

Russia Consumer Sentiment Highest Since August 2015

MNI Russia Consumer Sentiment Indicator 71.5 in Apr vs 71.2 in Mar

Key Findings

- Consumer sentiment rose for the third consecutive month in April, albeit at a very gradual pace, with consumers a little more pessimistic about their current situation but slightly less so about their future prospects.

- The MNI Russia Consumer Sentiment Indicator increased to 71.5 in April from 71.2 in March. Although it is below last year's average of 71.6, it has improved 2.8% from October last year when it hit a record low.

- While the headline indicator remains significantly below 100, implying pessimists outnumber optimists, it looks as though sentiment has bottomed out around the 70-mark and the long-term decline has ended.

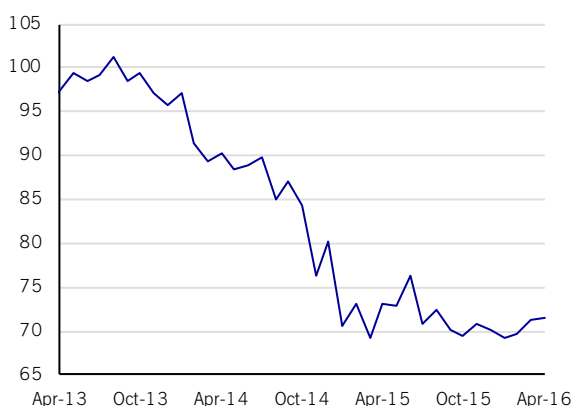
- Three of the five components that make up the MNI Russia Consumer Sentiment Indicator increased in April. Business Conditions over both a 12-month and 5-year horizon rose to 65.6 and 77.7 respectively, from 64.5 and 76.8 in March. In addition, Expected Personal Finances increased 1.7% in April to 67.9 from 66.8.

- The Interest Rate Expectations Indicator fell to 149.8 in April from 152.0 in March, the lowest since June 2015. When asked how they expected rates to change over the next year, 70.7% of respondents thought they would rise, either a 'little higher' or 'much higher', down from 74.2% last month.

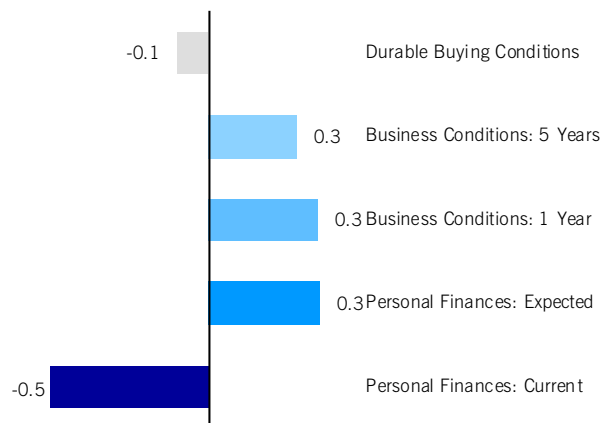
- The environment for car buying picked up to the highest level since January, with the Car Purchase Indicator rising 4.2% to 65.8 from 63.1 last month. Still, confidence in the car market remains very weak. April's improvement was led by both higher willingness to purchase a car and lower gas price expectations.

- The Current Price Satisfaction Indicator rose by 5.4% to 47.0 from 44.6, the highest since August 2015. However, it remains heavily depressed and highlights the deep dissatisfaction among consumers towards prices amid difficult economic conditions.

