

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

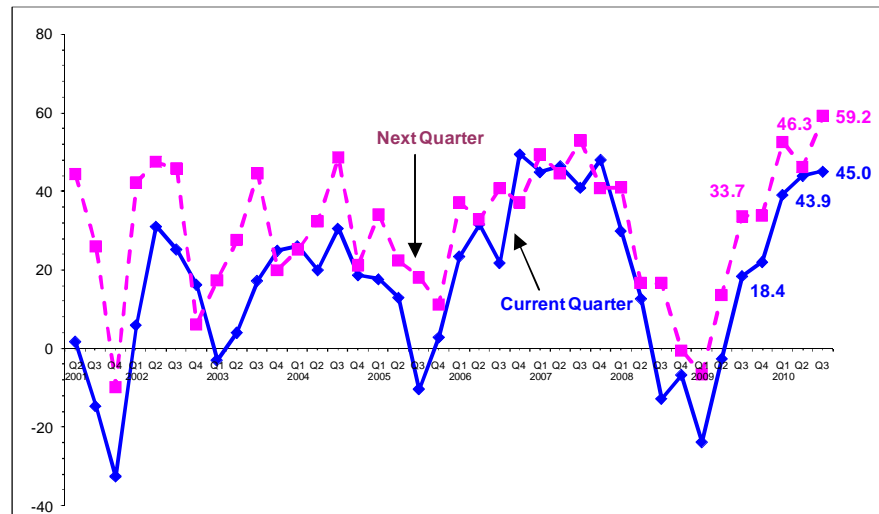
## Third Quarter 2010

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### Business Outlook Improves in Q3 2010; Optimism is at All-time High for Q4 2010

#### Overall Business Outlook on the Macroeconomy

Overall Business Confidence Index  
Q2 2001 – Q3 2010



*Business confidence continues to climb in Q3 2010.*

Business sentiment remained positive and on an uptrend since Q3 2009, with the overall confidence index (CI)<sup>2</sup> rising to 45.0 percent from 43.9 percent in Q2 2010 and from 18.4 percent in Q3 2009. Respondents attributed their optimistic outlook to the following factors: steady growth of overseas Filipinos' (OFs) remittances, smooth transition of power and favorable expectations on the new government that could boost investor confidence in the economy, better performance of exports and sustained investment inflows, and government spending on infrastructure, social services and environment protection that could spur business activity. The improvement in the overall outlook is consistent with the solid macroeconomic environment as evidenced by the narrowing of the country's credit spreads, rising equity market index, appreciating peso and moderate inflation. The positive business sentiment likewise mirrored the improving business confidence in countries such as Canada, Hong Kong, India, Indonesia, Germany and Italy.

Businesses' sanguine outlook was more pronounced in the quarter ahead (Q4 2010). The next quarter CI reached an all-time high of

<sup>1</sup> The Business Expectations Survey (BES) is a quarterly survey of leading firms drawn from the Securities and Exchange Commission's Top 7000 Corporations. Results of the BES provide advance indication of the direction of the 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 with respect to their views on a given indicator. A positive CI indicates a favorable view, except for the inflation rate and the peso-borrowing rate, where a positive CI indicates the opposite.



59.2 percent since the nationwide survey started in Q4 2003.

*Business sentiment in the NCR is more upbeat than in AONCR.* Business optimism in both the National Capital Region (NCR) and Areas Outside NCR (AONCR) improved in Q3 2010. NCR respondents were notably more upbeat in their business outlook than respondents based in AONCR, indicating that economic conditions and prospects remained more favorable in NCR compared to that in AONCR.

An analysis of AONCR respondents (consisting of Regions I, III, IV, V, VII, IX, XI, and XII)<sup>3</sup> showed that businesses remained broadly optimistic, especially those in Regions IV, V, IX and XI whose outlook turned more favorable in Q3 2010 due to the improved confidence of the industry, services and trade sectors. Meanwhile, business outlook in Region XII remained broadly steady in Q3 2010 while respondents in Regions I, III and VII were less optimistic due to the decline in the business outlook of the wholesale and retail trade sector.

The favorable readings of business sentiment in NCR and the regions carried on to Q4 2010, with the outlook for both hitting record high optimism.

