

MONEY INCOME AND SPENDING OF POPULATION¹

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Since November 2014, the population's real disposable money income have been steadily on the decline. Data for January–September 2015 point to a rising poverty rate. In 2015, the share of personal income spent on commodities and services hit its record low of the past 16 years. The share of saving in the personal money income structure significantly increased.

A stable decline of the population's real disposable money income and real wages has been observed since November 2014. The population's real disposable money income (income less mandatory payments, adjusted by the Consumer Price Index) shrank in January 2016 on the corresponding period of 2015 by 6.3%, real wages – by 6.1%. Real pensions have remained practically unchanged and amounted to 100.8% of the same index for the corresponding period of 2015, which can be explained by the low base effect (Fig. 1). According to preliminary data, the average monthly per capita money income in nominal terms for January 2016 amounted to Rb 21,365, the average nominal monthly charged wage – to Rb 32,122, and the average size of allotted monthly pension – to Rb 12,081.

On the whole over the course of 2015, the population's real disposable money income declined on the previous year by 4.0%, real wages – by 9.5%, and the real allotted monthly pension – by 3.8%.

In the money income structure, the share of entrepreneurial income hit in 2015 its historic high of the entire post-Soviet period – 7.3%. At the same time, in 2015 the share of capital gains in the form of interest on bank deposits, securities, and dividends increased on 2012 from 5.1% to 6.6%. According to data released by the Bank of Russia, in 2015 the amount of individual depos-

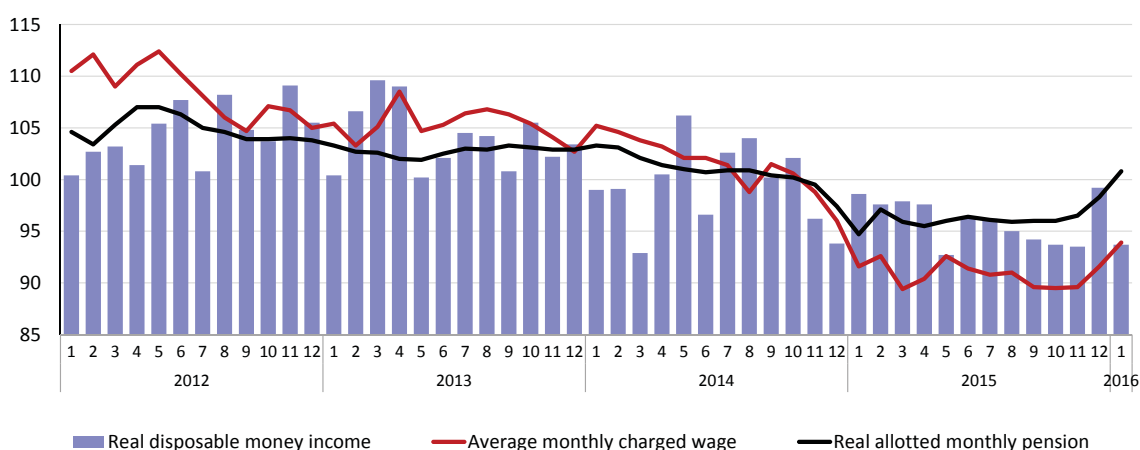


Fig. 1. The Movement of the Population's Real Disposable Money Income (Real Monthly Charged Wage and Real Allotted Monthly Pension) in 2012–2016, as % of the Corresponding Period of Previous Year

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its with banks increased by 25.2% (or by 16.8% without adjustment for foreign exchange rate). This growth was caused by shrinking personal consumption expenditure and an increased inclination of some population groups to save. The statistics published by the Deposit Insurance Agency demonstrate that deposit growth in 2015 occurred due to biggest deposits: the highest growth rate was displayed by deposits in excess of Rb 1m¹.

In 2015, compared to 2014, the share of money income spent on commodities and services shrank by 4.0 p.p. (from 75.3% to 71.3%), and in Q4 2015 compared to Q4 2014 – by 5.5 p.p. Thus, as shown by the year-end results of 2015, personal consumption of commodities and services was reduced in response to consumer price growth. At the same time, in January 2016 there was a seasonal surge of the share of money income spent on commodities and services (to 94.6%).

