

## Namibian Inductive Daily Bond Yield Report (17 February 2023)

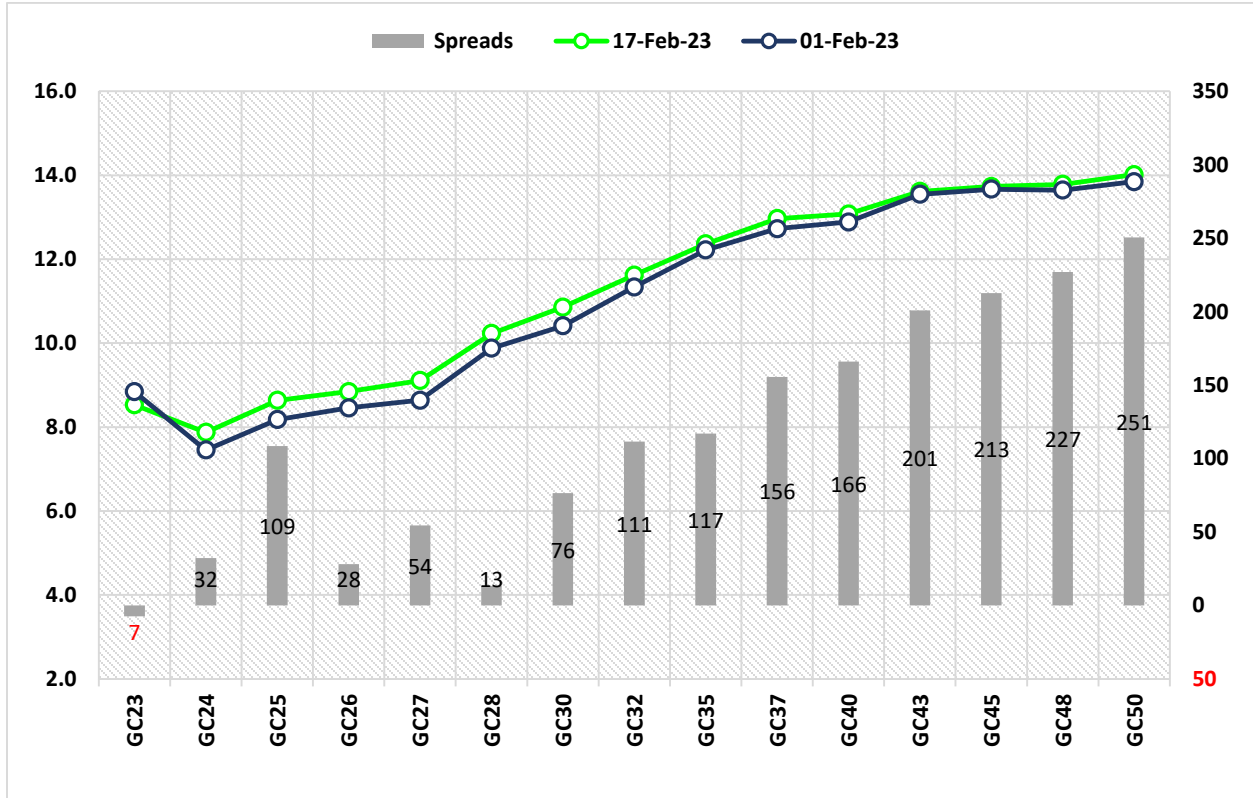
### HEI Fixed Income Market Commentary

- During the period under review, the South African rand strengthened against the US dollar. In the US, investors await the release of the US FOMC minutes later this week
- The bond market recorded an increase in the yield of benchmark government bonds as shown in Figure 1. Specifically, the yield of the GC2026 bond rose from 8.75 percent to 8.85 percent. In addition, there was an increase in the yield of the GC2030 issue from 10.72 percent to 10.86%, as presented in Table 1
- The increase in Namibian Bond yields was explained by market instability and political occurrences in South Africa
- When the risk associated with investing in a bond is considered to be high, investors may require a higher yield to offset the increased risk. As a result, the bond's yield rises, which is reflected in the bond spreads displayed in Figure 2
- The Financial Action Task Force (FATF) meetings scheduled from February 20th to February 24th, 2023, to determine whether South Africa will be placed on the grey list or not, may affect the performance of the bonds in the coming week

