

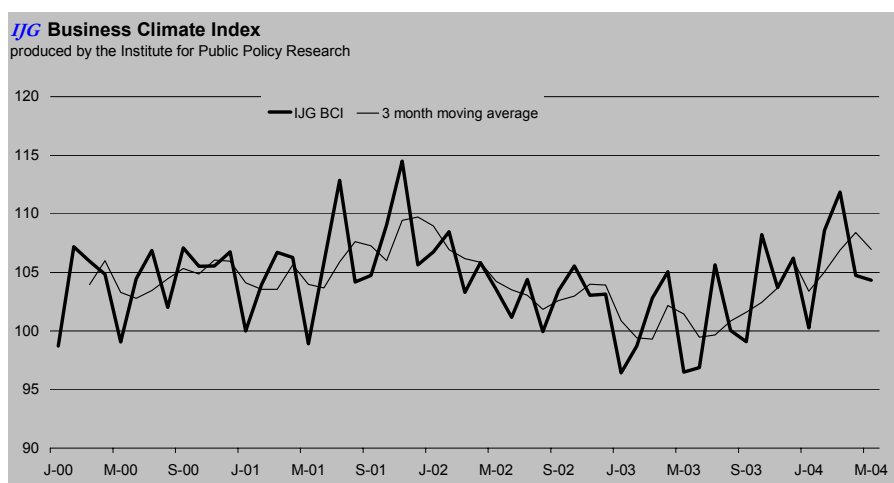


The *IJJG* Business Climate Monitor for May 2004

produced by the Institute for Public Policy Research

- The *IJJG* Business Climate Index continues to fall, but despite the fall other indices are starting to indicate positive signs.
- The *IJJG* Business Climate Survey suggests that the business environment still remains the same.

The *IJJG* Business Climate Index for May 2004



The *IJJG Business Climate Index* for May continues to decrease but this month it dropped by a smaller margin of 0.4 points, dropping from 104.7 during April to 104.3 for May. The increase in oil prices was one of the components that caused the index to drop. As was stressed in last month's BCM the ongoing conflict in Iraq is affecting international oil prices, and as a result, oil prices increased by more than U\$2.00 per barrel during May. The

number of passenger and commercial vehicles that were sold during May dropped and this also contributed to the fall in the index. On a more positive note, the NSX local index went up by more than two points, this was due to an increase in the share price of Namibia Breweries, that increased from N\$2.50 to N\$2.95 during May, and this led to an increase of the *Investment Index* by more than two points. The *Leading Indicator* also recorded a positive index, an indication that the economy is likely to recover in the future.

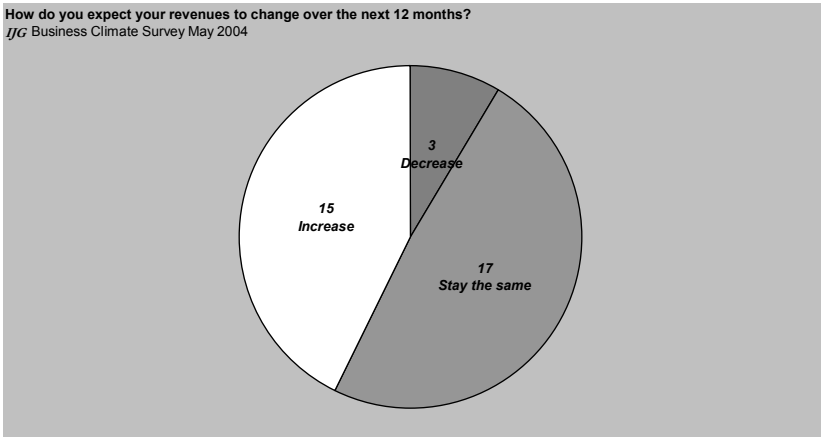
		May	April
Business Climate Index	▼	104.3	104.7
Investment Index	▲	126.3	124.1
Consumption Index	▼	101.9	105.3
Export Index	▲	98.2	98.1
Leading Indicator	▲	116.1	114.4
Coincident Indicator	▼	100.3	102.2

The *IJJG* Business Climate Survey for May 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 only received a total of 35 responses for this month.

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

Most businesses expect revenues to stay the same.



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

A total of (17) businesses expect revenues to stay the same, while (14) expects revenues to increase with only (3) respondent's anticipating revenues to fall.

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

A vast number of respondents expect labour to stay the same.



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.

Of the 35 businesses that replied, (19) indicated that they expect labour to stay the same, (5) expect to shed labour while the remaining (11) stated that they expect to take on labour. The number of businesses that expect to shed labour has increased for this

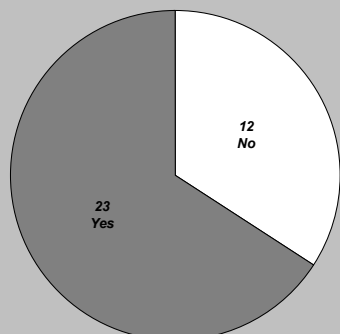
month, while those expecting to take on labour remain the same.



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

Majority of the businesses intend to invest in new plant and equipment.

Do you intend to invest in new plant and equipment over the next 12 months?
IJG Business Climate Survey May 2004



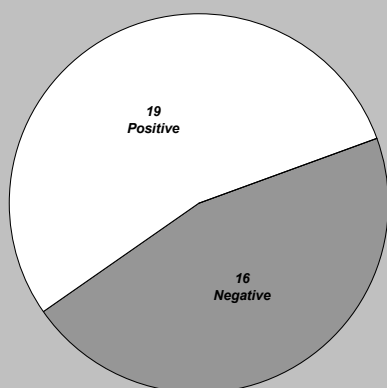
Firms could respond either that they intended to invest in new plant and equipment or that they did not intend to invest.

Out of a total of 35 responses that were received, (23) indicated that they intend to invest over the next 12 months while (12) indicated that they would not invest in new a plant. The number of businesses that intend to invest has decreased between April and May

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

Most businesses perceive prevailing business conditions as positive.

How do you find prevailing business conditions for your business?
IJG Business Climate Survey May 2004



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

Out of a total of 35 respondents, (19) perceive that the prevailing business conditions to be positive, while (16) perceive conditions to be negative. Overall the number of the businesses that perceive business conditions to be positive has decrease slightly for this month while those perceiving it to

be negative remain the same.

The **IJG Business Climate Survey** continues to suffer from a poor response rate. Overall the survey suggests that there is still no improvement in the business sector because most businesses expect revenues and their labour force to remain the same. Positive business perceptions have also fallen by a smaller percentage for May.



IPPR commentary for May 2004

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

Recent IPPR publications

After the Dust Has Settled: Continuity or Stagnation, IPPR Opinion No. 16, June 2004 by Robin Sherbourne