

Business Expectations Survey ¹

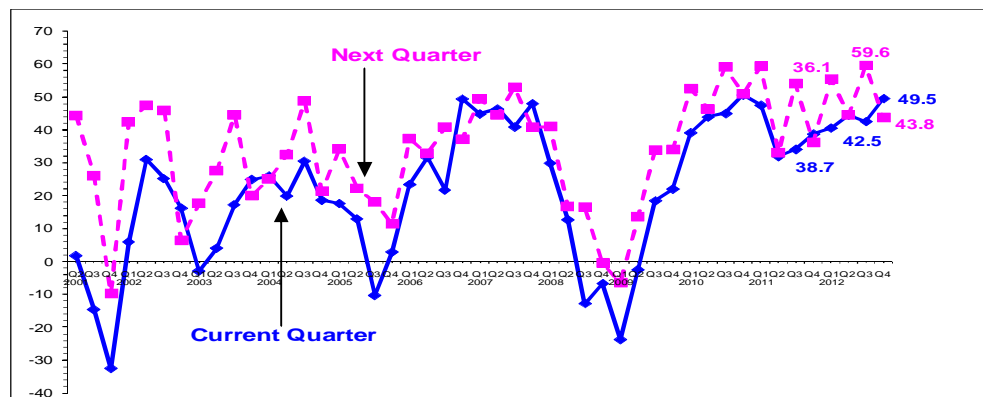
Fourth Quarter 2012

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Business Confidence Improves in Q4 2012

Overall Business Outlook on the Macroeconomy

Overall Business Confidence Index
Q2 2001 – Q4 2012



Business confidence continues to rise in Q4 2012.

Businesses' outlook on the economy was more buoyant in Q4 2012, with the overall confidence index (CI)² rising to 49.5 percent from 42.5 percent in Q3 2012. The current quarter CI was the second highest reading since the nationwide survey started in Q4 2006.³ Respondents cited the following factors for their more optimistic outlook: (a) increase in orders and start of new projects leading to higher volume of production; (b) expected increase in consumer demand during the Christmas and palay harvest seasons; (c) expansion of businesses and new product lines; (d) favorable macroeconomic conditions in the country, particularly low inflation and interest rates, higher foreign investment inflows and the steady stream of overseas Filipinos' (OFs) remittances; (e) introduction of new and enhanced business strategies; (f) possible further credit rating upgrade for the Philippines; and (g) continued confidence in the administration. The sentiment of businesses in the Philippines mirrored the improved business outlook in China and India, and was in contrast to the unchanged or less buoyant sentiment in neighboring countries such as Singapore, Korea, Hong Kong SAR and New Zealand.

For Q1 2013, the business outlook turned less optimistic, with the next quarter CI at 43.8 percent. The lower CI suggests that the optimists continued to outnumber the pessimists for the next quarter but the number of respondents with favorable views

¹ The Business Expectations Survey (BES) is a quarterly survey of firms drawn at random 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 companies' operations as well as in selected economic indicators.

² 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.

³ The highest reading was recorded in Q4 2010 at 50.6 percent.



declined relative to those who said otherwise. Respondents attributed their less sanguine outlook to the seasonal slack in demand after the holiday season. Other reasons cited by firms were the lack of supply of raw materials and low sugar prices in the world market that affected the sentiment of firms in the industrial sector.

Outlook turns more buoyant in both NCR and AONCR. Tracking the national trend, the sentiment of businesses in both the National Capital Region (NCR) and Areas Outside the NCR (AONCR) improved for the current quarter but turned less optimistic for Q1 2013. For both the current and next quarters, NCR respondents remained more bullish in their outlook on the economy than those from AONCR. This indicated firms' expectations that economic conditions would be more favorable in NCR than in AONCR.

A more detailed look at the responses of firms in AONCR⁴ showed that business confidence in Q4 2012 broadly mirrored the national sentiment. The outlook of firms in Regions I, III, V, VI, VII, XI and XII were more bullish in Q4 2012 but was less upbeat for the next quarter. Meanwhile, the sentiment of firms in Regions IV and IX turned less sanguine in both the current and next quarters. The outlook in Regions IV and IX was largely driven by firms engaged in exporting activities that were adversely affected by external risks to business posed by the economic uncertainties in Europe, the weak recovery of the US and the slowdown of the growth of the Chinese economy.

Exporters and importers are more optimistic. Businesses involved in international commodity trading (i.e., exporters and importers) were more optimistic in Q4 2012. Importers were the most optimistic as they expected brisker consumer demand during the holiday season. Meanwhile, exporters showed the biggest improvement in sentiment largely as a result of improved investor confidence and introduction of new products in the market. However, dual-activity firms, i.e., firms involved in both exporting and importing activities, had a less positive outlook. The majority of firms in this group was affected by recent developments in the industry such as lack of supply of raw materials, 'no fishing' or closed season for sardines, herrings and mackerel in the Visayan seas and Zamboanga Peninsula,⁵ and banning of plastic bags. For the quarter ahead, the outlook of firms across all trade groups declined, following the overall trend.

Outlook of firms across employment size improves. Similarly, firms' sentiments across employment size were more favorable in Q4 2012 but turned less upbeat for Q1 2013.⁶ Large-sized firms' business confidence for both the current and next quarters was the most buoyant, followed by those of medium- and small-sized firms.

⁴ The survey covered all 17 regions of the Philippines. (For the list of regions and the distribution of top 7000 corporations by region, please see Annexes A and B).

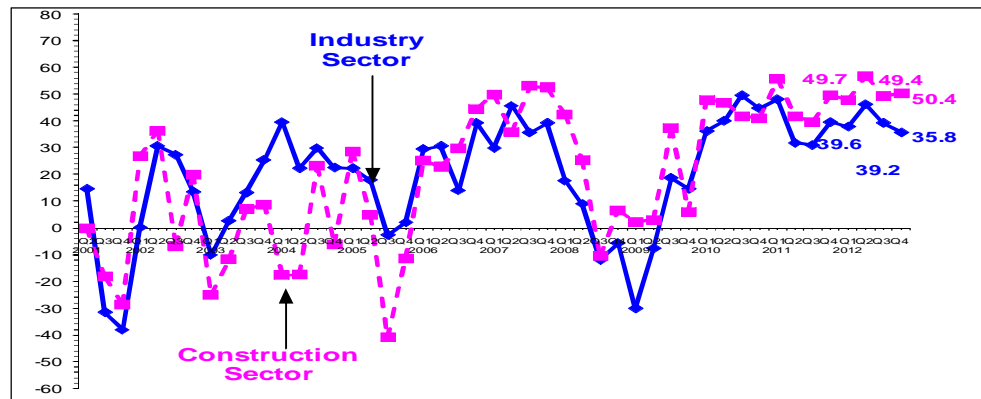
⁵ The Department of Agriculture's Bureau of Fisheries and Aquatic Resources of the (DA-BFAR), as part of their fish conservation policy, issued Fisheries Administrative Order No. 167 on 17 October 2012. This expanded the 'no fishing' or closed season for sardines, herrings and mackerel to include the Visayan seas in addition to the Zamboanga waters. The period covered is 15 November 2012 to 15 February 2013, which corresponds to the fish species' spawning season.

