

Press Release

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Kyiv, 13 April 2016 – The consumer confidence of Ukrainians deteriorated in March 2016: the Consumer Confidence Index (CCI) was 50.6, which is 3.6 p. lower than in February. Almost all of the components of the index changed, the index of devaluation expectations underwent the most changes. It is proved by the data on Ukrainians' consumer confidence survey conducted by GfK Ukraine on monthly basis.

In March 2016, the *Consumer Confidence Index (CCI)* reached 50.6, which is 3.6 p. lower than in February.

Index of Current Situation (ICS) decreased by 6.5 p. and reached 44.4. The components of this index changed in the following way:

- *Index of Current Personal Financial Standing (x1)* equals 37.1, which is 4.2 p. lower than in February;
- *Propensity to Consume (x5)* decreased by 8.8 p. and reached 51.7.

Index of Economic Expectations (IEE) decreased by 1.6 p. and reached 54.7 in March. The components of this index changed in the following way:

- *Index of Expected Changes in Personal Financial Standing (x2)* decreased by 4.3 p. and equals 51.3;
- *Index of Expected Economic Conditions in the Country over the Next Year (x3)* increased by 1 p. and reached 44.9;
- *Index of Expected Economic Conditions in the Country over the Next Five Years (x4)* decreased by 1.7 p. as compared to February and reached 67.8.

The expectation of Ukrainians regarding potential unemployment improved in March: *the Index of Expected Changes in Unemployment (IECU)* reached 144.5, which is 8.3 p. lower than last month. However, the *Index of Inflationary Expectations (IIE)* reached 188.3, which is 0.5 p. higher than in February. The expectations of Ukrainians concerning hryvnia exchange rate in the next three months improved: *Index of Devaluation Expectations (IDE)* decreased by 10.3 p. up to 153.

“The drop in the consumer confidence index took place first of all due to the decrease of the Propensity to Consume index following the February increase. This result can be explained by the decrease of the devaluation expectations, which makes buying imported goods for the future use less reasonable, and these are the goods which refer to Propensity to Consume index”, as GfK Ukraine analysts comment.

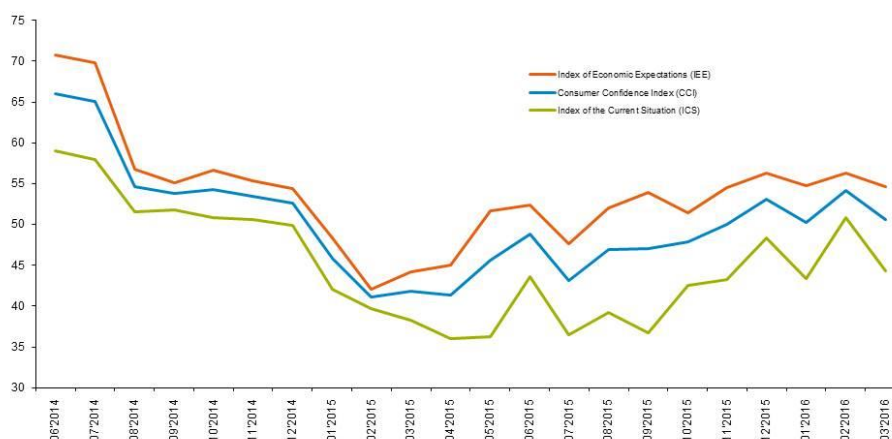
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Consumer Confidence Index in Ukraine (16+ target group)



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Dynamics of the Consumer Confidence Index in Ukraine (16+ target group)						
Month, year	Consumer Confidence Index (CCI)	Index of the Current Situation (ICS)	Index of Economic Expectations (IEE)	Index of Expectations of Changes in Unemployment (IECU)	Index of Inflationary Expectations (IIE)	Index of Devaluation Expectations (IDE)
03'16	50,6	44,4	54,7	144,5	188,3	153
02'16	54,1	50,9	56,3	152,8	187,8	163,4
03'15	41,8	38,2	44,2	163,3	181	133,6

How the indices are calculated

The consumer confidence survey is conducted in Ukraine since June 2000. From January 2009 consumer confidence survey is conducted on a monthly basis.

In Ukraine, the Consumer Confidence Index is determined through a random survey of domestic households. The poll involves 1,000 individuals aged 16+. (Up to April 2014 the poll involved 1,000 respondents aged 15-59). A representative sample is selected by gender and age, also by type and size of settlement. In April 2014 Autonomous Republic of Crimea was excluded from the sample of consumer confidence research in Ukraine. The margin of error is 3.2%. The survey is carried out on 1-15th every month.

To define the CCI, respondents are asked these questions:

1. How has the financial standing of your family changed over the last six months?
2. How do you think your family's financial standing will change in the next six months?
3. Looking at economic conditions in the country as a whole, do you think the next 12 months will be good or bad?

4. Looking at the next five years, will they be good ones or bad ones for the country's economy?

5. In terms of large purchases for your home, do you think now is generally a good time or a bad time to make such purchases?

Each of these questions is related to a corresponding index:

- Index of Current Personal Financial Standing (x1);
- Index of Expected Changes in Personal Financial Standing (x2);
- Index of Expected Economic Conditions in the Country Over the Next Year (x3);
- Index of Expected Economic Conditions in the Country Over the Next 5 Years (x4);
- Index of Propensity to Consume (x5).

Indices are constructed thus: the share of negative answers is deducted from the share of positive answers, and 100 is added to this difference in order to eliminate negative values. On the basis of these five indices, three aggregate indices are calculated:

- Consumer Confidence Index (CCI) as the arithmetic average of indices x1–x5;
- Index of the Current Situation (ICS) as the arithmetic average of indices x1 and x5;
- Index of Economic Expectations (IEE) as the arithmetic average of indices x2, x3, and x4.

Index values range from 0 to 200. The index equals 200 when all respondents positively assess the economic situation. It totals 100 when the shares of positive and negative assessments are equal. Indices of less than 100 indicate the prevalence of negative assessments.

To determine the Index of Expected Changes in Unemployment (IECU), the Index of Inflationary Expectations (IIE) and the Index of Devaluation Expectations (IDE), the respondents are asked these three questions:

1. Do you think that within next 12 months the number of unemployed (people who do not have job and are looking for work) will increase, will remain roughly the same, or will decrease?
2. How do you think that prices for major consumer goods and services will change in the next 1–2 months?
3. How do you think the USD value will change towards the UAH value during the next 3 months?

The IECU, the IIE and the IDE are calculated thus: the share of answers that indicate a decrease of unemployment/inflation/devaluation is subtracted from the share of answers that indicate the growth of unemployment/inflation/devaluation, and 100 is added to the difference to eliminate negative values. The values of indices can vary from 0 to 200. The index totals 200 when all residents expect an increase in unemployment/inflation/devaluation.

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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