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# MNI Russia Consumer Report May 2014

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 - May 2014

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# A New Friend

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Russia has long been looking to the East and last month came up trumps, as President Vladimir Putin signed a historic 30-year deal worth \$400 billion for the state-run gas producer Gazprom to supply natural gas to China.

Our previous editorial was titled “Going Alone” as Russia faced increasing political and economic isolation from the US and EU. Russia has long been looking to the East and last month came up trumps, as President Vladimir Putin signed a historic 30-year deal worth \$400 billion for the state-run gas producer Gazprom to supply natural gas to China. One little caveat is that it would appear that while the signing ceremony took place there are quite a lot of details to be ironed out on the pricing front.

Still if it all goes ahead according to plan then it's a win for both sides as China secures the natural gas its economy needs, a helping hand to move away from more polluting coal, while Russia gets to diversify. Not, of course, from its age old dependence on the energy sector (it really does need to do this though) but away from its traditional European partners.

Not wanting to be pushed around by the US or European neighbours it's likely that Putin gave a fair bit of ground to China on the deal in order to push it through quickly. Sharing a platform with China's President Xi Jinping is certainly one way to show the world you're not isolated. But even if China has got a good deal, diversifying its supply network is a boon for Russia. It will also help not just China but possibly the rest of Asia, as Russia will be able to ship gas from the end of the pipeline in south-east Russia to other Asian countries. According to the International Energy Agency, Asia is the fastest growing region for natural gas consumption in the world and by 2015 it will become the second-largest market.

China will make as much as \$25 billion in advance payments to invest in the necessary infrastructure in Russia. Gazprom will invest \$55 billion developing giant gas fields in eastern Siberia and building the new pipeline. While this may be hailed as the much

needed investment Russia needs, it also needs to ensure that the proceeds of this deal are fed into investment in other areas of the economy as well. The danger is that a deal like this reinforces Russia's focus on the energy sector and may hold back the often talked about development of the high-tech manufacturing sector.

While Russia's eastern foray is strategically important, most of its trade is still with the EU. Our own business and consumer survey showed that the Ukraine crisis has inflicted clear damage on the confidence of Russian companies and consumers. For now, economic recovery in Russia depends more on its old friends in the west than new ones in the east.

**Shaily Mittal**

**Philip Uglow**

MNI Indicators



# Executive Summary

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The MNI Russia Consumer Indicator fell to a new low in May amid rising concerns about household finances, spending on big ticket items and long-term business conditions.

The MNI Russia Consumer Indicator fell to a new low in May amid rising concerns about household finances, spending on big ticket items and long-term business conditions.

This was the fourth consecutive monthly fall and left confidence down 12.2% since the start of the year as concerns about Russia falling into recession have escalated and sanctions have been imposed by the West. The US and EU had warned that there would be more sanctions if Russia interfered with the May 25 Ukraine elections, but President Vladimir Putin has softened his stance toward the ongoing political crisis in Ukraine by acknowledging the presidential vote and calling Russian troops back from Ukraine's eastern border.

The Consumer Indicator fell to 87.2 in May from 88.5 in April, the lowest level since the series began in March 2013.

The drop in confidence was due to concerns over current conditions, with the Current Indicator falling to the lowest level on record. Consumers were less confident about the future as well.

Consumer confidence increased in high income groups but declined in low income households in May. Consumer sentiment was 15.4% down on the year among low income households, but only 1.5% down for higher income households, indicating that the low income households are more affected by the current economic and political turmoil.

Increasing concerns about the current state of the economy and wider sanctions that could be levied against Russian businesses prompted a fall in both current business conditions and consumers' future expectations.

Longer term, Expectations for Business Conditions in Five Years declined to a record low level in May. A growing proportion of respondents cited the country's

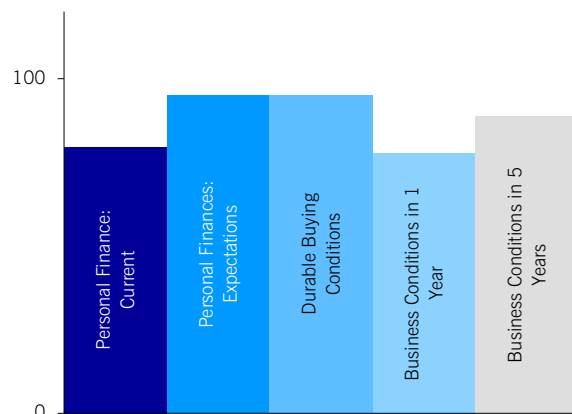
economic development as the main reason for the deterioration in their outlook.

The outlook for the employment market also deteriorated further in May, as consumers concerns over the state of the economy mounted.

Concerns over the current level of prices remained high in May, while expectations about the future rate of inflation and interest rates hit a record high level.

The Car Purchase Indicator declined for the third consecutive month in May, to the lowest since the start of the survey, driven by a fall in consumers' Car Purchase Expectations. Of those who felt it was a bad time to purchase a car, a growing proportion cited high interest rates as a deterrent, in line with the Central Bank's surprise rate hike at the end of April.

MNI Russia Consumer Indicator - Components



## All Russia - Overview

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>MNI Russia Consumer Indicator</b>	89.1	88.5	87.2	-	series low	88.3	-1.3	-1.5%
Current Indicator	89.4	90.2	87.3	-	series low	89.0	-2.9	-3.2%
Expectations Indicator	88.8	87.4	87.1	-	series low	87.8	-0.3	-0.3%
Personal Finance: Current	79.5	83.7	79.6	-	Mar-14	80.9	-4.1	-4.9%
Personal Finance: Expected	96.3	93.4	95.0	Mar-14	-	94.9	1.6	1.7%
Business Condition: 1 Year	79.4	77.8	77.7	-	series low	78.3	-0.1	0.0%
Business Condition: 5 Years	90.7	91.1	88.6	-	series low	90.1	-2.5	-2.7%
Durable Buying Conditions	99.3	96.8	95.1	-	Mar-13	97.1	-1.7	-1.8%
Current Business Conditions Indicator	99.2	95.7	85.5	-	series low	93.5	-10.2	-10.7%
Real Estate Investment Indicator	110.0	107.2	108.0	Mar-14	-	108.4	0.8	0.8%
Car Purchase Indicator	85.1	82.2	79.3	-	series low	82.2	-2.9	-3.5%
Employment Outlook Indicator	92.9	90.9	87.8	-	Feb-14	90.5	-3.1	-3.4%
Inflation Expectations Indicator	139.2	144.2	144.6	series high	-	142.7	0.4	0.3%
Current Prices Satisfaction Indicator	76.3	67.5	73.4	Mar-14	-	72.4	5.9	8.8%
Interest Rates Expectations Indicator	119.2	122.3	126.0	series high	-	122.5	3.7	3.1%



## All Russia - Summary

	2013					2014							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
<b>MNI Russia Consumer Indicator</b>	97.5	98.5	99.5	99.9	97.4	99.4	94.8	95.7	99.3	94.1	89.1	88.5	87.2
Current Indicator	96.2	98.4	100.5	99.2	95.8	99.2	94.3	95.7	102.0	98.6	89.4	90.2	87.3
Expectations Indicator	98.3	98.6	98.8	100.3	98.4	99.5	95.1	95.7	97.5	91.2	88.8	87.4	87.1
Personal Finance: Current	96.3	99.5	103.2	102.1	95.3	91.0	92.0	92.5	99.3	87.3	79.5	83.7	79.6
Personal Finance: Expected	105.5	102.4	103.4	104.9	105.4	101.2	101.7	101.9	101.2	96.3	96.3	93.4	95.0
Business Condition: 1 Year	96.6	97.8	95.9	98.7	96.1	101.5	94.9	94.4	95.1	87.8	79.4	77.8	77.7
Business Condition: 5 Years	93.0	95.7	97.2	97.5	93.7	95.8	88.7	90.8	96.4	89.4	90.7	91.1	88.6
Durable Buying Conditions	96.2	97.2	97.8	96.2	96.3	107.4	96.6	98.9	104.7	109.9	99.3	96.8	95.1
<b>Current Business Conditions Indicator</b>	95.8	97.7	95.4	95.6	97.6	94.5	97.4	94.9	100.3	97.5	99.2	95.7	85.5
<b>Real Estate Investment Indicator</b>	106.0	107.9	105.3	108.5	108.0	113.0	108.4	106.9	112.1	111.4	110.0	107.2	108.0
House Price Expectations	117.9	122.9	120.7	128.4	121.6	127.7	121.6	130.9	135.7	139.0	140.1	137.7	139.3
House Buying Sentiment	100.2	100.5	96.6	96.7	101.8	109.8	105.0	92.1	99.7	96.8	87.3	84.5	82.6
House Selling Sentiment	100.0	99.8	101.4	99.5	99.3	98.4	101.5	102.3	99.0	101.6	97.4	100.7	97.8
<b>Car Purchase Indicator</b>	87.2	87.5	86.2	88.4	85.7	85.1	81.9	81.0	83.3	88.3	85.1	82.2	79.3
Car Purchase Expectations	105.5	107.5	101.0	109.4	107.1	101.4	98.9	98.2	104.4	110.5	106.0	103.8	99.1
Price of Gasoline Expectations	131.0	132.4	128.6	132.7	135.6	131.3	135.2	136.2	137.7	133.8	135.8	139.4	140.5
<b>Employment Outlook Indicator</b>	100.3	99.1	97.1	97.5	99.9	100.4	98.1	98.2	87.2	86.5	92.9	90.9	87.8
Inflation Expectations Indicator	136.6	133.2	136.1	139.4	135.7	139.7	136.8	138.2	136.9	140.9	139.2	144.2	144.6
Current Prices Satisfaction Indicator	84.2	86.0	73.9	85.9	85.6	80.5	73.5	71.8	69.4	74.4	76.3	67.5	73.4
Interest Rates Expectations Indicator	123.3	112.3	114.1	113.2	111.1	115.6	115.5	114.9	115.9	122.6	119.2	122.3	126.0

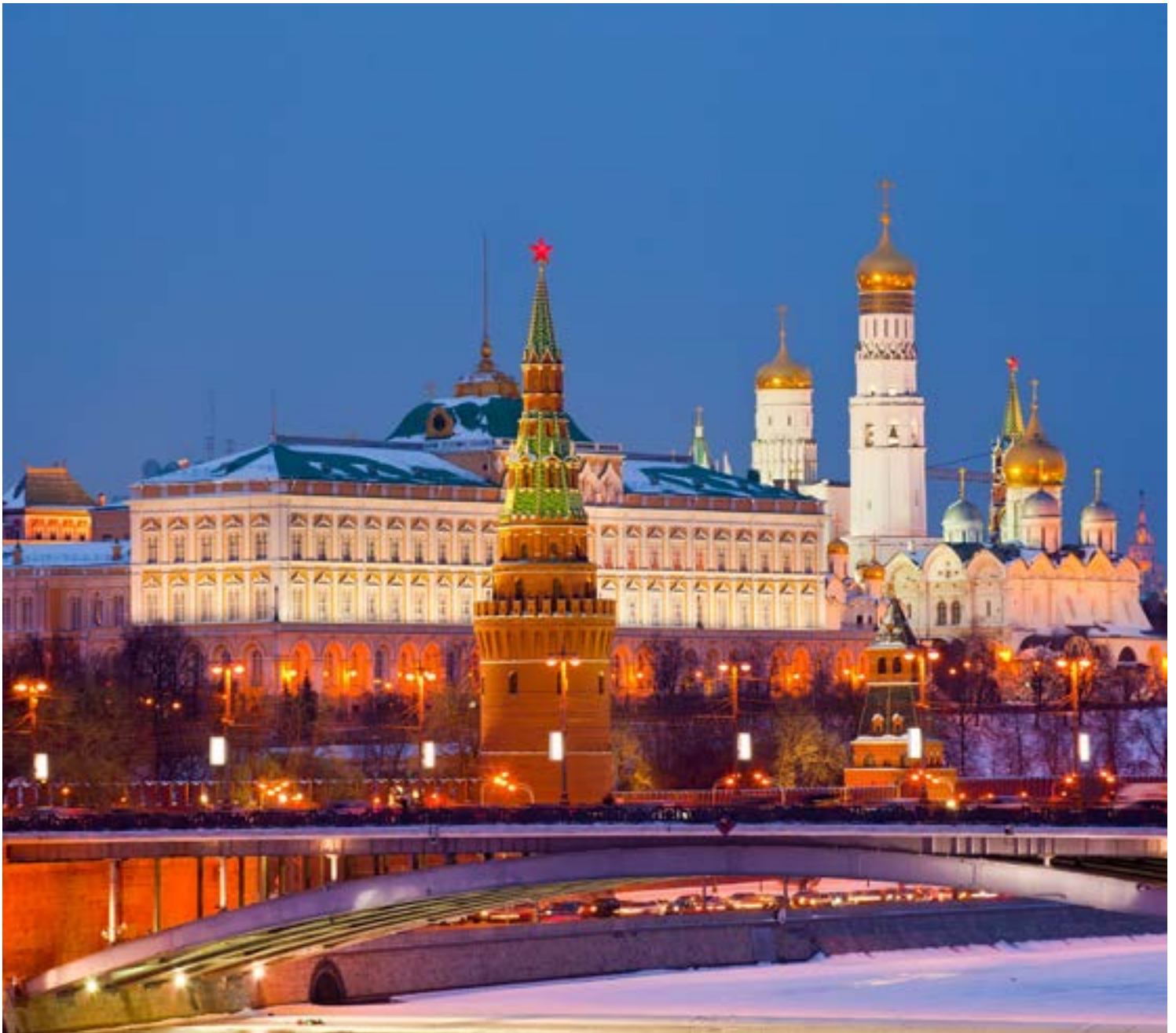
## All Russia - Records

	2013- Current			
	Minimum	Maximum	Mean	Median
<b>MNI Russia Consumer Indicator</b>	87.2	99.9	95.8	97.4
Current Indicator	87.3	102.0	95.9	96.2
Expectations Indicator	87.1	100.3	95.7	98.3
Personal Finance: Current	79.5	103.2	92.9	94.7
Personal Finance: Expected	93.4	109.2	101.5	101.9
Business Condition: 1 Year	77.7	101.5	92.1	95.1
Business Condition: 5 Years	88.6	98.0	93.5	93.7
Durable Buying Conditions	92.9	109.9	98.9	97.2
<b>Current Business Conditions Indicator</b>	85.5	100.3	95.5	95.8
<b>Real Estate Investment Indicator</b>	105.3	113.0	108.6	108.0
House Price Expectations	117.9	140.1	128.8	127.7
House Buying Sentiment	82.6	109.8	96.6	97.7
House Selling Sentiment	97.4	102.3	99.8	99.5
<b>Car Purchase Indicator</b>	79.3	88.4	84.9	85.7
Car Purchase expectations	98.2	110.5	104.3	104.4
Price of Gasoline expectations	128.6	140.5	134.5	135.2
<b>Employment Outlook Indicator</b>	86.5	100.5	95.7	98.1
Inflation Expectations Indicator	130.7	144.6	138.0	138.2
Current Prices Satisfaction Indicator	67.5	86.0	77.3	76.2
Interest Rates Expectations Indicator	111.1	126.0	117.9	115.9

# Russian Consumer Sentiment fell to a new low in May...

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...amid rising concerns about household finances, spending and long-term business conditions.



