



mni | DEUTSCHE BÖRSE
GROUP

MNI Russia Consumer Report September 2015

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.

MNI Indicators is part of MNI, a leading provider of news and intelligence. MNI is a wholly owned subsidiary of Deutsche Börse Group, one of the largest worldwide exchange organisations.

Written and researched by

Philip Uglow, Chief Economist
Shaily Mittal, Economist
George Brown, Economist

Release Time


Embargoed until 9:45 a.m. Moscow time
October 9, 2015

MNI Indicators | Deutsche Börse Group

Westferry House
11 Westferry Circus
London
E14 4HE
Tel: +44 (0)20 7862 7444
Email: info@mni-indicators.com

www.mni-indicators.com

 [@MNIIndicators](https://twitter.com/MNIIndicators)

 [MNI Indicators](https://www.linkedin.com/company/mni-indicators)

MNI Russia Consumer Report - September 2015

Contents

4	Executive Summary
10	Economic Landscape
16	Indicators
17	MNI Russia Consumer Indicator
24	Personal Finances
26	Business Conditions
29	Durable Buying Conditions
30	Employment Outlook
31	Prices Sentiment
34	Interest Rates Expectations
35	Real Estate Investment
38	Car Purchase
40	Consumer Indicator - Regions
43	Consumer Indicator - Income Groups
44	What the Panel Said
46	Data Tables
54	Methodology



Executive Summary

The MNI Russia Consumer Sentiment Indicator fell 3.4% on the month to 70.0 in September from 72.5 in August, barely above the record low outturn of 69.2 in March.

The MNI Russia Consumer Sentiment Indicator fell 3.4% on the month to 70.0 in September from 72.5 in August, barely above the record low outturn of 69.2 in March.

Consumer confidence had shown signs of bottoming in the first quarter, although the subsequent pick-up has proved short-lived. Sentiment averaged 71.1 in Q3, down 4% compared with 74.1 in Q2, and close to the record low seen in Q1.

All five components of the MNI Russia Consumer Sentiment Indicator declined between August and September. The largest downward impact came from expectations for Business Conditions in One Year, as respondents downgraded their outlook for the economy. They were also the most pessimistic about Current Business Conditions since the series began.

Expecting that the economy will continue to struggle in the low oil price environment, respondents were gloomier than ever before in their outlook for the job market and a record proportion of our panel were fearful for the future state of their finances. Durable Buying Conditions, a measure of whether it is a good or bad time to purchase a large household good, hit a record low this month.

A record 79.3% of our panel reported that they were dissatisfied with the current level of prices and inflationary expectations continued to trend higher. Respondents were split about the magnitude of inflation, but almost a third of them expected prices to increase by more than 25% over the next year.

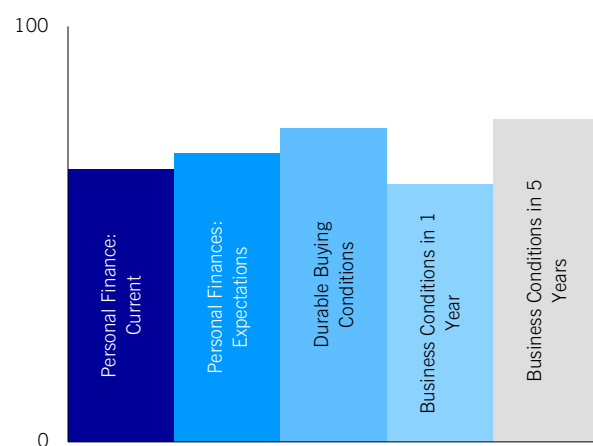
Fewer consumers thought it to be a good time to purchase a car as they were put off by the high cost of maintenance and their lack of purchasing power.

Consumers were only sanguine in their perception of the real estate market, albeit less so than last month as fewer consumers considered it a good time to invest in a property in spite of heightened expectations for house prices.

The Current Indicator, which measures consumers' assessment of current conditions, fell to 70.5 in September from 73.5 in August and averaged just 71.8 in Q3 down from 74.9 in Q2, the lowest quarter on record.

The Expectations Indicator, which is comprised of the three forward-looking components, declined to 69.7 from 71.8 in the previous month and averaged 70.7 in Q3, just a touch above the series low of 70.3 in Q1.

MNI Russia Consumer Indicator - Components



All Russia - Overview

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
MNI Russia Consumer Indicator	70.8	72.5	70.0	-	Mar-15	71.1	-2.5	-3.4%
Current Indicator	71.2	73.5	70.5	-	Mar-15	71.7	-3.0	-4.1%
Expectations Indicator	70.5	71.8	69.7	-	Mar-15	70.7	-2.1	-2.9%
Personal Finance: Current	64.5	68.2	65.6	-	Jul-15	66.1	-2.6	-3.8%
Personal Finance: Expected	71.5	71.0	69.5	-	series low	70.7	-1.5	-2.1%
Business Condition: 1 Year	61.3	64.9	62.0	-	Jul-15	62.7	-2.9	-4.4%
Business Condition: 5 Years	78.7	79.6	77.6	-	Mar-15	78.6	-2.0	-2.5%
Durable Buying Conditions	77.9	78.9	75.5	-	series low	77.4	-3.4	-4.3%
Current Business Conditions Indicator	67.8	67.3	65.8	-	series low	67.0	-1.5	-2.3%
Real Estate Investment Indicator	106.8	107.5	105.9	-	Mar-15	106.7	-1.6	-1.4%
Car Purchase Indicator	78.8	76.3	74.1	-	Jun-15	76.4	-2.2	-2.8%
Employment Outlook Indicator	68.5	69.0	66.4	-	series low	68.0	-2.6	-3.8%
Inflation Expectations Indicator	156.3	154.4	157.0	Mar-15	-	155.9	2.6	1.6%
Current Prices Satisfaction Indicator	46.0	47.1	44.3	-	series low	45.8	-2.8	-5.9%
Interest Rates Expectations Indicator	151.5	151.2	152.3	Mar-15	-	151.7	1.1	0.7%

All Russia - Summary

	2014				2015								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
MNI Russia Consumer Indicator	87.0	84.3	76.3	80.3	70.6	73.1	69.2	73.0	72.8	76.4	70.8	72.5	70.0
Current Indicator	89.9	85.7	73.3	80.4	71.9	75.2	69.1	74.4	72.5	77.7	71.2	73.5	70.5
Expectations Indicator	85.0	83.3	78.3	80.2	69.8	71.8	69.2	72.0	73.0	75.6	70.5	71.8	69.7
Personal Finance: Current	82.3	80.0	67.5	73.3	65.2	67.9	62.1	68.4	67.8	71.4	64.5	68.2	65.6
Personal Finance: Expected	90.0	88.0	87.0	85.0	77.2	77.0	75.9	70.9	73.2	75.1	71.5	71.0	69.5
Business Condition: 1 Year	78.3	75.6	63.7	69.8	60.8	68.4	59.7	65.2	64.4	69.8	61.3	64.9	62.0
Business Condition: 5 Years	86.7	86.3	84.1	85.7	71.3	69.9	72.0	80.0	81.3	81.7	78.7	79.6	77.6
Durable Buying Conditions	97.5	91.4	79.1	87.6	78.6	82.5	76.2	80.5	77.3	83.9	77.9	78.9	75.5
Current Business Conditions Indicator	90.0	86.8	86.5	84.0	70.7	69.6	67.4	67.9	67.9	70.1	67.8	67.3	65.8
Real Estate Investment Indicator	109.0	109.3	105.2	108.7	105.3	106.4	105.8	106.5	106.8	108.7	106.8	107.5	105.9
House Price Expectations	142.7	142.9	142.8	144.1	142.8	142.9	143.5	142.5	142.9	142.9	144.6	143.1	144.0
House Buying Sentiment	84.2	84.7	73.5	81.2	73.2	76.3	72.7	76.1	76.4	80.6	74.5	77.6	74.2
House Selling Sentiment	99.9	99.7	100.7	99.3	99.9	100.0	98.8	99.2	99.0	97.4	98.7	98.3	100.5
Car Purchase Indicator	76.5	78.1	74.5	73.6	68.7	69.4	69.2	70.5	69.8	73.0	78.8	76.3	74.1
Car Purchase Expectations	101.7	104.4	97.6	96.5	86.0	87.2	86.0	88.9	87.0	93.1	86.3	81.4	80.6
Price of Gasoline Expectations	148.6	148.2	148.6	149.2	148.7	148.3	147.5	147.8	147.5	147.0	128.7	128.9	132.3
Employment Outlook Indicator	87.8	87.1	87.3	86.7	66.9	68.2	66.5	68.8	70.1	71.4	68.5	69.0	66.4
Inflation Expectations Indicator	141.7	144.7	144.5	144.3	161.1	169.2	160.9	153.1	152.6	154.7	156.3	154.4	157.0
Current Prices Satisfaction Indicator	64.0	62.6	62.0	60.2	44.9	47.6	47.0	47.3	48.0	49.0	46.0	47.1	44.3
Interest Rates Expectations Indicator	120.5	122.6	122.2	127.6	165.1	168.4	167.4	151.8	150.9	149.1	151.5	151.2	152.3

All Russia - Records

	2013 - Current			
	Minimum	Maximum	Mean	Median
MNI Russia Consumer Indicator	69.2	101.2	86.4	88.9
Current Indicator	69.1	102.8	86.7	89.9
Expectations Indicator	69.2	100.2	86.2	87.8
Personal Finance: Current	62.1	103.5	81.6	81.6
Personal Finance: Expected	69.5	107.4	90.8	92.4
Business Condition: 1 Year	59.7	99.4	79.9	80.3
Business Condition: 5 Years	69.9	97.3	88.0	91.0
Durable Buying Conditions	75.5	107.4	91.7	96.6
Current Business Conditions Indicator	65.8	99.8	86.3	90.4
Real Estate Investment Indicator	105.2	110.7	107.7	107.4
House Price Expectations	121.4	144.6	136.0	138.5
House Buying Sentiment	72.7	101.1	86.1	84.7
House Selling Sentiment	96.3	101.4	99.2	99.2
Car Purchase Indicator	68.7	87.4	79.0	79.1
Car Purchase expectations	80.6	109.1	97.9	101.2
Price of Gasoline expectations	128.7	149.2	139.9	137.3
Employment Outlook Indicator	66.4	100.6	86.3	90.0
Inflation Expectations Indicator	129.9	169.2	144.5	141.9
Current Prices Satisfaction Indicator	44.3	86.1	65.2	66.6
Interest Rates Expectations Indicator	113.1	168.4	129.0	119.4

The MNI Russia Consumer Sentiment Indicator fell 3.4% on the month to 70.0 in September...

...from 72.5 in August, barely above the record low outturn of 69.2 in March.



Economic Landscape

While the Central Bank of Russia failed to surprise, leaving the key rate unchanged at its September meeting, the future for the Russian economy is less certain as official data has taken a turn for the worse amid the recent external volatility.

While the Central Bank of Russia failed to surprise, leaving the key rate unchanged at its September meeting, the future for the Russian economy is less certain as official data has taken a turn for the worse amid the recent external volatility. Both consumer and producer inflation accelerated in August as the depreciation of the rouble filtered through, although it has receded a little in September. There was, however, one small silver lining to the rouble weakness as it helped to encourage the manufacture of tradeable goods, lifting industrial production growth slightly. Still, output was held back by consumer-oriented products which have suffered on the back of the drop in real wages which fell further into negative territory in August. Accordingly, spending remained anaemic in August with retail sales declining at the same rate as last month and car sales suffering a sharper, double-digit contraction in September. Moreover, the Economy Ministry's GDP estimate for August indicated that the Russian economy is still contracting at a rapid pace, signalling that the recovery is far from near.

Given greater risks to inflation, the central bank chose to maintain the key interest rate at 11% at its meeting on September 11. The move was anticipated by ourselves and brought to an end five consecutive cuts which have brought the key rate down by a total of 600 basis points. With official data pointing to a deterioration in domestic demand over the past few months, there is greater urgency for borrowing costs to come down to a more manageable level. While the likelihood of a rate hike by the US Federal Reserve by year-end has diminished, removing one potential obstacle to further policy normalisation, we doubt that the central bank will find room to ease the benchmark rate further at its next meeting on October 30 given the continued pressure on oil prices and the rouble. Still, should these factors abate and inflation ease further, the central bank should be able to lower borrowing costs at subsequent meetings.

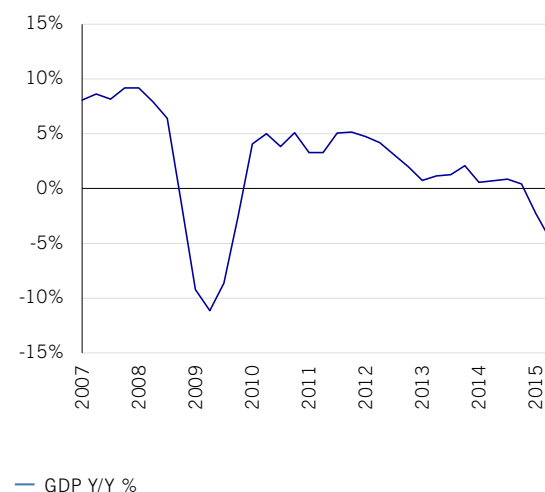
Russia's recession deepens

Data released by the Federal Statistics Service (Rosstat) showed that GDP declined 6% on the year in the second quarter of 2015 following a contraction of 2.2% in the first quarter.

A sharp decline in the wholesale and retail sector led the slowdown in Q2, with output down 9.9% year-on-year following a contraction of 7.6% in Q1. The decline in the manufacturing sector accelerated to 4.8% on the year having shrunk just 0.6% in Q1, in stark contrast to the latter half of 2014 when it provided some measure of support for the economy. Western capital restrictions continued to weigh down on the financial sector, with output falling 5.2% year-on-year following a decline of 3.9% in Q1. One of just a handful of areas to see growth was the agricultural sector, which expanded 2.1% on the year in Q2 as the food ban gave a helping hand to domestic farmers, although this was down from growth of 2.9% in Q1.

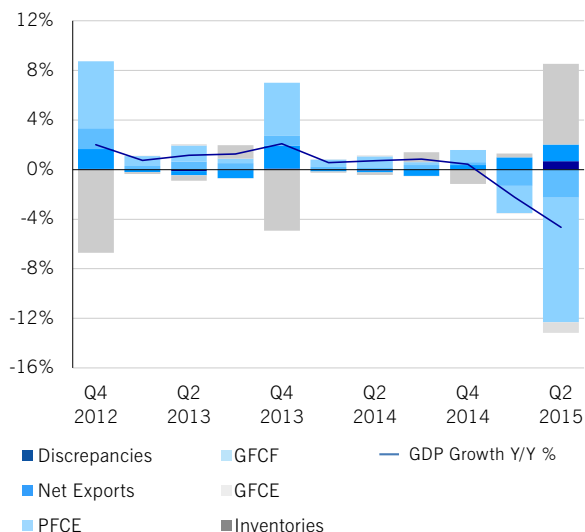
On an expenditure basis, a 10% year-on-year drop in gross fixed capital formation led the contraction in Q2 as investment outflows totalled \$20 billion on the quarter, down on the \$30 billion that left Russia's shores in Q1. Private consumption was also hit in Q2, suffering a 2.3% year-on-year decline as high inflation, falling wages and the prohibitive cost of credit all weighed on households' purchasing power. Net exports provided some measure of support, growing by 1.3% year-on-year in Q2 as the relative weakness of the rouble provided a boost to Russian manufactured goods overseas in spite of oil prices remaining low, the economy's main export.

