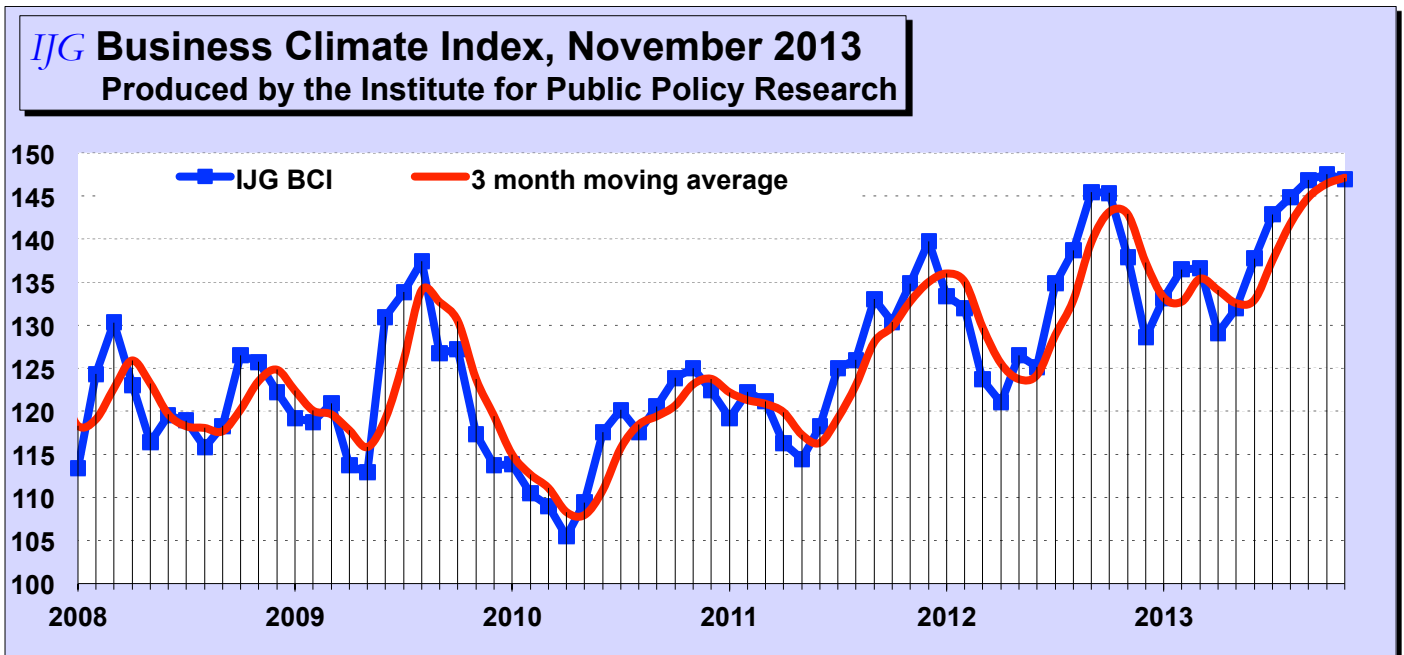




## The *IJG* Business Climate Monitor for November 2013 Produced by the Institute for Public Policy Research

*Leading indicator suggests positive outlook for 2014*



The *IJG Business Climate Index* declined by 0.6 index points in November 2013, returning to the level seen in September. The overall index now stands at 147.0 points. Nevertheless, the index decline was relatively small, and not large enough to result in a change in quarterly trends, as illustrated by the continued increase in the three-month moving average.

The marginal drop in the index in November was a result of a slight decline in fish, mineral and oil prices, as well as a more sizable reduction in the value of building plans approved and completed in November. However, the decline in building plans was largely seasonal and was largely offset by increases in a number of other components of the overall index. Most notable was the increase in the vehicle sales component of the index, which expanded by some 21.6 points on account of abnormally high commercial vehicle sales in November.

In November, the investment index expanded by some 4.0 index points, while the consumption index grew by 1.4 index points. As with the overall index, the support for the Investment Index's expansion was largely underpinned by corporate vehicle sales, however was also strongly supported by growth in credit extension to businesses. On the other hand, the consumption index was also driven by strong vehicle sales and credit extension, but in their case, to households rather than corporates. The export and leading Indices expanded by 1.3 and 2.6 points, respectively, in November, on account of vehicle sales, increased registration of businesses and strong growth in the overall index value of the NSX over the period.

The continued strong growth in the leading indicator suggests that the outlook for the first six months of 2014 is positive, in line with the projections of local economists. As such, the strong *IJG Business Climate Index* level of 147.0, while lower than the level seen in the previous month, continues to highlight a positive and improving business environment in the country.

		Monthly			Quarterly	
		Oct	Nov		Q3'13	Q4'13
<b>Business Climate Index</b>	▼	147.6	147.0	▲	144.8	147.3
<b>Investment Index</b>	▲	214.1	218.1	▲	213.4	216.1
<b>Consumption Index</b>	▲	119.1	120.5	▲	115.1	119.8
<b>Export Index</b>	▲	132.8	134.1	▲	130.0	133.4
<b>Leading Indicator</b>	▲	189.0	191.6	▲	181.9	190.3
<b>Coincident Indicator</b>	▼	126.0	125.3	▲	123.3	125.6

#### 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.