



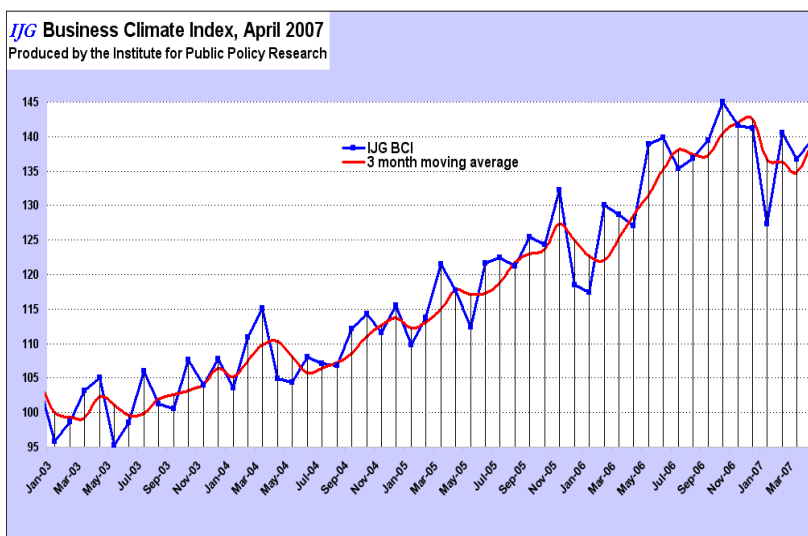
## The *IJG* Business Climate Monitor for April 2007

Produced by the Institute for Public Policy Research

The *IJG* Business Climate Index rose by 2.8 points to reach 139.5 during the month of April after having registered a decline of about 4% in March.

There were no major changes in the direction of indicators during the month of April, save for a slight drop in meat and fish prices coupled with the weakening of the Namibia dollar. The former could be attributable to the imminent drought as farmers seek to save on feeding costs by selling off livestock, which may depress prices. Meanwhile, metal prices continued on their recovery path posting significant figures of 20% and 9% for copper and zinc, respectively.

Similarly, there were also positive outcomes from the financial and capital markets with both credit extensions and the Local Index of the Namibia Stock Exchange (NSX) showing some growth. Altogether, this led to a change in direction of the *IJG Business Climate Index* as it rose by 2.8 points. On the negative side however, there was little change in oil prices as they remained in the high 60s (US\$68.04/barrel), whereas the national inflation rate rose to 6.9% from 6.3% recorded in March. Indeed, this turn of events confirms the view of a high inflationary environment ahead. Unfortunately, given the nature of the inflationary elements (input based –i.e. oil costs), policy interventions (subject to the magnitude of response thereof) are not expected to have a significant direct impact at least during the remainder of the year. Rather, much will depend on the impact interest rate changes will have on the direction of the exchange rate, which plays a dominant role in the price of imported oil.



		Monthly			Quarterly	
		Apr '07	Mar '07		1 <sup>st</sup> quarter '07	4 <sup>th</sup> quarter '06
<b>Business Climate Index</b>	▲	139.5	136.7	▼	136.9	142.6
<b>Investment Index</b>	▼	170.0	170.2	▼	171.8	174.6
<b>Consumption Index</b>	▲	122.0	120.8	▼	118.1	119.9
<b>Export Index</b>	▲	144.1	137.8	▼	134.4	145.2
<b>Leading Indicator</b>	▲	182.9	178.6	▼	180.8	193.0
<b>Coincident Indicator</b>	▲	133.2	129.8	▼	127.0	132.2