

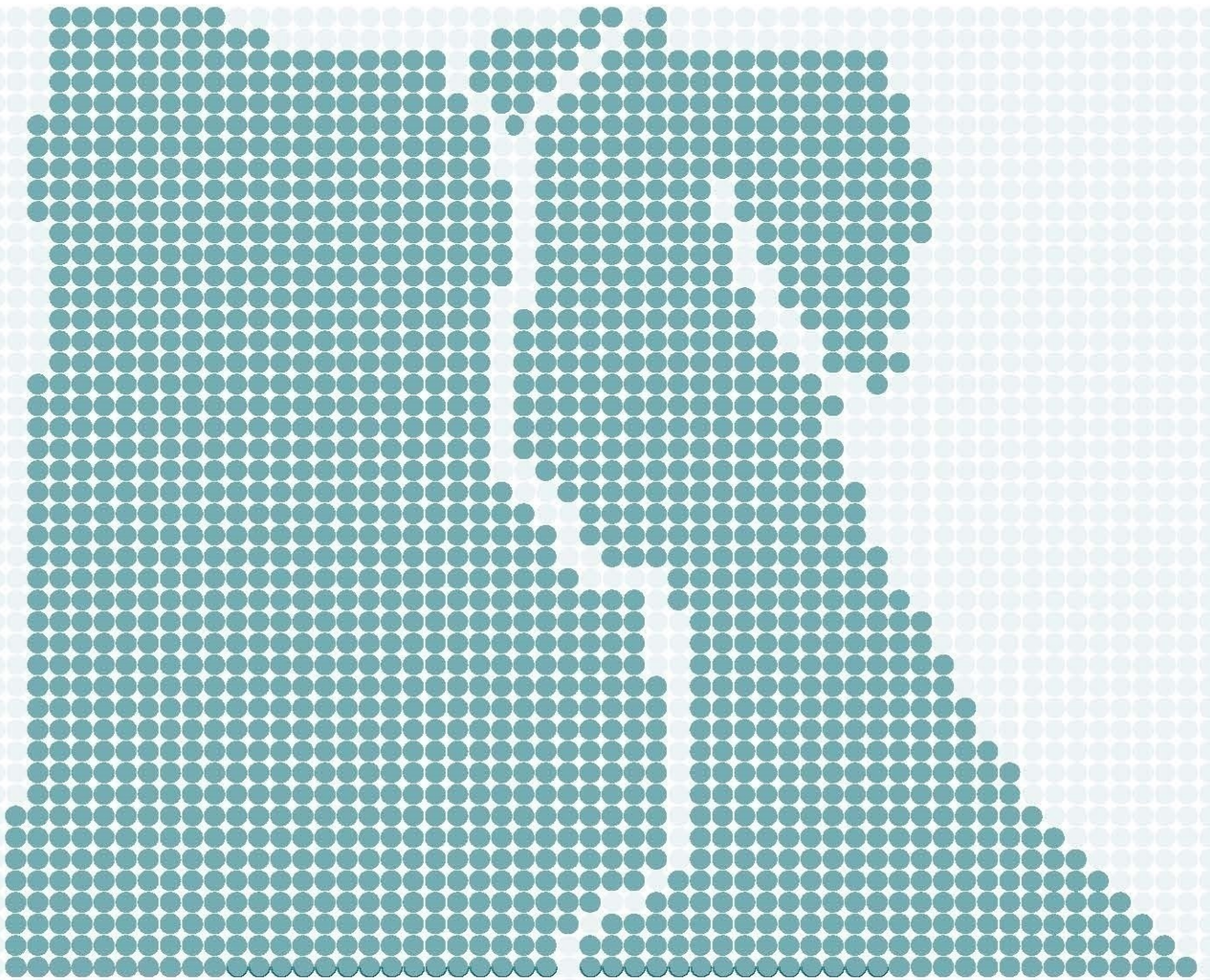


المركز المصري للدراسات الاقتصادية  
*The Egyptian Center for Economic Studies*

# Business Barometer

## Issue 48

## 2018



## Performance & Expectations of the Egyptian Business Sector

## **About the Egyptian Center for Economic Studies**

The Egyptian Center for Economic Studies (ECES) is an independent, non-profit think tank that conducts specialized economic research, drawing on international experience and constructive discussions among various stakeholders. ECES's main objective is to propose sound economic policies, and institutional and legislative reforms that contribute to sustainable development in Egypt, all on the basis of combined economic efficiency and social justice.

### **Strategic Direction**

Economic efficiency and social justice are of core interest to ECES. Combined, they constitute the Center's strategic direction. ECES research and activities focus on studying past, present and future challenges facing the Egyptian economy, whether they are related to macroeconomic stability, microeconomic efficiency, or political economy aspects both on the internal and external dimensions. In its analysis, ECES is keen on adopting a comprehensive approach that encompasses legislative, institutional, policy and structural aspects of whatever problem or area addressed, not to mention implementation mechanisms. In all its activities, ECES relies on its competent team of in-house researchers, in addition to collaboration with external experts and like-minded think tanks as needed.

### **ECES Board of Directors**

**Omar Mohanna**, *ECES Chairman, and Chairman, Suez Cement Group of Companies*  
**Tarek Zakaria Tawfik**, *ECES Vice Chairman, and President of the American Chamber of Commerce in Egypt*

**Mohamed Kassem**, *ECES Secretary General, and Chairman, World Trading Co., Egypt*

**Alaa Hashim**, *ECES Treasurer, and Chairman, TRANSCENDIUM*

**Ahmed Fikry Abdel Wahab**, *GM & CEO, EGA – Egyptian German Automotive.*

**Ahmed Abou Ali**, *Partner, Hassouna and Abou Ali Law Offices*

**Hisham El Khazindar**, *Co-Founder and Managing Director, Qalaa Holdings*

**Hussein Choucri**, *Chairman and Managing Director, HC Securities & Investment*

**Mohamed Zakaria Mohie El Din**, *Chairman & Managing Director, National Company for Chemical Industries – NASYDCO*

**Aladdin Sabaa**, *Founding Partner, BPE Partners*

### **Honorary Chairman**

Galal El Zorba, *Chairman of Nile Holding Co.*

Hazem Hassan, *Chairman of KPMG Egypt*  
Hazem Hassan

## **ECES Staff**

The Center's staff is comprised of a high-caliber and interactive team of economists, researchers, editors and administrators. Read more about the ECES team in the following link: <http://www.eces.org.eg/Staff.aspx>

