



Daily Fixed Income Report (27 September 2023)

HEI FIXED INCOME MARKET COMMENTARY

- Yesterday, the US dollar was trading at 0.5% higher against the Namibian dollar at N\$19.18 while the Euro marginally increased by 0.05% at N\$20.15. Furthermore, the British pound traded slightly higher against the Namibian dollar by 0.52% trading at N\$23.29 (Figure 3)
- The yield of the GC2026 bond declined by 4 bps from 9.23% to 9.19%. The GC2048 bond also experienced a decline in yields by 5.13 bps from 12.95% to 12.90%. The decline was due to the switch auction that took place on the 27th of September 2023 (Table 2)
- The Namibian bond spreads continue to widen as illustrated in Figure 2
- Based on the analysis depicted in Figure 4, total bond returns slightly increased on average by 0.98%
- Table 1 indicated a slight decline in 11-month rate, while the rest of the fixed-term deposit rates remain unchanged

Table 1: Fixed Term Deposits

| Term | 26-Sep-23 | 27-Sep-23 |
|-----------|-----------|-----------|
| 1 Month | 7.49 | 7.49 |
| 2 Months | 7.56 | 7.56 |
| 3 Months | 7.58 | 7.58 |
| 4 Months | 7.68 | 7.68 |
| 5 Months | 7.75 | 7.75 |
| 6 Months | 8.08 | 8.08 |
| 7 Months | 8.14 | 8.14 |
| 8 Months | 8.19 | 8.19 |
| 9 Months | 8.21 | 8.21 |
| 10 Months | 8.36 | 8.36 |
| 11 Months | 8.43 | 8.42 |
| 12 Months | 8.48 | 8.48 |

Source: BoN & HEI Research

Table 2. Namibia Government Bonds

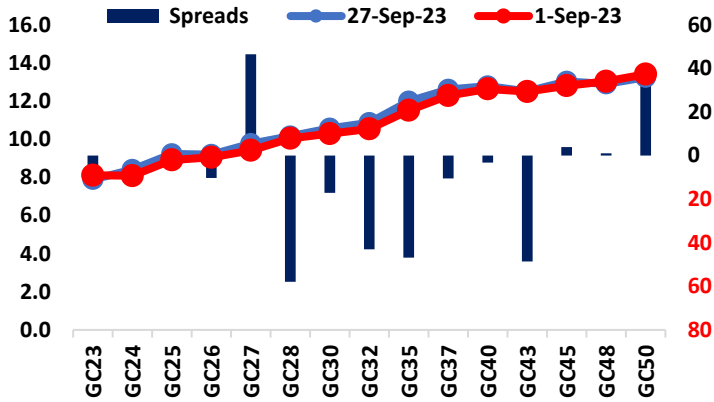
| Bonds | Coupon | Maturity | YTM (%) | YTM (%) | YTM (%) | DTDA | Prices |
|-------------|--------|-----------|----------|-----------|-----------|-------|-----------|
| | | | 1-Sep-23 | 26-Sep-23 | 27-Sep-23 | (bps) | 27-Sep-23 |
| GC23 | 8.85 | 15-Oct-23 | 8.10 | 7.88 | 7.89 | 1.00 | 100.0310 |
| GC24 | 10.5 | 15-Oct-24 | 8.08 | 8.44 | 8.40 | -4.00 | 102.0557 |
| GC25 | 8.5 | 15-Apr-25 | 8.91 | 9.26 | 9.22 | -4.00 | 98.9747 |
| GC26 | 8.5 | 15-Apr-26 | 9.05 | 9.23 | 9.19 | -4.00 | 98.4538 |
| GC27 | 8 | 15-Jan-27 | 9.41 | 9.80 | 9.76 | -4.00 | 95.1204 |
| GC28 | 8.5 | 15-Oct-28 | 10.04 | 10.20 | 10.16 | -4.00 | 93.5679 |
| GC30 | 8 | 15-Jan-30 | 10.29 | 10.60 | 10.57 | -3.00 | 88.3886 |
| GC32 | 9 | 15-Apr-32 | 10.54 | 10.90 | 10.86 | -4.00 | 89.7834 |
| GC35 | 9.5 | 15-Jul-35 | 11.51 | 12.03 | 11.98 | -5.00 | 84.4910 |
| GC37 | 9.5 | 15-Jul-37 | 12.28 | 12.66 | 12.61 | -5.00 | 79.8776 |
| GC40 | 9.8 | 15-Oct-40 | 12.63 | 12.83 | 12.78 | -4.00 | 79.4847 |
| GC43 | 10 | 15-Jul-43 | 12.49 | 12.55 | 12.50 | -5.00 | 81.7625 |
| GC45 | 9.85 | 15-Jul-45 | 12.80 | 13.08 | 13.03 | -5.00 | 77.1321 |
| GC48 | 10 | 15-Oct-48 | 13.03 | 12.95 | 12.90 | -5.00 | 78.9777 |
| GC50 | 10.25 | 15-Jul-50 | 13.40 | 13.30 | 13.24 | -5.00 | 78.0790 |