*Optimism is observed across all international commodity traders.* Businesses involved in international commodity trading (i.e., importers, exporters and those engaged in dual activities) continued to have a positive outlook. However, the optimism of exporters and dual-activity firms declined compared to a quarter ago in view of the respondents' expectations that there will be no significant change in export demand, low volume of orders for some agricultural products during the lean months and the existing ban on tuna fishing on international waters. Looking ahead to the next quarter, importers and those engaged in dual activities were the most optimistic, while the exporters were the least bullish as respondents cited the expected decline in the demand for electronics, the country's major export product, during the fourth quarter of the year.

*Small- and large-sized firms are the most optimistic in the current quarter.* By employment size,<sup>4</sup> all firms remained positive in their business outlook in the current and next quarters. The sentiments of large and small firms were more buoyant in Q3 2010 compared to the mood a quarter ago. The large firms had the most upbeat outlook.

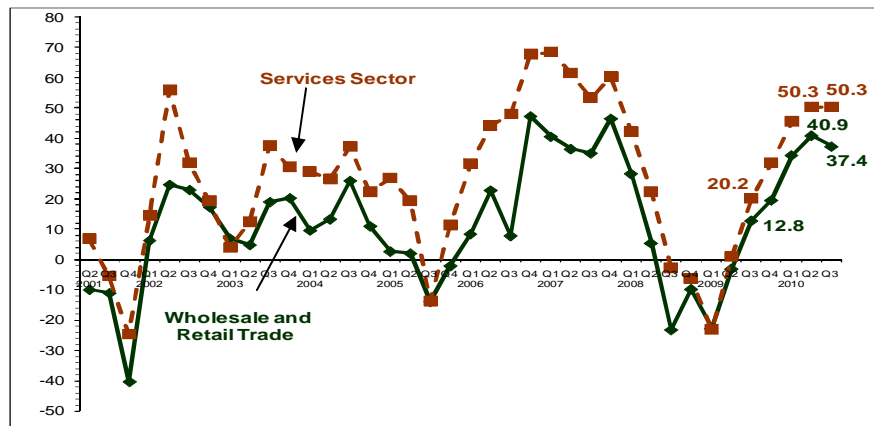
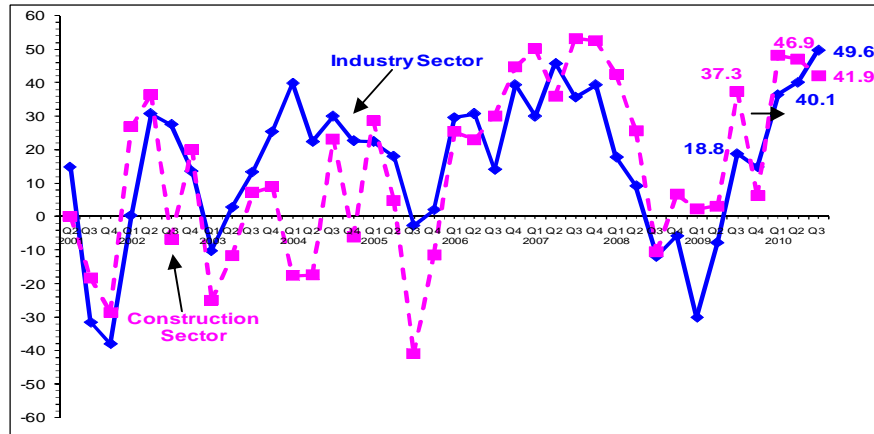
<sup>3</sup> While the survey covered 17 regions, the bulk of the respondents were from Regions I, III, IV, V, VII, IX, XI and XII. Region I (Ilocos) includes the provinces of Ilocos Norte, Ilocos Sur, La Union and Pangasinan; Region III (Central Luzon) is composed of Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac and Zambales; 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; Region XI (Davao) consists of Compostela Valley, Davao del Norte, Davao del Sur and Davao Oriental; and Region XII (SOCCSKSARGEN) is made up of North Cotabato, Sultan Kudarat, South Cotabato and Sarangani.

<sup>4</sup> Small firms have less than 100 employees; medium firms, 100-499 employees; while large firms have over 500 employees.



