

WEEKLY WRAP-UP REPORT

All data, projections and opinions are of the date of this report and subject to change

Issue 2024-07 | 16th February 2024

Key highlights:

Equity market

During the trading week ending on February 16th, the Dar es Salaam Stock Exchange (DSE) witnessed significant decline in turnover compared to the previous week. The overall market turnover decreased to TZS 3.34 billion, marking a 54.62% decline from the previous week's TZS 7.3 billion.

High activities on the pre-arrange board notably contributed to the increased market turnover, with the NMB counter registering block trades of 200,000 shares at an average price of TZS 460. TBL traded 239,386 shares at an average price of TZS 6,000.

Throughout the week, TBL dominated trading activities accounting for 39.99% of the total market turnover, followed by NMB with 33.85% and CRDB with 17.35%.

Domestic stocks displayed a bullish trend during the week, with three counters experiencing positive price movements. NICO saw the most substantial gain, concluding the trading week at TZS 580 per share, reflecting a 1.75% increase. DSE also demonstrated positive movement, with a 1.1% increase, closing the week at TZS 1,840 per share. NMB closed the week at TZS 4,700 representing a 0.86% upside,

No domestic counter lost value during the week

In terms of market capitalization, there was an overall increase of 0.14% in the total market capitalization, reaching TZS 14,749.64 billion. This growth was primarily driven by the appreciation in the prices of counters such as NICO, DSE and NMB. Similarly, the domestic market capitalization experienced a slight uptick of 0.18%, concluding with a value of TZS 11,627.25 billion.

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Key benchmark indices

- All Share Index (DSEI) closed at 1,767.18 points increasing by 0.14%.
- Tanzania Share Index (TSI) closed at 4,389.66 points increasing by 0.18%

Sector Indices

- Industrial & Allied Index (IA) closed at 5,199.51 points, unchanged from the previous week
- Bank, Finance & Investment Index closed at 4,800 points, up by 0.55%.
- Commercial Services Index closed at 2,142.69 points, unchanged from the previous week

Top movers

Counter	Turnover (TZS)	% of total turnover
TBL	1,338,537,600	39.99%
NMB	1,133,047,480	33.85%
CRDB	580,851,000	17.35%
TPCC	255,872,180	7.64%
NICO	13,086,260	0.39%

Top Gainers

Counter	Closing price	% Change
NICO	580	▲ 1.75%
DSE	1840	▲ 1.10%
NMB	4,700	▲ .86%

Market news round up

THE BANK OF TANZANIA (BOT) REVISES THE GOVERNMENT SECURITIES ISSUANCE CALENDAR FOR THE SECOND HALF OF THE FINANCIAL YEAR 2023/2024

Changes effective from 14-Feb-2024 to 30-June 2024 include:

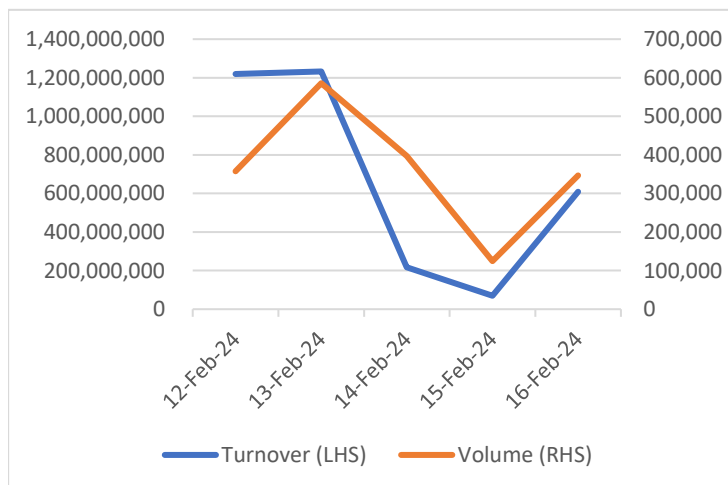
- The auction mechanism has transitioned from new issuances to the re-opening of previous issues. Re-opening involves offering Treasury bonds with identical terms and conditions as the original issue, including maturity date, security identifier, and coupon rate. The only difference will be the issue date and a different purchase price based on current market yields. The next Treasury bond auction scheduled for 21-Feb-2024 will be a re-opening of a 20 year Treasury bond no: 566, previously issued on 8-July-2021. Pricing for the bond will incorporate accrued interest to cover the period from the last coupon payment date to the settlement date. Re-openings was previously experimented with from 24-Nov-2021 but was temporarily discontinued in April 2022 due to extreme pricings and a sharp fall in yields.
- Reduction of short to medium term maturities: Removal of all three 5-year treasury bond auctions. Removal of the only 2-year treasury bond auction. Removal of one 15-year treasury bond auction, making a total of 1 auction (previously 2).
- Elongating the maturity profile: Inclusion of 1 more 10-year treasury bond auction, making a total of 2 auctions (previously 1). Addition of 2 more 20-year treasury bond auctions, making a total of 4 auctions (previously 2). Introduction of 2 additional 25-year treasury bond auctions, making a total of 3 auctions (previously 1).

