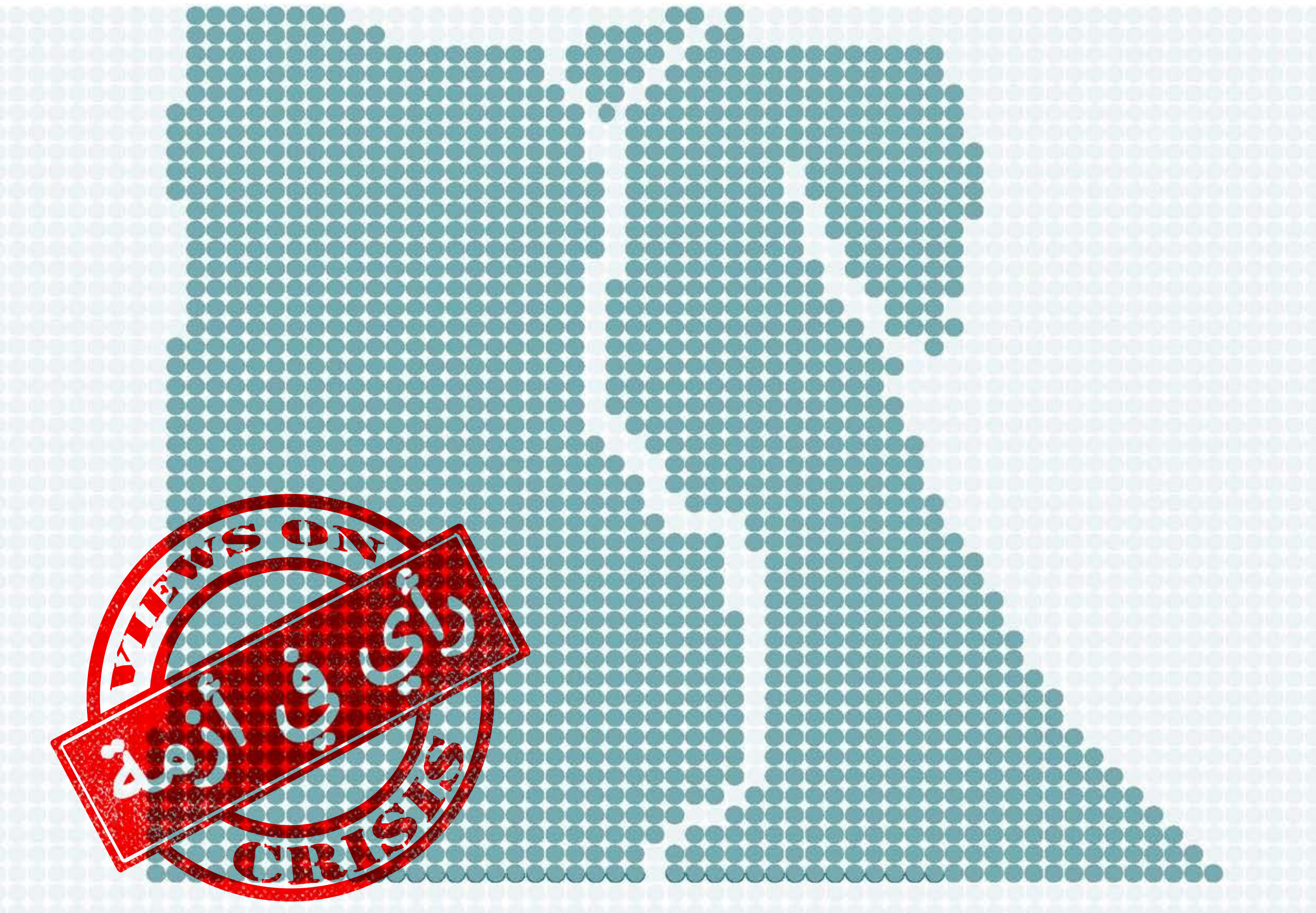
COVID-19 SPECIAL ISSUE: APRIL - JUNE 2020

ECES
المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

Business Barometer

Issue 55 2020



Performance & Expectations of the Egyptian Business Sector

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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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The Egyptian Center for Economic Studies

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Issue No. 55 – 2020

Contents

About the Business Barometer

The Egyptian Center for Economic Studies (ECES) publishes its Business Barometer (BB) quarterly to provide timely information about the developments of economic activity in Egypt based on a survey as well as 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 issue of the Business Barometer comes at an exceptional time in which the world is waging a fierce battle against the Corona virus (COVID-19). It aims to explore the impact of the disease on businesses, especially in light of the measures taken by the Government to deal with the crisis and to contain the decline in economic activity. A new question was added to the survey about these measures and businesses' expectations of new measures to reduce the decline in economic activity over the coming period. Another question was added regarding the constraints and challenges faced by businesses during the crisis period.

This issue provides an assessment of the performance of a sample of firms and the results of their operations in the fourth quarter of FY2019/2020 (April-June 2020) compared to the period preceding the outbreak (October-December 2019) of FY 2019/2020 as the data for the period (January-March 2020) is unavailable. It also summarizes firms' expectations for overall economic performance as well as own activities for the first quarter (July-September 2020) of FY2020/2021.

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 in the global and local economy as well as the performance of the most important macroeconomic indicators in Egypt in light of the latest available data.

With the beginning of 2020, the world has witnessed the worst health crisis in the century that killed millions of people around the world and afflicted tens of millions, namely, the Corona pandemic (COVID-19). Besides human losses, the economic and social repercussions of the Corona crisis are expected to exceed the repercussions of previous crises, including the Global Economic Crisis of 2008/2009, driving some, if it persists in the medium and long runs, to draw parallels between it and the Great Depression of 1929-1939.

The crisis has caused the world economy to enter a period of economic recession, as described by the International Monetary Fund (IMF) on the first of April 2020, reflecting negatively on the projected growth rates for all regions and countries of the world. The IMF projected global economic growth to decline to -4.9 percent in 2020—-8 percent for advanced economies and -3 percent for emerging and developing economies, with growth rates varying between regions and countries.

The United Nations Conference on Trade and Development (UNCTAD) projected foreign direct investment worldwide to decrease by 30-40 percent and mergers and acquisitions to decrease by 50-70 percent for the year 2020/21 compared to 2019/2021.

