



Daily Fixed Income Report (21 June 2023)

HEI FIXED INCOME MARKET COMMENTARY

- At 05:30 CAT, the US dollar exhibited strength against the South African rand, bolstering by 0.2% and reaching a trading level of R18.3462. Similarly, the euro demonstrated resilience by advancing 0.2% and trading at R20.1656. Concurrently, the British pound showcased a slight appreciation of 0.1% against the South African rand, positioning itself at R23.4244.
- In the preceding trading session, the euro exhibited notable performance against major currencies. Furthermore, the UK witnessed growth in its Consumer Price Index (CPI) during the month of May.
- During the 05:30 CAT session, the euro encountered a 0.5% depreciation vis-à-vis the US dollar, resulting in a trading rate of \$1.0933. However, the euro demonstrated marginal improvement against the British pound, trading at GBP0.8611. (Figure 3)
- With the exception of the GC23 bond set to mature this year, a decline was observed in the yields of all government bonds. Notably, the GC2026 bond saw a decrease from 9.85% to 9.65%. Furthermore, the longer-term GC2048 bond experienced a decline, dropping from 13.84% to 13.864%(Table 2)
- The observed changes could potentially be influenced by the news of FirstRand revising South Africa's GDP forecast to a contraction of 0.1%. This revision, coupled with the possibility of additional interest rate hikes, may have an impact on the observed developments.
- Table 1 exhibited a slight decline in Fixed-term deposits yesterday

Table 1: Fixed Term Deposits

<i>Term</i>	20-Jun-23	21-Jun-23
<i>1 Month</i>	7.61	7.61
<i>2 Months</i>	7.75	7.75
<i>3 Months</i>	7.95	7.95
<i>4 Months</i>	8.01	8.03
<i>5 Months</i>	8.11	8.13
<i>6 Months</i>	8.38	8.36
<i>7 Months</i>	8.48	8.48
<i>8 Months</i>	8.54	8.54
<i>9 Months</i>	8.63	8.63
<i>10 Months</i>	8.68	8.68
<i>11 Months</i>	8.75	8.75
<i>12 Months</i>	8.83	8.81

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

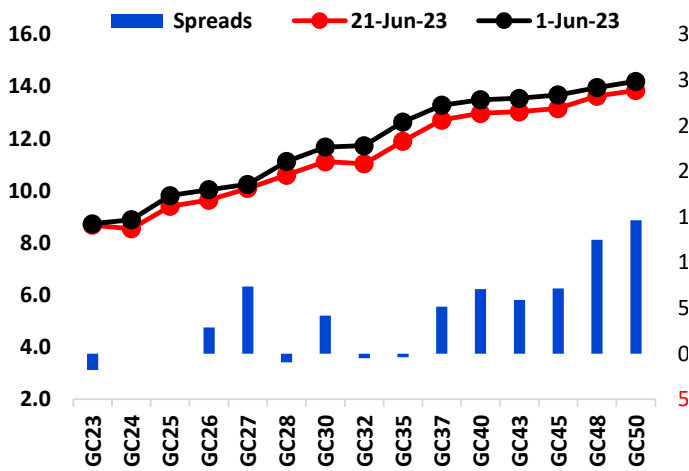
<i>Bonds</i>	<i>Coupon</i>	<i>Maturity</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>DTDA</i>	<i>Prices</i>
			1-Jun-23	20-Jun-23	21-Jun-23	(bps)	21-Jun-23
GC23	8.85	15-Oct-23	8.74	8.67	8.68	1.82	100.01
GC24	10.5	15-Oct-24	8.89	8.65	8.55	-10.15	102.36
GC25	8.5	15-Apr-25	9.82	9.51	9.41	-10.15	98.50
GC26	8.5	15-Apr-26	10.05	9.85	9.65	-20.56	97.21
GC27	8	15-Jan-27	10.25	10.20	10.09	-10.15	93.84
GC28	8.5	15-Oct-28	11.13	10.73	10.61	-12.04	91.57
GC30	8	15-Jan-30	11.68	11.19	11.12	-6.99	85.70
GC32	9	15-Apr-32	11.73	11.25	11.04	-21.04	88.65
GC35	9.5	15-Jul-35	12.64	12.11	11.91	-20.18	84.78
GC37	9.5	15-Jul-37	13.29	12.91	12.72	-19.25	79.16
GC40	9.8	15-Oct-40	13.50	13.10	12.97	-12.52	78.28
GC43	10	15-Jul-43	13.55	13.31	13.04	-27.65	78.54
GC45	9.85	15-Jul-45	13.68	13.32	13.16	-16.30	76.34
GC48	10	15-Oct-48	13.97	13.84	13.64	-19.80	74.75
GC50	10.25	15-Jul-50	14.21	13.95	13.85	-9.92	74.67

