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## The Egyptian Center for Economic Studies



# *Business Barometer*

July 2012

Issue No. 29

*Performance and Expectations of the Egyptian Business Sector*

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**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***

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## ***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. Starting July 2011, the Business Barometer is based on a modified sample survey in terms of firm size, comprising 218 large firms, 57 medium firms and 199 small firms. Firm size is determined by the number of employees as per CAPMAS classification, with the number of employees in small firms ranging between 5-49; in medium firms between 50-99; and in large firms more than 100.

This edition of the Business Barometer 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 over the first half of 2012 in terms of production, sales, inventories, capacity utilization, prices, wages, employment and investments. It also summarizes their expectations for overall future economic performance as well as their own activities for the second half of 2012.

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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## Overview

This edition of the *Business Barometer* reflects the views of 474 firms regarding the overall performance of the economy and their own activities during the first half of 2012 as well as their expectations for the second half of 2012. The purpose is to assess the economic stance a year after the January 25 Revolution and gauge whether firms have a better outlook for the second half of 2012 relative to the first half, particularly after a new president was sworn in last June and a new government appointed more recently. The surveyed firms cover manufacturing (50 percent), financial intermediation (13 percent), construction (12 percent), transportation (11 percent), tourism (8 percent), and communications (6 percent). The survey is conducted across a number of small, medium and large enterprises, specifically 42, 12 and 46 percent, respectively.

Egypt's *real GDP growth* registered 5.2 percent in Q3 of fiscal year 2011/12. This relatively high rate is due to a base effect, as growth in the corresponding quarter of 2010/11, in which the January 25 Revolution occurred, had been negative, registering -4.3 percent. In fact, growth in Q3 and possibly in Q4 (data unavailable yet) has been curbed by the political and social instability that persisted in the first months of 2012, coupled with the weak economic stance in Europe, Egypt's main trading partner. Consequently, average growth for the first three quarters of 2011/12 registered 1.9 percent compared to 2.3 percent in the corresponding period in the previous year. The government's expectations for the whole fiscal year 2011/12 growth are 1.8 percent, which represents a downward revision from the previous figure of 3.2 percent. The government's estimates are broadly in line with those of the ECES and the IMF, which project a GDP growth of 1.7 percent and 1.5 percent in 2011/12, respectively.

Growth in Q3 was mainly driven by the growth in private consumption and investment, while it was undermined by the drop in net exports. Indeed, real

private consumption increased by 7.3 percent while real investment increased by 25.1 percent, contributing to growth by 5.6 and 4.5 percentage points, respectively. Conversely, the growth in real exports by 7 percent was more than offset by a growth in real imports by 22 percent, resulting in a negative contribution of net exports to growth by 5.25 percentage points. Main sectoral contributors to economic growth in Q3 2011/12 were manufacturing, tourism, wholesale and retail trade and construction, which together form 2.7 percentage points of the 5.2 percent growth rate in Q3.

With the election of a new president and prospects of relative political stability, a rise in growth is expected in the second half of 2012. However, growth might be undermined by the European financial crisis, which is likely to affect trade, tourism and investment flows. It is noteworthy that growth in Europe is projected at near zero percent in 2012.

*Unemployment* in Q3 2011/12 reached 12.6 percent, compared to 11.9 percent in the corresponding period in 2010/11. It is noteworthy that the unemployment rate registered 35.3 percent among the youth (20-24 years) and 23.8 percent among females compared to 9.3 for males. Such high unemployment rates reflect scope for further reforms in the labor market and education systems with a view to capitalizing on our available human capital and achieving gender equality.

*Inflation* during the period January-June 2012 declined to an average year-over-year monthly rate of 8.9 percent, compared to an average of 11.7 percent in the corresponding period of 2011. Inflation noticeably declined to 7.04 percent in June 2012 relative to 12.1 percent in June 2011. These declines might be attributed to the weak demand due to political instability and high degree of uncertainty, which caused individuals and firms to follow a wait-and-see strategy. In addition, the increase in the average overnight deposit rate from 8.25 to 9.25 percent, in line with the increase in the average

interest rate on 91-day Treasury bills from 10.83 to 13.93 percent—during the period of January-May 2011 compared to the corresponding period in 2012—might have reduced demand. Moreover, the international food prices, indicated by the FAO food price index, declined over January-June 2012 compared to the corresponding period in 2011, which affected the domestic prices of food items. Indeed, food and beverages, which represent 40 percent of the consumer goods basket, registered an average inflation of 9.6 percent over the period January-June 2012, compared to 12.9 percent in the corresponding period in 2011. However, we expect inflation to pick up during 2012/13 owing to the projected rebound in international food and energy prices, in addition to continued pressures on the Egyptian pound.

