

Press Release

Consumer Confidence in Ukraine, May 2016: index reached 50,3

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Kyiv, June 16, 2016 – In May 2016 consumer confidence of Ukrainians improved: the Consumer Confidence index (CCI) reached 50,3, which is 1,3 points higher than respective indicator in April. The Index of Propensity to Consume and devaluation expectations have changed most of all. It is proved by the data of Ukrainians' consumer confidence survey conducted monthly by GfK Ukraine.

In May 2016 the *Consumer Confidence Index (CCI)* reached 50,3, which is 1,3 higher than in April.

Index of Current Situation (ICS) increased 3,5 points to 47. The components of this index have changed as follows:

- *Index of Current Personal Financial Standing (x1)* reached 36, which is 1,4 points lower than in April;
- *Index of Propensity to Consume (x5)* increased by 8,3 points and reached the indicator of 58.

Index of Economic Expectations (IEE) decreased by 0,2 points to 52,5 in April. The components of this index have changed as follows:

- *Index of Expected Changes in Personal Financial Standing (x2)* decreased by 1,2 points and equals 51,8;
- *Index of Expected Economic Conditions in the Country Over the Next Year (x3)* increased by 3 points and reached 41,6;
- *Index of Expected Economic Conditions in the Country Over the Next 5 Years (x4)* decreased by 2,4 points and reached 64,2.

In May the expectations of Ukrainians regarding the possibility of unemployment increased: *Index of Expectations of Changes in Unemployment* reached level of 150,3, which is 2,9 points higher than the respective indicator last month. *Index of Inflationary Expectations* reached 182,2, which is 3,3 points lower than in April. The expectations of Ukrainians regarding hryvna's exchange rate in the coming 3 months improved: *Index of Devaluation Expectations* decreased 5,4 points and reached the level of 139,2.

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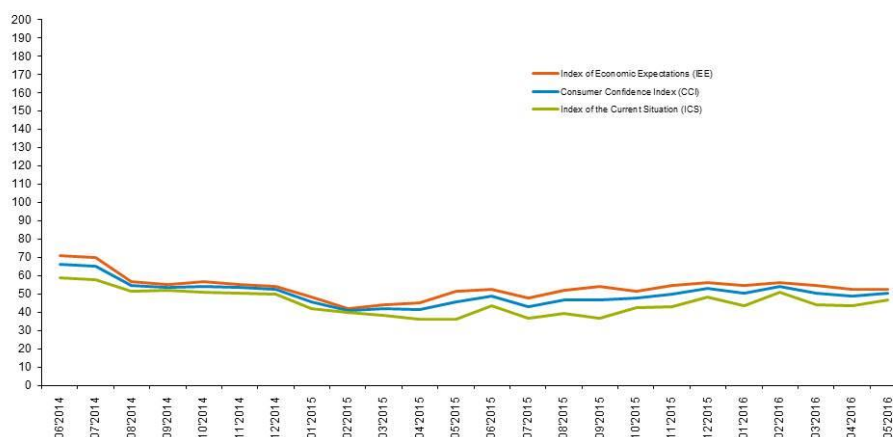
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«*The increase of consumer confidence occurred on the background of deterioration of personal financial standing evaluations and the increase of Index of Propensity to Consume. Such results may be caused by the decrease of devaluation expectations (large purchases mainly are related to imported goods) and the end of heating season (decrease of the share of utilities in the budget).*» – as the GfK Ukraine analysts comment.

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)
05'16	50,3	47,0	52,5	150,3	182,2	139,2
04'16	49,1	43,5	52,8	147,5	185,5	144,6
05'15	45,6	36,4	51,7	157,1	182,0	132,6

How the indices are calculated
<p>The consumer confidence survey is conducted in Ukraine since June 2000. From January 2009 consumer confidence survey is conducted on a monthly basis.</p> <p>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.</p> <p>To define the CCI, respondents are asked these questions:</p> <ol style="list-style-type: none"> 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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