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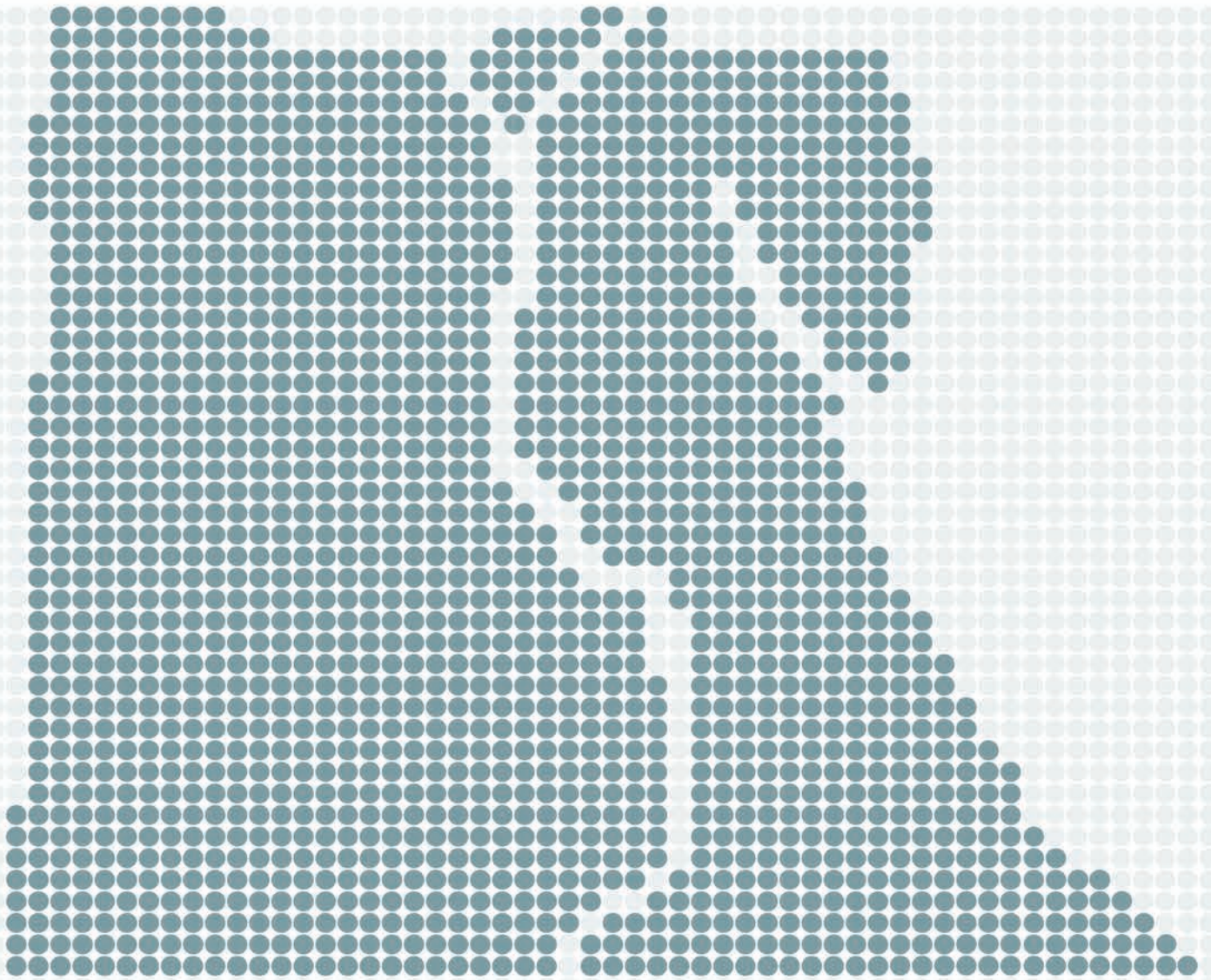
**The Egyptian Center  
for Economic Studies**

COMMITTED TO SHAPING EGYPT'S ECONOMIC FUTURE

**Business Barometer**

**Issue 34**

**2014**



**Performance & Expectations of  
the Egyptian Business Sector**

## **Committed to Shaping Egypt's Economic Future**

The Egyptian Center for Economic Studies is an independent Egyptian think tank that promotes sound public and private policymaking through high quality, innovative research and informed public debate, committed to prosperity, social equity, open society and global integration.

### **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. Starting January 2013, the Business Barometer includes an index aimed at summarizing the results of the survey and tracking business environment changes over time. The index is calculated for large firms as well as SMEs, once for evaluation of performance and once for expectations. Starting this edition, the Business Barometer reports quarterly results for the firm sample.

This edition of the Business Barometer reports the results of a stratified sample of 474 public and private firms. 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 (42, 12 and 46 percent, respectively). The survey covers their assessment of economic growth and the results of their operations over the first quarter of FY 2014/2015 in terms of production, sales, capacity utilization, inventories, prices, wages, employment and investments. It also summarizes their expectations for overall future economic performance as well as their own activities for the second quarter of FY 2014/2015.

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# ***Business Barometer***

**Issue No. 34 - 2014**

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## List of Abbreviations

BB	Business Barometer
BBI	Business Barometer Index
FY	Fiscal Year
1HFY	First Half of Fiscal Year
2HFY	Second Half of Fiscal Year
Q1FY	First Quarter of Fiscal Year
Q2FY	Second Quarter of Fiscal Year



## Foreword

Given the rapid progress in implementing economic reform in Egypt, ECES found it important to report the business community's sentiment and outlook on a more frequent basis. I am pleased to share with ECES members and constituents that starting this edition, the Business Barometer (BB) will be issued on a quarterly basis.

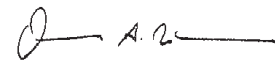
The results of this BB capture the positive effect of the bold economic reform program embraced by the government and the slight recovery of the economy. The cautious yet positive outlook reported in this BB is a measure of the anticipation of the business community of further reforms. Businesses expect more certainty as the government plans for Egypt's economic conference to be held in March 2015 and the upcoming parliamentary elections.

The "Business Barometer Index" (BBI) showed a further improvement during the period July-September 2014, restoring businesses' confidence in the Egyptian economy. On the other hand, businesses' outlook for October-December 2014, while still positive, is lower than their expectations for the period July-December 2014. This represents a correction to a more realistic outlook by firms who seem to believe that economic recovery needs time and therefore revised their expectations slightly downwards over the short run (three months).