Regarding the *stock market*, the downward trend in the EGX-30 index observed over the second half of 2011 reversed sharply during the first two months of 2012 in the aftermath of the parliamentary elections. After a slowdown in the following months, the index surged again with the presidential election. Overall, the EGX-30 registered a 30 percent increase at the end of the first half of 2012 relative to the end of the second half of 2011. In addition, the EGX-70 increased by 1.4 percent while the EGX-100 increased by 13.5 percent. However, the market surge is volatile and depends heavily on the political scene.

The *balance of payments* witnessed two opposite effects during Q3 2011/12 relative to Q3 2010/11. While the current account deficit widened from \$2.1 billion to \$2.3 billion, which is 0.9 percent of GDP in the two periods, the financial account deficit narrowed substantially from \$4.6 billion to \$1.2 billion, going down from 2 percent of GDP to 0.5 percent. On one hand, the deterioration in the current account was driven primarily by a nominal increase in commodity imports (particularly non-petroleum imports) and service payments, coupled with a relative stability in commodity exports and a moderate increase in service receipts (by

\$0.7 billion, mainly from tourism and transportation), which widened the deficit of goods and services from \$4.9 billion to \$7.2 billion. This can be attributed to several factors, including the depreciation of the Egyptian pound versus the US dollar (from 5.9 EGP/\$ on average in Q3 2010/11 to 6.05 EGP/\$ on average in Q3 2011/12) and higher inflation in European trading partners and the US in Q3 2011/12 relative to Q3 2010/11. Together they raised the import bill without affecting the volume of imports given their high price inelasticity of demand. At the same time, appreciation of the pound versus the euro (from 8.09 EGP/€ in Q3 2010/11 to 7.93 in Q3 2011/12) along with the slowdown in European economies did not help boost exports to the EU.

In addition, service payment increases were largely caused by the \$0.6 billion increase in paid-up investment income, while receipts from tourism and Suez Canal did not grow much because of the global slowdown and the effect of unrest on tourism. However, these effects on the current account were largely mitigated by a \$2.1 billion increase in remittances from Egyptians working abroad. The current account deficit is expected to take some time to narrow again, as the global economic slowdown and pressures on the EGP are expected to persist in the short run, and tourism revenue is recovering slowly.

On the other hand, the reduction in the financial account deficit in Q3 was caused by a large reduction in capital outflows as net portfolio investment went from \$-5.5 billion to \$-1.3 billion, which is in line with the good performance of the stock market in the period January-March 2012, following the parliamentary elections. Meanwhile, net FDI increased from \$-0.2 billion to \$0.6 billion—a good improvement relative to post-Revolution levels. Consequently, the overall balance of payments deficit declined from \$6.1 billion in Q3 2010/11 to \$3.2 billion in Q3 2011/12. Although net international reserves declined from \$26.6 billion (6.3 months of imports) in June 2011 to \$15.5 billion

(3.2 months of imports) in May 2012, they have registered two consecutive increases of \$0.1 billion and \$0.3 billion in April and May respectively, representing the first upturn since January 2011. These increases are attributed to remittances from workers in Iraq, the grant from Saudi Arabia and Saudi purchases of USD-denominated Egyptian Treasury bonds.

Regarding the *budget sector* during July-May 2011/2012, the deficit amounted to 8.8 percent of GDP, compared to 8.2 in the corresponding period in 2010/11. Such deficit is expected to reach 9.8 percent by the end of 2011/12, according to IMF projections, given the ongoing economic recession and excessive government spending, coupled with limited scope for mobilizing additional revenues. These factors were exacerbated by political instability, which adversely affected the investment climate, as reflected in the recent downgrading of Egypt's credit rating by international agencies (e.g., Fitch Ratings downgraded Egypt's credit ranking from BB-minus to B-plus in June 2012). Such downgrading would raise the cost of borrowing, discourage foreign investment and increase pressure on the EGP exchange rate, which would widen the fiscal deficit even more.

Also for the period of July-May 2011/12 with respect to the corresponding period of 2010/11, revenues increased from 14.6 to 16.8 percent of GDP, together with an increase in expenditures from 23 to 25.7 percent of GDP. The rise in revenues by EGP 58.9 billion was mainly caused by an increase in non-tax revenues by EGP 31 billion, coupled with the increase in tax revenues by EGP 27.9 billion. The increase in non-tax revenues was mainly due to the increase in dividend income by EGP 21.5 billion and the increase in grants from foreign governments by EGP 8.2 billion. Meanwhile, the increase in tax revenues was mainly caused by the increase in taxes from the Egyptian General Petroleum Corporation (EGPC). As a result, the share of non-tax revenues in total revenues went

up from 24.6 to 31 percent, at the expense of a corresponding decline in the share of tax revenues.

On the other hand, the rise in expenditures by EGP 81.6 billion was mainly driven by the increase in subsidies by EGP 41.4 billion, in addition to the increase in interest payments to domestic non-government individuals by EGP 22.5 billion, and the increase in salaries and wages by EGP 17.3 billion (mainly due to an increase in rewards). It is worth noting that the shares of subsidies, interest payments, wages and salaries in total expenditures went up from 69 to 75.3 percent, narrowing the government's already tight fiscal space.

