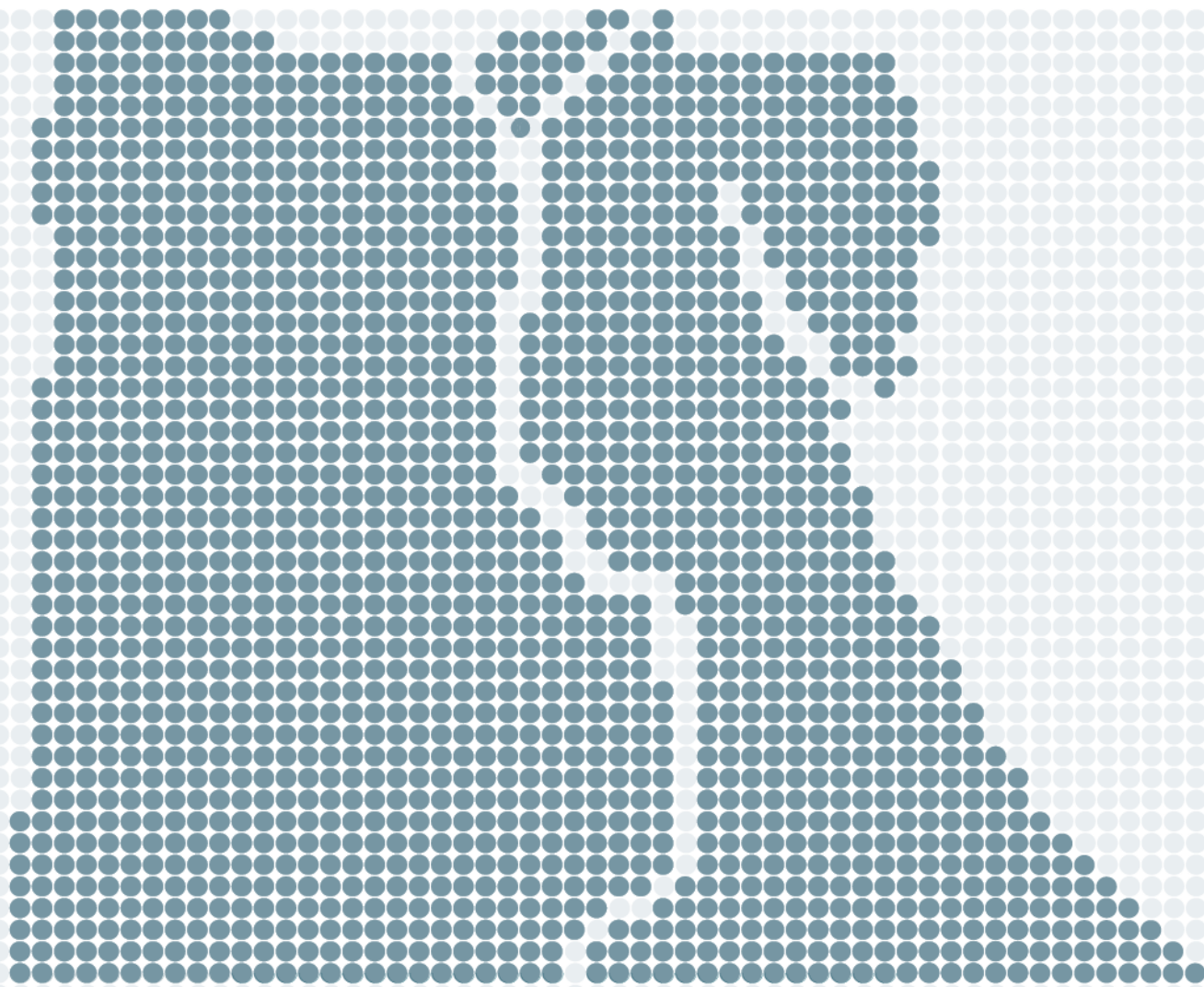




Business Barometer

Issue 35 2015



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 with Issue No. 34, 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 second 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 third quarter of FY 2014/2015.

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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

Preface

“Egypt the Future” economic development conference, to be held 13 to 15 March 2015 in Sharm El Sheikh, is a few weeks away. It will be followed by two-stage parliamentary elections up till end April 2015. The Business Barometer of the first quarter of 2015 captures a sustained optimistic outlook by business that we believe is nourished by the seemingly successful run-up to this landmark economic event and by the awaited final milestone of the political roadmap.

Firms expressed caution about economic recovery in the first quarter of 2015, yet they have ambitious plans for the remaining part of the year. Business reported confident strategy that call for expanding production and investment, healthy growth in sales—both domestically and in export markets—higher capacity utilization and lower inventory. The recent corrections to the exchange rate regime introduced by the Central Bank of Egypt coupled by a potent legislative reform agenda will certainly boost the recovery of investment and potentially exports and tourism.

Despite the security risks, there seems to be a business resolve to realize meaningful economic recovery in 2015. While truly optimistic, the business community is signaling to the government for the first time that the reform of bureaucracy that can make it a facilitator of business rather than a barrier has become an imperative. It is clear that the government is responding positively and has begun to design a strategy for civil service reform that will both enhance its efficiency and increase transparency and accountability.

