

Inflation Drives Confidence Down

By [The Moscow Times](#)

October 07, 2010

The  **Moscow Times**

Consumer confidence fell in the third quarter as Russians became less optimistic about their personal incomes after inflation advanced.

Confidence slid 4 percentage points to minus 11 percent, the State Statistics Service said Thursday, 3 percentage points more than the previous quarter.

The decline mainly resulted from the “worsened subjective opinion of the population regarding expected and actual changes in the economy, as well as expected changes in their personal financial situation,” according to the statement.

Banks including Raiffeisen and Aton Capital cut Russia’s 2010 economic growth forecast last month after the drought hobbled agricultural output and fueled inflation. The economy contracted a seasonally adjusted 0.4 percent in August as consumer prices rose a monthly 0.6 percent, the biggest increase for that month in a decade.

The Central Bank left its main interest rates unchanged last month, saying the bank “still

believes that inflationary risks, shaped by monetary conditions, are at an acceptable level.”

Consumer prices rose in September for a second consecutive monthly gain, adding 0.8 percent, according to the statistics office. Annual inflation accelerated to 7 percent in the month.

The average monthly wage, adjusted for inflation, rose 6.6 percent in August, the same as in the previous month, according to the statistics service.

More Russians believe that their household income growth won't keep up with inflation, according to the consumer confidence index. Eighty-one percent of surveyed Russians said in the third quarter that consumer-price growth will outpace income growth, compared with 73 percent in the previous quarter.

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