The lower economic activity and investments as a result of total and partial lockdowns in the face of the spread of the virus were reflected negatively on the labor market. According to the most recent reviews of the International Labor Organization (ILO), the reduction in working hours globally during the first quarter of 2020 compared to the fourth quarter of 2019 is equivalent to the loss of 130 million full-time jobs. The drop in the second quarter of 2020 is likely to be equivalent to more than 300 million jobs lost.

Decreased demand, lower economic activity, and global supply chain turmoil led to a decrease in international trade by about 3 percent in the first quarter of 2020, and then a further decline by about 18.5 percent during the second quarter of 2020. The World Trade Organization (WTO) expects international trade to decline by 14 to 32 percent.

Egypt does not stand in isolation from the rest of the world; it was affected by the Corona pandemic. This effect started with the emergence of the virus in China and its spread to European and Arab countries and the United States, especially that these countries are major partners for Egypt, whether on the commercial or investment level. The negative repercussions of the crisis will appear on the Egyptian economy and all macroeconomic variables as of the third quarter of fiscal year (FY) 2019/2020 and will exacerbate during the fourth quarter. Official data to date did not exceed the third quarter at best, and therefore do not accurately reflect the consequences of the crisis.

Many domestic and international institutions projected a decline in the rate of GDP growth in Egypt as a result of the implications of the crisis for the sources of growth and sectors driving it. The IMF projected growth would not exceed 2 percent during 2020 and then recover to 2.8 percent in 2021. The Ministry of Planning and Economic Development also revised its forecast for economic growth downward from 5.8 percent to 4.2 percent in 2019/2020, while growth is expected to decline in FY

2020/2021 to 3.5 percent according to the optimistic scenario (the virus ending in June 2020) and 2 percent according to the pessimistic scenario (the virus ending by the close of 2020).

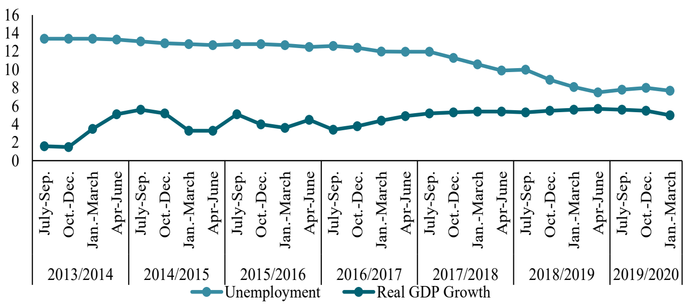
Economic growth for the third quarter of 2019/2020 is expected to decline to 5 percent compared to 5.5 percent in the previous quarter and 5.6 percent in the corresponding quarter. The decline is expected to increase to 1 percent during the fourth quarter of FY 2019/20 (Figure 1-1).

According to the latest available data, the rate of growth of GDP at market prices increased slightly, reaching 5.6 percent during the first half of FY 2019/2020 compared to 5.4 percent during the first half of the previous fiscal year. With respect to sources of growth, final consumption is the main source of growth, while both final consumption and gross capital formation achieved growth rates of 2.2 percent and 15.9 percent, respectively, during the first half of FY 2019/20 compared to 1 percent and 12 percent, respectively, during the first half of the previous fiscal year.

At the sectoral level, three sectors achieved growth rates that exceed the average rate of growth of GDP. These are the telecommunications, oil refining and construction sectors, with the telecommunications sector achieving a growth rate of 16.5 percent during the first half of FY 2019/2020 compared to 17.4 percent during the corresponding half of the previous year. The oil refining sector posted a growth rate of 14.2 percent versus 3.9 percent, and the construction sector (9.1 percent versus 7.7 percent). The rest of economic sectors achieved lower rates of growth than the average growth rate of GDP. Manufacturing saw the highest decline in growth rates, excluding oil refining, with the growth rate falling from 2 percent in the first half of FY 2018/2019 to 1.2 percent in the first half of FY 2019/2020, followed by agriculture, which achieved a growth rate of 4 percent, then tourism at 4.3 percent (Central Bank of Egypt, Monthly Statistical Bulletin, June 2020).

The unemployment rate declined slightly in the third quarter of FY 2019/2020 to 7.7 percent, as the repercussions of the crisis had not been fully realized yet. This rate is merely 0.3 points less than in the previous quarter and 0.4 less than in the corresponding quarter of the previous year (Figure 1-1).

Figure 1.1: Real GDP Growth and Unemployment

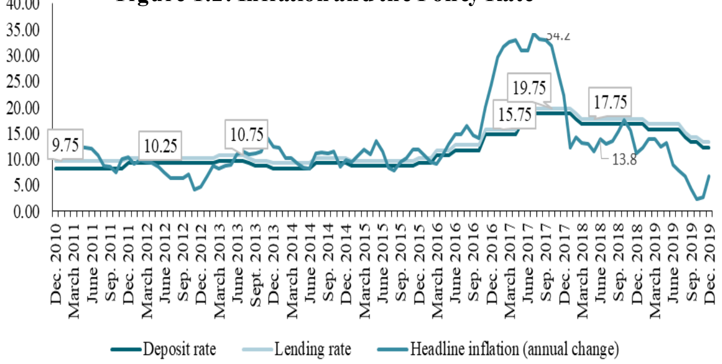


***Sources**: Ministry of Planning and Economic Development, CAPMAS, Central Bank of Egypt, Monthly Statistical Bulletin, October 2019.*

Despite this decline in unemployment, there has not been a major change in the nature of job opportunities generated. Agriculture, wholesale and retail trade, and construction were at the forefront of sectors that absorbed employment, with more than half of workers. These sectors largely attract low-skilled labor and offer unsustainable job opportunities. Unemployment rates remain higher among university graduates and the youth, especially females (Central Agency for Public Mobilization and Statistics-CAPMAS).

On the monetary side, in the context of facing the Corona crisis and the resulting negative economic repercussions on economic activity, all world governments took an initiative to adopt expansionary monetary and fiscal policies. In that context, the Central Bank of Egypt (CBE) reduced the overnight deposit and lending rates as well as the credit and discount rates to 9.25 percent, 10.25 percent, and 9.75 percent, respectively (Figure 1-2).

