

Namibian Inductive Daily Bond Yield Report (20 February 2023)

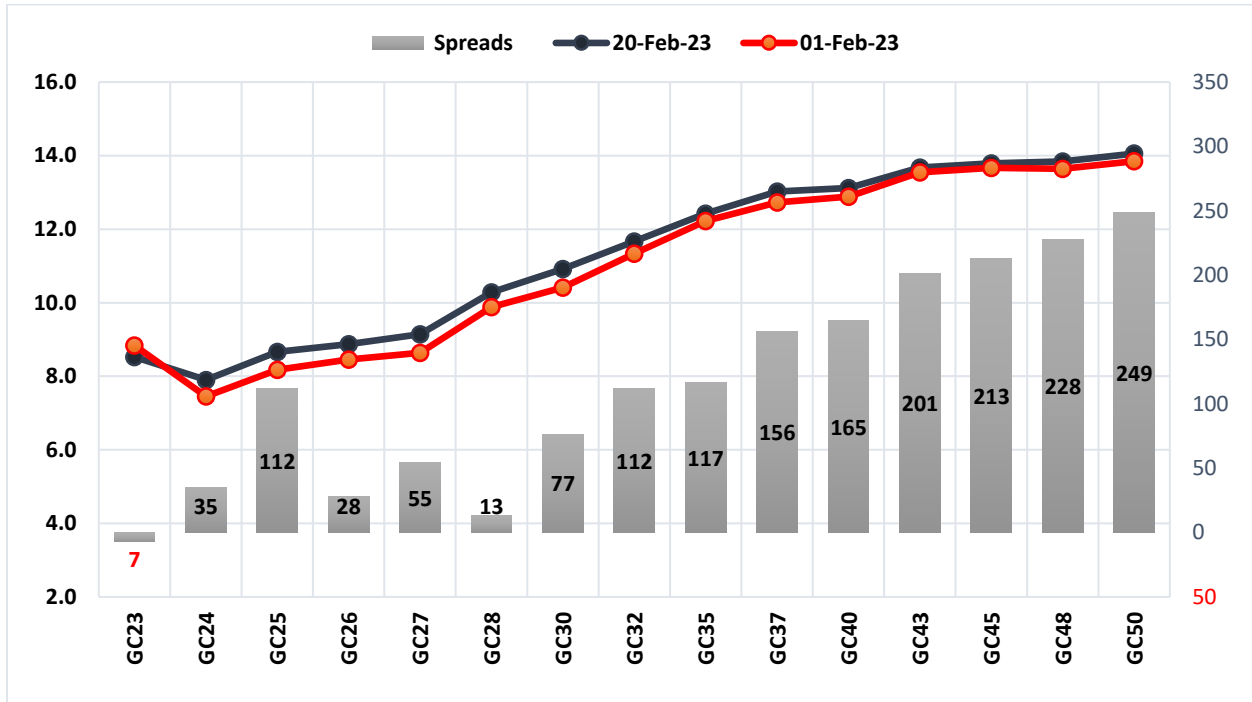
HEI Fixed Income Market Commentary

- The South African rand depreciated against the US dollar, the rand depreciated to USD/ZAR18.23 from USD/ZAR18.02. This occurred in an anticipation of the release of preliminary US Market Manufacturing data for February, which is scheduled for today (21 of February 2023).
- Based on data from the bond market, there was a rise in the yield of benchmark government bonds as illustrated in Figure 1. In particular, the GC2035 bond yield increased from 12.36 percent to 12.42 percent. Conversely, there was a decrease in the yield of the GC2023 bond from 8.53 percent to 8.52 percent, as indicated in Table 1
- The reduction in the yield of the GC2023 bond may be attributed to the upcoming Switch Auction, which is set to be conducted by the Bank of Namibia on Wednesday (22 February 2023).
- In a switch bond auction, an investor sells one bond and simultaneously buys another bond with different characteristics, such as a different maturity or coupon rate. The Investor can use a switch bond auction to adjust their bond portfolio by exchanging one bond for another that better fits their investment goals.
- The Namibian Budget Speech, which is slated for Wednesday (22 February 2023) pertains to the fiscal year 2023/24, has the potential to impact bond prices as it may provide insight into the government's borrowing needs from domestic investors.

