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MNI Russia Consumer Report April 2015

Insight and data for better decisions

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Insight and Data for Better Decisions

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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 - April 2015

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A Blessing and a Curse

While the recent appreciation in the rouble comes as a sigh of relief after having threatened the very stability of Russia's financial system just a few months previously, it creates a headache for those trying to juggle the government's finances.

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Western economic sanctions and the collapse of oil prices caused the rouble to weaken significantly over 2014. In response, the Central Bank of Russia (CBR) raised the key rate by a total of 1,150 basis points and abandoned a managed floating exchange rate. While the drastic action initially did little to stem the weakening in the rouble, the currency has since posted a fairly robust recovery as the allure of higher yielding assets has attracted investors to rouble debt, particularly since the settling of the conflict in Ukraine following the "Minsk 2.0" agreement which has significantly reduced the threat of additional Western sanctions.

Should the strengthening in the rouble be sustained, it could help further rein in inflation which has slowed in recent months due to the pass through of the currency weakness combined with a more favourable base effect. Moreover, it would allow the CBR to normalise the key interest rate much more quickly throughout 2015 following the dramatic policy tightening of 2014, thereby loosening the grip that it currently holds on Russia's prospects for economic growth.

Even so, the rouble's appreciation threatens to upset the Kremlin's finances which have fared pretty well considering the collapse in the price of oil which accounts for around half of its revenues. This is because Russia's fiscal budget is denominated in roubles but the proceeds from oil exports are in US dollars, thus the depreciation in the rouble along with the coinciding fall in oil prices meant that the government's finances were merely dented rather than decimated. Even so, with oil prices rising much more moderately than the appreciation in the rouble, this effect has now been diminished.

So, should the CBR make efforts to weaken the rouble or should it let it appreciate? On balance, the economy would most likely be better off under the former scenario. With oil prices unlikely to recover in

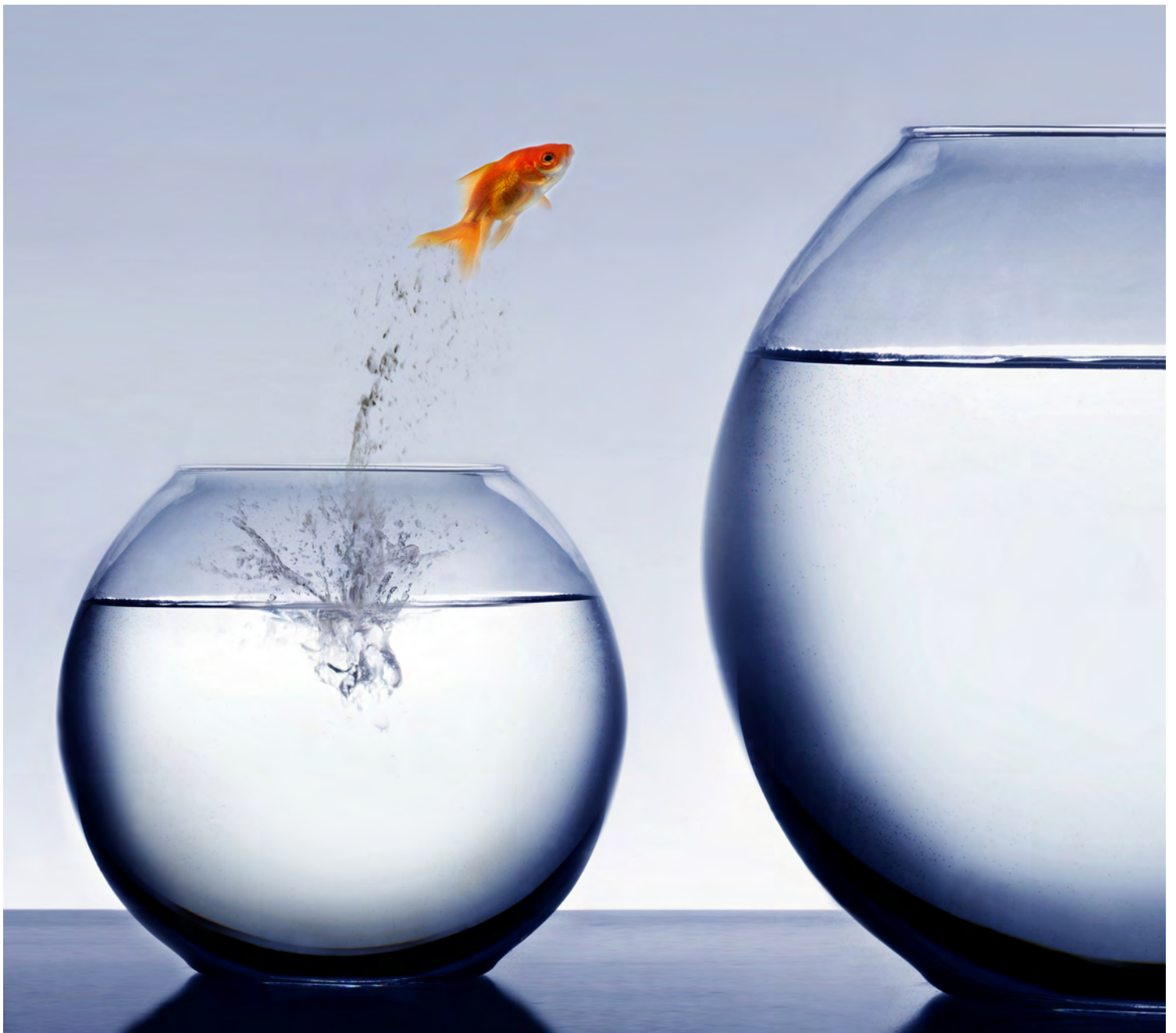
the near-term and with Russia having been cut off from international capital markets by Western sanctions, the government faces the prospect of making further withdrawals from its reserve fund to plug the budget shortfall. Given that plans are already in place to drain the fund by 3.2 trillion roubles, or more than half of its value, making further withdrawals would push the Kremlin into a corner with little to no safeguard from any future economic shocks.

One solution to limit the rouble appreciation would be to intervene directly in the FX market, although doing so would undermine its efforts to free-float the currency. Also, it would be a red rag to FX traders and controlling the value of the rouble would prove difficult.

Additionally, the CBR could cut the key benchmark interest rate more rapidly to reduce the yield and therefore attractiveness of Russian debt. This would also lend a helping hand to Russian households, who are bearing the brunt of the downturn as a sharp fall in wages coupled with the prohibitive cost of credit has weighed down heavily on their purchasing power. The downside is that this risks exacerbating inflationary pressures which are already high.

Perhaps the best course of action is to do nothing at all as the risks involved in trying to manipulate the currency are too great. A further fall in oil prices, the imposition of additional Western sanctions, an escalation in the conflict in Ukraine and the possibility of the US Federal Reserve beginning to raise interest rates are all still threatening to throw the rouble back into free fall.

George Brown
Economist
MNI Indicators



Executive Summary

The MNI Russia Consumer Sentiment Indicator rose by 5.5% on the month to 73.0 in April, almost offsetting March's drop to a series low of 69.2.

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The Current Indicator, which measures consumers' assessment of current conditions, rose to 74.4 in April from a series low of 69.1 in March, while the Expectations Indicator, which is comprised of the three forward-looking components, improved to 72.0 from an all-time low of 69.2 in the previous month.

Four of the five components that make up the MNI Russia Consumer Sentiment Indicator improved in April.

An 11.2% improvement in long-term expectations for business conditions provided the greatest degree of support for sentiment in April as the "Minsk 2.0" ceasefire brought about a considerable calming in the Ukraine conflict which, in turn, lowered the threat of fresh economic sanctions from the West.

The recent rate cuts by the central bank appear to be having a positive impact on sentiment. Households reported an improvement in their financial position in April and more of our panel considered it to be a good time to purchase big-ticket items such as cars and durable goods.

Looking ahead, however, consumers were more downbeat than ever before in their outlook for their personal finances in a year's time.

The survey provided further evidence that inflation has peaked and has now started to ease following the recent appreciation of the rouble. Fewer consumers expected prices to rise over the next year, although more than 80% of our panel continued to anticipate that they would.

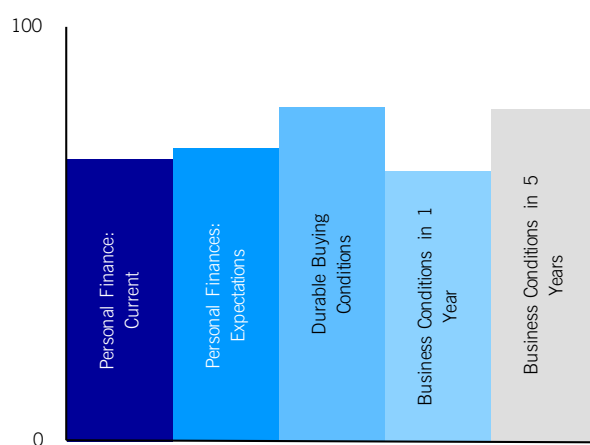
Meanwhile, the government's efforts to subsidise mortgages appears to have gone some way in improving sentiment on the real estate market. Even so, the majority of our panel continued to consider it a bad time to invest in a house as mortgages remain prohibitively costly in spite of recent rate cuts by the central bank.

Pessimism surrounding the outlook for the job market eased slightly in April, although respondents continued to anticipate that unemployment would continue to rise amid the challenging economic conditions.

A growing proportion of consumers anticipated that interest rates would remain unchanged over the next year, although the majority of our panel continued to anticipate that they would rise.

Slightly more of our panel considered it to be a good time to purchase a car over the coming year, although the majority of consumers continued to be put off by a lack of purchasing power and ever increasing expectations for the price of gasoline.

MNI Russia Consumer Indicator - Components



All Russia - Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Consumer Indicator	73.1	69.2	73.0	Feb-15	-	71.8	3.8	5.5%
Current Indicator	75.2	69.1	74.4	Feb-15	-	72.9	5.3	7.7%
Expectations Indicator	71.8	69.2	72.0	Dec-14	-	71.0	2.8	4.1%
Personal Finance: Current	67.9	62.1	68.4	Dec-14	-	66.1	6.3	10.1%
Personal Finance: Expected	77.0	75.9	70.9	-	series low	74.6	-5.0	-6.7%
Business Condition: 1 Year	68.4	59.7	65.2	Feb-15	-	64.4	5.5	9.1%
Business Condition: 5 Years	69.9	72.0	80.0	Dec-14	-	74.0	8.0	11.2%
Durable Buying Conditions	82.5	76.2	80.5	Feb-15	-	79.7	4.3	5.7%
Current Business Conditions Indicator	69.6	67.4	67.9	Feb-15	-	68.3	0.5	0.9%
Real Estate Investment Indicator	106.4	105.8	106.5	Dec-14	-	106.2	0.7	0.7%
Car Purchase Indicator	69.4	69.2	70.5	Dec-14	-	69.7	1.3	1.9%
Employment Outlook Indicator	68.2	66.5	68.8	Dec-14	-	67.8	2.3	3.5%
Inflation Expectations Indicator	169.2	160.9	153.1	-	Dec-14	161.1	-7.8	-4.8%
Current Prices Satisfaction Indicator	47.6	47.0	47.3	Feb-15	-	47.3	0.3	0.8%
Interest Rates Expectations Indicator	168.4	167.4	151.8	-	Dec-14	162.5	-15.6	-9.3%

All Russia - Summary

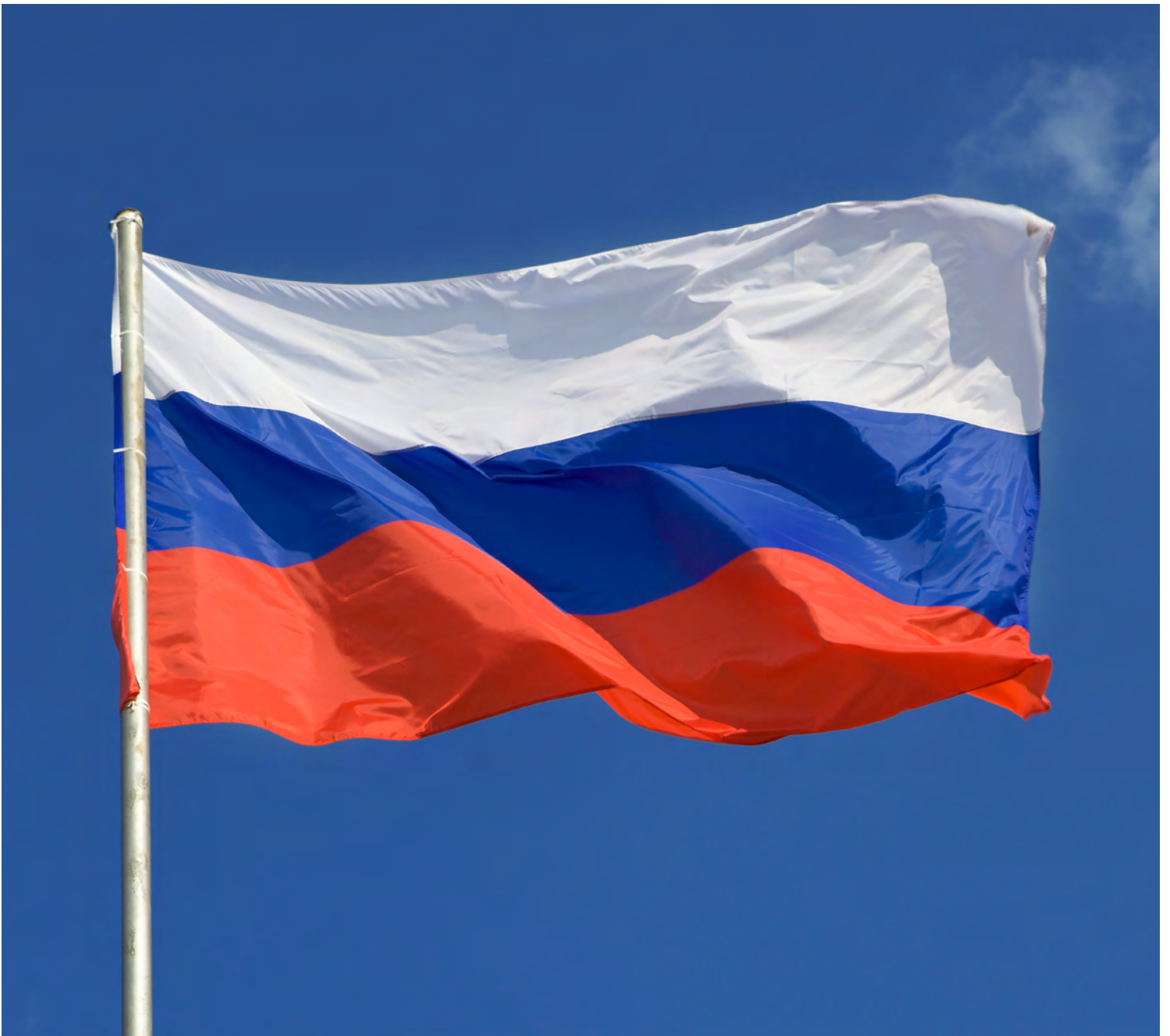
	2014									2015			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
MNI Russia Consumer Indicator	90.2	88.4	88.9	89.8	84.9	87.0	84.3	76.3	80.3	70.6	73.1	69.2	73.0
Current Indicator	90.3	88.1	90.6	92.8	85.2	89.9	85.7	73.3	80.4	71.9	75.2	69.1	74.4
Expectations Indicator	90.1	88.7	87.7	87.8	84.7	85.0	83.3	78.3	80.2	69.8	71.8	69.2	72.0
Personal Finance: Current	83.6	82.0	81.6	85.5	80.0	82.3	80.0	67.5	73.3	65.2	67.9	62.1	68.4
Personal Finance: Expected	97.1	94.1	91.6	92.4	90.2	90.0	88.0	87.0	85.0	77.2	77.0	75.9	70.9
Business Condition: 1 Year	81.6	80.9	79.8	81.4	74.3	78.3	75.6	63.7	69.8	60.8	68.4	59.7	65.2
Business Condition: 5 Years	91.6	91.0	91.6	89.5	89.6	86.7	86.3	84.1	85.7	71.3	69.9	72.0	80.0
Durable Buying Conditions	97.0	94.3	99.7	100.2	90.5	97.5	91.4	79.1	87.6	78.6	82.5	76.2	80.5
Current Business Conditions Indicator	96.7	90.2	90.8	90.4	89.8	90.0	86.8	86.5	84.0	70.7	69.6	67.4	67.9
Real Estate Investment Indicator	107.6	108.5	108.0	109.9	109.7	109.0	109.3	105.2	108.7	105.3	106.4	105.8	106.5
House Price Expectations	138.5	138.0	137.7	141.0	143.4	142.7	142.9	142.8	144.1	142.8	142.9	143.5	142.5
House Buying Sentiment	82.8	85.3	84.1	85.8	84.1	84.2	84.7	73.5	81.2	73.2	76.3	72.7	76.1
House Selling Sentiment	98.4	97.9	97.7	97.1	98.5	99.9	99.7	100.7	99.3	99.9	100.0	98.8	99.2
Car Purchase Indicator	81.5	79.1	80.1	78.9	78.5	76.5	78.1	74.5	73.6	68.7	69.4	69.2	70.5
Car Purchase Expectations	99.3	98.6	103.0	103.0	103.8	101.7	104.4	97.6	96.5	86.0	87.2	86.0	88.9
Price of Gasoline Expectations	136.3	140.4	142.8	145.2	146.9	148.6	148.2	148.6	149.2	148.7	148.3	147.5	147.8
Employment Outlook Indicator	90.6	90.0	90.6	88.8	89.6	87.8	87.1	87.3	86.7	66.9	68.2	66.5	68.8
Inflation Expectations Indicator	141.6	141.9	142.2	142.1	142.4	141.7	144.7	144.5	144.3	161.1	169.2	160.9	153.1
Current Prices Satisfaction Indicator	66.6	67.5	66.6	66.2	65.7	64.0	62.6	62.0	60.2	44.9	47.6	47.0	47.3
Interest Rates Expectations Indicator	119.6	118.9	118.8	118.7	119.4	120.5	122.6	122.2	127.6	165.1	168.4	167.4	151.8

All Russia - Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
MNI Russia Consumer Indicator	69.2	101.2	89.1	90.0
Current Indicator	69.1	102.8	89.3	90.6
Expectations Indicator	69.2	100.2	89.0	90.1
Personal Finance: Current	62.1	103.5	84.4	82.9
Personal Finance: Expected	70.9	107.4	94.4	96.7
Business Condition: 1 Year	59.7	99.4	82.9	81.5
Business Condition: 5 Years	69.9	97.3	89.6	92.1
Durable Buying Conditions	76.2	107.4	94.2	97.4
Current Business Conditions Indicator	67.4	99.8	89.9	93.3
Real Estate Investment Indicator	105.2	110.7	107.8	107.5
House Price Expectations	121.4	144.1	134.6	137.6
House Buying Sentiment	72.7	101.1	88.0	85.5
House Selling Sentiment	96.3	101.4	99.2	99.3
Car Purchase Indicator	68.7	87.4	79.9	81.6
Car Purchase expectations	86.0	109.1	100.2	102.1
Price of Gasoline expectations	132.2	149.2	140.5	138.2
Employment Outlook Indicator	66.5	100.6	89.6	90.6
Inflation Expectations Indicator	129.9	169.2	142.4	140.2
Current Prices Satisfaction Indicator	44.9	86.1	68.8	68.1
Interest Rates Expectations Indicator	113.1	168.4	124.8	118.8

Consumer prices eased for the first time in nine months in April...

