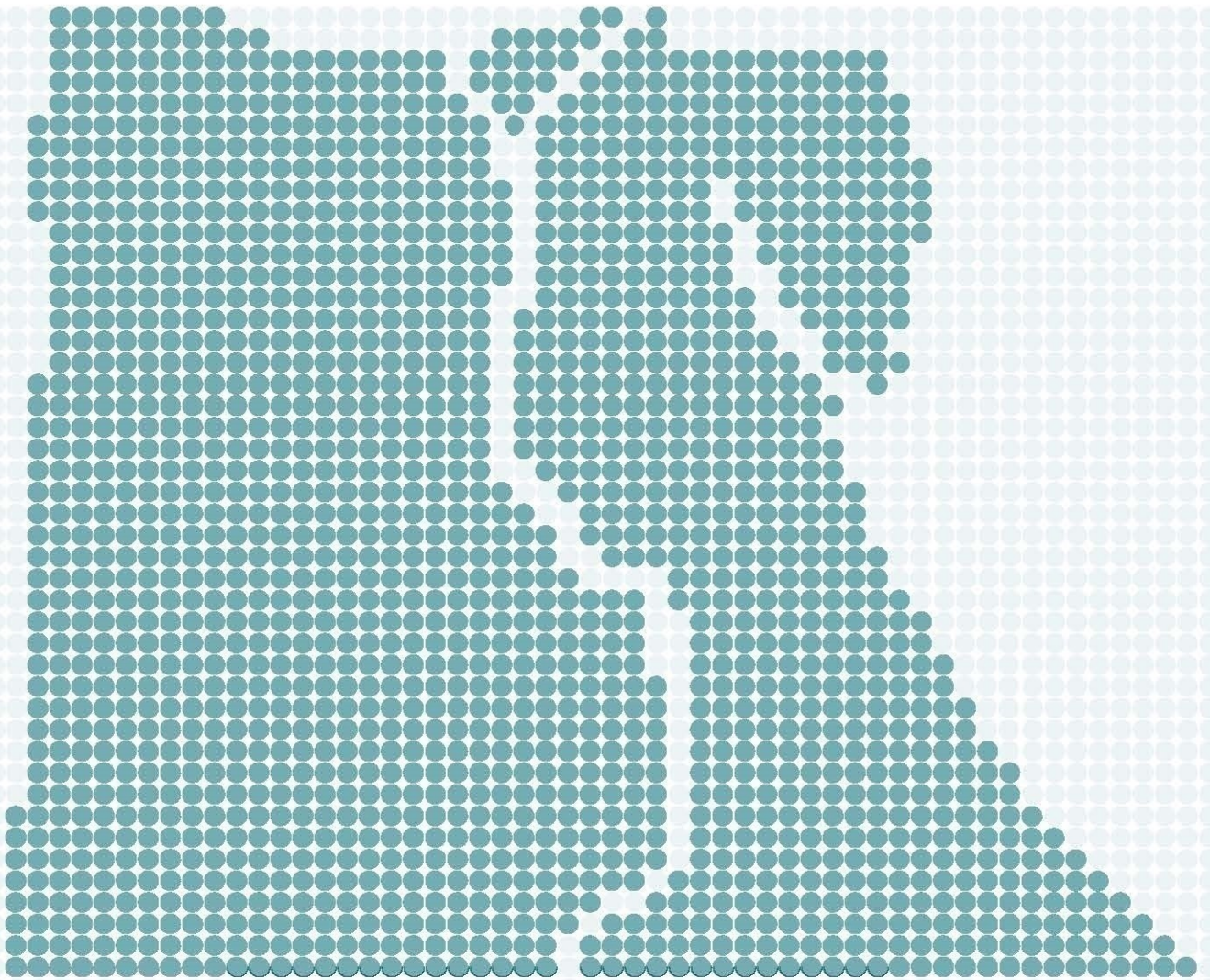




المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

Business Barometer

Issue 53
2019



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.

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Business Barometer

Issue No. 53 – 2019

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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 121 private firms that cover manufacturing (50 percent), financial services (13 percent), construction (12 percent), transportation (10 percent), tourism (8 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 (CBE) announced on March 5, 2017.

This edition of BB provides an assessment of the performance of a sample of firms and results of their operations in the first quarter of FY2019/2020 (July-September 2019). It also summarizes their expectations for overall economic performance as well as own activities for the second quarter (October-December 2019).

As of this issue, a new question has been added about the priorities that, according to businesses, the government should pay attention to over the coming period in order to improve the business climate in Egypt.

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 on the main global and local developments of the first quarter of FY2019/2020 (July–September 2019), as well as an assessment of the performance of the main macro indicators, domestically as per the latest available data. The aim of this overview is getting to know the context within which surveyed firms operated to understand the micro results and to detect possible contagion channels that could impact their performance either during the quarter under study or subsequent ones.

The quarter under review has witnessed dramatic global incidents reflecting on cyclical economic shifts. Most importantly, the Federal Reserve’s decision to lower the target federal funds rate, reversing by this decision the policy trend that lasted near a decade, and signaling even further possible rate cuts in the near future. The rate was lowered twice in July and September by 25 basis point each time. The decision was the result of fears of slowing global activity caused by escalating trade tensions between the United States and China, and the higher possibility of a no-deal Brexit. The Fed decision was followed by a similar direction from the European Central Bank and other major central banks across the world.

Monetary policy easing helped calm the financial markets after a period of high risk aversion behavior causing what is called the “inverted-yield curve,” a situation where the yield on the long-term government bonds becomes lower than that of the short-maturity bonds. Inverted yield curve is a phenomenon used to signal recession as expected by the market, but lower policy stances helped

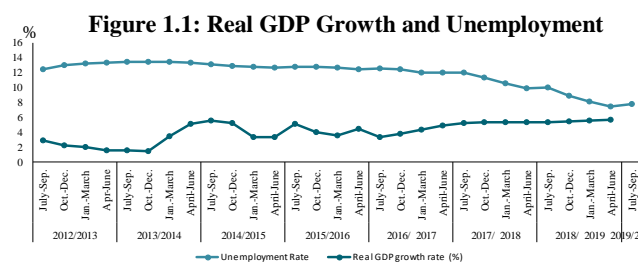
revert the yield curve to normality. Despite financial calm following monetary easing, low real activity growth still dominates global performance prospects.

