Dun & Bradstreet's
Business Optimism Index – Qatar
Sponsored by the Qatar Financial Centre

QFC
مركز قطر للمال

Q3 2015

Key Highlights

- The hydrocarbon sector outlook has continued to weaken, primarily due to falling oil prices. The composite BOI has decreased from 1 in Q3, 2014 and 5 in Q2, 2015 to -3 in Q3, 2015.
- The composite BOI for the non-hydrocarbon sector has moderated from 39 in Q3, 2014 and 41 in Q2, 2015 (q-o-q) to 29 in Q3, 2015 with declines in all five parameters comprising the index.
- Among the five non-hydrocarbon sub-sectors, the Construction, Transport and Communications, and Finance, Real Estate & Business Services sectors have recorded the same composite BOIs.
- Within the Trade & Hospitality sector, the trade segment is much more optimistic than the hospitality segment, which has been impacted by the seasonal decrease in demand.
- Within the Finance, Real Estate & Business Services sector, the finance & insurance sector has displayed much stronger sentiments.
- Despite the decline in the composite BOI over the last two quarters, the outlook for the overall business environment continues to be strong; 61% of the firms in the non-hydrocarbon sector and 48% in the hydrocarbon sector expect no hindrances in Q3, 2015 versus 39% and 27% respectively in the last quarter.
- As in the previous quarter, the hydrocarbon sector will be most impacted by the falling oil prices, while the foremost concern for non-hydrocarbon firms is competition.
- In the hydrocarbon sector, 25% firms plan to invest in business expansion in Q3, 2015 compared to 33% last quarter. The trend is similar for non-hydrocarbon firms as 30% have planned expansion activities in Q3, 2015 compared to 36% in Q2, 2015.

Methodology

The D&B Business Optimism Index

The D&B Business Optimism Index is recognized as a product that measures the pulse of the business community and serves as a reliable benchmark for investors. The D&B Business Optimism Index is arrived at on the basis of a quarterly survey of business expectations. It is conducted in various countries that D&B operates in. Over time, the quarterly survey has emerged as a leading indicator of turning points in economic activity in these countries.

A random sample is selected from Dun & Bradstreet's commercial database for conducting this survey. This sample is divided into hydrocarbon and non-hydrocarbon segments to eliminate the dominance of the former over the latter and understand their dynamics individually. The hydrocarbon segment includes Qatar's mining, oil and gas companies whereas the non-hydrocarbon segment encapsulates in its purview the following sectors:

- Manufacturing (90 units)
- Construction (110 units)
- Trade & Hospitality (80 units)
- Transport & Communications (65 units)
- Finance, Real Estate & Business Services (115 units)

The sample is a microcosmic representation of Qatar's business community. The survey respondents are asked if they expect an increase, decrease or no change regarding the following parameters: Volume of Sales, Net Profits, Level of Selling Prices, New Orders received, Level of Stock, and Number of Employees.

The individual indices for each of the above parameters are then calculated by subtracting the percentage of respondents expecting decrease from those expecting increase.

Additional poll questions are asked relating to the current economic scenario and are aimed at gauging the business sentiments with regards to several key current issues.

For the purpose of the survey, Q1 is the period between January and March, Q2 is the period between April and June, Q3 is the period between July and September, and Q4 is the period between October and December each year.

Composite Business Optimism Index

The purpose of the Composite Business Optimism Index is to capture the aggregate weighted behavior of all the six individual indices in the non-hydrocarbon sector. Beginning Q3, 2009, D&B has introduced composite indices for all sub-sectors in the non-hydrocarbon segment to allow one indicator to summarize optimism levels in each of these sub-sectors.

Global Economic Outlook

The IMF has downgraded its forecast for global economic growth this year to 3.3%, from its previous estimate of 3.5% made in April. Sluggish economic activity in the US during the first quarter was cited as one of the primary reasons for the downward revision. The US economy contracted in Q1, 2015 due to harsh winter conditions, port strikes, and downsizing in the energy sector. As a result, its projected growth for 2015 was cut by the IMF from 3.1% to 2.6%. However, with recovery in growth in the world's largest nation, the global economy is also projected to rebound next year to a growth of 3.8%. US consumers are spending again and housing and auto activity are rebounding. Also, the slide in oil prices which undercut investment has been partially reversed. Other factors that should be supportive of a faster pace of global growth in 2016 include easier credit, low gas prices, reformed Euro zone policies, improving confidence and a better job market. The Fund has however not altered the forecast for the Euro zone, saying that the impact of Greece's financial crisis will be just marginal and the region's economic recovery is "broadly on track" and "generally robust." Additionally, the economies of Germany, France, Italy and Spain are projected to post a steady uptick. However, growth forecast for Japan has been revised down to 0.8% for 2015 as consumer spending still remains lacklustre despite economic mesures undertaken to boost the same.

