

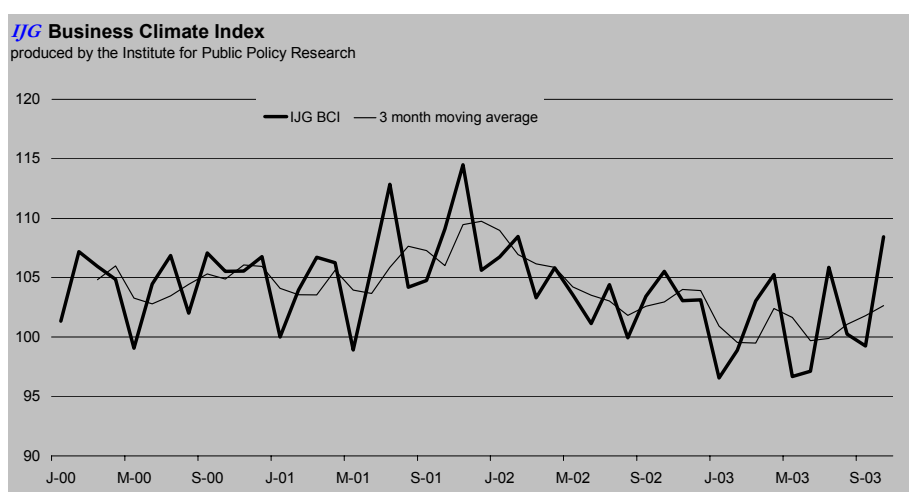


The *IJG* Business Climate Monitor for October 2003

produced by the Institute for Public Policy Research

- The *IJG* Business Climate Index jumped a massive nine points to 108.4 in October from 99.3 in September.
- The *IJG* Business Climate Survey suggests that the strong exchange rate is hurting Namibian business sentiment more than the cuts in interest rates are helping it.

The *IJG* Business Climate Index for October 2003



The *IJG Business Climate Index* rose nine points in October to reach 108.4 from 99.3 in September. Slowing inflation, a rising number of building plans and business registrations as well as the further fall in the prime lending rate were the major components driving the BCI upwards. The exchange rate continued to strengthen against the US dollar and the Euro further knocking the *Export Index*.

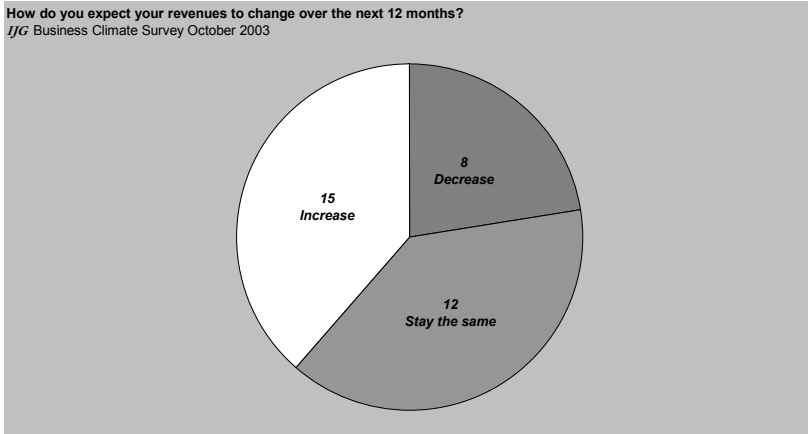
		October	September
Business Climate Index	▲	108.4	99.3
Investment Index	▲	124.4	104.8
Consumption Index	▲	114.0	107.5
Export Index	▼	90.2	90.7
Leading Indicator	▲	120.3	112.3
Coincident Indicator	▲	101.4	96.5

The *IJG* Business Climate Survey for October 2003

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. Since September 2002 members of the Namibia Chamber of Commerce and Industry (NCCI) have taken part in the survey. This month we received a total of 35 responses but no responses from the NCCI.

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

The vast majority of responding businesses expect revenues to stay the same or increase.

