

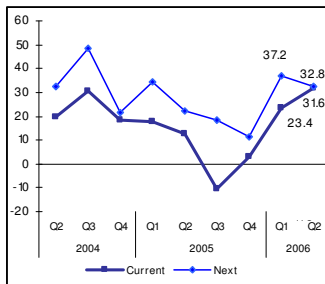
BUSINESS OUTLOOK UP IN THE SECOND QUARTER OF 2006*

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Overall Business Outlook

Business remains upbeat in the second and third quarters of 2006.

Overall Business Outlook Diffusion Index: Q2 2004 – Q2 2006

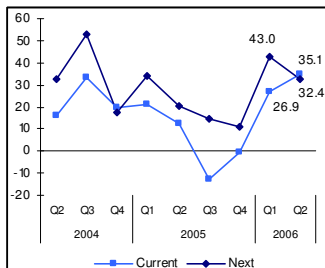


Firms with positive views on the business conditions in the second quarter of 2006 outnumber those with negative views, bringing the overall diffusion index (DI)¹ in the second quarter to 31.6 percent, up by 8.2 points quarter-on-quarter. This was the third straight quarterly rise after a slump in the third quarter 2005 and the highest since the start of the BES in the second quarter of 2001. The level, however, was lower by 5.6 points compared to the firms' own forecast of 37.2 percent for the second quarter during previous survey.

Respondent firms were also upbeat that business conditions would be even better in the third quarter relative to the second quarter with the index higher by 1.2 points at 32.8 percent (Table 1).

Corporate respondents from both the NCR and AONCR are bullish.

NCR Business Outlook Current and Next Quarters Q2 2004 – Q2 2006

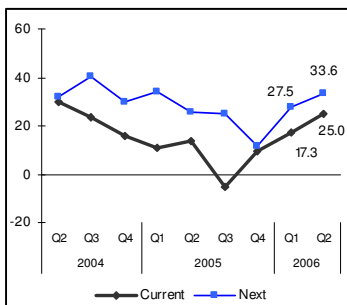


NCR respondents were more bullish as its index rose by 8.2 points to 35.1 percent in the second quarter from 26.9 percent in the previous quarter. Corporates from the NCR were also confident that business will remain favorable in the third quarter as reflected in the positive index of 32.4 percent, although slower than that in the second quarter (Table 2).

* The Second Quarter 2006 BES was conducted from 3 April to 2 May 2006.

¹ The diffusion index (DI) measures the net difference between firms saying business conditions are favorable and those saying they are unfavorable. It is computed as the percentage share of firms that answered in the affirmative less percentage share of firms that answered in the negative in a given indicator. A positive DI indicated a favorable view, except for the average inflation rate and the average peso-borrowing rate, where a positive DI indicates the opposite. Please note that all index figures are diffusion indices.

AONCR Business Outlook
Current and Next Quarters
Q2 2004 – Q2 2006



Similarly, in AONCR, more respondents indicated positive outlook in the second quarter as the index climbed by 7.7 points to 25.0 percent from 17.3 percent during the previous survey, and further to 33.6 percent in the third quarter (Table 2).

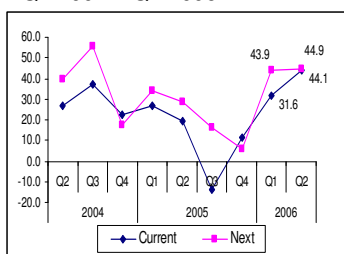
Increased consumer spending, stability of the peso, export receipts, and investment opportunities boost business optimism.

Respondent firms attributed their optimism to expectations of the following: (1) increased consumer spending due to the opening of the school year in June; (2) continued stability of the peso; (3) stronger export receipts; and (4) better investment opportunities. Respondents, likewise, indicated that factors which could dampen business sentiment include increase in the value added tax (VAT) rate to 12 percent; continued rise in the price of oil and petroleum products; slowdown in foreign trade; and the political noise.

Sectoral Outlook

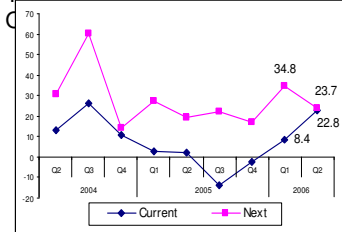
All sectors express confidence in the second quarter. Services and trade sectors are the most bullish.

Services Outlook
Q2 2004 – Q2 2006



All sectors believed that there would generally be better times ahead as indicated by positive indices in the second quarter. It was noted that except for construction, the overall indices of the other three sectors moved up quarter-on-quarter. The sectors which showed significant improvements were services and trade with their indices rising quarter-on-quarter by 12.5 points (to 44.1 percent) and 14.4 points (to 22.8 percent), respectively; while the DI of the industry sector was up slightly by 1.1 points (to 30.7 percent). On the contrary, the index of the construction sector declined marginally by 2.4 points (to 22.9 percent).

