

NRCC and Mongolia-Japan Human Resource Development Center successfully conducted the quarterly consumer confidence survey in September 2022. More than 1000 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.

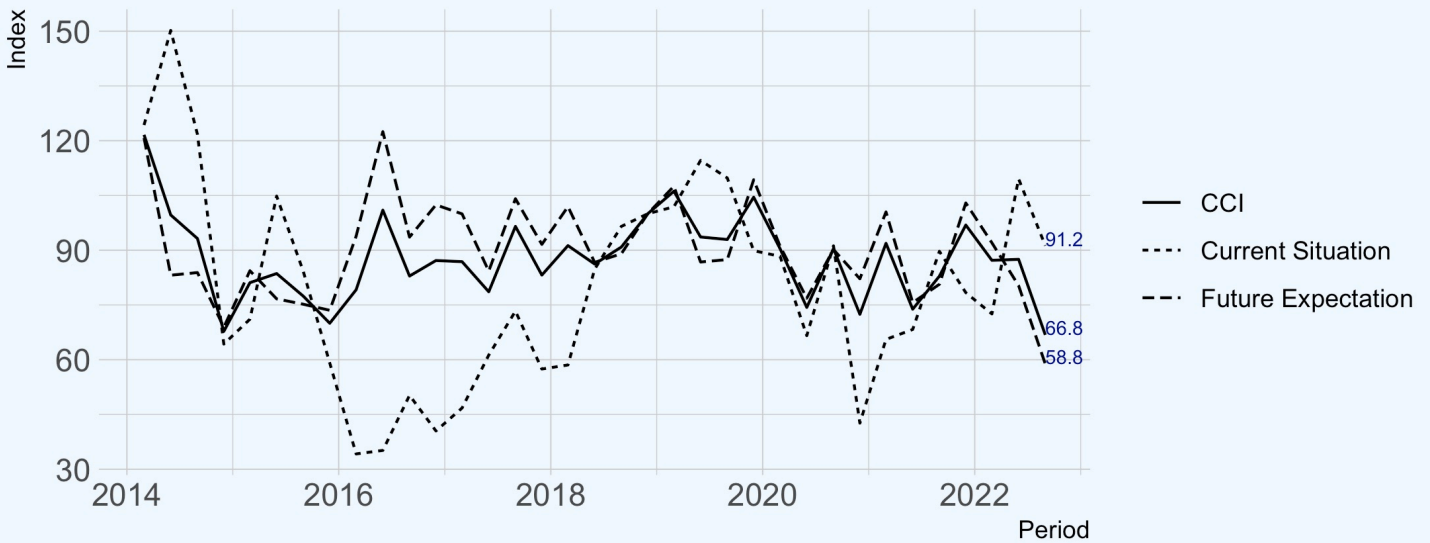
Consumer confidence index

In the third quarter of 2022, Mongolia’s consumer confidence in the economy has decreased from the previous quarter. The Consumer Confidence Index (CCI) has decreased by 16.1 points in the last year and stands at 66.8. Let’s compare the results of the third quarter with the last quarter. The *Current Situation Index*, computed from the

consumers’ assessment of current business and labor market conditions, decreased from 109.5 to 91.2. The *Expectation Index*, which shows consumers’ short-term outlook for business, income, and labor market conditions, significantly decreased from 80.3 to 58.8.

Consumer Confidence Index (2018=100)

Consumer confidence is 20.7 points lower than in the previous quarter and 16.1 points lower than a year ago.. This quarter, appraisal of the current economic situation and future expectations decreased.



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

Current economic situation

Consumers' appraisal of the business condition deteriorated. 5.5 percent of consumers said business conditions are "good" down by 3.4 percentage points. 60.1 percent of consumers said business conditions were "bad," up by 16.2 percentage points. Consumers' assessment of the labor market is mixed. 26.4 percent said jobs are "plentiful," 2.6 percentage points higher than the previous quarter. 36.4 percent of consumers said jobs are "hard to get," which is 5.8 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 and income. 11.9 percent of consumers believe that business conditions will be "good" in the near future, which is 5.4 percentage points lower than the previous quarter. 34.9 percent think business conditions will be "bad" in the near future, up 11.3 points. 12.7 percent of consumers think that income will increase, which is down by 5.3 points, and 15.5 percent think that income will decrease, up by 2.8 points. However, consumers' expectation about job availability is mixed. 8.7 percent of consumers believe that job availability will improve, down by 3.6 points, while 21.1 percent believe that it will worsen, which is also down by 1.6 points.

