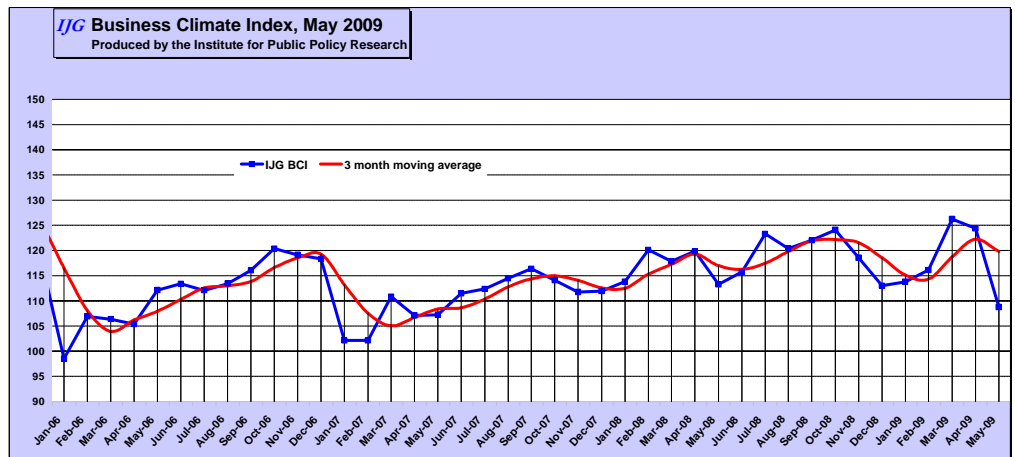




The *IJJ* Business Climate Monitor for May 2009 Produced by the Institute for Public Policy Research

The *IJJ* Business Climate Index slumps, losing 15.6 points

Just when it looked like the *IJJ Business Climate Index* was poised to recover from its 2008 slump, the index shed a 15.6 basis points to its lowest level in almost two years. All sub indices were down, with the Investment and Leading Indices hardest hit. The Investment Index was dragged down by 29.4 basis points due to poor commercial vehicle



sales that amounted to 385 units and an underperforming construction industry. Construction is still reeling from its 2009Q1 slump when the value of new building plans approved fell considerably on the commercial property front. The Leading Indicator was next in line shedding 16.6 basis points as commercial vehicles and the registration of defensive company names took a dive and rising crude oil prices added to the negative sentiment. Consumers did not fair much better despite another interest rate cut. Consumers were focussed on reducing their debt burdens in May and thus shied away from credit and buying new cars. The Coincident Index was negatively affected by the higher oil prices, poor passenger vehicle sales and weak fish prices, which fell moderately due to very weak monk fish prices. The Export Index fell 3.2 basis points, with metal exporters bearing the brunt of a stronger Rand. International spot and future metal prices increased by 6 and 7 percent respectively, but these gains were eroded by the Rand's gains. Metal prices therefore fell 0.7% after conversion to local currency. Current data points to a protracted and staggered recovery for the *IJJ Business Climate Index* later in 2009. The struggling fishing and the mining industries will keep a keen eye on fuel price developments, as will consumers who are already struggling with a stubbornly high annual inflation rate that is not dropping much below 10 percent.

		Monthly			Quarterly	
		Apr '09	May '09		Q1 '09	Q2 '09
Business Climate Index	▼	124.4	108.8	▼	118.7	116.6
Investment Index	▼	153.5	124.1	▼	140.5	138.8
Consumption Index	▼	93.4	87.7	▲	90.0	90.6
Export Index	▼	114.7	111.5	▼	120.6	113.1
Leading Indicator	▼	146.5	129.9	▼	148.6	138.2
Coincident Indicator	▼	96.6	91.8	▼	96.6	94.2