

Press Release

Consumer confidence in Ukraine, April 2016: the index is 49.1

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Kyiv, 20 May 2016 –The consumer confidence of Ukrainians deteriorated in April 2016: the Consumer Confidence Index (CCI) was 49.1, which is 1.5 p. lower than in March. Almost all components of this index decreased, similar to the previous month, the devaluation expectations underwent the most considerable changes. It is proved by the data on Ukrainians' consumer confidence survey conducted by GfK Ukraine on monthly basis.

In April 2016, the *Consumer Confidence Index (CCI)* was 49.1, which is 1.5 p. lower than in March.

Index of Current Situation (ICS) decreased by 0.8 p., falling to reach 43.5. The components of this index changed in the following way:

- *Index of Current Personal Financial Standing (x1)* is 37.4, which is 0.3 p. higher than in March;
- *Propensity to Consume (x5)* decreased by 2 p. and settled at 49.7.

Index of Economic Expectations (IEE) decreased by 1.9 p. and stopped at 52.8 in April. The components of this index changed in the following way:

- *Index of Expected Changes in Personal Financial Standing (x2)* increased by 1,7 p. and reached 53;
- *Index of Expected Economic Conditions in the Country over the Next Year (x3)* decreased by 6.2 p. and reached 38.7;
- *Index of Expected Economic Conditions in the Country over the Next Five Years (x4)* decreased by 1.2 p. as compared to March and reached 66.6.

The expectations of Ukrainians regarding potential unemployment in April: the *Index of the expected unemployment dynamics* settled at 147.5, which is 3 p. higher than last month. However, the *Index of inflationary expectations* is 185.5, which is 2.8 p. lower than in March. The expectations of Ukrainians concerning hryvnia exchange rate in the next three months improved: the *Index of devaluation expectations* decreased by 8.4 p. up to 144.6.

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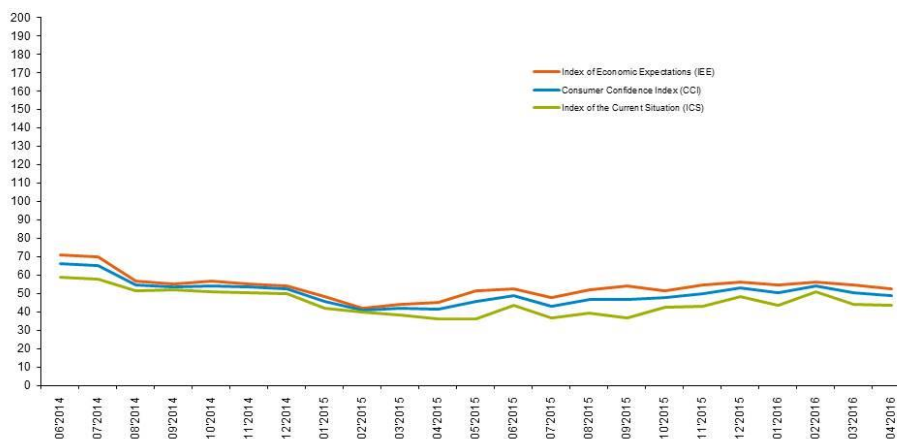
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“The index of current situation did not significantly change as compared to the previous month. However, the expected economic conditions in the country over the next year deteriorated. It should be noted that the survey was conducted in the first half of April before the appointment of the new government and the said deterioration was in reaction to the political uncertainty of that moment”, 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)
04'16	49,1	43,5	52,8	147,5	185,5	144,6
03'16	50,6	44,4	54,7	144,5	188,3	153
04'15	41,4	36,0	45	159,5	178,5	132,6

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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