WEEKLY MARKET COMMENTARY

15th – 22nd February 2013

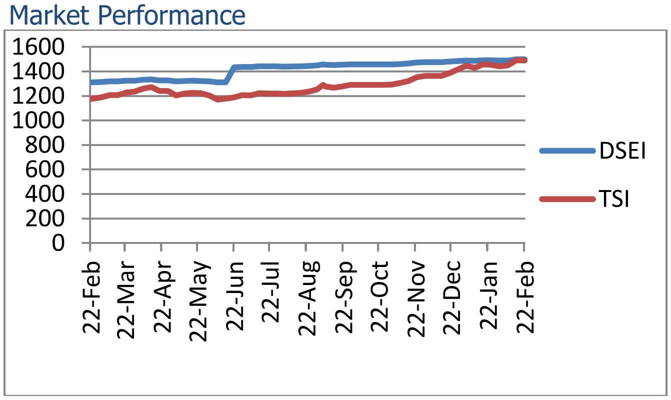
A. Equity
Market Performance

Turnover during the week was significant lower, 5.5x below last week's performance. Week-on-week turnover decreased to Tshs.283 million from Tshs.1,559 million. Likewise, activity levels plummeted 6.5x lower than volumes transacted last week. A total of 590,745 shares were transacted down for 3,838,099 shares traded in the previous week.

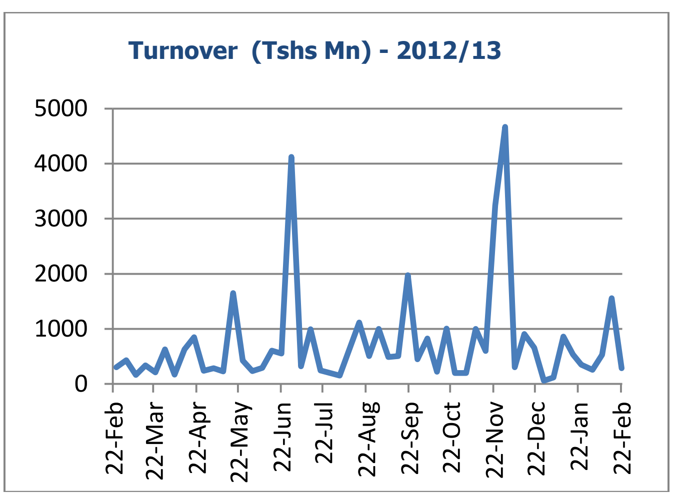
Foreigners accounted for 23% of the week's turnover. Indices closed the week in red pulled down by CRDB counter that lost Tshs.20.00 to close the week at Tshs.140 per share. The DSEI lost 0.02% to 1499.53 points. Similarly, the TSI closed 0.67% down at 1,489.24 points.

The Banking segment Index settled 1,181.22 points (-2.41%) weaker than previous week due to the drop of CRDB's price from Tshs.160 recorded end of last week to Tshs.140 this week. However, NMB gained Tshs.20 to close the week at Tshs.1,180. The Industrial & Allied Index strengthen further to 1,821.61 points (+5.60%) buoyed by Swissport and TBL counters that gained Tshs.40 and 100 to Tshs.1,860 and 3,100 respectively.

Market Performance



Source: DSE and TSL Analysis



Source: DSE and TSL Analysis

Statistics – Equity

Total - Week Ending	Feb-15 2013	Feb-22 2013	% Change
Market			
Turnover in Million (Tshs)	1,559	283	-450.88%
Volume of Shares in '000	3,838	590	-550.51%
DSEI	1,499.82	1,499.53	-0.02%
TSI	1,490.48	1,489.24	-0.08%
Banks, Finance, & Services BI	1,210.34	1,181.22	-2.41%
Industrial and Allied IA	1,724.94	1,821.61	+5.60%

Source: DSE

Market Outlook:

We expect to see increased activity in the market as more companies continue to release their 2012 results. We anticipate prices to continue to depict a bullish trajectory of the economic performance for the year 2013.

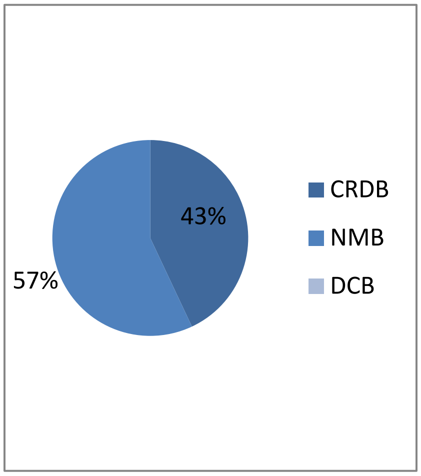
Due to liquidity improvement in the market, we anticipate another oversubscription in the next week's Treasury Bills auction. Yields may further decline as more funds chase after government papers and following the continued decline in inflation.