Economic Growth



Source: Rosstat

Contribution to Economic Growth



Source: Rosstat

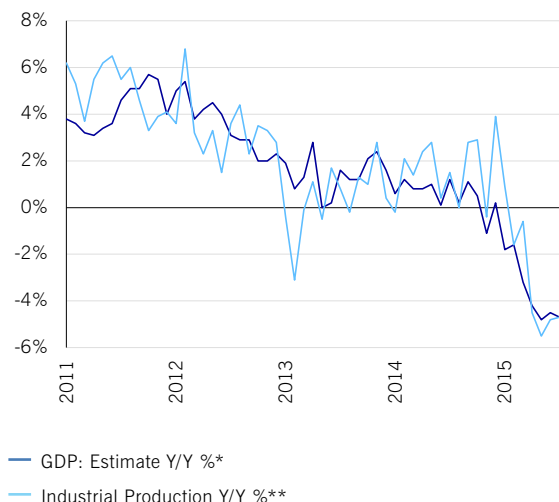
Latest monthly figures from the Economic Development Ministry suggest that GDP fell 4.6% on the year in August following a 4.7% decline in July (revised down from -4.6% previously). Given the slump in oil prices over the past few months, the economy ministry forecasts that GDP will shrink 3.3% in 2015 and believes that the downturn had bottomed out.

Output lifted slightly by exports

Industrial production declined by a seasonally adjusted 0.3% on the month in August after remaining unchanged in July, while year-on-year growth increased slightly to -4.3% from -4.7% in the previous month.

There was evidence that the depreciation in the rouble over recent months provided some support to the industrial sector this month by helping to drive up export volumes which are being weighed down by international sanctions. Looking at the product breakdown, there were improvements in tradeables (such as raw materials) which suggests overseas firms switched to Russian suppliers in order to take advantage of the more favourable exchange rate. Even so, consumer-oriented goods (such as cars, clothing and durables) continued to drag down industrial production after Russian households reined in their spending in recent months as their wages deteriorated further.

Industrial Production and GDP Estimate



Source: *Ministry of Economic Development, **Rosstat

Manufacturing output was down 6.8% on the year following a 7.1% fall in the previous month. Still, there were double-digit falls in six of the 14 manufacturing industries, led by a 21.3% slump in the production of non-categorised goods. Conversely, mining and quarrying output was 0.8% above the same month a year earlier following growth of 0.2% in July. All six industries within the sector posted positive annual growth for the first time since March, led by extraction of unclassified materials which were up 3.4% in August and closely followed by a 3% expansion in the mining of coal and peat. Year-on-year growth in utilities output fell 0.8% in July following a decline of 1% in the previous month. Thermal energy production and distribution grew 1.1% on the year in August following a 0.1% fall in July, while electricity production contracted just 0.1% after suffering a 0.6% decline in the previous month.

CBR puts normalisation on pause

Citing increased inflation risks posed by the rouble depreciation, the Central Bank of Russia chose to maintain the key interest rate at 11% at its meeting on September 11. The move was anticipated by ourselves and ended five consecutive cuts which have brought the key rate down by a total of 600 basis points. Even so, the benchmark rate is still above the 10.5% it was before the emergency hike in December last year which was

made in a desperate effort to support the rouble which was rapidly depreciating.

The CBR is caught between a rock and a hard place. On the one hand, the central bank knows that pressing on with its policy normalisation efforts will add to the downward pressure on the rouble which in-turn could jeopardise its inflation mandate. At the same time, the CBR recognises that it needs to cut rates to leave the economy in a position in which it can emerge from recession should the external environment present an opportunity to do so.

While the likelihood of a rate hike by the US Federal Reserve by year-end has diminished, removing one potential obstacle to further policy normalisation, we doubt that the central bank will find room to ease the benchmark rate further at its next meeting on October 30 given the continued pressure on oil prices and the rouble. Still, should these factors abate and inflation ease further, the central bank should be able to lower borrowing costs at subsequent meetings.

Trade surplus lowest since August 2010

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 the simultaneous fall in imports. In

August, Russia's trade surplus declined by 47.4% on the year to \$8.5 billion from \$10.7 billion in July.

Exports declined by 39.7% on the year to \$25 billion in August from \$27.7 billion in the previous month. Much of the decline was the result of the slide in the price of oil, Russia's key export commodity, which started falling in July last year. It is likely that exports will continue to post sharp annual declines until base effects begin to kick-in.

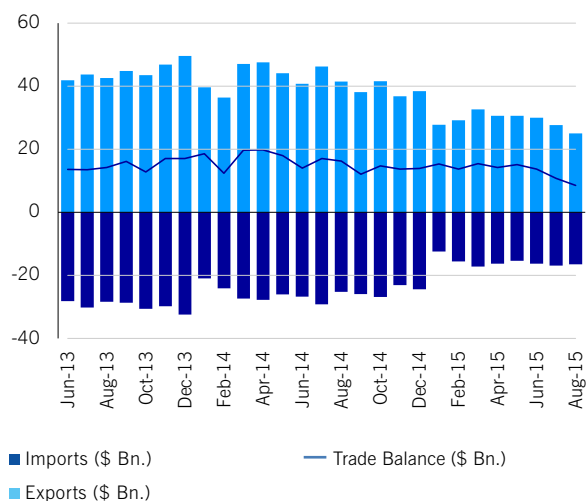
Imports, on the other hand, fell by a more moderate 34.7% on the year to \$16.5 billion in August from \$17 billion in July. Since the rouble has weakened considerably over the past year, the cost of imports has risen sharply. Consequently, imports have reduced as companies have looked increasingly to domestic suppliers.

Tentative signs that inflation is easing

Consumer price inflation eased to 15.7% in September from 15.8% in August, a tentative sign that the trend pick-up in inflation over the past two months might be coming to an end.

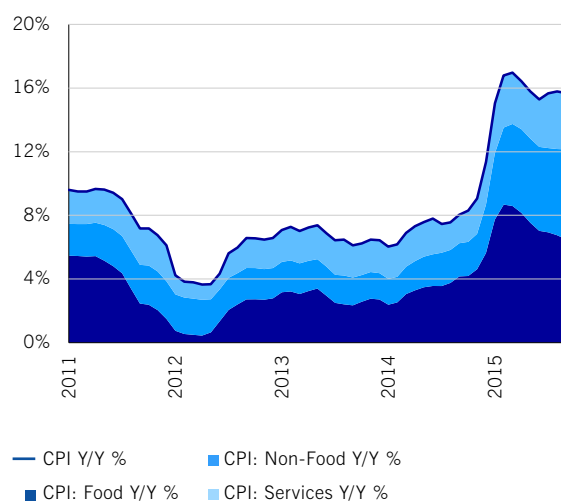
The slowdown was mainly on the back of lower food price inflation, which is the largest contributor to the CPI basket, which eased to 17.4% in September from 18.1% in August. There was also a drop in service sector

Trade Balance



Source: Federal Customs Service

Consumer Price Inflation



Source: Rosstat

inflation to 13.8% from 14.1% previously. In contrast, non-food item inflation was pushed higher to 14.6% in September from 14.3% in August, albeit unsurprising given that the rouble depreciation hadn't fully filtered through on this side last month. Stripping out the prices of food and fuel, which tend to be volatile, core inflation was unchanged at 16.6% on the year in September.

Recent volatility has prompted the Central Bank of Russia to push back their inflation forecast. At its last meeting, the central bank signalled that it now expects annual CPI growth to fall to 7% by September next year after previously estimating that it would do so two months prior, but maintained that inflation would still ease to its medium-term target of 4% in 2017.

Prices at the factory gate in Russia were up 13.7% on the year in August from 13.1% in July. Similar to consumer prices, the weakening of the rouble was the main culprit. Inflation in the manufacturing sector, which accounts for almost 70% of the index, was up a touch to 14.3% following a rise of 14.2%. Prices in the mining and quarrying sector were similarly up just slightly to 14.6% year-on-year in August from 14.5% in July, while inflation in the utilities sector accelerated to 9% compared with 5.4% previously.

Labour market remains poor

Unemployment remained at 5.3% in August following last month's surprise drop from 5.4% in June. Joblessness in Russia has remained relatively resilient in the face of the slowdown, with the labour market adjustment instead being transmitted through a combination of wage cuts and increased part-time employment.

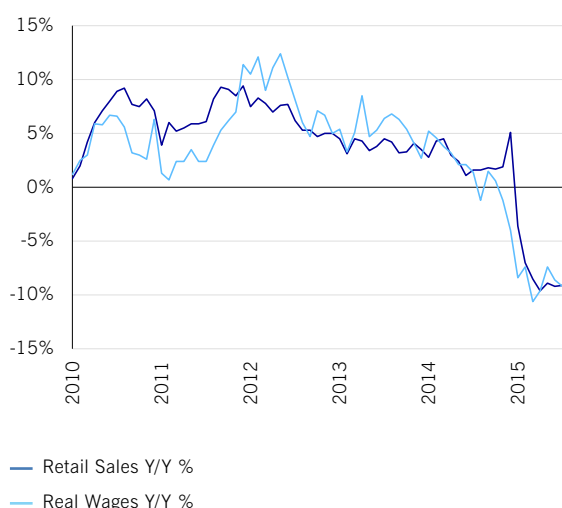
The poor job market has reduced the bargaining power of the Russian workforce and many have accepted wage cuts as companies seek to scale back their operations. Real wages fell by 9.8% on the year in August after declining by 9.2% in July. While the downturn in remuneration had begun to moderate towards the middle of the year, growing inflationary pressures have since pulled real wages further into negative territory over the past two months. 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.

Consumer spending deteriorates

Combined with the prohibitively high rate of inflation, falling wages have left Russian households with very little purchasing power. This is reflected in retail sales which were 9.1% below the level seen a year earlier in August, matching the July decline (revised down from -9.2% previously). Sales of non-food items were down 8.3% on the year in August following a contraction of 9.3% in July (revised down from -9.4% previously) whereas food sales declined by 10% on the year after shrinking 8.9% in the previous month.

Automobile sales were down 28.6% on the year in September following a fall of 19.4% in August. While the government has introduced a car scrappage scheme 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, car sales have continued to be hit by the prohibitive cost of credit as well as high prices passed on by dealerships following the rouble's sharp depreciation. While data on car prices has yet to be released for September, the price of a domestically manufactured car in August was 23.8% above one produced a year previously and the price of an imported one was 18.2% higher on the year.

Retail Sales and Real Wages



Source: Rosstat

Key Monthly Economic Data

	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
GDP: Estimate Y/Y %*	-3.2	-4.2	-4.8	-4.5	-4.7	-4.6	-
Industrial Production Y/Y %**	-0.6	-4.5	-5.5	-4.8	-4.7	-4.3	-
Consumer Price Index Y/Y %**	16.9	16.4	15.8	15.3	15.6	15.8	15.7
Producer Price Index Y/Y %**	13.0	15.0	13.4	13.1	13.1	13.7	-
Unemployment Y/Y %**	5.9	5.8	5.6	5.4	5.3	5.3	-
Real Wages Y/Y %**	-10.6	-9.6	-7.4	-8.6	-9.2	-9.8	-
Retail Sales Y/Y %**	-8.5	-9.6	-8.9	-9.2	-9.1	-9.1	-
Car Sales Y/Y %***	-42.5	-41.5	-37.6	-29.7	-27.5	-19.4	-28.6
Trade Balance \$ Bn.****	15.4	14.2	15.1	13.6	10.7	8.5	-
Exports \$ Bn.****	32.6	30.5	30.6	30.0	27.7	25.0	-
Imports \$ Bn.****	17.3	16.3	15.5	16.4	17.0	16.5	-
MNI Russia Business Sentiment Indicator	48.8	46.0	51.3	51.8	51.3	52.3	53.0
MNI Russia Consumer Sentiment Indicator	69.2	73.0	72.8	76.4	70.8	72.5	70.0

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



Indicators

Sentiment among Russian households deteriorated in September as the slump in oil prices weighed on their expectations for the business environment and pessimism surrounding personal finances intensified.

MNI Russia Consumer Indicator

Six-Month Low



Sentiment among Russian households deteriorated in September as the slump in oil prices weighed on their expectations for the business environment and pessimism surrounding personal finances intensified.

The MNI Russia Consumer Sentiment Indicator fell 3.4% on the month to 70.0 in September from 72.5 in August, barely above the record low outturn of 69.2 in March. On a quarterly basis, the indicator averaged just 71.1 in Q3, down 4% compared with 74.1 in Q2 and close to the record low level seen in Q1.

In the August report, we postulated that the fall in oil and other commodity prices that followed the conclusion of the August survey period had the potential to pull sentiment further into negative territory. Since the start of the survey in 2013, the fortunes of Russian households have been tightly linked to those of the oil price – a correlation of 0.9 – so it was not too surprising that sentiment fell back perilously close to the March low of 69.2 this month.

All five components of the MNI Russia Consumer Sentiment Indicator declined between September and August, with both Expectations for Personal Finances and Durable Buying Conditions hitting all-time lows. Consumers scaled back their outlook for Business Conditions for the coming year, as households expected that the recent volatility in oil prices would be detrimental to the Russian economy in the medium-term.

