

Daily Fixed Income Report (14 March 2023)

HEI Fixed Income Market Commentary

- Yesterday, the South African rand appreciated against the US dollar yesterday. However, manufacturing production in South Africa declined in January. In the US, the consumer price index increased as expected in February, while the small-business optimism index showed improvement during the same month.
- According to Table 2, all bonds with a maturity exceeding one year witnessed a decline in yields in the sovereign bond market. The only exception was the GC2023 bond, which saw its yield increase from 8.32% to 8.33%.
- The drop in bond yields is likely a result of the domestic inflation rate climbing to 7.2% in February 2023. In addition, market sentiment indicates that bond investors may demand higher yields to compensate for the anticipated loss of purchasing power upon bond maturity
- Table 1 illustrates a slight decline in fixed-term deposits.

Table 1. Fixed Term Deposits

Term	13-Mar-23	14-Mar-23
1 Month	7.44	7.44
2 Months	7.51	7.51
3 Months	7.62	7.62
4 Months	7.70	7.71
5 Months	7.81	7.81
6 Months	8.24	8.23
7 Months	8.28	8.27
8 Months	8.33	8.32
9 Months	8.43	8.41
10 Months	8.54	8.53
11 Months	8.64	8.64
12 Months	8.73	8.72

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

Bonds	Coupon	Maturity	YTM (%)	YTM (%)	YTM (%)	DTDA (bps)	Prices 14-Mar-23
			1-Feb-23	13-Mar-23	14-Mar-23		
GC23	8.85	15-Oct-23	8.84	8.33	8.33	-0.63	100.28
GC24	10.5	15-Oct-24	7.45	7.75	7.75	-0.60	104.03
GC25	8.5	15-Apr-25	8.18	8.48	8.48	-0.60	100.03
GC26	8.5	15-Apr-26	8.45	8.67	8.66	-0.60	99.55
GC27	8	15-Jan-27	8.64	8.99	8.99	-0.60	96.84
GC28	8.5	15-Oct-28	9.88	10.17	10.15	-1.64	93.07
GC30	8	15-Jan-30	10.41	10.81	10.80	-1.54	86.68
GC32	9	15-Apr-32	11.34	11.56	11.56	-0.10	85.82
GC35	9.5	15-Jul-35	12.22	12.46	12.47	1.10	81.48
GC37	9.5	15-Jul-37	12.72	13.01	13.03	1.80	77.33
GC40	9.8	15-Oct-40	12.89	13.16	13.19	2.90	77.01
GC43	10	15-Jul-43	13.55	13.69	13.73	3.37	74.64
GC45	9.85	15-Jul-45	13.67	13.81	13.84	3.38	72.57
GC48	10	15-Oct-48	13.64	13.84	13.87	3.38	73.45
GC50	10.25	15-Jul-50	13.85	14.11	14.15	3.38	73.08

Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 01-February-2023 vs. 14-March-2023

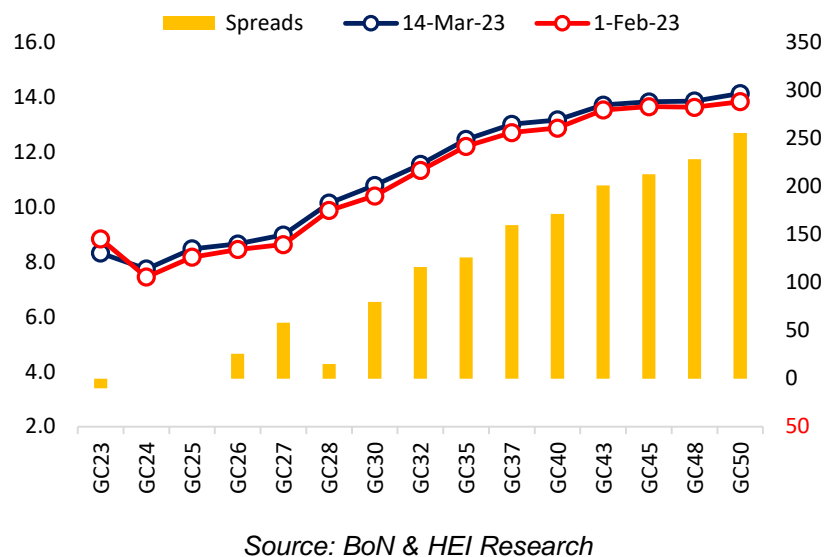
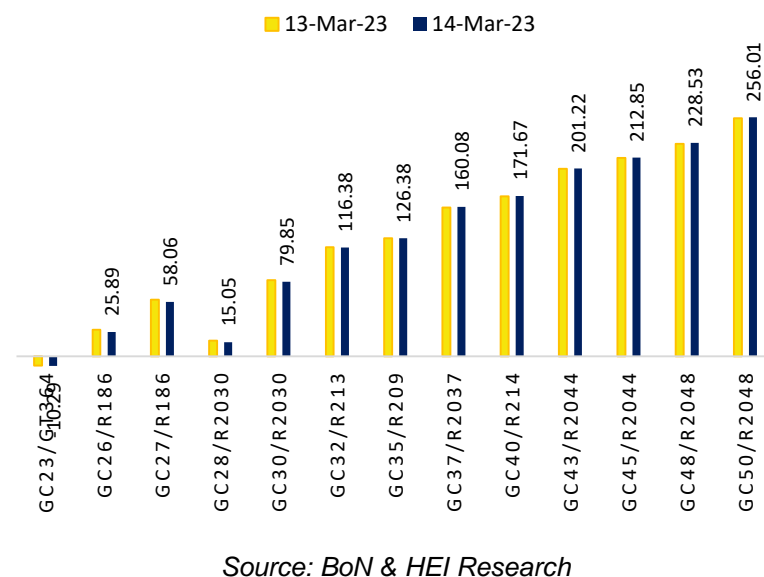


Figure 2. Namibia vs. South Africa Bond Spreads: 13- March-2023 vs. 14-March-2023



Important disclosure:

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