MNI | DEUTSCHE BÖRSE GROUP

Insight and data for better decisions

Russian Consumer Sentiment Dips Slightly in December

MNI Russia Consumer Sentiment Indicator 70.1 in Dec Vs. 70.8 in Nov

Key Findings

• The latest survey shows headline sentiment broadly unchanged with most of the key metrics in the report also moving sideways.

• The MNI Russia Consumer Sentiment Indicator slipped to 70.1 in December from 70.8 in November, as panellists turned increasingly pessimistic about their financial situation. Sentiment is currently running just beneath the 2015 average but is 15% below the series average.

• Sentiment is hovering just above record lows, but encouragingly has steadied in recent months and is only 0.7% down since the start of the year.

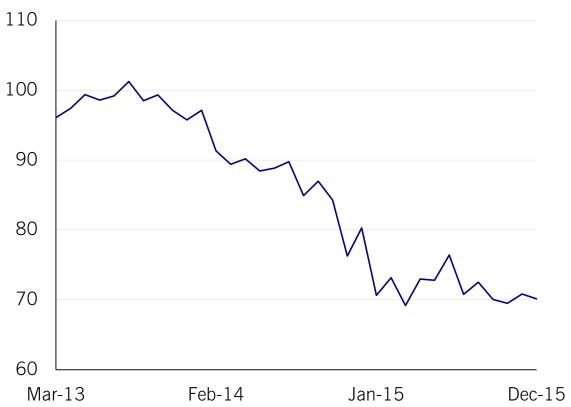
• It's low but for now the positive takeaway is that it shows little sign of falling any further, chiming in with evidence from our business survey which has also pointed to a stabilisation.

• Inflation expectations remain elevated, with price pressures as well as the precarious rouble preventing the Central Bank of Russia from cutting rates at its December meeting.

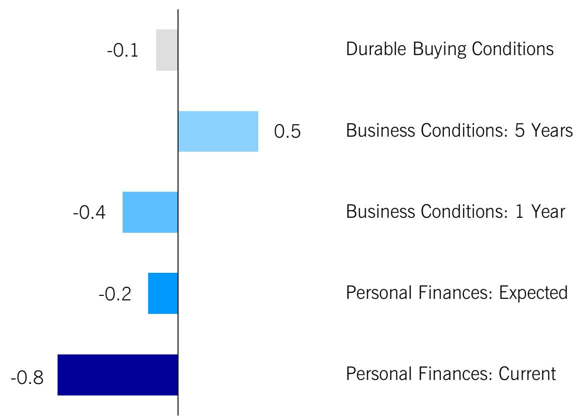
• Four out of the five components of the CSI declined between November and December. Current Personal Finances led the way falling 4.2% on the month to the lowest since July, while expectations for the next three months declined also, albeit by a smaller 1%. Durable Buying Conditions were down 0.7%. Views on business conditions were mixed with the outlook for one year ahead down 2.1% on the month while expectations for five years increased 2.5%.

• The headline CSI and its components have all been relatively stable since the summer, a tentative sign that consumers, who have borne the brunt of the slowdown in Russia, may well be through the worst. It is, though, too early to draw definite conclusions given the continued weakness in other parts of the survey.

MNI Russia Consumer Indicator



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

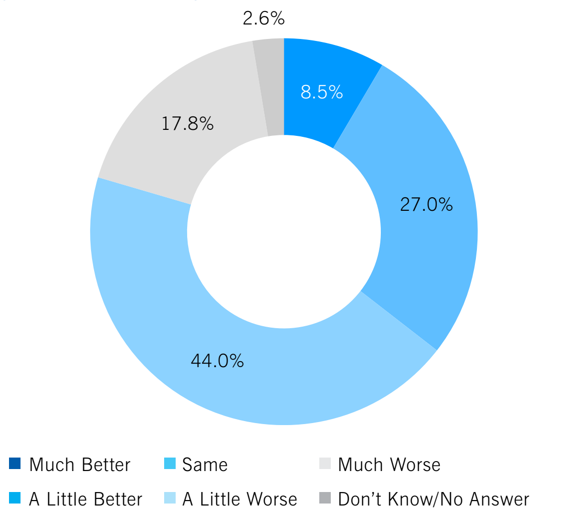


Written and researched by
Philip Uglow, Chief Economist
Shaily Mittal, Economist
George Brown, Economist

