



ORBIT SECURITIES CO.LTD

**JUNE 2022**

---

---

---

# **HALF YEAR MARKET REPORT**

[research@orbit.co.tz](mailto:research@orbit.co.tz)  
Mob:+255 746 848 301  
[www.orbit.co.tz](http://www.orbit.co.tz)

---

## Macroeconomic overview

### GDP

According to the World Bank Tanzania is estimated to grow at 5.4% for the year 2022, the ministry of finance during his budget speech said they are estimating a real GDP growth of about 4.7% in 2022 and 5.3% in 2023. These estimates suggest a higher GDP growth rate than average of 4.9% growth recorded in 2021. Mining and quarrying, Accommodation and food services entertainment grew at double digits in 2021, while agriculture and construction are expected to perform better in 2022. As of 2021 the Tanzania GDP stands at TZS 161.52Bln0 (\$69.7Mln)

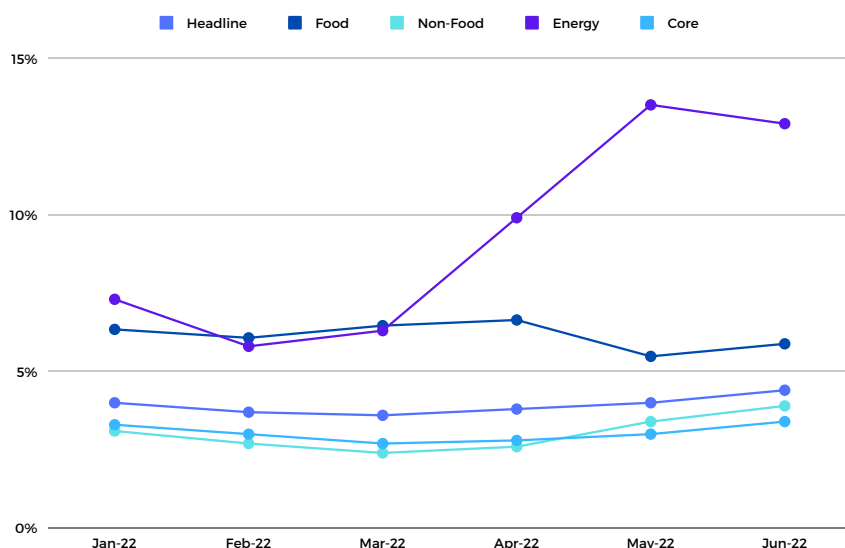


## Macroeconomic overview

### INFLATION

The annual inflation rate during the period of six months averaged 3.8%, while slowly increasing by average of 10bps monthly, reported inflation as of end of June stood at 4.4% being an increment of 40bps from 4% in January.. Starting January 2021 the base year for the inflation calculations was moved from 2015 to 2020, with basket items increasing from 278 to 383 items. Food, which had the highest weighting in the Index (38%) has had its weighting reduced to 28%, while the new added items also getting weight assigned to them and the existing items weight's getting reallocated to reflect the new survey conducted.

