

# Business Expectations Survey <sup>1</sup>

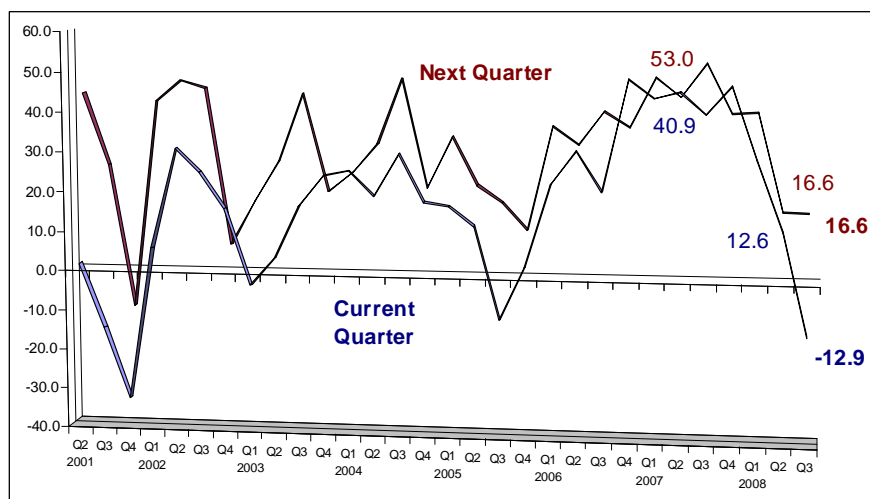
## Third Quarter 2008

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### Business Sentiment Turns Bearish in Q3 2008 but is More Positive in Q4 2008

#### Overall Business Outlook on the Macroeconomy

#### Overall Business Confidence Index Q2 2001 – Q3 2008



*Business outlook is bearish in Q3 2008 but improves in Q4 2008.*

Results of the Business Expectations Survey (BES) indicated that the business outlook turned bearish in Q3 2008. The overall confidence index (CI)<sup>2</sup> was at -12.9 percent, the first negative reading since Q3 2005. This indicated that respondents with a negative outlook outnumbered those with a positive outlook. This sentiment is consistent with the dip in business and consumer morale observed in many developed economies due to the less favorable global economic and financial conditions.

Business confidence was weighed down by the following factors: 1) the surging prices of fuel and other raw materials; 2) rising domestic prices of food (especially rice) and services (transportation and communication); 3) global economic downturn, particularly in the US, the country's major trading partner; 4) rising wages; and 5) local political noise.

Respondents, however, were broadly optimistic that business

<sup>1</sup> The Business Expectations Survey (BES) is a quarterly survey of leading firms drawn from the Securities and Exchange Commission's 2006 Top 7000 Corporations. Results of the BES provide advance indication of the direction of change in the overall business activity in the economy and in the various measures of activity at the companies' own operations as well as in selected economic indicators.

<sup>2</sup> The CI is computed as the percentage of firms that answered in the affirmative less the percentage of firms that answered in the negative in a given indicator. A positive CI indicates a favorable view, except for the average inflation rate and the average peso-borrowing rate, where a positive CI indicates the opposite.



conditions would improve in Q4 2008, as the CI reverted to 16.6 percent. This quarter-ahead view was similar to the level posted last quarter. The more upbeat sentiment could be partly explained by the anticipated pick-up in consumer demand and the influx of remittances from overseas Filipinos during the Yuletide season.

*Sentiment in NCR and AONCR track those in the national levels.* Respondents from both the NCR (National Capital Region) and the AONCR (Areas Outside National Capital Region) anticipated that business conditions in Q3 2008 would be weaker as their respective CIs of -16.1 percent and -6.2 percent were lower than comparable levels quarter-on-quarter and year-on-year. As in the national level, both areas had a more bullish outlook in Q4 2008, as both their indices turned positive.

*Respondents from Region IV are positive about the economy in Q3 and Q4 2008.* A more detailed look at businesses in the major regions surveyed (Regions I, IV, VII and XI)<sup>3</sup> also showed that firms located in these areas have a broadly negative outlook in Q3 2008, with the exception of respondents from Region IV (majority of which are from the CALABARZON area), which had a CI at 11.5 percent. Meanwhile, all regional respondents have positive views of the macroeconomy in Q4 2008.

*Importers' sentiment weakens in Q3 but improves in Q4 2008.* The weaker confidence in the current quarter was prevalent across all types of firms (i.e., importers, exporters and those engaged in dual roles). The weakest sentiment at -17.4 percent was posted by importers, while exporters and those engaged in both importing and exporting activities were relatively less pessimistic with their respective indices at -6.8 percent and -5.4 percent. Expectations, however, were more upbeat in Q4 2008 as all types of firms posted positive indices, following anticipation of easing world oil prices in the next quarter.

