

Daily Fixed Income Report (24 May 2023)

HEI FIXED INCOME MARKET COMMENTARY

- On 24 My 2023, the South African rand weakened against the US dollar. In South Africa, consumer price inflation eased to an 11-month low in April. In the US, the number of MBA mortgage applications dropped in the week ended 19 May 2023.

- Upon analyzing the data presented in Table 2, it becomes apparent that there has been a notable decrease in all the yields (except the GC2023 which is maturing this year) of government bonds. Notably, the GC2026 bond witnessed a decline from 10.14% to 9.97%. Additionally, the longer-dated GC2048 bond experienced a decline, with its yield dropping from 14.19% to 14.02%.
- The decrease in bond yields can be attributed to the SARB hike in interest rates by 0.50bps.
- Table 1 exhibited no change in fixed term deposit

Table 1. Fixed Term Deposits

Term	23-May-23	24-May-23
1 Month	7.57	7.57
2 Months	7.65	7.65
3 Months	7.75	7.76
4 Months	7.86	7.86
5 Months	7.98	7.98
6 Months	8.31	8.31
7 Months	8.38	8.36
8 Months	8.48	8.48
9 Months	8.53	8.53
10 Months	8.61	8.61
11 Months	8.69	8.69
12 Months	8.75	8.75

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

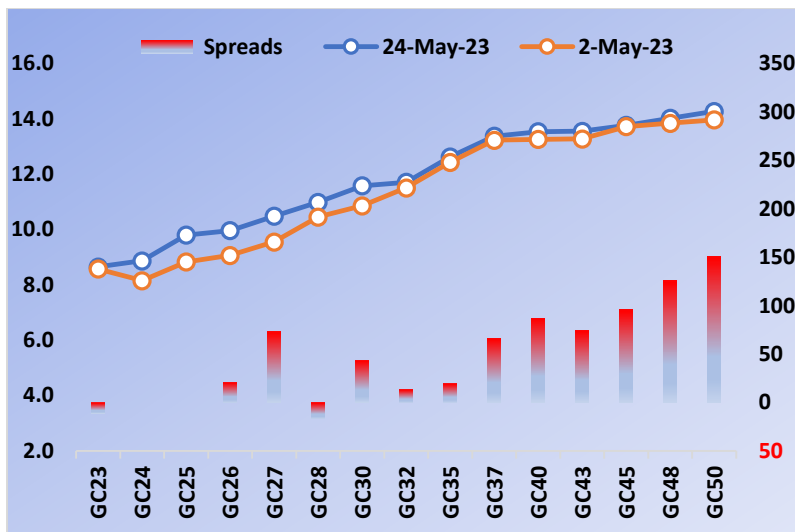
Bonds	Coupon	Maturity	YTM (%)	YTM (%)	YTM (%)	DTDA	Prices
			2-May-23	23-May-23	24-May-23	(bps)	24-May-23
GC23	8.85	15-Oct-23	8.58	8.62	8.65	3.45	100.04
GC24	10.5	15-Oct-24	8.15	9.12	8.87	-24.97	102.07
GC25	8.5	15-Apr-25	8.83	9.94	9.81	-13.80	97.78
GC26	8.5	15-Apr-26	9.07	10.14	9.97	-17.40	96.38
GC27	8	15-Jan-27	9.55	10.63	10.49	-13.90	92.60
GC28	8.5	15-Oct-28	10.46	11.11	10.99	-11.90	90.05
GC30	8	15-Jan-30	10.86	11.66	11.59	-7.10	83.67
GC32	9	15-Apr-32	11.51	11.90	11.71	-19.00	85.23
GC35	9.5	15-Jul-35	12.43	12.76	12.63	-12.80	80.78
GC37	9.5	15-Jul-37	13.24	13.59	13.38	-21.00	75.63
GC40	9.8	15-Oct-40	13.26	13.67	13.54	-13.00	75.19
GC43	10	15-Jul-43	13.28	13.70	13.56	-14.00	75.59
GC45	9.85	15-Jul-45	13.73	13.98	13.77	-20.38	72.97
GC48	10	15-Oct-48	13.84	14.19	14.02	-16.88	72.69
GC50	10.25	15-Jul-50	13.97	14.34	14.27	-6.92	72.44

Source: BoN & HEI Research

Important disclosure:

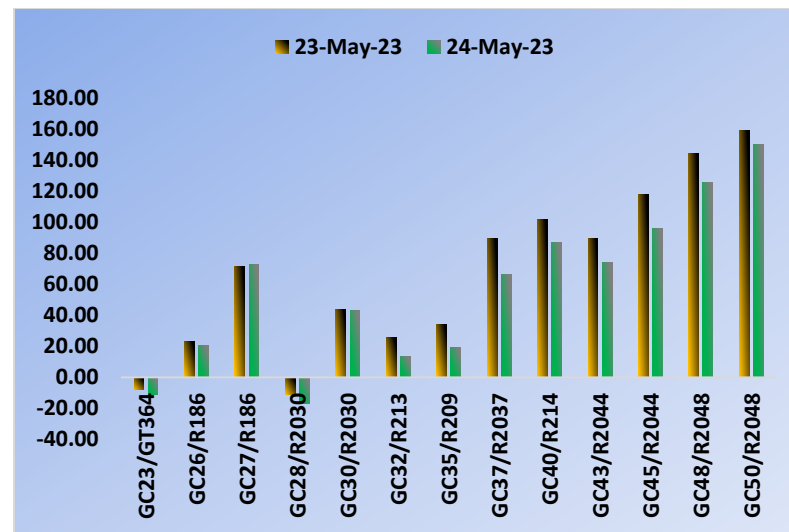
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Figure 1. Namibia Bond Yield: 2-May-2023 vs. 24-May-2023



Source: BoN & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 23-May-2023 vs. 24-May-2023



Source: BoN & HEI Research

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