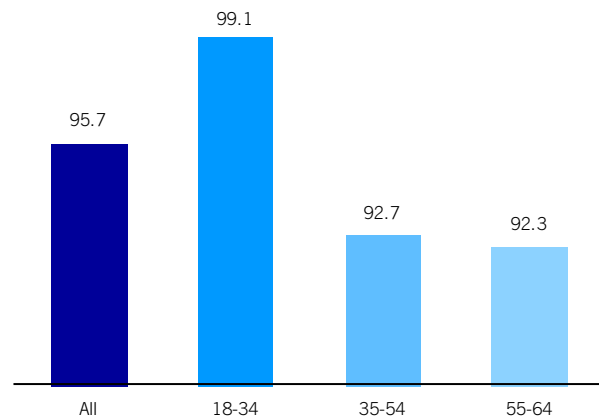
was led by the Current Indicator which fell by 12.7% from 95.8 in November to 83.6 in December. Both components of the Current Indicator, Current Personal Finances and Durable Buying Conditions suffered double digit declines of 11.2% and 14.1% respectively.

### Income

Consumer confidence increased in lower income households, following two months of declines. For households with an average income under RUB 480,000 per annum, the Consumer Indicator increased from 90.5 to 93.7 in December, just above the three month average of 93.3. For households with an average income over RUB 480,000 per annum, consumer sentiment declined slightly from 99.9 in November to 99.2 in December, the lowest since September.

Consumer confidence has on average been lower among low income households, with the indicator in contraction since the series started in March and weakening significantly in October and November.

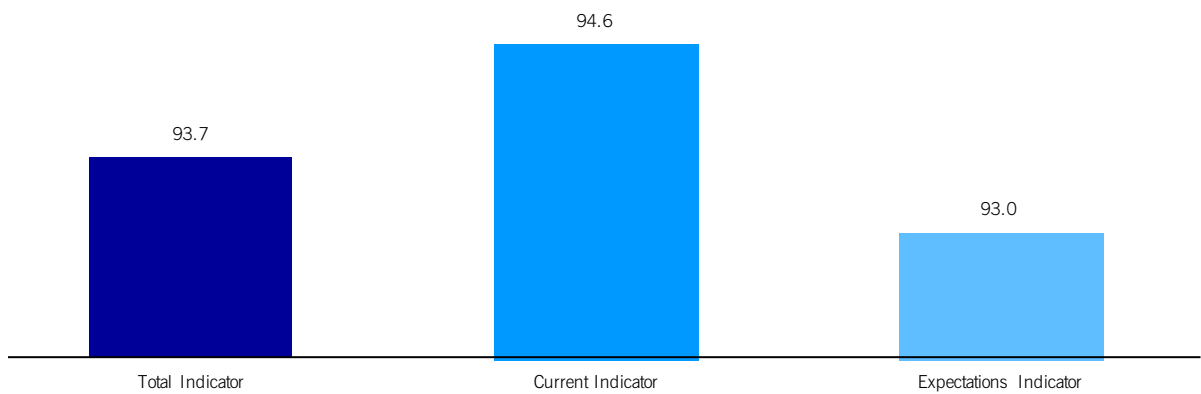
Consumer Indicator: Age Groups



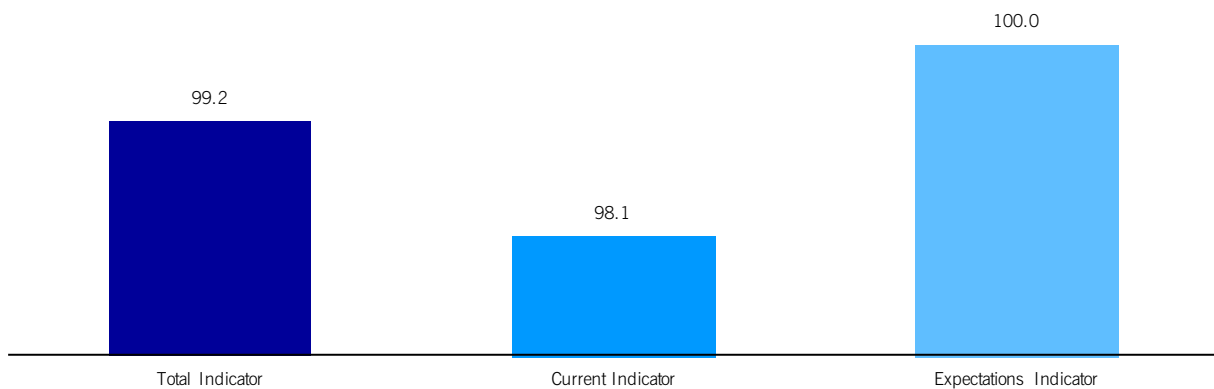
## MNI Russia Consumer Indicator Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



# MNI Russia Consumer Indicator

## Main Cities



The Consumer Indicator rose in five out of the 10 major cities surveyed in December. It increased in Rostov-on-Don, Saint Petersburg, Yekaterinburg, Chelyabinsk and Omsk. Sentiment fell in Moscow, Samara, Kazan, Nizhny Novgorod and Novosibirsk.

The Consumer Indicator for Moscow fell from 104.1 to 102.7, but it remained the most optimistic city and also the only one where confidence was above the 100 breakeven level.

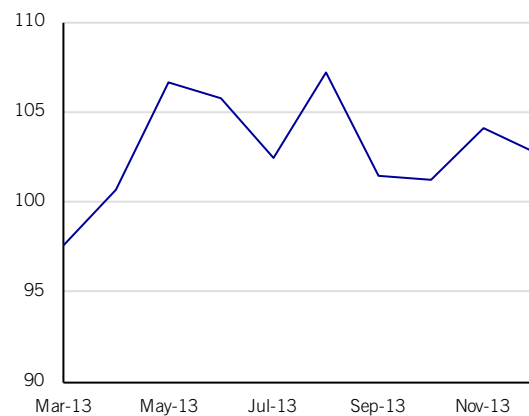
Current conditions for Moscow declined by 3.0% to 100.2 from 103.3 in the previous month. The Expectations Indicator remained broadly stable at 104.4 compared with 104.6 in November. The fall in the Consumer Indicator was led by a decrease in the Current Personal Finances Indicator. Expected Personal Finances, Business Conditions in Five Years and Durable Buying Conditions also fell on the month. Respondents were more optimistic about Business Conditions in a Year which rose by almost 5.0%.

Sentiment rose in Saint Petersburg, the second largest city of Russia, with the Consumer Indicator up from 96.6 in November to 98.5 in December. The increase was led by a 7.0% rise in the Current Conditions Indicator, of which Current Personal Finances increased by 10.2% and Durable Buying Conditions increased by 4.1% on the month.

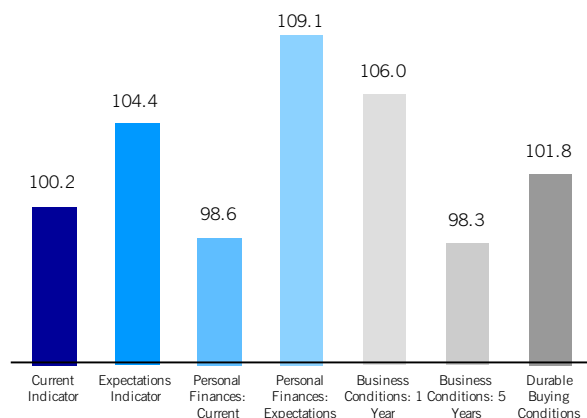
In Novosibirsk, the third most populous city in Russia, consumer sentiment fell 6.1% to a record low of 91.8 in December from 97.8 in November. The Current Indicator declined significantly by 12.5%, while the Expectations Indicator was down by 1.8% on the month.

Nizhny Novgorod was the least optimistic city, with the Consumer Indicator falling to a series low of 89.8 in December from 93.6 in November. Respondents were more dissatisfied with their future expectations, led mainly by a fall in Business Conditions in a Year.

### Consumer Indicator - Moscow

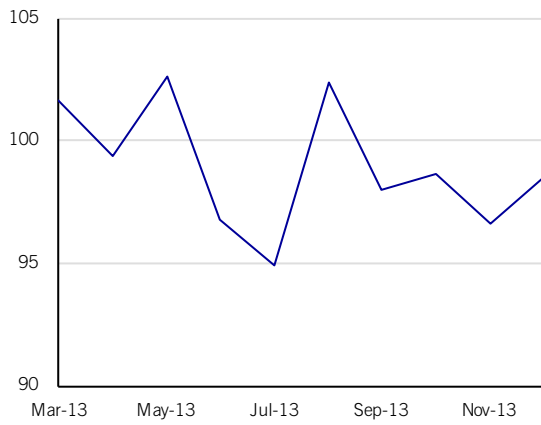


### Consumer Indicator Components - Moscow

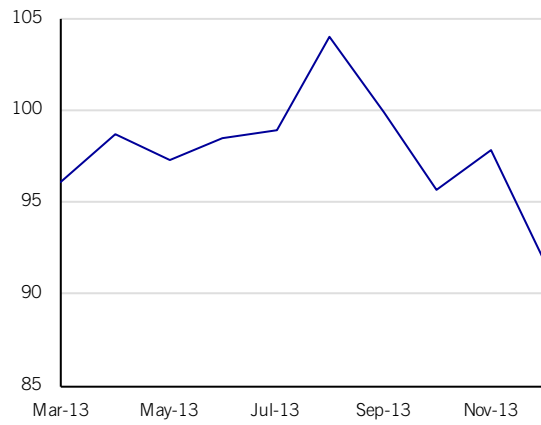




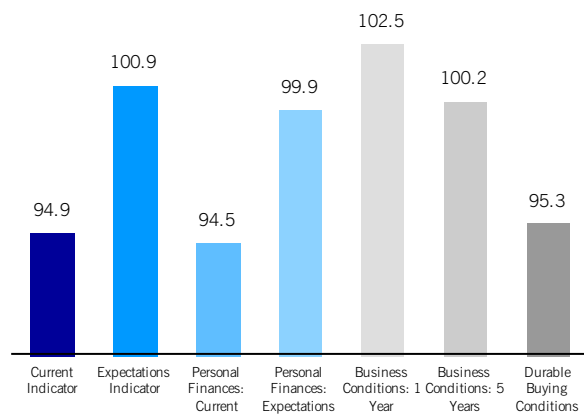
Consumer Indicator - Saint Petersburg



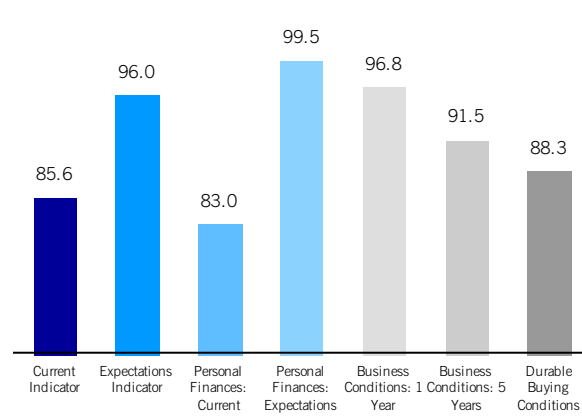
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



# Both Current and Expected Personal Finances rose slightly for the second consecutive month.

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The percentage of respondents reporting they expected their financial situation to improve in a years' time fell slightly from 12.6% to 12.2% and those reporting a worsening fell from 9.2% to 8.3% in December.



