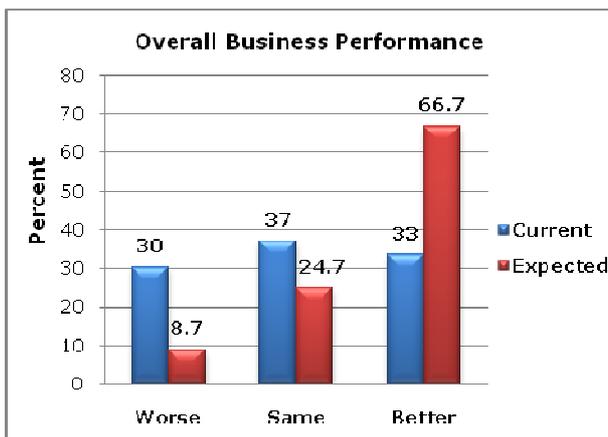


**OVERALL PERCEPTION OF THE BUSINESS ENVIRONMENT**

Cost of credit remains the most critical factor limiting the growth of businesses operating in Ghana, according to the last four quarters of AGI Business Barometer. This calls for urgent attention considering the fact that inflation declined from 20.7% in June 2009 to 13.3% in March 2010. The Bank of Ghana’s prime rate also declined from 18.5% (June 2009) to 15.0% (April 2010) but lending rates have remained unchanged over the same period.

CEOs of businesses operating in Ghana are optimistic that the overall business environment would improve in the next three months. This was revealed by the Association of Ghana Industries (AGI) 1st Quarter Business Barometer (BB) conducted in the first half of April, 2010.

About 67% of CEOs interviewed expect the business environment to be favorable in the next three months, compared with the present situation (See fig.1 below). Only 8.7% of the respondents expect the business environment to be worse. The CEOs are confident that the business environment will improve because they expect an improved market, availability of raw materials and continuous stability of the Ghana cedi in the next quarter.

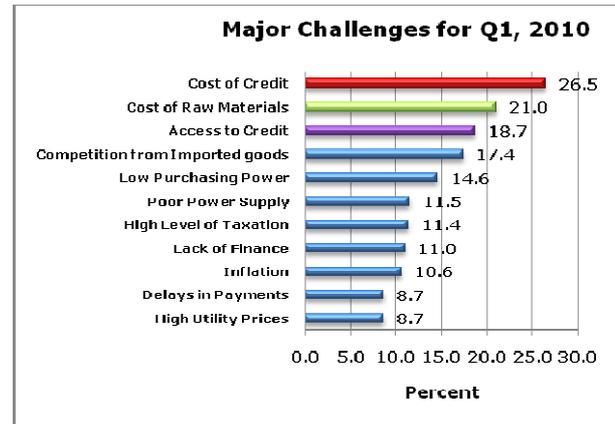


**Fig. 1**

**OVERALL MAJOR CHALLENGES**

Cost of credit (26.5%), cost of raw materials (21.0%) and access to credit (18.7%) are the top three challenges facing industries operating in Ghana. The result of the survey is consistent with the development in the economy as the decline of inflation from 15.9% (Dec. 2009) to 13.3% (March 2010), saw inflation dropped from 2nd (2009 Q4) position to 9th (2010 Q1) in the survey.

Cost of raw materials on the other hand, moved 6 places upwards from 8th (2009 Q4) to 2nd (2010 Q1).



**Fig. 2**

**SECTOR CHALLENGES**

**Service:** Poor power supply emerged as the number one challenge for the service industry followed by high level of taxation and cost of raw materials.

**Manufacturing:** Competition from imported goods, cost of raw materials and cost of credit emerged as the top three challenges facing the manufacturing sector.

**Agriculture:** Cost of credit, competition from imported goods and access to credit are considered the three major challenges retarding the growth of the sector.

**Construction:** Access to credit, cost of credit and delays in payments are the three key challenges facing this sector.

**CHALLENGES BY SIZE**

Size	Challenges		
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
SMEs	Cost of credit	Access to credit	Competition from imported goods
Large	Competition from imported goods	Cost of credit	Cost of raw materials
African Giants	Competition from imported goods	Inflation	Low purchasing power

## COMPARISON: Q1 2010 and Q4 2009

Quarter 1 2010 (Q1) and Quarter 4 2009 (Q4) present a comparison to examine the trend of business performance, over the last two quarters.

### Current business environment

Figure 3, compares the overall current business perception of Q4 and Q1. It is evident that, CEOs of businesses are more confident in the Q1 (33%) than Q4 (17%). Q1 recorded a marginal increase in the number of CEOs who perceive the current business environment as worse.