Chart 1: Annual Inflation Trends Jan-June 2022



## Banking Sector Overview

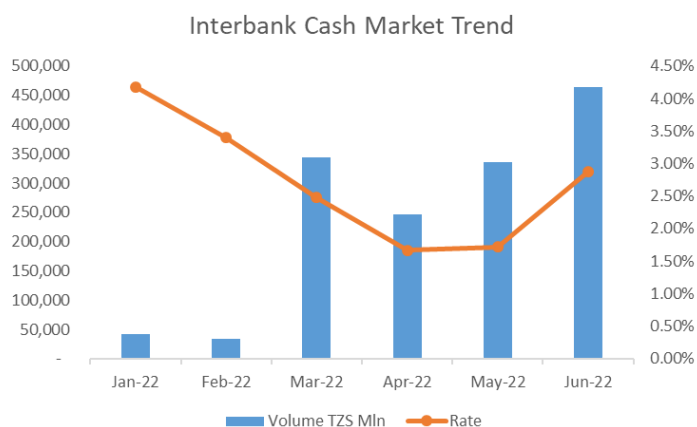
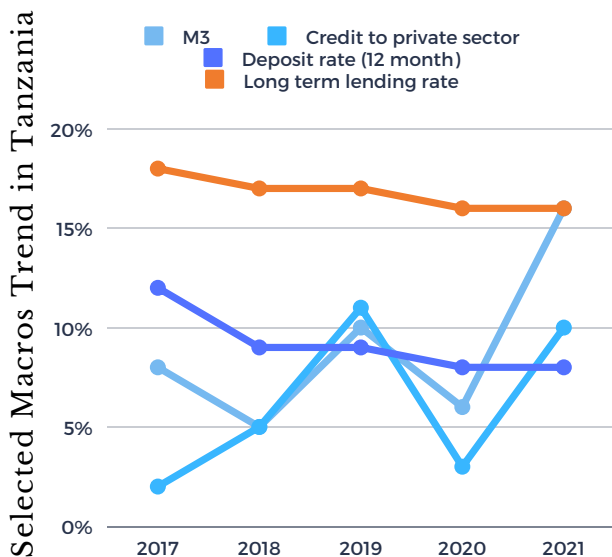
The banking sector liquidity remained adequate through out the period, which falls under the second half on 2021/2022 state financial year. The central bank was able to achieve the growth of Money supply (M3) up to 13%, slightly higher than 10% target, reserve was able to remain above 4 months of exports, while inflation was also below 5% BOT target. The Monetary policy committee intends to maintain accommodative monetary policy, for the new financial year 2022/2023 with caution on the inflation growth.

## Banking Sector Overview

The Interbank Cash Market (IBCM) during the half year period had transacted a total of TZS 1.4Trn (\$0.63Bln). Meanwhile the interbank rates were quite volatile during the period. The weighted average rate for the transactions was 2.6% although at the start of the year the rate was at 4%, and at the end of June it was at 4.16%

The Interbank Foreign Exchange market (IFEM) had transacted USD 202Bln, at a weighted average rate of TZS 2,310.84. The Shilling remained stable against the dollar during the period recording an average depreciation of 0.3% against the dollar during the period. At the end of June, TZS/USD exchange rate was at TZS 2,315.91.

Chart 3: Interbank Cash Market 1H2022



## Capital Market

### Stock Market

The stock market was not far behind as well in the marathon. Recovering from one of the lowest activities ever recorded in its modern history (2021: TZS 104Bln /\$44Mln) this year the market is looking at a strong recovery. For the six months the DSE recorded equity turnover of TZS 75Bln(\$32.4Mln) which is about 42% higher than a turnover of TZS 52.78Bln (\$22.79Mln) that was recorded in the similar period in 2021. The number of shares that transacted also improved from 68 million shares of first half of 2021 to 94 million shares that transacted during six-months period of 2022.

**75B**

Equity Turnover 1H2022

**94M**

Shares transacted  
1H2022

**15T**

Total market cap

### Market Capitalization and Indices

We have observed that in the six-months period domestic equities have performed better than the cross-listed equities. As a result, the domestic Index went up 7% representing the growth in the domestic market cap (TSI), which closed the period at TZS 10.39Trn (\$4.49Bln). On the other hand, the total market cap which is tracked by the All-Share Index (DSEI) slipped by about 5.33% in the half year where the total DSE market capitalization closed at TZS 15.63bln(\$6.75Bln) down from TZS 16.5Trn (\$7.12Bln) reported on the previous similar period.