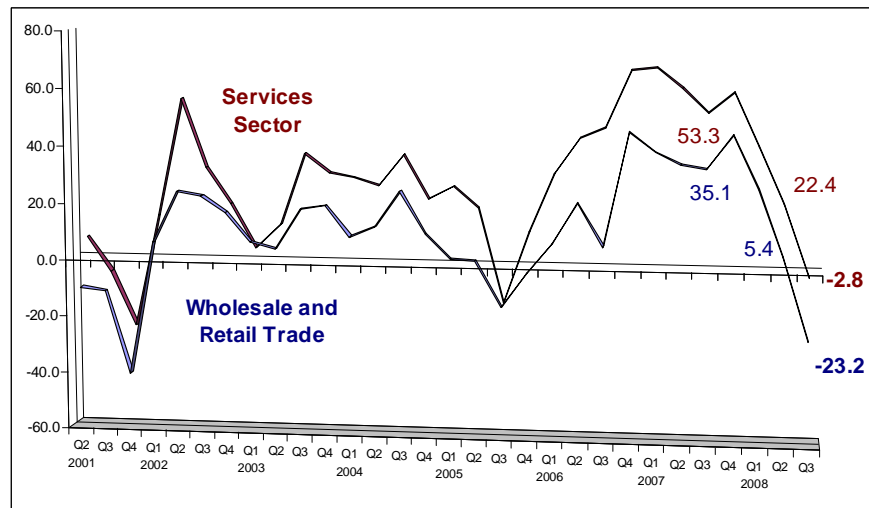
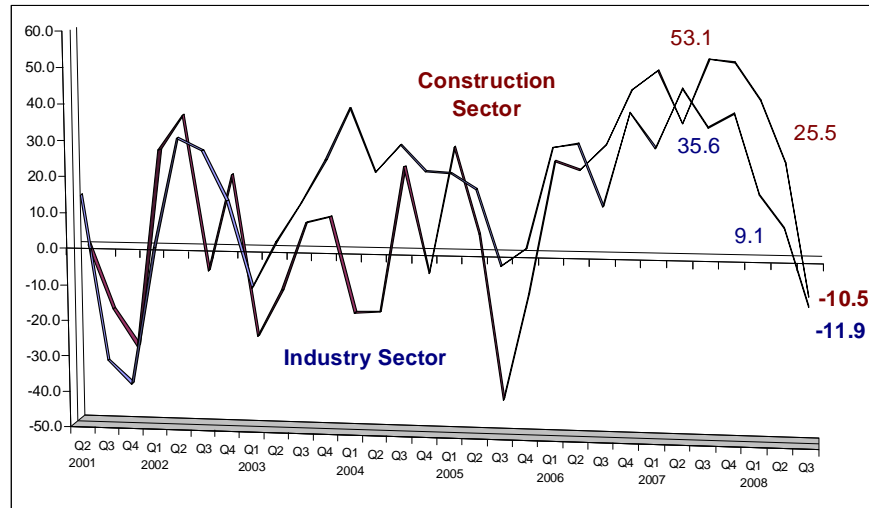
*Small firms are less confident than large firms.* By firm size, small-sized firms (those employing less than 100 employees) were less confident in Q3 2008 than large-sized firms (500 and more employees) and medium-sized firms (100-500 employees), as the former is typically more vulnerable to economic downturns. The CI of small-sized firms was -19.2 percent while those of large- and medium-sized firms were -5.1 percent and -5.6 percent, respectively, in Q3 2008. All firms were expecting that business would improve in Q4 2008 with CIs at 14.1 percent, 18.6 percent and 15.2 percent, respectively.

<sup>3</sup> Region I (Ilocos) includes the provinces of Ilocos Norte, Ilocos Sur, La Union and Pangasinan; Region IV (Southern Tagalog) comprises Cavite, Laguna, Batangas, Marinduque, Occidental Mindoro, Oriental Mindoro, Palawan, Quezon, Rizal and Romblon; Region VII (Central Visayas) covers Cebu, Bohol, Negros Oriental and Siquijor; and Region XI (Davao) consists of Compostela Valley, Davao del Norte, Davao del Sur and Davao Oriental.



**Sectoral Outlook**

**Current Quarter Business Outlook Index by Sector  
Q2 2001 – Q3 2008**



*Dip in business optimism is evident across all sectors.*

The economic outlook of all sectors weakened in Q3 2008 as their CIs dipped to negative values. Behind this outlook was the recent surge in prices, the continuing global economic downturn and investors' stronger risk aversion.

The services sector was the least pessimistic in Q3 2008 with a CI of -2.8 percent. This level was lower by 25.2 index points and 56.1 index points, quarter-on-quarter and year-on-year, respectively. A positive outlook was noted in most of the services sub-sectors; however, the overall sentiment of the services sector was weighed down by the