Figure 1.2: Inflation and the Policy Rate



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

Theoretically and in normal circumstances, low interest rates are linked to stimulating private appetite for credit to finance expansionary operations. However, the Government's increased reliance on domestic credit to finance the budget deficit, especially in light of the crisis, left only 21 percent of total credit available to the private sector in March 2020 compared to 37 percent in March 2011, while the Government accounted for 66.5 percent of total domestic credit (CBE, Statistical Monthly Bulletin, various issues).

Annual inflation decreased slightly in May, 2020 to 5 percent compared to 5.9 percent the previous month and 13.2 percent the corresponding month of the previous year. This slight decline came following the slight decrease in food and beverage prices by 0.3 after the end of Ramadan, which was accompanied by a rise in consumption and an increase in demand for food and beverages, which is the commodity group accounting for the largest relative weight in CPI calculation.

Externally, before the emergence of the Corona crisis, the balance of payments in the first half (July-December 2017) of FY 2019/2020 posted a total surplus of $410 million compared to a total deficit of $1.8 billion during the corresponding period. This surplus came as a result of the decrease in the current account deficit by 13 percent to about $4.6 billion compared to about $5.3 billion during the corresponding period. At the same time, capital and financial transactions achieved a net inflow of about $5.2 billion compared to about $3.1 billion during the corresponding period.

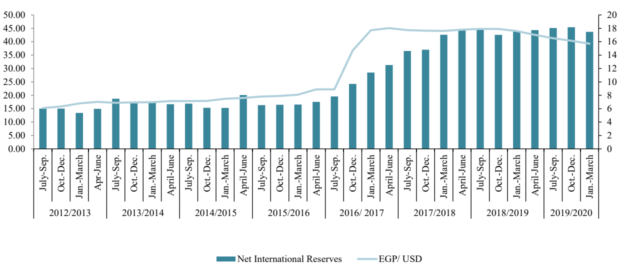
The decline in the current account deficit can be explained by the following:

- The non-oil trade balance deficit decreased to $18 billion against 19.4 during the corresponding period, as a result of increasing non-oil commodity exports to $9.2 billion against $8.3 billion during the corresponding period, and a slight decrease in imports to $27.2 billion compared to $27.7 billion in the corresponding period.
- The increase in current transfers to $13.6 billion compared to $12 billion in the corresponding period, due to the increase in remittances by Egyptians working abroad by 13.5 percent during the analysis period

As for the capital account, the most important changes were the increase in net foreign direct investment to $5 billion against $4.2 billion, while investments in securities amounted to about $274 million.

As already indicated, the repercussions of the crisis began to emerge as of March 2020, directly affecting the sources of foreign exchange, but their impact has been so far limited. Net international reserves declined by only 4 percent to $43.7 billion during the third quarter of FY 2019/2020 compared to $45 billion in the previous quarter and $44 billion in the corresponding quarter. The exchange rate of the Egyptian pound also witnessed a slight appreciation against the dollar, to reach 15.7 during the third quarter of FY 2019/2020—an increase of about 3 percent compared to the previous quarter and of about 10 percent compared the corresponding quarter (Figure 1-3).

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



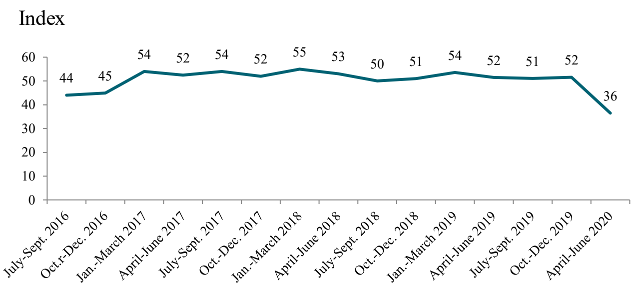
Source: Central Bank of Egypt (CBE).

Business Barometer Index (BBI)

Business performance index falls to lowest level in ten years, and optimistic expectations for the next quarter

The Corona virus (COVID-19) has had a negative impact on the business performance index during the quarter under review (April - June 2019), scoring its lowest level (36 points). This performance is the lowest in ten years due to the precautionary measures adopted by most countries, including Egypt, to confront the virus, causing a partial or total lockdown of most economic activities, closure of borders, and imposition of a total or partial curfew. This resulted in disruptions in global supply chains and a decline in trade during the period of the crisis (Figure 2-1). Most of the sample firms merely aimed to maintain a presence in the market during the previous quarter.

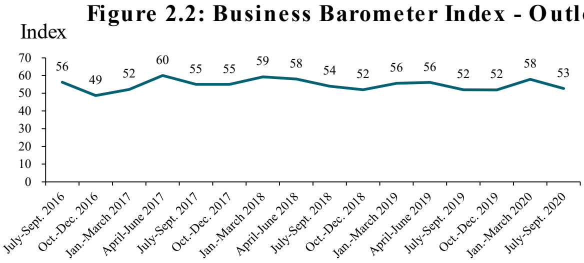
Figure 2.1: Business Barometer Index - Evaluation



Source: Survey results.
* Data for the two quarters of January-March and April-June 2016, and the January-March 2020 quarter are unavailable.

However, the survey results reflected firms' positive expectations for the upcoming quarter (July - September 2020), with the value of the index reaching 53 points, though less optimistic than in the previous quarter (Figure 2-2). The positive expectations are linked to the gradual reopening of economic activities and reduction of precautionary measures, but such optimistic expectations were not coupled with plans for expansion in the coming period.

Figure 2.2: Business Barometer Index - Outlook

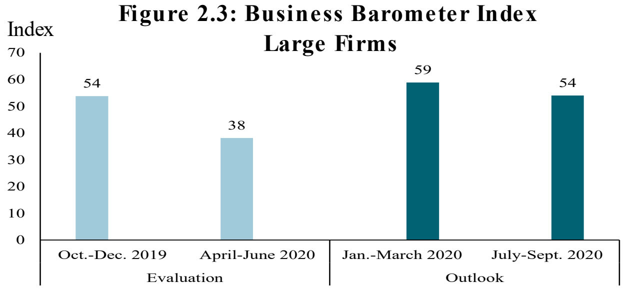


Source: Survey results.
* Data for the two quarters of January-March and April-June 2016, and the April-June 2020 quarter are unavailable.