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 own business for the second quarter of FY14/15 (October-December 2014) and their outlook for the third quarter of FY14/15 (January-March 2015), respectively. The results come at a time the business community is anticipating the Egypt Economic Development Conference and the upcoming parliamentary elections, both expected in March 2015.

GDP growth is estimated at 5.5-6 percent in Q2FY14/15, according to estimates released by the Minister of Finance, compared to 1.4 percent in Q2FY13/14. This high figure is probably attributed not only to the low base effect but also to improved stability that led to a recovery in domestic demand. The World Bank, on the other hand, revised the growth rate to 3.5 percent in 2015, up from 3.1 percent.

At the fiscal front, the budget deficit has widened during the period July-November 2014 to 4.6 percent, up from 3.3 percent during the corresponding period in 2013. The increase could be attributed to the cost of servicing the rapidly-rising debt stock, in addition to the slowdown in aid inflows from Gulf countries compared to the corresponding period last year. As the government has embarked on new policies to augment revenues and the economy is recovering, the tax revenues increased by 34 percent during July-November 2014, mainly due to the LE 10 billion increase in tax receipts from income, capital gains and profit taxes. However, this increase has been offset by the significant drop in grants. Further increases in tax revenues are expected by the end of FY14/15 with the recent amendments in the real estate law and the forthcoming introduction of the value added tax (VAT).

On the other hand, the inflationary impact of the petroleum product price increases introduced in July 2014 continued to intensify, contributing to a high inflation rate of 11.8 percent in October 2014. However, this trend has been reversed in November and December, with annual headline inflation slowing

down to 9.1 and 10.1 percent, respectively. This is largely affected by the contained effect of imported inflation in light of the drop in international oil and food prices. It is worth noting that this slowdown in prices has pushed the central bank to cut the key policy rates in January 2015 by 50 basis points in an attempt to incentivize investments and boost growth.

At the external front, the balance of payments registered a \$0.4 billion surplus during Q1FY14/15, compared to \$3.7 billion surplus in Q1FY13/14. The current account registered a deficit of \$1.4 billion against a surplus of \$0.6 billion in the previous corresponding quarter. This was driven by the increase in merchandise imports and the drop in official transfers, but mitigated by the improvement in the balance of services (from \$-0.2 billion to \$2.1 billion). The improvement was mainly due to the rise in tourism revenues from \$0.9 billion to \$2.1 billion. On the other hand, the capital and financial account registered a lower net inflow of \$0.8 billion only against about \$4.6 billion in the previous corresponding quarter.

Net international reserves dropped from \$16.9 billion in October 2014 (3.4 months of imports) to \$15.8 in November 2014 (3.2 months of imports), due to Egypt refunding the remaining \$2.5 billion of the Qatari deposit.

Business Barometer Index

Evaluation

(July-September 2014)

51.0

(October-December 2014)

48.8

Outlook

(October-December 2014)

52.0

(January-March 2015)

54.9

Main Takeaways

- Firms seem optimistic about 2015, despite a slump in their performance in the last quarter of 2014. The positive outlook is reflected in the 3-point recovery in the BB outlook index, registering 54.9 for the period January-March 2014.
- Large firms tend to be more affected by the global slowdown, given their higher share of production being exported.
- Communications is the only sector that reported a recovery in its performance during October-December 2014.
- The two most significant declines in overall performance were reported by the tourism and textile sectors whose past performance index declined by 9 and 7 points, respectively.
- Firms' outlook for economic growth remained unchanged over the two quarters. Their economic growth outlook for the quarter of January-March 2015 remains low.
- Notwithstanding the conservative outlook on economic growth, firms reported confident plans for expanding production and investment. They also expect healthy growth in sales, both domestically and in export markets, and better higher capacity utilization and lower inventory.
- Firms' business plans are ambitious despite their expectations of higher prices and wages. This implies a positive outlook for economic growth during the rest of 2015.
- Firms' outlook is relatively close across sectors, although a bit higher in textile firms, and also among construction firms contrary to their previous outlook.
- Within the manufacturing sector, food and fertilizer firms reported a higher expectations index by 4 and 5 points, respectively.
- Corruption was cited by most of the surveyed firms as the most severe business constraint during October-December 2014.

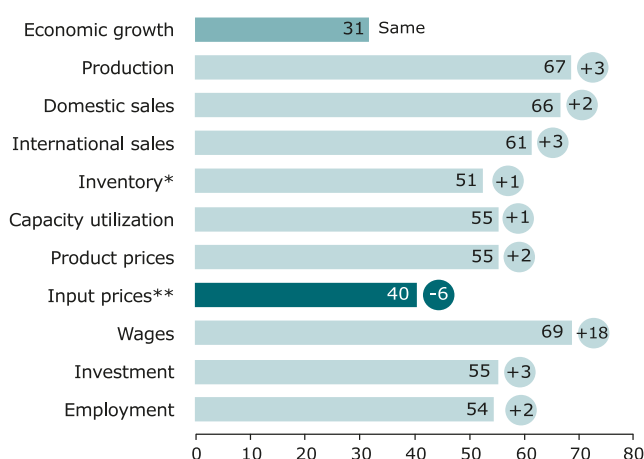
Firms' Past Performance for the Period October-December 2014

