

# Business Optimism Index Saudi Arabia Q1 2009

19th January, 2009

Presented by  
Dun & Bradstreet  
National Commercial Bank



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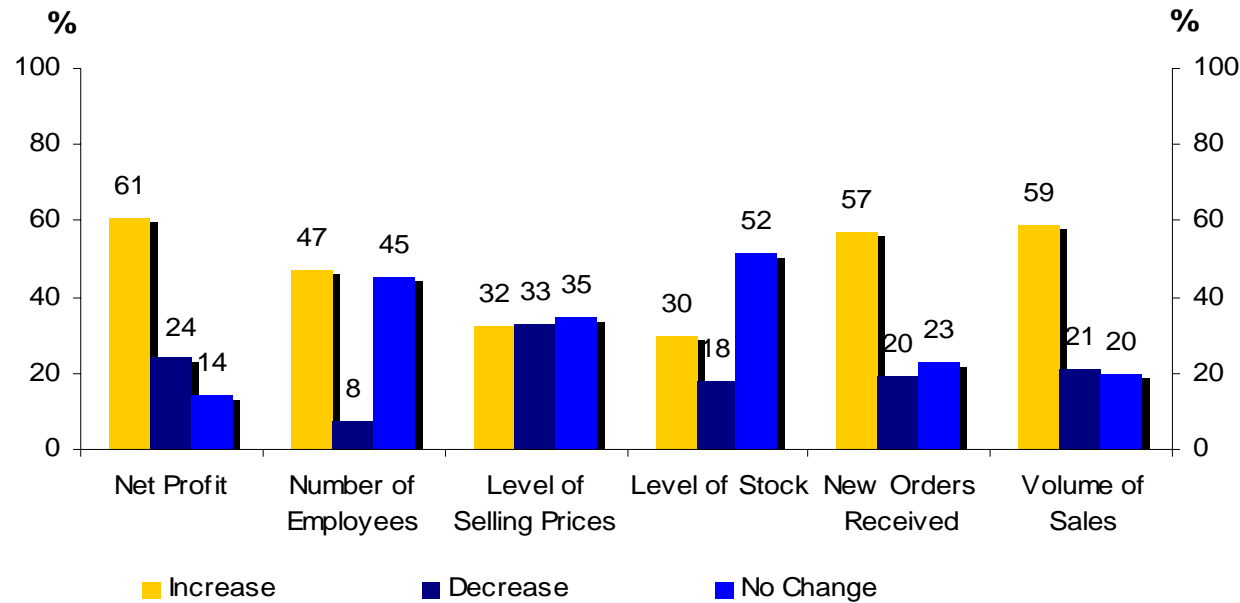
# Business Optimism Index

- **The D&B Business Optimism Index is recognized world over as an indicator which measures the pulse of the business community**
- **Provides insights into the short-term outlook of the business community on investment, sales, profit growth etc**
- **Analysis of major trends, outlook and issues concerning the business units**
- **Widely used by policymakers and investors for assessment of business sentiment**
- **Overtime it gives a composite index which emerges as a leading business indicator of turning points in economic activity**