In terms of firm size, the survey results show a significant decline in the performance of firms of all sizes in the quarter under review (April - June 2020). The performance index of large firms recorded 38 points compared to 54 points in October-December 2019, while that of small and medium-sized firms witnessed a further deterioration recording 35 points compared to 49 points in October-December 2019 (Figures 2-3, 2-4).

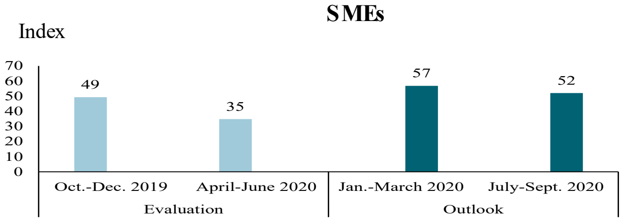
Poor performance during the quarter under study has not kept private sector firms from reporting optimistic expectations for the next quarter (July - September 2020), albeit their optimism was lesser in the case of small firms compared to large ones. The results showed an increase in the outlook index of small and medium firms for the next quarter (July - September 2020), to 52 points, compared to a rise to 54 points for large firms (Figures 2-3, 2-4).

Figure 2.3: Business Barometer Index
Large Firms



Source: Survey results.

Figure 2.4: Business Barometer Index
SMEs



Source: Survey results.

Past Performance of Businesses witness an unprecedented decline for large firms and SMEs

The Corona virus crisis in Egypt hit the economic sectors hard and unprecedentedly, causing many damages to the economic activity of the private sector. According to the sample firms, the private sector has not faced a crisis of this magnitude since the events of the January 25, 2011 Revolution and the ensuing events that affected Egypt economically.

Firms of various sizes reported a notable decline during the quarter under review (April - June 2020) for both domestic sales and exports compared to October - December 2019/2020. This was reflected in a collapse in the indexes of production and capacity utilization to their lowest levels in years for all sizes of firms. The results showed that SMEs were more affected due to the decline in their production activity already since the corresponding quarter (Figures 3-1, 3-2).

Figure 3.1: Economic Activity Evaluation: Large Firms

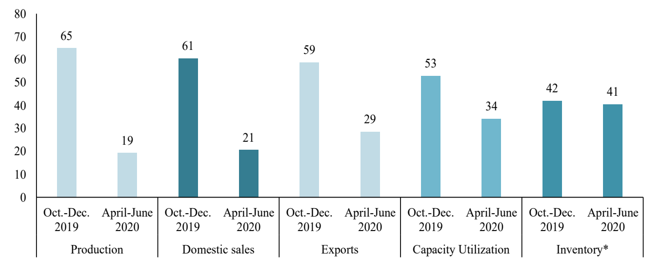
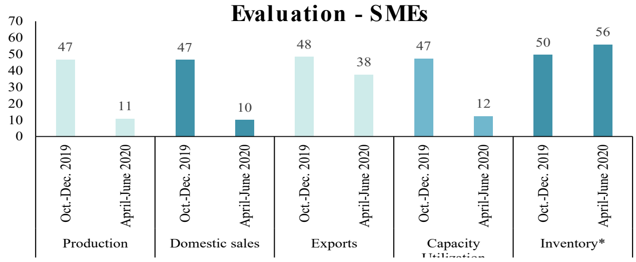


Figure 3.2: Economic Activity Evaluation - SMEs



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.

At the sectoral level, as shown by Table A1, the survey results indicate that while all sectors were affected by the COVID 19 crisis and the precautionary measures that ensued, the magnitude of the damage varied between sectors. The tourism sector recorded the severest decline due to the halt of tourism and suspension of flights as a result of the closure of borders and tightening entry procedures to counter the virus. The transportation sector followed as a result of the disruption of global supply chains and trade, as well as partial curfews. Then comes the manufacturing sector for several reasons, most importantly the imbalance in the supply of imported production inputs due to slow trade and difficulty of customs clearance procedures in ports, in addition to precautionary measures such as reducing the number of workers and working hours, and imposing a partial curfew. The construction sector followed due to stagnant demand for real estate during the crisis and the decision to suspend building permits. Finally, the telecommunications and financial services sectors are the least affected by the crisis. However, despite the boom in demand for the internet and related services, the demand for communications and telecommunications infrastructure projects as well as related devices was negatively affected by the crisis and witnessed a decline, especially as Internet services are only one branch of the activities of telecommunications firms. The financial services sector witnessed a decline in the volume of stock trading as a result of the exit of Arab and foreign investors from the stock market due to the crisis, but the decline did not reach the point of collapse as the Government injected EGP 20 billion in the Egyptian Stock Exchange.

Increased input prices and lower final product prices

The results of performance evaluation showed higher input prices for large, small and medium firms alike as a result of disruption of imports of production requirements and raw materials and slow customs clearance procedures, driving suppliers to raise the prices of raw materials during the quarter under review. Meanwhile, most private sector firms resorted to reducing the prices of final products to overcome the recession and face up to the marked decrease in demand, albeit the reduction was greater in the case of small and medium firms compared to large firms. The results also showed a slight decrease in the wage index for small and medium-sized firms, with the index scoring 49 points during the quarter under review (April - June 2020) compared to October - December 2019. The reduction of wages can be attributed to recession and difficulties in firms' ability to bear production and operating costs. However, the majority of large firms resorted to raising wages slightly, with the wage index scoring 51 points, as most large firms offered incentives to encourage workers to continue doing their jobs in light of fears of the spread of the virus (Figures 3-3 and 3-4).

