

Daily Fixed Income Report (16 March 2023)

HEI Fixed Income Market Commentary

- On March 15th, 2023, the South African rand showed strength against the US dollar. Additionally, in the US, building permits and housing starts increased unexpectedly in February, while the Philadelphia Fed manufacturing index showed a lower-than-anticipated rise in March
- As shown in Table 2, the majority of the sovereign bond yields increased, with the yield for the GC2028 bond rising from 10.16% to 10.18%. Additionally, the GC2040 bond, which has a longer maturity date, saw its yield increase from 13.27% to 13.34%
- The uptick in sovereign bond yields, as indicated by Table 2, can be attributed to inflationary pressures and the prevailing supply-demand dynamics in the government bond market. As inflation erodes the purchasing power of future cash flows, investors may demand higher yields to account for the increased risk. Moreover, the balance of supply and demand for government bonds also impacts their pricing, with an oversupply of bonds leading to price decreases and yield increases, and vice versa. Therefore, the rise in bond yields could be due to a combination of these factors
- Table 1 illustrates a slight increase in fixed-term deposits

Table 1. Fixed Term Deposits

Term	15-Mar-23	16-Mar-23
1 Month	7.44	7.44
2 Months	7.51	7.51
3 Months	7.62	7.62
4 Months	7.71	7.74
5 Months	7.81	7.85

Source: BoN & HEI Research

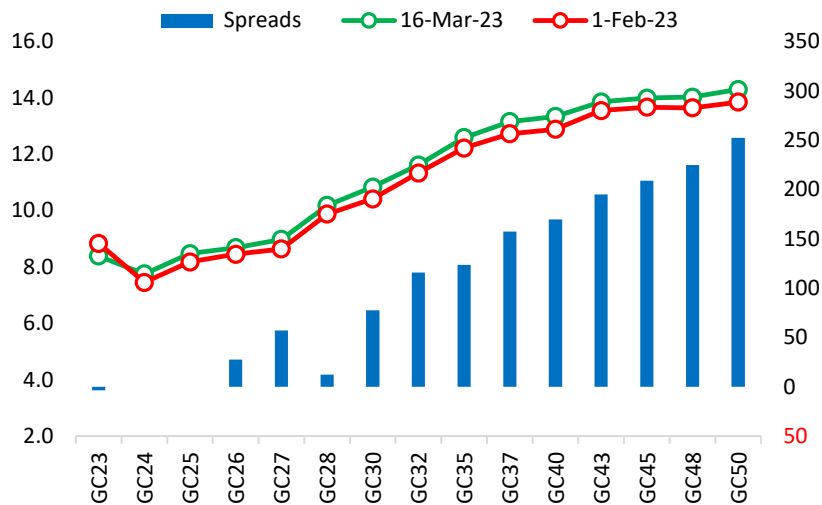
6 Months	8.23	8.25
7 Months	8.26	8.31
8 Months	8.31	8.36
9 Months	8.41	8.44
10 Months	8.53	8.55
11 Months	8.63	8.63
12 Months	8.70	8.69

Table 2. Namibia Government Bonds

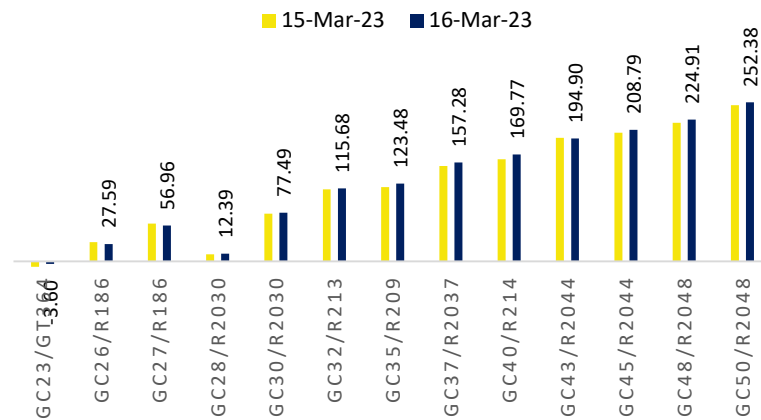
Bonds	Coupon	Maturity	YTM (%)			DTDA (bps)	Prices 16-Mar-23
			1-Feb-23	15-Mar-23	16-Mar-23		
GC23	8.85	15-Oct-23	8.84	8.35	8.39	4.73	100.24
GC24	10.5	15-Oct-24	7.45	7.74	7.75	0.80	104.01
GC25	8.5	15-Apr-25	8.18	8.47	8.47	0.80	100.04
GC26	8.5	15-Apr-26	8.45	8.68	8.69	0.80	99.49
GC27	8	15-Jan-27	8.64	8.97	8.98	0.80	96.86
GC28	8.5	15-Oct-28	9.88	10.16	10.18	2.00	92.95
GC30	8	15-Jan-30	10.41	10.81	10.83	2.30	86.53
GC32	9	15-Apr-32	11.34	11.58	11.62	4.50	85.51
GC35	9.5	15-Jul-35	12.22	12.53	12.59	5.70	80.87
GC37	9.5	15-Jul-37	12.72	13.09	13.16	7.10	76.64
GC40	9.8	15-Oct-40	12.89	13.27	13.34	7.20	76.19
GC43	10	15-Jul-43	13.55	13.87	13.85	-1.64	73.97
GC45	9.85	15-Jul-45	13.67	13.95	13.99	3.89	71.80
GC48	10	15-Oct-48	13.64	13.98	14.02	4.75	72.66
GC50	10.25	15-Jul-50	13.85	14.25	14.30	4.75	72.29

Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 01-February-2023 vs. 16-March-2023



Source: BoN & HEI Research



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 15- March-2023 vs. 16-March-2023

Important disclosure:

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