# Personal Finances

## Both Current and Expectations Improve



Both Current and Expected Personal Finances rose slightly for the second consecutive month in December, following steep declines in October.

The Current Personal Finances Indicator, which measures whether the financial situation of a household is better, the same, or worse than a year ago, increased slightly to 92.5 in December from 92.0 in November, the highest since September.

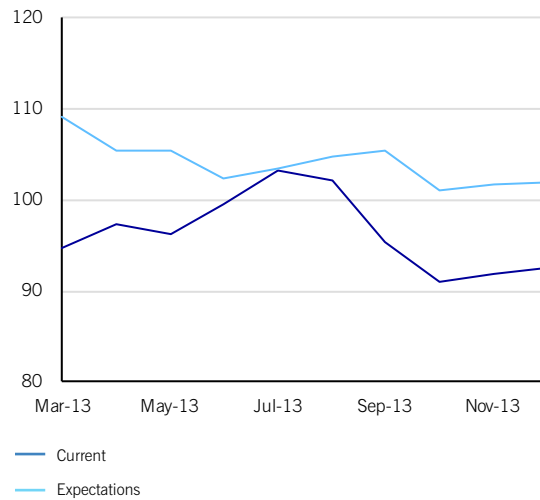
A reading above 100 indicates more households reported that their financial situation was better than a year ago, while a figure below 100 means more households recorded a worsening.

The percentage of respondents who reported that their current financial situation improved compared with a year ago increased from 17.1% in November to 28.0% in December. Those reporting financial conditions were the same as last year fell considerably from 49.6% to 28.8%, while those reporting a worsening increased from 33.2% to 43.0%.

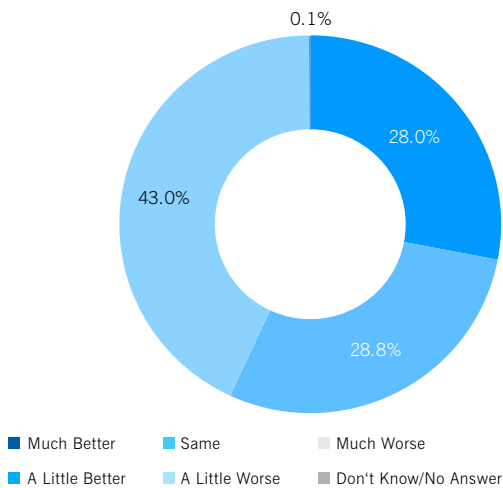
The majority of respondents cited better income as the main reason for the improvement in their Current Personal Finances, though a growing proportion of respondents gave credit to better policy and business conditions.

Expected Personal Finances, which measures whether households think their finances will be better in a year's time has trended downwards since March. The indicator remained broadly stable at 101.9 in December compared with 101.7 in November, just above the three month average of 101.6.

Personal Finances



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



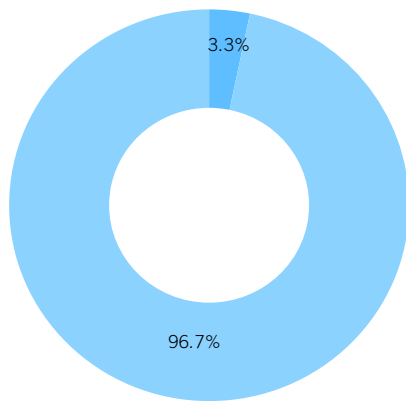
Personal Finances

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current	99.5	103.2	102.1	95.3	91.0	92.0	92.5
Expectations	102.4	103.4	104.9	105.4	101.2	101.7	101.9

# How Households Spend their Money

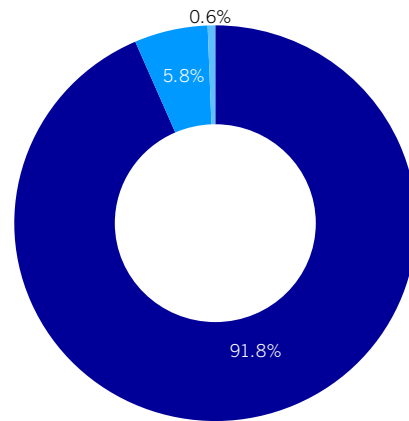


Daily Expenses  
(% of Households)



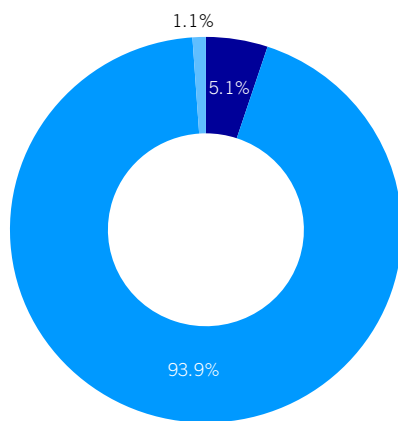
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



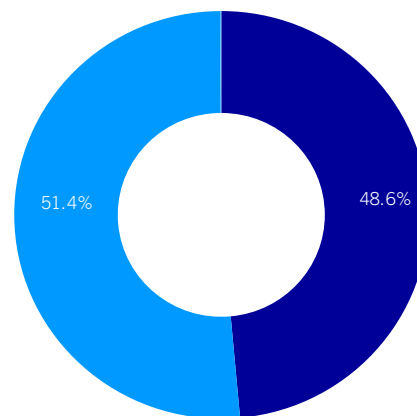
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Savings  
(% of Households)



- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

Monthly Household Income Used for Investments  
(% of Households)



- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

# Business Conditions Remain Depressed



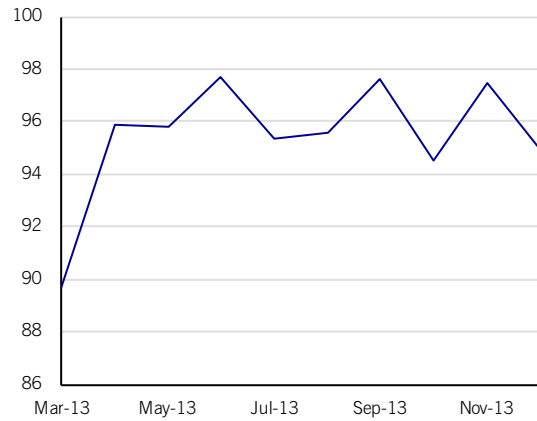
Perceptions about the current state of business worsened in December while expectations for the future improved.

The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year ago, deteriorated to 94.9 in December from 97.4 in November. It has always remained in contraction, but has remained relatively stable around 96 since April.

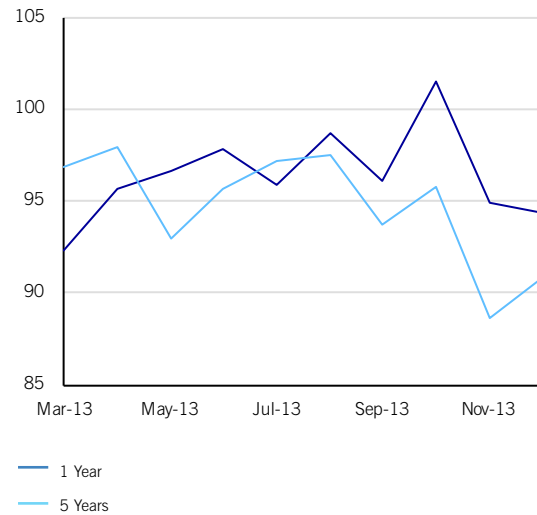
The proportion of respondents who believed that business conditions were "excellent" or "good" remained virtually unchanged at 5.3% compared with 5.2% in November. There was a fall in the proportion of respondents who believed that business conditions were "only fair" compared with the previous month from 82.0% to 76.5%, while the proportion of respondents reporting conditions were "poor" or "very poor" increased from 10.2% to 15.4%.

Expectations for Business Conditions in a Year fell further into contraction, with the indicator declining to 94.4 in December from 94.9 in November, the lowest since March. There was a considerable rise in the proportion of respondents who expected business conditions to worsen in a year to 41.7% in December from 27.1% in November. There was also a significant rise in the proportion of respondents who felt business condition would better in a year from 16.9% to 30.6%.

Current Business Conditions Indicator



Expected Business Conditions



## Business Conditions

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Current	97.7	95.4	95.6	97.6	94.5	97.4	94.9
In 1 Year	97.8	95.9	98.7	96.1	101.5	94.9	94.4
In 5 Years	95.7	97.2	97.5	93.7	95.8	88.7	90.8

# Business Conditions in 1 Year

## Selected Reasons

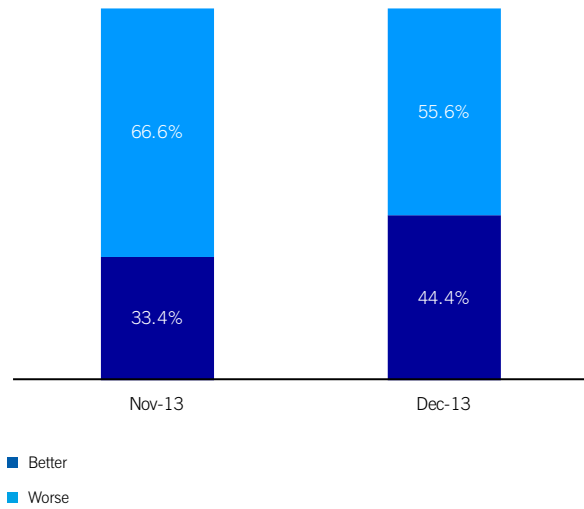


Most respondents cited government policies as the main reason behind the worsening in their outlook for business conditions in a year's time. Consumers remained disillusioned with the government and its lack of clear policies to propel economic growth.

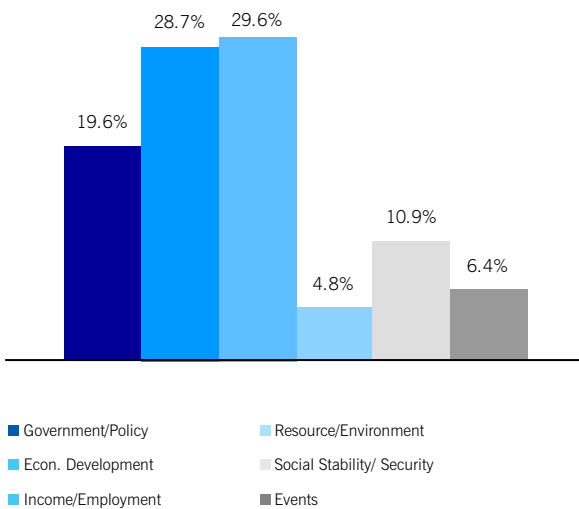
Longer term, Expectations for Business Conditions in Five Years improved in December. The indicator increased from 88.7 in November to 90.8, a rise of 2.4% on the month.

