

The AUA Consumer Confidence Index

Consumer Confidence declines in 2022Q3

Consumers' view on the present situation stays stable. The expectations grow pessimistic.

The AUA Consumer Confidence Index dropped in 2022Q3 following a significant increase in the previous quarter. The index now stands at 104.8 (2021Q4=100). This decline is due to the future Expectations Index. The value of the latter stands at about 10 percent lower than the previous quarter. The consumers' spending intentions and expectations for employment conditions contribute the most to this deterioration. The Present Situation index registered moderate growth, 4 percent relative to the previous quarter. This positive change is due to the consumers' current purchasing behavior. The latter is up by 20 percent from the previous quarter.

As for the Consumer Confidence Balance Score, consumers' confidence in the present situation remains low. In fact, the Present Situation Balance is still negative, below the stability interval of 0.45-0.55. Unlike the previous quarter, the consumers are also concerned with future economic conditions. The Future Situation Balance is overall pessimistic. This negative outlook is driven by weak purchasing intentions. Only 13 percent of the respondents have positive purchasing intentions. The consumers' future expectations for income and employment conditions are relatively stable. About 65 percent of the respondents do not expect any significant changes in their future financial situation. Likewise, more than 75 percent of the households surveyed expect employment conditions to stay the same for the next quarter.

