

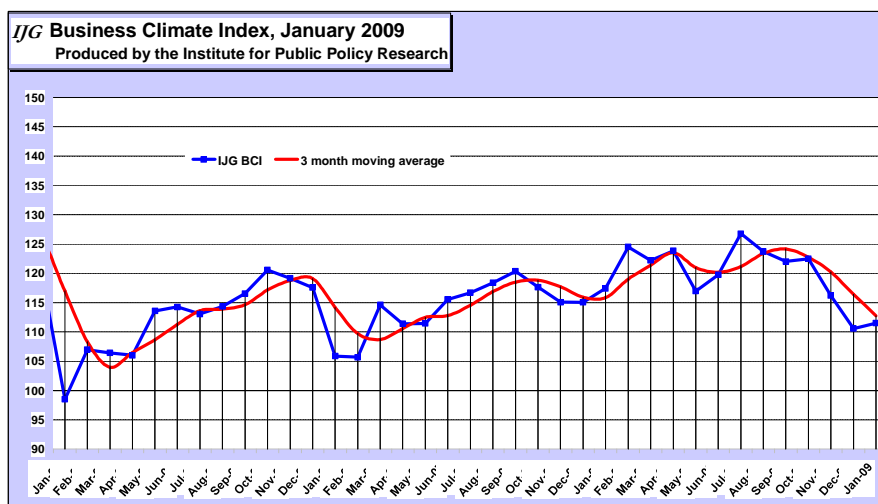


The *IJG* Business Climate Monitor for January 2009 Produced by the Institute for Public Policy Research

The *IJG* Business Climate Index climbs marginally in January

The *IJG Business Climate Index* climbed 0.9 points in January 2009. The investment index increased by 2 points as company registrations shot up by 33% and credit extension to businesses increased by 5.3%.

Commercial vehicle sales continued to slump to their lowest levels in two years, with a mere 347 units sold, while the construction industry struggled. Building plans passed dropped to their lowest levels in four years. The scarcity of cement, due to construction projects in South Africa and Angola, has been driving local cement prices up. Dampened demand for exports continues to subdue the export index. Beef prices were down 1%, mutton down 4%, fish down 2%, all exacerbated by the weaker Euro. Metals fared much better, as the prices of hard exports traded in US dollars gained four percent and the US dollar strengthened by 6.4%. Leading indicators in the export markets continued to deteriorate, with Japan, the US, the EU and OECD countries all registering worsening economic performances. Diamond mining companies are likely to struggle for the remainder of the year. Although the consumption index is down 0.4 points, consumers are showing early signs of a renewed appetite for credit after cutting back for almost a year. Increased demand for credit was prompted by the falling interest rate and lower fuel prices. Credit to individuals increased by N\$78 million and sales of passenger cars soared by 23%, returning passenger car sales to the normal trading band for January. Lower fuel prices did not cool inflation – the monthly rate in January was estimated at 2.2 percent, an increase of 1.8 percentage points over the December 2008 rate. Inflation is currently fuelled by housing and utilities, education and food. Rental adjustments are driving up housing and utilities, despite lower interest rates. A 6% annual price adjustment for secondary education had a significant inflationary effect. But this is an annual occurrence and is not expected to persist. Food inflation continued to rise in January mainly due to import-controlled fruit and vegetables which increased by 6.7% and 5% respectively.



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		Monthly			Quarterly	
		Dec '08	Jan '09		4 th quarter '08	1 st quarter 09
Business Climate Index	▲	110.6	111.5	▼	116.4	111.5
Investment Index	▲	122.6	124.6	▼	137.2	124.6
Consumption Index	▼	89.4	89.0	▲	88.8	89.0
Export Index	▼	115.7	115.2	▼	120.7	115.2
Leading Indicator	▲	131.5	132.6	▼	138.3	132.6
Coincident Indicator	▼	96.4	94.8	▼	99.8	94.8