# Survey

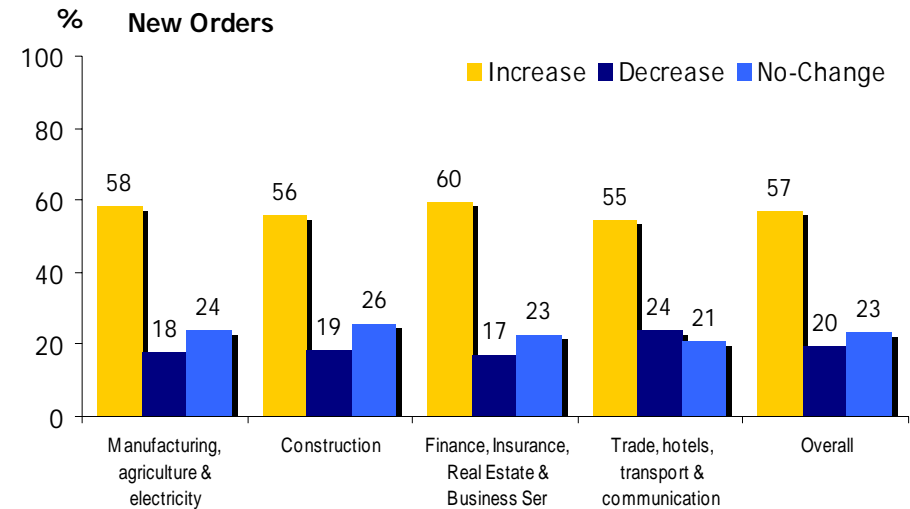
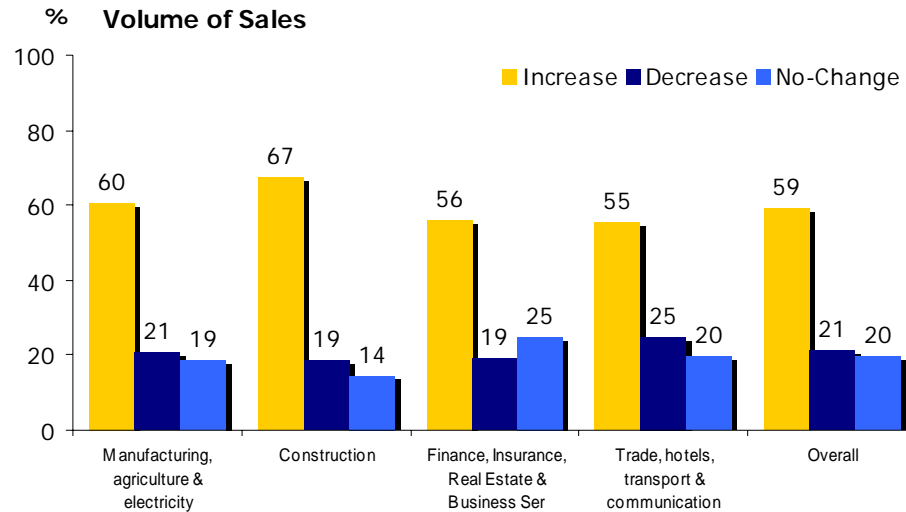
- **Sample of business units representing the Saudi Arabian economy is selected**
- **500 business owners and senior executives across business units surveyed**
- **Conducted between November 16<sup>th</sup> and November 25<sup>th</sup> for the quarter starting January 2009**
- **Respondents are questioned on their expectations for relevant business parameters**
- **Hydrocarbon sector survey conducted separately**
- **Also surveyed respondents regarding current business conditions vis-à-vis: investment plans, industry concerns, effects of global financial crisis**

