



Daily Fixed Income Report (26 June 2023)

HEI FIXED INCOME MARKET COMMENTARY

- Yesterday, the Namibian dollar exhibited strength against the US dollar, experiencing a 0.4% decline in its value, resulting in an exchange rate of N\$18.5847. Similarly, the euro also encountered a 0.2% decrease, now trading at N\$20.3084. Meanwhile, the British pound displayed a 0.3% depreciation against the Namibian dollar, reaching N\$23.6556. (Figure 3)

- The GC2026 bond saw a decrease from 9.56% to 9.53%. Furthermore, the longer-term GC2048 bond also experienced a decline, dropping from 13.61% to 13.59% (Table 2)
- For the majority of bonds (as depicted in Figure 2), there was an observed decline in the daily yield spread between Namibian and South African bonds.
- The observed deterioration in bond yields could potentially be attributed to investors' sentiments on the consensus of a coup in Russia that unfolded during the weekend.
- As analyzed in Figure 4, total returns on bond continues to increasing given the favorable interest rates conditions.
- Table 1 demonstrated significant decline in fixed-term deposits

Table 1: Fixed Term Deposits

<i>Term</i>	23-Jun-23	24-Jun-23
<i>1 Month</i>	7.61	7.75
<i>2 Months</i>	7.75	7.90
<i>3 Months</i>	7.96	7.96
<i>4 Months</i>	8.03	8.03
<i>5 Months</i>	8.10	8.10
<i>6 Months</i>	8.38	8.38
<i>7 Months</i>	8.48	8.48
<i>8 Months</i>	8.54	8.54
<i>9 Months</i>	8.60	8.60
<i>10 Months</i>	8.71	8.71
<i>11 Months</i>	8.76	8.76
<i>12 Months</i>	8.81	8.81

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

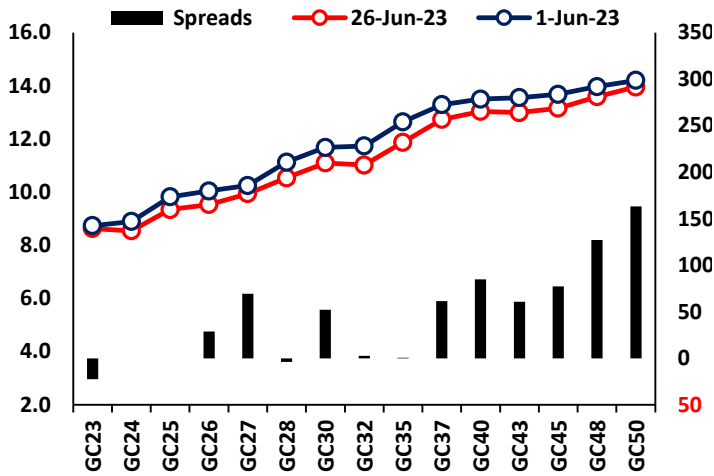
<i>Bonds</i>	<i>Coupon</i>	<i>Maturity</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>YTM (%)</i>	<i>DTDA</i>	<i>Prices</i>
			1-Jun-23	23-Jun-23	24-Jun-23	(bps)	24-Jun-23
GC23	8.85	15-Oct-23	8.74	8.61	8.63	1.90	100.02
GC24	10.5	15-Oct-24	8.89	8.57	8.55	-2.25	102.33
GC25	8.5	15-Apr-25	9.82	9.37	9.35	-2.25	98.60
GC26	8.5	15-Apr-26	10.05	9.56	9.53	-2.25	97.48
GC27	8	15-Jan-27	10.25	9.96	9.94	-2.25	94.29
GC28	8.5	15-Oct-28	11.13	10.56	10.54	-2.13	91.86
GC30	8	15-Jan-30	11.68	11.12	11.10	-2.12	85.82
GC32	9	15-Apr-32	11.73	11.04	11.02	-2.00	88.79
GC35	9.5	15-Jul-35	12.64	11.89	11.87	-1.87	84.97
GC37	9.5	15-Jul-37	13.29	12.78	12.73	-4.13	79.06
GC40	9.8	15-Oct-40	13.50	13.05	13.04	-1.50	77.92
GC43	10	15-Jul-43	13.55	13.01	12.99	-2.00	78.81
GC45	9.85	15-Jul-45	13.68	13.17	13.15	-2.00	76.38
GC48	10	15-Oct-48	13.97	13.61	13.59	-2.00	75.01
GC50	10.25	15-Jul-50	14.21	13.97	13.95	-1.67	74.13