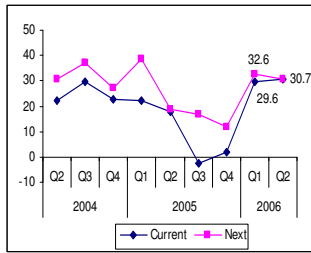
Trade Outlook



In the case of the services sector, the index for financial intermediation sub-sector showed the highest increment of 14.2 points (to 67.2 percent) while that of hotels and restaurants, renting and business activities, real estate, and community and social services exhibited subdued trends relative to the previous quarter.

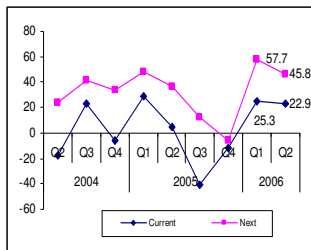


Industry Outlook
Q2 2004 – Q2 2006



Respondents from all sectors expect that the third quarter outlook would be better compared to the second quarter as reflected by the quarterly increases in the DIs across sectors (Table 1). Specifically, the DI of the construction sector, the most optimistic among the four sectors covered, was up at 45.8 percent (by 22.9 points), trade at 23.7 percent (0.9 points) and services at 44.9 percent (0.8 points), while the industry sector was steady at 30.7 percent.

Construction Outlook
Q2 2004 – Q2 2006

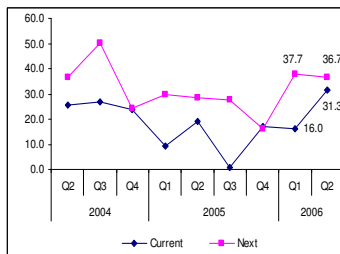


Business-related Factors

Volume of business activity expands in the second quarter of 2006 and onto the next quarter.

Consistent with the broad favorable outlook, respondents from both the NCR and AONCR anticipated an improvement in the volume of their business activity in the second quarter of 2006. Overall DI increased by 15.3 points at 31.3 percent from 16.0 percent in the previous survey (Table 2).

Volume of Business Activity
Q2 2004 – Q2 2006



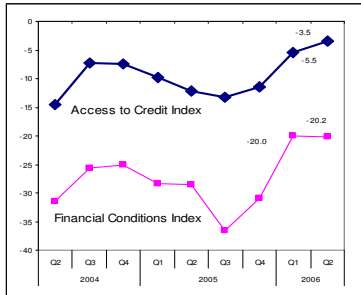
The volume of business activity is expected to further improve in the third quarter of 2006 as overall DI climbed quarter-on-quarter by 5.4 points to 36.7 percent. Respondents from the NCR and the AONCR are both bullish with indices rising by 7.7 points (to 43.5 percent) and 0.9 points (24.0 percent), respectively, from their comparative levels in the second quarter (Table 2).

Outlook on credit access and financial conditions, although remaining negative, improves slightly in the second quarter of 2006. Respondents from NCR are more optimistic compared with their counterparts from AONCR.

Meanwhile, firms surveyed continued to have negative sentiment on their ability to access credit from financial institutions, although their view somewhat improved as the access to credit index increased slightly from -5.5 percent in the previous survey to -3.5 percent in the current quarter.

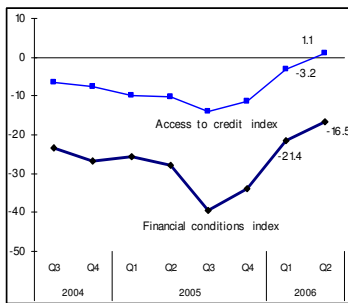


Overall Access to Credit and Financial Conditions



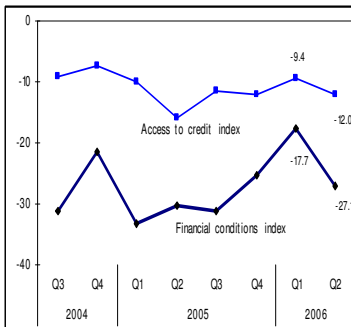
Similarly, more respondents believed that their liquidity conditions in the second quarter would remain the same as in the previous quarter with the financial conditions index steady at around -20.0 percent.²

NCR Access to Credit and Financial Conditions



By region, firms from the NCR are more positive in the second quarter as their credit access and financial conditions indices rose quarter-on-quarter by 4.3 points (to 1.1 percent) and 4.9 points (-16.5 percent), respectively. In contrast, more respondents from AONCR believed that their credit access and financial conditions were weaker in the second quarter compared to the previous quarter as indicated by the decline in the respective indices to -12.0 percent and -27.1 percent (Table 2).

