

15 Garten Street | Ausspannplatz | Windhoek P.O Box 24867 | Windhoek

+264 61 307 728

info@hei.com.na

•

www.hei.com.na

Daily Fixed Income Report (24 August 2023)

HEI FIXED INCOME MARKET COMMENTARY

- Yesterday, the US dollar was trading 0.2% higher against the Namibian dollar at N\$18.84, while the Euro was trading 1.1% higher at N\$20.33. Furthermore, the British pound slightly increased against the Namibian dollar by 0.7% trading at N\$23.69 (Figure 3)
- The yield of the GC2026 bond significantly declined by 16.45 basis points, from 9.25% to 9.09%. Additionally, the GC2048 bond's yield also experienced deteriorated by 14.02 basis points, spanning from 13.10% to 12.96% (Table 2)
- The Nam vs SA Spreads remained unchanged (Figure 2).
- Based on the analysis depicted in Figure 4, total bond returns a increased, when compared to the previous day
- Table 1 indicated a continuous decline in fixed-term deposits

Table 1: Fixed Term Deposits

| Term | 23-Aug-23 | 24-Aug-23 |
|-----------|-----------|-----------|
| 1 Month | 7.65 | 7.65 |
| 2 Months | 7.72 | 7.72 |
| 3 Months | 7.75 | 7.73 |
| 4 Months | 7.80 | 7.77 |
| 5 Months | 7.89 | 7.86 |
| 6 Months | 8.19 | 8.16 |
| 7 Months | 8.26 | 8.24 |
| 8 Months | 8.31 | 8.29 |
| 9 Months | 8.38 | 8.35 |
| 10 Months | 8.49 | 8.45 |
| 11 Months | 8.55 | 8.53 |
| 12 Months | 8.61 | 8.59 |

Source: BoN & HEI Research

| Bonds | Coupon | Maturity | YTM (%) | YTM (%) | YTM (%) | DTD∆ | Prices |
|-------|--------|-----------|----------|-----------|-----------|--------|-----------|
| | | | 1-Aug-23 | 23-Aug-23 | 24-Aug-23 | (bps) | 24-Aug-23 |
| GC23 | 8.85 | 15-Oct-23 | 8.40 | 8.23 | 8.35 | 11.78 | 100.03 |
| GC24 | 10.5 | 15-Oct-24 | 8.09 | 8.32 | 8.14 | -17.95 | 102.50 |
| GC25 | 8.5 | 15-Apr-25 | 8.95 | 9.14 | 8.96 | -17.95 | 99.29 |
| GC26 | 8.5 | 15-Apr-26 | 9.20 | 9.25 | 9.09 | -16.45 | 98.63 |
| GC27 | 8 | 15-Jan-27 | 9.46 | 9.64 | 9.47 | -17.66 | 95.81 |
| GC28 | 8.5 | 15-Oct-28 | 10.12 | 10.19 | 10.05 | -14.20 | 93.88 |
| GC30 | 8 | 15-Jan-30 | 10.33 | 10.43 | 10.25 | -18.00 | 89.62 |
| GC32 | 9 | 15-Apr-32 | 10.64 | 10.75 | 10.61 | -13.40 | 90.99 |
| GC35 | 9.5 | 15-Jul-35 | 11.45 | 11.72 | 11.54 | -18.45 | 86.96 |
| GC37 | 9.5 | 15-Jul-37 | 12.23 | 12.49 | 12.30 | -18.90 | 81.55 |
| GC40 | 9.8 | 15-Oct-40 | 12.53 | 12.80 | 12.64 | -16.10 | 80.27 |
| GC43 | 10 | 15-Jul-43 | 12.44 | 12.58 | 12.43 | -15.05 | 82.17 |
| GC45 | 9.85 | 15-Jul-45 | 12.76 | 12.95 | 12.80 | -15.06 | 78.46 |
| GC48 | 10 | 15-Oct-48 | 13.07 | 13.10 | 12.96 | -14.02 | 78.57 |
| GC50 | 10.25 | 15-Jul-50 | 13.35 | 13.43 | 13.31 | -11.75 | 77.69 |

Table 2. Namibia Government Bonds

Source: BoN & HEI Research

Important disclosure:

Readers should be aware that the opinions, estimates, and projections expressed in this report are based on current market conditions, publicly available information, and our analysis, and may change without notice. This report is not intended to be the sole basis for any investment decision, and investors should consult with their financial advisor or do their own research before making any investment decisions.

Figure 1. Namibia Bond Yield: 01-August-2023 vs. 24-August-2023

Spreads 24-Aug-23 0-1-Aug-23 14.0 350 300 12.0 250 10.0 200 8.0 150 100 6.0 50 4.0 0 2.0 50 GC40 GC43 GC48 GC50 GC23 GC30 GC35 GC37 GC45 GC24 GC25 GC26 GC28 GC32 GC27

Source: BoN & HEI Research

Source: BoN & HEI Research

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

■ 23-Aug-23 ■ 24-Aug-23 120.00 100.00 80.00 60.00 40.00 20.00 0.00 GC26/R186 GC27/R186 GC28/R2020 GC40/R214 GC23/GT364 GC30/R2030 GC32/R213 GC37/R2037 GC43/R2044 GC45/R2044 GC48/R2048 GC50/R2048 GC35/P200 -20.00 -40.00

USD/NAD GBP/NAD EUR/NAD

Figure 3: Historic FX Trends till 24-August 2023

20

15

10

5

month-17.08% 17.08% to-date 1 month 14.00% 12.53% 12.53% 🔳 3 months 12.00% 10.17 10.17 6 10.00% months 8.61% 8.61% 12 8.00% month 6.00% year-todate 4.00% 2.18% 2.18% 1.46% 2.00% 46% 0.00% All Bond Index Gov Index

Source: Bloomberg & HEI Database

Important disclosure:

Readers should be aware that the opinions, estimates, and projections expressed in this report are based on current market conditions, publicly available information, and our analysis, and may change without notice. This report is not intended to be the sole basis for any investment decision, and investors should consult with their financial advisor or do their own research before making any investment decisions.



