

RECOVERY The Dar bourse recorded a total of Sh35.5 billion in turnover from July to September 2020

Stock market rebounds as turnover rises 161pc

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Dar es Salaam. The Dar es Salaam Stock Exchange (DSE) rebounded during the third quarter of 2020 as investors seek to cash in on Tanzania's promising economic growth projections.

Tanzania – which did not apply lockdowns during the period that the world was battling the viral Covid-19 pandemic – is projected to register the fastest rate of economic growth in the region.

As a result, some local and foreign investors who were reluctant to engage in the trading of stocks during the second-quarter of the year resurfaced during the third-quarter.

Their returning to the stock market saw to the DSE's liquidity level rising significantly by 161 percent. Consequently, Sh35.5 billion in turnover was realized for the period from July to September 2020.

Between April and June 2020, only Sh13.6 billion in turnover was recorded.

This is according to the DSE Quarterly Note which was released yesterday.

"Compared to the second-quarter, there was an improvement in trading activities at the market. This was also attributed to improved participation of local investors who dominated the buying side, while foreign investors became net sellers," the DSE chief executive, Mr Moremi Marwa, told *The Citizen*

yesterday.

During the third-quarter of this year, the companies that led in liquidity creation were TBL Plc, CRDB Bank Plc, Tanzania Cigarette Company (TCC) and the Tanzania Portland Cement Company Ltd (TPCC).

Others were the self-listed DSE Plc, Nicol and NMB Bank Plc.

According to Mr Marwa, valuation of stock prices is one of the major reasons which fuelled increased participation from local investors.

Buyers showed confidence that there was a potential in price appreciation in the future as the economy was recovering in the wake of the pandemic.

"There is a positive outlook that Tanzania would be one of the fastest-growing economies in the region, with a projected growth rate of 5.6 percent," he said.

In Kenya, the economy is projected to grow at 1.5 percent, while that of Uganda is projected to grow at between .04 and 1.7 percent - depending on the speed of containment of the Covid-19 pandemic in that neighboring country.

According to the DSE Quarterly Note, the market size for the 21 listed domestic companies, as measured by market capitalization, decreased slightly: by 1.69 percent (or Sh154.62 billion) during the quarter.

DSE reported that domestic market capitalization decreased from Sh9.15 trillion in June to Sh9 trillion in Sep-

tember this year as the share prices of some of the local firms dwindled.

Stocks that experienced a price drop are Vodacom (9 percent); DCB Bank (9 percent); Swissport (9 percent); TOL Gases (8 percent); and DSE Plc (2 percent).

DSE also reported that there was a record increase of turnover from the bond segment of the market as the appetite for the long-term securities increased.

The bonds market recorded a turnover of Sh699.72 billion in the quarter ended in September: 37.5 percent higher than the Sh508.5 billion that was transacted during Q-2 of 2020.

"This is due to increased appetite for investments in Government bonds in the recent past, from both retail and institutional investors - especially for bonds with longer tenures," said Marwa.

The bourse also reports that the total outstanding listed government bonds increased by 8.3 percent, from Sh11.29 trillion as of June 30 to Sh12.24 trillion as at September 30 this year.

"There was a net increase of Sh943 billion of new listings and less redemptions," the CEO stated.

Outstanding corporate bonds listed at the Exchange remained at Sh143.4 billion for the three outstanding corporate bonds issued by EXIM Bank, NMB Bank and Tanzania Mortgage Refinance Company Limited (TMRC).