MNI Russia Consumer Indicator



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



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Release Time

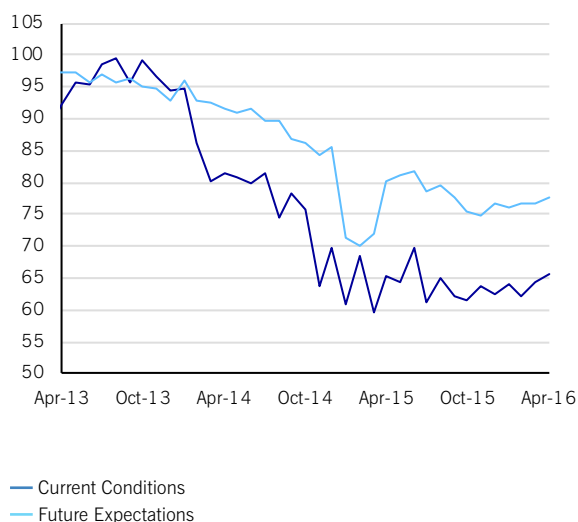
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May 11, 2016

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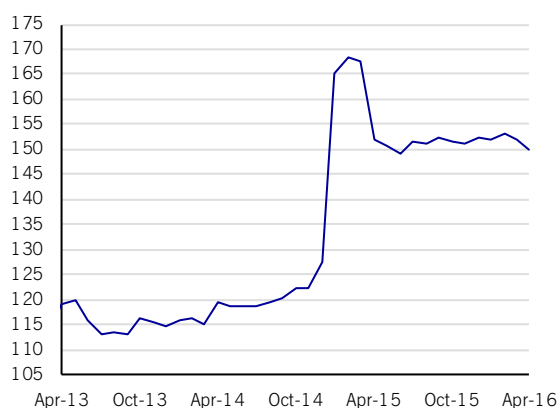
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Expected Business Conditions



Interest Rate Expectations



Business Conditions Stabilise

The outlook for business improved in April, with both the 1-year and 5-year Expected Business Conditions indicators appearing to have stabilised after a turbulent 24 months.

Business Conditions over the next 12-months rose for the second consecutive month in April, to 65.6 from 64.5, whereas the 5-year indicator rose for the third consecutive month, albeit gradually to 77.7 from 76.8. While they are still at weak levels historically, the gradual rises over recent months has seen both indicators surpass their respective 2015 averages of 63.7 and 76.6.

The gap between the 1-year ahead and 5-year ahead view has widened since late 2013, with the more volatile 1-year measure consistently sitting below its 5-year

counterpart since then.

International sanctions, a depreciating rouble and plunging oil prices have hit the Russian economy hard, and explain the downward trend in both measures. While the country's floating exchange rate mechanism has allowed the currency to fall, making Russian exports more competitive, subdued global demand has meant efforts to diversify the economy away from oil have not taken off.

That said, results from recent months seem to show perceptions bottoming out and potentially picking up as confidence in an economic recovery is slowly restored.

Interest Rates Expectations Fall

The Interest Rates Expectations Indicator decreased 1.4% to 149.8 in April from 152.0 in March. It is the second consecutive monthly decline, leaving it at its lowest level since June 2015.

When quizzed on the future path of interest rates over the next 12 months 33.5% expected the change in interest rates to be 'much higher', 37.3% 'a little higher' and 18.3% 'about the same', compared to 35.3%, 38.9% and 15.7% respectively in March.

On April 29, after our survey period had closed, the Central Bank of Russia (CBR) kept interest rates unchanged at 11%. While the decision was generally expected, the bank signalled the possible easing of policy in the near future, should inflation risks subside.

Our data suggests the idea of another rate increase among consumers is diminishing, while perceptions of a rate cut could increase should inflation continue to decline and the rouble strengthen further in the coming months. The next CBR meeting is scheduled for June 10.

Consumers, however, remain increasingly pessimistic over the current level of prices within the economy. A 5.4% rise saw the Current Prices Satisfaction Indicator to 47.0 from 44.6, the highest since August yet still significantly away from the breakeven point.

Since 2014 consumers' real income has been eroded by rising inflation, which has had a detrimental effect on living standards. Inflation peaked at 16.93% in March 2015, but has since been on the decline and currently sits at 7.3%.

