

## Weekly Financial Markets Synopsis

### Stock Market

Da es Salaam Stock Exchange continued on a bearish movement during the week that ended 8<sup>th</sup> February 2018 after the Tanzania Share Index (TSI) lost 79.50 points to close the week at 3,534.69 points following a 2.2% decline of the domestic market capitalization to close the week at TZS 9,284.6bln (\$4.05bln) from previous week's TZS 9,493.43bln (\$4.14bln).

The drop in domestic market capitalization and TSI resulted from a 5.65% and 18.6% drop in prices of TBL and NICOL respectively despite a 1.45% price appreciation on DSE counter. TBL, top mover of the week accounting for 91% of the total equity turnover after moving 321,315 shares, closed the week at a price of 11,700/= from last week's 12,400/= as the market eagerly awaits for brief financial results for FY2018 operations. NICOL closed the week at a price of 175/= from previous week's 215/= after investors began showing interest on the counter at lower prices. NICOL moved 40,050 shares during the week to generate a total turnover of TZS 7.4mln (\$0.003mln).

DSE on the other hand gained 1.45% to close the week at 1,400/= despite poor FY2018 results reported by the company which saw revenue and net profit drop by 21% and 56.7% respectively. With the exception of registry and CSD fees, all other revenue streams for the company brought in less income compared to FY2017. The results did not affect investors' appetite on the counter as investors ploughed 20,472 shares to generate a turnover of TZS 28.3mln (\$0.012mln)

Total equity turnover grew more than sixteen folds during the week to a total amount of TZS 4.13bln (\$1.8mln) compared to previous week's TZS 250.67mln (\$0.109mln) on account of TBL attraction to foreign investors. Total volume of shares moved during the week stood at 1,945,256 shares traded in 347 deals.

The All Share Index (DSEI) on the other hand gained 12.75 points during the week to close at 2,146.75 points from last week's 2,134.00 points following a 0.6% increase in the total market capitalization. Total market capitalization closed the week at a total of TZS 20,692.36bln (\$9.02bln) from previous week's TZS 20,569.46bln (\$8.96bln).

Stakeholders from Insurance Sector and Capital Markets industries met on Friday 8<sup>th</sup> February 2019 to discuss adequate capitalization of the insurance sector in Tanzania to specifically be able to take advantage of the Mining - Local Content Regulations 2018 which directs all extraction companies to insure operations with local insurance companies. If successful this will be a revolutionary milestone to Tanzania's financial sector, leave alone the growth of capital markets as insurance sector produces vital institutional investors, but also the growth of the insurance sector in terms of expertise and premiums and the improvement of the balance of payment when all the dollars paid to foreign reinsurers remain within borders.

### Money Market, Bills and Bonds

Transactional value recorded through the Interbank Money Market (IMM) during the week was more than three folds higher than amounts reported during the previous week. During the week

under review the IMM traded a total amount of TZS 248.4bln (\$108.23mln) up from previous week's TZS 71bln (\$30.94mln). The weighted average interbank rate gained 98bps during the week to close at 4.72%, the highest since August 2017, from previous week's 3.74%.

The rate of Treasury bills oversubscription eased during the auction conducted by the Bank of Tanzania on 6<sup>th</sup> February 2019. The Bank offered the usual TZS 141bln (\$61.43mln) and the market tendered TZS 169.1bln (\$73.68mln) which is 9.76% less than the previous auction's tender size.

It has now become a norm for the 35days and 91days tenors to lack activities while majority of the funds go chasing the 364days tenor. The Bank accepted TZS 128.6bln (\$56.03mln) which is 91.2% and 76% of the offer size and tender size respectively. Treasury yields are still on the rise as the total weighted average yield to maturity (WAYTM) gained 52bps during the auction under review to close the auction with a WAYTM of 9.1% compared to previous week's 8.69%

### **Currency Market**

Value of transactions on the Interbank Foreign Exchange Market (IFEM) went up 10.8% to \$6.15mln from previous week's \$5.55mln. The shilling is still under pressure on the IFEM, although the weekly depreciation was insignificant at 0.009% but the upward pressure is vivid. The shilling closed the week at TZS 2,295.16/USD from previous week's TZS 2,294.95/USD.

Pressure on the shilling persists as the gross official foreign reserve slightly dropped to \$5,044.6mln in December 2018 from \$5,078.8mln in November 2018 while the balance of payment deficit slightly increased by \$21.9mln in a month to post a total deficit of \$774.9mln in December 2018 according to the Bank of Tanzania Monthly Economic Review.

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