# Overall business outlook upbeat



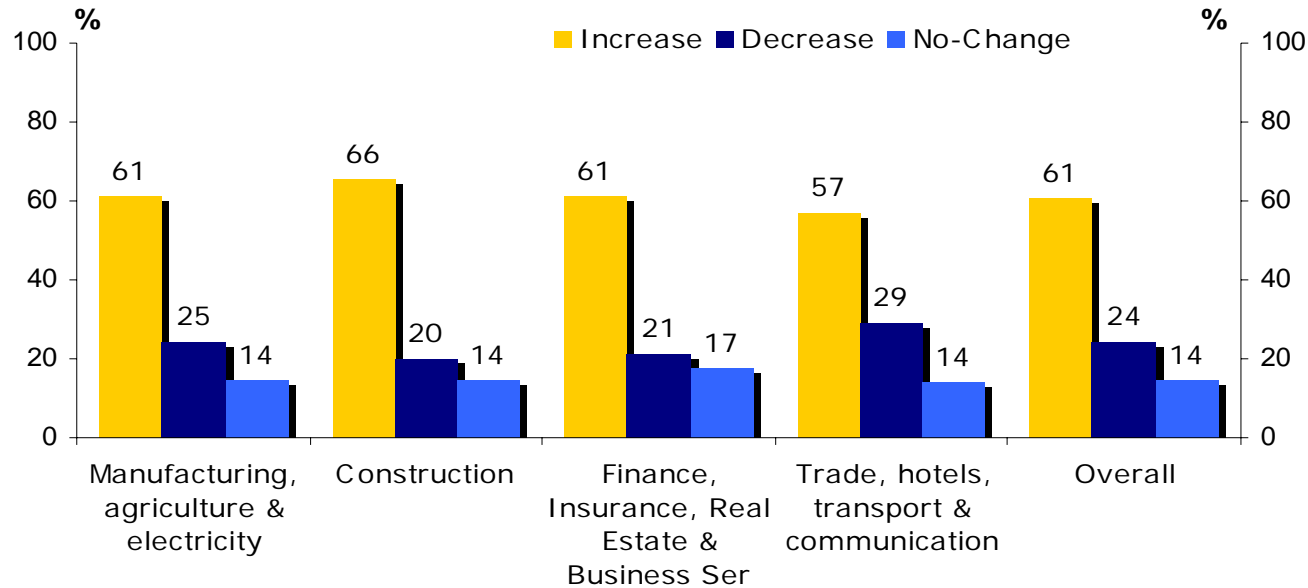
- Demand outlook for the quarter expected to be moderate
- Most business units expect Net Profits to increase
- Inflationary pressures to ease

# Buoyant demand drives business sentiments



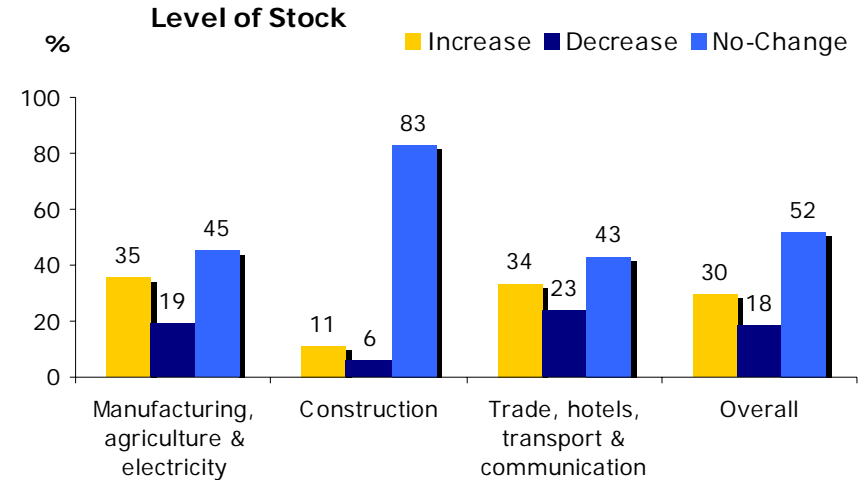
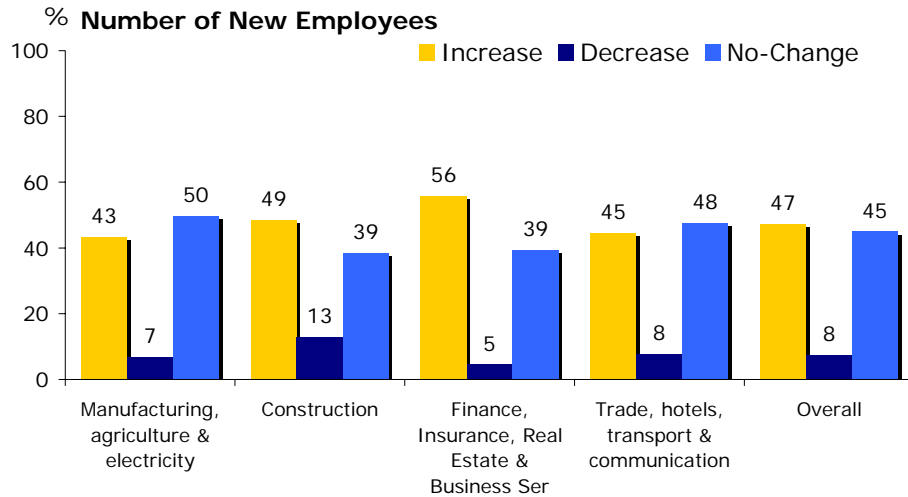
- **59% business units expecting an increase in sales volumes**
- **New Orders expectations high across all sectors**
- **Construction and Real Estate sector set to defy tight financial condition**