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



Firms' Outlook for the Period January-March 2015

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



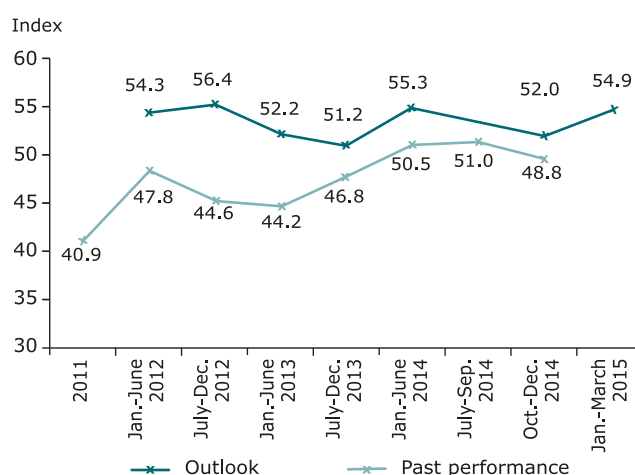
Source: Authors' calculations based on survey results.

* 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 (BBI)

As indicated by the BBI, the overall performance of firms has grown steadily, albeit slowly, over the past year. However, the last quarter of 2014 (October-December) witnessed the first contraction in firms' overall performance since December 2013. The slow recovery in the global economy affected firms' performance, especially among exporters given weak external demand. Moreover, the strong official value of the exchange rate may have negatively affected the competitiveness of the Egyptian exports and hit firms' international sales. On the other hand, as Egypt prepares for its landmark economic conference and the parliamentary elections, both due in March 2015, firms' expectations for the coming quarter (January-March 2015) are high, as evidenced by the 3-point recovery in the BB outlook index.

Figure 1. Overall Business Barometer Index



Source: Survey results.

Past Performance of Businesses

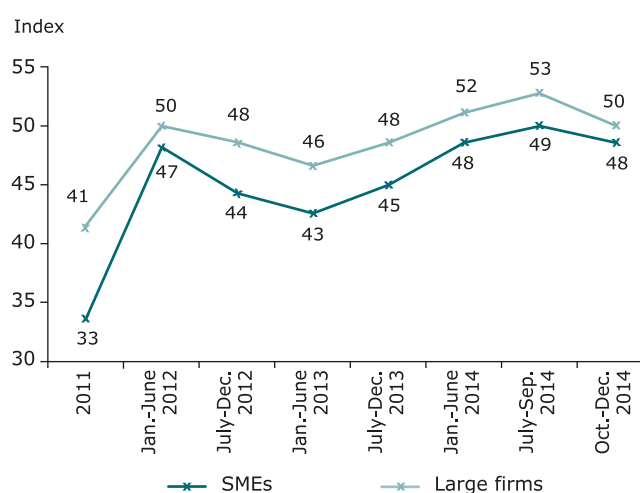
Although firms' perceptions about economic growth are still positive (indicated by an index value of 52), they declined during October-December 2014 by 8 points. This is in line with firms' production levels, which also declined as their sales deteriorated, driven by a significant loss in exports and domestic demand. Input prices continued to slow down, driven largely by the huge drop in the international oil prices, given the high imported content in firms' production. This may have helped firms lower their final product prices in an attempt to activate demand. Moreover, firms performed below their capacity utilization, leading to further accumulation of inventories. Also, the slowdown in overall business activity has been reflected in a decline in the wage bill during the quarter. Investment and employment levels were more or less kept unchanged, reflecting the contraction in the firms' overall performance.

While most firms reported a slowdown in their business activity during October-December, the decline was more significant among large firms than among SMEs. Large firms tend to be more affected by international developments, given the higher share of production being exported.

On the other hand, there was no significant difference in overall performance among public and private firms except for the wage bill, which declined by 24 points for the public firms compared to only 4 points in private ones.

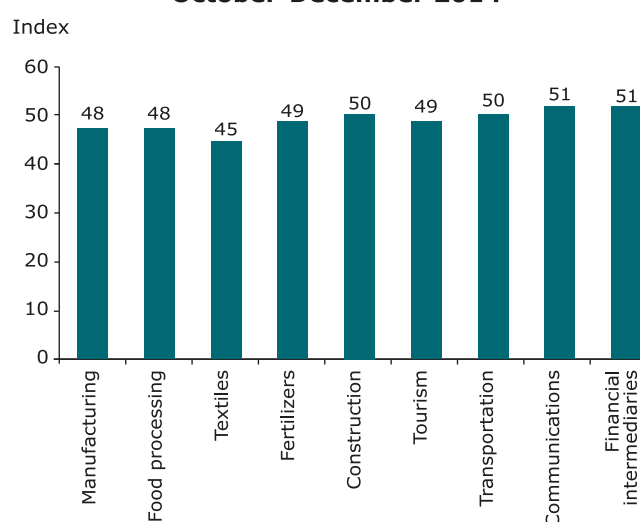
Among sectors, communications is the only sector which reported a recovery in its performance during the October-December 2014. The two most significant declines were reported in the tourism and textiles sectors with the past performance index declining by 9 and 7 points, respectively. Exporters from the textile sector witnessed a huge decline in their international sales. This has most likely contributed to the decline in the sector's overall performance. Contrary to its last quarter's performance, the construction sector reported the most positive perceptions of economic growth among sectors.

