Press release

Consumer confidence in Ukraine, October, 2015: index equalled 47.9

12 November, 2015

Contact:
Olga Makarova
Researcher
Tel.: +380 44 230-0260
olga.makarova@gfk.com

Mariia Gubarenko
Marketing and Communication
Tel.: +380 44 230-0260
pr.ukraine@gfk.com

Kyiv, November, 12, 2015 - The consumer confidence of Ukrainians looked up a little in October, 2015. The Consumer Confidence Index (CCI) equals 47.9 that is 0.9 point up than in September. The most essential changes occurred in the Index of Current Personal Financial Standing. That is proved by the data of the consumer confidence survey in Ukraine conducted by GfK Ukraine on monthly basis.

In October, 2015 *the Consumer Confidence Index (CCI)* equalled 47.9 that is 0.9 point up the indicator in September.

The Index of the Current Situation (ICS) rose by 5.9 points to the number of 42.6. The components of this index changed in the following manner:

– *Index of Current Personal Financial Standing (*x1) increased by 9 points and equals 33.6;
– *Index of Propensity to Consume (x5)* increased by 2.7 points to the number of 51.5.

Index of Economic Expectations (IEE) decreased by 2.5 points and equals 51.4. The components of this index changed in the following way:

– *Index of Expected Changes in Personal Financial Standing (x2)* decreased by 2.8 points and equals 45.2;
– *Index of Expected Economic Conditions in the Country Over the Next Year (x3)* is 41.6 which is 3.8 points less than in September;
– *Expectations of the Country's Economic Development Over the Next 5 Years (x4)* remained almost unchanged and reached 67.5 which is 0.9 points less than in September.

The expectations of Ukrainians regarding probable unemployment slightly rose in October: *The Index of Expectations of Changes in Unemployment decreased by* 1.5 points and equals 147.2.However the *Index of Inflationary Expectations* decreased by 0.9 points and equals 186 in October. The expectations of Ukrainians about hryvna rate over the next three months are better too: *the Index of Devaluation Expectations* decreased by 1.9 points and is 143.4 now.

"The current situation assessment increased under the influence of the social standards raise in September. But at the same time Ukrainians are still uncertain about the future constant growth of their revenues and economy in general" – as the analysts of GfK Ukraine comment.

GfK Ukraine
34 Lesi Ukrainky blvd., off. 601
Kyiv, 01133, Ukraine

T +380 44 230-0260
F +380 44 230-0262

info.ukraine@gfk.com
www.gfk.ua

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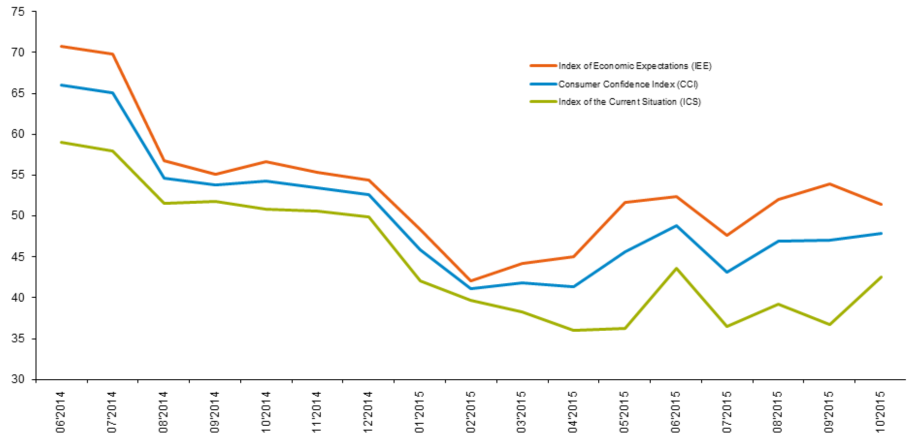
Code: #23512435

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)
10'15	**47.9**	**42.6**	**51.4**	**147.2**	**186.0**	**143.4**
09'15	47.0	36.7	53.9	148.7	186.9	145.2
10'14	54.3	50.8	56.6	152.4	190.3	153.4

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 was carried out on 1-15 April 2015.

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 Devaluationary 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

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