



## The *IYG* Business Climate Monitor for June 2008

Produced by the Institute for Public Policy Research

### The *IYG* Business Climate Index declines further as oil prices hit record levels

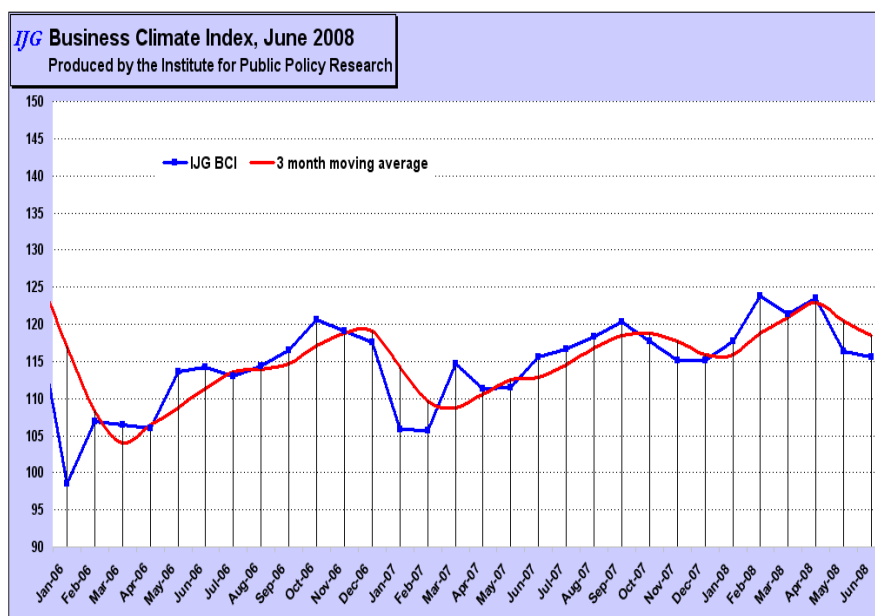
Business confidence remained fairly subdued during the month of June as the ***IYG Business Climate Index*** fell marginally by 0.8 points. This marks the second month in a row that the index has been in decline. Similarly, a quarterly comparison shows that the business climate worsened in the second quarter of the year.

The slight decline in June comes against the backdrop of high international oil prices, which closed the month at over US\$140/b, a weaker Namibia dollar against the US dollar, and lower month-to-month real credit demand. The latter, coupled with a drop in total business registrations, contributed to

a 4 point decline in the **Investment index**, whereas the continued rise in inflation and oil prices made sure that the **Consumption index** remained in negative territory. Altogether, this points to a less than satisfactory investment and consumption outlook for the domestic economy.

On the other hand, both the **Export index** and the **Leading indicator** changed direction following a rebound in average metal prices (7%), combined with some weakening of the Namibia dollar against the Euro, a slight increase in vehicle sales (15 units) and a 3% rise in the local shares index of the Namibian Stock Exchange.

Overall, there remains a danger that the domestic business climate could weaken further given the continued rise in fuel prices, higher inflation, as well as fluctuation in currency rates.



		Monthly			Quarterly	
		June '08	May'08		2 <sup>nd</sup> quarter '08	1 <sup>st</sup> quarter '08
<b>Business Climate Index</b>	▼	115.6	116.4	▼	118.5	120.9
<b>Investment Index</b>	▼	126.0	130.1	▼	134.5	135.1
<b>Consumption Index</b>	▼	82.1	83.4	▼	83.1	87.9
<b>Export Index</b>	▲	134.7	130.8	▼	133.0	135.3
<b>Leading Indicator</b>	▲	137.2	130.4	▼	138.7	141.3
<b>Coincident Indicator</b>	▲	102.4	101.5	▼	102.2	106.6