Russia Consumer Sentiment - Overview

| | Feb-16 | Mar-16 | Apr-16 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|---------------------------------------|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| MNI Russia Consumer Indicator | 69.6 | 71.2 | 71.5 | Aug-15 | - | 70.8 | 0.3 | 0.3% |
| Current Indicator | 71.7 | 74.0 | 73.0 | - | Feb-16 | 72.9 | -1.0 | -1.3% |
| Expectations Indicator | 68.3 | 69.4 | 70.4 | Aug-15 | - | 69.4 | 1.0 | 1.5% |
| Personal Finance: Current | 65.6 | 68.6 | 67.0 | - | Feb-16 | 67.1 | -1.6 | -2.4% |
| Personal Finance: Expected | 66.0 | 66.8 | 67.9 | Dec-15 | - | 66.9 | 1.1 | 1.7% |
| Business Condition: 1 Year | 62.2 | 64.5 | 65.6 | Jun-15 | - | 64.1 | 1.1 | 1.7% |
| Business Condition: 5 Years | 76.6 | 76.8 | 77.7 | Aug-15 | - | 77.0 | 0.9 | 1.2% |
| Durable Buying Conditions | 77.7 | 79.4 | 79.1 | - | Feb-16 | 78.7 | -0.3 | -0.4% |
| Current Business Conditions Indicator | 65.1 | 66.0 | 67.6 | Jul-15 | - | 66.2 | 1.6 | 2.4% |
| Real Estate Investment Indicator | 106.9 | 106.5 | 108.0 | Jun-15 | - | 107.1 | 1.5 | 1.4% |
| Car Purchase Indicator | 62.9 | 63.1 | 65.8 | Jan-16 | - | 63.9 | 2.7 | 4.2% |
| Employment Outlook Indicator | 65.3 | 65.9 | 67.0 | Aug-15 | - | 66.1 | 1.1 | 1.7% |
| Inflation Expectations Indicator | 155.3 | 154.8 | 156.6 | Dec-15 | - | 155.6 | 1.8 | 1.2% |
| Current Prices Satisfaction Indicator | 44.5 | 44.6 | 47.0 | Aug-15 | - | 45.4 | 2.4 | 5.4% |
| Interest Rates Expectations Indicator | 153.2 | 152.0 | 149.8 | - | Jun-15 | 151.7 | -2.2 | -1.4% |

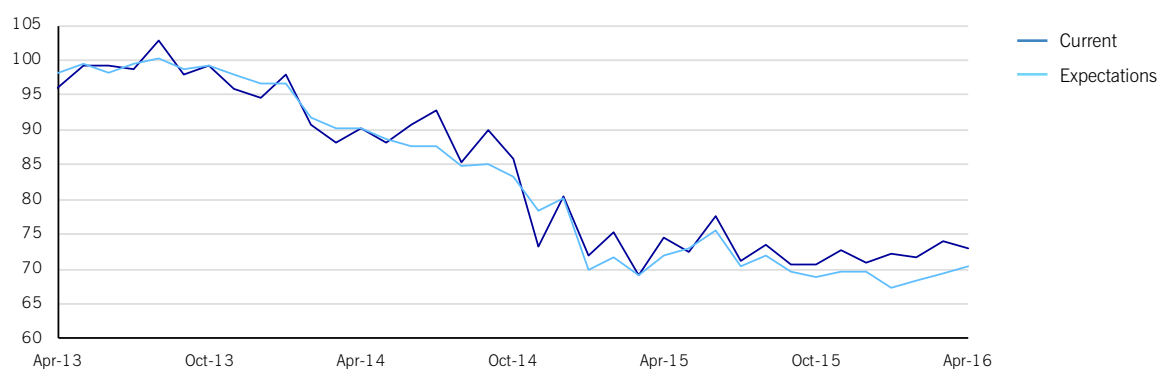
Age

Pessimism fell in two of the three age groups surveyed in April. Sentiment among 55-64 year olds rose 6.1% in April, to 67.9 from 64.0 in March, led by a 14.1% rise in Business Conditions in One Year and a 9% increase in Durable Buying Conditions. The 18-34 year old cohort saw sentiment rise 1.8% in April, increasing to 73.4 from 72.1 last month, while sentiment among the 34-54 year old cohort fell 3.3% to 70.1 from 72.5 in March.