### **Executive Management**

Abla Abdel Latif - Executive Director and Director of Research

Magda Awadallah - Deputy Executive Director for Finance and Administration

#### **Research Department**

Diaa Nouredine - Senior Economic Consultant

Sahar Abboud - Economic Consultant\*

Rama Said - Economic Consultant

Racha Seif - Economist\*

Nadine Abdel Raouf - Economist\*

Hoda El-Abbadi - Economist

Dalia Mokhtar - Economic Consultant

Yara Helal - Economist \*

Aliaa Abdullah - Research Analyst

Ahmed Dawood - Research Analyst

#### **Statistical Department**

Khaled Wahid - Head of Statistical\*  
Department\*

Ahmed Fathy - Research Assistant\*

Hossam Khater - Research Assistant\*

Mohamed Khater - Research Assistant\*

#### **Information Technology Department**

Kadry Sayed - IT Manager

Ebrahim El Embaby - IT Assistant

#### **Digital Communications Department**

Walid Shawky El-Torky

Digital Communication Manager

#### **Finance and Administration Department**

Mohamed Leheta - Finance Manager

Amani Medhat - Executive Assistant

Mohamed Atef - Staff Assistant

Hussein Mohamed - Support Staff

Omar Mowafy - Support Staff

Sobhy Hussein - Support Staff

Tarek Abdel Baky - Support Staff

Waleed Ibrahim – Support Staff

Amro Mohamed – Support Staff

#### **Editorial and Translation Department**

Yasser Selim - Managing Editor

Fatima Ali – Senior Editor/ Translator

\* The *Business Barometer* research team.



# *Business Barometer*

Issue No. 48 – 2018

## **Contents**

About the Business Barometer

Methodology

Overview of the Macroeconomy

Business Barometer Index

Past Performance of Businesses

Business Strategy Going Forward

Policy Expectations

About the Business Barometer

## **About the Business Barometer**

The Egyptian Center for Economic Studies (ECES) publishes its Business Barometer (BB) survey periodically as part of its role in providing timely information about the developments of economic activity in Egypt based on an assessment of macroeconomic indicators produced by the relevant authorities. The survey covers an assessment by a sample of firms of economic growth and results of own operations in terms of production, domestic sales, exports, commodity inventories, capacity utilization, prices, wages, employment and investment during the quarter under review as well as their outlook for the same set of variables in the upcoming quarter.

ECES launched its first Business Barometer in 1998. The report analyzes the results of a sample survey of firms that cover manufacturing (50 percent), financial services (13 percent), construction (12 percent), transportation (10 percent), tourism (9 percent) and telecommunications (7 percent). The survey is conducted on a number of micro, small, medium and large firms as per the definition of the Central Bank of Egypt announced on March 5, 2017 (CBE).

This edition of BB provides an assessment of the performance of a sample of firms and results of their operations in the fourth quarter of FY 2017/2018 (April-June 2018). It also summarizes their expectations for overall economic performance as well as own activities for the first quarter of FY 2018/2019 (July-September).

## Methodology

The BB Index is a simple average of the sub-indices of surveyed variables (production, domestic sales, exports, inventory, capacity utilization, prices, wages, employment and investments). The Index is calculated once for large firms and once for SMEs, both for evaluation and expectations.

Index Value	Index Definition
50 points	Same (no change in firms' performance and expectations)
Above 50 points	Higher (improvement in firms' performance and expectations)
Below 50 points	Lower (decline in firms' performance and expectations)

The index is calculated for each variable using the following equation:

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

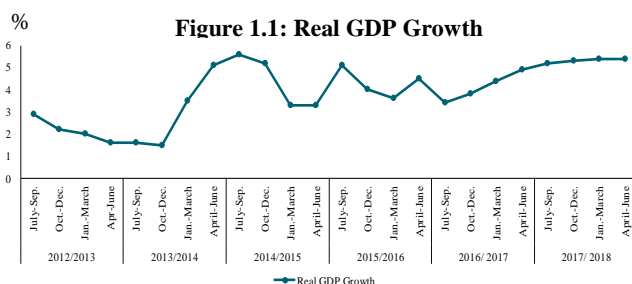
Where *I* is the share of firms reporting an increase and *S* the share of firms reporting "same."

The index is designed to have a maximum of 100 points 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 neutralized 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.

## Overview

This section provides an overview of the main developments of the fourth quarter of FY 2017/2018 (April – June), as well as an assessment of the performance of the main macro indicators (as per the latest available data). It is worth noting that the quarter under review is the first after the presidential elections that took place in March. As expected, a new cabinet headed by a new prime minister was sworn in June.

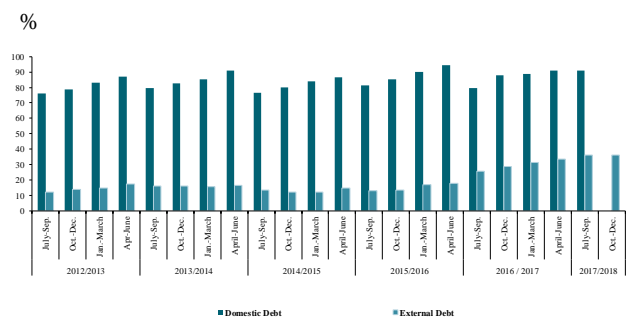
During this quarter, Standard and Poor's raised Egypt's long-term foreign and local currency sovereign credit rating to "B" from "B-" with a stable outlook. This was the first upgrading for Egypt's credit rating by S&P's since November 2013. Also, S&P's projected Egypt's GDP growth to reach 5.2 percent in FY 2017/2018 and to average 5.4 percent for the coming four years up from the previously predicted rate of 4.4 percent. Gross domestic product grew by 5.4 percent, driving up the growth rate of the whole fiscal year to 5.3 percent, exceeding the rate predicted by S&P's (Figure 1.1). Growth varied sectorally, driven mainly by construction, Suez Canal, communications and extractions (Ministry of Planning, Follow-up and Administrative Reform). The tourism sector also witnessed the resumption of Russian flights in April.



