Weekly Market Report

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22nd February 2019

WEEKLY STOCK MARKET HIGHLIGHTS

The week ended January Feb 22nd , 2019 DSE recorded a total market capitalization of TZS 20,705.46 billion up by 0.42% from the week ended February 15th February 2019. Meanwhile the market posted a total turnover of TZS 1598.83 million, a 3.21% change from the total of the week before. Total volume of shares traded in a week was 2,005,357, 145.85% change compared to the week before. 240 deals were recorded in the week with highest of number of deals recorded on 21st February 2019.

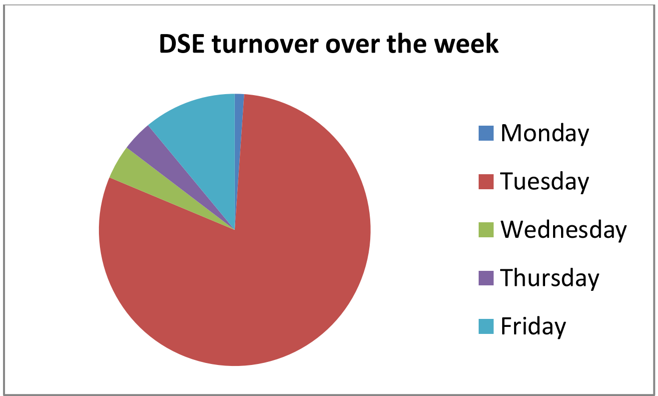

Figure 1: DSE Turnover ffrom Monday 18th Feb-Friday 22nd Feb 2019

The market shows All Share Index (DSEI) closed up by 8.90 points to 2,148.11 points and Tanzania Share Index (TSI) closed down at 3,533.65 points 0.13 points below the previous week's close. All Share Index (DSEI) opened the week at 2,146.84 points and closed at 2,148.11 points while Tanzania Share Index (TSI) opened the week with 3,533.52 points and closed at 3,533.65 points.

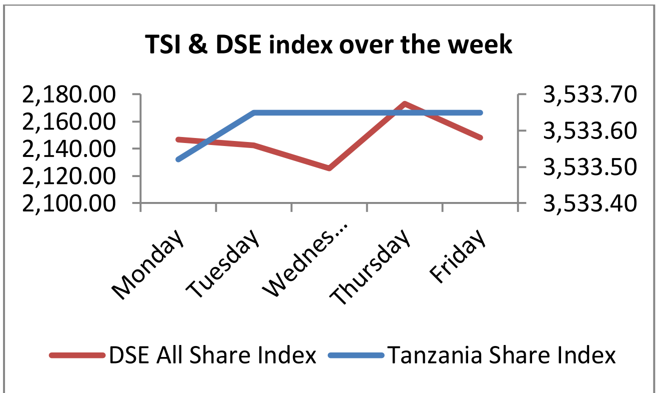

Figure 2: TSI & DSEI from Monday 18th Feb-Friday 22nd Feb 2019

MONEY MARKET SUMMARY

Over the course of the week the overnight interbank WAR closed at 4.96%, 28 bps above on week-on-week basis, week basis. The high maintained a rise over the course of the week ending at 6.5% on Friday, while the low remained at 4.5% throughtout the week. On average the borrowing rate overnight was higher thi week than the week before, a continued confirmation of building significant support before climbing higher. TZS 161.6 billion was transacted over the course of the week compared to TZS 96.55 billion transacted the week before.

EXCHANGE RATE

TZS/USD	2277.59	2300.34z
TZS/KES	22.77	22.95
TZS/GBP	2962.46	2993.01
TZS/EUR	2582.10	2609.07

SOUTHERN HIGHLANDS ZONE TOPS CROSS-BORDER TRADE ACTIVITIES.

The Citizen:Southern highlands zone recorded the highest growth of cross-boarder trade during the year ending September 2018, compared with the year ended September 2017, the Consolidated Zonal Economic Performance Report by the Bank of Tanzania has said. The repot shows that this trend followed exports from from the zone recording a growth of 10.5% to TZS 434 billion during the third quarter of last year from TZS 339 billion recorded during the similar quarter of 2017.

