

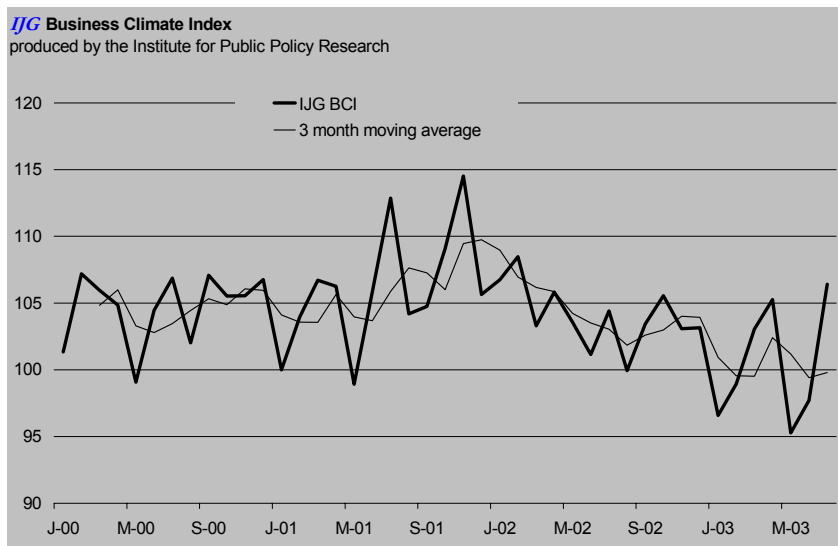


The *IYG* Business Climate Monitor for July 2003

produced by the Institute for Public Policy Research

- The *IYG* Business Climate Index rose sharply to 106.4 in July from 97.7 in June.
- The *IYG* Business Climate Survey suggests business sentiment has not changed since last month.
- The IPPR website received a record 10,000 hits in July.

The *IYG* Business Climate Index for July 2003



The *IYG* Business Climate Index jumped to 106.4 in July 2003 from 97.7 in June following the cut in interest rates announced in June. The BCI was most affected by a sharp rise in company registrations and business credit as well as the direct impact of a cut in the prime rate. The exchange rate remained firm despite the cut in rates underlining the fact that the cut was widely anticipated. Clearly the continued strength of the Rand and Namibia dollar are affecting exports. The **Export Index** was the only one of our five component indices to fall this month.

		July	June
Business Climate Index	▲	106.4	97.7
Investment Index	▲	124.8	102.0
Consumption Index	▲	102.2	98.4
Export Index	▼	91.0	92.3
Leading Indicator	▲	121.7	108.5
Coincident Indicator	▲	93.2	92.0

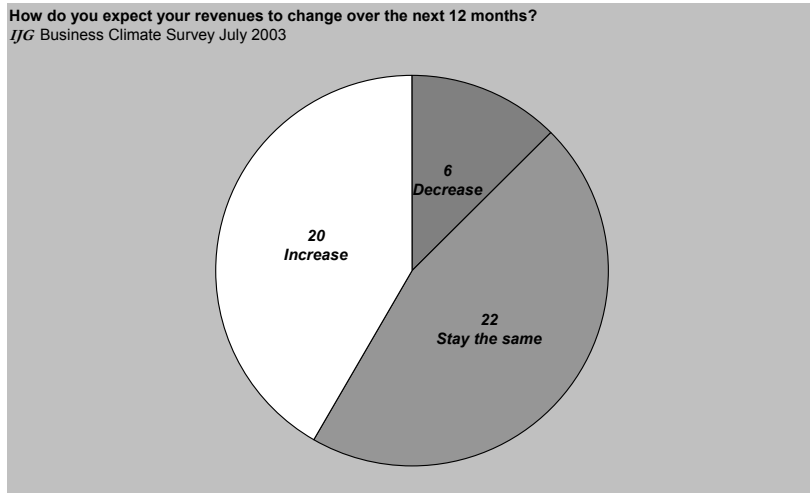
The *IYG* Business Climate Survey for July 2003

The *IYG* Business Climate Survey asks 50 top businesses in Namibia across all major sectors of the economy to reply to four questions on revenues, employment, investment and prevailing business conditions. In addition to this sample, members of the Namibian Manufacturers Association (NMA) are also surveyed. Since September 2002 members of the Namibia Chamber

of Commerce and Industry (NCCI) have taken part in the survey. This month we received a total of 48 responses. This month we report the results of our survey for the whole sample only because the response from manufacturers was so limited.

Q1: How do you expect your revenues to change over the next 12 months?

Just over two-fifths of responding businesses expect revenues to increase.

