

NRCC and Mongolia-Japan Human Resource Development Center successfully conducted the quarterly consumer confidence survey in March 2024. 991 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

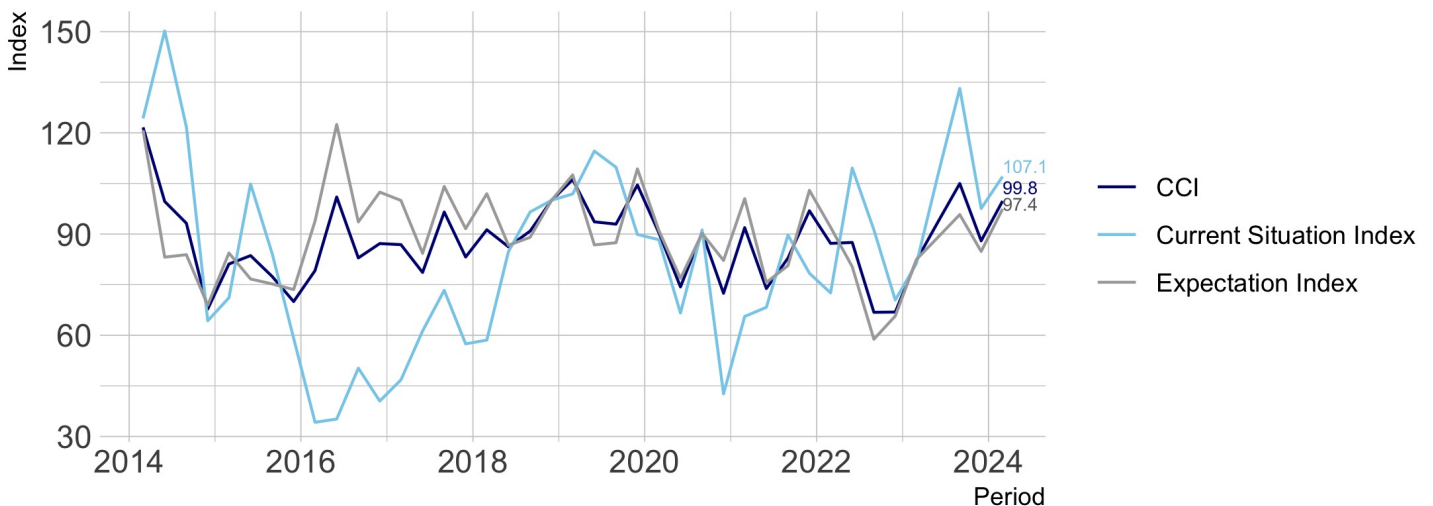
In the first quarter of 2024, the Mongolian consumer confidence index was 11.8 points higher than the previous quarter. The *Current Situation Index*, computed from the consumers' assessment of current business and labor market conditions, increased from 97.6 to 107.1. The

*Expectation Index*, which shows consumers' short-term outlook for business, income, and labor market conditions, increased from 84.8 to 97.4.

The Consumer Confidence Index (CCI) has increased from the previous quarter's level, 17.6 points higher than a year ago and stands at 99.8.

### Consumer Confidence Index (2018=100)

The consumer confidence index is 99.8, 11.8 points higher than the previous quarter and 17.6 points higher than a year ago. This quarter, appraisal of the current economic situation and future expectation are higher by 9.5 points and 12.6 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 improved from the previous quarter. Consumers' assessment of the business condition improved. 10.9 percent of consumers said business conditions are "good" up by 4.5 percentage points. 46.2 percent of consumers said business conditions were "bad," down by 10.3 percentage

points. Consumers' assessment of the labor market deteriorated. 24.9 percent said jobs are "plentiful," 2.7 percentage points lower than the previous quarter. 37.0 percent of consumers said jobs are "hard to get" , 1.6 percentage points higher than the previous quarter.