The zonal trade balance gained by 14%on on annual basis to TZS 353 billion in September 2018 from TZS 308 billion recorded in September 2017.The report shows that cross border trade balance decreased in all zones by 22.1% to a surplus of TZS 1.6 trillion from a surplus of TZS 2.1 trillion recorded in the corresponding quarter of 2017. The decrease in trade surplus was largely associated by the decrease in value of exports and an increase in imports of capital and intermediate goods mainly for infrastructure development.

BOND DEALER FACES WATCHDOG SANCTIONS

Business Daily: The financial and investment analysts' watchdog is set to begin disciplinary hearings against a rogue treasury bonds dealer the Capital Markets Authority (CMA) found guilty of insider trading. The Institute of Certified Investment and Financial Analysts (Icifa) said its disciplinary arm had set in motion the process to consider disciplinary action against David Tumaini Maena for professional misconduct, in line with the decision by CMA. It may include expulsion. "This case has been forwarded to the disciplinary committee who will deal with it in accordance with procedure laid out in the IFA (Investment and Financial Analysts) Act. Due process will be followed before the appropriate action is announced," Icifa chair Job Kihumba said. It is not clear how long the watchdog will take to conclude the disciplinary action.

CHINA SHARES SURGE AS TRUMP OFFERS TARIFF RESPITE

Reuters: A surge in Shanghai shares led Asia higher on Monday after U.S. President Donald Trump confirmed he would delay a planned hike in tariffs on Chinese imports as talks between the two sides made "substantial progress". Chinese blue chips jumped 3.5 percent to territory last trod in mid-June. That brought gains this year to 20 percent, helped in part by Beijing's efforts to pump new credit into the financial system.

The Australian dollar, a liquid proxy for China investments, got a mild lift from the news and the dollar touched a fresh seven-month low on the yuan. MSCI's broadest index of Asia-Pacific shares outside Japan added 0.3 percent to the highest since October, and is up 10 percent for the year so far. Japan's Nikkei climbed 0.5 percent to levels last seen in mid-December. E-Mini futures for the S&P 500 edged up 0.2 percent, while spreadbetters pointed to opening gains for the major European bourses. Trump on Sunday tweeted he would push back the March 1 deadline for higher tariffs and looked forward to a meeting with Chinese President Xi Jinping when a deal was sealed.

Efficient Market Hypothesis: This is a school of thought that postulates that markets are efficient in that they do react to new information almost immediately. It goes to emphasize that efficient markets can't be beaten that is given no insider information advantage, the market return is the best that can be attained by a trader, not more. It was put forward by Eugene Famma in 1950s.

Liquidity trap; Is the situation in which the current interest rates are low and savings rates are high, rendering monetary policy ineffective. In a liquidity trap, consumers choose to avoid bonds and keep their funds in savings because of the prevailing belief that interest rates will soon rise. Because bonds have an inverse relationship to interest rates, many consumers do not want to hold an asset with a price that is expected to decline.

Quantitative easing: This is a monetary policy instrument where the central banks increases money into circulation. This is done through Open Market Operations (OMO) especially throgh the purchase of treasury bonds, bills and Repos. When any of these proves to be ineffective, the central banks always turn to the printing machine, pumping in hard cash into the economies. Quantitative Easing (QE) is used mostly to re-liquify economies so as to stimulate private spending. For isntance, amid the global financial crisis of 2008, the Federal Reserve, kicked in USD 700 billion dollars to arrest the stress that was bringing short term credit markets to a grinding halt.

KEY MARKET DEFINITIONS

STOCK MARKET PRICES (CLOSES ON 15TH FEBRUARY 2019)

ACA 7,600;CRDB 135; DCB 340; DSE 1,300; EABL 4,780; JHL 9,750; KA 165; KCB 960; MBP 490; MCB 500; MKCB 800; MUCOB 400; NICO 170; NMB 2,340; NMG 1,420; PAL 400; SWALA 490; SWISS 2,340; TBL 11,700; TCC 17,000; TCCL 640; TICL 385; TOL 660; TPCC 2,060; TTP 120; USL 15; VODA 800; YETU 600.