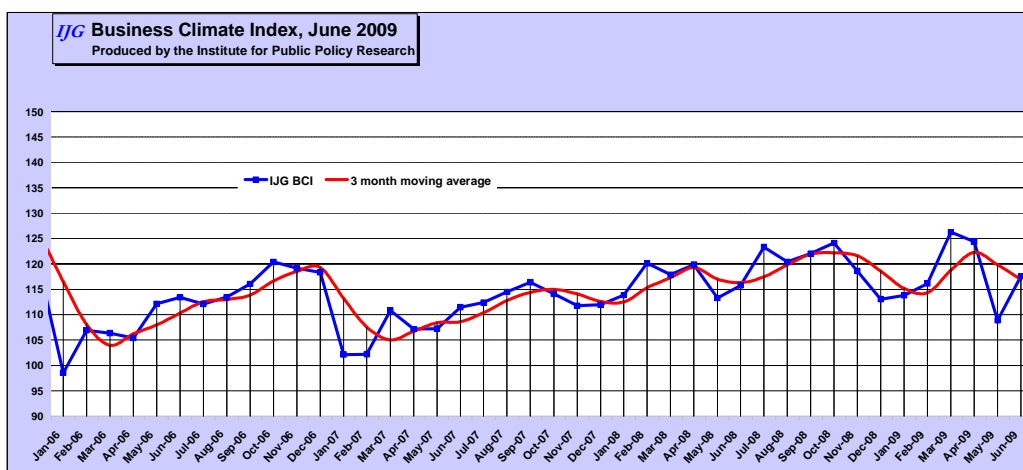




The *IJG* Business Climate Monitor for June 2009 Produced by the Institute for Public Policy Research

The *IJG* Business Climate Index climbs 8.7 points

The *IJG* Business Climate Index enjoyed a very good month in June climbing 8.7 basis points. The index was primarily lifted by the Investment and Leading Indices. Both indicators climbed 22 basis points due to benevolent interest rates, increased company registrations and improved vehicle sales. The Bank of Namibia cut



interest rates by 50 basis points to 7 basis points and, despite a mixed response from commercial banks, interest rates reached an eight-year low. Consequently, commercial vehicle sales grew 33% month-on-month and are beginning to show signs of recovery. Commercial asset finance grew 41% from the same period last year, while growth in commercial property finance accelerated to 16%. Some 1,081 companies were registered, of which 100 were propriety limited (Pty Ltd). This new-found business confidence continued into credit extension. However, the stronger Rand diluted growth in export earnings. Hard commodity exporters saw monthly growth in export earnings shrink from 6% in US dollar terms to 3% in local currency. Soft commodity earnings were mixed. Lamb prices increased by 7% and beef prices fell 2%. Beef prices remained under pressure due to the uncertainty regarding the overdue Economic Partnership Agreement (EPA) negotiations. The mixed fortunes of exporters were reflected in the sideways movement of the Export Index. Exporters will be looking towards the tentative signs of stabilisation in the EU and US economies going forward. The consumption index picked up 3.9 basis points, lifting the index into the nineties for the third time this year, after languishing in the eighties for 11 months of 2008. This tentative consumer confidence stems from lower interest rates, which are lifting passenger vehicle sales and credit extension growth. Passenger vehicle sales grew 27% month-on-month and together with the credit data suggests that consumers are paying substantial cash deposits for these new cars in light of shrinking uptake in vehicle finance. Therefore, five out of six indices improved during June, but this was not sufficient to lift the quarterly averages. The third quarter is likely to be rocky as higher fuel prices impact the economy and the Rand remains at undesirable levels for exporters.

		Monthly			Quarterly	
		May-09	Jun-09		Q1'09	Q2'09
Business Climate Index	▲	108.8	117.5	▼	118.7	116.9
Investment Index	▲	124.1	146.0	▲	140.5	141.2
Consumption Index	▲	87.7	91.6	▲	90.0	90.9
Export Index	▼	111.6	111.4	▼	120.6	112.6
Leading Indicator	▲	129.9	152.1	▼	148.6	142.8
Coincident Indicator	▲	91.9	93.6	▼	96.6	94.0