The public debt in Q3 2011/12 was 75.4 percent of GDP, compared to 76.2 percent of GDP in the period in 2010/11, which is in line with a decline in the external debt to 12.8 percent of GDP compared to 15.2 percent of GDP during the corresponding periods.

To sum up, intensive efforts are needed to revive the economy. Main prerequisites for the economic agenda are restoring security and achieving political stability. Proactive policies should focus on the fiscal side to contain growing deficit and debt. Efforts should be made to prevent future inflationary pressures and enhance Egypt's external position.

Responses of firms in the sample generally reflect partial recovery during the first half of 2012. The gradual improvement of the economy is also reflected in their positive, yet cautious, outlook for the coming six months.

The remainder of this edition of the Business Barometer presents the main findings of the survey under four main headings: the level of economic activity (overall growth, production, sales, inventory and capacity utilization), prices and wages, investment and employment and finally the constraints facing the surveyed firms.

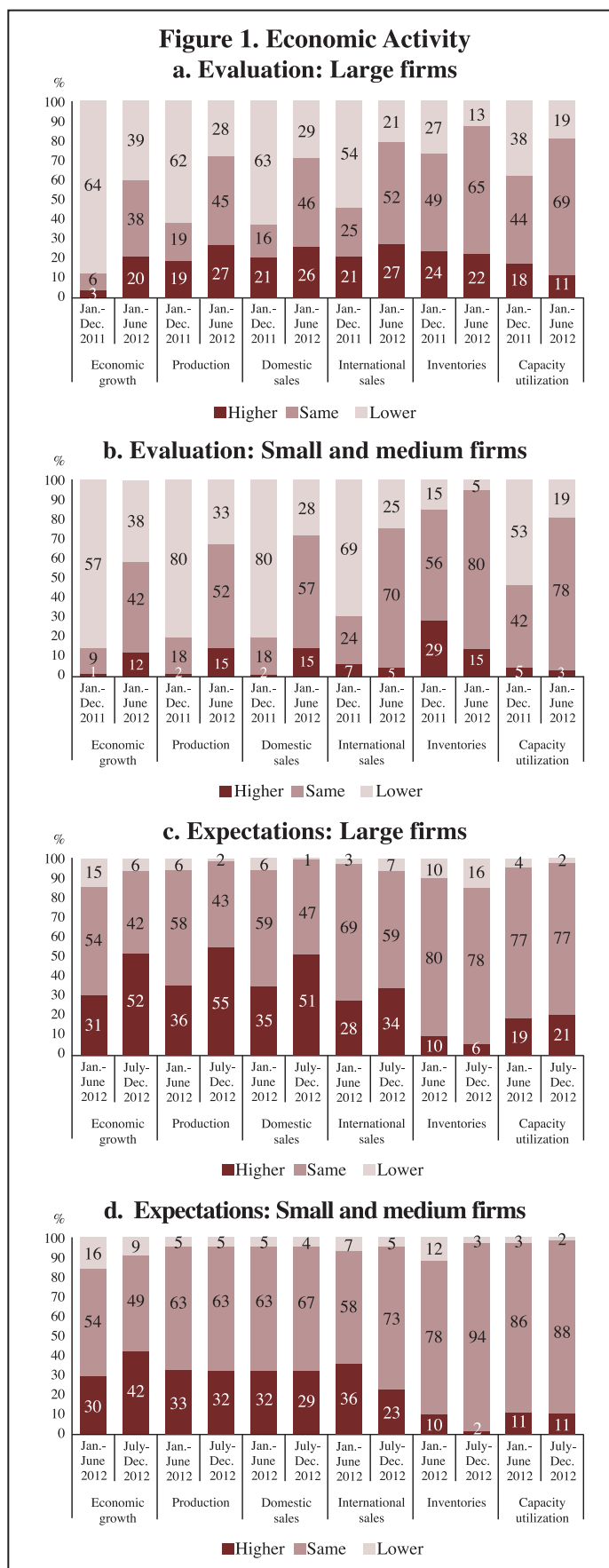
## The Level of Economic Activity

Figure 1 describes the trend for all economic activity variables, namely, perceptions of economic growth, production, domestic and international sales, capacity utilization and inventory. Figures 1a and 1b show the evaluation for the period January-June 2012 compared to the period January-December 2011, the year of the Revolution, of large firms, and small and medium firms, respectively. Figures 1c and 1d show the expectations of large, and small and medium firms for July-December 2012, compared to their previous expectations for January-June 2012, which illustrates how their outlook evolved.