Though there was increased optimism about longer term business conditions in December, sentiment in the fourth quarter was down by 4.6% compared with the third quarter to 91.7, the lowest for the year.

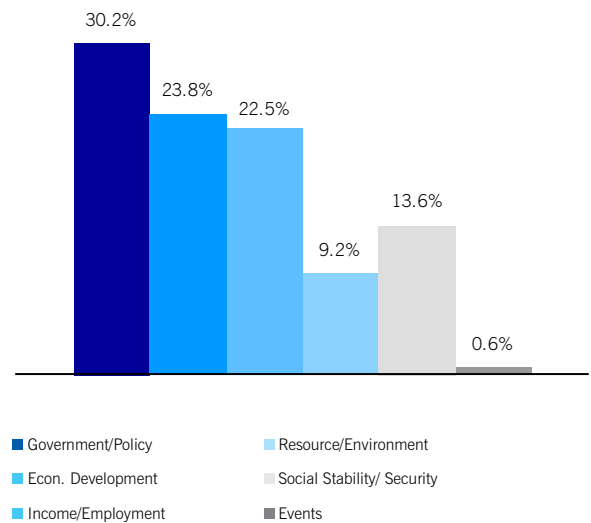
All Russia



All Russia, Reasons for Better



All Russia, Reasons for Worse



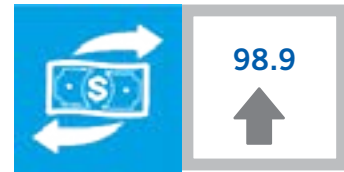


# Concerns over inflation and expectations for future prices worsened in December.

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Almost 70.0% of the respondents believed prices would be higher in a year's time and thought they would rise between 11.0%-24.0% in a year's time.

# Durable Buying Conditions Improve but remain in Contraction



The Durable Buying Conditions Indicator, which measures whether respondents think it is a good or bad time to buy a large household good, increased in December following a sharp fall in November.

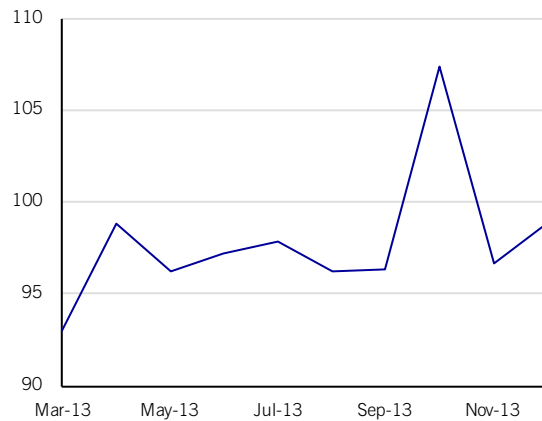
The indicator rose to 98.9 from 96.6 in November, just above the series average of 97.8, but still below the 100 breakeven level where it has remained since March, except for October which saw an unusually sharp increase.

The October spike helped push up the Durable Buying Conditions Indicator in the fourth quarter to 101.0 from 96.7 in the third quarter and 97.4 in the second quarter. The increase over the quarter may in part be seasonal given the Christmas holiday and increased consumer activity during this period.

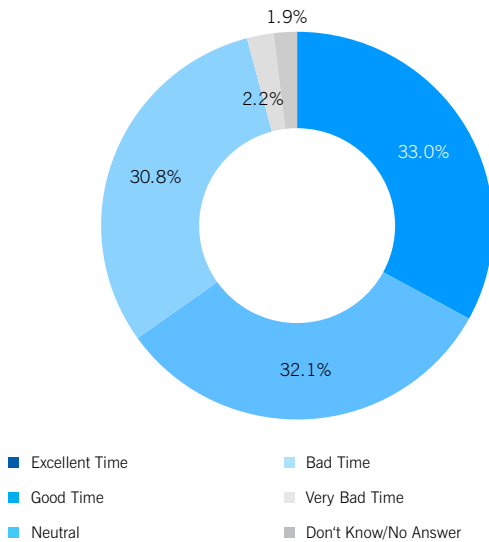
Retail sales increased in November by 4.5% compared with the same period a year earlier and above the 3.5% growth seen in October. The rise in retail sales for the Christmas period was however slower than the 5.0% growth in November 2012 compared to a year earlier.

The proportion of survey participants saying it was a “good time” to buy large household durables increased from 20.2% to 33.0% in December, while the proportion of those saying it was a “bad time” or “very bad time” rose from 25.3% to 33.0%. There was a considerable decline in the proportion of respondents who felt there had been “no change” from 52.3% to 32.1%.

Durable Buying Conditions



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



Durable Buying Conditions

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Durable Buying Conditions	97.2	97.8	96.2	96.3	107.4	96.6	98.9

# Employment Outlook Remains Broadly Stable



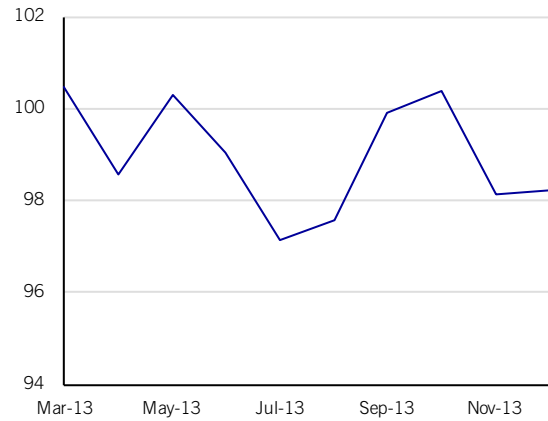
The Employment Outlook Indicator, which measures opinion on the outlook of the employment market over the next 12 months, remained broadly stable in December having fallen below the 100 breakeven level in November.

The indicator stood at 98.2 in December compared with 98.1 in November, indicating that respondents do not expect much change in the employment situation in the next 12 months. The indicator has remained in contraction save for March and October.

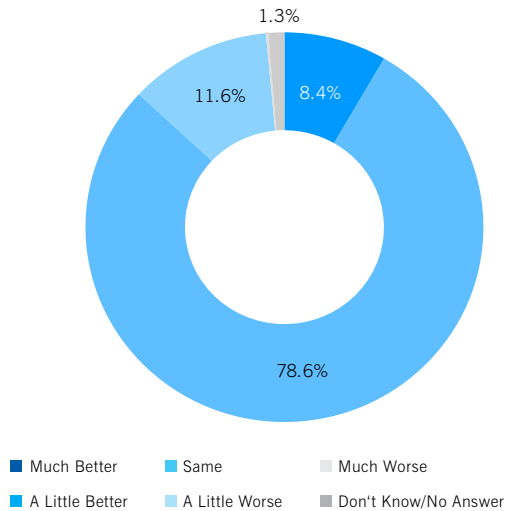
The unemployment rate in Russia fell slightly to 5.4% in November, down from 5.5% in October, the first decline in four months. Some of the improvement might have been due to mild weather conditions in November, which could have contributed to more temporary jobs in construction or agriculture, rather than indicating an underlying strengthening in the labour market.

Survey participants forecasting an improvement in the employment market totalled 8.4% in December, marginally down from 8.6% in November, while the proportion of those forecasting a worsening fell from 12.4% to 11.8% in December. The majority of respondents forecast no change in the employment situation. This proportion increased from 77.9% in November to 78.6% in December.

Employment Outlook Indicator



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



## Employment Outlook

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Employment Outlook	99.1	97.1	97.5	99.9	100.4	98.1	98.2



# Prices Sentiment

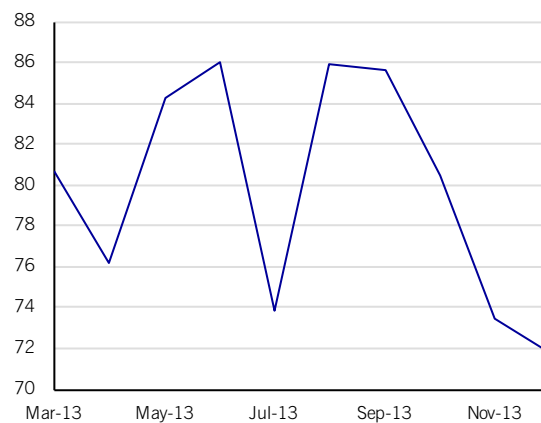
## Discontent Rises to a New Record



Concerns over inflation continued to worsen in December as the number of respondents who were dissatisfied with the current level of prices increased further, and expectations for inflation over the coming year increased.

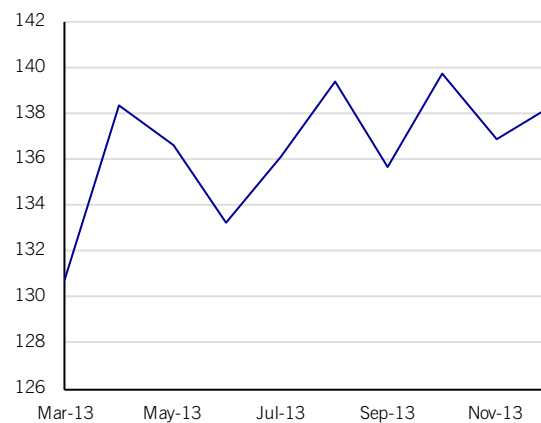
The Current Prices Satisfaction Indicator fell for the fourth consecutive month, hitting a record low in December. The indicator declined by 2.4% on the month to 71.8 from 73.5 in November. A figure below 100 indicates wider dissatisfaction with current prices, and the further below 100 the greater the dissatisfaction. The indicator has remained below the breakeven level since the survey started, indicating that respondents view prices as a persistent issue with no clear sign of easing.

Satisfaction with Current Prices



Consumer price inflation accelerated to 6.5% in November, up from 6.3% in October. Rising food prices have pushed inflation up this year, with egg prices up 39.2% on the year in November, the cost of fruit and vegetables up 8.9% from a year earlier and dairy products up 12.3%. The Economy Ministry revised up its inflation forecast for 2013 to 6.2% from 6.0% after the Russian Central Bank's first deputy, Ksenia Yudaeva, said that inflation would miss its target range of 5%-6% due to higher food prices.

Inflation Expectations Indicator



The Inflation Expectations Indicator measures whether respondents think prices will be higher or lower in 12 months' time. The Indicator rose in December to 138.2, up from 136.8 in November, following the upward trend seen since March.

### Prices Sentiment

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Satisfaction with Current Prices	86.0	73.9	85.9	85.6	80.5	73.5	71.8
Inflation Expectations	133.2	136.1	139.4	135.7	139.7	136.8	138.2

# Prices Sentiment Regions



The majority of respondents believed prices would be higher in a years' time. The proportion fell slightly to 69.9% from 70.4% in November, while those saying prices would be unchanged increased slightly from 27.9% to 28.6%. Respondents who forecast prices would be lower fell from 0.9% to 0.3% in December.