# Profits expectations high



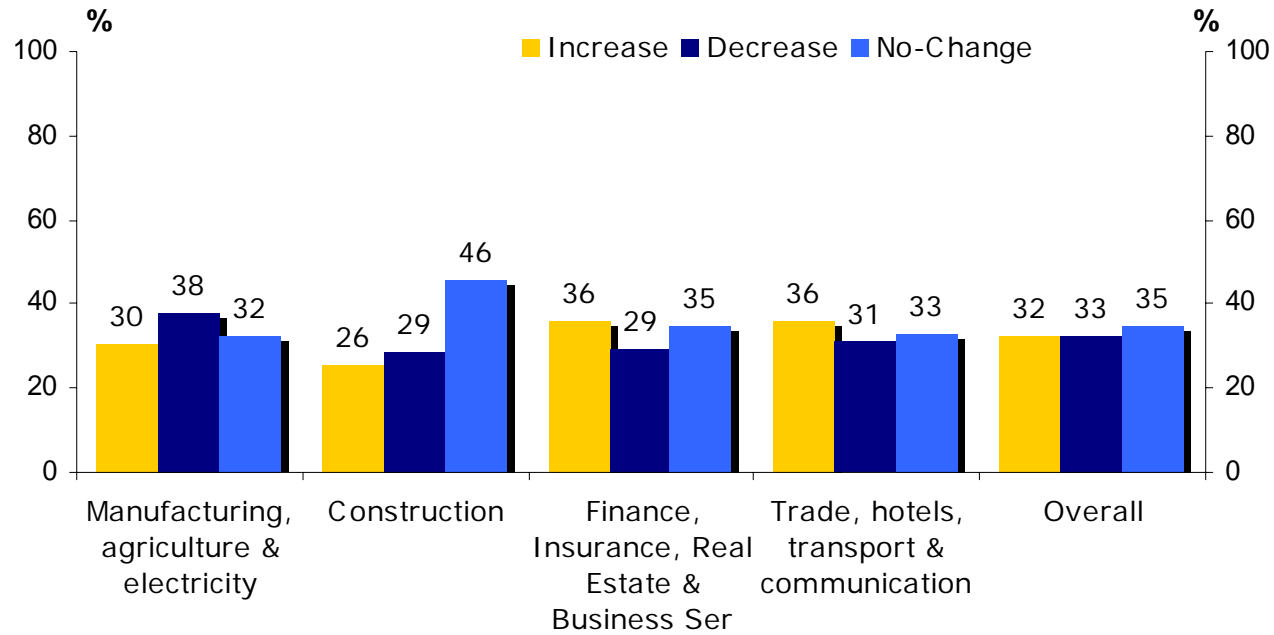
- Profitability expectations high across sectors
- Construction sector expects steady growth
- Trade, hotels & transports sector least upbeat