Analysts:
Upendo Lyatuu
+255 22 211 2807
+255 655 557 733
Upendo@tanzaniasecurities.co.tz

Moremi Marwa
+255 22 211 2807
+255 782 007 785
Moremi@tanzaniasecurities.co.tz

Bank, Finance & Investment Sector (BI)

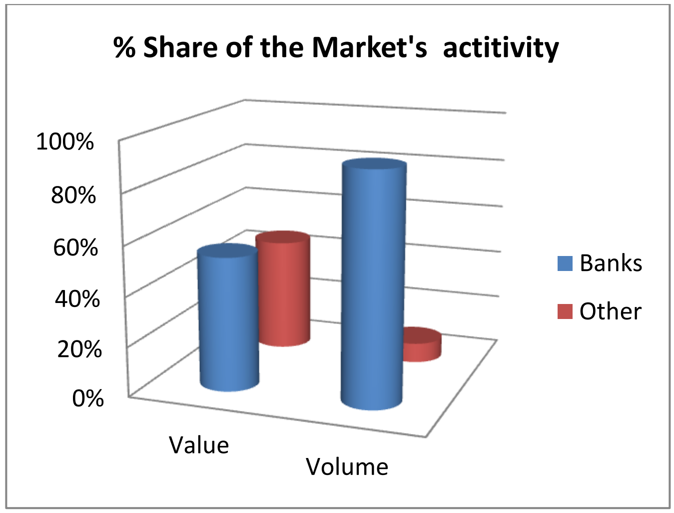
This week, the banking sector was very active and liquid than the Industrial segment. The segment moved 54% of total turnover and 92% of the market activity.



Foreign investors' participation on the banking industry was 23% of the week's turnover supporting the CRDB and NMB counters.

NMB had 72,960 shares transacted during the week at price range of between Tshs.1,160 and Tshs.1,180. Foreign participation was significant at 75% of the counter's turnover. CRDB ended the week at a price lower (-13%) than last week's. The counter transacted 469,476 throughout the week at a price range of between Tshs.140 and Tshs.160. Local contribution was mainly on the CRDB counter.

DCB counter saw some very small activity during the week. 150 shares transacted at Tshs.620.



Source: DSE and TSL Analysis

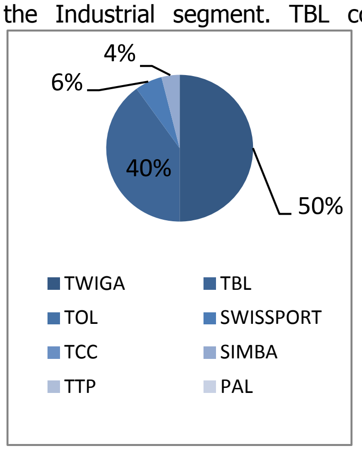
Banking Sector Share Prices (in TZS)

Counter	15.02.2013	22.02.2013	%Changes
DCB	620.00	620.00	0.00%
NMB	1,160.00	1,180.00	+1.72%
CRDB	160.00	140.00	-12.50%

Source: DSE and TSL Analysis

Industrial and Allied Sector (IA)

During the week, Twiga traded 25,124 shares at Tshs.2,600 per share. The counter was the most active counter among the Industrial segment. TBL counter transacted 16,805 shares at price range of between Tshs.3, 000 and Tshs.3,100 per share. TBL announced its 2nd interim dividend that will be paid on 5th March 2013.



Simba and Swissport were the other counters traded during the week; 4,317 swissport shares exchanged hands at Tshs.1,860 per share. Simba counter had 1,913 shares traded at Tshs.2,400 per share.

There were no activities on TCC, TTP, TOL and Precision Air during the week.

IA Share Prices (in TZS):

Counter	15.02.2013	22.02.2013	% Changes
TOL	260.00	260.00	0.00%
TBL	3,000.00	3,100.00	+3.33%
TTP	440.00	440.00	0.00%
PAL	460.00	460.00	0.00%
TCC	5,000.00	5,000.00	0.00%
SIMBA	2,400.00	2,400.00	0.00%
TWIGA	2,600.00	2,600.00	0.00%
SWISSPORT	1,820.00	1,860.00	+2.20%

Source: DSE and TSL Analysis

B. Fixed Income Securities

Primary Market

There was a five-year bond in this week's primary market that was oversubscribed 190%. WAY declined by 4% from the last auction's 14.94% to 14.38% The auction results are as depicted below:

