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 **Barómetro**
de empresas



10
July 2009

Business
Barometer Survey
The business
pulse survey

Introduction

Notwithstanding economic activity in Mexico has not yet turned positive, clear signs of a rebound are emerging. Survey results suggest panelists' confidence and optimism is improving.

The respondents' positive evaluations support the view that even though Mexico's dependence on the U.S. is a double-edged sword, when the economy of the U.S. begins to recover, Mexico will be the first nation in Latin America that starts to emerge from the crisis.

As the world's economy recovers from its recent lows, it might be tempting for organizations to remain too defensive in their outlooks for too long. However, responses to the survey evince a major proportion of companies are already planning how their businesses will take advantage of the growth opportunities presented by the rebound.

Special sounding

In the light of the epidemiological emergency declared by the Mexican Ministry of Health on April 23-2009, special questions were asked about the impact of the influenza epidemic.

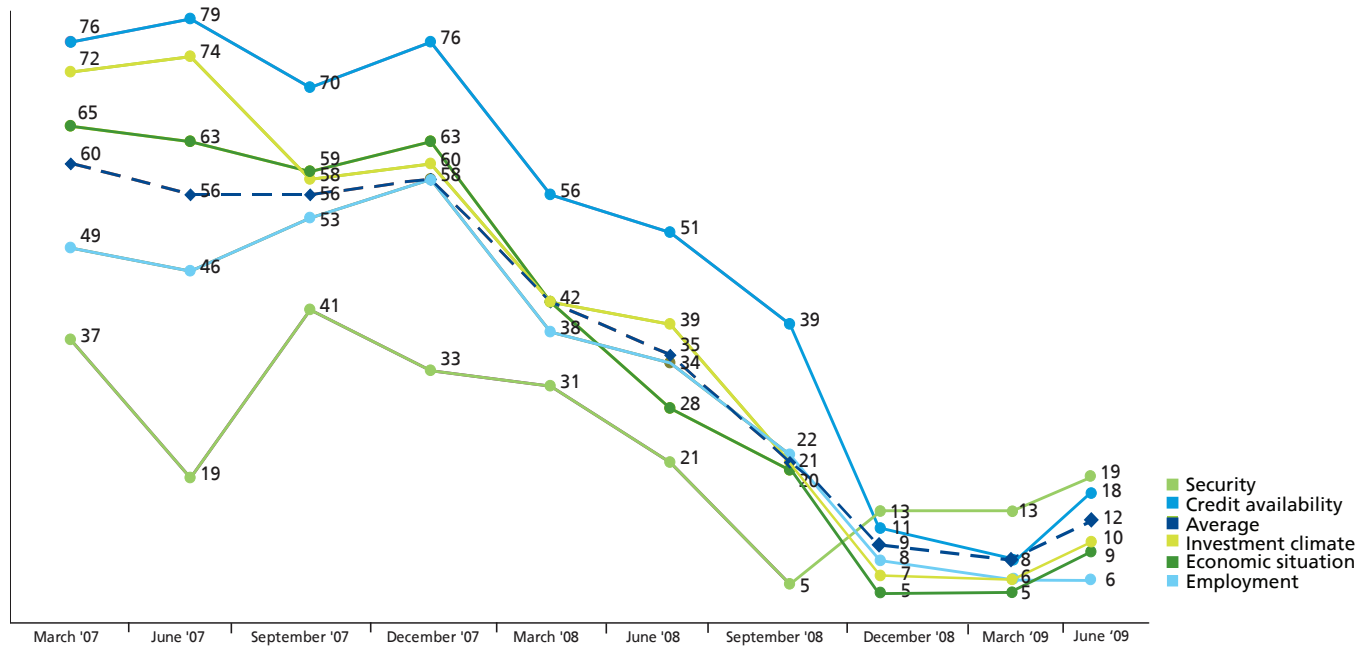
Recent events provided strong evidence that a significant disruptive event is not merely a possibility. If businesses accept that premise, then inaction becomes an exceedingly poor -even unacceptable- choice. While certain risk scenarios may play out with advance warning, others may arrive unannounced and with overwhelming speed. It is important to emphasize that although a risk may seem unlikely, its ultimate cost -the failure of the company-makes investing in preparation for the unimaginable eminently worthwhile.

I Business environment

Current

According to the tenth survey carried out in May 2009, the executives' expectations with regard to the business environment within a year were more positive compared with those of the previous survey. The evaluation of four out of five issues -economic situation, business climate, credit availability and security- improved their scores, while employment remained unchanged.