Source: BoN & HEI Research

Important disclosure:

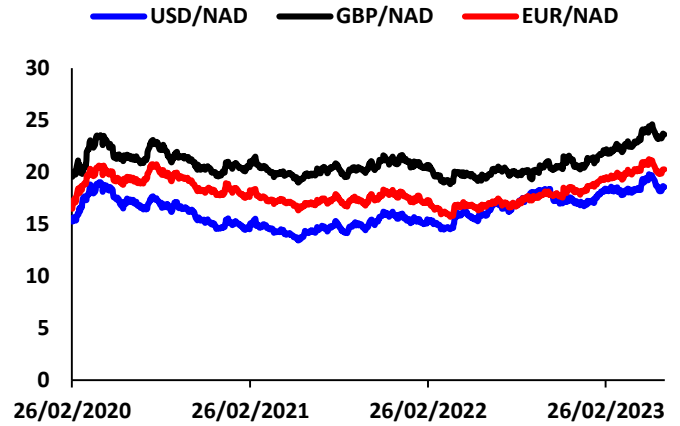
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Figure 1. Namibia Bond Yield: 01-June-2023 vs. 26-June-2023



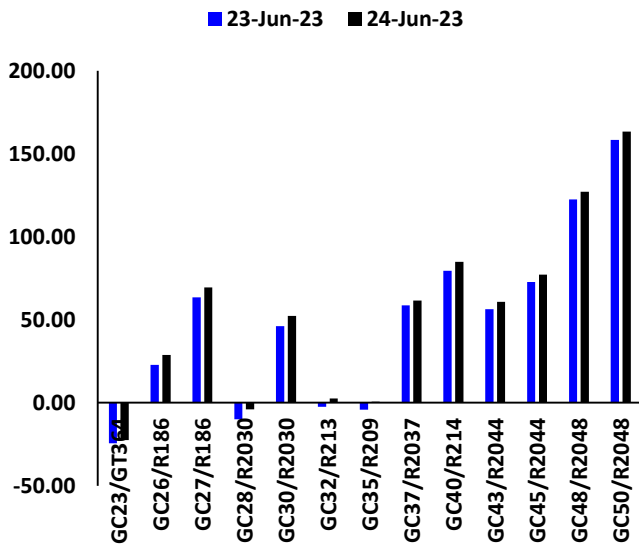
Source: BoN & HEI Research

Figure 3: Historic FX Trends to date



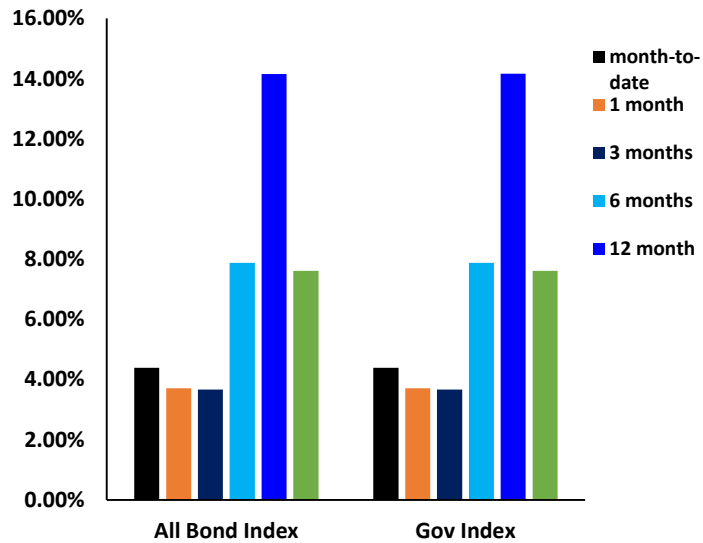
Source: Tradingview & HEI Research

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



Source: BoN & HEI Research

Figure 4: Total Bond Returns (%)



Source: HEI Database

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