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



Source: Survey results.

Figure 3. Sectors' Past Performance for the Period October-December 2014



Source: Survey results.

Business Strategy Going Forward

Firms' outlook for January-March 2015 is in general better than the previous period, though lower compared to the performance during the period October-December 2014. However, their outlook for economic growth did not change over the two quarters, reflecting concern over the pace of economic recovery. Firms anticipate lower production, but slightly higher domestic and international sales, to the favor of a decrease in inventories.

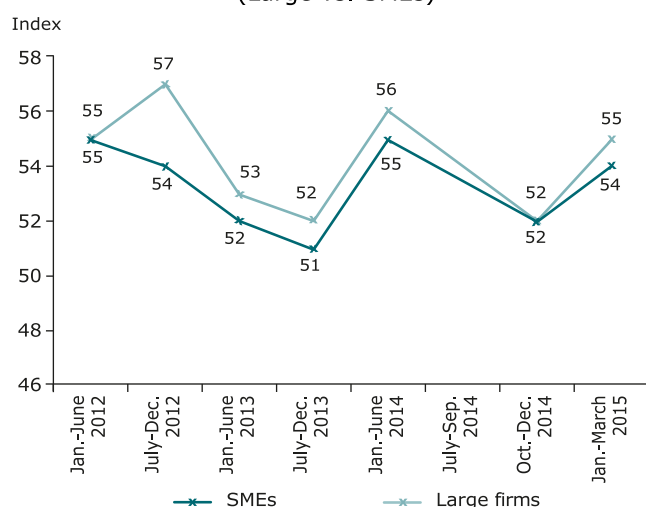
In light of continued subsidy reform, firms expect input prices, especially those of energy products, to increase, which induces expectations of higher final product prices. Higher wages are anticipated

as salaries undergo increases at the beginning of the calendar year, particularly in the private sector. Investment and employment increases 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 higher expectations for the period January-March 2015.

Outlook was relatively close among sectors, though a bit higher in textile firms due to an increase in export orders, and also in construction firms contrary to the previous outlook.

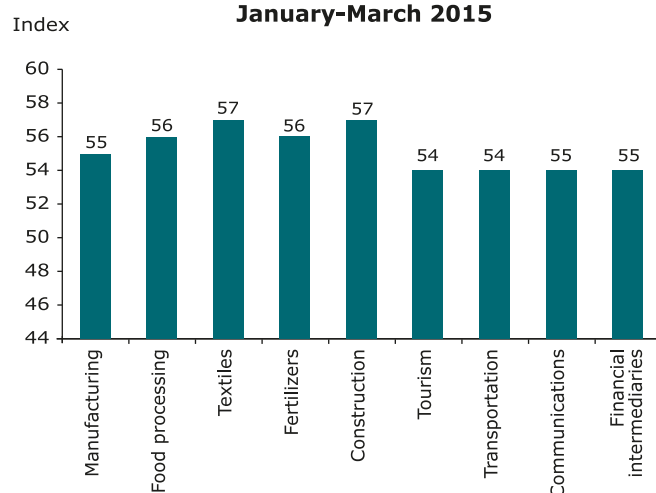
Within the manufacturing sector, food and fertilizer firms have slightly raised their expectations by 4 and 5 points, respectively, with high wage increases, and production and domestic sales in the case of fertilizers. Tourism expectations remained unchanged similar to financial intermediaries.

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



Source: Authors' calculations based on survey results.

Figure 5. Sectors' Outlook for the Period January-March 2015



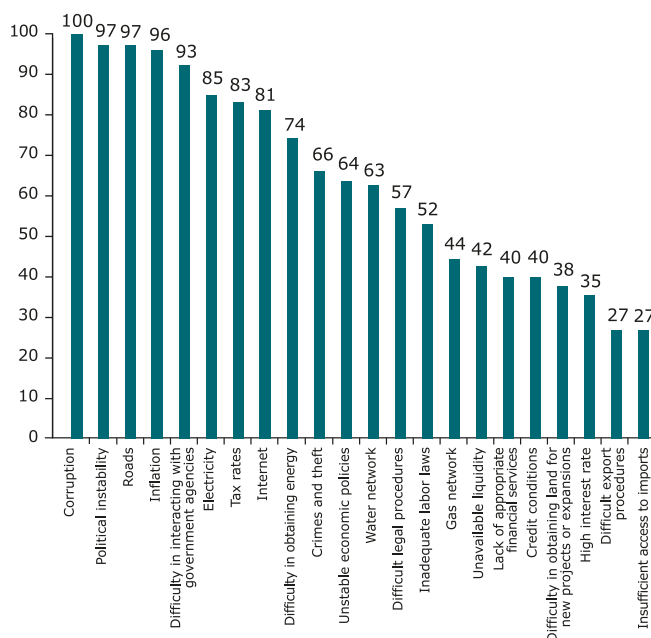
Source: Survey results.

