

NRCC and Mongolia-Japan Human Resource Development Center successfully conducted the quarterly consumer confidence survey in December 2023. 1103 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

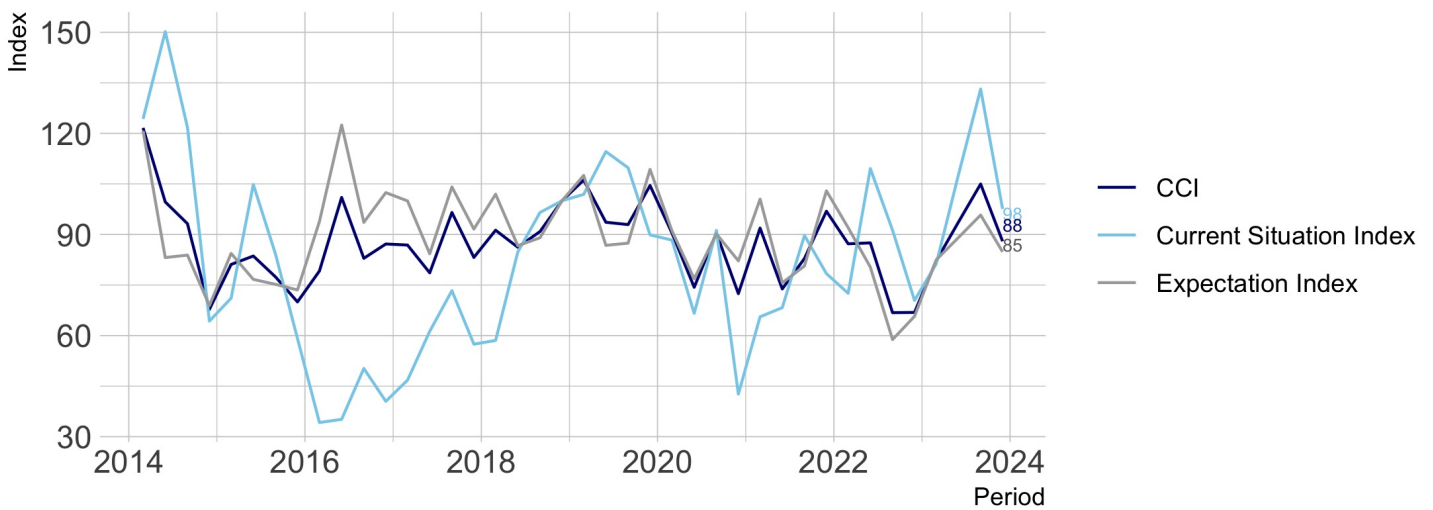
In the fourth quarter of 2023, the Mongolian consumer confidence index was 17 points lower than the previous quarter.

The *Current Situation Index*, computed from the consumers' assessment of current business and labor market conditions, significantly decreased from 133.6 to 98.0. The *Expectation*

Index, which shows consumers' short-term outlook for business, income, and labor market conditions, decreased from 96.0 to 85.0. All though the Consumer Confidence Index (CCI) has significantly decreased from the previous quarter's level, it is 21.1 points higher than a year ago and stands at 88.0.

Consumer Confidence Index (2018=100)

The consumer confidence index is 88, 17 points lower than the previous quarter and 21.1 points higher than a year ago. This quarter, appraisal of the current economic situation and future expectation are lower by 35.6 points and 11 points, respectively.



Note: Consumer Confidence Indices are seasonally adjusted and adjusted to indices of 2018Q4. (Index 2018=100).

Current economic situation

Consumers' appraisal of the current economic situation has deteriorated from the last quarter. Consumers' assessment of the business condition deteriorated. 6.4 percent of consumers said business conditions are "good" down by 4.7 percentage points. 56.5 percent of consumers said business conditions were "bad," up by 17.2 percentage points. Consumers' assessment of the labor market fell too. 27.6 percent said jobs are "plentiful," 5.9 percentage points lower than the previous quarter. 35.4 percent of consumers said jobs are "hard to get," which is 4.0 percentage points higher than the previous quarter.