The International Monetary Fund (IMF) noted in its [July World Economic Outlook \(WEO\) report](#) that global manufacturing activity has continued its downward trend that began early 2018. It further continued its downward revision of global growth projections for years 2019 and 2020 by 0.1 percentage points, compared to WEO April’s projections, to reach 3.2 and 3.5 percent, respectively. The outbreak of geopolitical tensions and mass protests in a number of countries put even more pressure on achieving those rates.

Turning to the domestic front, Egypt has completed its [IMF 3-year extended fund facility](#) in July, by receiving the last tranche of \$2 bn. The last wave of fuel subsidy removals was due by the beginning of the fiscal year 2019/2020. New electricity tariff was also due as of July; however, the completion of the electricity subsidy removal plan is expected to be accomplished by FY 2021/2022.

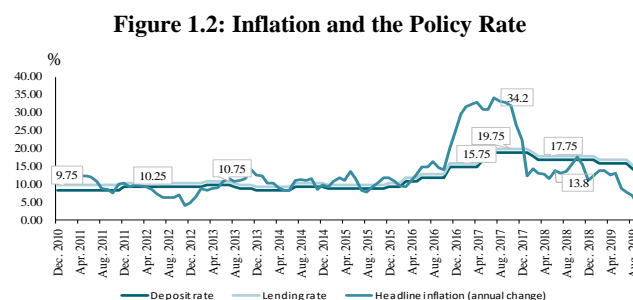
The [latest data available](#) shows that GDP growth recorded 5.7 percent in last quarter of the FY 2018/2019 (Figure 1.1), driving annual growth rate to 5.6 percent compared to 5.3 percent in FY 2017/2018. As could be shown from the breakdown of GDP by expenditure, final consumption’s share (private and government) in the GDP has declined from 94 percent in FY 2017/2018 to 90 percent. This decline was offset by a slight gain in the gross capital formation’s share; increasing from 17 percent of GDP to 18 percent during the same period. The negative contribution

of net exports to the GDP declined also from 11 percent to 8 percent contributing to the redistribution of expenditure shares of the GDP. As data for the GDP is available with a lag compared to the quarter of interest (Q1 2019/20), it is important to note that the impact of the global challenges referred to above on the Egyptian economy is still under question, especially that data on the Balance of Payment of the period under study is not yet released, as would be denoted later. Unemployment rate slightly rose to 7.8 percent during the reviewed quarter (July-September 2019) compared to 7.5 percent recorded for the previous quarter, but yet lower than that recorded in the comparable month of last year (Figure 1.1). This increase in unemployment cannot be considered an adverse economic sign as the participation rate has increased from 41.9 percent in Q4 2018/2019 to 42.2 percent in Q1 2019/2020. Unfortunately, the increase in the total participation rate was not accompanied by a rise in female participation, but rather a decline, indicating that the whole labor force increase was driven by male participation. Though the sectoral composition of total employment still favors low skilled sectors such as agriculture, construction and wholesale and retail trade, manufacturing had the largest share of new employment opportunities followed by transportation and storage during the quarter under study.



Sources: Ministry of Planning, Monitoring and Administrative Reform (MPMAR), CAPMAS, Central Bank of Egypt “Monthly Statistical Bulletin”, October 2019.

On the monetary side, the international monetary easing and the cooling down of domestic inflation during the quarter under review (reaching 4.3 percent in September), gave room for the Central Bank of Egypt to lower its policy rate by a total of 250 basis points in August and September. It is important to note here that the adverse impact of the latest round of fuel subsidy removal was relatively contained compared to the previous waves. Still the item decomposition of inflation show that electricity and transportation accounted for the largest shares in July and August inflation, after food items, but the overall rate was lower than that of last year. Starting from September, a new Consumer Price Index (CPI) was established with 2018/2019 as its base year and item weights derived from the Household Income and Expenditure Survey (HIECS) of year 2017/2018. The new methodology could have contributed to the remarkable decline of inflation rate to 4.6 percent in September (Figure 1.2).



Sources: Central Bank of Egypt (CBE); Central Agency for Public Mobilization and Statistics (CAPMAS).

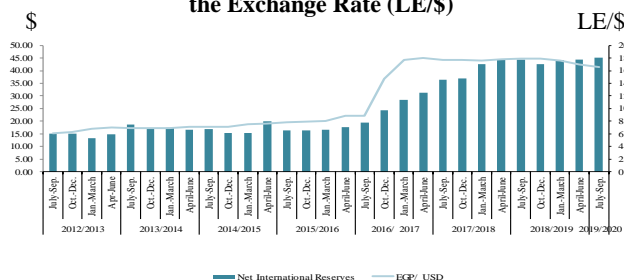
As for [fiscal performance](#), data for the period July-August 2019/2020 shows a declining overall budget deficit as a percent of GDP, recording 1.3 percent compared to the corresponding period last year, with a 4 percent primary deficit in both periods. On the expenditure side, the total amount had remained relatively stable compared to last year. The easing monetary policy, globally and domestically, helped reduce interest payments in absolute terms by 6 percent, with a total of EGP 5.2 bn. Also, the amount of expenditures devoted for subsidies was reduced by almost 11 percent amid the energy subsidy reform, stronger exchange rate and declining global energy prices. On the other hand, each of the following items of budget expenditure witnessed remarkable growth benefiting from the financial room resulting from lower interest payment and subdued subsidy. These items are wages and compensation, purchase of goods and services, and other expenditure with rates of 9 percent, 21 percent and 42.6 percent, respectively. The revenue dynamics entailed a warning sign due to lower taxes in the period July-August 2019/2020, in absolute terms by 3.8 percent (EGP 3.2 bn). Offsetting the impact of lower taxes, “other revenue” items increased by almost EGP 10 bn (60.1 percent), helping to maintain total revenues at a slightly higher level than that of the year before.

