

NRCC and Mongolia-Japan Human Resource Development Center successfully conducted the quarterly consumer confidence survey in December 2022. More than 900 citizens from 21 aimags and the capital city, Ulaanbaatar, participated in the survey and provided information about the current economic situation and perspectives on the state of the economy in the near future.

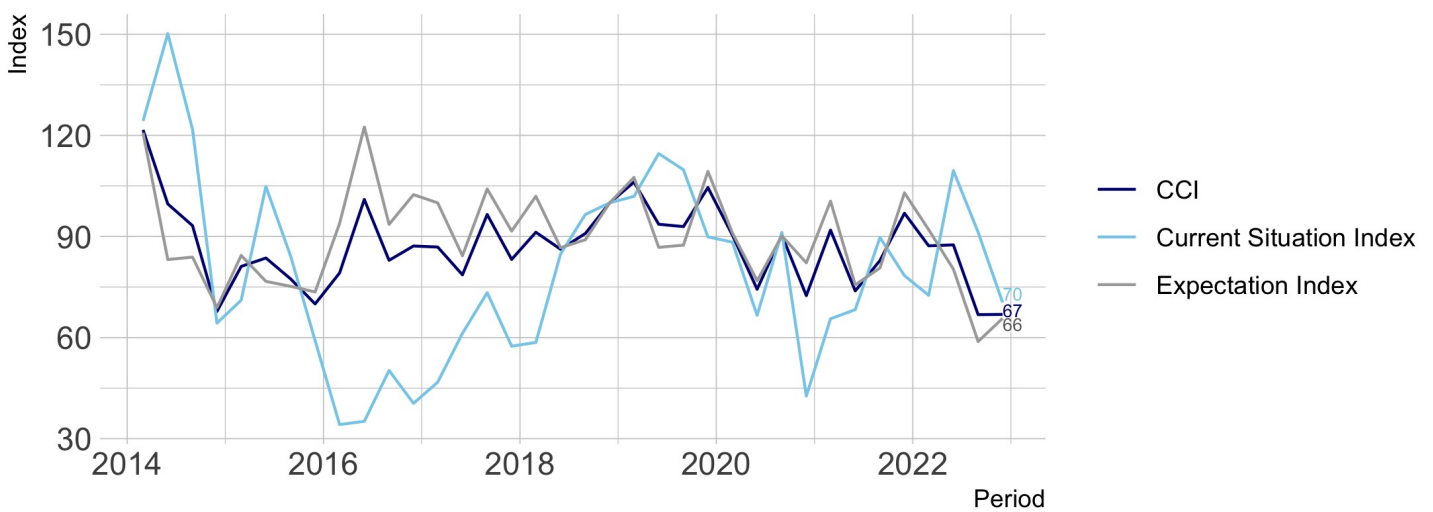
Consumer confidence index

In the fourth quarter of 2022, Mongolia's consumer confidence in the economy is stable at the previous quarter's level. The Consumer Confidence Index (CCI) has decreased by 30.0 points from the last year and stands at 66.8. Let's compare the results of the fourth quarter with the previous quarter. The *Current Situation*

Index, computed from the consumers' assessment of current business and labor market conditions, significantly decreased from 91.2 to 70.4. The *Expectation Index*, which shows consumers' short-term outlook for business, income, and labor market conditions, increased from 58.8 to 65.7.

Consumer Confidence Index (2018=100)

Consumer confidence is 67 at the previous quarter's level but 30 points lower than a year ago. This quarter, appraisal of the current economic situation is down by 21 points, while future expectations are up by 7 points.



Note: Consumer Confidence Indices are seasonally adjusted and adjusted to indices of 2018. (Index 2018=100).

Current economic situation

Consumers' appraisal of the current economic situation has sharply deteriorated from the last quarter. Consumers' assessment of the business condition deteriorated. 2.7 percent of consumers said business conditions are "good" down by 2.8 percentage points. 69.7 percent of consumers said business conditions were "bad," up by 3.7

percentage points. Consumers' assessment of the labor market fell too. 22.7 percent said jobs are "plentiful," 3.7 percentage points lower than the previous quarter. 41.7 percent of consumers said jobs are "hard to get," which is 5.4 percentage points higher than the previous quarter.