Sources: Ministry of Planning, Monitoring and Administrative Reform (MPMAR); CAPMAS.

On the other hand, Moody's named Egypt among seven emerging economies that face the highest risks due to the rising costs of public debt caused by tight global financial conditions. These risks are attributed to the relatively short average maturity of Egypt's foreign debt and weak debt sustainability. Egypt has been relying heavily on external borrowing during the last three years. External debt as a percentage of GDP jumped from 14.4 percent in 2014/2015 to 36.8 percent by Q3 2017/2018 (Figure 1.2). Over the same period, the external debt maturity structure showed increased reliance on short-term finance. The percentage of short-term external debt to total external debt went from 5.4 percent in 2014/2015 to 13 percent in Q3 2017/2018. Interest payments represented more than three times the current receipts in Q3 2017/2018 compared to 2014/2015 (Central Bank of Egypt).

**Figure 1.2: Domestic and External Debt (% of GDP)**



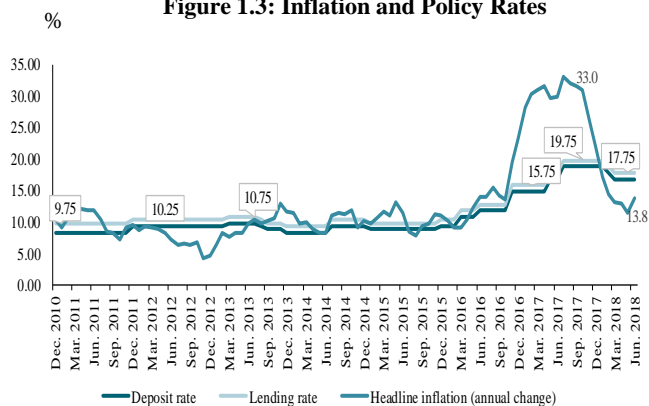
Source: CBE, Monthly Statistical Bulletin, various issues.



On the fiscal front, the new state budget for FY 2018/2019 was approved by the Parliament. As per the pre-budget statement released by the Ministry of Finance, expected fiscal deficit for FY 2017/2018 was around 9.8 percent of GDP (down from 10.9 in FY 2016/2017) and the targeted rate for FY 2018/2019 was 8.4 percent of GDP. Realizing this target entailed completion of gradual subsidy removal. Steps in this regard started with the repricing of Metro tickets. Ticket prices were raised and set in accordance with a fare-by-distance approach, with the farthest distance raised more than three folds. Then came another round of water and fuel subsidy removals. Also, a new electricity tariff became effective as of July.

These price hikes pushed inflation in June to 13.85 percent up from 11.5 percent in May. Accordingly, the Central Bank of Egypt (CBE) decided to leave its policy rate unchanged (Figure 1.3).

Figure 1.3: Inflation and Policy Rates

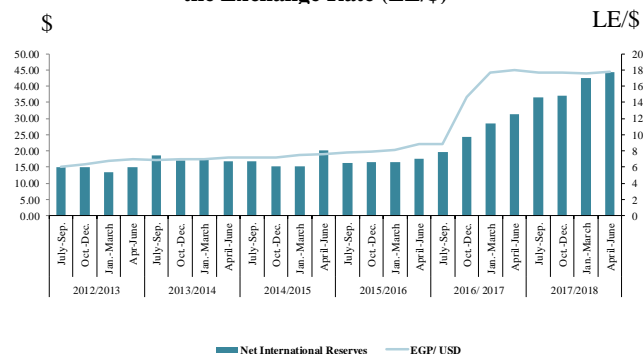


Source: Central Bank of Egypt (CBE), *Monthly Statistical Bulletin*, various issues.

The current account balance continued to improve, with the deficit declining to \$5.3 billion during the period July-March 2017/2018 compared to \$12.5 billion in the corresponding period of the previous year. This improvement was the outcome of an increase in the service balance surplus by 138.2 percent and net current transfers by 23.2 percent, as well as a decline in trade deficit by 1.3 percent. Export proceeds increased to \$18.8 billion in the period July-March 2017/2018 from \$16 billion in the corresponding period of the previous year. On the other hand, the capital and financial account surplus decreased from \$27.1 billion to \$19 billion over the same period. Net direct investment inflows went down to \$6 billion in July-March 2017/2018 from \$6.6 billion in the corresponding period of the previous year. In contrast, net portfolio investments went up to \$14.9 billion from \$7.8 billion during the period under review (Central Bank of Egypt).

Net international reserves also continued rebounding to reach \$44.3 billion by end of June. The Egyptian pound has witnessed slight depreciation since April till end of June (Figure 1.4).

Figure 1.4: Net International Reserves and the Exchange Rate (LE/\$)



Source: Central Bank of Egypt (CBE), *Monthly Statistical Bulletin*, various issues.

## Business Barometer Index (BBI)

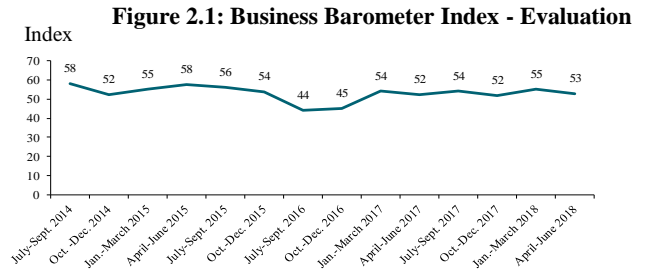
### Continued improvement in performance and outlook

As per the survey results, the overall performance of businesses improved slightly during the relevant quarter (April-June), with the index reaching 53 points. However, this performance is two points lower than the previous quarter but higher compared to the corresponding quarter of the previous fiscal year (Figure 2.1). Survey results also reflect firms' continued positive expectations for the upcoming quarter (July-September 2018), albeit lower compared to the previous quarter, which could be attributed to Government decisions that directly impact the business community, especially in connection with fuel prices, and water and electricity tariffs (Figure 2.2).

Survey results also reflect improved performance by one percentage point of **large firms** during April-June 2018 compared to the previous quarter of January-March 2018. The outlook index also increased for large firms for the first quarter of 2018/2019, but at a pace lower than the previous quarter, which indicates large firms' continued adjustment to the results of economic measures (Figure 2.3).