On the external front, the [balance of payment](#) (BoP) during FY 2018/2019 recorded an overall deficit of \$100 mn compared to a surplus of almost \$12.7 bn in the previous fiscal year. Net portfolio investment was the main contributor for the negative changes in the BoP items. It recorded \$4.2 bn during FY

2018/2019 compared to \$12 bn in 2017/2018. This overall picture of portfolio investments for FY 2018/2019 came after the first half of the year witnessed a net outflow of \$5.8 bn. The trade balance of non-oil commodities declined following a significant increase in imports and a slight decline in exports, which cannot be considered a bad signal if it reflects recovery of some sectors and thus increased demand for raw materials. Also, remittances from Egyptians working abroad fell from \$26.3 bn in 2017/2018 to \$25.1 bn in 2018/2019 and net foreign direct investment declined from \$7.7 bn in 2017/2018 to \$5.9 bn in 2018/2019. On the other hand, Suez Canal revenues remained relatively stable. Oil balance achieved a surplus for the first time since FY 2012/2013, in light of the increase in natural gas exports after achieving local self-sufficiency recently. In addition, total tourism revenues realized \$12.5 bn compared to \$9.8 bn in FY 2017/2018.

For the average exchange rate in Q1 of FY 2019/2020, Figure 1.3 shows a slight appreciation from 17 EGP/USD in Q4 2018/2019 to 16.52 EGP/USD in Q1 2019/2020, as net international reserves slightly increased from \$44.3 bn to \$45.1 bn during the same period.

Figure 1.3: Net International Reserves and the Exchange Rate (LE/\$)



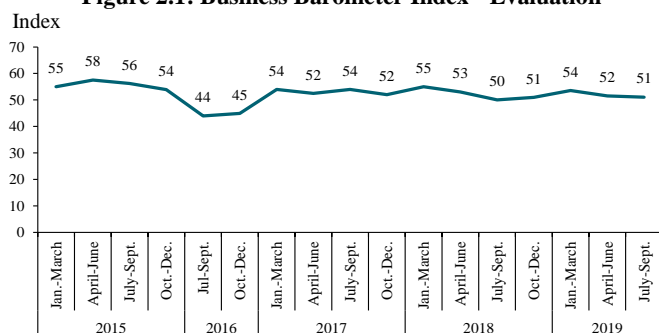
Source: Central Bank of Egypt (CBE).

Business Barometer Index (BBI)

Slightly improved evaluation and outlook indexes

According to the survey results, the overall performance of the sample firms improved slightly during the quarter under review (July-September 2019), with the evaluation index reaching 51 points, which is one point lower than the previous quarter, and one point higher than the corresponding quarter of the previous fiscal year (July - September 2018) (Figure 2.1).

Figure 2.1: Business Barometer Index - Evaluation

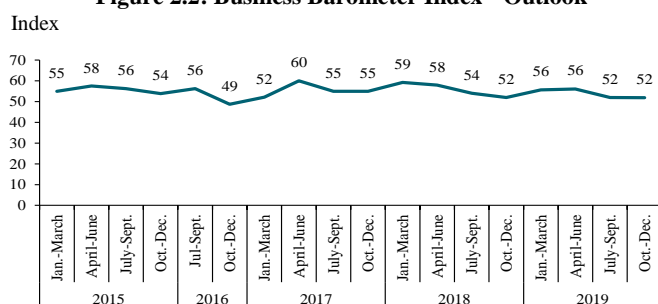


Source: Survey results.

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

The outlook results are similar to the previous quarter, with survey results reflecting firms' optimism for the upcoming quarter (October - December 2019). The index value remained at 52 points (Figure 2.2).

Figure 2.2: Business Barometer Index - Outlook



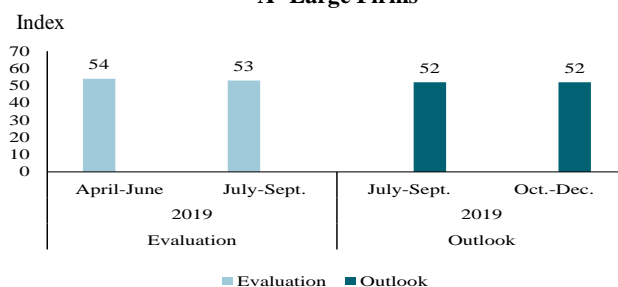
Source: Survey results.

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

In terms of firm size, the survey results show that the performance index of large firms during the

reviewed quarter (July-September 2019) continued to improve, albeit lower by one point than the previous quarter (April - June 2019). This could be ascribed to the increase in the prices of fuel and electricity. The outlook index for October-December 2019 rose slightly to 52 points (Figure 2.3).

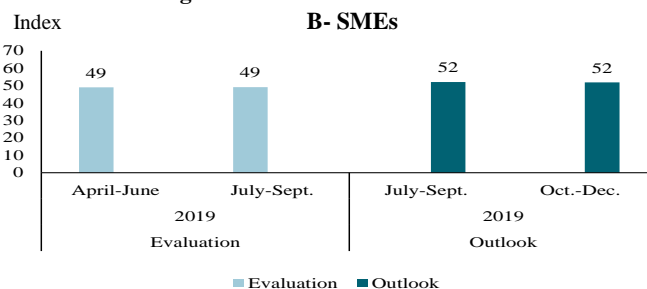
Figure 2.3: Business Barometer Index
A- Large Firms



Source: Survey results.

The results also show that the performance of SMEs declined during the quarter under review (July-September 2019) to 49 points. This can be attributed to SMEs' inability to cope with the economic reform measures that directly led to increased prices of inputs, tax rates and tightened credit conditions. Some respondents reported facing problems with the licensing law and lengthy customs clearance procedures for importing raw materials. This emphasizes the need to accelerate issuance of the SMEs law, which provides for special financing, tax and non-tax incentives for SMEs. Similar to large firms, SMEs' outlook index reflect slight optimism about performance over the coming quarter (October-December 2019) (Figure 2.4).

Figure 2.4: Business Barometer Index
B- SMEs



Source: Survey results.