Political instability, for the first time since 2011, was not ranked as one of the top five business constraints. This reflects that recent government reforms are paying off and that the business community has felt the change. Firms expect reduction in government red tape in light of recent efforts by the government to promote investments.

I believe that monitoring the business community's sentiment with respect to economic and market developments on a more regular basis will help enhance the effectiveness of policymaking as it becomes informed by businesses' most important policy perceptions.

Looking forward, I am confident that 2015 holds the great prospect of strong economic revival for Egypt and more opportunities for all Egyptians.



**Omar Mohanna**  
*Chairman*

## Overview

This edition of Business Barometer (BB) presents the survey results of a stratified panel of 474 firms regarding their perceptions about the performance of the Egyptian economy and their own business for the first quarter of FY14/15 (July-September 2014) and their outlook for the second quarter of FY14/15 (October-December 2014), respectively. The results of this survey reflect the business community's reaction to the new economic reform program and the slight recovery of overall economic growth, with recent news about Egypt's economic summit to be held in March 2015 and the upcoming parliamentary elections.

Estimates released by the Ministry of Planning show a 6.8 percent real GDP growth rate during Q1FY14/15, compared to 1 percent in Q1FY13/14. This high figure could be attributed to the low base effect, meaning weak economic activity during the corresponding quarter of the previous year. Although growth is still expected to pick up in FY14/15, the IMF has revised its projection for Egypt's growth from 3.8 percent down to 3.5 percent, as a result of security concerns. In line with the latest IMF forecasts, both the Egyptian government and the Economist Intelligence Unit (EIU) are expecting a similar growth rate. The World Bank, on the other hand, expects the growth rate to increase by 3.1 percent only in 2015.

Transportation and food prices continued to increase after the launch of the government fiscal consolidation program. Annual inflation jumped to 11.04 percent in July from 8.20 percent in June and continued surging to reach 11.49 in August. Despite leaps in inflation during July and August, it slowed down slightly to 11.12 percent in September, mainly due to base effects.

Along with the subsidy reform plan, Egypt has introduced a number of important reforms in income and property taxes, including new amendments in the real estate, capital gains and income tax laws. Fiscal reforms not only impacted the current inflation rates but also inflation forecasts for FY14/15. The World Bank projects a surge in inflation to 14.2 percent, while the Egyptian government and the IMF expect it to reach around 14 and 13.4 percent, respectively.

The above-mentioned fiscal reforms positively impacted the budget deficit at the beginning of the fiscal year, declining slightly to 2.7 percent of GDP in Q1FY14/15, compared to 2.9 during the corresponding quarter last year. It is worth mentioning that on an annual basis the budget deficit reached 12.8 percent of GDP in FY13/14, compared to 13.7 percent of GDP in FY12/13. Despite the 1 percentage point decline in the budget deficit to GDP, it remains high. According to the IMF, the budget deficit is expected to decline to 11.5 percent of GDP in FY14/15, while the World Bank's forecast is even more optimistic (10.5 percent of GDP in FY14/15).

At the external front, despite recording a deficit of \$0.7 billion in Q4FY13/14, the balance of payments showed a significant improvement during FY13/14, recording an overall surplus of US\$1.5 billion (0.5 percent of GDP), compared to an overall surplus of US\$ 0.2 billion (0.1 percent of GDP) during FY12/13, and compared to an average deficit of US\$ 4.2 billion over the last 5 years. This surplus has been mainly driven by the jump in net official transfers from US\$0.8 billion in FY12/13 to US\$11.9 billion FY13/14, mostly cash and in-kind grants and donations from the Gulf States.

Net international reserves stabilized during August and September 2014, recording US\$16.84 billion and US\$16.87 billion, respectively, up from US\$16.74 billion in July 2014. This could be mainly attributed to the decline in imports during the past two months. Egypt has repaid US\$500 million of the Qatari deposit and is expected to refund the remaining \$2.5 billion by end of November. Concerns over Egypt's plans to repay the remainder of the Qatari deposit resulted in a sudden demand on dollars, weakening the Egyptian pound exchange rate significantly on the black market.

## Business Barometer Index

### Evaluation

(January-June 2014)

50.5

(July-September 2014)

51.0

### Outlook

(July-December 2014)

58.1

(October-December 2014)

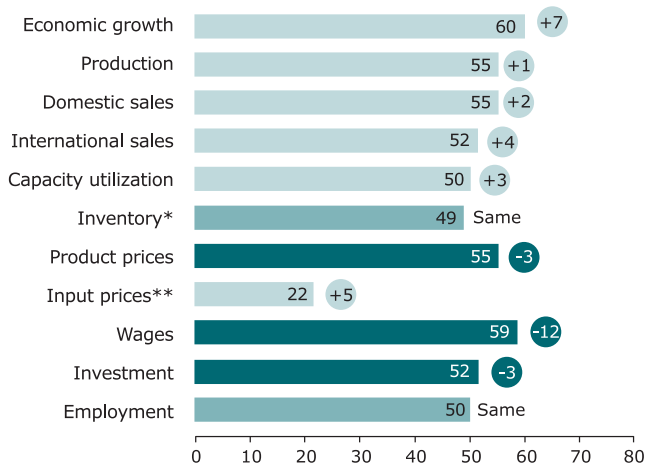
52.0

### Main Takeaways

- The business climate seems to be improving, however, at a slow pace as reflected in the slight 0.5 point increase in the “Business Barometer Index” (BBI).
- Lower positive outlook for the period October-December 2014, with a 6 point drop in the BB outlook index.
- Tourism is still experiencing the highest recovery among all sectors, while construction performance dropped during July-September 2014.
- Firms are still skeptical about the economy following the “wait and see” strategy. This has been reflected in lower investment levels during July-September 2014.
- Firms lowered their overall expectations for Q2FY14/15.
- Coming from a low base, textiles and fertilizers raised their expectations by 19 and 15 points, respectively.
- Among the services sectors, only communications reported higher expectations for the period October-December 2014.
- The construction sector has the worst outlook after an extended period of positive performance.
- Tourism sector’s expectations are still high, despite a 12-point drop in their expectations for the period July-December 2014.
- Firms cited electricity shortages, difficulty in interacting with government agencies and inflation, in that order, as major business constraints.

