

The AUA Consumer Confidence Index¹

Consumer confidence has weakened in 2023Q3

Consumers are pessimistic about both current conditions and the short-term outlook.

Consumer confidence has weakened in the third quarter of 2023. The AUA Consumer Confidence Index is down 3.3 points from last quarter (though it is still higher relative to the previous year). The index now stands at 115.3 (2021Q4=100). Both the Present Situation and Future Situation indexes deteriorated: the indexes dropped by 0.5 and 4.7 percent, respectively. The notable drop in the Future Situation index is due to consumers' concerns about less favorable employment conditions and worsening financial situation in the next quarter. Surprisingly, the consumers hold steady in their buying intentions despite the latter. Purchasing patterns registered a 12 percent increase relative to the previous quarter.

The Consumer Confidence Balance Score is negative mainly due to the Present Situation Balance. The latter stands at 0.38, below the stability interval of 0.45-0.55. The Future Situation Balance is slightly below the lower boundary, averaging at about 0.44. The consumers are overly optimistic concerning their future financial prospects and employment conditions. On the contrary, the balance of opinions about near-term purchasing plans remains negative.

¹ The survey run from 01.10.2023 to 19.10.2023.

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

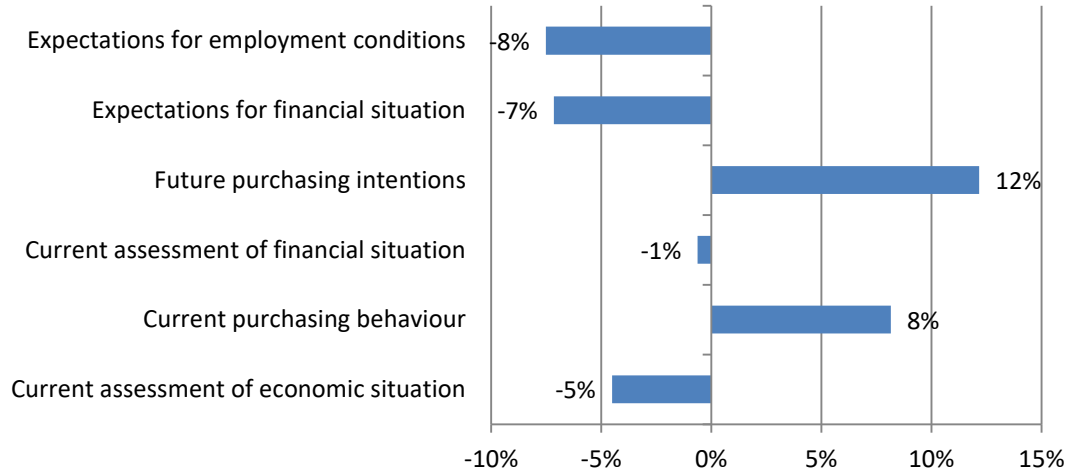


Figure 2. Consumer Confidence Balance Score

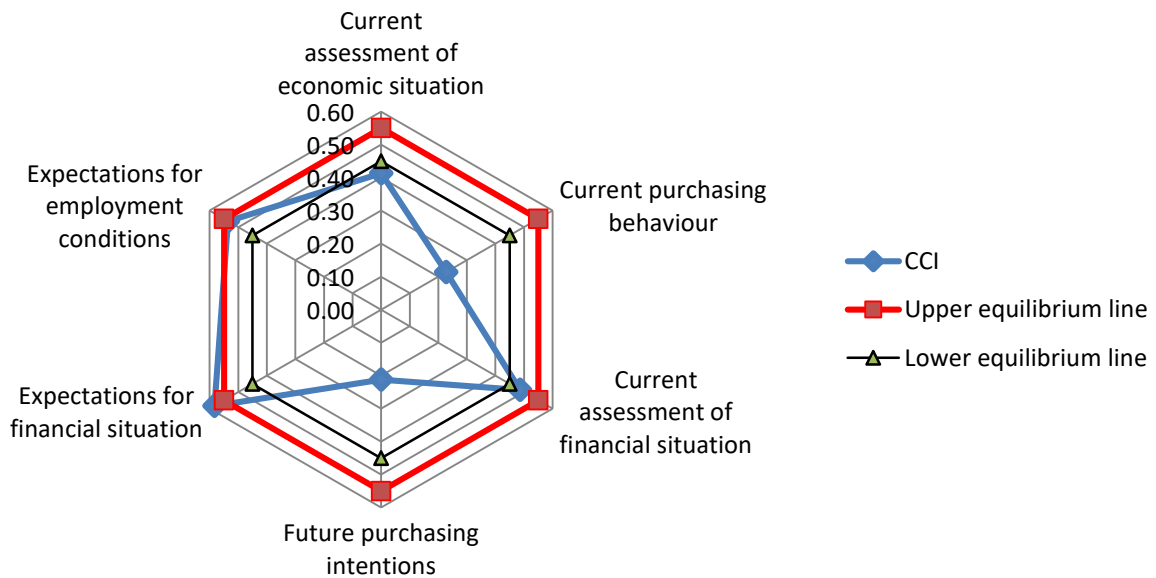


Figure 2 displays the values of the six components of the consumer confidence index and the corresponding stability ranges, represented by the lower and upper equilibrium bounds. Below the lower limit and above the upper limit are the pessimistic and optimistic assessments, respectively.

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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