# Cautious about costs



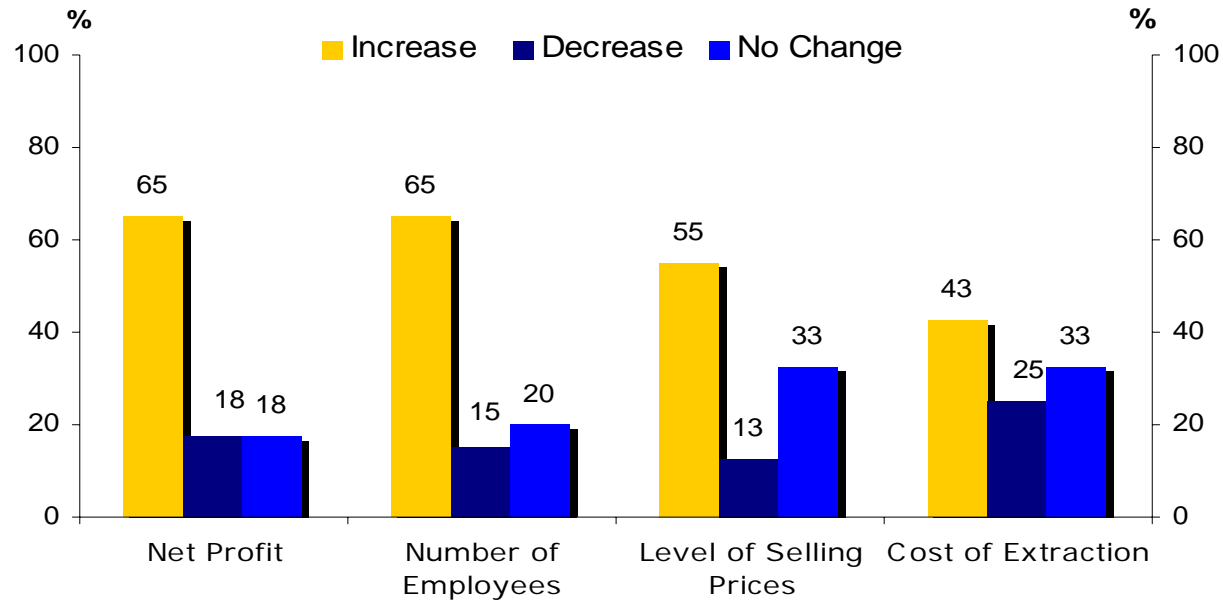
- **New job creation to pace down**
- **Business units expected to maintain inventory at last quarter levels**
- **Finance sector to create most new job opportunities**

# Downward pressure on prices



- **Selling Price expectations diminish**
- **Real Estate prices expected to stay at last quarter levels**