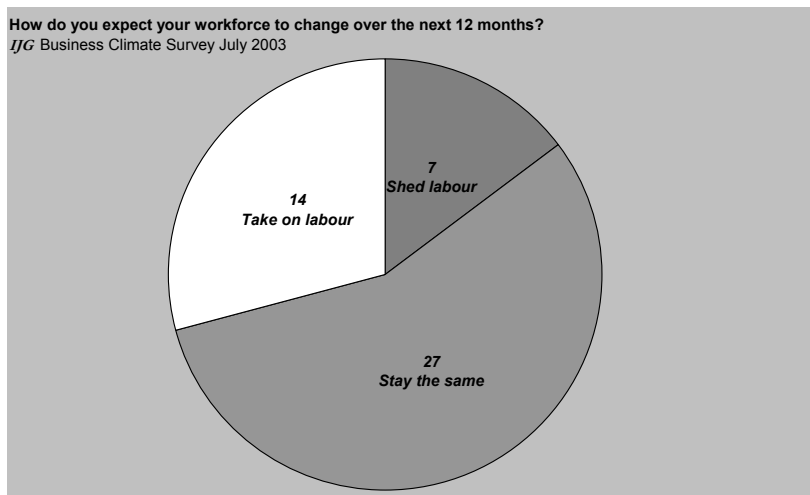


Firms were given a choice of three responses to the question on revenues: revenues could decrease, stay the same or increase.

The number of respondents expecting revenues to increase fell slightly from last month but the difference was not dramatic. Out of 48 responses, 20 expect revenues to increase while 22 expect revenues to stay the same and only 6 expect revenues to decline.

Q2: How do you expect your workforce to change over the next 12 months?

Overall employment expectations have not changed since last month.



Firms were given a choice of three responses to the question on employment: either they expected to shed labour, or their workforces were expected to remain the same, or they expected to take on labour.

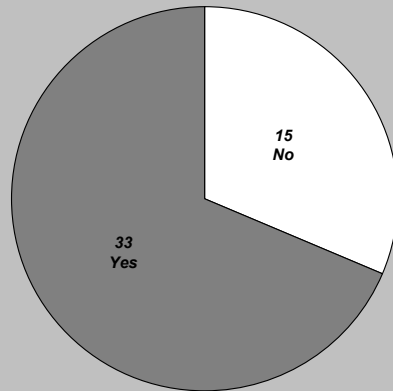
This month's results were identical to last month's. A total of 14 out of 48 firms expect to take on labour while 7 expect to shed labour and 27 expect their workforces to remain the same.

Q3: Do you intend to invest in new plant and equipment (excluding inventories) over the next 12 months?

Investment expectations have also not changed since last month.



Do you intend to invest in new plant and equipment over the next 12 months?
I/JG Business Climate Survey July 2003



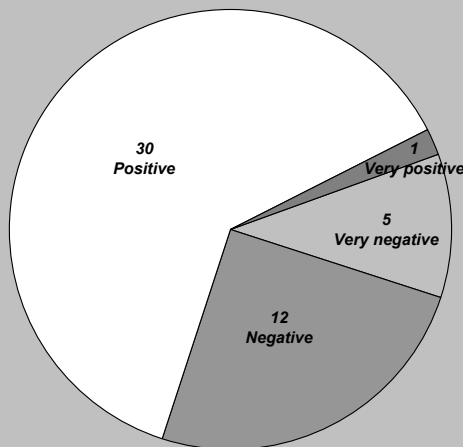
Firms could respond either that they intended to invest in new plant and equipment or that they did not intend to invest.

Similar to last month, more than two-thirds of respondents intend to invest in new plant and equipment.

Q4: How do you find prevailing business conditions for your business?

Almost two-thirds of all firms perceive prevailing business conditions as positive.

How do you find prevailing business conditions for your business?
I/JG Business Climate Survey July 2003



Firms were given a choice of four responses to the question on prevailing business conditions: very negative, negative, positive or very positive.

Out of 48 responses, 31 now perceive prevailing business conditions as positive or very positive.

July's survey responses were virtually identical to June's suggesting that the coming into effect of the announced cut in interest rates had little effect since they were already widely anticipated in June. It is to be hoped that further cuts in the cost of borrowing will have a greater and more positive impact on Namibian business behaviour.

IPPR commentary for July 2003

IPPR commentary presents the views of the IPPR alone and not the sponsor.

The **IPPR website** now hosts a large variety of economic data and research reports which can be easily downloaded free of charge. In July, the IPPR website received a record 10,000 hits.