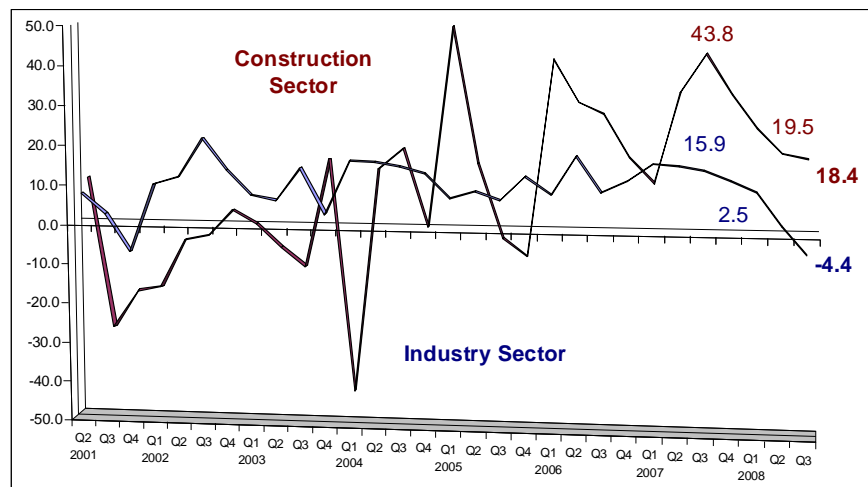
negative sentiment of the financial intermediation sub-sector with CI of -28.9 percent (compared to the -6.5 percent and 61.3 percent of a quarter ago and a year ago, respectively). This could be explained in part by concerns over the effects on the value of firms' financial assets of global financial market stresses and the possibility of a credit squeeze.

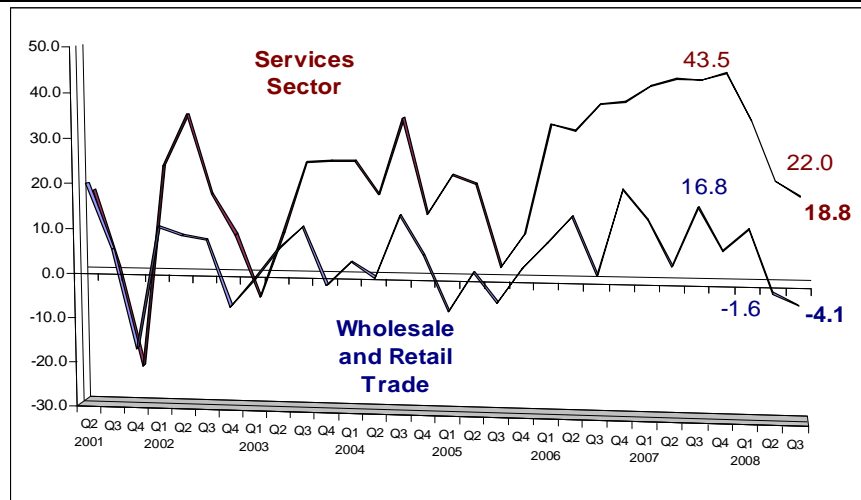
The construction sector posted a negative index of -10.5 percent (down by 36.0 index points quarter-on-quarter and 63.6 index points year-on-year), as did the industry and wholesale and retail trade sectors, which registered indices of -11.9 percent and -23.2 percent, respectively, in Q3 2008. Respondents from these two latter sectors cited the continued rise in input costs (i.e., fuel, raw materials and wage rates) and lower consumer demand from abroad as the reasons behind their less enthusiastic outlook for the macroeconomy.

By Q4 2008, a turnaround in sentiment across sectors is evident, as the CIs turned positive, in keeping with expectations of brisker demand during the last quarter of the year. The services sector posted an index of 25.2 percent, while the trade sector was at 16.4 percent. Nevertheless, the next quarter outlook were lower relative to the levels recorded a year ago.

**Business Confidence on Own Operations**

**Business Confidence Index on Own Operations by Sector  
Current Quarter, Q2 2001 – Q3 2008**





*Sentiment on business operations is mixed.*

Firms expressed mixed sentiments on their own business operations in Q3 2008. Firms from the construction and services sectors were more confident about their current business operations compared to their counterparts from the industry and trade sectors. This less enthusiastic sentiment of the industry and trade sectors may be partly explained by expectations of a decline in consumer demand due to uptrend in the prices of basic commodities.

*Average capacity utilization is down.*

Average capacity utilization of the industry sector in Q3 2008 of 77.6 percent was lower by 1.9 percentage points from its level in the previous quarter and by a percentage point relative to its level a year ago. This was consistent with the sector’s negative outlook on its own operations in Q3 2008.

**Access to Credit and Financial Condition**

*Credit access and financial conditions are anticipated to be tighter.*

The credit access index in Q3 2008 was at -1.6 percent, a reversal of last quarter’s 3.0 percent and last year’s 10.4 percent. The index—the lowest since Q2 2006 (at -3.5 percent)—indicated tighter access to credit. Respondents attributed their expectations of tighter credit conditions to financial institutions’ risk aversion leading to stricter credit policies and higher interest rates on loans.

The financial condition index—an indicator of internal liquidity—further dropped to -29.1 percent in Q3 2008 from -17.8 percent last quarter and -5.1 percent a year-ago, indicating that firms were less liquid during the current quarter. The drop in the index was attributed to expectations of lower volume of sales due to the slowdown in domestic economic growth and higher operating costs brought about by the increase in the minimum wage and in the inflation rate.