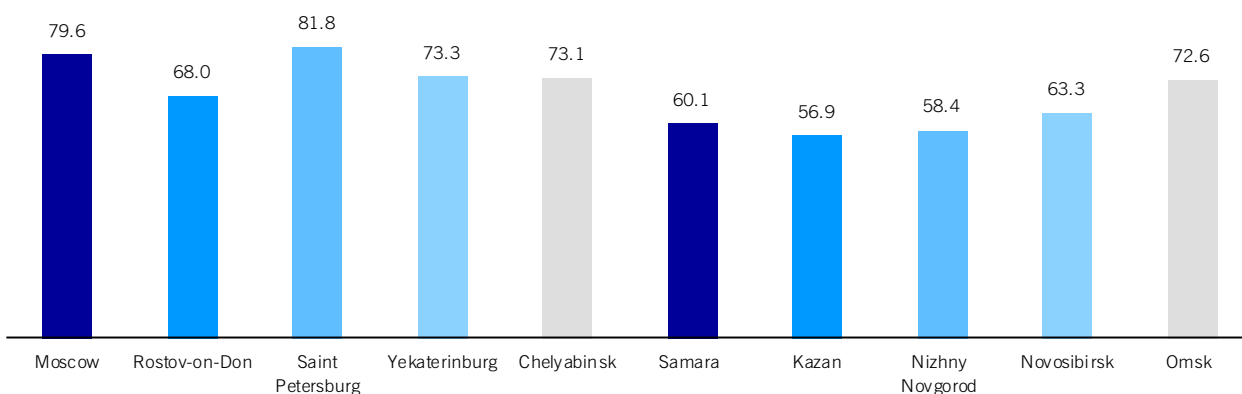
Regions

Central Russia, Urals and Volga all saw a rise in sentiment in April, climbing to 84.4, 67.1 and 57.8 from 77.0, 65.1 and 56.5 respectively. The 9.5% growth in Central Russia was explained by 5% and 13% growth in the Current and Expectations components, taking them to highs not seen since July 2015. Sentiment in North Caucasus fell 6.3% to 72.8 from 77.7, while a 2% drop West Siberia saw it fall to 71.3 from 72.7 in March.

Current and Expectations Indicators



Consumer Sentiment By City



Main Cities

Sentiment fell in all but four of the ten cities surveyed, following last month's hearty results. Sentiment in the capital, Moscow, fell 5% to 79.6, partially offsetting last month's rise to 83.8. In St. Petersburg, Russia's second biggest city, sentiment fell 8.6% to 81.8 from 89.4. Elsewhere, sentiment also declined in Omsk and Novosibirsk, falling to 72.6 and 63.3 from 80.7 and 65.0 respectively. Kazan was the most pessimistic city in Russia this month following a 2.4% drop to 56.9 from 58.3 in the previous month.