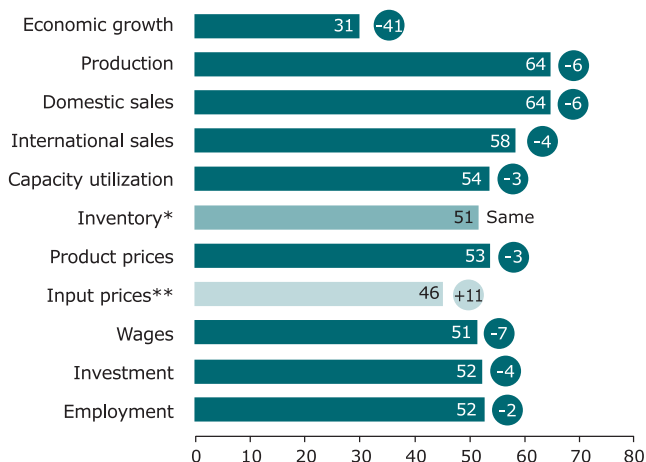
### Firms’ Past Performance for the Period July-September 2014

(Circles denote the change in index relative to Jan.-June 2014)



### Firms’ Outlook for the Period October-December 2014

(Circles denote the change in index relative to July-December 2014)



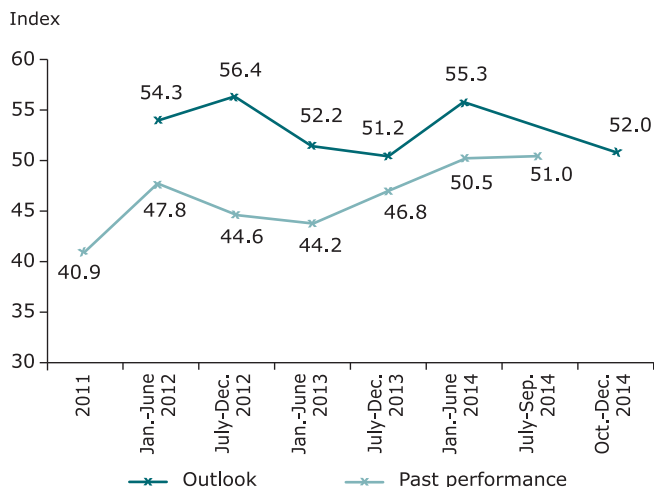
Source: Authors’ calculations based on survey results.

\* The index for inventory is inverted to indicate the negative impact of its increase on businesses. Hence, a higher inventory index indicates lower inventory.  
 \*\* The index for input prices is inverted to indicate the negative effect of the increase of input prices on businesses. Hence, a lower value of this index indicates higher input prices.

## The Business Barometer Index

With the government embarking on a new economic reform program, the overall business climate is improving, albeit at a slow pace. The “Business Barometer Index” (BBI) showed a slight improvement during the period July-September 2014 by 0.5 point reflecting steady steps towards restoring businesses’ confidence in the Egyptian economy. On the other hand, businesses’ outlook for October-December 2014, although still positive, is lower than their expectations for the period July-December 2014. This reflects a correction to a more realistic outlook for their business strategy after three years of political instability and economic recession.

Figure 1. Overall Business Barometer Index



Source: Survey results.

## Past Performance of Businesses

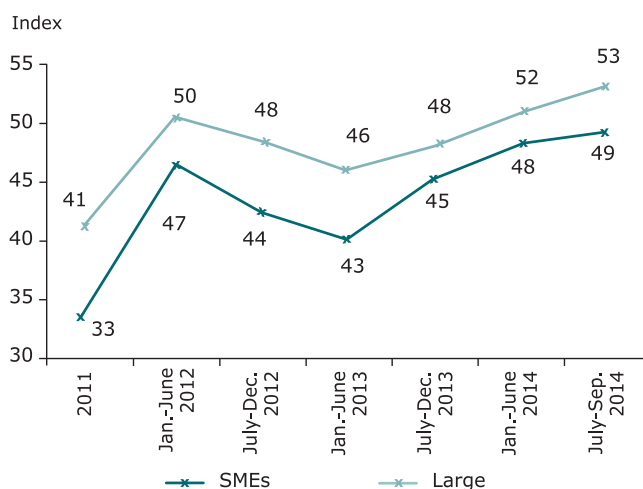
Firms' assessment of economic growth is better compared to the previous period, indicating that recent government reforms are paying off and that the business community has felt the change. With higher perceptions of economic growth, firms were encouraged to increase production and capacity utilization. On the other hand, although the level of prices is still high, final and input product prices have slightly declined during July-September 2014, affected by international prices. This has led to a boost in domestic and international sales. However, it seems that firms are still skeptical about the economy as reflected in their lower investment and stable employment levels. Also, in an attempt to cut down expenses, firms (mostly private ones) lowered their wage level mainly for temporary employment.

Large firms and SMEs followed the same strategy during this quarter (July-September 2014). Both grew slightly, registering a one point increase in their overall index. However, large firms reported higher perceptions of growth. SMEs exports experienced a significant recovery compared to the previous period and in relation to large firms.

Tourism is still witnessing the highest recovery among all sectors. The recovery reflects a more stable economic and political environment. This is reflected in the rebound in the number of tourists during this quarter as a result of a recovery in demand.<sup>1</sup> Moreover, this quarter witnessed an upturn, from a low base, in the textiles and fertilizers sectors—mainly in their production levels. All sectors expressed positive sentiments of economic growth during July-September 2014.

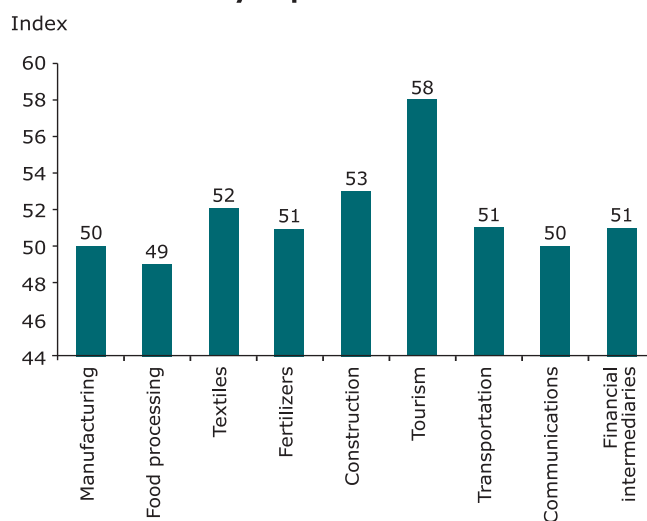
However, construction firms saw a performance drop, mainly in production and sales. This could be a result of an increase in their production cost, specifically with higher steel and cement prices due to the recent hike in energy prices. The performance of the food processing industry was modest; it lowered the inventory level at the expense of shrinking production. Although prices are still high, they slowed down during this quarter among all sectors, except for tourism due to increasing demand.