One reason behind the plunge in consumer sentiment over the past two years has been the high level of

MNI Russia Consumer Indicator



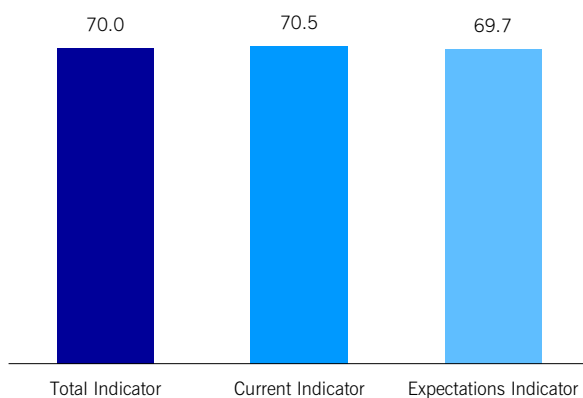
Current and Expectations Indicators



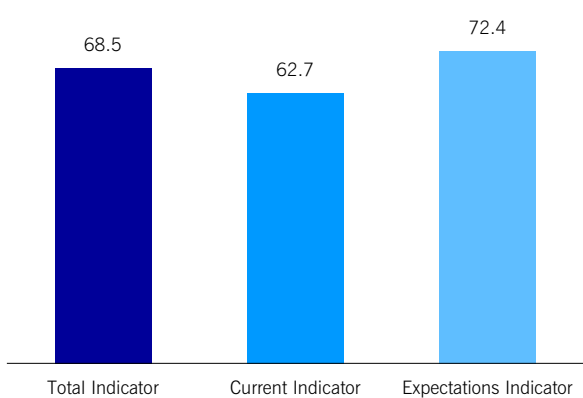
MNI Russia Consumer Indicator

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
MNI Russia Consumer Indicator	87.0	73.0	72.8	76.4	70.8	72.5	70.0
Current	89.9	74.4	72.5	77.7	71.2	73.5	70.5
Expectations	85.0	72.0	73.0	75.6	70.5	71.8	69.7

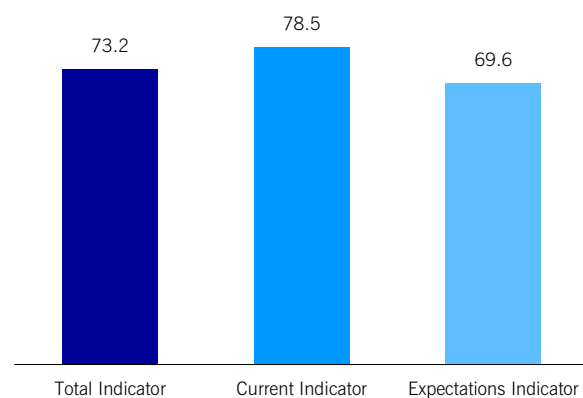
All Russia



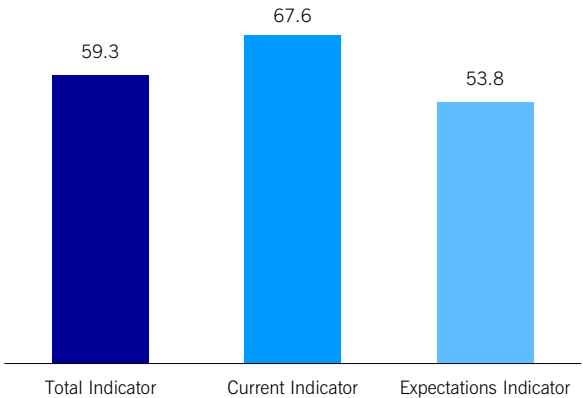
West Siberian



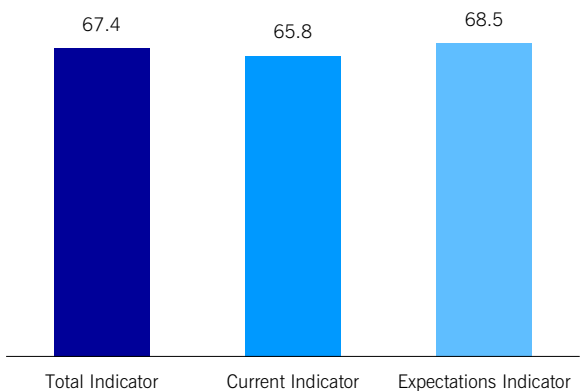
Central Russia



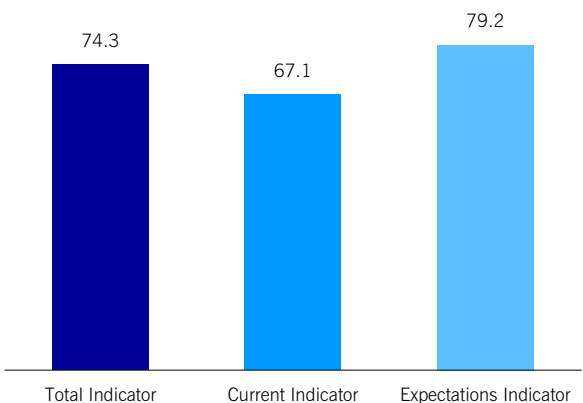
Volga



Urals



North Caucasus





inflation. While latest official data showed a slightly easing in CPI inflation, it remains at a high level. In September, respondents reported that they were more dissatisfied with the current cost of living than ever before and had higher expectations for inflation over the coming year.

Interest rate cuts from the central bank have gone some way to underpin sentiment this year with sentiment still managing to hold above the March low, although there is increasingly less room for the CBR to cut again given the pressure on oil prices and the rouble. Easing at the December 11 meeting is possible, with the risk that consumer sentiment falls further in the final quarter of the year.

The Current Indicator, which measures consumers' assessment of current conditions, fell to 70.5 in September from 73.5 in August and averaged just 71.8 in Q3 down from 74.9 in Q2, the lowest quarter on record. Meanwhile, the Expectations Indicator, which is comprised of the three forward-looking components, declined to 69.7 from 71.8 in the previous month and averaged 70.7 in Q3, just a touch above the series low of 70.3 in Q1.

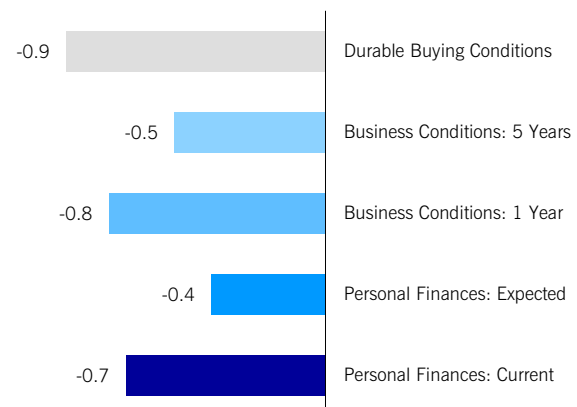
Regions

Consumer sentiment fell in three of the five major regions in Russia.

Residents of the Volga region led the decline in sentiment, with the headline indicator falling 8% to a record low of 59.3 in September from 64.5 in August. Consumers living in the region were far less willing to purchase a big-ticket item and revised down both their short- and long-term expectations for business conditions, with the former falling to the lowest level in the survey's history.

In contrast, consumer confidence improved a little in the Urals region where the headline indicator rose to 67.4 in September after last month's fall to 66.3. Inhabitants reported that they were more downbeat in

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



both their one and five year outlooks for the business environment, although considered it a better time to buy large household goods on the back of a moderation in their financial situation.

Age

All three age groups reported that they were more pessimistic in September.

The Consumer Indicator for 18- to 34-year-olds fell by 1.5% to 71.1 in September from 72.2 in August, although this was the least pessimistic age group of all. Respondents were more downbeat in their willingness to buy big-ticket items, while their assessment of their current household finances remained broadly stable. Their outlook for the future state of their finances was bleaker than ever before.

Sentiment among the 35- to 54-year-old age group declined 6.4% to a record low of 69.9 in September from 74.6 in August. Consumers were more pessimistic in all five components, led by a double-digit decline in households' current financial situation.



The Consumer Indicator for 55- to 65-year-olds fell by 1.5% to 66.3 in September, almost offsetting last month's rise to 67.3 and were the most pessimistic of the three age groups. Despite having higher expectations for business conditions over the next year, consumers scaled back their long-term outlook for them.

Income

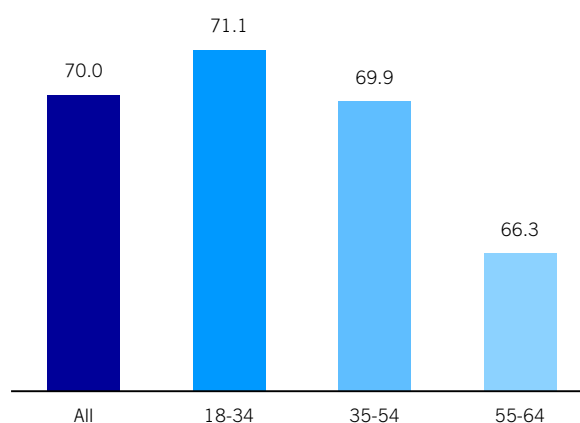
Sentiment eased among both high and low-income households in September.

Consumer confidence for households with an average annual income under RUB 480,000 fell 3.6% to 66.7 in September from 69.2 in August. Low-income households had much lower expectations for business conditions over the coming year, leading the decline in sentiment, while a slight downward revision to their outlook for the future state of their finances placed it at the lowest level in the survey's history.

For households with an average annual income above RUB 480,000, consumer confidence declined 2.2% to 74.8 in September from 76.4 in August. High-income households were only less downbeat in their long-term outlook for the business environment, while their perception of durable buying conditions was worse than ever before amid a record low assessment of their current financial situation.

Consumer sentiment has averaged 70.0 among those in the low-income group over the past year, while for higher income households, it has averaged 80.4, suggesting that more affluent households are weathering the downturn better than poorer ones.

Consumer Indicator: Age Groups

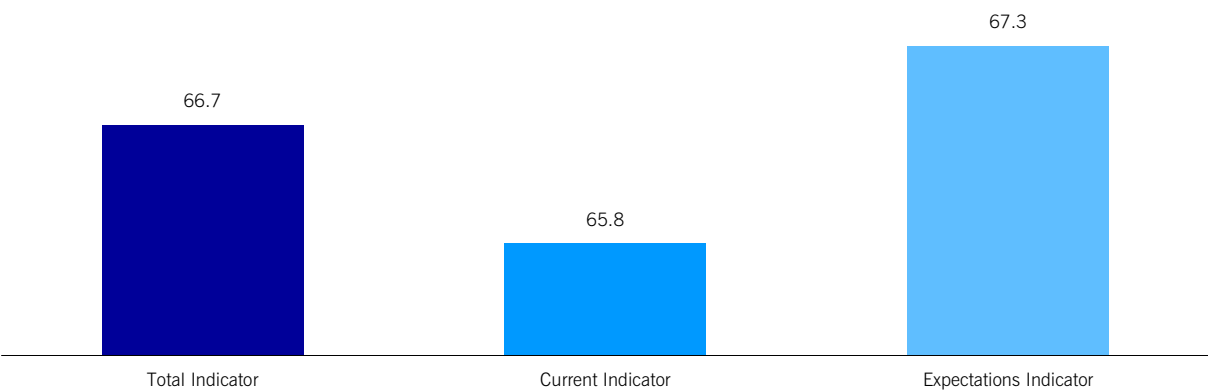


MNI Russia Consumer Indicator

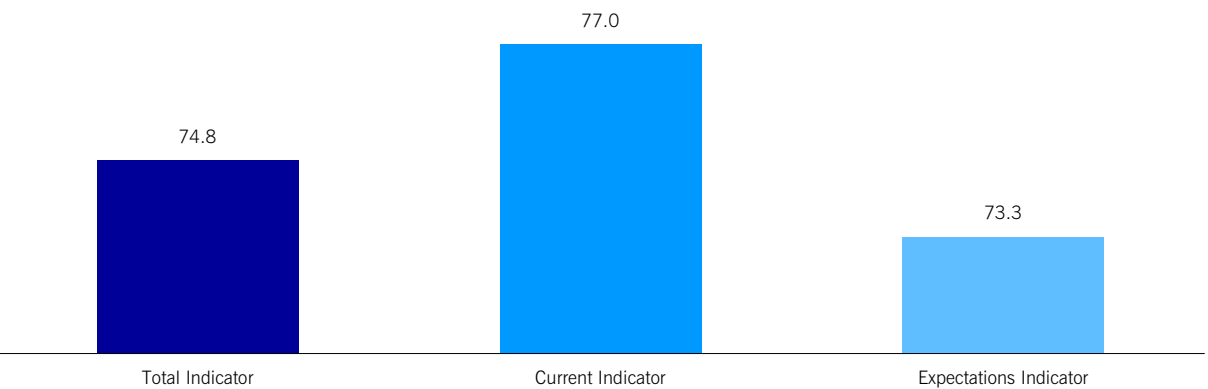
Income Groups



< RUB 480,000 Per Annum



> RUB 480,000 Per Annum



MNI Russia Consumer Indicator

Main Cities



Residents in six of the 10 major cities surveyed in Russia were more pessimistic this month and sentiment in three of them declined to a series low.

In the capital, Moscow, consumer sentiment fell 5.4% to 76.3 in September from 80.7 in August, the lowest level on record. While Muscovites were slightly less downbeat in their expectations for their financial situation, they were more pessimistic in the four remaining components of the headline indicator. Lower willingness to purchase big-ticket items led the decline in sentiment, while a bleaker short-term outlook for business conditions prompted a double-digit percentage fall in this component.

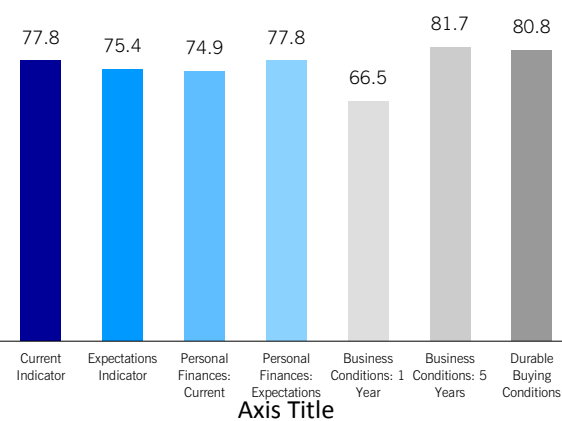
In Saint Petersburg, the second largest city in Russia, consumer sentiment receded 8.3% to a six-month low of 81.7 in September from 89.1 in August, although remained the least downbeat of all cities surveyed. While inhabitants of Saint Petersburg had slightly higher expectations for the future state of their finances, a sharp deterioration in their current financial situation was likely a significant factor behind their assessment that there had never been a worse time to buy durable goods.

In Novosibirsk, the third-largest city by population in Russia, consumer sentiment fell 12% to 60.5 in September from 68.7 in August, an all-time low for the city. Residents were more pessimistic in all aspects of the survey bar their outlook for their household finances which was slightly higher on the month despite the worsening in their current financial situation. A sharp fall in expectations for the business environment over the coming year and willingness to buy big-ticket items weighed down headline sentiment significantly, while consumers were only slightly more pessimistic about its prospects over the next five years.

Consumer Indicator - Moscow

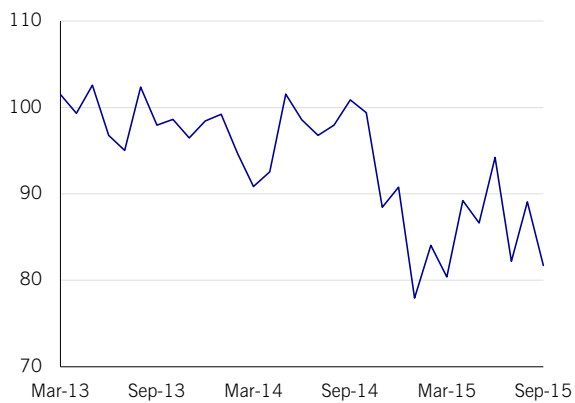


Consumer Indicator Components - Moscow

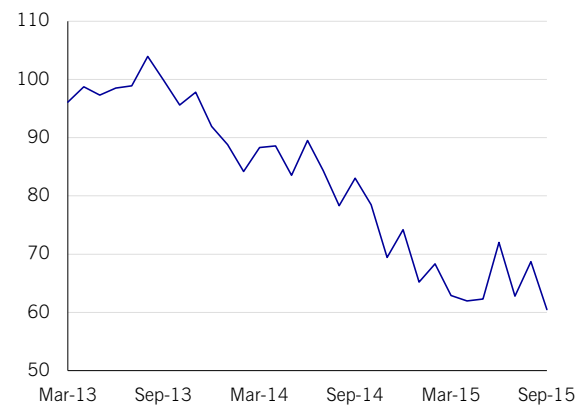




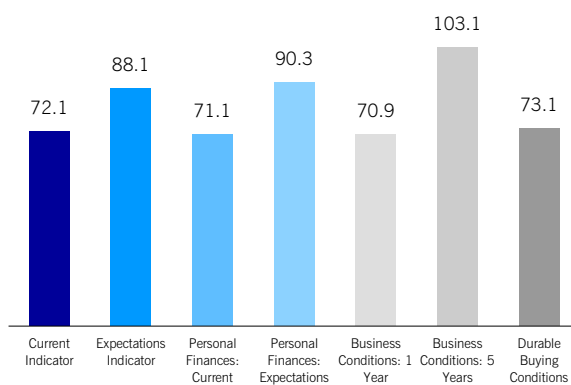
Consumer Indicator - Saint Petersburg



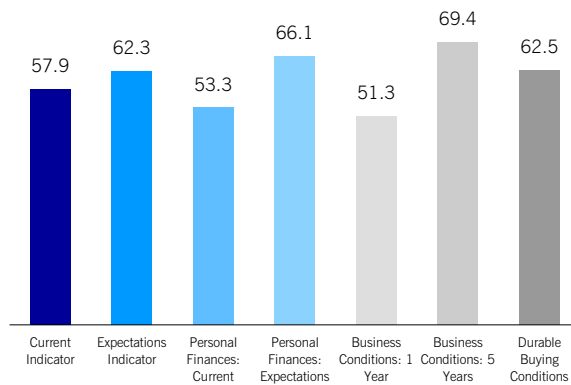
Consumer Indicator - Novosibirsk



Consumer Indicator Components - Saint Petersburg



Consumer Indicator Components - Novosibirsk



Personal Finances

Lowest Expectations on Record



After a brief improvement in August, consumers reported that their financial situation had deteriorated in September and became more pessimistic than ever before in their outlook for the future state of finances.