Past Performance of Businesses

Most economic indicators improved for large firms but declined for SMEs

On the level of economic activity, large firms reported positive perceptions regarding both domestic sales and exports during the quarter under review (July - September 2019), increased production due to firms' previous contractual commitments, and consequently a slight increase in production capacity as the capacity utilization index recorded 51 Points. This may be attributed to the ability of large firms to cope with the financial burdens resulting from recent economic reforms. The inventory remained stable during the reviewed quarter (Figure 3.1).

The performance of SMEs was generally weak, with both domestic sales and exports declining during July-September 2019 due to stagnant domestic sales and the inability of SMEs to export despite low inflation, leading to a steady production and a slight rise in inventory. The results also show a slight decline in the capacity utilization index to 49 points. The survey results indicate that SMEs face challenges related to the production process, high prices of raw materials, operation and marketing ability at the local and international levels, which underline the need for provision of further support to these entities (Figure 3.2).

Sectorally, the best perceptions came from the telecommunications sector, which may be attributed to the government's digitization efforts, increasing the volume of telecommunications business in the market (Table A1). The results also show improved performance of the construction

sector due to active buying and selling in summer given the appetite of Egyptians abroad to invest in the real estate sector. While the performance of the manufacturing and transport sectors remained stable, tourism declined due to increased airline fares. Also, the financial services sector declined as a result of several factors, including large financial burdens from government agencies and institutions, lack of a timetable for the government's IPOs, and high trading costs in the stock market despite fixing the stamp tax at 1.5 per thousand of the value of trading.

Figure 3.1: Economic Activity

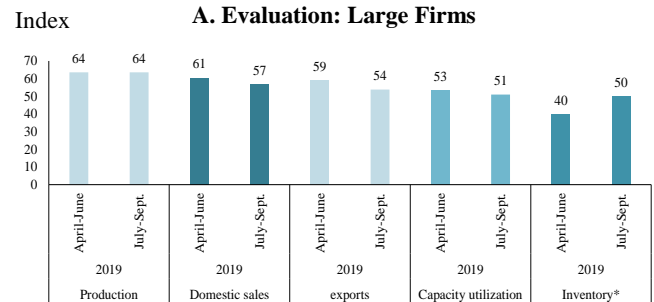
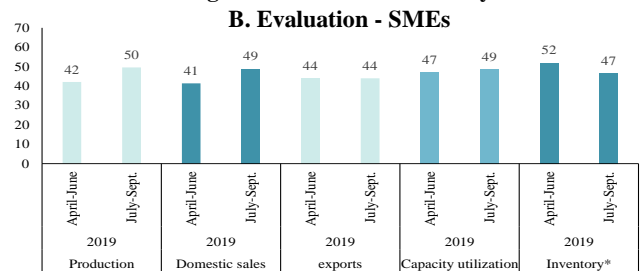


Figure 3.2: Economic Activity



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.

High input prices, wages and prices of finished products

The evaluation results of large and small and medium-sized firms show increased input prices in the reviewed quarter, which may be attributed to the removal of fuel subsidies and the application of new electricity prices as of the beginning of the current fiscal year, as well as the cancellation of the customs exchange rate. The drop of the index below 50 points for all firms reflects continued rise in their prices (see the methodology), increasing final product prices. According to the results, businesses granted an exceptional wage raise to help labor cope with the increase in the prices of transportation (Figures 3.3 and 3.4).

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

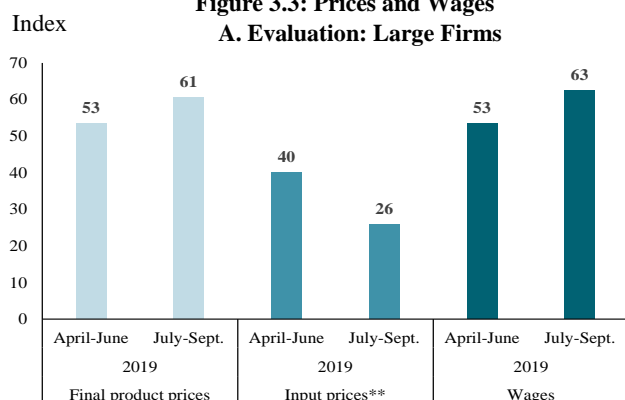
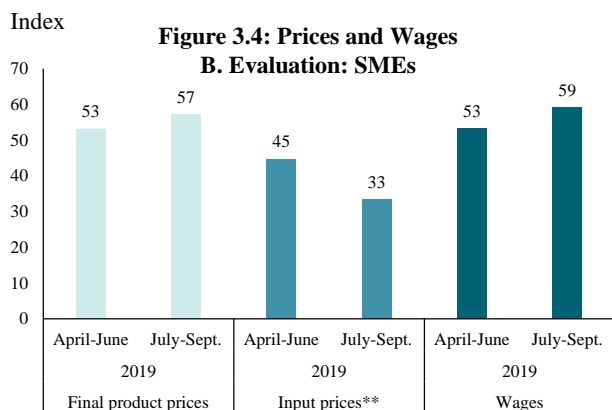


Figure 3.4: Prices and Wages
B. Evaluation: SMEs



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.

Improved investment and stable employment for large firms, and slightly improved investment and employment for SMEs

The results show that investment by large firms continued to improve above 50 points during the quarter under review, which can be attributed to the government's efforts to improve the investment climate, including recent amendments to the investment law. However, the employment index remained stable at 50 points.

As for SMEs, the survey results indicate a slight increase in investment and employment, which can be attributed to business confidence in the government's support to the SMEs sector (Figures 3.5 and 3.6).