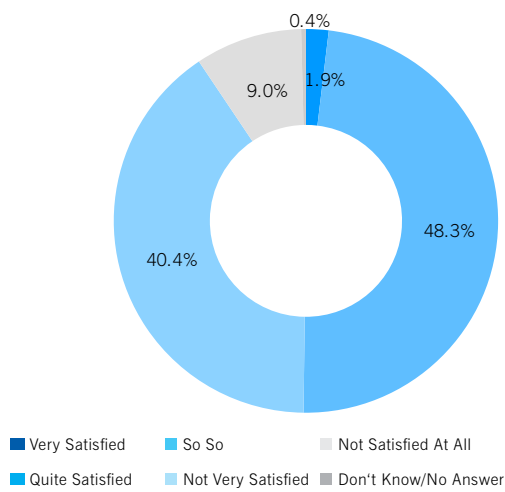
Asked about how much prices would rise over the next year, the majority of respondents continued to report they would rise between 11.0%-24.0% in a year but the proportion of respondents who said they would rise less than 5% increased significantly, a tentative indication that inflation expectations could have started to ease. The Central Bank has said that it needs to see a downward trend in both inflation and inflationary expectations before it considers cutting official interest rates.

### Regions

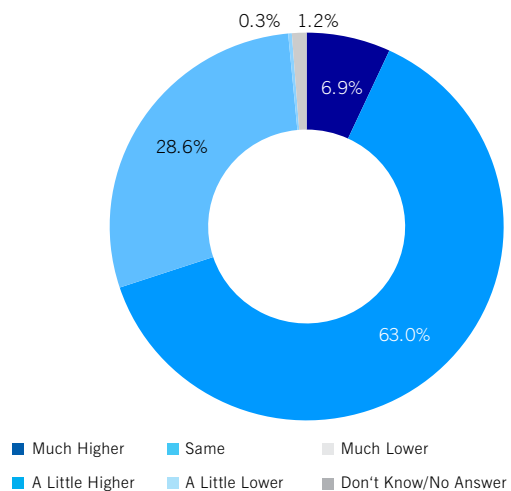
All the regions surveyed showed wide dissatisfaction with the current level of prices. The West Siberian region showed the greatest dissatisfaction while the North Caucasus suffered the largest monthly fall in the Current Prices Satisfaction Indicator.

Inflation expectations eased in the Central and Urals region while it increased in the North Caucasus, Volga and West Siberian regions. Respondents from the Volga region had the highest inflationary expectations over the next 12 months.

Satisfaction with Current Prices  
(% of Households)

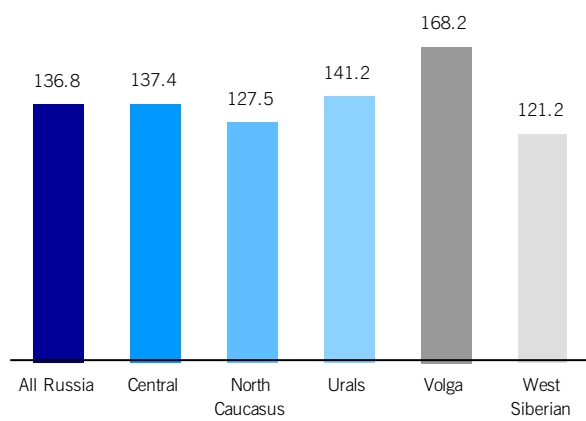


Inflation Expectations in 12 Months  
(% of Households)

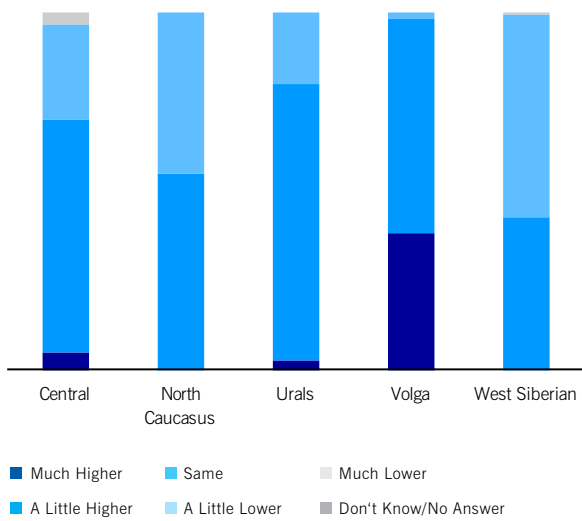




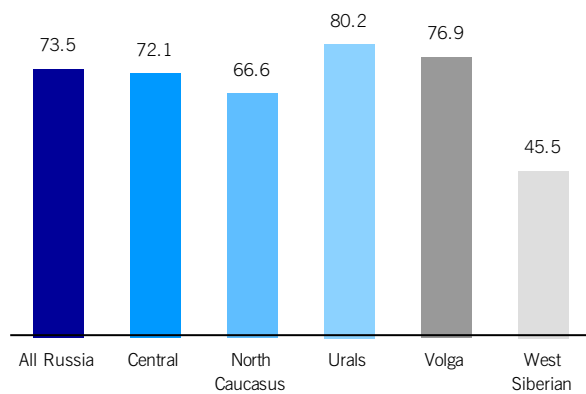
Inflation Expectations Indicator



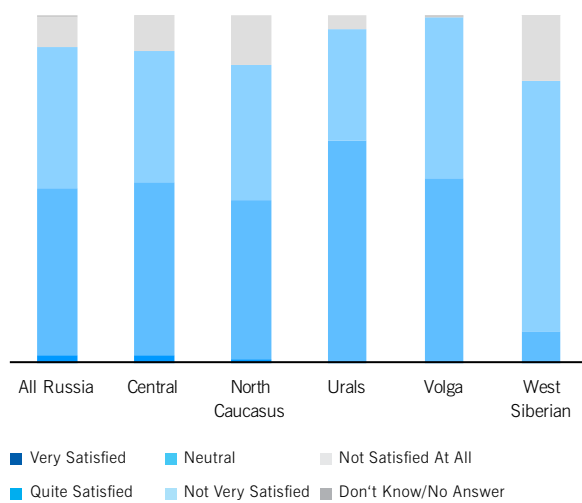
Expected Change in Prices in 1 Year  
(% of Households)



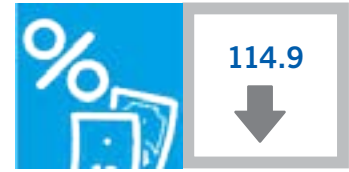
Current Prices Satisfaction Indicator



Satisfaction with Current Prices  
(% of Households)



# Interest Rate Expectations Declines Slightly



The Interest Rate Expectations Indicator fell for the second consecutive month, albeit only marginally to 114.9 in December from 115.5 in November.

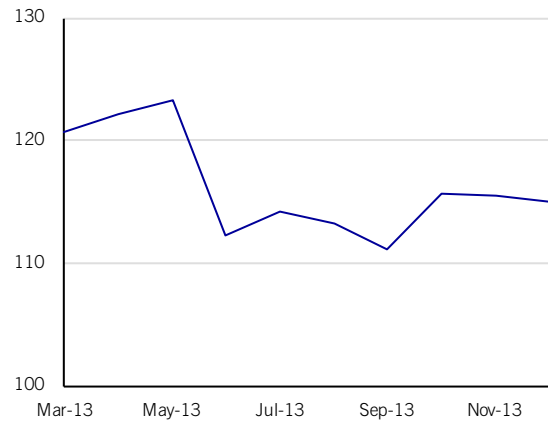
The indicator has remained above 100 since the survey started in March. A reading above 100 indicates more households expected interest rates to rise over the coming year, while a figure below 100 means more households expected to see a fall.

Expectations have trended downwards since the series began in March, although in the fourth quarter the indicator rose to 115.4 from 112.8 in the third quarter, a gain of 2.3%.

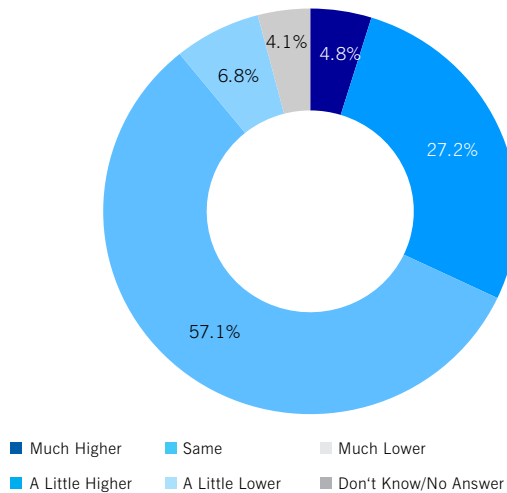
The central bank left its key rate - the one week repo rate at which it lends money to financial institutions - on hold at 5.5% at its December meeting due to the continued high level of inflation, in spite of weak economic growth.

Survey participants forecasting that interest rates on home and car loans would be higher in a year accounted for 31.9%, up from 29.2% in November. Those forecasting lower rates increased from 4.1% to 6.8%. The percentage of respondents reporting that interest rates would remain the same fell from 61.8% to 57.1% in December.

Interest Rate Expectations Indicator



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



## Interest Rate Expectations

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Interest Rate Expectations	112.3	114.1	113.2	111.1	115.6	115.5	114.9

# Real Estate Investment

## Second Fall in a Row



The Real Estate Investment Indicator fell for the second consecutive month in December, having hit a record high in October, led by a significant decline in house buying sentiment.

The Indicator declined to 106.9 in December from 110.5 in November, a monthly fall of 3.3% and the lowest since July.

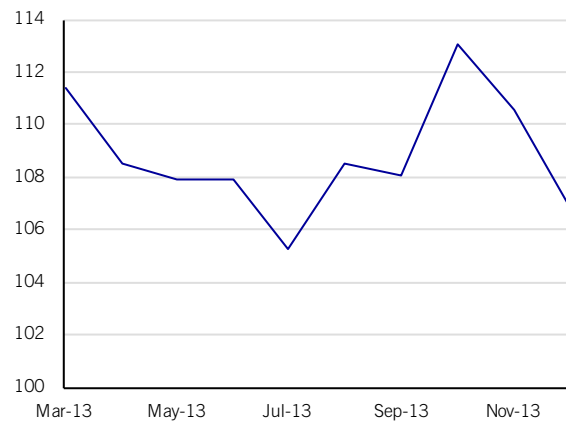
The Real Estate Investment Indicator is composed of three sub-indicators to assess sentiment on the housing market; House Price Expectations, House Buying Sentiment and House Selling Sentiment.

House Price Expectations increased for the third month in a row, rising from 128.1 in November to 130.9 in December. A value above 100 indicates more people expect prices to increase in the next six months. The indicator has followed a U curve since March when it was at a record high, before subsequently declining in the summer, before rising again in the fourth quarter. Part of this summer downturn may well be seasonal.

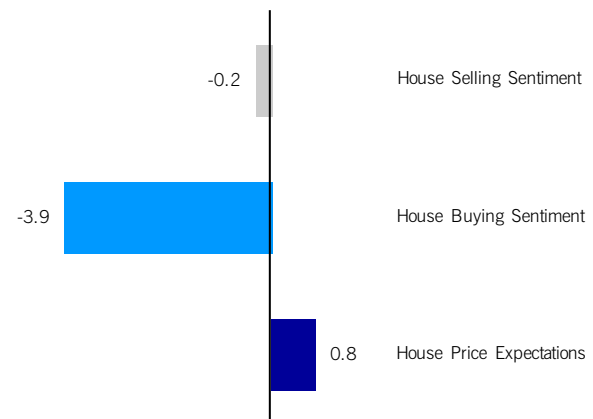
The percentage of respondents who said prices will go up in the next six months increased from 52.5% in November to 58.0% in December, while those saying prices would go down fell from 0.8% to 0.4%. Those who said prices would “stay the same” stood at 38.6%, down from 44.5% in November.