### Relative improvement in all economic activity indicators

With respect to *economic growth*, the share of large as well as small and medium firms reporting lower growth has substantially decreased during the first half of 2012 compared to 2011, coupled with a considerable increase in the share of firms reporting higher growth. Besides, only 3 percent of large firms and 9 percent of small and medium ones reported perceptions of negative growth during January-June 2012 compared to 27 percent of large firms and 33 percent of small and medium firms in 2011. Although these patterns are in line with the better growth performance at the macro level, they are still far from reflecting full recovery levels.

At the sectoral level, the best perceptions about aggregate growth performance were made by financial intermediation, communications and manufacturing firms, while tourism, construction and transportation firms did not have positive perceptions about aggregate growth performance. Yet, these perception patterns were not supported by the sectoral GDP growth pattern in Q3 2011/12 relative to Q3 2010/11, where tourism registered the highest real growth rate, 24.7 percent (compared to a low of -34 percent in the corresponding period) and construction registered 10.2 percent, while communications registered 9 percent, manufacturing 5.8 percent and finance 5.2 percent. These growth rates are likely attributed to base effects, which firms do not take into consideration in their responses.

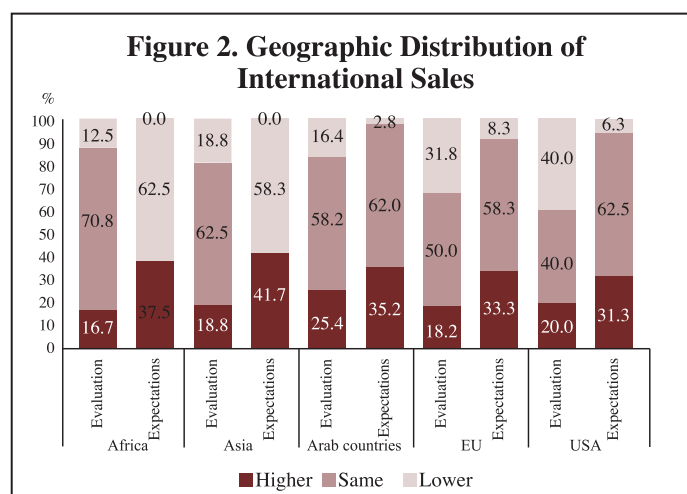




A considerable share of large as well as small and medium firms reported stable *domestic and international sales* during the first half of 2012, though a number of firms are still reporting a decline in sales. The improvement with respect to the previous period was more pronounced in small and medium enterprises, especially for domestic sales. Across sectors, the largest improvements were in finance and manufacturing, while tourism exhibited a relatively weaker performance. In the manufacturing sector, some subsectors fared relatively worse in terms of sales, such as textiles and rubber industries.

It is worth noting that survey data show that 55 percent of large firms and 48 percent of small and medium firms consider the depreciation of the Egyptian pound as having a negative effect on their activity. This is because a large share of firms are net importers. Most of the remaining firms consider that the depreciation has no effect, while only a small share believes it has a positive effect. Besides, exporters cited high imported intermediate input costs as the prime export constraint that weakens their competitiveness.

Figure 2 indicates that a large share of firms exporting to the US, followed by the EU, reported a decline in exports, reflecting the slowdown in these economies. US growth declined from 3 percent in Q4 2011 to 1.9 percent in Q1 2012, while EU growth declined from 0.8 percent to 0.1 percent over the same period. Exports to the EU were also adversely affected by the appreciation of the EGP versus the euro from 8.23 EGP/€ on average during July-December 2011 to 7.88 EGP/€ on average during January-May 2012. These developments have resulted in trade diversion via a relative increase in exports to the Arab countries, Africa and Asia. As for the period June-December 2012, virtually all firms expect stable or increasing levels of exports to all destinations, but the most positive expectations are for exports to Asia, given the relatively good economic performance of that region.



Source: Survey results.

The *production* pattern shown in Figures 1a and 1b mirrors the pattern of domestic sales. Though there has been an improvement in production relative to the previous period, the slow recovery of demand, coupled with high input costs, is obviously still affecting production negatively, as shown by 28 percent of large firms and 33 percent of small and medium ones reporting lower production. The largest improvements in production were seen in finance and manufacturing whereas the weakest results were in tourism, in line with sales.

Most of the large as well as small and medium firms reported stable *inventories*. The tendency for stability was more pronounced in small and medium enterprises, in line with the higher stability in their sales.

Against this backdrop, firms reported stable *capacity utilization*. The trend is stronger in small and medium firms than in large firms. The largest share of firms reporting a decrease in capacity utilization was in tourism, while the largest share reporting an increase was in construction.

### ***Large firms have a positive outlook while small and medium ones are more cautious***

Large firms' economic outlook for the period July-December 2012 is similar to their previous outlook for the period January-June 2012 (Figure 1c), reflecting

relatively optimistic expectations about economic activity indicators. On the contrary, except for economic growth, small and medium firms had almost the same outlook as the previous period, reflecting skepticism about their own activity in the coming months.