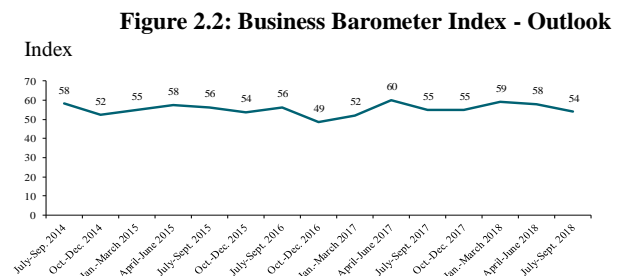
Regarding the evaluation of SMEs performance, the survey results showed a performance decline in the quarter under review to 49 points compared to 54 points in the previous quarter. Results also indicate positive expectations, albeit lower than the previous quarter. SMEs attributed the lower performance to several factors, such as their inability to benefit from SMEs financing initiatives offered by the Central Bank of Egypt over the past

two years, which emphasizes the need to provide SMEs with more support to enable them to continue in the face of the burdens they bear due to economic reforms.



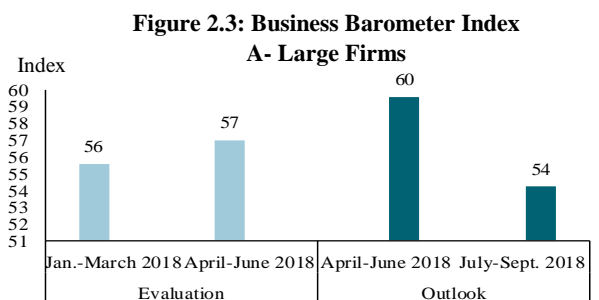
Source: Survey results.

\* Data for the two quarters of January-March and April-June 2016 are unavailable.

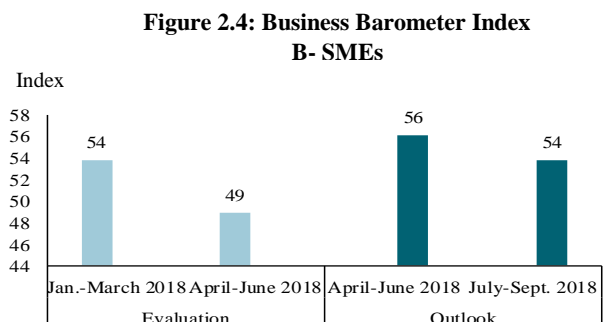


Source: Survey results.

\* Data for the two quarters of April-June, and July-September 2016 are unavailable.



Source: Survey results.



Source: Survey results.

## Past Performance of Businesses

### Most economic activity indicators improved for large firms while most indicators declined for SMEs

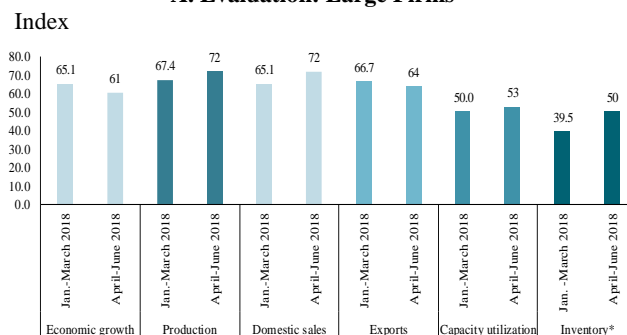
At the economic activity level, **large firms** reported positive views regarding domestic sales and exports during the quarter under review, albeit lower than the previous quarter, leading to an increase in production and decline in inventory of final products. These views are consistent with official data released by the Ministry of Planning, which show increased real GDP growth rate, indicating that large firms benefited from the economic reform measures (Figure 3.1).

Despite rebounding GDP growth rates during the quarter under review and continued good performance by large firms, past performance indicators for **SMEs** were lower compared to large firms, with the former reporting lower production and capacity utilization indices in April-June 2018, resulting in a decline of the sales index to less than 50 points and lower inventory of SMEs, emphasizing the need to extend support to these enterprises (Figure 3-2).

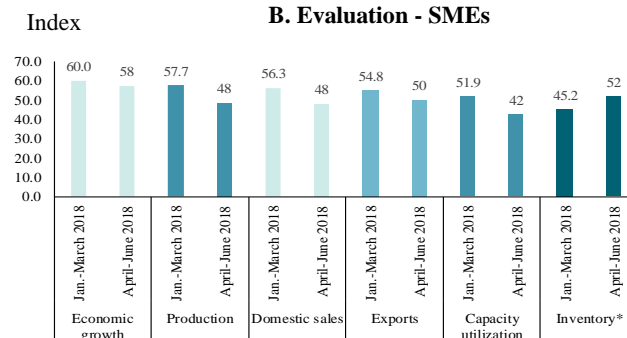
At the sectoral level, according to the views of the business community, the manufacturing and telecommunications sectors performed well during the quarter under review (Table A1), which can be attributed to the high rate of economic growth and production in general, while construction, tourism, transport and financial services faced challenges that negatively affected their performance. It should be noted that the challenges faced by the transport sector were the increase in car license

fees, prices of oils and spare parts, and road and port fees. While the slowdown in property demand was a challenge to the construction sector. The financial services sector is suffering from the increase in stamp duty on trading on the Egyptian stock exchange from 1.25 per thousand to 1.5 per thousand as of June 2018. Another increase therein is expected to 1.75 per thousand next year. Most production sectors, however, suffered from unavailability of production inputs locally, high prices of imported products and difficult customs procedures in general.

**Figure 3.1: Economic Activity**  
**A. Evaluation: Large Firms**



**Figure 3.2: Economic Activity**  
**B. Evaluation - SMEs**



Source: 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 and vice versa.

