

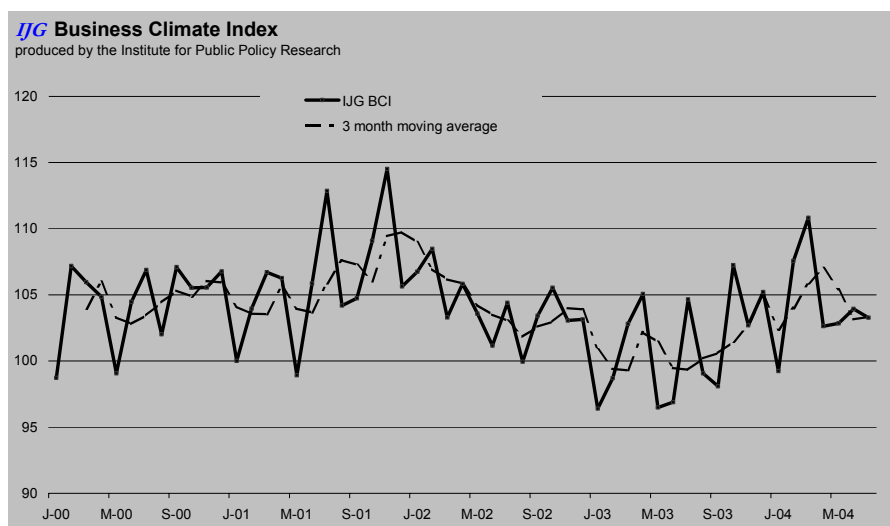


The *IJJG* Business Climate Monitor for July 2004

produced by the Institute for Public Policy Research

The *IJJG* Business Climate Index dropped this month after a modest recovery during the previous two months. In contrast to last month, the *IJJG* Business Climate Survey for July suggests that the manufacturing sector is more optimistic about prevailing business conditions as it expects improvements in revenue, employment and investment, while at the same time the non-manufacturing sector expects to perform poorly.

The *IJJG* Business Climate Index for July 2004



After a modest recovery over the past two months the *IJJG Business Climate Index* dropped by 0.6 points from 103.9 during June to 103.3 for July. All of the other indices also dropped with the exception of the *Investment Index*. An increase in international oil prices by more than US\$5.00 caused the index to fall. A decrease in the exchange rate between the US\$ and N\$ also resulted in the *Export Index* and the *Consumption Index* dropping. The *Leading Indicator* also dropped after a consecutive rise for two months. On a positive note the *Investment Index* rose and a major contributor to this was the increase in vehicle sales in July.

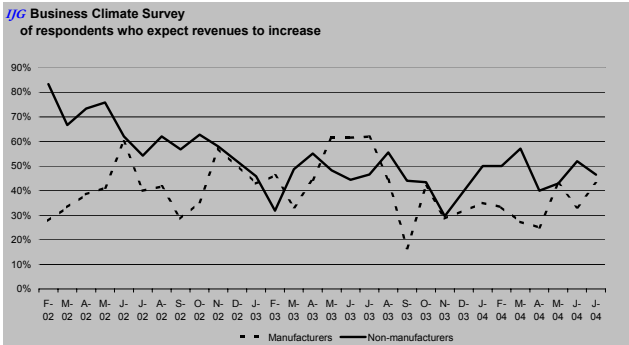
		July	June
Business Climate Index	▼	103.3	103.9
Investment Index	▲	127.6	126.4
Consumption Index	▼	85.4	103.6
Export Index	▼	89.6	90.8
Leading Indicator	▼	125.0	136.2
Coincident Indicator	▼	87.8	96.4

The *IJJG* Business Climate Survey for July 2004

The *IJJG 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. The IPPR received 42 responses for July.

Q1: How do you expect your revenues to change over the next 12 months: decrease, stay the same or increase?

The two groups of respondents gave a converging response in terms of revenue collections.

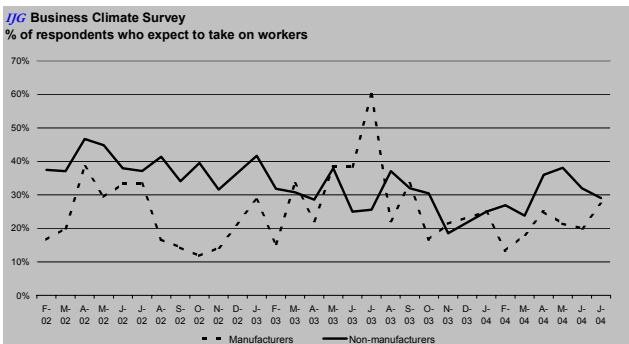


A total of 20 businesses expect revenues to increase, with the same number of respondents also indicating revenues will stay the same with the remaining 2 anticipating decreases in revenues.

This month the manufacturing sector seems to be more positive about revenue collections, while revenue expectations have fallen for the non-manufacturers thus resulting in a converging response.

Q2: How do you expect your workforce to change over the next 12 months: shed labour, remain the same or take on labour?

Most non-manufacturing enterprises gave a negative response about job creation.

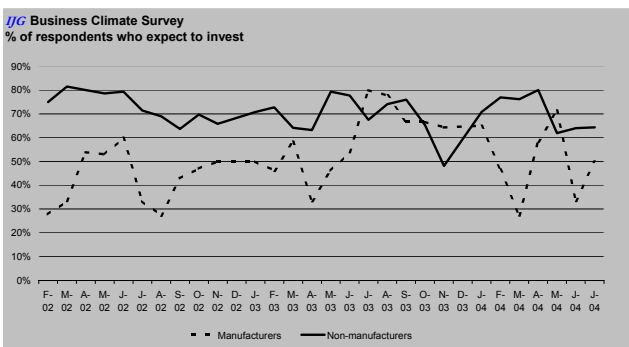


A sum of 25 businesses anticipates labour to remain the same with 13 intending to take on labour while the remaining 4 expect to shed labour.

Contrary to last month the manufacturers are more optimistic about job creation for this month while at the same time most of the non-manufacturing businesses do not expect labour intake to improve.

Q3: Do you intend to invest in new plant and equipment (excluding inventories) over the next 12 months: yes or no?

Investment prospects have improved for both sectors.

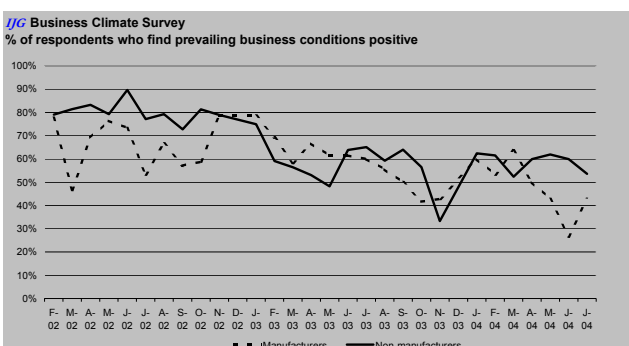


Investment prospects have risen with a total of 26 businesses indicating that they intend to invest and only 16 stating that they will not invest.

As opposed to last month's responses, this month both groups of companies expect investment opportunities to improve as more companies intend to invest.

Q4: How do you find prevailing business conditions for your business: very negative, negative, positive or very positive?

The manufacturing sector perceives conditions to be more promising.



Of the 42 responses that were obtained, a total of 20 businesses perceive prevailing conditions as positive, while 18 gave a negative perception with the remaining 4 being shared 2 each by those who indicated very positive and very negative.

This month the manufacturers gave an improved response, as they perceive business conditions to be more positive.

