The Egyptian Center for Economic Studies (ECES) is an independent, nonprofit research institute. It was founded by leading members of Egypt's private sector in 1992. The objective of the Center is to promote economic development in Egypt by assisting policy makers in developing appropriate policy reforms based on international experience. In pursuit of this objective, ECES conducts applied policy research and disseminates its findings through a select series of publications, lectures, conferences, and roundtable discussions.

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Business Barometer

January 2008

Issue No. 20

A Publication of
The Egyptian Center for Economic Studies

About the Business Barometer

In an attempt to provide timely information about the state of economic activity in Egypt, ECES published the first issue of the Industrial Barometer in 1998. The periodical reported the results of a biannual survey of 165 firms fully drawn from the industrial sector. However, to improve the depth of the report, the survey was expanded in the July 2000 issue to include 35 firms from the construction sector. This step converted the former Industrial Barometer into today's Business Barometer. The survey was further expanded in the July 2002 issue to include 10 firms from the tourism sector. In July 2006, the survey was expanded again to include a total of 320 firms (from 210). In July 2007, another 154 firms were added to the sample. These firms cover the transportation, communications and financial sectors. The new sample includes a total of 474 firms. In addition, a few questions were added to the survey questionnaire regarding the geographic distribution of exports, employment categories, prices of different inputs and types of investments. Detailed information about the sample and questionnaire can be found in the methodology section of the publication.

This is a special edition marking ten years of publishing the Business Barometer. Following a brief review of the Egyptian economy during the last ten years, this edition reports the results of a stratified sample of 474 public and private firms. The survey covers their assessment of economic growth and the results of their operations in terms of production, sales, inventories, prices, wages, employment and investment over the last six months of 2007. It also summarizes their expectations for overall future economic performance as well as their own activities for the first half of 2008.

The interpretations and comments expressed in this survey are those of the ECES team, and do not necessarily reflect those of the ECES Board of Directors.

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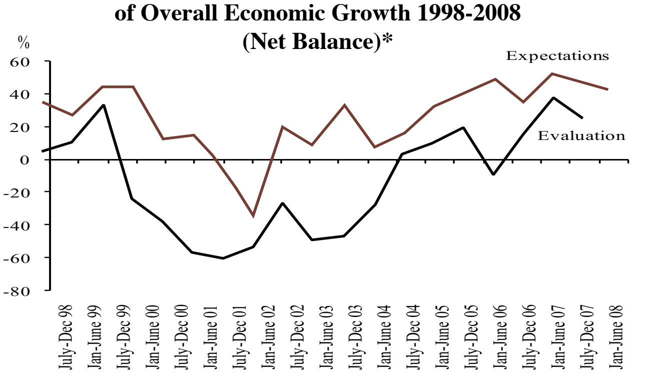
The Business Barometer

Ten Years On

Due to the lack of timely real-side data on the Egyptian economy, ECES created and conducted, starting 1998, a biannual survey covering the most important sectors in the economy. Aside from providing useful information on business sector views about past performance, the survey was also intended to shed light on the sector's expectations for production, prices, employment and investment. For ten years, ECES has been publishing the barometer. Several modifications were introduced over the years to widen its scope and coverage and to provide a reliable source of information about the main developments in the Egyptian economy and the business sector. On this occasion marking ten years of the barometer, a brief overview of the Egyptian economy during the last ten years will be presented below through the perceptions and expectations of the business sector about the performance of the economy and own economic activities. This would be followed by the usual bi-annual business barometer.

The first survey was confined to the manufacturing sector (165 firms) and covered the period April–June 1998. The respondents had positive economic prospects after a period of slower growth during the second half of 1997 due to the Luxor attacks, the South-East Asian Crisis and the decline in oil prices. During that period, the Egyptian pound was revalued due to the strengthened US$ to which it was pegged. Firms had positive perceptions about their own activities. They reported low output and input prices. The investment level was tempered by excess productive capacity. Firms expected higher production, and domestic and international sales, and lower investment and stable employment level. They anticipated stable output prices, higher input prices and higher wages.

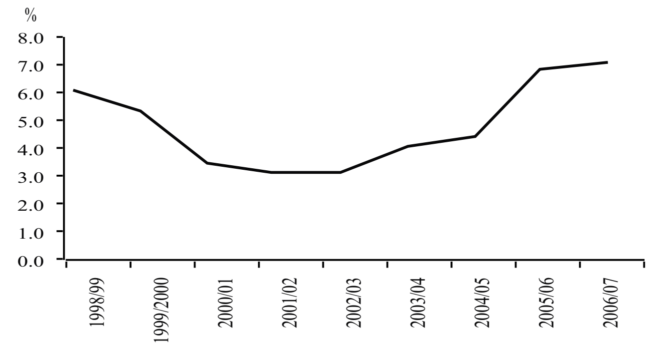
Figure 1a. Firms' Evaluation and Expectations of Overall Economic Growth 1998-2008 (Net Balance)*



Source: Survey results.

* Net Balance represents the percentage of respondents indicating "higher" minus the percentage of respondents indicating "lower".

Figure 1b. Actual Real GDP Growth Rates 1998/99-2006/07



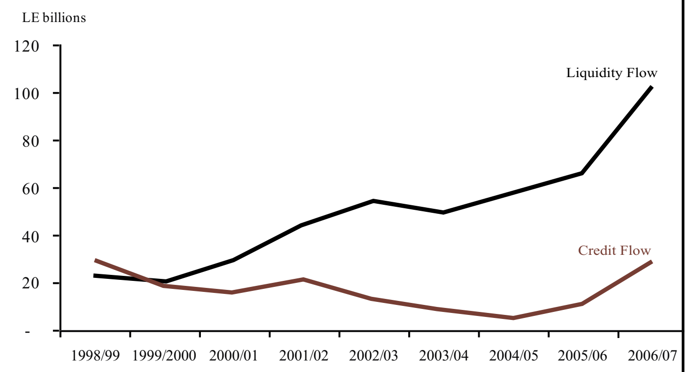
Source: Obtained from www.mop.gov.eg.

The second *Industrial Barometer (IB),* issued in January 1999, surveyed the opinions of manufacturing firms for the period October–December 1998. According to respondents, growth continued in the second half of 1998. Production and domestic sales increased but exports declined, reflecting economic recovery. Output prices were low but input prices and wages were high. Investment did not increase while firms reported higher capacity utilization. Firms had positive expectations about overall economic growth for the first half of 1999. These high expectations were realized according to the survey undertaken during this period and were reported in the third IB issued in July 1999. Respondents reported higher overall economic growth and own production, and stable domestic and international sales. Output prices declined, while input prices and wages increased. Firms expected higher overall growth as they anticipated a rise in tourism activity and oil prices as well as the recovery of global economic conditions. Respondents were also positive about their future activities, including production and domestic and international sales. They anticipated higher employment and investment but lower capacity utilization. Firms expected stable output prices, and higher input prices and wages.

In January 2000, the fourth IB was issued, covering firms' evaluation of economic activities during the period July-December 1999, and their expectations for the first six months of 2000. Firms' perceptions regarding overall economic growth as well as their own activities were negative, reflecting a period of economic slowdown. During this period, the current account witnessed a growing deficit, which resulted in pressures on the exchange rate. To keep the nominal exchange rate stable, the government exercised a tight monetary policy, and private credit growth was reduced significantly after overshooting during the early 1990s. This policy resulted in slower growth, stabilized official reserves and reduced both liquidity and inflation.

In July 2000, the IB became the *Business Barometer (BB),* as the sample of surveyed firms was expanded to include 35 construction firms in addition to the 165 manufacturing firms. Surveyed firms reported stagnant overall economic growth during the first six months of 2000. According to respondents, the economy did not perform as expected due to a shortage of liquidity. The government continued to exercise a tight monetary policy in an attempt to maintain a stable nominal exchange rate at a time of excess demand on foreign currencies. During this period, firms reported lower production, domestic sales, and inventories and investment, reflecting lower domestic demand. Output prices declined while input prices and wages increased. Firms' expectations of higher growth were dampened. However, they were more optimistic about own activities, reflecting government's efforts to settle accumulated arrears, ease rigidity of the exchange rate and boost exports.

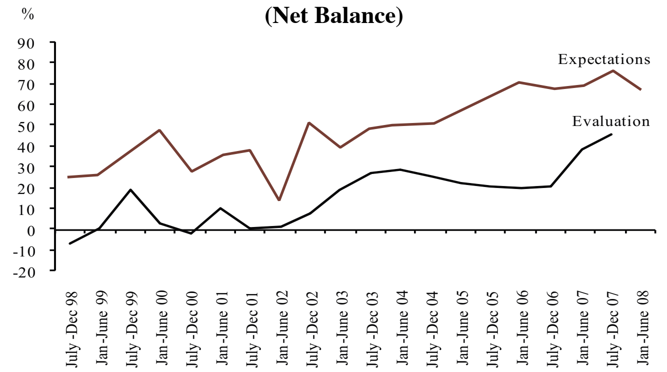
Figure 2. Actual Developments in Liquidity (M2) and Credit 1998/99-2006/07



Source: Obtained from www.cbe.org.

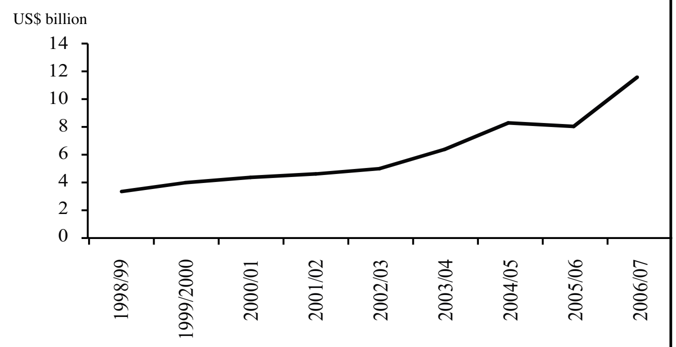
During the period July-December 2000, firms' views regarding overall economic growth and own activities were negative. The share of private business sector in credit declined, while exports and tourism receipts increased. Liquidity started to rise. For the first six months of 2001, firms expressed guarded optimism regarding economic growth and own activities. They anticipated higher production, domestic sales and to a lesser extent exports. They intended to increase investment but to lower employment. Firms' optimism during this period could be explained by the government's adoption of a managed float exchange rate regime and the depreciation of the Egyptian pound. Firms also anticipated that the government would adopt a less tight monetary policy to activate the economy, in addition to its continued efforts to settle government arrears. However, firms' expectations did not materialize for the first half of 2001. According to BB7, economic growth continued its downward trend. The expansionary monetary and fiscal policies undertaken by the government were not sufficient to improve expectations. In addition, the full impact of increasing government expenditures and lowering discount rates occurred with a lag as usual. In January 2001, an adjustable currency band against the US$ was adopted and widened in mid-2001, resulting in around 25-percent depreciation of the pound. Firms reported lower or stable own production and domestic sales, reflecting continued weak domestic demand. Investment and employment did not change much. Prices declined while wages remained rigid downward. Firms were not very optimistic about the second half of 2001. However, it was expected that the continued depreciation of the pound and the widening of the exchange rate band would ease the liquidity problem and enhance export competitiveness.