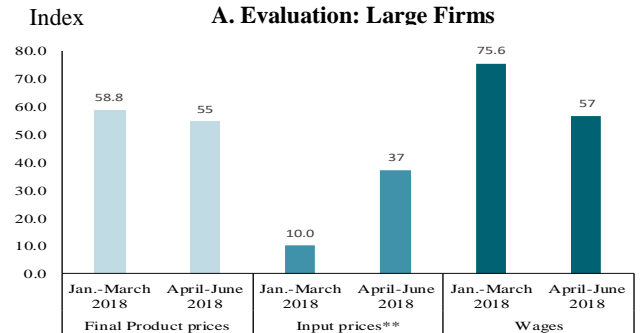
## Increased input and final product prices and higher wages

The past performance assessment of large firms and SMEs showed a continued rise in the prices of inputs during the quarter under review. The inputs index dropped below 50 points for all firms, indicating higher input prices (see Methodology). Moreover, wages continued to increase during the period under review, albeit at a slower pace than the previous quarter. Higher input and wage indices led to a continued increase in final product prices (Figures 3.3 and 3.4).

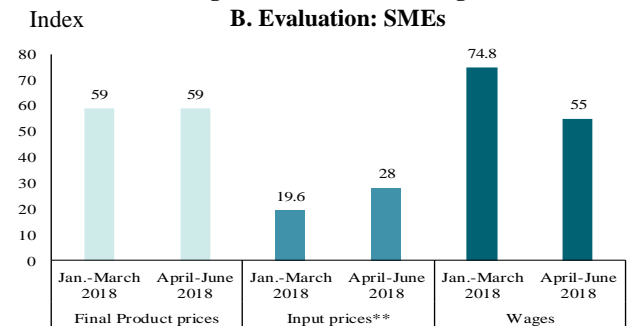
## The investment index continues to improve and stable employment

Survey results indicate that the investment index improved during the quarter under review for large businesses and SMEs. This can be attributed to optimism resulting from the serious reform measures taken by the Government to improve the investment climate such as amending the bankruptcy and capital market laws, and introducing a new law dedicated to SMEs. Comparing the index values in the quarter under review with those of the previous quarter shows that the investment index for large firms declined by one point, and fell by six points for SMEs. The results also show a decline in the employment index for both large businesses and SMEs, indicating lower ability by firms to generate job opportunities in the quarter under review compared to the previous quarter (Figures 3.5 and 3.6).

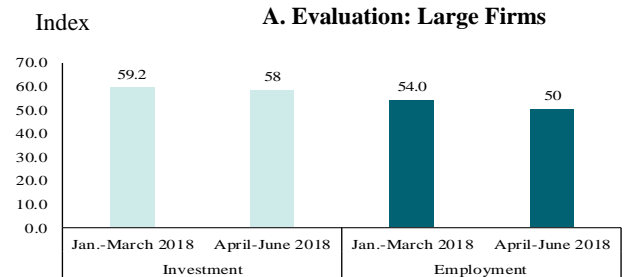
**Figure 3.3: Prices and Wages**  
**A. Evaluation: Large Firms**



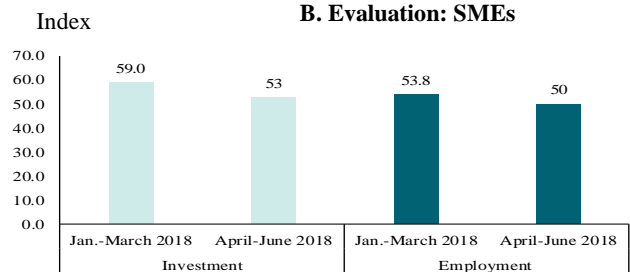
**Figure 3.4: Prices and Wages**  
**B. Evaluation: SMEs**



**Figure 3.5: Investment and Employment**  
**A. Evaluation: Large Firms**



**Figure 3.6: Investment and Employment**  
**B. Evaluation: SMEs**



Source: Survey results.

\*\* The input prices index is inverted to reflect the negative impact of rising input prices on the BBI. In other words, a lower index indicates higher input prices.

## Business Strategy Going Forward

### Expectations of improved economic activity for firms

The outlook of large firms for July-September 2018 reflects optimism on the part of the business community about the economic reform program. The outlook of large firms for economic growth was positive albeit lower than the previous quarter, while expectations were less optimistic about production, domestic sales, exports and capacity utilization due to fuel price increases with the new fiscal year. Expectations were less optimistic about inventories in the same period (Figure 4.1).

Survey results for SMEs were similar to those of large firms in the quarter under review for economic activity indicators, as the business community expects all economic indicators to increase, albeit at a slower pace than the previous quarter (Figure 4-2).

At the sectoral level, the outlook for the coming quarter is positive for all sectors, with the construction sector registering the most positive expectations, followed by tourism, then financial services, manufacturing, transportation and communications (Appendix Table 2).

Figure 4.1: Economic Activity  
 A. Outlook: Large Firms

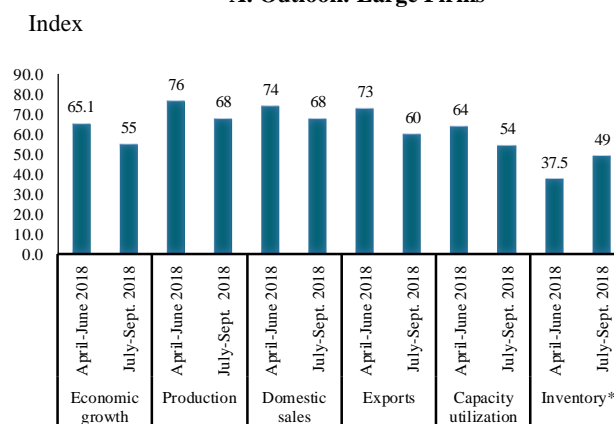
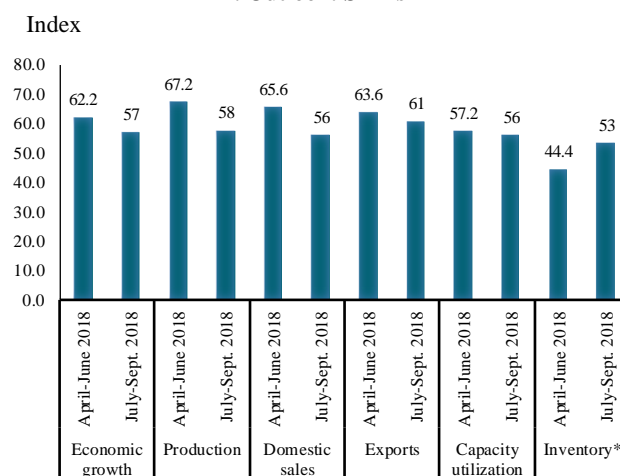


Figure 4.2: Economic Activity  
 B. Outlook: SMEs



Source: Survey results.