### Cross-Listed Counters performance

The cross-listed stocks remained in the red for the most part of the first half year. With the reported sell-off of foreigners in the Nairobi Stock Exchange the bourse in general remained bearish, as a result affecting the cross-listed companies on the DSE bourse. Jubilee Holdings (JHL) and East African Breweries (EABL) experienced the greatest decline, a 21% drop from TZS 6,450 to TZS 5,050 and 20.8% drop from TZS 3,360 to TZS 2,660 per share respectively. The rest of the counters; KCB and National Media Group (NMG) followed suit, dropping by 17% and 10% respectively

### Investor Participation

As activities in the market revamped so did the foreign investors participation in the market during the first six months of the year. Overall foreign investors participation dominated in the bourse. Total foreign participation on the equities was around TZS 49Bln (\$21Mln) which makes up about 65.41% of all purchases on the bourse, subsequently, the selling from foreigners amounted to TZS 46.76Bln (\$20Mln). Local participation slightly contracted to TZS 25.9Bln(\$11Mln) purchase and TZS 28Bln (\$12Mln) selling equivalent to 34% and 37% respectively.

### Domestic counters performance

On the domestic counters, bank stocks outperformed the market greatly, with investors making double digits returns on the stocks just for the six months period. NMB was the top performer, making a 56% capital gain, from TZS 2,000 per share at the beginning of the year to TZS 3,120 per share at end of June. DSE and CRDB also lined up as top performers both recording 54% and 42% capital gain for the period. Furthermore, CRDB also doubled as the top mover for the period, accounting for about 30% of all market activities for the period by generating TZS 22.6Bln (\$9.7Mln) turnover..