Figure 3a. Firms' Evaluation and Expectations of International Sales 1998-2008 (Net Balance)



Source: Survey results.

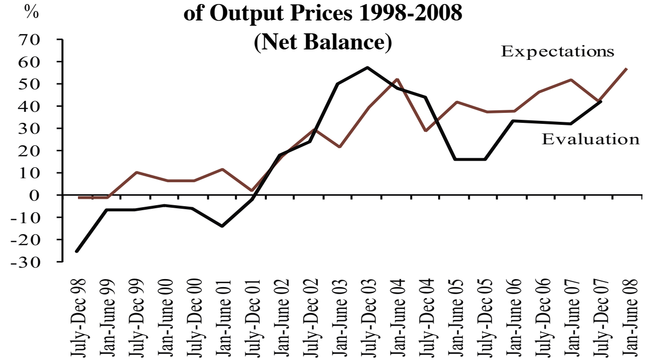
Figure 3b. Actual Non-Petroleum Exports 1998/99-2006/07



Source: Obtained from www.mop.gov.eg.

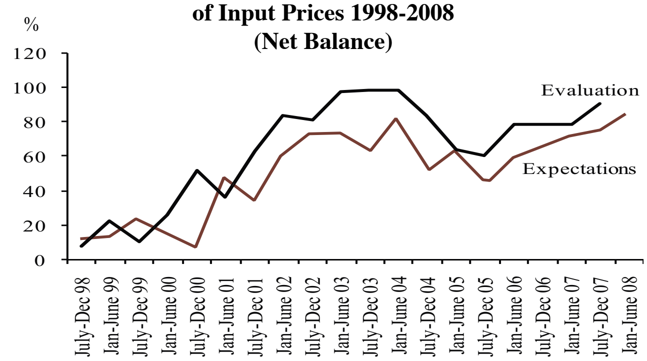
The January 2002 issue, which covered the period July-December 2001, reflected the impact of the 9/11 attacks. Prior to September 11, the government took several measures to activate the economy. These measures included fiscal expansion and modest monetary policy easing. In June 2001, a law promoting the development of a mortgage market was issued, and in July 2001 the Partnership Agreement with the EU was signed. In August 2001, the exchange rate was devalued by 6.5 percent and the width of the currency band doubled to allow more flexibility of the exchange rate to respond to changes in market conditions. However, the anticipated positive impact was wiped out by significant losses of foreign currency earnings and the slowdown of several economies in the wake of the attacks on the US. Firms' expectations for the first half of 2002 were also dimmed by the continued negative impact of 9/11 and its expected repercussions on overall growth and on firms' activities.

Figure 4a. Firms' Evaluation and Expectations of Output Prices 1998-2008 (Net Balance)



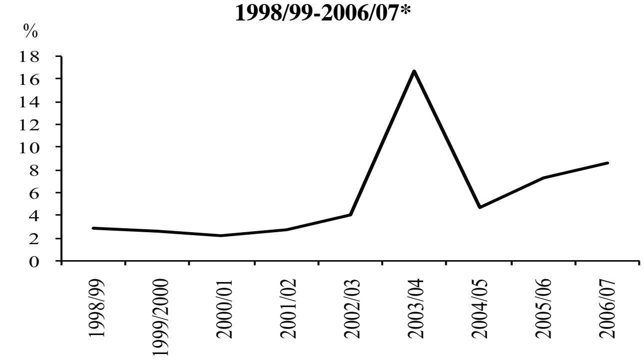
Source: Survey results.

Figure 4b. Firms' Evaluation and Expectations of Input Prices 1998-2008 (Net Balance)



Source: Survey results.

Figure 4c. Actual Annual Inflation Rates 1998/99-2006/07*



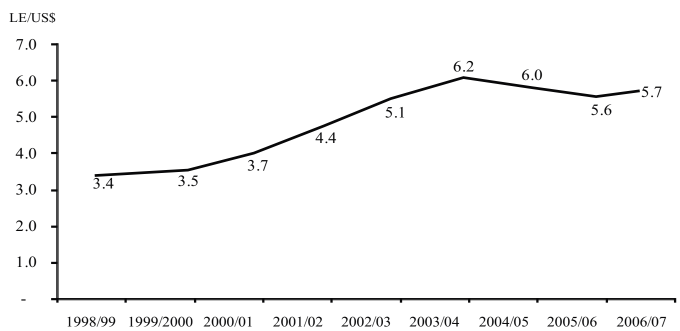
Source: Obtained from www.mop.gov.eg.

*For the period 1998/99-2001/02, base year= 1995/96; for the period 2002/03-December 2004, base year= 1999/2000; for the period January 2005-present, base month= January 2007.

In July 2002, the BB expanded to include 10 tourism firms to reflect the importance of this sector in economic activity. In this survey, after two years of negative evaluations by firms, more respondents were positive about overall economic growth and own activities. The beginning of a turnaround was mainly attributed to the recovery of tourism, increased exports due to the devaluation of the pound and expansionary fiscal policy. Monetary policy remained tight.

Firms' expectations for the second half of 2002 were more positive. The number of tourists increased to its pre-September 11 level; exports increased; imports declined as a result of a 2 percent devaluation of the pound and the current account showed a surplus. According to BB 10, firms' evaluations for this period were positive as expected. The government continued its expansionary fiscal policy, devalued the pound and initiated legal reforms to improve the business environment. However, the slow pace of reform and the threat of war on Iraq dampened expectations and eroded business confidence. In July 2003, firms' evaluation of overall economic growth for the first six months of 2003 was not positive. The government continued to pursue expansionary fiscal and monetary policies. Prices increased as a result of the shift to a flexible exchange rate regime by the end of January 2003, which led to a depreciation of the pound by 31 percent. Exports and tourism receipts increased. Domestic sales, investments and employment declined due to the credit crunch, which resulted from large non-performing loans (NPLs). Firms' expectations about the second half of 2003 were positive as a result of the shorter-than-expected war on Iraq, the narrowing of the gap between bank and the free market exchange rates and a belief that the economy had already hit bottom.

Figure 5. The Banks' Exchange Rate (1998/99-2006/07)



Source: Obtained from www.cbe.org.

Firms' expectations were realized during the period July-December 2003. Real GDP growth increased due to improvement in the external sector (exports and tourism receipts), partially as a result of increased competitiveness of exports due to the devaluation of the pound. Other factors reinforced the upward trend in overall economic growth, namely the expansionary monetary and fiscal policies pursued by the government during this period as well as the global economic recovery. Expectations about overall economic growth and firms' own activities for the first six months of 2004 were less optimistic due to growing concerns about the fiscal deficit and the perception that the then-ongoing structural reforms were not proceeding at a desirable pace.

For the period January-June 2004, firms' evaluation of overall economic growth and own activities were positive. The main sources of growth included external demand, as a result of favorable conditions for tourism, exports and Suez Canal. In addition, the expansionary fiscal policy pursued by the government contributed to positive perceptions of growth, especially that such policy did not cause inflationary pressures due to the initial low level of economic activity. However, the economy was still performing below its potential. Bolder reform measures were therefore needed to put the economy on a higher growth path and to create more jobs.

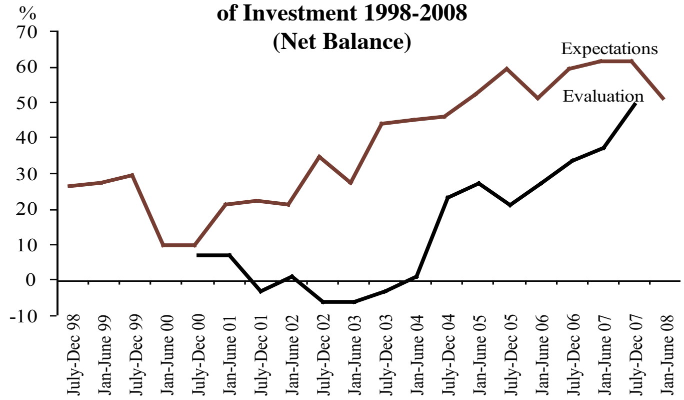


Figure 6a. Firms' Evaluation and Expectations of Investment 1998-2008 (Net Balance)

Source: Survey results.

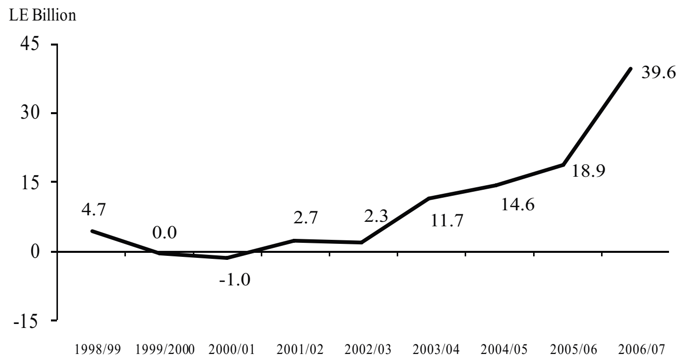


Figure 6b. Actual Investment 1998/99-2006/07

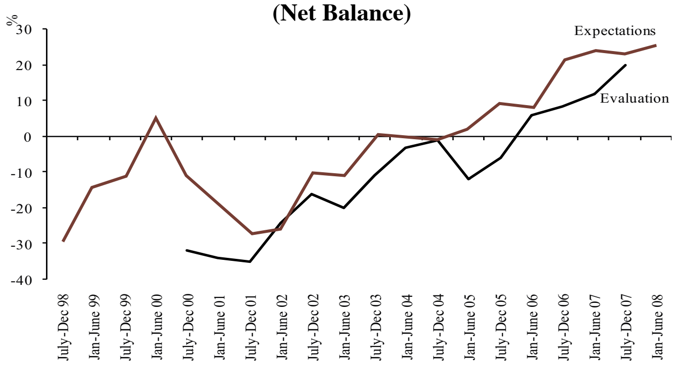
Source: Obtained from www.mop.gov.eg.

