



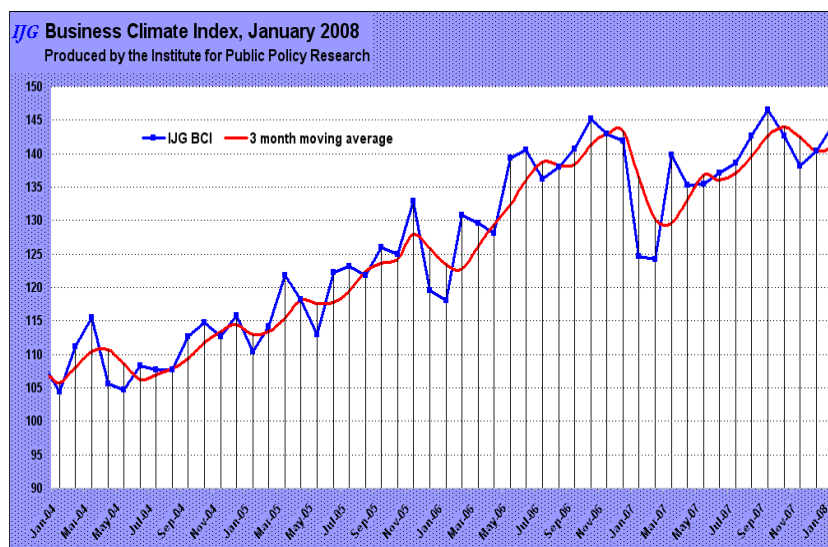
## The *IJJG* Business Climate Monitor for January 2008 Produced by the Institute for Public Policy Research

### The *IJJG* Business Climate Index climbs to 144.0 points as metal prices rebound

Following three consecutive months of decline, the prices of zinc and copper rose by 4% and 7% respectively. This helped the *IJJG Business Climate Index* increase by 3.6 points on last month's figure. Apart from metal prices, the index's gains were based on an increase in new business registrations (90 in January), a steady rise in the Local Index of the Namibian Stock Exchange, and a further depreciation in the Namibia dollar against the Euro.

However, the latest results should be interpreted with some caution. Firstly, while the depreciation of the Namibia dollar against major currencies helps

exporters, it increases the costs of imports, of which fuel remains a key commodity. Secondly, the latest data appears to confirm that local economic conditions remain subdued. The rise in the annual inflation rate for January 2008 to 7.8% (from 7.1% in December 2007) dragged the **Consumption Index** into negative territory (see table below). In addition, it appears that consumers are feeling the impact of high interest rates as vehicles sales have now declined for four consecutive months. Growth in credit extension was negligible in both December and January. Altogether, this once again confirms that prospects for the business climate remain uncertain if not gloomy for the rest of the year, particularly when considered in the context of recent flooding and the power crisis in neighbouring South Africa, on which Namibia relies for most of its electricity imports.



		Monthly			Quarterly	
		Jan '08	Dec '07		4 <sup>th</sup> quarter '07	3 <sup>rd</sup> quarter '07
<b>Business Climate Index</b>	▲	144.0	140.4	▼	140.4	142.6
<b>Investment Index</b>	▲	188.1	179.8	▲	181.9	177.6
<b>Consumption Index</b>	▼	112.6	122.2	▼	118.2	119.7
<b>Export Index</b>	▲	139.2	131.7	▼	133.6	142.0
<b>Leading Indicator</b>	▼	172.5	184.4	▼	183.6	193.1
<b>Coincident Indicator</b>	▼	127.5	129.0	▼	127.6	131.8