Several companies have slashed wages in an effort to cut costs during the economic recession, having a detrimental impact on our panel's assessment of the state of their finances. The Current Personal Finances Indicator declined to 65.6 in September from 68.2 in August but remained 5.6% above the March trough. Just over 80% of respondents reported that their financial situation had worsened over the past year in September, of whom 27.9% cited higher household expenses as the main reason for the deterioration while a further 24.6% put it down to a fall in their income.

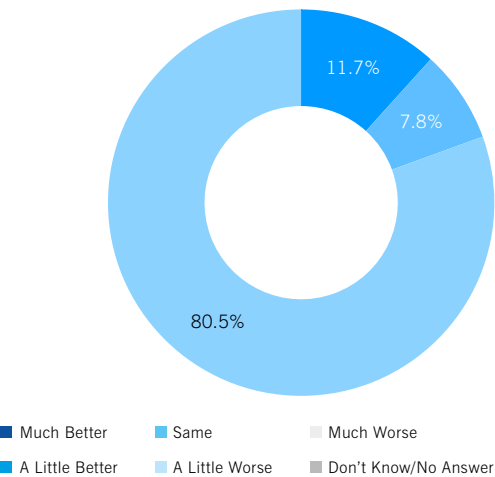
Disposable income has been eroded by a cocktail of high inflation, falling wages and the increased cost of credit, a trend which appears likely to continue in the short-term. All respondents spent at least 50% of their monthly household income on daily expenses in September and a record 48.1% of our panel reported that they were not saving any of their monthly income.

Households were more downbeat than ever before in their outlook for their financial situation over the coming year, trimming back their Expectations for Personal Finances to 69.5 in September from 71.0 in August. Still, a sizeable 40.3% anticipated that their finances would remain stable compared with the 51.9% who expect them to deteriorate.

Personal Finances



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



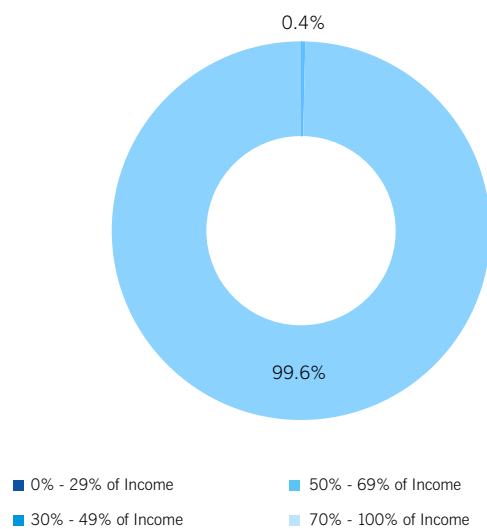
Personal Finances

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Current	82.3	68.4	67.8	71.4	64.5	68.2	65.6
Expectations	90.0	70.9	73.2	75.1	71.5	71.0	69.5

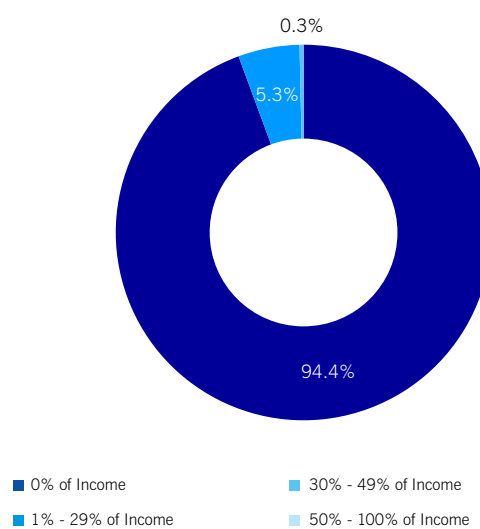
How Households Spend their Money



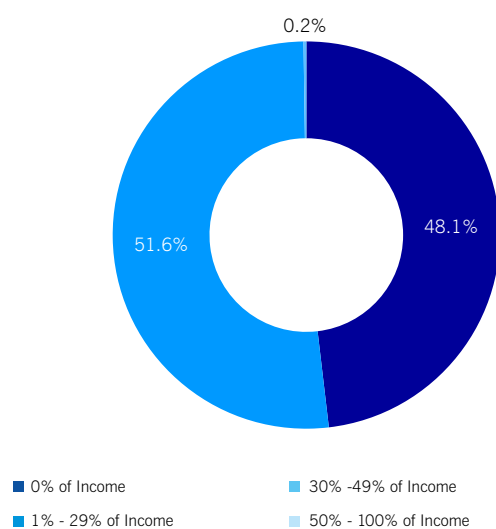
Daily Expenses
(% of Households)



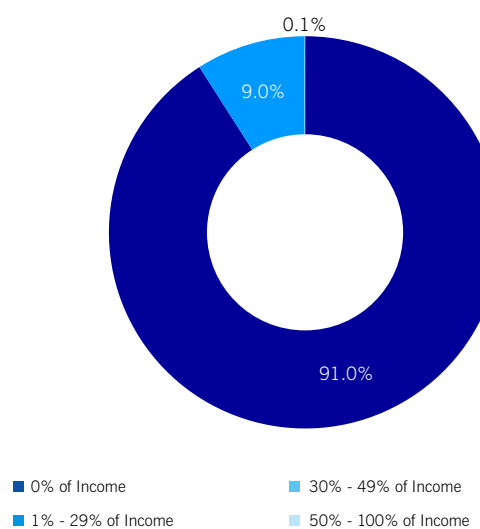
Monthly Household Income Used for Large Loan Repayment (% of Households)



Monthly Household Income Used for Savings (% of Households)



Monthly Household Income Used for Investments (% of Households)



Business Conditions

Assessment of Current Business Environment Worst on Record



The recent fall in oil prices weighed further on our respondents' perception of the current business environment in Russia, prompting them to scale back both their short and long-term expectations.

Over the past month, the price of oil has plummeted on the back of renewed concerns about China's growth prospects which has in-turn pulled the rouble down to fresh lows. Unsurprisingly, this weighed down on respondents' views on the state of business, with the Current Business Conditions Indicator falling to a new low of 65.8 in September from 67.3 in August, the previous record holder. The correlation between crude oil prices and the current business indicator is 0.95, although this is pushed up significantly by the trend decline over the past two years. Nearly 60% of respondents thought that business conditions were poor and only 6.9% of our panel thought that conditions were good.

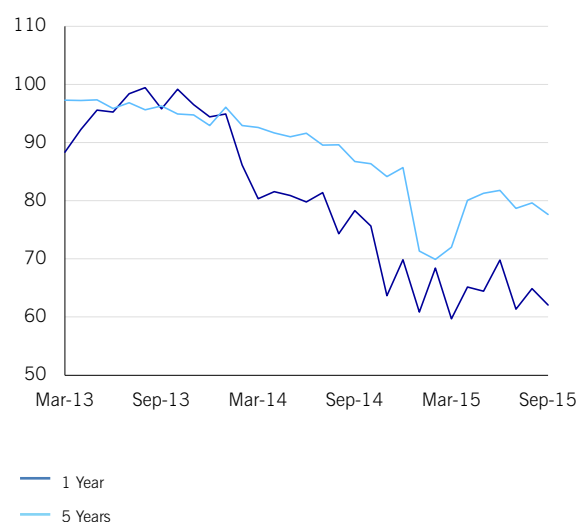
While the sanctions imposed by the EU were due to expire in July this year, the bloc decided to extend them by an additional six months which prompted Russia to also prolong their own so-called counter-sanctions by an additional year. Combined with the recent rouble rout brought about by the fall in oil prices, this has weighed down on consumers' outlook for business conditions as well.

Expectations for Business Conditions in One Year scaled back 4.4% to 62.0 in September from 64.9 in August. 83.7% of respondents anticipated that the conditions for doing business would deteriorate over the coming year, of whom 35.4% cited a worsening job market as the main reason for their pessimistic

Current Business Conditions Indicator



Expected Business Conditions



Business Conditions

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Current	90.0	67.9	67.9	70.1	67.8	67.3	65.8
In 1 Year	78.3	65.2	64.4	69.8	61.3	64.9	62.0
In 5 Years	86.7	80.0	81.3	81.7	78.7	79.6	77.6

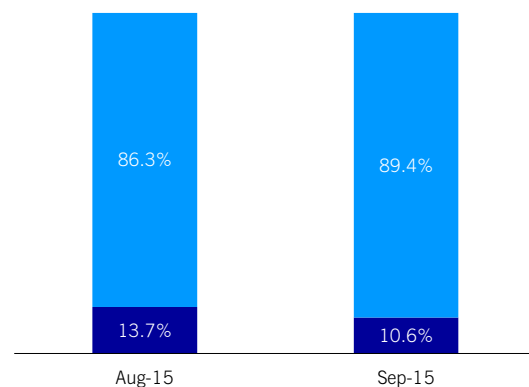
Business Conditions in 1 Year



outlook and 30.6% reported it was due to a lack of economic development.

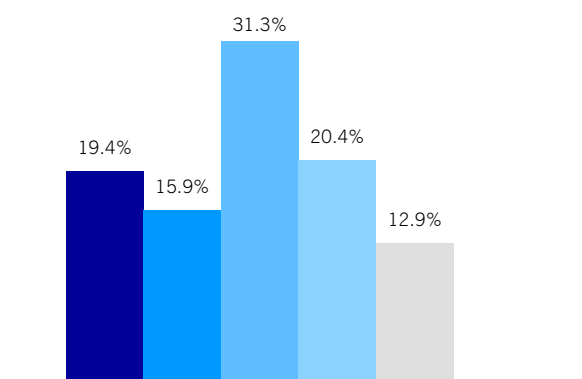
Respondents were similarly more pessimistic in their long-term outlook for business conditions, with the Expectations for Business Conditions in Five Years Indicator declining to a six-month low of 77.6 in September from 79.6 in August. Of those polled, 43.2% of respondents expected conditions to worsen over the next five years and only 11.3% expected conditions to improve, highlighting respondents' bleak business outlook.

All Russia



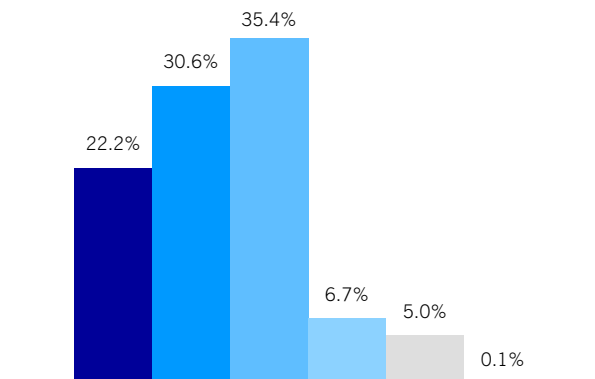
■ Better
■ Worse

All Russia, Reasons for Better



■ Government/Policy
■ Econ. Development
■ Income/Employment
■ Resource/Environment
■ Social Stability/ Security
■ Events

All Russia, Reasons for Worse

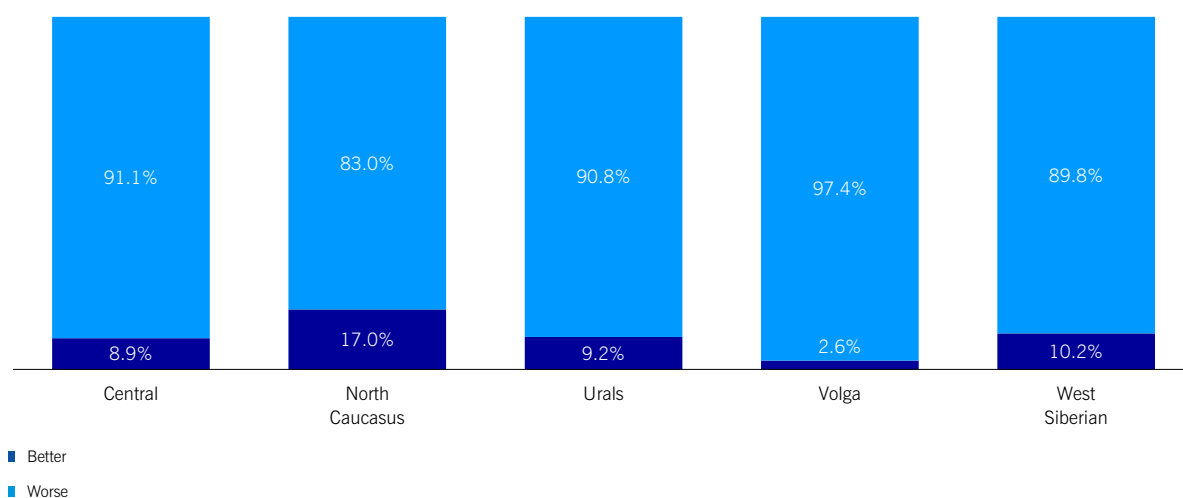


■ Government/Policy
■ Econ. Development
■ Income/Employment
■ Resource/Environment
■ Social Stability/ Security
■ Events