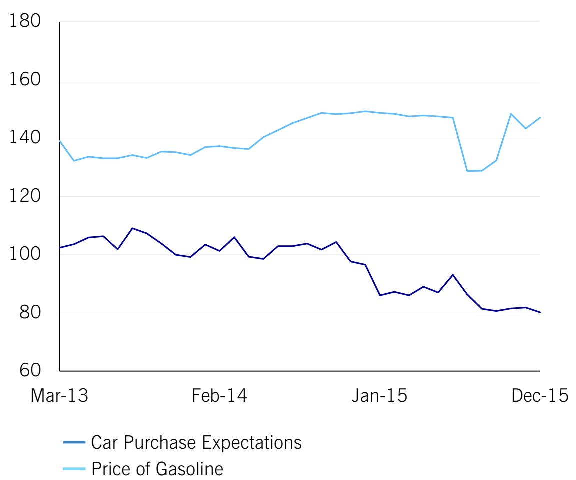
Release Time
9:45 a.m. Moscow time
January 11, 2016

@MNIIndicators
MNI Indicators
www.mni-indicators.com

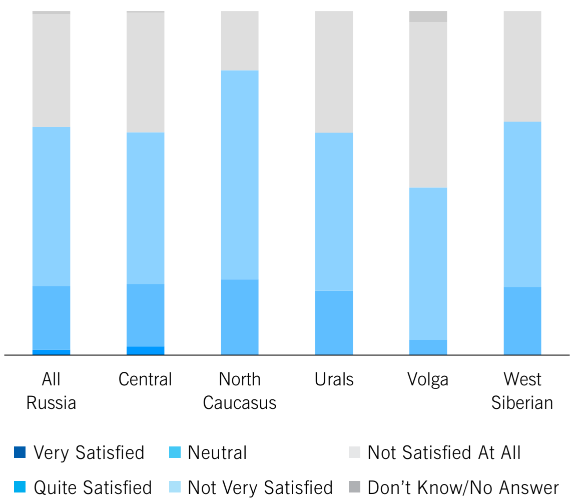
Employment Outlook for the Next 12 Months
(% of Households)



Car Purchase Indicator - Components



Satisfaction with Current Prices
(% of Households)



Job prospects turn bleaker

The Employment Outlook Indicator dipped slightly to 64.4 in December from 64.9 in November. Unlike the components of the CSI, it has been trending down since the summer, although there has been some tailing off in the past couple of months. 62% of respondents saw the employment situation for the next 12 months as either "a little worse" or "much worse", compared with 8.5% who saw it as "a little better" and 27% who thought it would remain the same. Note that not one single respondent thought that employment conditions would be "much better".

Consumers shun auto purchases

Car sales have plummeted this year and the survey suggests this weakness will continue. Car Purchase Expectations fell to 80.2 in December from 81.9 in November, the lowest on record.

More of our panel anticipated that fuel prices would rise over the next 12 months, pushing up the Expectations for the Price of Gasoline component to 147.0 in December from 143.3 in November.

The Car Purchase Indicator, which is comprised of both Car Purchase Expectations and Expectations for the Price of Gasoline, consequently fell to 66.3 from 69.3 in the previous month, the second lowest outturn on record.

Dissatisfaction with the cost of living remains high

The Current Prices Satisfaction Indicator rose 3.1% to 44.8 in December from 43.5 in November. A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction.

The indicator has remained below 100 since the survey started and in December it was almost 30% below the series average as four out of five panellists reported that they were dissatisfied with the current level of prices.

