



Daily Fixed Income Report (24 June 2023)

HEI FIXED INCOME MARKET COMMENTARY

- On Friday, the Namibian dollar witnessed a 0.2% decrease in value against the US dollar, with the exchange rate standing at N\$18.7012. Similarly, the euro experienced a 0.1% decline against the Namibian dollar, trading at N\$20.4081. Furthermore, at the same time, the British pound also saw a 0.1% decrease in value against Namibian dollar resulting in a trading rate of N\$23.8195. On Friday, the euro demonstrated a predominantly negative trend when compared to most major currencies. Within the eurozone, the manufacturing purchasing managers' index (PMI) experienced a decline in June. However, there was an improvement in services activity during the same month. The euro displayed a slight increase of 0.1% against the US dollar, reaching a trading rate of \$1.0908. Conversely, it

slightly weakened against the British pound, trading at GBP0.8567. (Figure 3)

- The GC2026 bond saw a decrease from 9.58% to 9.56%. Furthermore, the longer-term GC2048 bond also experienced a decline, dropping from 13.62% to 13.61% (Table 2)
- For the majority of bonds (as depicted in Figure 2), there was an observed increase in the daily yield spread between Namibian and South African bonds.
- The observed fluctuations in bond yields could potentially be attributed to investors' sentiments regarding the preference for bonds with shorter maturity dates, as they aim to capitalize on anticipated interest rate hikes. This strategic move reflects their outlook on maximizing potential returns in response to changing market conditions
- Table 1 exhibited mixed signals in fixed-term deposits

Table 1: Fixed Term Deposits

<i>Term</i>	22-Jun-23	23-Jun-23
<i>1 Month</i>	7.60	7.61
<i>2 Months</i>	7.74	7.75
<i>3 Months</i>	7.94	7.96
<i>4 Months</i>	8.01	8.03
<i>5 Months</i>	8.11	8.10
<i>6 Months</i>	8.35	8.38
<i>7 Months</i>	8.46	8.48
<i>8 Months</i>	8.53	8.54
<i>9 Months</i>	8.61	8.60
<i>10 Months</i>	8.66	8.71
<i>11 Months</i>	8.74	8.76
<i>12 Months</i>	8.80	8.81

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

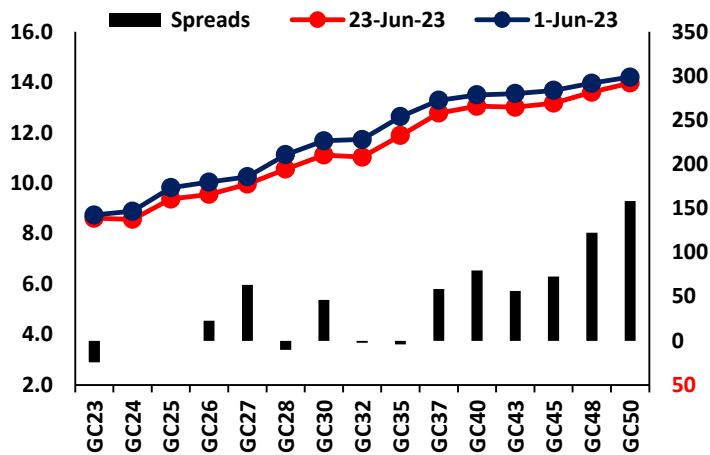
<i>Bonds</i>	<i>Coupon</i>	<i>Maturity</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>DTDA</i>	<i>Prices</i>
			1-Jun-23	22-Jun-23	23-Jun-23	(bps)	23-Jun-23
GC23	8.85	15-Oct-23	8.74	8.74	8.61	-13.28	100.03
GC24	10.5	15-Oct-24	8.89	8.53	8.57	3.98	102.32
GC25	8.5	15-Apr-25	9.82	9.39	9.37	-1.81	98.56
GC26	8.5	15-Apr-26	10.05	9.58	9.56	-2.01	97.42
GC27	8	15-Jan-27	10.25	10.08	9.96	-11.35	94.21
GC28	8.5	15-Oct-28	11.13	10.56	10.56	-0.17	91.77
GC30	8	15-Jan-30	11.68	11.11	11.12	0.79	85.72
GC32	9	15-Apr-32	11.73	10.99	11.04	4.18	88.68
GC35	9.5	15-Jul-35	12.64	11.81	11.89	7.90	84.86
GC37	9.5	15-Jul-37	13.29	12.68	12.78	9.17	78.83
GC40	9.8	15-Oct-40	13.50	12.98	13.05	7.11	77.83
GC43	10	15-Jul-43	13.55	13.01	13.01	0.34	78.69
GC45	9.85	15-Jul-45	13.68	13.17	13.17	0.20	76.26
GC48	10	15-Oct-48	13.97	13.62	13.61	-0.69	74.90
GC50	10.25	15-Jul-50	14.21	13.87	13.97	10.35	74.04