Current situation compared with one previous year (Average scores in a 01-100 basis*)



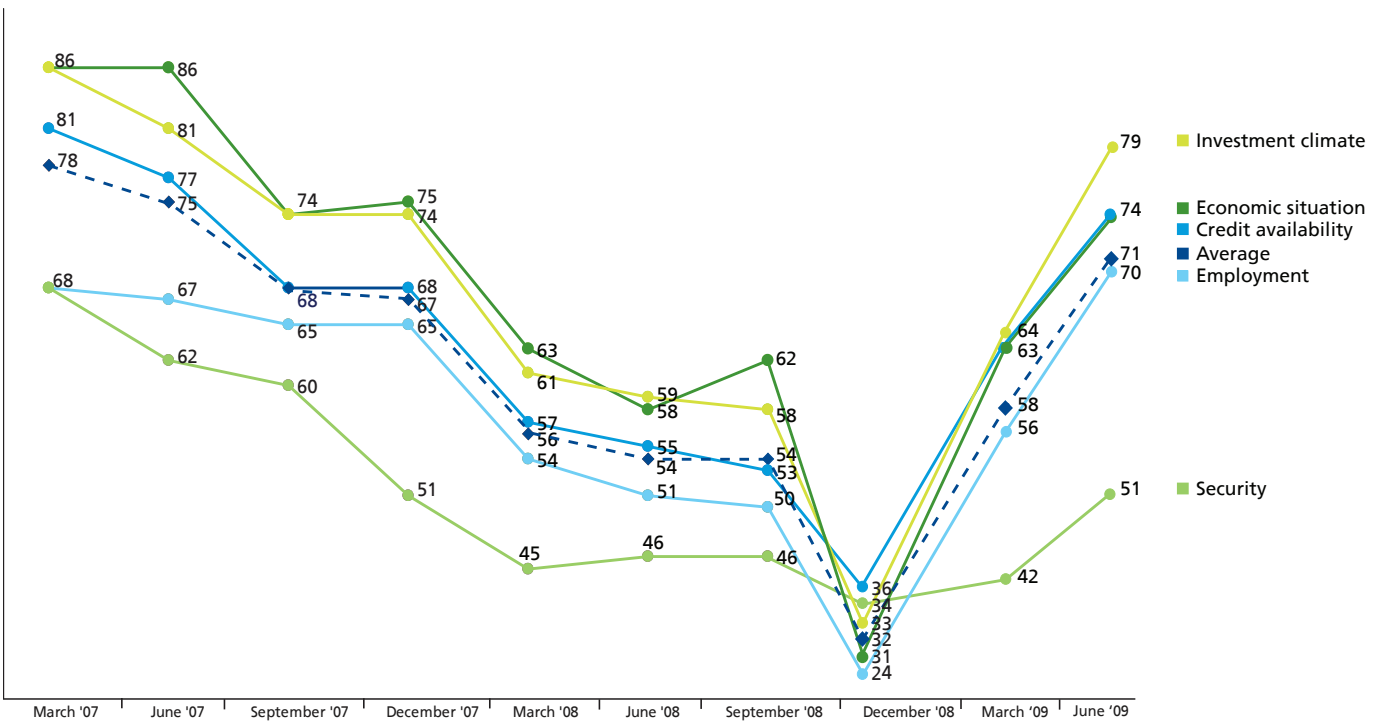
* These figures were computed by weighing percentages of responses Better, the Same or Worse by 1, 0.5 and 0.

Future

Respondents to the June survey were considerably more positive than they were both in March 2009 and December 2008, suggesting that the business environment will improve within 12 months.

The executives' evaluation with regard to the companies' future environment show a noticeable rise. In June 2009, considering a scale 0 (worse) to 100 (better), the average score of five aspects (investment climate, credit availability, employment, security and economic situation) was 71, meanwhile it was 58 and 32 in March 2009 and December 2008, respectively.

Future situation within one year (Average scores in a 01-100 basis*)



* These figures were computed by weighing percentages of responses Better, the Same or Worse by 1, 0.5 and 0.