**Figure 2. Historical Trend in Firms' Past Performance (Large vs. SMEs)**



Source: Survey results.

**Figure 3. Sectors' Past Performance for the Period July-September 2014**



Source: Survey results.

## Business Strategy Going Forward

Although firms' expectations are still high for the period October-December 2014, they are lower than those reported for the period July-December 2014. Moreover, firms' expectations for October-December are not as optimistic as their positive past performance during July-September 2014. This could be explained by their concern over the pace of economic recovery—the outlook index dropped by 41 points. Firms anticipate lower production, domestic and international sales, however, with a more positive outlook than for economic growth due to their commitments to certain production plans.

<sup>1</sup> The total number of tourists increased by 76 percent in August 2014 compared to August 2013.

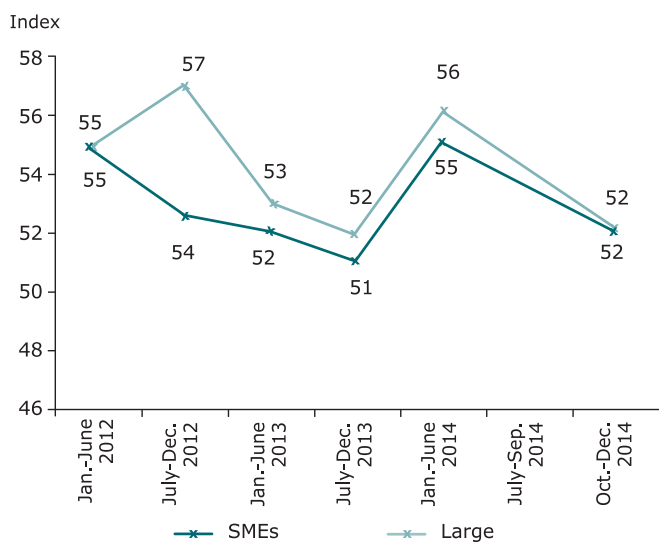


Firms expect input prices to decline further, which induces expectations for lower final product prices. Lower wages, investment and employment are also anticipated. Firms are skeptical about the ability of the economy to recover in the short term given the persistent binding constraints.

There is no significant difference in outlook between large firms and SMEs. Both have lowered their expectations for the period October-December 2014. The worst outlook was reported by the construction sector, expecting lower production and domestic sales.

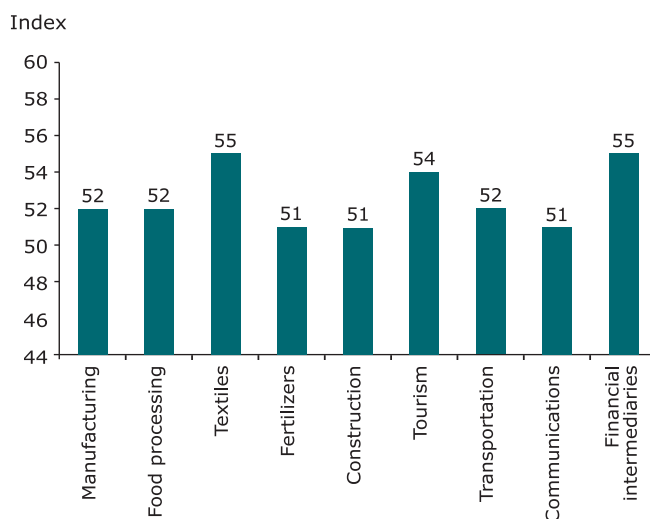
Within the manufacturing sector, textile and fertilizer firms have raised their expectations—from a low base—by 19 and 15 points, respectively, with very high production and higher final product prices outlook. Their positive sentiment is mainly due to the recent increase in fertilizer prices. Tourism still has high expectations, albeit lower than those for the period October-December.

**Figure 4. Historical Trend in Firms' Outlook (Large vs. SMEs)**



Source: Authors' calculations based on survey results.

**Figure 5. Sectors' Outlook for the Period October-December 2014**

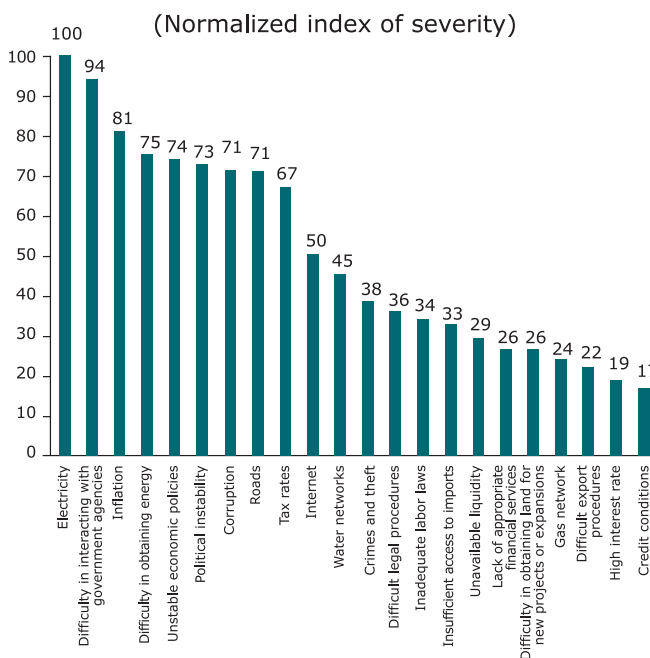


Source: Survey results.

## Business Constraints

Electricity remains the most severe business constraint, followed by difficulty in interacting with government agencies. Businesses seem to have been affected by the recent energy price hikes, reporting inflation as a third major constraint.