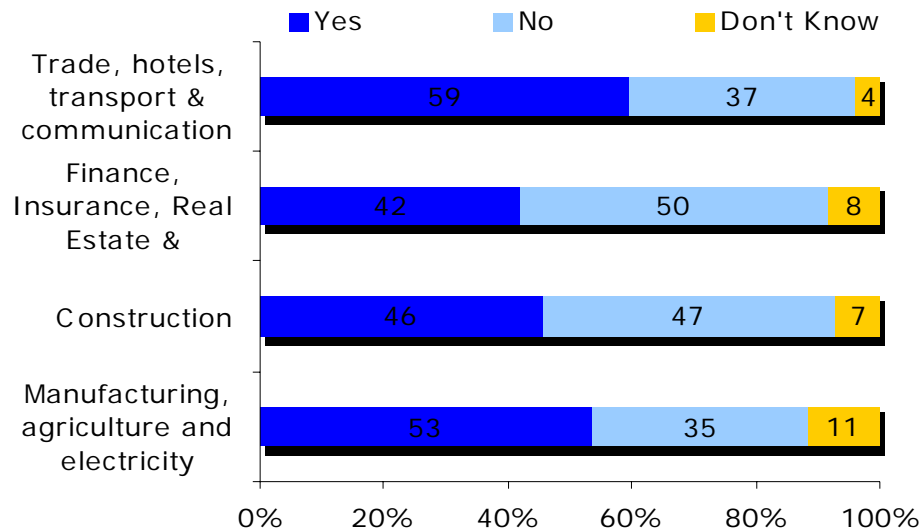
# Oil & Gas sector



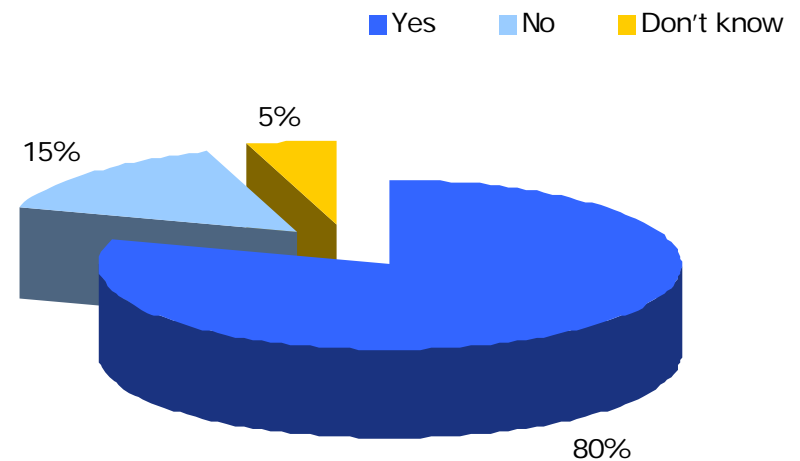
- Sentiments positive despite sharp drop in global crude oil prices
- Profitability expectations high
- Significant employment growth in the sector

# Impact of global financial crisis

## Non Hydrocarbon



## Oil & Gas



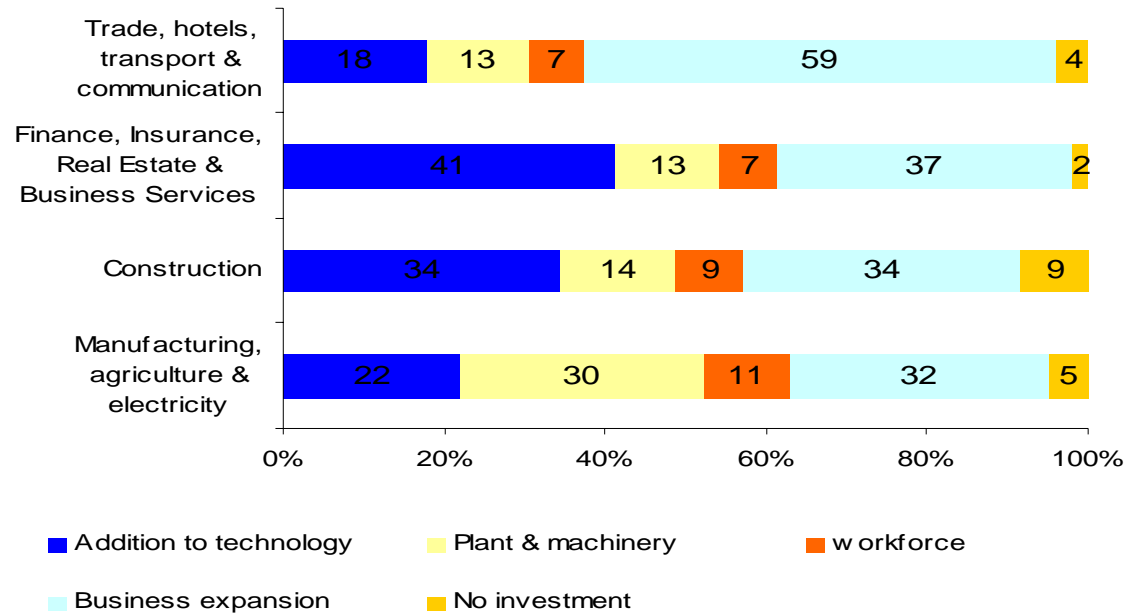
- Most businesses feel the pinch of global financial crisis
- Oil & Gas sector to be most affected
- Finance & Construction sector resilient in these testing times