AONCR Access to Credit and Financial Conditions



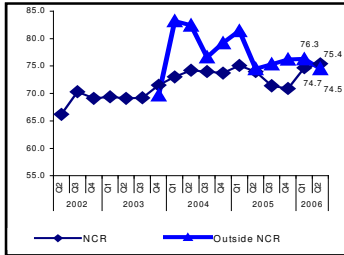
² The access to credit index refers to the environment external to the firm, particularly the availability of credit from the banking system and other financial institutions. The financial conditions index reflects the respondents' judgment on their general cash position, taking into account the level of cash and other cash items and repayment on loans.



Capacity Utilization

Outlook on average capacity utilization remains positive and unchanged in the second quarter of 2006.

Capacity Utilization:
Q2 2004 – Q2 2006

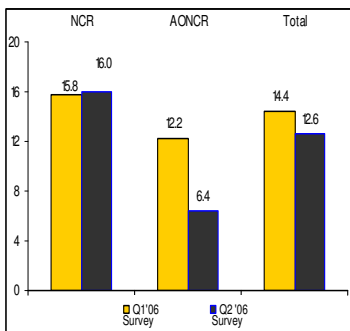


Respondents expected that the overall capacity utilization³ in the industry sector would be steady at around 75.0 percent as that in the previous quarter. Average capacity utilization for NCR increased slightly by 0.7 points (to 75.4 percent) in the current quarter from 74.7 percent in the previous quarter. Meanwhile, the average capacity utilization for AONCR dropped by 1.8 points to 74.5 percent from 76.3 percent in the previous quarter (Table 2).

Employment Outlook

Employment outlook declines but remains positive.

Employment Outlook Index
Next Quarter



The overall employment outlook index for the third quarter remained positive but lower at 12.6 percent from the previous survey's 14.4 percent (Table 2). The decrease in the overall employment index is attributed largely to lower index in AONCR which fell to 6.4 percent from 12.2 percent in the previous survey. Meanwhile, NCR's employment index slightly increased to 16.0 percent from 15.8 percent in the previous survey. The decline in employment outlook is consistent with the results of the survey in the industry sector which showed that a larger part of respondents indicated no expansion plans (50.1 percent) for the next quarter (Table 3).

The positive employment index indicates that new jobs will be created in the third quarter of 2006. The quarter-on-quarter decline in the index, on the other hand, indicates that lesser firms would hire additional employees in the third quarter compared to the second quarter.

Confidence Indicators

Business confidence indices for all sectors remain positive in the second quarter of 2006.

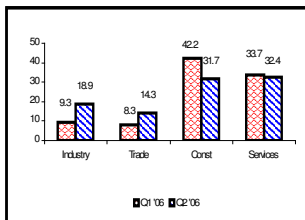
Consistent with the more optimistic business outlook, business confidence index across sectors remained positive and generally strong in the current quarter.

The industry sector was the most optimistic in the second quarter up by 9.6 points (to 18.9 percent), followed by trade by 6.0 points (to 14.3 percent). Meanwhile, DIs of construction and services sector while remaining positive declined by 10.5 points (31.7 percent) and 1.3 points (32.4 percent), respectively. The decline in the business

³ The average capacity utilization of the BES is based on a survey of 262 sample firms from the industry sector in Metro Manila and the five selected regions. This differs from the average capacity utilization figures of the National Statistics Office (NSO) which were computed based on a sample of large manufacturing firms nationwide.



Business Confidence
Q2 2006



percent), respectively. The decline in the business confidence index for the construction sector, despite the usual boom in construction projects during the second quarter, could be attributed to the increasing prices of electricity, gasoline and oil products which contribute to the overhead costs of this sector (Table 4).

Business Constraints

Competition, insufficient demand, and unclear economic laws are viewed as major risks to business in the second quarter of 2006.

Major constraints which could hamper business expansion in the near term that were identified by respondents included the following: stiff competition, insufficient market demand, unclear economic laws particularly on taxation, and tight financial conditions (Table 5).

Expectations on Key Economic Indicators

A stronger peso, rising inflation, and higher interest rates are expected in the second and third quarters of 2006.

Survey respondents anticipated a stronger peso, rising inflation, and higher interest rates in the second and third quarters of 2006 (Table 6).



TECHNICAL NOTES

To provide a regional dimension to business prospects, the BES coverage was expanded to include regions outside the NCR particularly Regions I, III, IV, VII and XI.

