



Daily Fixed Income Report (22 May 2023)

HEI Fixed Income Market Commentary

- Yesterday, the South African rand strengthened against the US dollar.
- Upon analyzing the data presented in Table 2, it becomes apparent that there has been a notable decrease in the yields of government bonds with shorter maturities. Notably, the GC2026 bond witnessed a decline from 10.29% to 10.27%. Conversely, the longer-dated

GC2048 bond experienced an upward surge, with its yield rising from 14.27% to 14.32%.

- The fluctuations in bond yields can be attributed to the apprehensions surrounding potential interest rate hikes. This expectation of rising rates implies the possibility of increased income for bondholders, which compounds over time. Consequently, bondholders can reinvest their coupons at higher rates. This dynamic explains the decline in short-term bond yields, as investors seek to capitalize on the anticipated higher rates, while simultaneously leading to an increase in yields for longer-dated maturity bonds
- Table 1 exhibited an increase in fixed term deposit

Table 1. Fixed Term Deposits

Term	19-May-23	22-May-23
1 Month	7.57	7.57
2 Months	7.65	7.65
3 Months	7.74	7.75
4 Months	7.85	7.86
5 Months	7.93	7.98
6 Months	8.24	8.31
7 Months	8.33	8.38
8 Months	8.45	8.48
9 Months	8.51	8.53
10 Months	8.58	8.61
11 Months	8.68	8.69
12 Months	8.74	8.75

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

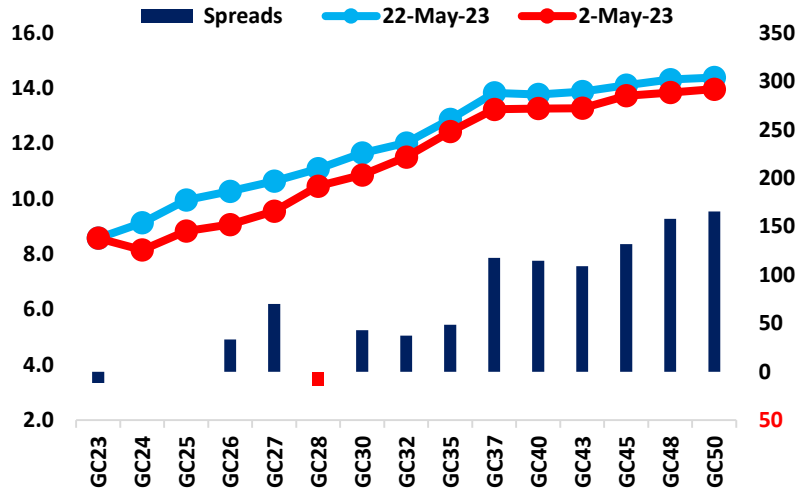
<i>Bonds</i>	<i>Coupon</i>	<i>Maturity</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>DTDA</i>	<i>Prices</i>
			2-May-23	19-May-23	22-May-23	(bps)	22-May-23
GC23	8.85	15-Oct-23	8.58	8.59	8.58	-1.03	100.07
GC24	10.5	15-Oct-24	8.15	9.15	9.14	-1.70	101.74
GC25	8.5	15-Apr-25	8.83	9.97	9.96	-1.70	97.52
GC26	8.5	15-Apr-26	9.07	10.29	10.27	-1.70	95.63
GC27	8	15-Jan-27	9.55	10.66	10.64	-1.70	92.16
GC28	8.5	15-Oct-28	10.46	11.07	11.09	1.95	89.68
GC30	8	15-Jan-30	10.86	11.64	11.66	1.94	83.37
GC32	9	15-Apr-32	11.51	12.00	12.02	2.00	83.73
GC35	9.5	15-Jul-35	12.43	12.84	12.88	3.95	79.48
GC37	9.5	15-Jul-37	13.24	13.80	13.83	3.30	73.37
GC40	9.8	15-Oct-40	13.26	13.74	13.78	3.14	73.96
GC43	10	15-Jul-43	13.28	13.85	13.88	3.62	73.87
GC45	9.85	15-Jul-45	13.73	14.07	14.11	3.63	71.26
GC48	10	15-Oct-48	13.84	14.27	14.32	4.01	71.23
GC50	10.25	15-Jul-50	13.97	14.35	14.39	4.00	71.85

Source: BoN & HEI Research

Important disclosure:

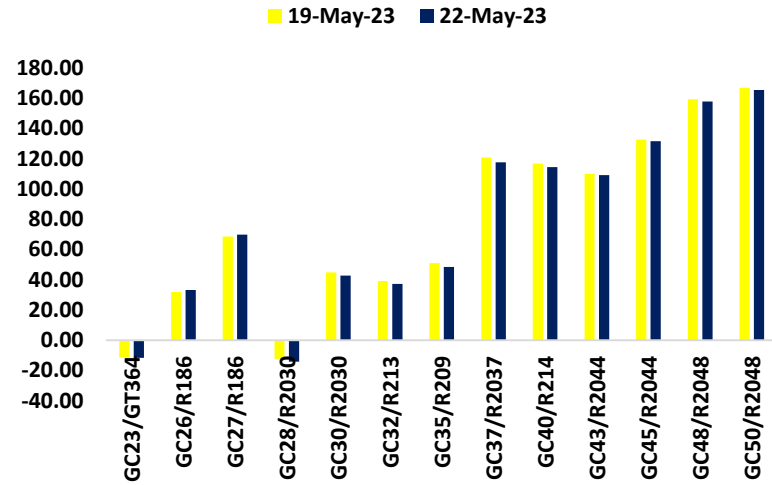
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Figure 1. Namibia Bond Yield: 2-May-2023 vs. 22-May-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 19-May-2023 vs. 22-May-2023



Source: BoN & HEI Research

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