# Economic Landscape

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The IMF recently reported that Russia was in recession and warned that growth will further contract if the West imposed any further sanctions.

The geo-political turmoil in Ukraine has thrown Russian into economic crisis and growth for the full year has been revised down to just 0.5%. The IMF recently reported that Russia was in recession and warned that growth will further contract if the West imposed any further sanctions. Moreover the rise in the key policy rate by the central bank, to address inflationary issues and stem the slide in the rouble and capital flow leakage, comes at the cost of much needed growth.

On a more positive note, industrial production expanded and manufacturing output posted the highest growth in five months. The rouble has gained slightly from the previous month, but is still 8% below the level compared with the previous year. Russia and China signed a gas deal worth \$400 billion which will help to boost infrastructure investment in Russia and comes at a time when western economies threaten more sanctions against it.

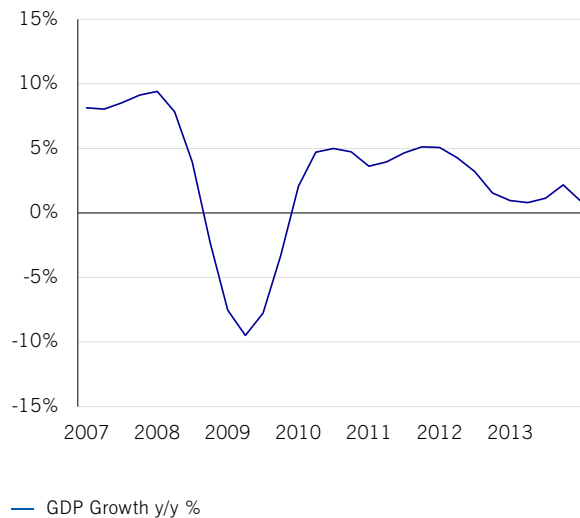
#### Low economic growth

Economic growth remained extremely weak at the beginning of 2014, slowing to 0.9% growth rate in Q1 compared with a year earlier, down from growth of 2% in Q4 2013 and 1.3% in Q1 2013. According to the Economy Ministry, capital investment contracted by 4.8% in Q1 compared with a year earlier. Consumption remained relatively firm, but it reflected a one-off public sector pay increase and so is unlikely to be sustained.

Russian ministers had predicted GDP growth of 2.5% this year before the Ukrainian turmoil. However, this has been dramatically reduced to just 0.5%, following a paltry 1.3% growth in 2013. In April, Central Bank governor Elvira Nabiullina also revised the growth rate for 2014 to below 1% from 1.5-1.8% previously.

The International Monetary Fund thinks that Russia is already in recession as U.S. and EU leaders warn that they are ready to take further measures if the situation in Ukraine is not de-escalated.

#### Economic Growth



Source: Federal State Statistics Service of Russia

#### Industrial production expands in April

Industrial production accelerated by 2.4% on the year in April, up from 1.4% in March due to a rise in the output of mining and quarrying which expanded by 1.1% compared with growth of just 0.6% in the previous month. Manufacturing output growth added to the expansion, increasing by 3.9% in April, the highest in five months, and up from growth of 3.5% in March. Utilities output continued to contract for the sixth consecutive month, declining by 1.9% compared with a fall of 6.6% in March.

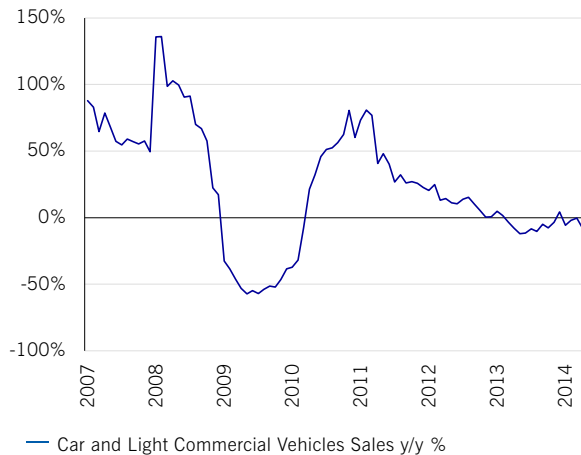
In the first four months of 2014, industrial production grew 1.4% on the year after contracting 0.6% in the same period a year ago. The economy ministry expects industrial output to increase by 1.3% this year after it showed no growth in 2013.

### Car sales fall in April

In April, 226,526 cars were sold, 7.7% below the levels in the same month a year earlier, according to the Association of European Businesses (AEB). Higher inflation and a weaker rouble are having a negative impact on consumer spending. The pace of the decline in car sales had eased until March when sales declined by just 0.4%, but the market is showing signs of distress again. The four months to April saw a decline of almost 4% in car sales compared with the same period a year earlier.

A major blow to the Russian Automotive Industry came when Ford Sollers, a joint venture between Ford and Russian carmaker Sollers, announced it would cut production and 950 jobs at two of its three

### Car Sales



Source: Federal State Statistics Service of Russia

factories in Russia due to the country's deteriorating economy and weaker rouble.

The AEB remains cautious about the outlook and has forecast that car sales will decline by 1.6% in 2014 following a drop of 5.5% in the previous year.

### Inflation surges in May

Consumer price inflation rose to 7.6% in May from 7.3% in April, the fastest rate of growth since August 2011. The cost of food products rose by 9.5% on the year, up from 9% in the previous month. A ban on pork imports from the European Union due to an outbreak of swine fever has affected the price of meat products. Even after stripping out the food and fuel, core inflation accelerated to 7% from 6.5% in the previous month, the highest since October 2011.

### Inflation



Source: Federal State Statistics Service of Russia

Russia imports a large amount of consumer goods and food items, and the depreciation of the currency has pushed up prices, forcing the central bank to tighten monetary policy at the end of April.

The central bank governor now expects inflation to stand between 5% and 6% in 2014, above the target of 5%.

### High Interest Rates

On April 25, the Russian central bank raised its benchmark interest rate to 7.5% from 7%, given the rise in inflation. The increase followed a hike on March 3 from 5.5% to 7% that the bank had described as temporary.

The surprise rate hike came despite stalling economic growth. While the central bank's stated concern was inflation, the move was also a pre-emptive strike to ward off further capital outflows and help support the currency.

The Central Bank expects that the additional policy tightening will help inflation to return to a downward path from the second half of the year and put it back on target in subsequent years.

### Depreciation in the rouble

So far this year, the rouble has been one of the worst performing emerging market currencies due to alarming levels of capital flowing of the country following Russia's annexation of Crimea and fears of further escalation in the situation. In June, the rouble was 8.1% below the level seen in the same period a year ago. However, as international tensions have eased a bit, the rouble has strengthened over the past two months.

Russia had a healthy \$482.7 billion in international currency reserves in April, but that was down from \$493 billion in March and \$522 billion in October 2013 as the country has tried to protect the rouble from capital flight.

Capital outflows from Russia's private sector stood at \$63.7 billion in Q1 2014 owing to the financial instability. This compared with an outflow of \$59.7 billion during the whole of 2013. Recently, the Russian Economic Development Ministry increased its estimate of capital flight to \$150 billion, up from an already revised estimate to \$100 billion, post Ukraine crisis, \$25 billion being the original estimate.

The Central Bank has cut the size of the interventions it carries out to support the rouble, a return to the policy of allowing the rouble to float more freely. Previously the bank spent \$400 million a day when the rouble was within 95 kopecks (\$0.028) of the upper edge of the top range of the corridor, or \$200 million when it was trading in a range of one rouble below that. These amounts will now be reduced to \$300 million and \$100 million, respectively.

The bank aims to adopt inflation targeting from the start of next year. It was forced to pause the shift towards inflation targeting in early March in order to halt the rouble's decline after Russia annexed Crimea.

### Trade surplus widens in April

Russia's trade surplus widened to \$18 billion in April, from \$14.2 billion a year earlier but down from \$19.7 billion a month earlier.

Exports increased to \$45.6 billion in April, 2.5% above the same period a year ago although below March's \$46.8 billion. Imports declined for the fourth consecutive month to \$27.6 billion, down by 8.7% on the year, although slightly up from \$27.1 billion recorded in March.



# Indicators

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The MNI Russia Consumer Indicator declined for the fourth consecutive month and confidence was well below the level seen at the start of the year as concerns about Russia falling into recession have mounted.



# MNI Russia Consumer Indicator Hits Record Low



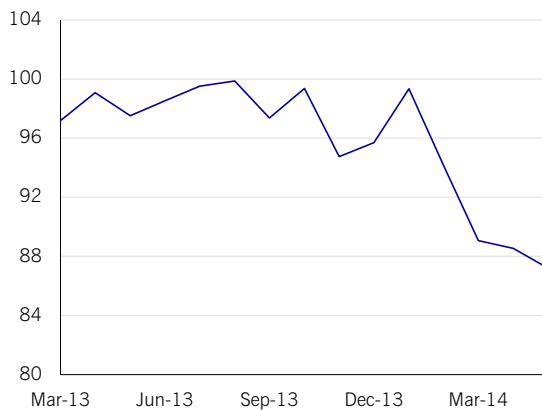
The MNI Russia Consumer Indicator fell to a new low in May amid rising concerns about household finances, spending on big ticket items and long-term business conditions.

This was the fourth consecutive monthly fall and left confidence 12.2% below the level seen at the start of the year, as concerns about Russia falling into recession have escalated and sanctions have been imposed by the West. The US and EU had warned that there would be more sanctions if Russia interfered in any way with the May 25 Ukraine elections, but President Vladimir Putin has softened his stance towards the ongoing political crisis in Ukraine by acknowledging the presidential vote and calling Russian troops back from Ukraine’s eastern border.

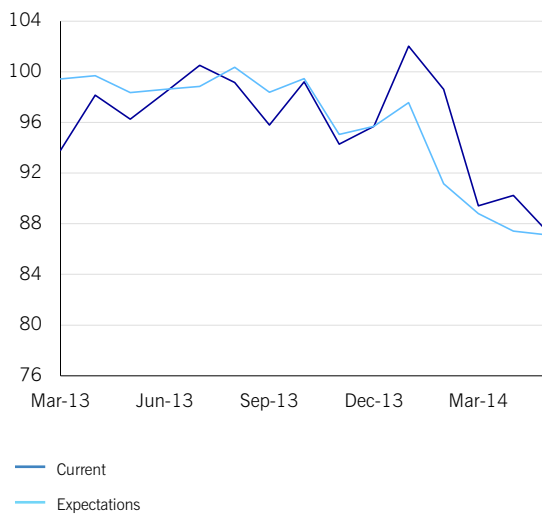
The Consumer Indicator fell to 87.2 in May from 88.5 in April, the lowest level since the series began in March 2013. A reading below 100 indicates increasing negativity among consumers, while values above 100 show increasing positivity. Consumer sentiment has remained below the 100 breakeven level since the series started and the first quarter of 2014 marked the weakest sentiment on record.

The drop in confidence was due to concerns over current conditions, with the Current Indicator falling to 87.3 from 90.2 in the previous month, the lowest level on record. Current Personal Finances slipped back to 79.6 after rising in the previous month to 83.7, while the Durable Buying Conditions Indicator declined for the third consecutive month to 95.1 from 96.8 in April, a further hit to discretionary spending.

MNI Russia Consumer Indicator



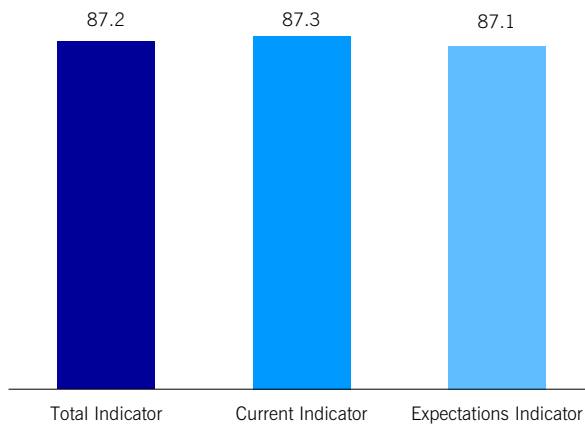
Current and Expectations Indicators



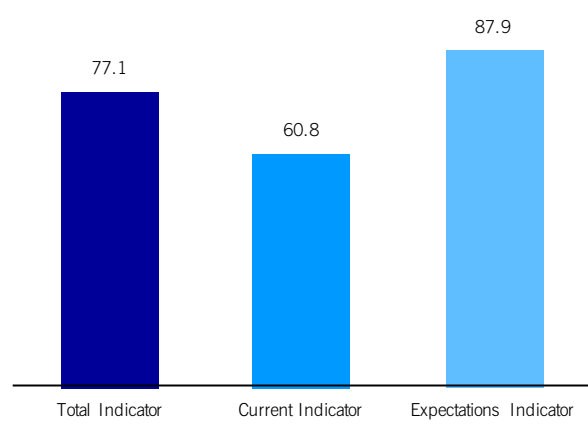
## MNI Russia Consumer Indicator

	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
MNI Russia Consumer Indicator	97.5	95.7	99.3	94.1	89.1	88.5	87.2
Current	96.2	95.7	102.0	98.6	89.4	90.2	87.3
Expectations	98.3	95.7	97.5	91.2	88.8	87.4	87.1

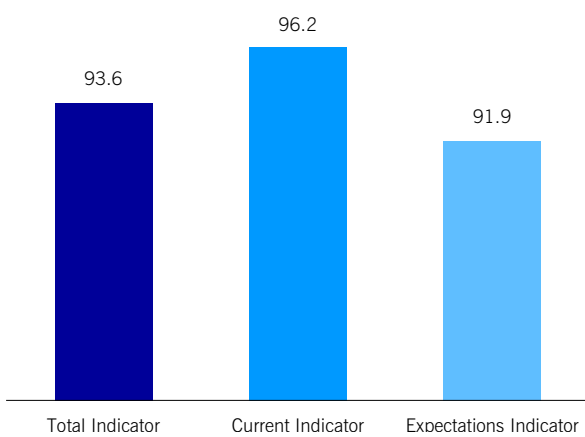
## All Russia



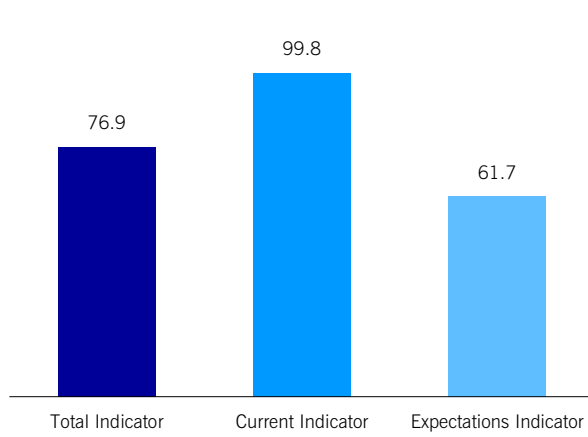
## West Siberian



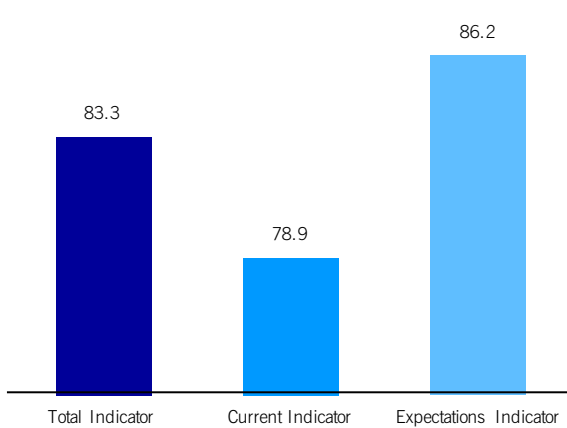
## Central Russia



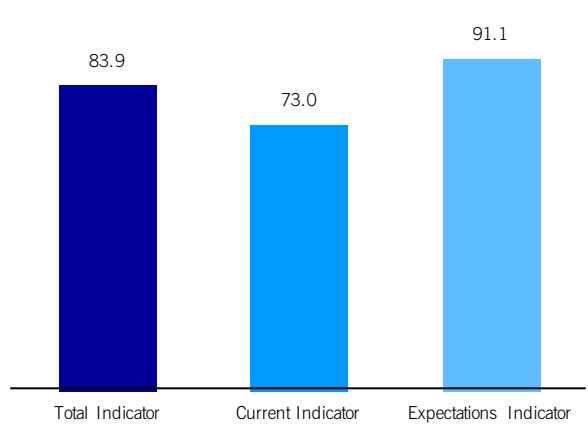
## Volga



## Urals



## North Caucasus





Consumers remained less confident about the future as the Expectations Indicator stood at 87.1 in May compared with 87.4 in April. Business Conditions in One Year were 19.5% below the same period a year earlier while Expectations for Business Conditions in Five Years declined to the lowest since the start of the survey. The third component of the Expectations Indicator, Expected Personal Finances has trended downwards, and has remained in contraction for four months, but in May it increased slightly after hitting a series low in April.