The BES coverage consists of firms in SEC's Top 5000 Corporations in 2004 which are based in the NCR and the five selected regions. From each of these regions, a stratified random sample of 937 firms (460 in NCR and 477 in AONCR) was selected across four major economic groups and 12 sub-groups namely: Group 1: Industry, which consists of manufacturing, mining and quarrying, electricity, gas and water and agriculture, fishery and forestry; Group II: Construction; Group III: Wholesale and Retail Trade and Group IV: Services Sector, which consists of financial intermediation, real estate, renting and business activities, hotels and restaurants, transport, storage and communications and community, social and personal services.

The combined survey response rate for this quarter is 69.6 percent: 81.1 percent for NCR and 58.5 percent for the selected regions outside NCR. It is worth noting that 31.5 percent of respondents belong to the small-firm category employing less than 100 workers. The distribution of sample size by region is shown below.

SECTOR	Number of Population										Number of Samples						
	Total	Other Regions	NCR	Areas Outside NCR	Region 1	Region 3	Region 4	Region 7	Region 11	Total	NCR	Areas Outside NCR	Region 1	Region 3	Region 4	Region 7	Region 11
					Ilocos Region	Central Luzon	Southern Luzon	Central Visayas	Southern Mindanao				Ilocos Region	Central Luzon	Southern Luzon	Central Visayas	Southern Mindanao
1. Agriculture, Fisheries and Forestry	109	21	36	52	0	6	9	7	30	24	4	20	0	2	2	2	14
2. Business Activities	299	8	247	44	0	12	15	15	2	50	36	14	0	4	3	5	2
3. Community, Social & Personal Services	144	9	101	34	3	7	10	10	4	29	17	12	2	2	2	3	3
4. Construction	195	9	140	46	2	12	15	16	1	36	21	15	2	4	3	5	1
5. Electricity, Gas and Water Supply	75	1	46	28	4	11	4	8	1	20	7	13	4	4	1	3	1
6. Financial Intermediation	322	5	295	22	0	6	6	9	1	51	44	7	0	2	1	3	1
7. Hotels and Restaurant	114	1	85	28	2	7	5	10	4	23	12	11	2	2	1	3	3
8. Manufacturing	1717	48	627	642	5	138	535	138	26	321	121	200	5	45	93	46	11
9. Mining and Quarrying	29	3	20	6	0	0	0	5	1	6	3	3	0	0	0	2	1
10. Real Estate	195	6	153	36	2	5	12	17	0	33	22	11	1	2	2	6	0
11. Transport, Storage & Communications	239	8	167	64	2	19	21	15	7	47	24	23	2	6	4	5	6
12. Wholesale and Retail Trade	1562	75	1019	468	33	139	134	110	52	237	149	148	27	45	23	36	17
TOTAL NUMBER OF FIRMS	5000	194	3136	1670	53	362	766	360	129	937	460	477	45	118	135	119	60

Table 1. INDICES OF OVERALL BUSINESS OUTLOOK BY SECTOR ¹
Second Quarter 2006
In percent

Sector (1)	Index Points				Differences		
	Q1 Survey		Q2 Survey		Q2 CQ vs. Q1 CQ (6)=(4)-(2)	Q2 CQ vs. Q1 NQ (7)=(4)-(3)	Q2 NQ vs. Q2 CQ (8)=(5)-(4)
	CQ (2)	NQ (3)	CQ (4)	NQ (5)			
All Sectors	23.4	37.2	31.6	32.8	8.2	-5.6	1.2
NCR	26.9	43.0	35.1	32.4	8.2	-7.9	-2.7
AONCR	17.3	27.5	25.0	33.6	7.7	-2.5	8.6
Industry	29.6	32.6	30.7	30.7	1.1	-1.9	0.0
NCR	29.3	34.8	38.3	19.2	9.0	3.5	-19.1
AONCR	29.9	30.5	23.0	42.3	-6.9	-7.5	19.3
of which:							
Manufacturing	29.9	35.7	31.9	31.9	2.0	-3.8	0.0
NCR	29.4	38.2	40.4	19.2	11.0	2.2	-21.2
AONCR	30.3	33.3	23.3	45.0	-7.0	-10.0	21.7
Construction	25.3	57.7	22.9	45.8	-2.4	-34.8	22.9
NCR	35.3	70.6	18.8	37.5	-16.5	-51.8	18.7
AONCR	0.0	25.0	33.3	66.7	33.3	8.3	33.4
Wholesale & Retail Trade	8.4	34.8	22.8	23.7	14.4	-12.0	0.9
NCR	16.8	44.2	24.6	27.2	7.8	-19.6	2.6
AONCR	-7.3	17.1	19.2	16.4	26.5	2.1	-2.8
Services	31.6	43.9	44.1	44.9	12.5	0.2	0.8
NCR	33.6	45.4	44.2	48.6	10.6	-1.2	4.4
AONCR	23.9	37.7	43.8	27.5	19.9	6.1	-16.3
of which:							
Financial Intermediation	53.0	51.8	67.2	67.2	14.2	15.4	0.0
NCR	52.6	50.0	66.7	66.7	14.1	16.7	0.0
AONCR	57.1	71.4	71.4	71.4	14.3	0.0	0.0
Hotels & Restaurants	50.0	50.1	24.5	31.4	-25.5	-25.6	6.9
NCR	50.0	41.7	16.7	33.3	-33.3	-25.0	16.6
AONCR	50.0	75.0	50.0	25.0	0.0	-25.0	-25.0
Renting & Business Activities	32.7	45.1	31.6	39.9	-1.1	-13.5	8.3
NCR	29.0	41.9	32.3	41.9	3.3	-9.6	9.6
AONCR	50.0	60.0	27.3	27.3	-22.7	-32.7	0.0
Community, Social Services	20.6	29.6	16.6	45.7	-4.0	-13.0	29.1
NCR	29.4	29.4	11.8	58.8	-17.6	-17.6	47.0
AONCR	0.0	30.0	33.3	0.0	33.3	3.3	-33.3