Sectoral Outlook

Current Quarter Business Outlook Index by Sector  
Q2 2001 – Q3 2010



Positive sentiments are reported across all sectors.

Favorable business sentiment was observed across all sectors. The business morale of the industry sector was more buoyant while the optimism of the remaining three sectors (services, construction, and trade) was steady or slightly tempered relative to Q2 2010, due in part to the usual downtrend in business activities during the quarter.

Business confidence of the industry sector was also highest among the sectors, with electricity, gas and water, manufacturing and agriculture sub-sectors exhibiting greater optimism. Higher volume of orders both from the domestic and international fronts and diversified markets provided the boost for a more positive outlook in Q3 2010 for the sector.

Meanwhile, the sentiment of the services sector remained steady quarter-on-quarter. The significant improvement in the outlooks of the real estate and financial intermediation sub-sectors were counterbalanced by the muted optimism of the hotels and restaurants, transportation, and community, social and other personal services



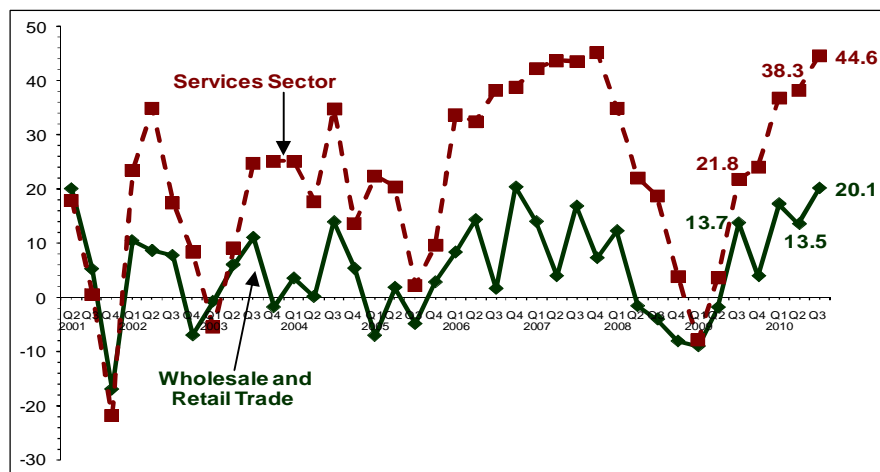
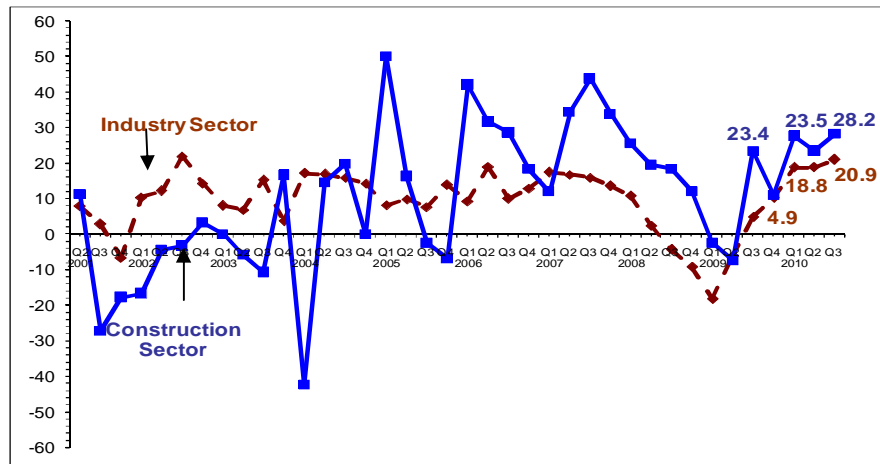
sub-sectors, owing, to some extent, to the seasonal slowdown in tourism-related activities during the quarter.

Similarly, the outlooks of the wholesale and retail trade as well as the construction sectors were less favorable than they were a quarter ago, as a result largely of the expected deceleration in the business activities of the sectors.

Expectations for the next quarter (Q4 2010) were bullish across all sectors. The services sector was the most optimistic, buoyed by the heightened confidence of the hotels and restaurants sub-sector due to the expected brisker business during the Yuletide season.