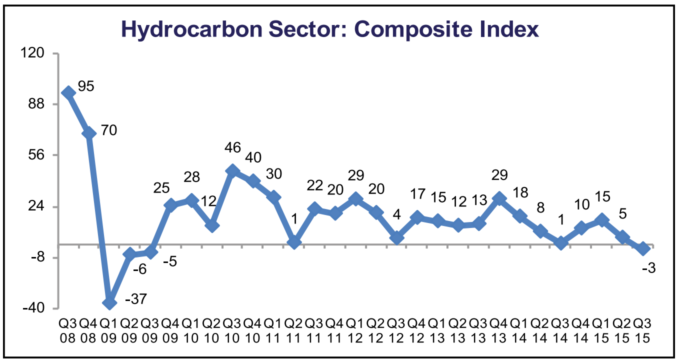
Emerging market and developing economies (4.2% growth in 2015) continue to face headwinds in the form of depressed commodity prices, structural bottlenecks, tighter financial conditions and geo-political conflicts. The IMF has also left the outlook for China unchanged in its most recent report, despite the recent stock market volatility. China's real GDP growth for 2015 is estimated at 6.8%, with a further softening to 6.3% in 2016. A contraction of 3.4% is projected for the Russian economy due to sanctions related to the conflict in Ukraine. Some Latin American countries that rely heavily on exporting oil and other commodities are struggling to recover from plummeting commodity prices.

Hydrocarbon Sector

Oil prices increased around 17% during the second quarter of 2015, reflecting stronger demand and some tightening in supply. There was a decline in the rig count in the US, expectations regarding economic recovery in the Euro zone increased and there were consecutive crude inventory declines in the US. Additionally, geo-political stresses in the MENA region along with uncertainty surrounding Iran's nuclear negotiations also supported prices. Oil prices fell again in July on concerns over the fallout on the Euro zone of the Greek debt situation, the sharp correction in China's equity markets and the prospect of an eventual return of Iran's oil to world markets, following the nuclear accord. Continued large supplies of crude in the global economy, with growing production and the strengthening dollar have also contributed to the correction in oil markets. The monthly OPEC reference basket declined from US$ 60.21 per barrel in June to US$ 54.49 per barrel in July.

Going forward, a large part of the decline in oil prices from the US$ 100-120 per barrel range in 2014 to US$ 60 per barrel is likely to persist over the medium term. Significant pressures to the oil price outlook exist in the form of larger than expected non-OPEC production and rising OPEC output, especially from Iraq, Saudi Arabia, and Iran.

The sharp reduction in oil prices during Q1, 2015 led to a steep decline in the nominal gross value added (GVA) of the mining & quarrying sector of Qatar, with the GVA decreasing 31.5% on a yearly basis and 12.5% on a quarterly basis. However, the real GVA of the sector declined by just 0.1% from the previous year, but increased 4.2% from the previous quarter. According to the IMF, Qatar is being affected by the decline in oil prices since more than 90% of its budget revenues and exports are linked to activities of the oil & gas sector and hence the country's fiscal and external sectors will remain under pressure. The fall in oil prices is also expected to pass through to Qatar's LNG prices with a lag of up to a year. However, real growth could accelerate to about 7% this year as the Barzan field begins natural gas production. Risks to Qatar's hydrocarbon sector will remain if oil and natural gas prices slide below expected levels given slow global growth. In the long term, rising unconventional oil supplies and growing competition in the LNG market could also adversely impact the hydrocarbon sector in Qatar.



The survey for Q3, 2015 shows that the outlook of the hydrocarbon sector has turned negative for the first time in six years. The composite BOI has declined to -3 for Q3, 2015 from 5 in the previous quarter due to lower scores across all parameters; Volume of Sales, Selling Prices, Profitability and Hiring indicators.

The BOI for Volume of Sales has dropped from 28 in Q2, 2015 to 5 in Q3, 2015, with 30% of the participants expecting an increase from new projects/orders/customers and 25% anticipating a decrease (delay in projects or cancellation of orders). The BOI for Selling Prices remains in the negative territory at -7 in Q3, 2015 versus -5 in Q2, 2015 and -2 in Q3, 2014. 77% of the oil & gas firms expect their Selling Prices to remain stable during the third quarter; 8% are hopeful of an increase and the remaining 15% anticipate a decrease. Consequently profitability expectations have weakened on a quarterly basis, but are modestly stronger on an annual basis; the BOI has slipped from 8 in Q2, 2014 to 0 in Q3, 2015, but has increased from -8 in Q3, 2014. A third (33%) of the firms expect their Net Profits to rise, while a similar number foresee a decline, resulting in a BOI of 0. Employment expectations are also dented as the BOI has declined from 15 in Q3, 2014 and 20 in Q2, 2015 to 3 in Q3, 2015.

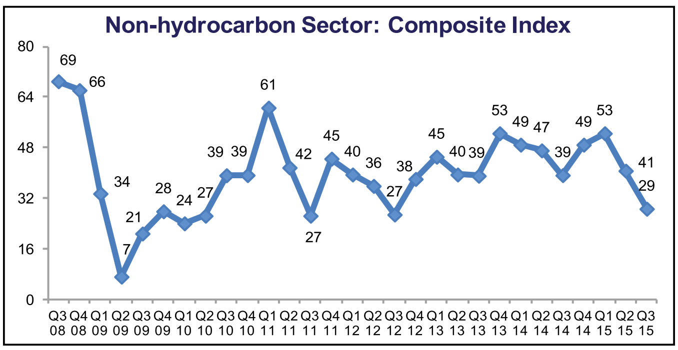
The oil & gas sector is however much more optimistic in terms of the overall business environment during the third quarter. 48% of the firms have indicated that they do not expect to be impacted by any negative factors compared to a corresponding 27% firms in the previous quarter. For the remaining companies, the largest impact will be from low oil prices (32%), competition (5%) and poor market conditions (5%).

Plans to invest in business expansion have moderated with 25% of the respondents expecting to undertake such expenditures in Q3, 2015 against 33% in Q2, 2015.