Regarding expectations for *growth* during July-December 2012, most firms, both large and small and medium, expect higher/stable growth relative to the period January-June 2012, while fewer firms expect lower growth (Figures 1c and 1d). At the sectoral level, firms' outlook for economic growth is the most optimistic in finance and communications.

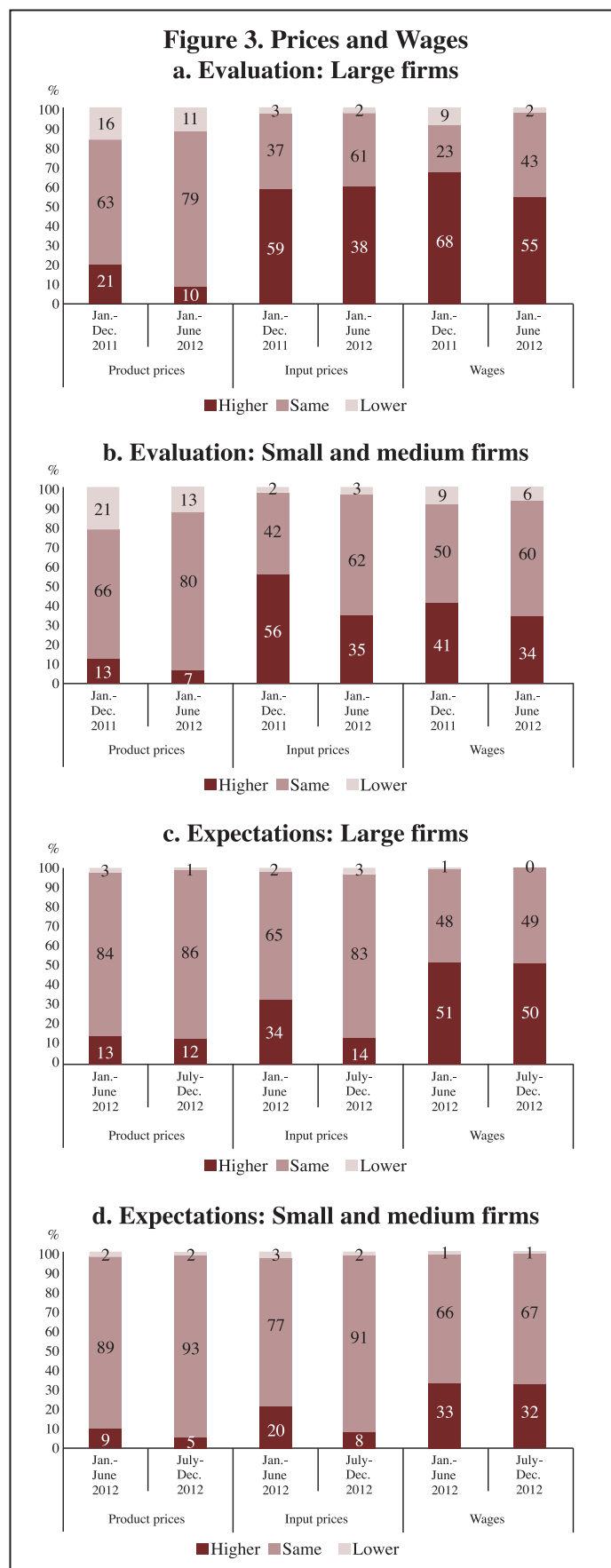
Expectations for *production, domestic sales and international sales* are tightly linked and tend to be positive. Above average expectations were reported again in the finance and communications sectors. All sectors cited security breakdown and political instability as the main constraints to boosting their activity. Besides, exporters reported high input costs as well as weak security conditions as major impediments to increasing exports.

The vast majority of large as well as small and medium firms expect stable *capacity utilization* and *inventories*, reflecting the anticipated stability in their activity.

## Prices and Wages

### Stable output prices, input prices and wages

Survey results reveal that the majority of firms reported stable output prices during January-June 2012, including large as well as small and medium firms. This stable trend may be attributed to the aforementioned stable trend in domestic and international sales, coupled with downward price stickiness in addition to the stable, albeit high, input prices. This trend was consistent among all sectors except tourism, where a large share of firms reported a decrease in prices, in line with the relatively weak performance of tourism sales (Table 3).



This general stability can be explained by fewer firms reporting higher prices compared to January-December 2011 (Figures 3a and 3b), in line with the decline in the aggregate CPI inflation from an average of 10.5 percent during January-December 2011 to an average of 8.9 percent during January-June 2012. Such decline in the percentage of firms reporting higher prices might reflect their keenness to preserve demand for their products, particularly in sectors that have high elasticity of demand.