### Employment and Expansion Plans

*Employment outlook is favorable in Q4 2008 with more industrial firms planning to expand.* The employment outlook index in Q4 2008 remained positive at 8.3 percent but lower by 3.1 index points quarter-on-quarter and 12.8 index points year-on-year. The positive index reflected the firms' expectations of hiring new and additional employees in Q4 2008. In particular, about 25 percent of respondents from the industry sector indicated expansion plans in Q4 2008.

### Business Constraints

*Competition, weak demand, and high interest rates are the major risks to business.* Competition, weak demand (leading to low sales volume), and high interest rates were the major constraints cited by firms which could limit their business opportunities in Q3 2008.

### Expectations on Key Economic Indicators

*A weaker peso, higher inflation, and rising interest rates are expected.* Firms anticipated that the peso would weaken, that the inflation rate would accelerate, and that interest rates would increase in Q3 and Q4 2008.

### About the Survey

*A total of 1,249 firms are surveyed.* The Q3 2008 BES was conducted from 4 July to 11 August 2008. A total of 1,249 firms nationwide were surveyed. Respondents were drawn from the Securities and Exchange Commission 2006 Top 7,000 Corporations as follows: 515 companies in NCR (41.2 percent) and 734 firms in AONCR (58.8 percent), covering all 17 regions nationwide. The overall survey response rate for this quarter was 74.3 percent compared to 71.4 percent last quarter. For NCR, the response rate was 73.0 percent (73.7 percent last quarter); and for AONCR, the response rate was 75.2 percent (from 69.8 percent). A breakdown of responses received by type of business showed that 11.7 percent were importers, 9.5 percent were exporters, and 15.8 percent were both importers and exporters. About 63 percent of the respondents were neither importers nor exporters or did not specify their firm type.



