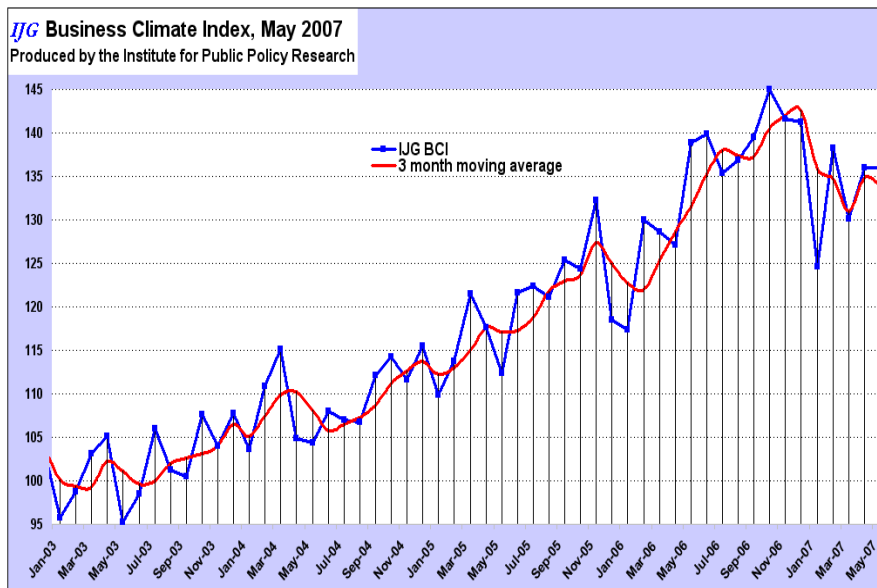




## The *IYG* Business Climate Monitor for May 2007 Produced by the Institute for Public Policy Research

### The *IYG* Business Climate Index remains unchanged during May

The *IYG Business Climate Index* for May held on to the gains of the previous month as it remained unchanged at 136.0 points. This was despite observed declines in a number of sub-indicators, namely; a 4% drop in average copper prices, which could be seen as an early sign that the recovery may be short-lived, and sheep prices shedding about N\$2/kg during the month. Similarly, the capital market also saw credit extended to businesses drop by some 3%. While the latter case may be attributed to the monetary tightening environment, it is in sharp contrast to individuals' appetite for credit, which rose by a rather softer 2%. In tandem was the overall increase in vehicles sales with a 2% rise. The Local Index of the Namibia Stock Exchange (NSX) also continued on the upward but yet steady shift. On the other hand, the inflation rate (as measured by the Namibia Consumer Price Index) continued on the upward trend (for the first time since its official launch in 2005) breached through the 7% mark (7.1%). Looking ahead, there are indications that the high inflation environment may linger for a while. Firstly, this is due to the persistent rise in the international oil spot prices which remained in the high 60s (US\$67.764/barrel) during the month. Secondly, it is a foregone conclusion that the current drought environment will contribute to a rise in food prices significantly.



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		Monthly			Quarterly	
		May '07	Apr '07		1 <sup>st</sup> quarter '07	4 <sup>th</sup> quarter '06
<b>Business Climate Index</b>	-	136.0	136.0	▼	136.9	142.6
<b>Investment Index</b>	▲	164.5	160.7	▼	171.8	174.6
<b>Consumption Index</b>	▼	112.0	113.5	▼	118.1	119.9
<b>Export Index</b>	▼	141.5	144.1	▼	134.4	145.2
<b>Leading Indicator</b>	▲	153.6	146.5	▼	180.8	193.0
<b>Coincident Indicator</b>	▼	127.4	129.0	▼	127.0	132.2