Expectations for the future

Consumers' expectations in the near future have fallen. In particular, consumers are pessimistic about the business condition. 11.4 percent of consumers believe that business conditions will be "good" in the near future, which is 3.3 percentage points lower than the previous quarter. 28.1 percent think business conditions will be "bad" in the near future, up 9.4 points. However, consumers' expectations about income and job availability are mixed. 20.1 percent of consumers think that income will increase, which is down by 7.0 points, and 14.2 percent think that income will decrease, down by 2.8 points. 20.5 percent of consumers believe that job availability will improve, down by 2.1 points, while 15.9 percent believe that it will worsen, which is also down by 1.3 points.

Factors influencing the CCI

	2022.IV	2023.III	2023.IV	Annual change	Quarterly change
<i>Current situation</i>					
<i>Business condition</i>					
Good	2.7	11.1	6.4	3.7	-4.7
Normal	26.9	45.3	36.2		
Bad	69.7	39.3	56.5	-13.2	17.2
<i>Job availability</i>					
Good	22.7	33.5	27.6	4.9	-5.9
Normal	34.3	31.6	35.4		
Bad	41.7	31.4	35.4	-6.3	4.0
<i>Expectations</i>					
<i>Business condition</i>					
Good	11.7	14.7	11.4	-0.3	-3.3
Normal	45.8	61.0	58.2		
Bad	37.5	18.7	28.1	-9.4	9.4
<i>Job availability</i>					
Good	19.4	22.6	20.5	1.1	-2.1
Normal	55.5	55.8	60.4		
Bad	22.2	17.2	15.9	-6.3	-1.3
<i>Income</i>					
Good	14.7	27.1	20.1	5.4	-7.0
Normal	62.6	53.5	63.9		
Bad	21.2	17.0	14.2	-7.0	-2.8

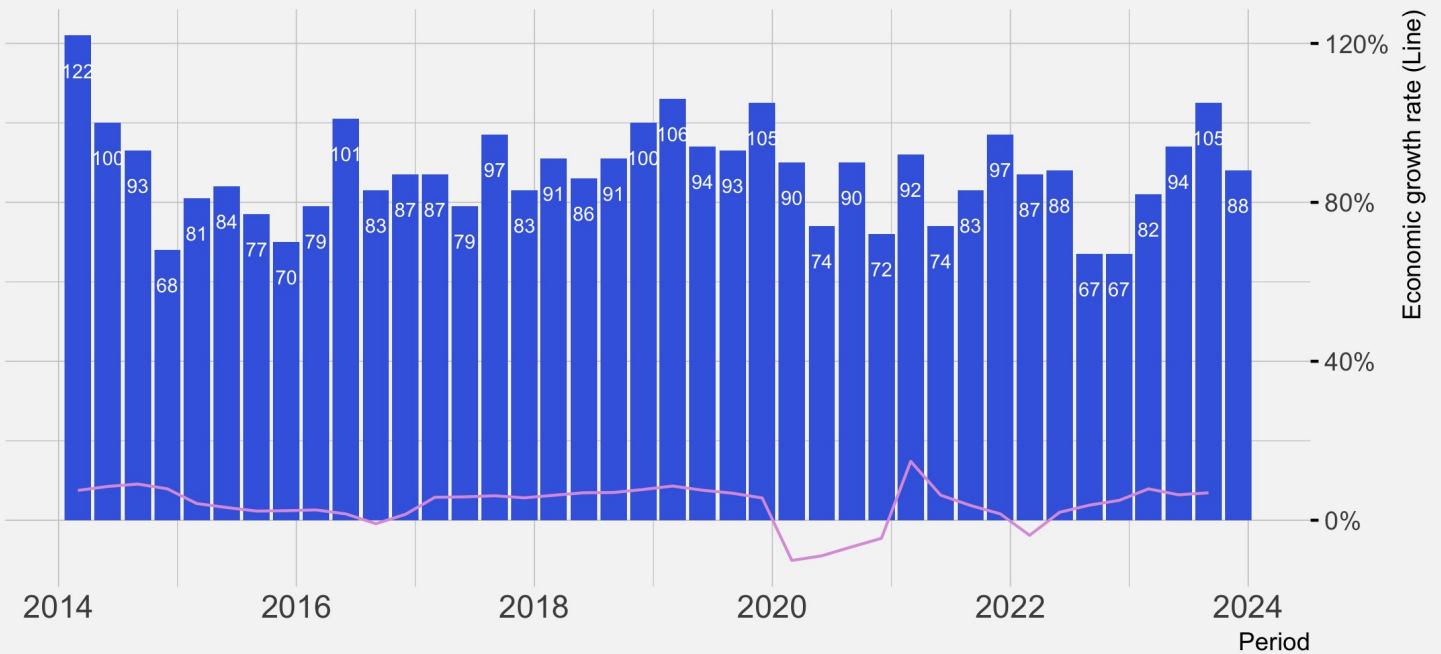
Consumer confidence and economic growth

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 2023, the decrease in the assessment of business conditions and job availability by consumers contributed to the deterioration of consumers' appraisal of the

current economic situation. Business conditions are expected to worsen in the near future but job availability and income are uncertain.