Business Constraints

Corruption was cited by most firms as the most severe business constraint during October-December 2014. This sheds light on the need to intensify government's effort towards achieving transparency and effective public administration. On the other hand, political instability is back as a top business constraint, reflecting the sensitivity of the business community towards any political instability. Most of the constraints reported by firms from different sectors center around poor infrastructure, namely, roads, electricity, internet and water networks. During this quarter, tax rates have also been ranked as a significant business constraint (value of index increased to 83 compared to 67 in the last quarter). Some firms showed heightened concern over the implementation of the amendments to the income tax law, especially the dividend tax.¹

Figure 6. Major Constraints Facing the Business Sector

(Normalized index of severity)



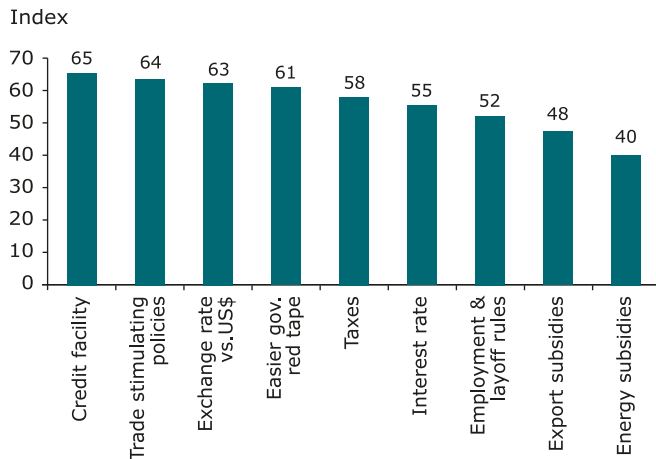
Source: Survey results.

Policy Expectations

Easier credit facilities and trade stimulating policies are expected by the majority of firms. Further exchange rate depreciation is also expected.

¹ Law no. 53 of 2014.

Figure 7. Policy Expectations for the Coming Quarter

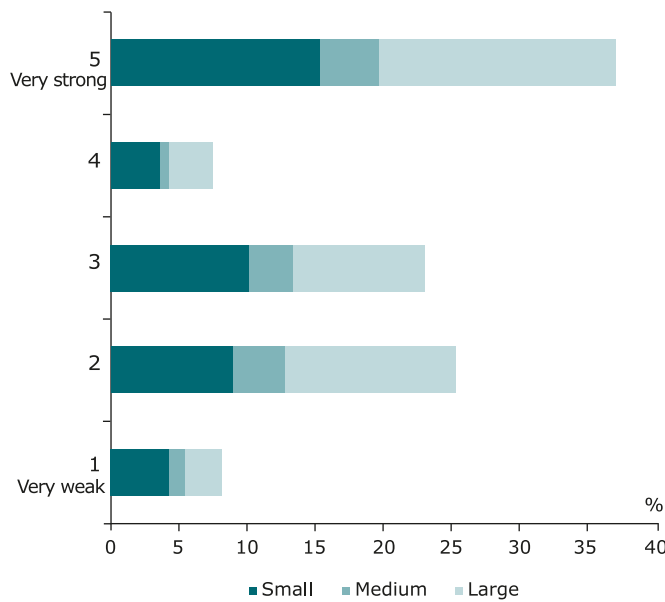


Source: Survey results.

Competition

Around 36 percent of firms rate competition in their respective sectors as very strong, compared to 53 during the previous period. The decrease stems mainly from the banking and financial services sector, which could be due to the withdrawal of Citibank from the market.

Figure 8. Degree of Competition



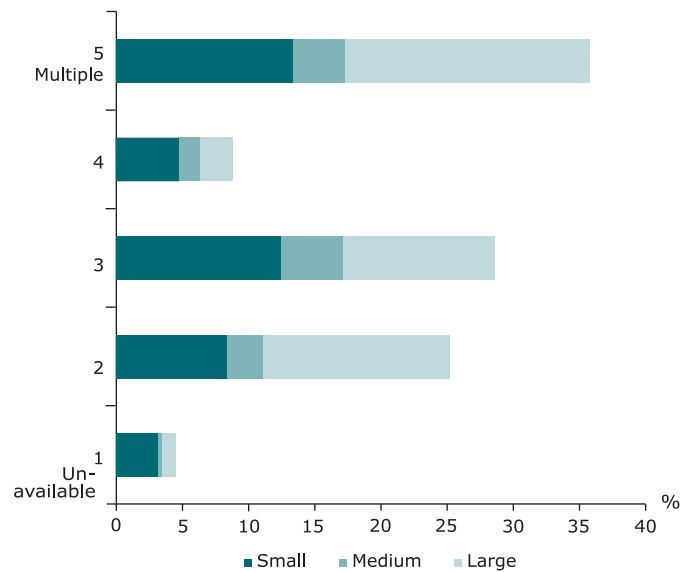
Source: Survey results.

Local Suppliers

While the majority of surveyed firms still see the quantity of local suppliers as abundant in their supply chain, the percentage of firms declined to 36 percent

compared to 43 percent during last quarter. About 80 percent of firms have assessed local suppliers' quality as good, assigning it a rank of 2 or 3.