Expectations for the future in six months

Consumers' expectations in the near future have fallen due to consumers' pessimism about the business condition. 11.7 percent of consumers believe that business conditions will be "good" in the near future, which is 0.2 percentage points lower than the previous quarter. 37.5 percent think business conditions will be "bad" in the near future, up 2.6 points. However, consumers'

expectation about income and job availability is mixed. 14.7 percent of consumers think that income will increase, which is up by 2.0 points, and 21.2 percent think that income will decrease, up by 5.7 points. 19.4 percent of consumers believe that job availability will improve, up by 10.6 points, while 22.2 percent believe that it will worsen, which is also up by 1.0 points.

Factors influencing the CCI

	2022.II	2022.III	2021.III	Quarterly change	Annual change
<i>Current situation</i>					
<i>Business</i>					
Good	4.4	5.5	2.7	-1.7	-2.8
Normal	31.7	33.5	26.9		
Bad	63.5	60.1	69.7	0.9	3.7
<i>Job availability</i>					
Good	21.7	26.4	22.7	1.6	-3.7
Normal	41.3	36.1	34.3		
Bad	36.1	36.3	41.7	5.7	5.4
<i>Expectations</i>					
<i>Business condition</i>					
Good	24.2	11.9	11.7	-12.5	-0.2
Normal	49.8	49.1	45.8		
Bad	24.0	34.9	37.5	13.5	2.6
<i>Job availability</i>					
Good	21.1	8.7	19.4	-1.7	10.6
Normal	63.8	68.0	55.4		
Bad	14.0	21.1	22.2	8.1	1.0
<i>Income</i>					
Good	21.6	12.7	14.7	-6.9	2.0
Normal	65.8	70.9	62.6		
Bad	12.1	15.5	21.2	9.1	5.7

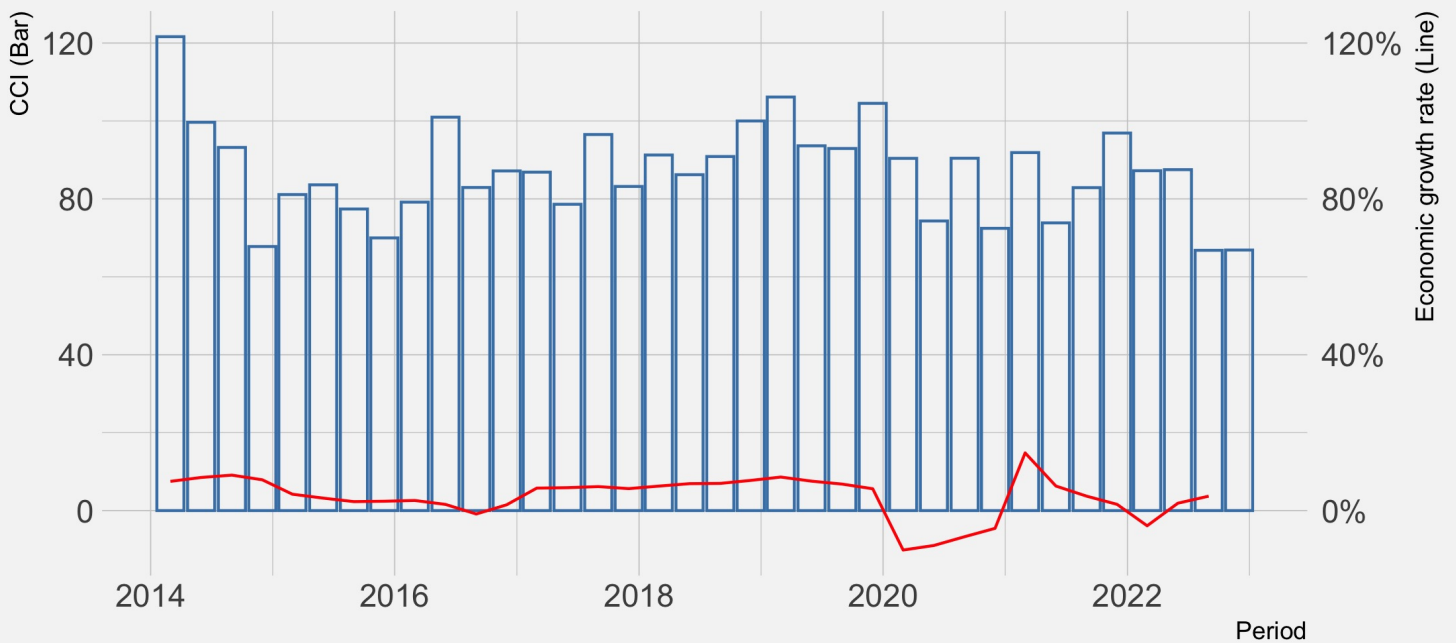
Consumer confidence and economic growth

Many countries measure and report the Consumer Confidence Index, which is considered one of the leading indicators for the overall shape of the economy. Quarterly CCI dynamics show that the index is closely related to economic

growth in Mongolia. The average quarterly GDP growth rate was 6.1 percent when consumers were optimistic (CCI above 100), while the average growth rate was 2.6 percent when consumers were pessimistic (CCI below 100).

