

Daily Fixed Income Report (15 March 2023)

HEI Fixed Income Market Commentary

- The US dollar strengthened against the South African rand yesterday, while retail sales in South Africa saw a smaller decline than anticipated in January. On the other hand, retail sales in the US decreased more than predicted in February, and the producer price index (PPI) also dropped during that month. However, the NAHB housing market index experienced an unexpected increase in March
- According to Table 2, there was a rise in sovereign bond yields for the majority of bonds, including a slight increase in the GC2028 bond's yield from 10.15% to 10.16%. Furthermore, the GC2040 bond, which has a longer maturity date, experienced a yield increase from 13.19%
- The reason for the decrease in bond yields is connected to the sell-off in the JSE market, which saw the top 100 stocks experiencing a drop in share prices. This is because bond yields and stock prices have an inverse relationship, so when stock prices decrease, bond yields usually increase
- Table 1 illustrates a slight decline in fixed-term deposits.

Table 1. Fixed Term Deposits

Term	14-Mar-23	15-Mar-23
1 Month	7.44	7.44
2 Months	7.51	7.51
3 Months	7.62	7.62
4 Months	7.71	7.71
5 Months	7.81	7.81
6 Months	8.23	8.23
7 Months	8.27	8.26
8 Months	8.32	8.31
9 Months	8.41	8.41
10 Months	8.53	8.53
11 Months	8.64	8.63
12 Months	8.72	8.70

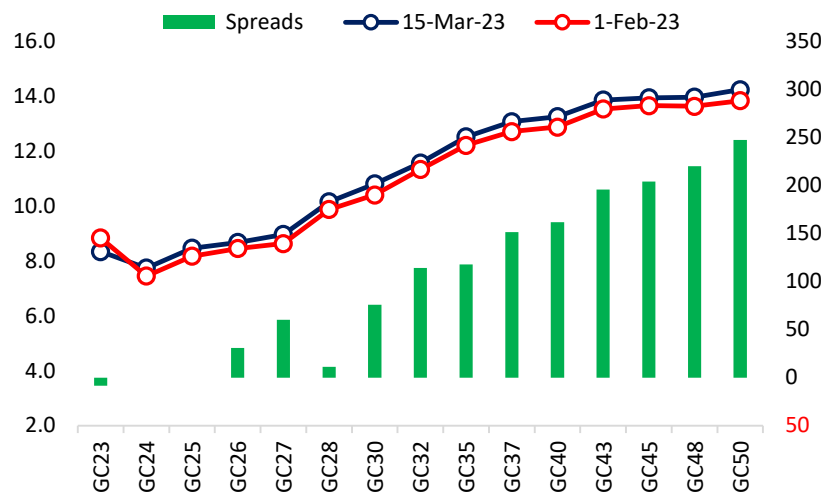
Source: BoN & HEI Research

Table 2. Namibia Government Bonds

Bonds	Coupon	Maturity	YTM (%)		YTM (%)	DTDA (bps)	Prices 15-Mar-23
			1-Feb-23	14-Mar-23			
GC23	8.85	15-Oct-23	8.84	8.33	8.35	1.77	100.27
GC24	10.5	15-Oct-24	7.45	7.75	7.74	-0.40	104.03
GC25	8.5	15-Apr-25	8.18	8.48	8.47	-1.20	100.05
GC26	8.5	15-Apr-26	8.45	8.66	8.68	1.40	99.51
GC27	8	15-Jan-27	8.64	8.99	8.97	-1.40	96.88
GC28	8.5	15-Oct-28	9.88	10.15	10.16	1.34	93.02
GC30	8	15-Jan-30	10.41	10.80	10.81	1.34	86.63
GC32	9	15-Apr-32	11.34	11.56	11.58	1.80	85.73
GC35	9.5	15-Jul-35	12.22	12.47	12.53	5.90	81.17
GC37	9.5	15-Jul-37	12.72	13.03	13.09	6.10	77.01
GC40	9.8	15-Oct-40	12.89	13.19	13.27	7.90	76.58
GC43	10	15-Jul-43	13.55	13.73	13.87	14.33	73.88
GC45	9.85	15-Jul-45	13.67	13.84	13.95	11.05	72.00
GC48	10	15-Oct-48	13.64	13.87	13.98	10.62	72.90
GC50	10.25	15-Jul-50	13.85	14.15	14.25	10.63	72.54

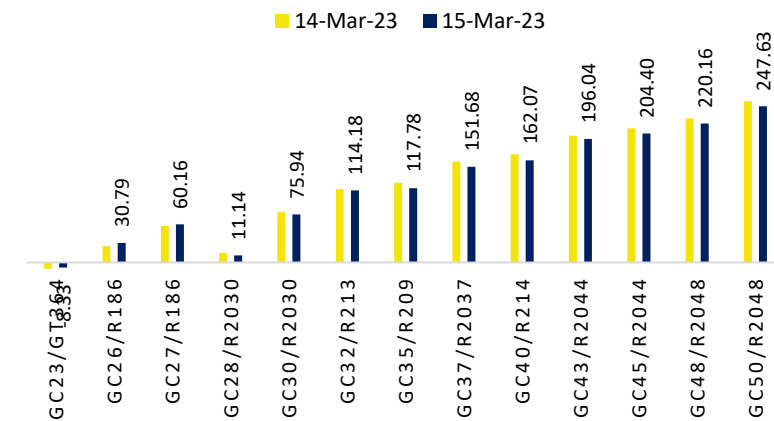
Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 01-February-2023 vs. 15-March-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 15- March-2023 vs. 14-March-2023



Source: BoN & HEI Research

Important disclosure:

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