House Buying Sentiment, a measure of whether it is a good time in the next six months to buy a house, fell

Real Estate Investment Indicator



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



### Real Estate Investment Sentiment

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Real Estate Investment Sentiment	107.9	105.3	108.5	108.0	113.0	110.5	106.9
Price Expectations	122.9	120.7	128.4	121.6	127.7	128.1	130.9
House Buying	100.5	96.6	96.7	101.8	109.8	105.0	92.1
House Selling	99.8	101.4	99.5	99.3	98.4	101.5	102.3

# Real Estate Investment Components and Balances



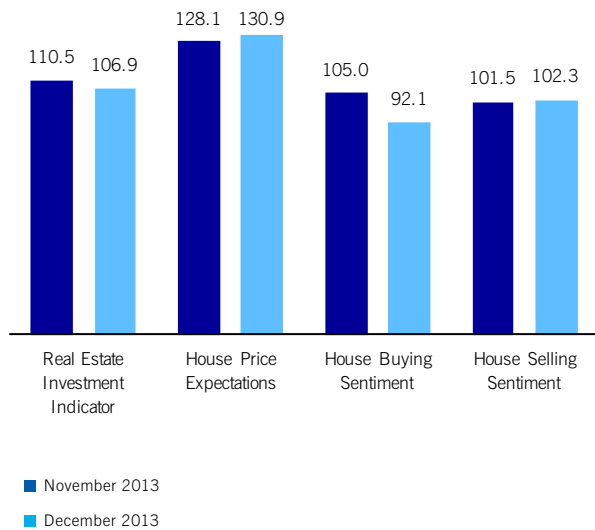
by 12.3% to 92.1 in December, down from 105.0 in November, the lowest since the series started in March.

House Selling Sentiment is a measure of whether it is a good time in the next six months to sell a house and has a negative impact on the overall Real Estate Investment Indicator. The Indicator increased slightly to 102.3 compared with 101.5 in November, 3.7% above from the start of the series in March.

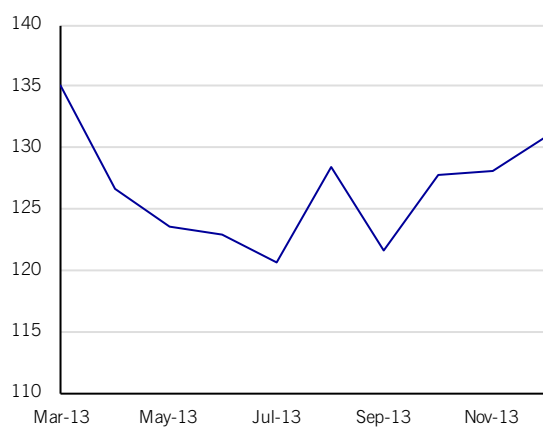
### Regions

The Real Estate Investment Indicator showed significant declines in the Volga region, while smaller declines were seen in the Central and North Caucasus regions. West Siberian registered an improvement following a strong decline in the previous month.

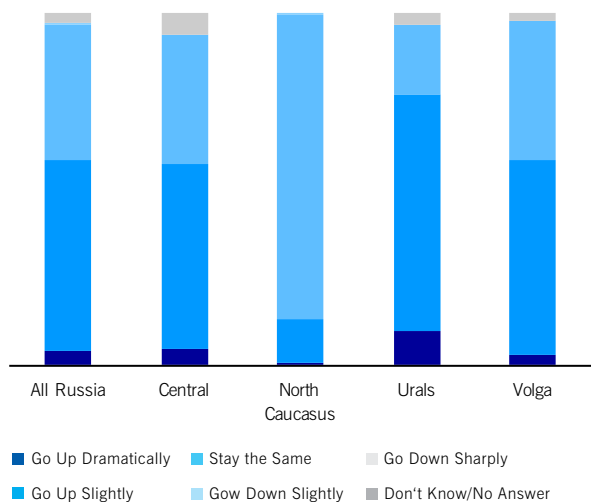
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes

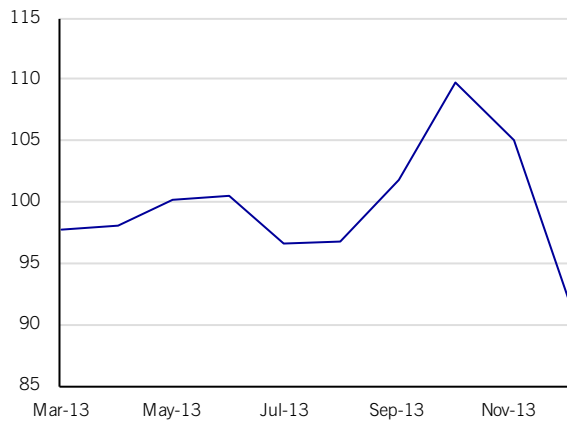


Expected Changes in Real Estate Prices in the Next 6 months (% of Households)

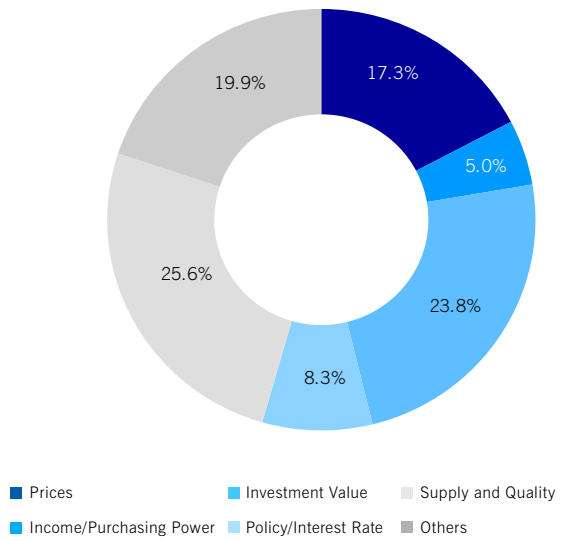




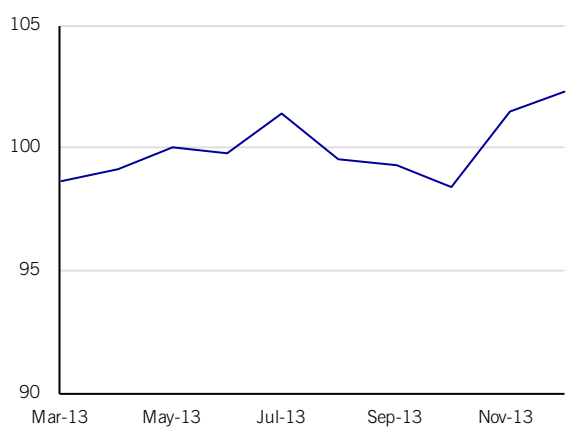
House Buying Sentiment



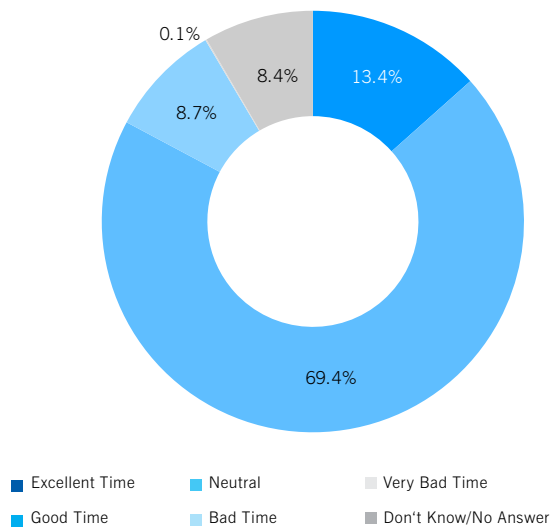
Reasons for Buying Houses (% of Households)



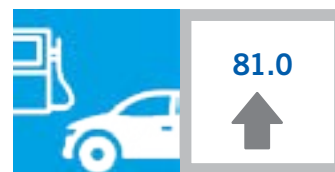
House Selling Sentiment



Timing for Selling Houses (% of Households)



## Car Purchase Hits a Record Low



The Car Purchase Indicator registered its fourth consecutive decline in December as car purchase expectations fell further into contraction and expectations for the price of gasoline increased.

The indicator hit a new record low falling 1.1% from 81.9 in November to 81.0 in December, nearly 6% below the level in March when the series started. The indicator has fallen steeply in recent months, with the fourth quarter reading down 4.7% compared with the previous quarter and the lowest for the year.

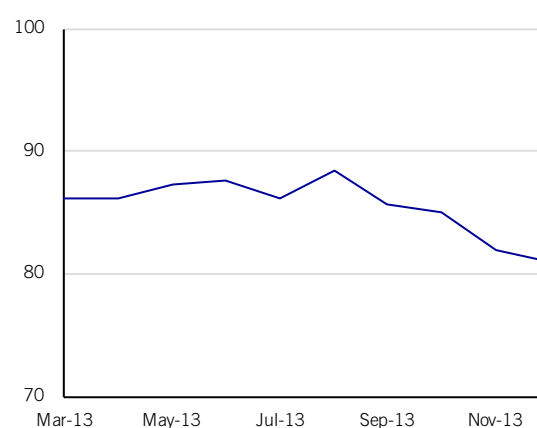
The indicator assesses whether consumers believe it is a good or bad time to purchase a car and is made of two components, Car Purchase Expectations and Price of Gasoline Expectations.

The Car Purchase Expectations component, which measures the willingness to buy a car, posted the fourth consecutive monthly decline and remained below the breakeven level. The indicator fell slightly to 98.2 in December from 98.9 in November, well below the series average of 104.1.

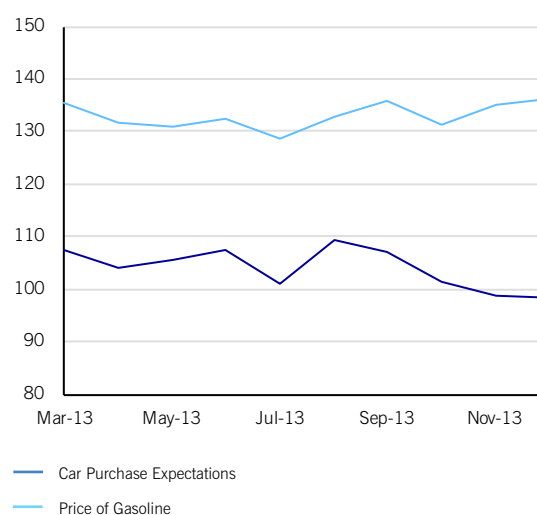
The car industry in Russia is shrinking and in November, Russian car sales were down 4.0% compared with the same period a year earlier, though this was an improvement from 8.0% decline witnessed in October.