⁶ Small firms have less than 100 employees; medium firms, 100-499 employees; large firms have over 500 employees.



Sectoral Outlook

Current Quarter Business Outlook Index by Sector
Q2 2001 – Q4 2012



Business confidence across sectors is mixed. Across sectors, the outlook of businesses was mixed in Q4 2012. Business confidence in the wholesale and retail trade, services and construction sectors improved compared to that in the previous quarter while that of the industry sector declined although remaining positive. For the next quarter (Q1 2013), business confidence turned less optimistic across all sectors.

The services sector was the most bullish during the quarter. The financial intermediation sub-sector remained the most optimistic, although its CI was lower from the all-time high recorded in Q3 2012. The outlook of other firms in the services sector reflected brisker business during the holiday season, particularly in the hotels and restaurants, real estate and transportation sub-sectors. Respondents attributed their more optimistic views to the country’s sound macroeconomic fundamentals, increasing bank lending, possible credit rating upgrade and continued confidence in the administration. However, the outlook of firms in the community and social services was lower.

The more upbeat outlook of the wholesale and retail trade sector stemmed from expectations of a generally more robust consumer demand during the Christmas



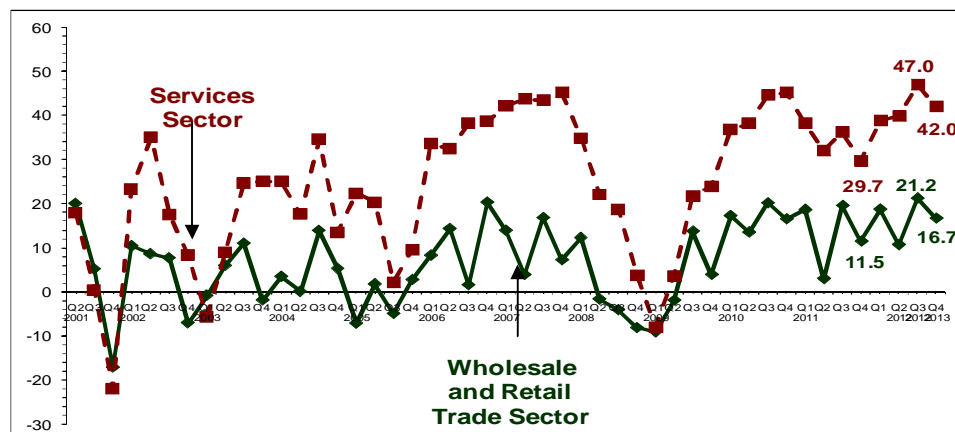
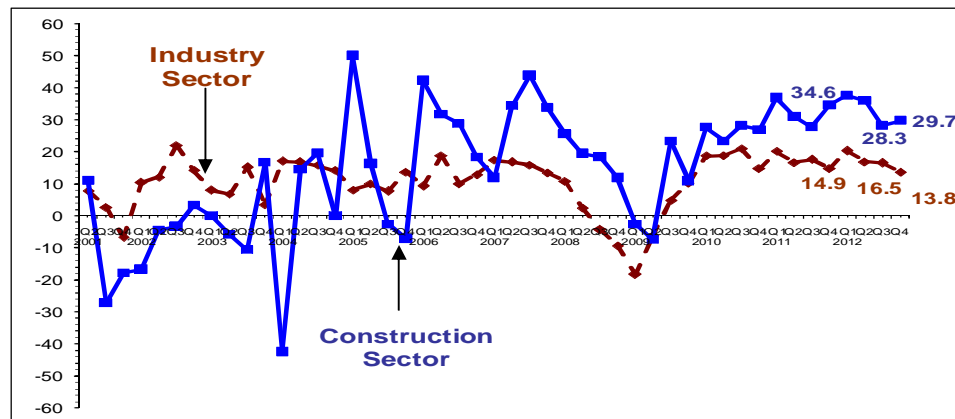
season. The trade sector’s more positive sentiment also drew support from the favorable business environment (e.g., lower interest rate and stronger exchange rate), expansion of store branches and product lines, and good governance.

The outlook of firms in the construction sector edged higher in Q4 2012 relative to that of a quarter ago. Construction firms noted that favorable business conditions are expected to help sustain demand for construction services and encourage new projects next year.

Industry firms’ outlook in the current quarter was less sanguine as respondents cited seasonal factors such as slack in demand for some products (e.g., condiments, ice products and industrial adhesives). Lower metal prices (e.g., scrap metals and nickel), competition emanating from the presence of cheap and even sub-standard imported products in the market, ban on the use of plastic bags, lack of supply of raw materials, lower fish catch during the “no fishing” season as well as the spillovers of the Eurozone crisis, also contributed to their less positive outlook.

Business Confidence on Own Operations

Current Quarter Business Confidence Index by Sector
Q2 2001 – Q4 2012



Businesses' outlook about their own operations is broadly less upbeat. With respect to their own operations in Q4 2012, the outlook of businesses across sectors, while remaining positive, was broadly less upbeat, except for construction, which turned more bullish in the current quarter. The respondents' perception of lesser volume of business activity in Q1 2013 could have affected their outlook on their own operations for the current quarter.

Average capacity utilization is broadly steady. Despite the less positive outlook of the industry sector in Q4 2012, the average capacity utilization for the current quarter was broadly steady at 74.1 percent, compared to 74.4 percent registered last quarter. This is consistent with the results of the Monthly Integrated Survey of Selected Industries (MISSI) of the National Statistics Office (NSO), which showed a sustained level of capacity utilization in September 2012.⁷

Access to Credit and Financial Conditions⁸

More firms expect easier access to credit and better financial conditions. The financial conditions of firms strengthened in Q4 2012, with the index breaching positive territory for the first time since the start of the nationwide survey in Q4 2006 at 2.4 percent. This means that firms that expected better financial conditions outnumbered those that said otherwise. Firms were also of the view that their liquidity requirements could be met through available credit as more respondents continued to report easier access to credit relative to those that said otherwise a quarter ago. This is consistent with the results of the Senior Loan Officers' Survey which showed that most banks had broadly steady credit standards for the 14th consecutive quarter, suggesting steady supply of credit for businesses' needs.

Volume of Business Activity

The outlook on volume of business activity and total orders improves in Q4 2012. Providing support to the favorable overall business confidence was the positive outlook on the volume of business activity and total orders in Q4 2012. The number of firms that have favorable views on the volume of business activity and total orders went up. Looking ahead to Q1 2013, the outlook on the volume of business activity turned less upbeat compared to a quarter ago, consistent with the expected slack in demand after the Christmas season.

Employment and Expansion Plans

Employment outlook continues to be favorable. Another indicator supporting expectations of sustained growth momentum in 2012 is the employment outlook index for the next quarter, which remained positive although lower at 22 percent, particularly in the manufacturing, wholesale and retail trade and hotels and restaurants. The decline in the index could be due largely to seasonal factors as hiring intentions tend to increase every third quarter as production is expected to step up in the next quarter in anticipation of higher consumer demand during the Christmas season. On the other hand, hiring intentions tend to decrease every fourth quarter as firms expected a slack in demand for the succeeding quarter. By sector, firms in the construction sector were the most optimistic in their employment outlook.