Non-hydrocarbon Sector

Qatar's projected real growth of 7.1% in 2015 will be driven by a 10.7% expansion in the non-hydrocarbon sector. Huge government expenditures to diversify the economy and prepare the country for the 2022 World Cup have supported the massive gains in the non-hydrocarbon segment. However, if oil prices continue to remain at current levels, the pressure on government fiscal and external balances is expected to build up and eventually lead to some tapering off in public expenditures.

According to the Ministry of Development Planning and Statistics figures, the real GVA of the non-hydrocarbon sector in Q1, 2015 grew 8.9% over the corresponding quarter last year. The strong growth in Q1, 2015 is the result of near double digit increases seen in the Construction, trading, hospitality and financial sectors, coupled with an over 10% jump in the country's population in Q1, 2015. Specifically, the Manufacturing sector recorded a 9% y-o-y growth in Q1, 2015; the Construction sector grew by 11.4%; the Trade, Restaurants & Hotels by 9.3% and the Finance, Insurance, Real Estate & Business services sector by 9.8%.



The non-hydrocarbon sector composite BOI has shown a 10 points annual decline and a 12 points quarterly decline to stand at 29 in Q3, 2015. This moderation is a result of weaker expectations with respect to all parameters constituting the composite index. With respect to Volume of Sales, 50% of the respondents expect an increase in the parameter supported by new orders/projects, rising population and the resultant higher demand and overall economic growth in the country. On the other hand, 18% of the firms are forecasting a decline in sales volumes due to the summer season. The resultant BOI for Volume of Sales stands at 32 in Q3, 2015 compared to 50 in Q2, 2015 and 49 in Q3, 2014. Similarly, the BOI for New Orders has also weakened to 45 in Q3, 2015 from 58 in Q2, 2015 and 53 in Q3, 2014, primarily due to the seasonal slowdown. Selling Price expectations are moderately lower with majority of the firms (76%) expecting no significant change in Selling Prices; the BOI for Selling Prices stands at 8 for Q3, 2015 versus 12 for Q2, 2015 and 19 in Q3, 2014. A corresponding decline in profitability optimism is also observed, with the BOI for Net Profits declining to 28 in Q3, 2015 from 40 in Q2, 2015 and 35 in Q3, 2014. Consequently, the hiring outlook has also moderated as shown by a 13 point decline in the BOI from 44 in Q2, 2015 to 31 in Q3, 2015.

Even though the composite BOI of the non-hydrocarbon sector has declined on a q-o-q basis (mainly due to seasonal factors), respondents are very positive about the business situation in Qatar. 61% of respondents do not expect any negative factors to impact their business operations during Q3, 2015 compared to 39% in Q2, 2015. The foremost concerns for the remaining respondents are competition (14%), delays in payments/receivables (6%) and impact of oil prices (4%).

Plans to invest in expansionary activities have moderated slightly, with 30% of the firms citing such intentions in Q3, 2015 versus 36% in the previous quarter.

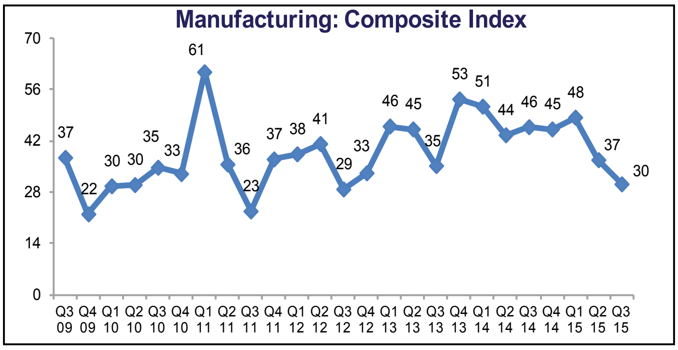
SME v/s Large Company

SMEs have posted a weaker forecast than large companies for Volume of Sales, New Orders, Profitability and Hiring. However, both groups share a similar outlook for Selling Prices.

- The BOIs for Volume of Sales and New Orders for SMEs are 29 and 43 respectively compared to 44 and 53 for large companies
- With respect to Net Profits, the BOIs stand at 25 for SMEs and 45 for large companies
- The index for Number of Employees stands at 30 for SMEs and 38 for large companies
- The BOI for Selling Prices is 8 and 9 for SMEs and large companies respectively.

Despite the comparatively weaker outlook, SMEs are more positive than large companies regarding the business environment as 61% of the former said that they do not anticipate negative factors to hamper business operations in Q3, 2015, compared to a corresponding 55% of the latter.