Source: BoN & HEI Research

Important disclosure:

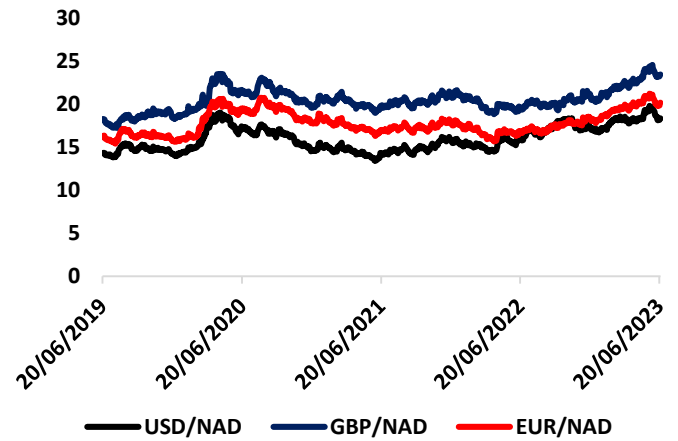
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Figure 1. Namibia Bond Yield: 01-June-2023 vs. 21-June-2023



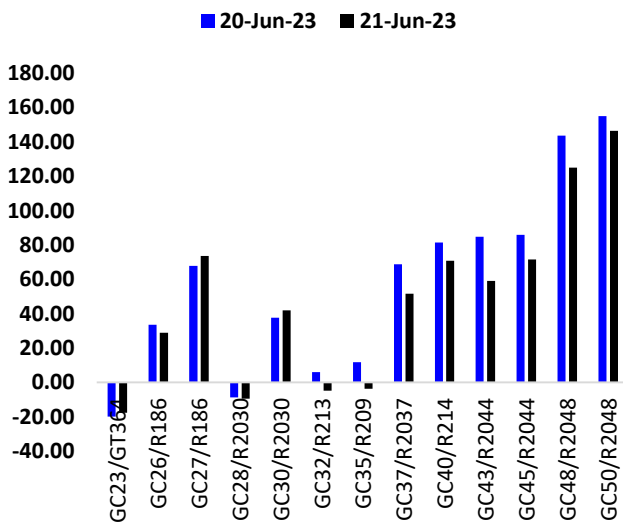
Source: BoN & HEI Research

Figure 3: FX Trends



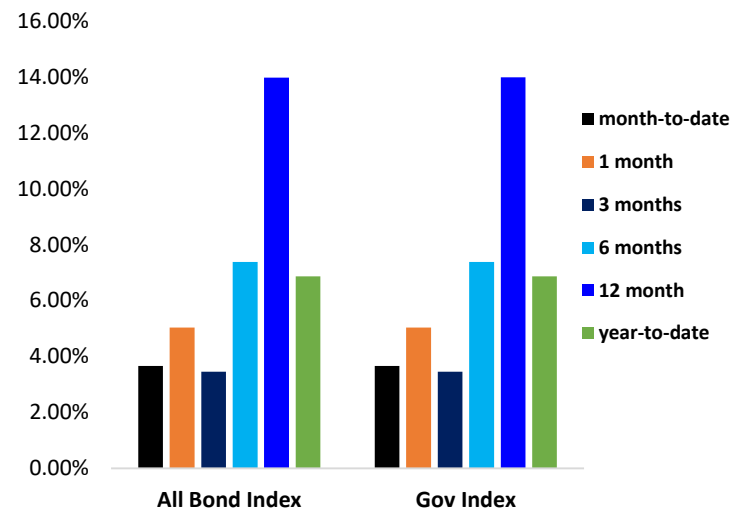
Source: Tradingview & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 16-June-2023 vs. 21-June-2023



Source: BoN & HEI Research

Figure 4: Total Bond Returns (%)



Source: HEI Database