



Daily Fixed Income Report (27 June 2023)

HEI FIXED INCOME MARKET COMMENTARY

- Yesterday, the Namibian dollar declined against the US dollar, experiencing a 0.2% decline in its value, resulting in an exchange rate of N\$18.5612. Similarly, the euro also encountered a 0.1% decrease, now trading at N\$20.4002. Meanwhile, the British pound displayed a 0.3% appreciation against the Namibian dollar, reaching N\$23.6609. (Figure 3)
- The GC2026 bond saw a decrease from 9.53% to 9.48%. Furthermore, the longer-term GC2048 bond also experienced a decline, dropping from 13.59% to 13.58% (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.
- A possible explanation for the consistent decline in bond yields could be that market participants are factoring in the sale of premium bonds, perceiving them as undervalued and therefore offering an attractive investment opportunity.
- As analyzed in Figure 4, total returns on bond continues to increase drastically given the favorable interest rates conditions.
- Table 1 demonstrated no change in fixed-term deposits

Table 1: Fixed Term Deposits

<i>Term</i>	26-Jun-23	27-Jun-23
<i>1 Month</i>	7.75	7.75
<i>2 Months</i>	7.90	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	8.36
<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	8.69
<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

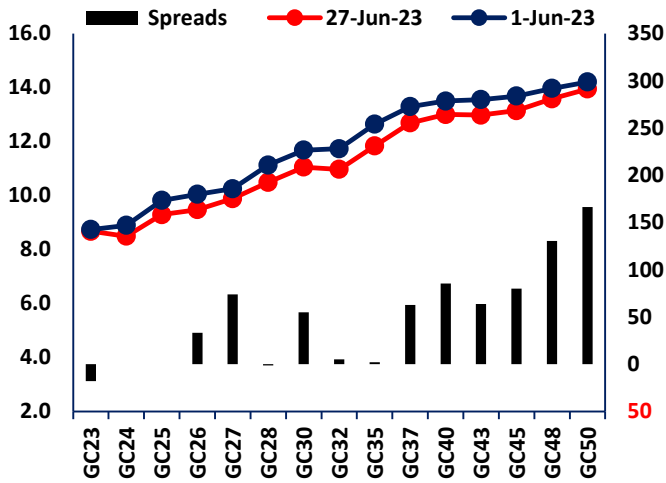
Bonds	Coupon	Maturity	YTM (%)	YTM (%)	YTM (%)	DTDA	Prices
			1-Jun-23	26-Jun-23	27-Jun-23	(bps)	27-Jun-23
GC23	8.85	15-Oct-23	8.74	8.63	8.68	4.50	100.01
GC24	10.5	15-Oct-24	8.89	8.55	8.49	-5.75	102.40
GC25	8.5	15-Apr-25	9.82	9.35	9.29	-5.88	98.70
GC26	8.5	15-Apr-26	10.05	9.53	9.48	-5.75	97.62
GC27	8	15-Jan-27	10.25	9.94	9.89	-5.63	94.45
GC28	8.5	15-Oct-28	11.13	10.54	10.49	-4.87	92.05
GC30	8	15-Jan-30	11.68	11.10	11.05	-4.88	86.03
GC32	9	15-Apr-32	11.73	11.02	10.97	-4.75	89.04
GC35	9.5	15-Jul-35	12.64	11.87	11.83	-4.25	85.21
GC37	9.5	15-Jul-37	13.29	12.73	12.69	-4.63	79.32
GC40	9.8	15-Oct-40	13.50	13.04	13.00	-4.00	78.15
GC43	10	15-Jul-43	13.55	12.99	12.98	-1.33	78.89
GC45	9.85	15-Jul-45	13.68	13.15	13.14	-1.33	76.46
GC48	10	15-Oct-48	13.97	13.59	13.58	-1.33	75.08
GC50	10.25	15-Jul-50	14.21	13.95	13.94	-1.33	74.20

Source: BoN & HEI Research

Important disclosure:

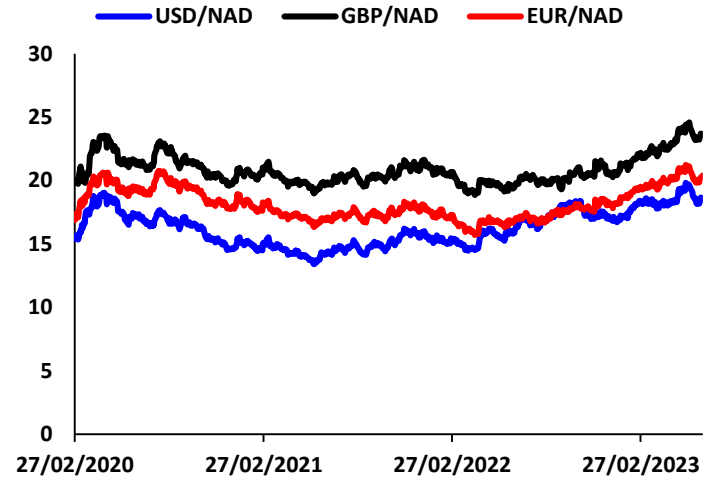
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Figure 1. Namibia Bond Yield: 01-June-2023 vs. 27-June-2023



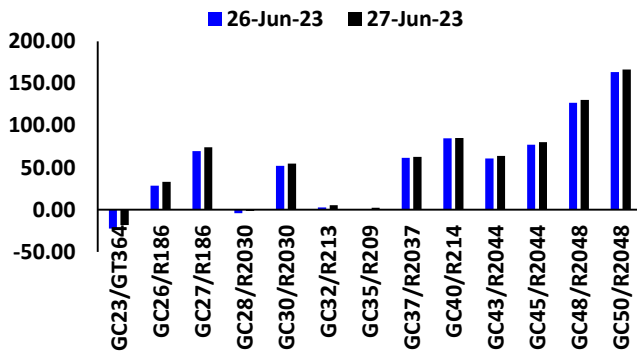
Source: BoN & HEI Research

Figure 3: Historic FX Trends to date



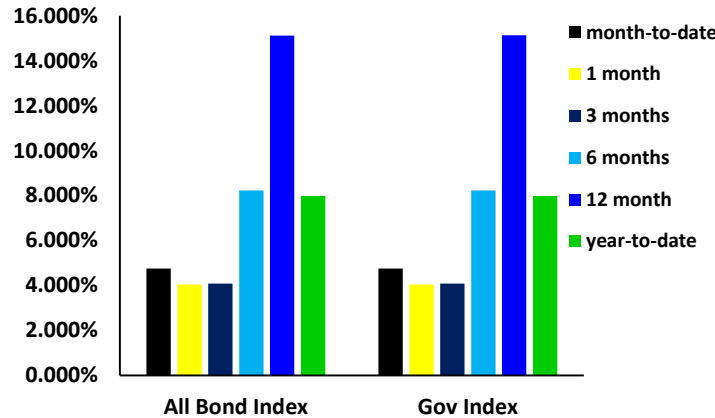
Source: Tradingview & HEI Research

Figure 2. Namibia vs. South Africa Bond Spreads: 26-June-2023 vs. 27-June-2023



Source: BoN & HEI Research

Figure 4: Total Bond Returns as at 27 June 2023 (%)



Source: HEI Database

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