Along with stable output prices, the majority of large as well as small and medium firms reported stable input prices during January-June 2012, with fewer firms reporting an increase. However, because of initially high levels of input prices, stable levels of these prices would not boost production. Low input prices are a necessary condition for enhancing production and stabilizing output prices. Further, in some sectors, more firms reported higher input prices compared to January-December 2011, particularly in tourism (59 percent) and manufacturing (48 percent). Indeed, these sectors depend more on imported inputs, so that their input costs are largely affected by the aforementioned exchange rate depreciation.

As for wages, the share of firms reporting wage increases is greater for large firms than for small and medium firms, reflecting the lower responsiveness of small and medium firms to salary increases. It is worth noting that the percentage of firms reporting wage increases is high for the public sector compared to the private sector, reflecting the greater responsiveness of public companies to labor protests and demands. Besides, private firms' increases are partially due to annual salary raises effective as of January (public firms raise their salaries in July). These factors may explain why the wage pattern is not aligned with the output prices pattern.

### *Expectations of stable prices and wages*

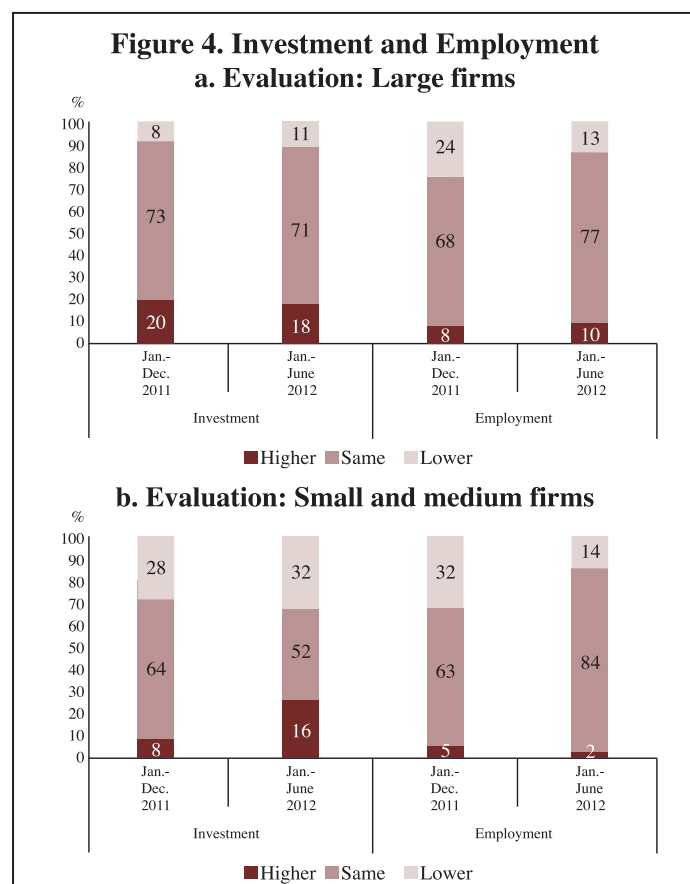
Regarding expectations for final product prices in the coming six months, the majority of large as well as small and medium firms, in almost all sectors, anticipate

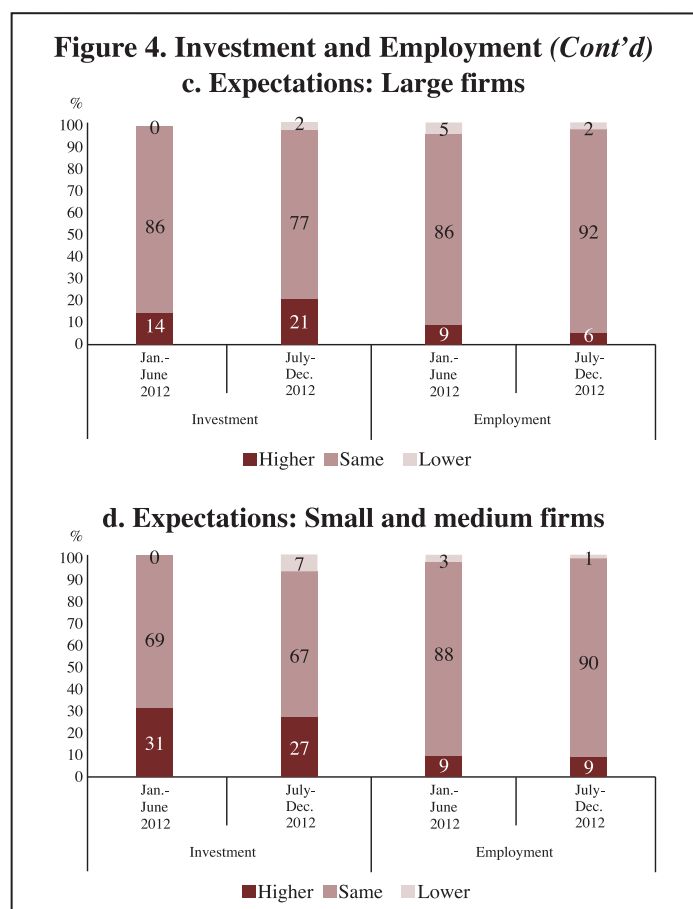
stable prices, with a reduction in the share of firms expecting higher prices compared to January-June 2012. Firms seem to be keen to preserve their existing demand to sustain their market share.