⁷ The average capacity utilization of the BES used sample firms from the industry and construction sectors while that of the MISSI was based on a sample of large manufacturing firms. The average capacity utilization of the MISSI stood at 83.3 percent in September 2012.

⁸ Financial conditions refer to the firm's general cash position, taking into account the level of cash and other cash items and repayments terms on loans. On the other hand, access to credit refers to the environment external to the firm, such as the availability of credit from the banking system and other financial institutions.



The number of firms with expansion plans increases. Firms in the industry sector, despite their less positive business sentiment in the current quarter, continued to have a bullish outlook on the economy as indicated by the increasing percentage of businesses with expansion plans for the next quarter (at 28.9 percent). Across sub-sectors, mining and quarrying continued to record the strongest expansion plans, followed by electricity gas and water, agriculture, and manufacturing sub-sectors.

Business Constraints

Competition, weak demand, and unclear economic laws are the major risks to business. The top three business constraints identified by respondents in Q4 2012 were domestic competition (cited by about three-fifths of the total number of respondents), insufficient demand (leading to low sales volume), and unclear economic laws (e.g., mining policies and government tax laws).

Overall, the percentage of businesses that identified the above-mentioned business constraints showed a decreasing trend. Moreover, the percentages of respondents citing other constraints were also at all-time lows. The easing of these business constraints could indicate that business conditions are improving, although domestic competition remains to be the foremost challenge cited by businesses.

Expectations on Key Economic Indicators⁹

A stronger peso, higher inflation and lower interest rates are expected in Q4 2012 and Q1 2013. Expectations on key economic indicators showed that strong macroeconomic fundamentals are expected to be sustained in the current and next quarters. Respondents that expected inflation to go up continued to outnumber those with the opposite view, but the number that said so declined, as indicated by the CIs at 3.3 percent in Q4 2012 and 5.2 percent in Q1 2013 (from their quarter-ago levels of 5.4 percent and 11.5 percent, respectively). This indicates that inflation expectations remained well anchored, consistent with the BSP's assessment of a manageable inflation environment. The decline in the price of oil and sufficient supply of major food products including rice could have contributed to the lower inflation outlook.

More respondents expected the peso to appreciate in Q4 2012 and Q1 2013. Expectations of the peso's sustained appreciation could be due to the anticipated strong inflows of overseas Filipinos' remittances, business process outsourcing (BPO) services receipts, and foreign investments as well as the recovery of export demand. Meanwhile, interest rates were expected to decline in the current and next quarters, after the Monetary Board's decision to cut policy rates by another 25 basis points (bps) in October 2012 following the rate cuts in January, March and July 2012 by 25 bps each.

⁹ The expectations on key economic indicators are expressed in terms of confidence indices (CIs), which are 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.



About the Survey

Survey response rate is 75.1 percent. The Q4 2012 BES was conducted during the period 1 October–15 November 2012. There were 1,576 firms surveyed nationwide. Respondents were drawn from the Securities and Exchange Commission’s Top 7,000 Corporations, as follows: 607 companies in NCR and 969 firms in AONCR, covering all 17 regions nationwide. The survey response rate for this quarter was higher at 75.1 percent (from 74.3 percent in the previous quarter). The response rate was higher for both NCR at 74.1 percent (from 74 percent in the previous quarter) and also for AONCR at 75.6 percent (from 74.5 percent in Q3 2012).

A breakdown of responses by type of business showed that 14.8 percent were importers, 6.4 percent were exporters, and 16.1 percent were both importers and exporters. About 62.7 percent of the respondents were neither importers nor exporters, or did not specify their firm type.

The Business Expectations Survey (BES) uses the stratified random sampling design covering corporations from the SEC’s Top 7000 Corporations (ranked based on gross revenues) as sampling units. The top 7000 corporations are subdivided into 192 strata classified by region—NCR and Areas Outside NCR (the other 15 regions of the country)¹⁰—and by industry sub-groups, namely: (a) Group 1: Industry, which consists of manufacturing, mining and quarrying, electricity, gas and water, and agriculture, fishery and forestry; (b) Group II: Construction; (c) Group III: Services, which consists of financial intermediation, real estate, renting and business activities, hotels and restaurants, transport, storage and communications and community, social and personal services; and (d) Group IV: Wholesale and Retail Trade. Beginning Q1 2012, industry classification of companies shifted from the 1994 Philippine Standard Industrial Classification (PSIC) to the 2000 PSIC.

¹⁰ In the sampling design, Regions 4A and 4B were combined into one region.



