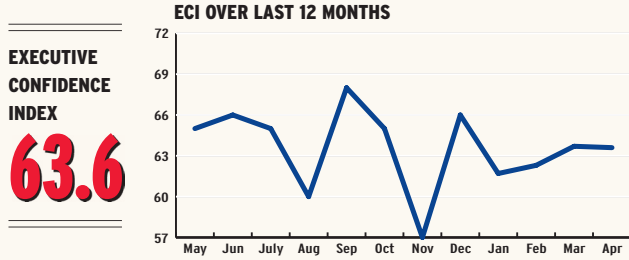


bt/Market Insight - GfK

Expecting Stability

After several months of significant fluctuations in perception of the economy, it seems that the business outlook may be improving



It has been a month of proverbial sparks flying. The first to fly was the international arbitration court decision forcing Orascom Telecom to sell its direct stake in Mobinil to France Telecom (FT), if the French company so desires. The sale would bring the FT's total direct stock ownership of Mobinil to 51%. According to local rules and regulations, any single stockholder owning more than 50% must make an obligatory offer to acquire all of the traded stock (minority shareholder rights). And as it stands, France Telecom seems unwilling to do so.

The other major event is Minister of Trade and Industry Rachid Mohamed Rachid's decision to investigate the ever-troublesome local cement companies after prices reached LE 700 per ton in three governorates. Prices fell to LE 540 per ton in two days after demand dropped rapidly in response to the news. As it stands, two companies, Suez and Helwan, were charged with price gouging.

In spite of these instabilities, the stock market seems to be picking up steam, rising from 3,800 points to 4,800 points during this reporting period. However, confidence is roughly the same as last month - 63.6 points.

Events of the Month

It has been a quiet month for the majority of our panel of experts, as 54% of the participants reported no significant events during the month. Second in our participants' minds is still the global economy, with 13%. Third place goes to commodity prices and foreign exchange fluctuations, garnering 11% of the panel's votes. The stock market dropped in the rankings to number four with only 10% of the votes.

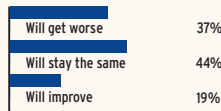
Confidence Details

In industry, it seems that confidence is correlated with corporation size. Small enterprises have seen their confidence slip five points from 68 to 63 points. Medium-sized corporations have seen confidence increase by two points to 65 points. Meanwhile, the biggest gainers were large corporations, who report that confidence is up by five points to 67 points.

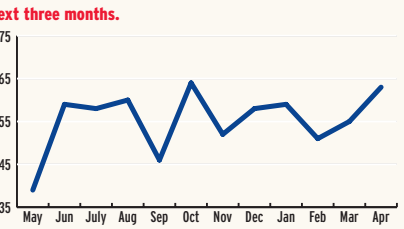
By sector, things are a bit more random, though confidence variations are less pronounced over the reporting period. The services sector was the only one to report decrease in confidence, down three points to 63 points. In the services sector, confidence increased by three points to 63. Manufacturing increased by four points to 68 points. Meanwhile, the contractors sector report a small increase from 70 to 71 points over the past reporting period.

THIS MONTH

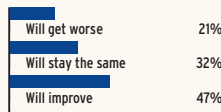
Expectations of the economy in the next three months.



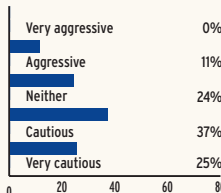
LAST 12 MONTHS



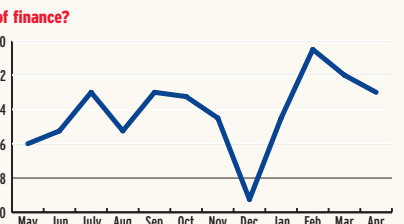
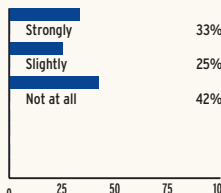
Expectations of economic development in the next two years.



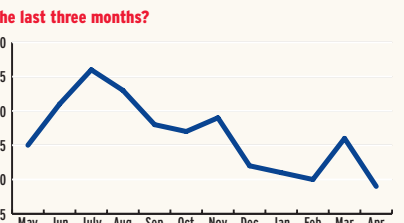
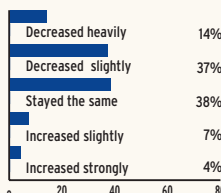
Are you being aggressive or cautious with new investments?



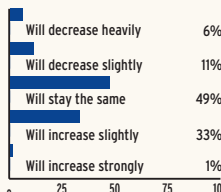
Is your business constrained by lack of finance?



How have your sales developed over the last three months?



How do you expect sales to develop in the next three months?



THE GfK GROUP is one of the largest market research companies in the world; it has 115 operating companies covering more than 100 countries of the world who deliver the knowledge on markets and sectors which our clients need for their decisions. The GfK Group is headquartered in Nuremberg, Germany. GfK is a full-service institute, which regards itself as a supplier of knowledge. It is a company with a tradition that places a high value on continuity, long-term client relationships and consistent achievement at the highest level. As one of the few globally active full-service companies, the GfK Group delivers services in all major consumer, pharmaceutical, media and service sector market segments in all types of market research studies.



