# Weekly Market Report

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## WEEKLY STOCK MARKET HIGHLIGHTS

The week ended January Feb 08th , 2019 DSE recorded a total market capitalization of TZS 20,692.36 billion up by 0.6% from the week ended February 01st 2019. Meanwhile the market posted a total turnover of TZS 4133.7 million, more than 16 times of the previous week. Total volume of shares traded in a week was 1,945,256 3X of the week before. 347 deals were recorded in the week with highest of number of deals recorded on 01St February 2019.

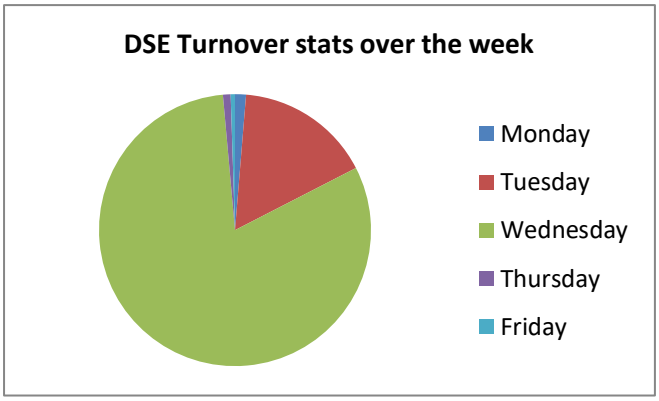


**Figure 1: DSE Turnover ffrom Monday 04th Feb-Friday 08th Feb 2019**

The market shows All Share Index (DSEI) closed up by 12.75 points to 2,146.75 points and Tanzania Share Index (TSI) closed down at 3,534.69 points, 79.5 points below the previous week's close. All Share Index (DSEI) opened the week at 2,129.70 points and closed at 2,146.75 points while Tanzania Share Index (TSI) opened the week with 3,614.01 points and closed at 3,534.69.

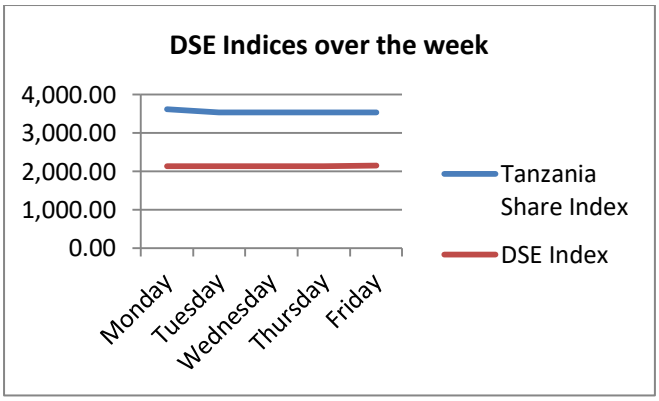


**Figure 2: TSI & DSEI from Monday 04th Feb-Friday 08th Feb 2019**

## MONEY MARKET SUMMARY

Over the course of the week the overnight interbank WAR rose to settle at 4.72%, 98 basis points above from the previous close on February 01st 2019. The highest high was 8.0%, a jump of 3.75% from 4.25% highest recorded a week. Over the course of the week the low increased 70 basis from the week before and closed at 4.2%. TZS 228.42 billion was transacted over the course of the week compared to TZS 71 billion transacted the week before. WAR has risen adding almost 1% indicating dwindling liquidity on the interbank money market.

## EXCHANGE RATE

| | | |
|---|---|---|
| TZS/USD | 2272.43 | 2295.16 |
| TZS/KES | 22.66 | 22.84 |
| TZS/GBP | 2946.44 | 2996.82 |
| TZS/EUR | 2677.85 | 2603.85 |

## ECONOMY GREW BY 6.7% IN THE THREE QUARTERS OF 2018

The Citizen: Tanzania's economy has a relatively strong performamnce, after recording an output growth of 6.7% during the first three quarters of the last year.However, this is slightly lower than the growth rate of 6.8% recorded in the first three quarters of 2017, as stated in the Bank of Tanzania's Monetary Poilcy Statement for February 2018. Accordding to the Bank of Tanzania's Monetary Policy Statement(MPS) for February 2019 published recently, activities that largely contributed to output growth were construction; trade and repair, agriculture and manufacturing.

The statement maintains that the real GDP was estimated to grow by 7.2% in 2018, and 7.3% in 2019. This would be supported by public investment particularly implementation of mega infrastructure projects, recovery of the global economy and expected favourable weather conditions. However, the projected growth for 2018 and 2019 differ from that of the African Development Bank(AfDB) which was put at 6.8% in 2018 and 6.6% in 2019.

## TREASURY EYES LONG TERM, CHEAPER DEBT.

*Business Daily:* The Treasury plans to restructure public debt to increase maturity period and also cut the costs, the draft policy statement for the next national Budget says. The move is also expected to address Kenya's increased risk of debt distress after the International Monetary Fund (IMF) recently said it had risen from low to moderate because of the higher interest rates associated with refinancing. The Treasury sees the change in debt distress risk as only temporary or short-term as it expects the restructuring strategy will work though.

Currently, nearly 40 percent of domestic debt is in short-term securities contrary to the policy of having it at 30

percent. “This is expected to be short term as the government continues with its fiscal consolidation plan and implements the government liability management strategy so as to restructure short-term commercial loans by replacing them with long-dated maturities,” said the Treasury.

## GRACA MACHEL TO CREDIT SUISSE:WRITE OFF MOZAMBIQUE DEBT

*The Guardian:* Maputo: Mozambique shouldn’t repay any of the loans it goat from Credit Suisse AG as part of USD 2 billion soveriagn debt scandal that has seen three former employeesand an ex-finance minsiter arrested, a group of non-governmental organizations said. “We demand that Credit Suisse publicly declare than Mozambican people should not pay a single cent on those debts” the group said in theletter to the bank signed by people including Grace Machel, Nelson Mandela’s widow. “Rocovery of any money must come from companies and individuals who, instead benefited from this chaos”.

Mozambique was plunged into a financial crisis in 2016 after the government owned up to USD 1.4 billion of the previously undisclosed loans for a maritime security and tuna-fishing project. Mozambique has been in default since early 2017 and has been seeking to restructure the debt. A U.S undictment of some of the bankers and government officials involved has led to fresh allegations that the loans were illigal and shouldn’t be repaid. Credit Suisse declined to comment.

## KEY MARKET DEFINITIONS

**Yield to maturity (YTM):** This is the discount rate for bond coupons used in determining the fair value of the bond. It is the minimum required rate of return to bond investors. The change in the yield to maturity has impact on the value of bonds thus presenting refinancing risk (to issuers) or reinvestment risk (to investors).

**Futures contracts;** This is a contract to transact a certain asset at an agreed price now (strike prce) whose delivery will be done at some future date. Futures contracts are standardized derivatives traded on exchanges. Common futures contracts include; Oil futures, Gold futures, Stock futures, Interest rate futures and currency futures.

**Unsystemic risk:** This is risk associated to the business that is limited to that particular business and who effect can be reduced or eliminated by diversification. The risk is limited business operations. For isntance internal systems failure, lawsuits and change of managements.

## STOCK MARKET PRICES (CLOSES ON 25TH JANUARY 2019)

**ACA 5,700;CRDB 135; DCB 340; DSE 1,400; EABL 5000; JHL 10,200; KA 205; KCB 990; MBP 490; MCB 500; MKCB 800; MUCOB 400; NICO 215; 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 20; VODA 800; YETU 600.**