Figure 3.3: Prices and Wages Evaluation: Large Firms

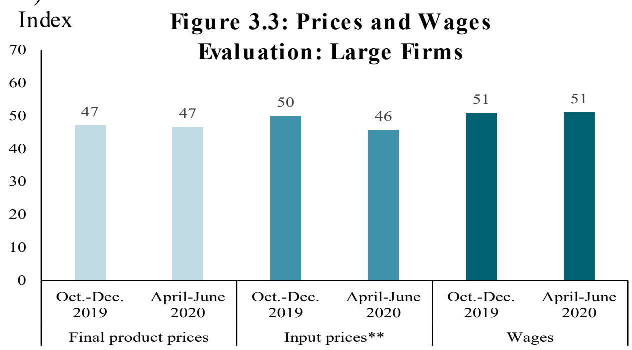
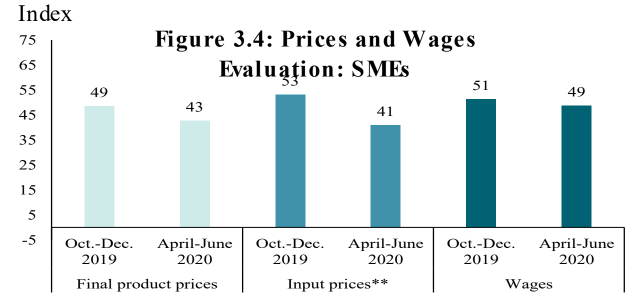


Figure 3.4: Prices and Wages Evaluation: SMEs



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.

Lower investment and employment indexes for both large firms and SMEs

Due to the high uncertainty associated with the crisis, the results showed that the investment index declined for all firms, despite all measures taken by the Government to stimulate investment, including lowering the interest rate and postponing all loan repayments, as well as introducing a new package of facilities that supports the affected economic, production and service sectors, including postponing payment of taxes and insurance.

The employment index also declined across all firms, but the decline was greater in the case of small firms, with the index scoring 48 points for large firms and 43 points for SMEs during the quarter under review (Figures 3-5 and 3-6).

Figure 3.5: Investment and Employment Evaluation: Large Firms

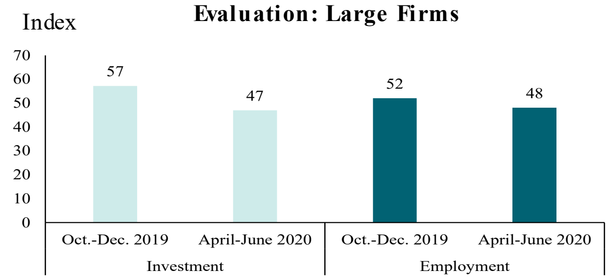
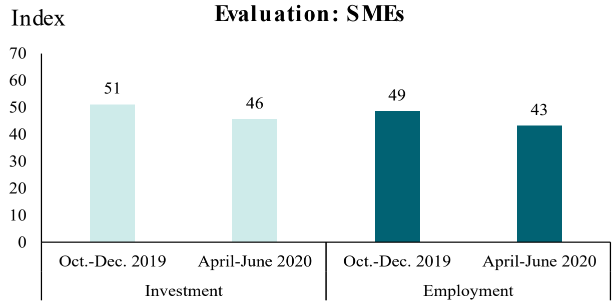


Figure 3.6: Investment and Employment Evaluation: SMEs



Source: Survey results.

Business Strategy Going Forward

Expectations of improved economic activity for both large firms and SMEs

Poor performance during the quarter under review did not prevent businesses from being optimistic regarding the upcoming quarter (July - September 2020), as a result of the start of reducing precautionary measures and gradual reopening of economic activities. Therefore, large, small and medium-sized firms were optimistic about all economic variables, including production, sales, exports and production capacity. This reflects expectations of a recovery in domestic and external demand following a lockdown that last for months (Figure 4-1, 2-4).

Figure 4.1: Economic Activity Outlook: Large Firms

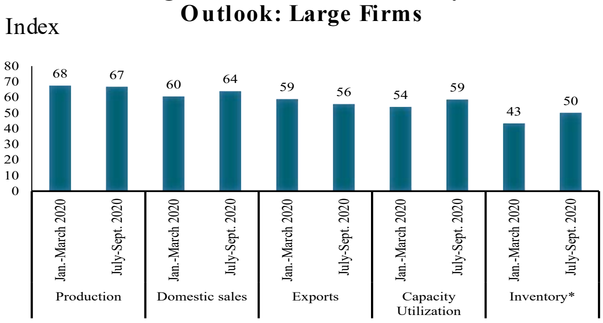
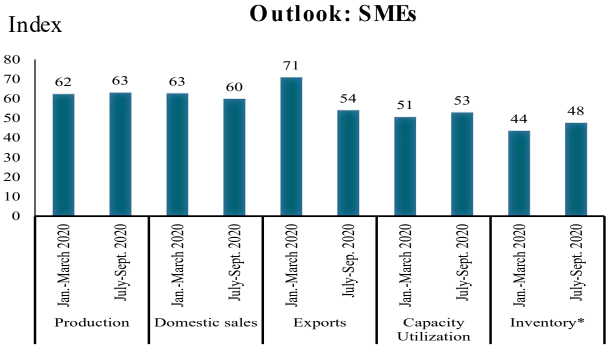


Figure 4.2: Economic Activity Outlook: SMEs



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.

At the sectoral level, as shown in Table A2, expectations for the next quarter are generally positive across all sectors except for the tourism sector, despite the return of tourism and the gradual return of aviation during the next quarter (July - September 2020). This can be attributed to the slow recovery of demand for this sector, given the uncertainty associated with the virus on the one hand and deteriorating economic situation and declining levels of income on the other hand, in addition to new operational rules for the aviation sector regarding capacity, operating method and preventive measures.

The results also showed that the manufacturing sector is the most optimistic for the next quarter, reflecting the impact of policies announced by the Government to support this sector, including granting credit facilities at reduced interest rates, reducing gas and electricity prices, expediting the disbursement of export dues, and postponing tax obligations and other measures.

Finally, the rest of the sectors witnessed slightly higher expectations for the coming quarter, with the expectations index scoring 51 points. Expectations for the telecommunications sector remained the same.

Expected rise in the prices of inputs and final products

Large and medium-sized firms expect input prices to continue to rise during the next quarter (July-September 2020) due to lack of a complete recovery of global supply chains and the full return of trade to normality. The results also showed expectations of a slight increase in the prices of final products, with the index value exceeding 50 points.

Large, small and medium-sized firms also expect the wage index to remain stable during the next quarter, after witnessing a significant increase thanks to the period of increased wages at the beginning of the year (Figures 4-3, 4-4).