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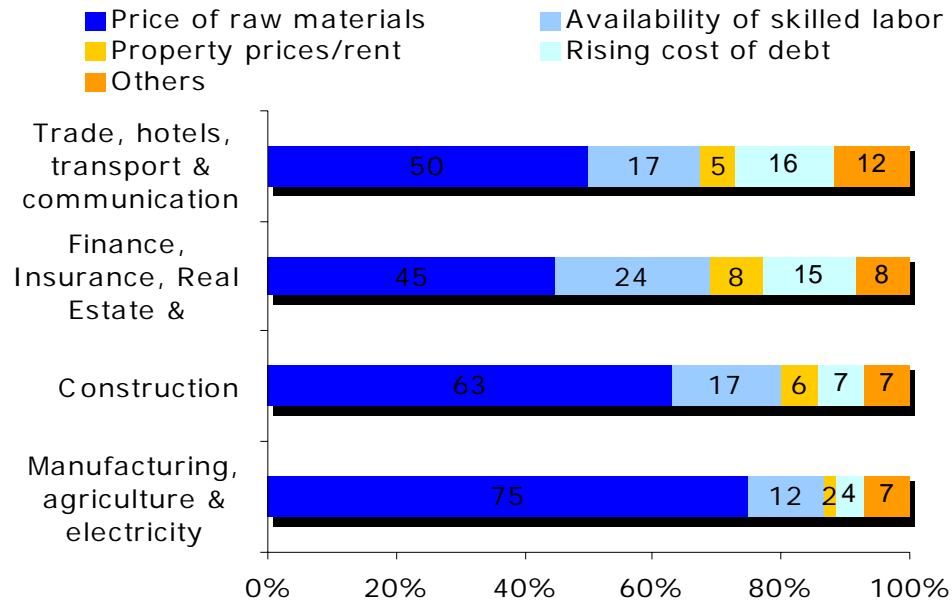
# Non hydrocarbon sector investment plans



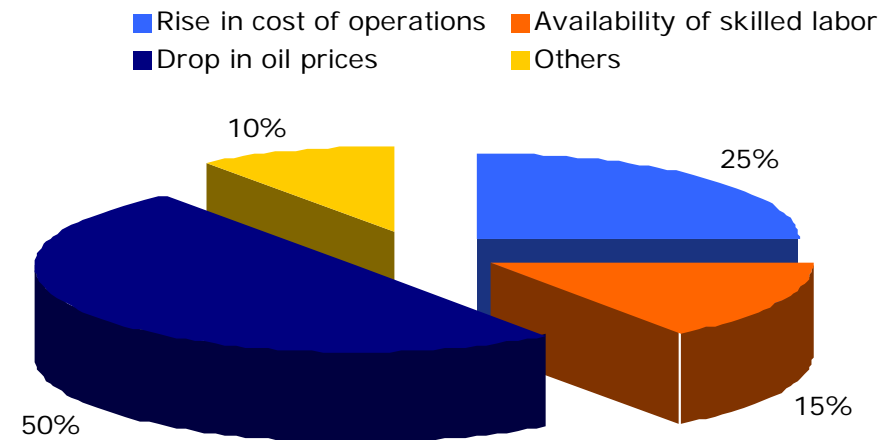
- Only few business units steer away from any new investments next quarter
- Business expansion to be the top priority
- Finance and Real Estate sector to focus on investments in technology
- Manufacturing sector planning to invest in additional plant & machinery

# Business concerns

## Non Hydrocarbon



## Oil & Gas



- Escalation in costs considered a major roadblock
- Availability of skilled labour a significant concern
- Oil & gas sector most concerned about drop in oil prices

# Outlook for Q1 2009

- **Positive business sentiments despite financial crisis**
- **Sales and profits levels to increase**
- **Easing inflationary pressure**
- **New Employment opportunities to pace down**
- **New investments planned in Business expansion**

**THANK YOU**

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