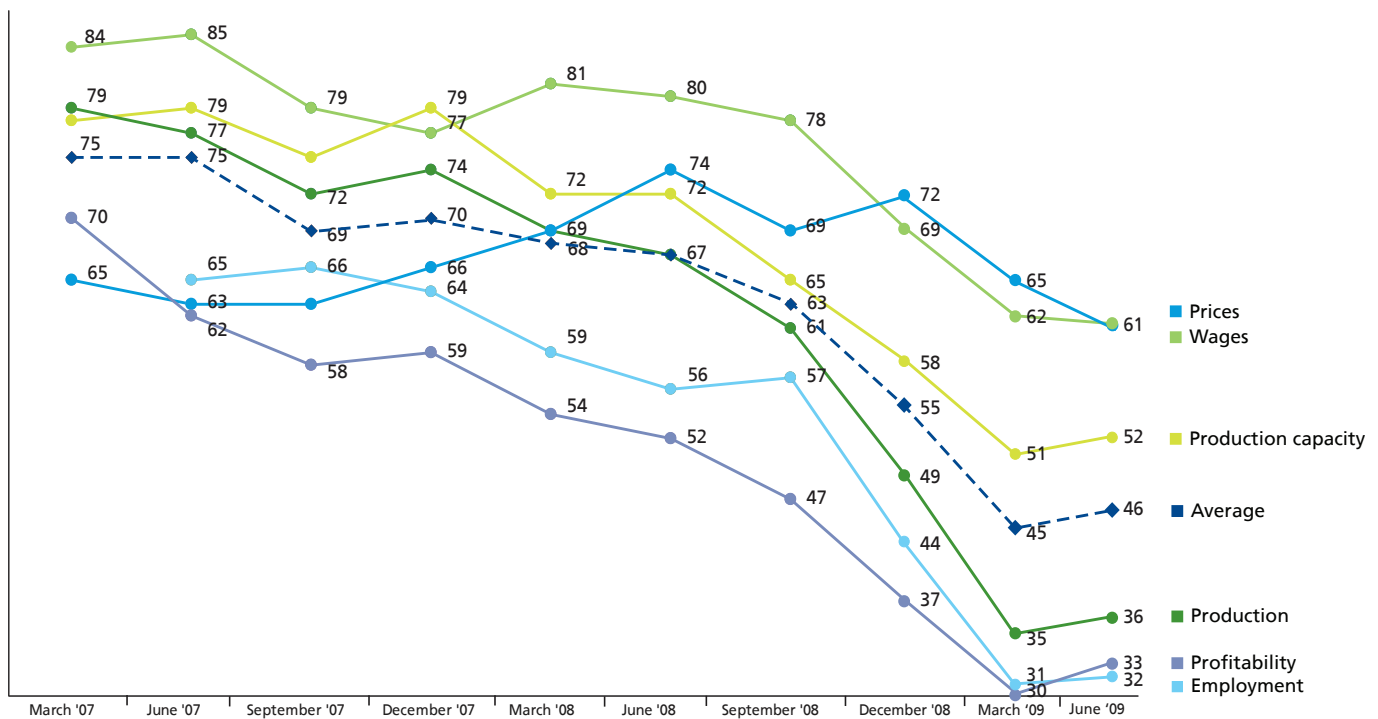
II Company situation

Current

Although slowly, insights concerning the companies' general situation compared to one previous year, are improving. On a scale 0 (worse) to 100 (better), the average score with regard to the companies' general situation was 46 by June 2009. March 2009 average score was 32, the lowest of the ten surveys carried out to date.

According to 19.5% of the respondents, production in their companies was higher than one previous year and 17.2% reported increased profitability. Yet considering six enterprise indicators (production capacity, employment, prices, production, profitability and wages) the perception about their current situation by June 2009 improved slightly compared with March 2009 figures.

Current Company Situation compared with one previous year (Average scores in a 0-100 scale basis)



* These figures were computed by weighing percentages of responses Higher, the Same and Lower by 1, 0.5 and 0.

The survey reveals that the loss of dynamism of the aggregate demand in Mexico has been gradual and 22.9% of the companies reported high inventories. A biggest share of panelists (11.6%) expected high demand for their companies' products or services, compared with only 8.6% in previous March, the lowest share so far.

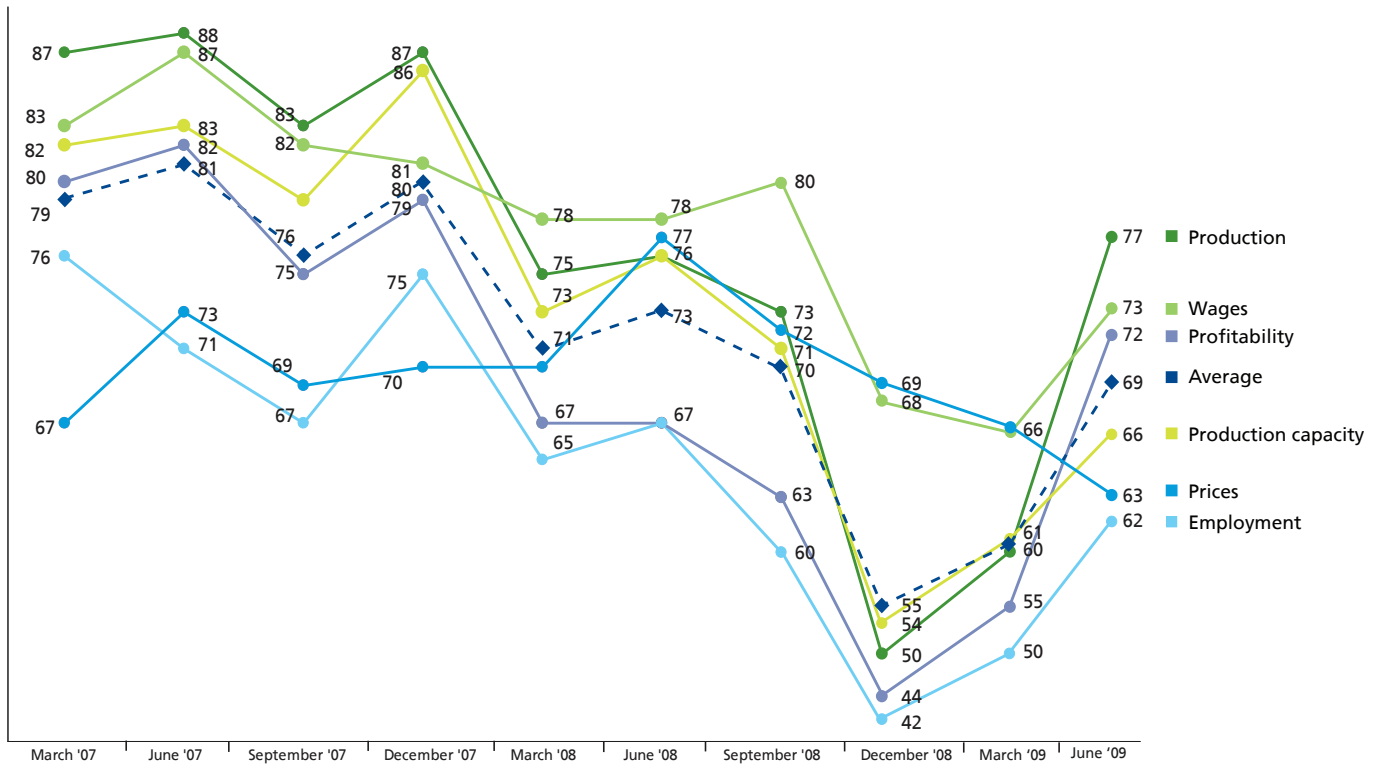
Future

Responses to the survey unveiled increased optimism with regard to the companies' general situation within a year: 69 in a 0-100 scale basis.