The Indicator on Gasoline Prices, which measures expectations for the price of gasoline in a year, hit a series high, rising to 136.2 in December from 135.2 in November. Increasing gasoline prices have a negative impact on the overall Car Purchase Indicator.

### Car Purchase Indicator



### Car Purchase Indicator - Components



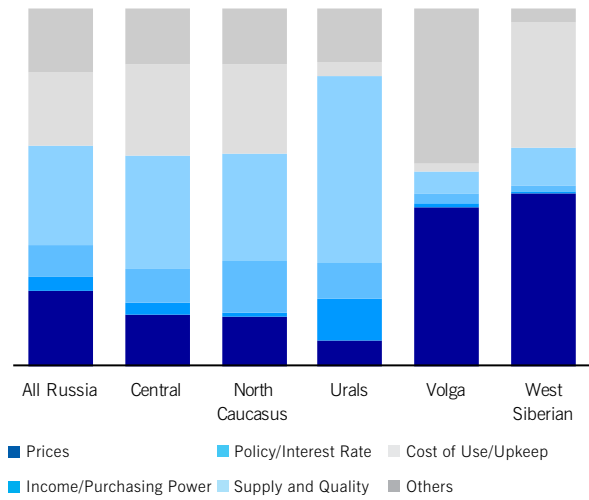
### Car Purchase Sentiment

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Car Purchase Sentiment	87.5	86.2	88.4	85.7	85.1	81.9	81.0
Car Purchase Expectations	107.5	101.0	109.4	107.1	101.4	98.9	98.2
Price of Gasoline	132.4	128.6	132.7	135.6	131.3	135.2	136.2

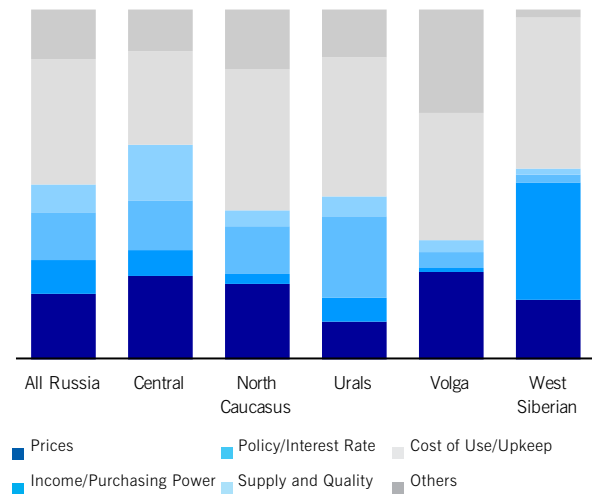




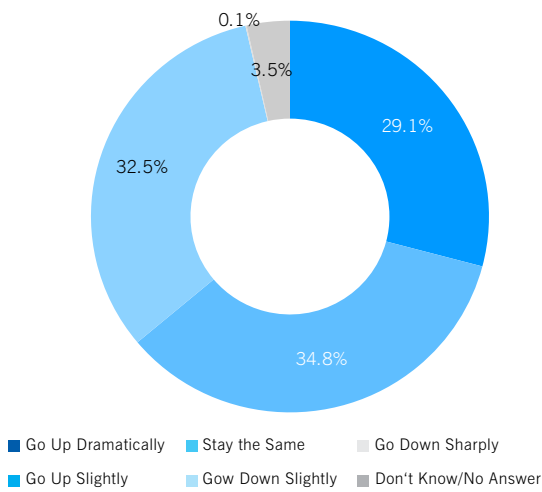
Reasons for a Good Time to Buy a Car (% of Households)



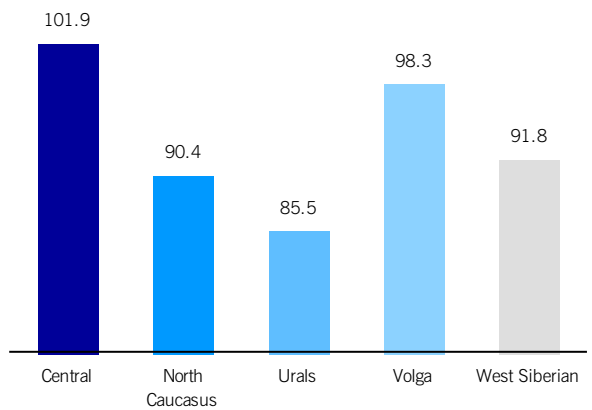
Reasons for a Bad Time to Buy a Car (% of Households)



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



Car Purchase Expectations Indicator - Regions



# House Price Expectations increased for the third month in a row from 128.1 to 130.9 in December.

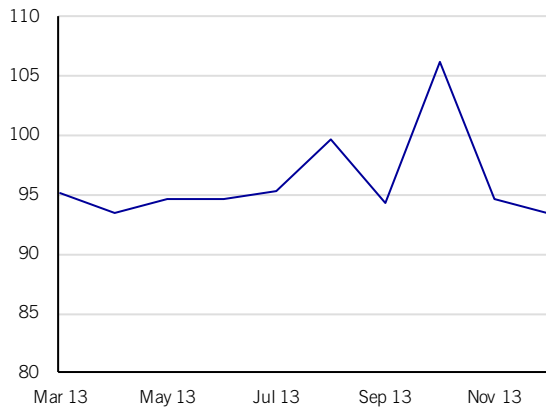
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The percentage of respondents who said prices will go up in the next six months increased from 52.5 in November to 58.0% in December.

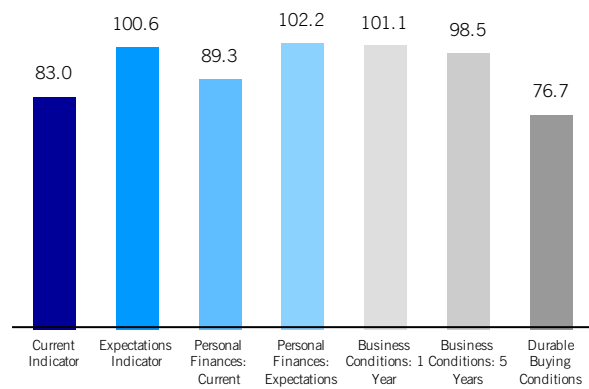
# MNI Russia Consumer Indicator Regions



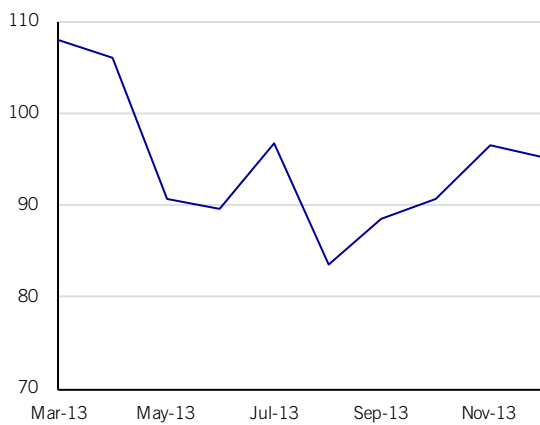
Consumer Indicator: North Caucasus



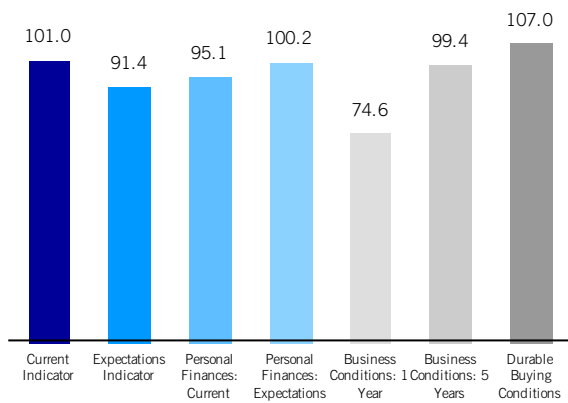
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian

