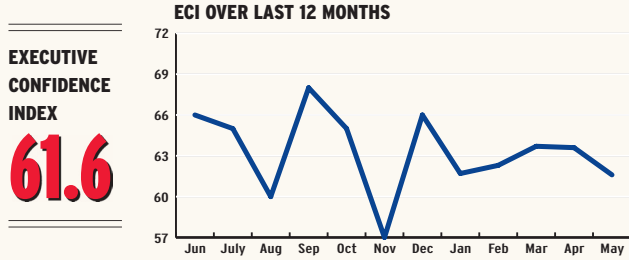


bt/Market Insight - GfK

# An Outbreak of Piggy Paranoia?

Swine flu and tainted wheat are causing a headache, but the news is not all bad



Remember SARS – the virus that was going to wipe out Asia a few years ago? This time round it's swine flu that is sowing fear and panic across the globe – a media-fueled craziness that Egypt has taken to a whole new level, ordering the slaughter of a possible 300,000 pigs in a government-controlled porkicide that goes against the advice of the World Health Organization, the United Nations and just about every other global body that has some stake in the issue.

In other human-transmitted disease news, bird flu cases are on the rise and a United States-based research organization has ranked Egypt as the country with the highest rate of infection outside Asia.

But it's not all coughs and colds. A scandal broke out over the import of 52,500 tons of tainted wheat from Russia, prompting the People's Assembly to launch an investigation.

Despite these various goings on, the EGX continued to roll upward, finishing the reporting period at 5,682, up from 4,800 points at the period's start. That didn't soothe the minds of our panel though: Confidence levels dropped two points to 61.6.

## Events of the Month

It seems that last month was all about paranoia – despite the pig cull affecting only a small niche industry, the swine flu panic weighed heavily on the minds of 40% of our panel as the major event affecting their confidence outlook. On the other hand almost the same percentage of the panel retained their cool: 38% said that no events affected their operations during the reporting period. Coming in a distant third with a combined 8% were the performance of the EGX and 'global events,' while price fluctuations in food, construction materials and foreign exchange rates took fourth place at 6%. Bird flu, despite the fact it was actually present in Egypt, only affected the confidence of 5% of the panel.

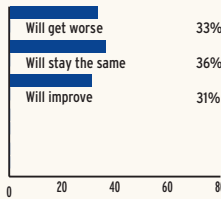
## Confidence in Detail

Despite our panels' increased confidence regarding overall economic conditions and their higher sales figures, confidence fell from 58 to 34 points. A major factor behind this drop – pigs and birds aside – could be attributed to still limited financial resources and tight access to finance in the current market.

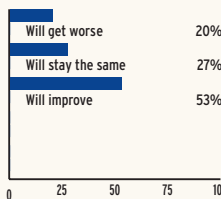
By industry size, small enterprises' confidence levels increased from 63 to 67 points. Medium-sized corporations' confidence grew by two points to 67, while for the second month running, the biggest boost in confidence was for large corporations: leaping from 67 to 74 points.

## THIS MONTH

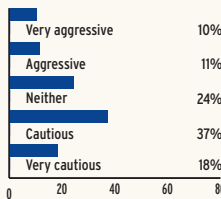
Expectations of the economy in the next three months.



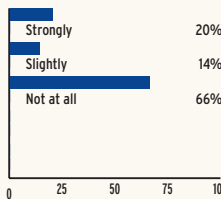
Expectations of economic development in the next two years.



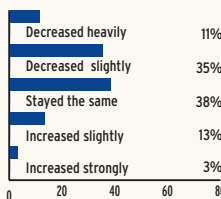
Are you being aggressive or cautious with new investments?



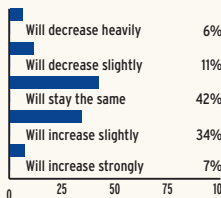
Is your business constrained by lack of finance?



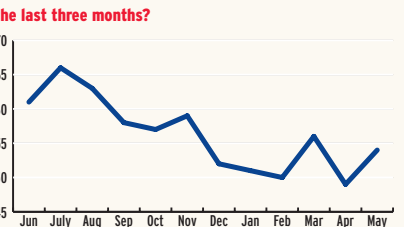
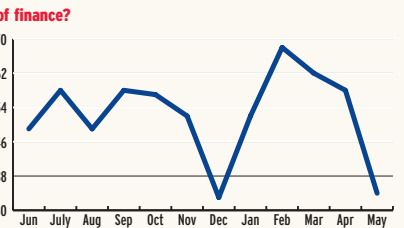
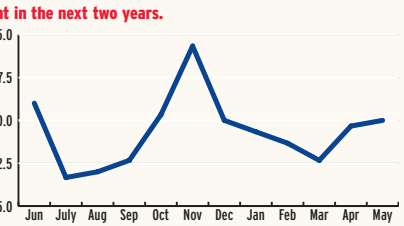
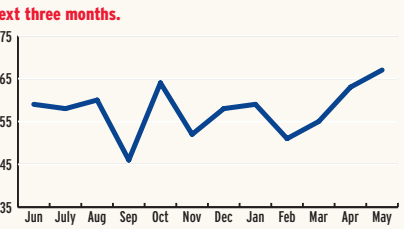
How have your sales developed over the last three months?