Figure 9. Availability of Local Suppliers

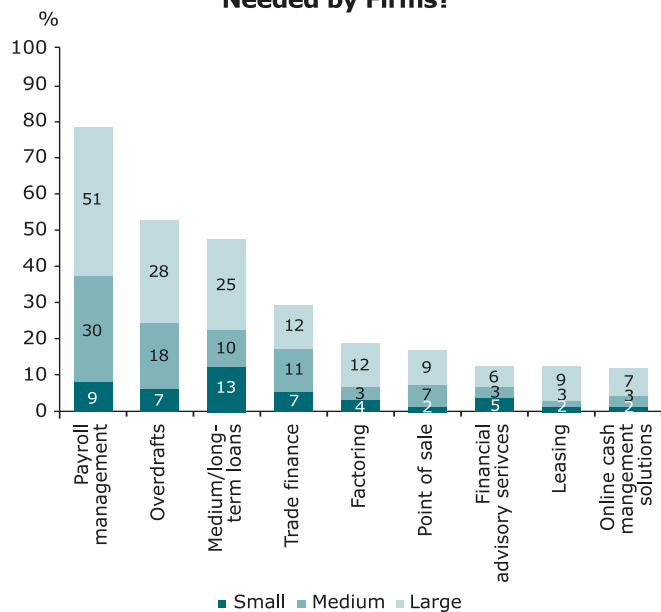


Source: Survey results.

Financial Services

Payroll management remains the most needed financial service for the Egyptian business sector, a result that comes mainly from service companies. Financial services less needed by firms include leasing and online cash management solutions. As seen in the figure, financial services need to be further developed in order to incentivize demand from small firms.

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

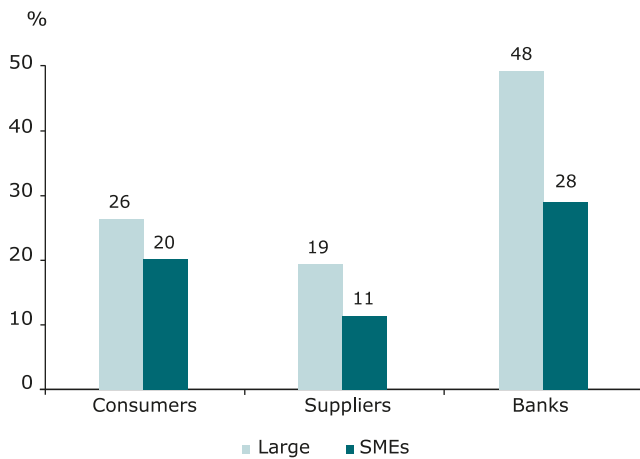


Source: Survey results.

E-Payments

The most common e-payments relate to transactions of firms—both large and SMEs—with banks. SMEs’ use of e-payments with consumers has increased from 7 percent in the previous survey to 20 percent in this survey.

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

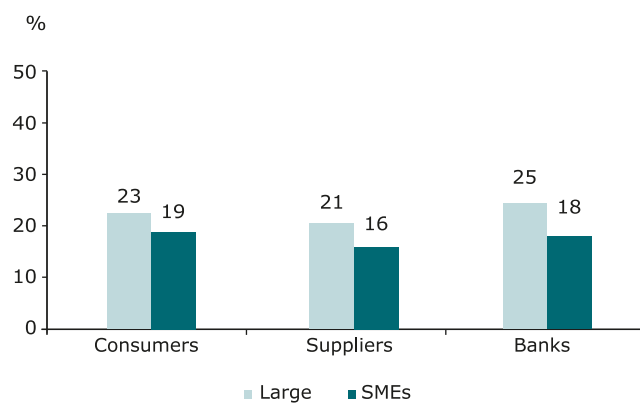


Source: Survey results.

* Numbers indicate the percentage of firms that responded affirmatively.

Firms’ willingness to use e-payments has increased 1.5 to twofold over the past three months, indicating increased financial awareness, particularly 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 Barometer 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 sales	Domestic sales	International sales	Inventory	Capacity utilization	Final prices	Input prices	Wages	Investments	Employment	Overall index
Manufacturing of which:¹	-4 ●	-2 ●	-3 ●	-4 ●	-2 ●	-1 ●	+6 ●	-7 ●	+2 ●	-1 ●	-2 ●	
Food processing	-11 ●	+4 ●	+7 ●	-10 ●	-5 ●	+2 ●	-9 ●	-5 ●	+1 ●	+6 ●	-1 ●	
Textiles	-7 ●	-14 ●	-12 ●	-24 ●	-7 ●	-11 ●	+8 ●	-10 ●	+1 ●	-3 ●	-7 ●	
Fertilizers	-4 ●	-7 ●	-6 ●	+3 ●	+1 ●	-1 ●	+12 ●	-10 ●	-	-2 ●	-1 ●	
Services of which:	-12 ●	-4 ●	-4 ●	-7 ●	-2 ●	-1 ●	+18 ●	-5 ●	-	-2 ●	-	
Construction	+12 ●	-6 ●	-8 ●	-5 ●	-3 ●	+1 ●	+15 ●	-10 ●	-	-2 ●	-3 ●	
Tourism	-22 ●	-24 ●	-24 ●	-16 ●	-12 ●	-9 ●	+23 ●	-4 ●	-2 ●	-4 ●	-9 ●	
Transportation	-13 ●	-1 ●	-3 ●	-7 ●	-1 ●	-3 ●	+24 ●	-4 ●	-	-2 ●	-1 ●	
Communications	-5 ●	-	+1 ●	+6 ●	+7 ●	+1 ●	-	-4 ●	+3 ●	-2 ●	+1 ●	
Financial intermediaries	-8 ●	+3 ●	+5 ●	-	-1 ●	+4 ●	+6 ●	-3 ●	+1 ●	-2 ●	-	

Source: Survey results.