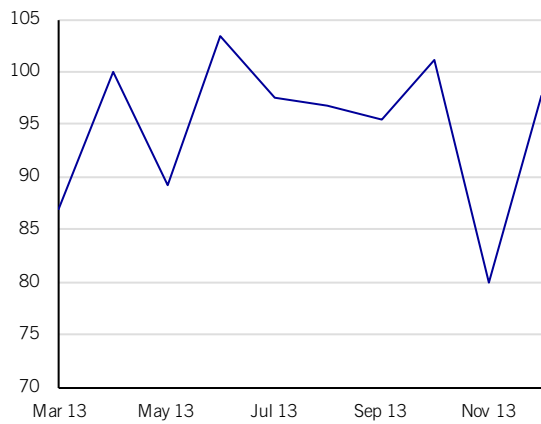


Consumer Indicator Components: West Siberian

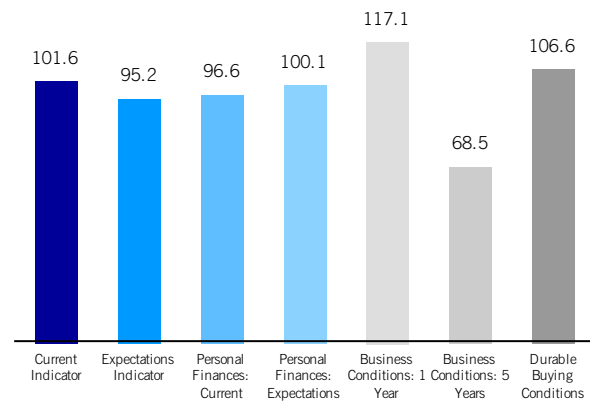




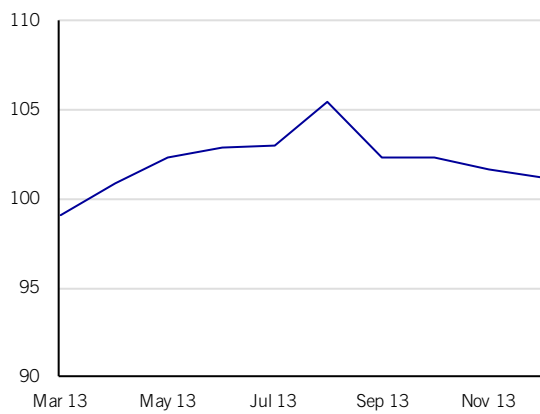
Consumer Indicator: Volga



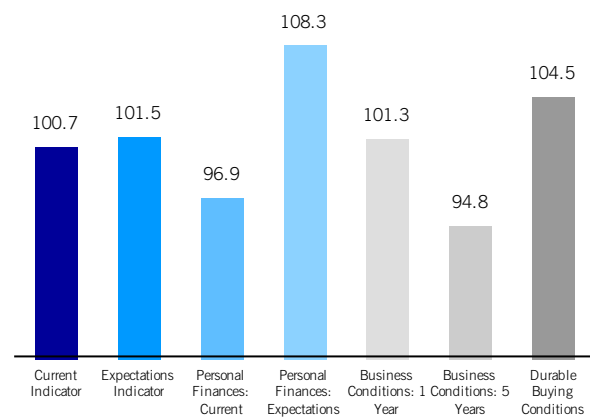
Consumer Indicator Components: Volga



Consumer Indicator: Central

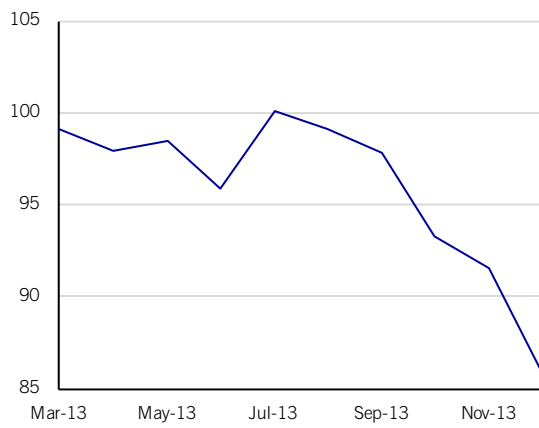


Consumer Indicator Components: Central

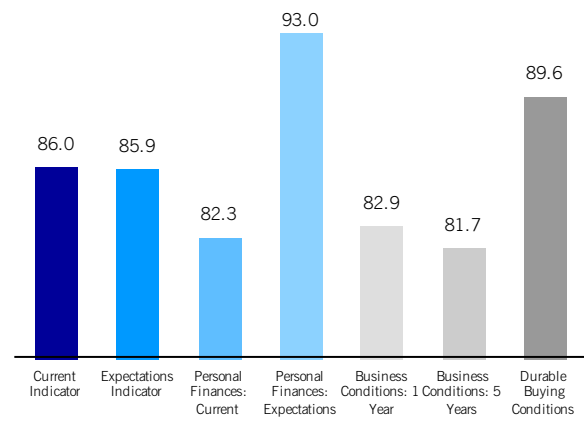




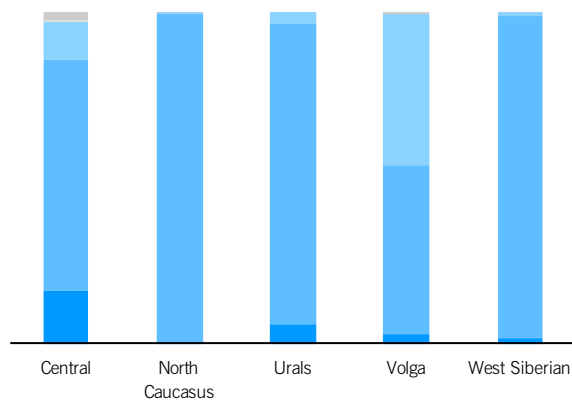
Consumer Indicator: Urals



Consumer Indicator Components: Urals

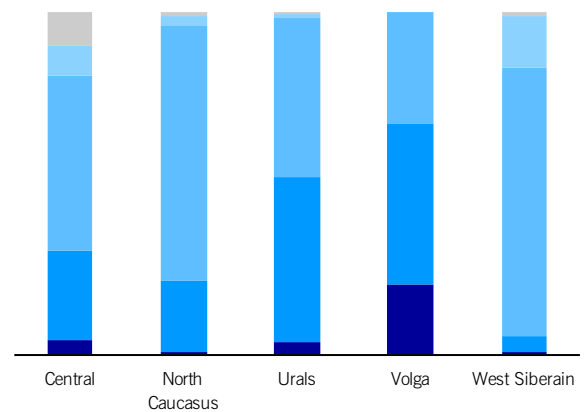


Employment Indicator Outlook for the Next 12 Months (% of Households)



■ Much Better    ■ A Little Better    ■ About the Same    ■ A Little Worse    ■ Much Worse    ■ Don't Know/No Answer

Interest Rates Expectations Indicator (% of Households)



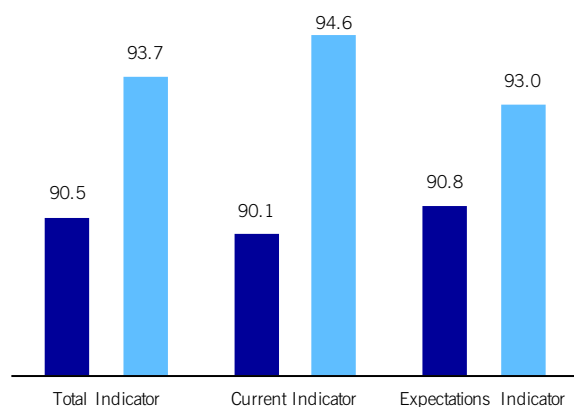
■ Much Better    ■ A Little Better    ■ About the Same    ■ A Little Worse    ■ Much Worse    ■ Don't Know/No Answer

# MNI Russia Consumer Indicator

## Income Groups



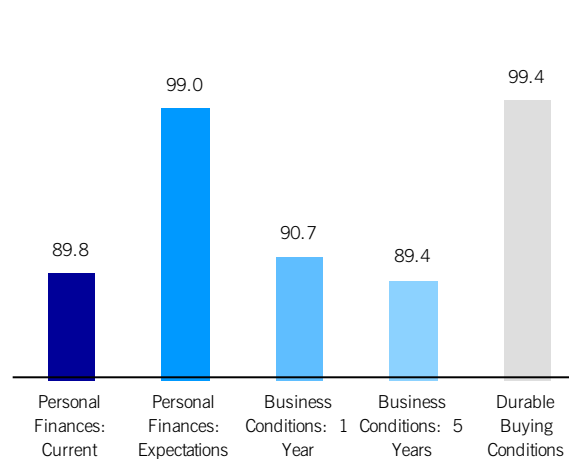
< RUB 480,000 Per Annum



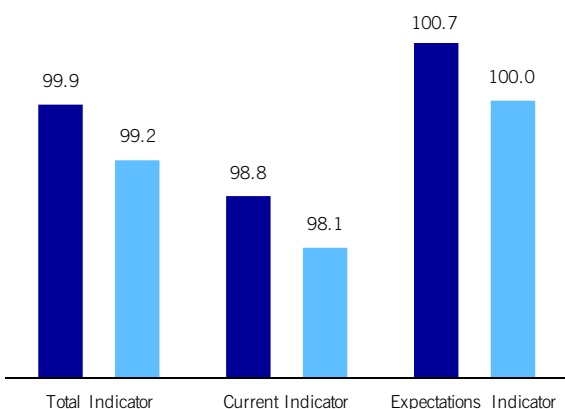
■ November 2013

■ December 2013

< RUB 480,000 - Components



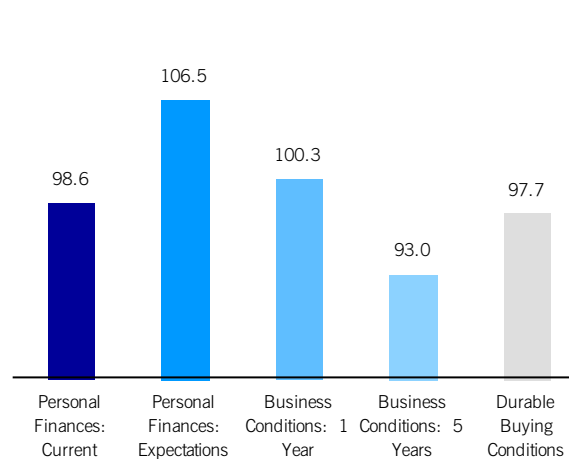
> RUB 480,000 Per Annum



■ November 2013

■ December 2013

> RUB 480,000 - Components



# The Car Purchase Indicator suffered its fourth consecutive decline in December.

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70% survey participants forecasted gasoline prices to go up compared with 68.8% in November.



# What the Panel Said



A selection of comments from the panel of consumers surveyed in December.



"Bonuses were decreased."

"The company is cutting the number of employees so I have agreed to work as a freelancer."

"There is uncertainty about the work situation."

"Last month, the government has started activities to support small businesses."

"My income level allows me to buy branded goods."

"Incomes are falling and taxes, price of fuel are growing."

"Consumer credit rates have gone down until the New Year period."

"Real estate prices in the city are the highest throughout the world."

"Real estate mortgage is very expensive."

"Prices for houses will be increasing."

"Price of fuel is rising."

"Car taxes in Russia are not very burdensome."

"Costs of cars in Russia is significantly higher than in many developed countries."

"It is expensive to maintain a car."

"In 2014 there are plans to increase average monthly wages."

"Russia has expensive fuel, a country that is a large exporter of oil products!"

"Cost of living is increasing."



# Data Tables

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

## Russia - Central Overview

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Central Consumer Indicator</b>	102.3	101.7	101.2	-	Apr-13	101.7	-0.5	-0.5%
Current Indicator	102.2	102.2	100.7	-	Mar-13	101.7	-1.5	-1.5%
Expectations Indicator	102.4	101.3	101.5	Oct-13	-	101.7	0.2	0.2%
Personal Finances: Current	95.8	101.2	96.9	-	Oct-13	98.0	-4.3	-4.2%
Personal Finances: Expectations	108.0	106.6	108.3	Sep-13	-	107.6	1.7	1.6%
Business Condition: 1 Year	100.7	98.9	101.3	Aug-13	-	100.3	2.4	2.5%
Business Condition: 5 Year	98.5	98.4	94.8	-	series low	97.2	-3.6	-3.6%
Durable Buying Conditions	108.7	103.3	104.5	Oct-13	-	105.5	1.2	1.2%
Current Business Conditions Indicator	96.1	97.2	95.3	-	Jul-13	96.2	-1.9	-2.0%
Real Estate Investment Indicator	113.4	112.7	110.4	-	series low	112.2	-2.3	-2.1%
Car Purchase Indicator	82.1	80.4	83.0	Sep-13	-	81.8	2.6	3.2%
Employment Outlook Indicator	100.3	103.2	101.8	-	Oct-13	101.8	-1.4	-1.4%
Inflation Expectations Indicator	139.3	140.9	137.4	-	series low	139.2	-3.5	-2.5%
Current Prices Satisfaction Indicator	77.9	72.7	72.1	-	series low	74.2	-0.6	-0.8%
Interest Rates Expectations Indicator	116.3	111.5	113.0	Oct-13	-	113.6	1.5	1.3%

## Russia - Urals Overview

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Urals Consumer Indicator</b>	93.3	91.5	85.9	-	series low	90.2	-5.6	-6.1%
Current Indicator	96.2	94.6	86.0	-	series low	92.2	-8.6	-9.1%
Expectations Indicator	91.4	89.4	85.9	-	series low	88.9	-3.5	-4.0%
Personal Finances: Current	91.6	82.7	82.3	-	series low	85.5	-0.4	-0.5%
Personal Finances: Expectations	89.0	94.9	93.0	-	Oct-13	92.3	-1.9	-2.0%
Business Condition: 1 Year	105.1	94.8	82.9	-	series low	94.2	-11.9	-12.6%
Business Condition: 5 Year	80.2	78.6	81.7	Sep-13	-	80.2	3.1	3.9%
Durable Buying Conditions	100.7	106.5	89.6	-	series low	99.0	-16.9	-15.8%
Current Business Conditions Indicator	97.3	98.5	87.5	-	Mar-13	94.4	-11.0	-11.1%
Real Estate Investment Indicator	114.5	113.0	114.2	Oct-13	-	113.9	1.2	1.1%
Car Purchase Indicator	91.5	88.9	76.2	-	series low	85.6	-12.7	-14.3%
Employment Outlook Indicator	98.8	93.2	101.4	Jun-13	-	97.8	8.2	8.8%
Inflation Expectations Indicator	150.6	145.0	141.2	-	Jun-13	145.6	-3.8	-2.6%
Current Prices Satisfaction Indicator	83.7	80.5	80.2	-	series low	81.5	-0.3	-0.3%
Interest Rates Expectations Indicator	113.3	131.0	127.4	-	Oct-13	123.9	-3.6	-2.8%