According to the executives' opinion, 57.1% of the companies expected production to rise over the next 12 months and 34.2% would increase the size of their workforce. These figures are substantially higher than those of three months previous to the survey (36.9% and 19.2%, respectively).

Expectations relating to the price of goods and services declined (three months before 43.2% of the companies' would rise them; currently, 31.2% would do so). The executives' estimations concerning the improvement of their companies' profitability within a year increased markedly from 22.3% in December 2008 and 32.5% in March 2009, up to 55.3% in June 2009.

Future situation (within a year) of the companies with regard to the date of the surveys (average scores in the 0-100 scale*)



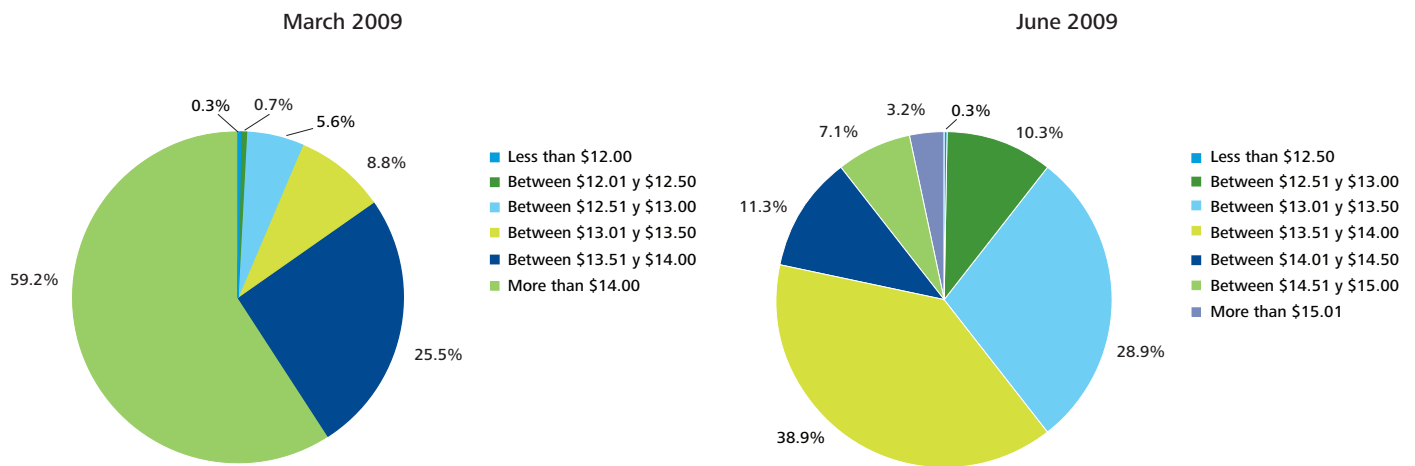
* These figures were computed by weighing percentages of responses Higher, the Same and Lower by 1, 0.5 and 0.

III Exchange rate and inflation

After the observed exchange rate unsteadiness during Q3 and Q4 2008 and the resultant executives' revised expectations, the panelists' responses to the June survey envision the Mexican currency stability in the near future.

While in March 2009 a full 93.2% of panelists forecasted the exchange rate would be around 13.00 pesos to the dollar within a year, a lower share of respondents to the June survey (89.4%) said so.

Exchange rate within a year (% of responses)

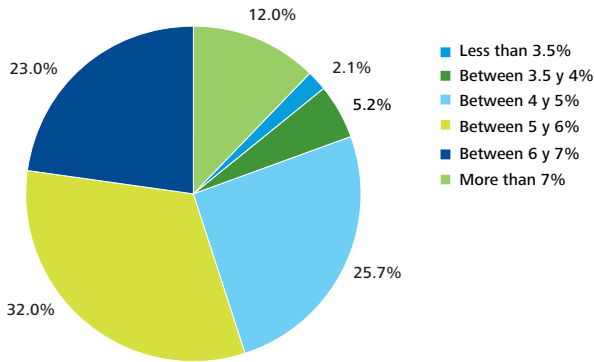


Experiencing less inflationary pressures

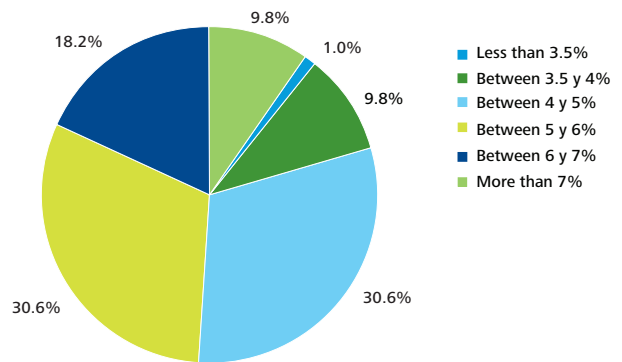
The survey findings reveal downward revision of inflation rates resulting particularly from a lower proportion of executives, 58.6%, expecting inflation to be above 5% by the end of 2009 after 67.0% in March.