...providing a tentative sign that inflation is tapering off, although still remained prohibitively high.



Economic Landscape

In a widely anticipated move, the Central Bank of Russia cut the key benchmark rate further as it seeks to normalise monetary policy following the emergency tightening witnessed towards the end of 2014.

In a widely anticipated move, the Central Bank of Russia cut the key benchmark rate further as it seeks to normalise monetary policy following the emergency tightening witnessed towards the end of 2014. Both the rouble's strengthening and the deterioration in consumer demand has helped to bring about an easing in inflation. Consequently, the CBR chose to cut the key interest rate by a further 150 basis points to 12.5% at its meeting on April 30 as it shifts its focus to the significant cooling in growth which it now sees as the greatest risk to the Russian economy.

Latest economic data has shown some improvement in business metrics while consumer data has remained poor overall, providing mixed messages on the severity of the downturn in the economy. In March, industrial production moderated by a full percentage point and quarterly figures produced by the Economy Ministry imply that GDP contracted less than it did in the first two months of 2015. Meanwhile, real wages declined by the most since August 1999 when the economy was recovering from the financial crisis as a rise in unemployment further eroded the bargaining power of the Russian workforce who have accepted wage cuts as companies seek to scale back their operations. This weighed further on consumers' purchasing power, with retail sales falling by the most since October 2009 and car sales posting a double-digit decline for the third

consecutive month despite the government's car scrappage scheme. Consumer prices eased for the first time in nine months in April, providing a tentative sign that inflation is tapering off, although remained prohibitively high regardless.

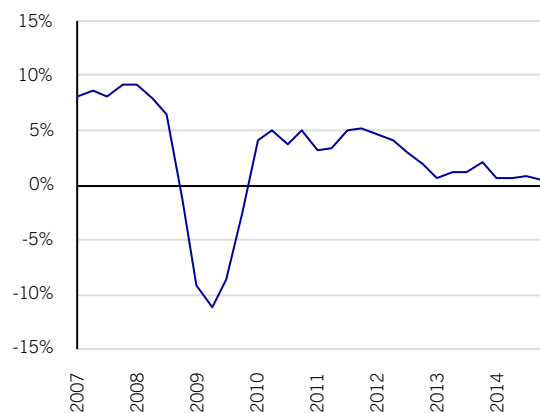
Economy ekes out growth in final quarter of 2014

Fourth quarter GDP data released by the Federal Statistics Service (Rosstat) showed that the economy grew by 0.4% on the year, down from a revised 0.9% in Q3. The slowdown was a little more moderate than many had expected, with resilient industrial production and strong retail sales helping to keep the economy above water. Consumer spending increased 1% on the year while manufacturing growth came in at 0.6%.

Over the course of 2014 as a whole, the Russian economy expanded by 0.6% compared with growth of 1.3% in the previous year. Nevertheless, the dire economic situation and the weakness in both our business and consumer surveys for the first quarter of 2015 indicate that the fall into recession will have only been delayed slightly.

The latest GDP figures from the Economic Development Ministry revealed that the economy contracted by 3.4% on the year in March after contracting by a revised 1.2% in February, bringing the estimate for Q1 to

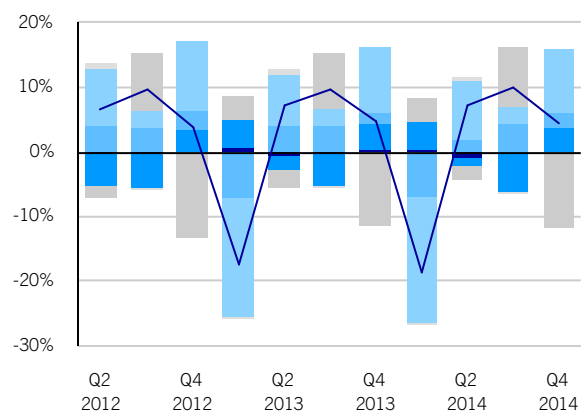
Economic Growth



— GDP Y/Y %

Source: Rosstat

Contribution to Economic Growth



■ Discrepancies ■ GFCF — GDP Growth Q/Q %
 ■ Net Exports ■ GFCE
 ■ PFCE ■ Inventories

Source: Rosstat

-2.2%. The economy ministry has estimated that the economy will shrink by 4.5% in 2015 should the price of oil remain at or around \$45 a barrel. Scenarios based on prices of \$60 a barrel and \$80 a barrel, meanwhile, suggest contractions of 3% and 0.8% respectively.

Output continues to contract

Industrial production grew by a seasonally adjusted 0.4% on the month in March after contracting by 0.7% in the previous month. Even so, year-on-year growth fell by 0.6% in March following a decline of 1.6% previously.

A moderation in manufacturing output was the main driver, shrinking by 1.9% on the year in March following a decline of 2.8% in the month before. The greatest improvement came from the transportation means and equipment industry, which contracted by 5.2% on the year from 22.4% in the previous month, while strong growth of 11.4% in the chemicals and chemical products industry also helped to pull manufacturing output upwards. Previously, the manufacturing sector has remained resilient as the Russian ban on Western food imports provided a boost to domestic food manufacturers, with output growing 2.3% on the year in March from 4.6% in the previous month, although the severe decline in other manufacturing industries has begun to outweigh this benefit in recent months.

Growth in mining and quarrying output accelerated to 0.4% on the year in March after an increase of just 0.1% in the previous month. While mining of coal and crude oil expanded by 3.6% and 0.9% respectively in April, a 5.2% contraction in the extraction of natural gas meant that overall growth for the sector remained rather feeble.

Utilities output declined by 0.8% on the year in March after contracting by 1.7% in February. The decline was primarily due to a normalisation in weather conditions, with thermal energy production and distribution moderating to a 0.6% decline on the year in March from an 8% fall in February. Meanwhile, electricity production accelerated to 1.9% on the year in March from 0.7% in the previous month.

In the first quarter of 2015, industrial production contracted by 0.4% compared with growth of 1.4% in the same period a year ago.

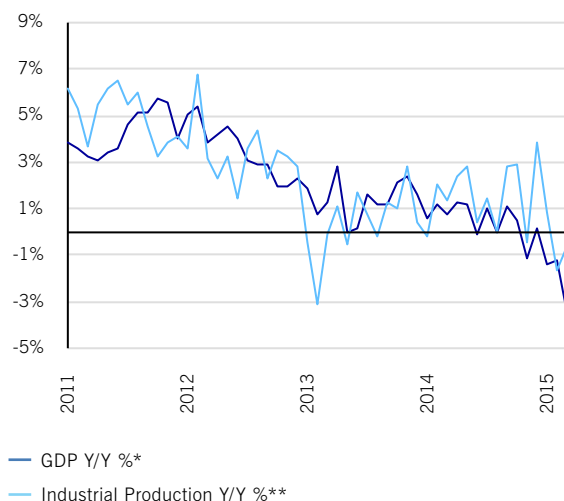
Third rate cut in 2015

At its meeting on April 30, the Central Bank of Russia cut the key interest rate by 150 basis points to 12.5% as it seeks to further normalise monetary policy.

This marks the third time the CBR has cut the key interest rate this year after having previously raised it by 650 basis points in December in a desperate effort to support the rouble which was rapidly depreciating. Pressure on the currency has subsided considerably since the December maelstrom and inflation eased for the first time in nine months in April, vindicating the CBR's quick policy reversal and paves the way for further policy normalisation.

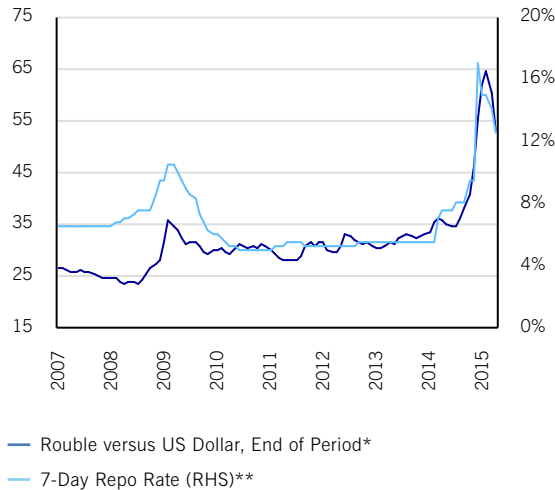
In a press release announcing the rationale behind the rate cut, the CBR said that the combination of the rouble's sharp strengthening and the rapid deterioration in consumer demand had caused annual inflation to ease faster than they had previously anticipated. As a consequence, it felt that the balance of risks had shifted towards the cooling in the economy which is estimated to have suffered a significant contraction in Q1 according to the Economy Ministry, warranting a rate cut that would not contribute to inflationary pressures. Once again, the CBR stressed that it is open to

Industrial Production and GDP



Source: *Ministry of Economic Development, **Rosstat

CBR Key Rate and Rouble



Source: *Reuters, **Central Bank of Russia

additional monetary easing as inflation risks continue to abate.

The central bank is due to meet next on June 15 when it is likely to further normalise policy in an effort to alleviate the downturn in the Russian economy. While the economic situation in Russia has improved significantly since December, the CBR has been relatively cautious in easing policy and so a more sizable rate cut shouldn't be ruled out.

Trade surplus deteriorates

Russia's trade surplus has narrowed considerably over the past year as the low price of oil and economic sanctions have caused a continuous decline in exports that has outstripped a fall in imports. In March, Russia's trade surplus declined by a remarkable 40.1% to \$11.8 billion from \$19.6 billion in March 2014.

Exports declined by 36.4% to \$29.9 billion in March from \$47 billion in a year earlier, the sharpest annual fall since August 2011. Much of the decline is the result of the sharp drop in the price of oil, Russia's key export commodity, which started falling in July. Therefore, it is likely that exports will continue to post annual declines until base effects begin to materialise.

Imports, meanwhile, fell by 33.6% to \$18.2 billion in March from \$27.4 billion a year earlier, although even

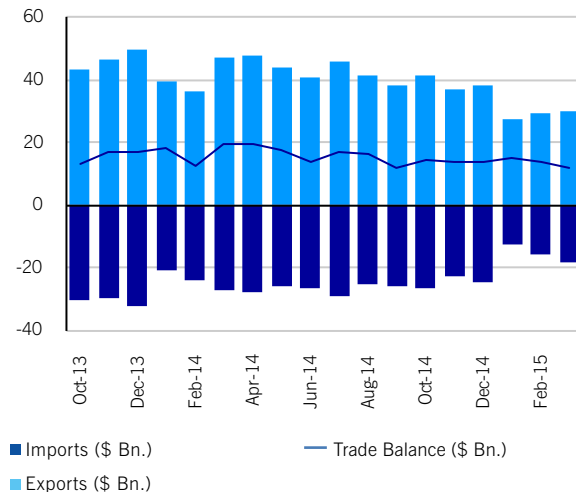
this was a moderation on the decline of 35.4% in February and the contraction of 40.7% in January. Since the rouble has weakened considerably over the past year, the cost of imports has increased sharply. Consequently, imports have reduced as companies have looked increasingly to domestic suppliers.

Historically, a strong trade surplus has been a supporting factor for the rouble and the recent deterioration in Russia's terms of trade has only added to the headwinds faced by the currency. While the rouble lost almost half of its value in 2014, it has recovered considerably against the dollar in the first quarter of 2015 which could ease the decline in imports over the coming months and thus cause Russia's trade surplus to narrow even further.

Inflation shows tentative signs of tapering off

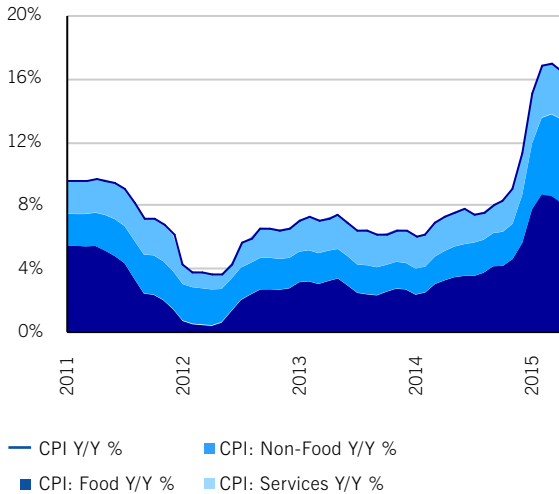
Consumer price inflation slowed for the first time in nine months to 16.4% on the year in April from 16.9% in March. Much of the easing was due to a deceleration in food price inflation, which makes up more than a third of the basket, to 21.9% on the year in April following a rise of 23% in March. Stripping out the prices of food and fuel, which tend to be volatile, core inflation continued to rise after the significant weakening in the rouble caused the price of many imported goods to rise. In April, it remained unchanged at 17.5% on the

Trade Balance



Source: Federal Customs Service

Consumer Price Inflation



Source: Rosstat

year, the highest since the statistics office began measuring it in January 2003.

Under the Central Bank of Russia's most recent baseline scenario, weak economic growth is forecast to slow annual inflation to 8% by 2016 before finally falling to its medium-term target of 4% in 2017.

Producer price inflation, meanwhile, accelerated to 13% in March from 9.5% in February. While prices have previously been kept in check by weak demand and lower energy prices, the weakness of the rouble has filtered through in recent months. Basic metals led the components of the wholesale basket in March, accelerating to 42.5% on the year from 38.8% in February.

Household finances deteriorate

Amid the tough economic background, unemployment has risen and wages have deteriorated which have had an adverse impact on the spending power of Russian households.

Western sanctions and the fall in the price of oil have hurt the finances of many Russian companies, causing some to collapse and others to start scaling back their workforce given the uncertain future. This resulted in unemployment rising to 5.9% in March from 5.8% in February, the highest since January 2013. The

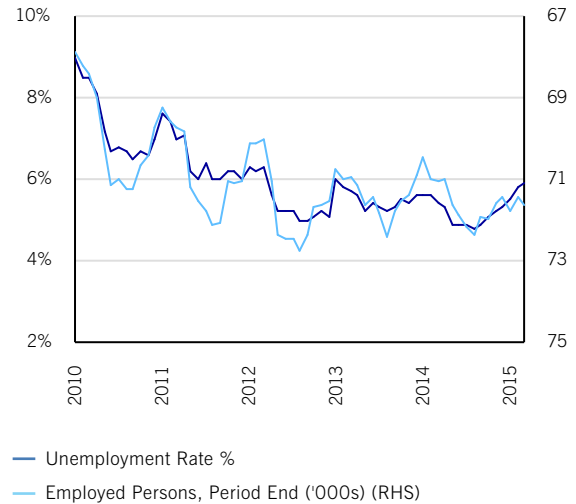
employment situation in Russia has on the whole remained resilient in the face of the slowdown, a reflection of the country's overstaffing and low levels of productivity, although the recent trend in rising unemployment is expected to continue throughout 2015 in line with the downturn in the economy.