**Figure 6. Major Constraints Facing the Business Sector**

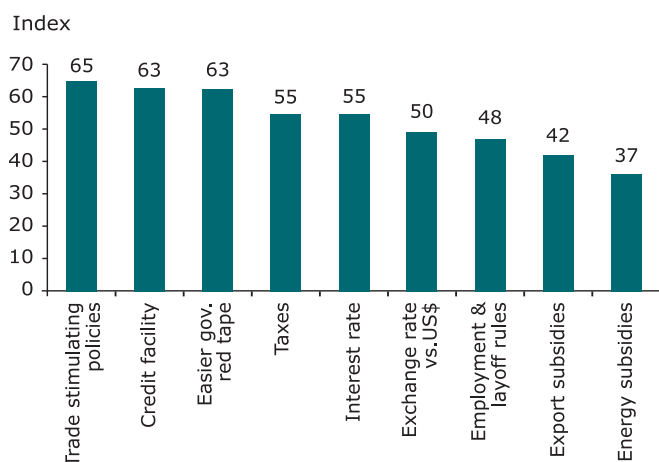


Source: Survey results.

## Policy Expectations

Firms expect more trade stimulating policies in the coming quarter and more access to credit facilities. Given the government efforts to promote investments, firms expect less government red tape.

**Figure 7. Policy Expectations for the Coming Six Months**

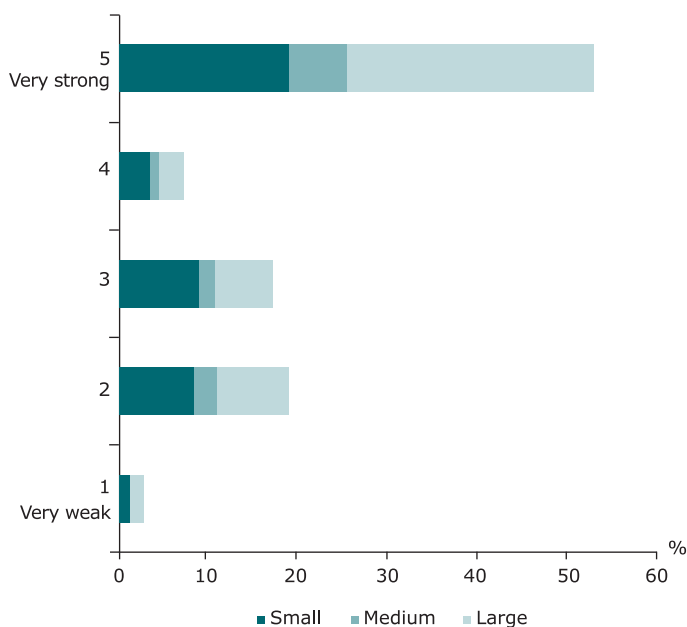


Source: Survey results.

## Competition

Around 53 percent of firms rate competition in their respective sectors as very strong, compared to 45 during the previous period. This result is consistent across small, medium and large firms.

**Figure 8. Degree of Competition**

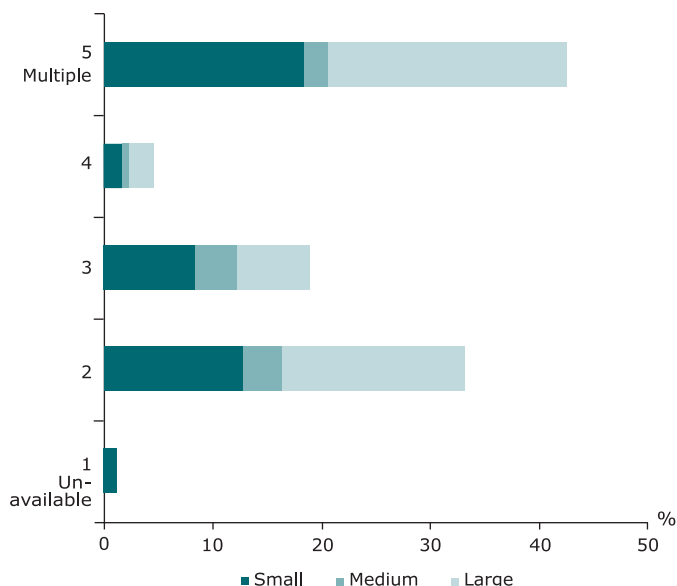


Source: Survey results.

## Local Suppliers

In line with their responses regarding the degree of competition, 43 percent of firms, mostly in the construction and fertilizer sectors, confirmed the availability of local suppliers in their respective sectors.

**Figure 9. Availability of Local Suppliers**

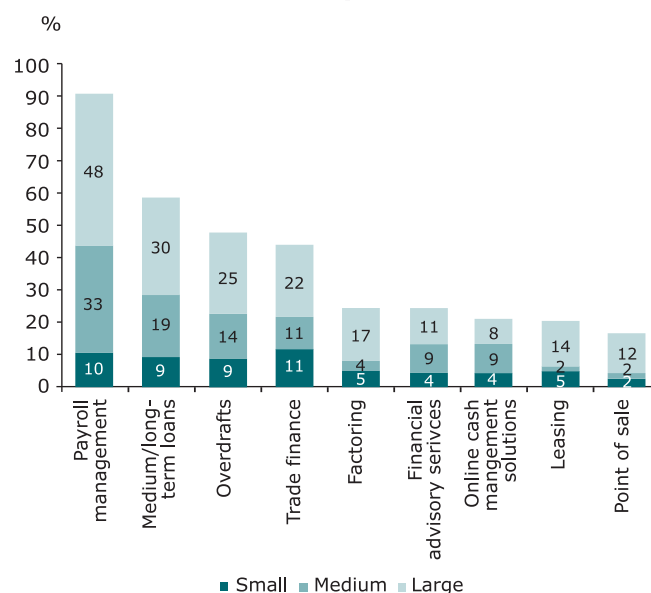


Source: Survey results.

## Financial Services

Payroll management remains the most needed financial service for the Egyptian business sector. Financial services less needed by firms include leasing and point of sale.

**Figure 10. What are the Financial Services Most Needed by Firms?**

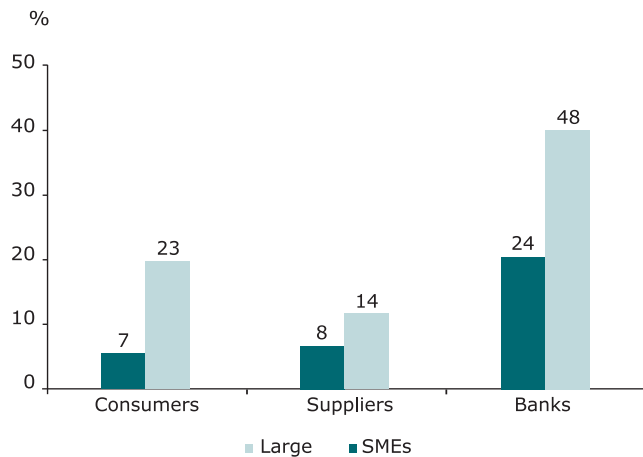


Source: Survey results.