¹ The diffusion index is weighted based on the distribution of the 2004 Top 5000 Corporations across: (a) the twelve economic sectors grouped as follows: Industry- manufacturing, electricity, gas and water, agriculture, fishery and forestry, and mining and quarrying; Construction, Wholesale and Retail Trade and Other Services Sector- finance, real estate, transport, storage and communication, hotels and restaurant, renting and business activities and community, social and personal services; and (b) beginning 4th Quarter 2003, between those firms based in the National Capital Region (NCR) and those based outside NCR, particularly Regions I, VII and XI and including Regions III and IV starting 3rd quarter 2004.

Legend: CQ = Current Quarter NQ = Next Quarter

Table 2. SELECTED INDICATORS OF BUSINESS EXPECTATIONS
Second Quarter 2006

INDICATORS (1)	Q1 Survey			Q2 Survey			Differences		
	PQ (2)	CQ (3)	NQ (4)	PQ (5)	CQ (6)	NQ (7)	Q2 CQ vs. Q1 CQ (8) = (6) - (3)	Q2 CQ vs. Q1 NQ (9) = (6) - (4)	Q2 NQ vs. Q2 CQ (10)=(7)-(6)
Volume of Business Activity Index	16.1	16.0	37.7	8.2	31.3	36.7	15.3	-6.4	5.4
NCR	19.9	20.2	42.9	10.2	35.8	43.5	15.6	-7.1	7.7
Outside NCR	9.8	8.8	28.9	4.4	23.1	24.0	14.3	-5.8	0.9
Volume of Total Order Book Index	10.7	14.5	..	5.5	25.9	..	11.4	..	..
NCR	12.7	18.0	..	9.4	29.6	..	11.6	..	..
Outside NCR	7.2	8.6	..	-1.8	18.9	..	10.3	..	..
Credit Access Index	..	-5.5	..	..	-3.5	..	2.0	..	..
NCR	..	-3.2	..	..	1.1	..	4.3	..	..
Outside NCR	..	-9.4	..	..	-12.0	..	-2.6	..	..
Financial Conditions Index	..	-20.0	..	..	-20.2	..	-0.2	..	..
NCR	..	-21.4	..	..	-16.5	..	4.9	..	..
Outside NCR	..	-17.7	..	..	-27.1	..	-9.4	..	..
Average Capacity Utilization (Industry Sector)	..	75.5	..	..	75.0	..	-0.5	..	..
NCR	..	74.7	..	..	75.4	..	0.7	..	..
Outside NCR	..	76.3	..	..	74.5	..	-1.8	..	..
Employment Outlook Index	..	..	14.4	..	..	12.6	..	..	..
NCR	..	..	15.8	..	..	16.0	..	..	..
Outside NCR	..	..	12.2	..	..	6.4	..	..	..