Figure 4.3: Prices and Wages Outlook: Large Firms

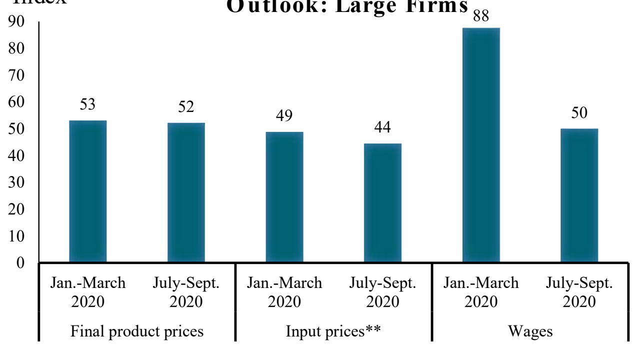
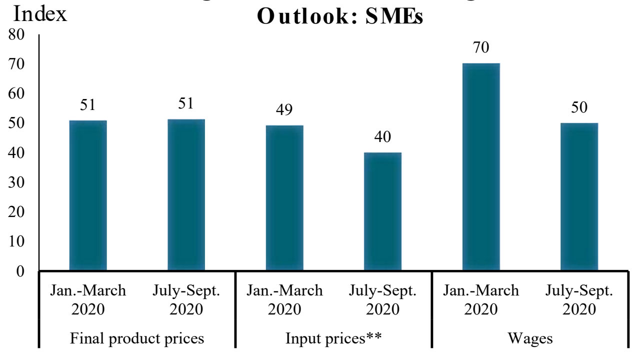


Figure 4.4: Prices and Wages Outlook: SMEs



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.

Expectations of a slight improvement in the investment index for large firms with a decline for small and medium-sized firms, and a slight decrease in the employment index for all sizes of firms

Unlike small and medium-sized firms, the expectations of large firms for the coming quarter (July – September) 2020 were optimistic regarding the investment index. The results show unoptimistic expectations for employment reported by large, and small and medium-sized firms, which requires steering policies to urge businesses to retain employment, and providing more incentives to encourage them to expand and invest in job-creating activities (Figures 4-5 and 4-6).

Figure 4.5: Investment and Employment Outlook: Large Firms

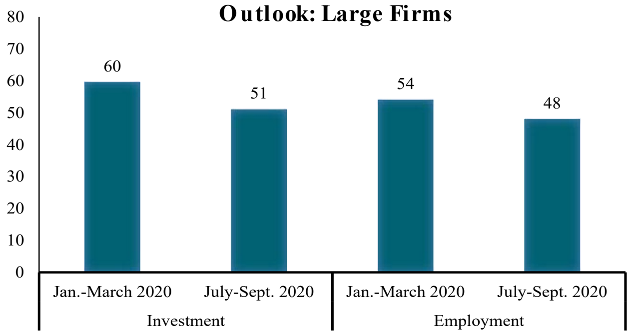
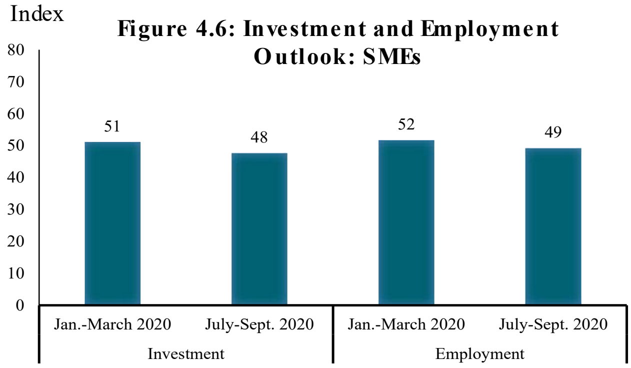


Figure 4.6: Investment and Employment Outlook: SMEs



Source: Survey results.

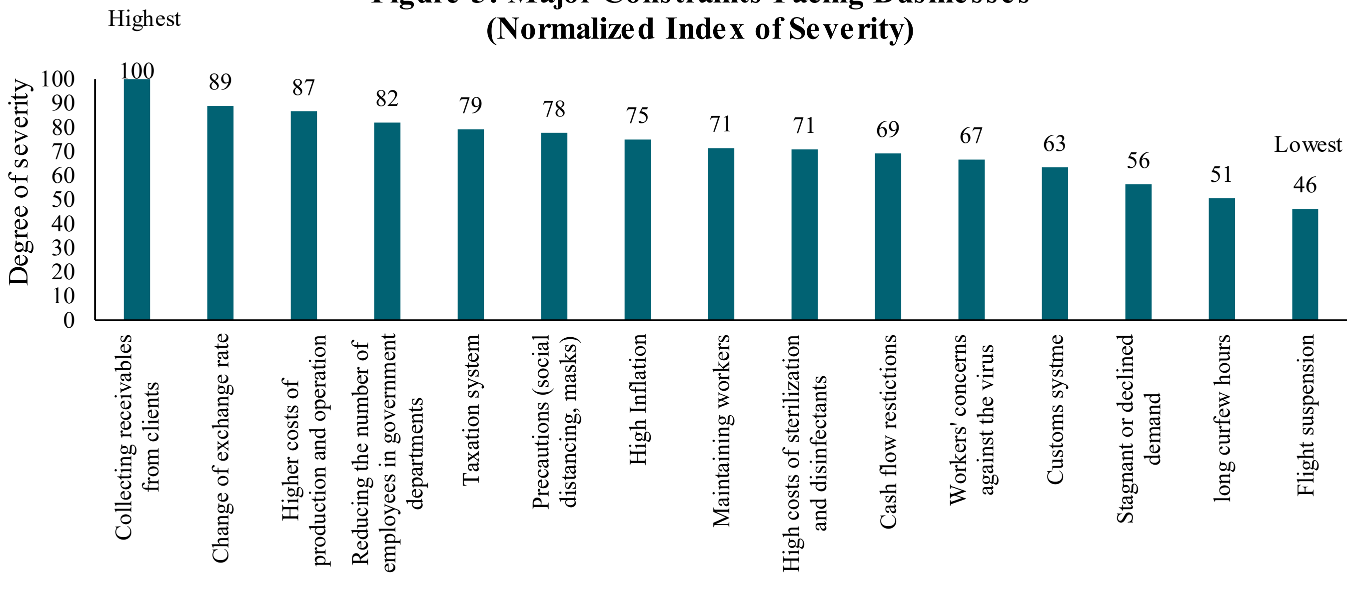
Major Constraints Facing Businesses

Major constraints: Collecting dues from clients, changing exchange rate, increased production and operating costs, and reduced number of employees in government departments.