During the second half of 2004, economic recovery had been slow but steady. Investment increased due to the confidence building measures taken or were being considered by the then-new government appointed in July 2004. The most important measures that were undertaken included the reduction and simplification of customs tariffs, the proposal to reduce income tax and free market exchange rate convergence. However, firms' expectations for the first six months of 2005 showed that they were less optimistic due to concerns about the fiscal deficit, the lack of clarity regarding monetary policy and the unfinished structural adjustment agenda.

Firms reported positive views regarding overall economic growth during the first six months of 2005, a reflection of their growing confidence in the government in light of the adoption of a new income tax law and increased trade liberalization efforts. They were less positive about their own activities due to lack of finance and sluggish domestic demand. However, they had optimistic expectations about the second half of 2005 out of confidence in the outcome of the new generation of reform measures that the government was expected to undertake following the presidential elections in September 2005. It should be noted that the July 2005 survey was conducted before the attack that took place in the tourist resort city of Sharm El-Sheikh on July 23. However, the impact of this attack was negligible as tourism firms did not report lower domestic or international sales in the July-December 2005 survey. In general, this survey reflected favorable evaluations and expectations by respondents. During the second half of 2005, overall growth was mainly driven by domestic demand, especially in light of increased investment. The contribution of the external sector was dampened by the decline in Suez Canal revenues, tourism receipts and exports.

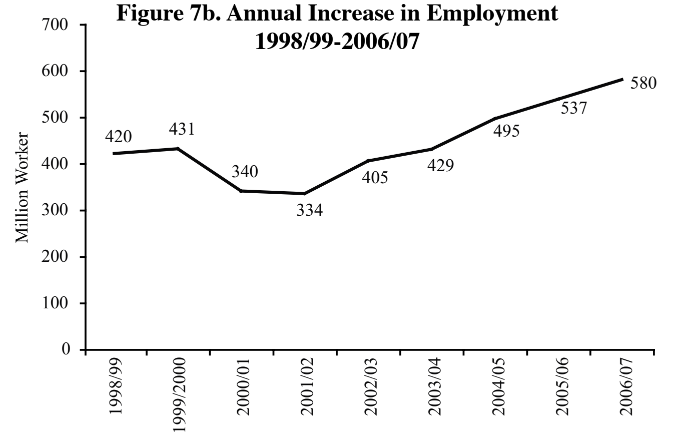
In July 2006, the BB sample was expanded to include 227 manufacturing, 50 construction and 43 tourism firms, totaling 320 firms. Respondents' evaluation of overall economic growth was less favorable but better for own activities with the exception of tourism firms, which were negatively affected by the terrorist bombings that took place in Dahab in April 2006. Respondents' views were also less optimistic about overall economic growth in the second half of 2006 although better for own activities. Firms' evaluation reflected concern about rising fiscal imbalances, public debt, poverty and unemployment.

Figure 7a. Firms' Evaluation and Expectations of Employment 1998-2008 (Net Balance)



Source: Survey results.

Figure 7b. Annual Increase in Employment 1998/99-2006/07



Source: Obtained from www.mop.gov.eg.

Firms' evaluation regarding overall economic growth and own activities during the first six months of 2007 was favorable. Tourism firms had positive views due mainly to the start of a recovery from the slowdown that followed the Dahab bombings. Firms' optimistic views also reflected positive developments in the economy starting 2004.

In July 2007, the sample was further expanded to 474 firms to include 154 firms from three additional sectors: transportation (57 firms), communications (28 firms) and financial intermediaries (65 firms), and four firms were added from the construction sector. During the first six months of 2007, firms voiced positive perceptions about overall economic growth and own activities. Their expectations regarding the second half of 2007 were mixed; they anticipated higher overall growth but were less optimistic about own activities. Growth during the first sixth months of 2007 was led by investment, and to a lower extent by public and private consumption. Higher growth was expected for the second half of 2007, led mainly by high inflows of investment, privatization proceeds and fiscal expansion. However, this growth was believed to be threatened by high fiscal imbalances, delayed regulatory, institutional and political reforms and mal-distribution of income.

Comparing actual data over the last ten years for real GDP growth, international sales, investment, employment and prices with surveyed firms' responses regarding the same variables[1] reflects consistency between firms' perceptions about the economy and own activities on one hand, and actual developments at the level of the national economy on the other. Moreover, firms' expectations materialized for a number of variables and for several periods. In this respect, the BB achieved its main objective of providing a reliable source of lacking timely data on the real side of the economy. Moreover, the evolution of the surveyed sample of firms from covering manufacturing firms only to including construction, tourism, transportation, communications and financial intermediaries has provided a wider spectrum of information about a large number of sectors. Timely data for these sectors are neither available for all variables covered by the BB nor on a bi-annual basis. Finally, the size of the sample reflects the share of different sectors in the economy, thus providing a representative sample of the structure of the economy.

For the last ten years, firms highlighted the main constraints that they were facing. Some of these constraints persisted for a long time such as sluggish demand, access to credit and finance and unskilled workforce. More recently, some of these constraints were alleviated but firms still voiced complaints about dealing with the government bureaucracy and legal procedures, and continued to suffer from lack of skilled labor. Table (1) in the statistical annex summarizes the main constraints that firms reported as the most problematic issues hindering growth and their performance.

[1]Actual data for other variables such as production, domestic sales, wages, inventories and capacity utilization, which are covered by the survey, are not available at the national level; hence similar correspondence could not be established.

Business Barometer

July–December 2007

The current edition of BB reflects the views of 474 large firms regarding the overall performance of the economy and own activities during the last six months of 2007 and their expectations regarding the first half of 2008. The remainder of this edition of the *Business Barometer* elaborates on the main findings of the survey under four main headings: the level of economic activity (overall growth, production, sales, and inventory and capacity utilization); prices and wages; investment and employment; and finally the constraints facing the surveyed firms.

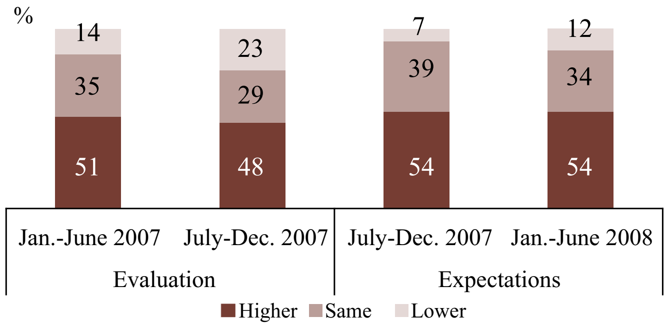
The Level of Economic Activity

Slightly lower economic growth with dampened expectations

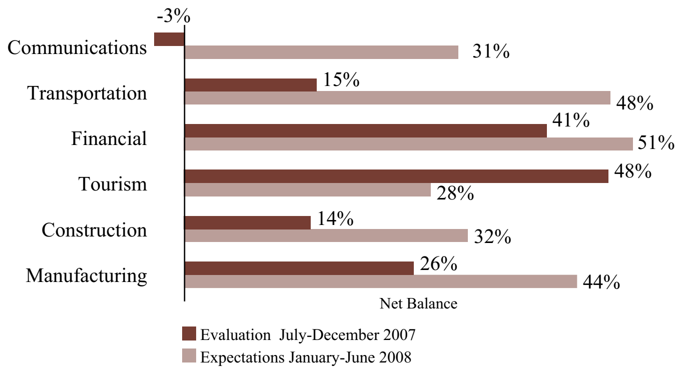
During the last six months of 2007, the majority of firms reported higher (48 percent) or steady (29 percent) overall economic growth; while more respondents (23 percent) reported lower economic growth compared to the first six months of 2007 (14 percent). Firms' perceptions about economic growth are consistent with actual real GDP growth rates. According to the Ministry of State for Economic Development, the real GDP growth rate reached 6.9 percent during the first quarter of FY2007/08 compared to 7.1 percent in the corresponding quarter of 2006/07. Economic growth during the first quarter of 2007/08 was mainly led by investment, which grew by 30.4 percent during the same period. Exports and private consumption, which grew by 10.5 percent and 8.9 percent respectively, also contributed largely to the real GDP growth rate during the first quarter of FY2007/08. Government spending did not contribute much to economic growth during the same period.

At the sectoral level, more firms in the tourism, financial and manufacturing sectors reported an increase in economic growth; while less firms in the construction and transportation sectors reported higher growth. Only communications firms reported a decline in overall economic growth. According to the Ministry of State for Economic Development, Suez Canal, construction, tourism and communications activities were the main drivers of economic growth during the first quarter of 2007/08. Suez Canal receipts recorded a real growth rate of 17.5 percent. Both the construction and tourism sectors grew by 16.2 percent and 16.1 percent respectively, during the same period. The communications sector also witnessed a growth rate of 15.6 percent. The financial intermediation, manufacturing and transportation sectors grew at lower rates of 8.5 percent, 7.4 percent and 6.3 percent, respectively.

Figure 8. Overall Economic Growth
(a) Whole Sample Evaluation and Expectations



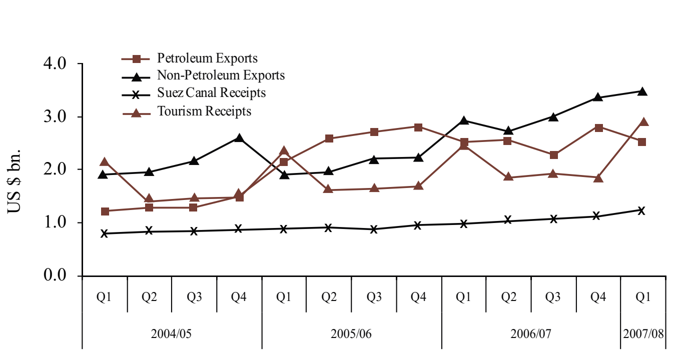
(b) Sectoral Evaluation and Expectations



Source: Survey results.