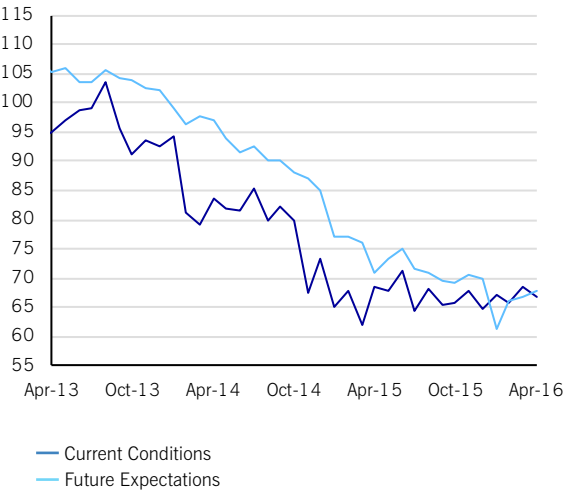
Income

Consumers with an annual income over RUB 480,000 were less confident in April, with a 1.5% decline in sentiment, to 77.2 from 78.4 in March. Apart from Business Conditions in Five Years, all other components of the Consumer Indicator fell. For those earning under RUB 480,000 per annum, consumer sentiment rose slightly to 67.0 from 66.6 in March but was enough to hit a high not seen since November 2015. Respondents were more optimistic in their expectations but did not perceive their current situation very well.

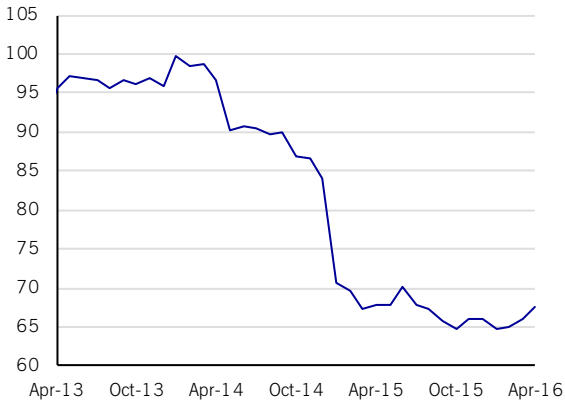
Russia Consumer Sentiment - Demographical Overview

| | Feb-16 | Mar-16 | Apr-16 | Highest Since | Lowest Since | 3-Month Average | Monthly Change | Monthly % Change |
|-----------------------------|--------|--------|--------|---------------|--------------|-----------------|----------------|------------------|
| Russia - Central | 76.1 | 77.0 | 84.4 | Jun-15 | - | 79.2 | 7.4 | 9.5% |
| Russia - Urals | 67.4 | 65.1 | 67.1 | Feb-16 | - | 66.5 | 2.0 | 3.0% |
| Russia - Volga | 55.6 | 56.5 | 57.8 | Nov-15 | - | 56.6 | 1.3 | 2.2% |
| Russia - North Caucasus | 74.7 | 77.7 | 72.8 | - | Mar-15 | 75.1 | -4.9 | -6.3% |
| Russia - West Siberian | 68.6 | 72.7 | 71.3 | - | Feb-16 | 70.9 | -1.4 | -2.0% |
| Moscow | 71.3 | 83.8 | 79.6 | - | Feb-16 | 78.2 | -4.2 | -5.0% |
| Saint Petersburg | 82.7 | 89.5 | 81.8 | - | Oct-15 | 84.7 | -7.7 | -8.6% |
| Novosibirsk | 60.1 | 65.0 | 63.3 | - | Feb-16 | 62.8 | -1.7 | -2.7% |
| Under RUB 480,000 Per Annum | 65.0 | 66.6 | 67.0 | Nov-15 | - | 66.2 | 0.4 | 0.7% |
| Over RUB 480,000 Per Annum | 76.8 | 78.4 | 77.2 | - | Feb-16 | 77.5 | -1.2 | -1.5% |
| Age 18-34 | 72.4 | 72.1 | 73.4 | Jun-15 | - | 72.6 | 1.3 | 1.8% |
| Age 34-54 | 67.6 | 72.5 | 70.1 | - | Feb-16 | 70.1 | -2.4 | -3.3% |
| Age 55-64 | 64.9 | 64.0 | 67.9 | Jun-15 | - | 65.6 | 3.9 | 6.1% |