Manufacturing Sector



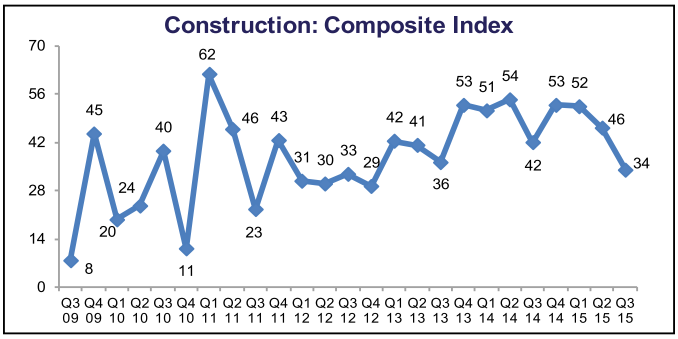
The composite BOI for the Manufacturing sector stands at 30 in Q3, 2015, recording a 7 point decline on a quarterly basis and a 16 point drop on an annual basis. The BOI for Volume of Sales is lower from 40 in Q2, 2015 to 31 in Q3, 2015 mainly due to seasonal factors. The New Orders parameter is however slightly firmer, increasing from 51 in Q2, 2015 to 54 in Q3, 2015, supported by new orders/customers. 75% of the Manufacturing firms expect stability in their Selling Prices, while 9% anticipate a decrease, mainly due to competition. The BOI for Net Profits has displayed a 10 point decline from 36 in Q2, 2015 to 26 in Q3, 2015. The Hiring forecast has also moderated for this sector with the BOI shedding 8 points to stand at 33. 58% of the firms do not expect any change in their employee base, while

38% expect an increase in employee strength to execute new orders and projects; the remaining 4% anticipate a reduction due to a decline in the project pipeline.

Mirroring the overall outlook, the optimism related to the overall business environment has improved, with 63% of the Manufacturing firms citing no hindrances to their operations in Q3, 2015 compared to 37% in Q2, 2015. The key hurdles for the Manufacturing sector are competition (16%), payment delays (4%), shortage/cost of skilled labour (3%) and government fees and regulations (3%).

The outlook with respect to investment in business expansion is moderately lower; 37% firms plan to invest in business expansion in Q3, 2015 compared to 41% in the previous quarter.

Construction Sector

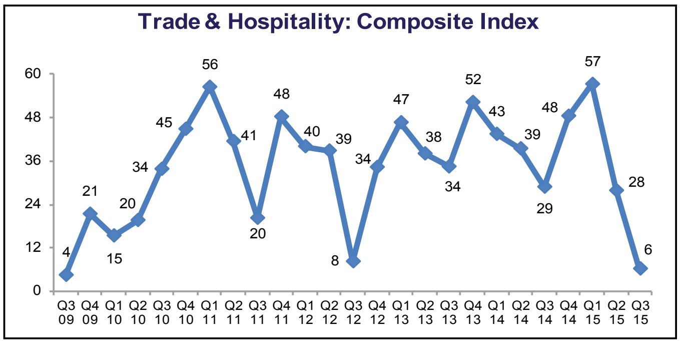


The key reasons cited for the decline in outlook for the Construction sector are competition, lack of new projects and reduced business activity during the summer season. Consequently, the composite BOI has declined from 42 in Q3, 2014 and 46 in Q2, 2015 to 34 in Q3, 2015. Both demand indicators have moderated: the BOI for Volume of Sales has declined by 9 points on q-o-q basis to 45, while the BOI for New Orders is lower by 21 points to 42 in Q3, 2015. Despite the sharp decline in BOI scores, around 50% of the firms expect new orders and projects during Q3, 2015. The forecast for Selling Prices has also weakened, with the BOI decreasing from 23 in Q2, 2015 to 18 in Q3, 2015. 74% of the firms expect selling prices to remain stable while 22% anticipate a rise to improve profit margins and cover for rising expenditures. With respect to Net Profits, 45% of Construction firms are hopeful of an increase compared to 10% that foresee a decline, resulting in a BOI of 35 for Q3, 2015, a decline of 8 points lower on a q-o-q basis. In line with the decline in the outlook for demand, the employment forecast has also moderated, with the BOI shedding 18 points from 48 in Q2, 2015 to 30 in Q3, 2015.

Expectations with respect to the business environment have shown a marked improvement; 68% of the firms do not expect to face any considerable obstacles in Q3, 2015 compared to a corresponding 39% last quarter. The chief concern for this sector remains competition as indicated by 6% of the firms, followed by the perceived impact of lower oil prices (5%) and delays in payments (4%).

24% of the Construction firms have said that they intend to invest in business expansion in Q3, 2015 compared to 31% of firms in the last quarter.

Trade & Hospitality Sector

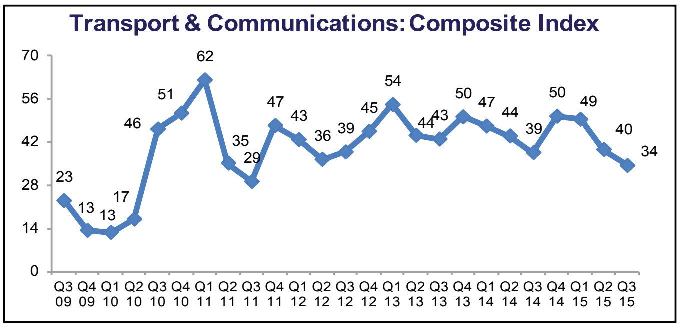


The outlook for the Trade & Hospitality sector is at the second lowest level in six years, due to sharp declines in the optimism levels of all five parameters comprising the composite index. The composite BOI has dropped from 29 in Q3, 2014 and 28 in Q2, 2015 to 6 in Q3, 2015. The hotels and restaurants segment is very cautious going into the third quarter due to the "off season" during the summer vacations, while the trade segment holds positive optimism on account of expectations of getting new orders and projects. The BOI for Volume of Sales has shown a marked fall from 42 in Q2, 2015 to 1 in Q3, 2015, mainly due to the weak outlook of the hospitality segment. The BOI for New Orders is lower by 16 points to stand at 29 in Q3, 2015. Selling Prices outlook has also moderated, with only 8% expecting an increase, compared to 18% who expect a decrease owing to competition and unfavourable market conditions. The BOI for Net Profits is lower by 22 points from 20 in Q2, 2015 to -2 in Q3, 2015. Consequently, the BOI for Employment is also weaker as the BOI has recorded a decline from 39 in Q2, 2015 to 13 in Q3, 2015.