Chart 4: Monthly Equities Turnover Jan-June 2022

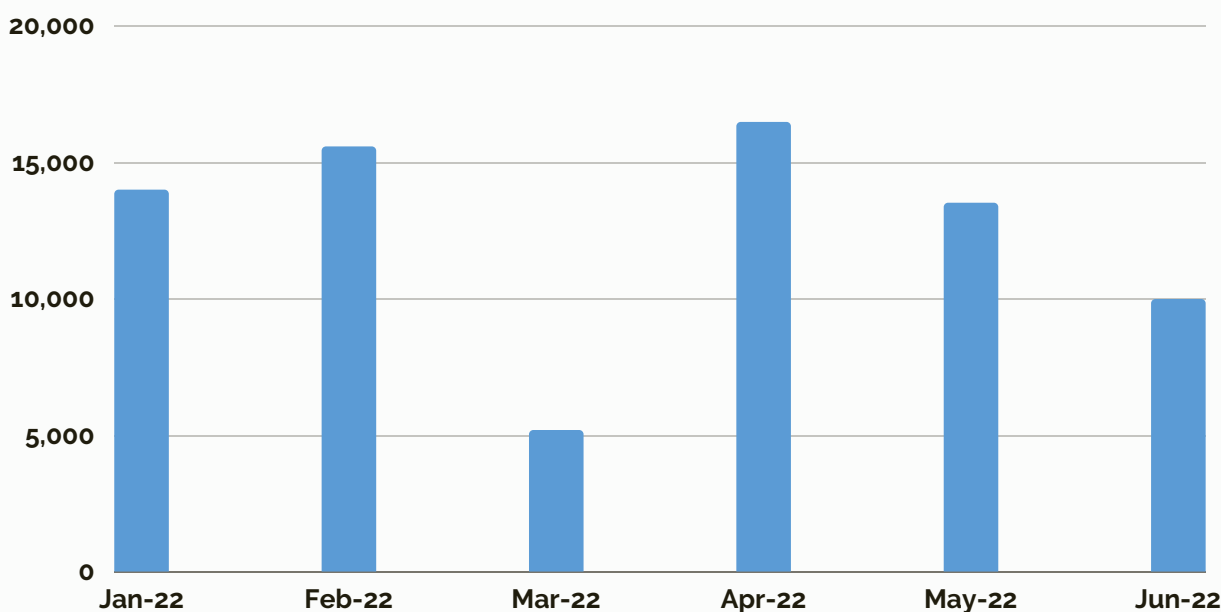


Table 1: Stock market Performance 1H2022

Description	1H2021		1H2022		
	TZS	\$	TZS	\$	▲ %
Total Turnover (TZS)	52,782,486,445	7,135,893	<b>75,056,049,515</b>	<b>5,965,514</b>	<b>42.20%</b>
Number of Shares Traded	68,620,760		<b>94,380,561</b>		<b>37.54%</b>
Total Market Cap (Bn.)	16,514.69	6.73	<b>15,634.06</b>	<b>6.84</b>	<b>-5.33%</b>
Domestic Market Cap (Bn.)	9,620.60	4.42	<b>10,388.59</b>	<b>4.51</b>	<b>7.98%</b>
All Share Index (DSEI)*pts	1,985.83		<b>1,875.52</b>		<b>-110.3</b>
Tanzania Share Index (TSI) *pts	3,653.03		<b>3,928.55</b>		<b>272.5</b>

Chart 2: Investor Participation 1H2022

Description	1H2021		1H2022		
	TZS	\$	TZS	\$	▲ %
Weighted Av. Local Buying %	59.05		62.31		<b>24.46*p</b>
Weighted Av. Foreign Buying %	40.95		65.41		<b>-24.46*p</b>
Weighted Av. Local Selling %	45.30		37.69		<b>-7.61*p</b>
Weighted Av. Foreign Selling %	54.70		34.59		<b>7.61*p</b>
Foreign Purchases	21,615,447,980	5,738,319	<b>49,094,631,248</b>	<b>3,766,691</b>	<b>+127.13%</b>
Foreign sales	28,874,336,047	5,552,908	<b>46,764,302,196</b>	<b>4,874,581</b>	<b>+61.96%</b>
Net foreign Inflow/(outflow)	-7,258,888,067	185,410	2,330,329,052	<b>1,107,890</b>	-
*p (percentage points)					

Table 3: Top Performers &amp; Losers for the Period

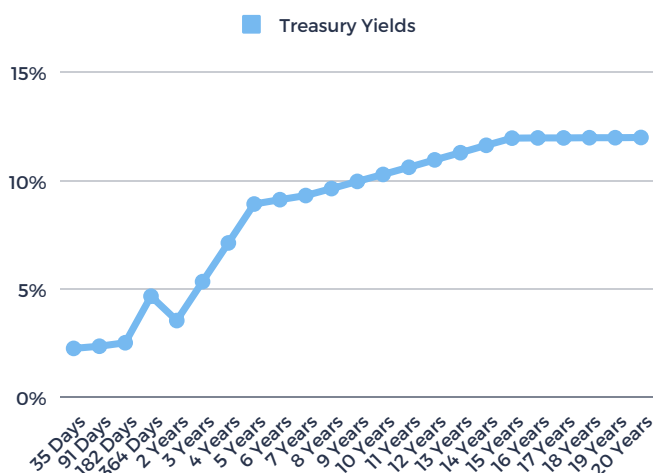
Stock	Open TZS	close TZS	%Δ	Turnover TZS	Volume	Market Cap TZS Bln
NMB	2,000	3,120	<b>56.00%</b>	6,057,469,445	3,000,816	1,560.00
DSE	1,300	2,000	<b>53.85%</b>	637,192,300	330,839	47.65
CRDB	280	400	<b>42.86%</b>	22,623,745,550	60,979,129	1,044.74
TCCL	1,100	1,460	<b>32.73%</b>	1,491,048,780	791,892	92.96
SWIS	1,000	1,180	<b>18.00%</b>	1,457,056,600	1,531,018	42.48
NICO	300	330	<b>10.00%</b>	345,999,350	776,664	22.83
TPCC	3,400	3,720	<b>9.41%</b>	2,446,085,490	2,791,089	669.31
TOL	570	550	<b>-3.51%</b>	671,100,790	1,220,610	32.55
SWALA	490	450	<b>-8.16%</b>	18,932,400	42,280	47.79
TICL	350	285	<b>-18.57%</b>	360,126,410	298,092	20.83
JATU	410	330	<b>-19.51%</b>	131,350,925	415,867	6.58
MCB	500	395	<b>-21.00%</b>	43,057,900	31,640	24.42