\* The inventory index is inverted to reflect the negative impact of rising inventory on businesses. In other words, a higher index indicates lower inventory and vice versa.

## Expectations of continued rise in the prices of final products and inputs, and in wages

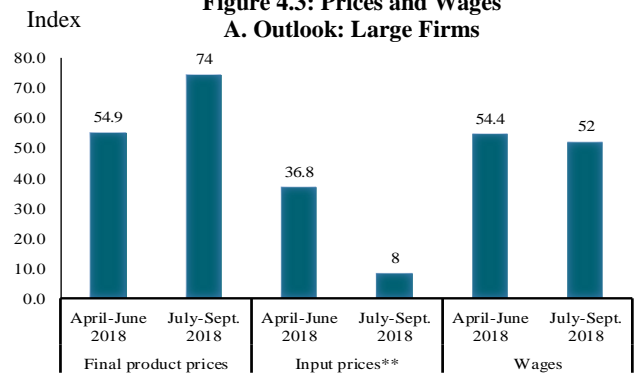
Large firms expect input and final product prices to continue rising during the first quarter of FY 2018/2019 due to energy subsidy reforms. They also expect higher wages, albeit slightly less than in the previous quarter (Figure 4.3).

Results for SMEs were similar to those of large firms for July-September 2018 in connection with final product prices, inputs and wages, as both groups expect higher input prices as a result of decisions to remove energy subsidies and raise water and electricity tariffs, and also continued higher wages due to higher transport costs and prices of goods and services (Figure 4.4).

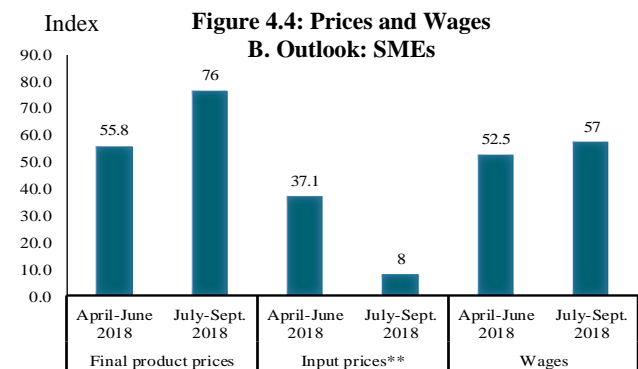
## Expectations of higher investment and employment indices

Most large businesses and SMEs expect higher investment during the first quarter of FY 2018/2019, albeit at higher rates than the current quarter for SMEs and lower than the current quarter for large firms. Both large firms and SMEs expect the employment index to rise, which is consistent with their outlook for economic activity, although the employment index is lower for all firms compared to the previous quarter (Figures 4.5 and 4.6).

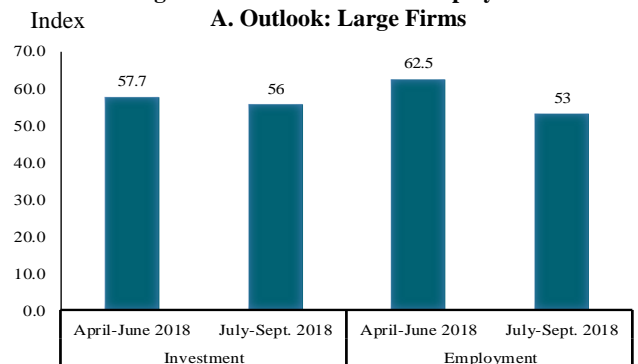
**Figure 4.3: Prices and Wages  
A. Outlook: Large Firms**



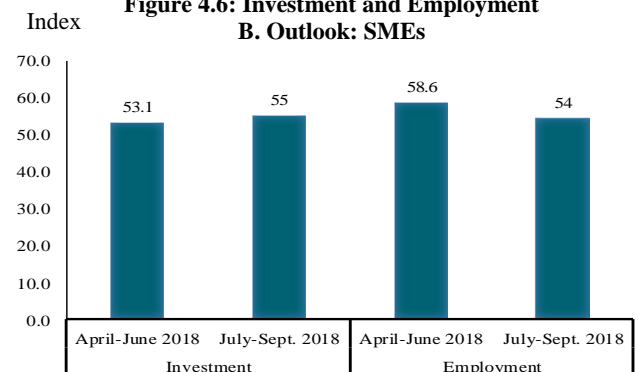
**Figure 4.4: Prices and Wages  
B. Outlook: SMEs**



**Figure 4.5: Investment and Employment  
A. Outlook: Large Firms**



**Figure 4.6: Investment and Employment  
B. Outlook: SMEs**



Source: Survey results.