**Business Confidence on Own Operations**

**Business Confidence Index on Own Operations by Sector  
Current Quarter, Q2 2001 – Q3 2010**



*Buoyant outlook on own business operations is evident across all sectors.* Respondents are confident that their own business operations would improve in Q3 2010. Their optimism stemmed from the broadly steady volume of total orders and business activity across all sectors in the current quarter.

Firms in the services sector were the most upbeat, followed by those in the construction sector.

*Average capacity utilization increases slightly.* The average capacity utilization in Q3 2010 rose to 74.7 percent from the previous quarter's 74.1 percent, indicating more favorable business activity in the industry sector. This is consistent with the results of the Monthly Integrated Survey of Selected Industries (MISSI) of the National Statistics Office (NSO), which showed an increasing trend for capacity utilization for the period January – May 2010.<sup>5</sup>

**Access to Credit and Financial Conditions**

*Credit access and financial conditions of firms continue to improve.* Credit access continued to improve in Q3 2010 as more firms reported a significant increase in their access to credit compared to the situation during the previous quarter and the same quarter last year. Results of the Senior Loan Officers Survey indicating unchanged banks' credit standards for the fifth consecutive quarter as well as the continued expansion of banks' lending activities validate the improvement in the access to credit. Financial conditions likewise improved but remained tight as the index stayed in the negative territory at -2.6 percent.

**Employment and Expansion Plans**

*Employment outlook is robust.* Another indicator supporting the sustained confidence in the economy is the employment outlook index for the next quarter, which reached a record high of 24.0 percent. Except for the electricity, gas and water sub-sector, favorable employment prospects were anticipated in all of the sectors (specifically financial intermediation, miscellaneous business activities, and hotels and restaurants sub-sectors), as these companies gear up for expected strong demand in Q4 2010.

*More firms indicate expansion plans.* Consistent with the more positive outlook of the industry sector about their own operations, more firms indicated expansion plans for Q4 2010. Expansion plans were noted across all sub-sectors, with mining and quarrying sub-sector recording the highest year-on-year growth.

**Business Constraints**

*Competition, weak demand, and financial problems are seen as major risks.* Competition, weak demand (leading to low sales volume), and financial problems were the key challenges to business activity in Q3 2010. These three business constraints were the same risks identified by the respondents since Q1 2009.

<sup>5</sup> The average capacity utilization on MISSI was based on a sample of large manufacturing firms while that of the BES used sample firms from the industry and construction sectors.



### Expectations on Key Economic Indicators<sup>6</sup>

*Higher inflation and interest rates as well as a stronger peso are expected in Q3 and Q4 2010.* Respondent firms expected inflation and interest rates to go up and the peso to appreciate in Q3 and Q4 2010. However, fewer respondents anticipate inflation to go up and the peso to appreciate during the current quarter compared with the previous quarter's survey results. Meanwhile, more respondents expect interest rates to increase in Q3 2010 relative to Q2 2010.

The expected increase in inflation could stem from weather-related disturbances which could affect commodity prices and the pending petition for power rate hikes, but the impact of these factors could be mitigated by the expected appreciation of the peso.

On the other hand, the anticipated appreciation of the peso in Q3 and Q4 2010 could arise from sustained foreign exchange inflows arising from the improved performance of exports, steady OF remittances, and foreign direct and portfolio investments.

### About the Survey

*The survey response rate is 74.7 percent.* The Q3 2010 BES was conducted during the period 1 July – 10 August 2010. There were 1,632 firms surveyed nationwide. Respondents were drawn from the Securities and Exchange Commission's Top 7,000 Corporations, as follows: 603 companies in NCR (36.9 percent) and 1,029 firms in AONCR (63.1 percent), covering all 17 regions nationwide. The survey response rate for this quarter was 74.7 percent. For NCR, the response rate was 74.0 percent (from 75.3 percent last quarter); and for AONCR, the response rate was 75.2 percent (from 74.9 percent).

A breakdown of responses received by type of business showed that 12.3 percent were importers, 7.2 percent were exporters, and 13.8 percent were both importers and exporters. About two-thirds of the respondents were neither importers nor exporters or those that did not specify their firm type.