Important Events

Event	Importance
Nothing	54%
Global Economy	13%
FX Price Fluctuation	11%
Stock Market	10%
Terrorist Attacks	6%

The Economic State

Stability seems to be the main characteristic for this reporting period. In the short term, 44% of our panel says that the economy will remain the same. 41% of them cite the lack of any promising events to change the status quo, while 40% attribute the local and global economic woes. The good news is that only 37% say the economy will get worse, down from 45% during the last reporting period.

The outlook for the next two years, the outlook is slightly less optimistic compared with the last reporting period as 47% say the economy will improve, compared with 53% last month. 53% say that it will either stay the same or deteriorate even further. Remarkably, for the second month running the major reason cited is "nothing," giving a clear indication of the continued state of confusion.

The panel's view of the lasting effects of the economic crisis has improved significantly, with 45% of the panel saying that the world economy will turn a corner within the next 12 months. Meanwhile, 16% say that it will end in two years compared with 20% saying the same during the past reporting period. 11% say that it will take more than two years and could stretch to 10 years compared with 10% last reporting period. Meanwhile, 28% of the panel has not given a timeframe for the end of the crisis.

Operations Overview

In another clear sign of the negative local economic environment, 44% of the panel says that their operations have been negatively impacted by the crisis. Caution with investments and financial constraints seem to be the key phrases this reporting period as 65% report caution and 58% are constrained. Meanwhile, sales levels during the past three months along with forecasts retain their usual trend rates.

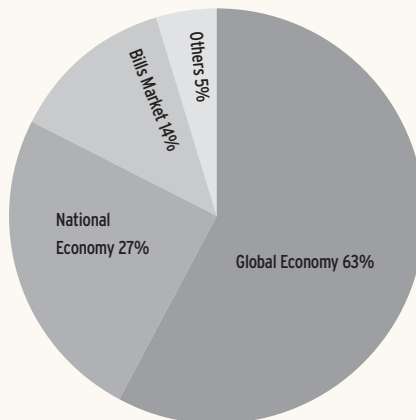
It seems that these constraints continue

End of the Crisis

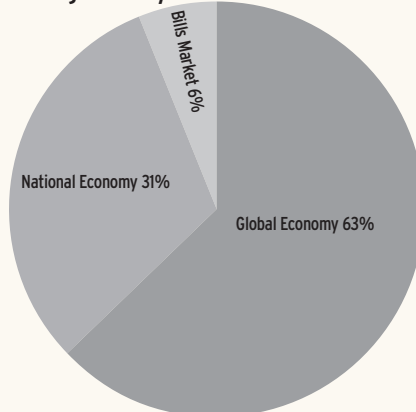
Duration	Probability
Less Than One Year	45%
One to Two Years	16%
More Than Two Years	11%
Unspecified	28%

to affect our panel, as 74% (up from 68%) of panelists reported no new projects during this reporting period. The most inactive were small corporations (79% report inactivity), and the commercial sector continues to be dormant with 86% of them reporting inactivity. Meanwhile, 53% (down from 54%) report that no projects are planned for the coming reporting period. **bt**

Factors Affecting Economic Performance During next 3 months

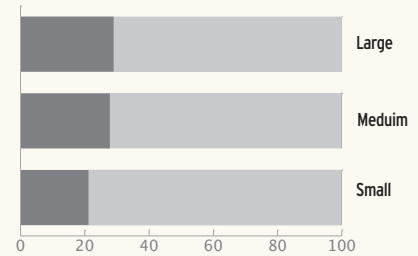


During next 2 years

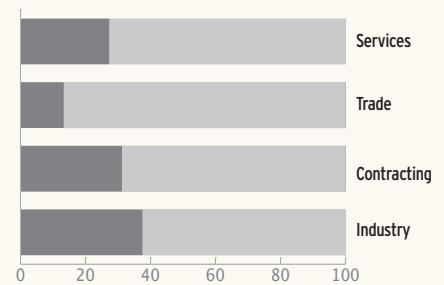


Operations Development

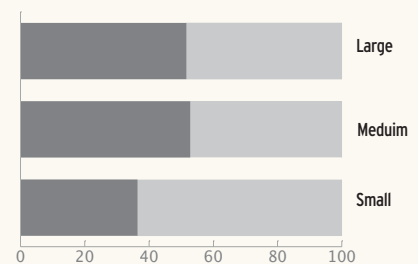
Projects executed last month? COMPANY SIZE



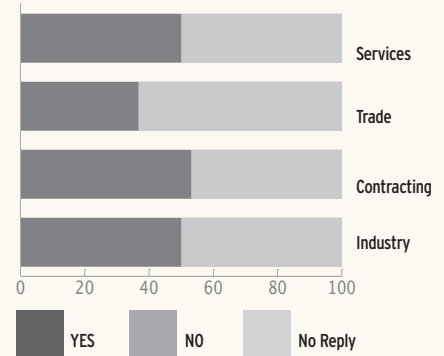
SECTOR



Projects planned for next month? COMPANY SIZE



SECTOR



YES NO No Reply

THE GfK GROUP is one of the largest market research companies in the world; it has 115 operating companies covering more than 100 countries of the world who deliver the knowledge on markets and sectors which our clients need for their decisions. The GfK Group is headquartered in Nuremberg, Germany. GfK is a full-service institute, which regards itself as a supplier of knowledge. It is a company with a tradition that places a high value on continuity, long-term client relationships and consistent achievement at the highest level. As one of the few globally active full-service companies, the GfK Group delivers services in all major consumer, pharmaceutical, media and service sector market segments in all types of market research studies.