Expectation about inflation

82 percent of respondents expect the price level to rise in the next year. The expected inflation for the next year is 13.0 percent. The expected inflation rate is 5 and 3.9 percentage points higher than the previous year and quarter.

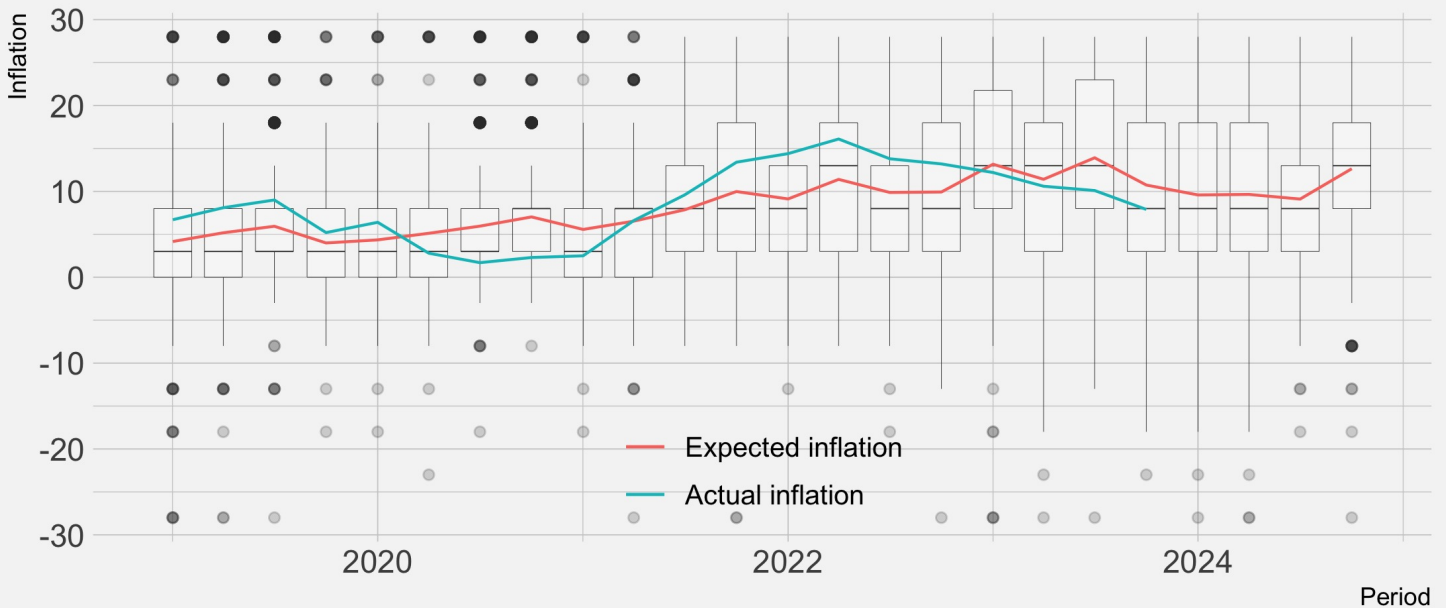
According to the results, the majority of respondents believe that the price level will increase and the expected inflation is rising. The uncertainty about inflation has decreased.

In the previous quarter, 7 percent of

respondents answered that they were not sure about the changes in inflation next year, which is 19 points lower than the previous quarter. The expected inflation of consumers in rural areas is slightly higher than that of consumers in urban areas. The expected inflation is 12.4 percent in urban areas and 13.1 percent in rural areas. Compared to the previous quarter, rural and urban differences in consumers' inflation expectations are smaller.

Expected inflation, annual

Next year's expected inflation rate is 13% (Rural-13.1%, UB-12.4%), higher by 5 pp than last year.



Source: NSO website 1212.mn