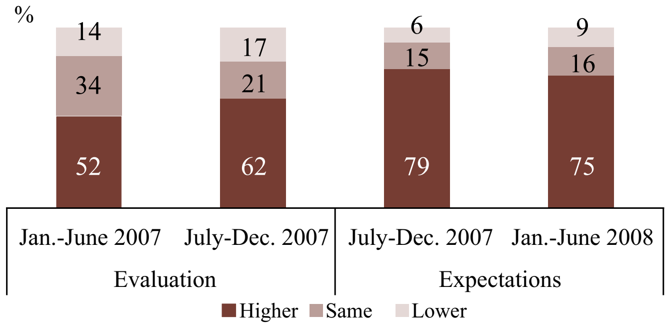
During the first quarter of 2007/08, balance of payments data from the Central Bank of Egypt showed that Suez Canal receipts grew by 22 percent compared to the first quarter of 2006/07. Non-petroleum exports and tourism receipts grew by 19.6 percent and 16.1 percent, respectively. While petroleum exports witnessed a slight increase, services exports rose by 15 percent compared to the corresponding quarter of 2006/07 (Figure 9). Imports increased by 32.3 percent, reflecting continued growing domestic demand. The current account balance registered a slight deficit of US$ 92 million during the first quarter of FY2007/08, representing 0.1 percent of GDP, compared to a surplus of US$1.4 billion during the corresponding quarter of FY2006/07. Net foreign direct investment inflows reached US$ 2,969 million during the first quarter of FY2007/08, a decline of 8.3 percent compared to the first quarter of FY2006/07.

Figure 9. Merchandise Exports, Tourism and Suez Canal Receipts

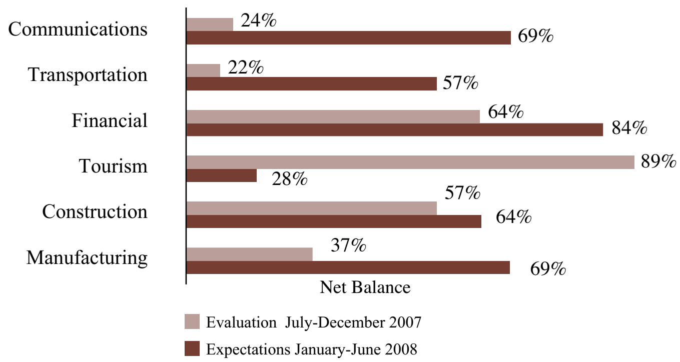


Source: Central Bank of Egypt.
Note: Q1: July–September; Q2: October-December; Q3: January-March; Q4: April-June.

Figure 10. Production
(a) Whole Sample Evaluation and Expectations



(b) Sectoral Evaluation and Expectations



Source: Survey results.

Firms' expectations regarding overall economic growth were not much different in the current issue compared to the previous one. The majority of firms (88 percent) expected higher or stable economic growth, with more firms (12 percent) anticipating lower growth for the first six months of 2008 compared to (93 percent) and (7 percent) for the second half of 2007. Firms' conservative expectations regarding economic growth could be mainly explained by large fiscal imbalances, high inflation and unemployment rates, and mal-distribution of income. These factors contributed to casting doubts on the sustainability of the high growth rates achieved in the past couple of years. Despite the efforts to boost economic growth, the issue of social justice represents a major challenge facing the government. Bolder reform measures should be undertaken to reduce poverty through better channeling of subsidies to vulnerable groups and increased coverage of social safety nets, and to increase employment.

Production improved and reduced expectations

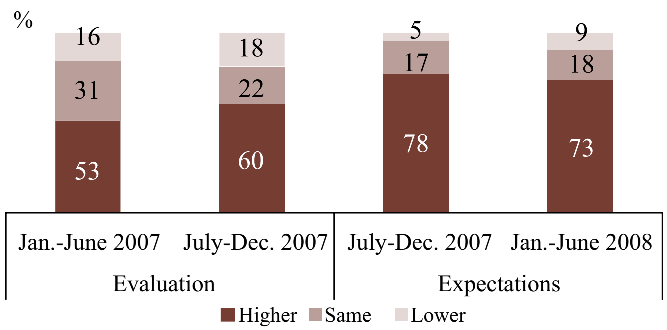
The majority of respondents reported higher (62 percent) or stable (21 percent) own production during the second half of 2007. At the same time, more firms (17 percent) reported lower production compared to the previous survey (14 percent). Figure 10b. shows that the percentage of firms reporting higher production was highest in tourism, followed by financial and construction firms. The performance of the manufacturing, communications and transportation firms was less than average. Within the manufacturing sector, the percentage of firms in the wood and furniture, non-metal and paint industries reporting an increase in production was higher than that of firms producing textile and plastic products.

In general, firms were less optimistic about their expected performance during the next six months. The majority of firms expect higher (75 percent) or similar (16 percent) production levels. However, more firms (9 percent) expect to reduce their production during the first six months of 2008 compared to (6 percent) during the last six months of 2007. More optimistic expectations were reported by financial, communications, manufacturing and construction firms. Unexpectedly, tourism firms were less optimistic. Within the manufacturing sector, more firms in the wood and furniture, leather, non-metal, paint, pottery and transportation equipment industries plan to increase production.

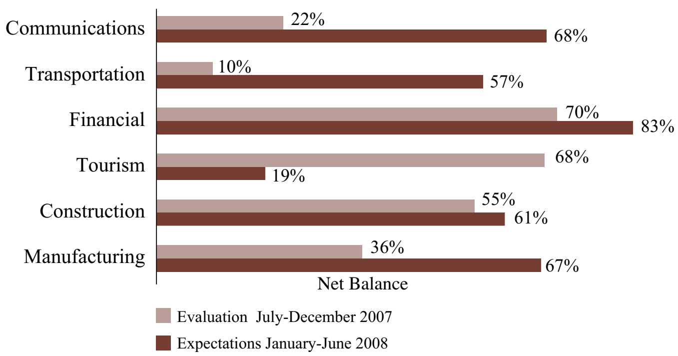
More firms reported increased domestic sales and higher expectations

During the last six months of 2007, the majority of respondents reported higher (60 percent) or stable (22 percent) domestic sales. Relatively more firms in the financial, tourism and construction sectors reported higher domestic sales compared to manufacturing, communications and transportation firms. Within the manufacturing sector, the percentage of firms reporting an increase in domestic sales was higher in wood and furniture, non-metal and paint industries. More firms in plastic, clothing and textiles industries reported a decline in their domestic sales.

Figure 11. Domestic Sales
(a) Whole Sample Evaluation and Expectations



(b) Sectoral Evaluation and Expectations



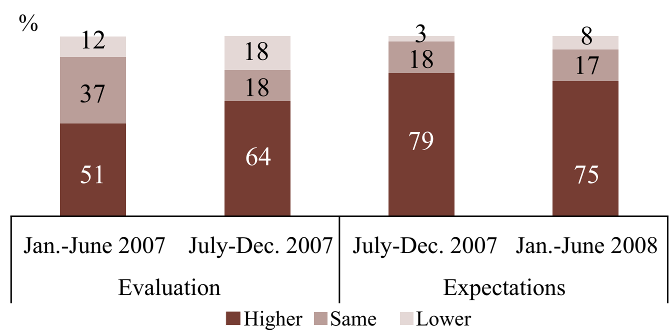
Source: Survey results.

For the first six months of 2008, the majority of firms anticipate higher (73 percent) and stable (18 percent) domestic sales, although their expectations were less optimistic compared to the last six months of 2007 (with 78 percent of firms anticipating higher domestic sales). Similarly, more firms (9 percent) expect lower domestic sales during the first six months of 2008 compared to the last six months of 2007 (5 percent). The percentage of firms expecting an increase in domestic sales was higher in the financial, communications, manufacturing, construction and transportation sectors. Tourism firms were less optimistic about domestic sales in the first half of 2008. Within the manufacturing sector, wood and furniture, leather, non-metal, paint, pottery and transportation equipment firms were the most optimistic concerning domestic sales.

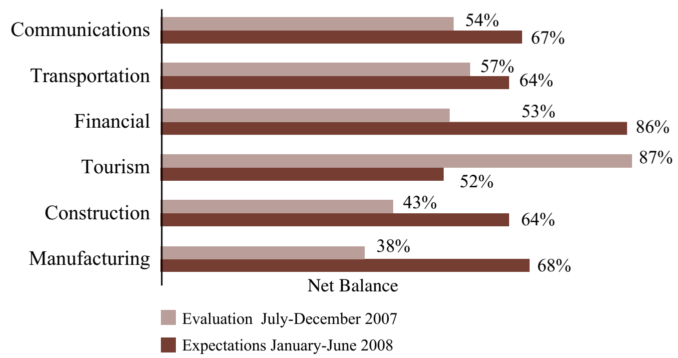
Increased international sales and unfavorable expectations

The majority of firms reported higher (64 percent) or steady (18 percent) international sales during the second half of 2007. The most favorable views were reported by tourism, transportation, communications and financial firms. Construction and manufacturing firms reported less favorable international sales. Within the manufacturing sector, more firms in clothing, printing, leather, non-metal and paint industries reported an increase in exports. International sales targeted mainly the US, EU and Arab markets. Lower exports targeted Asian and African countries.

Figure 12. International Sales
(a) Whole Sample Evaluation and Expectations

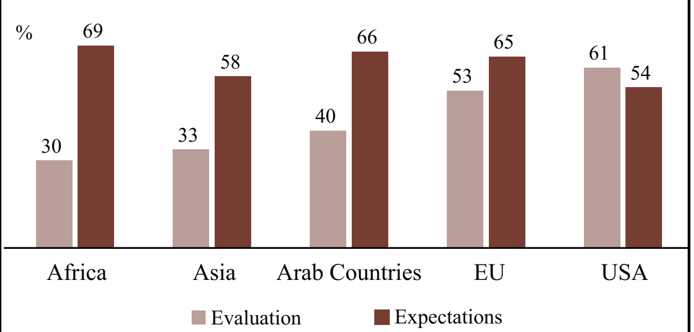


(b) Sectoral Evaluation and Expectations



Source: Survey results.

