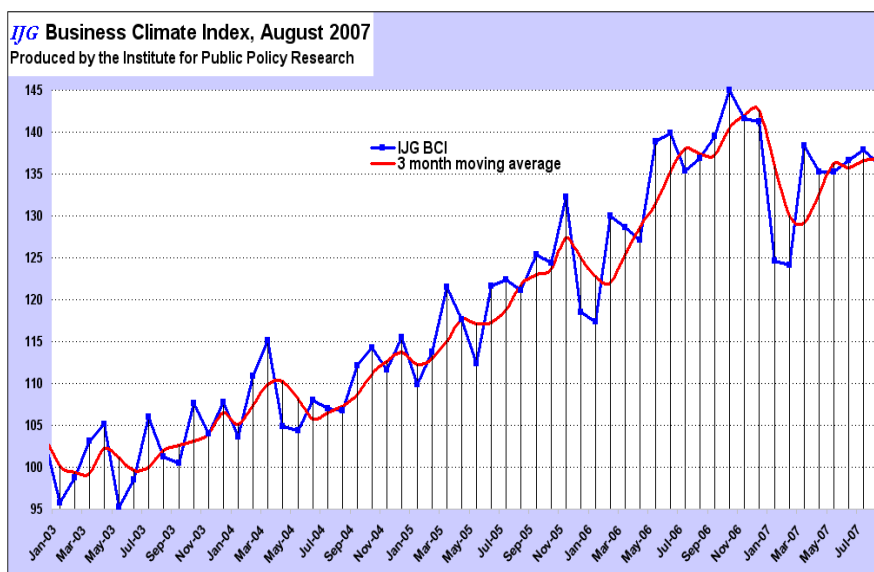




The *IJG* Business Climate Monitor for August 2007 Produced by the Institute for Public Policy Research

The *IJG* Business Climate Index eases to 136.3 points in August

The *IJG Business Climate Index* for the month of August bore the brunt of the instability in the metals market as it shed 1.3 points from the July figure. The gains in the spot prices of both copper and zinc in July were quickly erased as the metals knocked off 7% and 14%, respectively. The index was also not helped by a nominal increase in credit extension as well as a drop in total vehicles sales. The latter is in line with developments in South Africa where total vehicles sales have been on a decline during the year, with the figures for August showing a 3% drop compared to the same period a year ago. Altogether, these developments made sure that all sub-indices returned to negative territory during the month (see table below).



On a positive side, spot oil prices shed close to US\$5 by the end of August, whereas the domestic inflation rate eased to 6.8% from July's figure of 7.2%. Similarly, some gains were also recorded in meat (beef in particular) and fish prices. While it is too early to say, the developments in the former is largely in line with expectations given the imminent onset of the rain season which could result limited stock sell-offs. Overall, while the drop in credit extension and vehicles sales could be indicative of the impact of the current monetary stance, the high international oil prices still pose a considerable threat to the inflation environment.

		Monthly			Quarterly	
		Aug '07	July '07		2 nd quarter '07	1 st quarter '07
Business Climate Index	▼	136.3	137.6	▲	136.2	131.2
Investment Index	▼	166.7	167.5	▲	164.4	153.4
Consumption Index	▼	117.7	118.1	-	113.5	113.5
Export Index	▼	137.6	141.3	▲	141.4	136.2
Leading Indicator	▼	158.6	178.0	▼	152.0	163.0
Coincident Indicator	▼	128.9	130.6	▲	128.0	125.5