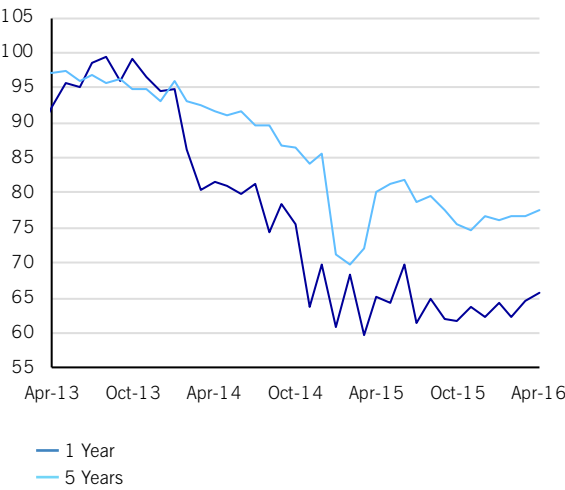
Personal Finances



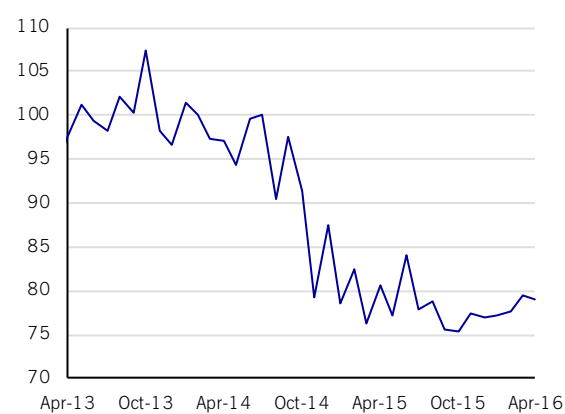
Current Business Conditions Indicator



Expected Business Conditions



Durable Buying Conditions



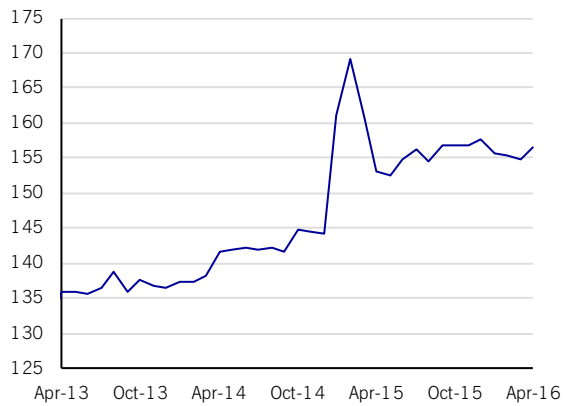
Employment Outlook



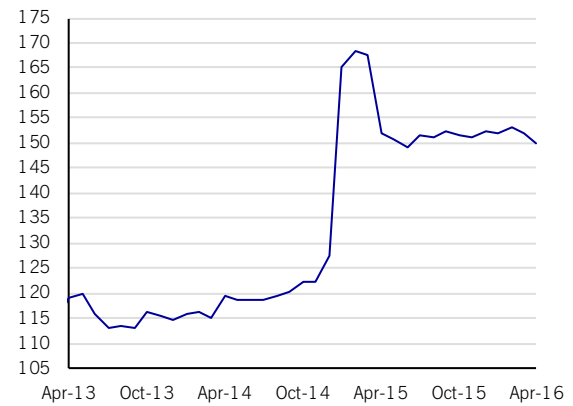
Satisfaction with Current Prices Indicator