**BUSINESS EXPECTATIONS SURVEY *
2001 - 2012**

| | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | |
|---|------|-------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|-------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 1. Overall Business Outlook on the Macroeconomy | | | | | | | | | | | | | | | | | | | | | | | | |
| Confidence Index: All Sectors | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Quarter | 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 | 50.6 | 47.5 | 31.8 | 34.1 | 38.7 | 40.5 | 44.5 | 42.5 | 49.5 |
| NCR | 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 | 55.7 | 54.4 | 35.2 | 38.4 | 38.5 | 46.1 | 49.3 | 48.9 | 54.5 |
| AONCR | 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 | 42.4 | 35.7 | 26.1 | 26.6 | 39.1 | 31.1 | 36.4 | 31.9 | 41.1 |
| Next Quarter | 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 | 51.0 | 59.4 | 33.0 | 53.9 | 36.1 | 55.4 | 44.6 | 59.6 | 43.8 |
| NCR | 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 | 54.9 | 62.3 | 35.6 | 55.0 | 37.5 | 59.0 | 48.1 | 64.5 | 47.7 |
| AONCR | 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 | 44.4 | 53.6 | 28.1 | 51.4 | 32.9 | 48.1 | 37.9 | 50.3 | 36.6 |
| 2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| Industry Sector | 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 | 44.9 | 48.1 | 31.9 | 31.1 | 39.6 | 37.8 | 46.2 | 39.2 | 35.8 |
| Construction Sector | 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 | 41.0 | 55.8 | 41.9 | 39.7 | 49.7 | 47.9 | 56.9 | 49.4 | 50.4 |
| Wholesale and Retail Trade | 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 | 45.3 | 44.6 | 23.9 | 30.4 | 37.8 | 38.4 | 36.9 | 38.3 | 51.9 |
| Services Sector | 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 | 63.4 | 48.9 | 39.3 | 40.2 | 37.3 | 44.7 | 49.9 | 49.7 | 60.3 |
| of which: | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Intermediation | 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 | 83.6 | 74.5 | 45.0 | 51.7 | 32.0 | 58.8 | 56.7 | 77.3 | 75.5 |
| Hotels and Restaurants | 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 | 62.3 | 57.2 | 37.9 | 33.3 | 66.4 | 47.7 | 45.8 | 0.0 | 64.2 |
| Business Activities | 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 | 72.8 | 41.0 | 42.8 | 40.3 | 33.8 | 35.6 | 55.0 | 49.9 | 51.9 |
| Real Estate | 59.0 | 76.2 | 54.8 | 69.4 | 46.5 | 36.1 | 6.7 | 5.3 | -14.2 | -18.1 | -4.7 | 10.3 | 43.6 | 44.7 | 51.9 | 53.1 | 44.9 | 36.2 | 36.1 | 38.3 | 54.0 | 45.0 | 49.1 | 68.5 |
| Community and Social Services | 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 | 46.5 | 41.1 | 34.7 | 45.3 | 21.6 | 35.5 | 43.4 | 56.0 | 42.5 |
| Transportation | 67.0 | 69.6 | 38.1 | 46.7 | 42.5 | 30.1 | -1.6 | 14.7 | -13.8 | 16.0 | 30.5 | 41.2 | 27.4 | 39.4 | 34.8 | 46.5 | 35.9 | 32.9 | 29.4 | 43.2 | 38.5 | 43.7 | 38.8 | 58.1 |
| 3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| Industry Sector | 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 | 51.3 | 57.9 | 34.9 | 47.9 | 26.1 | 52.8 | 41.0 | 49.2 | 34.4 |
| Construction Sector | 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 | 54.1 | 65.2 | 38.7 | 55.2 | 48.3 | 55.1 | 55.6 | 52.9 | 48.2 |
| Wholesale and Retail Trade | 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 | 44.3 | 58.4 | 24.1 | 54.0 | 42.2 | 56.0 | 44.0 | 66.6 | 44.3 |
| Services Sector | 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 | 58.2 | 60.8 | 40.6 | 59.2 | 36.3 | 57.2 | 47.3 | 62.7 | 51.8 |
| of which: | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Intermediation | 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 | 76.8 | 72.8 | 46.5 | 68.8 | 45.3 | 57.8 | 61.8 | 73.2 | 66.8 |
| Hotels and Restaurants | 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 | 62.3 | 62.9 | 24.8 | 77.1 | 29.3 | 53.1 | 31.9 | 72.3 | 49.5 |
| Business Activities | 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 | 52.7 | 63.1 | 39.1 | 53.7 | 29.0 | 64.9 | 43.5 | 55.4 | 39.9 |
| Real Estate | 55.1 | 73.8 | 71.6 | 67.4 | 49.2 | 31.7 | 15.8 | 11.8 | -11.3 | 8.9 | 8.7 | 33.9 | 43.6 | 50.0 | 50.5 | 56.3 | 49.3 | 47.7 | 55.7 | 43.7 | 65.9 | 51.8 | 73.4 | 66.6 |
| Community and Social Services | 52.0 | 42.9 | 54.3 | 32.3 | 58.4 | 27.4 | 10.1 | 2.8 | 3.3 | 19.9 | 21.1 | 21.2 | 50.6 | 45.2 | 53.6 | 45.0 | 58.1 | 42.9 | 41.3 | 23.5 | 43.3 | 49.6 | 41.5 | 44.0 |
| Transportation | 52.4 | 52.2 | 58.8 | 42.6 | 55.1 | 22.0 | 32.7 | 14.7 | 15.0 | 31.0 | 60.1 | 29.8 | 42.5 | 35.1 | 58.8 | 55.2 | 53.5 | 37.0 | 64.1 | 44.5 | 46.7 | 38.6 | 60.9 | 46.1 |
| 4. Business Confidence Index on Own Operations by Sector | | | | | | | | | | | | | | | | | | | | | | | | |
| Industry Sector | 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 | 14.7 | 20.1 | 16.7 | 17.6 | 14.9 | 20.3 | 17.0 | 16.5 | 13.8 |
| Construction Sector | 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 | 26.8 | 36.9 | 31.0 | 27.8 | 34.6 | 37.6 | 36.0 | 28.3 | 29.7 |
| Wholesale and Retail Trade | 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 | 16.5 | 18.6 | 3.0 | 19.6 | 11.5 | 18.7 | 10.7 | 21.2 | 16.7 |
| Services Sector | 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 | 38.2 | 44.6 | 45.3 | 38.3 | 32.1 | 36.2 | 29.7 | 38.9 | 39.9 | 47.0 | 42.0 |
| Financial Intermediation | 53.3 | 56.3 | 53.5 | 59.9 | 46.4 | 40.3 | 8.9 | -14.1 | -6.0 | 14.3 | 31.5 | 48.9 | 59.4 | 59.7 | 63.6 | 65.2 | 55.1 | 48.1 | 56.4 | 40.8 | 53.4 | 48.3 | 67.2 | 57.6 |
| Hotels and Restaurants | 34.8 | 40.5 | 35.1 | 52.9 | 38.9 | 23.1 | 46.6 | 32.7 | -0.2 | 19.9 | 33.8 | 37.0 | 29.2 | 25.0 | 43.9 | 39.4 | 37.8 | 18.4 | 41.0 | 35.4 | 36.3 | 25.9 | 42.6 | 50.1 |
| Business Activities | 47.1 | 48.3 | 54.7 | 46.0 | 31.2 | 15.5 | 16.7 | 0.5 | -26.0 | -5.4 | 18.2 | 18.8 | 34.0 | 43.5 | 49.0 | 49.8 | 39.8 | 36.6 | 33.8 | 35.6 | 39.5 | 47.8 | 47.5 | 32.1 |
| Real Estate | 28.2 | 49.7 | 49.7 | 41.2 | 29.9 | 34.8 | 22.1 | 3.3 | -4.0 | -3.3 | 12.4 | 17.2 | 32.1 | 31.6 | 39.9 | 40.3 | 29.1 | 30.3 | 31.5 | 30.6 | 35.1 | 37.7 | 44.6 | 44.9 |
| Community and Social Services | 36.4 | 34.2 | 31.8 | 35.7 | 31.5 | 14.1 | 11.1 | -1.6 | -6.8 | -12.1 | 17.5 | 4.1 | 30.4 | 26.0 | 29.5 | 31.4 | 20.1 | 25.2 | 17.3 | 11.9 | 23.0 | 32.0 | 26.3 | 34.2 |
| Transportation | 41.4 | 25.9 | 23.8 | 32.3 | 33.2 | 19.5 | 17.6 | 15.1 | 1.6 | 8.6 | 21.7 | 20.6 | 29.4 | 27.3 | 31.0 | 32.8 | 36.7 | 18.8 | 29.4 | 14.2 | 35.1 | 31.2 | 39.8 | 37.6 |
| 5. Business Outlook Index on Own Operations: Current Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| Volume of Business Activity Index | 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 | 42.8 | 23.8 | 24.1 | 29.5 | 37.1 | 22.5 | 36.7 | 38.9 | 40.8 |
| Volume of Total Order Book Index | 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 | 37.7 | 19.3 | 21.5 | 25.8 | 33.1 | 17.6 | 31.4 | 31.0 | 33.9 |
| Credit Access Index | 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 | 10.0 | 11.3 | 6.1 | 10.3 | 8.9 | 9.6 | 13.4 | 14.8 | 16.9 |
| Financial Condition | -8.8 | -11.0 | -5.1 | -7.8 | -11.6 | -17.8 | -29.1 | -29.9 | -32.9 | -26.8 | -17.4 | -15.5 | -7.9 | -5.0 | -2.6 | -1.1 | -3.6 | -10.8 | -6.9 | -6.8 | -2.9 | -0.9 | -1.9 | 2.4 |
| Average Capacity Utilization (in per | 73.7 | 75.5 | 76.1 | 75.4 | 76.2 | 76.5 | 74.8 | 72.8 | 71.5 | 69.2 | 68.8 | 69.8 | 72.0 | 74.1 | 74.7 | 74.1 | 75.3 | 75.1 | 76.1 | 74.5 | 74.8 | 76.2 | 74.4 | 74.1 |
| 6. Business Outlook Index on Own Operations: Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| Volume of Business Activity Index | 48.1 | 40.4 | 49.5 | 34.0 | 44.1 | 25.3 | 24.8 | 1.6 | 2.1 | 14.2 | 36.2 | 27.9 | 54.3 | 46.6 | 59.2 | 45.8 | 53.5 | 33.6 | 51.6 | 32.5 | 54.7 | 46.1 | 56.3 | 39.7 |
| Employment Outlook Index | 16.6 | 17.3 | 21.1 | 16.6 | 21.7 | 11.4 | 8.3 | -1.4 | -8.2 | -6.4 | 9.4 | 8.7 | 22.0 | 19.9 | 24.0 | 21.1 | 23.0 | 14.5 | 23.2 | 16.8 | 24.0 | 22.1 | 27.4 | 22.0 |

