

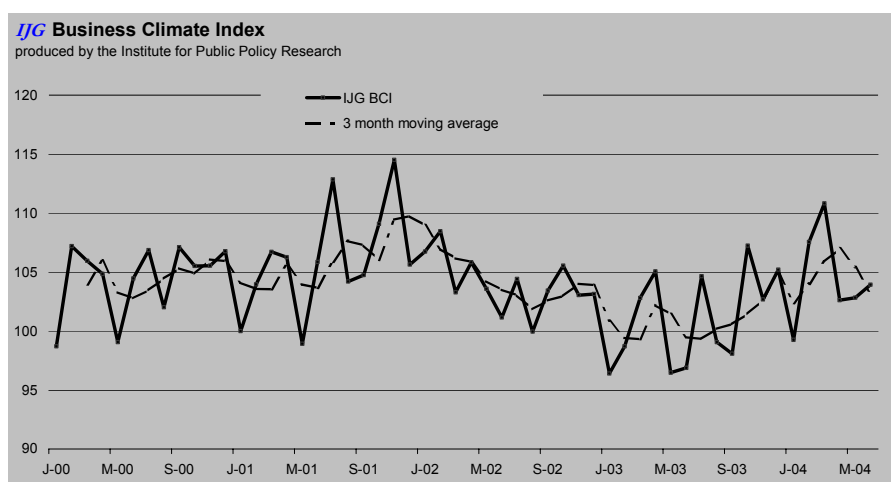


## The *IJG* Business Climate Monitor for June 2004

*produced by the Institute for Public Policy Research*

The *IJG* Business Climate Index recovered from the weak performance of last month to record an improvement this month. The *IJG* Business Climate Survey suggests that the manufacturing businesses are struggling in all areas of business, as they do not foresee improvements in investment and business conditions. By contrast, non-manufacturers seem to be more optimistic about certain aspects of their businesses such as revenues and investment intentions over the next 12 months.

### The *IJG* Business Climate Index for June 2004



The *IJG Business Climate Index* increased by 1.1 points rising from 102.8 for May to 103.9 at the end of June. An increase in corporate registrations and vehicle sales in June helped steer the overall index in a positive direction. The month of June also saw the international oil and fish prices dropping. The oil price, which has been on an increase since January this year dropped for the first time in June but has increased again. A decrease in exchange rate of the US\$ and the Euro also helped the **Consumption index** to record positive change. The **Leading Indicator** also rose by 11.2 points, an indication that the economy is likely to recover in the future. On a negative note,

		June	May
<b>Business Climate Index</b>	▲	103.9	102.8
<b>Investment Index</b>	▲	126.4	125.4
<b>Consumption Index</b>	▲	103.6	101.9
<b>Export Index</b>	▼	90.8	95.1
<b>Leading Indicator</b>	▲	136.2	125.0
<b>Coincident Indicator</b>	▼	96.4	97.4

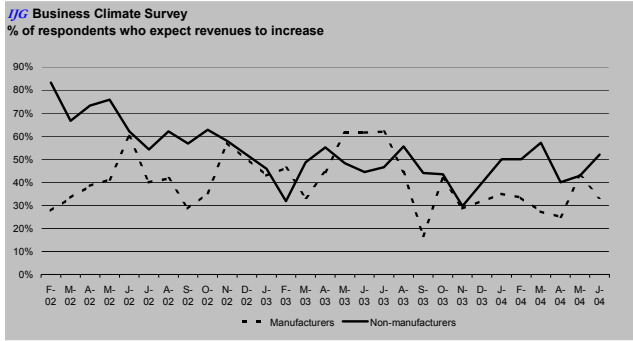
both the **Export index** and **Coincident Indicators** dropped.

### The *IJG* Business Climate Survey for June 2004

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. The IPPR received 40 responses for June.

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

**Non-manufacturers are more optimistic about revenue growth**

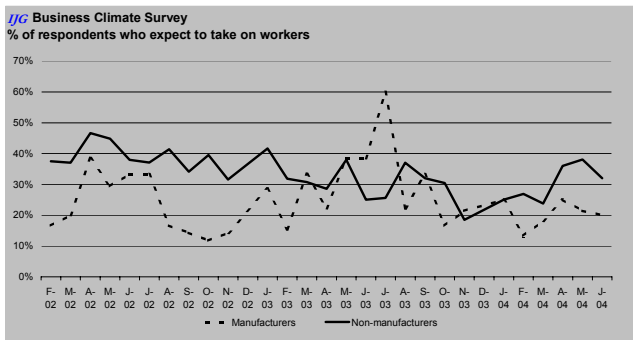


Of the 40 businesses that replied, 18 businesses expect revenues to stay the same, while 18 expect revenues to increase with only 4 respondents anticipating revenues to fall.

The non-manufacturing businesses seem to be more positive about revenue collection, which is contrary to what the manufacturing sector.

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

**Both groups of respondents do not foresee increases in their workforces.**

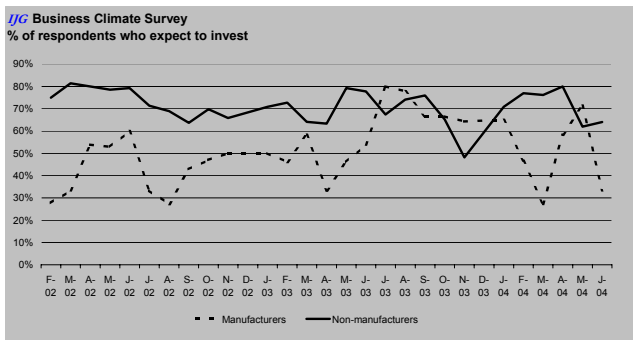


A total of 21 indicated that they expect labour to stay the same, 8 expect to shed labour while the remaining 11 stated that they expect to take on labour.

Both manufacturers and non-manufacturers indicated a weakening performance in terms of labour uptake as they either expect labour to decrease or remain the same.

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

**Most manufacturers indicated that investment conditions are not that promising.**

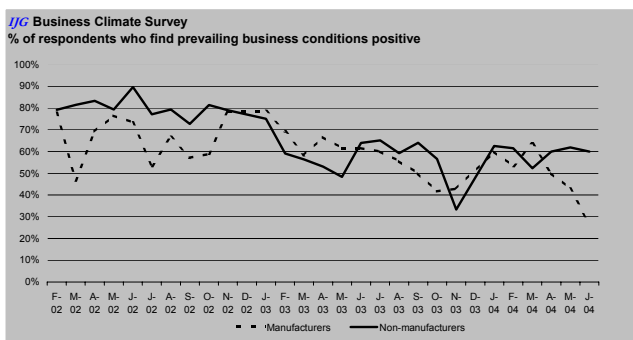


The number of businesses that expected to invest were 21 while 19 do not intend to invest over the next 12 months.

The manufacturers indicated that the prevailing business conditions are not that encouraging, thus they signalled a very poor performance for investments, on the contrary the non-manufacturers are slightly positive with future investments.

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

**The business community perceive the prevailing conditions as not encouraging.**



A total of 19 respondents, perceive prevailing business conditions to be positive, with 20 being negative and only 1 indicating very negative.

Both the groups of respondents seem agree that prevailing conditions are not very encouraging, but it is worse for the manufacturing sector.