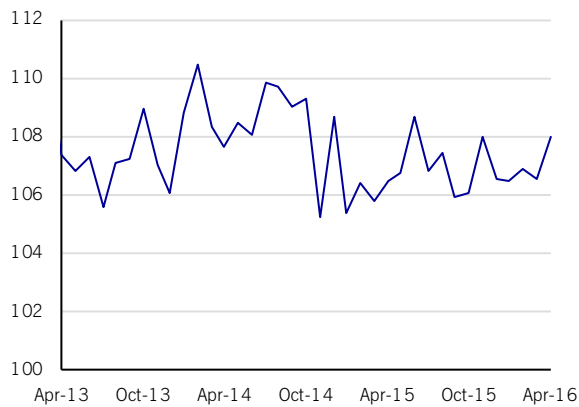
Inflation Expectations Indicator



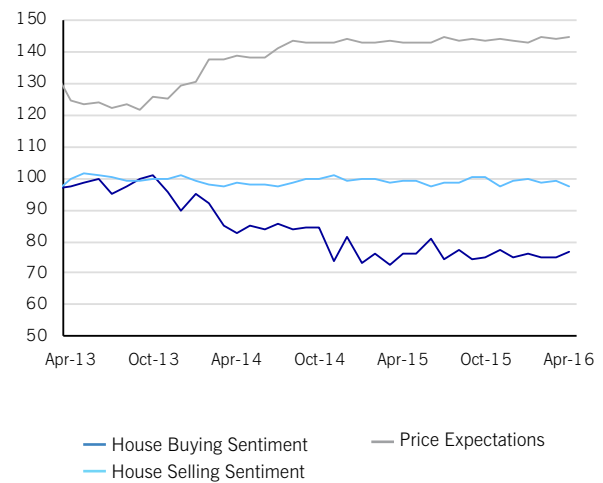
Interest Rate Expectations Indicator



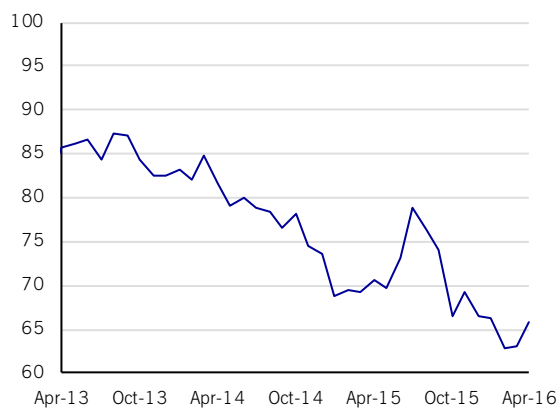
Real Estate Investment Indicator



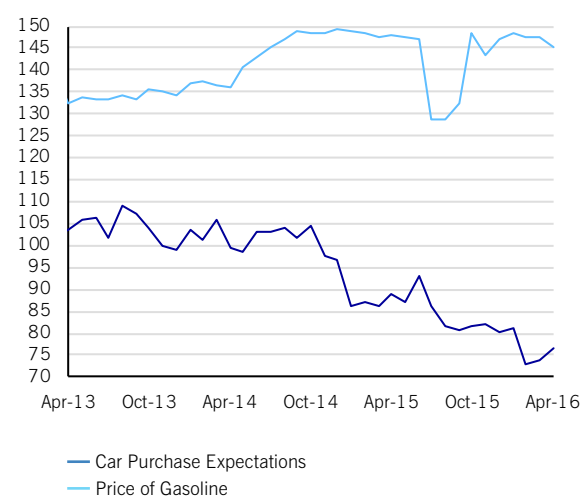
Real Estate Investment Indicator - Components