Rising unemployment has reduced the bargaining power of the Russian workforce and many have accepted wage cuts as companies seek to scale back their operations. Real wages fell by 9.3% on the year in March after declining by a revised 7.4% in February, the largest decline since August 1999 when the economy was recovering from the financial crisis. Evidence from our consumer survey shows that Russian households spend a significant proportion of their income on daily expenses; leaving them with very little, if any, to save or invest. With wages likely to continue declining given rising unemployment, households could be ill-equipped to deal with the challenging conditions they are likely to have to endure in 2015.

Consumer spending falls sharply

Retail sales fell by 8.7% in March from a year earlier, following a decline of 7.7% in February, the largest decline since October 2009. Sales of non-food items declined by 9.9% on the year in March after having contracted by a 7.7% in February, whereas food sales

Labour Market



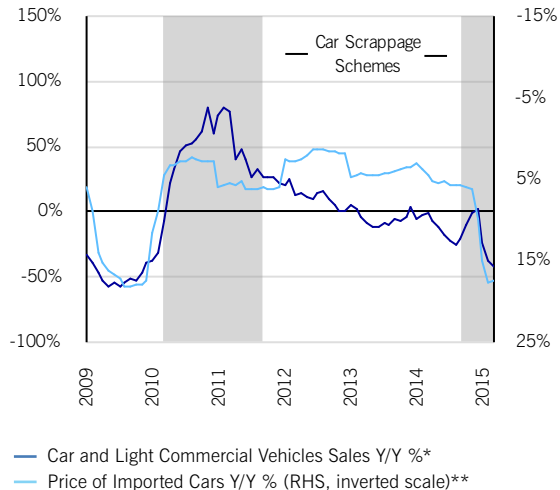
Source: Rosstat

declined by 7.5% on the year in March after shrinking by 7.9% in the previous month.

Automobile sales declined by 42.5% on the year in March following a fall of 37.9% in February. Previously, the downturn in the car market had been mitigated by a government car scrappage and trade-in scheme introduced in September 2014 which provides a discount of at least 40,000 roubles off a new vehicle to consumers who trade in a car that is at least six years old. There were hopes that growth observed in December, although small, would mark the end of an 11-month decline in the car market but the significant fall in the first three months of 2015 dispels any such notion. The sharp decline in car sales may be due to dealerships now pricing in the cost of the significantly weaker rouble, having previously keeping prices in check. In March, there was a 23% annual rise in the price of a domestically manufactured car and a 17.5% hike in the price of those that are imported.

The government has recently pledged 1.5 billion roubles of subsidies in order to help bring down the cost of car loans which have risen considerably following the rapid policy tightening of the Central Bank of Russia towards the end of 2014. It is hoped that the scheme will help Russian households buy up to 200,000 new cars, although these estimates seem optimistic given that expectations for personal finances

Car Sales

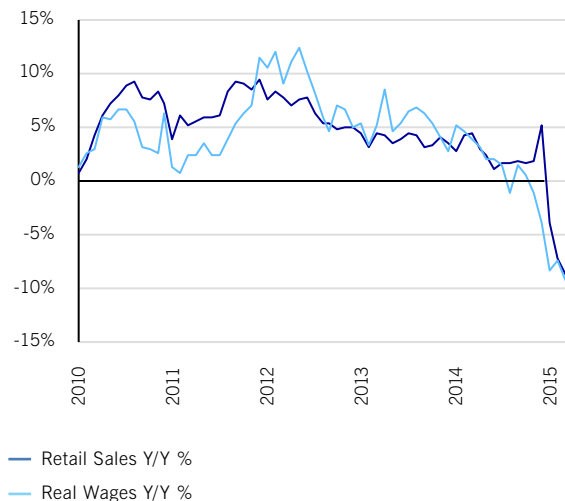


Source: *Association of European Businesses, **Rosstat

fell to an all-time low in the April consumer survey which will likely weigh down heavily on major purchases such as cars.

As we anticipated, consumer spending has failed to retain its momentum as consumer purchasing power has been eroded by the fall in household finances. Indeed, this trend looks likely to continue throughout 2015 as purchasing conditions in the Russian economy are set to deteriorate further. Inflation is forecast to accelerate in the first quarter of 2015 before tapering off slightly but remaining uncomfortably high.

Retail Sales and Real Wages



Source: Rosstat

Key Monthly Economic Data

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
GDP Y/Y %*	0.5%	-1.1%	0.2%	-1.4%	-1.2%	-3.4%	-
Industrial Production Y/Y %**	2.9%	-0.4%	3.9%	0.9%	-1.6%	-0.6%	-
Consumer Price Index Y/Y %**	8.3%	9.1%	11.4%	15.0%	16.7%	16.9%	16.4%
Producer Price Index Y/Y %**	5.1%	6.1%	5.8%	7.1%	9.5%	13.0%	-
Unemployment Y/Y %**	5.1%	5.2%	5.3%	5.5%	5.8%	5.9%	-
Real Wages Y/Y %**	0.6%	-1.2%	-4.0%	-8.4%	-7.4%	-9.3%	-
Retail Sales Y/Y %**	1.7%	1.9%	5.1%	-3.9%	-7.2%	-8.7%	-
Car Sales Y/Y %***	-9.9%	-1.1%	2.4%	-24.4%	-37.9%	-42.5%	-
Trade Balance \$ Bn.****	14.7	13.7	13.9	15.0	13.6	11.8	-
Exports \$ Bn.****	41.5	36.8	38.4	27.5	29.2	29.9	-
Imports \$ Bn.****	26.8	23.1	24.5	12.5	15.6	18.2	-
MNI Russia Business Sentiment Indicator	46.7	46.8	47.3	49.2	42.0	48.8	46.0
MNI Russia Consumer Sentiment Indicator	84.3	76.3	80.3	70.6	73.1	69.2	73.0

Source: *Ministry of Economic Development, **Rosstat, ***Association of European Businesses, ****Federal Customs Service

The Economy
Ministry estimated
that the economy
contracted by 3.4%
on the year in
March...

...after contracting by a revised 1.2% in February.

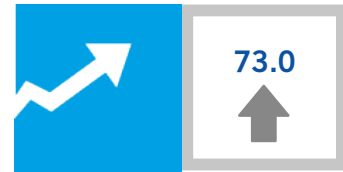


Indicators

Pessimism among Russian consumers eased slightly in April as the ceasefire brought about an improvement in expectations for the business environment.

MNI Russia Consumer Indicator

Almost Recoups March Loss



Pessimism among Russian consumers eased slightly in April as the ceasefire brought about an improvement in expectations for the business environment. Regardless, households remained downbeat across every measure of sentiment in the survey and their expectations for their financial position in a year's time fell to the lowest level on record.

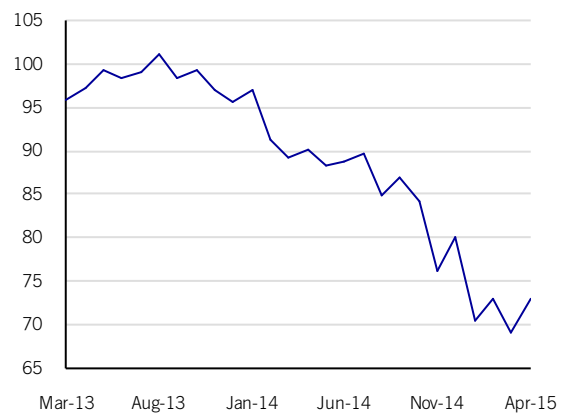
The MNI Russia Consumer Sentiment Indicator rose by 5.5% on the month to 73.0 in April, just about offsetting the previous month's decline to 69.2 from 73.1 in February. In spite of the improvement, consumer sentiment was down 19.1% on the year following a prolonged downturn which began even before the onset of the Ukraine crisis.

Four of the five components that make up the MNI Russia Consumer Sentiment Indicator improved in April. Our panel was only more pessimistic in their outlook for household finances which were the bleakest on record in April as consumers likely anticipated that their wages would be cut further over the coming year and that the high cost of living would eat away their finances.

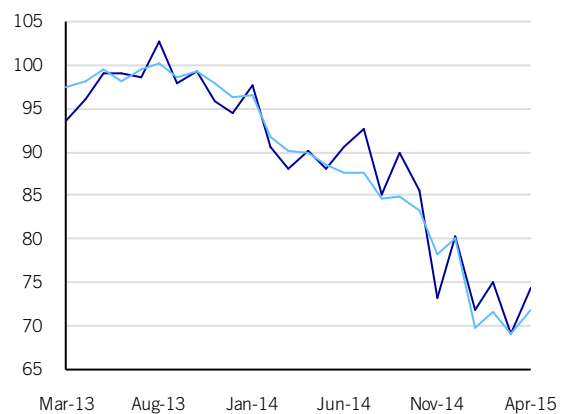
An 11.2% improvement in long-term expectations for business conditions provided the greatest degree of support for sentiment in April as the "Minsk 2.0" ceasefire brought about a considerable calming in the Ukraine conflict which has, in turn, lowered the threat of fresh economic sanctions from the West.

The recent rate cuts by the central bank appear to be having a positive impact on sentiment. Households

MNI Russia Consumer Indicator



Current and Expectations Indicators

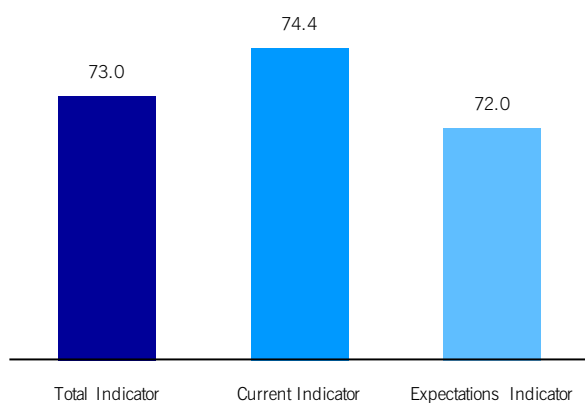


— Current
— Expectations

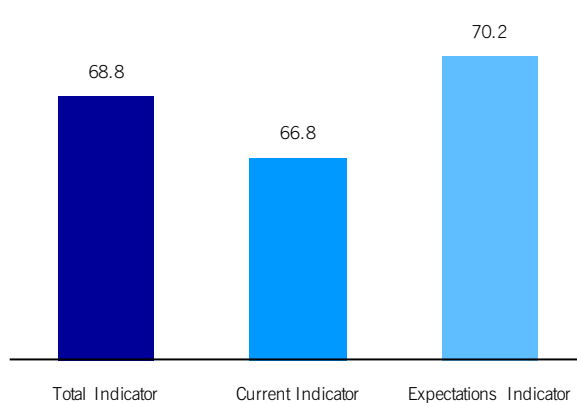
MNI Russia Consumer Indicator

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
MNI Russia Consumer Indicator	90.2	76.3	80.3	70.6	73.1	69.2	73.0
Current	90.3	73.3	80.4	71.9	75.2	69.1	74.4
Expectations	90.1	78.3	80.2	69.8	71.8	69.2	72.0

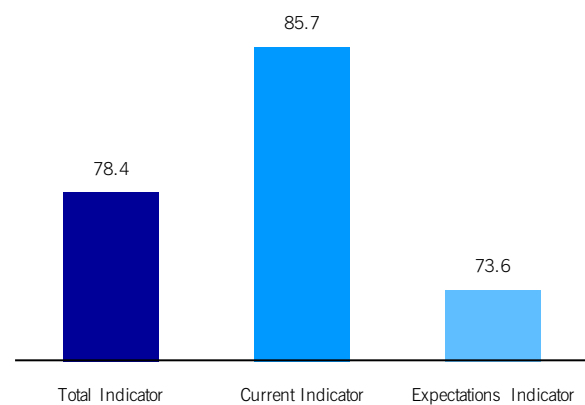
All Russia



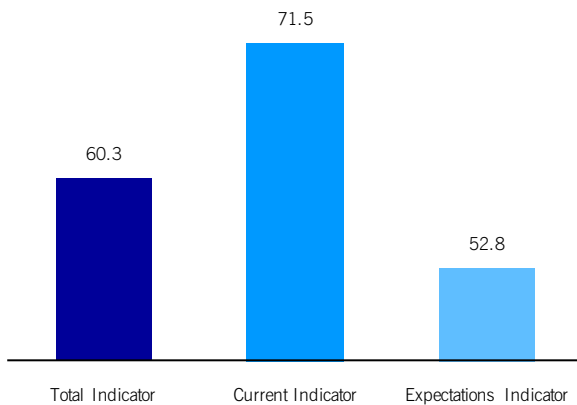
West Siberian



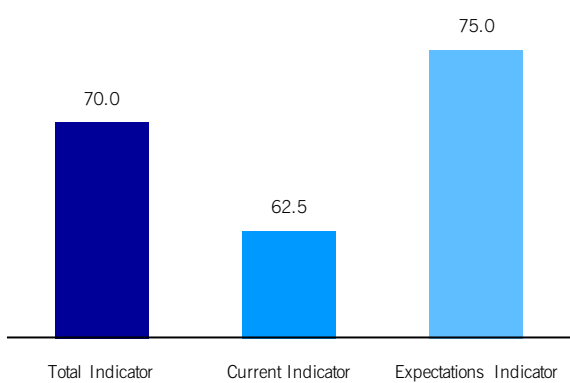
Central Russia



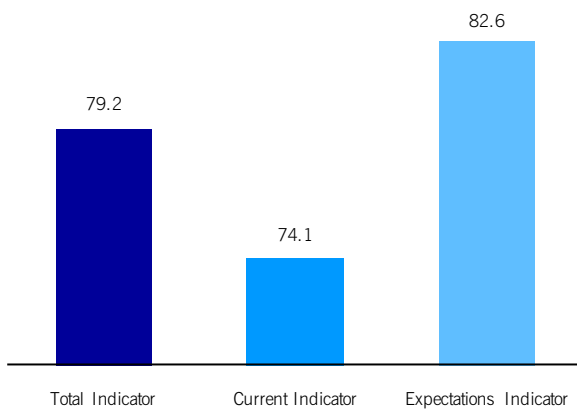
Volga



Urals



North Caucasus





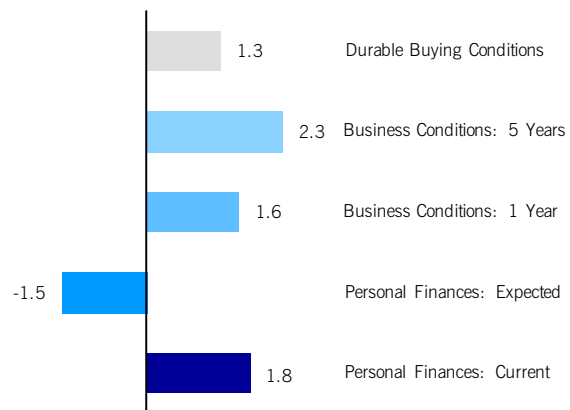
reported an improvement in their financial position in April and more of our panel considered it to be a good time to purchase big-ticket items such as cars and durable goods.

Meanwhile, the government’s efforts to subsidise mortgages appears to have gone some way in improving sentiment around the real estate market in Russia. Even so, the majority of our panel continued to consider it a poor time to invest in a house as many continued to expect interest rates to remain high in spite of the Central Bank of Russia’s recent efforts to normalise monetary policy. However, the latest rate cut by the CBR on April 30 came after our survey period had ended and so it is possible that we could see some easing in interest rate expectations over the coming months which could have some upside impact on purchases which typically require lending such as houses.

The Current Indicator, which measures consumers’ assessment of current conditions, rose to 74.4 in April from a series low of 69.1 in March, while the Expectations Indicator, which is comprised of the three forward-looking components, improved to 72.0 from an all-time low of 69.2 in the previous month.

Data from the Ministry of Economic Development revealed that the Russian economy shrunk by 3.4% on the year in March after contracting by a revised 1.2% in February, bringing the estimate for Q1 to -2.2%. This was broadly in line with our expectations after the MNI Russia Consumer Indicator averaged just 71.0 in the three months to March, the lowest quarter since the survey began in March 2013. Meanwhile, our sister MNI Russia Business Survey showed that business sentiment had also fallen to a record low of 46.7 in Q1. As such, both surveys provided an early indication that Russia may well have fallen into recession in the first quarter of the year.

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



Regions

Consumer sentiment improved in four of the five major regions in Russia in April, although declined to a series low in the remaining one.

Confidence was highest in the North Caucasus region where the Consumer Sentiment Indicator rose to 79.2 in April from an all-time low of 66.8 in March. Residents of the region were only more downbeat in their outlook for their personal finances, while the remaining four components posted double-digit gains on the month.

Only inhabitants of the Volga region were more pessimistic in April, with the Consumer Sentiment Indicator falling 10.5% to a record low of 60.3 from 67.4 in March. While inhabitants were less pessimistic in their long-term expectations for business conditions in April, this was offset by sharp declines in the remaining four components.



Age

All three age groups reported that they were less pessimistic in April.