Table 1. Namibia Government Bonds

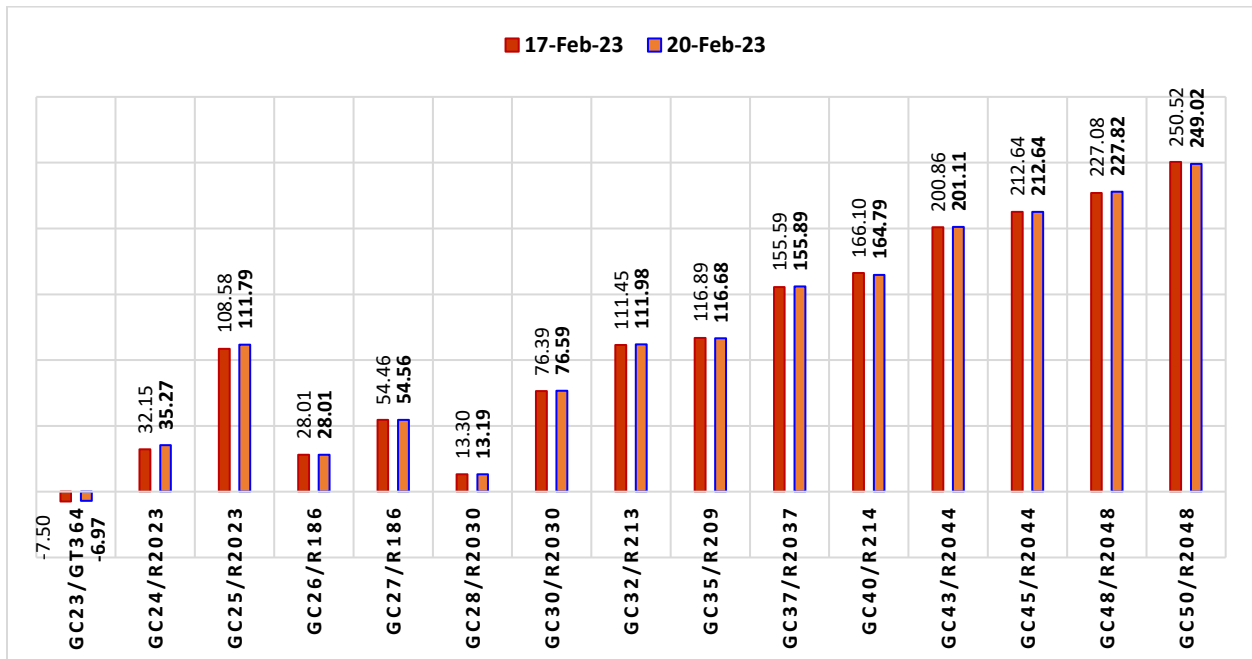
Bonds	Coupon	Maturity	YTM (%)			DTDA (bps)	Prices 17-Feb-23
			01-Feb-23	16-Feb-23	17-Feb-23		
GC23	8.85	15-Oct-23	8.84	8.53	8.52	-0.76	100.18
GC24	10.5	15-Oct-24	7.45	7.87	7.90	3.10	103.92
GC25	8.5	15-Apr-25	8.18	8.64	8.67	3.20	99.66
GC26	8.5	15-Apr-26	8.45	8.85	8.88	3.00	98.97
GC27	8	15-Jan-27	8.64	9.11	9.14	3.10	96.31
GC28	8.5	15-Oct-28	9.88	10.23	10.28	5.39	92.48
GC30	8	15-Jan-30	10.41	10.86	10.92	5.70	86.10
GC32	9	15-Apr-32	11.34	11.62	11.67	5.04	85.20
GC35	9.5	15-Jul-35	12.22	12.36	12.42	5.79	81.73
GC37	9.5	15-Jul-37	12.72	12.97	13.02	5.80	77.32
GC40	9.8	15-Oct-40	12.89	13.08	13.12	4.70	77.33
GC43	10	15-Jul-43	13.55	13.61	13.68	6.25	74.90
GC45	9.85	15-Jul-45	13.67	13.73	13.79	6.00	72.84
GC48	10	15-Oct-48	13.64	13.78	13.84	6.25	73.60
GC50	10.25	15-Jul-50	13.85	14.02	14.06	4.00	73.55

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



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 17-Feb-2023 vs. 20-Feb-2023



Source: BoN & HEI Research

Important disclosure:

Readers should be aware that the opinions, estimates, and projections expressed in this report are based on current market conditions, publicly available information, and our analysis, and may change without notice. This report is not intended to be the sole basis for any investment decision, and investors should consult with their financial advisor or do their own research before making any investment decisions.