Figure 13. Geographic Distribution of International Sales



Source: Survey results.

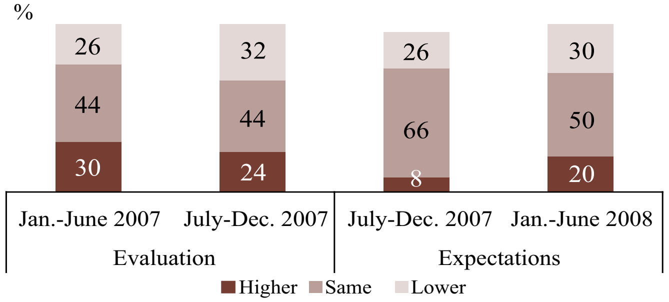
For the first six months of 2008, the majority of firms anticipate higher (75 percent) and stable (17 percent) international sales, although they were slightly less optimistic compared to the last six months of 2007. Similarly, more firms (8 percent) expect lower international sales during this period compared to only 3 percent during the last six months of 2007. The less favorable expectations could be explained by the expected impact of the appreciation of the pound. Firms intend to increase their exports mainly to African and Arab countries and to the EU. Fewer firms expect to increase their exports to the US and to Asian countries. Relatively more firms in the financial, manufacturing, communications, construction and transportation expect higher exports during the first six months of 2008; tourism firms are less optimistic. More firms engaged in wood and furniture, printing, leather, rubber and non-metal industries anticipate higher exports.

Firms lowered inventories and increased capacity utilization

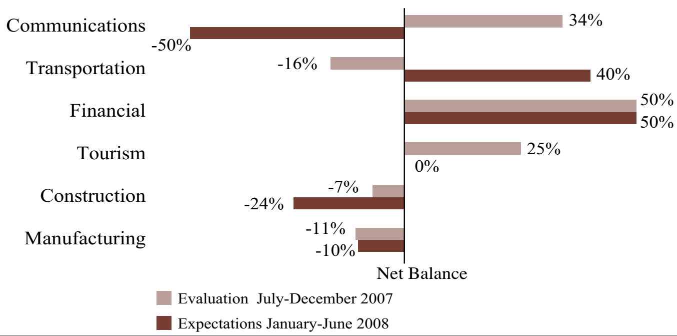
The majority of firms maintained (44 percent) or reduced (32 percent) their inventories. At the same time, firms reported higher (51 percent) or stable (40 percent) levels of capacity utilization. A higher percentage of firms in the financial, communications and tourism sectors reported an increase in inventories, while more firms in transportation, manufacturing and construction reported a decline. All firms reported an increase of capacity utilization, with more manufacturing firms reporting a decline of capacity utilization. More firms in wood and furniture industries reported higher inventories while all other firms reported decreased or stable inventories. Only plastic, pottery, textiles and clothing firms reported a decline of capacity utilization.

For the next six months, the majority of firms intend to maintain (50 percent) or lower (30 percent) their inventories. However, more firms (20 percent) expect to increase their inventories compared to the previous survey, where only 8 percent of the firms intend to raise inventories. As for capacity utilization, the majority of firms intend to increase (68 percent) or maintain (28 percent) it. Relatively more firms in the communications sector anticipate a reduction in inventories, followed by construction and manufacturing firms. Only financial and transportation firms intend to increase inventories. All sectors, especially financial and communications firms, expect to increase capacity utilization. In manufacturing, only footwear firms plan to reduce their capacity utilization, while wood and furniture, leather, paint and glass products firms plan to increase it.

Figure 14. Inventory
(a) Whole Sample Evaluation and Expectations

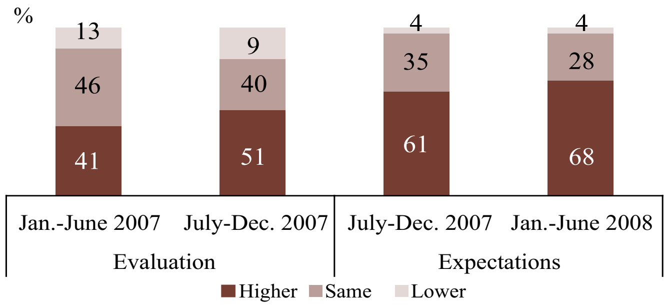


(b) Sectoral Evaluation and Expectations

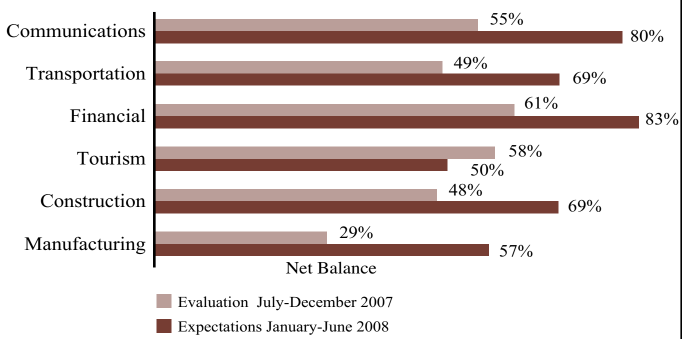


Source: Survey results.

Figure 15. Capacity Utilization
(a) Whole Sample Evaluation and Expectations



(b) Sectoral Evaluation and Expectations



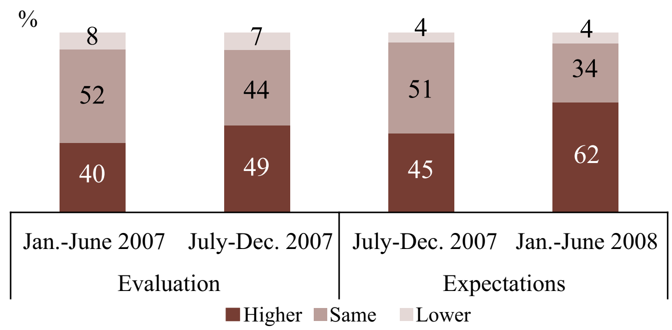
Source: Survey results.

Prices and Wages

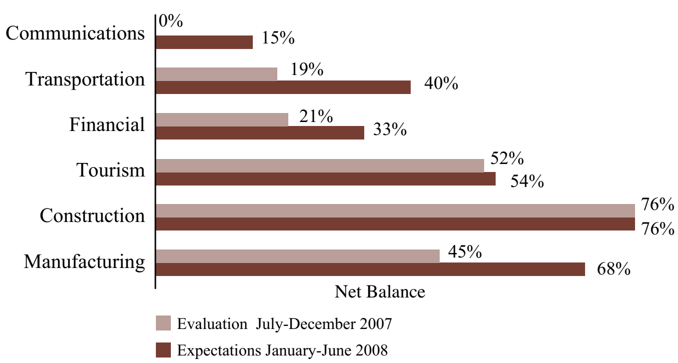
Higher prices and mixed expectations

The majority of firms reported higher (49 percent) or stable (44 percent) output prices. Relatively more firms in the construction, tourism and manufacturing sectors reported an increase in output prices. These results are in line with the increase in real estate prices and the rise in inflation. Within the manufacturing sector, all wood and furniture, non-metal and petroleum firms reported a price increase.

Figure 16. Final Product Prices
(a) Whole Sample Evaluation and Expectations



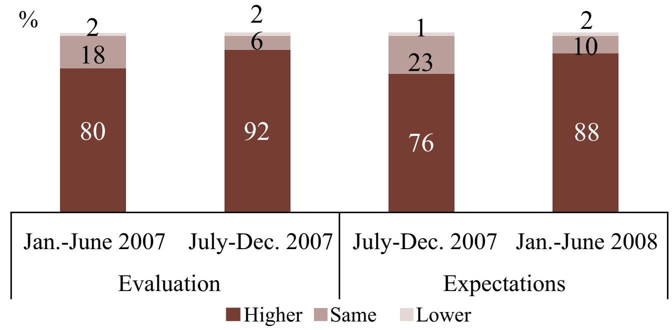
(b) Sectoral Evaluation and Expectations



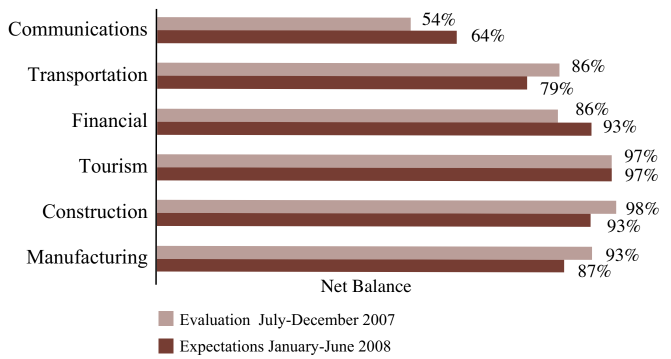
Source: Survey results.

For the first six months of 2008, the majority of firms anticipate higher (62 percent) or stable (34 percent) output prices. Relatively more firms in the construction, manufacturing and tourism firms expect an increase in prices. Within the manufacturing sector, more firms in wood and furniture, non-metal, soap, paint and glass industries anticipate an increase in prices.

Figure 17. Intermediate Input Prices
(a)Whole Sample Evaluation and Expectations



(b) Sectoral Evaluation and Expectations



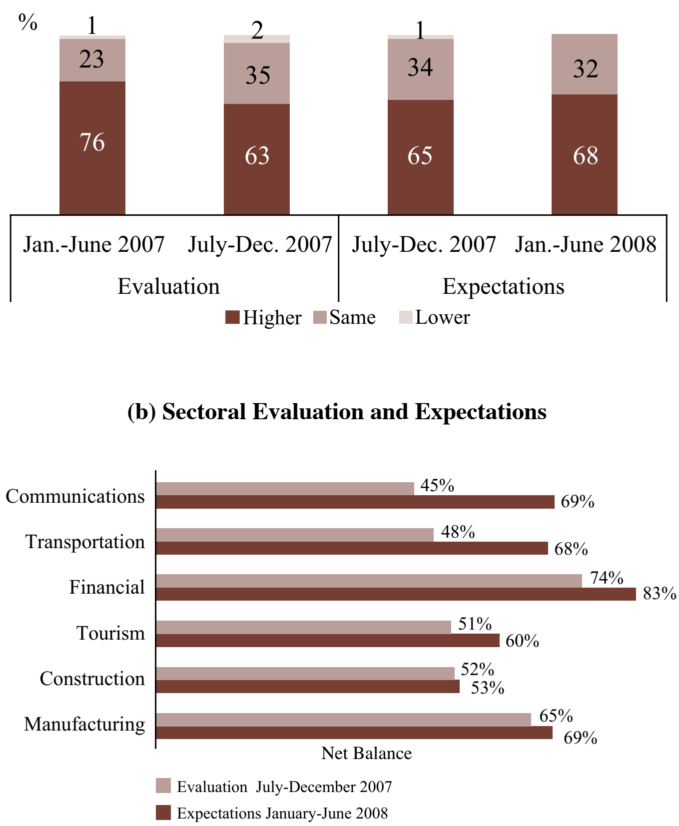
Source: Survey results.