**BUSINESS EXPECTATIONS SURVEY \***  
2001 - 2008

	2001			2002				2003				2004				2005				2006				2007				2008		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>1. Overall Business Outlook on the Macroeconomy</b>																														
<b>Confidence Index: All Sectors</b>																														
<b>Current Quarter</b>	1.7	-14.7	-32.6	5.9	31.0	25.2	16.2	-3.0	4.0	17.2	24.9	26.0	19.9	30.5	18.6	17.6	12.9	-10.4	2.8	23.4	31.6	21.7	49.4	44.9	46.4	40.9	48.0	29.9	12.6	-12.9
NCR	1.7	-14.7	-32.6	5.9	31.0	25.2	16.2	-3.0	4.0	17.2	24.6	15.1	15.7	33.6	19.8	21.1	12.3	-13.0	-0.8	26.9	35.1	28.2	58.7	53.0	53.1	44.9	55.1	34.0	11.4	-16.1
AONCR											26.8	50.5	29.5	23.6	16.0	11.1	14.0	-5.6	9.3	17.3	25.0	9.4	32.1	30.6	34.6	34.0	35.6	21.4	15.2	-6.2
<b>Next Quarter</b>	44.3	26.0	-9.8	42.3	47.5	45.8	6.3	17.5	27.6	44.5	20.1	25.2	32.4	48.7	21.3	34.2	22.3	18.1	11.3	37.2	32.8	40.9	37.1	49.4	44.7	53.0	40.9	41.0	16.6	16.6
NCR	44.3	26.0	-9.8	42.3	47.5	45.8	6.3	17.5	27.6	44.5	20.4	15.7	32.8	52.5	17.3	34.2	20.7	14.3	11.0	43.0	32.4	43.8	38.7	53.3	48.2	57.1	44.6	42.2	12.4	17.6
AONCR											18.4	46.6	31.6	40.2	30.1	34.2	25.4	25.1	11.7	27.5	33.6	35.6	34.0	42.2	37.2	44.8	33.7	37.6	24.7	14.8
<b>2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter</b>																														
Industry Sector	14.7	-31.5	-38.0	0.3	30.7	27.5	13.6	-10.1	2.7	13.3	25.4	39.7	22.3	29.9	22.6	22.3	17.9	-2.7	2.0	29.6	30.7	14.0	39.2	30.0	45.7	35.6	39.2	17.7	9.1	-11.9
Construction Sector	0.0	-18.2	-28.6	26.7	36.4	-6.7	20.0	-25.0	-11.8	7.1	8.8	-17.6	-17.4	23.2	-6.1	28.6	4.8	-40.9	-11.4	25.3	22.9	30.0	44.7	50.0	35.9	53.1	52.5	42.4	25.5	-10.5
Wholesale and Retail Trade	-10.0	-11.1	-40.4	6.3	24.7	23.0	17.3	7.0	4.8	19.0	20.3	9.6	13.3	26.0	11.0	2.6	2.0	-13.9	-2.1	8.4	22.8	7.8	47.3	40.6	36.5	35.1	46.5	28.3	5.4	-23.2
Services Sector	6.8	-5.5	-24.7	14.7	56.1	32.0	19.5	3.8	12.5	37.5	30.6	29.1	26.7	37.3	22.3	26.8	19.4	-13.8	11.3	31.6	44.1	47.9	67.6	68.5	61.6	53.3	60.3	42.1	22.4	-2.8
of which:																														
Financial Intermediation	-11.8	-41.4	33.3	20.6	64.7	40.0	14.3	3.8	22.6	46.7	36.1	28.8	18.0	37.3	26.1	31.1	37.5	-19.7	11.1	53.0	67.2	64.7	92.2	90.8	74.3	61.3	71.0	60.5	-6.5	-28.9
Hotels and Restaurants	0.0	77.8	-9.1	50.0	33.3	0.0	71.4	10.0	-7.7	8.3	62.5	40.0	40.0	36.7	45.8	36.8	35.3	17.6	31.8	50.0	24.5	44.2	93.3	86.4	39.7	59.7	92.2	50.1	29.9	9.8
Renting and Business Activities	20	0.0	-41.7	7.7	53.8	20.0	30.0	0.0	22.2	38.9	24.4	49.5	45.6	46.9	40.4	11.8	19.6	5.2	15.6	32.7	31.6	53.1	53.3	60.8	53.8	54.1	59.3	22.8	28.3	2.2
Community and Social Services	0.0	0.0	-40.0	-10.0	30.0	20.0	15.4	30.8	-14.3	21.4	19.6	17.7	19.2	43.7	2.7	23.6	25.7	5.2	6.7	20.6	16.6	28.8	58.7	44.9	37.4	54.3	30.7	48.1	16.3	0.2
<b>3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter</b>																														
Industry Sector	35.3	10.4	-10.0	26.7	38.6	46.8	4.6	12.6	26.2	41.2	20.9	38.4	30.6	37.1	27.1	38.7	19.0	16.6	12.0	32.6	30.7	26.7	46.5	39.3	41.4	32.3	32.5	16.8	6.6	
Construction Sector	55.6	36.4	-14.3	46.7	45.5	26.7	33.3	18.8	29.4	7.1	32.3	-9.4	23.9	41.0	33.5	47.7	36.1	12.2	-5.7	57.7	45.8	36.6	45.5	39.9	59.0	63.8	54.0	54.3	30.6	29.5
