

CEO's QUARTERLY NOTE (Q1, 2020)



A: Equity (Shares) Segment

During this Q1 of the year 2020 that ended 31st March 2020, the market experienced growth on the bonds market size and domestic market capitalization, while there was a significant decline on the total equity market size due to decline of prices for cross-listed companies. Market turnover (liquidity) on both equity and bonds segments recorded an increase compared to both Q4, 2019 and a similar Q1 of 2019.

Cumulatively, the market size for the 21-domestic listed companies, as measured by market capitalization, increased slightly by TZS 139 billion during the quarter i.e. 2 percent compared to the quarter ended 31st December 2019. The total domestic market capitalization increased from TZS 9,011 billion to TZS 9,150 billion as of 31st March 2019 – this was result of prices increase on CRDB (47 percent); and Twiga Cement (10 percent). The increase in prices in these two counters to the total domestic market cap was proportionately higher compared to the decline in prices on Swissport (10 percent), TOL Gases (9 percent), DSE PLC (9 percent), TCCIA Investment (9 percent) and NICOL (3 percent), and hence the overall increase in domestic market capitalization.

For the remaining 15 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 the Company/Security	Dec-2019	March-2020	% Change
TOL Gases	660	600	-9%
TBL	10,900	10,900	0%
TATEPA	120	120	0%
TCC	17,000	17,000	0%
SIMBA	600	600	0%
SWISSPORT	1,600	1,440	-10%
TWIGA	2,000	2,200	10%
DCB	295	295	0%
NMB	2,340	2,340	0%
CRDB	95	140	47%
PAL	400	400	0%
MUCOBA	400	400	0%
MAENDELEO	490	490	0%
SWALA	490	490	0%
MKOMBOZI	780	780	0%
MWALIMU	500	500	0%
YETU	550	550	0%
DSE	980	890	-9%
VODA	850	850	0%
TICL	385	350	-9%
NICOL	175	170	-3%

On the other hand, total market capitalization which covers all 27 listed equity securities declined by 15 percent as of 31st March 2020 compared to the previous quarters that ended 31st December 2019. The total market capitalization decreased by TZS 2,587 billion i.e. from TZS 17,906 billion on 31st December 2019 to TZS 14,510 billion as of 31st March 2020. This follows a significant decline in prices of all cross-listed companies. These are companies primarily listed in the Nairobi Securities Exchange, which are also cross listed at the DSE.



As indicated above, market liquidity/market turnover increased significantly during this quarter compared to the quarter ended 31st December 2019 as well as a similar quarter that ended 31st March 2019. Equity trading turnover increased by 190 percent compared to the transaction turnover in the quarter ended 31st December 2019 i.e. from TZS 34 billion to TZS 99 billion. Relatively to the first quarter of 2019 there was also an increase of 164 percent, from turnover of TZS 37 billion for the quarter ended 31st March 2019 to TZS 99 billion for the quarter ended 31st March 2020.

On the valuation: Weighted Average Market Price Earnings (PE) Ratio for domestic listed companies was trailing at 20.09 times which was slightly lower than the PE ratio of 21.11 times as of 31st December 2019. This increase was attributed to the slight decreases in prices on some of counters relative to their earnings. The trailing weighted average dividend yield (DY) remained at was 4.7 percent.

B: Fixed Income (Bonds) Segment

In the bonds market, trading in the secondary market fixed income/bonds market increased during the quarter to the turnover of TZS 484 billion (on the face value of TZS 489 billion) from the transaction value of TZS 309 billion (at the face value of TZS 324 billion) as of the end of Q4, on 31st December 2019. This was a recorded increase of 54 percent compared with the previous quarter. Relative to the first quarter of 2019, this quarter's increase was three folds i.e. from TZS 171 billion for the quarter ended 31st March 2019 to TZS 484 billion in the quarter ended 31st March 2020.

Total outstanding listed Government (Treasury) bonds increased by 3 per cent from TZS 10,531 billion as at 31st December 2019 to the position of TZS 10,864 billion as at 31st March 2020. This was a net increase of TZS 333 billion.

On the other hand, outstanding Corporate bonds listed at the Exchange remained at TZS 176.003 billion issued by 4 Corporate entities, namely TDB (formerly PTA Bank), EXIM Bank, NMB Bank and TMRC. Transactions in the corporate bonds market decreased from TZS 145 million in Q4, 2019 to TZS 103 million in Q1, 2020.

C: Comparison with Other Markets

Compared to other selected stock markets in Africa, the index performance in US-Dollar Adjusted Returns as reported by <https://investinginafrica.net/> and the DSE analysis for the period ended 31st December 2019 are as follows:

Stock Market	YTD	1Y	3Y	5Y	10Y
Botswana Stock Exchange	-2.40%	-8.10%	-21.30%	-31.30%	-36.70%
BRVM (West Africa)	-9.90%	-21.00%	-47.40%	-44.80%	-13.80%
Casablanca Stock Exchange	0.40%	9.60%	N/A	N/A	N/A
Dar es Salaam Stock Exchange	-1.20%	-0.30%	-14.00%	-40.00%	4.10%
Egyptian Exchange	-10.10%	-7.50%	3.50%	-36.10%	N/A
Ghana Stock Exchange	4.10%	-9.50%	4.20%	-33.70%	N/A
Jo-burg Stock Exchange	-17.90%	-25.00%	-26.80%	-41.20%	-21.50%
Lusaka Stock Exchange	-7.40%	-42.80%	-36.80%	-68.50%	-49.20%
Malawi Stock Exchange	-0.60%	11.30%	115.40%	21.90%	N/A
Nairobi Securities Exchange	-10.50%	-3.70%	21.10%	-23.60%	49.70%
Namibian Stock Exchange	-13.10%	-12.90%	-13.50%	9.30%	99.10%
Nigerian Stock Exchange	-3.30%	-18.40%	-10.90%	-51.80%	-52.40%
Rwanda Stock Exchange	0.80%	-10.20%	-14.70%	-61.10%	N/A
Stock Exchange of Mauritius	-2.90%	-10.20%	7.30%	-3.20%	12.10%
Uganda Securities Exchange	-5.80%	-1.60%	17.60%	-36.20%	16.10%
Zimbabwe Stock Exchange	N/A	N/A	N/A	N/A	N/A
S&P500	-8.60%	6.10%	25.00%	40.40%	167.50%