The majority of firms reported higher (92 percent) intermediate input prices. More firms in the construction, tourism and manufacturing sectors reported an increase in input prices. For the first six months of 2008, 88 percent of firms expect higher input prices, while 10 percent expect stable input prices. More firms in the tourism, construction and financial sectors expect higher input prices, while relatively less manufacturing firms expect input prices to increase. Transportation and communications firms were less pessimistic about their input prices.

Lower wages and less favorable expectations

For the second half of 2007, the majority of firms continued to report higher (63 percent) or stable wages (35 percent). However, they were fewer compared to the previous survey (76 percent). Relatively more firms in the financial, manufacturing, construction and tourism sectors reported higher wages. Within the manufacturing sector, more firms in leather, non-metal, petroleum, paint, glass and pottery industries reported higher wages. Regarding expectations, all firms anticipate higher (68 percent) or stable (32 percent) wages. More firms in the financial, communications, manufacturing and transportation sectors expect higher wages. Within the manufacturing sector, more firms in the beverages and tobacco, printing, leather, rubber and non-metal industries expect an increase in wages.

Figure 18. Wages
(a) Whole Sample Evaluation and Expectations



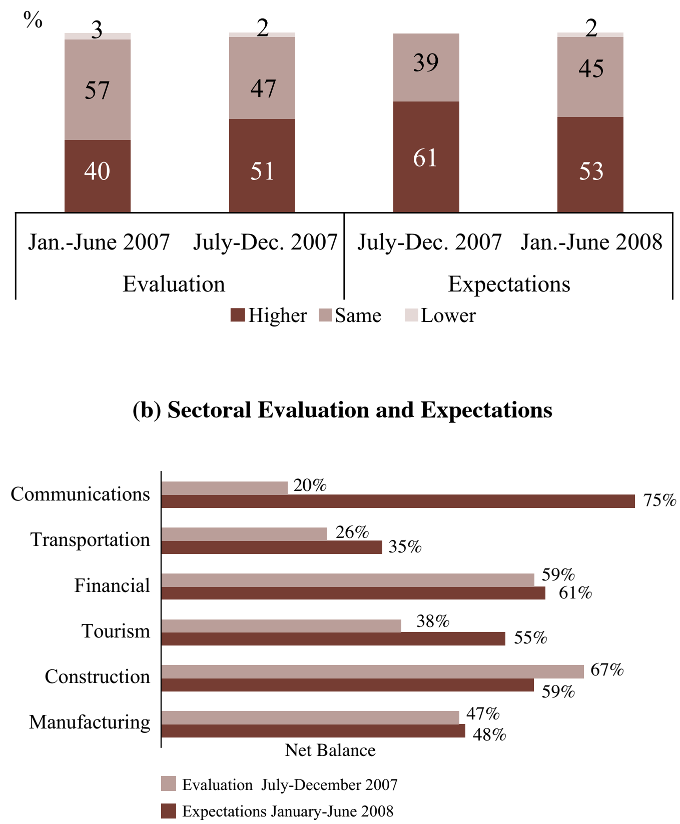
Source: Survey results.

Investment and Employment

Higher investment and lower expectations

During the last sixth months of 2007, the majority of respondents reported higher (51 percent) or stable (47 percent) investment levels. The bulk of investments was directed to machinery and equipment, buildings and land. More firms in the construction sector reported higher investments, followed by financial, manufacturing and tourism firms. Within the manufacturing sector, more firms in petroleum, soap, and pottery firms reported higher levels of investment.

Figure 19. Investment
(a)Whole Sample Evaluation and Expectations



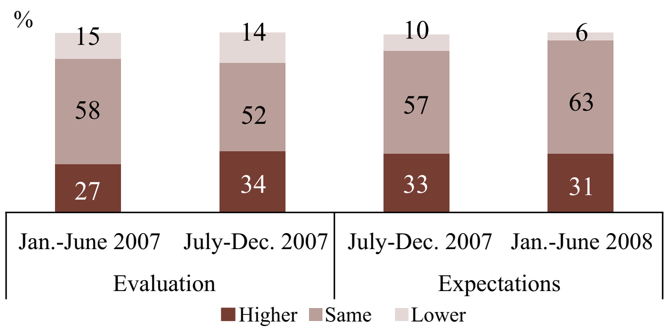
Source: Survey results.

For the first six months of 2008, the majority of firms expect to increase (53 percent) or maintain (45 percent) the levels of investment. However, fewer firms expect to increase investment compared to the previous survey (61 percent). Relatively more firms in the communications, financial, construction and tourism sectors expect higher investments. Within the manufacturing sector, more firms in the printing, leather and petroleum sectors plan to increase investment.

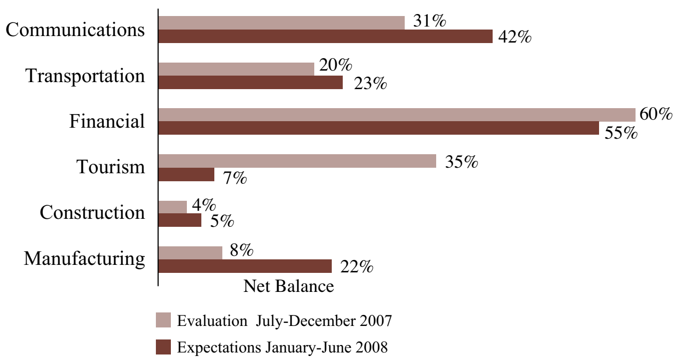
Higher employment and favorable expectations

During the second half of 2007, firms reported stable (52 percent) or higher (34 percent) employment. The majority of firms hired more blue-collar (23 percent) than white-collar (13 percent) workers; and more permanent (44 percent) than temporary workers (24 percent). Firms in the financial, tourism and communications sectors hired more workers, while relatively less firms in the manufacturing sector reported more employment. Within the manufacturing sector, more firms in the wood and furniture, and non-metal industries reported higher employment. More plastic, textiles and clothing firms reported a reduction in employment.

Figure 20. Employment
(a)Whole Sample Evaluation and Expectations



(b) Sectoral Evaluation and Expectations



Source: Survey results.

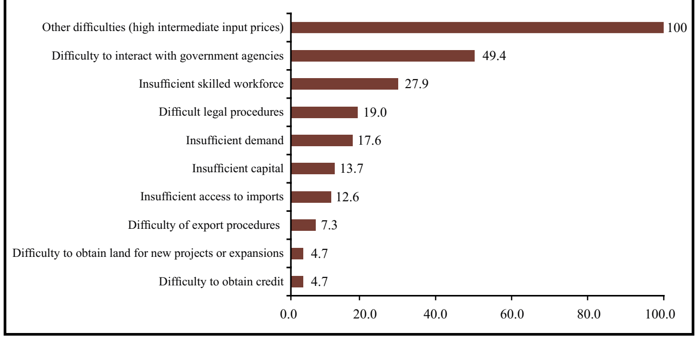
For the first sixth months of 2008, firms expect to maintain (63 percent) or increase (31 percent) employment. These expectations are close to the last survey. Relatively more firms in the financial and communications sectors expect to increase their employment than firms in other sectors. Within the manufacturing sector, leather and pottery firms plan to increase their employment, while more paper and textiles firms plan to reduce employment.

Business Constraints

Major constraints: high intermediate input prices, difficulty in dealing with government bureaucracy, insufficient skilled workers and difficulty of legal procedures

According to the last BB, the majority of firms expressed concern about dealing with government bureaucracy and legal procedures as well as insufficient skilled workers. Capital availability and weak demand were also reported as major constraints that affected firms' activities. In the current survey, the majority of firms expressed concern about high input prices, dealing with government bureaucracy, insufficient skilled workforce, and difficulty of legal procedures. Figure 21 illustrates constraints reported by firms as major factors affecting their performance.

Figure 21. Major Constraints
July-December 2007



Source: Survey results.

Statistical Annex

Table1. Business Constraints Reported by Firms Over the Last Ten Years

Issue #	Surveyed Period	Date of Issue	Constraints in Order of Severity
IB1	April-June 1998	**July 1998**	Lack of skilled labor force, poor demand, and limited access to credit.
IB2	October-December 1998	**January 1999**	Weak market demand.
IB3	January-June 1999	**July 1999**	Weak market demand.
IB4	July-December 1999	**January 2000**	Weak market demand, lack of skilled labor, and insufficient credit (private sector).
BB5	January-June 2000	**July 2000**	Weak market demand, lack of skilled labor (public sector), and insufficient credit (private sector).
BB6	July-December 2000	**January 2001**	Access to credit, market demand and lack of capital.
BB7	January-June 2001	**July 2001**	Weak market demand, lack of capital, access to imports, and lack of skilled labor.
BB8	July-December 2001	**January 2002**	Lack of capital, weak market demand, access to imports, and credit and lack of skilled labor.
BB9	January-June 2002	**July 2002**	Access to credit, lack of skilled workforce, access to imports, and market demand.
BB10	July-December 2002	**January 2003**	Access to imports, market demand, access to credit and capital, and lack of skilled workforce.
BB11	January-June 2003	**July 2003**	Access to imports, market demand, access to credit and capital, and lack of skilled workforce.
BB12	July-December 2003	**January 2004**	Access to finance, access to imports, weak market demand, and lack of skilled workforce.
BB13	January-June 2004	**July 2004**	Access to finance, access to imports, weak market demand, and lack of skilled workforce.
BB14	July-December 2004	**January 2005**	Access to finance, access to imports, weak market demand, and lack of skilled workforce.
BB15	January-June 2005	**July 2005**	Access to finance, weak market demand, access to imports, and lack of skilled workforce.
BB16	July-December 2005	**January 2006**	Weak market demand, access to finance, access to imports, and lack of skilled labor force.
BB17	January-June 2006	**July 2006**	Weak market demand, lack of skilled labor force, and access to finance and imports.
BB18	July-December 2006	**January 2007**	Weak market demand and inadequate access to credit.
BB19	January-June 2007	**July 2007**	Difficulty in dealing with government and legal procedures, and lack of skilled labor.
BB20	July-December 2007	**January 2008**	High input prices, difficulty in dealing with government and legal procedures, and lack of skilled labor.