Russia Consumer Sentiment - Overview

	Oct-15	Nov-15	Dec-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Consumer Indicator	69.5	70.8	70.1	-	Oct-15	70.1	-0.7	-1.0%
Current Indicator	70.6	72.6	70.9	-	Oct-15	71.4	-1.7	-2.3%
Expectations Indicator	68.8	69.7	69.6	-	Oct-15	69.4	-0.1	-0.1%
Personal Finance: Current	65.8	67.7	64.9	-	Jul-15	66.1	-2.8	-4.2%
Personal Finance: Expected	69.2	70.5	69.8	-	Oct-15	69.8	-0.7	-1.0%
Business Condition: 1 Year	61.7	63.8	62.4	-	Oct-15	62.6	-1.4	-2.1%
Business Condition: 5 Years	75.5	74.7	76.6	Sep-15	-	75.6	1.9	2.5%
Durable Buying Conditions	75.4	77.5	77.0	-	Oct-15	76.6	-0.5	-0.7%
Current Business Conditions Indicator	64.8	66.1	66.1	-	Oct-15	65.7	0.0	0.0%
Real Estate Investment Indicator	106.0	108.0	106.6	-	Oct-15	106.9	-1.4	-1.3%
Car Purchase Indicator	66.5	69.3	66.6	-	Oct-15	67.5	-2.7	-3.9%
Employment Outlook Indicator	63.0	64.9	64.4	-	Oct-15	64.1	-0.5	-0.7%
Inflation Expectations Indicator	156.9	156.8	157.6	Mar-15	-	157.1	0.8	0.5%
Current Prices Satisfaction Indicator	43.6	43.5	44.8	Aug-15	-	44.0	1.3	3.1%
Interest Rates Expectations Indicator	151.5	151.4	152.6	Mar-15	-	151.8	1.2	0.8%

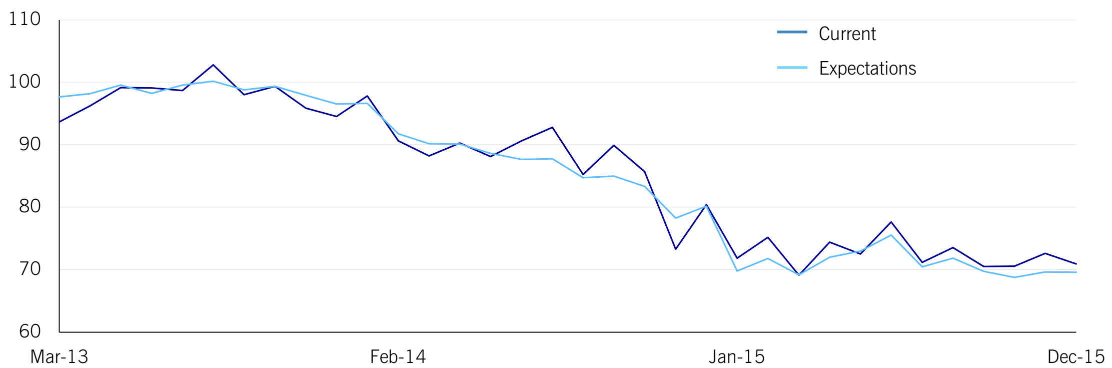
Age

Only middle-aged consumers were more downbeat this month, with both the youngest and oldest cohorts of our panel becoming less pessimistic. The Consumer Indicator for the 18 to 34-year-old age group edged up to 72.1. Whereas sentiment among 35 to 54-year-olds fell to 68.8 in December. In contrast, the Consumer Indicator for the 55 to 65-year-old age group rose to 66.5 after hitting an all-time low in November.