### **Factors influencing the CCI**

	2023.I	2023.IV	2024.I	Annual change	Quarterly change
<b><i>Current situation</i></b>					
<i>Business condition</i>					
Good	4.6	6.4	10.9	6.3	4.5
Normal	34.0	36.2	41.7		
Bad	61.4	56.5	46.2	-15.2	-10.3
<i>Job availability</i>					
Good	25.8	27.6	24.9	-0.9	-2.7
Normal	31.5	35.4	35.7		
Bad	42.1	35.4	37.0	-5.1	1.6
<b><i>Expectations</i></b>					
<i>Business condition</i>					
Good	14.6	11.4	15.2	0.6	3.8
Normal	51.3	58.2	61.4		
Bad	32.7	28.1	19.5	-13.2	-8.6
<i>Job availability</i>					
Good	21.8	20.5	24.3	2.5	3.8
Normal	57.9	60.4	54.3		
Bad	18.8	15.9	17.8	-1.0	1.9
<i>Income</i>					
Good	20.5	20.1	24.7	4.2	4.6
Normal	62.2	63.9	58.3		
Bad	16.7	14.2	14.2	-2.5	0.0

### *Expectations for the future*

Consumers' expectations in the near future have increased. In particular, consumers are optimistic about the business condition. 15.2 percent of consumers believe that business conditions will be "good" in the near future, which is 3.8 percentage points higher than the previous quarter. 19.5 percent think business conditions will be "bad" in the near future, down by 8.6 points. However, consumers' expectations

about job availability are mixed. 24.3 percent of consumers believe that job availability will improve, up by 3.8 points, while 17.8 percent believe that it will worsen, which is also up by 1.9 points. Expectations about the income have increased. 24.7 percent of consumers think that income will increase, which is up by 4.6 points, and 14.2 percent think that income will decrease, unchanged from the previous quarter.

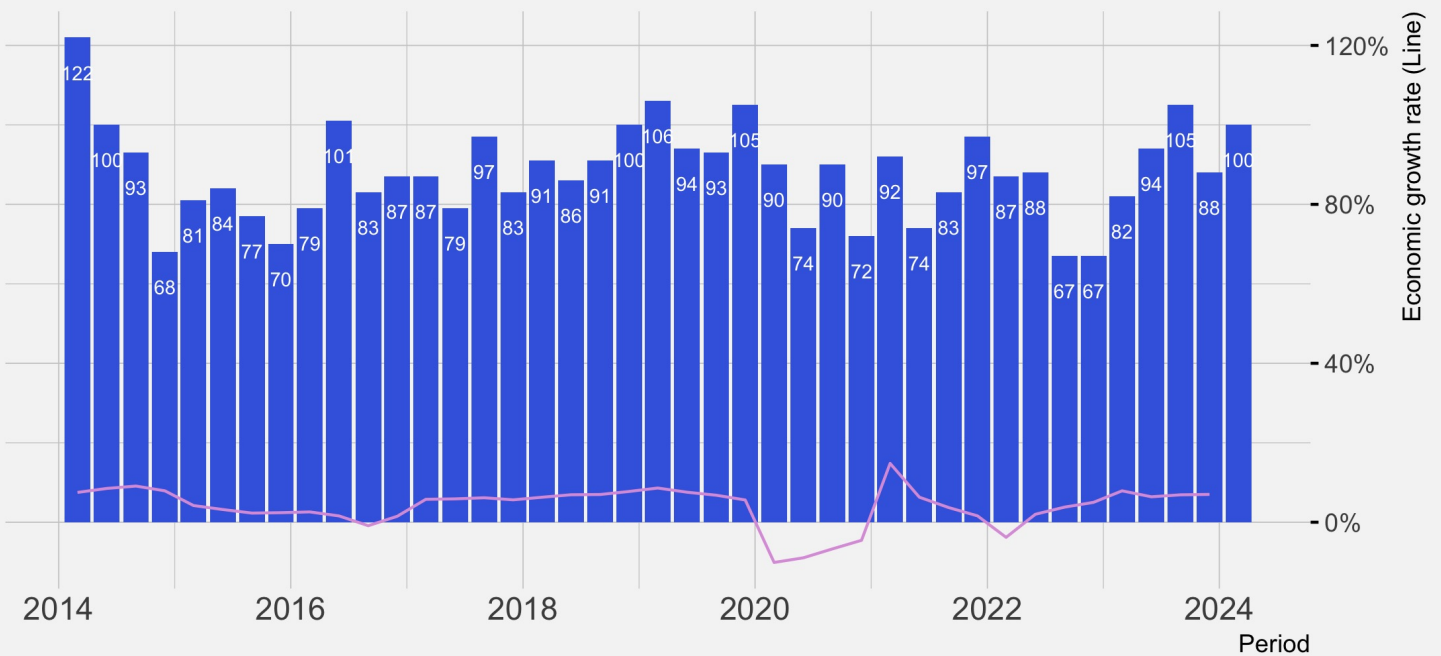
## Consumer confidence and economic growth

