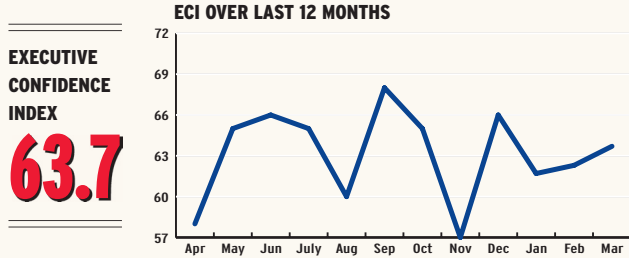


bt/Market Insight - GfK

# Uncertainty Rules

Though things aren't looking as bleak as before, no one seems to know when the good times are coming



Is there hope for the economy? It depends who you ask. The first week of March ended with the Dow Jones back over the 7,000-point mark. The EGX 30 index gained momentum over the reporting period, rising from a low of 3,517 points on March 3 to a high of 3,819 points on March 15. Under normal circumstances those gains would pass virtually unnoticed, but nowadays we'll take what we can get.

For the month of March, our panel has shown a marginal rise in level of confidence by 1.4 points to stand at 63.7, meaning the majority have a favorable outlook.

It's amazing how a story or event becomes so big that after a while we stop noticing it. Case in point: Only 7% of our panel mentioned the global recession as a significant event during this past reporting period – coming in sixth place behind the still-lingering memory of the Gaza war at 8%. Fluctuation of stock prices comes in at number three with 16%. The Khan El-Khalili bombing gathered 24%, placing it second on the list. And surprisingly, 35% said that this month has passed without any significantly important event to speak of.

Fluctuation of commodity prices and exchange rates came in fourth place with 13%, while the sale of banks and enterprises received 3% and the laying-off of employees received 2%. The Boushi scandal, the Gaza aid conference in Sharm El-Sheikh, and reduction of interest rates each took 1%.

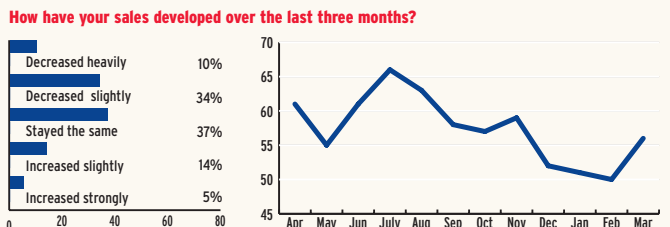
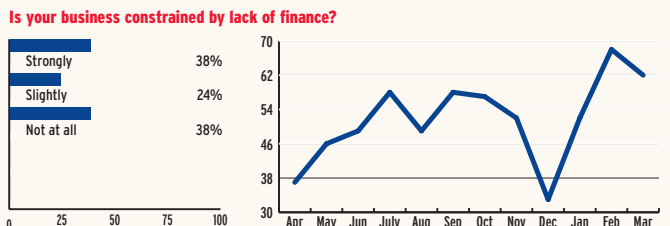
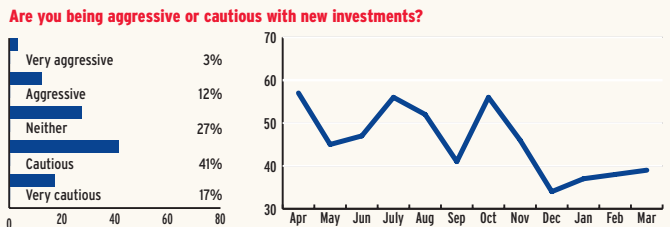
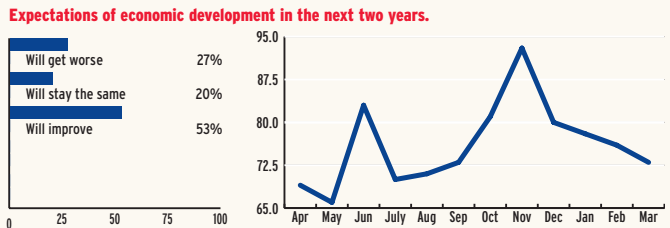
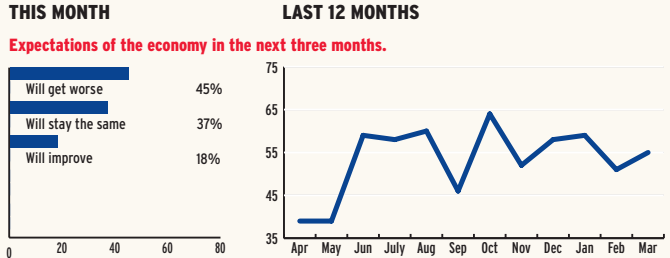
## Confidence Details

Despite overall confidence levels rising by 1.2%, not everyone on the panel reported increased levels of assurance. By industry size, the 33 companies comprising small enterprises have seen a significant increase in confidence, rising from 59 points to 68. On the other hand, the 33 medium-sized corporations reported slightly less confidence, dropping from 64 points to 63. And lying in the middle, with no change in level of confidence, large companies stood at 62 points.

Things have also changed by sector. Services, comprised of 32 members, dropped one point from last month, to 66. The 30-member commercial sector rose in confidence by three points over the same period to stand at 60. Meanwhile, manufacturing, with 22 members, fell from 66 to 64 points. Finally, the contracting sector gained significantly, rising from 57 points to 70 points.

