

Press Release

Consumer confidence in Ukraine, December 2018: index equaled 62.2

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Contact:
Yana Nevidoma
Researcher
Tel.: +380 44 230-0260
yana.nevidoma@gfk.com

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

Kyiv, 31 January 2018 – The Consumer Confidence Index (CCI) equals 62.2 in December 2018, which is 2.4 points higher than the indicator in November this year. Index of Expectations of the Country's Economic Development Over the Next Years experienced the most significant changes. It is proved by the data of The consumer confidence of Ukrainians survey conducted monthly by GfK Ukraine.

In December 2018, *the Consumer Confidence Index (CCI)* equalled 62.2 that is 2.4 points higher than the indicator in November.

Index of the Current Situation (ICS) increased by 2.3 points to the level of 60.3. The components of this index have changed as follows:

- *Index of Current Personal Financial Standing (x1)* equalled 48.9, which is 0.9 points higher than the indicator in November;
- *Index of Propensity to Consume (x5)* increased by 3.7 points and reached the indicator of 71.6.

In December, *Index of Economic Expectations (IEE)* increased by 2.6 points to the level of 63.6. The components of this index have changed as follows:

- *Index of Expected Changes in Personal Financial Standing (x2)* increased by 3.2 points comparing to the previous month and reached 61.8;
- *Index of Expectations of the Country's Economic Development Over the Next Year (x3)* increased by 2.1 points and equals 57.2;
- *Index of Expectations of the Country's Economic Development over the Next 5 Years (x4)* also increased and reached 71.7, which is 2.4 points higher than the indicator in November.

In December, the indicator of *Index of Expectations of Changes in Unemployment* equalled 134, which is 3.5 points lower than the indicator in the previous month. Meanwhile, *Index of Inflationary Expectations* somewhat decreased and reached 186.6, which is 2.6 points lower than in the previous month. The expectations of Ukrainians regarding the hryvna's exchange rate in the coming three months have slightly improved: *Index of Devaluation Expectations* decreased by 1.2 points and reached the level of 158.4.

'In December, the optimism of the consumers has recovered after a slight recession in October-November. The consumer confidence of the citizens

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

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

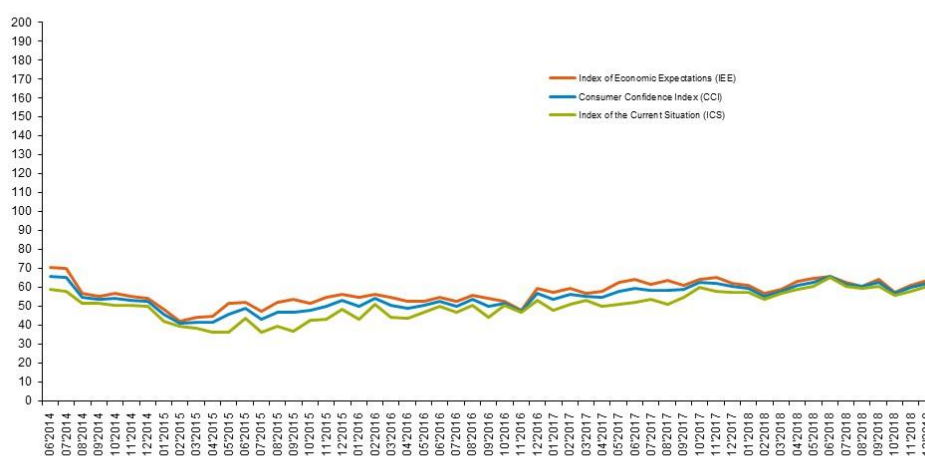
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with average and higher than average income, has improved the most. In December, these groups saw the significant increase of the index of expected changes in future income and propensity to consume. Instead, the pessimism has increased in the group of citizens with lower than average income', 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)
12'18	62.2	60.3	63.6	134	186.6	158.4
11'18	59.8	58.0	61.0	137.5	189.1	159.6
12'17	60.3	57.5	62.1	138.4	190.3	165.7

How the indices are calculated

Starting from January 2019 GfK Ukraine stopped the project "Consumer Confidence of Ukrainians".

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.

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