Re-openings aim to enhance liquidity, facilitate price discovery of previously issued bonds, and de-fragment the bond market by limiting the number of new Treasury bonds offered. Previous fragmentation into numerous distinct issues impeded liquidity, and re-openings can create a smoother yield curve and better pricing benchmarks. This measure also aims at price stabilization by preventing spikes in yields, given the recent substantial increases in auction yields.

Reshuffling the issuance calendar by eliminating short to medium term bonds and adding long-term bonds. This is in response to the decreased demand for bonds with shorter to medium-term maturities. Out of the sixteen treasury bond auctions conducted from July 2023 to date, thirteen failed to attract subscriptions of 100% or more. Notably, only two 25-year treasury bond auctions and one 15-year treasury bond auction achieved 100% or higher subscription rates. The market's undercutting of treasury pricing also has led to sharp increases in yields.

The Week Ended	9-Feb-24	16-Feb-24	% Change
Turnover (TZS million)	7,374.83	3,346.72	▼ -54.62%
Net Foreign Inflow (TZS million)	(6,689.97)	(867.03)	▼ -87.04%
Volume of shares	15,634,349	1,813,072	▼ -88.40%
Total Market Capitalization (TZS bln)	14,728.54	14,749.64	▲ 0.14%
Domestic Market Capitalization (TZS bln)	11,606.16	11,627.25	▲ 0.18%
Outstanding Government Bond (TZS bln)	22,140.67	21,853.67	▼ -1.30%
Outstanding Corporate Bond	68.25	68.25	0.00%
Outstanding Sustainable Bond (TZS bln)	459.04	459.04	0.00%
Outstanding Sustainable Bond (USD mln)	73.00	73	0.00%
Outstanding Sukuk Bonds (TZS)	11.04	11.04	0.00%
All Shares Index (DSEI)	1,764.65	1767.18	▲ 0.14%
Tanzania Share Index (TSI)	4,381.71	4389.66	▲ 0.18%
Industrial & Allied (IA)	5,199.51	5199.51	0.00%
Banks, Finance & Investment (BI)	4,773.80	4800.19	▲ 0.55%
Commercial Services (CS)	2,142.69	2142.69	0.00%

DSE Market turnover-week ending February 16, 2024



Highlights: Debt Market

Primary market

On February 14, 2024, the Central bank was in the market offering treasury bills to investors. The offerings consisted of TZS 900 million for the 35-day maturity Treasury bill, TZS 1.9 billion for the 91-day T-bill, TZS 2.9 billion for the 182-day T-bill, and TZS 72.67 billion for the 364-day T-bill.

In this auction the 35-day, 91-day and 182-day maturities have seen high demand and were all oversubscribed with subscription rates of 200%, 278.9% and 855.17% respectively, the 364-day bill was also oversubscribed receiving 496.59% subscription.

The 35-day maturity yield remains constant at 6.2949% compared to the last auction in late Jan 2024, 91-day maturity and 182-day maturity had a slight decrease in the yields with 91-day at 8.4272% a decrease by 7.28 basis points from 8.5%, the 182-day maturity yield decreased from 9.2973% to 8.9653% equivalent to 33.2 basis points. The 364 day has also shown a decrease in yields from 12.2173% to 12.1972% losing 2.01 basis points in the average yield from the last auction, the price floor has slightly increased to 88.89 from 88.88 in the previous auction. Inflation rate is 3.0% recorded in January 2024.

