

CEO's QUARTERLY NOTE (Q2, 2019)



A: Equity (Shares) Segment

During this second quarter of the year that ended on 30th June 2019, the market experienced a mixed result with regard to market size and liquidity, both on the equity and fixed income segments of the market.

The cumulative market size for the 21-domestic listed companies, as measured by market capitalization, declined by 1 percent during the quarter compared to the quarter ended 31st March 2019. The total domestic market capitalization decreased by TZS 66.97 billion to close the quarter at TZS 9,081.53 billion compared to TZS 9,148 billion as of 31st March 2019 — this was largely a result of the decrease in share prices for 6 out of 21 counters following the selling off pressure emanating from both local and foreign investors in most counters.

Companies whose share prices declined during the quarter are: CRDB Bank (by 12 percent); YETU Microfinance (8 percent); DSE (8 percent); TOL Gases (6 percent); Swissport (6 percent); and TWIGA Cement (5 percent).

The only counter whose share price increased during the quarter was NICOL. NICOL's price increased by 3 percent. For the remaining 14 domestic listed companies' share prices remained unchanged during the quarter under review. The table below depicts prices and changes in prices for all domestic counters on the quarter-on-quarter basis:

Name of Company (TZS)	30 th March 2019	30 th June 2019	% Change
TOL	660	600	-6%
TBL	11,400	11,400	0%
TATEPA	120	120	0%
TCC	17,000	17,000	0%
SIMBA (Tanga Cement)	600	600	0%
SWISSPORT	1,700	1,600	-6%
TWIGA Cement	2,100	2,000	-5%
DCB Bank	340	340	0%
NMB Bank	2,340	2,340	0%
CRDB Bank	125	110	-12%
Precision Air (PAL)	400	400	0%
MUCOBA	400	400	0%
MAENDELEO	490	490	0%
SWALA	490	490	0%
MKOMBOZI	800	800	0%
MWALIMU	500	500	0%
YETU Microfinance	600	550	-8%
DSE PLC	1,300	1,200	-6%
VODACOM	800	800	0%
TCCIA Investment (TICL)	385	385	0%
NICOL	165	170	3%

On the other hand, market liquidity/market turnover also decreased during this quarter compared to the quarter ended 30th March 2019. Equity trading turnover decreased by 30 percent, from transaction turnover value of TZS 37.31 billion transacted in the quarter ended 30th March 2019 to TZS 25.88 billion traded during this second quarter. Major counters that contributed to the liquidity during the quarter are: TBL (79 percent); CRDB (9 percent); Vodacom (7 percent); and all the remaining other counters 5 percent.



Furthermore, total market capitalization (covering all 28 listed equities) decreased by 6 per cent (i.e. by TZS 1,113 billion) – from TZS 19,858 billion as of 31st March 2019 to TZS 18,745 billion as of 30th June 2019. This resulted from significant price decreased in almost all of the 7 cross-listed counters.

On the valuation: Weighted Average Market Price Earnings (PE) Ratio for domestic listed companies was trailing at 20.61 times slightly higher than a PE ration of 20.25 times as of 31st March 2019. This increase was attributed to the slight decrease in earnings in most of counters relative to the decrease in prices. The trailing weighted average dividend yield (DY) remained at 4.6 percent.

B: Fixed Income (Bonds) Segment

In the bonds secondary market, liquidity in the fixed income/bonds market decreased by 10 per cent from transactions valued TZS. 171.29 billion at the end of Q1, 2019 to transactions valued TZS 152.66 billion transacted in the quarter ended 30th June 2019.

Total outstanding listed Government (Treasury) bonds increased by 1 per cent to TZS 9,406.27 billion as at 30th June 2019 compared to the position of TZS 9,321.05 billion as at 31st March 2019. This is was a net increase of 1 percent quarter-on-quarter i.e. the amount of bonds listings was less than bonds that matured during the quarter.

On the other hand, outstanding Corporate bonds listed at the Exchange stood at TZS 83.46 billion issued by 4 Corporate entities, namely TDB (formerly PTA Bank), EXIM Bank, NMB Bank and TMRC.

C: Comparison with Other Markets

Compared to other selected stock markets in Africa, the index performance in US-Dollar Adjusted Returns as reported by www.investinginafrica.net and the DSE analysis for the period ended 30th June 2019 are as follows:

Name of Stock Market	YTD	1Y	3Y	5Y
Botswana Stock Exchange	-2.30%	-11.40%	-22.60%	-31.10%
BRVM (West Africa)	-9.00%	-30.60%	-47.30%	-45.00%
Casablanca Stock Exchange	-0.90%	-5.90%	N/A	N/A
Dar es Salaam Stock Exchange	-10.40%	-18.00%	-27.40%	-37.20%
Egyptian Exchange	16.20%	-7.60%	8.20%	-25.90%
Ghana Stock Exchange	-15.90%	-26.80%	-1.20%	-44.10%
Johannesburg Stock Exchange	8.40%	-5.00%	3.10%	-20.40%
Lusaka Stock Exchange	-19.20%	-34.60%	-25.80%	-63.40%
Malawi Stock Exchange	9.40%	8.70%	110.70%	12.70%
Nairobi Securities Exchange	6.10%	-15.50%	5.10%	-14.80%
Namibian Stock Exchange	0.40%	-4.00%	20.30%	32.90%
Nigerian Stock Exchange	-3.70%	-21.00%	-20.50%	-68.00%
Rwanda Stock Exchange	-8.60%	-10.60%	-25.20%	-65.00%
Stock Exchange of Mauritius	-7.70%	-6.90%	21.90%	-12.30%
Uganda Securities Exchange	-1.60%	-18.90%	-12.90%	-33.10%