In the same vein, expectations of a stable trend in input prices dominated, with a decrease in the number of firms expecting higher input prices, which reflect expectations of stable production cost in line with the anticipated stable product prices. Firms in all sectors affirm the same trend, except in financial intermediation where all firms anticipate lower input prices.

As for wages, large firms expect an upward trend, while small and medium firms expect a stable trend. This evidence reinforces the point that large firms have a high tendency to increase wages in line with the expected 15 percent increase in the wages in the government sector. Firms in all sectors affirm the stable trend in wages.

## Investment and Employment





Source: Survey results.

### *Stable investment and employment*

Regarding investment, the stable trend has been dominant for most firms, coupled with a slight increase in firms reporting investment reduction. This reflects the wait-and-see strategy due to heightened uncertainty about future economic policies, particularly for large firms (Figure 4a). The increase in the share of small and medium firms reporting investment expansion is in line with the increase in investment at the macro level. This demonstrates the significance of small and medium firms' investments, which represent 80 percent of GDP. Firms in all sectors affirm the stable trend for investment, except tourism firms, which reported a declining trend due to the sensitivity of the tourism sector to the unstable economic environment.

Along the same lines, stable employment continued during January-June 2012, along with a decrease in

firms reporting employment layoffs, especially small and medium firms. Firms do not seem to be willing to increase employment, in the context of the unstable economic environment. Firms in all sectors affirm the stable trend for employment, including firms in tourism.

### *Expectations of stable investment and employment*

Regarding the coming six months, the majority of firms anticipate investment to remain predominantly stable, reflecting their previously mentioned cautious outlook for the economy. This is coupled with an increase in the number of firms expecting investment expansion (Figure 4c), while slightly fewer small and medium firms are expecting such expansion (Figure 4d). This owes to the fact that small and medium firms are more vulnerable to unstable economic environment than large firms. In addition, large firms are usually committed to long-term investments. Firms in all sectors affirm the stable trend in investment expectations, except firms in tourism, which anticipate an upward trend, reflecting the optimistic outlook of firms in this sector about the economy.

In the same vein, the majority of firms expect stable employment, with a decrease in the number of firms expecting employment layoffs, reinforcing the optimistic outlook of firms about the economy.

## **Business Constraints**

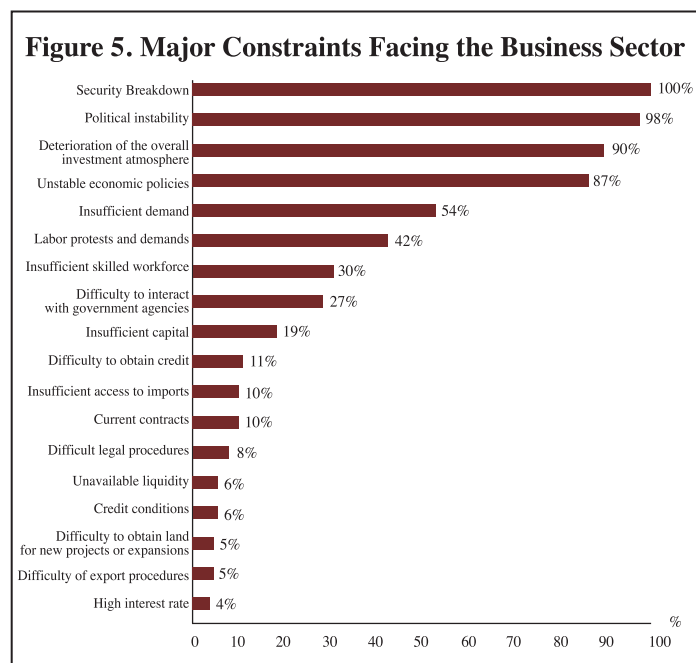
### *Major constraints: Security breakdown, political instability, deterioration of the investment climate and unstable economic policies*

Firms' performance in the period January-June 2012 was affected by the following constraints (in descending order of severity): security breakdown, political instability, deterioration of the investment climate and unstable economic policies. Security breakdown has been cited by firms in all sectors as the primary constraint, highlighting the need to restore law and order for a speedier and fuller recovery of economic