Wholesale and Retail Trade	46.7	22.2	-17.0	51.2	48.1	43.7	3.7	25.6	28.9	49.4	13.3	18.0	30.5	60.2	14.3	27.1	19.5	22.3	17.1	34.8	23.7	36.2	37.2	43.6	35.7	51.6	36.1	35.2	8.4	16.4
Services Sector	47.6	37.0	-4.1	42.8	67.6	53.4	16.6	14.0	33.6	50.2	24.2	17.4	39.6	55.8	17.4	34.0	28.7	16.1	5.6	43.9	44.9	62.0	51.0	62.1	60.7	68.1	55.8	54.2	23.6	25.2
of which:																														
Financial Intermediation	29.4	31.0	-7.4	50.0	73.5	57.5	0.8	19.2	41.9	53.3	36.1	15.7	34.0	58.6	20.8	28.9	39.2	6.4	20.0	51.8	67.2	79.1	83.3	75.4	73.0	79.5	73.3	57.0	14.4	7.9
Hotels and Restaurants	50.0	77.8	0.0	50.0	44.4	70.0	14.3	40.0	30.8	58.3	58.6	25.2	26.1	71.0	21.3	62.7	35.3	54.9	16.5	50.1	31.4	81.4	55.4	56.8	28.5	81.2	28.2	64.0	1.9	73.6
Renting and Business Activities	60.0	41.7	-8.3	38.5	61.5	46.7	25.0	47.6	44.4	55.6	12.2	45.4	71.0	53.0	38.6	44.7	21.6	26.8	25.2	45.1	39.9	53.9	23.6	68.6	67.7	64.9	63.8	49.4	31.7	25.0
Community and Social Services	42.9	0.0	0.0	30.0	60.0	10.0	0.0	21.4	21.4	-4.3	12.3	36.9	46.1	14.3	25.7	25.7	23.4	-20.4	29.6	45.7	37.9	60.0	55.1	73.8	71.6	67.4	49.2	22.0	15.8	
<b>4. Business Confidence Index on Own Operations by Sector: Current Quarter</b>																														
Industry Sector	7.8	2.8	-6.7	10.4	12.2	22.0	14.2	8.0	6.8	15.2	3.6	17.1	16.8	15.8	14.2	8.1	9.9	7.7	13.8	9.3	18.9	10.0	12.9	17.4	16.8	15.9	13.5	10.8	2.5	-4.4
Construction Sector	11.1	-27.3	-17.9	-16.7	-4.5	-3.3	3.3	0.0	-5.9	-10.7	16.6	-42.4	14.5	19.7	0.0	50.0	16.3	-2.6	-7.0	42.2	31.7	28.7	18.3	11.9	34.3	43.8	33.8	25.6	19.5	18.4
Wholesale and Retail Trade	20.0	5.2	-17.0	10.4	8.6	7.7	-7.0	-0.8	6.0	11.0	-1.8	3.5	0.1	13.9	5.3	-7.1	1.8	-4.9	2.8	8.3	14.3	1.6	20.3	13.9	3.9	16.8	7.2	12.2	-1.6	-4.1
Services Sector	17.9	0.5	-21.9	23.4	35.0	17.5	8.3	-5.5	9.0	24.8	25.1	25.1	17.7	34.7	13.6	22.4	20.4	2.2	9.6	33.7	32.4	38.2	38.7	42.2	43.8	43.5	45.1	35.0	22.0	18.8
<b>5. Business Outlook index on Own Operations: Current Quarter</b>																														
Volume of Business Activity Index	7.8	0.0	-14.7	-5.1	23.6	20.9	22.1	-8.1	13.2	21.1	31.1	6.5	25.4	26.9	23.7	9.3	19.2	0.7	17.0	16.0	31.3	21.8	42.4	22.6	35.7	27.3	39.3	15.8	16.2	-1.5
Volume of Total Order Book Index	-0.9	-3.4	-19.6	-5.7	22.7	20.9	20.4	-8.7	10.2	19.8	25.6	3.8	18.0	19.5	20.0	7.4	14.8	-0.5	15.5	14.5	25.9	16.4	34.2	17.1	27.7	22.9	31.2	8.0	13.7	-3.1
Credit Access Index	-18.3	-19.8	-26.1	-27.6	-20.0	-14.9	-15.0	-17.9	-12.5	-5.9	-12.7	-13.4	-14.6	-7.3	-7.5	-9.8	-12.2	-13.2	-11.5	-5.5	-3.5	0.5	2.8	10.1	9.0	10.4	7.3	6.6	3.0	-1.6
Financial Condition	-47.0	-40.7	-48.9	-46.6	-30.6	-30.8	-35.6	-46.4	-34.8	-26.6	-27.5	-32.8	-31.4	-25.7	-25.0	-28.3	-28.6	-36.5	-30.9	-20.0	-20.2	-20.1	-14.1	-8.8	-11.0	-5.1	-7.8	-11.6	-17.8	-29.1
Average Capacity Utilization	67.0	66.2	68.8	62.7	66.2	70.3	69.1	69.4	69.1	69.2	71.3	76.2	76.7	74.8	75.4	78.2	74.2	73.3	73.5	75.0	75.8	75.6	83.1	83.4	78.6	76.3	83.1	79.5	77.6	
<b>6. Business Outlook Index on Own Operations: Next Quarter</b>																														
Volume of Business Activity Index	41.7	24.9	0.0	35.2	32.9	42.7	2.7	28.8	31.0	43.4	20.0	30.6	36.4	50.2	24.2	29.7	28.5	27.5	16.2	37.7	36.7	39.0	35.3	48.1	40.4	49.5	34.0	44.1	25.3	24.8
Employment Outlook Index	3.5	-1.1	-19.6	-8.8	-8.6	0.3	-5.5	-4.6	-6.3	2.0	-2.0	-2.8	4.9	16.8	7.5	11.6	6.5	7.3	-0.5	14.4	12.6	13.8	8.9	16.6	17.3	21.1	16.6	21.7	11.4	8.3