<sup>6</sup> The expectations on Key Economic Indicators are confidence indices (CIs) computed as the percentage of firms that answered "up" less the percentage of firms that answered "down" with respect to their views on a given economic key indicator. A positive CI indicates a favorable view, except for the inflation rate and the peso-borrowing rate, where a positive CI indicates the opposite.



**BUSINESS EXPECTATIONS SURVEY \***  
**2001 - 2010**

	2001			2002				2003				2004				2005				2006				2007				2008				2009				2010			
	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	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	-6.8	-23.9	-2.6	18.4	22.0	39.1	43.9	45.0	
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	-9.6	-25.4	-3.6	20.3	24.2	42.4	50.1	51.6	
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	-1.0	-21.1	-0.9	15.0	18.0	33.8	34.0	34.2
<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	-0.5	-6.5	13.7	33.7	34.0	52.6	46.3	59.2	
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	-4.7	-9.6	14.7	35.0	37.3	57.2	51.4	63.1	
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	8.1	-0.7	11.9	30.9	27.7	44.6	37.2	52.0	
<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	-5.8	-30.1	-7.6	18.8	14.7	36.4	40.1	49.6	
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	6.6	2.2	3.0	37.3	6.1	48.0	46.9	41.9	
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	-9.8	-22.8	-3.1	12.8	19.5	34.4	40.9	37.4	
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	-6.3	-23.2	1.0	20.2	31.9	45.5	50.3	50.3	
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	-46.6	-44.1	-6.2	29.7	47.7	68.2	72.2	77.1	
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	40.2	-18.5	14.1	23.0	49.9	35.6	45.7	41.7	
Renting and Business Activities	20	0.0	-42	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	-10.2	-39.3	-9.0	11.9	16.3	47.5	49.2	47.7	
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	-21.3	9.8	7.0	27.7	31.4	40.9	44.6	40.7	
<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	30.7	26.7	46.5	39.3	41.4	32.3	32.5	16.8	6.6	-1.3	-10.4	10.4	27.1	26.3	50.5	44.8	55.5	
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	9.1	2.8	20.0	27.7	43.0	47.9	44.4	51.3	
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	-5.1	-10.0	10.3	32.4	32.3	50.9	41.8	57.3	
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	3.9	-1.8	18.2	41.0	40.3	57.3	53.0	65.9	
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	-22.1	-22.0	19.6	52.8	70.9	71.8	74.9	88.3	
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	20.6	12.5	17.9	51.3	62.6	56.8	41.7	72.0	
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	4.0	-11.4	6.0	30.6	36.6	66.7	57.6	66.9	
Community and Social Services	42.9	0.0	0.0	30.0	60.0	10.0	0.0	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	11.8	3.3	19.9	21.1	21.2	50.6	45.2	53.6	
<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	-9.3	-18.3	-6.1	4.9	10.3	18.7	18.8	20.9	
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	12.0	-2.6	-7.4	23.4	10.9	27.6	23.5	28.2	
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	-8.1	-9.0	-1.9	13.7	3.9	17.2	13.5	20.1	
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	3.9	-8.0	3.7	21.8	24.0	36.8	38.3	44.6	
<b>5. Business Outlook Index on Own Operations: Current Quarter</b>																																							
Volume of Business Activity In	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	-0.3	-26.3	1.7	15.9	22.0	24.6	35.6	34.9	
Volume of Total Order Book In	-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	-1.4	-27.3	-1.2	14.5	16.8	19.5	30.5	30.2	
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	-7.4	-12.8	-7.2	-0.8	0.1	5.4	9.2	10.1	
Financial Condition	-47.0	-																																					