**Table 1. Namibia Government Bonds**

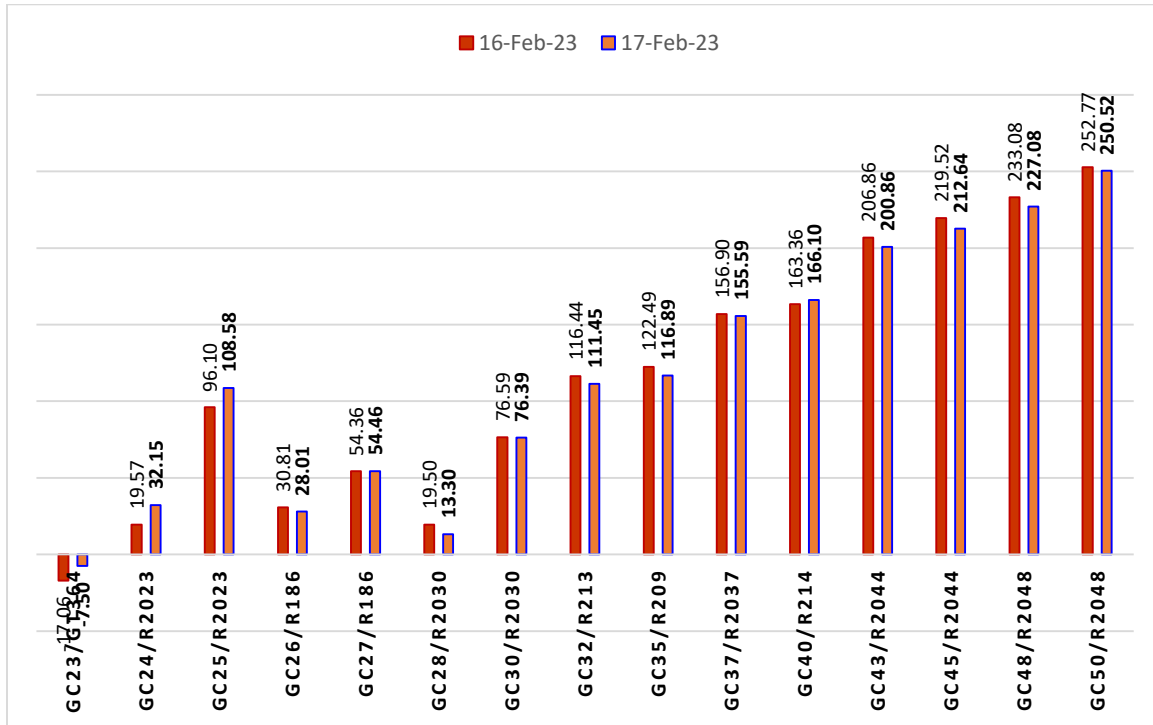
| Bonds | Coupon | Maturity  | YTM (%)   |           |           | DTDA<br>(bps) | Prices<br>17-Feb-23 |
|-------|--------|-----------|-----------|-----------|-----------|---------------|---------------------|
|       |        |           | 01-Feb-23 | 16-Feb-23 | 17-Feb-23 |               |                     |
| GC23  | 8.85   | 15-Oct-23 | 8.84      | 8.42      | 8.53      | 10.97         | 100.18              |
| GC24  | 10.5   | 15-Oct-24 | 7.45      | 7.75      | 7.87      | 12.60         | 103.99              |
| GC25  | 8.5    | 15-Apr-25 | 8.18      | 8.51      | 8.64      | 12.50         | 99.72               |
| GC26  | 8.5    | 15-Apr-26 | 8.45      | 8.75      | 8.85      | 9.70          | 99.05               |
| GC27  | 8      | 15-Jan-27 | 8.64      | 8.98      | 9.11      | 12.60         | 96.40               |
| GC28  | 8.5    | 15-Oct-28 | 9.88      | 10.14     | 10.23     | 8.30          | 92.69               |
| GC30  | 8      | 15-Jan-30 | 10.41     | 10.72     | 10.86     | 14.30         | 86.34               |
| GC32  | 9      | 15-Apr-32 | 11.34     | 11.53     | 11.62     | 8.50          | 85.44               |
| GC35  | 9.5    | 15-Jul-35 | 12.22     | 12.35     | 12.36     | 1.40          | 82.04               |
| GC37  | 9.5    | 15-Jul-37 | 12.72     | 12.91     | 12.97     | 5.20          | 77.62               |
| GC40  | 9.8    | 15-Oct-40 | 12.89     | 13.04     | 13.08     | 3.74          | 77.59               |
| GC43  | 10     | 15-Jul-43 | 13.55     | 13.65     | 13.61     | -4.00         | 75.24               |
| GC45  | 9.85   | 15-Jul-45 | 13.67     | 13.78     | 13.73     | -4.88         | 73.15               |
| GC48  | 10     | 15-Oct-48 | 13.64     | 13.82     | 13.78     | -4.00         | 73.93               |
| GC50  | 10.25  | 15-Jul-50 | 13.85     | 14.02     | 14.02     | -0.25         | 73.77               |

Figure 1. Namibia Bond Yield: 01-Feb-2023 vs. 17-Feb-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 16-Feb-2023 vs. 17-Feb-2023



Source: BoN & HEI Research