The Consumer Indicator for 18 to 34-year-olds rose 5.7% to 73.4 in April from an all-time low of 69.4 in March. While the age group was more downbeat than ever before about the future of its finances, strong growth in the remaining four components meant that sentiment rose overall.

Sentiment among the 35 to 54-year-old age group posted the greatest improvement of 6.6% to 74.8 in April from a record low of 70.2 in the previous month. Fewer respondents reported that their financial situation had deteriorated in April, leading the improvement in overall sentiment, although pessimism surrounding the outlook for household finances hit a record high.

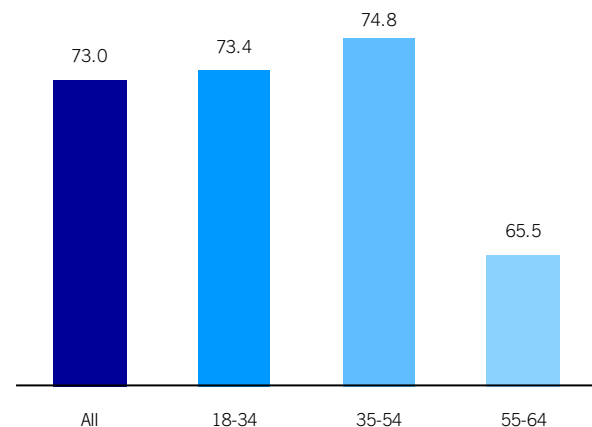
The Consumer Indicator for 55 to 65-year-olds rose slightly to 65.5 in April from a series low of 65.0 in April. Only two of the five components of the headline indicator rose in April, with the improvement in the long-term outlook for the business environment sizeable enough to counteract the sharp decline in both expectations for personal finances and willingness to purchase big-ticket items to series lows.

Income

Confidence rose among both high and low-income households in April.

Consumer confidence for households with an average annual income under RUB 480,000 climbed to 69.5 in April after sliding to a record low of 63.8 in March. Low-income households reported double-digit improvements in their perception of their current financial situation and their expectations for business conditions, although this was soured slightly by a gloomier outlook for finances in the future.

Consumer Indicator: Age Groups



For households with an average annual income above RUB 480,000, consumer confidence rose to 79.1 in April following a decline to an all-time low of 77.4 in March. Record high pessimism for household finances over the coming year was compensated for by heightened long-term expectations for business conditions.

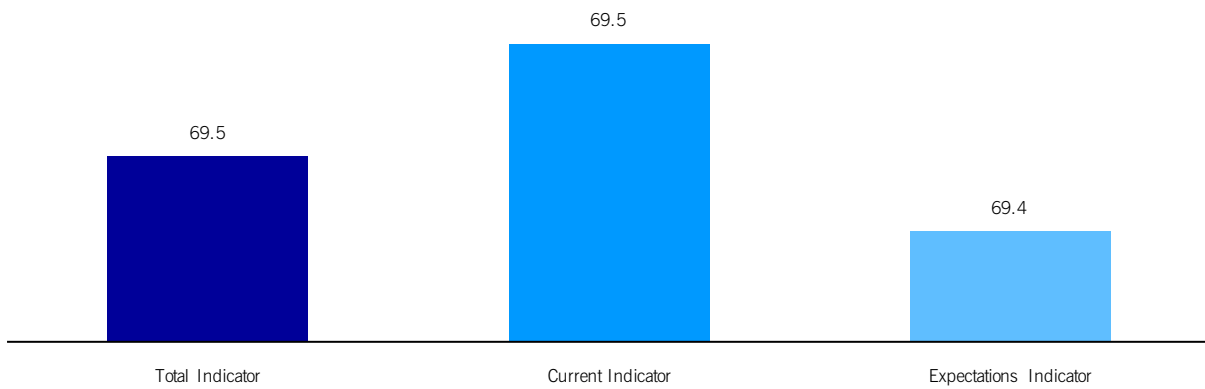
Compared with the previous year, confidence was almost 20% down among lower income households, while for higher income households it was 15.1% lower. On average, confidence remains greater for higher income households. Our survey has shown that lower income households have been hit harder by the current political and economic tensions.

MNI Russia Consumer Indicator

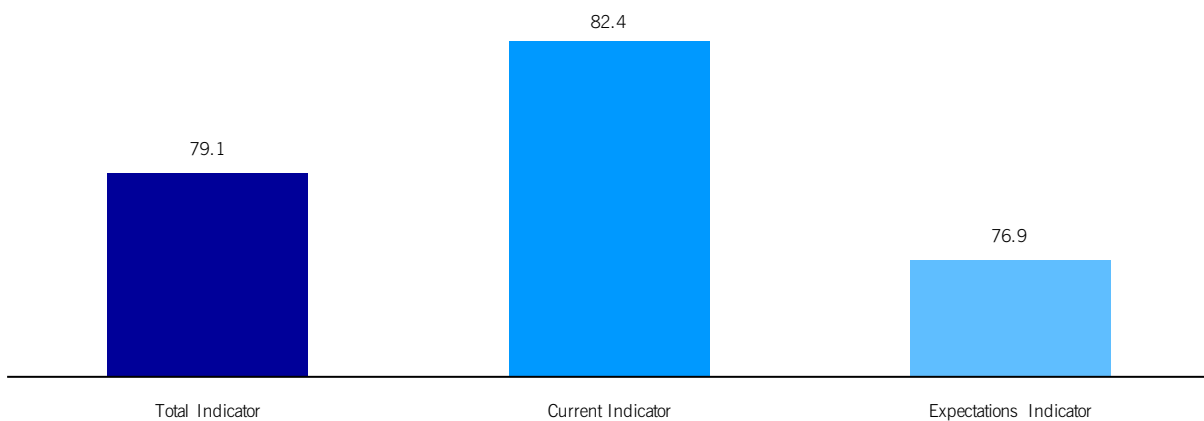
Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



MNI Russia Consumer Indicator

Main Cities



Residents in six of the 10 major cities in Russia were less pessimistic this month, with sentiment in the remaining four declining to series lows.

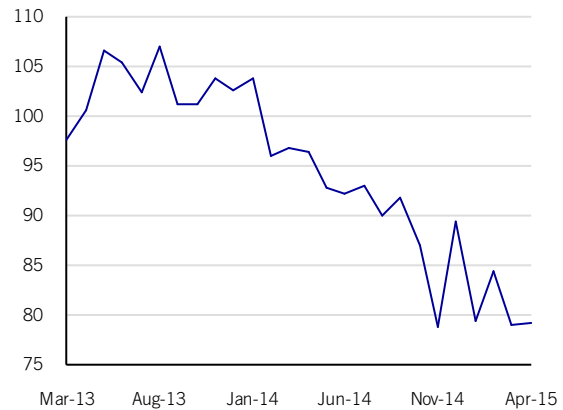
In the capital, Moscow, consumer sentiment rose slightly to 79.4 in April after falling to a four-month low of 79.1 in March. Only two of the five components of the headline indicator improved on the month, with a double-digit rise in the willingness to purchase big-ticket items accounting for why overall sentiment was able to eke out some growth. Meanwhile, there were sharp declines in both residents' expectations for their financial situation and their outlook for the business environment in five years' time, with both indicators falling to series lows in April.

In Saint Petersburg, the second largest city in Russia, consumer sentiment rose to 89.2 in April from 80.4 in March and was the highest among all 10 major cities surveyed. Inhabitants of the city had a much improved outlook for business conditions in both the short and long-term, outweighing their gloomier expectations for their financial situation which fell to the lowest level on record.

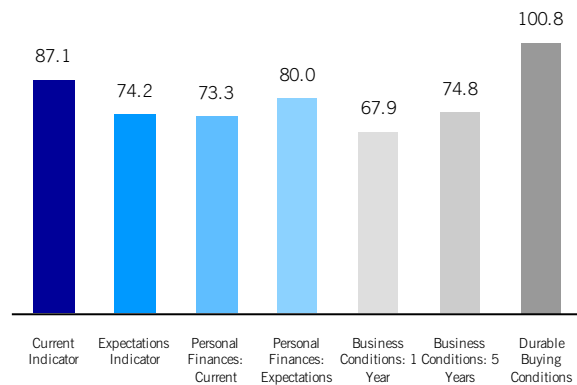
Consumer confidence in Novosibirsk, the third-largest city by population in Russia, declined to a fresh low of 62.0 in April from a previous low of 62.9 in March. Three of the five components of the headline indicator declined to series lows on the month. In particular, consumers were more pessimistic in their long-term outlook for business conditions and in their expectations for their finances over the coming year.

Consumer sentiment improved the most in Yekaterinburg, the fourth-largest city by population in Russia and a major industrial hub. The Consumer Indicator rose 14.9% to 72.4 in April from a series low of 63.0 in March. While residents' expectations for their financial situation remained unchanged at an

Consumer Indicator - Moscow



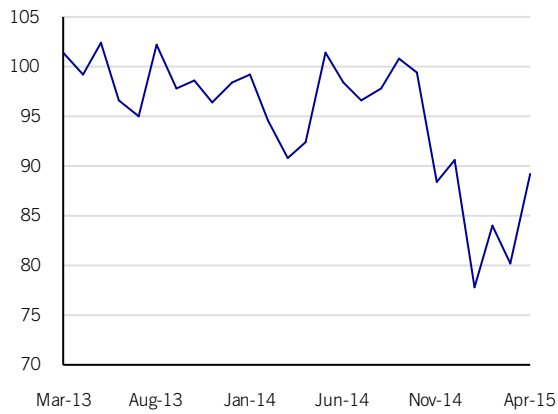
Consumer Indicator Components - Moscow



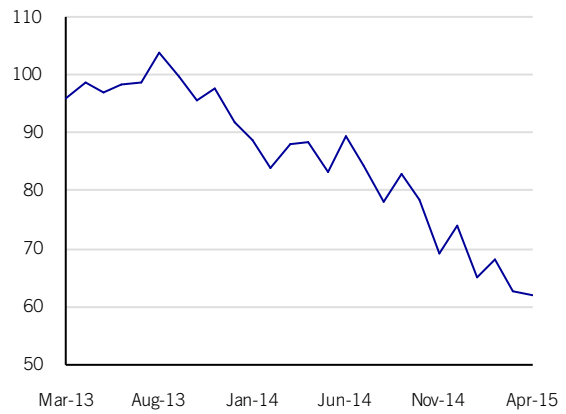
all-time low, the remaining four components all posted double-digit gains in April, led by the improvement in the long-term outlook for business conditions.



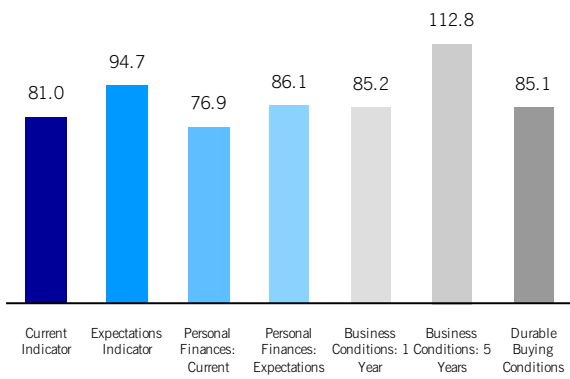
Consumer Indicator - Saint Petersburg



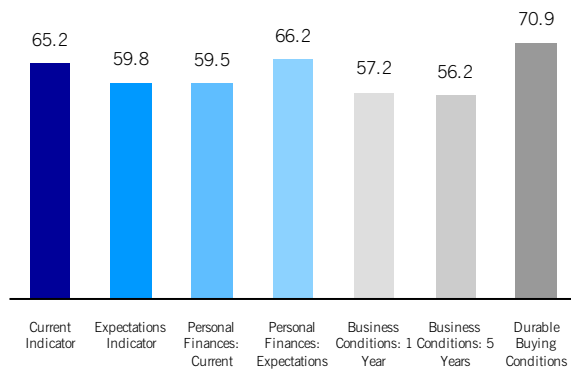
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



Personal Finances

Expectations at Fresh Low



While there was an improvement in our panel's perception of their current financial situation in April, their outlook for the future was bleaker than ever before.

Household finances have worsened significantly over the past year as rising unemployment has reduced the bargaining power of the Russian workforce, with many accepting wage cuts as companies seek to scale back their operations. This is reflected in the weakness of the Current Personal Finances Indicator, which measures whether households are better or worse off than a year ago. While it rose to 68.4 from a record low of 62.1 in March, it was 18.2% below the level seen a year ago.

Almost 80% of respondents reported that their Current Personal Finances had worsened in April, the majority of whom cited higher household expenses as the main reason behind the deterioration.

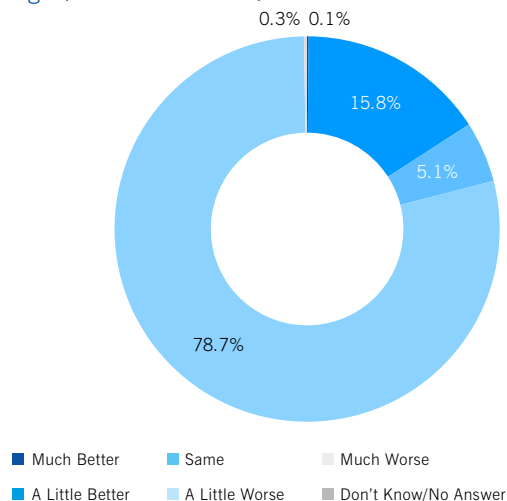
Disposable income has also been eroded over the past year by a combination of high inflation and a weak rouble, a trend which appears likely to continue in 2015. In April, all respondents spent more than 50% of their monthly household income on daily expenses and a record 43.6% of our panel reported that they were not saving any of their monthly income.

Consumers were more pessimistic than ever before in their outlook for their financial situation, with Expectations for Personal Finances falling to a fresh low of 70.9 in April from a previous low of 75.9 in March.

Personal Finances



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



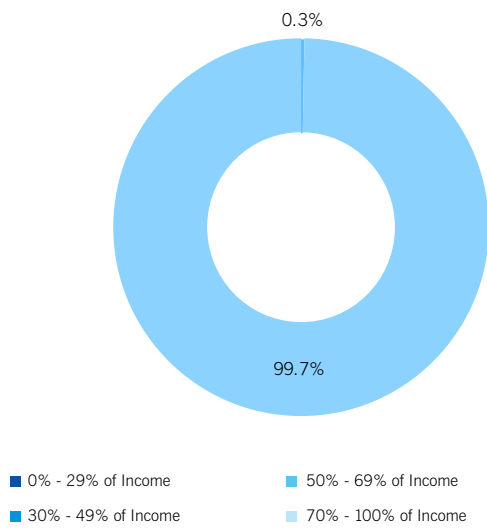
Personal Finances

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Current	83.6	67.5	73.3	65.2	67.9	62.1	68.4
Expectations	97.1	87.0	85.0	77.2	77.0	75.9	70.9

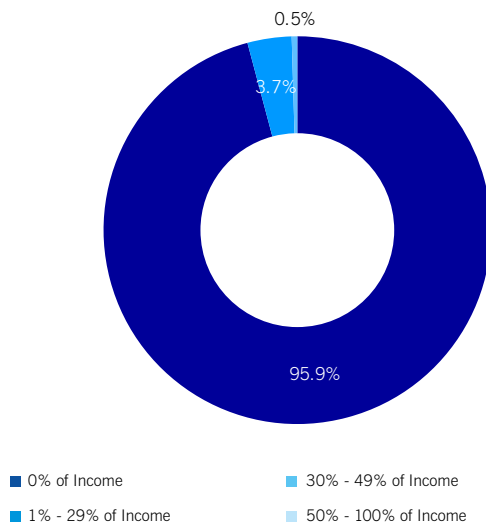


How Households Spend their Money

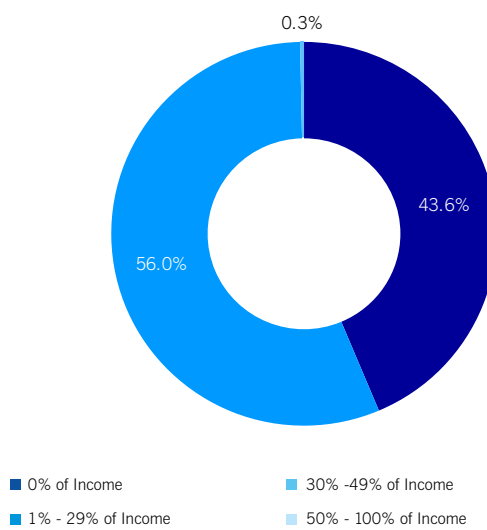
Daily Expenses
(% of Households)



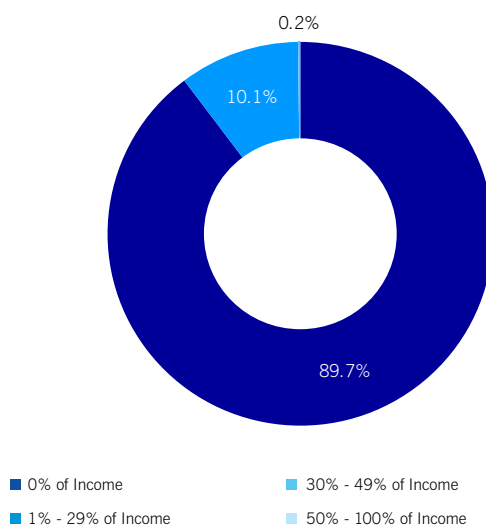
Monthly Household Income Used for Large Loan Repayment
(% of Households)



Monthly Household Income Used for Savings
(% of Households)



Monthly Household Income Used for Investments
(% of Households)



Business Conditions

Expectations Improve As Threat of Sanctions Subsides



With the “Minsk 2.0” ceasefire bringing about an easing in international tensions, consumers had a less downbeat outlook for future business conditions although their perception of the current climate for doing business remained more-or-less the same.