**BUSINESS EXPECTATIONS SURVEY  
2001 - 2010**

	2001			2002				2003				2004				2005				2006				2007				2008				2009				2010		
	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	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>7. Companies with Expansion Plans (in percent): Next Quarter</b>																																						
<b>All Industry Sector</b>	5.9	20.7	20.6	13.0	20.3	10.7	18.7	24.3	22.6	19.9	20.0	21.5	15.9	24.3	27.5	27.0	22.0	16.0	20.8	25.9	25.8	23.0	23.0	27.2	31.1	28.7	33.7	37.8	23.1	25.0	30.4	17.8	16.0	17.4	23.7	19.9	25.0	27.0
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	27.0	31.6	9.2	13.0	38.5	33.2	36.7	45.0
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	29.5	15.7	14.6	15.3	20.3	18.8	24.1	25.4
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	0.0	16.0	6.0	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	59.2	34.6	30.5	36.6	44.3	10.5	16.7	28.2	
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	28.0	32.5	30.0	37.4	54.6	37.4	39.7	43.4
<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	29.5	26.9	24.1	24.4	20.5	21.2	20.5	20.9
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	25.7	25.1	23.3	21.7	14.2	13.0	13.0	20.9
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	17.7	16.6	15.5	17.3	15.5	16.4	17.5	17.9
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	51.9	54.8	59.0	54.2	53.4	46.1	44.4	43.6
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	20.5	20.9	19.3	19.3	19.2	18.5	16.6	17.7
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	27.9	30.1	29.9	26.4	26.8	28.1	25.8	27.3
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	61.1	59.4	62.0	61.8	63.4	64.4	64.5	65.8
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	20.2	20.6	18.8	19.0	17.6	18.1	19.4	18.9
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	19.6	18.5	16.5	18.5	18.1	16.7	18.8	18.9
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	23.5	20.4	18.6	18.8	24.2	18.6	19.2	18.0
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	4.9	5.7	5.4	6.5	6.7	6.0	5.9	8.2
<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	-21.5	-12.0	-10.2	-4.2	18.7	6.4	14.6	14.2
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	43.0	14.0	14.1	4.4	28.2	23.3	20.9	9.5
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	29.7	6.9	1.9	-2.7	2.6	5.5	3.1	4.4
<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	-19.5	-13.2	-11.6	4.1	4.2	4.7	6.7	24.7
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	25.2	12.2	15.0	15.7	25.1	22.6	18.6	12.3
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	23.0	7.3	4.6	5.8	12.8	15.5	10.2	8.8
<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	34.2	33.7	32.9	35.6	36.4	35.9	36.2	41.6	41.6	39.9	39.9	41.2	40.8	40.2
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	37.1	33.2	35.0	34.6	35.8	34.9	32.7	32.9	33.5	33.3	32.9	34.5	34.7	35.6	34.9
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	17.0	18.0	20.1	19.6	16.1	14.6	16.8	17.7	13.6	13.7	13.9	14.1	13.2	13.6	14.4
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	12.0	14.7	11.2	13.0	12.5	14.1	14.7	13.1	11.3	11.4	13.3	11.6	11.0	10.0	10.4
<b>12. Distribution of Respondent Firms by Sector</b>																																						
<b>All Sectors</b>	115	177	184	234	236	251	271	294	315	289	348	377	429	574	500	510	614	614	627	673	652	748	786	765	757	732	772	864	891	928	936	1062	1094	1059	1046	1215	1225	1219
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	327	323	338	321	325	325	341	335
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	50	53	58	51	53	61	73	65
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	323	374	377	377	358	428	416	424
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	236	312	321	310	310	401	395	395
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	48	46	50	51	50	52	54	64	62	59	62	69	81	77
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	19	32	35	30	50	53	51	
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	55	65	69	76	69	83	79	78



## Business Expectations Survey

Business Outlook Index on the Macroeconomy																																			
by Type of Business																																			
	Current Quarter															Next Quarter																			
	2007				2008				2009				2010			2007				2008				2009				2010							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Importer	39.5	49.4	47.5	45.1	36.8	15.6	-17.4	0.7	-26.1	-6.7	10.9	15.2	43.2	37.4	38.7	40.7	44.8	59.6	43.2	50.4	9.8	26.6	0.0	-9.2	16.8	43.6	31.4	50.0	46.3	55.3					
Exporter	24.4	37.5	4.2	24.2	3.5	8.6	-6.8	3.3	-39.8	-6.1	7.2	13.6	33.7	46.6	43.2	39.0	37.5	6.3	31.8	22.4	33.3	6.8	8.7	-10.8	6.1	6.0	19.8	57.3	60.2	44.3					
Both (Import and Exporter)	38.9	50.0	41.5	36.8	9.3	0.7	-5.4	-4.1	-24.7	-8.4	21.8	20.8	37.1	52.4	48.8	51.1	44.2	42.5	37.6	19.6	13.7	14.5	10.1	-7.4	9.0	33.3	35.2	50.3	54.8	60.1					