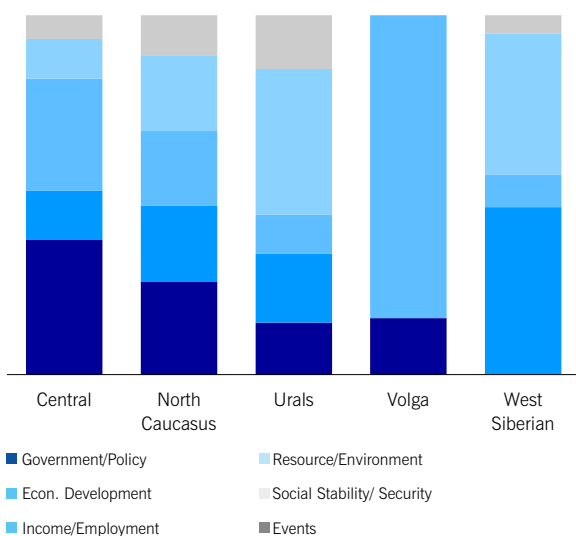
Business Conditions in 1 Year Regions



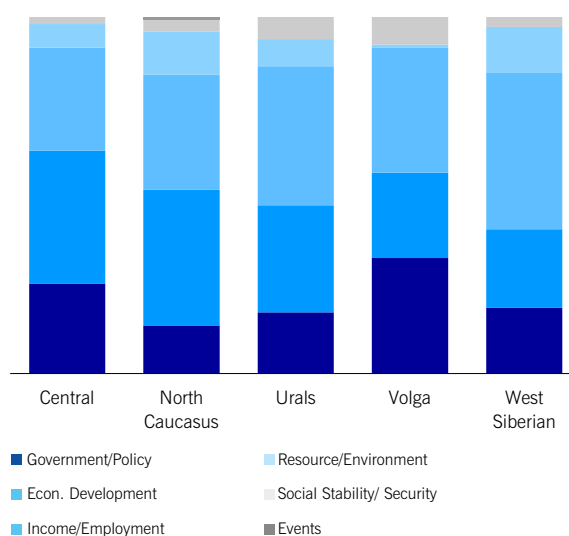
Business Expectations: Worse or Better?
(% of Respondents)



Reasons for Better
(% of Respondents)



Reasons for Worse
(% of Respondents)



Durable Buying Conditions

Record Low Appetite for Big-Ticket Items

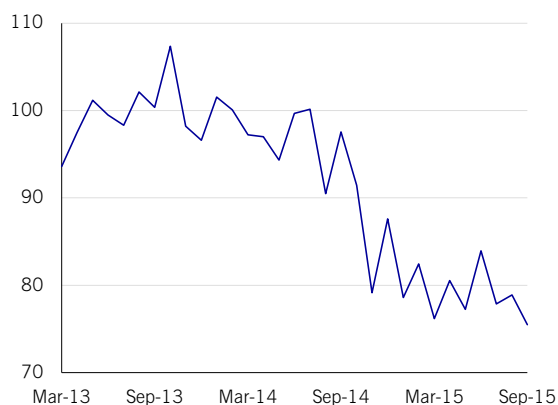


Weak purchasing power had a negative bearing on households' willingness to purchase big-ticket items in September. A decline in expectations for household finances to a record low level, further suggests that consumer spending could be reined back even further over the coming months.

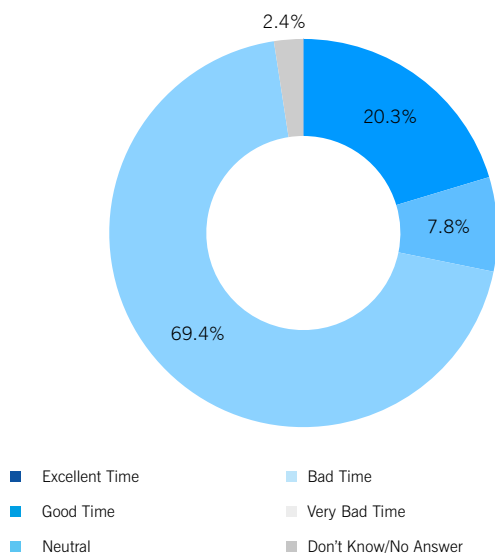
The Durable Buying Conditions Indicator fell to 75.5 in September from 78.9 in August, the lowest on record. It has followed a sharp downward trend over the past year with September's reading marking the 14th consecutive month that the indicator has been below the 100 level. Almost 70% of our panel thought that it was a poor time to purchase a household good in September, while just over a fifth of those polled considered the conditions to be good.

Spending on durable goods has been dented over the past year by a combination of high inflation, low disposable income and the prohibitive cost of credit. Sales have also been affected by the decision by several international companies to pull their products from Russian stores in light of the economic downturn, prompting some consumers to report that they were reluctant to update their outdated household appliances as they perceive the remaining offering on the market to be of poor quality.

Durable Buying Conditions



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



Durable Buying Conditions

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Durable Buying Conditions	97.5	80.5	77.3	83.9	77.9	78.9	75.5

Employment Outlook Bleakest on Record



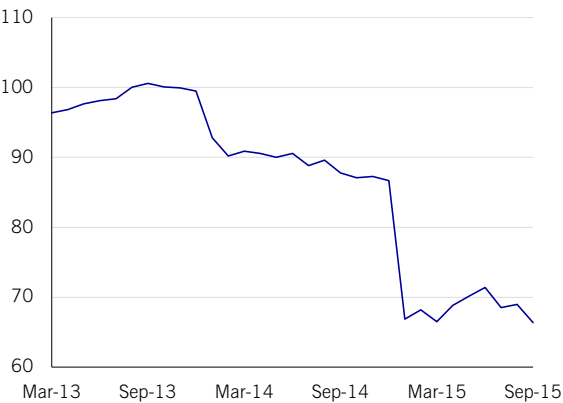
Consumers were gloomier than ever in their outlook for the job market, anticipating that unemployment would rise, having remained stable for the most part of this year.

The Employment Outlook Indicator fell to 66.4 in September from 69.0 in August, the lowest since the survey began in March 2013. Consumers are asked what they think about the outlook for the job market over the coming 12 months, with a reading below 100 signalling that respondents are on balance pessimistic while a reading above 100 signals optimism. Of those polled, almost 60% thought that the job market would worsen over the next 12 months, while only 30% of them thought that it would remain stable.

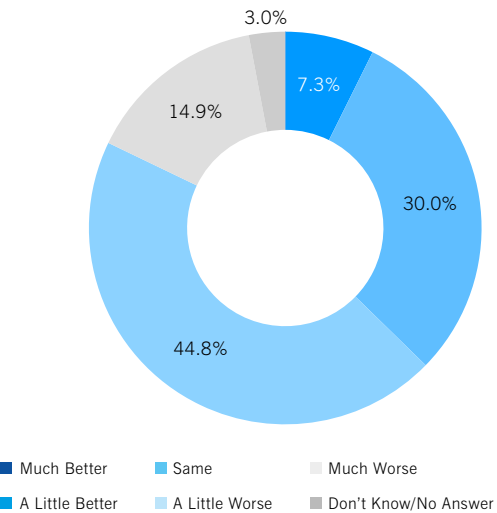
Official statistics showed that the unemployment rate surprisingly fell slightly to 5.3% in August following a 5.4% reading in July. Joblessness in Russia has remained relatively resilient in the face of the slowdown, with the labour market adjustment instead being transmitted through a combination of wage cuts and increased part-time employment, although there remains a possibility that it will eventually succumb to the pressures and rise in the final quarter of 2015.

Indeed, the September edition of our sister survey of large Russian businesses anticipated that the some of their workforce would be surplus to their requirements over the coming three months, suggesting that unemployment could rise should they choose to scale back.

Employment Outlook Indicator



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



Employment Outlook

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Employment Outlook	87.8	68.8	70.1	71.4	68.5	69.0	66.4

Prices Sentiment

Discontent with Current Prices At All-Time High



Our panel were more dissatisfied than ever before with the cost of living in September and also had higher inflationary expectations for the coming year.

The Current Prices Satisfaction Indicator tumbled to 44.3 in September from 47.1 in August. 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 September it was 32.1% below the series average as a record 79.3% of our panel reported that they were dissatisfied with the current level of prices.

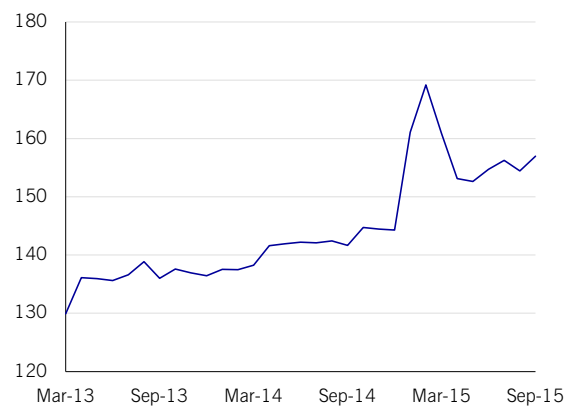
More consumers expected prices to be higher in a year's time, with the Inflation Expectations Indicator rising to 157.0 in September from 154.4 in August, albeit 7.2% below the February peak. Historically, our panel's inflationary expectations have closely matched the trend in consumer price inflation. Official data had suggested that the recent depreciation in the rouble was feeding through to consumer prices, but most recently it has provided some hope that inflation has now started to ease once again. CPI fell marginally to 15.7% on the year in September from 15.8% in August, as suggested by last month's slight fall in the Inflation Expectations Indicator.

Even if the currency weakness has been absorbed our survey provides evidence that consumers' inflationary expectations remain entrenched, potentially making the central bank's job of controlling inflation in the long-run more challenging. Under the Central Bank of Russia's most recent baseline scenario, weak

Satisfaction with Current Prices Indicator



Inflation Expectations Indicator



Prices Sentiment

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Satisfaction with Current Prices	64.0	47.3	48.0	49.0	46.0	47.1	44.3
Inflation Expectations	141.7	153.1	152.6	154.7	156.3	154.4	157.0

Prices Sentiment Regions



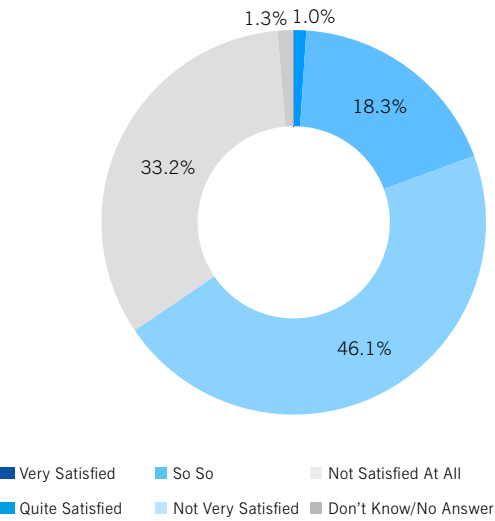
economic growth is forecast to slow annual inflation to below 7% by September 2016 before finally falling to its medium-term target of 4% in 2017.

Regions

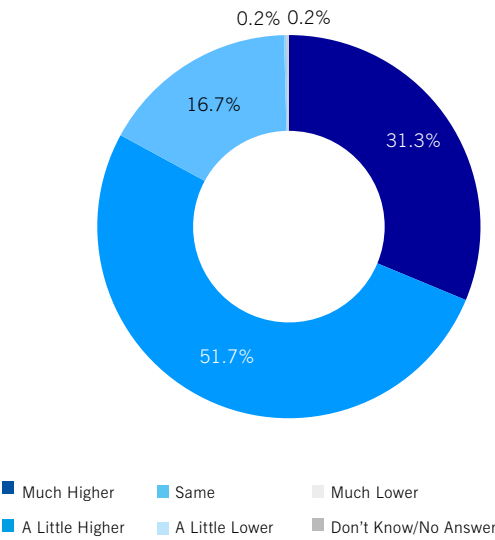
Dissatisfaction with the cost of living fell in four of the five regions surveyed in September. Residents of the Central and Volga regions were more discontent than ever before with the current level of prices, while only consumers living in the West Siberian region reported that they were coping better.

Inflationary expectations ticked up in all five regions this month. Inhabitants of the Volga region had the highest expectations for inflation over the coming 12 months, while consumers in the North Caucasus region had the lowest.

Satisfaction with Current Prices
(% of Households)

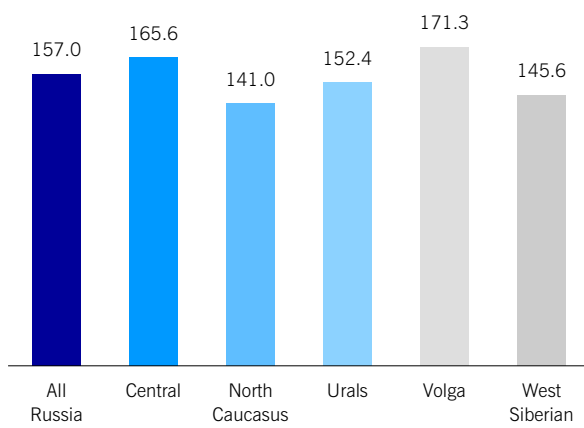


Inflation Expectations in 12 Months
(% of Households)

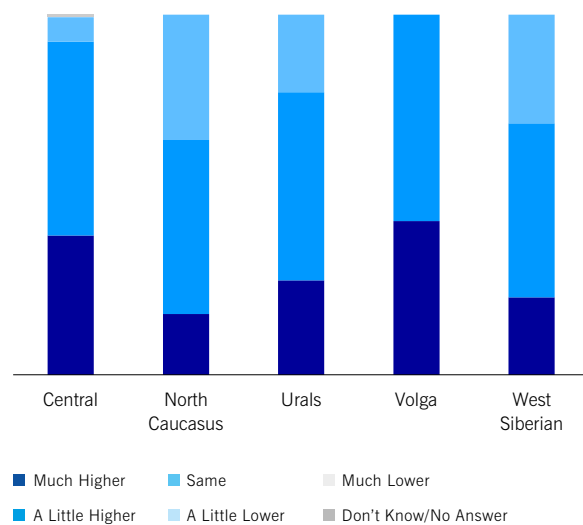




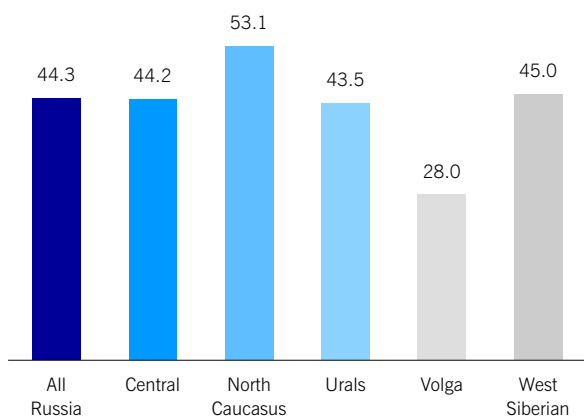
Inflation Expectations Indicator



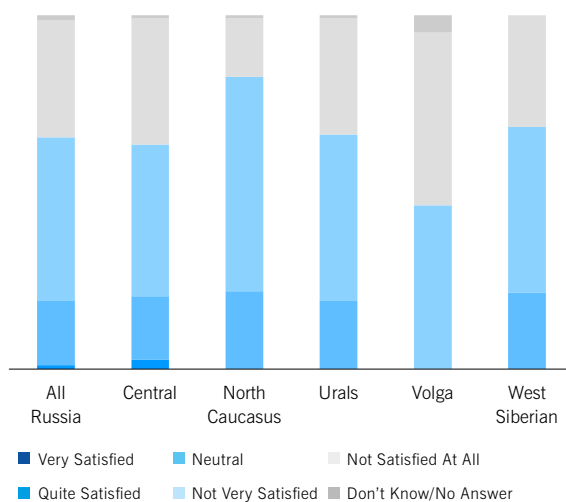
Expected Change in Prices in 1 Year (% of Households)



Current Prices Satisfaction Indicator



Satisfaction with Current Prices (% of Households)



Interest Rate Expectations Creep Up Slightly



Despite the Central Bank of Russia's efforts to normalise borrowing costs, more of our panel anticipated that interest rates would be higher in the coming months. The Interest Rate Expectations Indicator rose to 152.3 in September from 151.2 in August, although this was 7.8% below the outturn at the start of the year.

