

CEO's QUARTERLY NOTE (Q1, 2019)



A: Equity (Shares) Segment

During this first quarter of the year 2019, the market experienced mixed results with regard to market size and liquidity on both equity and fixed income segments of the market.

The total capital for the 21-domestic listed companies, as measured by market capitalization, declined by 6 percent during the quarter that ended 30th March 2019 when compared to the quarter ended 31st December 2018. The total domestic market capitalization decreased by TZS 547 billion to close the quarter at TZS 9,148 billion compared to TZS 9,676 billion as of 31st December 2018 — this was largely a result of the decrease in share prices for 7 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: NICOL (by 39 percent); Swissport (36 percent); CRDB (17 percent); TBL (12 percent); DSE PLC (7 percent); Tanga Cement (6 percent); and Maendeleo Bank (2 percent).

The only counter whose shares increased in price is Twiga Cement. For the remaining 13 domestic listed companies' share prices remained unchanged during the quarter under review. The table depicts changes in prices for all domestic counters on quarter-to-quarter.

Name of Company (Tsh.)	31 st Dec. 2018	30 th March 2019	% Change
TOL	660	660	0%
TBL	12,900	11,400	-12%
TATEPA	120	120	0%
TCC	17,000	17,000	0%
SIMBA (Tanga Cement)	640	600	-6%
SWISSPORT	2,660	1,700	-36%
TWIGA Cement	2,060	2,100	2%
DCB Bank	340	340	0%
NMB Bank	2,340	2,340	0%
CRDB Bank	150	125	-17%
Precision Air (PAL)	400	400	0%
MUCOBA	400	400	0%
MAENDELEO	500	490	-2%
SWALA	490	490	0%
MKOMBOZI	800	800	0%
MWALIMU	500	500	0%
YETU Microfinance	600	600	0%
DSE PLC	1,400	1,300	-7%
VODACOM	800	800	0%
TCCIA Investment (TICL)	385	385	0%
NICOL	270	165	-39%

On the other hand, market liquidity/market turnover also decreased during this quarter compared to the quarter ended 31st December 2018. Equity trading turnover decreased by 13 percent, from transaction turnover value of TZS 42.91 billion transacted in the quarter ended 31st December 2018 to TZS 37.31 billion traded during this quarter. Major counters that contributed to the liquidity during the quarter are: TBL (83 percent); CRDB (5 percent); Vodacom (4.5 percent); DSE PLC (4 percent); and all others 3.5 percent.



On the positive side, liquidity in the fixed income/bonds market increased significantly (by 61 percent) – from TZS. 106.12 billion at the end of Q4, 2018 to TZS 171.29 billion transacted in this quarter.

Furthermore, total market capitalization (covering all 28 listed equities) increased by 1 per cent (i.e. by TZS 182 billion) – from TZS 19,677 billion on 31st December 2018 to TZS 19,858 billion as of 30th March 2019.

On the valuation: Weighted Average Market Price Earnings (PE) Ratio for domestic listed companies was trailing at 20.25 times as of 31st March 2019 compared to market PE ratio of 20.68 times as of 31st December 2018. This decline was attributed to the decrease in prices for domestic listed counters relative to their earnings. The trailing weighted average dividend yield (DY) was at 4.6 percent compared to an average of 4.3 percent in the previous quarter.

B: Fixed Income (Bonds) Segment

In the bonds secondary market, there was a significant increase (by 61 percent) of trading activities – bonds worth TZS 171.29 billion transacted in this quarter compared to TZS. 106.12 billion at the end of Q4, 2018.

Total outstanding bonds as at 30th March 2019 was TZS 9,321.05 billion compared to the position of TZS 9,438.08 billion as at 31st December 2018. This is was a net decrease of 1 percent quarter-on-quarter i.e. the amount of bonds listings was less than bonds that matured during the quarter.

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 DSE Analysis are as follows:

NAME OF STOCK MARKET	1M	YTD	1Y
Botswana Stock Exchange	-1.90%	0.00%	-18.70%
BRVM (West Africa)	-3.90%	-0.70%	-34.40%
Casablanca Stock Exchange	-3.10%	-5.00%	-20.40%
Dar es Salaam Stock Exchange	0.30%	-3.10%	-16.70%
Egyptian Stock Exchange	0.10%	16.30%	-15.40%
Ghana Stock Exchange	0.60%	-12.70%	-39.20%
Johannesburg Stock Exchange	-2.50%	3.70%	-23.80%
Lusaka Stock Exchange	-6.00%	4.80%	-20.70%
Malawi Stock Exchange	-0.20%	3.80%	14.60%
Nairobi Securities Exchange	2.50%	13.50%	-17.30%
Namibian Stock Exchange	-0.60%	0.80%	-18.00%
Nigerian Stock Exchange	-1.90%	-0.20%	-25.30%
Rwanda Stock Exchange	2.00%	0.50%	-3.60%
Stock Exchange of Mauritius	-4.00%	-4.20%	-7.90%
Uganda Securities Exchange	0.20%	6.20%	-21.10%
Zimbabwe Stock Exchange	-18.00%	-16.70%	39.40%
S&P500	1.80%	13.10%	7.30%