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

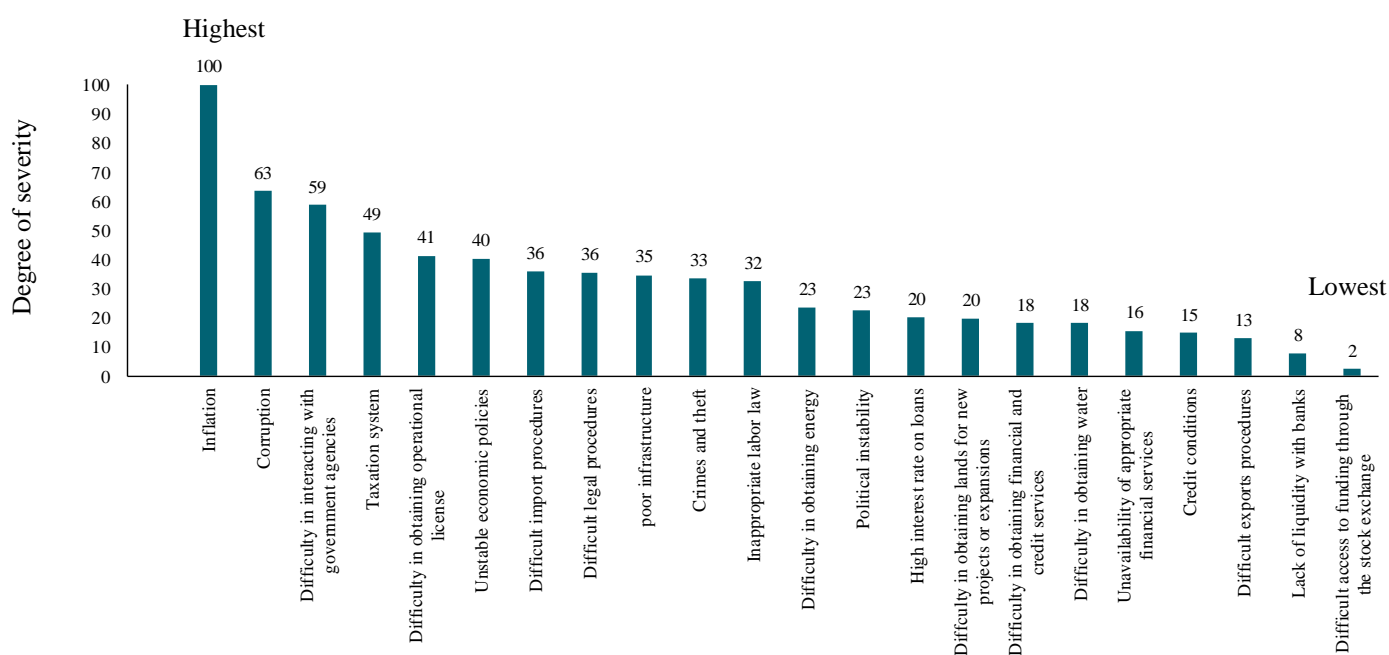
## Business Constraints

### Major constraints facing the business sector:

#### Inflationary pressures, corruption, difficulty in interacting with government authorities, and tax regime

Figure 5 shows the major constraints that faced businesses during the surveyed period, arranged in a descending order of severity. In particular, firms expressed concern about rising inflation, continued corruption, difficulty in interacting with government authorities, and the tax regime due to introducing a tax on capital gains. It is worth noting that the order of constraints remains relatively similar to that of the previous survey, indicating minimal progress in removing these constraints. It is worth noting that obtaining funding from the stock market was ranked as the least constraint.

**Figure 5: Major Constraints Facing the Business Sector  
(Normalized Index of Severity)**



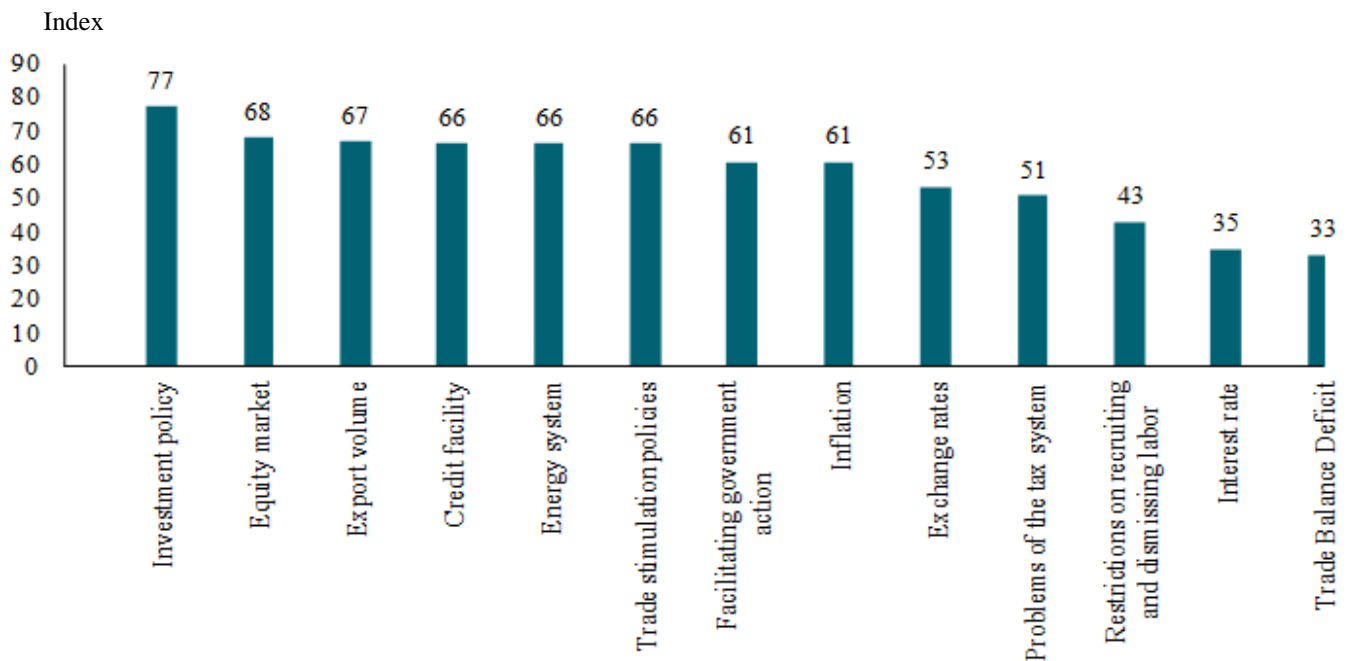
Source: Survey results.

## Policy Expectations

### Expected improvement in investment policy, stock market, exports, and credit facilities

According to Figure 6, most firms expect improvements in investment policy with the availing of a more conducive environment for foreign direct investments, improvement of stock market in the upcoming quarter due to the promulgation of the capital market law, the companies' law, in addition to the Government's placement program, increased exports and credit facilities, improvement in the energy system due to Government efforts in establishing new and renewable energy projects as well as availing an opportunity for investors to invest therein.

Figure 6: Policy Expectations



Source: Survey results.