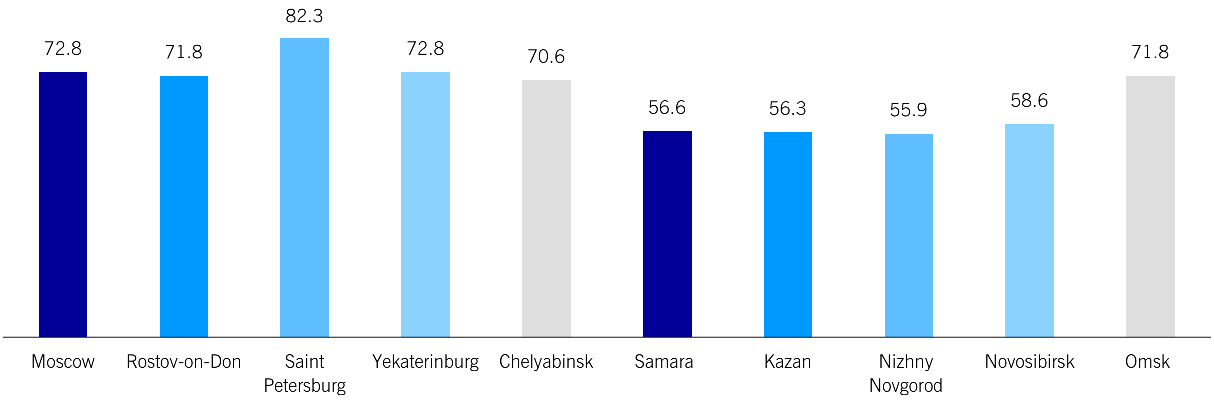
Regions

While sentiment was higher in three of the five major regions in Russia, it hit rock bottom in the remaining two. Residents of the Volga region remained the most downbeat of all, with the headline indicator decreasing to a record low of 56.1. Experiencing the greatest improvement in sentiment were inhabitants of the Urals region with sentiment rising to a five-month high of 68.0 on the back of an improved one-year outlook for business.

Current and Expectations Indicators



Consumer Sentiment by City



Main Cities

Consumer sentiment fell sharpest in Novosibirsk, the third-largest city by population in Russia, sliding 14.2% to a series low of 58.6 in December with all five components suffering a double-digit percentage fall on the month.

Least downbeat were the residents of Saint Petersburg, the second largest city in Russia, despite a 4.2% fall to 82.3.

Income

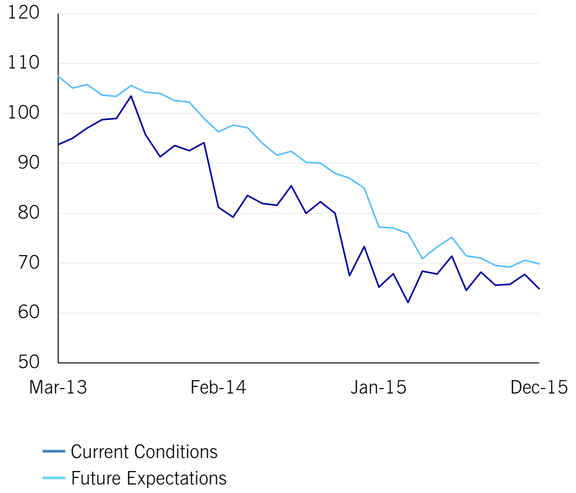
Consumer confidence for households with an average annual income under RUB 480,000 declined 0.8% to 66.9 in December owing to a more pessimistic outlook for the future of their finances.

For households with an average annual income above RUB 480,000, sentiment was down by a sharper 1.9% to 75.1 in December.

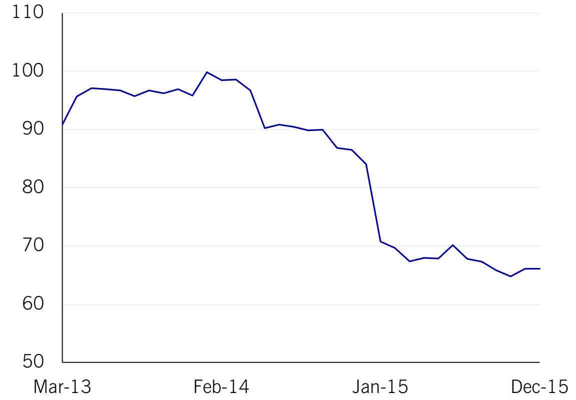
Russia Consumer Sentiment - Demographical Overview

	Oct-15	Nov-15	Dec-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Central	73.2	75.6	75.9	Aug-15	-	74.9	0.3	0.5%
Russia - Urals	65.6	65.4	68.0	Jul-15	-	66.3	2.6	3.9%
Russia - Volga	61.3	58.2	56.1	-	series low	58.5	-2.1	-3.6%
Russia - North Caucasus	75.5	74.5	75.2	Oct-15	-	75.1	0.7	0.9%
Russia - West Siberian	69.5	73.8	67.6	-	series low	70.3	-6.2	-8.4%
Moscow	75.6	81.6	72.8	-	series low	76.7	-8.8	-10.8%
Saint Petersburg	78.1	85.9	82.3	-	Oct-15	82.1	-3.6	-4.2%
Novosibirsk	62.4	68.2	58.6	-	series low	63.1	-9.6	-14.2%
Under RUB 480,000 Per Annum	66.7	67.4	66.9	-	Oct-15	67.0	-0.5	-0.8%
Over RUB 480,000 Per Annum	73.4	76.6	75.1	-	Oct-15	75.0	-1.5	-1.9%
Age 18-34	71.1	70.7	72.1	Aug-15	-	71.3	1.4	2.0%
Age 34-54	68.5	73.1	68.8	-	Oct-15	70.1	-4.3	-6.0%
Age 55-64	66.4	64.4	66.5	Aug-15	-	65.8	2.1	3.3%