The Consumer Confidence and Economic Growth

The consumer confidence index is closely related to economic growth.



Source: NSO 1212.mn Statistical information service. Note: Data on the economic growth is from the webpage of NSO.



In the fourth quarter of 2022, consumer assessment of the current economic situation has greatly deteriorated, but expectations about the

near future have slightly improved. Consumers' expectations of the near future have increased due to increased optimism about job availability.

Expectation about inflation

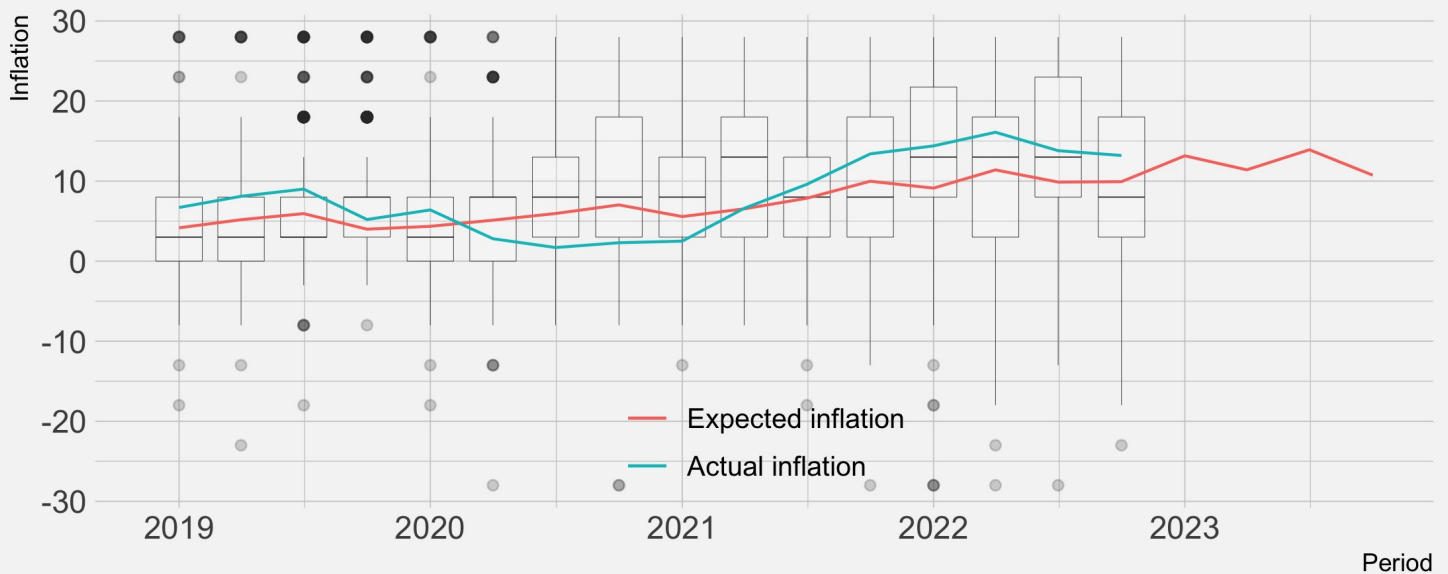
Both annual and semiannual expected inflation are lower than the previous quarter. Fifty-eight percent of respondents expect the price level to rise in the next year, and 70 percent expect the price level to grow in the next six months. The expected inflation for the next six months is 9.5 percent and for the next year is 10.7 percent.

According to the results, the majority of respondents believe that the price level will increase. The expected inflation increased in

the third quarter of 2022 but fell back in this quarter. There is high uncertainty about inflation. The expected semiannual inflation of consumers in rural areas is slightly higher than that of consumers in urban areas. The expected semiannual inflation is 8.9 percent in urban areas and 10.3 percent in rural areas. However, the annual expected inflation is similar in both regions.

Expected inflation, annual

The expected inflation rate in the next year is 10.7% (Rural-11%, UB-10.6%), which is lower by 3.2 ppt than the previous quarter and around the same level in the last year.



Source: NSO website 1212.mn