## Russia - Volga Overview

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Volga Consumer Indicator</b>	101.1	80.0	97.8	Oct-13	-	93.0	17.8	22.2%
Current Indicator	106.8	77.8	101.6	Oct-13	-	95.4	23.8	30.6%
Expectations Indicator	97.3	81.4	95.2	Oct-13	-	91.3	13.8	16.9%
Personal Finances: Current	95.2	65.6	96.6	Jul-13	-	85.8	31.0	47.3%
Personal Finances: Expectations	91.5	100.3	100.1	-	Oct-13	97.3	-0.2	-0.1%
Business Condition: 1 Year	98.4	88.7	117.1	series high	-	101.4	28.4	32.0%
Business Condition: 5 Year	102.2	55.4	68.5	Oct-13	-	75.3	13.1	23.7%
Durable Buying Conditions	118.3	90.0	106.6	Oct-13	-	105.0	16.6	18.4%
Current Business Conditions Indicator	77.7	98.3	79.3	-	Oct-13	85.1	-19.0	-19.4%
Real Estate Investment Indicator	137.6	123.1	100.8	-	Jul-13	120.5	-22.3	-18.1%
Car Purchase Indicator	88.1	77.0	82.5	Oct-13	-	82.5	5.5	7.1%
Employment Outlook Indicator	99.8	89.2	78.9	-	Aug-13	89.3	-10.3	-11.6%
Inflation Expectations Indicator	150.4	150.1	168.2	series high	-	156.3	18.1	12.1%
Current Prices Satisfaction Indicator	84.8	76.4	76.9	Oct-13	-	79.4	0.5	0.7%
Interest Rates Expectations Indicator	126.7	126.5	143.9	May-13	-	132.4	17.4	13.8%

## Russia - North Caucasus Overview

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - North Caucasus Consumer Indicator</b>	106.2	94.7	93.6	-	Apr-13	98.1	-1.1	-1.2%
Current Indicator	108.1	86.8	83.0	-	series low	92.6	-3.8	-4.4%
Expectations Indicator	104.8	100.0	100.6	Oct-13	-	101.8	0.6	0.6%
Personal Finances: Current	99.3	91.1	89.3	-	Jun-13	93.3	-1.8	-2.0%
Personal Finances: Expectations	98.7	102.3	102.2	-	Oct-13	101.1	-0.1	0.0%
Business Condition: 1 Year	113.4	98.6	101.1	Oct-13	-	104.4	2.5	2.6%
Business Condition: 5 Year	102.4	99.1	98.5	-	Sep-13	100.0	-0.6	-0.6%
Durable Buying Conditions	116.9	82.5	76.7	-	series low	92.0	-5.8	-7.0%
Current Business Conditions Indicator	99.9	101.1	101.3	Sep-13	-	100.8	0.2	0.2%
Real Estate Investment Indicator	100.5	95.7	94.0	-	series low	96.7	-1.7	-1.8%
Car Purchase Indicator	82.6	80.1	78.8	-	series low	80.5	-1.3	-1.6%
Employment Outlook Indicator	106.5	101.2	100.1	-	Apr-13	102.6	-1.1	-1.2%
Inflation Expectations Indicator	136.6	125.9	127.5	Oct-13	-	130.0	1.6	1.3%
Current Prices Satisfaction Indicator	74.6	73.9	66.6	-	series low	71.7	-7.3	-9.8%
Interest Rates Expectations Indicator	105.2	108.3	109.9	series high	-	107.8	1.6	1.5%

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 Russia - West Siberian Overview

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - West Siberian Consumer Indicator</b>	90.7	96.4	95.3	-	Oct-13	94.1	-1.1	-1.2%
Current Indicator	78.1	93.6	101.0	Apr-13	-	90.9	7.4	7.9%
Expectations Indicator	99.1	98.3	91.4	-	series low	96.3	-6.9	-7.0%
Personal Finances: Current	65.5	109.3	95.1	-	Oct-13	90.0	-14.2	-13.0%
Personal Finances: Expectations	99.7	100.3	100.2	-	Oct-13	100.1	-0.1	-0.1%
Business Condition: 1 Year	99.0	95.2	74.6	-	series low	89.6	-20.6	-21.6%
Business Condition: 5 Year	98.5	99.3	99.4	Aug-13	-	99.1	0.1	0.1%
Durable Buying Conditions	90.7	77.9	107.0	series high	-	91.9	29.1	37.3%
Current Business Conditions Indicator	99.5	100.0	99.5	-	Aug-13	99.7	-0.5	-0.6%
Real Estate Investment Indicator	136.5	100.3	108.3	Oct-13	-	115.0	8.0	7.9%
Car Purchase Indicator	82.3	79.6	72.8	-	series low	78.3	-6.8	-8.5%
Employment Outlook Indicator	99.6	99.2	100.4	Sep-13	-	99.7	1.2	1.2%
Inflation Expectations Indicator	131.5	108.3	121.2	Oct-13	-	120.3	12.9	12.0%
Current Prices Satisfaction Indicator	81.0	47.8	45.5	-	series low	58.1	-2.3	-4.9%
Interest Rates Expectations Indicator	103.3	103.3	95.8	-	series low	100.8	-7.5	-7.3%

## All Russia Overview by Age

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI Russia Consumer Indicator</b>	101.1	95.5	99.1	Oct-13	-	98.6	3.6	3.8%
Current Indicator	102.0	92.4	100.4	Oct-13	-	98.3	8.0	8.7%
Expectations Indicator	100.4	97.6	98.3	Oct-13	-	98.8	0.7	0.7%
Personal Finances: Current	91.6	90.9	101.3	Aug-13	-	94.6	10.4	11.4%
Personal Finances: Expectations	98.9	103.3	104.6	Sep-13	-	102.3	1.3	1.2%
Business Condition: 1 Year	104.7	98.0	95.1	-	Mar-13	99.3	-2.9	-3.0%
Business Condition: 5 Year	97.8	91.4	95.1	Oct-13	-	94.8	3.7	4.0%
Durable Buying Conditions	112.5	93.9	99.5	Oct-13	-	102.0	5.6	6.0%
<b>Age 35-54</b>								
<b>MNI Russia Consumer Indicator</b>	97.6	93.9	92.7	-	series low	94.8	-1.2	-1.3%
Current Indicator	94.8	96.3	93.8	-	Mar-13	95.0	-2.5	-2.5%
Expectations Indicator	99.5	92.4	92.0	-	series low	94.6	-0.4	-0.4%
Personal Finances: Current	88.5	93.2	85.4	-	series low	89.0	-7.8	-8.3%
Personal Finances: Expectations	104.2	100.7	100.3	-	series low	101.7	-0.4	-0.4%
Business Condition: 1 Year	98.5	91.6	91.5	-	Aug-13	93.9	-0.1	-0.2%
Business Condition: 5 Year	95.7	84.8	84.2	-	series low	88.2	-0.6	-0.7%
Durable Buying Conditions	101.1	99.4	102.3	series high	-	100.9	2.9	2.9%
<b>Age 55-64</b>								
<b>MNI Russia Consumer Indicator</b>	97.5	94.1	92.3	-	series low	94.6	-1.8	-1.9%
Current Indicator	99.9	95.8	83.6	-	May-13	93.1	-12.2	-12.7%
Expectations Indicator	95.8	93.0	98.2	Sep-13	-	95.7	5.2	5.5%
Personal Finances: Current	95.5	92.5	82.1	-	May-13	90.1	-10.4	-11.2%
Personal Finances: Expectations	102.0	96.8	97.1	Oct-13	-	98.7	0.3	0.2%
Business Condition: 1 Year	97.1	91.9	101.5	Jun-13	-	96.8	9.6	10.5%
Business Condition: 5 Year	88.3	90.4	95.9	Sep-13	-	91.5	5.5	6.2%
Durable Buying Conditions	104.3	99.1	85.1	-	May-13	96.2	-14.0	-14.1%



## All Russia - Overview by Income

	Oct-13	Nov-13	Dec-13	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>&lt; RUB 480,000 Per Annum</b>								
<b>MNI Russia Consumer Indicator</b>	95.7	90.5	93.7	Oct-13	-	93.3	3.2	3.5%
Current Indicator	90.3	90.1	94.6	Sep-13	-	91.7	4.5	5.0%
Expectations Indicator	99.3	90.8	93.0	Oct-13	-	94.4	2.2	2.5%
Personal Finances: Current	84.6	82.7	89.8	Sep-13	-	85.7	7.1	8.6%
Personal Finances: Expectations	103.3	98.7	99.0	Oct-13	-	100.3	0.3	0.3%
Business Condition: 1 Year	99.9	93.1	90.7	-	series low	94.6	-2.4	-2.5%
Business Condition: 5 Year	94.7	80.6	89.4	Oct-13	-	88.2	8.8	11.0%
Durable Buying Conditions	96.0	97.6	99.4	series high	-	97.7	1.8	1.9%
<b>&gt; RUB 480,000 Per Annum</b>								
<b>MNI Russia Consumer Indicator</b>	101.8	99.9	99.2	-	Sep-13	100.3	-0.7	-0.7%
Current Indicator	105.5	98.8	98.1	-	Sep-13	100.8	-0.7	-0.6%
Expectations Indicator	99.4	100.7	100.0	-	Oct-13	100.0	-0.7	-0.7%
Personal Finances: Current	95.6	102.6	98.6	-	Oct-13	98.9	-4.0	-3.9%
Personal Finances: Expectations	99.3	105.7	106.5	Sep-13	-	103.8	0.8	0.8%
Business Condition: 1 Year	102.4	96.8	100.3	Oct-13	-	99.9	3.5	3.6%
Business Condition: 5 Year	96.5	99.5	93.0	-	series low	96.3	-6.5	-6.5%
Durable Buying Conditions	115.3	95.0	97.7	Oct-13	-	102.7	2.7	2.9%

## Methodology

The MNI Russia Consumer Sentiment Survey is a wide ranging monthly survey of consumer confidence across Russia.

Data is collected through computer aided telephone interviews (CATI), with each interviewee selected randomly by computer. At least 1,000 interviews are conducted each month.

The survey adopts a similar methodology to the University of Michigan survey of U.S. consumer sentiment.

The MNI Russia Consumer Indicator is derived from five questions, two on current conditions and three on future expectations:

- 1) Current personal financial situation compared to a year ago
- 2) Current willingness to buy major household items
- 3) Personal financial situation one year from now
- 4) Overall business conditions one year from now
- 5) Overall business conditions for the next 5 years

Indicators relating to specific questions in the report are diffusion indices with 100 representing a neutral level, meaning positive and negative answers are equal. Values above 100 indicate increasing positivity while values below show increasing negativity.



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