.. - Not Applicable

Legend: PQ = Previous Quarter

CQ = Current Quarter

NQ = Next Quarter

**Table 3. DISTRIBUTION OF COMPANIES WITH AND WITHOUT EXPANSION PLANS
FOR THE INDUSTRY SECTOR
Second Quarter 2006**

Industry Group and Area	Q1 Survey			Q2 Survey			Differences		
	With Expansion Plans	No Expansion Plans	No Answer	With Expansion Plans	No Expansion Plans	No Answer	Q2 vs Q1 With Expansion Plans	Q2 vs Q1 No Expansion Plans	Q2 vs Q1 No answer
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(5)-(2)	(9)=(6)-(3)	(10)=(7)-(4)
Industry Sector	29.8	62.3	7.9	29.9	50.1	19.9	0.1	-12.2	12.0
Mining & Quarrying	33.3	66.7	0.0	41.7	33.3	25.0	8.4	-33.4	25.0
Manufacturing	25.3	72.1	2.6	24.0	68.6	7.4	-1.3	-3.5	4.8
Electricity, Gas & Water	35.9	60.2	3.9	25.4	56.7	18.0	-10.5	-3.5	14.1
Agriculture, Fishery & Forestry	28.3	56.7	15.0	32.4	44.4	23.2	4.1	-12.3	8.2
NCR	27.1	63.2	6.2	27.6	49.5	22.9	0.5	-13.7	16.7
Mining & Quarrying	33.3	66.7	0.0	33.3	33.3	33.3	0.0	-33.4	33.3
Manufacturing	21.6	75.5	2.9	23.2	75.8	1.0	1.6	0.3	-1.9
Electricity, Gas & Water	33.3	66.7	0.0	33.3	66.7	0.0	0.0	0.0	0.0
Agriculture, Fishery & Forestry	25.0	50.0	25.0	25.0	25.0	50.0	0.0	-25.0	25.0
Outside NCR	32.3	61.5	6.2	32.3	50.8	16.9	0.0	-10.7	10.7
Mining & Quarrying	33.3	66.7	0.0	66.7	33.3	0.0	33.4	-33.4	0.0
Manufacturing	28.8	68.9	2.3	24.8	61.2	14.0	-4.0	-7.7	11.7
Electricity, Gas & Water	40	50	10.0	14.3	42.9	42.9	-25.7	-7.1	32.9
Agriculture, Fishery & Forestry	30	60	10.0	36.4	54.5	9.1	6.4	-5.5	-0.9

Table 4. CONFIDENCE INDICATORS AND DIFFUSION INDICES

Second Quarter 2006

In percent

SECTOR (1)	Confidence Indicator ¹						Differences		
	Q1 Survey			Q2 Survey			NCR (8)=(5)- (2)	Outside NCR (9)=(6)- (3)	Total (10)=(7)-(4)
	NCR (2)	Outside NCR (3)	Total (4)	NCR (5)	Outside NCR (6)	Total (7)			
1. Industry	8.9	9.7	9.3	26.7	11.0	18.9	17.8	1.3	9.6
Volume of Total Order Book (Current Quarter)	2.3	13.2	7.9	41.1	18.0	29.6	38.8	4.8	21.7
Volume of Stocks of Finished Goods (Current Quarter)	7.0	14.6	10.9	-9.4	11.3	0.9	-16.4	-3.3	-10.0
Volume of Production (Next Quarter)	31.4	30.4	30.9	29.4	26.3	27.9	-2.0	-4.1	-3.0
2. Construction	58.8	0.0	42.2	34.4	25.0	31.7	-24.4	25.0	-10.5
Volume of Total Order Book (Current Quarter)	64.7	0.0	46.5	50.0	50.0	50.0	-14.7	50.0	3.5
Number of People Employed (Next Quarter)	52.9	0.0	38.0	18.8	0.0	13.4	-34.2	0.0	-24.6

¹ The confidence indicators were computed as the averages of the diffusion indices of the variables in each sector. However, volume of stocks of finished goods were inverted (subtracted) rather than added.

Table 4. CONFIDENCE INDICATORS AND DIFFUSION INDICES

Second Quarter 2006

In percent

(continued)

SECTOR (1)	Confidence Indicator ¹						Differences		
	Q1 Survey			Q2 Survey			NCR (8)=(5)- (2)	Outside NCR (9)=(6)- (3)	Total (10)=(7)-(4)
	NCR (2)	Outside NCR (3)	Total (4)	NCR (5)	Outside NCR (6)	Total (7)			
3. Wholesale and Retail Trade	12.1	1.2	8.3	17.5	7.3	14.3	5.4	6.1	6.0
Volume of Stocks of Finished Goods (Current Quarter)	16.8	4.9	12.7	6.1	-5.5	2.4	-10.7	-10.4	-10.3
Business Conditions (Current Quarter)	10.6	-11.0	3.1	14.0	-2.7	8.6	3.4	8.3	5.5
Business Conditions (Next Quarter)	42.5	19.5	34.5	44.7	19.2	36.5	2.2	-0.3	2.0
4. Services Sector	36.1	24.2	33.7	33.7	25.9	32.4	-2.4	1.7	-1.3
Business Conditions (Current Quarter)	33.1	11.5	28.7	26.5	44.6	29.6	-6.6	33.1	0.9
Business Conditions (Next Quarter)	55.0	39.9	52.0	47.7	21.0	43.0	-7.3	-18.9	-9.0
Number of People Employed (Next Quarter)	20.3	21.1	20.5	27.0	12.3	24.5	6.7	-8.8	4.0

¹ The confidence indicators were computed as the averages of the diffusion indices of the variables in each sector.

