



Namibian Inductive Daily Bond Yield Report (22 February 2023)

HEI Fixed Income Market Commentary

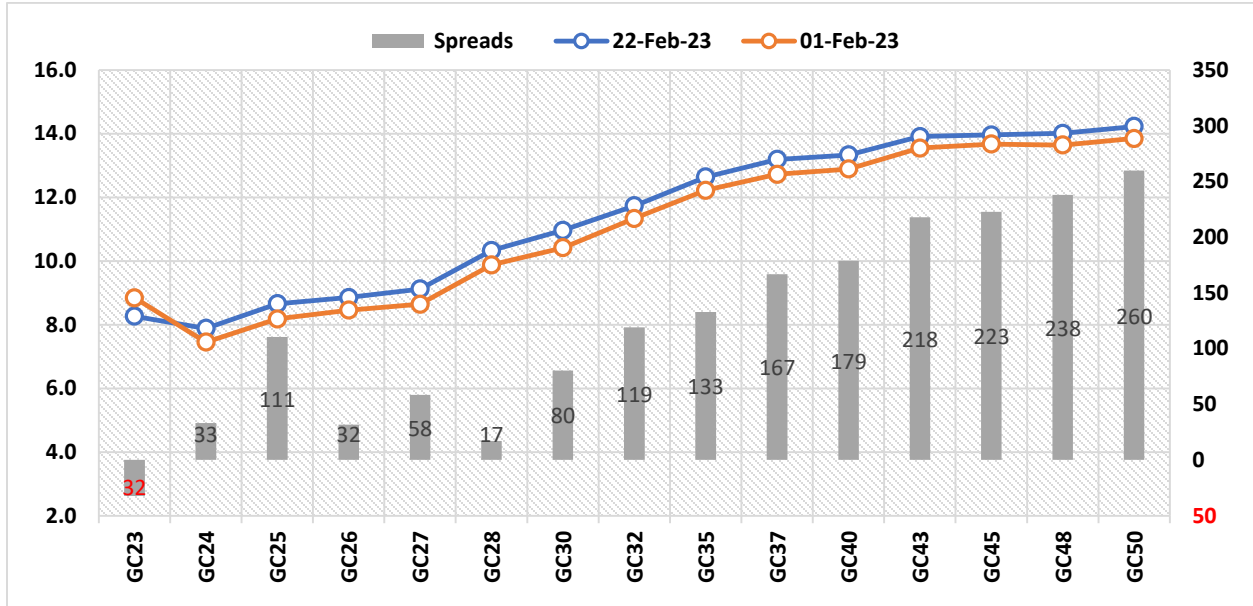
- On 21 February 2023, the South African rand appreciated against the US dollar. Meanwhile, the US saw a decline in mortgage applications during the week ending 17 February 2023. Additionally, the minutes of the FOMC meeting revealed that most officials of the Fed favored a slower pace of interest rate increases, although a few officials were in favor of larger hikes.
- Based on data from the bond market, there was a slight increase in the yield of benchmark government bonds, as shown in Figure 1. Specifically, the GC2035 bond yield rose from 12.51 percent to 12.63 percent. However, there was a significant decrease in the yields of the GC2023 through GC2030 bonds, following the presentation of the 2023/24 fiscal year Budget Statement on 22 February 2023, as demonstrated in Table 1.
- The Budget Speech in Namibia, which was slated for Wednesday (22 February 2023), outlined that the budget deficit is expected to decrease to 4.2 percent of GDP for the 2023/24 fiscal year. A decrease in the budget deficit can result in a reduction in the availability of government bonds in the market. As investors compete for the limited supply of bonds, this decreased supply can drive up bond prices and decrease bond yields.