## E-Payments

The most common e-payments relate to transactions of firms—both large and SMEs—with banks. Only 8 percent of SMEs use e-payments with suppliers.

**Figure 11. Does your Firm use E-payment in its Transactions with Consumers, Suppliers or Banks?\***



Source: Survey results.

\* Numbers indicate the percentage of firms that responded affirmatively.

Results also show that a very low percentage of firms that do not use e-payments are willing to use them in the near future. This result applies to firms' transactions with consumers, suppliers and banks, and sheds light on the importance of raising firms' awareness regarding these business tools, especially among SMEs.

**Figure 12. If your Firm does not use E-payment, are you Willing to use it in the Future?\***



Source: Survey results.

\* Numbers indicate the percentage of firms that responded affirmatively.

## Appendix

Following an elaboration of the methodology used in calculating the index, this appendix will present tables that give a numerical representation of survey results.

### Methodology of the Index

The index aims at calculating a single figure for the responses of firms on each variable.

The index's equation is:

$$X = \frac{I+S}{100+S} \times 100,$$

where *I* is the share of firms reporting an increase and *S* the share of firms reporting "same." The index is designed to have a maximum of 100 when all firms report an increase, a minimum of 0 when all firms report a decrease and a middle value of 50 when all firms report no change. Between 0 and 100, the index grows proportionally with larger shares of "increase," and inversely with larger shares of "decrease," while the change in "same" is given less effect by including it in the numerator and the denominator. A higher index thus reflects a better business climate and vice versa. It is worth noting that the index is inverted for inventories and input prices as increases of these two variables reflect an adverse business climate for firms. The Business Environment Index is a simple average of the variables' indexes, calculated once for large firms and once for SMEs, both for evaluations and expectations, rendering the index shown in Figure 1.

**Table A1. Sectors' Past Performance (Change in the Index Relative to the Previous Period)**

Sector	Economic growth	Production	Domestic sales	International sales	Inventory	Capacity utilization	Final prices	Input prices	Wages	Investments	Employment	Overall index
<b>Manufacturing of which:<sup>1</sup></b>	+7 ●	+2 ●	+3 ●	+3 ●	-	+3 ●	-5 ●	+5 ●	-15 ●	-4 ●	-1 ●	-
Food processing	+7 ●	-5 ●	-8 ●	+3 ●	+6 ●	+3 ●	-5 ●	+12 ●	-5 ●	-4 ●	-9 ●	-
Textiles	+11 ●	+5 ●	+7 ●	+9 ●	-5 ●	+8 ●	-4 ●	+9 ●	-14 ●	-2 ●	-3 ●	+2 ●
Fertilizers	+11 ●	+9 ●	+9 ●	+3 ●	-1 ●	+1 ●	-5 ●	-2 ●	-10 ●	+1 ●	+2 ●	+2 ●
<b>Services of which:</b>	+6 ●	-	-1 ●	+6 ●	+6 ●	+3 ●	-1 ●	+2 ●	-9 ●	-2 ●	+1 ●	-
Construction	+5 ●	-4 ●	-3 ●	-21 ●	-21 ●	+4 ●	-5 ●	+7 ●	-5 ●	-4 ●	+1 ●	-2 ●
Tourism	+13 ●	+16 ●	+12 ●	+14 ●	+14 ●	+9 ●	+7 ●	-	-5 ●	+1 ●	+5 ●	+7 ●
Transportation	+8 ●	+4 ●	+2 ●	+5 ●	+5 ●	+5 ●	-3 ●	-4 ●	-11 ●	-1 ●	+3 ●	+1 ●
Communications	+8 ●	+12 ●	+12 ●	+7 ●	+7 ●	-3 ●	-1 ●	+13 ●	-15 ●	-	-	+3 ●
Financial intermediaries	+1 ●	-16 ●	-16 ●	-	-	-	-3 ●	+7 ●	-11 ●	-4 ●	-1 ●	-4 ●

Source: Survey results.

<sup>1</sup> Food processing, textiles and fertilizers constitute 40 percent of the surveyed manufacturing sector.

**Table A2. Sectors' Outlook (Change in the Index Relative to the Previous Period)**

Sector	Economic growth	Production	Domestic sales	International sales	Inventory	Capacity utilization	Final prices	Input prices	Wages	Investments	Employment	Overall index
<b>Manufacturing of which:<sup>1</sup></b>	-35 ●	-3 ●	-4 ●	-4 ●	-1 ●	-3 ●	-3 ●	+11 ●	-7 ●	-2 ●	-1 ●	-5 ●
Food processing	+3 ●	-6 ●	-3 ●	-3 ●	-7 ●	-1 ●	-4 ●	+7 ●	-9 ●	-2 ●	-	-2 ●
Textiles	+2 ●	+37 ●	+19 ●	-1 ●	+35 ●	+23 ●	+39 ●	+24 ●	+24 ●	+2 ●	+4 ●	+19 ●
Fertilizers	+32 ●	+27 ●	+9 ●	+1 ●	+28 ●	+16 ●	+28 ●	+29 ●	+24 ●	+1 ●	-5 ●	+15 ●
<b>Services of which:</b>	-84 ●	-8 ●	-8 ●	+2 ●	+2 ●	-3 ●	-2 ●	+15 ●	-7 ●	-5 ●	-3 ●	-7 ●
Construction	-50 ●	-12 ●	-11 ●	-4 ●	-4 ●	-9 ●	-5 ●	+13 ●	-7 ●	-11 ●	-8 ●	-11 ●
Tourism	-73 ●	-18 ●	-20 ●	-10 ●	-10 ●	-5 ●	-5 ●	+17 ●	-5 ●	-4 ●	-2 ●	-12 ●
Transportation	-39 ●	-3 ●	-5 ●	-2 ●	-2 ●	-2 ●	-2 ●	+5 ●	-5 ●	-3 ●	+3 ●	-5 ●
Communications	-18 ●	-3 ●	-4 ●	+29 ●	+29 ●	+1 ●	+4 ●	+20 ●	-7 ●	-	-1 ●	+2 ●
Financial intermediaries	-60 ●	-3 ●	-3 ●	-3 ●	-3 ●	+2 ●	-3 ●	+18 ●	-8 ●	-5 ●	-4 ●	-7 ●

Source: Survey results.