**BUSINESS EXPECTATIONS SURVEY
2001 - 2012**

| | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 7. Companies with Expansion Plans (in percent of total respondents): Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| All Industry Sector | 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 | 25.7 | 33.9 | 24.7 | 26.6 | 27.0 | 28.8 | 29.1 | 27.8 | 28.9 |
| Mining Quarrying | 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 | 34.7 | 47.3 | 41.8 | 62.6 | 41.1 | 47.3 | 35.2 | 49.7 | 41.0 |
| Manufacturing | 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 | 24.7 | 32.5 | 24.2 | 24.9 | 24.9 | 27.9 | 28.6 | 27.2 | 28.0 |
| Electricity, Gas and Water | 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 | 20.4 | 38.5 | 23.8 | 34.4 | 41.0 | 32.2 | 31.3 | 26.2 | 38.2 |
| Agriculture, Fishery and Forestry | 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 | 41.6 | 45.3 | 24.3 | 31.7 | 41.9 | 31.5 | 31.7 | 30.1 | 29.7 |
| 8. Business Constraints (in percent to total respondents): Current Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| High Interest Rate | 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 | 17.4 | 19.8 | 19.9 | 20.1 | 19.8 | 14.6 | 13.8 | 10.8 | 9.9 |
| Unclear Economic Laws | 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 | 18.7 | 21.2 | 21.6 | 21.9 | 24.2 | 18.5 | 17.8 | 18.1 | 15.8 |
| Lack of Equipment | 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 | 15.1 | 16.1 | 16.0 | 17.3 | 16.7 | 10.9 | 10.2 | 9.9 | 7.7 |
| Insufficient Demand | 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 | 39.2 | 42.2 | 44.0 | 43.7 | 44.4 | 36.5 | 36.5 | 36.5 | 34.5 |
| Access to Credit | 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 | 16.7 | 17.8 | 18.4 | 18.6 | 18.6 | 11.7 | 10.5 | 9.4 | 8.2 |
| Financial Problems | 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 | 22.9 | 22.6 | 24.4 | 21.7 | 22.9 | 16.9 | 15.9 | 13.2 | 11.6 |
| Competition | 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 | 66.6 | 68.8 | 65.5 | 68.1 | 66.4 | 60.6 | 62.9 | 60.7 | 61.3 |
| Labor Problems | 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 | 17.0 | 19.3 | 21.6 | 20.4 | 18.5 | 13.4 | 12.5 | 11.8 | 11.0 |
| Lack of Materials Input | 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 | 15.9 | 18.4 | 19.1 | 19.0 | 18.4 | 12.4 | 12.5 | 11.2 | 9.4 |
| Others | 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 | 19.0 | 21.1 | 23.6 | 22.2 | 25.7 | 23.0 | 25.3 | 22.9 | 22.5 |
| None | 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 | 8.6 | 6.0 | 7.9 | 5.7 | 7.5 | 8.0 | 7.6 | 9.3 | 9.1 |
| 9. Business Expectations Index on Selected Economic Indicators: Current Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| P/\$ Exchange Rate | 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 | 35.3 | 15.0 | 19.4 | 29.3 | 14.9 | 11.7 | 19.3 | 29.8 | 32.0 |
| Inflation Rate | -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 | 2.4 | 21.3 | 38.7 | 32.1 | 28.3 | 16.8 | 15.4 | 5.4 | 3.3 |
| Peso Borrowing Rate | -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 | -5.4 | 4.0 | 13.9 | 11.1 | 5.7 | -2.1 | 1.1 | -4.5 | -11.1 |
| 10. Business Expectations Index on Selected Economic Indicators: Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | |
| P/\$ Exchange Rate | 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 | 20.8 | 14.1 | 16.3 | 31.5 | 9.8 | 12.8 | 16.0 | 26.7 | 17.4 |
| Inflation Rate | 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 | 6.5 | 23.5 | 34.8 | 29.2 | 18.2 | 14.1 | 18.3 | 11.5 | 5.2 |
| Peso Borrowing Rate | -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 | 2.3 | 11.7 | 16.5 | 12.8 | 7.0 | 1.1 | 4.8 | -0.8 | -5.0 |
| 11. Percentage Distribution of Respondent Firms by Employment Size | | | | | | | | | | | | | | | | | | | | | | | | |
| Small (<100) | 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 | 40.8 | 39.2 | 40.0 | 39.3 | 37.0 | 36.1 | 34.2 | 34.0 | 34.3 |
| Medium (100-<500) | 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 | 34.2 | 34.8 | 35.1 | 36.4 | 36.2 | 35.8 | 37.4 | 36.1 | 38.4 |
| Large (500 & up) | 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 | 14.9 | 15.1 | 13.8 | 13.5 | 15.0 | 15.5 | 16.1 | 17.4 | 13.6 |
| No Response | 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 | 10.1 | 10.8 | 11.0 | 10.8 | 11.8 | 12.7 | 12.3 | 12.5 | 13.7 |
| 12. Distribution of Respondent Firms by Sector | | | | | | | | | | | | | | | | | | | | | | | | |
| All Sectors | 765 | 757 | 732 | 772 | 864 | 891 | 928 | 936 | 1062 | 1094 | 1059 | 1046 | 1215 | 1225 | 1275 | 1275 | 1307 | 1244 | 1235 | 1248 | 1264 | 1175 | 1183 | |
| Industry | 287 | 279 | 292 | 281 | 327 | 321 | 344 | 327 | 323 | 338 | 321 | 325 | 325 | 341 | 335 | 348 | 376 | 378 | 366 | 359 | 384 | 375 | 338 | 353 |
| Mining Quarrying | 6 | 6 | 6.0 | 5 | 7 | 9 | 8 | 8 | 12 | 12 | 11 | 10 | 11 | 16 | 20 | 18 | 17 | 19 | 16 | 17 | 19 | 17 | 16 | 17 |
| Manufacturing | 250 | 244 | 255.0 | 246 | 273 | 267 | 282 | 269 | 260 | 275 | 255 | 266 | 253 | 259 | 242 | 262 | 280 | 273 | 265 | 257 | 280 | 273 | 246 | 253 |
| Electricity, Gas and Water | 14 | 14 | 11.0 | 12 | 15 | 16 | 17 | 15 | 19 | 19 | 23 | 22 | 21 | 23 | 28 | 25 | 27 | 30 | 27 | 29 | 37 | 34 | 31 | 34 |
| Agriculture, Fishery and Forestry | 17 | 15 | 20.0 | 18 | 32 | 29 | 37 | 35 | 32 | 32 | 27 | 40 | 43 | 45 | 43 | 52 | 56 | 58 | 56 | 48 | 51 | 45 | 49 | |
| Construction | 22 | 20 | 20 | 22 | 33 | 40 | 37 | 50 | 53 | 58 | 51 | 53 | 61 | 73 | 65 | 70 | 75 | 88 | 71 | 79 | 74 | 86 | 85 | 84 |
| Wholesale and Retail Trade | 265 | 262 | 237 | 270 | 279 | 297 | 317 | 323 | 374 | 377 | 377 | 358 | 428 | 416 | 424 | 415 | 428 | 429 | 405 | 388 | 421 | 415 | 387 | 372 |
| Services | 191 | 196 | 183 | 199 | 225 | 233 | 230 | 236 | 312 | 321 | 310 | 310 | 401 | 395 | 395 | 392 | 396 | 412 | 402 | 409 | 369 | 388 | 365 | 374 |
| Financial Intermediation | 48 | 48 | 46 | 50 | 51 | 50 | 52 | 54 | 64 | 62 | 59 | 62 | 69 | 81 | 77 | 81 | 76 | 84 | 85 | 84 | 80 | 81 | 72 | 72 |
| Hotels and Restaurants | 17 | 16 | 13 | 15 | 18 | 19 | 21 | 19 | 32 | 32 | 35 | 30 | 50 | 53 | 51 | 54 | 62 | 63 | 59 | 62 | 48 | 47 | 52 | 49 |
| Business Activities | 45 | 38 | 34 | 41 | 52 | 55 | 54 | 55 | 65 | 69 | 76 | 69 | 83 | 79 | 78 | 76 | 69 | 75 | 69 | 68 | 75 | 78 | 70 | 67 |
| Real Estate and Renting | 29 | 30 | 29 | 28 | 35 | 37 | 33 | 34 | 43 | 45 | 35 | 42 | 70 | 60 | 62 | 61 | 64 | 62 | 61 | 70 | 51 | 60 | 50 | 61 |
| Community and Social Services | 24 | 26 | 24 | 25 | 32 | 32 | 32 | 29 | 34 | 35 | 30 | 32 | 60 | 56 | 64 | 60 | 60 | 62 | 63 | 61 | 54 | 55 | 58 | 58 |
| Transportation | 28 | 38 | 37 | 40 | 37 | 40 | 38 | 45 | 74 | 78 | 75 | 75 | 69 | 66 | 63 | 60 | 65 | 66 | 65 | 64 | 61 | 67 | 63 | 67 |