Table 1. Namibia Government Bonds

Bonds	Coupon	Maturity	YTM (%)	YTM (%)	YTM (%)	DTDA (bps)	Prices
			01-Feb-23	21-Feb-23	22-Feb-23		22-Feb-23
GC23	8.85	15-Oct-23	8.84	8.52	8.27	-25.43	100.34
GC24	10.5	15-Oct-24	7.45	7.92	7.88	-3.94	103.94
GC25	8.5	15-Apr-25	8.18	8.69	8.66	-3.14	99.68
GC26	8.5	15-Apr-26	8.45	8.89	8.85	-4.16	99.03
GC27	8	15-Jan-27	8.64	9.16	9.12	-4.04	96.38
GC28	8.5	15-Oct-28	9.88	10.33	10.33	-0.20	92.29
GC30	8	15-Jan-30	10.41	10.97	10.96	-0.40	85.90
GC32	9	15-Apr-32	11.34	11.72	11.73	1.00	84.89
GC35	9.5	15-Jul-35	12.22	12.51	12.63	12.74	80.60
GC37	9.5	15-Jul-37	12.72	13.11	13.19	8.00	76.46
GC40	9.8	15-Oct-40	12.89	13.21	13.33	11.32	76.21
GC43	10	15-Jul-43	13.55	13.79	13.91	11.91	73.68
GC45	9.85	15-Jul-45	13.67	13.91	13.96	4.88	71.98
GC48	10	15-Oct-48	13.64	13.96	14.01	4.78	72.73
GC50	10.25	15-Jul-50	13.85	14.14	14.23	8.41	72.67

Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 01-Feb-2023 vs. 22-Feb-2023

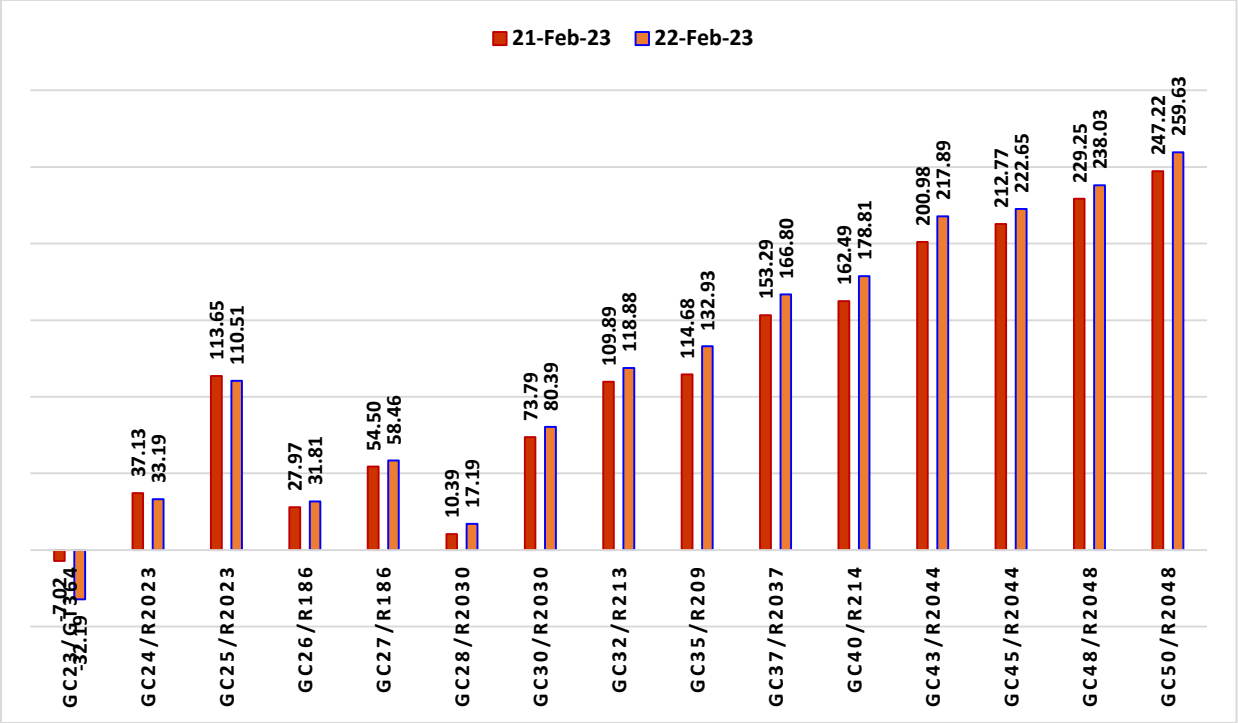


Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 21 -Feb-2023 vs. 22-Feb-2023

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.



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