

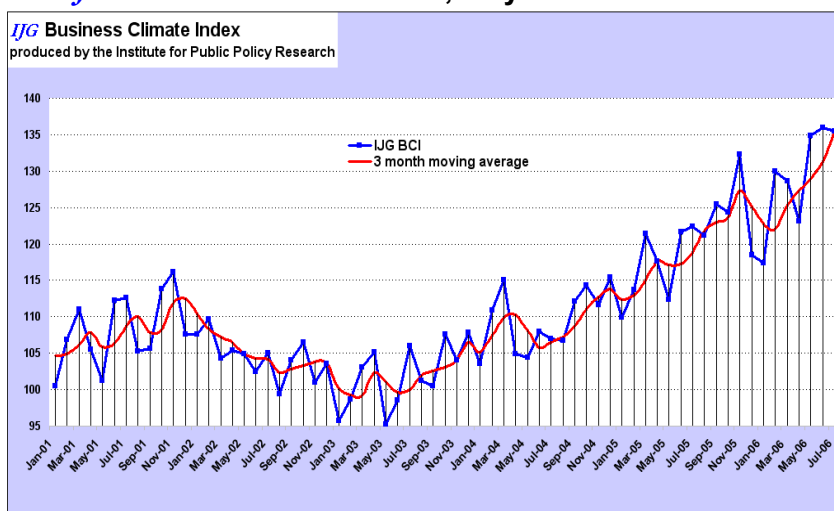


The *IJG* Business Climate Monitor for July 2006

Produced by the Institute for Public Policy Research

The *IJG* Business Climate Index for the month of July shed 0.5 points from a historic record level of 135.9 points registered in the previous month. Meanwhile, the survey revealed a rather pessimistic view of business conditions among non-manufacturers.

The *IJG* Business Climate Index, July 2006



Crude oil supply fears continued to exert immense pressure on the international oil prices, with spot prices averaging US\$74.24/barrel. On the other hand, the local currency recovered some losses of the previous month as it retreated to within N\$7/U\$ during the month under review. While this might have offset the impact on high international oil prices, it also had a hold on some gains on international metal prices. Given such developments among others, it is less surprising that the *IJG Business Climate Index* marginally fell short of its record level reached the previous month shedding 0.5 points to close at 135.4.

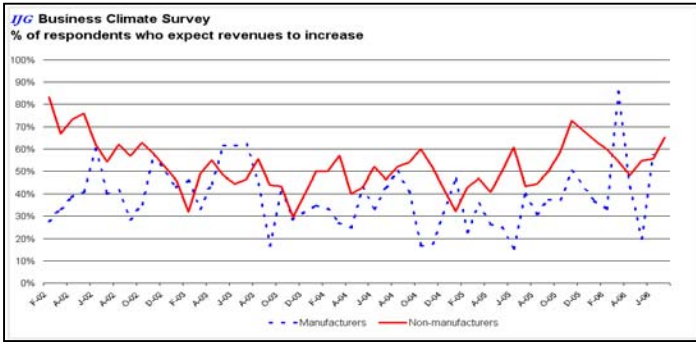
With regard to sub-indices, both the **investment** and **consumption indices** shed some points on account of lower credit extension to businesses and the inflationary impact of oil prices, respectively. However, the export index remained unchanged despite the appreciation in the local currency.

		Monthly			Quarterly	
		July	June		2 nd quarter 06	1 st quarter 06
Business Climate Index	▼	135.4	135.9	▲	131.3	125.4
Investment Index	▼	166.2	166.6	▼	156.5	159.9
Consumption Index	▼	119.5	123.4	▲	125.8	124.4
Export Index	—	136.5	136.5	▲	130.3	107.2
Leading Indicator	▲	179.2	178.5	▲	174.9	159.1
Coincident Indicator	▼	128.0	130.0	▲	126.1	119.6

The *IJG* Business Climate Survey for July 2006

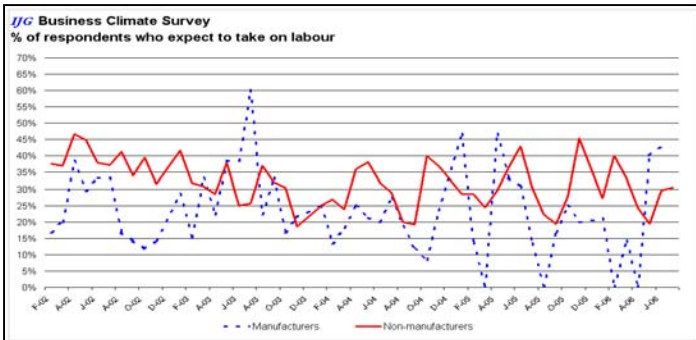
The *IJG Business Climate Survey* asks 50 top businesses in Namibia across all major sectors of the economy to reply to four questions on revenues, employment, investment and prevailing business conditions. In addition to this sample, members of the Namibian Manufacturers Association (NMA) are also surveyed. For the July survey, a total of 27 questionnaires were returned of which 2 were from manufacturers. Thus, due to the low number of manufacturers responding, the analysis shall be devoted non-manufactures only.

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



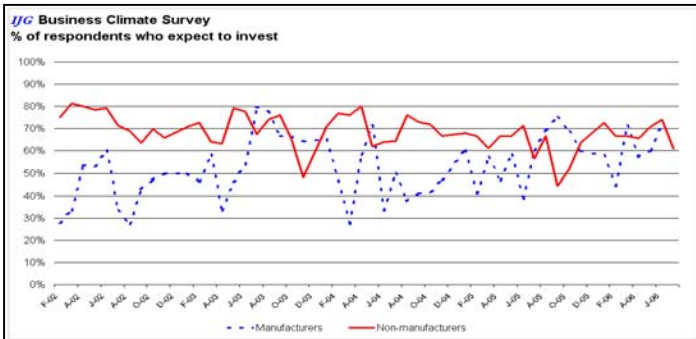
An improvement was noted in the percentage of non-manufactures expecting upward movement in revenue collection over the next 12 months, from 56% to 65% in the current month. In absolute terms however, only 15 expressed optimism with regard to revenue outcomes, and thus unchanged from the June figure.

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



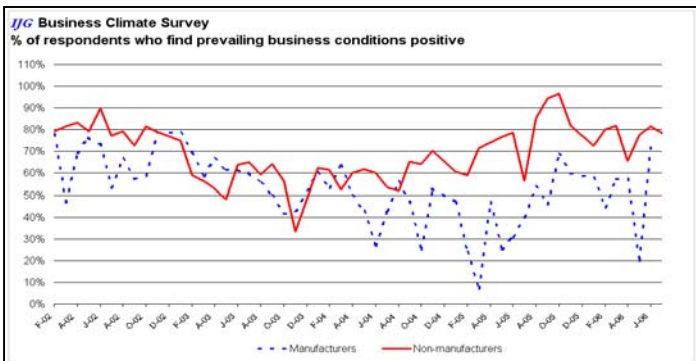
As the adjacent graph shows, the proportion of non-manufactures planning to take on labour in the next 12 months remained unchanged from the previous month, at 30%.

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



The proportion of non-manufactures expecting to undertake investment declined to 61% (from 74%) for the month of July. Given the low response rate, it is rather too early to establish whether this reaction could be due to expectations of interest hikes.

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



No significant change was observed in terms of current business climate assessment with the majority (78%, from 81% in June) of non-manufactures generally optimistic. However, the absolute number of those expressing pessimism increased from a mere 3 to 7 in the current month.