Q3 has historically been a weak quarter for the Trade & Hospitality sector, primarily due to seasonal factors. Hence, despite the fall in the composite BOI, 63% of firms do not foresee any significant challenges to their overall business environment in Q3, 2015, compared to 47% firms in Q2, 2015. Competition (17%) remains the key concern for this sector followed by delays in payments (7%).

Plans to invest in business expansion have moderated further; the proportion of firms indicating their intentions to undertake such investments has dropped from 36% in Q2, 2015 to 31% in Q3, 2015.

Transport & Communications Sector



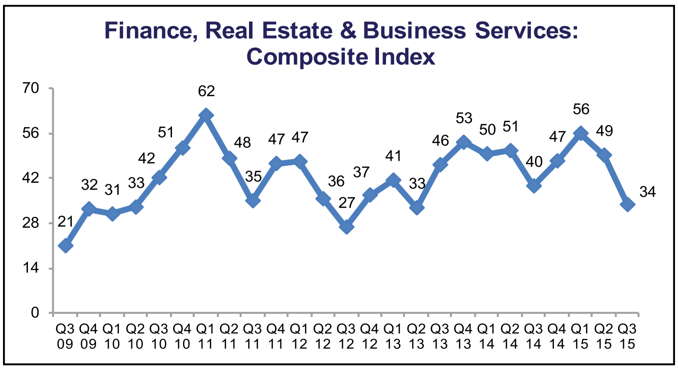
The weaker outlook of the Transport & Communications sector for Q3, 2015 vis-à-vis the previous quarter is primarily due to the softer forecast for demand and hiring. The composite BOI has shown a moderate decline of 6 points from 40 in Q2, 2015 to 34 in Q3, 2015. The BOI for Volume of Sales is lower by 11 points to stand at 39, while the New Orders index has posted a 6 point drop from 56 in Q2, 2015 to 50 in Q3, 2015 owing to expectation of slowdown in demand. Despite the decline in BOI scores, expectations about getting new projects and orders in the coming quarter remain firm with 58% of the respondents expecting an increase in new orders in the coming quarter.

The Selling Prices indicator is steady, moving from 12 in Q2, 2015 to 11 in Q3, 2015 as 83% of the firms expect their prices to remain unchanged in Q3, 2015. The Net Profits BOI has also tracked sideways, from 37 in Q2, 2015 to 35 in Q3, 2015. 55% of the firms anticipate higher profits in Q3, 2015 and another 25% expect no change in the parameter. The hiring outlook has also displayed moderation, with the BOI for Number of Employees declining from 43 in Q2, 2015 to 37 in Q3, 2015.

The overall business environment outlook has improved for the transportation sector as well, with 57% of the firms indicating no significant challenges to their operations in Q3, 2015 against 38% in the previous quarter. 14% of the firms are concerned about competition, 8% about delays in payments/receivables and 6% about shortage/cost of skilled labour.

As with the other sectors of the economy, plans to invest in business expansion have weakened; 29% intend to undertake investments in business expansion in Q3, 2015 versus 35% last quarter.

Finance, Real Estate & Business Services Sector



Mirroring the overall economy, the Finance, Real Estate & Business Services sector has also forecast a weaker third quarter compared to the second quarter of 2015, as revealed by a 15 point decline in the composite BOI. The BOI has declined from 49 in Q2, 2015 to 34 in Q3, 2015, largely due to cyclical factors. The composite index is however just 6 points lower on a y-o-y basis. The finance and insurance sub-segment has much stronger expectations for Volumes, New Orders, Profitability and Hiring compared to the real estate & business services sub-segment.

The BOI for Volume of Sales has posted a 28 point decline from Q2, 2015 to stand at 34 in Q3, 2015; 51% of the firms expect an increase in Volumes (new projects/clients/contracts) compared to 17% that are anticipating a decrease due to the summer vacations and the festival season. The BOI for New Orders is 22 points lower q-o-q to stand at 47 in Q3, 2015, with 57% of the companies expecting an increase versus 10% that foresee a decrease. Expectations for selling prices are steady with the BOI at the same level as the previous quarter. The weaker outlook for demand has resulted in softer expectations for Net Profits and Hiring as well. The BOI for Net Profits has posted a drop from 57 in Q2, 2015 to 38 in Q3, 2015. The index for Number of Employees has decreased from 48 in Q2, 2015 to 40 in Q3, 2015.

55% of the firms in this sector expect an improvement in the business environment as they do not expect any major hindrances to their operations during Q3, 2015. The corresponding proportion for Q2, 2015 was lower at 39%. Competition is likely to impact 19% of the participants in this sector, while 7% are concerned about the impact of lower oil prices and 5% about the delays in payments.

Business expansions plans have moderated as 30% expect to invest in such activities during the quarter compared to 38% in Q2, 2015.