	35-day	91-day	182-day	364-day
Auction date	14-Feb-24	14-Feb-24	14-Feb-24	14-Feb-24
Maturity date	21-Mar-24	16-May-24	15-Aug-24	13-Jan-25
Minimum price	99.4	97.92	95.71	88.89
WAP	99.4	97.9422	95.7209	89.1553
WAY (%)	6.2949	8.4272	8.9653	12.1972
Offered (TZS Mn)	900	1,900	2,900	72,670
Tendered (TZS Mn)	1800	5,300	24,800	360,871.93
Successful (TZS Mn)	900	1,900	2,900	257,804.6
Subscription rate	200%	278.9%	855.17%	496.59%
Acceptance rate	50%	36%	12%	71%

COMPARATIVE AVERAGE INTEREST RATES OF ACCEPTED BIDS

Auction date	14-Feb-24	31-Jan-24	17-Jan-24
35-day	6.2949	6.2949	-
91-day	8.4272	8.5	-
182-day	8.9653	9.2973	-
364-day	12.1972%	12.2173%	11.8074%

Secondary market

During the week ending February 16th, market activities increased relative to the previous week. The total turnover experienced a significant increase of 141%, increasing from TZS 63 billion to TZS 152 billion. Similarly, the number of trades increased significantly from 60 to 99.

Unlike previous weeks, trading was largely spread out between the short-medium term maturities and the long end. The 5 year bond maturing in May 2027 accounted for 13.15% of the activities, while on the long end the 25-year treasury bond maturing December 2048, accounting for 30.9% of the total turnover.

In the corporate bond segment, activities were heightened relative to last week. NMB corporate bonds NMB-2022/25.T4 and NMB-2023/26.T1 registered trades, with the former trading and aggregate of TZS 20 mn at average prices of 90 and the latter trading an aggregate of TZS 31.5mn at an average price of 84. CRDB-2023/28.T1 registered one traded with a face value of TZS 25 million dealt at 80

Secondary market trades 12th February – 16th February

Term	Turnover (bn)	Deals	Average price	Weighted Average yield
NMB 3y- 8.5%	0.0200	1	90.0400	15.56%
NMB 3y- 9.5%	0.0315	2	84.0001	17.73%
CRDB 5y- 10.25%	0.0250	1	80.0000	17.70%
5y- 8.6%	20.0000	2	93.5211	11.74%
5y- 9.18%	14.6000	7	97.4501	12.14%
7y- 9.48%	1.5000	2	101.5313	9.74%
7y- 10.08%	0.0045	1	83.0000	35.23%
10y- 11.44%	0.0722	4	92.9785	12.68%

Outlook:

Equities:

As highlighted previously, preliminary FY 2023 reports by CRDB and NMB will propel the market into a bull cycle, with both bank registering +8.7% ,+4.4% year-to-date price appreciation respectively. Which largely contributed to the domestic market capitalization adding TZS 225.84 billion in the same period. In the weeks ahead we expect more upside growth from these banks

Globally:

Kenya to buy back its Eurobond maturing in June, according to a statement issued by the Kenyan government, the East African nation offered to buy back its \$2 billion of debt set to mature in June and announced plans to sell new securities.

The maximum amount that the government will repurchase will be determined by how much it raises in an offering of new securities that will be priced on Feb. 12, The buyback offer which is at par value and includes payment of accrued interest. Sellers will also be paid accrued interest on their bonds, whose most recent interest payment was in January. Investors had a positive reaction to the announcement of the buyback and new bond sale, with secondary market yields on the 2024 bond that trades falling from 13.6 percent to 8.5 percent within an hour of the buyback disclosure on Wednesday afternoon.

Event Calendar

Event

20 year Treasury bond auction

Date

21-Feb-24

Maturing bonds

7-year Treasury bond-444-10.08-T1-A1

Date

16-Mar-24

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