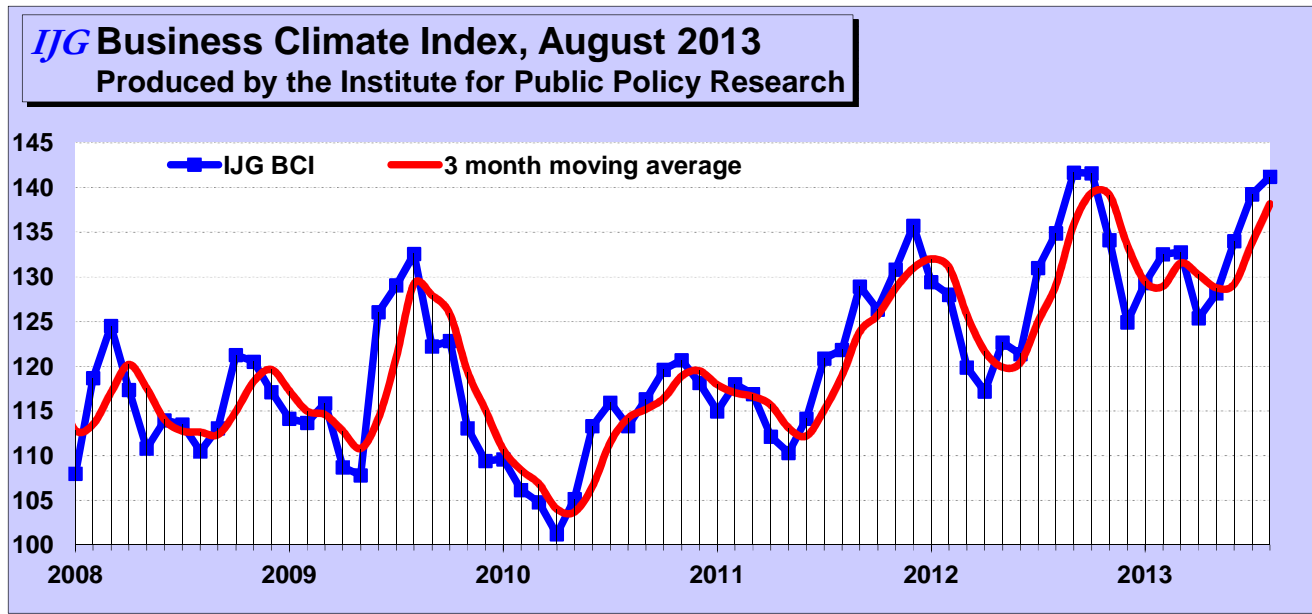




The *IJG* Business Climate Monitor for August 2013 Produced by the Institute for Public Policy Research

Index edges up despite consumption slowdown



The *IJG Business Climate Index* edged up 2 index points through August to end the month at 141.2 points. The investment index posted the largest improvement of 5.5 basis points on the back of robust commercial vehicle sales, sustained improvement in the NSX local index, and a strong performance by the construction sector. Commercial vehicle sales rose 11% year on year with a total of 819 vehicles sold during the month, while the NSX local index extended its gains to 24% over the past 12 months and the level of construction activity remained high. The export index was also on the front foot, gaining 3.2 index points due to the weaker local currency and favourable export prices for metals, fish and red meat. Uranium prices moved sideways after two and half years of weakening. White fish prices also remained unchanged, but exporters benefited from the weaker local currency, which translated into a 2% increase in export earnings. Beef prices rose 8.3% during the month. The consumption index contracted by 7.2 index points as consumers bought 5% fewer cars than in the previous month and consumer credit growth decelerated. Higher international fuel prices, which rose 5.5% during the month, further dented consumer confidence. Overall, the business climate remains favourable.

		Monthly			Quarterly	
		Jul	Aug		Q2'13	Q3'13
Business Climate Index	▲	139.2	141.2	▲	129.2	140.2
Investment Index	▲	211.6	217.1	▲	189.7	214.4
Consumption Index	▼	110.1	102.9	▲	105.5	106.5
Export Index	▲	126.6	129.8	▲	124.7	128.2
Leading Indicator	▲	179.7	180.7	▲	169.5	180.2
Coincident Indicator	▼	118.2	117.7	▲	110.7	118.0

Note on methodology:

The Business Climate Index is based on 13 broad economic indicators that are likely to impact on the domestic business environment. All indicators have the same weight except for company registration data, which has a significantly lower weight to reduce its volatility on the overall Index. Data is collected on each indicator on a monthly basis. The indicators are as follows:

- National Consumer Price Index (NCPI)
- Unweighted exchange rate of the Namibia dollar against the US dollar and the euro
- Deflated average price of beef and mutton
- Deflated average price of white fish
- Deflated average metal prices
- Unweighted average of selected OECD leading indicators (as a proxy for diamond price)
- Total of commercial vehicle sales
- Real value of building plans completed
- Real value of building plans approved
- The NSX local index
- Total number of business registrations
- Real private sector (businesses and individuals) credit extension
- Average prime lending rate
- Average deflated price of international crude oil

The **Business Climate Index** is based on all indicators.

The **Investment Index** is based on commercial vehicle sales, real value of building plans completed, NSX local index, company registrations, real credit extension (business), average prime lending rate, and the future oil price.

The **Consumption Index** is based on the National Consumer Price Index, the Namibia dollar/US dollar exchange rate, the OECD leading indicators (diamond price proxy), passenger vehicle sales, real credit extension (individuals), the average prime lending rate, and the oil spot price.

The **Export Index** is based on the Namibia dollar/Euro exchange rate, the deflated average price of beef and mutton, the deflated average price of white fish, deflated average metal prices and the OECD leading indicators (diamond price proxy).

The **Leading Indicator** is based on deflated average metal prices (future), commercial vehicle sales, real value of building plans approved, the NSX local index, defensive name registrations, the average prime lending rate, and the future oil price.

The **Coincident Indicator** is based on the National Consumer Price Index, the Namibia dollar/US dollar, the Namibia dollar/Euro exchange rate, the deflated average price of beef and mutton, the deflated average price of white fish, deflated average metal prices (spot) and the OECD leading indicators (diamond price proxy), passenger vehicle sales, real value of building plans completed, company registrations, real credit extension (business and individuals), and the oil spot price.