### Regions

Consumer sentiment remained weak in all regions and fell to a series low in six out of the 12 surveyed. Central Russia continued to be the most optimistic, while Volga was the least optimistic. Respondents from Western Siberian suffered a significant decline of 18.5% in consumer sentiment, with the indicator declining to the lowest since the start of the survey.

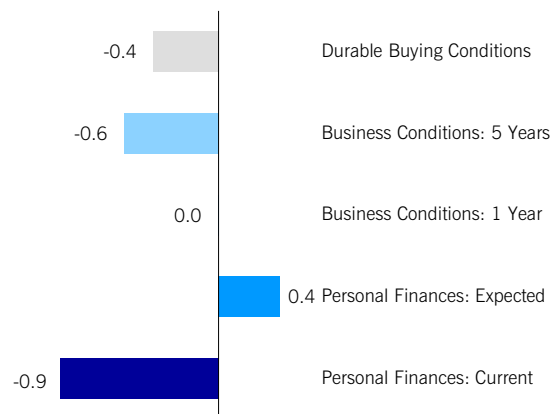
Confidence rose the most in the Urals region after three consecutive falls. The Consumer Indicator increased to 83.3 from 77.4 in April, although was still 15.4% down on the year. Compared with the previous month, consumers were more optimistic about Future Conditions especially Business Conditions in One and Five Years. Personal Finances, both current and expected, declined on the month.

### Age

Consumer sentiment declined in all age groups, with the oldest age group being the least optimistic.

Consumer sentiment hit a record low in the youngest age group (18-34 year olds), with the Consumer Indicator declining to 89.5 in May from 92.4 in April. Consumers were less optimistic about future conditions than current conditions. The steepest fall was in consumers' expectations for Business Conditions in Five Years, which declined to the lowest in three months.

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





Consumer sentiment declined for the fourth consecutive month, albeit slightly, among the middle age range (35-54 year olds), to hit a series low in May. The Consumer Indicator stood at 85.1 compared with 85.5 in the previous month. Consumers were highly concerned about their Current Personal Finances, which were down 8.6% on the month and 26.7% below the level seen in the same period a year earlier. Respondents were more optimistic about Business Conditions in a year's time as shown by a small pick up in the indicator for the first time in seven months.

Consumer sentiment among the oldest age range of 55-65 year olds declined to a new series low of 83.7 from 85.5 in April. Consumers were more dissatisfied with the Current Conditions than the Future Expectations. Significant falls were seen in Current Personal Finances and consumers' propensity to buy large household items. Consumers were pessimistic about all five components that make up the Consumer Indicator, all being below the 100 expansion/contraction line for the third consecutive month.

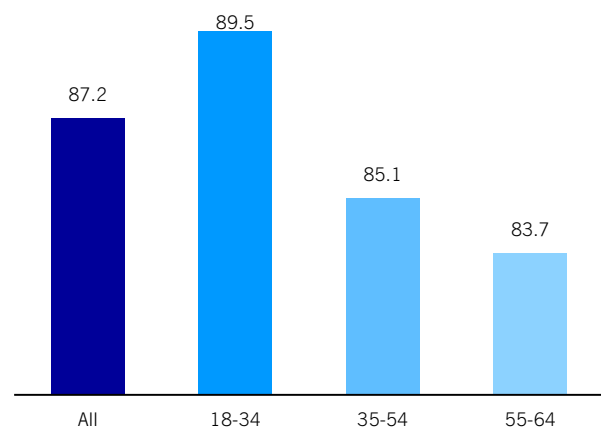
### Income

Consumer confidence increased in high income groups but declined in low income households in May.

For households with an average income under RUB 480,000 per annum, sentiment declined for the fourth month in a row to a new series low of 80.6 from 84.2 in the previous month. For households with an average income over RUB 480,000 per annum, consumer sentiment improved to 97.7 from 92.6 in April, the highest in three months.

Consumer confidence has on average been higher among high income households and lower among low income households. Our survey shows that low

Consumer Indicator: Age Groups

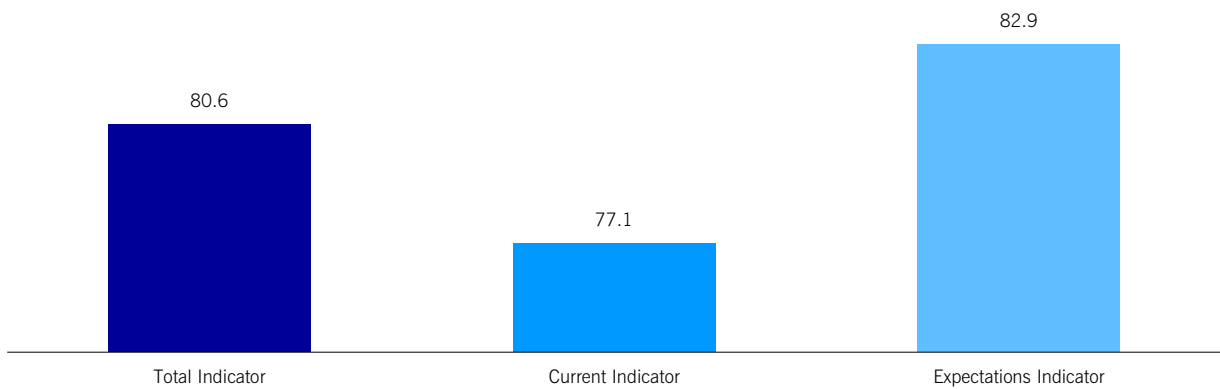


income households have been hit the most while wealthier ones have not been impacted much by the current political and economic tension. Consumer sentiment was 15.4% down on the year among low income households, but only 1.5% down for higher income households.

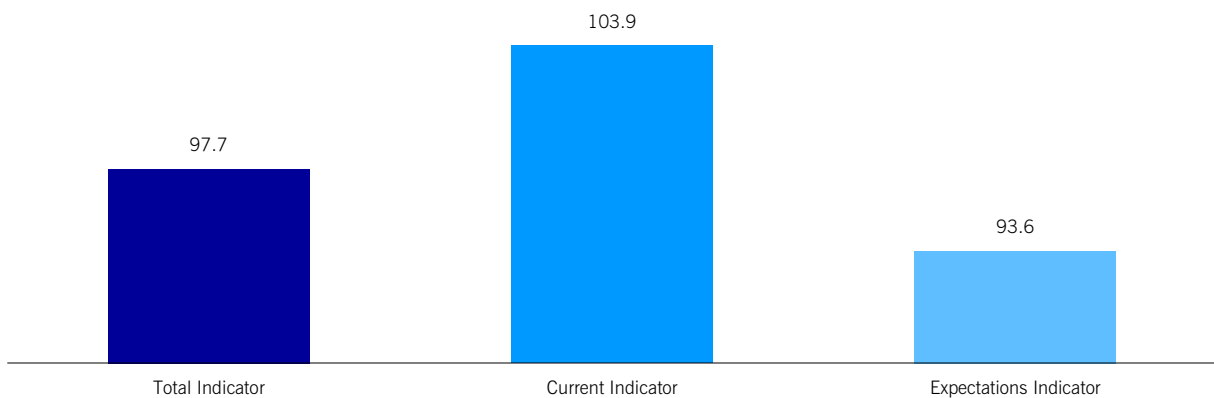
## MNI Russia Consumer Indicator Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



# MNI Russia Consumer Indicator

## Main Cities



The Consumer Indicator declined in eight out of the 10 major cities surveyed in May while it was above the 100 expansion/contraction line only for St. Petersburg and Omsk.

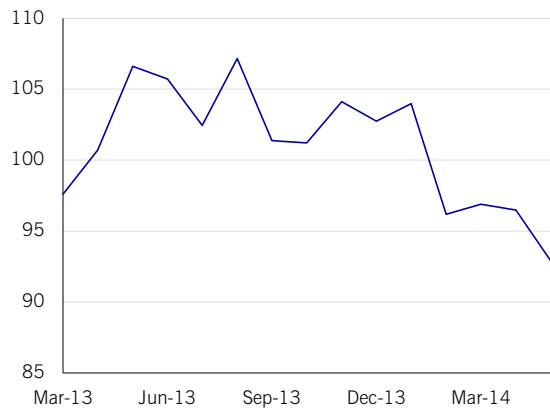
In Moscow, consumer sentiment declined for the second consecutive month to hit a record low in May. The Consumer Indicator was in contraction for the fourth month in a row at 92.9, compared with 96.5 in the previous month.

Consumers in Moscow were less optimistic about all of the five components that make up the Consumer Indicator apart from Business Conditions in One Year, which increased slightly after four monthly declines. Consumers did not think it was a good time to buy a large household item as the Durable Buying Conditions Indicator declined below the 100 neutral line for the first time since the start of the survey. Consumers were only optimistic about Expected Personal Finances which picked up after hitting a record low level in February.

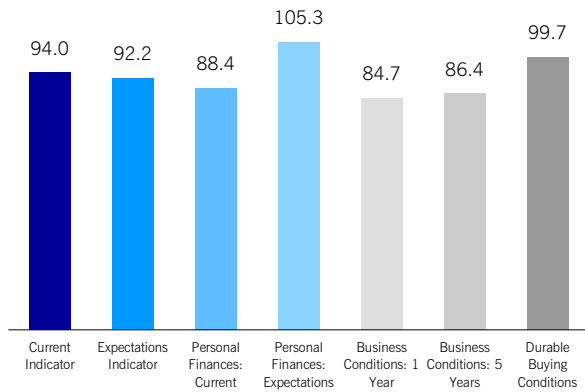
Consumer sentiment expanded sharply in Saint Petersburg, the second largest city in Russia, after remaining in contraction for eight months. The Consumer Indicator rose to 101.4 from 92.5 in April, making it the most optimistic city in May. The increase was across the five components, the largest being in Business Conditions in One Year which rose by 15.7% to just below 100. Consumers were more optimistic about Business Conditions in Five Years, with the indicator standing at the highest since September. Consumers were also more optimistic about Personal Finances in the next 12 months, which hit the highest level since August.

In Novosibirsk, the third most populous city in Russia, consumer sentiment declined to the lowest level since the series started. The Consumer Indicator fell from 88.7 in April to 83.6 in May. Respondents were less optimistic about future conditions, as shown by a significant decline in the Future Expectations Indicator

Consumer Indicator - Moscow



Consumer Indicator Components - Moscow

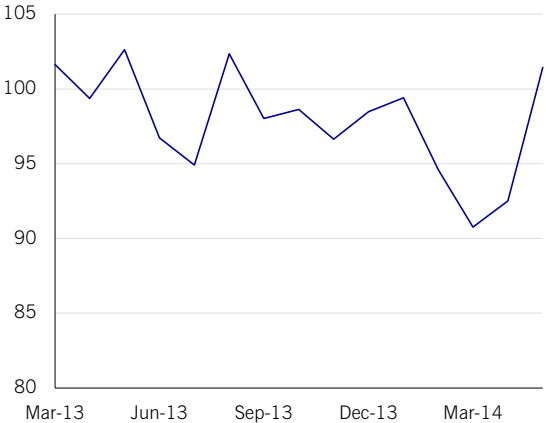


which fell for the first time in three months. There were sharp declines in the Business Conditions in One Year and Future Personal Finances Indicators. Despite the fall in Current Personal Finances, consumers found it a better time to purchase large household items as compared with the previous month.

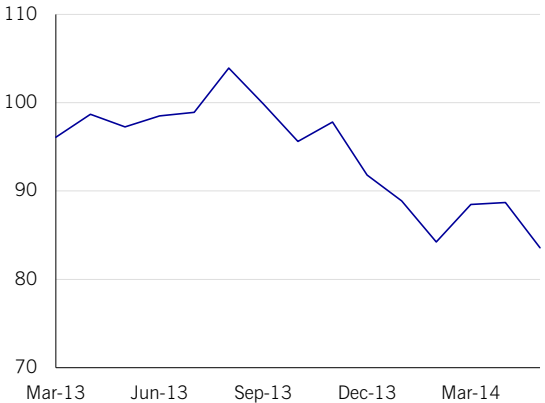
Kazan was the least optimistic city in May. The Consumer Indicator declined sharply by almost 12% to 75.5 from 85.7 in the previous month and was more than 25% below the outturn in the same period a year ago.