Annual expected inflation for 2009 (percentage of responses)

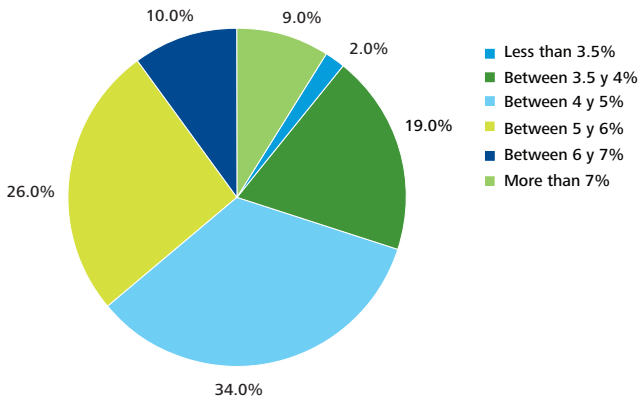
March 2009 Survey



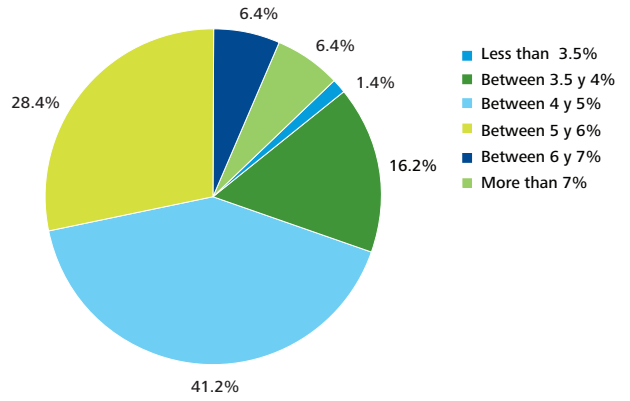
June 2009 Survey



March 2010 Survey



June 2010 Survey



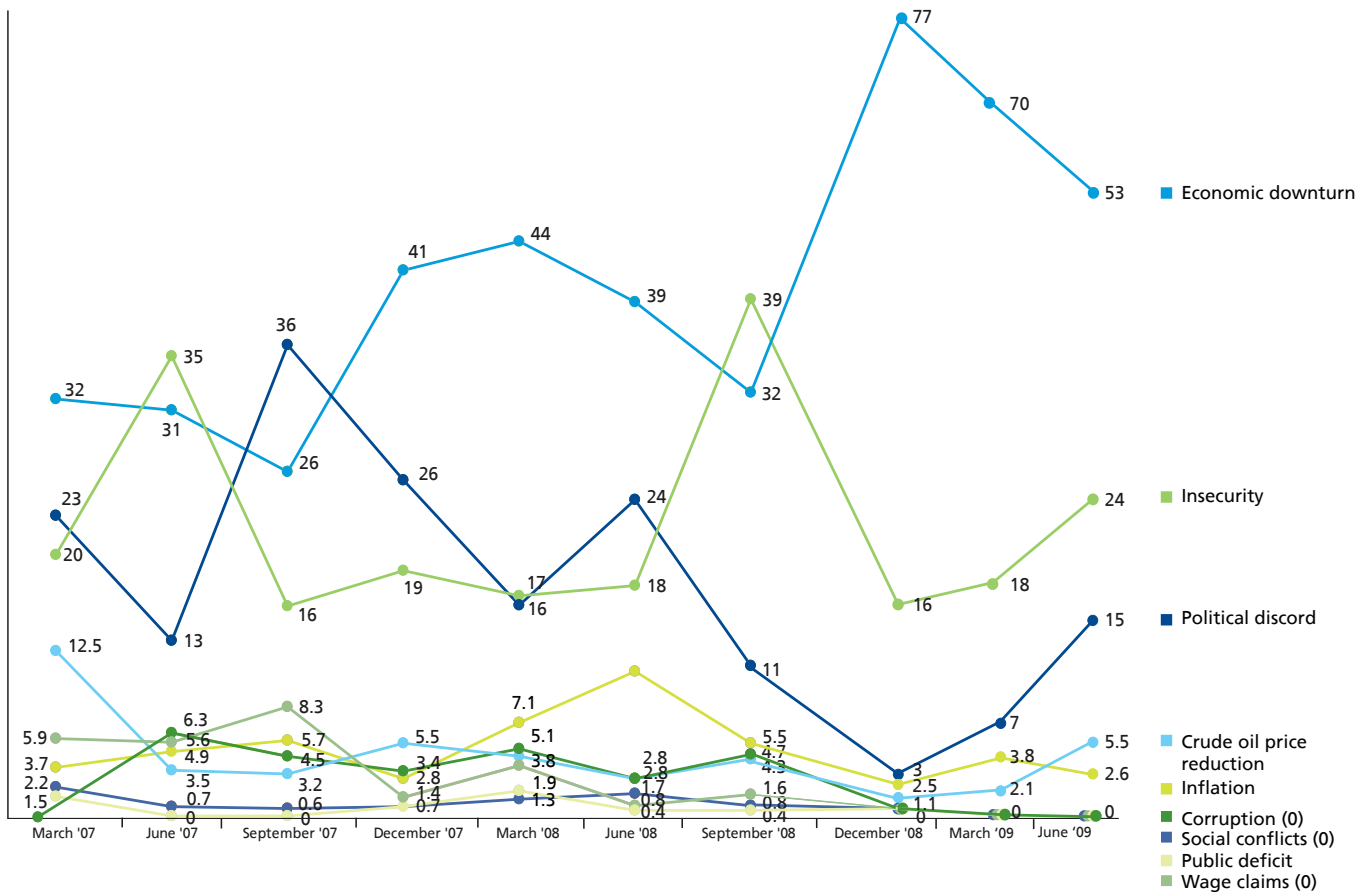
IV Threats to the economy

Although the economic downturn in the US (external threat) and two internal issues –insecurity and political discords- remain to be the most important hurdles to the Mexican economy, the June survey results evince an important change in the extent of their impact.

The findings reveal that the panelists' concern with regard to the US economic downturn as the major hindrance to the Mexican economy, has decreased from a full 69.8% down to 53.4%