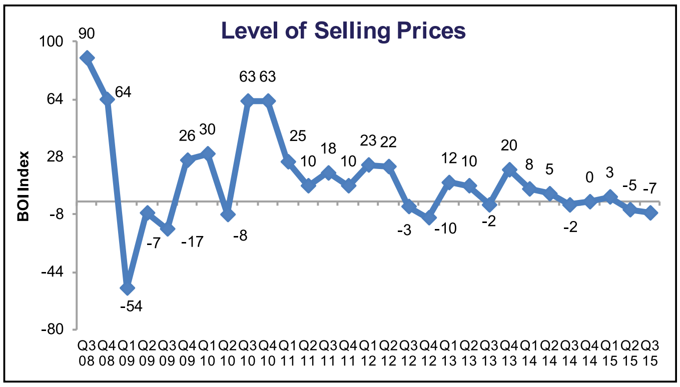
Hydrocarbon Sector

Volume of Sales

The BOI for Volume of Sales plummeted to 5 in the current quarter from 28 in Q2, 2015. While 30% respondents expect volumes to increase in anticipation of new projects and more clients, 25% firms expect a decline in sales volumes. The remaining 45% do not foresee any change in this parameter.

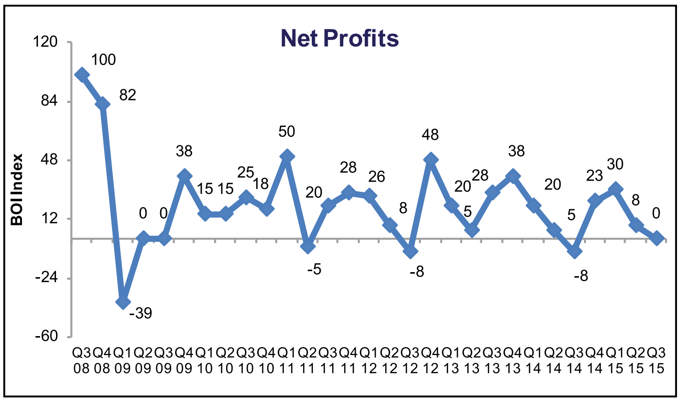
Level of Selling Prices

The BOI for the Selling Prices indicator continued to tread lower to -7 in Q3, 2015 from -5 in the previous quarter. Despite this downward trend, a majority 77% of the participants expect stability in their pricing levels, while 15% intend to keep prices low on account of a decline in oil prices.



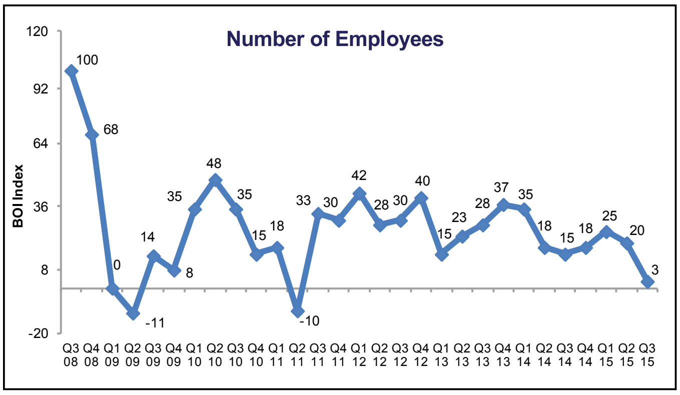
Net Profits

In line with lower BOI scores for Volumes and Prices, the BOI for the Net Profits parameter declined from 8 in Q2, 2015 to 0 in Q3, 2015. Respondents citing an increase (33%) highlighted expectations of upcoming projects, while the same proportion reported a decline on the back of decreasing sales volumes and lower demand.



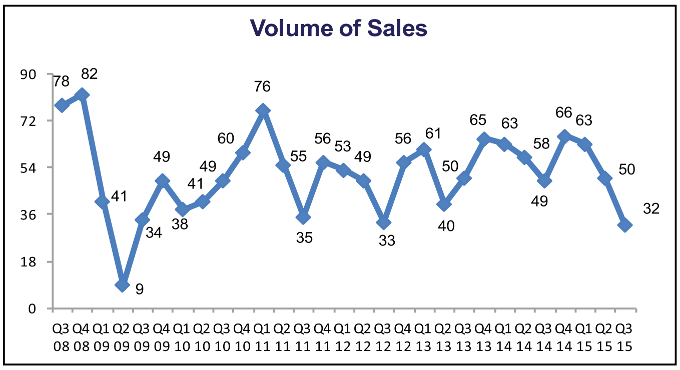
Number of Employees

The Number of Employees BOI declined to 3 in the current quarter from 20 in Q2, 2015. A substantial 67% cited no change in their hiring numbers, while 18% expect an increase in their employee count due to new projects/orders.



Non-hydrocarbon Sector

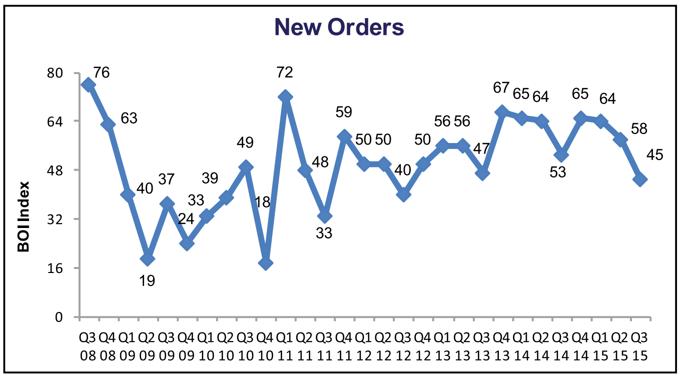
Volume of Sales



The BOI for the Volume of Sales parameter declined to 32 in Q3, 2015 from 50 in the last quarter. However, a majority (50%) of the respondents expect volumes to increase on the back of new projects, contracts, more clients and business expansion plans. Another 32% foresee stability, while 18% project a decline in Sales Volumes due to competition, delays in payments/receivables and lack of demand for their respective products/services.