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

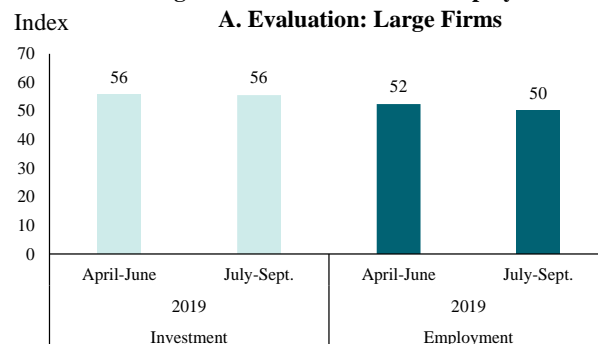
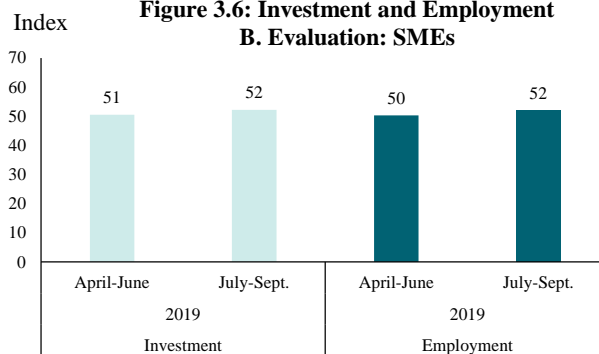


Figure 3.6: Investment and Employment
B. Evaluation: SMEs



Source: Survey results.

Business Strategy Going Forward

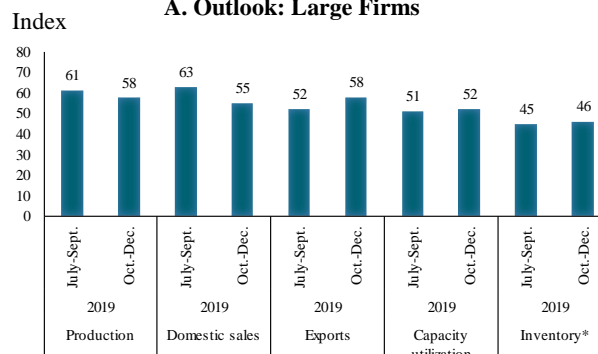
Improved economic activity of large, small and medium firms

Large firms' outlook for the upcoming quarter (October-December 2019) is optimistic about domestic sales and exports. However, the expectations of SMEs are less optimistic than the previous quarter about domestic production and sales and are more optimistic about exports. The results also show higher capacity utilization index, and lower expectations for the inventory (Figure 4.1).

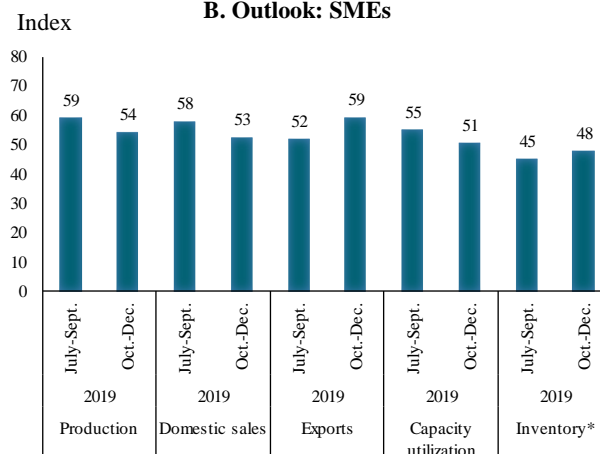
For SMEs, businesses expect improved economic activity during the quarter under review albeit at a lower rate than large firms. The expectations for exports are optimistic (Figure 4.2). At the sectoral level, as shown in Table A2, firms in the manufacturing and service sectors except the financial services, generally reported positive expectations for the upcoming quarter. The telecommunication firms reported the most optimistic outlook, possibly due to the efforts of digitizing all government services, followed by the transport sector, then the tourism sector due to the government's promotion efforts outside Egypt and British Airways' decision to resume flights to Egypt. The results also show improved outlook of the construction sector, followed by the manufacturing sector, which may be ascribed to the adoption of the national program for deepening local manufacturing. The outlook of the financial services sector for the next quarter is less optimistic despite the government's tendency to fix the stamp

duty on stock exchange transactions at 1.5 percent per thousands.

**Figure 4.1: Economic Activity
 A. Outlook: Large Firms**



**Figure 4.2: Economic Activity
 B. Outlook: SMEs**



Source: Survey results.

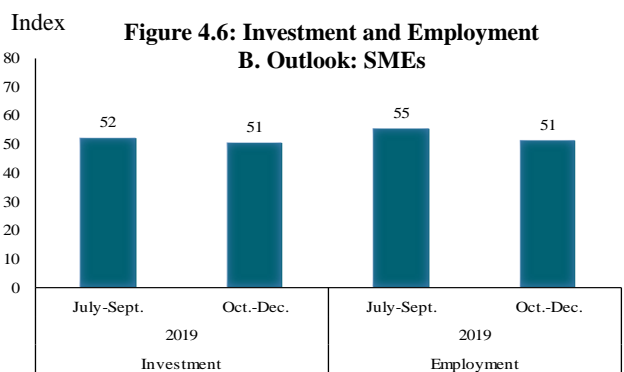
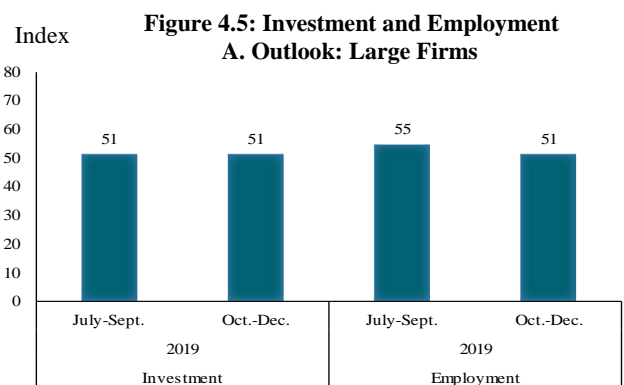
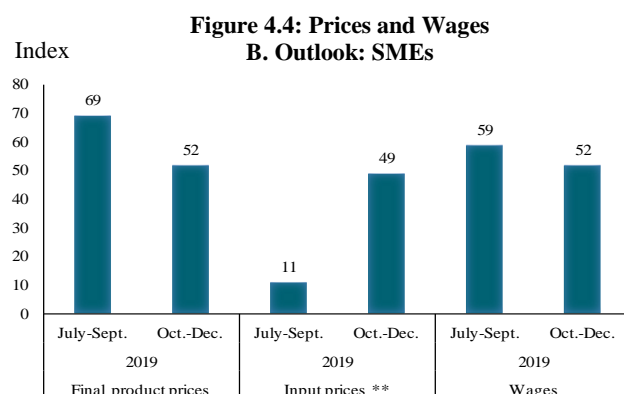
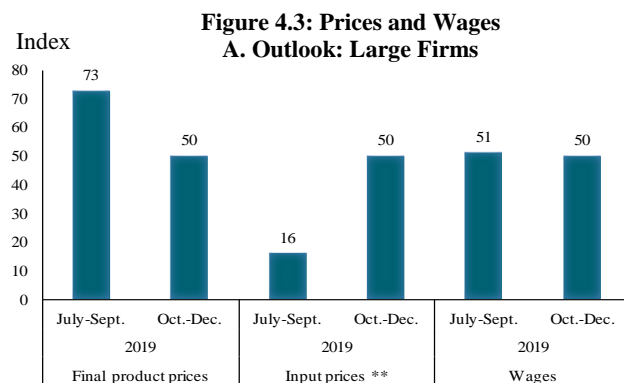
* The inventory index is inverted to reflect the negative impact of rising inventory on businesses. In other words, a higher index indicates lower inventory and vice versa.