Factors influencing the CCI

	2022.II	2022.III	2021.III	Quarterly change	Annual change
<i>Current situation</i>					
<i>Business</i>					
Good	8.9	5.5	5.5	-3.4	0
Normal	44.3	33.5	36.5		
Bad	43.9	60.1	57.8	16.2	2.3
<i>Job availability</i>					
Good	23.8	26.4	24.8	2.6	1.6
Normal	45.1	36.1	38.9		
Bad	30.6	36.4	35.8	5.8	0.6
<i>Expectations</i>					
<i>Business condition</i>					
Good	17.3	11.9	14.2	-5.4	-2.3
Normal	55.3	49.1	60.9		
Bad	23.6	34.9	22.4	11.3	12.5
<i>Job availability</i>					
Good	12.3	8.7	13.5	-3.6	-4.8
Normal	63.5	68.0	69.5		
Bad	22.7	21.1	16.2	-1.6	4.9
<i>Income</i>					
Good	18.0	12.7	15.2	-5.3	-2.5
Normal	67.1	70.9	69.9		
Bad	12.7	15.5	13.9	2.8	1.6

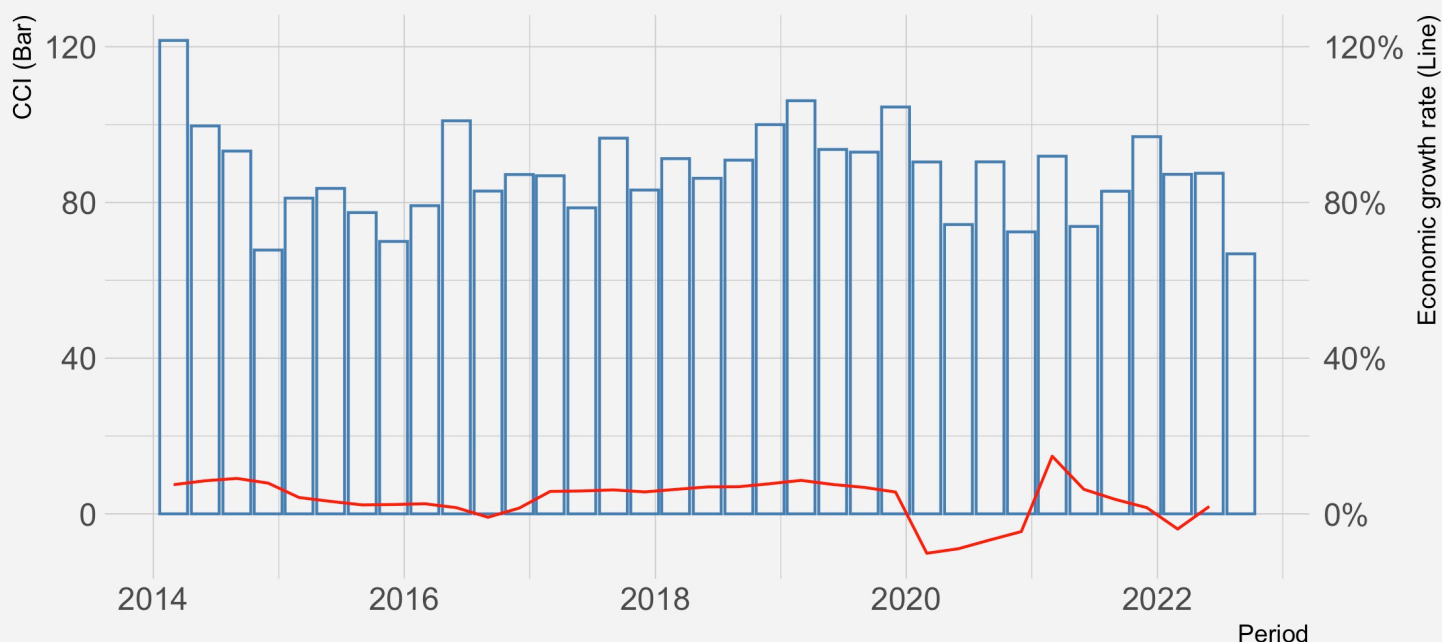
Consumer confidence and economic growth

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 third quarter of 2022, consumer assessment of the current economic situation and expectations about near future have greatly deteriorated. However, the outlook for the economy for six months became less optimistic

than in the previous quarter. Consumers' expectations of the near future have fallen due to the current high level of inflation and the implementation of a strict monetary policy.