By contrast the share of respondents considering insecurity as a major threat increased from 17.7% in March to 23.9% in June, and political discord from 6.6% up to 14.6% as well.

Threats to the Mexican economy within the incoming months (% of responses)

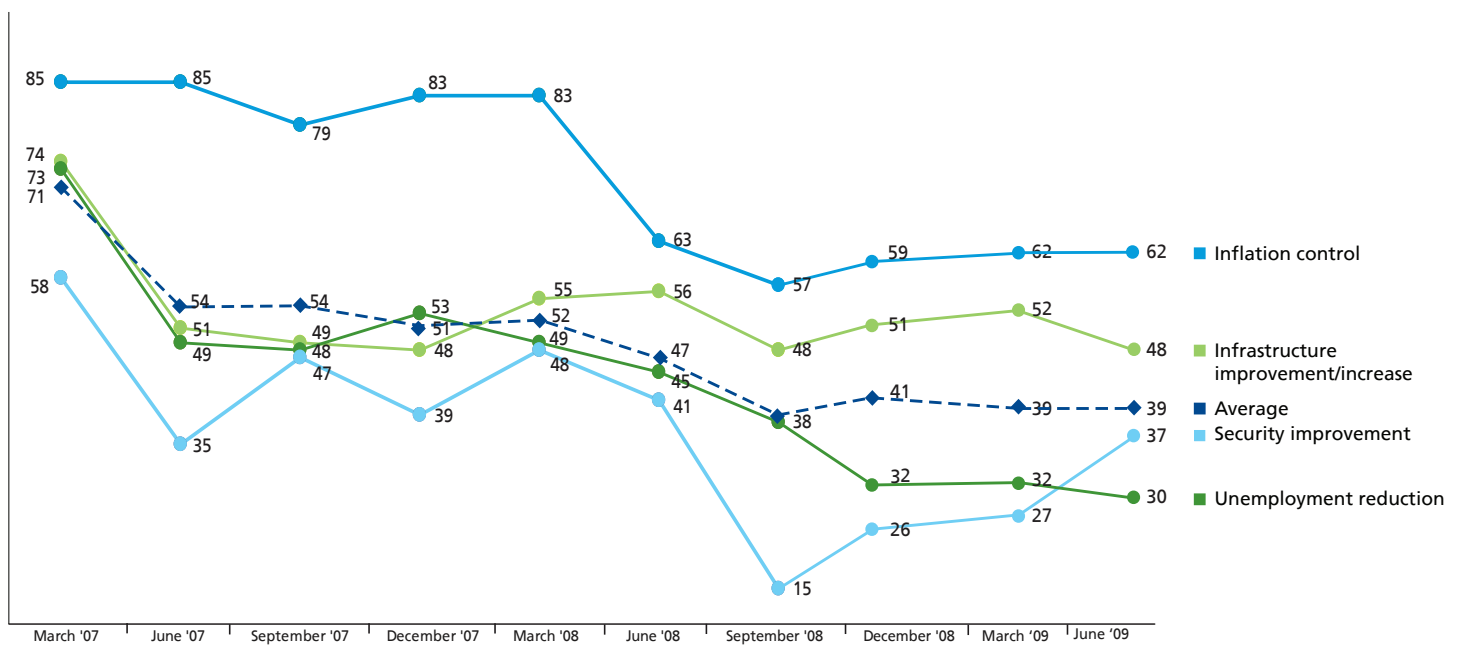


Government administration

Survey responses indicate the government's performance aimed at controlling inflation has remained the best evaluated issue and security outlook enhanced somewhat.

However executives believe there has been little headway to solve structural issues that hinder Mexico's economic development. No improvement is observed regarding the effectiveness of government's performance in this core subject.

Opinions on government performance (average scores in a 0-100 scale*)



* These figures were computed by weighing percentages of responses Better, the Same and Worse by 1, 0.5 and 0.