The Current Business Conditions Indicator, which measures respondents’ views on the state of business compared with a year earlier, rose to 67.9 in April from a record low of 67.4 in March. More than half of respondents thought that business conditions were poor, while only 6.8% our panel thought that conditions were good.

Following the annexation of Crimea and the conflict in eastern Ukraine, Western nations implemented economic sanctions against Russia’s finance, energy and weapons industries. In retaliation, Russia introduced a ban on certain food imports from the West.

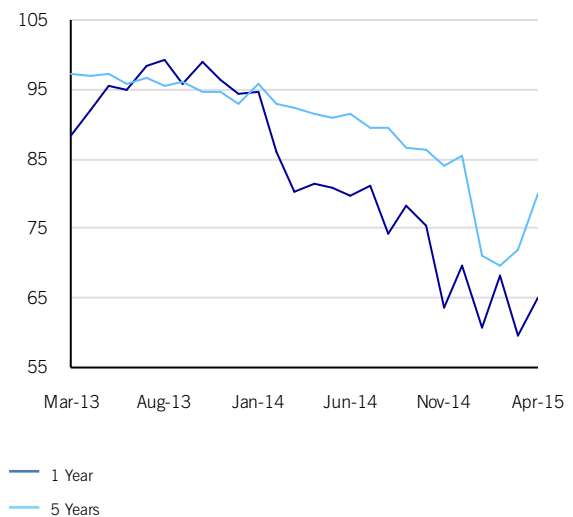
Even so, the recent ratification of the “Minsk 2.0” ceasefire in Ukraine has silenced calls for additional sanctions against Russia and Western leaders have suggested that the current measures could be lifted providing that the terms of the Belarusian agreement are adhered to. With the outlook appearing less bleak, there was an improvement in our panel’s short and long-term outlooks for the business environment.

Consumers’ expectations for Business Conditions in One Year rose to 65.2 in April after falling to a series low of 59.7 in March. In spite of this month’s improvement in short-term expectations for business

Current Business Conditions Indicator



Expected Business Conditions



Business Conditions

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Current	96.7	86.5	84.0	70.7	69.6	67.4	67.9
In 1 Year	81.6	63.7	69.8	60.8	68.4	59.7	65.2
In 5 Years	91.6	84.1	85.7	71.3	69.9	72.0	80.0

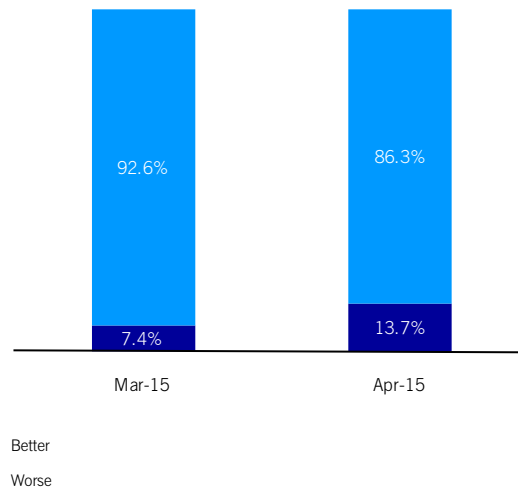


Business Conditions in 1 Year

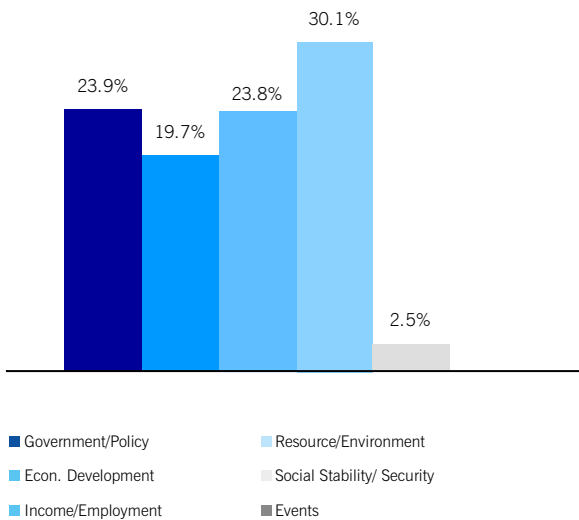
conditions, they were still 20.1% below the level seen a year earlier following a sustained decline that began in January 2014.

Consumers were also slightly less pessimistic in their outlook for long-term business conditions with the Expectations for Business Conditions in Five Years Indicator rising to 80.0 in April from 72.0 in March, leading the rise in overall sentiment in April.

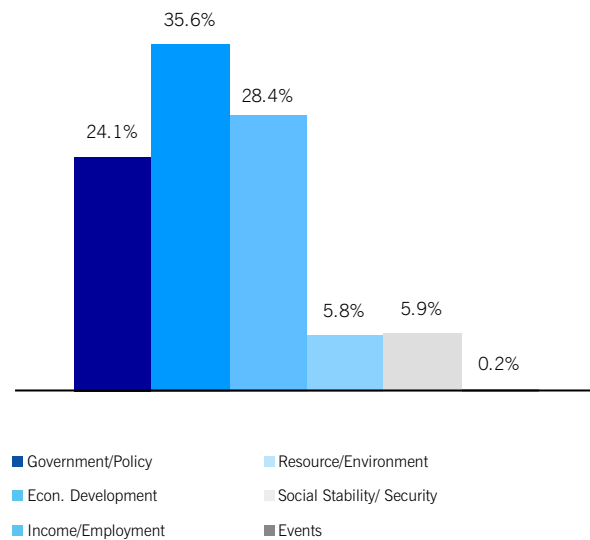
All Russia



All Russia, Reasons for Better



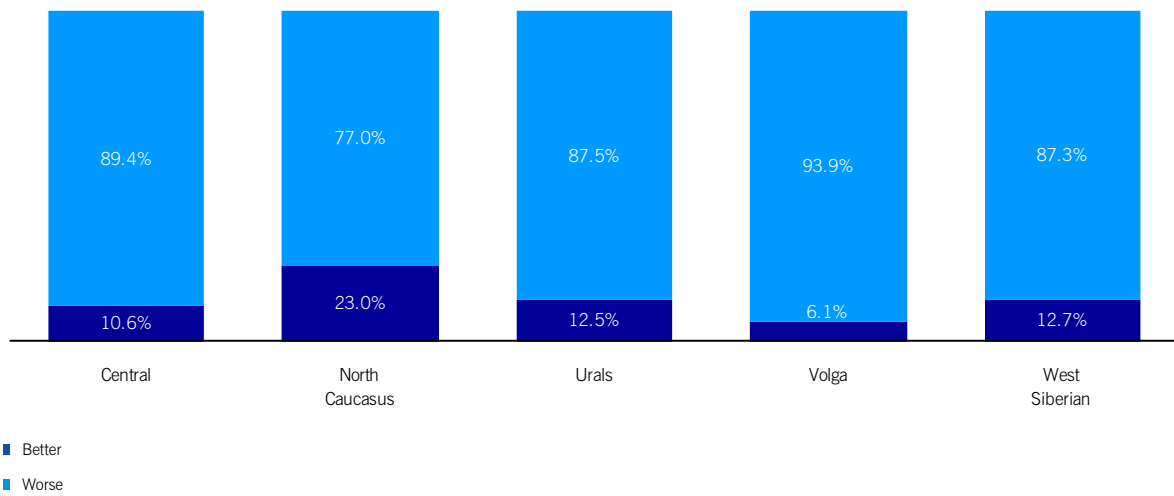
All Russia, Reasons for Worse



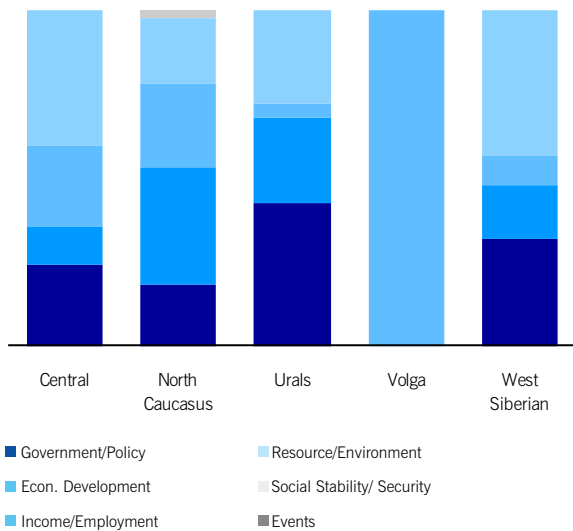


Business Conditions in 1 Year Regions

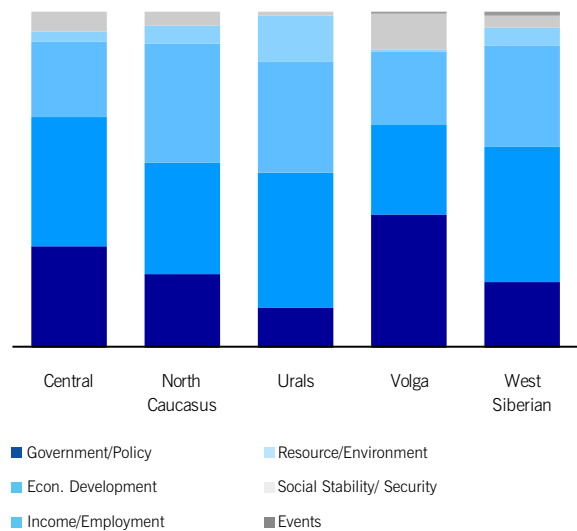
Business Expectations: Worse or Better?
(% of Respondents)



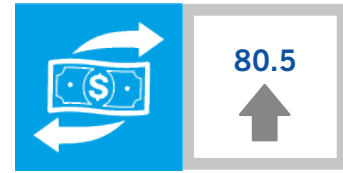
Reasons for Better
(% of Respondents)



Reasons for Worse
(% of Respondents)



Durable Buying Conditions Continue to Fluctuate



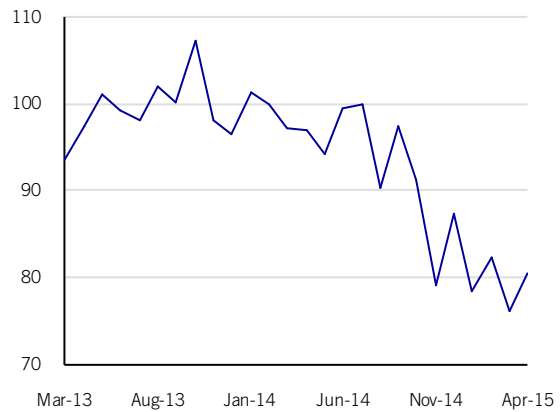
Slightly fewer consumers considered it to be a poor time to purchase a big-ticket item in April as pressures on household finances eased slightly, although recent data has been very erratic but has generally trended down since the start of the survey.

The Durable Buying Conditions Indicator rose to 80.5 in April after falling to a series low of 76.2 in March as weak household finances and the heightened cost of credit continued to restrain consumers' purchasing power.

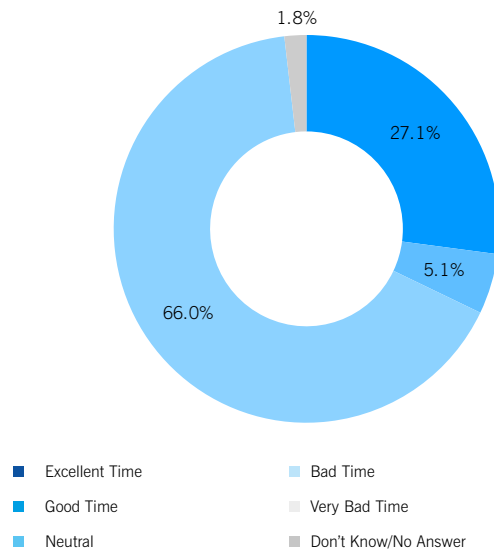
Even so, the indicator has been quite volatile in recent months alongside mixed official economic data for retail sales. Nevertheless, the trend seems to be downward given that April's reading marked the ninth consecutive month that the indicator has remained below the 100 level and was around 17% below the level seen a year ago.

Respondents are asked whether they believe it is a good or bad time to purchase a large consumer durable, and a result below 100 means that a higher percentage of respondents view it as a bad time. While just over a quarter of our panel thought that it was a good time to purchase a household good, two-thirds of those polled considered the conditions to be poor.

Durable Buying Conditions



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



Durable Buying Conditions

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Durable Buying Conditions	97.0	79.1	87.6	78.6	82.5	76.2	80.5

Employment Outlook Improves from Record Low



Pessimism surrounding the outlook for the job market eased slightly in April, although respondents continued to anticipate that unemployment would continue to rise amid the challenging economic conditions.

The Employment Outlook Indicator, which gauges opinion on the outlook for the employment market over the next 12 months, rose to 68.8 in April from a series low of 66.5 in March. Almost 60% of respondents thought that the employment market would worsen over the next 12 months, while just over 30% thought that it would remain the same.

Views on the labour market have deteriorated significantly since the onset of the Ukraine crisis, with expectations for the job market in April 23.2% below the series average.

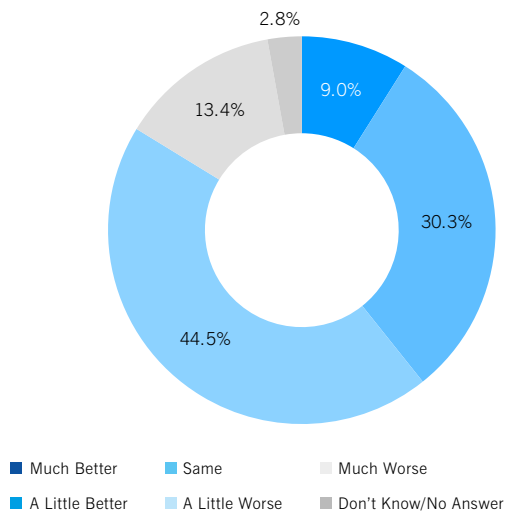
Official statistics showed that the unemployment rate rose to 5.9% in March from 5.8% in February, the highest since January 2013. The employment situation in Russia has on the whole remained resilient in the face of the slowdown, a reflection of the country's overstaffing and low levels of productivity, although the recent trend in rising unemployment is expected to continue throughout 2015.

The April edition of our sister survey on large Russian companies revealed that they chose to hire additional employees and anticipated that their workforce would expand over the coming months amid a more optimistic outlook for both orders and production.

Employment Outlook Indicator



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



Employment Outlook

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Employment Outlook	90.6	87.3	86.7	66.9	68.2	66.5	68.8

Prices Sentiment

Inflation Expectations Fall Further



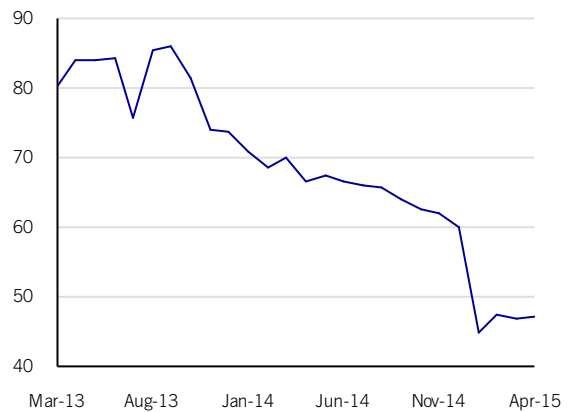
While our panel remained extremely dissatisfied with the current cost of living, their inflation expectations for the next 12 months fell further.

The Current Prices Satisfaction Indicator was broadly unchanged at 47.3 in April compared with 47.0 in March. A figure below 100 indicates wider dissatisfaction with the current level of prices. The further below 100, the greater the dissatisfaction. The indicator has remained below 100 since the survey started, and in April it was 31.2% below the series average, with more than three-quarters of respondents dissatisfied with the current level of prices.

Fewer consumers anticipated prices would rise over the next 12 months as shown by the Inflation Expectations Indicator easing to 153.1 in April from 160.9 in March. Inflation expectations have trended upwards since the start of the survey in March 2013 and in April they were substantially above the series average of 142.4.

Throughout 2014, the Central Bank of Russia raised the benchmark interest rate by a total of 1150 basis points in a bid to control inflation and stabilise the rouble. More recently, an easing in inflationary pressures and an appreciation in the rouble has enabled the central bank to cut the key rate during three consecutive meetings, although it still has some way to go before monetary policy is normalised. Under the CBR's most recent baseline scenario, weak economic growth is forecast to slow annual inflation to 8% in 2016 before finally falling to its medium-term target of 4% until 2017.

