

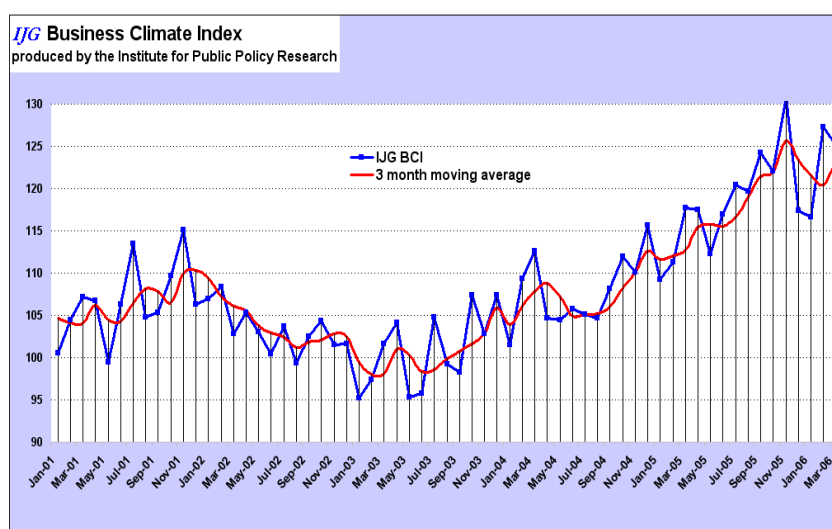


The *IYG* Business Climate Monitor for March 2006

Produced by the Institute for Public Policy Research

After a sharp rise in February, the *IYG* Business Climate Index marginally dropped by 2 points to 125.3 in March. However, the survey revealed a rather improved business environment among respondents, with manufacturers being the more confident.

The *IYG* Business Climate Index for March 2006



The *IYG Business Climate Index* fell by 2 points in March after having leapt by about 11 points in February. This was despite a rise in total credit extension, total vehicle sales as well as metal prices. Factors attributable to the drop in the index were the rise in oil prices and a drop in total corporate registrations. The latter also significantly contributed to the decline in the **investment index**. The drop in corporate registrations was mainly due to a sharp decline in the registrations of defensive names, which also largely contributed to a marginal fall in the

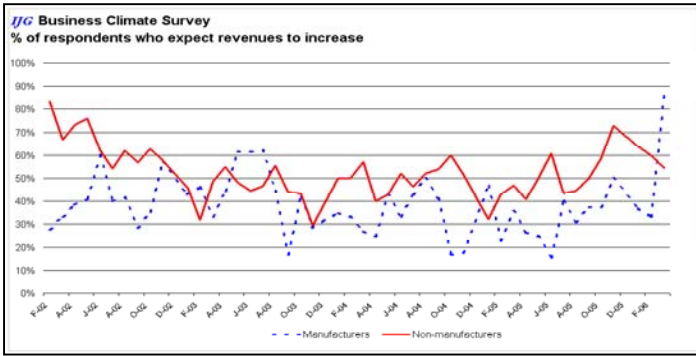
leading indicator. In contrast, a rise in passenger vehicle sales and metal prices helped steer the **consumption** and **export indices** in a positive direction, respectively. Overall, no movements higher than 4 points were observed in all indices during the period under review. Meanwhile, a quarterly comparison shows that all indices except for the **investment index** are higher than in the last quarter of the preceding year, but that the difference is just about 4 points at most.