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 in the first half of the year, the central bank was able to cut the benchmark rate by a total of 600 basis points at its first five meetings of 2015.

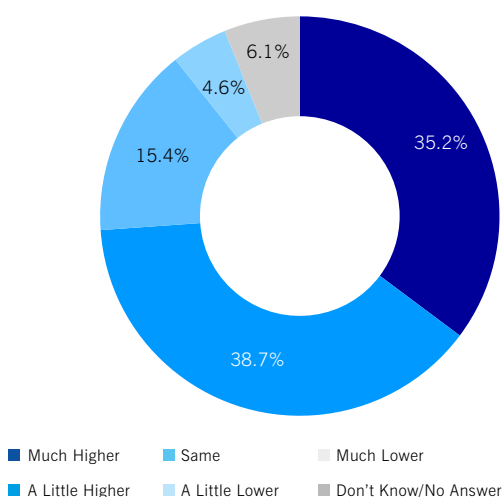
Citing increased inflation risks posed by the rouble depreciation, the CBR chose to maintain the key interest rate at 11% at its most recent meeting on September 11. While the decision came too late in our survey period to have any material impact on consumers' expectations, 15.4% of respondents expected interest rates to remain stable in 12 months' time compared with the 13.6% who did in August.

While the likelihood of a rate hike by the US Federal Reserve by year-end has diminished, removing one potential obstacle to further policy normalisation, we doubt that the central bank will find room to ease the benchmark rate further at its next meeting on October 30 given the continued pressure on oil prices and the rouble. Still, should these factors abate and inflation ease further, the central bank should be able to lower borrowing costs at subsequent meetings, which could dampen expectations over the coming months.

Interest Rate Expectations Indicator



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



Interest Rate Expectations

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Interest Rate Expectations	120.5	151.8	150.9	149.1	151.5	151.2	152.3

Real Estate Investment Six-Month Low



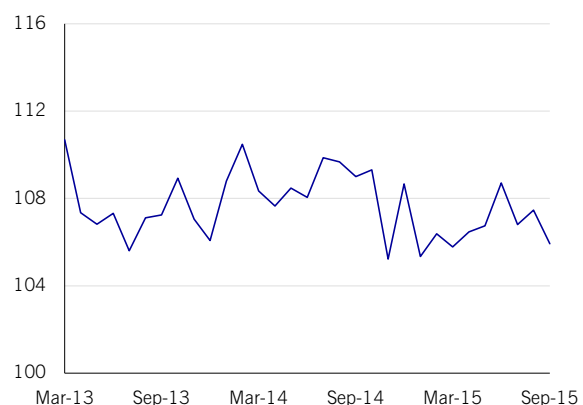
Confidence in the Russian real estate market stumbled slightly in September as fewer consumers considered it a good time to buy a house in spite of heightened expectations for house prices. The Real Estate Investment Indicator, which is made up of three components (House Price Expectations, House Buying Sentiment and House Selling Sentiment) fell to 105.9 in September from 107.5 in August.

In spite of the Central Bank of Russia easing policy considerably this year, the key rate remains prohibitively high which has left mortgage rates similarly elevated. As might be expected, the real estate market has been hit hard which prompted the government to introduce a subsidy programme in March in an attempt to stimulate demand.

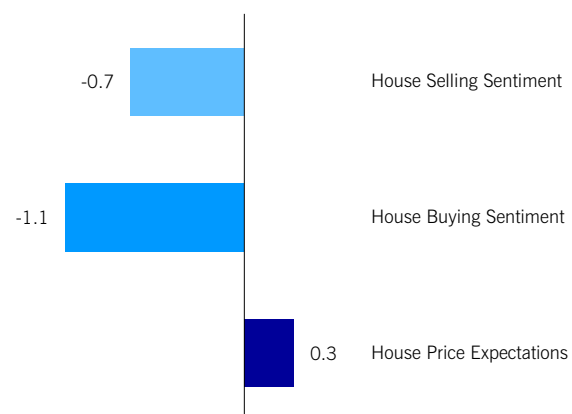
The measures have proved to be very popular, with several banks quickly using up their allocations, prompting the government to double the size of the programme in June. While this could make house buying an attractive proposition for those who have been looking for one, in general consumers have been very concerned about their finances amid the challenging job market.

A decline in House Buying Sentiment to 74.2 in September from 77.6 in August accounted for much of the cooling in sentiment towards the real estate market this month. Just over 70% of respondents considered it to be a poor time to purchase a property compared with just 20.7% who thought it was a good time, with 26.6% of those deterred by a lack of purchasing power.

Real Estate Investment Indicator



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



Real Estate Investment Sentiment

	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Real Estate Investment Sentiment	109.0	106.5	106.8	108.7	106.8	107.5	105.9
Price Expectations	142.7	142.5	142.9	142.9	144.6	143.1	144.0
House Buying	84.2	76.1	76.4	80.6	74.5	77.6	74.2
House Selling	99.9	99.2	99.0	97.4	98.7	98.3	100.5

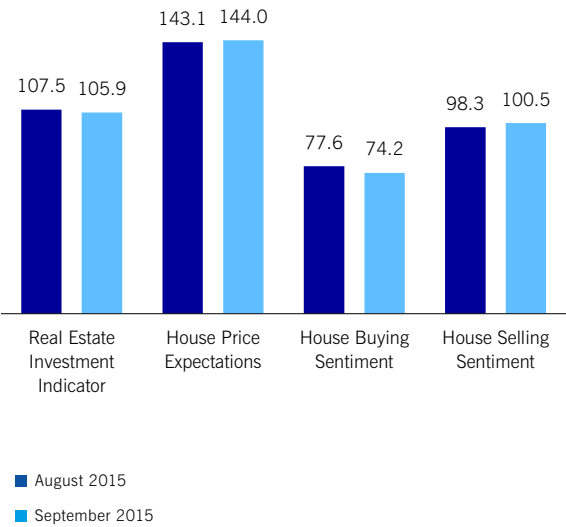
Real Estate Investment Components and Balances



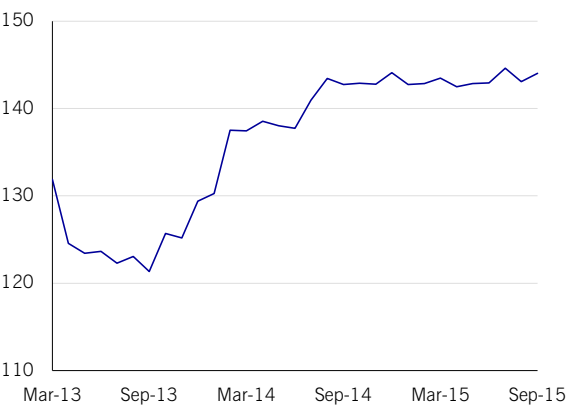
Meanwhile, the majority of our panel anticipated that house prices would rise over the coming six months, with House Price Expectations increasing to 144.0 in September from 143.1 in August, close to the record high of 144.6 in July.

House Selling Sentiment, which has a negative impact on the overall House Price Indicator, climbed to 100.5 in September, reversing six consecutive months of contraction.

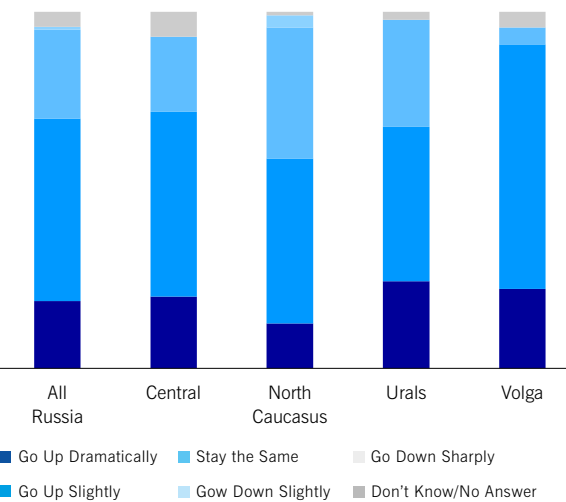
Real Estate Investment Indicator - Components



Real Estate Prices: Expected Changes in the Next 6 Months



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

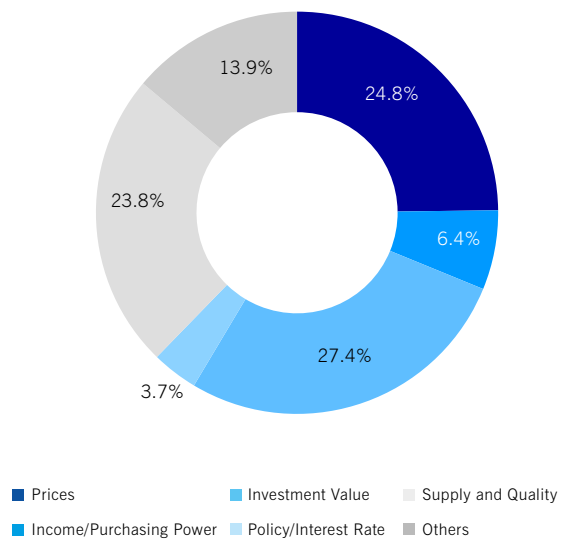




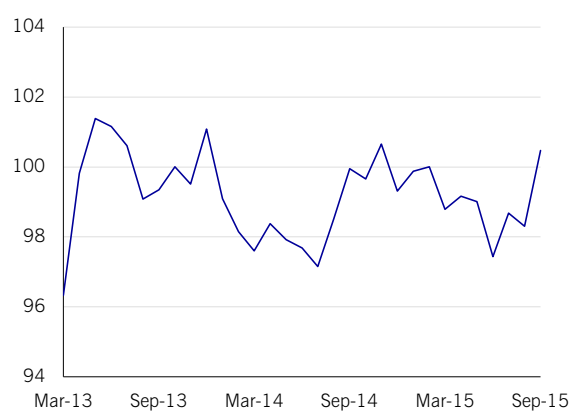
House Buying Sentiment



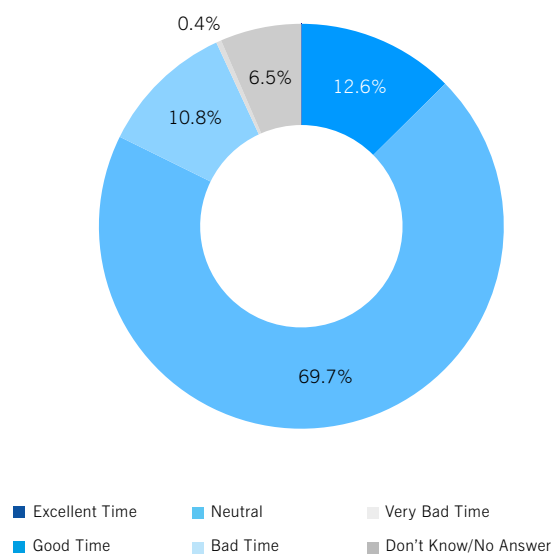
Reasons for Buying Houses (% of Households)



House Selling Sentiment

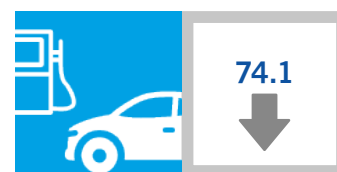


Timing for Selling Houses (% of Households)



Car Purchase

Expectations for Gasoline Prices Tick Up



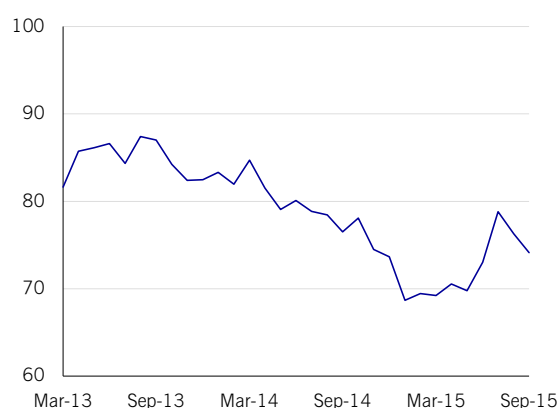
Fewer consumers thought it was a good time to purchase a car as they were put off by the high cost of maintenance and higher expectations for the price of gasoline over the coming year.

The Car Purchase Indicator, which is made up of two components (Car Purchase Expectations and Expectations for the Price of Gasoline), eased to 74.1 in September from 76.3 in August. Much of the decline was driven by higher expectations for gasoline prices, with consumers' willingness to buy a car remaining more-or-less the same as it was in the previous month.

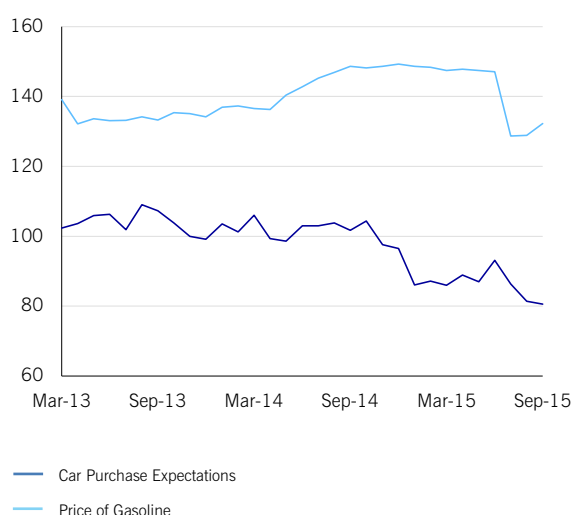
The Car Purchase Expectations component, which gauges whether consumers believe it is a good or bad time to purchase a car over the next 12 months, fell to 80.6 in September from 81.4 in August. Almost 65% of respondents thought it would be a bad time to purchase a car in the next 12 months, the majority of whom were deterred from making a purchase by the high cost of use and upkeep of a car.

Official data showed car sales declined by 19.4% on the year in August following a fall of 27.5% in July. Car sales have been hit by the prohibitive cost of credit as well as high prices passed on by dealerships following the rouble's sharp depreciation. In August, the price of a domestically manufactured car was 23.8% above one produced a year previously and the price of an imported one was 18.2% higher on the year.