<sup>1</sup> Food processing, textiles and fertilizers constitute 40 percent of the surveyed manufacturing sector.

● +    ● -    - = Same    Blank=Not applicable



**Table A3. Survey Results: Summary of Past Performance of all Firms (July-December 2012 - July-September 2014)<sup>1</sup>**

Indicator	July-Dec. 2012			Jan.-June 2013			July-Dec. 2013			Jan.-June 2014			July-Sep. 2014							
	Higher	Same	Lower	Index <sup>2</sup>	Higher	Same	Lower	Index <sup>2</sup>	Higher	Same	Lower	Index <sup>2</sup>	Higher	Same	Lower	Index <sup>2</sup>				
<b>Economic growth</b>	12	24	64	<b>29.0</b>	9	24	46	<b>26.6</b>	23	36	41	<b>43.4</b>	36	36	28	<b>52.9</b>	42	44	15	<b>60</b>
<b>Business activity</b>																				
Production	23	33	44	<b>42.1</b>	16	37	47	<b>38.7</b>	26	38	36	<b>46.7</b>	38	34	29	<b>53.7</b>	33	48	19	<b>55</b>
Domestic sales	21	37	42	<b>42.3</b>	15	38	46	<b>38.4</b>	26	38	36	<b>46.4</b>	37	34	29	<b>53.0</b>	32	50	18	<b>55</b>
International sales	24	36	40	<b>44.1</b>	25	46	29	<b>48.6</b>	21	55	25	<b>49.0</b>	27	40	33	<b>47.9</b>	23	60	17	<b>52</b>
Inventory	22	66	12	<b>47.0</b>	14	71	15	<b>50.3</b>	14	71	14	<b>49.7</b>	18	69	14	<b>49.1</b>	17	70	13	<b>49</b>
Level of capacity utilization	7	59	34	<b>41.5</b>	7	66	27	<b>44.0</b>	7	66	27	<b>44.0</b>	12	67	21	<b>47.3</b>	13	75	12	<b>50</b>
<b>Prices</b>																				
Final product prices	13	74	13	<b>50.0</b>	29	62	9	<b>56.2</b>	18	72	10	<b>52.3</b>	30	66	4	<b>57.8</b>	22	74	5	<b>55</b>
Intermediate input prices	60	38	2	<b>29.0</b>	75	25	0	<b>20.0</b>	69	30	2	<b>24.6</b>	79	20	1	<b>17.5</b>	72	26	2	<b>22</b>
Wage level	31	67	2	<b>58.7</b>	47	51	3	<b>64.9</b>	30	67	3	<b>58.0</b>	59	40	1	<b>70.7</b>	31	68	0	<b>59</b>
<b>Primary inputs</b>																				
Investment	42	49	9	<b>61.1</b>	20	67	12	<b>52.1</b>	16	82	2	<b>53.8</b>	19	80	1	<b>55.0</b>	9	90	1	<b>52</b>
Employment	6	72	22	<b>45.3</b>	5	78	17	<b>46.6</b>	6	76	18	<b>46.1</b>	14	72	14	<b>50.0</b>	8	83	9	<b>50</b>

**Table A4. Survey Results: Summary of Outlook of all Firms (January-June 2013 - October-December 2014)<sup>1</sup>**

Indicator	Jan.-June 2013			July-Dec. 2013			Jan.-June 2014			July-Dec. 2014			Oct.-Dec. 2014							
	Higher	Same	Lower	Index <sup>2</sup>	Higher	Same	Lower	Index <sup>2</sup>	Higher	Same	Lower	Index <sup>2</sup>	Higher	Same	Lower	Index <sup>2</sup>				
<b>Economic growth</b>	25	41	34	<b>46.8</b>	15	49	36	<b>43.0</b>	51	42	8	<b>65.5</b>	65	25	9	<b>72.0</b>	5	37	58	<b>31</b>
<b>Business activity</b>																				
Production	29	57	15	<b>54.8</b>	24	65	11	<b>53.9</b>	34	62	4	<b>59.3</b>	58	38	5	<b>69.6</b>	47	47	6	<b>64</b>
Domestic sales	27	59	13	<b>54.1</b>	24	65	11	<b>53.9</b>	33	64	4	<b>59.0</b>	58	37	5	<b>69.3</b>	46	48	6	<b>64</b>
International sales	32	53	15	<b>55.6</b>	20	73	7	<b>53.8</b>	26	72	2	<b>56.6</b>	42	53	5	<b>62.1</b>	31	65	3	<b>58</b>
Inventory	9	85	6	<b>49.2</b>	9	83	8	<b>49.7</b>	11	84	5	<b>48.4</b>	9	78	13	<b>51.1</b>	11	76	13	<b>51</b>
Level of capacity utilization	10	83	6	<b>50.8</b>	12	83	6	<b>51.9</b>	14	83	3	<b>53.0</b>	26	72	3	<b>57.0</b>	18	78	3	<b>54</b>
<b>Prices</b>																				
Final product prices	21	76	3	<b>55.1</b>	16	82	1	<b>53.8</b>	14	85	1	<b>53.5</b>	24	74	2	<b>56.3</b>	13	85	2	<b>53</b>
Intermediate input prices	49	49	2	<b>34.2</b>	31	68	1	<b>41.1</b>	35	62	2	<b>39.5</b>	48	51	1	<b>34.4</b>	17	82	1	<b>46</b>
Wage level	43	56	1	<b>63.5</b>	26	73	1	<b>57.2</b>	49	51	1	<b>66.2</b>	28	72	0	<b>58.1</b>	5	94	1	<b>51</b>
<b>Primary inputs</b>																				
Investment	34	63	3	<b>59.5</b>	17	82	1	<b>54.4</b>	18	82	0	<b>54.9</b>	20	80	0	<b>55.6</b>	7	93	0	<b>52</b>
Employment	10	84	6	<b>51.1</b>	5	92	3	<b>50.5</b>	11	86	3	<b>52.2</b>	19	76	4	<b>54.0</b>	12	85	3	<b>52</b>

<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> Equal to the simple average of the variables' indexes. The index's method of calculation is provided in the appendix.

