



BUSINESS CONFIDENCE INDEX MAINTAINS POSITIVE SENTIMENT

- *Confidence trending up over the last seven quarters*
- *Mood of realistic expectations among business people*
- *Saudi Arabia remains the most confident country – up to a level not seen since 2007*

21st June 2010

The mood of business people in the GCC is characterized as “realistically optimistic” by HSBC in its latest Gulf Business Confidence Index. Predictions of revenue, maintenance of profits, budgets and meeting targets all remain positive, and the Index across all six countries remains at its highest for two years.

The mood of business people has been trending upwards over the last seven quarters, after a low in late 2008, widely seen as the height of the financial crisis. While many of the markets surveyed have shown only a slight increase against Q1 2010, the upwards trend is more marked when viewed over the past year. From Q1 2009 to date, the overall index has risen by over 15 points to 86.

Although the overall index remains below the heights of 2007 and early 2008, specific indicators show a positive outlook in key operational areas. Forecast growth for 2010 shows that 43% see an increase in business turnover in the Middle East, 40% see an increase in profit, and 33% are planning to increase investment.

"The index is an excellent indicator of perceived confidence around the region, but I believe the most illuminating details lie in the underlying data," commented Simon Vaughan Johnson, Regional Head of Commercial Banking, HSBC Group, MENA.



“For instance, between the Oct '08 and Jan '09 surveys, the number of people who were pessimistic about meeting their targets almost doubled to 24%. That number has now returned to Oct '08 levels of 13%, its lowest since the outset of the financial crisis. This mirrors what our customers are telling our teams around the region – companies are actively looking for new opportunities, whilst continuing to rationalize unnecessary spend, and streamline their operations to maximize revenue potential.”

Over half of respondents were optimistic that the next three months would see increasing revenue for their companies, and 35% are anticipating revenue growth from international trade opportunities.

While the overall mood continues to improve, intra-regional differences show some marked differences between countries in the region’s corporate sector:

- Saudi Arabia is most confident, with an Index of 97
- UAE remains the least confident, with an index of 78.4; although the UAE Index also showed one of the highest rises quarter-on-quarter
- Sentiment in Kuwait and Oman has fallen quarter-on-quarter
- Sentiment in Bahrain showed the highest quarterly rise

“These results show a mood of realistic optimism in the GCC,” added Vaughan Johnson. “Many companies are doing better than they were 12 months ago, but they do not see another boom on the horizon. This realistic perspective is predicting steady and sustainable growth, which is good news for our customers and for the region.”

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Media Enquiries:

Aimee Peters
Senior Manager, Corporate Communications
HSBC Bank Middle East Limited
Tel: 971 4423 5643
Email: aimeepeters@hsbc.com

Notes to editors:

About the HSBC Gulf Business Confidence Survey:
The HSBC GCC Business Confidence Survey was compiled by YouGov Siraj. The Survey appears quarterly, and tracks business sentiment in all six countries of the GCC.

Survey Methodology:

The Gulf Business Confidence Survey is calculated using the results from Q1 2007 as a base, with a score of 100. This and future Surveys will show a deviation from that base to indicate rising or falling levels of business confidence.

A score greater than 100 indicates a shift in the positive direction. A score lower than 100 indicates that business confidence is lower than in Q1 2007.

Questionnaires were completed between 25th May – 31st May 2010.

A total of 1491 respondents took part in the online survey, conducted by YouGov Siraj, from the following countries: Oman, Kuwait, Bahrain, Qatar, Saudi Arabia, United Arab Emirates.

HSBC in the Middle East

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