A quarterly survey conducted by the
Department of Economic Statistics
Nov 21, 2012 1:20:09 PM

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.

Note: Unless otherwise stated, all numbers are in diffusion indices, i.e., Confidence Index (CI) is computed as the percentage of firms that answered in affirmative less the percentage of firms that answered in the negative with respect to their views on a given indicator.

Business Expectations Survey

Business Outlook Index on the Macroeconomy

| by Type of Business | | Current Quarter | | | | | | | | | | | | | | | | | | | | Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|------|-----------------|------|------|------|------|-------|-------|-------|------|------|------|------|------|------|------|------|------|------|------|------|--------------|------|------|------|------|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|
| | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | |
| | | 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 | 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 | 53.2 | 50.3 | 36.5 | 39.6 | 47.8 | 44.0 | 47.9 | 44.4 | 52.0 | 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 | 49.4 | 62.4 | 39.2 | 55.0 | 42.7 | 56.0 | 46.9 | 62.0 | 44.0 | |
| 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 | 24.2 | 45.3 | 36.0 | 26.1 | 17.1 | 19.1 | 37.2 | 12.7 | 22.4 | 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 | 31.6 | 55.8 | 48.8 | 34.8 | 27.6 | 42.6 | 44.7 | 39.4 | 25.0 | |
| 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 | 40.7 | 42.3 | 26.3 | 32.0 | 24.8 | 30.6 | 39.1 | 36.9 | 26.2 | 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 | 49.7 | 62.0 | 36.3 | 50.9 | 32.9 | 54.9 | 45.5 | 50.3 | 35.1 | |
| Neither Importer nor Exporter | 49.0 | 45.9 | 40.4 | 54.4 | 35.7 | 16.4 | -20.3 | -12.7 | -16.2 | 2.9 | 23.0 | 29.3 | 42.5 | 40.6 | 39.7 | 56.6 | 40.5 | 29.7 | 28.1 | 33.9 | 39.3 | 43.3 | 40.1 | 56.3 | 50.0 | 41.1 | 58.4 | 46.5 | 49.7 | 20.4 | 11.5 | -0.6 | 1.1 | 14.5 | 44.4 | 35.1 | 52.4 | 39.7 | 62.1 | 53.7 | 56.1 | 27.8 | 58.6 | 42.6 | 52.2 | 39.4 | 60.4 | 47.4 | |
| Not Specified | 40.4 | 42.7 | 38.0 | 22.6 | 20.8 | 15.6 | 11.4 | 10.6 | 8.2 | 8.4 | 9.6 | 11.3 | 19.1 | 16.5 | 23.3 | 21.2 | 19.9 | 19.1 | 17.4 | 18.3 | 20.3 | 36.3 | 30.2 | 46.4 | 49.0 | 44.8 | 53.4 | 18.4 | 22.5 | 17.5 | 15.6 | 11.4 | 8.7 | 10.1 | 12.0 | 12.7 | 22.9 | 17.4 | 26.5 | 20.6 | 22.6 | 18.3 | 20.3 | 16.3 | 24.3 | 32.1 | 44.4 | 38.4 | |