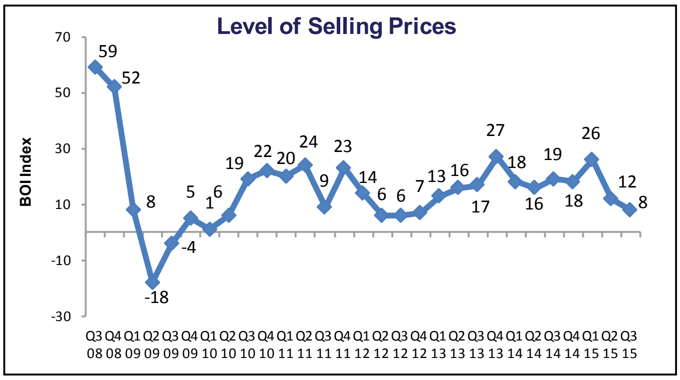
New Orders

The New Orders indicator has turned lower by 13 points to 45 in Q3, 2015. Despite the lower BOI score for the parameter, most (53%) of the surveyed participants have higher expectations for more orders on account of the



Ramadan and holiday season and increased demand from new and existing customers. A marginal 8% anticipate a decline in their order book status due to the "off season", while 39% cited no change in this parameter.

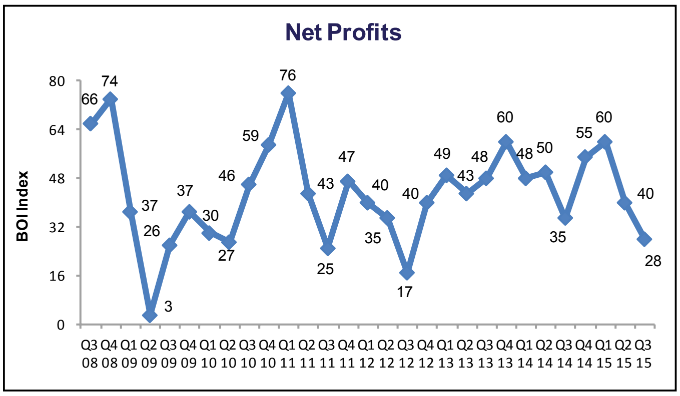
Level of Selling Prices



The BOI for the Level of Selling Prices slipped to 8 in the current quarter from 12 in Q2, 2015. A substantial 76% of the respondents reported stability in their pricing levels, while 16% plan to increase the same due to an uptick in raw material costs and overall inflationary market conditions, to absorb overheads and expenses arising from business expansion plans.

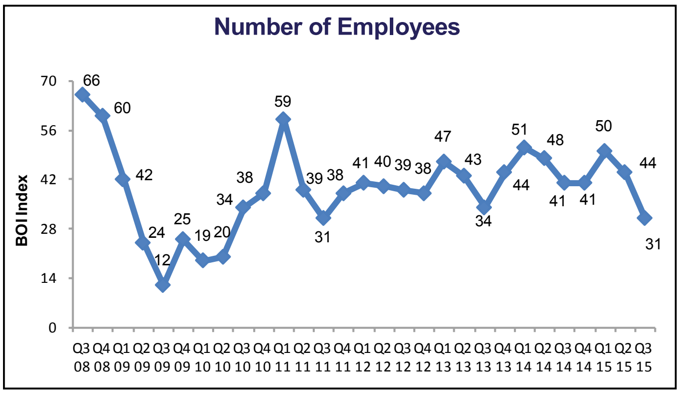
Net Profits

Lower prospects with reference to Sales Volumes and Selling Prices have weighed on the BOI for Net Profits; the score stands at 28 in Q3, 2015 compared to 40 in the previous quarter. While 49% of the respondents expect higher profits due to increased sales volumes and more number of projects/clients, 21% of the non-



hydrocarbon sector participants have forecasted a decline in this parameter on account of lower sales and increasing expenses.

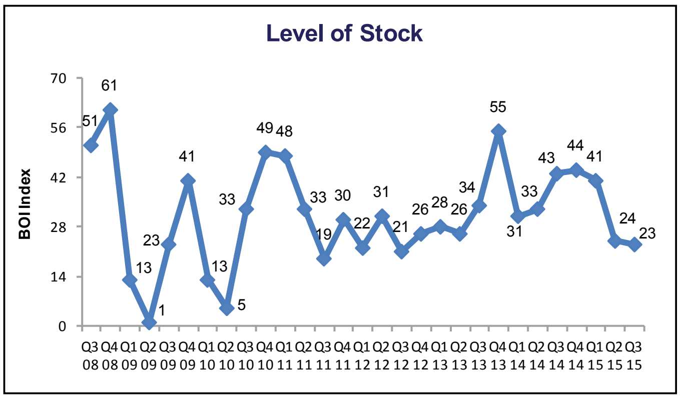
Number of Employees



The BOI for the Number of Employees parameter ended lower at 31 in Q3, 2015 from 44 in the previous quarter. Employee numbers are expected to remain intact for 61% of the surveyed participants while 35% intend to up their headcount backed by expanding business opportunities, more projects/clients/customers and increasing sales.