However, volume of stocks of finished goods were inverted (subtracted) rather than added.

Table 5. FACTORS LIMITING PRODUCTION/BUSINESS ACTIVITY BY SECTOR

Second Quarter 2006

In percent

	No. of Respondents	High interest rate	Unclear economic laws	Lack of equipment	Insufficient demand	Access to credit	Financial problems	Competition	Labor problems	Lack of material-input	Others	None
All Sectors	652	30.0	41.4	19.5	60.6	30.8	30.5	75.3	22.9	21.6	15.9	4.2
NCR	373	27.7	40.5	14.0	57.5	30.5	27.1	77.0	17.7	16.6	16.5	3.0
Industry of which:	112	23.3	45.2	16.9	60.4	26.5	22.2	75.5	19.0	23.4	18.0	5.1
Manufacturing	99	24.2	46.5	17.2	60.6	25.3	22.2	78.8	19.2	23.2	19.2	5.1
Construction	16	25.0	25.0	18.8	43.8	56.3	31.3	56.3	18.8	25.0	0.0	0.0
Wholesale & Retail Trade	114	41.2	45.6	13.2	68.4	37.7	36.8	80.7	22.8	15.8	19.3	0.9
Services of which:	131	19.2	33.2	11.8	46.1	24.5	21.7	77.0	11.7	10.3	14.3	3.4
Community & Social Services	17	35.3	35.3	23.5	35.3	11.8	41.2	76.5	11.8	5.9	11.8	0.0
Financial Intermediation	36	25.0	33.3	11.1	63.9	25.0	13.9	80.6	11.1	13.9	5.6	0.0
Renting & Business Activities	31	12.9	54.8	6.5	48.4	41.9	29.0	77.4	16.1	12.9	25.8	6.5
Hotels & Restaurants	12	16.7	33.3	16.7	50.0	16.7	25.0	100.0	16.7	16.7	8.3	0.0
Outside NCR	279	34.2	43.0	29.6	66.2	31.4	36.9	72.2	32.5	30.9	14.8	6.4
Industry of which:	150	28.7	40.1	32.0	65.6	29.4	31.4	69.1	31.1	38.6	16.3	8.6
Manufacturing	129	27.9	39.5	31.8	69.0	28.7	31.0	71.3	30.2	39.5	14.7	7.8
Construction	6	33.3	33.3	0.0	33.3	33.3	33.3	50.0	66.7	16.7	0.0	16.7
Wholesale & Retail Trade	73	46.6	52.1	27.4	72.6	41.1	50.7	84.9	34.2	26.0	12.3	1.4
Services of which:	50	31.3	37.8	30.6	61.3	18.8	31.5	62.5	27.3	12.4	17.1	6.1
Community & Social Services	9	33.3	55.6	44.4	44.4	33.3	44.4	77.8	11.1	11.1	11.1	0.0
Financial Intermediation	7	28.6	42.9	14.3	57.1	14.3	14.3	71.4	14.3	14.3	42.9	28.6
Renting & Business Activities	11	27.3	54.5	27.3	54.5	18.2	18.2	63.6	27.3	18.2	9.1	9.1
Hotels & Restaurants	8	25.0	25.0	25.0	75.0	12.5	25.0	62.5	37.5	25.0	37.5	0.0

