

ZyFin Consumer Outlook Index Continues Post-Election Advance Toward Optimism

Sentiment on spending, inflation and employment move up for second consecutive month

Mumbai, 2nd July, 2014: ZyFin Research has today announced **the Consumer Outlook Index** for June 2014. The index, which is a barometer of consumer confidence, reflects current and future spending plans, employment and inflation outlook of urban Indian consumers. It has registered a score of 44.3 for June 2014, as compared to 42.0 for the previous month. A score above 50 reflects optimism while below 50 is an indication of pessimism. This index, now at its highest level since May 2012, is, therefore, just over 5 points from optimism. The cities of Mangalore, Hyderabad and Guwahati registered the best overall scores for the month.

The index is based on a monthly survey of **4,000 consumers across 18 cities** categorised into **metros, Tier I and Tier II**. With private spending accounting for over 55% of India's real GDP, consumer outlook plays an important role in identifying turning points ahead of time.

Key Highlights of the ZyFin Consumer Outlook Index for June 2014:

- The **ZyFin Consumer Outlook Index of India (COI)** improved for the second consecutive month to 44.3 in June 2014, marking an increase of 2.3 points over May 2014. The improving willingness to spend accounts majorly for the positive gains registered by the overall index. On a monthly basis, the index improved in 13 of the 18 cities surveyed. Regionally, sentiment improved across all four regions, with the South now the least pessimistic for more than 12 months now.
- Among the key components, the **Inflation Sentiment Index**, the largest inflationary expectations survey in the world, moved up to 28.2 in June 2014 from 25.6 in May 2014. ZyFin's **Food Price Index**, however, fell marginally for the second consecutive month. This drop could continue on the back of a recent government move to hike support prices for summer crops amid forecasts of a sub-normal monsoon.
- The **Spending Sentiment Index**, which measures willingness to spend, increased to 30.4 in June 2014 from 28.5 in the previous month. The improvement extends to all three product categories tracked: real estate, vehicles and consumer durables. ZyFin believes that the fillip to consumer spending will continue over the coming months, with the recent government announcement of extending cuts in excise duty for vehicles, consumer and capital goods until December 2014.

- The **Employment Sentiment Index**, a tracker of employment situation as perceived by consumers, improved for the fourth consecutive month, to 53.9 in June 2014, up 2.2 points from May 2014. This is backed by better sentiment on job security and employment prospects, on the hope that the new government at the centre will implement reforms that create more jobs in the economy.

Giving his views on the ZyFin Consumer Outlook Index numbers for the month of June, **Mr. Debopam Chaudhuri, Chief Economist, ZyFin Research**, said, “Investor and consumer sentiment is currently at a high, on the consensus that economic conditions will not worsen. Supporting this notion is the steady growth in consumer sentiment data since the swearing-in of an ostensibly strong government. With nearly 60% of the Indian GDP being driven by private spending, a boost in willingness to spend would keep the wheels of the economy in motion until bigger fiscal policy plays start contributing to growth.”

About ZyFin Research

ZyFin Research is a leading financial research and analytics company, providing objective, timely and comprehensive information to investors and policy makers on the Indian economy and financial markets. ZyFin is backed by Zodius Advisors (www.zodius.com) and Anthemis Group (www.anthemis.com). For more information, please visit <http://research.zyfin.com/>

About Zodius Advisors

Zodius Advisors builds businesses in the new Digital India. Operational since 2011, Zodius typically develops one company every six months and works intensively with its portfolio company teams to speed-up and shape-up for exceptional growth and profitability.

About ZyFin Consumer Outlook Index

The ZyFin Consumer Outlook Index has been designed by the ZyFin team of financial economists and statisticians under the guidance of Dr. Sam Thomas, Ph.D., Professor of Banking and Finance at the Weatherhead School of Management of Case Western Reserve University, Cleveland, Ohio. The Index is designed to measure how consumers feel about the economy and their ability and desire to spend across India, and includes data collected from 4,000 respondents across 18 cities, in partnership with TNS, the world’s largest custom market research company.

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