



Daily Fixed Income Report (08 March 2023)

HEI Fixed Income Market Commentary

- Yesterday, the USD/ZAR exchange rate declined as the South African business confidence index fell to a 2-year low in 1Q23, driven by persistent power cuts. Meanwhile, the ADP private sector employment data for January exceeded market expectations in the US. Additionally, during his semi-annual monetary policy testimony, the Chair of the US Federal Reserve, Jerome Powell, emphasized the potential impact of higher and potentially faster interest rate hikes on bond prices.
- The sovereign bond market witnessed a significant increase in yields across all government bonds. The GC2026 bond yield rebounded to 8.77% from 8.76%, while the GC2040 bond's yield rose from 13.09% to 13.15%. The rise in yields can be attributed to Chair Jerome Powell's testimony, as outlined in Table 2.
- Based on the data presented in Table 1, fixed-term deposits appear to be exhibiting divergent trends, potentially influenced by both inflationary worries and the interest rate policies of the US Federal Reserve.

Table 1. Fixed Term Deposits

Term	7-Mar-23	8-Mar-23
1 Month	7.44	7.44
2 Months	7.51	7.51
3 Months	7.63	7.61
4 Months	7.74	7.73
5 Months	7.84	7.83
6 Months	8.19	8.20
7 Months	8.28	8.28
8 Months	8.33	8.33
9 Months	8.44	8.43
10 Months	8.52	8.55
11 Months	8.65	8.65
12 Months	8.75	8.75

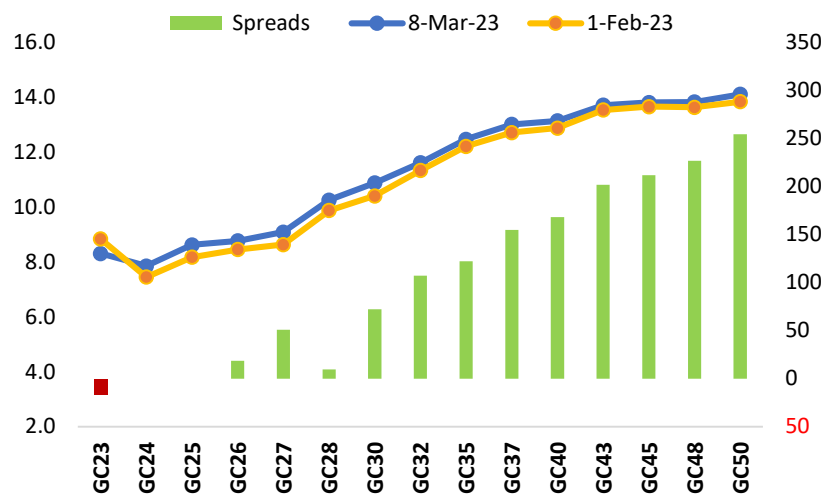
Source: BoN & HEI Research

Table 2. Namibia Government Bonds

Bonds	Coupon	Maturity	YTM (%)	YTM (%)	YTM (%)	DTDA (bps)	Prices 8-Mar-23
			1-Feb-23	7-Mar-23	8-Mar-23		
GC23	8.85	15-Oct-23	8.84	8.30	8.31	1.24	100.30
GC24	10.5	15-Oct-24	7.45	7.84	7.85	1.40	103.90
GC25	8.5	15-Apr-25	8.18	8.61	8.63	1.40	99.74
GC26	8.5	15-Apr-26	8.45	8.76	8.77	1.40	99.26
GC27	8	15-Jan-27	8.64	9.08	9.09	1.40	96.49
GC28	8.5	15-Oct-28	9.88	10.24	10.26	2.00	92.62
GC30	8	15-Jan-30	10.41	10.87	10.89	2.00	86.28
GC32	9	15-Apr-32	11.34	11.60	11.62	2.00	85.50
GC35	9.5	15-Jul-35	12.22	12.43	12.48	4.30	81.46
GC37	9.5	15-Jul-37	12.72	12.97	13.02	4.60	77.37
GC40	9.8	15-Oct-40	12.89	13.09	13.15	5.40	77.21
GC43	10	15-Jul-43	13.55	13.67	13.72	5.27	74.68
GC45	9.85	15-Jul-45	13.67	13.74	13.82	8.25	72.69
GC48	10	15-Oct-48	13.64	13.77	13.84	7.38	73.61
GC50	10.25	15-Jul-50	13.85	14.04	14.12	7.38	73.24

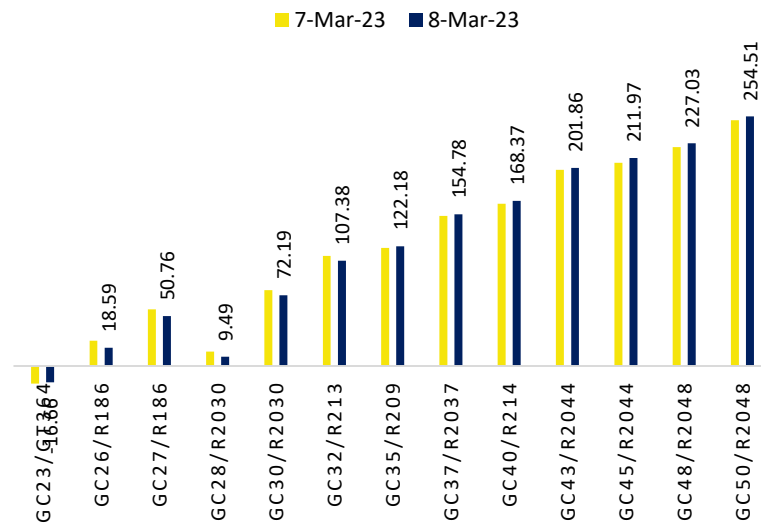
Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 01-February-2023 vs. 08-March-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 07- March-2023 vs. 08-March-2023



Source: BoN & HEI Research

Important disclosure:

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