A quarterly survey conducted by the  
Department of Economic Statistics  
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Bangko Sentral ng Pilipinas  
Manila, Philippines  
www.bsp.gov.ph



\* From 2001 to 2003, survey respondents came from a random sample of firms in SEC's Top 5000 Corporations in the Philippines which are located in the NCR. Beginning Q4 2003, the survey was expanded to include those areas which are located outside NCR specifically Regions I, VII & XI. Finally in Q4 2006, the BES was further expanded to become a nationwide survey of firms in the top 5000 corporations.

**BUSINESS EXPECTATIONS SURVEY  
2001 - 2008**

	2001			2002				2003				2004				2005				2006				2007				2008		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>7. Companies with Expansion Plans (in percent): Next Quarter</b>																														
<b>All Industry Sector</b>	<b>5.9</b>	<b>20.7</b>	<b>20.6</b>	<b>13.0</b>	<b>20.3</b>	<b>10.7</b>	<b>18.7</b>	<b>24.3</b>	<b>22.6</b>	<b>19.9</b>	<b>20.0</b>	<b>21.5</b>	<b>15.9</b>	<b>24.3</b>	<b>27.5</b>	<b>27.0</b>	<b>22.0</b>	<b>16.0</b>	<b>20.8</b>	<b>25.9</b>	<b>25.8</b>	<b>23.0</b>	<b>23.0</b>	<b>27.2</b>	<b>31.1</b>	<b>28.7</b>	<b>33.7</b>	<b>37.8</b>	<b>23.1</b>	<b>25.0</b>
Mining Quarrying	0.0	0.0	0.0	25.0	25.0	33.3	0.0	0.0	50.0	50.0	100.0	39.1	39.1	78.3	78.3	50.0	0.0	0.0	8.3	33.3	41.7	25.0	83.3	66.7	42.9	42.9	52.4	41.9	26.2	45.1
Manufacturing	19.4	21.0	7.3	0.0	0.0	8.5	21.2	23.5	23.0	19.0	17.5	31.7	15.2	22.9	25.7	28.9	21.3	16.9	20.3	25.3	24.0	22.7	20.8	23.7	28.1	27.1	32.0	37.8	22.3	23.7
Electricity, Gas and Water	0.0	25.0	25.0	13.3	20.4	33.3	0.0	20.0	0.0	16.7	0.0	0.0	0.0	16.0	6.0	11.6	11.6	11.6	35.9	25.4	47.2	44.3	48.5	54.0	42.8	33.5	39.0	45.4	37.0	
Agriculture, Fishery and Forestry	100.0	0.0	0.0	0.0	33.3	0.0	0.0	50.0	25.0	33.3	52.6	19.6	25.0	32.5	37.5	13.1	39.1	8.2	40.4	28.3	32.4	23.2	35.4	62.2	64.0	42.4	59.6	35.0	21.3	30.6
<b>8. Business Constraints: Current Quarter</b>																														
High Interest Rate	49.6	46.9	38.0	46.0	35.9	28.2	24.2	31.5	32.9	28.6	34.2	33.0	33.1	38.4	39.8	37.0	34.7	35.9	36.2	32.4	30.0	29.1	27.6	23.0	23.6	23.7	21.3	22.1	23.7	29.8
Unclear Economic Laws	36.5	37.9	29.9	37.8	31.1	30.3	31.0	34.0	33.5	35.9	41.2	34.7	35.2	37.0	38.2	37.6	38.0	45.9	48.7	40.3	41.4	34.3	33.1	27.6	27.2	24.5	27.1	25.9	27.1	27.1
Lack of Equipment	27.8	17.5	15.8	21.8	20.6	19.6	19.4	18.8	20.0	22.0	24.2	19.8	21.5	22.0	20.8	24.4	22.6	23.8	24.6	21.2	19.5	19.4	17.9	17.1	17.9	16.0	19.4	16.3	16.0	15.6
Insufficient Demand	67.8	65.0	75.5	76.3	72.4	77.2	67.5	67.2	70.9	69.7	63.7	56.4	57.2	58.7	61.1	61.3	60.9	64.3	65.4	58.7	60.6	58.7	55.3	51.6	49.8	46.8	46.3	44.1	46.7	49.6
Access to Credit	40.0	32.8	31.0	42.1	35.5	34.5	30.0	24.5	25.2	26.8	29.0	30.7	25.4	27.9	27.3	31.1	30.3	30.4	31.8	29.2	30.8	24.8	23.4	19.1	19.6	18.9	20.1	16.9	17.0	17.5
Financial Problems	34.8	33.3	32.1	39.4	30.8	33.4	30.8	31.4	30.2	30.8	34.2	31.9	31.1	33.5	33.6	36.2	36.1	37.6	37.6	31.1	30.5	29.4	27.5	27.2	26.0	24.7	23.6	26.4	23.4	25.3
Competition	73.9	71.8	77.7	77.9	76.8	78.4	73.8	70.7	73.3	77.3	73.0	62.5	68.8	70.3	73.1	74.0	73.4	74.2	74.4	74.1	75.3	37.1	38.7	62.6	66.0	62.2	63.0	57.9	60.4	58.6
Labor Problems	22.6	23.2	22.3	24.1	20.0	28.6	32.3	25.9	23.0	21.3	23.5	18.5	20.8	22.8	23.5	27.7	26.8	26.5	25.3	23.0	22.9	20.9	21.7	20.3	18.6	19.7	20.1	19.4	19.3	20.8
Lack of Materials Input	22.6	18.1	17.4	21.7	18.3	18.3	18.6	23.4	23.2	22.9	24.6	19.4	24.2	23.6	28.3	26.8	24.7	24.4	25.7	21.8	21.6	22.1	21.2	22.3	20.1	19.0	20.6	19.7	19.4	19.8