**Table A5. Survey Results: Summary of Business Sector Past Performance (July–September 2014)<sup>1</sup>**

Indicator	Manufacturing Sector			Construction Sector			Tourism Sector			Transportation			Communications			Financial Intermediaries									
	Percentage Higher	Percentage Same	Percentage Lower	Index <sup>2</sup> Higher	Index <sup>2</sup> Same	Index <sup>2</sup> Lower	Percentage Higher	Percentage Same	Percentage Lower	Index <sup>2</sup> Higher	Index <sup>2</sup> Same	Index <sup>2</sup> Lower	Percentage Higher	Percentage Same	Percentage Lower	Index <sup>2</sup> Higher	Index <sup>2</sup> Same	Index <sup>2</sup> Lower							
<b>Economic growth</b>	33	46	21	<b>54</b>	49	40	11	<b>64</b>	70	28	3	<b>77</b>	50	41	9	<b>65</b>	36	54	11	<b>58</b>	47	45	8	<b>63</b>	
<b>Business activity</b>																									
Production	27	50	23	<b>51</b>	44	47	9	<b>62</b>	63	28	10	<b>71</b>	31	56	13	<b>56</b>	25	64	11	<b>54</b>	31	44	26	<b>52</b>	
Domestic sales	27	50	23	<b>51</b>	46	46	8	<b>63</b>	55	38	8	<b>67</b>	28	64	9	<b>56</b>	22	67	11	<b>53</b>	31	44	26	<b>52</b>	
International sales	16	65	19	<b>49</b>	17	83	0	<b>55</b>	60	25	15	<b>68</b>	26	58	16	<b>53</b>	0	100	0	<b>50</b>	25	50	25	<b>50</b>	
Inventory	18	69	13	<b>49</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Level of capacity utilization	13	71	16	<b>49</b>	9	84	7	<b>51</b>	35	60	5	<b>59</b>	4	93	4	<b>50</b>	0	89	0	<b>47</b>	19	68	13	<b>52</b>	
<b>Prices</b>																									
Final product prices	26	68	6	<b>56</b>	20	76	4	<b>55</b>	33	63	5	<b>59</b>	20	78	2	<b>55</b>	14	86	0	<b>54</b>	3	92	5	<b>49</b>	
Intermediate input prices	68	30	3	<b>25</b>	78	22	0	<b>18</b>	93	8	0	<b>7</b>	83	17	0	<b>15</b>	50	50	0	<b>33</b>	60	40	0	<b>29</b>	
Wage level	36	64	0	<b>61</b>	40	60	0	<b>63</b>	35	65	0	<b>61</b>	22	78	0	<b>56</b>	14	86	0	<b>54</b>	19	79	2	<b>55</b>	
<b>Primary inputs</b>																									
Investment	7	91	1	<b>51</b>	9	89	2	<b>52</b>	13	88	0	<b>54</b>	11	89	0	<b>53</b>	4	96	0	<b>51</b>	16	84	0	<b>54</b>	
Employment	6	85	10	<b>49</b>	11	84	5	<b>52</b>	25	68	8	<b>55</b>	6	83	11	<b>49</b>	4	86	11	<b>48</b>	11	82	6	<b>51</b>	

**Table A6. Survey Results: Summary of Business Sector Outlook (October–December 2014)<sup>1</sup>**

Indicator	Manufacturing Sector			Construction Sector			Tourism Sector			Transportation			Communications			Financial Intermediaries									
	Percentage Higher	Percentage Same	Percentage Lower	Index <sup>2</sup> Higher	Index <sup>2</sup> Same	Index <sup>2</sup> Lower	Percentage Higher	Percentage Same	Percentage Lower	Index <sup>2</sup> Higher	Index <sup>2</sup> Same	Index <sup>2</sup> Lower	Percentage Higher	Percentage Same	Percentage Lower	Index <sup>2</sup> Higher	Index <sup>2</sup> Same	Index <sup>2</sup> Lower							
<b>Economic growth</b>	6	42	52	<b>34</b>	2	35	64	27	5	13	83	16	6	41	54	<b>33</b>	4	64	32	<b>41</b>	3	24	73	<b>22</b>	
<b>Business activity</b>																									
Production	45	47	8	<b>63</b>	38	58	4	<b>61</b>	60	25	15	<b>68</b>	41	56	4	<b>62</b>	29	71	0	<b>58</b>	69	31	0	<b>76</b>	
Domestic sales	44	48	8	<b>62</b>	40	57	4	<b>62</b>	53	32	16	<b>64</b>	37	59	4	<b>60</b>	26	74	0	<b>57</b>	69	31	0	<b>76</b>	
International sales	26	71	3	<b>57</b>	20	80	0	<b>56</b>	65	25	10	<b>72</b>	34	63	3	<b>60</b>	0	100	0	<b>50</b>	25	75	0	<b>57</b>	
Inventory	11	75	13	<b>50</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Level of capacity utilization	17	78	4	<b>53</b>	11	85	4	<b>52</b>	33	57	10	<b>57</b>	11	89	0	<b>53</b>	4	96	0	<b>51</b>	32	68	0	<b>60</b>	
<b>Prices</b>																									
Final product prices	17	81	2	<b>54</b>	9	89	2	<b>52</b>	23	73	5	<b>55</b>	9	89	2	<b>52</b>	0	100	0	<b>50</b>	3	97	0	<b>51</b>	
Intermediate input prices	18	80	2	<b>46</b>	24	76	0	<b>43</b>	13	88	0	<b>47</b>	8	92	0	<b>48</b>	0	100	0	<b>50</b>	0	100	0	<b>50</b>	
Wage level	5	94	1	<b>51</b>	2	98	0	<b>51</b>	15	83	3	<b>54</b>	4	96	0	<b>51</b>	0	100	0	<b>50</b>	8	92	0	<b>52</b>	
<b>Primary inputs</b>																									
Investment	7	93	0	<b>52</b>	9	91	0	<b>52</b>	8	93	0	<b>52</b>	4	96	0	<b>51</b>	0	100	0	<b>50</b>	10	90	0	<b>53</b>	
Employment	11	86	3	<b>52</b>	5	93	2	<b>51</b>	25	68	8	<b>55</b>	11	87	2	<b>52</b>	4	96	0	<b>51</b>	18	81	2	<b>55</b>	

<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> Equal to the simple average of the variables' indexes. The index's method of calculation is provided in the appendix.