Car Purchase Indicator



Car Purchase Indicator - Components



Russia Consumer Sentiment - Summary

| | 2015 | | | | | | | | | 2016 | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
| MNI Russia Consumer Indicator | 73.0 | 72.8 | 76.4 | 70.8 | 72.5 | 70.0 | 69.5 | 70.8 | 70.1 | 69.2 | 69.6 | 71.2 | 71.5 |
| Current Indicator | 74.4 | 72.5 | 77.7 | 71.2 | 73.5 | 70.5 | 70.6 | 72.6 | 70.9 | 72.2 | 71.7 | 74.0 | 73.0 |
| Expectations Indicator | 72.0 | 73.0 | 75.6 | 70.5 | 71.8 | 69.7 | 68.8 | 69.7 | 69.6 | 67.2 | 68.3 | 69.4 | 70.4 |
| Personal Finance: Current | 68.4 | 67.8 | 71.4 | 64.5 | 68.2 | 65.6 | 65.8 | 67.7 | 64.9 | 67.2 | 65.6 | 68.6 | 67.0 |
| Personal Finance: Expected | 70.9 | 73.2 | 75.1 | 71.5 | 71.0 | 69.5 | 69.2 | 70.5 | 69.8 | 61.4 | 66.0 | 66.8 | 67.9 |
| Business Condition: 1 Year | 65.2 | 64.4 | 69.8 | 61.3 | 64.9 | 62.0 | 61.7 | 63.8 | 62.4 | 64.2 | 62.2 | 64.5 | 65.6 |
| Business Condition: 5 Years | 80.0 | 81.3 | 81.7 | 78.7 | 79.6 | 77.6 | 75.5 | 74.7 | 76.6 | 76.0 | 76.6 | 76.8 | 77.7 |
| Durable Buying Conditions | 80.5 | 77.3 | 83.9 | 77.9 | 78.9 | 75.5 | 75.4 | 77.5 | 77.0 | 77.2 | 77.7 | 79.4 | 79.1 |
| Current Business Conditions Indicator | 67.9 | 67.9 | 70.1 | 67.8 | 67.3 | 65.8 | 64.8 | 66.1 | 66.1 | 64.6 | 65.1 | 66.0 | 67.6 |
| Real Estate Investment Indicator | 106.5 | 106.8 | 108.7 | 106.8 | 107.5 | 105.9 | 106.0 | 108.0 | 106.6 | 106.5 | 106.9 | 106.5 | 108.0 |
| House Price Expectations | 142.5 | 142.9 | 142.9 | 144.6 | 143.1 | 144.0 | 143.5 | 144.1 | 143.6 | 142.9 | 144.3 | 143.7 | 144.7 |
| House Buying Sentiment | 76.1 | 76.4 | 80.6 | 74.5 | 77.6 | 74.2 | 74.8 | 77.4 | 75.2 | 76.2 | 75.3 | 75.2 | 76.5 |
| House Selling Sentiment | 99.2 | 99.0 | 97.4 | 98.7 | 98.3 | 100.5 | 100.2 | 97.5 | 99.0 | 99.6 | 98.8 | 99.4 | 97.1 |
| Car Purchase Indicator | 70.5 | 69.8 | 73.0 | 78.8 | 76.3 | 74.1 | 66.5 | 69.3 | 66.6 | 66.3 | 62.9 | 63.1 | 65.8 |
| Car Purchase Expectations | 88.9 | 87.0 | 93.1 | 86.3 | 81.4 | 80.6 | 81.5 | 81.9 | 80.2 | 81.0 | 73.1 | 73.6 | 76.6 |
| Price of Gasoline Expectations | 147.8 | 147.5 | 147.0 | 128.7 | 128.9 | 132.3 | 148.4 | 143.3 | 147.0 | 148.5 | 147.3 | 147.5 | 145.1 |
| Employment Outlook Indicator | 68.8 | 70.1 | 71.4 | 68.5 | 69.0 | 66.4 | 63.0 | 64.9 | 64.4 | 64.4 | 65.3 | 65.9 | 67.0 |
| Inflation Expectations Indicator | 153.1 | 152.6 | 154.7 | 156.3 | 154.4 | 157.0 | 156.9 | 156.8 | 157.6 | 155.7 | 155.3 | 154.8 | 156.6 |
| Current Prices Satisfaction Indicator | 47.3 | 48.0 | 49.0 | 46.0 | 47.1 | 44.3 | 43.6 | 43.5 | 44.8 | 44.3 | 44.5 | 44.6 | 47.0 |
| Interest Rates Expectations Indicator | 151.8 | 150.9 | 149.1 | 151.5 | 151.2 | 152.3 | 151.5 | 151.4 | 152.6 | 152.0 | 153.2 | 152.0 | 149.8 |

About MNI Indicators

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

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About the MNI Russia 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.

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