Car Purchase Indicator



Car Purchase Indicator - Components

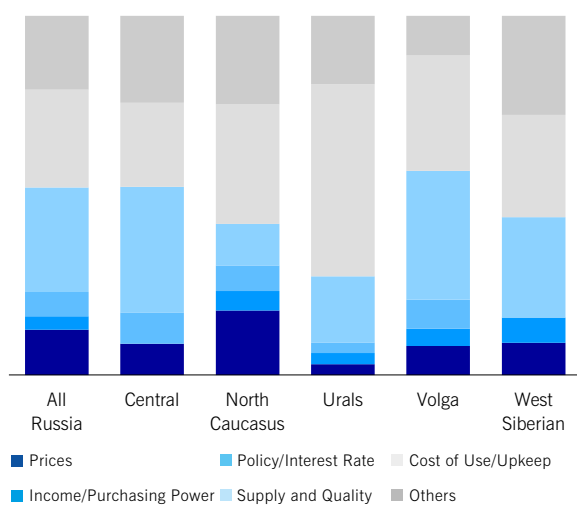


Car Purchase Sentiment

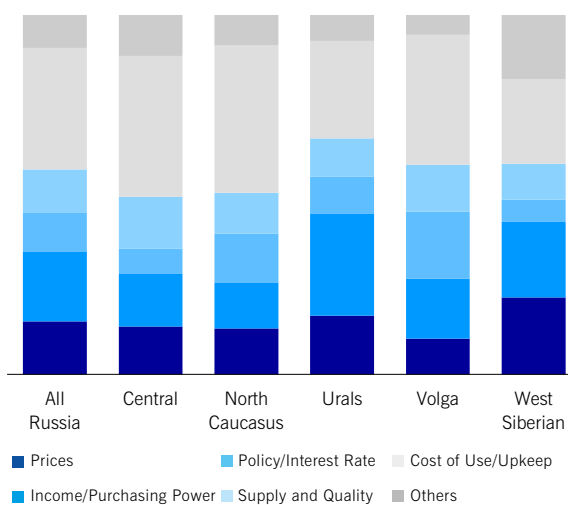
	Sep-14	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Car Purchase Sentiment	76.5	70.5	69.8	73.0	78.8	76.3	74.1
Car Purchase Expectations	101.7	88.9	87.0	93.1	86.3	81.4	80.6
Price of Gasoline	148.6	147.8	147.5	147.0	128.7	128.9	132.3



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

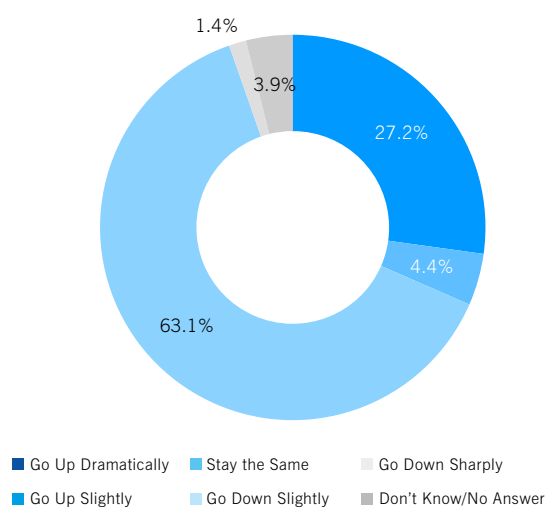


Reasons for a Bad Time to Buy a Car
(% of Households)



While the slide in global oil prices has reduced gasoline prices in many countries, the extension of excise taxes on Russian gasoline production has pushed up fuel costs for consumers in 2015. The majority of Russian consumers continued to anticipate that fuel prices would rise over the next 12 months, with the Expectations for the Price of Gasoline component climbing to a three-month high of 132.3 in September after having remained broadly stable at 128.9 in August.

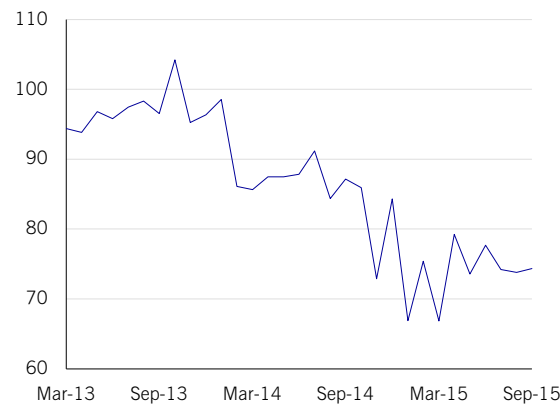
Expected Change in the Price of Gasoline
(% of Households)



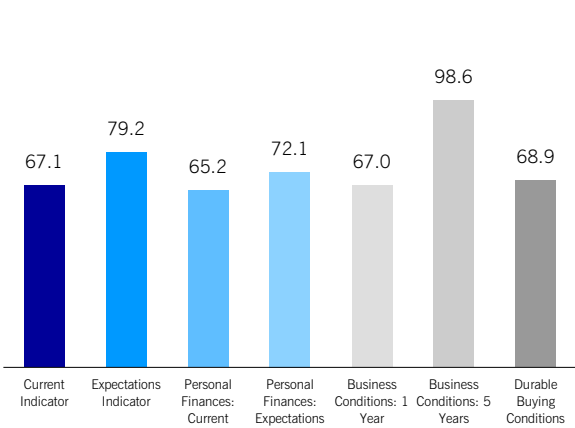
MNI Russia Consumer Indicator Regions



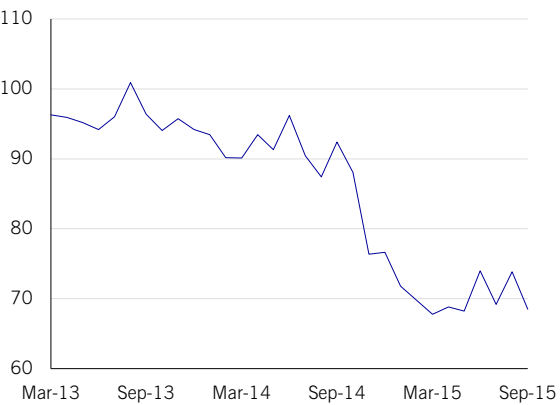
Consumer Indicator: North Caucasus



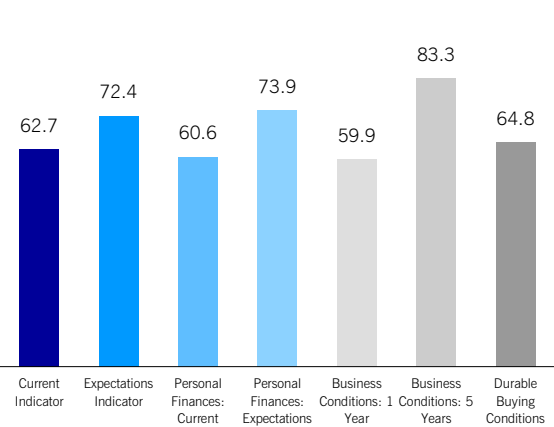
Consumer Indicator Components: North Caucasus



Consumer Indicator: West Siberian

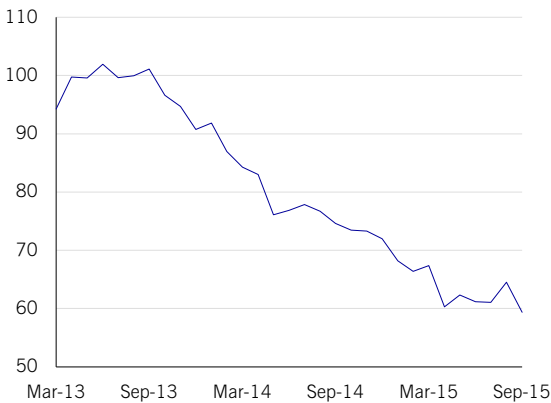


Consumer Indicator Components: West Siberian

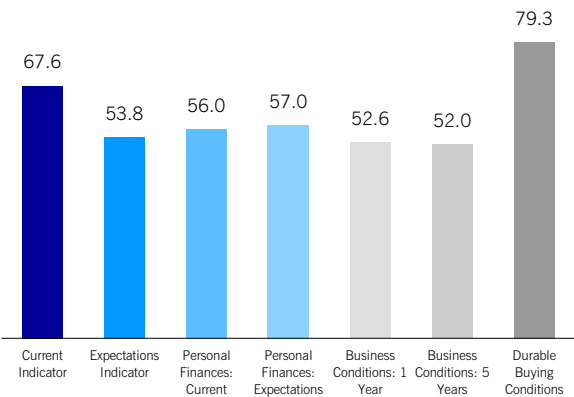




Consumer Indicator: Volga



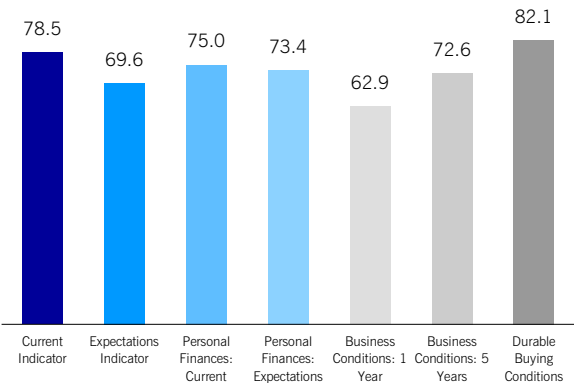
Consumer Indicator Components: Volga



Consumer Indicator: Central

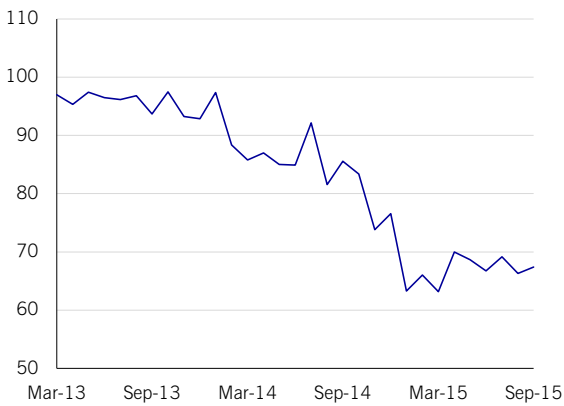


Consumer Indicator Components: Central

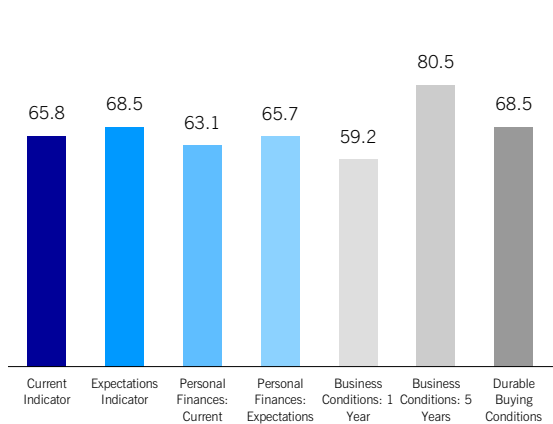




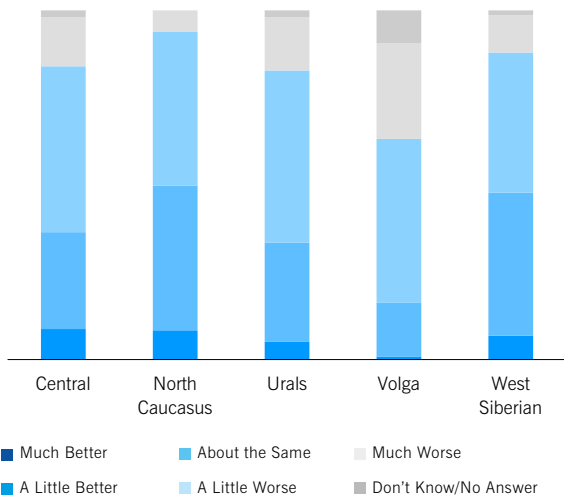
Consumer Indicator: Urals



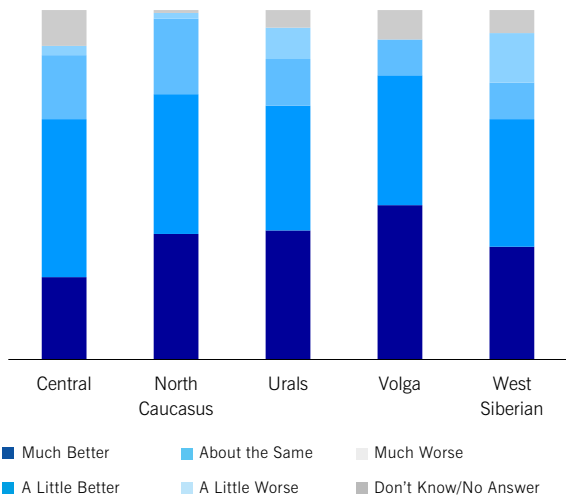
Consumer Indicator Components: Urals



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



Interest Rates Expectations Indicator (% of Households)

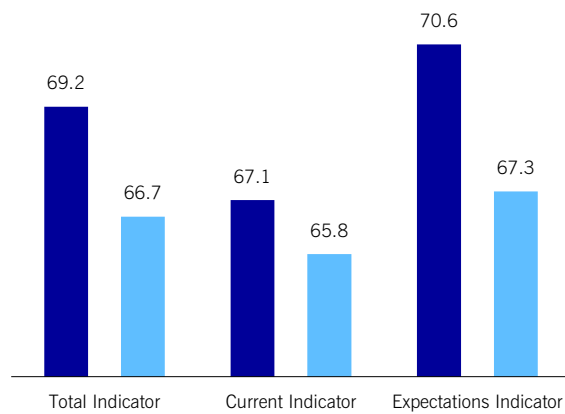


MNI Russia Consumer Indicator

Income Groups



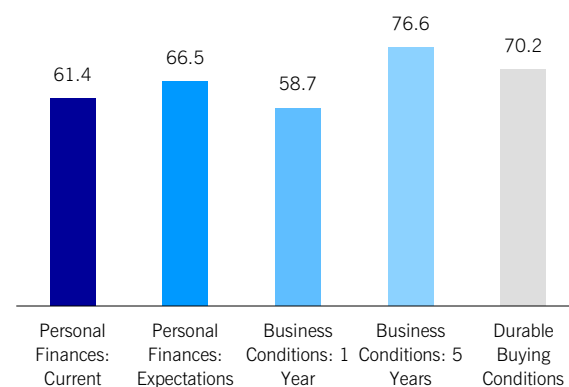
< RUB 480,000 Per Annum



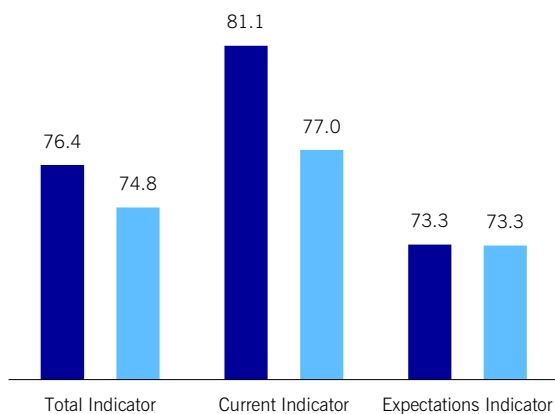
■ August 2015

■ September 2015

< RUB 480,000 - Components



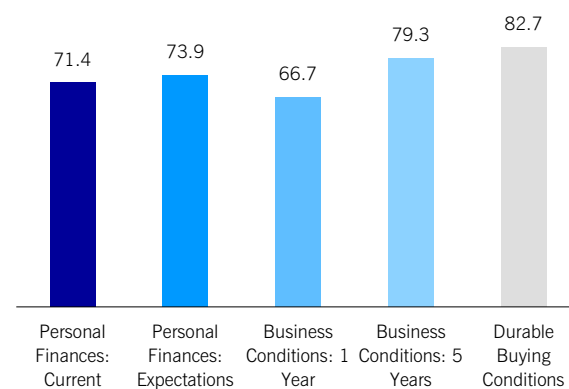
> RUB 480,000 Per Annum



■ August 2015

■ September 2015

> RUB 480,000 - Components





What the Panel Said

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

"It's better to buy a property if you can afford one, house prices are going to keep rising." **45-year-old male in Moscow**