Number of Respondents

| by Type of Business | | Current Quarter | | | | | | | | | | | | | | | | | | | | Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|-----|-----------------|-----|-----|-----|------|-----|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|--------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | | | |
| | | 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 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | | | | |
| Importer | 81 | 87 | 39 | 111 | 125 | 122 | 109 | 138 | 119 | 119 | 110 | 106 | 162 | 147 | 150 | 156 | 181 | 199 | 169 | 157 | 218 | 211 | 197 | 176 | 10.6 | 11.5 | 13.5 | 14.4 | 14.5 | 13.7 | 11.7 | 14.7 | 11.3 | 10.9 | 10.4 | 10.0 | 13.3 | 13.3 | 12.3 | 12.7 | 14.2 | 14.5 | 13.6 | 12.7 | 17.5 | 16.7 | 15.9 | 14.8 | | | | |
| Exporter | 41 | 40 | 48 | 66 | 95 | 81 | 98 | 92 | 83 | 82 | 83 | 81 | 89 | 88 | 88 | 95 | 96 | 96 | 69 | 76 | 68 | 94 | 71 | 76 | 5.4 | 5.3 | 6.6 | 8.5 | 9.8 | 9.1 | 9.5 | 9.8 | 7.8 | 7.5 | 7.8 | 7.7 | 7.7 | 7.3 | 7.3 | 7.2 | 7.8 | 6.7 | 6.8 | 5.5 | 6.2 | 5.4 | 7.4 | 6.0 | 6.4 | | | |
| Both (Import and Exporter) | 90 | 86 | 106 | 117 | 140 | 141 | 147 | 145 | 162 | 178 | 196 | 159 | 175 | 166 | 168 | 177 | 179 | 171 | 175 | 161 | 206 | 202 | 202 | 195 | 191 | 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 | 14.4 | 14.0 | 13.1 | 14.1 | 13.0 | 16.5 | 16.0 | 16.6 | 16.1 | | | |
| Neither Importer nor Exporter | 194 | 209 | 245 | 228 | 328 | 329 | 340 | 316 | 451 | 413 | 397 | 379 | 595 | 594 | 612 | 553 | 592 | 644 | 584 | 552 | 534 | 598 | 598 | 629 | 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 | 45.1 | 46.4 | 49.3 | 46.9 | 44.7 | 42.8 | 46.6 | 50.7 | 53.2 | | | | |
| Not Specified | 359 | 335 | 234 | 250 | 196 | 216 | 244 | 245 | 247 | 302 | 323 | 322 | 194 | 240 | 201 | 244 | 237 | 217 | 247 | 289 | 222 | 168 | 126 | 112 | 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 | 19.9 | 18.6 | 16.6 | 19.9 | 23.4 | 17.6 | 13.3 | 10.7 | 9.5 | | | | |
| Total | 765 | 757 | 732 | 772 | 864 | 891 | 928 | 936 | 1062 | 1094 | 1059 | 1046 | 1215 | 1225 | 1219 | 1225 | 1275 | 1307 | 1244 | 1235 | 1248 | 1264 | 1175 | 1183 | 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 | 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 | | | | 2011 | | | | 2012 | | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | |
| | | 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 | 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 | 43.4 | 37.8 | 27.5 | 30.4 | 33.0 | 32.7 | 38.4 | 34.6 | 46.6 | 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 | 50.4 | 53.0 | 29.8 | 53.3 | 39.4 | 46.9 | 39.3 | 56.1 | 42.9 | |
| Medium (100-500) | 41.5 | 37.8 | 42.2 | 45.8 | 22.0 | 15.4 | -5.6 | 8.8 | -19.9 | 3.6 | 19.5 | 23.8 | 40.0 | 45.3 | 41.8 | 55.6 | 44.6 | 29.2 | 29.0 | 38.7 | 37.1 | 44.4 | 41.5 | 46.9 | 44.4 | 43.8 | 48.9 | 40.7 | 39.2 | 24.1 | 15.2 | 8.8 | -7.9 | 14.3 | 37.9 | 32.4 | 51.4 | 44.6 | 57.0 | 53.2 | 58.9 | 31.4 | 56.5 | 40.5 | 53.7 | 41.8 | 53.2 | 41.6 | |
| Large (500 & up) | 42.3 | 64.4 | 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 | 61.0 | 56.0 | 43.1 | 40.5 | 39.5 | 47.2 | 53.6 | 45.4 | 52.8 | 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 | 60.0 | 69.4 | 41.4 | 56.5 | 38.4 | 59.1 | 53.6 | 62.4 | 49.7 | |

Number of Respondents

| by Size of Employment | | Current Quarter | | | | | | | | | | | | | | | | | | | | Next Quarter | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|-----|-----------------|-----|-----|-----|------|-----|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|--------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | |
| | | 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 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | |
| Small (<100) | 259 | 259 | 247 | 254 | 308 | 304 | 333 | 339 | 442 | 455 | 423 | 417 | 500 | 499 | 490 | 500 | 523 | 464 | 457 | 450 | 427 | 399 | 406 | 466 | 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 | 40.8 | 39.2 | 40.0 | 38.9 | 37.0 | 36.1 | 33.8 | 34.0 | 34.3 | |
| Medium (100-500) | 284 | 251 | 256 | 267 | 309 | 311 | 303 | 308 | 356 | 364 | 348 | 361 | 420 | 437 | 426 | 419 | 444 | 469 | 451 | 447 | 447 | 447 | 455 | 424 | 454 | 37.1 | 33.2 | 35.0 | 34.6 | 35.8 | 34.9 | 32.7 | 32.9 | 33.5 | 33.3 | 32.9 | 34.5 | 34.6 | 34.6 | 34.9 | 34.2 | 34.8 | 35.1 | 36.3 | 36.2 | 35.8 | 36.0 | 36.1 | 38.4 |
| Large (500 & up) | 130 | 136 | 147 | 151 | 139 | 130 | 156 | 166 | 144 | 150 | 147 | 147 | 160 | 167 | 176 | 182 | 193 | 181 | 168 | 185 | 193 | 196 | 205 | 161 | 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 | 14.9 | 15.1 | 13.8 | 13.6 | 15.0 | 15.5 | 15.5 | 17.4 | 13.6 | |
| Not Specified | 92 | 111 | 82 | 100 | 108 | 126 | 136 | 123 | 120 | 125 | 141 | 121 | 135 | 122 | 127 | 124 | 138 | 144 | 141 | 146 | 158 | 186 | 147 | 162 | 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 | 10.1 | 10.8 | 11.0 | 11.3 | 11.8 | 12.7 | 14.7 | 12.5 | 13.7 | |
| Total | 765 | 757 | 732 | 772 | 864 | 891 | 928 | 936 | 1062 | 1094 | 1059 | 1046 | 1215 | 1225 | 1219 | 1225 | 1275 | 1307 | 1244 | 1235 | 1248 | 1264 | 1175 | 1183 | 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 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