¹ 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 sales	Domestic sales	International sales	Inventory	Capacity utilization	Final prices	Input prices	Wages	Investments	Employment	Overall index
Manufacturing of which:¹	-2 ●	+3 ●	+3 ●	+4 ●	+1 ●	+4 ●	+3 ●	-7 ●	+21 ●	+4 ●	+2 ●	+3 ●
Food processing	-6 ●	+4 ●	-	+9 ●	+7 ●	+3 ●	+7 ●	-7 ●	+20 ●	+4 ●	+4 ●	+4 ●
Textiles	-2 ●	-3 ●	-3 ●	+13 ●	-7 ●	-1 ●	-	+1 ●	+15 ●	+2 ●	+1 ●	+1 ●
Fertilizers	-1 ●	+12 ●	+11 ●	-	+4 ●	+9 ●	-1 ●	-2 ●	+17 ●	+1 ●	+6 ●	+5 ●
Services of which:	+2 ●	+3 ●	+2 ●	-	-1 ●	-1 ●	+2 ●	-5 ●	+15 ●	+2 ●	+1 ●	+2 ●
Construction	+1 ●	+14 ●	+14 ●	-	+5 ●	+5 ●	+6 ●	-5 ●	+14 ●	+5 ●	+7 ●	+6 ●
Tourism	+16 ●	-6 ●	-	-12 ●	-4 ●	-4 ●	-3 ●	-8 ●	+12 ●	+2 ●	-	-
Transportation	-9 ●	+2 ●	-1 ●	+4 ●	+1 ●	+1 ●	+2 ●	-8 ●	+18 ●	+4 ●	-	+1 ●
Communications	-5 ●	+4 ●	+3 ●	+13 ●	+5 ●	+5 ●	+5 ●	-9 ●	+17 ●	+6 ●	+3 ●	+4 ●
Financial intermediaries	+10 ●	-3 ●	-3 ●	+3 ●	-7 ●	+1 ●	+1 ●	-6 ●	+13 ●	-2 ●	-2 ●	-

Source: Survey results.

¹ 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 (January-June 2013 - October-December 2014)¹

Indicator	Jan.-June 2013			July-Dec. 2013			Jan.-June 2014			July-Sep. 2014			Oct.-Dec. 2014							
	Higher	Same	Lower	Index ²	Higher	Same	Lower	Index ²	Higher	Same	Lower	Index ²	Higher	Same	Lower	Index ²				
Economic growth	9	24	46	26.6	23	36	41	43.4	36	36	28	52.9	42	44	15	60	32	41	27	52
Business activity																				
Production	16	37	47	38.7	26	38	36	46.7	38	34	29	53.7	33	48	19	55	33	39	28	52
Domestic sales	15	38	46	38.4	26	38	36	46.4	37	34	29	53.0	32	50	18	55	32	39	29	51
International sales	25	46	29	48.6	21	55	25	49.0	27	40	33	47.9	23	60	17	52	26	41	34	48
Inventory	14	71	15	50.3	14	71	14	49.7	18	69	14	49.1	17	70	13	49	26	64	10	45
Level of capacity utilization	7	66	27	44.0	7	66	27	44.0	12	67	21	47.3	13	75	12	50	14	65	20	48
Prices																				
Final product prices	29	62	9	56.2	18	72	10	52.3	30	66	4	57.8	22	74	5	55	19	74	6	53
Intermediate input prices	75	25	0	20.0	69	30	2	24.6	79	20	1	17.5	72	26	2	22	52	43	4	33
Wage level	47	51	3	64.9	30	67	3	58.0	59	40	1	70.7	31	68	0	59	14	85	1	54
Primary inputs																				
Investment	20	67	12	52.1	16	82	2	53.8	19	80	1	55.0	9	90	1	52	14	84	2	53
Employment	5	78	17	46.6	6	76	18	46.1	14	72	14	50.0	8	83	9	50	8	79	13	49

Table A4. Survey Results: Summary of Outlook of all Firms (July-December 2013 - January-March 2015)¹