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Satisfaction with Current Prices	66.6	62.0	60.2	44.9	47.6	47.0	47.3
Inflation Expectations	141.6	144.5	144.3	161.1	169.2	160.9	153.1

Prices Sentiment Regions



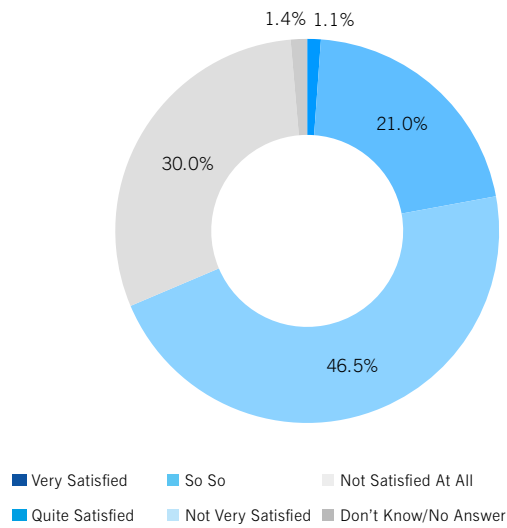
Our panel's inflationary expectations have closely matched the trend in consumer price inflation. Official data showed that consumer price inflation eased to 16.4% on the year in April from 16.9% in March, preceded by a similar easing in our survey's Inflation Expectations Indicator. With the indicator having fallen slightly in recent months, there is a possibility that inflation has now started to ease.

Regions

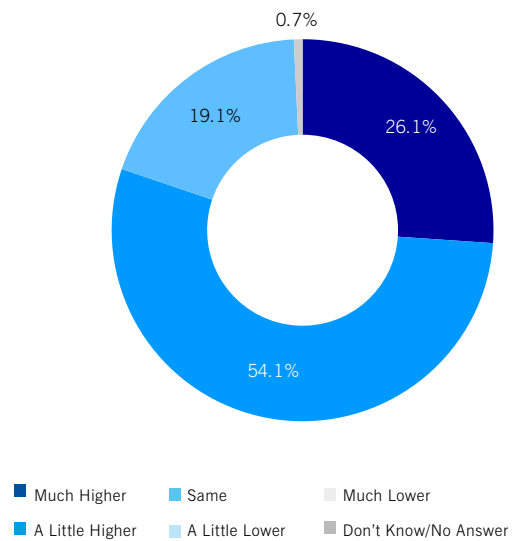
Satisfaction with Current Prices fell in three of the five regions surveyed in April and hit a record low in two of them. Residents of the Volga region were the most dissatisfied with the current cost of living, with almost 90% discontent with the current level of prices.

Inflationary expectations eased in every region this month apart from in Volga where they hit an all-time high. There was a double-digit fall in expectations for prices over the coming 12 months among inhabitants of the North Caucasus region, pushing down the indicator to the lowest level of the regions.

Satisfaction with Current Prices
(% of Households)

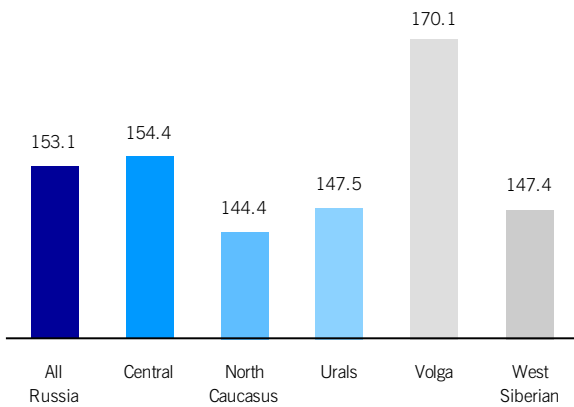


Inflation Expectations in 12 Months
(% of Households)

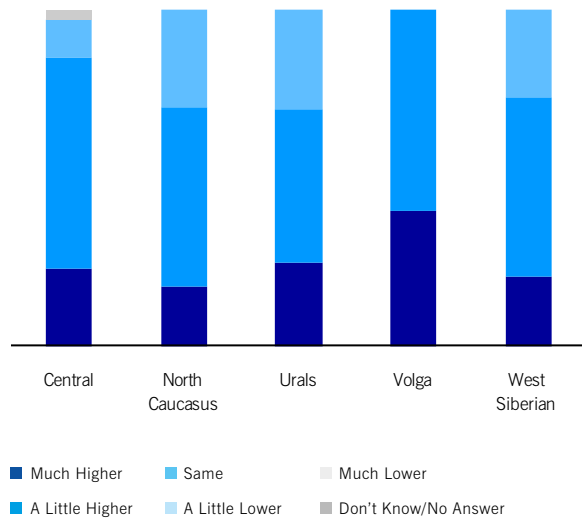




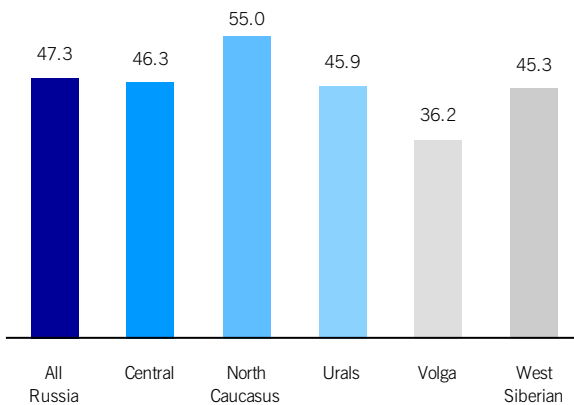
Inflation Expectations Indicator



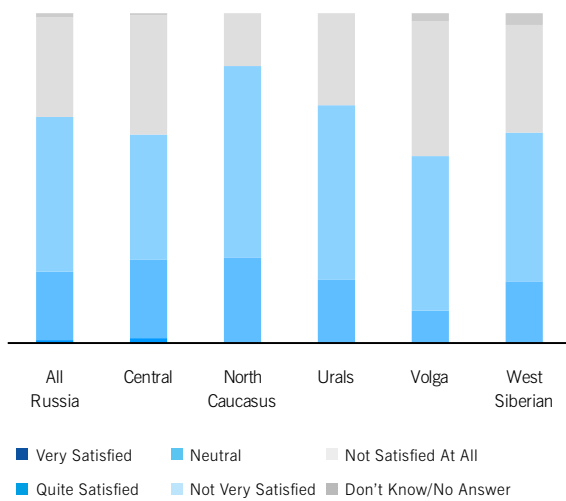
Expected Change in Prices in 1 Year (% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Four-Month Low



With the CBR signalling that it is seeking to normalise policy, a mandate which could mean that the key rate will be cut further as the year progresses, slightly fewer consumers expected interest rates to rise over the coming 12 months. The Interest Rate Expectations Indicator eased to 151.8 in April from 167.4 in March, although remained almost 27% higher than the level recorded a year earlier.

Throughout 2014, the CBR raised the benchmark interest rate by a total of 1150 basis points in an effort to stem a significant depreciation in the rouble. With the financial situation in Russia having stabilised somewhat recently, the CBR has chosen to cut the key interest rate by a total of 450 basis points to 12.5% at its first three meetings of 2015.

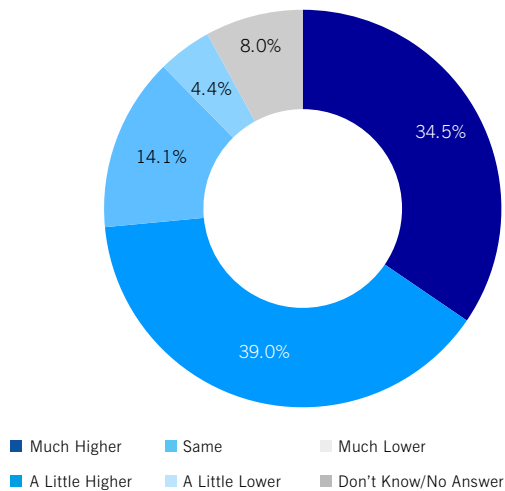
Of those polled, 73.5% expected interest rates in a year's time to be higher, while only 14.1% of respondents expected interest rates to remain the same.

Even so, the latest rate cut was announced at the central bank's meeting on April 30 which came after our survey period had closed. While we could see some further easing in the indicator as a result, expectations are unlikely to subside quickly in the short-term as retail banks generally take longer to pass on the cuts through lower lending rates following the aggressive monetary policy tightening towards the end of 2014.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Interest Rate Expectations	119.6	122.2	127.6	165.1	168.4	167.4	151.8

Real Estate Investment Subsidies Underpin Buying Sentiment



Recent government efforts to stimulate sagging demand in the Russian real estate market may have accounted for why more consumers considered it to be a good time to buy a house in April in spite of a small easing in expectations for house prices.

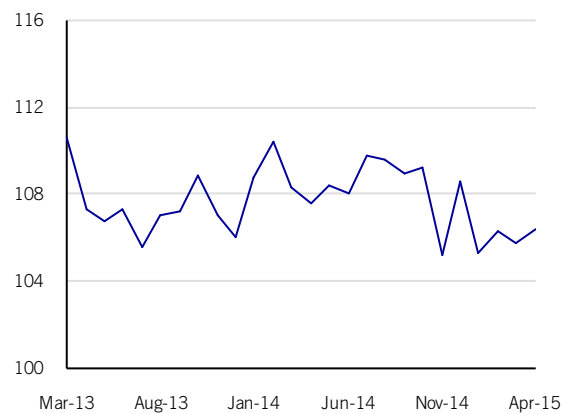
The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) rose to 106.5 in April from 105.8 in March.

The small improvement in overall sentiment for the real estate market was primarily the result of more of our panel considering it a good time to buy a house in the next six months. This was reflected by the rise in House Buying Sentiment to 76.1 in April from a record low of 72.7 in March, although sentiment remained firmly in decline as high interest rates and a poor outlook for household finances continued to deter the majority of Russian consumers from making a house purchase.

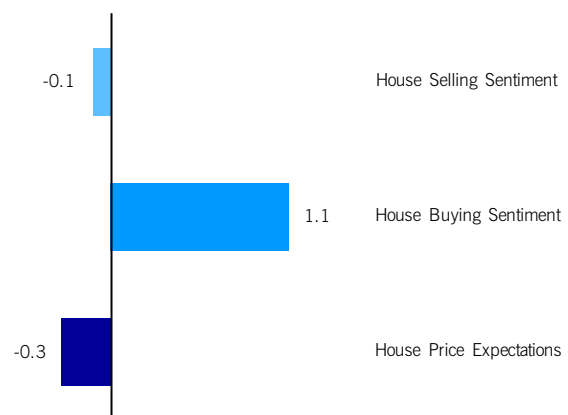
In response to high mortgage rates, the government recently announced that it will subsidise them in order to boost the housing market. While this could partly account for this month's improvement in sentiment, it may only have a marginal impact on house purchases given that consumers are currently very concerned about the future state of their finances.

Although the majority of our panel expected house prices to rise over the coming six months, slightly fewer thought so in April compared with the previous month. The House Price Expectations component eased to 142.5 in April from 143.5 in March. While

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Real Estate Investment Sentiment	107.6	105.2	108.7	105.3	106.4	105.8	106.5
Price Expectations	138.5	142.8	144.1	142.8	142.9	143.5	142.5
House Buying	82.8	73.5	81.2	73.2	76.3	72.7	76.1
House Selling	98.4	100.7	99.3	99.9	100.0	98.8	99.2

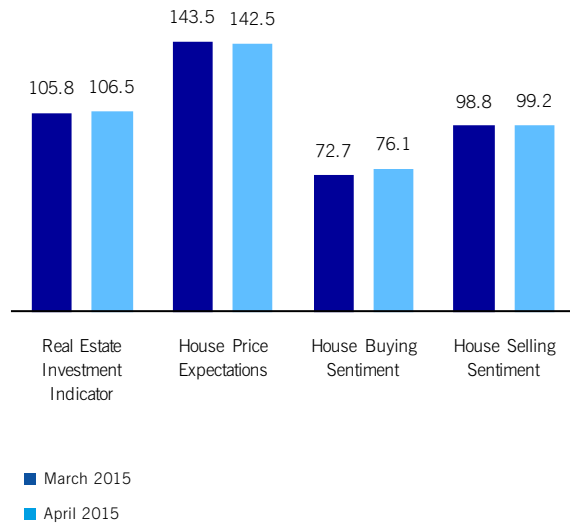
Real Estate Investment Components and Balances



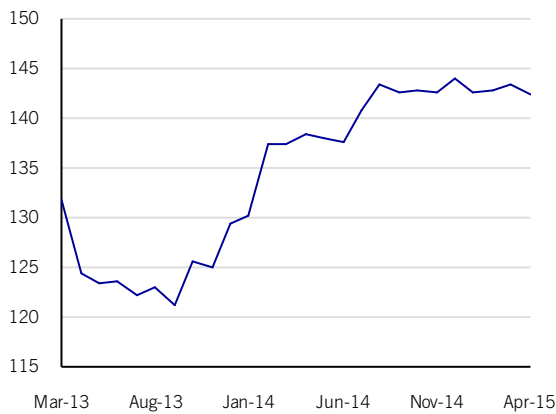
almost 70% of those polled thought that house prices would rise in the next six months, a growing proportion of our panel were unsure about which direction house prices would take.

This possibly accounted for why more consumers considered it to be a good time to sell a house in the next six months, although the majority still thought that the conditions were poor. House Selling Sentiment, which has a negative impact on the overall House Price Indicator, rose to 99.2 in April from 98.8 in March. This could be due to expectations that interest rates will remain prohibitively high, raising the cost of mortgages and therefore making houses more difficult to sell in the future.

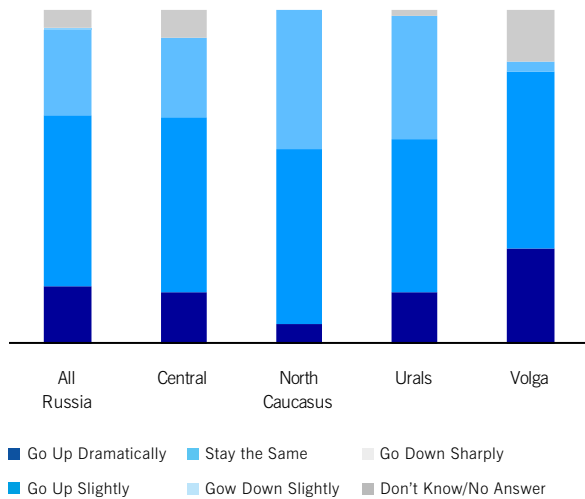
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in the Next 6 Months

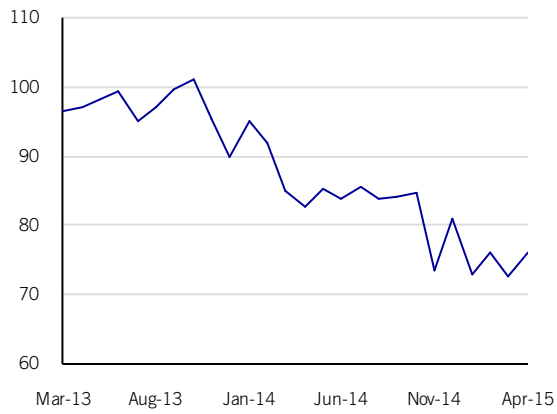


Expected Changes in Real Estate Prices in the Next 6 months (% of Households)

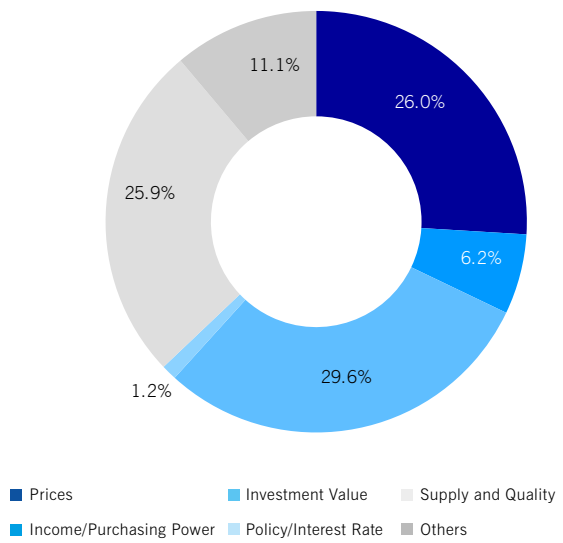




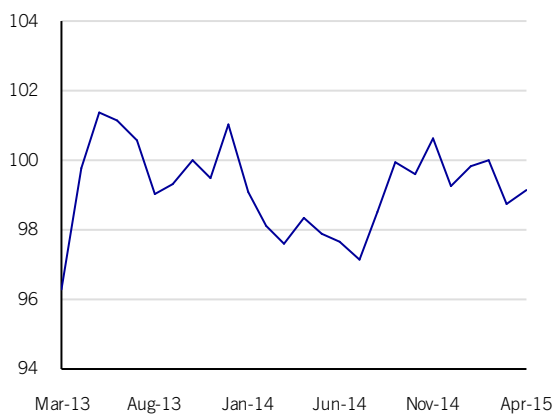
House Buying Sentiment



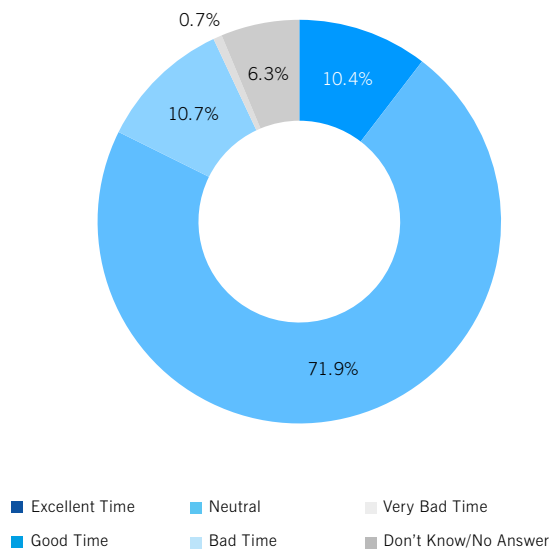
Reasons for Buying Houses (% of Households)



House Selling Sentiment

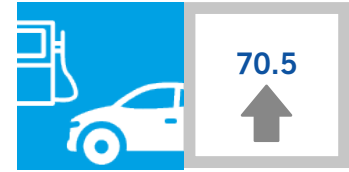


Timing for Selling Houses (% of Households)



Car Purchase

Rise in Potential Car Purchasers



Slightly more of our panel considered it to be a good time to purchase a car over the coming year, although the majority of consumers continued to be put off by a lack of purchasing power and ever increasing expectations for the price of gasoline.

