

Daily Fixed Income Report (22 March 2023)

HEI Fixed Income Market Commentary

- As of yesterday, we observed a notable appreciation of the South African rand vis-à-vis the US dollar. This follows the release of the Consumer Price Index (CPI) data for February, which revealed an increase for the first time in the past four months. This trend is indicative of elevated expenditure amid power supply disruptions in the region. In parallel, the US witnessed an upswing in mortgage applications during the week that concluded on 17th March 2023.
- As per the information tabulated in Table 2, we can observe a decline in the yields of sovereign bonds. Notably, the GC2028 bond yield experienced a minor contraction from 10.17% to 10.16%. Meanwhile, the GC2040 bond, characterized by a longer tenor, depicted a more significant reduction in yield, declining from 13.25% to 13.15%.
- Based on the findings illustrated in Table 2, the downward trajectory in sovereign bond yields can plausibly be associated with the recent policy shift by the U.S Federal Reserve to raise interest rates by 0.25%.
- Table 1 displays a two-day decline in fixed-term deposits

Table 1. Fixed Term Deposits

Term	17-Mar-23	20-Mar-23
1 Month	7.44	7.39
2 Months	7.52	7.49
3 Months	7.62	7.62
4 Months	7.75	7.73
5 Months	7.86	7.83
6 Months	8.24	8.22
7 Months	8.31	8.28
8 Months	8.35	8.33

Source: BoN & HEI Research

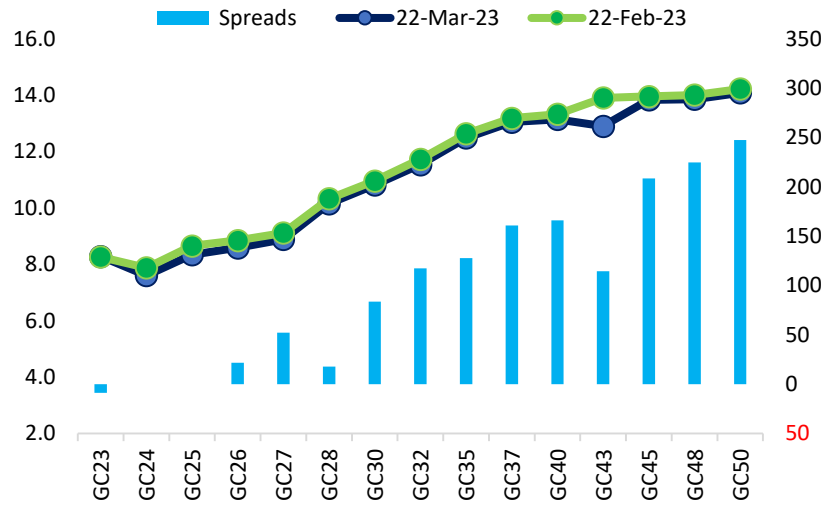
9 Months	8.45	8.43
10 Months	8.53	8.50
11 Months	8.58	8.55
12 Months	8.65	8.63

Table 2. Namibia Government Bonds

Bonds	Coupon	Maturity	YTM (%) 22-Feb-23	YTM (%) 20-Mar-23	YTM (%) 22-Mar-23	DTDA (bps)	Prices 22-Mar-23
GC23	8.85	15-Oct-23	8.27	8.26	8.28	1.92	100.30
GC24	10.5	15-Oct-24	7.88	7.64	7.61	-3.00	104.19
GC25	8.5	15-Apr-25	8.66	8.37	8.34	-3.00	100.28
GC26	8.5	15-Apr-26	8.85	8.60	8.59	-1.25	99.76
GC27	8	15-Jan-27	9.12	8.92	8.89	-3.00	97.14
GC28	8.5	15-Oct-28	10.33	10.17	10.16	-0.75	93.06
GC30	8	15-Jan-30	10.96	10.86	10.82	-3.75	86.62
GC32	9	15-Apr-32	11.73	11.62	11.54	-7.50	85.92
GC35	9.5	15-Jul-35	12.63	12.61	12.49	-12.25	81.42
GC37	9.5	15-Jul-37	13.19	13.12	13.05	-7.13	77.19
GC40	9.8	15-Oct-40	13.33	13.25	13.15	-10.38	77.24
GC43	10	15-Jul-43	13.91	13.78	12.90	-87.67	79.25
GC45	9.85	15-Jul-45	13.96	13.94	13.84	-10.33	72.58
GC48	10	15-Oct-48	14.01	13.97	13.86	-10.83	73.50
GC50	10.25	15-Jul-50	14.23	14.19	14.09	-9.63	73.37

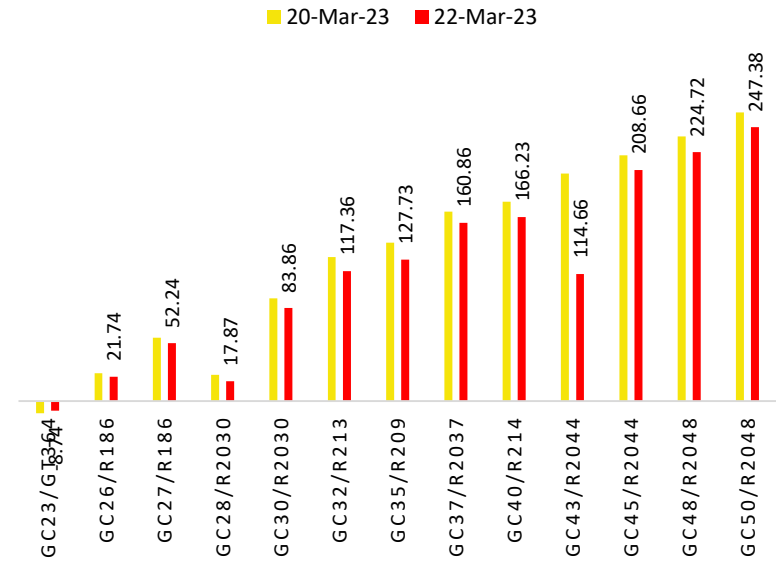
Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 22-February-2023 vs. 22-March-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 20- March-2023 vs. 22-March-2023



Source: BoN & HEI Research

Important disclosure:

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