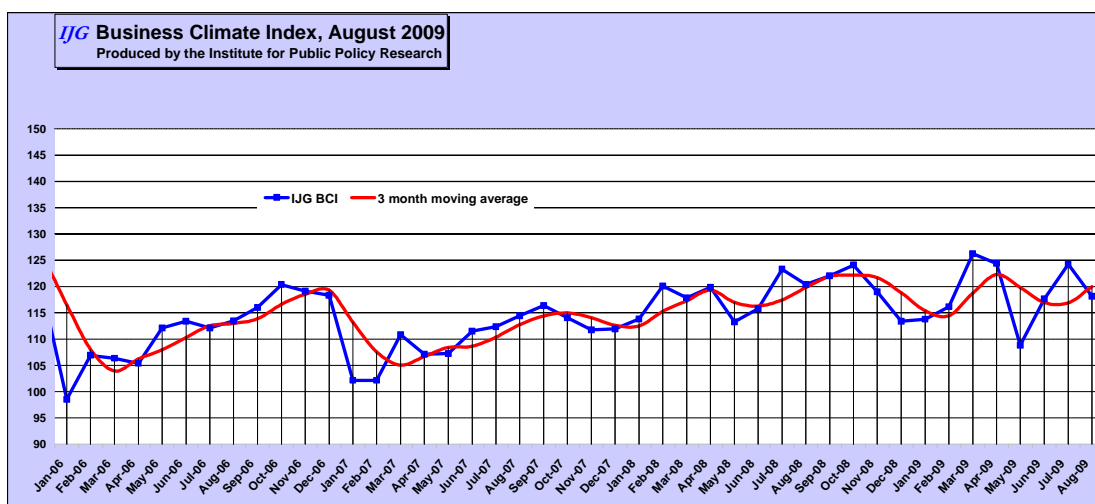




The *IJG* Business Climate Monitor for August 2009 Produced by the Institute for Public Policy Research

The *IJG* Business Climate Index two month rally ends

The *IJG* Business Climate Index shed 6.1 basis points in August coming off a very strong performance in July as the Namibian economy battles to find direction amid erratic signs of recovery. Presently the index is at the same level it was last year, but remains volatile.



The majority of the indices returned to negative territory following the strong rally of the previous two months. The leading indicator declined due to a substantial drop in the number of defensive company names registered. The investment index was dragged down by fewer company registrations as the numbers dropped from 1,438 to 1,053 registrations. There was, however, an increase in the number of building plans passed, an indicator for continued growth up to November. The consumption index was down marginally month on month as passenger vehicle sales took a dive, but consumer confidence is up year-on-year and the trend is expected to remain positive into the fourth quarter. Consumers enjoyed marginal interest rate relief with commercial banks reducing prime and base lending rates in line with the Bank of Namibia's expectation that there should be a 450 basis point spread. The Rand was stable in August and thus helped the export index into positive territory with further support from a more favourable economic outlook in the developed world for the coming six months. Metal prices continued to rally and were up 10 to 12 percent while the Rand's stability allowed exporters to benefit from the higher prices. Uranium on the other hand slipped to U\$44/lb and is now trading below its 12-month average. Soft exports posted modest gains with fish prices up 1.6%, while meat prices moved sideways. Thus economic expectations for the export sector remain cautious. Although business confidence may pick up in the fourth quarter, meaningful long-term recovery is likely to remain elusive in the absence of stability.

		Monthly			Quarterly	
		July-09	Aug-09		Q2'09	Q3'09
Business Climate Index	▼	124.2	118.1	▼	121.2	116.9
Investment Index	▼	161.6	146.7	▼	154.1	141.2
Consumption Index	▼	92.3	90.5	▼	91.4	90.9
Export Index	▲	112.8	114.2	▼	113.5	112.6
Leading Indicator	▼	170.3	151.5	▼	160.9	142.8
Coincident Indicator	▲	95.3	96.1	▼	95.7	94.1