The Car Purchase Indicator, which is made up of two components (Car Purchase Expectations and Expectations for the Price of Gasoline), rose to 70.5 in April from 69.2 in March.

This was predominately due to the improvement in car purchase sentiment in April, although the indicator remained in contraction as the number of pessimists continued to outweigh the number of optimists. The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, rose to 88.9 in April from a record low of 86.0 in the previous month. Almost 60% of respondents thought it would be a bad time to purchase a car in the next 12 months, the majority of whom were deterred from making a purchase by the high cost of use and upkeep of a car.

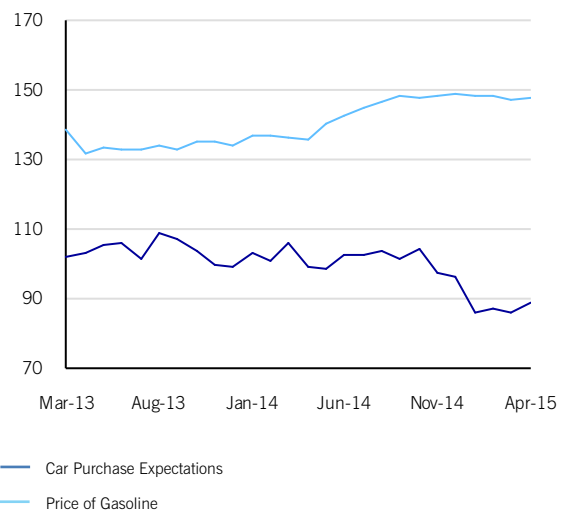
Official data showed car sales plummeted by 42.5% on the year in March following a decline of 37.9% in February. The sharp decline in car sales may be due to dealerships now pricing in the cost of the significantly weaker rouble, having previously kept prices in check. In March, there was a 23% annual rise in the price of a domestically manufactured car and a 17.5% hike in the price of those that are imported.

In an attempt to alleviate the downturn in the

Car Purchase Indicator



Car Purchase Indicator - Components

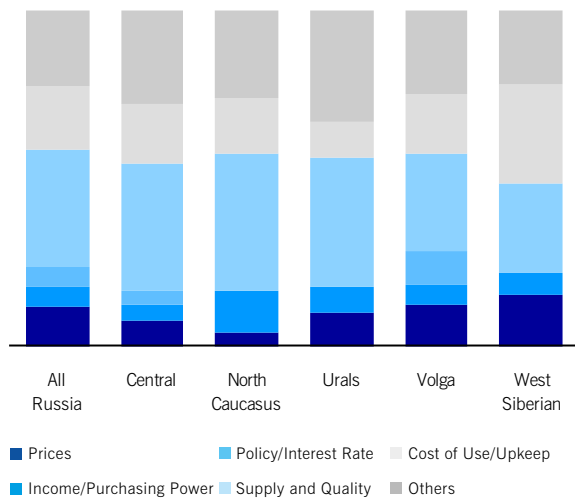


Car Purchase Sentiment

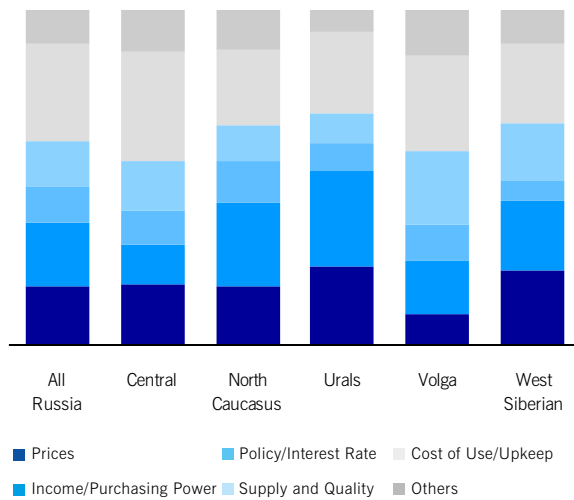
	Apr-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Car Purchase Sentiment	81.5	74.5	73.6	68.7	69.4	69.2	70.5
Car Purchase Expectations	99.3	97.6	96.5	86.0	87.2	86.0	88.9
Price of Gasoline	136.3	148.6	149.2	148.7	148.3	147.5	147.8



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



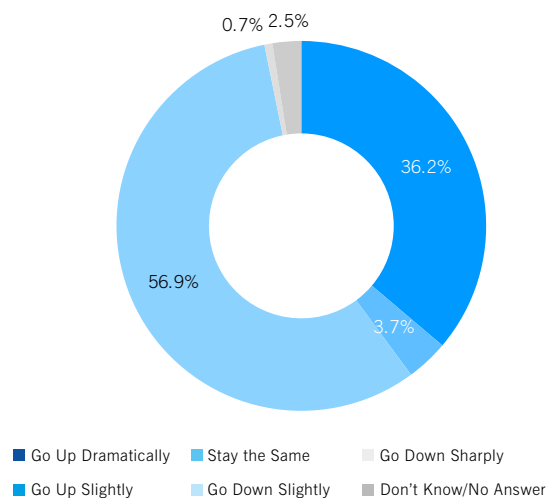
Reasons for a Bad Time to Buy a Car
(% of Households)



automobile market, the Russian government introduced a car scrappage and trade-in scheme at the beginning of September. While it had initially helped to ease pressure on the automobile market, it has since been outweighed by the high cost of credit and increased price of cars brought about by the weakening in the rouble. Recently, the government announced that it would subsidise car loans which have risen significantly following the rapid policy tightening by the central bank.

While the slide in global oil prices has reduced gasoline prices in many countries, the extension of excise taxes on Russian gasoline production in 2015 means that consumers are likely to face higher fuel costs in the months ahead. As a consequence, the majority of Russian consumers expected gasoline prices to rise in the next 12 months. Expectations for the Price of Gasoline stood at 147.8 in April compared with 147.5 in March.

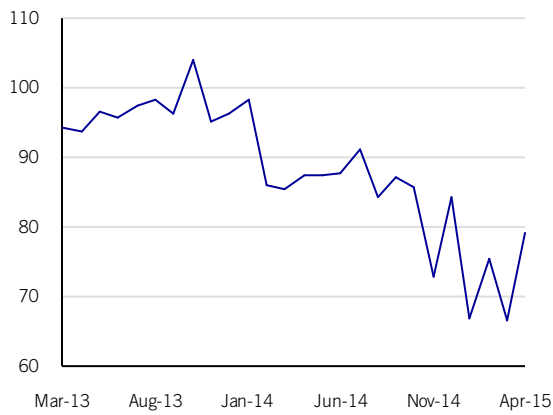
Expected Change in the Price of Gasoline
(% of Households)



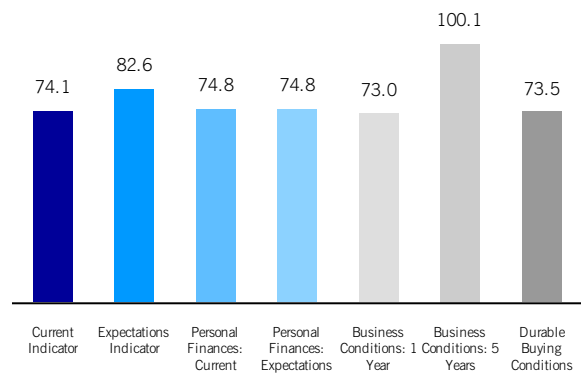
MNI Russia Consumer Indicator Regions



Consumer Indicator: North Caucasus



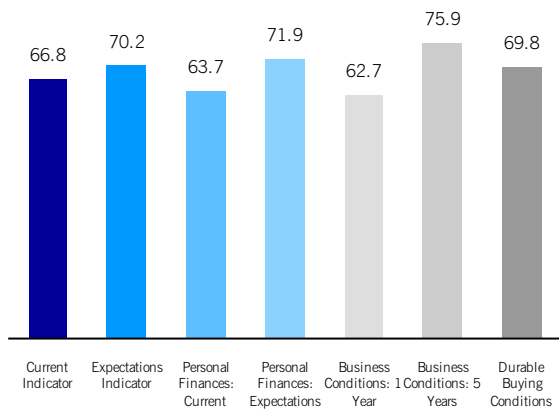
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian

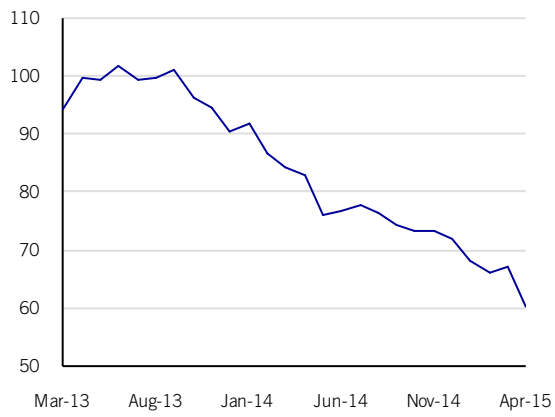


Consumer Indicator Components: West Siberian

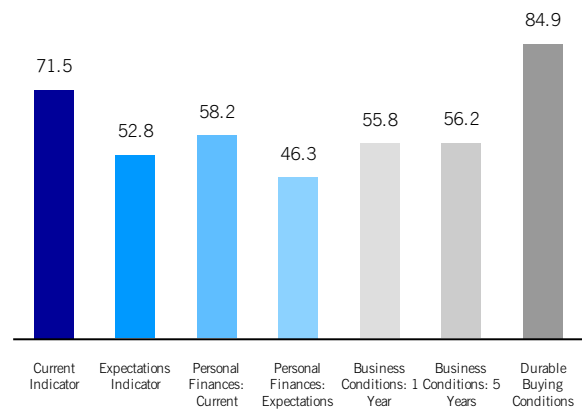




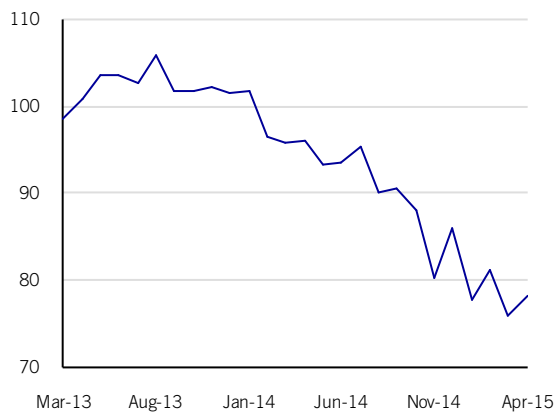
Consumer Indicator: Volga



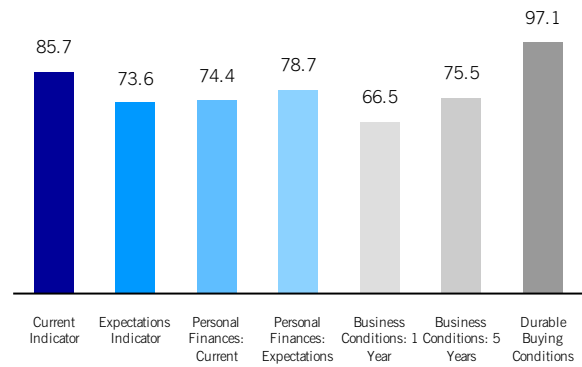
Consumer Indicator Components: Volga



Consumer Indicator: Central

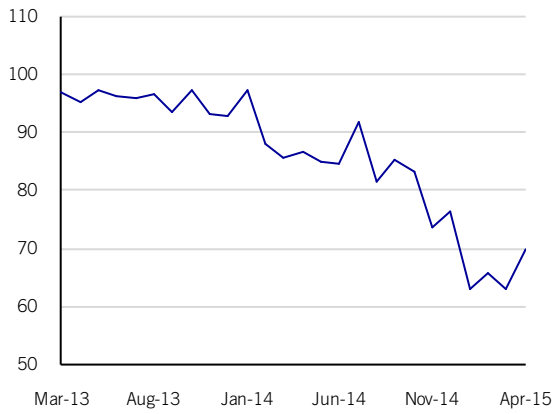


Consumer Indicator Components: Central

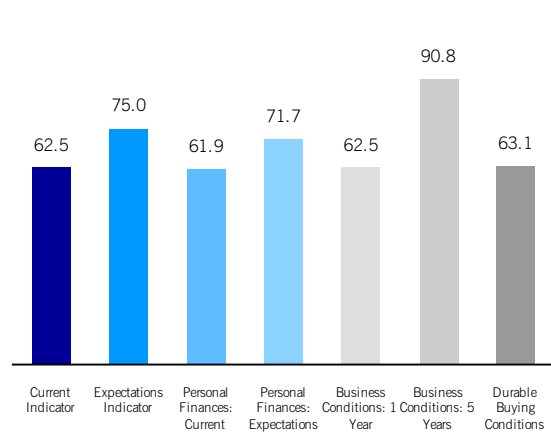




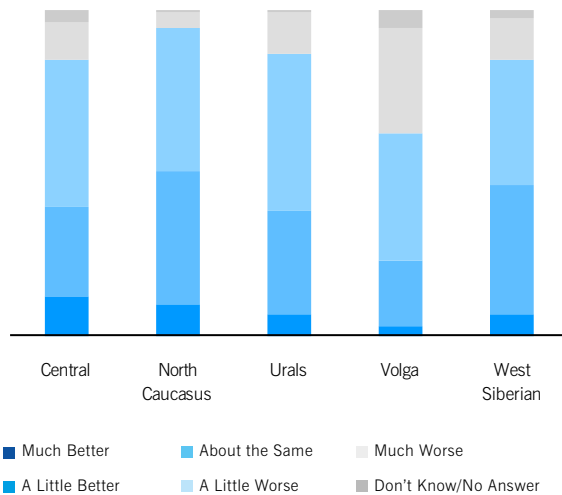
Consumer Indicator: Urals



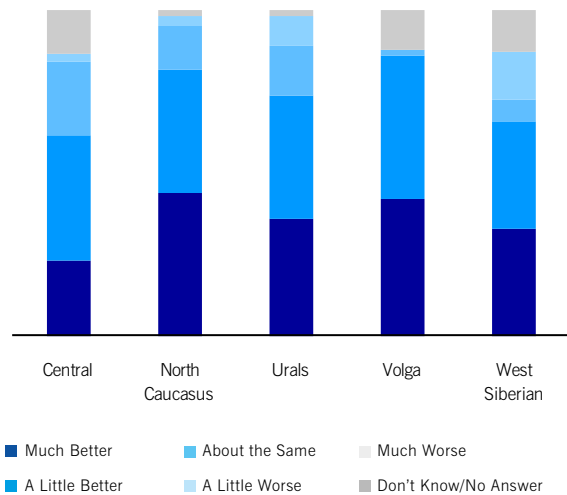
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