Last year, the share of personal money income spent on foreign cash purchases shrank by 1.6 p.p. (4.2% in 2015 vs. 5.8% in 2014), and in Q4 2015 compared to Q4 2014 – by 3.2 p.p.

The share of money income used on saving formation increased in 2015 by 7.2 p.p. on 2014, and by 4.3 p.p. on 2013. Compared to 2014, the share of saving in the form of deposits and securities likewise increased in 2015. Besides, compared to period 2011–2013, over 2014 and 2015 the share of ‘other saving’, including the movement of cash flows in the bank accounts of individual entrepreneurs, the movement of loan debt, acquisition of immovable property, and purchases of cattle and poultry by individuals (*Fig. 2*).

Rosstat's statistics indicate that, in January 2016, there was an outflow of money from bank accounts. The negative movement pattern displayed by saving can be explained in part by the seasonal factor.

In accordance with Decree of the RF Government of 10 March 2016, No. 178, the subsistence indexes for Q4 2015, per capita and for each major socio-demographic group across the Russian Federation are as follows: per capita – Rb 9452; for the able-bodied population group – Rb 10,187; for pensioners – Rb 7,781; for children – Rb 9,197. The subsistence index for Q4 2015 declined on the previous quarter by 2.3%, while the consumer price index in Q4 2015 compared to the previous quarter amounted to 102.0%². It is adjusted by the differences between the structure of the consumer basket applied in calculating the subsistence index and the consumption expenditure structure applied in weighing the consumer price indexes. Besides, the decline of the subsistence index had to do with the lowered prices of some

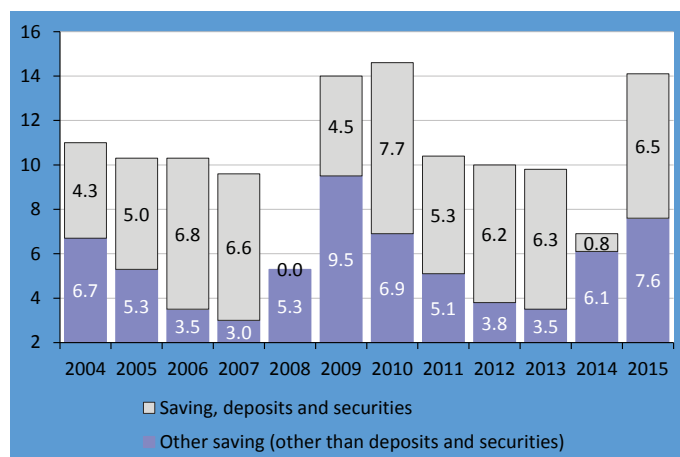


Fig. 2. The Share of Money Income Used on Saving Formation, Including Deposits and Securities, in 2004–2015, as % of Total Money Income

1 Deposit Insurance Agency. Analysis of the Market of Households' Deposits in H1 2015. See http://www.asv.org.ru/agency/for_press/pr/366084/

2 Rosstat, *Quarterly consumer price indexes for commodities and services*, http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/tariffs/#

foodstuffs included in the consumer basket, for example the prices of potatoes and some other vegetables in Q4 2015.

The lower subsistence index may push down the poverty level as estimated by *Rosstat*. At the same time, the estimations, by respondents in popular opinion polls, of their personal material status in 2016 will, most probably, continue to deteriorate. Thus, according to *Rosstat*'s data, in Q4 2015, the share of Russia's population estimating their current personal material status to be 'bad' or 'very bad' was 30.2%, which is 4.2 p.p. above the rate recorded for the corresponding period of last year¹. Our analysis indicates that, in face of rising prices and the plummeting purchasing power of personal money income, poverty risks begin to rise. The increasing share of saving, in 2015, at the expense of the top quintile alongside the rising nationwide poverty rate across leads to the assumption that the gap between the top and bottom quintiles will be widening. ●

1 Rosstat, *Population opinion poll on current material status*, http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/level/#