V Conclusions

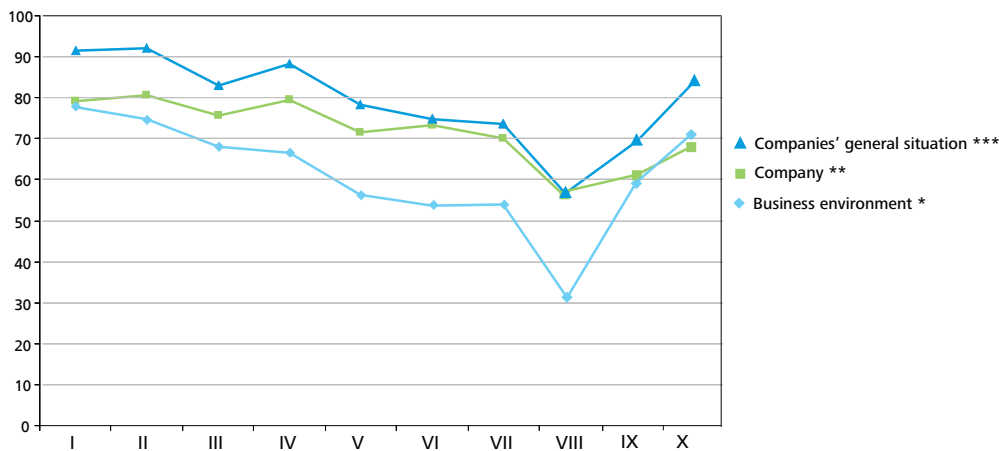
The executives' perspectives continue to be influenced by their insights regarding the US economy and even though the economic downturn has not come to an end, they are markedly more optimistic about their companies' outlook within twelve months.

Survey panelists acknowledge the government's performance in order to control inflation as well as some progress addressing security issues, although their opinion regarding the government's effectiveness to keep the economy's growth pace, and thus to reduce unemployment and poverty, has not improved.

The surveyed executives predict no tough episode of exchange rate instability within the next 12 months: the majority of them (67.8%) expect the rate to stay around 13 and 14 pesos to the dollar. Furthermore, they foresee that inflationary pressures could decrease in the near future. Whereas in March a full 67% of panelists forecasted inflation to be above 5% by the end of 2010, in June 2009 only 58.6% predicted so.

According to our tenth Business Barometer Survey panelists, expected results will be more favorable in the majority of companies compared with the prevailing opinions three months ago.

General situation (0: pessimistic; 100: optimistic)



* Business environment: Five indicators (Investment climate, credit availability, employment, security and economic situation).

** Company: Six indicators (Production capacity, employment, prices, production, profitability and wages).

*** Companies' general situation.

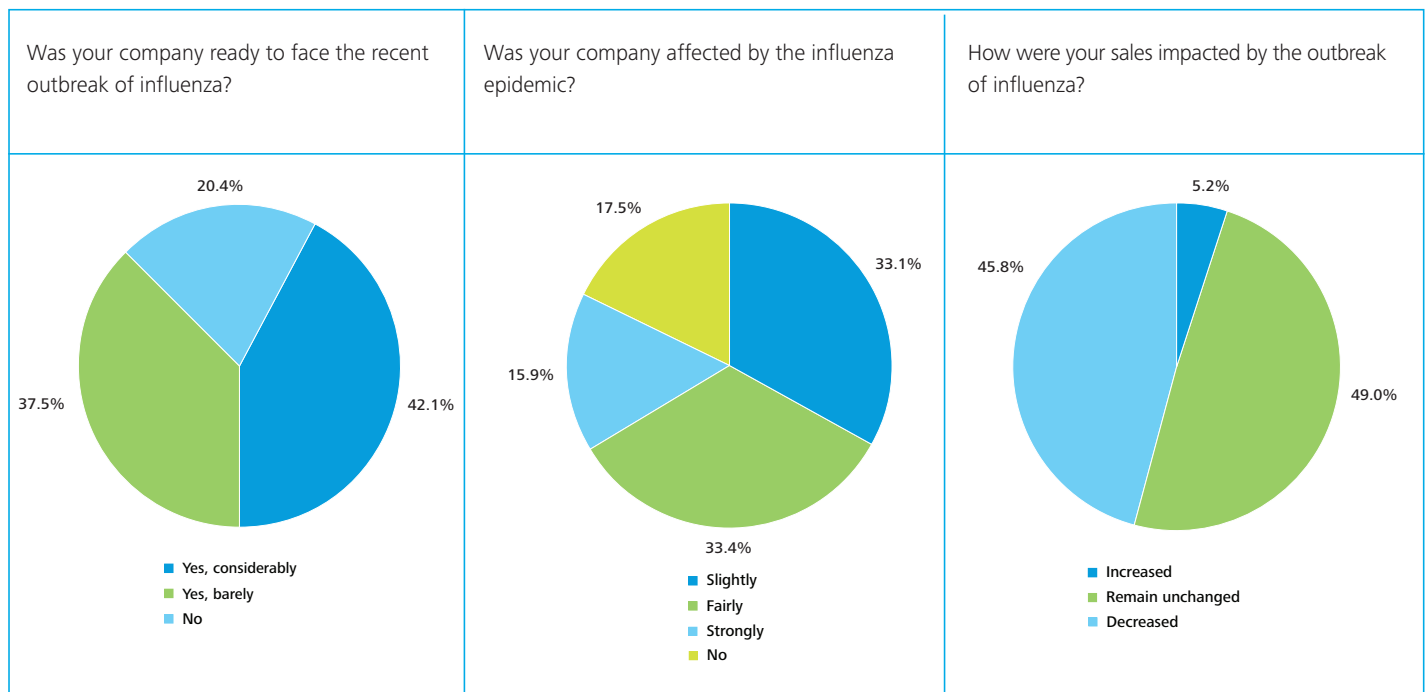
VI Special sounding

The epidemic consequences

In the light of the epidemiological emergency declared by the Mexican Ministry of Health on April 23-2009, special questions were asked about the impact of the influenza epidemic.