Table 6. INDICES OF EXPECTATIONS ON ECONOMIC INDICATORS BY SECTOR

Second Quarter 2006

In Index Points

Sector	Index Points				Differences		
	Q1 Survey		Q2 Survey		Q2 CQ vs. Q1 CQ	Q2 CQ vs. Q1 NQ	Q2 NQ vs. Q2 CQ
	Current	Next	Current	Next			
(1)	(2)	(3)	(4)	(5)	(6) = (4) - (2)	(7) = (4) - (3)	(8) = (5) - (4)
Average Peso/ US \$ Exchange Rate	7.5	-3.6	11.8	5.7	4.3	15.4	-6.1
NCR	6.2	-3.2	12.20	5.05	6.0	15.39	-7.15
Industry	6.7	-11.6	-0.90	-3.8	-7.6	10.7	-2.9
Construction	-29.4	-5.9	6.3	-43.8	35.7	12.2	-50.1
Wholesale & Retail Trade	10.6	-3.5	17.5	8.8	6.9	21.0	-8.7
Services	6.2	5.0	19.3	14.7	13.1	14.3	-4.6
Outside NCR	9.6	-4.2	11.1	6.8	1.5	15.30	-4.28
Industry	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction	12.5	25.0	33.3	0.0	20.8	8.3	-33.3
Wholesale & Retail Trade	15.9	-1.2	16.4	0.0	0.5	17.6	-16.4
Services	-2.7	-6.9	22.1	20.2	24.8	29.0	-1.9
Average Inflation Rate	22.9	27.8	32.8	30.3	9.9	5.0	-2.5
NCR	31.5	34.7	40.4	37.2	8.9	5.70	-3.25
Industry	25.3	26.9	35.3	31.0	10.0	8.4	-4.3
Construction	29.4	47.1	31.3	31.3	1.9	-15.8	0.0
Wholesale & Retail Trade	40.7	36.3	45.6	43.0	4.9	9.3	-2.6
Services	28.3	38.5	41.0	36.9	12.7	2.5	-4.1
Outside NCR	8.5	16.2	18.8	17.6	10.3	2.60	-1.20
Industry	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Construction	0.0	12.5	0.0	-33.3	0.0	-12.5	-33.3
Wholesale & Retail Trade	22.0	22.0	21.9	11.00	-0.1	-0.1	-10.9
Services	-1.5	-2.5	3.3	18.00	4.8	5.8	14.7
Average Peso Borrowing Rate	6.8	16.5	10.8	17.6	4.0	-5.7	6.8
NCR	8.2	20.6	10.7	20.4	2.5	-9.90	9.70
Industry	-2.7	16.60	17.2	28.3	19.9	0.6	11.1
Construction	58.8	64.7	31.3	37.5	-27.6	-33.5	6.3
Wholesale & Retail Trade	15.9	18.6	12.3	16.7	-3.6	-6.3	4.4
Services	3.5	20.2	1.1	14.9	-2.4	-19.1	13.8
Outside NCR	4.4	9.7	11.0	12.5	6.6	1.34	1.46
Industry	5.5	0.0	12.5	0	7.0	12.5	-12.5
Construction	12.5	12.5	33.3	-33.3	20.8	20.8	-66.6
Wholesale & Retail Trade	6.1	14.6	11.0	11	4.9	-3.6	0.0
Services	-4.8	-7.1	0.4	9.5	5.2	7.5	9.1

Legend: CQ = Current Quarter

NQ = Next Quarter

Table 7. AVERAGE NUMBER OF EMPLOYEES BY SECTOR
Second Quarter 2006

Sector	Current No. of Employees (in percent)				No Response
	Small	Medium		Large	
	<100	100-300	301-500	>500	
Total	31.5	23.7	9.1	15.8	19.8
NCR	30.4	21.8	7.6	15.9	24.3
Industry	23.2	23.6	11.5	18.2	23.6
Construction	25.0	37.5	0.0	12.5	25.0
Wholesale & Retail Trade	43.9	19.3	4.4	7.9	24.6
Services	24.7	20.8	8.0	22.0	24.5
Outside NCR	33.5	27.3	11.9	15.7	11.6
Industry	23.2	33.2	14.5	22.1	7.0
Construction	16.7	0.0	33.3	0.0	50.0
Wholesale & Retail Trade	56.2	19.2	5.5	4.1	15.1
Services	31.2	26.1	10.1	17.2	15.4

Table 8. PROFILE OF RESPONDENTS

Second Quarter 2006

Sector (1)	Number of Respondents						Differences		
	Q1 Survey			Q2 Survey			Differences		
	NCR (2)	Outside NCR (3)	Total (4)	NCR (5)	Outside NCR (6)	Total (7)	NCR (8)=(5)-(2)	Outside NCR (9)=(6)-(3)	Total (10)=(7)-(4)
All Sectors	377	296	673	373	279	652	-4	-17	-21
Industry of which:	115	155	270	112	150	262	-3	-5	-8
Manufacturing	102	132	234	99	129	228	-3	-3	-6
Construction	17	8	25	16	6	22	-1	-2	-3
Wholesale & Retail Trade	113	82	195	114	73	187	1	-9	-8
Services of which:	132	51	183	131	50	181	-1	-1	-2
Financial Intermediation	38	7	45	36	7	43	-2	0	-2
Hotels & Restaurants	12	8	20	12	8	20	0	0	0
Renting & Business Activities	31	10	41	31	11	42	0	1	1
Community, Social Services	17	10	27	17	9	26	0	-1	-1