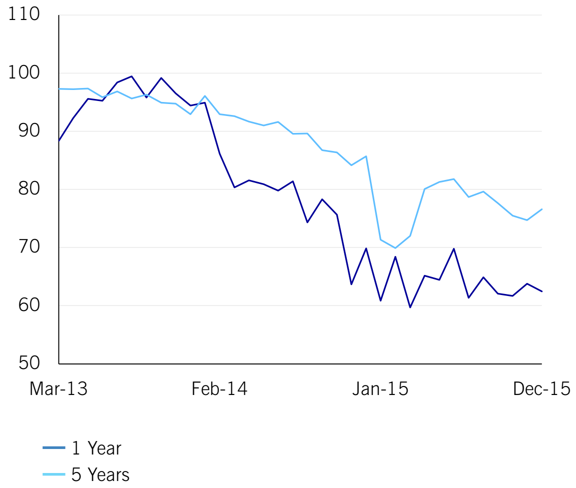
Personal Finances



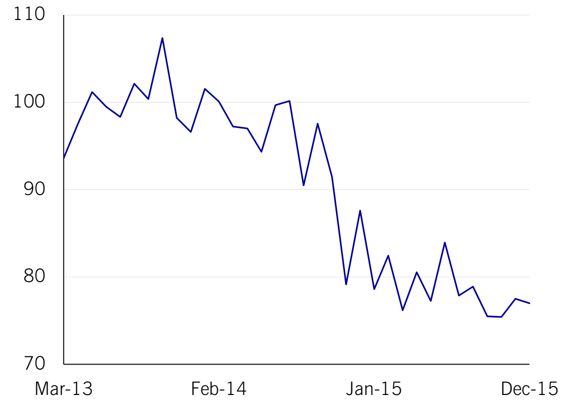
Current Business Conditions Indicator



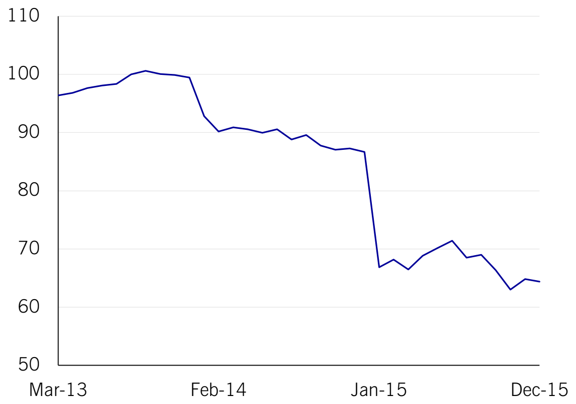
Expected Business Conditions



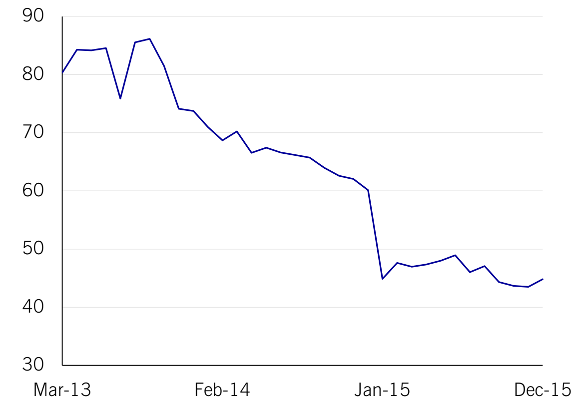
Durable Buying Conditions



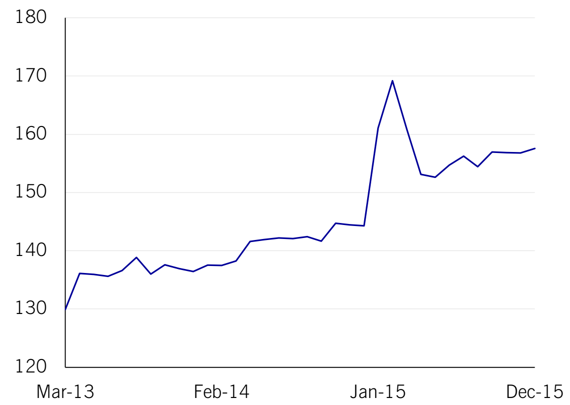
Employment Outlook



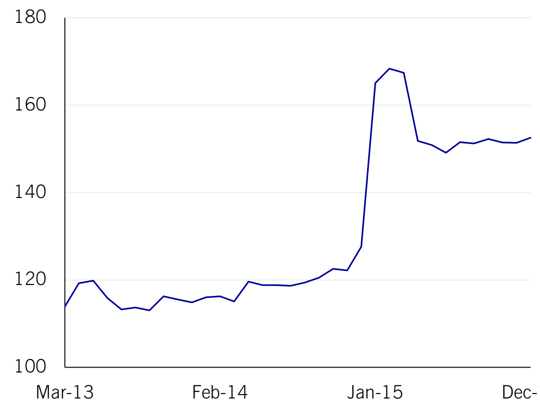
Satisfaction with Current Prices Indicator