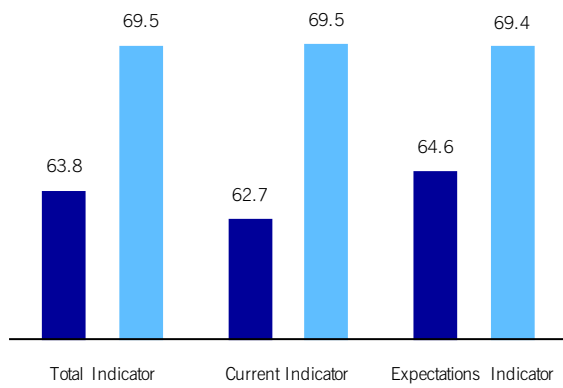


MNI Russia Consumer Indicator

Income Groups

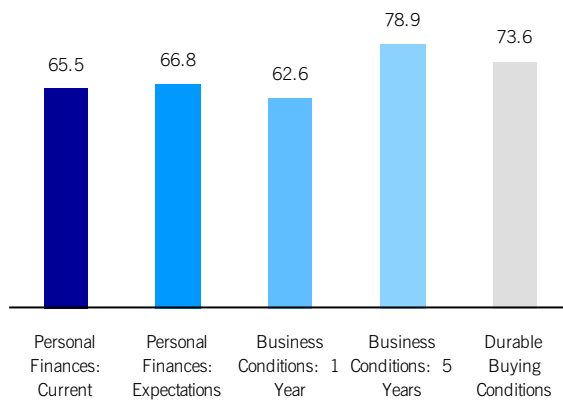


< RUB 480,000 Per Annum

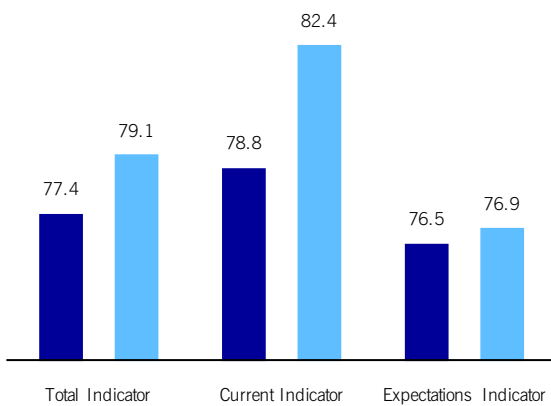


■ March 2015
■ April 2015

< RUB 480,000 - Components

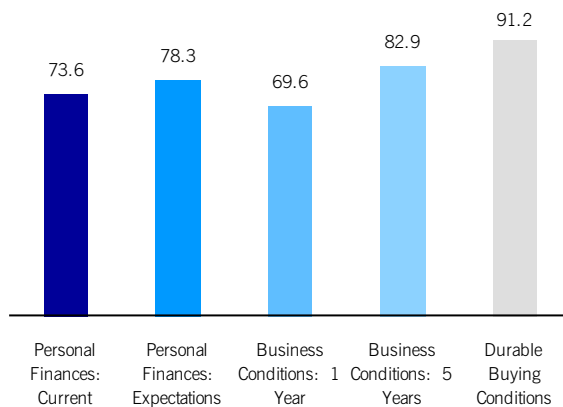


> RUB 480,000 Per Annum



■ March 2015
■ April 2015

> RUB 480,000 - Components





What the Panel Said

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

“My salary has risen after I received a promotion at work.” **41-year-old male in Moscow**

“Shops have lowered their prices following the rouble appreciation.” **33-year-old female in Moscow**

“Ceasefire has eased tensions with the West, although I think it is unlikely that sanctions will be lifted anytime soon.” **29-year-old female in Moscow**

“Maintaining a car is not very expensive.” **57-year-old female in Saint Petersburg**

“With the outlook for the economy uncertain, one should invest in real estate.” **28-year-old male in Saint Petersburg**

“The cost of CASCO [fully comprehensive automobile insurance] grew by more than a third, making car purchases more expensive as banks will not approve a loan without it.” **55-year-old male in Ryazan**

“Price of vodka decreased.” **34-year-old female in Ryazan**

“Future for business is brighter as relations between Russia and Turkey grow stronger over Blue Stream gas pipeline.” **53-year-old female in Tula**

“My parents haven’t need to help me out so much this month.” **31-year-old male in Alexandrov**

“I’m afraid that I will lose my job, many have been fired where I work.” **44-year-old male in Tambov**

“Prices of household goods will rise, one should buy now.” **56-year-old female in Abakan**

“Construction has picked up around here, I am interested in a number of housing projects.” **24-year-old female in Magadan**

“Prices are high at the moment but they should come down over time.” **22-year-old male in Kaliningrad**

“Cooperation between China and Russia will help business over the coming years, the currency swap agreement should help to reduce our reliance on the US dollar.” **42-year-old male in Nakhodka**

Russia - Central Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Central Consumer Indicator	81.4	76.0	78.4	Feb-15	-	78.6	2.4	3.3%
Current Indicator	85.5	78.3	85.7	Dec-14	-	83.2	7.4	9.4%
Expectations Indicator	78.6	74.4	73.6	-	series low	75.5	-0.8	-1.1%
Personal Finance: Current	78.5	69.8	74.4	Feb-15	-	74.2	4.6	6.6%
Personal Finance: Expected	84.4	84.1	78.7	-	series low	82.4	-5.4	-6.5%
Business Condition: 1 Year	74.9	64.1	66.5	Feb-15	-	68.5	2.4	3.8%
Business Condition: 5 Years	76.6	75.0	75.5	Feb-15	-	75.7	0.5	0.7%
Durable Buying Conditions	92.5	86.9	97.1	Sep-14	-	92.2	10.2	11.8%
Current Business Conditions Indicator	72.4	70.4	72.3	Feb-15	-	71.7	1.9	2.6%
Real Estate Investment Indicator	108.5	108.6	108.9	Dec-14	-	108.7	0.3	0.3%
Car Purchase Indicator	69.8	69.7	74.2	Dec-14	-	71.2	4.5	6.4%
Employment Outlook Indicator	76.7	72.3	72.2	-	Jan-15	73.7	-0.1	-0.1%
Inflation Expectations Indicator	173.0	163.8	154.4	-	Oct-14	163.7	-9.4	-5.7%
Current Prices Satisfaction Indicator	48.3	51.2	46.3	-	series low	48.6	-4.9	-9.4%
Interest Rates Expectations Indicator	150.5	152.5	141.1	-	Dec-14	148.0	-11.4	-7.5%

Russia - Urals Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Urals Consumer Indicator	66.0	63.2	70.0	Dec-14	-	66.4	6.8	10.8%
Current Indicator	59.3	57.2	62.5	Dec-14	-	59.7	5.3	9.3%
Expectations Indicator	70.5	67.2	75.0	Dec-14	-	70.9	7.8	11.7%
Personal Finance: Current	56.5	53.9	61.9	Dec-14	-	57.4	8.0	14.8%
Personal Finance: Expected	72.8	70.9	71.7	Feb-15	-	71.8	0.8	1.1%
Business Condition: 1 Year	60.1	53.1	62.5	Dec-14	-	58.6	9.4	17.8%
Business Condition: 5 Years	78.4	77.5	90.8	Dec-14	-	82.2	13.3	17.3%
Durable Buying Conditions	62.1	60.4	63.1	Dec-14	-	61.9	2.7	4.5%
Current Business Conditions Indicator	64.0	59.5	61.2	Feb-15	-	61.6	1.7	2.9%
Real Estate Investment Indicator	98.3	99.9	99.5	-	Feb-15	99.2	-0.4	-0.5%
Car Purchase Indicator	63.2	62.3	64.4	Dec-14	-	63.3	2.1	3.4%
Employment Outlook Indicator	61.6	61.2	66.8	Dec-14	-	63.2	5.6	9.1%
Inflation Expectations Indicator	167.9	149.0	147.5	-	Dec-14	154.8	-1.5	-1.0%
Current Prices Satisfaction Indicator	43.6	46.2	45.9	-	Feb-15	45.2	-0.3	-0.7%
Interest Rates Expectations Indicator	179.2	176.9	150.2	-	Dec-14	168.8	-26.7	-15.1%

Russia - Volga Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Volga Consumer Indicator	66.4	67.4	60.3	-	series low	64.7	-7.1	-10.5%
Current Indicator	78.2	78.9	71.5	-	series low	76.2	-7.4	-9.4%
Expectations Indicator	58.5	59.6	52.8	-	series low	57.0	-6.8	-11.5%
Personal Finance: Current	58.8	66.0	58.2	-	series low	61.0	-7.8	-11.9%
Personal Finance: Expected	65.0	66.8	46.3	-	series low	59.4	-20.5	-30.7%
Business Condition: 1 Year	62.2	63.2	55.8	-	series low	60.4	-7.4	-11.7%
Business Condition: 5 Years	48.3	48.8	56.2	Dec-14	-	51.1	7.4	15.1%
Durable Buying Conditions	97.6	91.9	84.9	-	Mar-13	91.5	-7.0	-7.6%
Current Business Conditions Indicator	67.5	70.3	57.7	-	series low	65.2	-12.6	-18.0%
Real Estate Investment Indicator	117.6	116.1	113.3	-	Nov-14	115.7	-2.8	-2.4%
Car Purchase Indicator	71.9	76.0	69.3	-	series low	72.4	-6.7	-8.8%
Employment Outlook Indicator	60.4	56.8	49.5	-	series low	55.6	-7.3	-12.9%
Inflation Expectations Indicator	168.0	166.6	170.1	series high	-	168.2	3.5	2.1%
Current Prices Satisfaction Indicator	39.1	37.2	36.2	-	series low	37.5	-1.0	-2.8%
Interest Rates Expectations Indicator	171.8	166.6	163.8	-	Jan-15	167.4	-2.8	-1.7%

 Russia - North Caucasus Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - North Caucasus Consumer Indicator	75.4	66.8	79.2	Dec-14	-	73.8	12.4	18.5%
Current Indicator	72.8	59.1	74.1	Dec-14	-	68.7	15.0	25.4%
Expectations Indicator	77.1	72.0	82.6	Dec-14	-	77.2	10.6	14.8%
Personal Finance: Current	71.6	54.7	74.8	Dec-14	-	67.0	20.1	36.6%
Personal Finance: Expected	80.6	78.5	74.8	-	series low	78.0	-3.7	-4.7%
Business Condition: 1 Year	73.5	59.4	73.0	Feb-15	-	68.6	13.6	22.8%
Business Condition: 5 Years	77.4	78.0	100.1	Mar-14	-	85.2	22.1	28.3%
Durable Buying Conditions	74.0	63.5	73.5	Feb-15	-	70.3	10.0	15.7%
Current Business Conditions Indicator	69.3	67.2	72.7	Dec-14	-	69.7	5.5	8.2%
Real Estate Investment Indicator	101.1	96.7	102.0	Dec-14	-	99.9	5.3	5.5%
Car Purchase Indicator	68.3	65.4	68.1	Feb-15	-	67.3	2.7	4.1%
Employment Outlook Indicator	68.7	67.3	78.0	Dec-14	-	71.3	10.7	15.8%
Inflation Expectations Indicator	171.3	160.5	144.4	-	Dec-14	158.7	-16.1	-10.0%
Current Prices Satisfaction Indicator	46.6	43.4	55.0	Nov-14	-	48.3	11.6	26.6%
Interest Rates Expectations Indicator	178.3	176.6	161.6	-	Dec-14	172.2	-15.0	-8.5%

Russia - West Siberian Overview

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - West Siberian Consumer Indicator	69.8	67.7	68.8	Feb-15	-	68.8	1.1	1.6%
Current Indicator	69.3	66.2	66.8	Feb-15	-	67.4	0.6	0.9%
Expectations Indicator	70.1	68.8	70.2	Jan-15	-	69.7	1.4	2.0%
Personal Finance: Current	63.2	58.6	63.7	Jan-15	-	61.8	5.1	8.8%
Personal Finance: Expected	75.7	74.8	71.9	-	series low	74.1	-2.9	-3.8%
Business Condition: 1 Year	63.5	59.2	62.7	Feb-15	-	61.8	3.5	5.8%
Business Condition: 5 Years	71.0	72.4	75.9	Dec-14	-	73.1	3.5	4.9%
Durable Buying Conditions	75.3	73.8	69.8	-	series low	73.0	-4.0	-5.4%
Current Business Conditions Indicator	72.3	69.5	69.7	Feb-15	-	70.5	0.2	0.2%
Real Estate Investment Indicator	106.7	106.8	104.2	-	Jun-14	105.9	-2.6	-2.5%
Car Purchase Indicator	66.8	69.1	68.3	-	Feb-15	68.1	-0.8	-1.2%
Employment Outlook Indicator	71.6	71.1	71.1	Feb-15	-	71.3	0.0	0.0%
Inflation Expectations Indicator	169.6	153.1	147.4	-	Dec-14	156.7	-5.7	-3.7%
Current Prices Satisfaction Indicator	42.5	41.8	45.3	Jan-15	-	43.2	3.5	8.3%
Interest Rates Expectations Indicator	175.3	176.4	142.1	-	Dec-14	164.6	-34.3	-19.5%

All Russia - Overview by Age

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI Russia Consumer Indicator	74.7	69.4	73.4	Feb-15	-	72.5	4.0	5.7%
Current Indicator	75.8	68.4	74.5	Feb-15	-	72.9	6.1	8.8%
Expectations Indicator	73.9	70.1	72.7	Feb-15	-	72.2	2.6	3.7%
Personal Finance: Current	69.9	63.7	69.3	Feb-15	-	67.6	5.6	8.9%
Personal Finance: Expected	80.3	78.0	73.0	-	series low	77.1	-5.0	-6.4%
Business Condition: 1 Year	69.7	58.0	64.8	Feb-15	-	64.2	6.8	11.7%
Business Condition: 5 Years	71.9	74.2	80.3	Dec-14	-	75.5	6.1	8.2%
Durable Buying Conditions	81.6	73.2	79.7	Feb-15	-	78.2	6.5	8.8%
Age 35-54								
MNI Russia Consumer Indicator	73.3	70.2	74.8	Dec-14	-	72.8	4.6	6.6%
Current Indicator	77.2	71.0	77.4	Dec-14	-	75.2	6.4	9.0%
Expectations Indicator	70.7	69.7	73.1	Dec-14	-	71.2	3.4	4.9%
Personal Finance: Current	68.6	62.2	70.7	Dec-14	-	67.2	8.5	13.6%
Personal Finance: Expected	74.6	76.4	71.0	-	series low	74.0	-5.4	-7.1%
Business Condition: 1 Year	68.6	61.2	67.4	Feb-15	-	65.7	6.2	10.1%
Business Condition: 5 Years	69.0	71.5	80.9	Dec-14	-	73.8	9.4	13.1%
Durable Buying Conditions	85.9	79.7	84.1	Feb-15	-	83.2	4.4	5.5%
Age 55-64								
MNI Russia Consumer Indicator	66.8	65.0	65.5	Feb-15	-	65.8	0.5	0.8%
Current Indicator	66.8	66.1	64.8	-	series low	65.9	-1.3	-2.1%
Expectations Indicator	66.8	64.3	66.1	Feb-15	-	65.7	1.8	2.8%
Personal Finance: Current	58.3	55.5	57.1	Feb-15	-	57.0	1.6	2.9%
Personal Finance: Expected	72.0	66.4	62.4	-	series low	66.9	-4.0	-6.1%
Business Condition: 1 Year	62.9	61.7	59.5	-	Jan-15	61.4	-2.2	-3.6%
Business Condition: 5 Years	65.3	64.7	76.4	Dec-14	-	68.8	11.7	18.1%
Durable Buying Conditions	75.4	76.8	72.5	-	series low	74.9	-4.3	-5.6%

All Russia - Overview by Income

	Feb-15	Mar-15	Apr-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< RUB 480,000 Per Annum								
MNI Russia Consumer Indicator	69.0	63.8	69.5	Dec-14	-	67.4	5.7	8.8%
Current Indicator	69.8	62.7	69.5	Feb-15	-	67.3	6.8	10.9%
Expectations Indicator	68.4	64.6	69.4	Dec-14	-	67.5	4.8	7.5%
Personal Finance: Current	64.0	56.7	65.5	Dec-14	-	62.1	8.8	15.5%
Personal Finance: Expected	73.1	69.5	66.8	-	series low	69.8	-2.7	-4.0%
Business Condition: 1 Year	63.0	54.4	62.6	Feb-15	-	60.0	8.2	15.1%
Business Condition: 5 Years	69.1	69.9	78.9	Dec-14	-	72.6	9.0	12.9%
Durable Buying Conditions	75.6	68.7	73.6	Feb-15	-	72.6	4.9	7.1%
> RUB 480,000 Per Annum								
MNI Russia Consumer Indicator	81.1	77.4	79.1	Feb-15	-	79.2	1.7	2.2%
Current Indicator	85.2	78.8	82.4	Feb-15	-	82.1	3.6	4.6%
Expectations Indicator	78.3	76.5	76.9	Feb-15	-	77.2	0.4	0.6%
Personal Finance: Current	75.4	70.6	73.6	Feb-15	-	73.2	3.0	4.2%
Personal Finance: Expected	84.4	86.2	78.3	-	series low	83.0	-7.9	-9.1%
Business Condition: 1 Year	78.5	67.9	69.6	Feb-15	-	72.0	1.7	2.5%
Business Condition: 5 Years	72.0	75.5	82.9	Oct-14	-	76.8	7.4	9.9%
Durable Buying Conditions	95.0	86.9	91.2	Feb-15	-	91.0	4.3	4.9%

Methodology

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

Data is collected through computer aided telephone interviews (CATI), with each interviewee selected randomly by computer. At least 1,000 interviews are conducted each month. The survey has been in place since March 2013.

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.

Discovering trends in Emerging Markets

MNI's Emerging Markets Indicators explore attitudes, perspectives and confidence in Russia, India and China. Our data and monthly reports present an advance picture of the economic landscape as perceived by businesses and consumers.

Our indicators allow investors, economists, analysts, and companies to identify economic trends and make informed investment and business decisions. Our data moves markets.

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