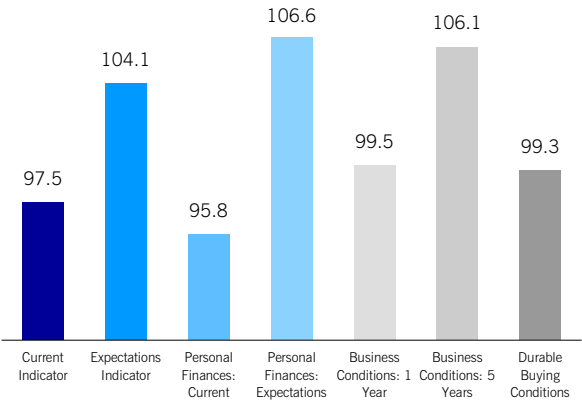
Consumer Indicator - Saint Petersburg



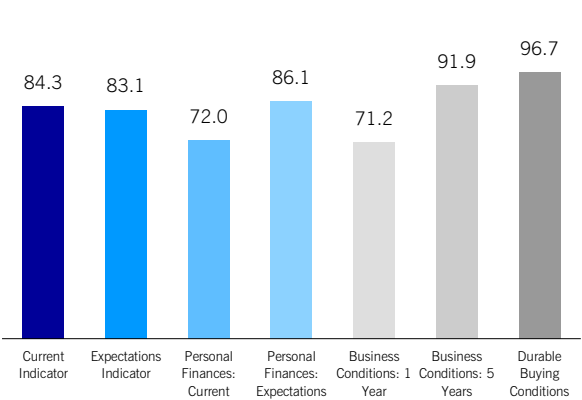
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



# Personal Finances

## Close to Record Low



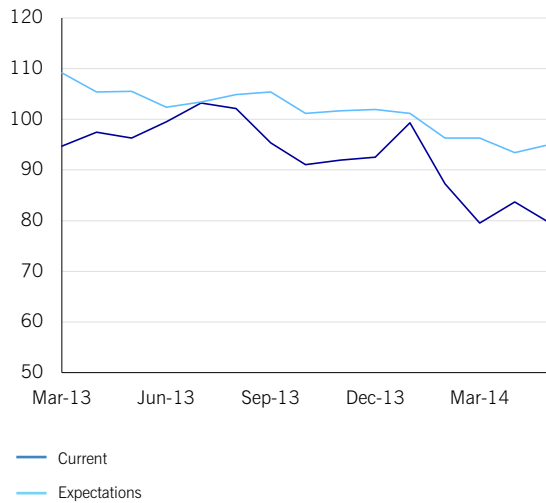
Current Personal Finances declined further in May, close to the record low level seen in March, while expectations for future finances rose slightly, although remained below the 100 breakeven level.

The Current Personal Finances Indicator, which measures whether the financial situation of a household is better, the same, or worse than a year ago, fell to 79.6 from 83.7 previously, very close to the series low of 79.5 recorded in March. In spite of the month's gain, the indicator was 17.4% below the levels seen in the previous year, hit by high inflation and poor economic growth.

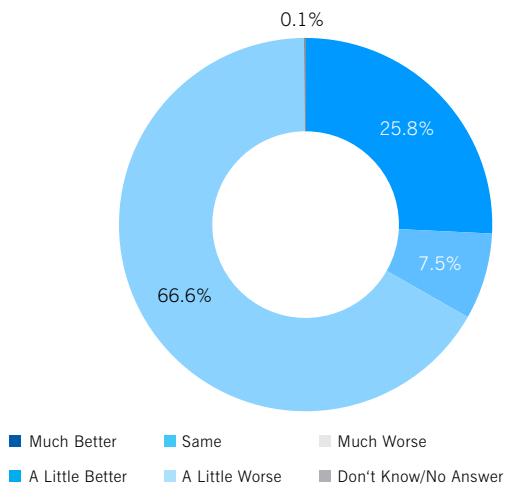
From the three quarters of respondents who reported that their Current Personal Finances were worse, a growing proportion blamed poor policy and business conditions for this.

Expected Personal Finances, which measures whether households think their finances will be better in a year's time, picked up slightly to 95.0 after declining to a series low of 93.4 in the previous month. It was the fourth month that expectations were below the 100 breakeven mark.

Personal Finances



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



### Personal Finances

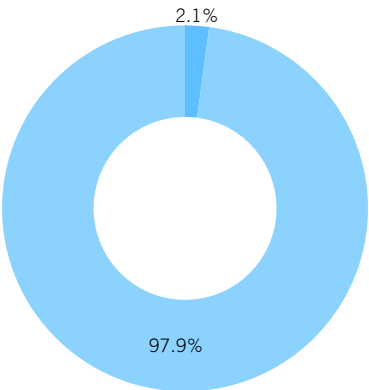
	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Current	96.3	92.5	99.3	87.3	79.5	83.7	79.6
Expectations	105.5	101.9	101.2	96.3	96.3	93.4	95.0



# How Households Spend their Money

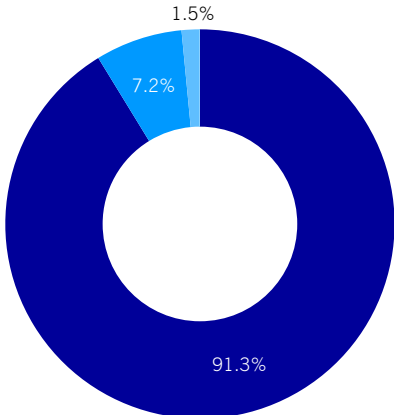


Daily Expenses (% of Households)



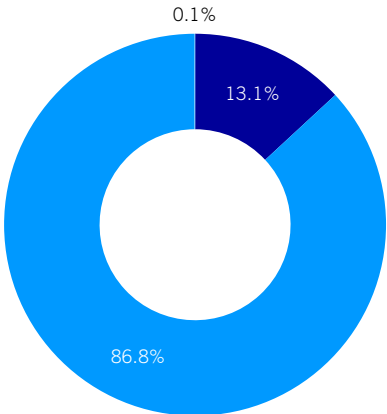
- 0% - 29% of Income
- 30% - 49% of Income
- 50% - 69% of Income
- 70% - 100% of Income

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



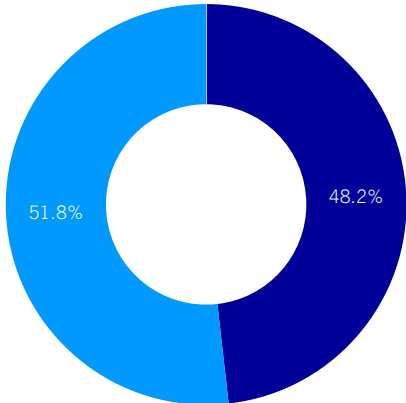
- 0% of Income
- 1% - 29% of Income
- 30% - 49% of Income
- 50% - 100% of Income

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 At Record Low Levels



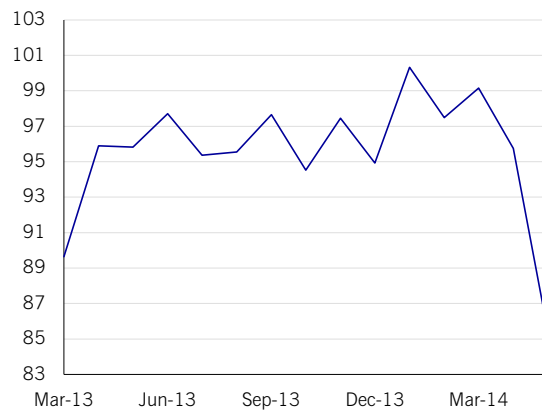
Increasing concerns about the current state of the economy and wider sanctions that could be levied against Russian businesses prompted a fall in both current business conditions and consumers' future expectations.

The Current Business Conditions Indicator, which measures respondents' views on the state of business compared with a year ago, fell sharply to 85.5 compared with 95.7 in the previous month, the lowest since the start of the survey in March 2013. Consumer sentiment regarding the business environment been weak throughout the series history and the only time it has been above the breakeven level was in January, a possible short-term boost in the run-up to the Sochi Olympics.

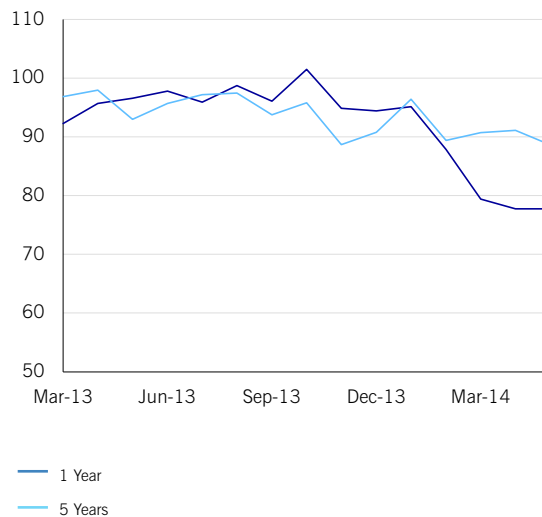
The current political turmoil has dented respondents' perceptions about the business environment. Around 30% of respondents thought conditions were "poor" or "very poor" while 60% of them, fewer than the previous month, thought they were the same.

Longer term, Expectations for Business Conditions in Five Years declined to a record low level in May with the Indicator falling by 2.7% to 88.6 compared with 91.1 in the previous month. Since last year, the series has fallen by 4.7% and is below the series average of 93.5.

Current Business Conditions Indicator



Expected Business Conditions



### Business Conditions

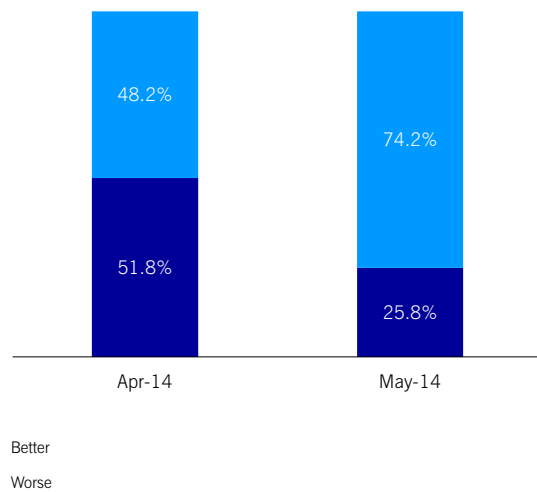
	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Current	95.8	94.9	100.3	97.5	99.2	95.7	85.5
In 1 Year	96.6	94.4	95.1	87.8	79.4	77.8	77.7
In 5 Years	93.0	90.8	96.4	89.4	90.7	91.1	88.6

# Business Conditions in 1 Year

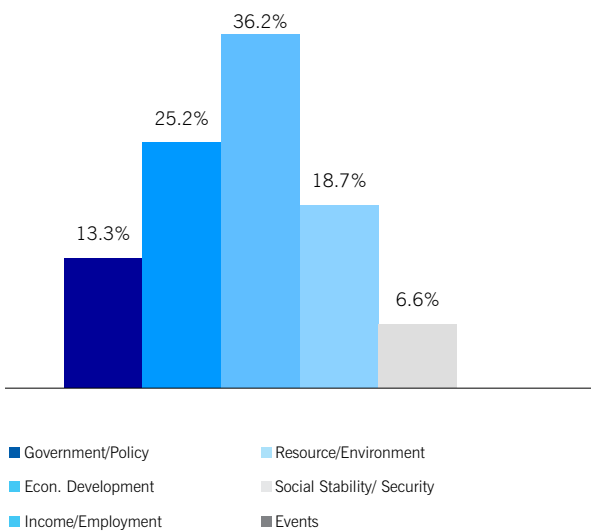


Expectations for Business Conditions in a Year remained stable at 77.7 compared with 77.8 in April. The majority of respondents (67%) expected to see a worsening in business conditions over the next 12 months. A growing proportion of respondents cited the country's economic development as the main reason for the deterioration in their outlook.

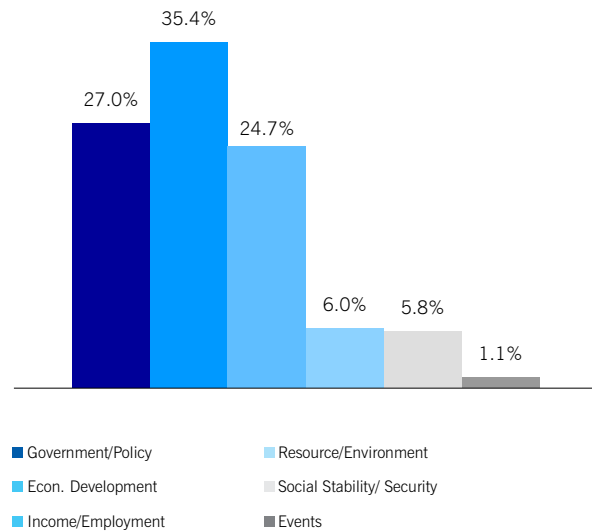
All Russia



All Russia, Reasons for Better



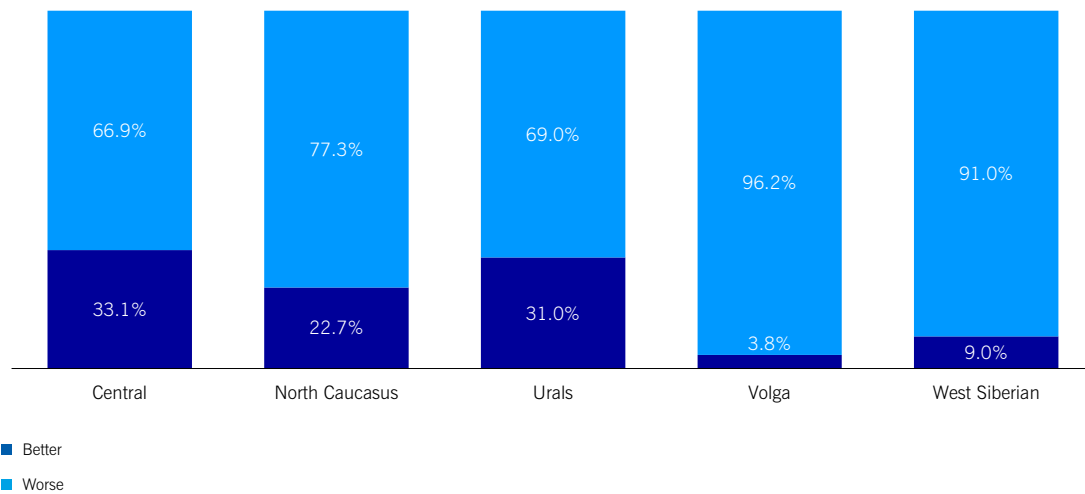
All Russia, Reasons for Worse



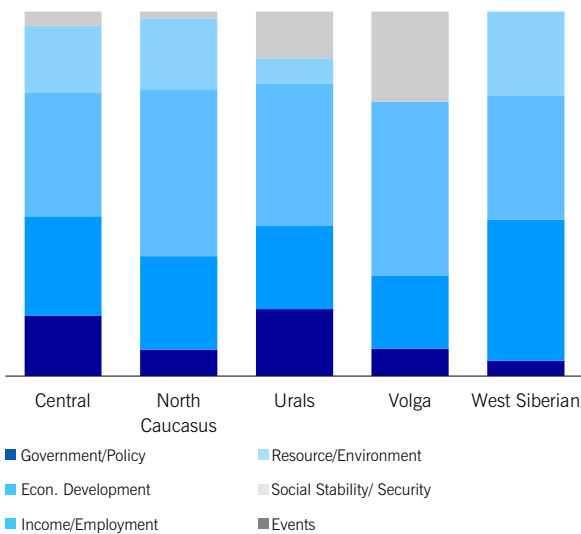


# Business Conditions in 1 Year Regions

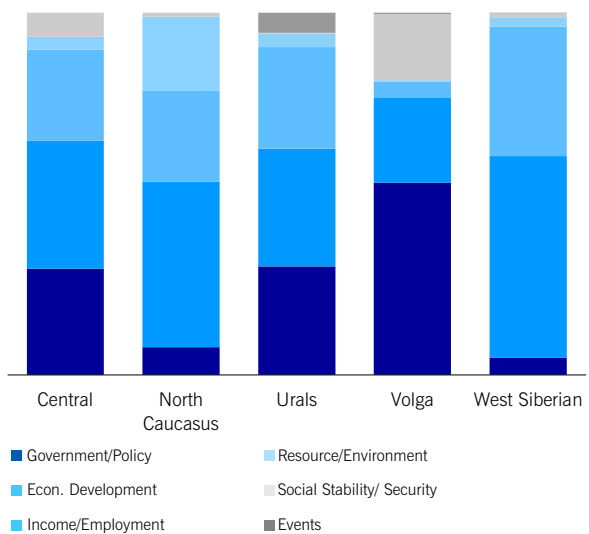
Business Expectations: Worse or Better?  
(% of Respondents)



Reasons for Better  
(% of Respondents)



Reasons for Worse  
(% of Respondents)



# Durable Buying Conditions Lowest in 14 Months

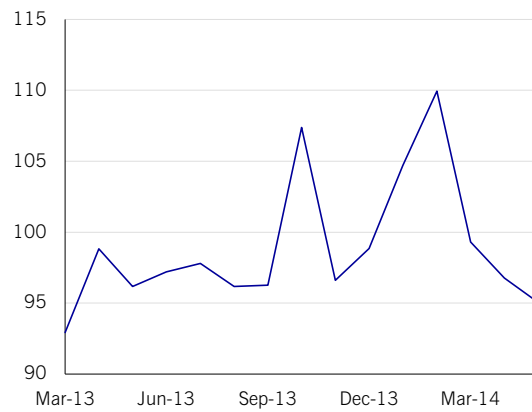


The Durable Buying Conditions Indicator, which measures whether respondents think it is a good or bad time to buy a large household good, declined for the third consecutive month to the lowest since March 2013.

