

The AUA Consumer Confidence Index

Consumer confidence is slightly stronger in 2023Q4. Consumers' views of the current economic situation improved; however, they are not optimistic about the short-term economic outlook.

The AUA Consumer Confidence Index is up by about 2 points from last quarter. It currently stands at 117.5 (2021Q4=100). This moderate improvement is only due to the Present Situation index. The latter increased by about 3.3 percent relative to the previous quarter. This increase is mainly driven by consumers' purchases of durable goods; the subindex tracking purchasing patterns registered a significant 10 percent increase relative to the previous quarter. However, this behavior can partly be attributed to households' inclination to spend more ahead of the New Year celebrations (the year-on-year increase in the purchasing patterns is only about 6.8 percent).

The Future Situation index, on the contrary, deteriorated by about 0.8 percent. Consumers become more pessimistic concerning future financial situation and employment conditions. Despite that, consumers show overly stable purchasing plans in the months ahead.

The Consumer Confidence Balance Score is negative. Both the Present Situation and Future Situation Balance are below the stability interval of 0.45-0.55. The balance of opinions about near-term future financial prospects and employment conditions is positive. On the contrary, the respondents are overly hesitant about future big purchases.

Figure 1. The Consumer Confidence Index over time

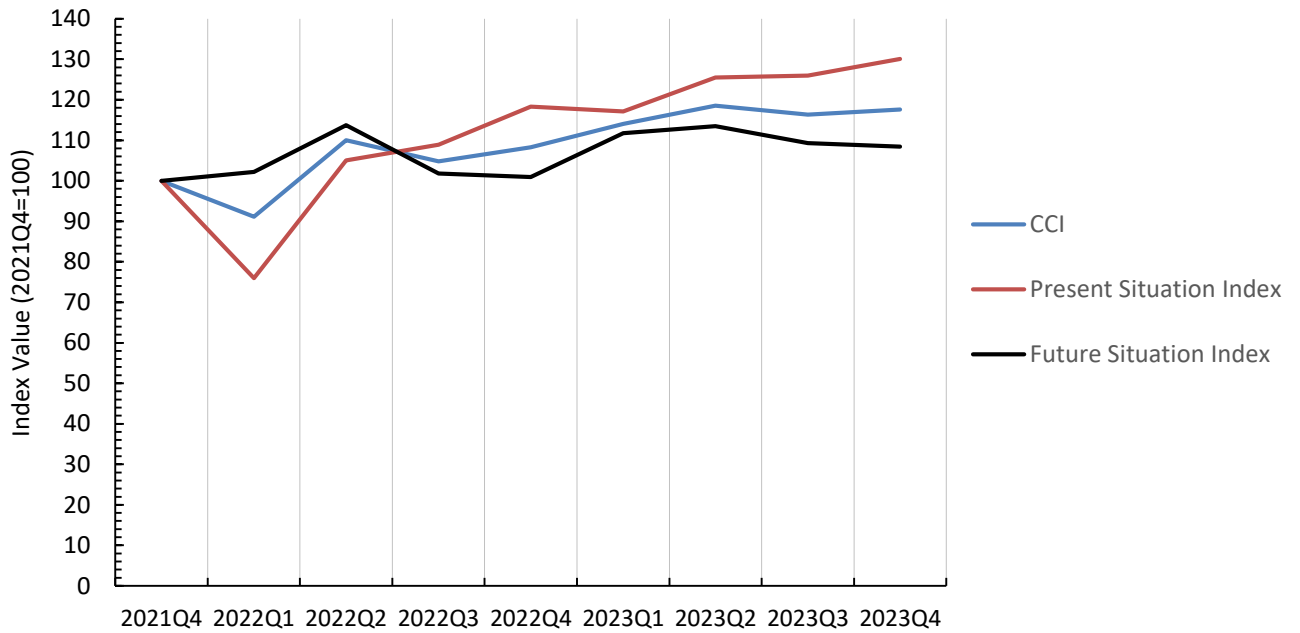


Figure 2. Changes in the CCI components relative to the previous quarter

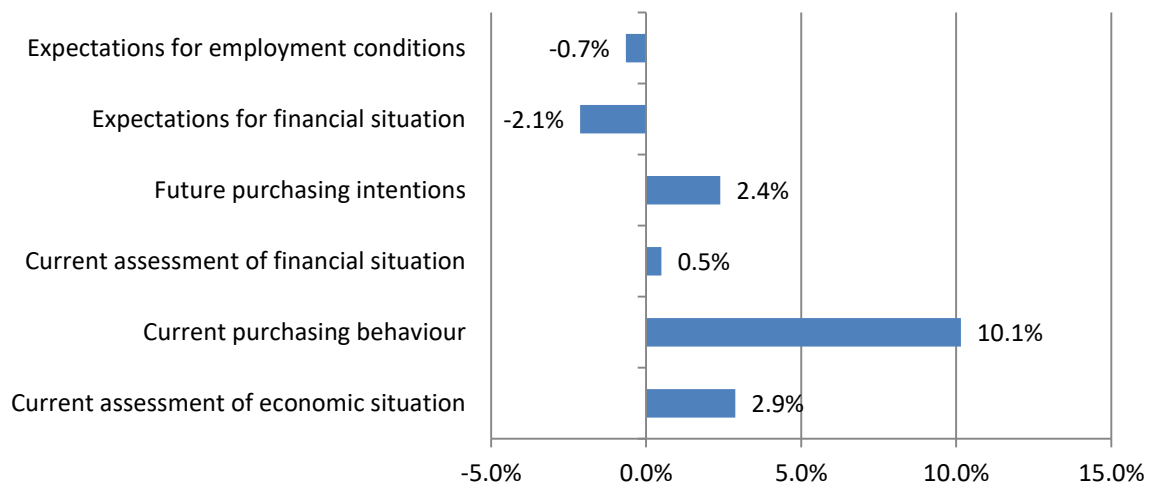


Figure 3. Consumer Confidence Balance Score

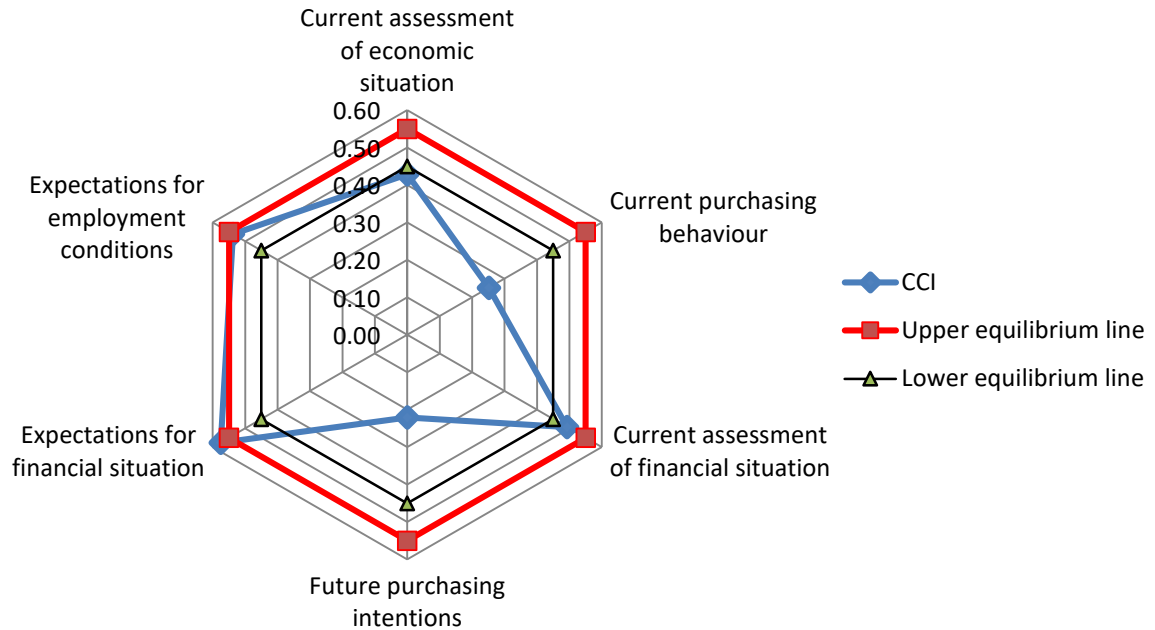


Figure 3 displays the values of the six components of the consumer confidence index and the corresponding stability ranges, represented by the lower and upper equilibrium bounds. Below the lower limit and above the upper limit are the pessimistic and optimistic assessments, respectively.

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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