Indicator	July-Dec. 2013			Jan.-June 2014			July-Dec. 2014			Oct.-Dec. 2014			Jan.-March 2015							
	Higher	Same	Lower	Index ²	Higher	Same	Lower	Index ²	Higher	Same	Lower	Index ²	Higher	Same	Lower	Index ²				
Economic growth	15	49	36	43.0	51	42	8	65.5	65	25	9	72.0	5	37	58	31	9	32	59	31
Business activity																				
Production	24	65	11	53.9	34	62	4	59.3	58	38	5	69.6	47	47	6	64	55	37	8	67
Domestic sales	24	65	11	53.9	33	64	4	59.0	58	37	5	69.3	46	48	6	64	52	40	7	66
International sales	20	73	7	53.8	26	72	2	56.6	42	53	5	62.1	31	65	3	58	40	54	6	61
Inventory	9	83	8	49.7	11	84	5	48.4	9	78	13	51.1	11	76	13	51	13	71	17	51
Level of capacity utilization	12	83	6	51.9	14	83	3	53.0	26	72	3	57.0	18	78	3	54	22	74	4	55
Prices																				
Final product prices	16	82	1	53.8	14	85	1	53.5	24	74	2	56.3	13	85	2	53	21	77	2	55
Intermediate input prices	31	68	1	41.1	35	62	2	39.5	48	51	1	34.4	17	82	1	46	36	61	3	40
Wage level	26	73	1	57.2	49	51	1	66.2	28	72	0	58.1	5	94	1	51	55	44	1	69
Primary inputs																				
Investment	17	82	1	54.4	18	82	0	54.9	20	80	0	55.6	7	93	0	52	18	82	0	55
Employment	5	92	3	50.5	11	86	3	52.2	19	76	4	54.0	12	85	3	52	19	77	4	54

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

² 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 (October-December 2014)¹

Indicator	Manufacturing Sector			Construction Sector			Tourism Sector			Transportation			Communications			Financial Intermediaries								
	Percentage Higher	Percentage Same	Percentage Lower	Index ² 50	Index ² 48	Index ² 51	Percentage Higher	Percentage Same	Percentage Lower	Index ² 50	Index ² 50	Index ² 52	Percentage Higher	Percentage Same	Percentage Lower	Index ² 51	Index ² 51	Index ² 55						
Economic growth	31	37	31	50	33	38	29	51	35	43	23	55	31	43	26	52	29	54	18	54	34	47	19	55
Business activity																								
Production	29	41	30	50	33	51	16	56	38	18	45	47	41	30	30	55	32	50	18	55	40	34	26	55
Domestic sales	28	41	31	49	35	45	20	55	34	16	50	43	32	45	23	53	30	52	19	54	42	34	24	57
International sales	18	51	31	46	20	60	20	50	48	9	43	52	34	22	44	46	20	80	0	56	0	100	0	50
Inventory	27	63	10	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Level of capacity utilization	15	60	25	47	11	69	20	47	20	53	28	48	9	78	13	49	21	71	7	54	13	77	10	51
Prices																								
Final product prices	25	66	9	55	20	78	2	55	13	75	13	50	11	87	2	52	18	82	0	55	11	89	0	53
Intermediate input prices	56	38	6	32	55	38	7	33	57	43	0	30	36	64	0	39	52	44	4	33	47	53	0	35
Wage level	16	83	1	54	11	87	2	52	25	73	3	57	7	93	0	52	4	93	4	50	10	87	3	52
Primary inputs																								
Investment	14	84	2	53	13	82	5	52	8	90	3	52	13	83	4	52	15	85	0	54	18	82	0	55
Employment	8	79	13	49	9	82	9	50	18	68	15	51	4	80	17	47	7	75	18	47	6	85	8	49

Table A6. Survey Results: Summary of Business Sector Outlook (January-March 2015)¹

Indicator	Manufacturing Sector			Construction Sector			Tourism Sector			Transportation			Communications			Financial Intermediaries								
	Percentage Higher	Percentage Same	Percentage Lower	Index ² 55	Index ² 57	Index ² 54	Percentage Higher	Percentage Same	Percentage Lower	Index ² 54	Index ² 54	Index ² 25	Percentage Higher	Percentage Same	Percentage Lower	Index ² 55	Index ² 55	Index ² 31						
Economic growth	12	29	58	32	5	33	62	29	3	43	55	32	2	30	69	25	11	39	50	36	8	34	58	31
Business activity																								
Production	53	37	9	66	67	29	4	74	45	43	13	62	48	44	7	64	46	43	11	62	66	27	6	73
Domestic sales	51	41	8	65	69	29	2	76	47	47	6	64	37	55	8	59	41	48	11	60	66	28	7	73
International sales	39	55	6	61	20	80	0	56	43	43	13	60	45	52	3	64	40	60	0	63	33	67	0	60
Inventory	13	70	17	51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Level of capacity utilization	28	67	6	57	24	75	2	57	23	65	13	53	13	87	0	53	21	79	0	56	8	92	0	52
Prices																								
Final product prices	26	72	2	57	27	73	0	58	13	83	5	52	17	81	2	54	21	75	4	55	5	95	0	51
Intermediate input prices	38	59	3	39	42	55	4	38	37	63	0	39	34	66	0	40	36	56	8	41	22	76	2	44
Wage level	61	37	1	72	45	55	0	65	48	53	0	66	56	44	0	69	50	50	0	67	48	50	2	65
Primary inputs																								
Investment	20	80	0	56	25	75	0	57	15	85	0	54	17	83	0	55	23	77	0	56	2	98	0	51
Employment	21	74	6	55	29	69	2	58	18	83	0	55	15	78	7	52	18	79	4	54	11	89	0	53

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

² Equal to the simple average of the variables' indexes. The index's method of calculation is provided in the appendix.