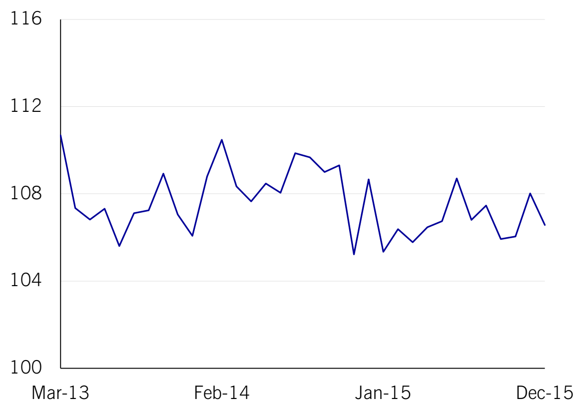
Inflation Expectations Indicator



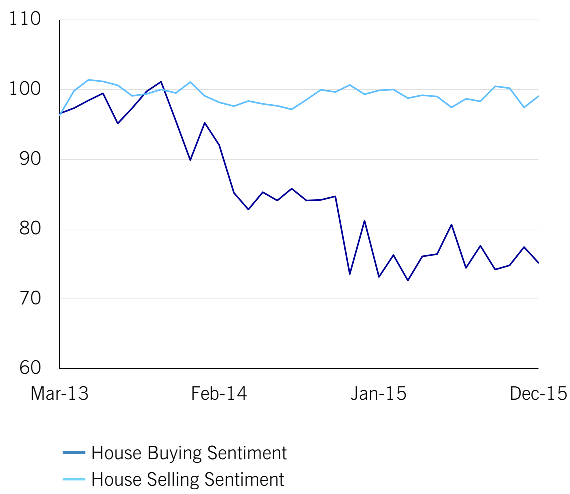
Interest Rate Expectations Indicator



Real Estate Investment Indicator

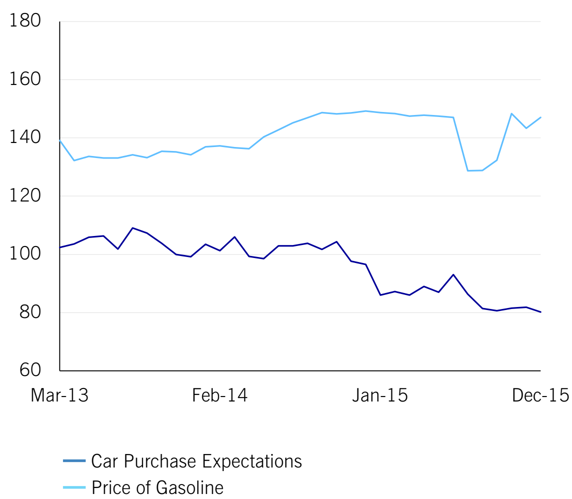


Real Estate Investment Indicator - Components



Car Purchase Indicator

Car Purchase Indicator - Components



Russia Consumer Sentiment - Summary

	2014	2015											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MNI Russia Consumer Indicator	80.3	70.6	73.1	69.2	73.0	72.8	76.4	70.8	72.5	70.0	69.5	70.8	70.1
Current Indicator	80.4	71.9	75.2	69.1	74.4	72.5	77.7	71.2	73.5	70.5	70.6	72.6	70.9
Expectations Indicator	80.2	69.8	71.8	69.2	72.0	73.0	75.6	70.5	71.8	69.7	68.8	69.7	69.6
Personal Finance: Current	73.3	65.2	67.9	62.1	68.4	67.8	71.4	64.5	68.2	65.6	65.8	67.7	64.9
Personal Finance: Expected	85.0	77.2	77.0	75.9	70.9	73.2	75.1	71.5	71.0	69.5	69.2	70.5	69.8
Business Condition: 1 Year	69.8	60.8	68.4	59.7	65.2	64.4	69.8	61.3	64.9	62.0	61.7	63.8	62.4
Business Condition: 5 Years	85.7	71.3	69.9	72.0	80.0	81.3	81.7	78.7	79.6	77.6	75.5	74.7	76.6
Durable Buying Conditions	87.6	78.6	82.5	76.2	80.5	77.3	83.9	77.9	78.9	75.5	75.4	77.5	77.0
Current Business Conditions Indicator	84.0	70.7	69.6	67.4	67.9	67.9	70.1	67.8	67.3	65.8	64.8	66.1	66.1
Real Estate Investment Indicator	108.7	105.3	106.4	105.8	106.5	106.8	108.7	106.8	107.5	105.9	106.0	108.0	106.6
House Price Expectations	144.1	142.8	142.9	143.5	142.5	142.9	142.9	144.6	143.1	144.0	143.5	144.1	143.6
House Buying Sentiment	81.2	73.2	76.3	72.7	76.1	76.4	80.6	74.5	77.6	74.2	74.8	77.4	75.2
House Selling Sentiment	99.3	99.9	100.0	98.8	99.2	99.0	97.4	98.7	98.3	100.5	100.2	97.5	99.0
Car Purchase Indicator	73.6	68.7	69.4	69.2	70.5	69.8	73.0	78.8	76.3	74.1	66.5	69.3	66.6
Car Purchase Expectations	96.5	86.0	87.2	86.0	88.9	87.0	93.1	86.3	81.4	80.6	81.5	81.9	80.2
Price of Gasoline Expectations	149.2	148.7	148.3	147.5	147.8	147.5	147.0	128.7	128.9	132.3	148.4	143.3	147.0