		Monthly			Quarterly	
		March	February		1 st quarter 06	4 th quarter 05
Business Climate Index	▼	125.3	127.2	▲	123.0	122.6
Investment Index	▼	161.9	165.4	▼	157.1	161.5
Consumption Index	▲	115.7	115.4	▲	115.4	113.8
Export Index	▲	109.3	107.2	▲	107.2	103.2
Leading Indicator	▼	165.5	165.7	▲	156.3	152.3
Coincident Indicator	▲	115.4	115.1	▲	115.1	111.2

The *IYG* Business Climate Survey for February 2006

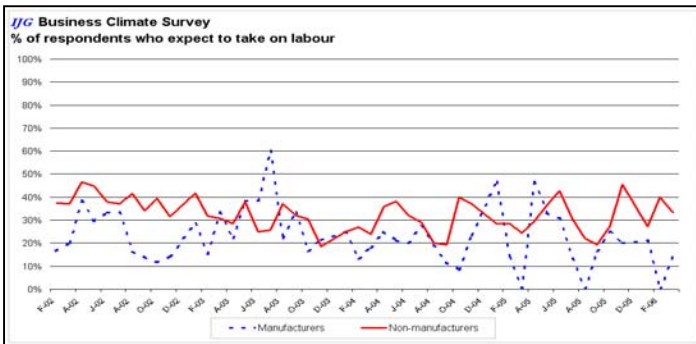
The *IYG Business Climate Survey* asks 50 top businesses in Namibia across all major sectors of the economy to reply to four questions on revenues, employment, investment and prevailing business conditions. In addition to this sample, members of the Namibian Manufacturers Association (NMA) were also surveyed. For the March survey, a total of 40 questionnaires were returned of which 7 were from manufacturers.

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



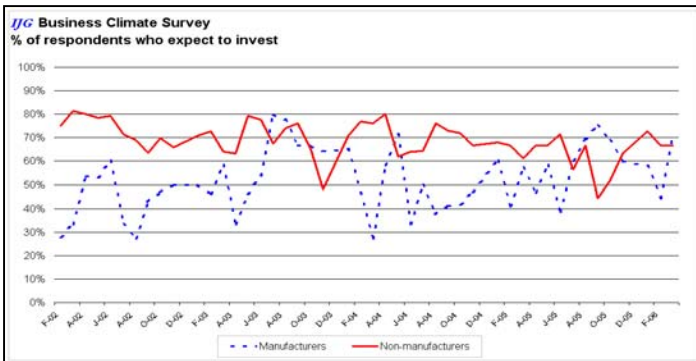
Revenue expectations show a change of fortunes for the manufactures with 6 of the 7 (86%) surveyed expecting an increase in revenues over the next 12 months. In contrast, revenue expectations continue to fall for non-manufacturers. Overall, more than half (60%) respondents expect their revenue to increase, and thus an improvement from the previous month (50%). The rest anticipate either no change (35%) or a decrease (5%).

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



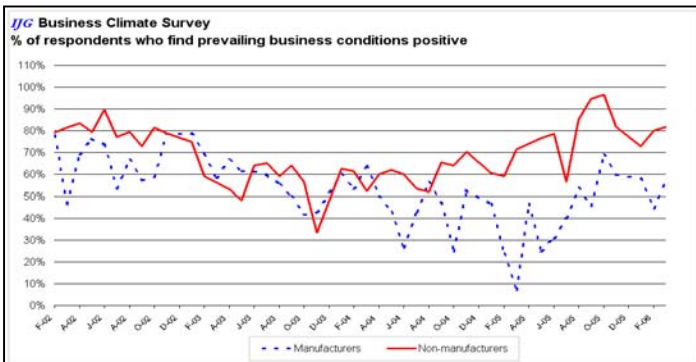
Similar to the previous months, the majority of respondents (60%) do not anticipate a change in their employment levels. However, a slight improvement was observed among those expecting to take on labour, 30% compared to 25% in February. Expectations differed between manufacturers and non-manufacturers, with the former showing improvement from last month and the latter a decline.

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



Two thirds (68%) of the respondents indicated they would invest in the next 12 months, and thus an improvement from the previous month (58%). However, the investment outlook seems positive among manufactures where 71% plan to invest, but the situation remains unchanged for non-manufacturers.

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



The majority of respondents and non-manufactures in particular (82%), perceive current business conditions as favourable. For manufactures however, it represents an improvement (57%) from 44% in the previous month. Overall, the general optimism is higher (77%) compared to the previous month (67%).