Stable input and final product prices and wages for large firms and slight increase thereof for SMEs

Large firms expect both input and final product prices as well as wages to remain stable in the upcoming quarter (October-December 2019), which may be attributed to the ability of large firms to adapt to recent economic reforms more than SMEs, who expect a slight rise in input and final product prices as well as wages (Figures 4.3 and 4.4). The outlook for input prices is better than the previous quarter for both large firms and SMEs. The outlook of the previous quarter indicated a marked rise in these prices.

Slightly improved investment and employment

The outlook for large firms for the upcoming quarter (October-December 2019) resembles that of SMEs, expecting a slight increase in both investment and employment (Figures 4.5 and 4.6).



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.

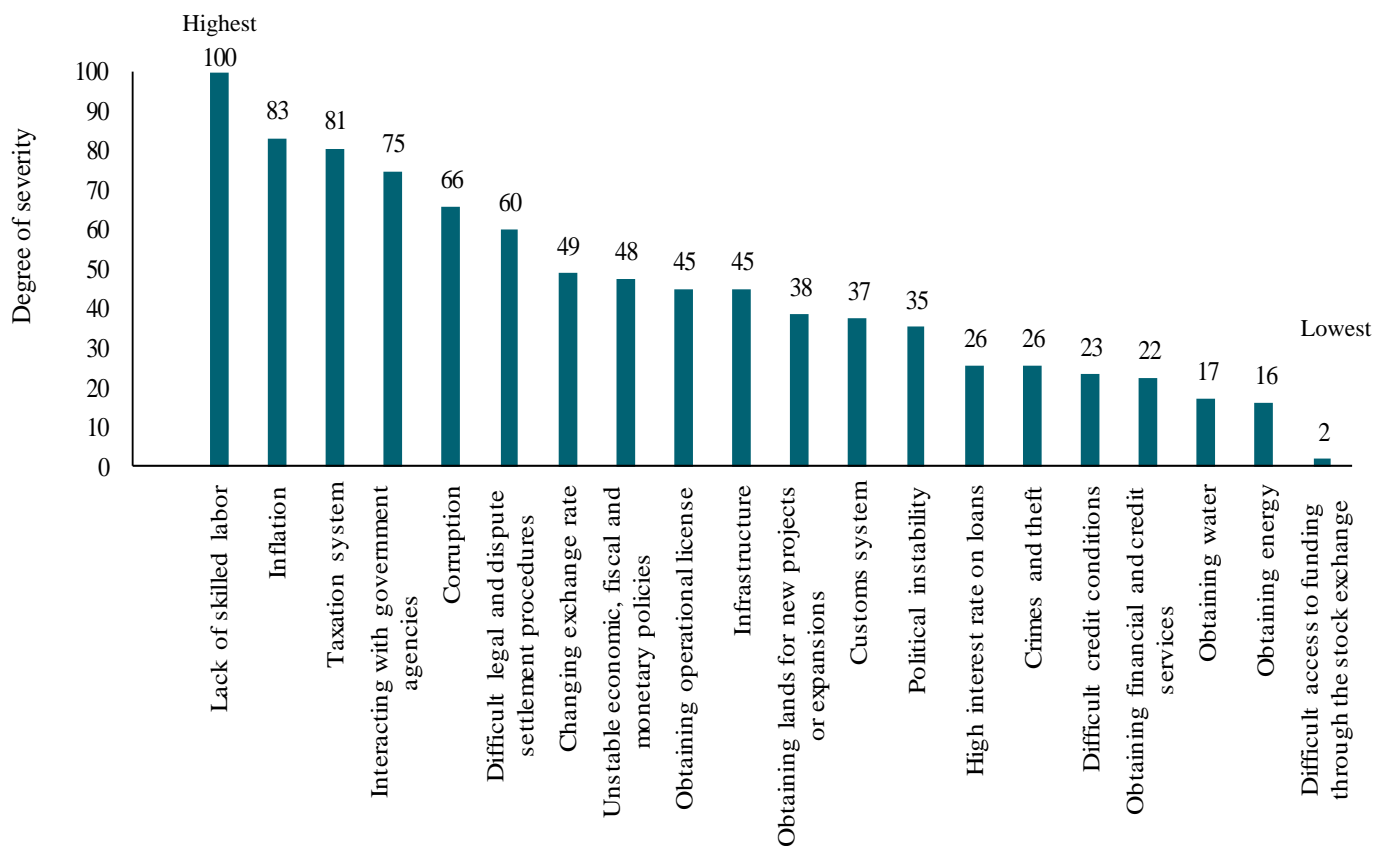
Business Constraints

Major constraints: lack of skilled labor, inflationary pressures, complicated tax regime and difficulty in dealing with government authorities.

Figure 5 shows the major constraints that faced businesses during the surveyed period, arranged in a descending order of severity, based on the survey responses.

