

The AUA Consumer Confidence Index

Consumer Confidence improved in 2023Q1

Consumers' assessment of the present situation has deteriorated. The expectations are positive.

Consumer confidence improved in 2023Q1 for the second consecutive quarter. The AUA Consumer Confidence Index now stands at 113.5 (2021Q4=100), up from 108.3 in 2022Q4. This improvement is solely driven by the Future Situation index. The latter increased by about 10 percent relative to the previous quarter. The Future Situation index improved due to consumers' favorable view of future financial and employment conditions. The Present situation index, on the contrary, has decreased by 1 percent, with declines in the current evaluation of the financial situation and purchasing patterns of about 5 percent.

Turning to the Consumer Confidence Balance Score, consumer confidence, despite the improvement, still remains negative. The Present Situation Balance stands at 0.40, below the stability interval of 0.45-0.55. The expectations are overall stable; the Future Situation Balance stands at 0.46. The consumers are overall optimistic about employment conditions and their own financial prospects. The purchasing intentions, though improved relative to the previous quarter, remain weak.

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

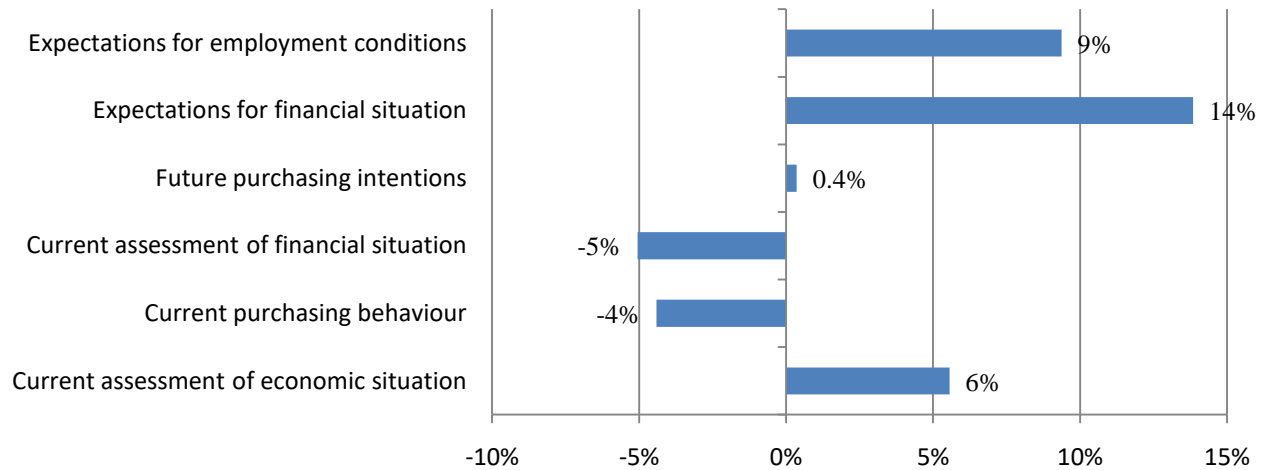


Figure 2. Consumer Confidence Balance Score

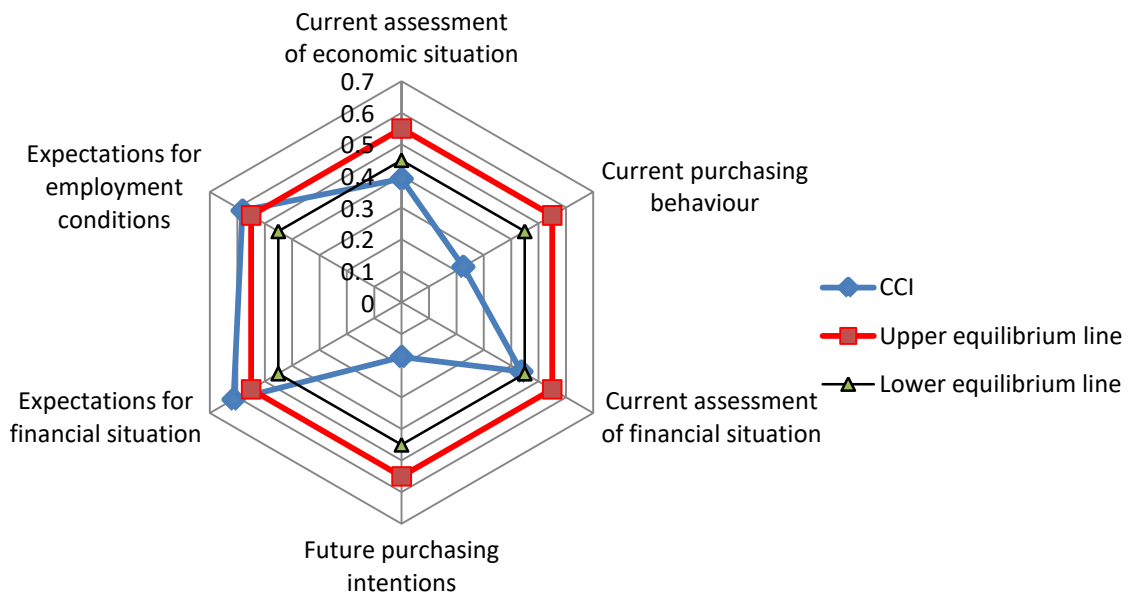


Figure 2 displays the values of the six components of the consumer confidence index and the corresponding stability ranges, represented by the lower and upper equilibrium bounds. Below the lower limit and above the upper limit are the pessimistic and optimistic assessments, respectively.

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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