Source: BoN & HEI Research

Important disclosure:

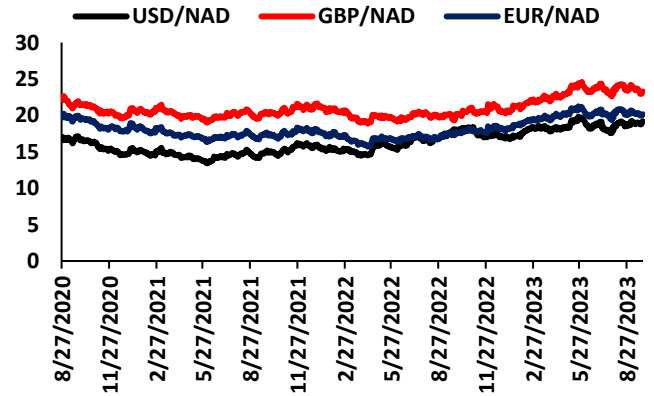
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Figure 1. Namibia Bond Yield: 01-September-2023 vs. 27-September-2023



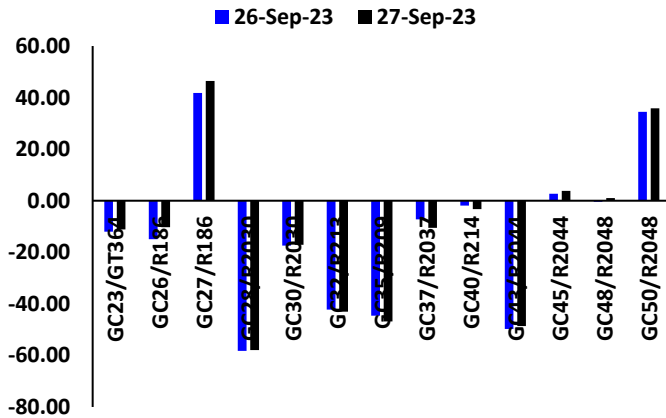
Source: BoN & HEI Research

Figure 3: Historic FX Trends till 27-September-2023



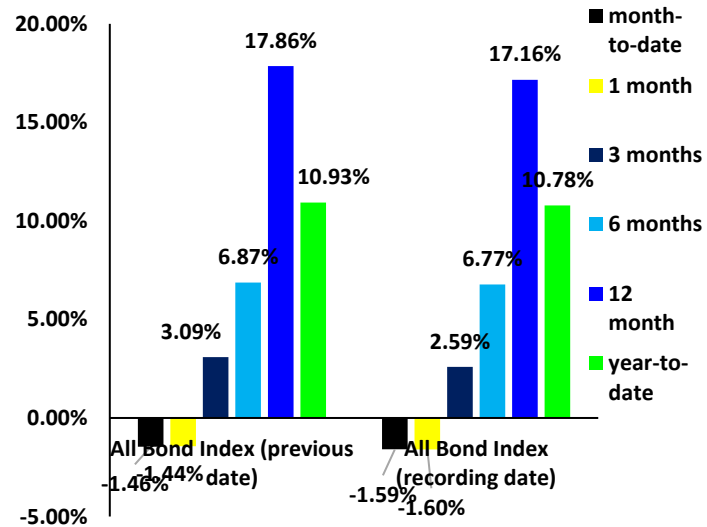
Source: Investing.com & HEI Research

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



Source: BoN & HEI Research

Figure 4: Total Bond Returns as of 27-September-2023 (%)



Source: HEI Research

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