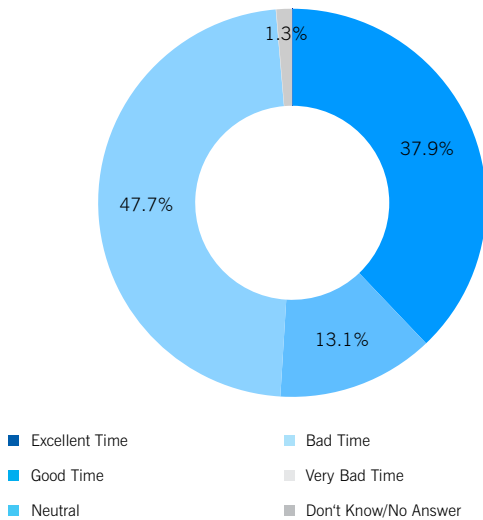
The Indicator fell to 95.1 from 96.8 in April, as the current economic malaise and depreciation in the rouble has reined in consumers' discretionary spending by pushing up the cost of imported goods. Some consumers complained that their salary did not grow in line with inflation, eroding their purchasing power.

There was a rise in the proportion of respondents who thought it was an "okay" time to purchase household items, although the majority thought it was a bad time. Many respondents pointed to the high cost of household durable goods and reported that they could not afford large purchases.

Durable Buying Conditions



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



Durable Buying Conditions

	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Durable Buying Conditions	96.2	98.9	104.7	109.9	99.3	96.8	95.1

# Employment Outlook Lowest Since February



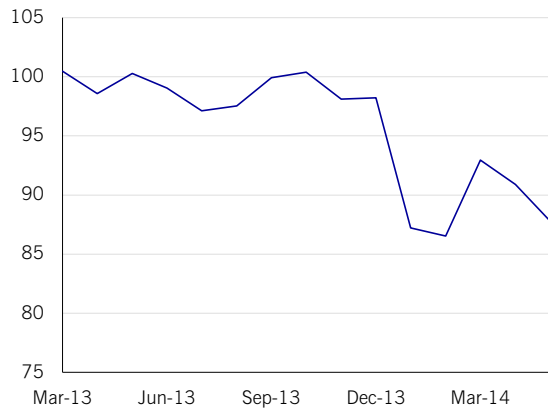
The outlook for the employment market deteriorated further in May, as consumers concerns over the state of the economy mounted.

The Employment Outlook Indicator, which measures opinion on the outlook of the employment market over the next 12 months, declined to 87.8 in May from 90.9 in April. The labour market has deteriorated significantly in 2014, with the Indicator hitting a series low in the first quarter of the year.

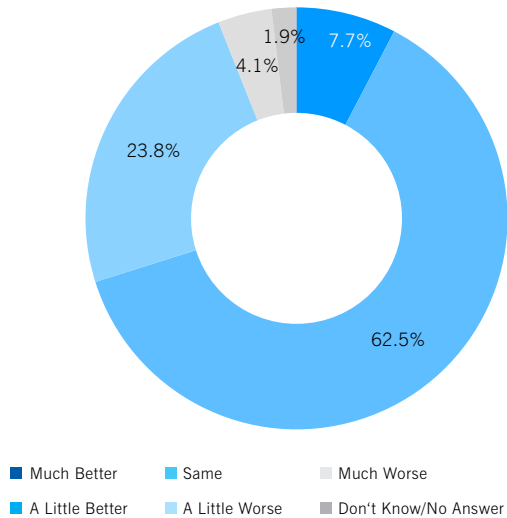
Respondents from the five major regions surveyed were more pessimistic about the Employment Outlook apart from respondents from West Siberian, where the indicator increased marginally and Urals, where the Employment Indicator rose slightly although remained below the 100 level that separates expansion from contraction. Respondents from the Volga region were most perturbed about their employment situation compared with the previous month as more than half of them expected the situation to worsen in a year.

Official statistics showed that the unemployment rate declined in April to 5.3% from 5.4% in March. Results from the May edition of our sister survey on Russian Businesses showed that the majority of companies reported that the current number of employees they had was just right, although over the past year, companies have become more pessimistic due to the economy's downturn.

Employment Outlook Indicator



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



## Employment Outlook

	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Employment Outlook	100.3	98.2	87.2	86.5	92.9	90.9	87.8

# Prices Sentiment

## Inflation Expectations at Record High Levels



Concerns over the current level of prices remained high in May, while expectations about the future rate of inflation hit a record high level.

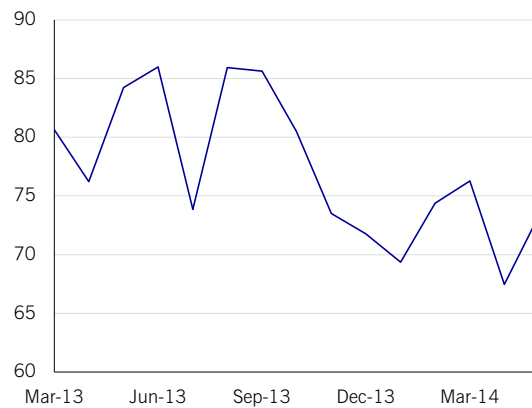
The Current Prices Satisfaction Indicator picked up in May to 73.4 after falling sharply to a series low of 67.5 in April. A figure below 100 indicates wider dissatisfaction with current prices, and the further below 100 the greater the dissatisfaction. The indicator has remained below 100 since the survey started in March 2013 and in May, it was almost 13% below the same period a year earlier.

Consumer price inflation rose sharply to 7.6% in May, from 7.3% in April, mostly driven by an acceleration in food prices to 9.5% on the year, up from 9% in the previous month. The central bank governor, Elvira Nabiullina, now expects inflation to be 5-6% in 2014, missing the 5% target set previously for 2014. The recent weakening of the rouble has fuelled inflation, although planned lower hikes in administered prices and tariffs should provide some relief.

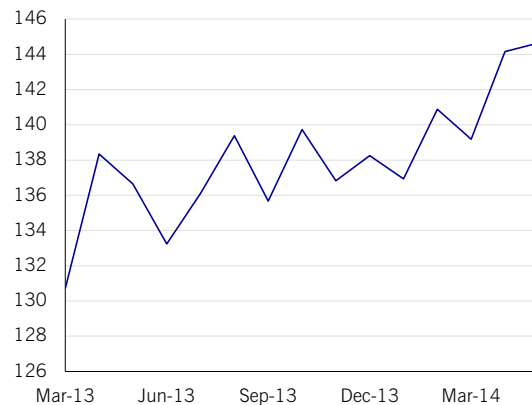
The central bank believes that stubborn inflation is a serious problem and the previous rate hikes will have an impact on controlling inflation, which ultimately would rebuild trust in the rouble and ensure macroeconomic stability.

The Inflation Expectations Indicator, which measures whether respondents think prices will be higher or lower in 12 months' time, has trended upwards since the start of the survey. It rose to a new series high of 144.6 in May compared with 144.2 in the previous

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



### Prices Sentiment

	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Satisfaction with Current Prices	84.2	71.8	69.4	74.4	76.3	67.5	73.4
Inflation Expectations	136.6	138.2	136.9	140.9	139.2	144.2	144.6

# Prices Sentiment Regions



month. More than 70% of respondents expected prices to be higher in the next 12 months.

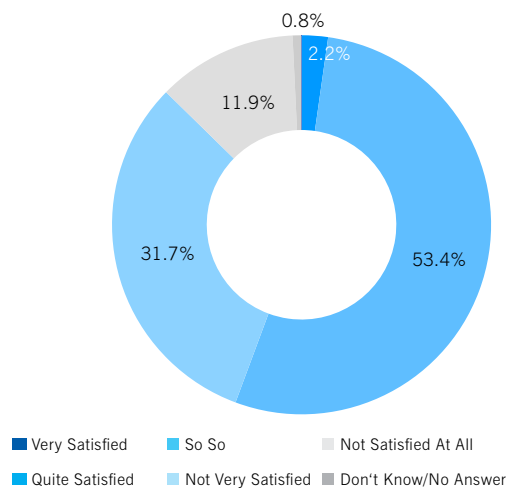
Since October, most respondents had thought prices would rise between 11-24% over the next year, but this has changed in the past two months. The proportion of respondents who thought prices would rise by over 25% represented the majority, likely due to fears that the depreciation in the currency will adversely impact inflation.

### Regions

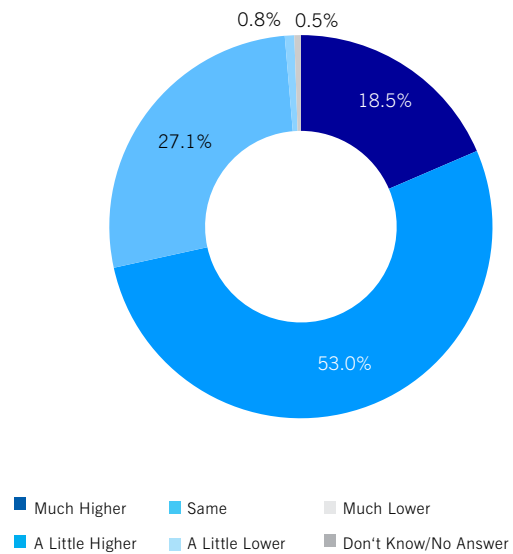
All regions showed wide dissatisfaction with the current level of prices. Among the five major regions, the Central region showed the greatest dissatisfaction, although the indicator rose slightly. Consumers' satisfaction with the price level has trended downwards after peaking in August 2013.

Respondents from the Volga region had the highest inflationary expectations over the next 12 months as almost all of them thought prices would be higher, although the indicator declined slightly for the first time since January.

Satisfaction with Current Prices  
(% of Households)



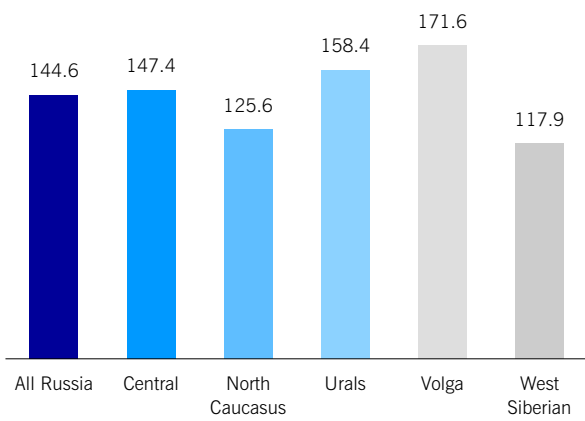
Inflation Expectations in 12 Months  
(% of Households)



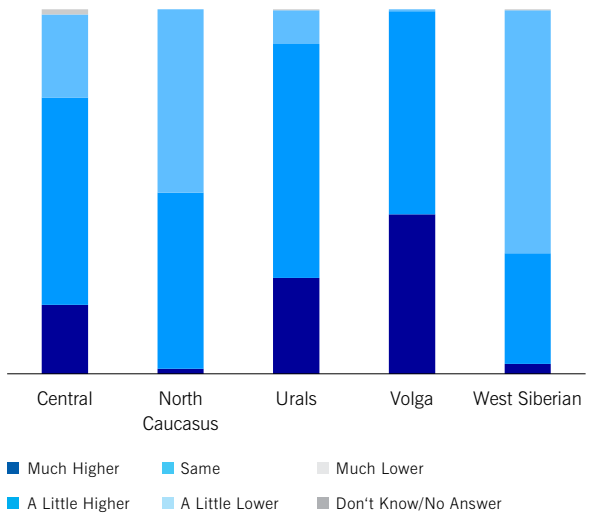




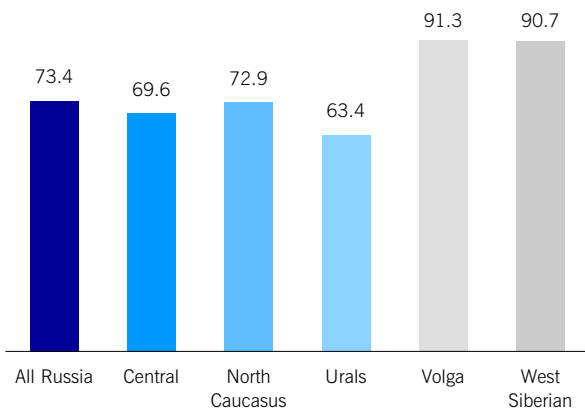
Inflation Expectations Indicator



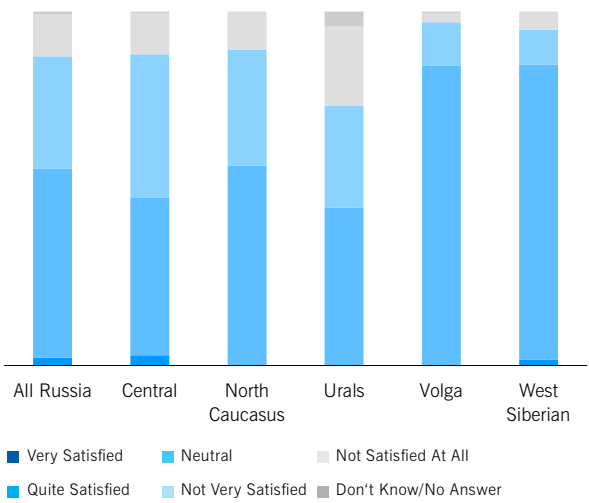
Expected Change in Prices in 1 Year  
(% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices  
(% of Households)



# Interest Rate Expectations Hits Record High



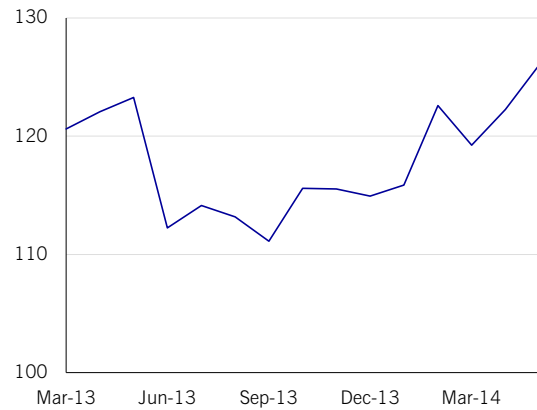
The Interest Rate Expectations Indicator rose to the highest on record in May to 126.0 from 122.3 in the previous month, the second consecutive monthly rise.

