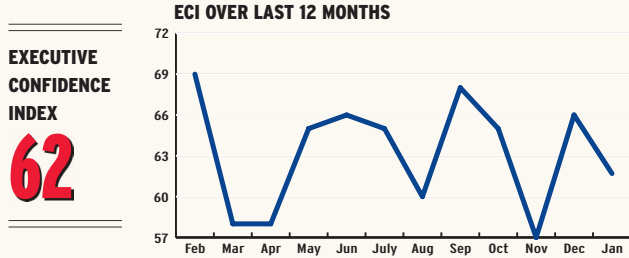


bt/Market Insight - GfK

Cautious Pessimism

Long-term prospects are good, but there's still worse to come in the short-term



In an effort to give our readers more detail, this month we've expanded our Business Confidence Barometer (BCB) to include a second page of graphs and more information about the reasons behind our 100-strong panel of experts' confidence during the reporting period, which runs from the middle of one month to the middle of the next.

This is a clean slate for BCB, and the evolution comes in the midst of an economic crisis, the inauguration of a new American president, the war in Gaza and pessimism about the economy.

Events of the Month

This reporting period has been fraught with social, political and economic events, the majority of which were troublesome. Of our panel, 44% said the war on Gaza was the most important event during this period. The global economic crisis and instability of oil prices tied for second place, each with 11%, while the shoddy performance of the stock exchange slotted in fourth place with 9%.

Other notable events included the high prices of consumer goods (5%), President Bush's final visit to Iraq (4%) and the fluctuation of exchange rates (3%).

Confidence Details

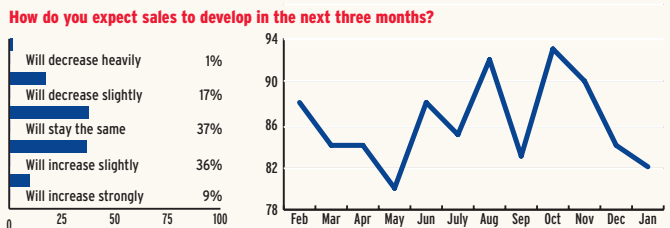
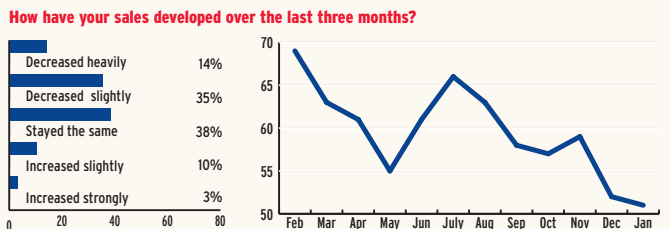
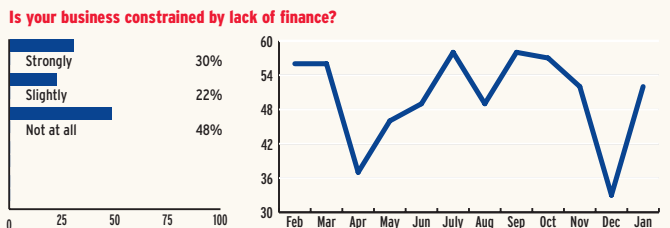
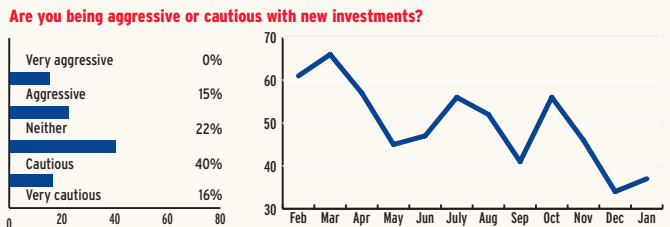
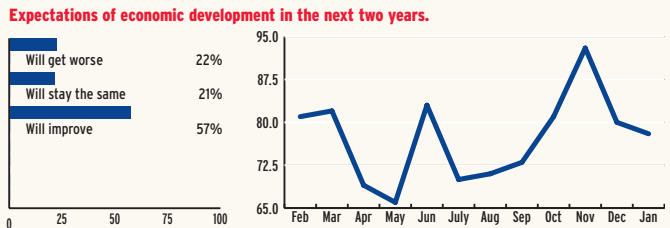
This month, the general confidence level stands at 62%. Experts from small enterprises were the most skeptical, with a confidence level of 71 points. Medium-sized companies put their confidence levels at 78 points while large corporations had a confidence level of 77 points.

By sector, the 32 members operating in the service sector had the highest confidence, with a rating of 79 points. The second most optimistic sector was the commercial sector at 74 points. Meanwhile, manufacturing, which has 22 members on the panel, had a confidence level of 75 points, and the most pessimistic was the 16-member panel from the contracting sector with a confidence level of 71 points.

The Economic State

The outlook for the economy over the coming three months is one of cautious pessimism because of the global economic crisis and the subsequent response of the national economy. Forty percent of the panel says that the state of the economy will stay the same, and forecast that the worst is already upon us. Meanwhile 41% expect that the economy will deteriorate further with the worst still to come in the next three months.