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 first quarter of 2024, consumers' increased assessment of business conditions contributed to their increased appraisal of the

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

## Expectation about inflation

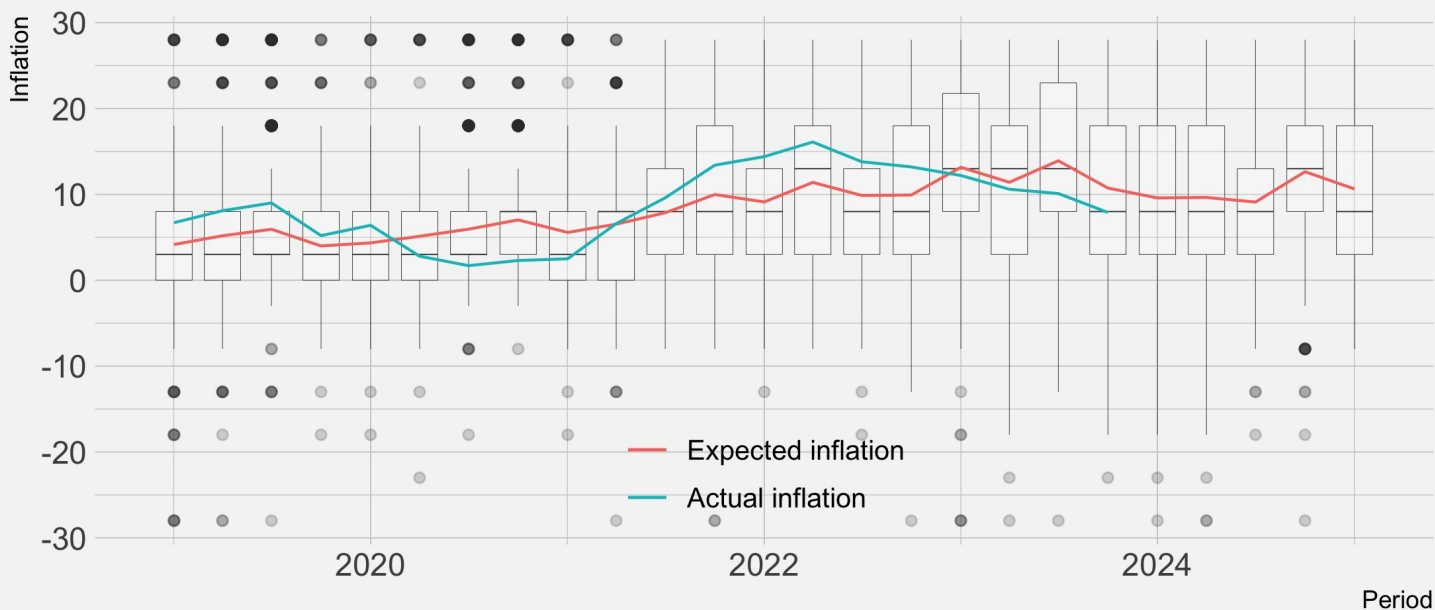
Seventy-six percent of respondents expect the price level to rise next year. The expected inflation for the next year is 10.6 percent.

The expected inflation rate is one percentage point higher than the previous year. According to the results, most respondents believe that the price level will increase and the expected inflation is rising.

The expected inflation of consumers in rural areas is higher than that of consumers in urban areas. It is 10.1 percent in Ulaanbaatar and 11.6 percent in rural areas. The gap between consumers' inflation expectations in rural and urban areas was 0.7 points in the previous quarter and 1.5 points in this quarter.

## Expected inflation, annual

Next year's expected inflation rate is 10.6% (Rural-11.6%, UB-10.1%), higher by 1 pp than last year.



Source: NSO website 1212.mn

