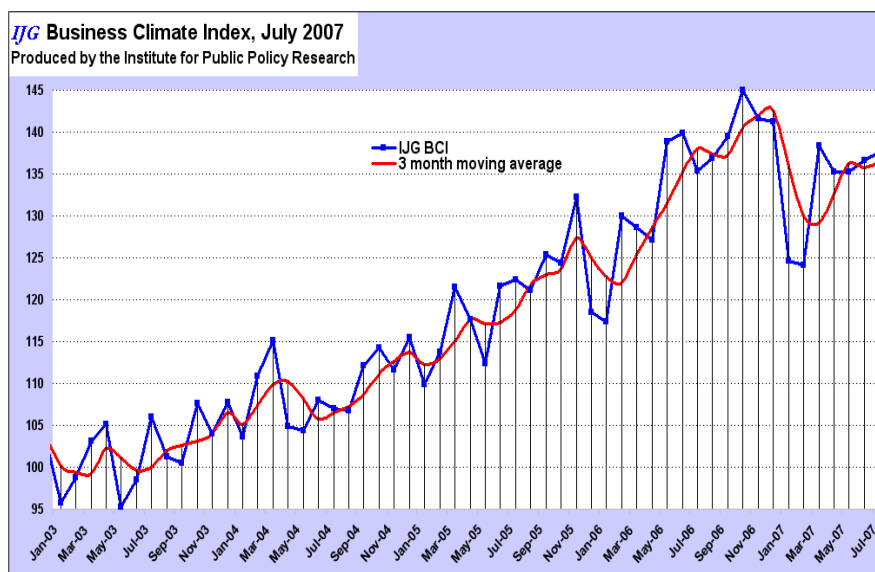




## The *IYG* Business Climate Monitor for July 2007 Produced by the Institute for Public Policy Research

### The *IYG* Business Climate Index edges to 137.6 points in July

Business confidence remained high in the month of July as the *IYG Business Climate Index* improved on last month's figure by a unitary point, thereby averaging 137.6. The positive outcome is mainly attributable to the significant gains observed in the spot prices of metals with copper and zinc rising by 6.7% and 8.8% from last month's figures, respectively. These were further supported by a slight depreciation in the US dollar against the Namibian dollar as well as a 4% increase in total vehicle sales.



On the negative side however, international oil spot prices surged to a record US\$76.61/barrel after having breached through the US\$70/barrel mark in June. The significance of the surge in the prices of oil should be viewed in light of an increase in the annual inflation rate which rose to 7.2% in July. Indeed, these developments point to the fact that higher inflation figures should be expected during the next twelve months as the feed through of input costs (fuel) takes effect. Equally, the accompanying monetary tightening should limit consumer spending as authorities seek to reign in unprincipled borrowing.

		Monthly			Quarterly	
		July '07	June '07		2 <sup>nd</sup> quarter '07	1 <sup>st</sup> quarter '07
<b>Business Climate Index</b>	▲	137.6	136.6	▲	136.2	131.2
<b>Investment Index</b>	▼	167.5	167.9	▲	164.4	153.4
<b>Consumption Index</b>	▲	118.1	115.0	-	113.5	113.5
<b>Export Index</b>	▲	141.3	138.6	▲	141.4	136.2
<b>Leading Indicator</b>	▲	178.0	155.8	▼	152.0	163.0
<b>Coincident Indicator</b>	▲	130.6	127.7	▲	128.0	125.5