THE EXECUTIVE CONFIDENCE INDEX is calculated from responses to all survey questions. The bt/Market Insight - GfK Business Confidence Barometer survey was completed in December 2008 by Market Insight - GfK, a Cairo-based marketing and research consultancy, member of GfK World Group. Survey sample: 100 senior executives in industry (22%), construction (16%), commerce (30%) and services (32%). Respondents by company size: 33 with 1-50 employees, 34 with 51-99 and 33 with 100 or more.





Important Events

Event	Importance
War on Gaza	44%
Stock	9%
The Global economical Crisis	10%
High prices	4%
Oil price	11%

Within the next two years, 57% of the panel believes that there is a good chance the economy will improve; 66% of the panel says they are depending on the improvement of the global economy and 21% are depending on the national economy gaining momentum. The majority of the panel also believes that the crisis could end within the next 24 months, if not sooner. In numbers, 29% of the panel expects the crisis to end by 2010, 18% say that it is a matter of months and 16% say that the crisis will end by 2011. However, 12% of the panel is pessimistic, saying they think the crisis will continue beyond two years or without specifying a time limit.

Operations Overview

Generally, operations were badly affected during this reporting period as 44% of the panel has reported negative effects on their businesses, mainly due to seemingly erratic price increases. Sixty-eight percent said that they had no new projects in this reporting period and 57% say that they will start new projects during the coming three months.

The attitude of 56% of the panel is either cautious or very cautious, with respondents citing the main reason as fear of how the market is reacting to global changes. Meanwhile, 52% have reported slight or strong cash constraints, citing both limited internal financing sources and limited outside financing for projects.

The Road Ahead

On the whole it seems that confidence levels of the panel are contingent on what happens with the world economy over the coming months. Countries are negotiating even more stimulus packages to aid their struggling economies and the UK just announced it has entered a recession for the first time since the 1980s – hardly good news for consumer

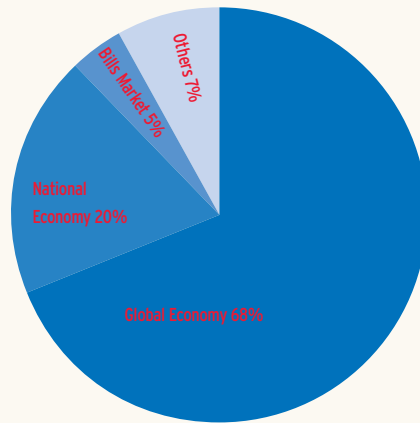
End of the Crisis

Duration	Probability
One year	29%
Within months	25%
2 years	16%
More than 2 years	4%
Not specific	13%

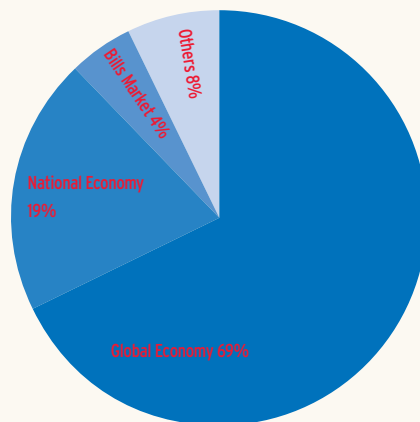
confidence. The 'good' news is that many on the panel expect it to be a matter of months, not years, for world economies to come back to life. *bt*

Factors Affecting Economic Performance

During next 3 months

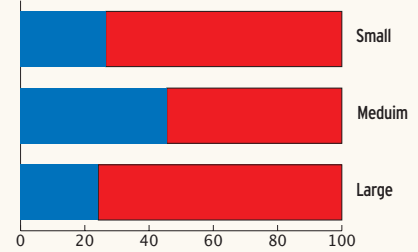


During next 2 years

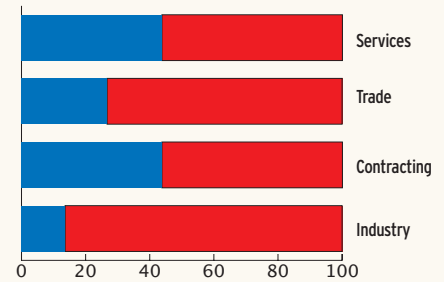


Operations Development

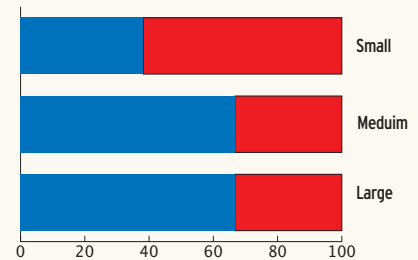
PROJECTS EXECUTED LAST MONTH? COMPANY SIZE



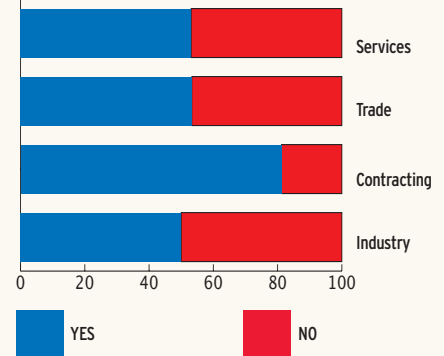
SECTOR



PROJECTS PLANNED FOR NEXT MONTH? COMPANY SIZE



SECTOR



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