Annexes: Business Expectations Survey (BES) Report Q4 2012

Annex A. Distribution of Top 7000 Corporations by Region: 2010^a

Population

| SECTOR/SUB-SECTOR | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 | Region 9 | Region 10 | Region 11 | Region 12 | CARAGA | ARMM | CAR | NCR |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|--------|------|-----|------|
| Agriculture | 0 | 0 | 5 | 8 | 1 | 6 | 4 | 0 | 5 | 5 | 36 | 11 | 1 | 0 | 0 | 34 |
| Business | 1 | 6 | 21 | 34 | 1 | 2 | 22 | 0 | 1 | 0 | 8 | 3 | 0 | 0 | 0 | 487 |
| Community | 6 | 4 | 14 | 27 | 0 | 10 | 8 | 0 | 1 | 2 | 5 | 2 | 0 | 1 | 0 | 152 |
| Construction | 0 | 1 | 22 | 32 | 9 | 4 | 24 | 3 | 2 | 0 | 4 | 1 | 1 | 0 | 0 | 211 |
| EGW | 4 | 1 | 18 | 11 | 0 | 3 | 16 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 1 | 41 |
| Finance | 0 | 2 | 7 | 11 | 1 | 4 | 17 | 0 | 1 | 1 | 16 | 2 | 2 | 0 | 0 | 363 |
| Hotels | 6 | 0 | 11 | 8 | 3 | 7 | 13 | 1 | 0 | 0 | 8 | 0 | 0 | 0 | 0 | 134 |
| Manufacturing | 4 | 3 | 163 | 573 | 7 | 10 | 108 | 9 | 4 | 7 | 40 | 9 | 0 | 3 | 3 | 869 |
| Mining | 0 | 0 | 0 | 4 | 0 | 0 | 3 | 0 | 0 | 0 | 2 | 0 | 1 | 0 | 0 | 40 |
| Real Estate | 0 | 1 | 11 | 39 | 1 | 3 | 15 | 0 | 1 | 1 | 7 | 2 | 0 | 0 | 0 | 233 |
| Trade | 19 | 15 | 206 | 265 | 43 | 63 | 137 | 16 | 22 | 13 | 96 | 19 | 0 | 1 | 0 | 1539 |
| Transportation | 1 | 0 | 22 | 28 | 1 | 2 | 15 | 0 | 3 | | 16 | 2 | 0 | 0 | 0 | 251 |
| Services Sector | 14 | 13 | 86 | 147 | 7 | 28 | 90 | 1 | 7 | 4 | 60 | 11 | 2 | 1 | 0 | 1620 |
| Industry Sector | 8 | 4 | 186 | 596 | 8 | 19 | 131 | 9 | 9 | 12 | 80 | 20 | 2 | 3 | 4 | 984 |
| Grand Total | 41 | 33 | 500 | 1040 | 67 | 114 | 382 | 29 | 40 | 29 | 240 | 49 | 5 | 5 | 4 | 4354 |

Number of Samples

| SECTOR/SUB-SECTOR | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 | Region 9 | Region 10 | Region 11 | Region 12 | CARAGA | ARMM | CAR | NCR |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|--------|------|-----|-----|
| Agriculture | 0 | 0 | 2 | 5 | 1 | 6 | 3 | 0 | 5 | 5 | 16 | 10 | 1 | 0 | 0 | 9 |
| Business | 1 | 6 | 3 | 5 | 1 | 2 | 8 | 0 | 1 | 0 | 4 | 3 | 0 | 0 | 0 | 52 |
| Community | 6 | 4 | 3 | 5 | 0 | 10 | 4 | 0 | 1 | 2 | 2 | 1 | 0 | 1 | 0 | 31 |
| Construction | 0 | 1 | 7 | 6 | 9 | 4 | 7 | 3 | 2 | 0 | 2 | 1 | 1 | 0 | 0 | 69 |
| EGW | 4 | 1 | 4 | 4 | 0 | 3 | 3 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 22 |
| Finance | 0 | 2 | 2 | 2 | 1 | 4 | 5 | 0 | 2 | 1 | 5 | 2 | 2 | 0 | 0 | 66 |
| Hotels | 6 | 0 | 4 | 2 | 3 | 7 | 5 | 1 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 28 |
| Manufacturing | 4 | 3 | 35 | 101 | 7 | 10 | 46 | 9 | 4 | 7 | 18 | 8 | 0 | 3 | 3 | 76 |
| Mining | 0 | 0 | 0 | 2 | 0 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 18 |
| Real Estate | 0 | 1 | 3 | 4 | 1 | 3 | 7 | 0 | 0 | 1 | 2 | 2 | 0 | 0 | 0 | 57 |
| Trade | 19 | 15 | 58 | 50 | 43 | 63 | 48 | 16 | 22 | 13 | 28 | 2 | 0 | 1 | 0 | 130 |
| Transportation | 1 | 0 | 5 | 6 | 1 | 2 | 8 | | 3 | 0 | 7 | 20 | 0 | 0 | 0 | 49 |
| Services Sector | 14 | 13 | 20 | 24 | 7 | 28 | 37 | 1 | 7 | 4 | 23 | 28 | 2 | 1 | 0 | 283 |
| Industry Sector | 8 | 4 | 41 | 112 | 8 | 19 | 54 | 9 | 9 | 12 | 36 | 18 | 2 | 3 | 4 | 125 |
| GRAND TOTAL | 41 | 33 | 126 | 192 | 67 | 114 | 146 | 29 | 40 | 29 | 89 | 49 | 5 | 5 | 4 | 607 |

^a The latest available listing from the Securities and Exchange Commission

Annexes: Business Expectations Survey (BES) Report Q4 2012

Annex B. Regions and Provinces of the Philippines

| Regions | Provinces |
|--|--|
| I-Ilocos | Ilocos Norte, Ilocos Sur, La Union and Pangasinan |
| II-Cagayan Valley | Batanes, Cagayan, Isabela, Nueva Vizcaya, Quirino |
| III-Central Luzon | Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac and Zambales |
| IV-Southern Tagalog | Cavite, Laguna, Batangas, Marinduque, Occidental Mindoro, Oriental , Mindoro, Palawan, Quezon, Rizal and Romblon |
| V-Bicol | Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate and Sorsogon |
| VI-Western Visayas | Aklan, Antique, Capiz, Guimaras, Iloilo and Negros Occidental |
| VII-Central Visayas | Cebu, Bohol, Negros Oriental and Siquijor |
| VIII-Eastern Visayas | Biliran, Eastern Samar, Leyte, Northern Samar, Samar and Southern Leyte |
| IX-Zamboanga Peninsula | Zamboanga del Norte, Zamboanga del Sur, Zamboanga Sibugay, Isabela City and Zamboanga City |
| X-Northern Mindanao | Bukidnon, Camiguin, Lanao del Norte, Misamis Occidental, Misamis Oriental, |
| XI-Davao | Compostela Valley, Davao del Norte, Davao del Sur and Davao Oriental |
| XII-SOCCSKARGEN | Cotabato, Sultan Kudarat, South Cotabato and Sarangani |
| Cordillera Administrative Region (CAR) | Abra, Apayao, Benguet, Ifugao, Kalinga, and Mountain Province |
| Autonomous Region of Muslim Mindanao (ARMM) | Basilan (excluding Isabela City), Lanao del Sur, Maguindanao, Sulu and Tawi-Tawi |
| Caraga | Agusan del Norte, Agusan Del Sur, Dinagat Islands, Surigao del Norte, Surigao del Sur |