Others	26.1	27.7	22.8	25.0	19.6	19.4	20.7	20.9	18.3	17.3	16.2	16.4	19.0	13.2	15.8	16.7	17.1	21.0	20.0	16.5	15.9	19.4	18.7	17.4	16.8	17.5	20.7	20.8	20.4	19.9
None	3.5	3.4	7.6	2.1	2.5	6.4	1.7	3.5	5.0	5.0	6.3	6.5	6.2	6.3	5.7	5.1	4.6	3.0	3.4	5.5	4.2	4.7	3.6	5.4	6.9	7.9	6.5	7.4	5.8	5.4
<b>9. Business Expectations Index on Selected Economic Indicators: Current Quarter</b>																														
P/\$ Exchange Rate	19.1	36.7	20.1	-0.1	7.5	-8.0	4.3	11.2	6.9	7.5	0.5	-15.9	-1.5	-2.5	-8.3	10.8	7.2	-11.9	10.1	7.5	11.8	7.5	39.5	31.1	34.3	35.0	44.8	39.9	0.9	-19.0
Inflation Rate	37.4	65.0	46.2	-8.4	1.4	3.9	32.4	36.8	25.8	27.9	42.1	45.8	52.0	51.0	61.9	30.3	51.0	61.4	53.6	22.9	32.8	31.6	-3.1	-13.9	-5.1	-2.3	6.3	14.4	47.9	61.5
Peso Borrowing Rate	6.1	22.6	23.4	-37.2	-32.9	-6.7	11.4	16.0	26.5	9.5	27.2	33.7	38.7	39.8	43.2	21.7	28.3	41.9	37.1	6.8	10.8	17.3	-5.8	-23.5	-15.4	-3.2	-9.6	-15.9	13.5	37.8
<b>10. Business Expectations Index on Selected Economic Indicators: Next Quarter</b>																														
P/\$ Exchange Rate	11.3	10.7	22.3	11.7	4.9	-8.9	6.3	9.4	11.3	5.5	-11.5	-15.6	0.2	4.6	-7.3	3.4	0.9	-5.0	-0.9	-3.6	5.7	18.0	23.3	11.2	21.9	37.9	34.8	29.0	-0.3	-3.4
Inflation Rate	23.5	46.9	44.0	-0.4	15.7	16.6	26.0	43.2	28.6	31.6	33.4	52.9	42.2	41.6	53.3	29.7	44.4	55.1	45.7	27.8	30.3	31.0	-0.6	4.1	5.5	9.5	3.0	17.3	42.3	48.8
Peso Borrowing Rate	4.4	19.8	20.7	-21.8	1.8	4.8	10.0	29.3	25.3	15.1	22.0	32.6	31.8	32.0	42.5	25.5	29.8	39.4	31.4	16.5	17.6	18.3	-2.6	-4.9	-2.3	3.2	-3.2	-8.3	15.9	32.3
<b>11. Percentage Distribution of Respondent Firms by Employment Size</b>																														
Small (<100)	41.7	44.6	42.4	41.9	38.1	41.4	43.5	41.8	38.4	36.3	35.5	33.7	31.8	36.1	36.2	35.0	34.4	31.8	33.6	32.1	31.5	34.2	33.2	33.9	33.9	38.3	37.8	41.0	28.7	39.2
Medium (100-<500)	36.5	31.1	31.0	32.1	35.6	34.3	32.1	27.6	31.7	30.8	29.6	35.1	36.1	33.8	31.4	36.2	36.9	37.6	33.7	35.8	32.8	33.8	35.7	36.0	32.4	32.6	30.1	35.0	27.1	32.5
Large (500 & up)	14.8	13.0	12.0	13.2	14.4	14.3	16.6	13.3	14.0	17.3	14.9	15.3	15.6	15.0	17.0	16.1	14.8	14.6	16.0	17.2	15.8	18.1	16.2	17.4	17.8	15.6	16.2	14.3	14.9	16.2
No Response	7.0	11.3	14.7	12.8	11.9	10.0	7.8	17.3	15.9	15.6	20.0	15.9	16.5	15.1	15.4	12.7	13.9	16.0	16.7	14.9	19.9	13.9	14.9	12.7	15.9	13.6	15.9	9.8	29.3	12.2
<b>12. Distribution of Respondent Firms by Sector</b>																														
<b>All Sectors</b>	<b>115</b>	<b>177</b>	<b>184</b>	<b>234</b>	<b>236</b>	<b>251</b>	<b>271</b>	<b>294</b>	<b>315</b>	<b>289</b>	<b>348</b>	<b>377</b>	<b>429</b>	<b>574</b>	<b>500</b>	<b>510</b>	<b>614</b>	<b>627</b>	<b>673</b>	<b>652</b>	<b>748</b>	<b>786</b>	<b>765</b>	<b>757</b>	<b>732</b>	<b>772</b>	<b>864</b>	<b>891</b>	<b>928</b>	
Industry	34	48	50	54	59	56	75	109	119	104	141	135	137	208	174	169	223	219	218	270	262	284	311	287	279	292	281	327	321	344
Construction	9	11	14	15	11	15	15	16	17	14	20	11	15	21	19	17	20	18	20	25	22	28	32	22	20	20	22	33	40	37
Wholesale and Retail Trade	30	45	47	80	81	87	81	86	83	79	96	93	118	153	132	165	187	187	196	195	187	237	238	265	262	237	270	279	297	317
Services	42	73	73	85	85	93	100	83	96	92	91	138	159	192	175	159	184	190	193	183	181	199	205	191	196	183	199	225	233	230
Financial Intermediation	17	29	27	34	34	40	42	26	31	30	28	45	50	57	53	45	52	50	48	45	43	49	50	48	46	50	51	50	52	
Hotels and Restaurants	4	9	11	9	9	10	7	10	13	12	15	20	20	23	21	16	23	19	23	20	20	16	18	17	16	13	15	18	19	21
Renting and Business Activities	5	12	12	13	13	15	20	16	18	18	16	24	26	33	27	29	35	40	41	41	42	42	44	45	38	34	41	52	55	54
Community and Social Services	7	8	5	10	10	10	13	13	14	14	13	17	22	29	26	26	23	27	27	27	26	33	31	29	30	29	28	35	37	33