Source: Survey results.

Table 2. Survey Results: Summary of Business Sector Evaluation and Expectations[1] (%)

Indicator	Business Sector								Manufacturing Sector								Construction Sector								Tourism Sector							
	Evaluation				Expectations				Evaluation				Expectations				Evaluation				Expectations				Evaluation				Expectations			
	July-Dec. 2007				Jan.-June 2008				July-Dec. 2007				Jan.-June 2008				July-Dec. 2007				Jan.-June 2008				July-Dec. 2007				Jan.-June 2008			
	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]
Economic growth	48	29	23	**25**	54	34	12	**42**	48	30	22	**26**	56	32	12	**44**	43	28	29	**14**	50	32	18	**32**	67	14	19	**48**	49	30	21	**28**
Business activity																																
Production	62	21	17	**45**	75	16	9	**66**	57	23	20	**37**	77	15	8	**69**	68	21	11	**57**	75	14	11	**64**	91	7	2	**89**	54	20	26	**28**
Domestic sales	60	22	18	**42**	73	18	9	**64**	56	24	20	**36**	76	15	9	**67**	68	19	13	**55**	73	15	12	**61**	76	16	8	**68**	43	33	24	**19**
International sales	64	18	18	**46**	75	17	8	**67**	59	20	21	**38**	75	18	7	**68**	64	15	21	**43**	71	22	7	**64**	87	13	0	**87**	65	22	13	**52**
Inventory	24	44	32	**-8**	20	50	30	**-10**	23	43	34	**-11**	21	48	31	**-10**	21	51	28	**-7**	12	52	36	**-24**	38	49	13	**25**	0	100	0	**0**
Level of capacity utilization[3]	51	40	9	**42**	68	28	4	**64**	43	43	14	**29**	62	33	5	**57**	52	44	4	**48**	71	27	2	**69**	63	32	5	**58**	69	12	19	**50**
Prices																																
Final product prices	49	44	7	**42**	62	34	4	**58**	51	43	6	**45**	70	28	2	**68**	80	16	4	**76**	80	16	4	**76**	55	42	3	**52**	59	36	5	**54**
Intermediate input prices	92	6	2	**90**	88	10	2	**86**	94	5	1	**93**	88	11	1	**87**	98	2	0	**98**	95	3	2	**93**	97	3	0	**97**	97	3	0	**97**
Wage level	63	35	2	**61**	68	32	0	**68**	68	29	3	**65**	69	31	0	**69**	52	48	0	**52**	53	47	0	**53**	56	39	5	**51**	60	40	0	**60**
Primary inputs																																
Investment	51	47	2	**49**	53	45	2	**51**	49	49	2	**47**	50	48	2	**48**	70	27	3	**67**	62	35	3	**59**	46	46	8	**38**	55	45	0	**55**
Employment	34	52	14	**20**	31	63	6	**25**	27	54	19	**8**	31	60	9	**22**	27	50	23	**4**	18	69	13	**5**	37	61	2	**35**	7	93	0	**7**

Indicator	Transportation								Communications								Financial Intermediaries							
	Evaluation				Expectations				Evaluation				Expectations				Evaluation				Expectations			
	July-Dec. 2007				Jan.-June 2008				July-Dec. 2007				Jan.-June 2008				July-Dec. 2007				Jan.-June 2008			
	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]
Economic growth	36	43	21	**15**	55	38	7	**48**	31	35	34	**-3**	45	41	14	**31**	60	21	19	**41**	59	33	8	**51**
Business activity																								
Production	45	32	23	**22**	66	25	9	**57**	55	14	31	**24**	79	11	10	**69**	72	20	8	**64**	86	12	2	**84**
Domestic sales	39	32	29	**10**	67	23	10	**57**	54	14	32	**22**	79	10	11	**68**	73	24	3	**70**	85	13	2	**83**
International sales	68	21	11	**57**	75	14	11	**64**	67	20	13	**54**	80	7	13	**67**	73	7	20	**53**	93	0	7	**86**
Inventory	17	50	33	**-16**	40	60	0	**40**	67	0	33	**34**	0	50	50	**-50**	50	50	0	**50**	50	50	0	**50**
Level of capacity utilization[3]	55	39	6	**49**	69	31	0	**69**	55	45	0	**55**	83	14	3	**80**	65	31	4	**61**	83	17	0	**83**
Prices																								
Final product prices	29	61	10	**19**	44	52	4	**40**	19	62	19	**0**	27	61	12	**15**	32	57	11	**21**	38	57	5	**33**
Intermediate input prices	86	14	0	**86**	81	17	2	**79**	67	20	13	**54**	72	20	8	**64**	86	14	0	**86**	93	7	0	**93**
Wage level	52	44	4	**48**	68	32	0	**68**	45	55	0	**45**	69	31	0	**69**	74	26	0	**74**	85	13	2	**83**
Primary inputs																								
Investment	26	74	0	**26**	35	65	0	**35**	20	80	0	**20**	75	25	0	**75**	59	41	0	**59**	65	31	4	**61**
Employment	29	62	9	**20**	25	73	2	**23**	41	49	10	**31**	45	52	3	**42**	66	28	6	**60**	55	45	0	**55**

[1] Numbers represent percent of total responses. Higher, same and lower may not add up to 100 due to rounding.
[2] 'Net balance' represents the percentage of respondents indicating "higher" minus the percentage of respondents indicating "lower".
[3] Higher = approaching full capacity; Same = normal capacity utilization; Lower = below capacity utilization.

Table 3. Survey Results: Summary of Business Sector Evaluation [1]

(%)

Indicator	July-December 2004				January-June 2005				July-December 2005				January-June 2006				July-December 2006				January-June 2007				July-December 2007			
	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]
Economic growth	30	43	27	**3**	35	40	25	**10**	40	39	21	**19**	28	34	38	**-10**	36	43	21	**15**	51	35	14	**37**	48	29	23	**25**
Business activity																												
Production	45	37	18	**27**	42	34	24	**18**	41	37	22	**19**	45	30	25	**20**	44	36	20	**24**	52	34	14	**38**	62	21	17	**45**
Domestic sales	41	37	22	**19**	40	34	26	**14**	42	33	25	**17**	39	34	27	**12**	44	35	21	**23**	53	31	16	**37**	60	23	18	**42**
International sales	49	28	23	**26**	45	32	23	**22**	46	29	25	**21**	46	28	26	**20**	45	31	24	**21**	51	37	12	**39**	64	18	18	**46**
Inventory	21	50	29	**-8**	29	40	31	**-2**	22	45	33	**-11**	25	46	29	**-4**	27	48	25	**2**	30	44	26	**4**	24	44	32	**-8**
Level of capacity utilization[3]	35	45	20	**15**	33	42	25	**8**	32	48	20	**12**	25	47	28	**-3**	37	48	15	**22**	41	46	13	**28**	51	40	9	**42**
Prices																												
Final product prices	52	40	8	**44**	34	48	18	**16**	30	55	15	**15**	41	51	8	**33**	41	51	8	**33**	40	52	8	**32**	49	44	7	**42**
Intermediate input prices	88	7	5	**83**	74	16	10	**64**	70	20	10	**60**	81	16	3	**78**	81	16	3	**78**	80	18	2	**78**	92	6	2	**90**
Wage level	58	40	2	**56**	62	34	4	**58**	57	42	1	**56**	72	25	3	**69**	62	37	1	**61**	76	23	1	**75**	63	35	2	**61**
Primary inputs																												
Investment	34	55	11	**23**	37	53	10	**27**	30	61	9	**21**	38	51	11	**27**	42	49	9	**33**	40	57	3	**37**	51	47	2	**49**
Employment	25	49	26	**-1**	17	54	29	**-12**	19	56	25	**-6**	26	54	20	**6**	26	56	18	**8**	27	58	15	**12**	34	52	14	**20**

Table 4. Survey Results: Summary of Business Sector Expectations[1]

(%)

Indicator	January-June 2005				July-December 2005				January-June 2006				July-December 2006				January-June 2007				July-December 2007				January-June 2008			
	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]	Higher	Same	Lower	Net Balance[2]
Economic growth	49	33	18	**31**	53	34	13	**40**	56	36	7	**49**	48	37	14	**34**	58	35	7	**51**	54	39	7	**47**	54	34	12	**42**
Business activity																												
Production	67	25	8	**59**	77	18	5	**72**	72	18	10	**62**	73	20	7	**66**	72	22	6	**66**	79	15	6	**73**	75	16	9	**66**
Domestic sales	61	28	11	**50**	75	19	6	**69**	66	24	10	**56**	68	23	9	**59**	69	25	6	**63**	78	17	5	**73**	73	18	9	**64**
International sales	67	22	11	**56**	72	21	7	**65**	74	22	4	**70**	74	19	7	**67**	71	26	3	**68**	79	18	3	**76**	75	17	8	**67**
Inventory	19	43	38	**-19**	15	55	30	**-15**	18	43	39	**-21**	26	45	29	**-3**	26	50	24	**2**	8	66	26	**-18**	20	50	30	**-10**
Level of capacity utilization[3]	59	36	5	**54**	63	34	3	**60**	57	36	7	**50**	65	29	6	**59**	69	27	4	**65**	61	35	4	**57**	68	28	4	**64**
Prices																												
Final product prices	51	39	10	**41**	44	49	7	**37**	43	51	6	**37**	50	46	4	**46**	56	39	5	**51**	45	51	4	**41**	62	34	4	**58**
Intermediate input prices	71	22	7	**64**	57	31	12	**45**	64	32	4	**59**	70	26	4	**66**	75	22	3	**72**	76	23	1	**75**	88	10	2	**86**
Wage level	67	31	2	**65**	68	31	1	**67**	65	35	0	**65**	68	32	1	**67**	70	30	1	**69**	65	34	1	**64**	68	32	0	**68**
Primary inputs																												
Investment	52	48	0	**52**	59	41	0	**59**	51	49	0	**51**	59	41	0	**59**	61	39	0	**61**	61	39	0	**61**	53	45	2	**51**
Employment	22	58	20	**2**	24	61	15	**9**	22	63	15	**8**	33	55	12	**21**	35	54	11	**24**	33	57	10	**23**	31	63	6	**25**

[1] Numbers represent percent of total responses. Higher, same and lower may not add up to 100 due to rounding.
[2] 'Net balance' represents the percentage of respondents indicating "higher" minus the percentage of respondents indicating "lower".
[3] Higher = approaching full capacity; Same = normal capacity utilization; Lower = below capacity utilization.