Lack of skilled labor topped the list of major constraints, indicating a large gap between educational outcomes and labor market needs. Despite lower inflation rates, according to CAPMAS official statistics, businesses still consider inflationary pressures as one of the severest constraints they face, indicating continued negative impact of rising prices following the exchange rate liberalization. Among the major constraints reported by businesses is bureaucracy, indicating the need for the government to adopt further measures to facilitate government services.

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



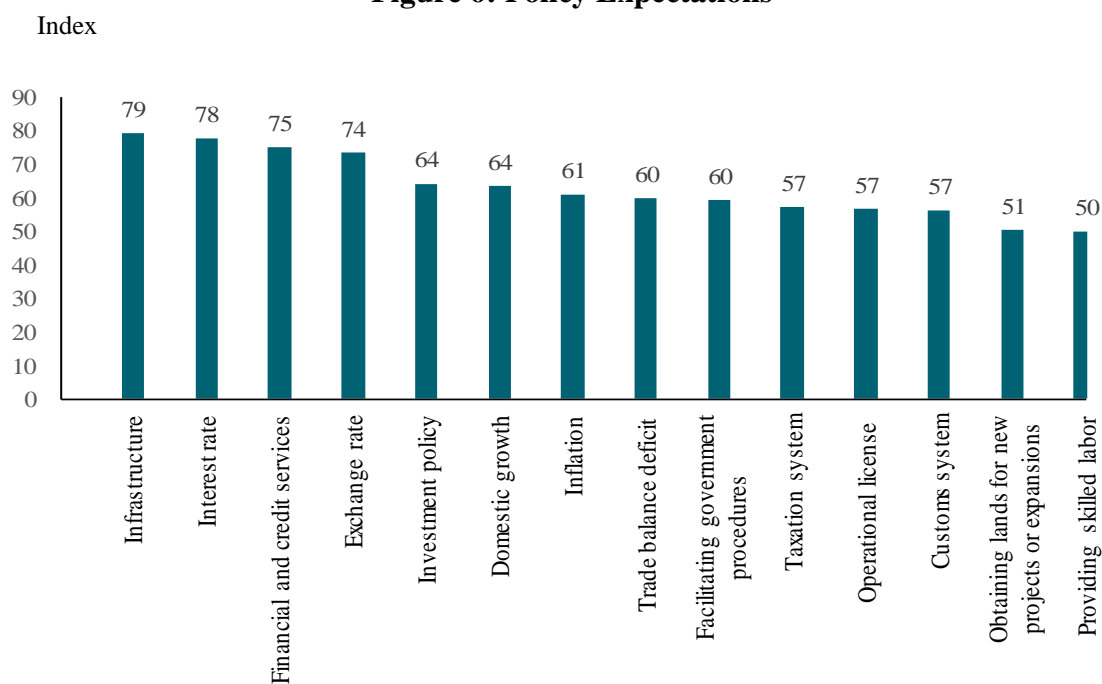
Source: Survey results.

Policy Expectations

Expected improvement in infrastructure, interest rate, financial and credit services and the exchange rate

According to Figure 6, most firms expect further improvement in infrastructure due to the government's implementation of national projects including roads, bridges, power and water plants. Firms are also optimistic about the current monetary policy trends as a result of the CBE decision to reduce the deposit and lending rates. According to the survey results, firms expect improved financial and credit services as well as improved exchange rate due to continued dollar inflows from foreign portfolio investments and increased remittances.

Figure 6: Policy Expectations



Source: Survey results.

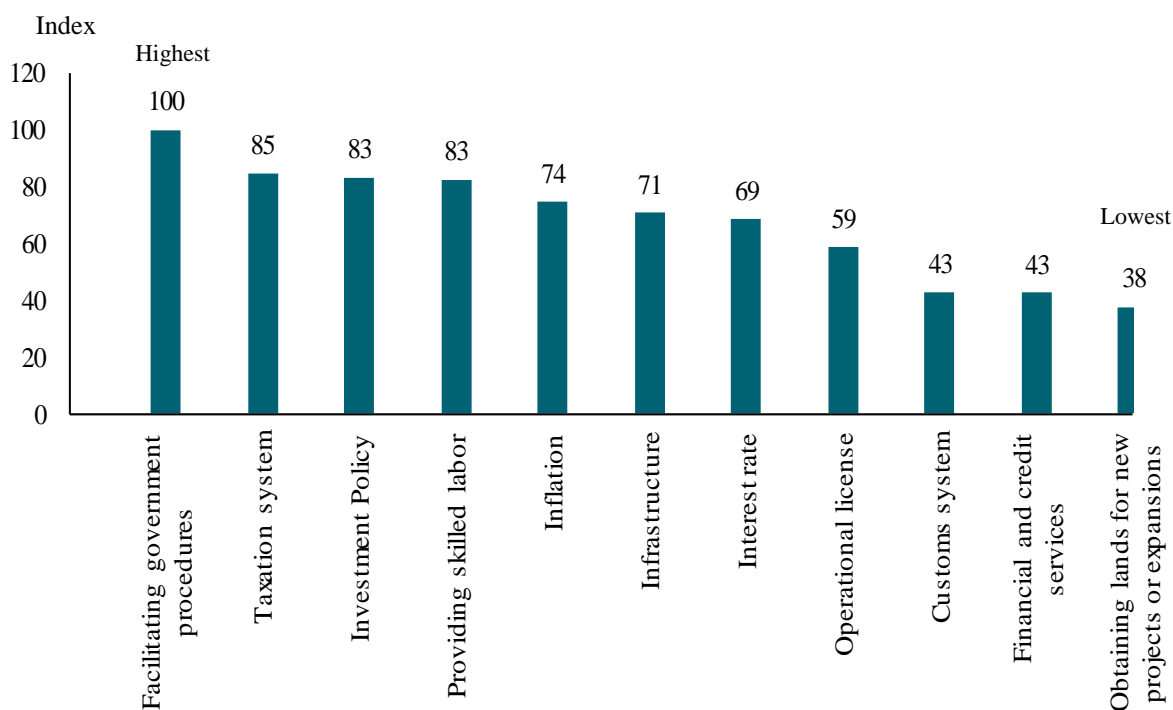
Priorities for improving the business climate in Egypt (based on respondents' views)

Facilitating government procedures, simplifying the tax regime, investment stimulating policy, providing skilled labor

As of this issue, a new question has been added about the businesses' perception of the priorities that they hope the government would pay attention to over the coming period to improve the business climate in Egypt. According to Figure 7, firms reported the need for a fast and effective plan to facilitate government procedures, including removal of the many obstacles facing businesses, which were mentioned earlier, such as complex customs system, the difficulty of obtaining operating licenses, difficult litigation procedures, and the difficulty of obtaining lands.

