

## Press Release

### Consumer confidence in Ukraine, May 2018: index equaled 62.9

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Contact:  
Yana Nevidoma  
Researcher  
Tel.: +380 44 230-0260  
[yana.nevidoma@gfk.com](mailto:yana.nevidoma@gfk.com)

Mariia Gubarenko  
Marketing and Communication  
Tel.: +380 44 230-0260  
[pr.ukraine@gfk.com](mailto:pr.ukraine@gfk.com)

**Kyiv, 14 June 2018 - The consumer confidence of Ukrainians slightly improved in May 2018: The Consumer Confidence Index (CCI) equals 62.9, which is 1.5 points higher than the indicator in April 2018. Index of Expectations of Changes in Unemployment experienced the most significant changes. It is proved by the data of The consumer confidence of Ukrainians survey conducted monthly by GfK Ukraine.**

In May 2018, *the Consumer Confidence Index (CCI)* equaled 62.9 that is 1.5 points higher than in April.

*Index of the Current Situation (ICS)* increased by 1.4 points to the level of 60.3. The components of this index have changed as follows:

- *Index of Current Personal Financial Standing (x1)* equaled 50.9, which is 0.8 points lower than the indicator in April;
- *Index of Propensity to Consume (x5)* increased by 3.7 points and reached the indicator of 69.8.

*Index of Economic Expectations (IEE)* increased by 1.6 points to 64.6 in May. The components of this index have changed as follows:

- *Index of Expected Changes in Personal Financial Standing (x2)* increased by 1.7 points comparing to the previous month and reached 61.2;
- *Index of Expectations of the Country's Economic Development Over the Next Year (x3)* increased by 0.5 points and equaled 62.5;
- *Index of Expectations of the Country's Economic Development Over the Next 5 Years (x4)* equaled 70.1, which is 2.7 points higher than the indicator in April.

In May, the expectations of Ukrainians regarding the possibility of unemployment improved: the indicator of *Index of Expectations of Changes in Unemployment* decreased by 5.3 points and equaled 125.5. Meanwhile, *Index of Inflationary Expectations* slightly increased by 1.9 points, and reached 190.4. The expectations of Ukrainians regarding the hryvna's exchange rate in the coming three months slightly worsened: *Index of Devaluation Expectations* decreased by 1.9 points and reached the level of 149.5.

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

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

[www.gfk.com](http://www.gfk.com)

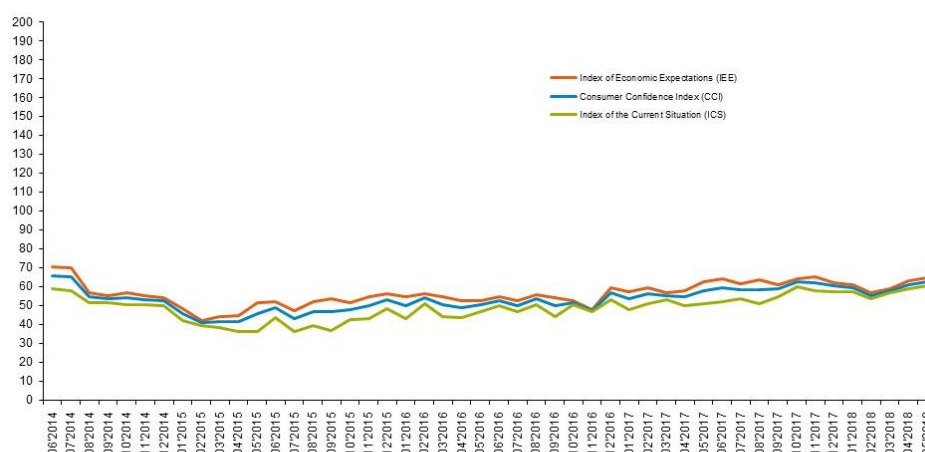
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*'In May, the Consumer Confidence Index maintained a positive trend that had started in April. Comparing to April, the Index of Propensity to Consume increased the most in May. This Index received the most positive*

dynamics in the following groups: (1) lower than average income, (2) in the cities with the population of more than 100 thousand people and (3) in the group of elderly people. This result might be associated with the end of the heating season and releasing funds in these groups,' as 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)
05'18	62.9	60.3	64.6	125.5	190.4	149.5
04'18	61.3	58.9	63.0	130.7	188.5	147.6
05'17	58.0	51.2	62.6	135.7	181.1	142.7

### 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 1-15<sup>th</sup> 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

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