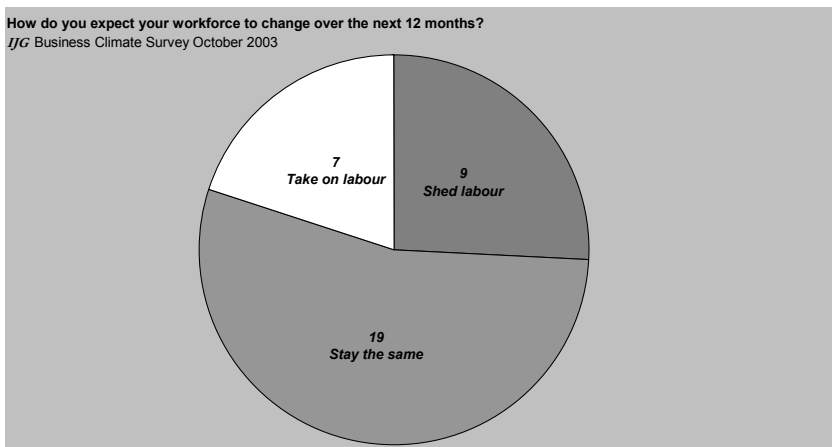


Firms were given a choice of three responses to the question on revenues: revenues could decrease, stay the same or increase.

By far the majority of businesses expect revenues to stay the same or increase with little change from last month apparent.

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

A majority of businesses expect their workforces to remain the same.



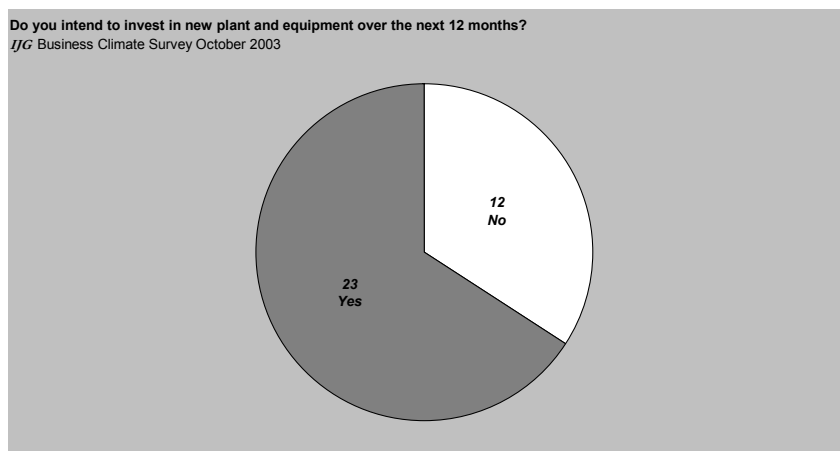
Firms were given a choice of three responses to the question on employment: either they expected to shed labour, or their workforces were expected to remain the same, or they expected to take on labour.

This month's results indicate that more than half of respondents expect their workforces to remain the same. A smaller proportion of businesses expect to take on labour than last month.



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

Overall two-thirds intend to invest in new plant and equipment.



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

Two-thirds of respondents intend to invest in new plant and equipment over the next 12 months, slightly less than last month.

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

Only half of responding businesses perceive prevailing business conditions as positive.



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

For the first time half of responding businesses perceive prevailing business conditions as positive and half negative.

This month's survey suggests that the strengthening of the exchange rate is hitting Namibian businesses harder than the lower interest rate is helping them. Investment expectations are not quite as positive as last month and it appears that firms are more likely to shed labour than take on labour. For the first time since the *JJG* Business Climate Survey started, business perceptions are evenly split between positive and negative.



IPPR commentary for October 2003

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

The issue of a **fourth term for President Nujoma** received attention in the foreign media with an interview in *New African* (November 2003), a detailed article in *Africa Confidential* (24th October 2003), a short article in *The Economist* ("For Whom the Builders Toil" November 15th – 21st) and an interview with the BBC. As already remarked by other commentators in the Namibian press, the issue receives more attention, commentary and analysis abroad than it does at home, at least in public. While on the face of it, it looks as if the President will step down at the end of the third term, *The Economist* strikes a more sceptical tone quoting surveys that show two-thirds of Namibians trust him. Certainly the IPPR's own Afrobarometer survey 2002 supports this finding. An incredible 86.6% of those surveyed approve of the President's performance while 32.1% trust him "quite a lot" and 46.7% trust him "a lot". These are approval ratings that other leaders can only dream of, especially after thirteen years in power. On the other hand, 56.9% agreed that there should be a two-term limit to the presidential term of office while 38.8% disagreed.

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