Source: BoN & HEI Research

Important disclosure:

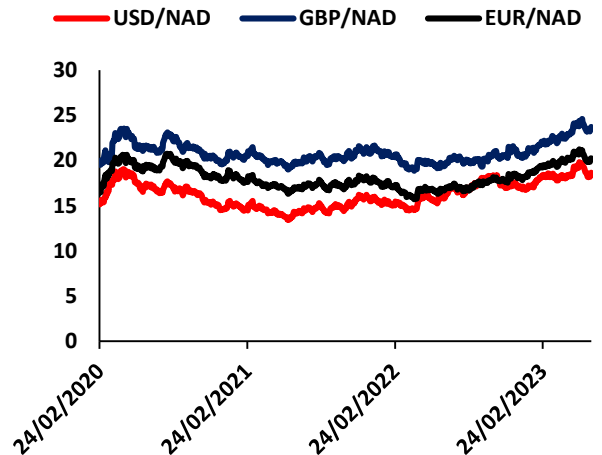
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Figure 1. Namibia Bond Yield: 01-June-2023 vs. 23-June-2023



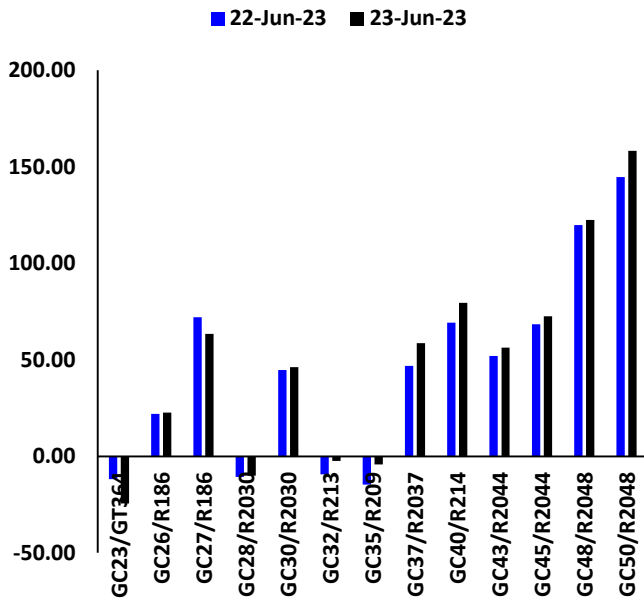
Source: BoN & HEI Research

Figure 3: FX Trends



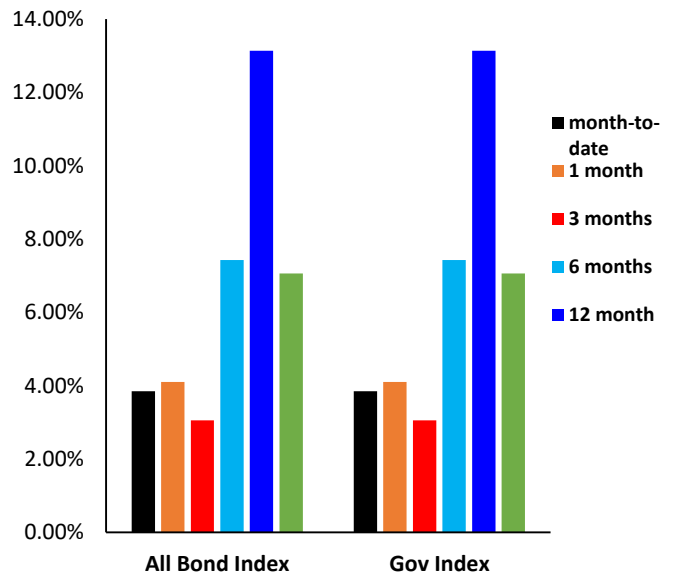
Source: Tradingview & HEI Research

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



Source: BoN & HEI Research

Figure 4: Total Bond Returns (%)



Source: HEI Database

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