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



## LAST 12 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
Swine Flu	40%
Nothing	38%
Local & Int'l Stock Market	8%
Price Fluctuations	6%
Avian Flu	5%

By sector things are also looking up. The services sector gained steam, climbing from 63 to 69 points. Commerce confidence increased from 63 to 66. Contractors' confidence increased by eight points to reach 79, while manufacturers' confidence remained the same as the previous month at 68 points.

### State of the Economy

The panel's stability outlook has changed quite a bit from last month. In the short term, 36% of our panel believes that the economy will remain the same. This is down from 44% holding that view last month. One third of the panel believes that things will get worse, down from 37% last reporting period, while 31% maintain a positive outlook for the coming three months.

Looking ahead to the next two years, a positive economic outlook is gaining momentum: 53% of the panel are optimistic – up from 47% last month – believing that the economy will improve, while 47% say the economy will either stay the same or deteriorate further.

Taking a stab at riskier economic predictions, 42% of the panel believes the global recession will be over by the end of 2009 (down from 45% last month), 23% say that it will end sometime in the next one to two years (up from 16%), while 6% say the crisis and its fallout will continue beyond the next two years (down from 11%). Just under one third of the panel took the middle road, remaining uncertain as to when the crisis would end.

### Operations Overview

In a possible sign that our panel's businesses are recovering from the crisis, only 39% – down from 44% last month – of the panel say that their operations have been negatively impacted by the crisis. The mood is still one of caution though – 65% of the panel remained cautious in their investments.

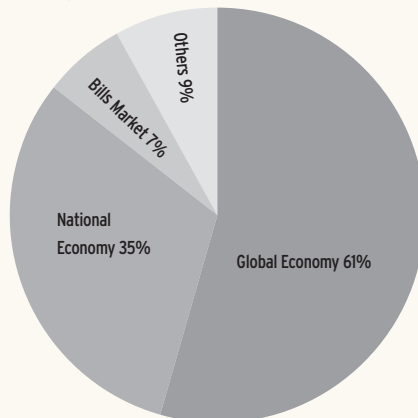
There are also signs companies are begin-

## End of the Crisis

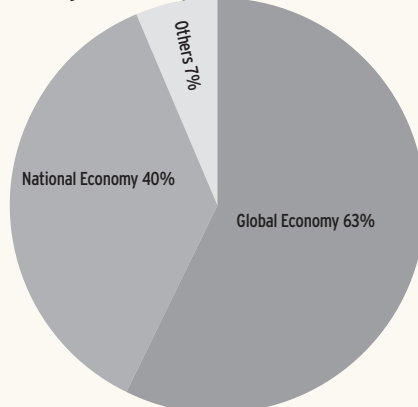
Duration	Probability
Less Than One Year	42%
One to Two Years	23%
More Than Two Years	6%
Unspecified	29%

ning to think about new projects – 60% of the panel reported no new projects for the month; this was lower than last month's 74%. Most inactive were small corporations, with 74% reporting no new projects, slightly down from 79%. The services sector took over from the commercial sector as the most dormant, with 68% reporting inactivity. **bt**

### Factors affecting economic performance during the next three months

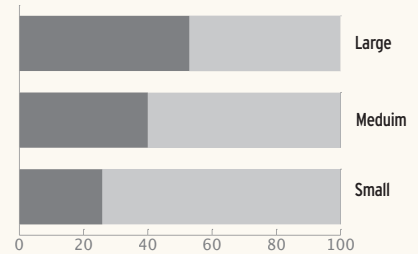


### During next two years

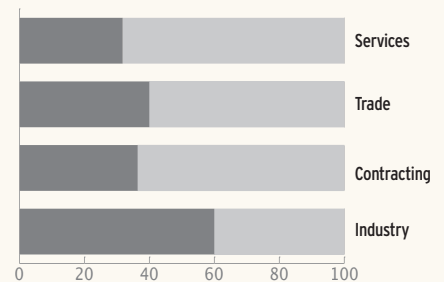


## Operations Development

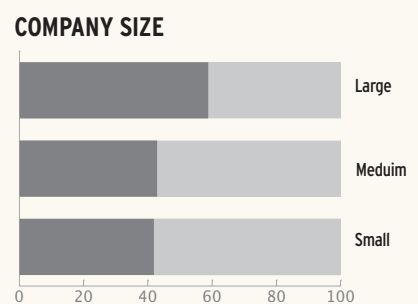
### Projects executed last month? COMPANY SIZE



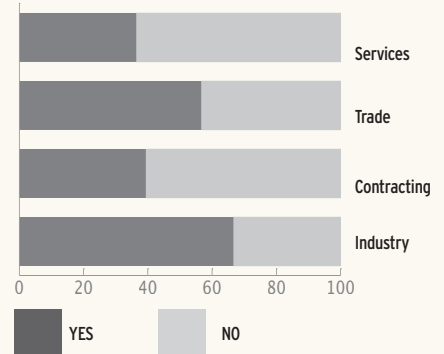
### SECTOR



### Projects planned for next month? COMPANY SIZE



### SECTOR



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