

Daily Fixed Income Report (11 April 2023)

HEI Fixed Income Market Commentary

- Yesterday, the South African rand strengthened against the US dollar. In South Africa, manufacturing production dropped to its lowest level in nearly a year in February, indicating the impact of load shedding on food manufacturers and allied sectors. Separately, in the US, the NFIB business optimism index declined to a three month low in March.
- The data presented in Table 2 indicates an increase in all of the sovereign bond yields, Notably, the GC2028 bond yield witnessed an increase from 10.01% to 10.09%, while the longer-dated GC2045 bond yield recorded an increase from 13.84% to 13.98%.
- According to Table 2, the recent increase in sovereign bond yields can be attributed to significant changes in economic conditions, such as interest rates hike which may show favorable conditions for investors
- Table 1 displays a decline change in fixed-term deposits

Table 1. Fixed Term Deposits

<i>Term</i>	<i>6-Apr-23</i>	<i>11-Apr-23</i>
<i>1 Month</i>	7.50	7.50
<i>2 Months</i>	7.60	7.59
<i>3 Months</i>	7.74	7.73
<i>4 Months</i>	7.88	7.90
<i>5 Months</i>	7.99	8.01
<i>6 Months</i>	8.31	8.29
<i>7 Months</i>	8.38	8.38
<i>8 Months</i>	8.46	8.46
<i>9 Months</i>	8.50	8.49
<i>10 Months</i>	8.63	8.61
<i>11 Months</i>	8.67	8.65
<i>12 Months</i>	8.71	8.68

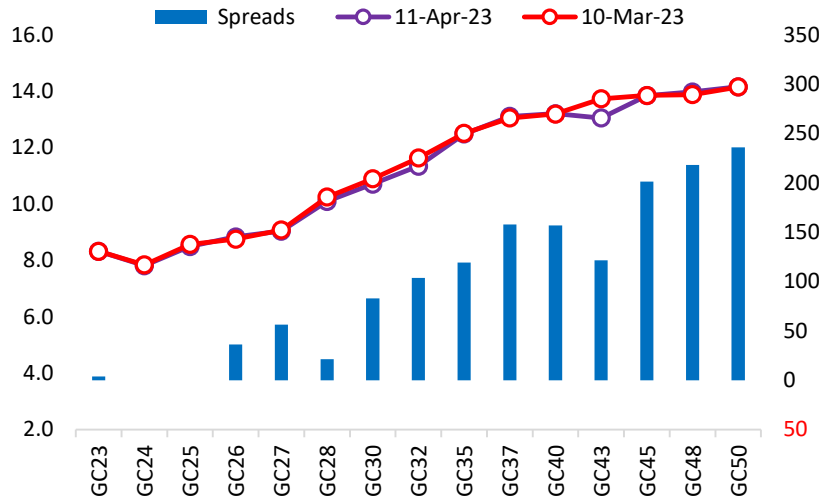
Source: BoN & HEI Research

Table 2. Namibia Government Bonds

<i>Bonds</i>	<i>Coupon</i>	<i>Maturity</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>DTDA (bps)</i>	<i>Prices</i>
			10-Mar-23	6-Apr-23	11-Apr-23		11-Apr-23
<i>GC23</i>	8.85	15-Oct-23	8.32	8.31	8.32	1.04	100.26
<i>GC24</i>	10.5	15-Oct-24	7.84	7.76	7.81	5.50	103.76
<i>GC25</i>	8.5	15-Apr-25	8.57	8.47	8.49	2.10	100.01
<i>GC26</i>	8.5	15-Apr-26	8.76	8.77	8.84	6.12	99.13
<i>GC27</i>	8	15-Jan-27	9.08	8.98	9.04	5.50	96.72
<i>GC28</i>	8.5	15-Oct-28	10.25	10.01	10.09	8.60	93.39
<i>GC30</i>	8	15-Jan-30	10.90	10.62	10.71	8.80	87.17
<i>GC32</i>	9	15-Apr-32	11.63	11.26	11.34	8.30	86.98
<i>GC35</i>	9.5	15-Jul-35	12.50	12.33	12.48	14.80	81.48
<i>GC37</i>	9.5	15-Jul-37	13.05	12.97	13.11	13.90	76.93
<i>GC40</i>	9.8	15-Oct-40	13.19	13.05	13.20	15.50	76.97
<i>GC43</i>	10	15-Jul-43	13.73	12.97	13.05	8.23	78.40
<i>GC45</i>	9.85	15-Jul-45	13.85	13.71	13.85	13.93	72.56
<i>GC48</i>	10	15-Oct-48	13.88	13.84	13.98	13.25	72.91
<i>GC50</i>	10.25	15-Jul-50	14.16	14.07	14.16	9.00	73.03

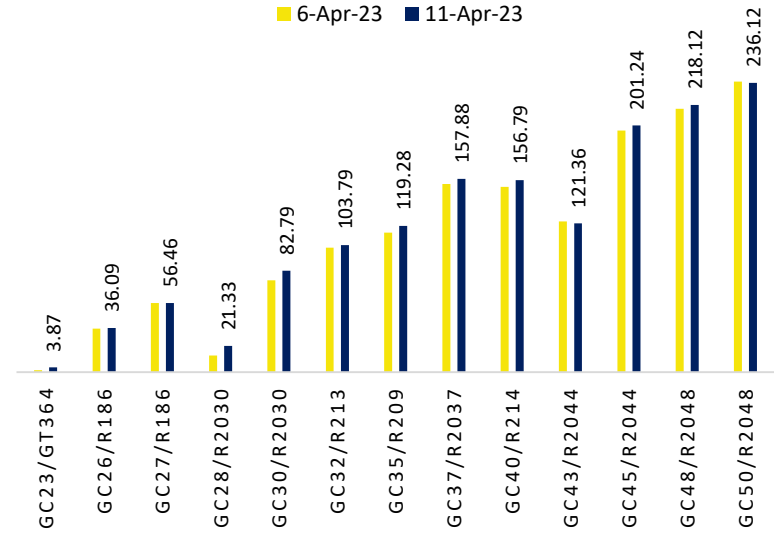
Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 10-March-2023 vs. 11-April-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 06-April-2023 vs. 11-April-2023



Source: BoN & HEI Research

Important disclosure:

Readers should be aware that the opinions, estimates, and projections expressed in this report are based on current market conditions, publicly available information, and our analysis, and may change without notice. This report is not intended to be the sole basis for any investment decision, and investors should consult with their financial advisor or do their own research before making any investment decisions.