



Daily Fixed Income Report (23 May 2023)

HEI Fixed Income Market Commentary

- Yesterday, the South African rand strengthened against the US dollar. In the US, the S&P Global manufacturing PMI declined more than expected in May. Additionally, the Richmond Fed manufacturing index dropped in May. Meanwhile, the S&P Global services PMI unexpectedly rose in May.

- Upon analyzing the data presented in Table 2, it becomes apparent that there has been a notable decrease in all the yields of government bonds. Notably, the GC2026 bond witnessed a decline from 10.27% to 10.14%. Conversely, the longer-dated GC2048 bond experienced an upward surge, with its yield rising from 14.32% to 14.19%.
- The decrease in bond yields can be attributed to concerns about possible interest rate hikes. Furthermore, the decline in bond yields indicates a rise in bond prices and robust demand for the bonds.
- Table 1 exhibited an increase in fixed term deposit

Table 1. Fixed Term Deposits

Term	22-May-23	23-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

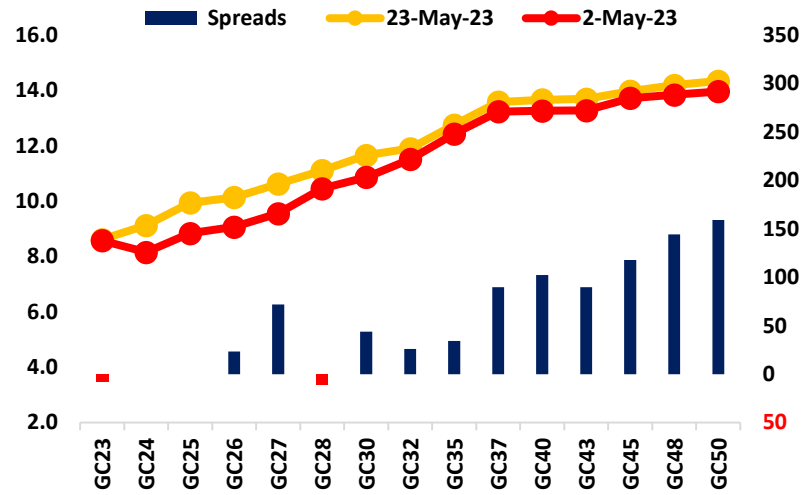
<i>Bonds</i>	<i>Coupon</i>	<i>Maturity</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>DTDA</i>	<i>Prices</i>
			2-May-23	22-May-23	23-May-23	(bps)	23-May-23
GC23	8.85	15-Oct-23	8.58	8.58	8.62	3.45	100.06
GC24	10.5	15-Oct-24	8.15	9.14	9.12	-1.20	101.75
GC25	8.5	15-Apr-25	8.83	9.96	9.94	-1.20	97.54
GC26	8.5	15-Apr-26	9.07	10.27	10.14	-13.31	95.95
GC27	8	15-Jan-27	9.55	10.64	10.63	-1.20	92.20
GC28	8.5	15-Oct-28	10.46	11.09	11.11	2.05	89.60
GC30	8	15-Jan-30	10.86	11.66	11.66	-0.10	83.37
GC32	9	15-Apr-32	11.51	12.02	11.90	-11.91	84.31
GC35	9.5	15-Jul-35	12.43	12.88	12.76	-12.13	80.11
GC37	9.5	15-Jul-37	13.24	13.83	13.59	-24.47	74.57
GC40	9.8	15-Oct-40	13.26	13.78	13.67	-10.66	74.51
GC43	10	15-Jul-43	13.28	13.88	13.70	-18.42	74.84
GC45	9.85	15-Jul-45	13.73	14.11	13.98	-13.09	71.92
GC48	10	15-Oct-48	13.84	14.32	14.19	-12.14	71.83
GC50	10.25	15-Jul-50	13.97	14.39	14.34	-4.75	72.09

Source: BoN & HEI Research

Important disclosure:

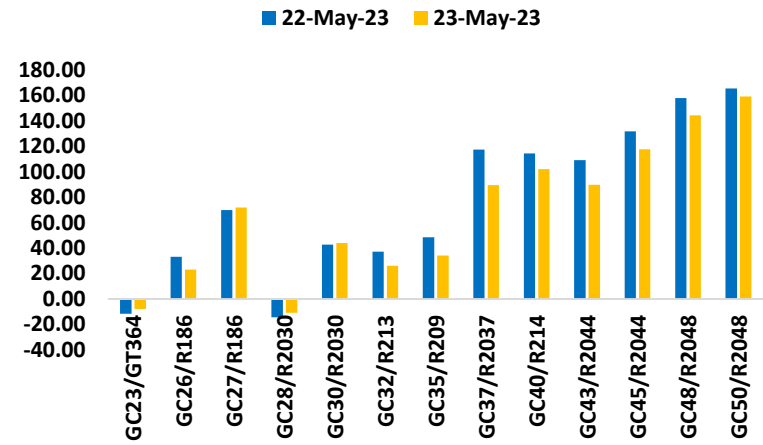
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Figure 1. Namibia Bond Yield: 2-May-2023 vs. 23-May-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 22-May-2023 vs. 23-May-2023



Source: BoN & HEI Research

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