Figure 1. Changes in the CCI components relative to the previous quarter

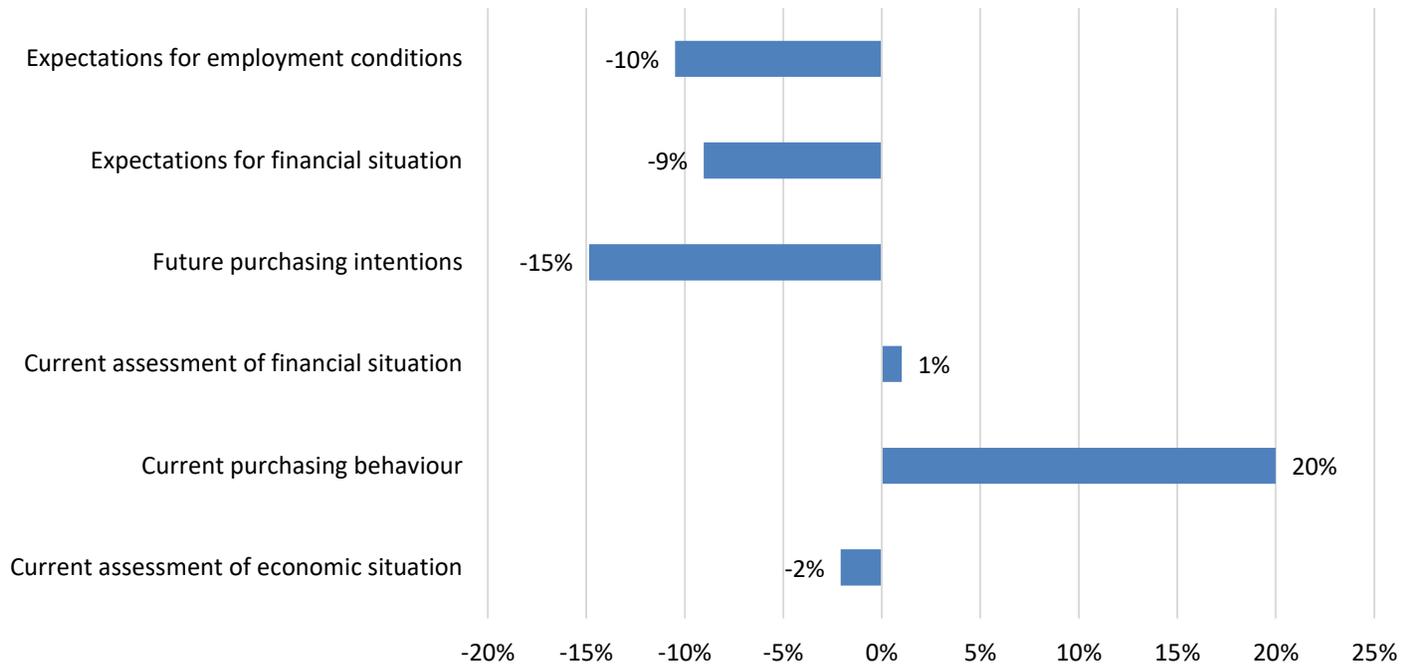


Figure 3. Consumer Confidence Balance Score

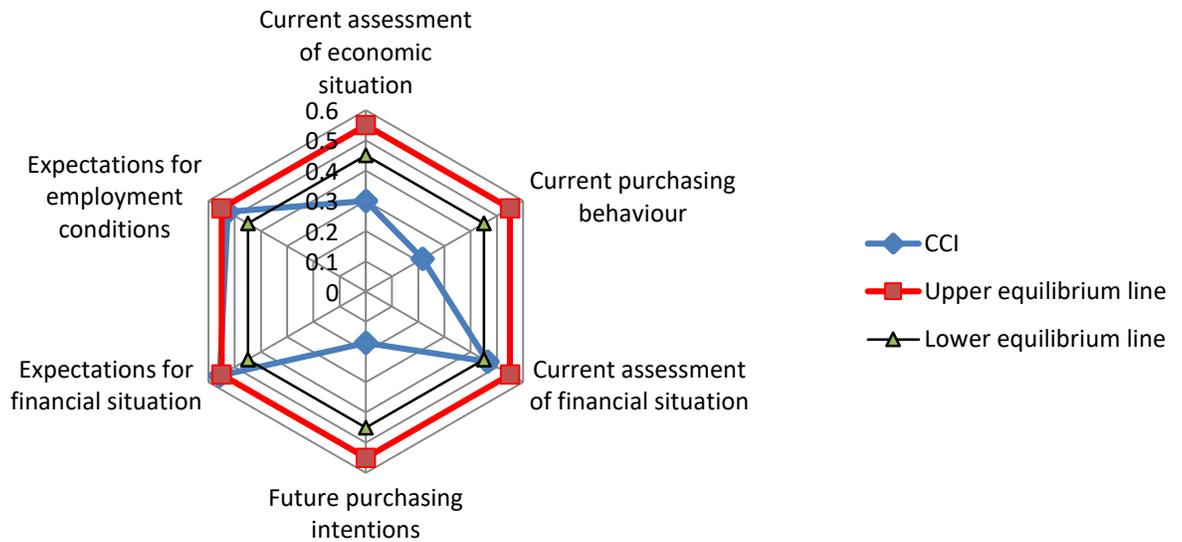


Figure 2 displays the values of the six components of the consumer confidence index and the corresponding stability ranges, represented by the lower and upper equilibrium bounds. Below the lower limit and above the upper limit are the pessimistic and optimistic assessments, respectively.

Consumer Confidence Survey

The Consumer Confidence Survey reflects consumers' views on the current and future economic situation and likely developments for the next quarter. The indicators derived from the survey responses are based on the consumer's subjective evaluations, as well as current and future purchasing behavior.

The Consumer Confidence Survey is produced through an internationally accepted approach of combining two sub-balances: Present Situation Balance (based on households' assessment of their current financial situation, purchasing behavior, country's current economic conditions) and Future Expectations Balance (based on consumers' short-term outlook for their future financial situation, buying intentions and labor market conditions). Changes in subsequent quarterly scores are then reported as Consumer Confidence Index. After a pilot test of the sample design, from 2022, the Paul Avedisian Center for Business Research and Development of AUA has started surveying a nationally representative cohort of consumers (panel) in Armenia to build a dynamic quarterly Consumer Confidence Index. Surveys are conducted by telephone from more than 2000 participants of the panel, which are representative of RA in terms of gender, age, and territory (including rural and urban population). We chose the Consumer Confidence Balance in the fourth quarter of 2021 as a base value.

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