

The AUA Consumer Confidence Index

Consumer Confidence improved in 2023Q2

Consumers' assessment of the present situation improved. The expectations are on the rise.

Consumer confidence strengthened in 2023Q2 for the third consecutive quarter. The AUA Consumer Confidence Index increased by about 4 percent relative to the previous quarter (about 8 percent relative to the previous year). The index now stands at 118.6 (2021Q4=100). Both the Future Situation and Present Situation indexes contributed to this change, with the latter having the most significant impact. The Present Situation index improved due to consumers' positive perceptions of their current financial situation and the overall economic conditions. On the contrary, purchasing patterns registered a 7 percent drop relative to the previous quarter.

Despite these improvements, the Consumer Confidence Balance Score remains negative. This is primarily due to the Present Situation Balance, which stands below the stability interval of 0.45-0.55. The expectations, similar to the previous quarter, are stable, with the Future Situation Balance averaging at about 0.48. The consumers are optimistic concerning their future financial prospects and employment conditions. On the contrary, the balance of opinions about near-term purchasing plans is negative.

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

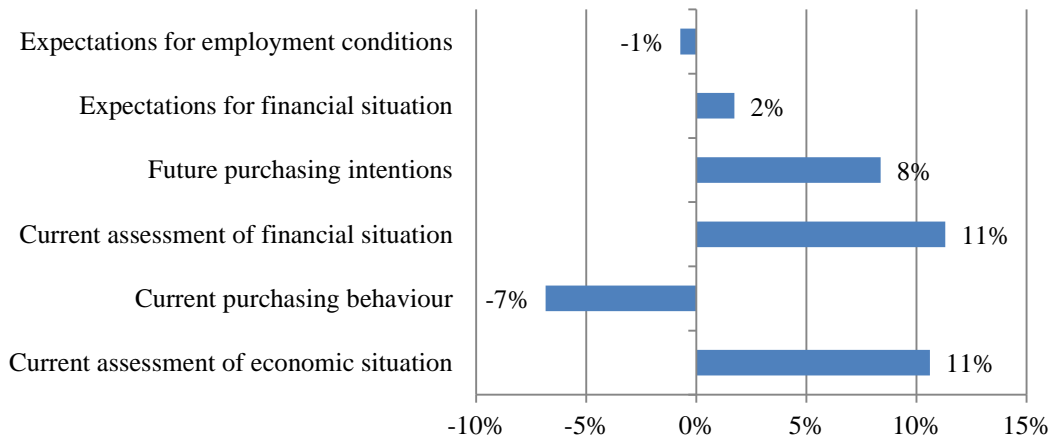


Figure 2. Consumer Confidence Balance Score

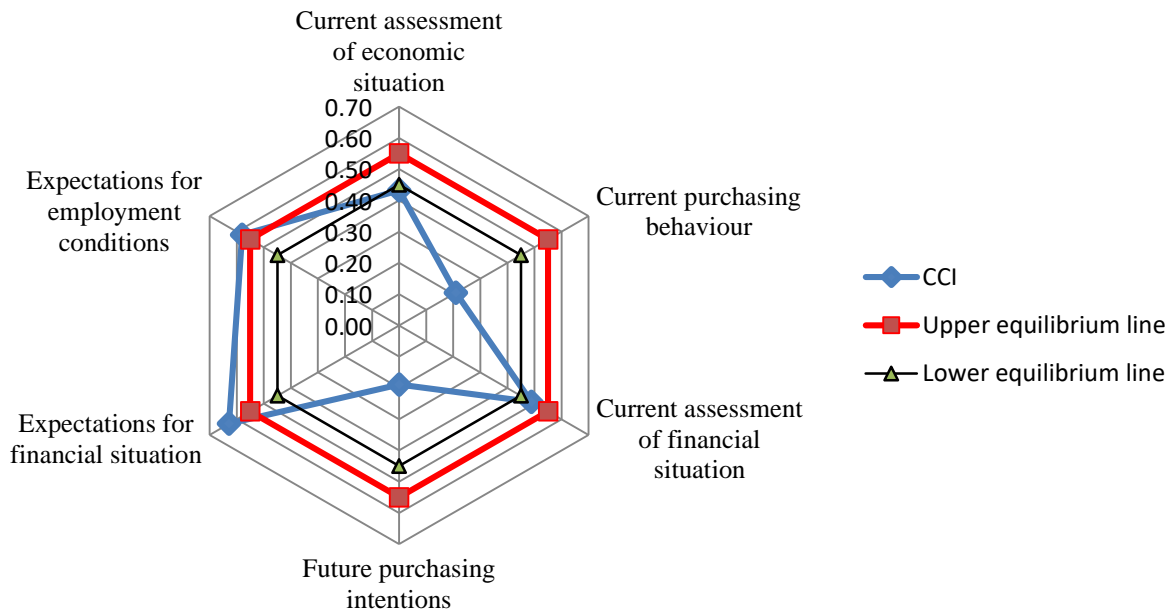


Figure 2 displays the values of the six components of the consumer confidence index and the corresponding stability ranges, represented by the lower and upper equilibrium bounds. Below the lower limit and above the upper limit are the pessimistic and optimistic assessments, respectively.

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, and 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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