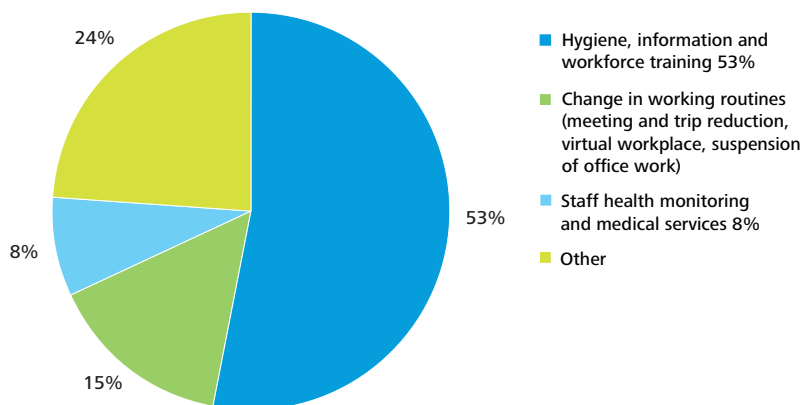
A full 82.5% of the companies reported being adversely affected somehow due to sanitary contingency and almost half (45.8%) reported sales or income decrease. Some 37.5% were not prepared to face an outbreak.

Companies and the Influenza epidemic (percentage of responses)



Survey results show that companies put in place actions aimed to face the influenza epidemic. The most frequent were related with sanitary control measures.

Companies' actions aimed to face the influenza epidemic (percentage of responses)



	Percentage
Hygiene and sanitary measures	18.4%
Control measures: antibacterial gel, mufflers	12.9%
Information and workforce training	10.8%
Suspension of office work	8.8%
Personnel health monitoring	6.8%
Virtual workplace	5.5%
Observe Ministry of Health recommendations	5.4%
Sales increase/competitiveness measures	4.7%
Contingency plan	4.4%
Cost and expense reduction	3.4%
Client care and communication	2.3%
Avoid overcrowding	2.3%
Medical services	1.7%
Workforce security	1.6%
New markets/sales strategies	1.3%
Remote contact with clients	0.8%
Working hours	0.8%
Meetings and trips reduction	0.6%
Headcount reduction	0.6%
Other	0.4%
Total	6.7%
	100.0%

Get informed today, prevent tomorrow

Responding to the threat of a pandemic is not something effectively done in isolation. Rather, it should be viewed in a larger assessment of potential business impacts and alongside the development of appropriate risk management plans. Companies that take steps to improve their shock resilience before an event takes place clearly have an

easier and faster recovery and also a competitive advantage in the marketplace.

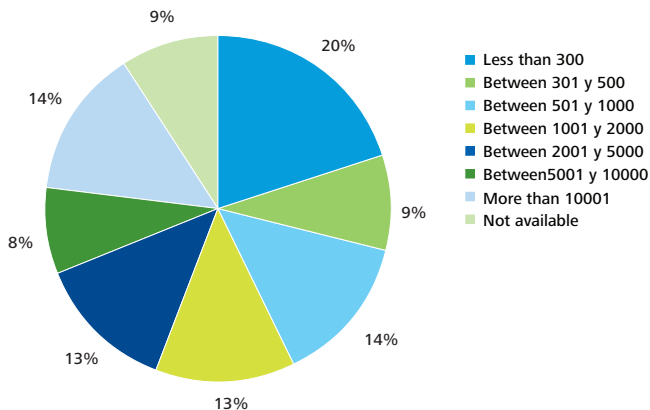
Learn how to prepare your company for a pandemic.
www.deloitte.com/mx/estiempodeactuar

VII About the Survey

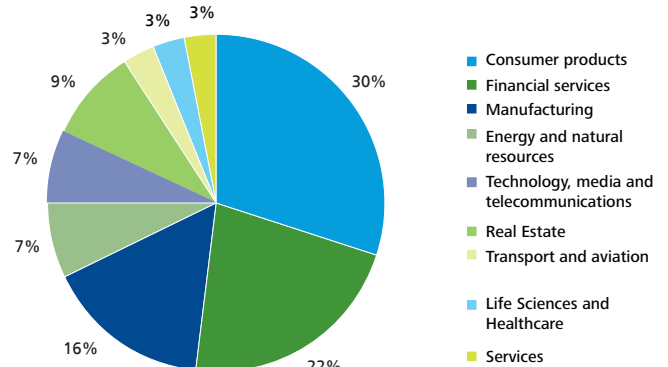
Deloitte's tenth Business Barometer Survey was carried out in June (1-23) 2009, and included 311 executives of the most prominent companies located in Mexico.

Considered among the most important companies in Mexico, their added income rose to \$241.720 billion dollars, according to the last reported period.

Average annual income of companies



Industry participation



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