

The AUA Consumer Confidence Index

Consumer confidence is down in 2024Q1.

Consumers' views of the current economic situation deteriorated; Nevertheless, they remain optimistic about the short-term economic outlook.

Consumer confidence in Armenia fell in 2024Q1. The AUA Consumer Confidence Index is down by about 5 points from last quarter to 112.8 (2021Q4=100). The decline is mostly driven by the Present Situation index, which lost 19 points over the previous quarter, reaching its lowest value since the end of 2022. All sub-indexes of the Present Situation Index deteriorated in the current quarter, with those for the perception of the general economic situation and the willingness to buy durable goods dropping the most from the previous quarter. The Future Situation index, on the contrary, showed an improvement by about 5 percent. Consumers have become more optimistic about future financial situation and employment conditions. Nevertheless, purchasing plans over the next quarter declined significantly.

The Consumer Confidence Balance Score remains negative due to the Present Situation Balance. The latter stands at 0.33, below the stability interval of 0.45-0.55. The Future Situation Balance is slightly above the lower boundary, averaging at about 0.46. The balance of opinions about near-term future financial prospects and employment conditions is positive. On the contrary, the respondents remain reluctant about future spending.

Figure 1. The Consumer Confidence Index over time

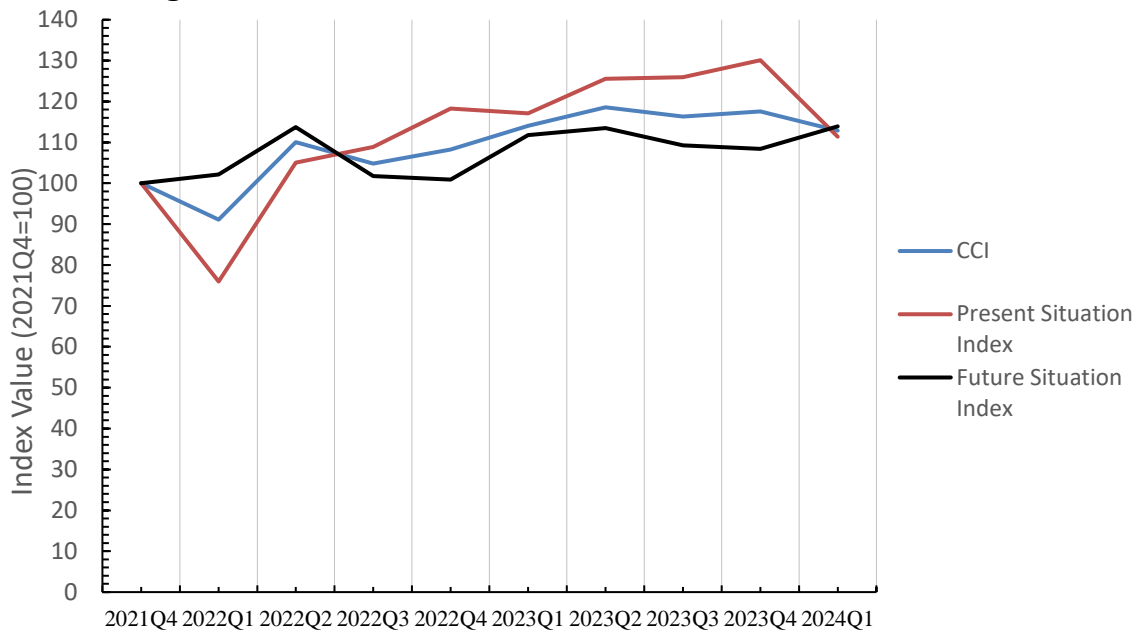


Figure 2. Changes in the CCI components relative to the previous quarter

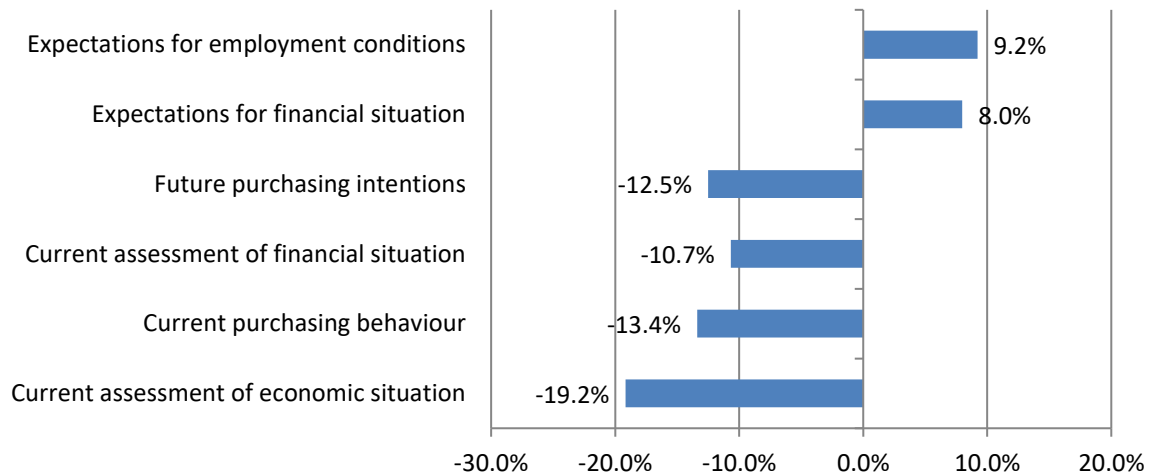


Figure 3. Consumer Confidence Balance Score

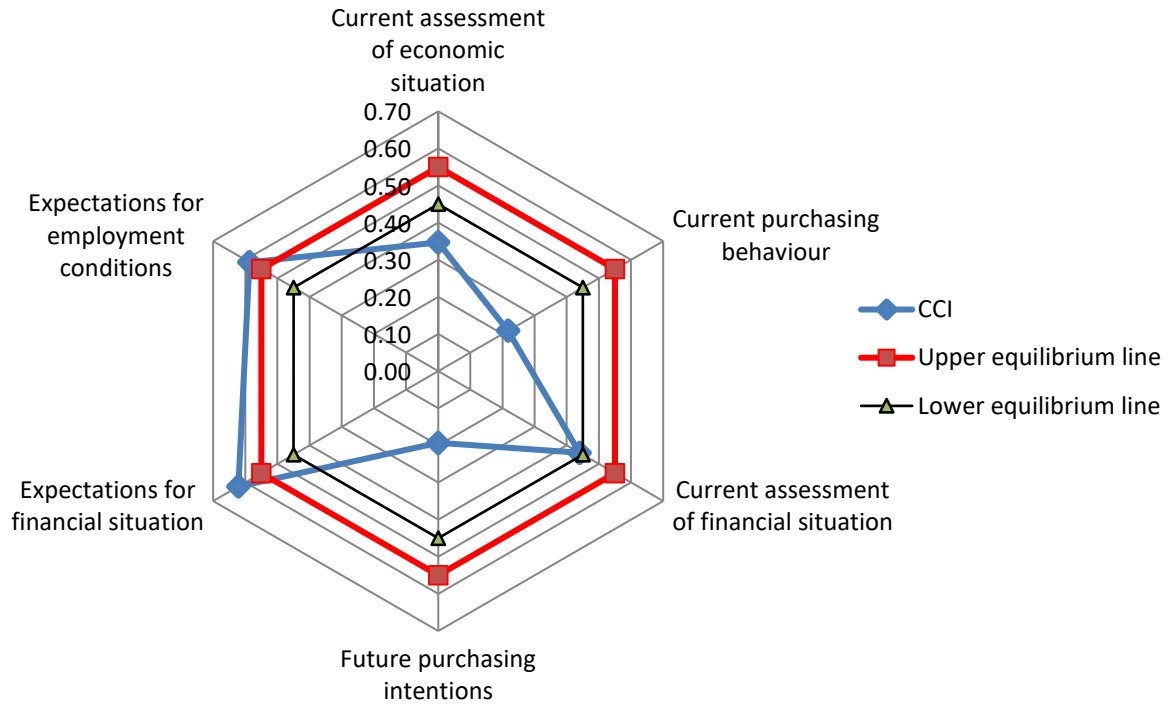


Figure 3 displays the values of the six components of the consumer confidence index and the corresponding stability ranges, represented by the lower and upper equilibrium bounds. Below the lower limit and above the upper limit are the pessimistic and optimistic assessments, respectively.

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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