Press Release

Consumer Confidence in Ukraine, November 2017: index reached 62.3

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Kyiv, 21 December 2017 – The consumer confidence of Ukrainians remained almost unchanged in November 2017: The Consumer Confidence Index (CCI) equals 62.3, which is 0.3 points lower than in October. Index of Devaluation Expectations has changed most of all. It is proved by the data of The consumer confidence of Ukrainians survey conducted monthly by GfK Ukraine.

In November 2017, *the Consumer Confidence Index (CCI)* equaled 62.3 that is 0.3 points lower than in October.

Index of the Current Situation (ICS) decreased by 2.2 points to the level of 57.8. The components of this index have changed as follows:

- *Index of Current Personal Financial Standing (x1)* equaled 47.5, which is 47.5 points lower than in October;
- *Index of Propensity to Consume (x5)* increased by 0,5 points and reached the indicator of 68.1.

Index of Economic Expectations (IEE) increased by 0.9 points, and reached 65.3 in November. The components of this index have changed as follows:

- *Index of Expected Changes in Personal Financial Standing (x2)* decreased by 1.1 points compared to the previous month and equals 58.3;
- *Index of Expectations of the Country's Economic Development Over the Next Year (x3)* increased by 2 points and reached 61.7;
- *Index of Expectations of the Country's Economic Development in the Country Over the Next 5 Years (x4)* equals 76, which is 1.8 points higher than the indicator in October.

In November, the expectations of Ukrainians regarding possibility of unemployment improved: *Index of Expectations of Changes in Unemployment* decreased by 6.2 points and equals 122.1. There were small changes in *Index of Inflationary Expectations,* which increased by 1 point and reached the level of 186.8. The expectations of Ukrainians regarding the hryvna's exchange rate in the coming three months deteriorated: *Index of Devaluation Expectations* increased by 9.9 points and reached the level of 166.6.

«In November 2017, the Consumer Confidence Index remained at the level it had reached in October after it had experienced an increase in

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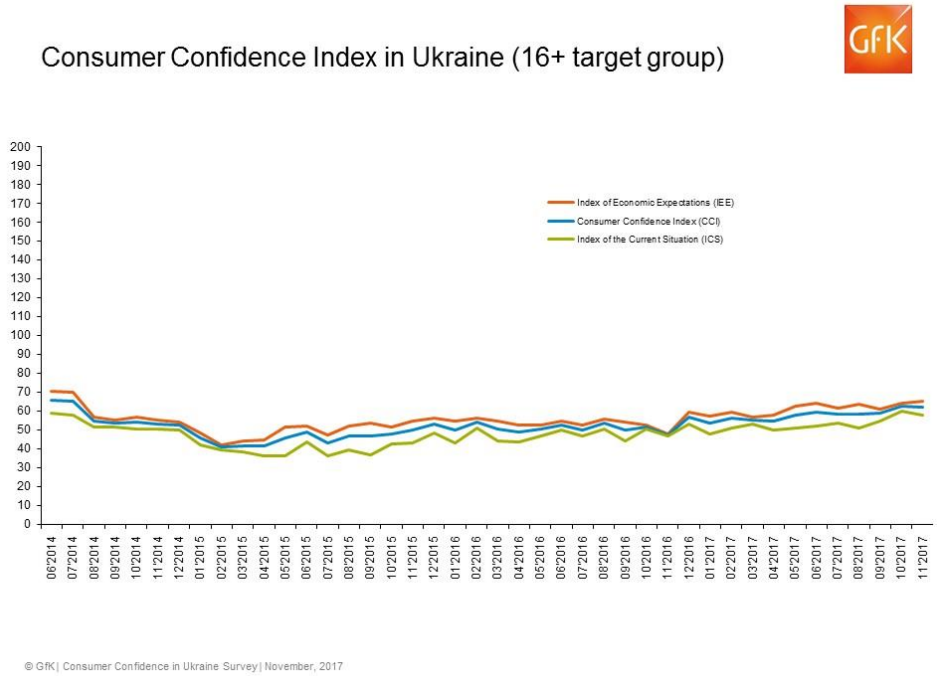
September. The deterioration of the devaluation expectations is the threat to the further dynamics of the index.» - GfK Ukraine analysts comment.



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 Expec-tations (IEE)	Index of Expec-tations of Changes in Unem-ployment (IECU)	Index of Inflationary Expec-tations (IIE)	Index of Devaluation Expec-tations (IDE)
11'17	**62.3**	**57.8**	**65.3**	**122.1**	**186.8**	**166.6**
10'17	62.6	60.0	64.4	128.3	185.8	156.6
11'16	47.4	46.8	47.9	143.9	190.2	164.6

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

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