Employment Outlook Indicator	86.7	66.9	68.2	66.5	68.8	70.1	71.4	68.5	69.0	66.4	63.0	64.9	64.4
Inflation Expectations Indicator	144.3	161.1	169.2	160.9	153.1	152.6	154.7	156.3	154.4	157.0	156.9	156.8	157.6
Current Prices Satisfaction Indicator	60.2	44.9	47.6	47.0	47.3	48.0	49.0	46.0	47.1	44.3	43.6	43.5	44.8
Interest Rates Expectations Indicator	127.6	165.1	168.4	167.4	151.8	150.9	149.1	151.5	151.2	152.3	151.5	151.4	152.6

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.

For more information, please visit www.mni-indicators.com / Contact: info@mni-indicators.com

About the MNI Russia Consumer Survey

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

Data is collected via telephone interviews. At least 1,000 interviews are conducted each month across the country.

The main 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

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.

Sample size and geographic area: Minimum of 1000 respondents aged between 18 and 64 across 10 major cities.

Disaggregation: By age, by gender, by income, by region and by city.

Calculation method: Each individual question is a diffusion index where 100 represents a neutral position, i.e. optimists and pessimists are equal in number. Values above 100 indicate increasing positivity while values below show increasing negativity. The headline and other composite indicators are weighted measures comprised of the individual diffusion indices.

Sub-indicators: These cover consumer perceptions and/or intentions regarding employment conditions, the real estate market, autos, inflation, gasoline prices and interest rates.

Other available information: Household expenditure breakdown, detailed reasoning behind responses and more.

Bloomberg ticker: <MNRCINDX> <INDEX> <GO> or navigate from <MNIN> <GO>

Reuters instrument code: <aRUMNCSIR>

Published by
MNI Indicators | Deutsche Börse Group
Westferry House
11 Westferry Circus
London
E14 4HE