



Daily Fixed Income Report (13 April 2023)

HEI Fixed Income Market Commentary

- Yesterday's trading session witnessed a decline in the value of the South African rand vis-à-vis the US dollar, amidst the release of multiple macroeconomic indicators. Specifically, the US consumer price index (CPI) recorded a lower-than-projected increase in March, thereby leading to a decrease in the demand for the US dollar. Furthermore, the recently disclosed minutes from the US Federal Reserve's monetary policy meeting revealed that the central bank anticipates a mild recession, induced by the banking sector's deteriorating conditions, to commence this year, followed by a recuperation over the ensuing two years. This development has altered the economic landscape of the US and may have contributed to the South African rand's depreciation against the US dollar. As we move forward, investors will be closely monitoring the evolving economic conditions and the impact on the currency market.
- Table 2 highlights a significant decrease in the yields of all sovereign bonds. Specifically, the GC2028 bond yield declined from 10.05% to 10.07%, whereas the longer-dated GC2045 bond yield exhibited a drop from 13.98% to 13.97%. This trend underscores a considerable shift in the bond market, with bond prices appreciating and yields contracting
- Table 2 depicts a notable drop in sovereign bond yields, which could be a result of investors' apprehensions of a profound recession, as revealed in the US Federal Reserve's monetary policy meeting minutes. Moreover, the domestic bond yields' decline is relatively lesser, likely influenced by the continuing downward trend in US yields. These developments could signify that investors are beginning to adjust their portfolios to adapt to the evolving economic conditions and could also reflect a change in risk appetite. Moving forward, market participants will closely monitor the market trends and shifts in investor sentiment to stay ahead of the curve.
- Table 1 displays mixed changes in fixed-term deposits

Table 1. Fixed Term Deposits

Term	11-Apr-23	12-Apr-23
1 Month	7.50	7.50
2 Months	7.59	7.59
3 Months	7.73	7.73
4 Months	7.90	7.90
5 Months	8.01	8.01
6 Months	8.29	8.29
7 Months	8.38	8.38
8 Months	8.46	8.46
9 Months	8.49	8.53
10 Months	8.61	8.61
11 Months	8.65	8.64
12 Months	8.68	8.68

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

Bonds	Coupon	Maturity	YTM (%)	YTM (%)	YTM (%)	DTDA	Prices
			13-Mar-23	11-Apr-23	12-Apr-23	(bps)	12-Apr-23
GC23	8.85	15-Oct-23	8.33	8.32	8.34	1.79	100.25
GC24	10.5	15-Oct-24	7.75	7.81	7.81	-0.60	103.77
GC25	8.5	15-Apr-25	8.48	8.49	8.49	-0.50	100.02
GC26	8.5	15-Apr-26	8.67	8.84	8.83	-0.60	99.14
GC27	8	15-Jan-27	8.99	9.04	9.03	-0.60	96.74
GC28	8.5	15-Oct-28	10.17	10.09	10.07	-1.90	93.46
GC30	8	15-Jan-30	10.81	10.71	10.69	-1.90	87.26
GC32	9	15-Apr-32	11.56	11.34	11.31	-2.80	87.13
GC35	9.5	15-Jul-35	12.46	12.48	12.47	-1.10	81.54
GC37	9.5	15-Jul-37	13.01	13.11	13.10	-0.90	76.98
GC40	9.8	15-Oct-40	13.16	13.20	13.20	-0.60	77.00
GC43	10	15-Jul-43	13.69	13.05	13.04	-0.75	78.44
GC45	9.85	15-Jul-45	13.81	13.85	13.84	-0.75	72.60
GC48	10	15-Oct-48	13.84	13.98	13.97	-0.50	72.94
GC50	10.25	15-Jul-50	14.11	14.16	14.15	-0.25	73.04

Source: BoN & HEI Research

Figure 1. Namibia Bond Yield: 13-March-2023 vs. 12-April-2023

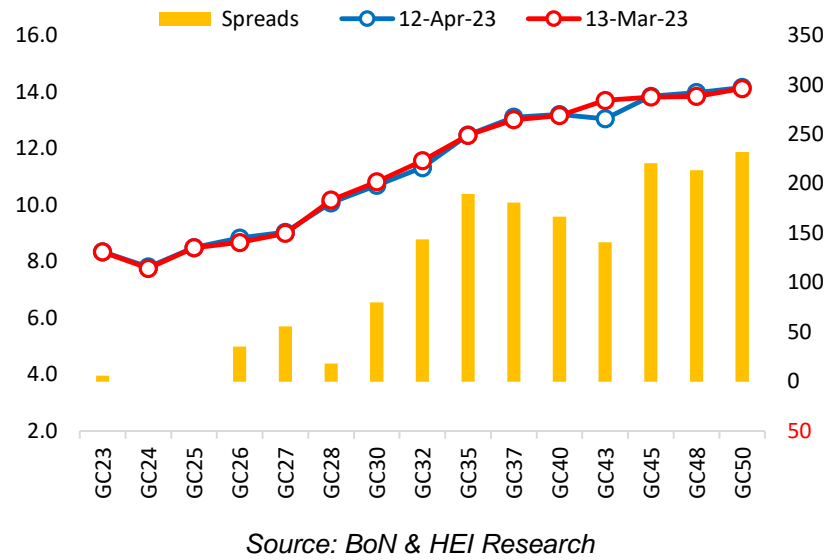
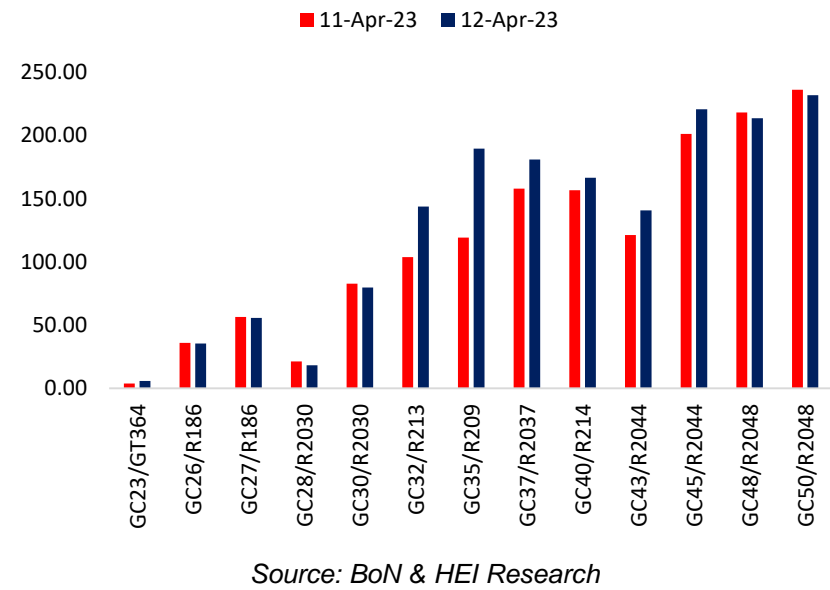


Figure 2. Namibia vs. South Africa Bond Spreads: 11- April-2023 vs. 12- April-2023



Important disclosure:

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