Figure 5 shows the main constraints faced by the business community during the quarter under consideration, in descending order of severity from the viewpoint of sample firms. The collection of dues from clients came as the biggest obstacle that sample firms witnessed during the period of the Corona crisis, followed by the slight rise in the exchange rate of the US dollar and the high costs of production and employment during the crisis. The reduction in the number of employees in government departments was one of the biggest obstacles that faced the business community during the crisis.

Despite the emergence of obstacles associated with the crisis such as customer default, high operating costs and others, this does not mean the end of the usual obstacles facing the business sector, most importantly, complexity of many government procedures and difficulty of hiring appropriate labor and others.

Figure 5: Major Constraints Facing Businesses (Normalized Index of Severity)



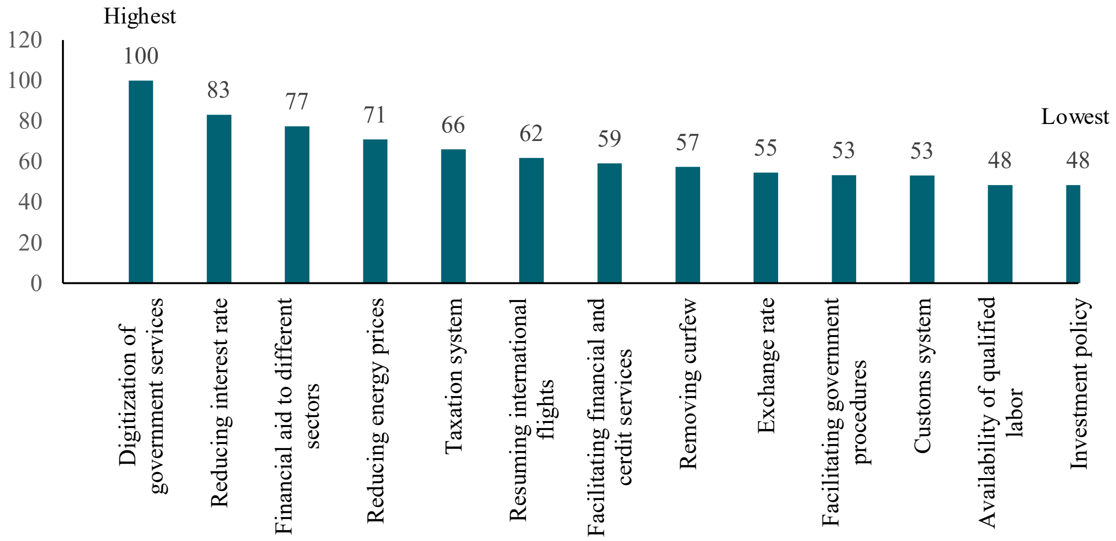
Source: Survey results.

Key Measures Taken by the Government during the Crisis

Awareness campaigns to prevent infection, facilitating government procedures, expanding online service delivery, and availing support to the private sector

As can be seen from Figure 6, the business community commended the awareness and guidance campaigns to prevent infection, which were carried out by the Government during the crisis. Firms also commended Government's efforts to ease the bureaucracy and facilitate government procedures, as well as expand the provision of government services via the Internet, such as receiving tax returns and offering banking services. Firms also commended Government decisions to support the business sector, including speeding up the disbursement of export subsidies, as well as measures taken to support the affected sectors through provision of credit facilities.

Figure 6: Government Measures during the Crisis (Normalized Index of Government Measures)



Source: Survey results.

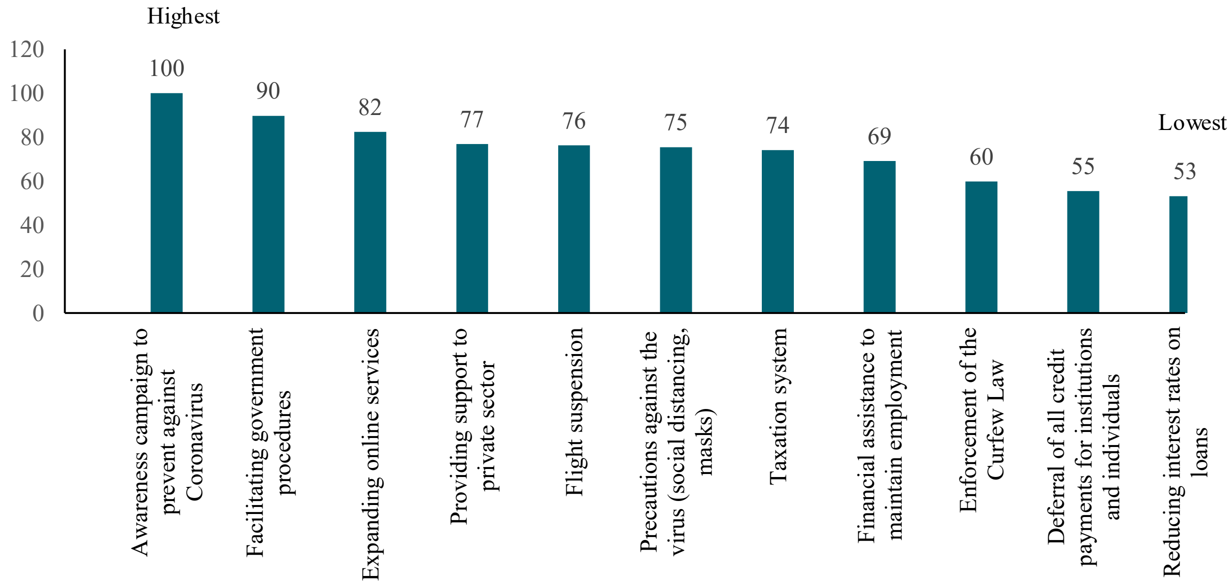
Priorities for Improving the Business Climate in Egypt (based on Respondents' Views)

Priorities: Digital transformation of government services, lower interest rates, financial support for affected sectors, lower energy prices.