Number of Respondents																	Percent to Total																	
by Type of Business																																		
	2007				2008				2009				2010			2007				2008				2009				2010						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Importer	81	87	99	111	125	122	109	138	119	119	110	105	162	147	150	10.6	11.5	13.5	14.4	14.5	13.7	11.7	14.7	11.2	10.9	10.4	10.0	13.3	13.3	12.3				
Exporter	41	40	48	66	85	81	88	92	83	82	83	81	89	88	88	5.4	5.3	6.6	8.5	9.8	9.1	9.5	9.8	7.8	7.5	7.8	7.7	7.3	7.3	7.2				
Both (Import and Exporter)	90	86	106	117	140	141	147	145	162	178	156	159	175	166	168	11.8	11.4	14.5	15.2	16.2	15.8	15.8	15.5	15.3	16.3	14.7	15.2	14.4	14.4	13.8				
Not Applicable	194	209	245	228	328	329	340	316	451	413	387	379	595	584	612	25.4	27.6	33.5	29.5	38.0	36.9	36.6	33.8	42.5	37.8	36.5	36.2	49.0	49.0	50.2				
Not Specified	359	335	234	250	186	218	244	245	247	302	323	322	194	240	201	46.9	44.3	32.0	32.4	21.5	24.5	26.3	26.2	23.3	27.6	30.5	30.8	16.0	16.0	16.5				
Total	765	757	732	772	864	891	928	936	1062	1094	1059	1046	1215	1225	1219	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0				

Business Outlook Index on the Macroeconomy																																		
by Size of Employment																																		
	Current Quarter															Next Quarter																		
	2007				2008				2009				2010			2007				2008				2009				2010						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Small (<100)	41.7	43.2	33.6	43.2	29.2	10.5	-19.2	-5.9	-19.0	-4.8	16.8	16.3	32.8	31.7	34.5	51.7	43.2	53.8	43.2	39.9	17.3	14.1	-2.1	1.6	19.1	34.3	30.5	46.4	40.5	55.3				
Medium (100-<500)	41.5	37.8	42.2	45.8	22.0	16.4	-5.6	6.8	-19.9	3.6	19.5	23.8	40.0	45.3	41.8	44.4	43.8	48.8	40.7	39.2	24.1	15.2	8.8	-7.9	14.3	37.9	32.4	51.4	44.6	57.0				
Large (500 & up)	42.3	54.4	39.5	53.0	30.9	15.4	-5.1	-20.5	-29.2	2.0	20.4	32.7	50.6	53.3	59.1	50.0	43.4	55.1	44.4	46.0	29.2	18.6	-3.0	-4.2	5.3	32.7	40.8	57.5	56.3	69.9				

Number of Respondents																	Percent to Total																	
by Size of Employment																																		
	2007				2008				2009				2010			2007				2008				2009				2010						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Small (<100)	259	259	247	254	308	324	333	339	442	455	423	417	500	499	490	33.9	34.2	33.7	32.9	35.6	36.4	35.9	36.2	41.6	41.6	39.9	39.9	41.2	41.2	40.2				
Medium (100-<500)	284	251	256	267	309	311	303	308	356	364	348	361	420	437	426	37.1	33.2	35.0	34.6	35.6	34.9	32.7	32.9	33.5	33.3	32.8	34.5	34.6	34.6	34.9				
Large (500 & up)	130	136	147	151	139	130	166	144	150	147	147	147	160	167	176	17.0	18.0	20.1	19.6	16.1	14.6	16.8	17.7	13.6	13.7	13.9	14.1	13.2	13.2	14.4				
Not Specified	92	111	82	100	108	126	136	123	120	125	141	121	135	122	127	12.0	14.7	11.2	13.0	12.5	14.1	14.7	13.1	11.3	11.4	13.3	11.6	11.1	11.1	10.4				
Total	765	757	732	772	864	891	928	936	1062	1094	1059	1046	1215	1225	1219	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0				