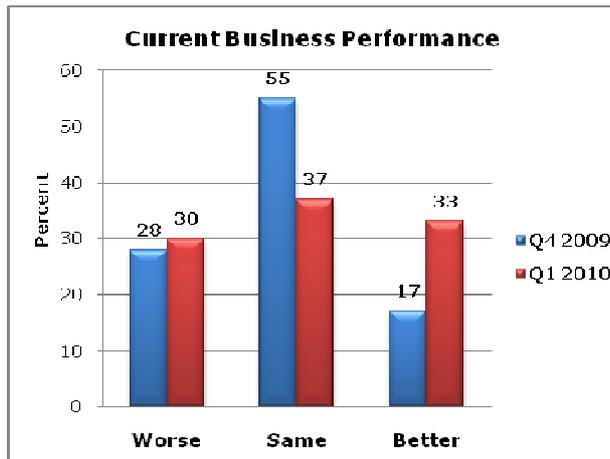


Fig. 3

### Expected business performance

The business community was more optimistic in Q4 (81%) than Q1 (66.7%) in their assessment of the next quarter's business environment (see fig. 4 below). 8.7% of CEOs expect the environment to be worse in Q1 as compared to Q4 (4%). A lot more CEOs feel that the business environment will remain same (24.7%) in the next quarter.

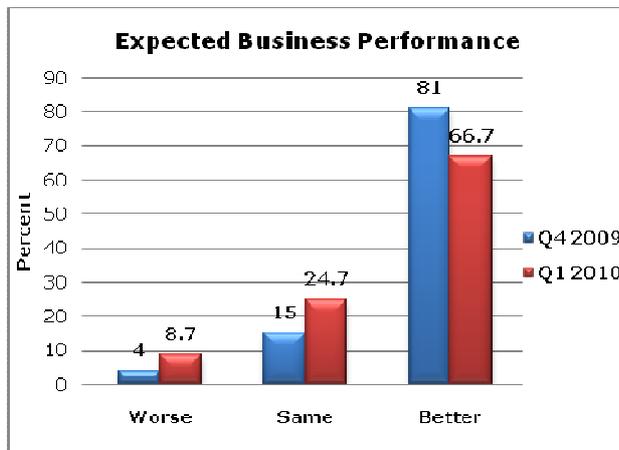


Fig. 4

### Challenges

Figures 5 and 6 present the major challenges for Q4 (2009) and Q1 (2010).

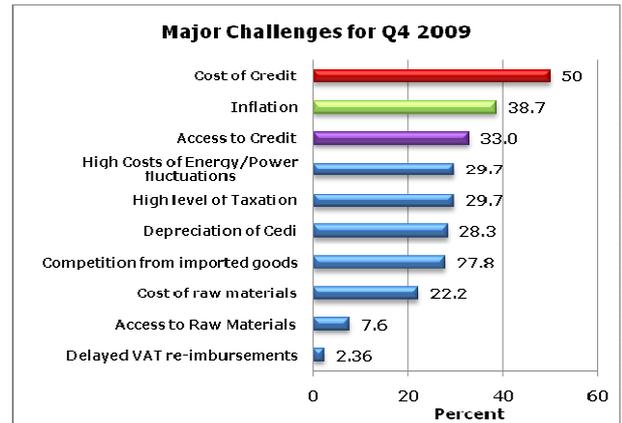


Fig. 5

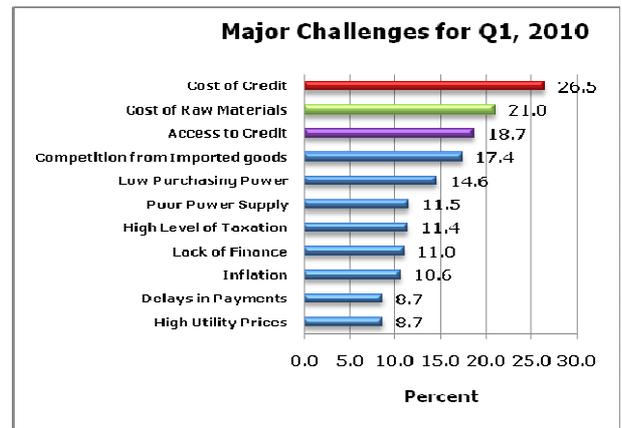


Fig. 6

The figures show that cost of credit and access to credit remain unchanged in first and third positions respectively. However, inflation dropped from 2nd (Q4) to 9th (Q1) and cost of raw materials moved up from 8th (Q4) to 2nd (Q1).

### THE AGI BB INDICATOR (BBI)

The AGI BBI which measures the level of confidence in the business environment increased insignificantly from 28.8 in Q4 to 28.9 in Q1 (see Fig. 6). This implies that the confidence level in Q1 is higher than that of Q4.

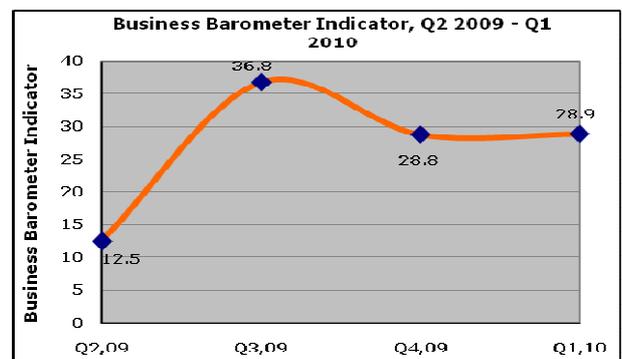


Fig. 7

**WE THANK OUR RESPONDENTS FOR THEIR KIND COOPERATION.**