**Table A1. Survey Results: Summary of Business Sector Past Performance of all Firms (April-May-June 2018)<sup>1</sup>**

Indicator	Manufacturing				Construction				Tourism				Transportation				Communications				Financial Intermediation			
	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>
	Higher	Same	Lower	53	Higher	Same	Lower	49	Higher	Same	Lower	47	Higher	Same	Lower	48	Higher	Same	Lower	54	Higher	Same	Lower	49
<b>Economic growth</b>	44	47	10	62	25	50	25	50	27	45	27	50	27	64	9	56	38	50	13	58	44	44	13	61
<b>Business activity</b>																								
Production	48	27	25	59	44	25	31	55	27	36	36	47	8	33	58	31	75	13	13	78	25	25	50	40
Domestic sales	46	25	29	57	44	38	19	59	27	36	36	47	8	33	58	31	75	13	13	78	25	25	50	40
Exports	40	40	20	57	-	-	-	-	25	25	50	40	33	33	33	50	50	0	50	50	-	-	-	-
Inventory	30	35	35	52	25	50	25	50	9	64	27	56	8	42	50	65	38	38	25	45				
Level of capacity utilization	21	49	30	47	19	31	50	38	9	45	45	38	17	33	50	38	13	50	38	42	0	100	0	50
<b>Prices</b>																								
Final product prices	37	60	3	60	44	50	6	63	27	64	9	56	33	67	0	60	13	75	13	50	0	100	0	50
Intermediate input prices	56	44	0	31	88	13	0	11	50	50	0	33	33	67	0	40	33	67	0	40	25	75	0	43
Wage level	25	73	2	57	19	81	0	55	0	100	0	50	25	75	0	57	13	88	0	53	13	88	0	53
<b>Primary inputs</b>																								
Investment	13	87	0	53	25	75	0	57	0	100	0	50	8	92	0	52	25	75	0	57	13	87	0	54
Employment	10	81	10	50	25	63	13	54	0	91	9	48	0	100	0	50	0	75	25	43	6	94	0	52

**Table A2. Survey Results: Summary of Outlook of all firms by Sector (July-August-September 2018)<sup>1</sup>**

Indicator	Manufacturing				Construction				Tourism				Transportation				Communications				Financial Intermediation			
	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>
	Higher	Same	Lower	56	Higher	Same	Lower	60	Higher	Same	Lower	59	Higher	Same	Lower	54	Higher	Same	Lower	51	Higher	Same	Lower	57
<b>Economic growth</b>	35	56	8	59	25	75	0	57	27	55	18	53	9	64	27	44	38	50	13	58	31	63	6	58
<b>Business activity</b>																								
Production	38	41	21	56	38	50	13	58	64	27	9	71	50	33	17	63	50	25	25	60	56	25	19	65
Domestic sales	38	41	21	56	38	44	19	57	55	27	18	64	42	42	17	59	50	25	25	60	56	25	19	65
Exports	43	52	5	63	-	-	-	-	33	67	0	60	0	100	0	50	50	0	50	50	-	-	-	-
Inventory	15	43	42	59	13	44	44	61	27	45	27	50	33	42	25	47	63	38	0	27	53	40	7	33
Level of capacity utilization	27	70	3	57	25	69	6	56	36	64	0	61	8	75	17	48	29	57	14	55	20	73	7	54
<b>Prices</b>																								
Final product prices	79	21	0	83	81	19	0	84	73	27	0	79	67	33	0	75	50	50	0	67	19	81	0	55
Intermediate input prices	87	13	0	11	100	0	0	-	100	0	0	-	100	0	0	-	83	17	0	14	100	0	0	-
Wage level	24	76	0	57	19	81	0	55	9	91	0	52	0	100	0	50	0	100	0	50	50	50	0	67
<b>Primary inputs</b>																								
Investment	21	79	0	56	25	75	0	57	0	100	0	50	0	100	0	50	29	71	0	58	29	71	0	58
Employment	16	83	2	54	19	75	6	54	18	73	9	53	8	92	0	52	29	71	0	58	20	80	0	56

<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 Methodology.

Table A3. Survey Results: Summary of Past Performance of all Firms by size (April-May-June 2018)<sup>1</sup>

Indicator	SMEs				Large Firms			
	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>
	Higher	Same	Lower	49	Higher	Same	Lower	57
<b>Economic growth</b>	37	49	14	<b>58</b>	42	46	12	<b>61</b>
<b>Economic activity</b>								
Production	34	28	38	<b>48</b>	65	23	12	<b>72</b>
Domestic sales	33	29	38	<b>48</b>	65	23	12	<b>72</b>
Exports	33	33	33	<b>50</b>	50	38	13	<b>64</b>
Inventory	26	43	31	<b>52</b>	31	38	31	<b>50</b>
Level of capacity utilization	12	53	35	<b>42</b>	31	46	23	<b>53</b>
<b>Prices</b>								
Final product prices	32	65	3	<b>59</b>	23	69	8	<b>55</b>
Intermediate input prices	61	39	0	<b>28</b>	41	59	0	<b>37</b>
Wage level	19	80	1	<b>55</b>	23	77	0	<b>57</b>
<b>Primary inputs</b>								
Investment	10	90	0	<b>53</b>	28	72	0	<b>58</b>
Employment	9	82	9	<b>50</b>	8	85	8	<b>50</b>

Table A4. Survey Results: Summary of Outlook of all Firms by size (July-August- September 2018)<sup>1</sup>

Indicator	SMEs				Large Firms			
	Percentage			Index <sup>2</sup>	Percentage			Index <sup>2</sup>
	Higher	Same	Lower	54	Higher	Same	Lower	54
<b>Economic growth</b>	32	59	9	<b>57</b>	27	62	12	<b>55</b>
<b>Economic activity</b>								
Production	41	39	20	<b>58</b>	58	31	12	<b>68</b>
Domestic sales	39	39	22	<b>56</b>	58	31	12	<b>68</b>
Exports	38	57	5	<b>61</b>	43	43	14	<b>60</b>
Inventory	26	39	35	<b>53</b>	23	58	19	<b>49</b>
Level of capacity utilization	27	67	6	<b>56</b>	19	77	4	<b>54</b>
<b>Prices</b>								
Final product prices	69	31	0	<b>76</b>	65	35	0	<b>74</b>
Intermediate input prices	91	9	0	<b>8</b>	91	9	0	<b>8</b>
Wage level	25	75	0	<b>57</b>	8	92	0	<b>52</b>
<b>Primary inputs</b>								
Investment	18	82	0	<b>55</b>	20	80	0	<b>56</b>
Employment	18	79	3	<b>54</b>	12	88	0	<b>53</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 Methodology.