Expectation about inflation

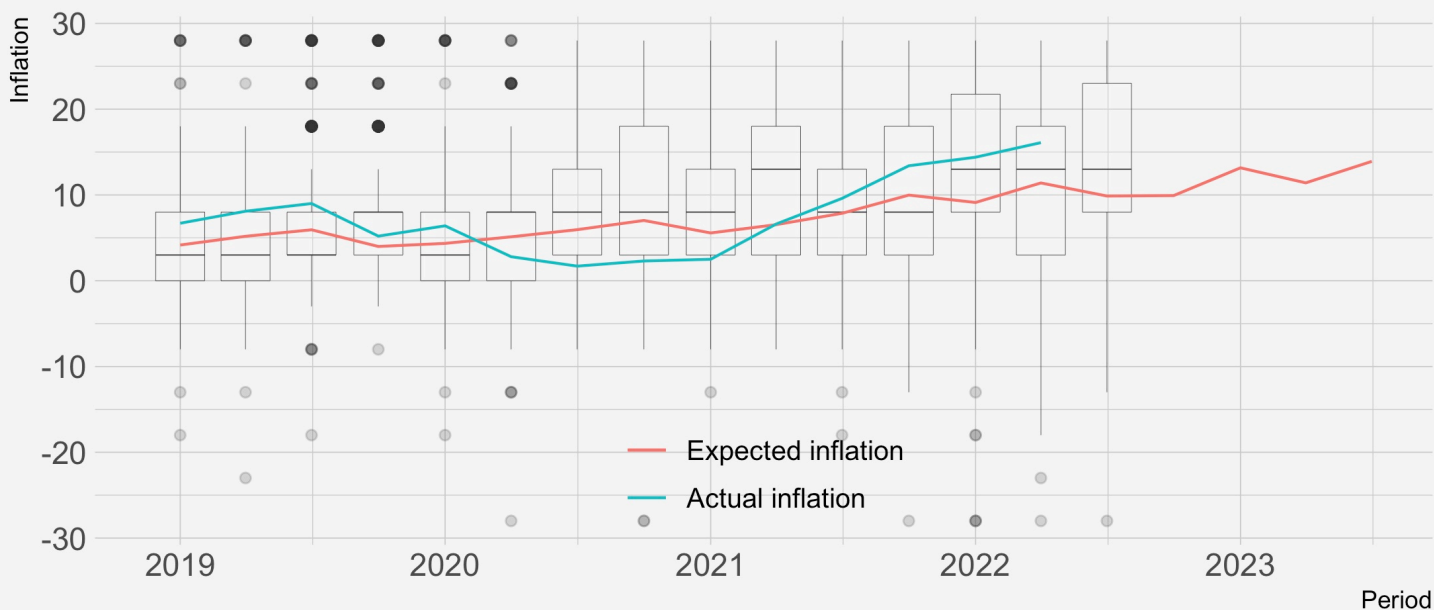
Both annual and semiannual expected inflation are higher than the previous quarter. 73 percent of respondents expect the price level to rise in the next year, and 76 percent expect the price level to grow in the next six months. The expected inflation for the next six months is 11.6 percent and for the next year is 14.0 percent.

According to the results, the majority of respondents believe that the price level will

increase. The expected inflation decreased in the second quarter of 2022 but grew back in this quarter. There is high uncertainty about inflation. The expected annual inflation of consumers in rural areas is slightly lower than that of the consumers in urban areas. The expected annual inflation is 14.4 percent in urban areas and 13.3 percent in rural areas. However, the semiannual expected inflation is similar in both regions.

Expected inflation, annual

The expected inflation rate in the next year is 14%, which is higher by 2.6 ppt than the level in the previous quarter and higher by 4 ppt than the last year.



Source: NSO website 1212.mn