As can be seen from Figure 7, firms have proposed a set of measures that should be taken during the recovery period. These measures are led by the digital transformation of government services. The sample firms also expect a further decrease in the interest rate, perhaps to encourage investment in various sectors. The business community also expects more measures to support the sectors such as by availing liquidity and fast disbursement of export subsidies. Reduction in energy prices is among the measures proposed by the business community during the recovery period.

Figure 7: Policy Expectations

(Normalized Index of the Importance of Priorities)



Source: Survey results.

Table A1: Survey Results: Summary of all firms evaluation at the sectoral level (April, May, June) [1]

Indicator	Manufacturing Percentage			Index 2	Construction Percentage			Index 2	Tourism Percentage			Index 2	Transportation Percentage			Index 2	Communications Percentage			Index 2	Financial Services Percentage			Index 2
	Higher	Same	Lower	34	Higher	Same	Lower	38	Higher	Same	Lower	27	Higher	Same	Lower	27	Higher	Same	Lower	42	Higher	Same	Lower	43
Economic activity																								
Production	2	7	91	8	0	21	79	18	0	0	100	0	0	0	100	0	0	25	75	20	22	17	61	33
Domestic sales	2	5	93	7	0	21	79	18	0	0	100	0	0	0	100	0	0	25	75	20	22	17	61	33
Exports	8	42	50	35	-	-	-	-	0	0	100	0	0	0	100	0	0	50	50	33	25	50	25	50
Inventory	46	46	8	37	8	23	69	75	0	0	100	100	0	38	63	73	17	33	50	63	38	25	38	50
Capacity utilization	3	17	79	18	7	7	86	13	0	0	100	0	0	22	78	18	0	63	38	38	7	13	80	18
Prices																								
Final product prices	3	64	33	41	0	100	0	50	0	50	50	33	0	58	42	37	13	88	0	53	0	88	12	47
Intermediate product prices	33	57	10	43	43	50	7	38	0	50	50	67	67	33	0	25	33	33	33	50	29	71	0	42
Wage level	7	93	0	52	0	86	14	46	0	50	50	33	0	73	27	42	0	88	13	47	28	67	6	57
Primary inputs																								
Investment	2	88	10	48	0	93	7	48	0	10	90	9	0	55	45	35	0	88	13	47	24	76	0	57
Employment	2	86	12	47	0	64	36	39	0	40	60	29	0	64	36	39	0	100	0	50	6	72	22	45

Table A2: Survey Results: Summary of all firms expectations at the sectoral level (July, August, September)[1]

Indicator	Manufacturing Percentage			Index 2	Construction Percentage			Index 2	Tourism Percentage			Index 2	Transportation Percentage			Index 2	Communications Percentage			Index 2	Financial Services Percentage			Index 2
	Higher	Same	Lower	54	Higher	Same	Lower	51	Higher	Same	Lower	41	Higher	Same	Lower	51	Higher	Same	Lower	50	Higher	Same	Lower	51
Economic activity																								
Production	52	36	12	65	36	57	7	59	70	0	30	70	56	22	22	64	38	50	13	58	56	22	22	64
Domestic sales	44	40	16	60	36	57	7	59	78	0	22	78	60	20	20	67	25	63	13	54	50	28	22	61
Exports	35	58	8	59	0	100	0	50	0	0	100	0	50	0	50	50	14	86	0	54	0	80	20	44
Inventory	13	63	25	54	15	85	0	46	70	0	30	30	11	78	11	50	14	71	14	50	50	38	13	36
Capacity utilization	33	54	12	57	29	71	0	58	20	40	40	43	25	38	38	45	0	75	25	43	31	63	6	58
Prices																								
Final product prices	17	76	7	53	21	79	0	56	11	67	22	47	10	70	20	47	0	100	0	50	0	94	6	49
Intermediate product prices	30	63	7	43	64	29	7	28	0	100	0	50	50	50	0	33	0	100	0	50	25	75	0	43
Wage level	5	93	2	51	7	86	7	50	0	50	50	33	18	82	0	55	0	88	13	47	11	89	0	53
Primary inputs																								
Investment	5	88	7	50	14	79	7	52	0	40	60	29	0	80	20	44	0	100	0	50	11	83	6	52
Employment	3	90	7	49	7	93	0	52	10	40	50	36	9	91	0	52	0	88	13	47	6	89	6	50

[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 Methodology.

Table A3: Survey Results: Summary of all firms past performance (by size) (April, May, June)[1]

Variable	SMEs				Large Firms			
	Percentage			Index 2	Percentage			Index 2
	Higher	Same	Lower	**35**	Higher	Same	Lower	**38**
Economic activity								
Production	4	7	**87**	11	4	19	77	**19**
Domestic sales	4	6	**89**	10	4	21	75	**21**
Exports	13	39	**48**	38	0	40	60	**29**
Inventory	26	32	**42**	56	43	39	17	**41**
Capacity utilization	1	13	**86**	12	12	35	54	**34**
Prices								
Final product prices	2	70	**27**	43	4	80	16	**47**
Intermediate product prices	38	52	**11**	41	24	67	10	**46**
Wage level	9	78	**13**	49	4	96	0	**51**
Primary inputs								
Investment	5	74	**21**	46	0	88	12	**47**
Employment	1	74	**25**	43	4	85	12	**48**

Table A4: Survey Results: Summary of all firms expectations (by size) (July, August, September)[1]

Variable	SMEs				Large Firms			
	Percentage			Index 2	Percentage			Index 2
	Higher	Same	Lower	**52**	Higher	Same	Lower	**54**
Economic activity								
Production	51	32	18	**63**	54	38	8	**67**
Domestic sales	47	34	19	**60**	46	50	4	**64**
Exports	24	64	12	**54**	29	59	12	**56**
Inventory	24	59	16	**48**	25	50	25	**50**
Capacity utilization	26	56	17	**53**	35	58	8	**59**
Prices								
Final product prices	12	80	8	**51**	15	77	8	**52**
Intermediate product prices	37	57	6	**40**	24	71	5	**44**
Wage level	8	85	8	**50**	4	92	4	**50**
Primary inputs								
Investment	5	80	14	**48**	8	88	4	**51**
Employment	6	84	10	**49**	0	92	8	**48**

[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 Methodology.