



1. The Week in Review

- Proposed measures for more effective expenditure management for the government a huge step towards reducing the budget deficit in the medium term.

a. Equities

Equities Market posted signs of recovery this week, despite a continuation of negative price momentum. Weekly Volume and turnover climbed to 0.80 million shares and TZS 1.01 billion respectively.

Total Market Capitalization decreased to TZS 15,287.67 billion, 1.90% down and Domestic Market Capitalization decreased to TZS 10,253.40 billion, 0.55% down as prices continue to decline.

SWISS was the top market gainer, posting 1.82% gain to close at TZS 1,120/= followed by NICO, which gained 1.45% to close at TZS 350/=. Top losing counters were CRDB, which lost 5.00% to close at TZS 380/= followed by SIMBA, which lost 3.85% to close at TZS 1,500/= and DCB, which lost 2.56% to close at TZS 190/=.

DSE was a top market mover, recording 53.46% of total market turnover followed by TWIGA with 24.70% and CRDB with 9.89%.

All Shares Index (DSEI) decreased by 1.90% to close at 1,833.97 points and Tanzania Shares Index (TSI) decreased by 0.55% to close at 3,877.42 points. Banks, Finance & Investment (BI) closed at 3,332.30, 1.97% down. Industrial & Allied (IA) closed at 5,039.12 points, 0.63% down. Commercial Services (CS) closed at 2,139.33 points; 0.04% up as SWISS price continue to climb.

Weekly Outlook

The Equities Market diverged from our last week expectation as prices continue to decline. However, we think investors should be relieved

that Turnover and Volume recovered, which could reverse prices direction if it continues next week.

We also think the current situation provides a buying opportunity for value investors and hence volume and turnover should continue to recover.

b. Fixed Income

Auction Results and Next week Forecast

Treasury Bills underperformed this week as the subscription was minimal. Yields continue to increase.

We expect next week's 20 – Year Treasury Bond to oversubscribe with no significant change in Yields.

A take on 2022/2023 Budget

The 2022/23 budget was tabled by the Minister for Finance and Planning on Tuesday, 14th June. The budget's main theme "Accelerating Economic Recovery and Enhancing Productive Sectors for Improved Livelihoods", was agreed by the East African Community Partner states as reported by Hon. Dr. Mwigulu Nchemba.

We think the budget's TZS 41.48 trillion revenue and expenditure plan could be achieved if the proposed measures to curb government expenditures are adhered. We also think the proposed GDP growth of 4.7% in 2022 and 5.3% in 2023 is more realistic taking into consideration the long road to recovery from the pandemic and ongoing Ukraine crisis.

Below are a few comments on the proposed budget:

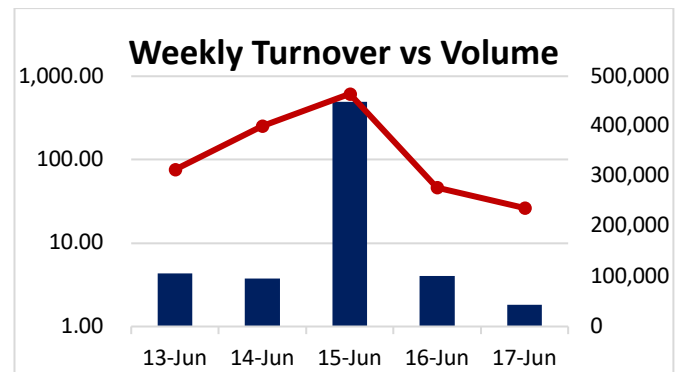
- Exemption of VAT on Milk packaging to increase competitiveness of domestic producers
- Reduction of the Government levy on Mobile money transaction by 43% to boost the Volume of Transactions in the Medium and Long term
- Introduction of a presumptive Income tax of TZS 3.5 million to strife Transporters



- Granted Powers to the Minister to waive Income Tax to Strategic Investors a huge step towards attracting foreign investors, but it could be a double-edged sword if not those powers are not exercised properly
- Introduction of Digital Services tax and removal of VAT Exemption on Electronic Devices could hinder technology advancement
- Imposition of 35% duty of electronic cigarettes to shield tobacco companies from the competition for the time being
- Exemption of Withholding tax on Corporate and Municipal bonds to stimulate corporate and Local government bond issuance

Finally, we think the budget has covered most key areas of the economy and could be achieved if well implemented, despite a few new propositions on tax that are not very clear on how they will be implemented.

2. Chart of the Week



Source: DSE, Vertex Calculations

Table 1: Market Weekly data

	Last Week	This Week	Change
Turnover (TZS Millions)	947.26	1,013.30	+6.97%
Foreign Buyers (%)	50.92%	53.71%	+5.47%
Volume (Million shares)	0.47	0.80	+67.89%
Total Market Cap (TZS Bn)	15,584.13	15,287.67	-1.90%
Domestic Market Cap (TZS Bn)	10,309.93	10,253.40	-0.55%
DSEI	1,869.53	1,833.97	-1.90%
TSI	3,898.79	3,877.42	-0.55%
IA	5,042.58	5,039.12	-0.07%
BI	3,399.18	3,332.30	-1.97%
CS	2,138.49	2,139.33	+0.04%

Source: DSE, Vertex Calculations

Table 2: Net Asset Value per Unit for Unit Schemes

	9 – Jun	16 – Jun	% Change
Umoja Fund	829.9394	829.1528	-+0.09%
Wekeza Maisha	699.1368	700.0464	+0.13%
Watoto Fund	516.1817	516.1923	+0.00%
Jikimu Fund	155.6339	155.6962	+0.04%
Liquid Fund	319.9434	320.5954	+0.20%
Bond Fund	113.1896	113.4194	+0.20%

Source: UTT, vertex calculations



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