Facilitating government procedures is followed by the need to simplify the tax regime, introduce more policies and incentives to attract investment, and find solutions for the problem of lacking skilled labor, especially as it constitutes one of the most serious obstacles facing businesses as mentioned earlier.

Figure 7: Priorities to Improve the Business Climate in Egypt
 (Normalized index of the importance of priorities)



Source: Survey results.

Table A1. Survey Results: Summary of Business Sector Past Performance of all Firms (July-August-September 2019)¹

Index	Manufacturing				Construction				Tourism				Transportation				Communications				Financial Intermediation			
	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²
	Higher	same	Low	50	Higher	same	Low	58	Higher	same	Low	46	Higher	same	Low	50	Higher	same	Low	58	Higher	same	Low	42
Business activity																								
Production	29	44	27	51	5	88	7	50	40	0	60	40	42	33	25	56	50	38	13	64	22	39	39	44
Domestic sales	29	39	32	49	46	46	8	63	30	10	60	36	50	33	17	63	38	50	13	58	22	33	44	42
Exports	17	63	21	49	100	0	0	100	20	0	80	20	0	50	50	33	100	0	0	100	-	-	-	-
Inventory	25	50	25	50	45	55	0	35	30	10	60	64	42	42	17	41	50	50	0	33	28	44	28	50
Level of capacity utilization	2	90	8	48	15	85	0	54	10	80	10	50	0	83	17	45	25	75	0	57	0	89	11	47
Prices																								
Final product prices	34	61	5	59	46	54	0	65	30	60	10	56	50	50	0	67	25	63	13	54	0	94	6	49
Intermediate input prices	53	42	5	33	75	17	8	21	50	50	0	33	71	29	0	22	20	80	0	44	100	0	0	0
Wage level	39	61	0	62	54	46	0	68	10	90	0	53	42	58	0	63	25	75	0	57	11	83	6	52
Primary inputs																								
Investment	10	90	0	53	15	85	0	54	10	90	0	53	17	83	0	55	25	75	0	57	0	100	0	50
Employment	7	83	10	49	46	54	0	65	10	90	0	53	17	83	0	55	38	50	13	58	0	89	11	47

Table A2. Survey Results: Summary of Business Sector Past Performance of all Firms (October-November-December 2019)¹

Index	Manufacturing				Construction				Tourism				Transportation				Communications				Financial Intermediation			
	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²	Percentage			Index ²
	Higher	same	Low	51	Higher	same	Low	52	Higher	same	Low	54	Higher	same	Low	56	Higher	same	Low	60	Higher	same	Low	49
Business activity																								
Production	20	66	14	52	23	54	23	50	40	60	0	63	25	75	0	57	75	25	0	80	39	33	28	54
Domestic sales	17	71	12	51	23	54	23	50	10	80	10	50	17	75	8	52	75	25	0	80	39	33	28	54
Exports	17	71	13	51	50	50	0	67	80	0	20	80	100	0	0	100	100	0	0	100	-	-	-	-
Inventory	11	74	15	51	9	73	18	53	40	50	10	40	8	92	0	48	63	38	0	27	33	56	11	43
Level of capacity utilization	3	92	5	50	8	77	15	48	0	100	0	50	8	92	0	52	38	63	0	62	11	89	0	53
Prices																								
Final product prices	8	86	5	51	23	77	0	57	10	90	0	53	8	83	8	50	0	100	0	50	0	100	0	50
Intermediate input prices	7	85	8	50	17	75	8	48	0	100	0	50	0	100	0	50	50	50	0	33	50	50	0	33
Wage level	5	95	0	51	0	100	0	50	0	100	0	50	8	92	0	52	13	88	0	53	6	94	0	51
Primary inputs																								
Investment	5	95	0	51	0	100	0	50	0	100	0	50	0	100	0	50	0	100	0	50	0	100	0	50
Employment	5	88	7	50	15	77	8	52	0	100	0	50	0	100	0	50	50	50	0	67	6	94	0	51

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

²Equal 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) (July-August-September 2019)¹

Indicator	SMEs				Large firms			
	Percentage			Index ²	Percentage			Index ²
	Higher	same	Low	49	Higher	same	Low	53
Business activity								
Production	31	38	32	50	52	32	16	64
Domestic sales	31	36	34	49	40	40	20	57
Exports	26	32	42	44	25	63	13	54
Inventory	34	42	24	47	21	58	21	50
Level of capacity utilization	5	84	11	49	4	96	0	51
Prices								
Final product prices	28	67	4	57	40	52	8	61
Intermediate input prices	53	41	6	33	65	35	0	26
Wage level	32	67	1	59	40	60	0	63
Primary inputs								
Investment	8	92	0	52	20	80	0	56
Employment	13	82	5	52	16	68	16	50

Table A4. Survey Results: Summary of Outlook of all Firms (by size) (October-November-December 2019)¹

Indicator	SMEs				Large firms			
	Percentage			Index ²	Percentage			Index ²
	Higher	same	Low	52	Higher	same	Low	52
Business activity								
Production	28	57	15	54	32	60	8	58
Domestic sales	24	60	16	53	24	68	8	55
Exports	42	42	16	59	31	63	6	58
Inventory	22	64	14	48	15	85	0	46
Level of capacity utilization	7	87	5	51	8	92	0	52
Prices								
Final product prices	8	89	2	52	8	84	8	50
Intermediate input prices	9	86	5	49	13	74	13	50
Wage level	6	94	0	52	0	100	0	50
Primary inputs								
Investment	2	98	0	51	4	96	0	51
Employment	8	87	4	51	8	88	4	51

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

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