Methodology

Due to the lack of timely real-side data on the Egyptian economy, in 1998 ECES created and conducted a biannual survey targeting the most important sectors affecting economic activity. Aside from providing useful information on business sector views about past performance, the survey also sheds light on the sector's expectations for future production, prices, employment, and investment. Starting the July 2007 issue, the survey has been based on a sample of large firms (in terms of activity levels) in the manufacturing, construction and tourism sectors, in addition to transportation, communications and financial sectors. It will continue to be conducted biannually in June and December.

In 1998, the survey was confined to the manufacturing sector. The decision to include the construction sector in 2000 was based on several observations. First, it was noticed that the government made a great effort to provide adequate infrastructure. This led to a significant increase in the construction sector's share in economic activity from 4.94 percent of GDP in FY1989/90 to 6 percent in FY1998/99. Furthermore, the sector absorbs virtually 8 percent of total employment in the Egyptian economy. The sector investment is rapidly expanding, with the private sector implementing over 80 percent of such investment.

In June 2002, ECES expanded the sample to include the tourism sector due to its relative importance as Egypt's largest foreign exchange earner. The contribution of this sector to GDP exceeds the average of 1.5 percent reported in national accounts. Estimates of tourism's direct and indirect impact on GDP reached 11 percent of GDP in 2000. The sampled firms cover the two main activities in the tourism sector, namely hotels and travel agencies.

In the July 2006 edition, the sample was revised to reflect the contribution of the manufacturing, construction and tourism sectors to GDP and the role of public and private enterprises in generating value added within each sector in accordance with the Ministry of Planning data for 2004/05. Also, the sample of firms was increased to 320 firms (from 210 firms) to allow a broader coverage of large businesses in the economy. Sectoral breakdown of the sample was as follows: 227 manufacturing firms, 50 construction firms and 43 tourism firms.

The structure of the manufacturing sector's sample was also revised to reflect the contribution of each industry to manufacturing value added and the importance of public versus private production within each industry based on CAPMAS Annual Industrial Statistics 2004 (for the private sector) and 2003/04 (for the public sector). Manufacturing sub-sectors are: food; beverages and tobacco; spinning and weaving; ready-made clothes; wood and furniture; paper and its products; printing; shoes; leather and leather products; rubber products; chemicals and chemical-related products; non-metal mining products; basic metal products; and transportation equipment.

In the July 2007 issue, the sample was further expanded to include an additional 154 firms covering three more sectors; namely transportation (57 firms), communications (28 firms) and financial intermediaries sectors (65 firms) and an additional 4 firms were added from the construction sector. The number of firms in each sector reflects its share in the 2005/06 GDP. These sectors were selected for their growing contribution in economic activity. In addition, the questionnaire was revised to include more details about firms' evaluation of the geographic distribution of exports, the prices of different intermediate inputs, namely raw materials, energy and maintenance costs, the type of investment: in machinery and equipment, land and buildings, and finally the type of employment, whether white or blue collar. Questions about firms' expectations regarding the geographic distribution of exports and the price of intermediate inputs, by type, were also added to the questionnaire. Three more questions were added to the questionnaire: firms' evaluation of research and development (R&D) spending, support received from the government (such as export subsidies) and sources of finance. The types of constraints that face firms' activities were expanded to include other constraints such as: dealing with government procedures, legal procedures, export procedures, land availability, credit cost and procedures.

The survey elicits responses of firms on current levels of activity in terms of production, sales in domestic and international markets, inventories, the level of capacity utilization, the prices of final products and of intermediate inputs, as well as wages, employment and investment. The survey also probes the changing nature of constraints on business, as well as assessment of overall economic growth (see attached questionnaire).

ECES would like to express its deep appreciation to all companies that participated in the completion of the questionnaire in due time, and would welcome any comments or suggestions for further improvement.

المركز المصرى للدراسات الإقتصادية
ECES
The Egyptian Center for Economic Studies

Business Barometer

(Biannual Survey: January 2008)

Respondent Name: .... Position: ....

Enterprise Name: ....

Nature of Activity: .... Specialization: ....

Telephone Number:...

Sector: .... ☐ Public ☐ Private

Year of Foundation: .... Number of Employees: ....

Address: .... Email Address: ....

Date of Interview: .... Surveyed Period: (July 2007 – December 2007)

1- During the past six months relative to the preceding six months:				%
- Was your production/volume of activity:	☐ Higher	☐ Normal	☐ Lower	___
- Was your sales volume/size of activity in the domestic market:	☐ Higher	☐ Normal	☐ Lower	___
- Was your sales volume/size of activity in the international market:				
- *European Union*	☐ Higher	☐ Normal	☐ Lower	___
- *United States of America*	☐ Higher	☐ Normal	☐ Lower	___
- *Arab Countries*	☐ Higher	☐ Normal	☐ Lower	___
- *Asia (excluding Arab countries)*	☐ Higher	☐ Normal	☐ Lower	___
- *Africa (excluding Arab countries)*	☐ Higher	☐ Normal	☐ Lower	___
- Did prices of your products/ projects:	☐ Rise	☐ Stay the same	☐ Fall	___
- Did prices of your inputs:				
- *Raw materials*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Energy*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Maintenance*	☐ Rise	☐ Stay the same	☐ Fall	___
- Did your wage level:	☐ Rise	☐ Stay the same	☐ Fall	___
- Did your inventories:	☐ Rise	☐ Stay the same	☐ Fall	___
- Was your capacity utilization:	☐ Approaching full capacity	☐ Normal	☐ Below	___
- Did your employment, from:				
- *White-collar:*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Permanent*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Temporary*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Blue-collar:*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Permanent*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Temporary*	☐ Rise	☐ Stay the same	☐ Fall	___

- Did your investment in:
    - *Land* ☐ Rise ☐ Stay the same ☐ Fall ___
    - *Buildings* ☐ Rise ☐ Stay the same ☐ Fall ___
    - *Machinery & Equipment* ☐ Rise ☐ Stay the same ☐ Fall ___
- Did your expenditure on R&D ☐ Rise ☐ Stay the same ☐ Fall ___
- Did the value of subsidies that your firm benefit from (if applicable) ☐ Rise ☐ Stay the same ☐ Fall ___

2- What were your sales/size of activity in Egyptian pounds during: The year before the survey period:-------------

The survey period: ------------------------------

3- In the past six months, did the economy grow: ☐ Faster ☐ At the same rate ☐ Slower

4- What are your company's main sources of finance from the following list, ranking your choices on a scale from 1 to 4 (1 for the lowest and 4 for the highest source):

	Source	**Rank**
1-	Own funds/business partner	
2-	Bank credit	
3-	Issuing bonds	
4-	Stock market (selling stocks)	

5- Is your production currently constrained: ☐ Yes ☐ No

If yes, please rank on a scale from 0 to 4 the following constraints to your production process, where 0 indicates not a constraint and 4 refers to severe constraints.

	0	**1**	**2**	**3**	**4**
- Insufficient demand					
- Insufficient capital					
- Insufficient access to imports					
- Insufficient skilled workforce					
- Complicated export procedures					
- Difficulty to obtain credit					
- High interest rate on loans					
- Difficulties related to terms of obtaining a bank credit					
- Difficulty to obtain land (for new projects or expansions)					
- Complicated legal procedures					
- Difficulty in interacting with government agencies					
- Other factors (please specify):---					

6- In the next six months, do you expect:

				%
- Your production/volume of activity to:	☐ Rise	☐ Stay the same	☐ Fall	___
- Your sales volume/size of activity in the domestic market to:	☐ Rise	☐ Stay the same	☐ Fall	___
- Your sales volume/size of activity in the international market to:				
- *European Union*	☐ Rise	☐ Stay the same	☐ Fall	___
- *United States of America*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Arab countries*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Asia (excluding Arab countries)*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Africa (excluding Arab countries)*	☐ Rise	☐ Stay the same	☐ Fall	___
- Prices of your products/projects to:	☐ Rise	☐ Stay the same	☐ Fall	___
- Prices of your inputs to:				
- *Raw Materials*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Energy*	☐ Rise	☐ Stay the same	☐ Fall	___
- *Maintenance*	☐ Rise	☐ Stay the same	☐ Fall	___
- Wage level to:	☐ Rise	☐ Stay the same	☐ Fall	___
- Inventories to:	☐ Rise	☐ Stay the same	☐ Fall	___
- Capacity Utilization to:	☐ Rise	☐ Stay the same	☐ Fall	___

7- In the next six months, what are you planning to do about the following items:

- Workforce:	☐ Increase	☐ Maintain	☐ Decrease
- *White-Collars:*	☐ Increase	☐ Maintain	☐ Decrease
- *Permanent*	☐ Increase	☐ Maintain	☐ Decrease
- *Temporary*	☐ Increase	☐ Maintain	☐ Decrease
- *Blue-Collars:*	☐ Increase	☐ Maintain	☐ Decrease
- *Permanent*	☐ Increase	☐ Maintain	☐ Decrease
- *Temporary*	☐ Increase	☐ Maintain	☐ Decrease
- Investment:	☐ Increase	☐ Maintain	☐ Decrease
- *Land*	☐ Increase	☐ Maintain	☐ Decrease
- *Buildings*	☐ Increase	☐ Maintain	☐ Decrease
- *Machinery & Equipment*	☐ Increase	☐ Maintain	☐ Decrease

8- In the next six months, do you expect the economy to grow

☐ Faster ☐ At the same rate ☐ Slower