The indicator has remained above 100 in every month since the survey started in March 2013, indicating that more households expected interest rates to rise rather than fall over the coming year. A result below 100 indicates means more households expect to see a fall.

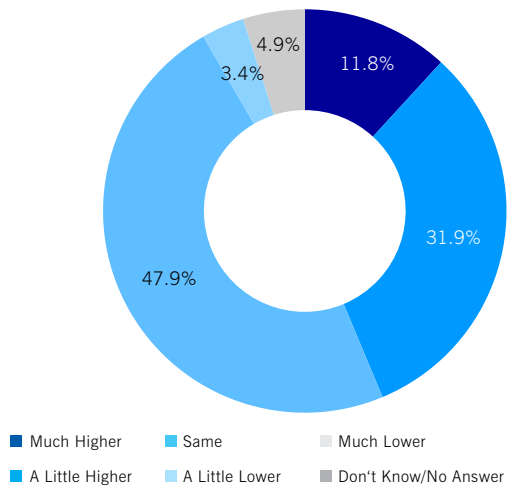
In a surprise move, the central bank raised its key rate to 7.5% from 7% at the end of April, and said that it does not expect to cut rates in the coming months. While the bank pointed to the continued high level of inflation as the main reason for the tightening in monetary policy, it came soon after S&P cut Russia's sovereign rating, and looked like a move to stem the negative impact, especially on the currency.

Survey participants forecasting that interest rates on home and car loans would be higher in a year's time rose from 38.2% to 43.7% in May. The percentage of respondents expecting interest rates would be the same fell below 50% for the first time in 12 months to 47.9% from 53.1% in April.

Interest Rate Expectations Indicator



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



## Interest Rate Expectations

	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Interest Rate Expectations	123.3	114.9	115.9	122.6	119.2	122.3	126.0

# Real Estate Investment Remains Broadly Stable



The Real Estate Investment Indicator stood at 108.0 in May following three consecutive monthly declines to 107.2 in April.

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

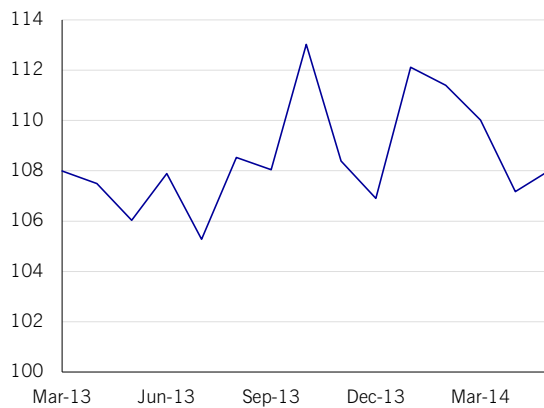
House Price Expectations rose to 139.3 in May after a blip in the previous month to 137.7 from March's series high of 140.1. Price Expectations have risen sharply since November and, in spite of this month's fall, they were over 18.1% above the same period a year ago and well above the 100 level, indicating more people expect prices to increase than fall over the next six months.

The percentage of respondents who said prices will go up in the next six months increased to almost 70% from 67.6% previously, while those saying prices would "stay the same" fell to 23.5% from 28% in April.

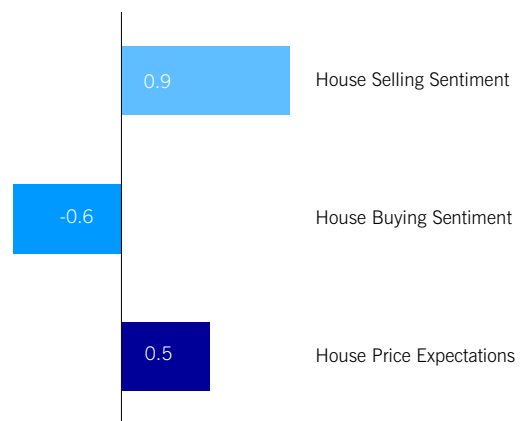
House Buying Sentiment, a measure of whether it is a good time in the next six months to buy a house, declined for the fourth month in a row, to a new series low of 82.6 from 84.5 in April.

The third component, House Selling Sentiment, which is a measure of whether it is a good time in the next six months to sell a house dropped below the breakeven level to 97.8 from 100.7 in April.

Real Estate Investment Indicator



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



## Real Estate Investment Sentiment

	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Real Estate Investment Sentiment	106.0	106.9	112.1	111.4	110.0	107.2	108.0
Price Expectations	117.9	130.9	135.7	139.0	140.1	137.7	139.3
House Buying	100.2	92.1	99.7	96.8	87.3	84.5	82.6
House Selling	100.0	102.3	99.0	101.6	97.4	100.7	97.8

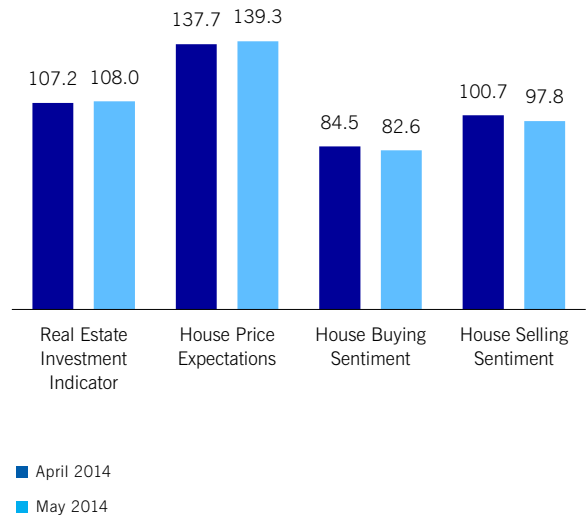
# Real Estate Investment Components and Balances



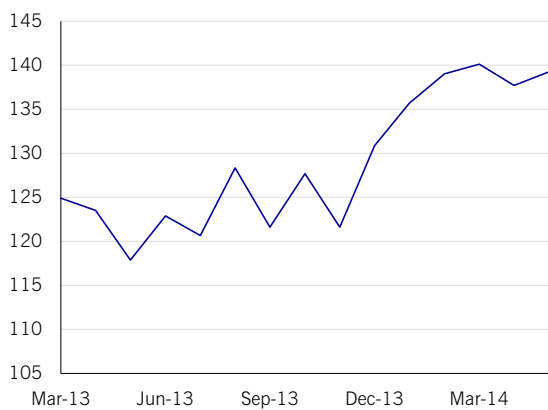
## Regions

The Real Estate Investment Indicator declined only in the West Siberian region. Consumers in West Siberian were the least optimistic about real estate investment and about 90% of them felt it was a bad time to purchase a house.

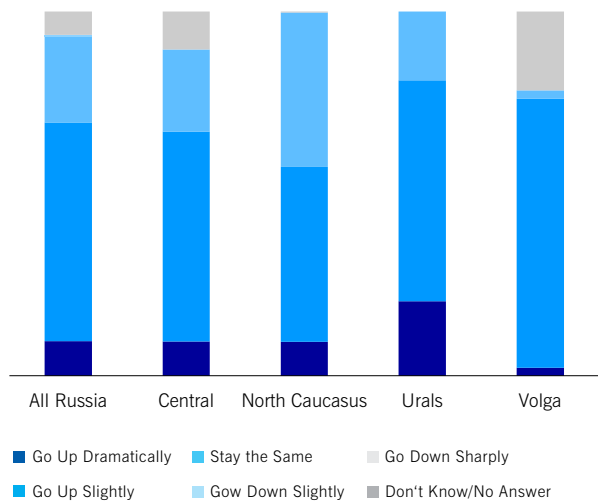
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes



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

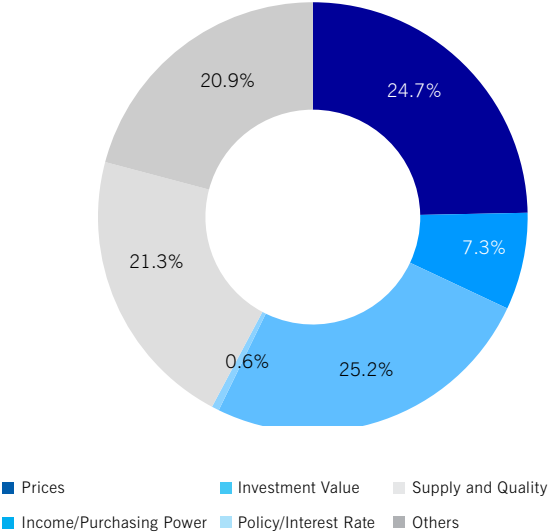




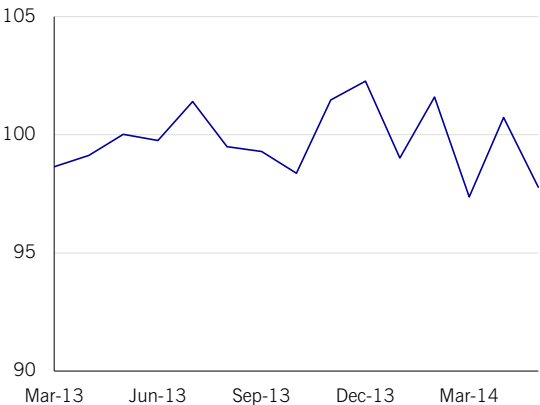
House Buying Sentiment



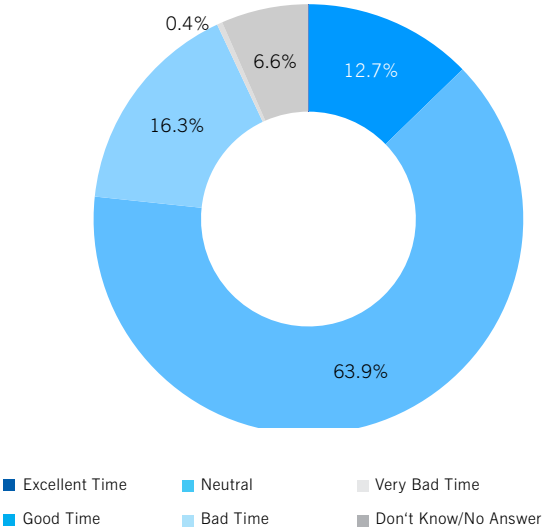
Reasons for Buying Houses (% of Households)



House Selling Sentiment



Timing for Selling Houses (% of Households)



## Car Purchase Hits Record Low



The Car Purchase Indicator declined for the third consecutive month in May to the lowest since the start of the survey, driven by a fall in consumers' willingness to buy a car in the following 12 months.

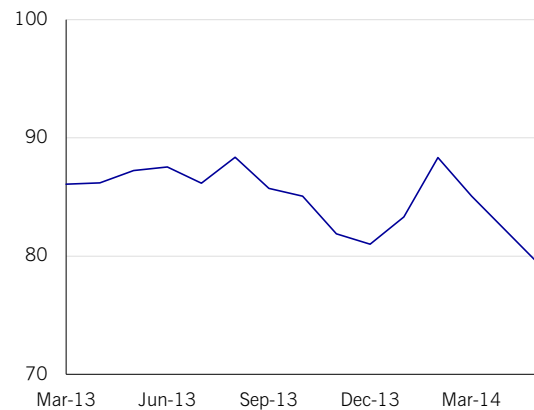
The indicator assesses whether consumers believe it is a good or bad time to purchase a car and it fell 3.5% to 79.3 in May from 82.2 in April.

The Car Purchase Expectations component, which measures the willingness to buy a car, declined to 99.1 in May from 103.8 in April, below the 100 expansion/contraction line and the lowest in 2014. It was the first time since the start of the survey that the majority of respondents thought it was a bad time to purchase a car in the next 12 months. A growing proportion cited high interest rates as a deterrent, in line with the Central Bank's surprise rate hike at the end of April.

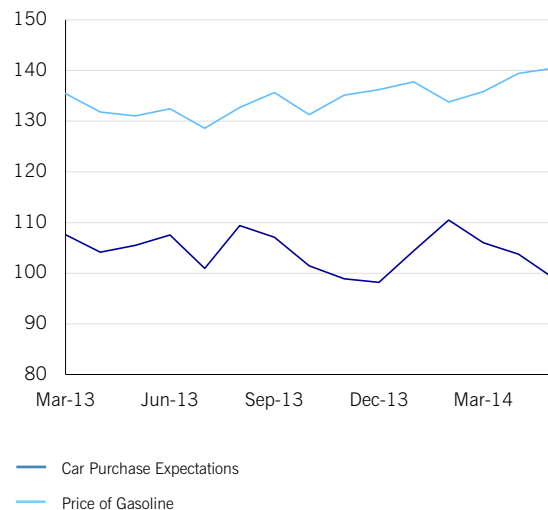
According to the Association of European Businesses, sales of new cars declined considerably in April compared with a year ago. 226,526 vehicles were sold in April, 7.7% down on the year and almost 7% below March's total. A weaker rouble, which has pushed up prices for imported cars, is taking its toll on consumer demand.

The Indicator on Gasoline Prices, which measures Expectations for the Price of Gasoline in a year and impacts the Indicator negatively, rose to a series high of 140.5, slightly above the 139.4 recorded in the previous month.

