

Daily Fixed Income Report (09 March 2023)

HEI Fixed Income Market Commentary

- Yesterday, The South African rand gained strength against the US dollar causing the USD/ZAR currency pair to decrease yesterday. Additionally, South Africa recorded its first annual current account deficit since 2019 for the fourth quarter of 2022. At the same time, the US experienced a rise in initial jobless claims for the week that ended on March 3, 2023.
- The sovereign bond market witnessed a persistent uptick in yield for all government bonds, with the exception of the GC2025 bond, which experienced a slight decrease of 1 basis point. Notably, the GC2026 bond's yield increased from 8.77% to 8.81%, while the GC2040 bond recorded a rise in yield from 13.15% to 13.17%, as depicted in Table 2.
- The surge in bond yields may be attributed to comments made by the Federal Reserve Chair, Jerome Powell, reiterating his stance on implementing higher and possibly more rapid interest rate hikes.
- Table 1 data indicates that fixed-term deposits remained unchanged overnight.
- Figure 1 illustrates a marginal month-on-month rise in bond yields.

Table 1. Fixed Term Deposits

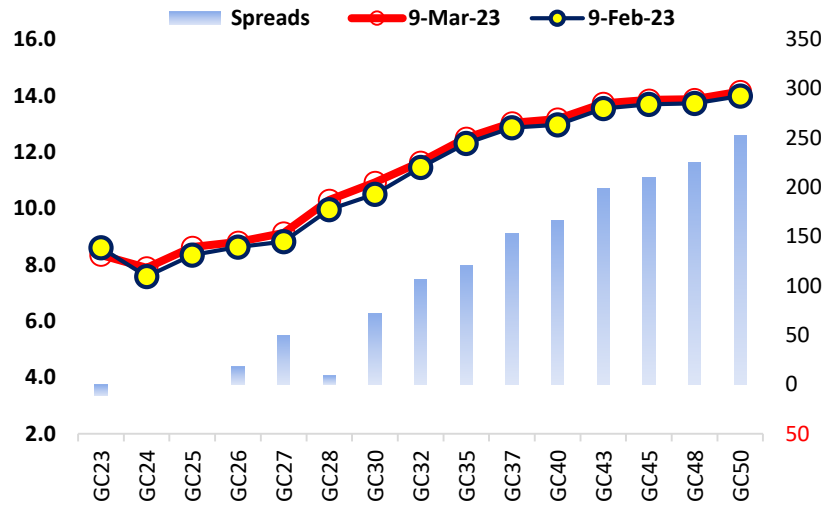
| Term | 8-Mar-23 | 9-Mar-23 |
|-----------|----------|----------|
| 1 Month | 7.44 | 7.44 |
| 2 Months | 7.51 | 7.51 |
| 3 Months | 7.61 | 7.61 |
| 4 Months | 7.73 | 7.73 |
| 5 Months | 7.83 | 7.83 |
| 6 Months | 8.20 | 8.20 |
| 7 Months | 8.28 | 8.28 |
| 8 Months | 8.33 | 8.33 |
| 9 Months | 8.43 | 8.43 |
| 10 Months | 8.55 | 8.54 |
| 11 Months | 8.65 | 8.64 |
| 12 Months | 8.75 | 8.75 |

Table 2. Namibia Government Bonds

| Bonds | Coupon | Maturity | YTM (%) | YTM (%) | YTM (%) | DTDA | Prices |
|-------|--------|-----------|----------|----------|----------|-------|----------|
| | | | 9-Feb-23 | 8-Mar-23 | 9-Mar-23 | (bps) | 9-Mar-23 |
| GC23 | 8.85 | 15-Oct-23 | 8.61 | 8.31 | 8.35 | 3.52 | 100.27 |
| GC24 | 10.5 | 15-Oct-24 | 7.58 | 7.85 | 7.89 | 3.90 | 103.84 |
| GC25 | 8.5 | 15-Apr-25 | 8.34 | 8.63 | 8.62 | -0.50 | 99.75 |
| GC26 | 8.5 | 15-Apr-26 | 8.62 | 8.77 | 8.81 | 3.90 | 99.16 |
| GC27 | 8 | 15-Jan-27 | 8.82 | 9.09 | 9.13 | 3.90 | 96.37 |
| GC28 | 8.5 | 15-Oct-28 | 9.96 | 10.26 | 10.30 | 3.65 | 92.48 |
| GC30 | 8 | 15-Jan-30 | 10.50 | 10.89 | 10.92 | 3.65 | 86.13 |
| GC32 | 9 | 15-Apr-32 | 11.45 | 11.62 | 11.65 | 2.90 | 85.36 |
| GC35 | 9.5 | 15-Jul-35 | 12.30 | 12.48 | 12.50 | 2.10 | 81.35 |
| GC37 | 9.5 | 15-Jul-37 | 12.86 | 13.02 | 13.04 | 2.05 | 77.26 |
| GC40 | 9.8 | 15-Oct-40 | 12.97 | 13.15 | 13.17 | 2.20 | 77.09 |
| GC43 | 10 | 15-Jul-43 | 13.55 | 13.72 | 13.73 | 1.24 | 74.61 |
| GC45 | 9.85 | 15-Jul-45 | 13.69 | 13.82 | 13.85 | 2.75 | 72.55 |
| GC48 | 10 | 15-Oct-48 | 13.72 | 13.84 | 13.87 | 3.25 | 73.44 |
| GC50 | 10.25 | 15-Jul-50 | 13.98 | 14.12 | 14.15 | 3.25 | 73.07 |

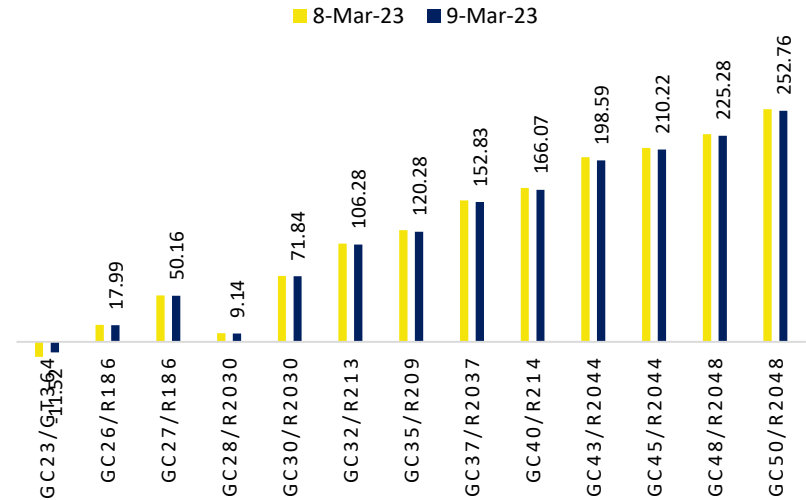
Source: BoN & HEI Resea

Figure 1. Namibia Bond Yield: 09-February-2023 vs. 09-March-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 08- March-2023 vs. 09-March-2023



Source: BoN & HEI Research