## The Economic State

Only 18% of our panel says that the economy will improve in the coming three months, citing improvements in the economic status and the



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             | 35%        |
| Terrorist Attack    | 24%        |
| Stock Price Changes | 16%        |
| Price Fluctuation   | 13%        |
| War on Gaza         | 8%         |

improvement of local production as reasons for optimism. However, the remaining 81% are not so optimistic: 45% (down 4%) of our panel see the economy getting worse in the coming three months, while 38% believe it will remain as it is now for the foreseeable future. The biggest reason given by panelists for their lack of confidence is the global recession and its effect on the local economy, coupled with the fear that the bottom has still not been hit.

Looking to the next two years, the outlook has improved from the last reporting period with 53% (up 2%) of the panel saying that things will improve. The other 47% say that it will either stay the same or deteriorate even further.

Outlook has fluctuated when forecasting the end of the global financial crisis. Of the panel, 22% say that everything will be over by the end of 2009, a 20% drop from last period. Meanwhile, 20% say that it will end in two years, up from 11% during the last reporting period, and 10% believe it may even stretch to 10 years. Of those surveyed, 28% did not offer a timeframe for the end of the crisis.

### Operations Overview

Things are looking a little better for our companies' operations and how they are being hit by the economic slowdown. Shedding 5% from last month, 39% of the panel witnessed a negative impact on their overall operations. The number of panel members who report being financially constrained also dropped, from 40% last reporting period to 38%. Sales development and forecast fluctuated slightly, with 10% reporting a major decrease in sales.

In terms of new projects commenced during the current reporting period there is a slight degree of improvement, as 59% have reported they have not started any new projects, down from 68% in the last period. However, 56% (up 2%) have said that they are not planning any new investments for the immediate future.

## End of the Crisis

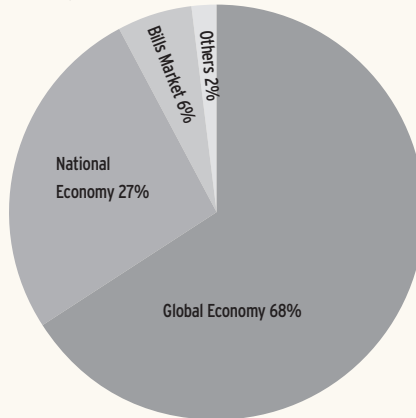
| Duration            | Probability |
|---------------------|-------------|
| Less Than One Year  | 22%         |
| One to Two Years    | 20%         |
| More Than Two Years | 10%         |
| Not Specific        | 28%         |

### Conclusion

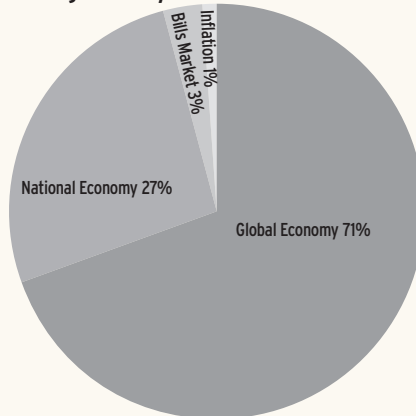
All in all, things are looking okay confidence-wise according to our panelists. We all know that it is going to be a long haul until things clear up in the world economy, but even the brightest financial minds can't tell when things will start looking up. All we can do now is hunker down and try to weather the storm. **bt**

### Factors Affecting Economic Performance

#### During next 3 months



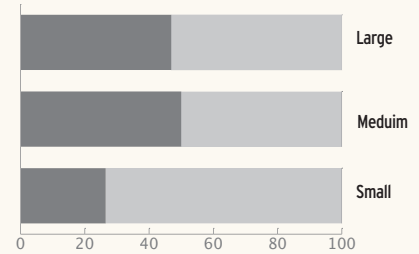
#### During next 2 years



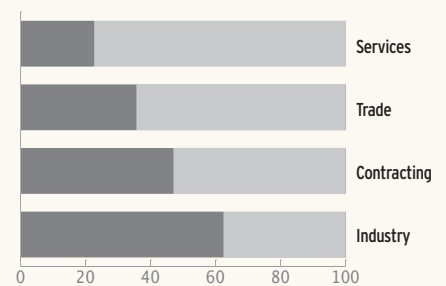
## Operations Development

### Projects executed last month?

#### COMPANY SIZE

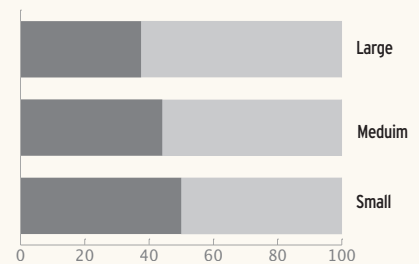


#### SECTOR

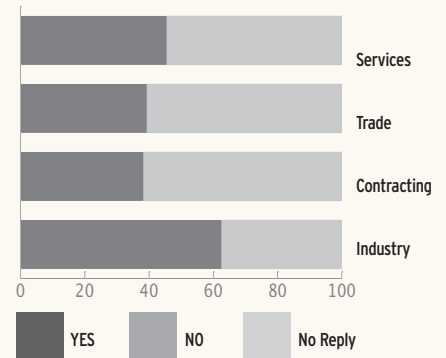


### Projects planned for next month?

#### COMPANY SIZE



#### SECTOR



**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.