### Car Purchase Indicator



### Car Purchase Indicator - Components

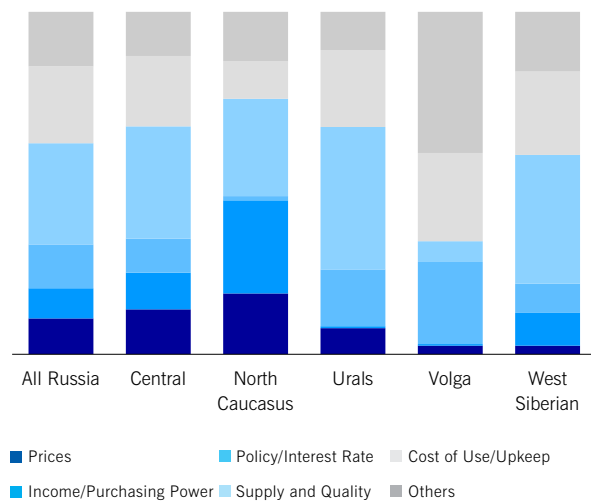


### Car Purchase Sentiment

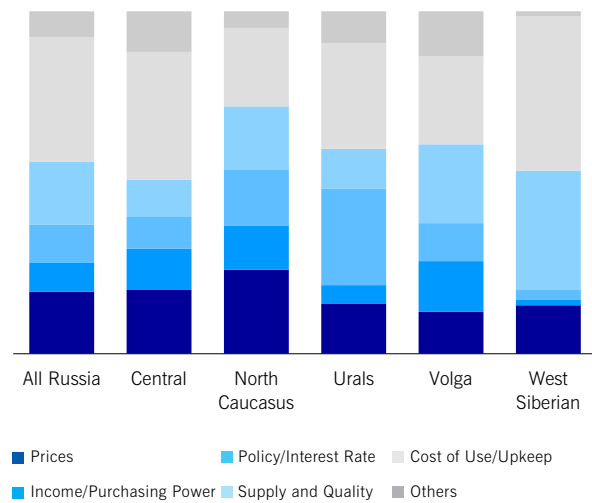
	May-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Car Purchase Sentiment	87.2	81.0	83.3	88.3	85.1	82.2	79.3
Car Purchase Expectations	105.5	98.2	104.4	110.5	106.0	103.8	99.1
Price of Gasoline	131.0	136.2	137.7	133.8	135.8	139.4	140.5



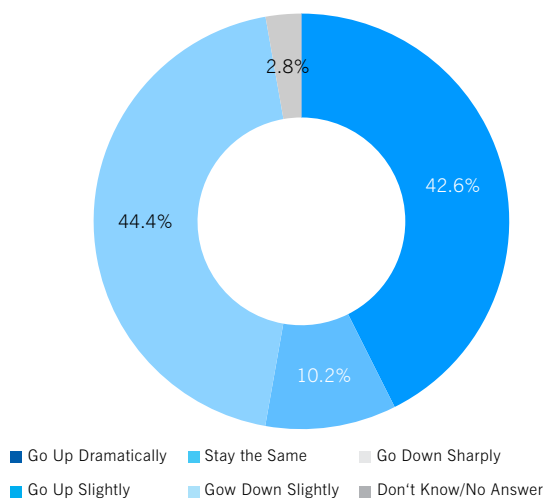
Reasons for a Good Time to Buy a Car  
(% of Households)



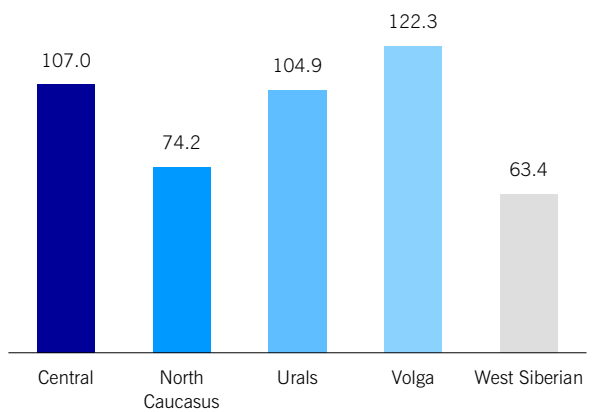
Reasons for a Bad Time to Buy a Car  
(% of Households)



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



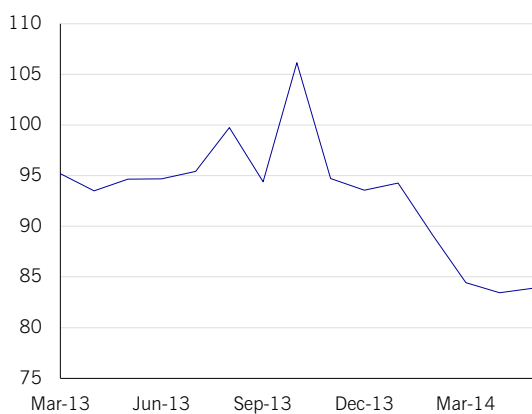
Car Purchase Expectations - Regions



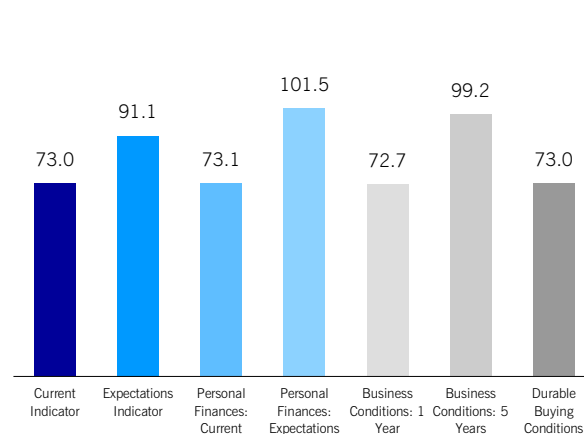
# MNI Russia Consumer Indicator Regions



Consumer Indicator: North Caucasus



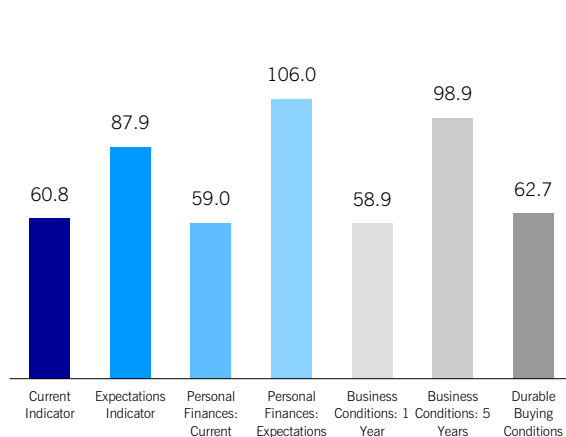
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian



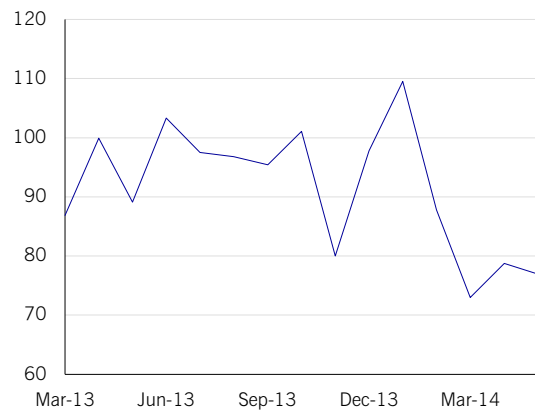
Consumer Indicator Components: West Siberian



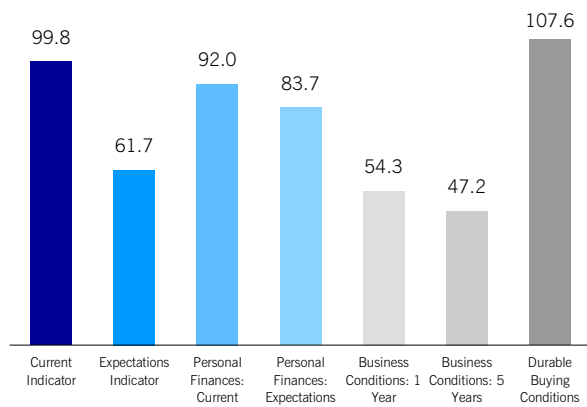




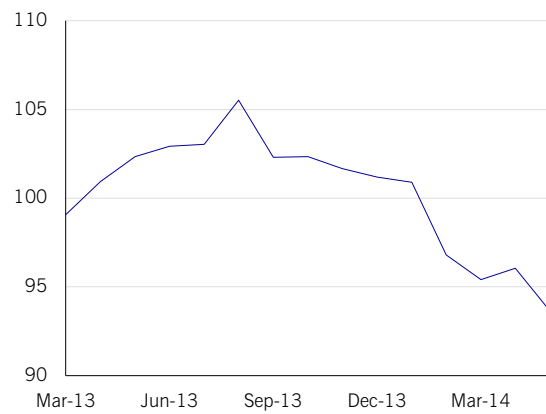
Consumer Indicator: Volga



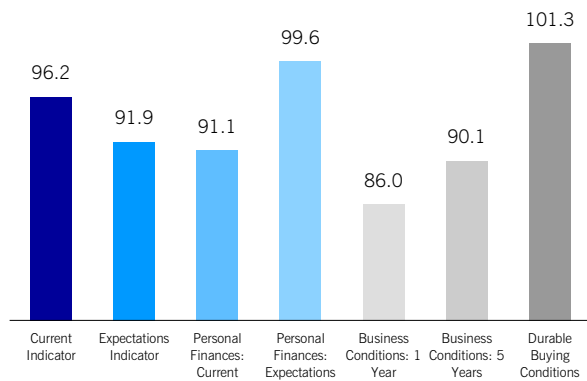
Consumer Indicator Components: Volga



Consumer Indicator: Central

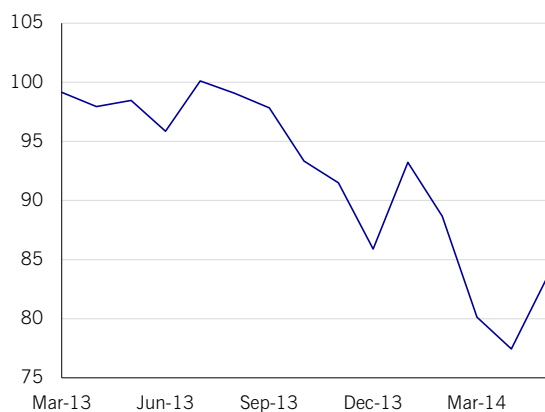


Consumer Indicator Components: Central

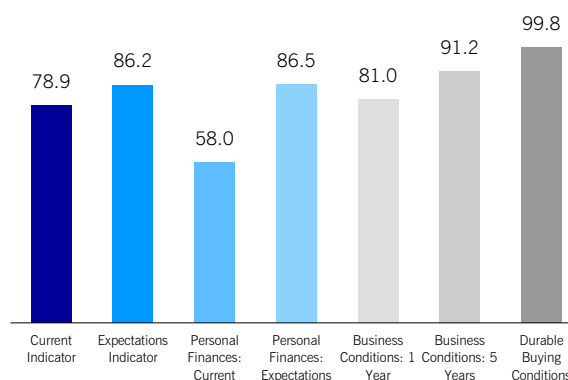




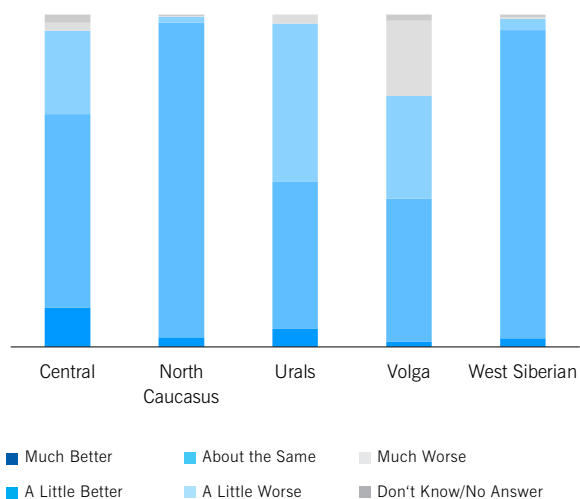
Consumer Indicator: Urals



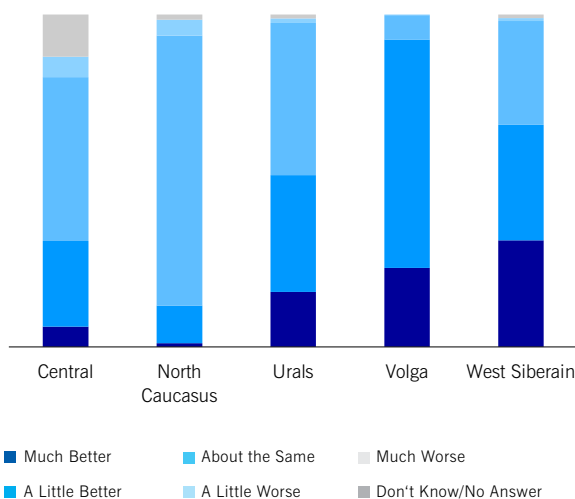
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

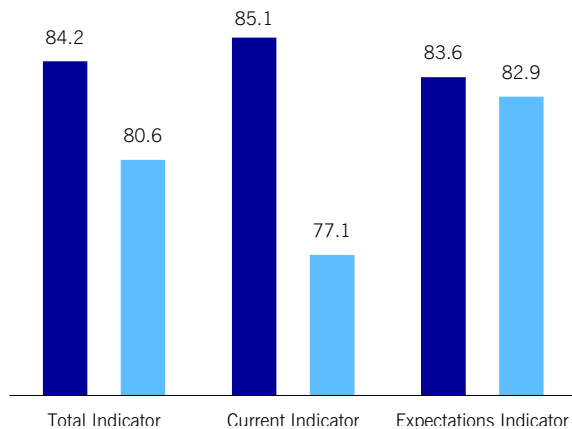


# MNI Russia Consumer Indicator

## Income Groups

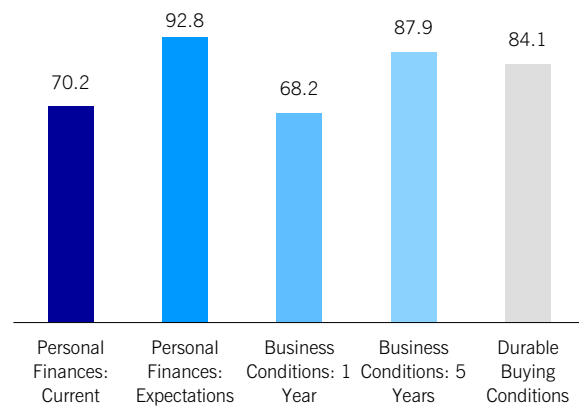


< RUB 480,000 Per Annum

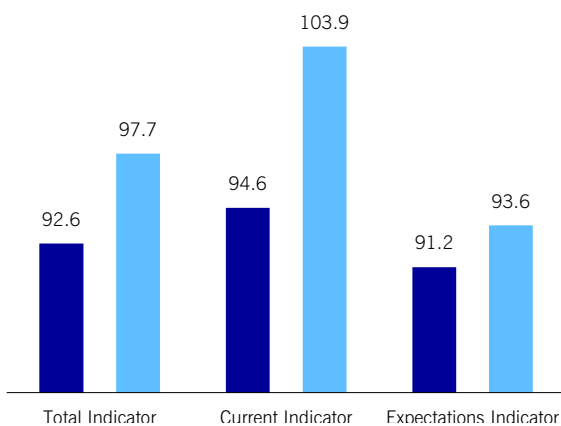


■ April 2014  
■ May 2014

< RUB 480,000 - Components

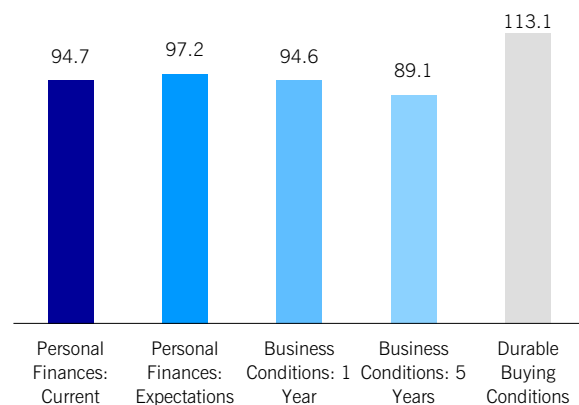


> RUB 480,000 Per Annum



■ April 2014  
■ May 2014

> RUB 480,000 - Components





## What the Panel Said

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A selection of comments from the panel of consumers surveyed over the past month.