## TREASURY SECURITIES

### Primary Treasury Securities Market

In the first half of the year, the Bank of Tanzania on behalf of the government had offered to the public to raise a total of TZS 2.5Trn (\$1Bln) through treasury bills, 2-,5-,7-,10-,15-,20- and 25-year treasury securities. Through the auctions held by the central government, it was able to mobilize around TZS 4.8Trn (\$2.06Bln) from interested investors which was equivalent to 92% oversubscription rate. The central bank only accepted TZS 2.06Trn (\$0.89Bln) out of the tendered amounts, discarding over TZS 2.8Trn (\$1.2Bln) investor’s money. During the period also the central bank was able to open doors for SADC members to be able to participate on the Tanzania ‘s bond market, which came in hand with the lowering of the coupons for all treasury bonds tenors to lower government’s cost of borrowing. Despite the decline in coupons, we have still observed appetite on the papers at substantial levels, despite a slight decline in the number of bids.

Chart 5: Extrapolated yield curve



## MONEY MARKET

### Interbank Foreign Exchange Market

The Interbank Foreign Exchange market (IFEM) had transacted USD 202Bln, at a weighted average rate of TZS 2,310.84. The Shilling remained stable against the dollar during the period recording an average depreciation of 0.3% against the dollar during the period. At the end of June, TZS/USD exchange rate was at TZS 2,315.91

### Interbank Cash Market (IBCM)

The Interbank Cash Market (IBCM) during the half year period had transacted a total of TZS 1.4Trn (\$0.63Bln). Meanwhile the interbank rates were quite volatile during the period. The weighted average rate for the transactions was 2.6% although at the start of the year the rate was at 4%, and at the end of June it was at 4.16%

Table 4: Funds raised through Treasury Securities On the first Six-Months

1H2022			
Tenure	Offer	Tendered	Success
T.Bills	977.90	2,205.36	985.04
Total Bonds	1,506.12	2,574.77	1,078.30
<b>Grand Total</b>	<b>2,484.02</b>	<b>4,780.13</b>	<b>2,063.34</b>

## CONTACT US

RESEARCH	TRADING	OPERATIONS
<b>Fortius Rutabingwa</b> Head of Research & Analytics rutabingwa@orbit.co.tz	<b>Mickdad Chakindo</b> Head of Trading & Execution chakindo.mickidad@orbit.co.tz	<b>Juventus Simon</b> Director of Operations simon@orbit.co.tz
<b>Wende Kalinga</b> Investment Analyst wende@orbit.co.tz	<b>Aurelia Kajumulo</b> Trader aurelia@orbit.co.tz	<b>Radegunda Masha</b> Head of Customer Service rade@orbit.co.tz

### Important Disclosures

The information contained therein is of the date thereof based on information available to ORBIT subject to the assumptions indicated which may change without notice.

Orbit Securities Ltd policy is to update research reports as it deems appropriate, based on developments within the subject company, the sector or the market that may have material impact on the research views or opinions stated in the reports/notes. Our policy is only to publish research notes that are impartial, independent, clear, fair and not misleading.

The information, investments and/or strategies discussed in this presentation may not be suitable for all investors and where you have any concerns you should approach an investment advisor. Potential investors are responsible for making independent investigation and appraisal of the risks, benefits, appropriateness and suitability of this transaction, and ORBIT have no liability thereto.

To the extent within the context of applicable law, ORBIT do not accept liability for any loss (direct or consequential) arising from use of this presentation. You must not rely on any communication (written or oral) from us as investment advice, a recommendation to enter into a transaction (which includes the information and explanations related to the terms and conditions of a transaction) or deem it to be an assurance or guarantee as to the expected results of a transaction.

Investments discussed in this presentation may fluctuate in price or value over time and past performance is not indicative of future results. While we have taken care in preparing this presentation, we give no representation, warranty or undertaking and accept no responsibility or liability as to the accuracy or completeness of the information set out in this presentation. This presentation does not represent an offer of funding and any facility to be granted in terms of this presentation is subject to us obtaining the requisite internal and external approvals.