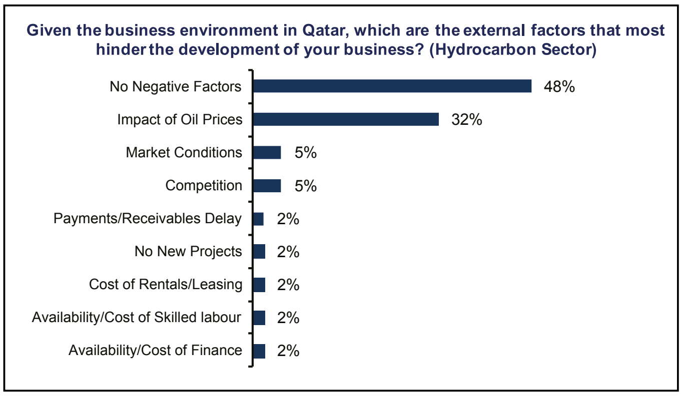
Level of Stock

The BOI for the Level of Stock parameter has tracked sideways to 23, a point lower from the previous quarter's score of 24 in Q2, 2015. A major 63% of the participants expect no change in their inventory levels, while 30% expect to increase the same due to expectations of new projects and increasing sales, especially during the Ramadan season.



Business Challenges

Hydrocarbon Sector

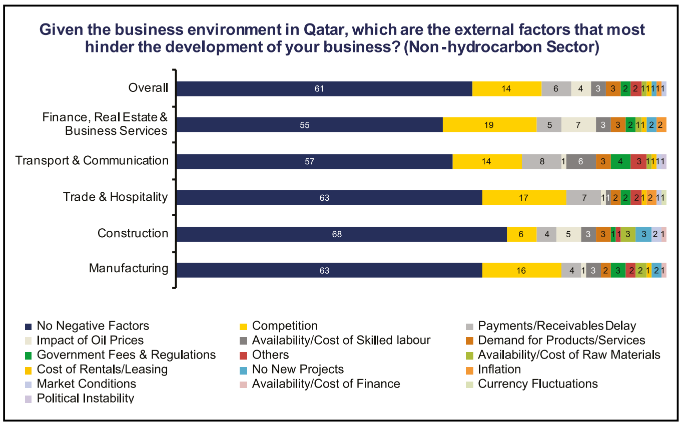


A slightly higher proportion - 48% expect no hindrances to business operations compared to 27% in the previous quarter. The impact of fluctuating oil prices (32%) continues to be the most important concern echoed by the respondents in the hydrocarbon sector. Slow market conditions and competition are other challenges facing the hydrocarbon sector participants as indicated by 5% in each case.

Non-hydrocarbon Sector

Sentiments in the non-hydrocarbon sector is positive as a higher proportion (61%) of non-hydrocarbon sector respondents indicated no hindrances this quarter compared to 39% in Q2, 2015. 14% revealed competition as the main challenge (down from 22% in Q2, 2015). Other key concerns include delays in payments/ receivables

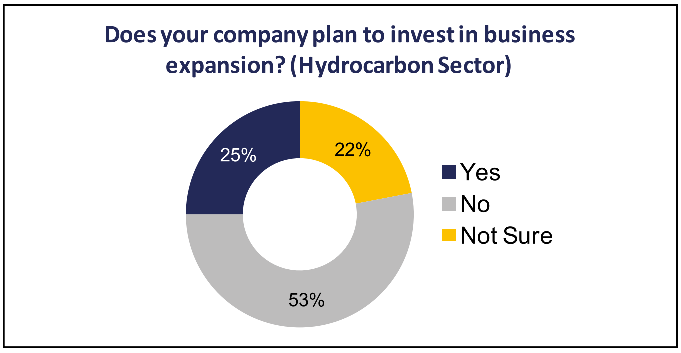
(6%), impact of oil prices (4%) and the availability/cost of skilled labour (3%).



Investment Plans

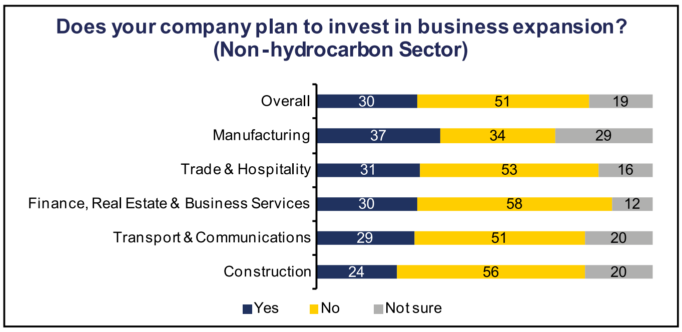
Hydrocarbon Sector

Sentiments have weakened as a lower proportion of respondents (25%) in the hydrocarbon sector affirmed plans to invest in capacity expansion in Q3, 2015 compared to 33% in Q2, 2015. A majority (53%) plan to hold back such investments while 22% are unsure.



Non-hydrocarbon Sector

A relatively lower proportion of participants in the non-hydrocarbon sector plan to invest in business expansion (30% in Q3, 2015 versus 36% in Q2, 2015). A substantial 51% do not plan to undertake any investment in business expansion in Q3, 2015. In terms of a sectoral comparison, the Manufacturing segment continues to be the most optimistic in this regard.



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