"Salary is decreased approximately by 20%."

"Growth in prices is faster than salary change."

"The quality of new constructions is very bad."

"Russia has worsened its relations with rest of the world."

"Household finances are better as my wife started to work after maternity leave."

"Our transport expenses have decreased due to an opening of a new metro station nearby."

"Costs of a car ownership are significantly higher in Russia than other European countries."

"Work conditions are not stable."

"Western partners plan to decrease amount of trade deals in 2014."

"Technology goods for household cost a lot."

"When rouble is unstable, a real estate purchase allows to save finances."

"Our ability to purchase is decreasing because of growth in prices."

"Mortgage interest costs are very high."

"In the situation with Ukraine, the US is ready to react with serious sanctions."

"Many goods are available in the market but the quality is not good."

"It is better to sell a house than buy due to high real estate cost."

"Government does not care about common people."

"There are evident improvements in the banking and pharmaceuticals sectors."



# Data Tables

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

## Russia - Central Overview

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Central Consumer Indicator</b>	95.4	96.1	93.6	-	series low	95.0	-2.5	-2.5%
Current Indicator	97.7	98.5	96.2	-	series low	97.5	-2.3	-2.3%
Expectations Indicator	93.8	94.4	91.9	-	series low	93.4	-2.5	-2.7%
Personal Finance: Current	92.5	93.4	91.1	-	Feb-14	92.3	-2.3	-2.4%
Personal Finance: Expected	102.2	102.8	99.6	-	series low	101.5	-3.2	-3.1%
Business Condition: 1 Year	85.6	86.6	86.0	-	Mar-14	86.1	-0.6	-0.7%
Business Condition: 5 Years	93.7	94.0	90.1	-	Feb-14	92.6	-3.9	-4.1%
Durable Buying Conditions	103.0	103.6	101.3	-	Mar-13	102.6	-2.3	-2.2%
Current Business Conditions Indicator	99.1	95.4	88.5	-	Mar-13	94.3	-6.9	-7.3%
Real Estate Investment Indicator	113.2	113.2	114.6	Feb-14	-	113.7	1.4	1.2%
Car Purchase Indicator	87.2	84.3	83.3	-	Dec-13	84.9	-1.0	-1.3%
Employment Outlook Indicator	93.1	92.2	90.9	-	Feb-14	92.1	-1.3	-1.4%
Inflation Expectations Indicator	142.4	145.0	147.4	series high	-	144.9	2.4	1.7%
Current Prices Satisfaction Indicator	71.4	67.9	69.6	Mar-14	-	69.6	1.7	2.5%
Interest Rates Expectations Indicator	113.8	116.6	115.9	-	Mar-14	115.4	-0.7	-0.6%

## Russia - Urals Overview

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Urals Consumer Indicator</b>	80.1	77.4	83.3	Feb-14	-	80.3	5.9	7.6%
Current Indicator	78.4	81.0	78.9	-	Mar-14	79.4	-2.1	-2.6%
Expectations Indicator	81.3	75.1	86.2	Jan-14	-	80.9	11.1	14.9%
Personal Finance: Current	57.7	62.5	58.0	-	Mar-14	59.4	-4.5	-7.1%
Personal Finance: Expected	83.6	88.4	86.5	-	Mar-14	86.2	-1.9	-2.2%
Business Condition: 1 Year	71.4	64.6	81.0	Jan-14	-	72.3	16.4	25.3%
Business Condition: 5 Years	88.9	72.2	91.2	Jan-14	-	84.1	19.0	26.4%
Durable Buying Conditions	99.1	99.5	99.8	Feb-14	-	99.5	0.3	0.3%
Current Business Conditions Indicator	100.3	72.8	75.8	Mar-14	-	83.0	3.0	4.0%
Real Estate Investment Indicator	111.0	108.4	109.7	Mar-14	-	109.7	1.3	1.2%
Car Purchase Indicator	85.6	84.4	76.6	-	Dec-13	82.2	-7.8	-9.2%
Employment Outlook Indicator	86.7	70.8	76.2	Mar-14	-	77.9	5.4	7.5%
Inflation Expectations Indicator	143.0	152.3	158.4	series high	-	151.2	6.1	4.0%
Current Prices Satisfaction Indicator	77.4	62.2	63.4	Mar-14	-	67.7	1.2	2.0%
Interest Rates Expectations Indicator	122.7	126.5	133.4	Jan-14	-	127.5	6.9	5.5%



## Russia - Volga Overview

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - Volga Consumer Indicator</b>	73.0	78.7	76.9	-	Mar-14	76.2	-1.8	-2.3%
Current Indicator	84.7	98.1	99.8	Feb-14	-	94.2	1.7	1.7%
Expectations Indicator	65.2	65.8	61.7	-	series low	64.2	-4.1	-6.2%
Personal Finance: Current	72.1	94.8	92.0	-	Mar-14	86.3	-2.8	-3.0%
Personal Finance: Expected	70.7	47.5	83.7	Feb-14	-	67.3	36.2	76.2%
Business Condition: 1 Year	55.0	53.8	54.3	Mar-14	-	54.4	0.5	0.9%
Business Condition: 5 Years	69.9	96.0	47.2	-	series low	71.0	-48.8	-50.8%
Durable Buying Conditions	97.3	101.5	107.6	Feb-14	-	102.1	6.1	6.0%
Current Business Conditions Indicator	97.7	107.8	47.7	-	series low	84.4	-60.1	-55.8%
Real Estate Investment Indicator	124.7	92.5	99.5	Mar-14	-	105.6	7.0	7.6%
Car Purchase Indicator	84.6	83.0	95.8	Feb-14	-	87.8	12.8	15.4%
Employment Outlook Indicator	94.2	93.4	62.7	-	Jan-14	83.4	-30.7	-32.9%
Inflation Expectations Indicator	169.5	181.5	171.6	-	Mar-14	174.2	-9.9	-5.4%
Current Prices Satisfaction Indicator	86.9	42.3	91.3	Sep-13	-	73.5	49.0	115.8%
Interest Rates Expectations Indicator	125.2	129.4	158.0	Feb-14	-	137.5	28.6	22.1%

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**Russia - North Caucasus Overview**

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - North Caucasus Consumer Indicator</b>	84.4	83.4	83.9	Mar-14	-	83.9	0.5	0.5%
Current Indicator	75.8	72.7	73.0	Mar-14	-	73.8	0.3	0.5%
Expectations Indicator	90.1	90.6	91.1	Feb-14	-	90.6	0.5	0.6%
Personal Finance: Current	61.7	69.8	73.1	Jan-14	-	68.2	3.3	4.7%
Personal Finance: Expected	101.4	101.3	101.5	Jan-14	-	101.4	0.2	0.2%
Business Condition: 1 Year	69.2	71.7	72.7	Feb-14	-	71.2	1.0	1.4%
Business Condition: 5 Years	99.9	98.9	99.2	Mar-14	-	99.3	0.3	0.3%
Durable Buying Conditions	90.0	75.6	73.0	-	series low	79.5	-2.6	-3.5%
Current Business Conditions Indicator	104.2	103.9	102.9	-	Jan-14	103.7	-1.0	-1.0%
Real Estate Investment Indicator	99.7	98.5	100.9	Feb-14	-	99.7	2.4	2.5%
Car Purchase Indicator	78.5	63.7	67.1	Mar-14	-	69.8	3.4	5.3%
Employment Outlook Indicator	99.9	100.6	100.4	-	Mar-14	100.3	-0.2	-0.2%
Inflation Expectations Indicator	124.8	125.2	125.6	Jan-14	-	125.2	0.4	0.3%
Current Prices Satisfaction Indicator	73.3	72.3	72.9	Mar-14	-	72.8	0.6	0.8%
Interest Rates Expectations Indicator	103.0	104.8	104.3	-	Mar-14	104.0	-0.5	-0.5%

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 Russia - West Siberian Overview

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Russia - West Siberian Consumer Indicator</b>	100.1	94.6	77.1	-	series low	90.6	-17.5	-18.5%
Current Indicator	96.3	88.6	60.8	-	series low	81.9	-27.8	-31.3%
Expectations Indicator	102.6	98.6	87.9	-	series low	96.4	-10.7	-10.8%
Personal Finance: Current	86.2	87.3	59.0	-	series low	77.5	-28.3	-32.4%
Personal Finance: Expected	106.9	108.6	106.0	-	Feb-14	107.2	-2.6	-2.4%
Business Condition: 1 Year	101.3	88.2	58.9	-	series low	82.8	-29.3	-33.3%
Business Condition: 5 Years	99.8	99.0	98.9	-	Feb-14	99.2	-0.1	-0.1%
Durable Buying Conditions	106.4	89.8	62.7	-	Aug-13	86.3	-27.1	-30.2%
Current Business Conditions Indicator	99.7	98.6	99.4	Mar-14	-	99.2	0.8	0.8%
Real Estate Investment Indicator	95.8	105.7	95.4	-	Sep-13	99.0	-10.3	-9.7%
Car Purchase Indicator	83.1	86.3	61.9	-	series low	77.1	-24.4	-28.3%
Employment Outlook Indicator	99.6	98.3	99.1	Mar-14	-	99.0	0.8	0.8%
Inflation Expectations Indicator	116.3	118.4	117.9	-	Mar-14	117.5	-0.5	-0.4%
Current Prices Satisfaction Indicator	92.1	91.8	90.7	-	Jan-14	91.5	-1.1	-1.1%
Interest Rates Expectations Indicator	149.3	145.8	148.9	Mar-14	-	148.0	3.1	2.1%

## All Russia Overview by Age

	Mar-14	Apr-14	May-14	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
<b>Age 18-34</b>								
<b>MNI Russia Consumer Indicator</b>	90.1	92.4	89.5	-	series low	90.7	-2.9	-3.1%
Current Indicator	91.8	92.6	90.9	-	series low	91.8	-1.7	-1.8%
Expectations Indicator	89.0	92.2	88.5	-	series low	89.9	-3.7	-4.0%
Personal Finance: Current	82.8	86.5	84.7	-	Mar-14	84.7	-1.8	-2.1%
Personal Finance: Expected	96.1	99.1	99.0	-	Mar-14	98.1	-0.1	-0.2%
Business Condition: 1 Year	79.7	82.0	78.6	-	series low	80.1	-3.4	-4.1%
Business Condition: 5 Years	91.1	95.5	88.0	-	Feb-14	91.5	-7.5	-7.9%
Durable Buying Conditions	100.9	98.7	97.1	-	Nov-13	98.9	-1.6	-1.7%
<b>Age 35-54</b>								
<b>MNI Russia Consumer Indicator</b>	87.3	85.5	85.1	-	series low	86.0	-0.4	-0.4%
Current Indicator	86.8	88.3	84.4	-	series low	86.5	-3.9	-4.5%
Expectations Indicator	87.6	83.6	85.6	Mar-14	-	85.6	2.0	2.4%
Personal Finance: Current	76.0	81.2	74.2	-	series low	77.1	-7.0	-8.6%
Personal Finance: Expected	97.0	89.5	90.0	Mar-14	-	92.2	0.5	0.5%
Business Condition: 1 Year	75.8	74.5	77.6	Feb-14	-	76.0	3.1	4.1%
Business Condition: 5 Years	90.1	86.8	89.3	Mar-14	-	88.7	2.5	2.9%
Durable Buying Conditions	97.5	95.4	94.6	-	Aug-13	95.8	-0.8	-0.9%
<b>Age 55-64</b>								
<b>MNI Russia Consumer Indicator</b>	90.3	85.5	83.7	-	series low	86.5	-1.8	-2.2%
Current Indicator	87.5	88.5	80.5	-	series low	85.5	-8.0	-9.0%
Expectations Indicator	92.1	83.5	85.8	Mar-14	-	87.1	2.3	2.7%
Personal Finance: Current	76.9	82.3	74.1	-	Feb-14	77.8	-8.2	-10.0%
Personal Finance: Expected	94.9	86.8	94.1	Mar-14	-	91.9	7.3	8.4%
Business Condition: 1 Year	90.5	74.0	74.2	Mar-14	-	79.6	0.2	0.3%
Business Condition: 5 Years	91.0	89.8	89.0	-	Oct-13	89.9	-0.8	-0.8%
Durable Buying Conditions	98.0	94.7	87.0	-	Dec-13	93.2	-7.7	-8.2%

## All Russia - Overview by Income

	Mar-14	Apr-14	May-14	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>	87.6	84.2	80.6	-	series low	84.1	-3.6	-4.3%
Current Indicator	90.5	85.1	77.1	-	series low	84.2	-8.0	-9.3%
Expectations Indicator	85.7	83.6	82.9	-	series low	84.1	-0.7	-0.9%
Personal Finance: Current	78.9	77.0	70.2	-	series low	75.4	-6.8	-8.8%
Personal Finance: Expected	92.9	87.2	92.8	Mar-14	-	91.0	5.6	6.4%
Business Condition: 1 Year	75.9	71.0	68.2	-	series low	71.7	-2.8	-4.0%
Business Condition: 5 Years	88.4	92.7	87.9	-	Nov-13	89.7	-4.8	-5.3%
Durable Buying Conditions	102.1	93.2	84.1	-	series low	93.1	-9.1	-9.8%
<b>&gt; RUB 480,000 Per Annum</b>								
<b>MNI Russia Consumer Indicator</b>	91.5	92.6	97.7	Feb-14	-	93.9	5.1	5.6%
Current Indicator	90.3	94.6	103.9	Feb-14	-	96.3	9.3	9.8%
Expectations Indicator	92.3	91.2	93.6	Feb-14	-	92.4	2.4	2.6%
Personal Finance: Current	80.8	90.5	94.7	Feb-14	-	88.7	4.2	4.6%
Personal Finance: Expected	99.4	100.0	97.2	-	series low	98.9	-2.8	-2.8%
Business Condition: 1 Year	85.0	84.9	94.6	Feb-14	-	88.2	9.7	11.4%
Business Condition: 5 Years	92.5	88.7	89.1	Mar-14	-	90.1	0.4	0.4%
Durable Buying Conditions	99.8	98.7	113.1	Feb-14	-	103.9	14.4	14.5%

## 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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