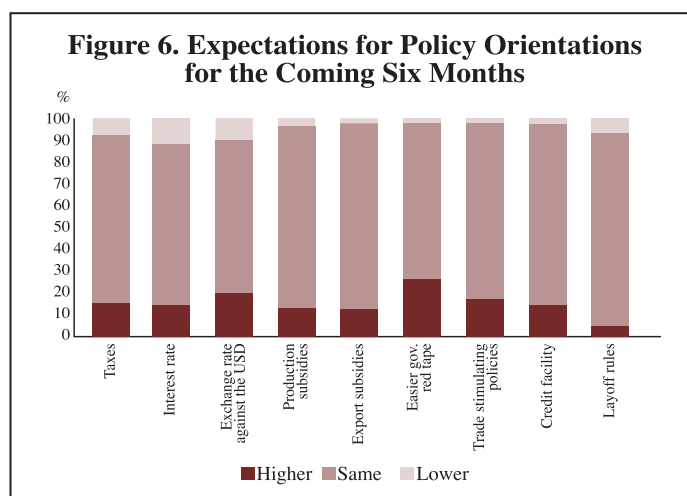
activity. Political instability is still a constraint, but will hopefully be reduced now that a new president is in office and a new government appointed.

Most constraints are of the same order of severity for public and private firms. Yet, insufficient demand is more of a constraint in private firms than in public ones, whereas protests are more severe in public enterprises.



Source: Survey results.

Figure 6 portrays firms' expectations about major policy orientations in the upcoming six months. Stable policies are mostly expected, except for government red tape, which is expected to ease as indicated by about 27 percent of firms.



Source: Survey results.

In response to a question about what firms request from the government in the period ahead, the majority emphasized the need to restore security, establish more transparent and stable economic policies and provide means to face high input costs and price competition.

**Table 1. Survey Results: Summary Evaluation for all firms (July-December 2010 - January-June 2012)<sup>1</sup>**

%

Indicator	July-Dec. 2010			Oct.-Dec. 2010			Jan.-March 2011			Jan.-Dec. 2011			Jan.-June 2012		
	Higher	Same	Lower	Higher	Same	Lower	Higher	Same	Lower	Higher	Same	Lower	Higher	Same	Lower
<b>Economic growth</b>	28	49	24	16	58	27	1	9	90	2	8	60	16	40	38
<b>Business activity</b>															
Production	37	43	20	23	56	22	3	11	86	10	18	72	20	49	31
Domestic sales	36	44	20	21	57	22	2	11	87	11	17	72	20	52	29
International sales	36	50	14	26	59	15	2	22	76	16	25	59	22	56	22
Inventory	20	63	18	16	66	18	26	56	18	27	52	22	18	72	9
Level of capacity utilization <sup>3</sup>	24	61	15	14	73	13	3	41	56	11	43	46	7	74	19
<b>Prices</b>															
Final product prices	24	69	8	13	79	8	15	70	15	16	65	19	8	80	12
Intermediate input prices	61	39	1	41	58	1	41	57	3	58	40	3	36	61	2
Wage level	35	64	1	15	83	2	32	60	8	54	37	9	44	52	4
<b>Primary inputs</b>															
Investment	32	65	3	21	67	13	9	66	25	17	70	12	17	64	18
Employment	12	78	11	6	85	8	2	84	14	6	65	28	6	80	14

**Table 2. Survey Results: Summary Expectations for all Firms (July-December 2010 - July-December 2012)<sup>1</sup>**

%

Indicator	July-Dec. 2010			Jan.-June 2011			April-Dec. 2011			Jan.-June 2012			July-Dec. 2012		
	Higher	Same	Lower	Higher	Same	Lower	Higher	Same	Lower	Higher	Same	Lower	Higher	Same	Lower
<b>Economic growth</b>	51	38	12	41	46	12	38	34	27	30	54	16	47	46	7
<b>Business activity</b>															
Production	66	25	8	50	40	9	45	36	19	34	61	5	43	54	4
Domestic sales	66	25	8	49	43	8	44	37	19	33	61	6	39	58	3
International sales	72	21	8	45	43	12	32	52	16	30	65	4	31	63	6
Inventory	16	61	23	12	68	20	12	66	21	10	79	11	4	86	10
Level of capacity utilization <sup>3</sup>	45	51	5	32	62	6	20	71	9	15	82	3	16	82	2
<b>Prices</b>															
Final product prices	28	65	7	29	68	3	21	73	7	11	87	2	8	90	2
Intermediate input prices	53	44	3	47	50	2	33	64	3	27	71	2	11	87	2
Wage level	50	49	1	57	42	1	35	62	3	41	58	1	41	59	1
<b>Primary inputs</b>															
Investment	57	43	1	40	58	2	21	68	11	18	82	0	23	74	3
Employment	23	72	5	14	80	6	9	86	5	9	87	4	8	91	1

<sup>1</sup> Numbers represent percent of total responses. Higher, same and lower may not add up to 100 due to rounding.

<sup>2</sup> 'Net balance' represents the percentage of respondents indicating "higher" minus the percentage of respondents indicating "lower."

<sup>3</sup> Higher = approaching full capacity; same = normal capacity utilization; lower = below capacity utilization.