"We have cut back on going out to places like the cinema and the theatre in order to save money for more essential goods." **32-year-old female in Moscow**

"Russia is under a great deal of financial and economic pressure due to the sanctions." **57-year-old female in Moscow**

"We had plans to buy a property but we've had to put them on hold after my employer forced me to take a pay cut or else I would have lost my job." **34-year-old male in Saint Petersburg**

"Business conditions are not good, nothing gets done without bribes." **61-year-old male in Saint Petersburg**

"Prices are rising because the rouble has started to depreciate again, I don't know how I'll manage over the coming months." **27-year-old female in Saint Petersburg**

"Several construction projects have been scrapped or put on hold after investment dried up." **54-year-old female in Novosibirsk**

"You need to rob a bank to be able to afford the interest they charge on loans." **33-year-old male in Novosibirsk**

"Low price of oil has been disastrous for the Russian economy, over the coming years we are going to pay for our overreliance on it." **60-year-old female in Novosibirsk**

"Times are tough where I work at the moment, I fear that it won't be long until it goes under." **19-year-old male in Omsk**

"I've lost a significant amount of my savings after my bank's license was revoked." **47-year-old male in Kazan**

"Government seems to think it has the solution to the crisis but they are fighting a losing battle." **56-year-old female in Chelyabinsk**



Data Tables

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

Russia - Central Overview

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Central Consumer Indicator	75.4	77.1	73.2	-	series low	75.2	-3.9	-5.1%
Current Indicator	78.3	81.6	78.5	-	Jul-15	79.5	-3.1	-3.7%
Expectations Indicator	73.4	74.2	69.6	-	series low	72.4	-4.6	-6.2%
Personal Finance: Current	71.1	77.8	75.0	-	Jul-15	74.6	-2.8	-3.7%
Personal Finance: Expected	79.1	77.4	73.4	-	series low	76.6	-4.0	-5.1%
Business Condition: 1 Year	62.0	67.7	62.9	-	Jul-15	64.2	-4.8	-7.1%
Business Condition: 5 Years	79.2	77.5	72.6	-	series low	76.4	-4.9	-6.4%
Durable Buying Conditions	85.6	85.3	82.1	-	series low	84.3	-3.2	-3.8%
Current Business Conditions Indicator	72.3	69.5	69.7	Jul-15	-	70.5	0.2	0.3%
Real Estate Investment Indicator	110.7	112.2	107.0	-	series low	110.0	-5.2	-4.6%
Car Purchase Indicator	78.5	77.8	69.9	-	Mar-15	75.4	-7.9	-10.1%
Employment Outlook Indicator	71.1	71.2	66.5	-	series low	69.6	-4.7	-6.6%
Inflation Expectations Indicator	163.0	161.8	165.6	Feb-15	-	163.5	3.8	2.3%
Current Prices Satisfaction Indicator	44.9	47.8	44.2	-	series low	45.6	-3.6	-7.7%
Interest Rates Expectations Indicator	142.7	141.7	144.9	Mar-15	-	143.1	3.2	2.3%

Russia - Urals Overview

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Urals Consumer Indicator	69.2	66.3	67.4	Jul-15	-	67.6	1.1	1.6%
Current Indicator	67.5	61.6	65.8	Jul-15	-	65.0	4.2	6.8%
Expectations Indicator	70.2	69.4	68.5	-	Jun-15	69.4	-0.9	-1.4%
Personal Finance: Current	63.8	58.1	63.1	Jul-15	-	61.7	5.0	8.6%
Personal Finance: Expected	68.2	66.2	65.7	-	Jun-15	66.7	-0.5	-0.7%
Business Condition: 1 Year	61.9	60.6	59.2	-	Mar-15	60.6	-1.4	-2.4%
Business Condition: 5 Years	80.6	81.5	80.5	-	Jun-15	80.9	-1.0	-1.3%
Durable Buying Conditions	71.2	65.1	68.5	Jul-15	-	68.3	3.4	5.2%
Current Business Conditions Indicator	61.2	62.2	59.8	-	Mar-15	61.1	-2.4	-3.9%
Real Estate Investment Indicator	101.9	103.6	104.0	Jun-15	-	103.2	0.4	0.4%
Car Purchase Indicator	72.9	69.2	69.3	Jul-15	-	70.5	0.1	0.1%
Employment Outlook Indicator	62.5	63.0	62.6	-	Jul-15	62.7	-0.4	-0.6%
Inflation Expectations Indicator	153.4	151.2	152.4	Jul-15	-	152.3	1.2	0.8%
Current Prices Satisfaction Indicator	44.2	45.6	43.5	-	Jan-15	44.4	-2.1	-4.6%
Interest Rates Expectations Indicator	148.5	150.1	150.3	Jun-15	-	149.6	0.2	0.2%

Russia - Volga Overview

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - Volga Consumer Indicator	61.1	64.5	59.3	-	series low	61.6	-5.2	-8.0%
Current Indicator	68.3	73.3	67.6	-	series low	69.7	-5.7	-7.8%
Expectations Indicator	56.3	58.6	53.8	-	Apr-15	56.2	-4.8	-8.2%
Personal Finance: Current	61.0	56.2	56.0	-	Jun-15	57.7	-0.2	-0.4%
Personal Finance: Expected	60.3	62.0	57.0	-	Apr-15	59.8	-5.0	-8.2%
Business Condition: 1 Year	55.3	55.7	52.6	-	series low	54.5	-3.1	-5.7%
Business Condition: 5 Years	53.1	58.2	52.0	-	Jun-15	54.4	-6.2	-10.7%
Durable Buying Conditions	75.5	90.4	79.3	-	Jul-15	81.7	-11.1	-12.3%
Current Business Conditions Indicator	56.7	51.1	48.2	-	series low	52.0	-2.9	-5.7%
Real Estate Investment Indicator	115.1	115.5	112.7	-	Jun-15	114.4	-2.8	-2.4%
Car Purchase Indicator	94.7	83.0	83.7	Jul-15	-	87.1	0.7	0.9%
Employment Outlook Indicator	55.8	52.0	49.5	-	Jun-15	52.4	-2.5	-4.8%
Inflation Expectations Indicator	172.5	169.6	171.3	Jul-15	-	171.1	1.7	1.0%
Current Prices Satisfaction Indicator	38.8	34.2	28.0	-	series low	33.7	-6.2	-18.1%
Interest Rates Expectations Indicator	164.3	167.7	162.8	-	Jan-15	164.9	-4.9	-2.9%

Russia - North Caucasus Overview

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - North Caucasus Consumer Indicator	74.2	73.8	74.3	Jun-15	-	74.1	0.5	0.7%
Current Indicator	66.1	65.6	67.1	Jun-15	-	66.3	1.5	2.3%
Expectations Indicator	79.6	79.3	79.2	-	Mar-15	79.4	-0.1	-0.2%
Personal Finance: Current	63.8	66.3	65.2	-	Jul-15	65.1	-1.1	-1.6%
Personal Finance: Expected	73.0	71.5	72.1	Jul-15	-	72.2	0.6	0.8%
Business Condition: 1 Year	63.8	65.9	67.0	Jun-15	-	65.6	1.1	1.7%
Business Condition: 5 Years	102.1	100.6	98.6	-	May-15	100.4	-2.0	-2.1%
Durable Buying Conditions	68.5	64.8	68.9	Jun-15	-	67.4	4.1	6.4%
Current Business Conditions Indicator	74.2	72.0	70.9	-	Mar-15	72.4	-1.1	-1.6%
Real Estate Investment Indicator	100.4	99.5	102.1	Dec-14	-	100.7	2.6	2.7%
Car Purchase Indicator	73.0	67.6	71.8	Jul-15	-	70.8	4.2	6.3%
Employment Outlook Indicator	83.1	77.2	76.0	-	May-15	78.8	-1.2	-1.5%
Inflation Expectations Indicator	139.5	139.3	141.0	Apr-15	-	139.9	1.7	1.2%
Current Prices Satisfaction Indicator	53.5	54.5	53.1	-	May-15	53.7	-1.4	-2.4%
Interest Rates Expectations Indicator	154.7	152.4	155.2	May-15	-	154.1	2.8	1.8%

Russia - West Siberian Overview

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Russia - West Siberian Consumer Indicator	69.2	73.8	68.5	-	May-15	70.5	-5.3	-7.2%
Current Indicator	65.5	71.7	62.7	-	series low	66.6	-9.0	-12.6%
Expectations Indicator	71.6	75.3	72.4	-	Jul-15	73.1	-2.9	-3.9%
Personal Finance: Current	64.8	68.7	60.6	-	Mar-15	64.7	-8.1	-11.9%
Personal Finance: Expected	71.9	72.5	73.9	Jun-15	-	72.8	1.4	1.9%
Business Condition: 1 Year	59.9	68.0	59.9	-	Mar-15	62.6	-8.1	-12.0%
Business Condition: 5 Years	83.1	85.2	83.3	-	Jul-15	83.9	-1.9	-2.3%
Durable Buying Conditions	66.1	74.7	64.8	-	May-15	68.5	-9.9	-13.3%
Current Business Conditions Indicator	68.5	71.3	67.9	-	May-15	69.2	-3.4	-4.8%
Real Estate Investment Indicator	104.9	104.5	103.5	-	May-14	104.3	-1.0	-1.0%
Car Purchase Indicator	70.6	73.9	68.9	-	Jun-15	71.1	-5.0	-6.8%
Employment Outlook Indicator	73.7	71.5	72.7	Jul-15	-	72.6	1.2	1.7%
Inflation Expectations Indicator	144.1	145.4	145.6	May-15	-	145.0	0.2	0.2%
Current Prices Satisfaction Indicator	45.8	43.1	45.0	Jul-15	-	44.6	1.9	4.6%
Interest Rates Expectations Indicator	142.8	144.6	143.4	-	Jul-15	143.6	-1.2	-0.8%

All Russia - Overview by Age

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Age 18-34								
MNI Russia Consumer Indicator	71.9	72.2	71.1	-	Mar-15	71.7	-1.1	-1.5%
Current Indicator	72.2	72.1	70.7	-	Mar-15	71.7	-1.4	-1.8%
Expectations Indicator	71.8	72.3	71.4	-	Mar-15	71.8	-0.9	-1.3%
Personal Finance: Current	65.8	67.3	67.4	Jun-15	-	66.8	0.1	0.3%
Personal Finance: Expected	74.2	71.2	71.0	-	series low	72.1	-0.2	-0.2%
Business Condition: 1 Year	62.4	64.5	63.5	-	Jul-15	63.5	-1.0	-1.5%
Business Condition: 5 Years	78.7	81.3	79.6	-	Jul-15	79.9	-1.7	-2.1%
Durable Buying Conditions	78.5	76.9	74.0	-	Mar-15	76.5	-2.9	-3.7%
Age 35-54								
MNI Russia Consumer Indicator	70.8	74.6	69.9	-	series low	71.8	-4.7	-6.4%
Current Indicator	71.0	77.4	70.9	-	series low	73.1	-6.5	-8.4%
Expectations Indicator	70.6	72.8	69.2	-	series low	70.9	-3.6	-4.9%
Personal Finance: Current	64.4	71.2	64.0	-	Mar-15	66.5	-7.2	-10.1%
Personal Finance: Expected	70.0	72.1	70.0	-	series low	70.7	-2.1	-2.9%
Business Condition: 1 Year	61.4	67.9	61.4	-	Jul-15	63.6	-6.5	-9.5%
Business Condition: 5 Years	80.3	78.4	76.3	-	Mar-15	78.3	-2.1	-2.7%
Durable Buying Conditions	77.7	83.6	77.8	-	Jul-15	79.7	-5.8	-7.0%
Age 55-64								
MNI Russia Consumer Indicator	66.2	67.3	66.3	-	Jul-15	66.6	-1.0	-1.5%
Current Indicator	67.8	67.6	68.5	Jun-15	-	68.0	0.9	1.3%
Expectations Indicator	65.2	67.1	64.8	-	Mar-15	65.7	-2.3	-3.4%
Personal Finance: Current	59.7	62.7	62.9	Jun-15	-	61.8	0.2	0.3%
Personal Finance: Expected	65.0	67.3	62.4	-	Apr-15	64.9	-4.9	-7.3%
Business Condition: 1 Year	57.0	57.5	58.1	Jun-15	-	57.5	0.6	1.1%
Business Condition: 5 Years	73.5	76.4	73.9	-	Jul-15	74.6	-2.5	-3.3%
Durable Buying Conditions	75.9	72.5	74.1	Jul-15	-	74.2	1.6	2.2%

All Russia - Overview by Income

	Jul-15	Aug-15	Sep-15	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
< RUB 480,000 Per Annum								
MNI Russia Consumer Indicator	68.3	69.2	66.7	-	Mar-15	68.1	-2.5	-3.6%
Current Indicator	67.1	67.1	65.8	-	Mar-15	66.7	-1.3	-1.8%
Expectations Indicator	69.1	70.6	67.3	-	Mar-15	69.0	-3.3	-4.8%
Personal Finance: Current	61.2	63.0	61.4	-	Jul-15	61.9	-1.6	-2.6%
Personal Finance: Expected	69.4	67.4	66.5	-	series low	67.8	-0.9	-1.3%
Business Condition: 1 Year	59.8	62.8	58.7	-	Mar-15	60.4	-4.1	-6.5%
Business Condition: 5 Years	78.2	81.7	76.6	-	Mar-15	78.8	-5.1	-6.3%
Durable Buying Conditions	73.0	71.1	70.2	-	Mar-15	71.4	-0.9	-1.2%
> RUB 480,000 Per Annum								
MNI Russia Consumer Indicator	74.3	76.4	74.8	-	Jul-15	75.2	-1.6	-2.2%
Current Indicator	76.7	81.1	77.0	-	Jul-15	78.3	-4.1	-5.1%
Expectations Indicator	72.7	73.3	73.3	-	Jul-15	73.1	0.0	-0.1%
Personal Finance: Current	68.6	74.0	71.4	-	Jul-15	71.3	-2.6	-3.5%
Personal Finance: Expected	74.4	75.5	73.9	-	series low	74.6	-1.6	-2.2%
Business Condition: 1 Year	63.7	67.2	66.7	-	Jul-15	65.9	-0.5	-0.8%
Business Condition: 5 Years	79.9	77.3	79.3	Jul-15	-	78.8	2.0	2.6%
Durable Buying Conditions	84.8	88.3	82.7	-	series low	85.3	-5.6	-6.3%

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.



mni | DEUTSCHE BÖRSE
GROUP

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.

www.mni-indicators.com

Insight and data for better decisions

Published by

MNI Indicators | Deutsche Börse Group

Westferry House

11 Westferry Circus

London

E14 4HE

www.mni-indicators.com



@MNIIndicators



MNI Indicators

Copyright © 2015 MNI Indicators | Deutsche Börse Group.

Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.