Highest Bid /100	83.5432
Lowest Bid /100	71.6981
Minimum Successful Price/100	80.9247
Weighted Average Price for Successful Bids	81.8928
Weighted Average Yield to Maturity	14.3817
Weighted Average Coupon Yield	11.2098
Amount Offered Tshs (000,000)	40,000
Amount Tendered Tshs (000,000)	116,119
Undersubscribed (+) / Oversubscribed (-) Tshs (000,000)	76,119
Successful Amount Tshs (000,000)	40,000

Secondary Market

Bonds worth Tshs.5.4 billion exchanged hands in the secondary market during the week with prices as indicated in the table below:

Tenor	Face Value (Tshs.)	Price/100
11.44% Ten-Year	2.0bn	81.2963 and 88.1648
11.44% Ten-Year	2.0bn	88.7451
11.44% Ten -Year	0.378bn	87.3578
11.44% Ten-Year	1.0bn	88.8653

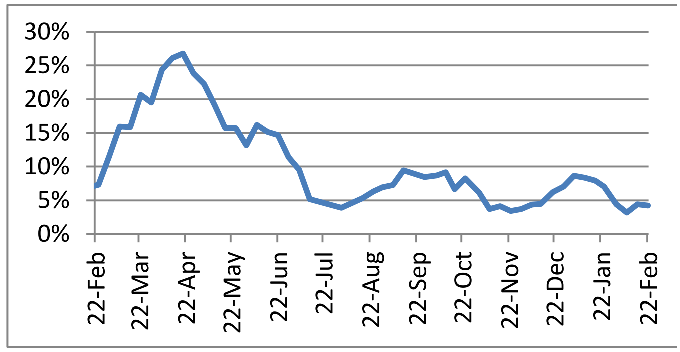
Below are Bonds on offer for the secondary market with yields in bid and ask:

Issue Date(M/Y)	Maturity Date(M/Y)	Face Value	Tenor	Yield (ASK) %	Yield (BID) %
8/2012	8/2014	2bn	2 year	13.60	-
2/2013	2/2015	1.75bn	2 year	13.60	-
2/2011	2/2018	2bn	5 year	14.00	-
7/2012	7/2017	1.7bn	5 year	14.35	14.90
11/2012	11/2017	2bn	5 year	14.35	14.90
11/2012	11/2019	3bn	7 year	14.75	-
11/2012	11/2019	2bn	7 year	14.35	-
11/2012	11/2019	3bn	7 year	14.90	-
11/2012	11/2019	4bn	7 year	14.80	-
9/2012	9/2019	4.415bn	7 year	14.50	15.55
1/2013	1/2020	2bn	7 year	14.50	15.55
11/2012	11/2022	2bn	10 year	14.35	-
2/2012	2/2022	0.5bn	10 year	14.80	15.75
6/2012	6/2022	1 bn	10 year	14.80	15.75
11/2012	11/2022	4.93 bn	10 year	14.75	-

Money Market

Interbank borrowing rate recorded a downward trend. The overnight rate towards the end of this week was 4.21% slightly lower than the 4.40% rate at the end of the previous week as depicted in the chart below:

Interbank Borrowing Rates (WAR)

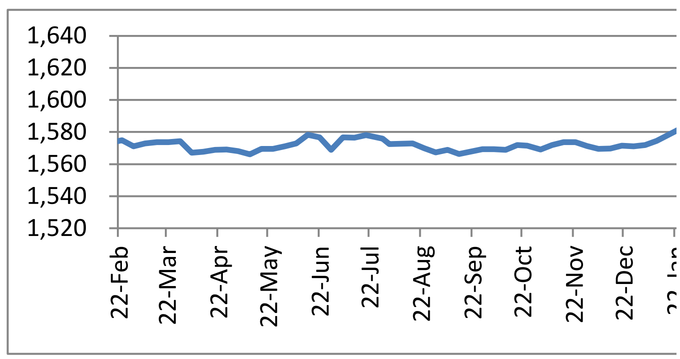


Source: BOT

C. Foreign Exchange

This week, the shilling weakened further against the USD and KES while gained against the GBP as indicated in the chart and table below:

Foreign Exchange – TZS/USD



Source: BOT

Foreign Exchange – Four weeks trend

	01-Feb 2013	08-Feb 2013	15-Feb 2013	22-Feb 2013
TZS/USD	1622.00	1618.00	1616.00	1628.00
TZS/GBP	2568.46	2550.28	2509.03	2489.28
TZS/KES	18.47	18.52	18.51	18.60

About the Weekly Update report: Our Weekly Update consists of a combination of our valuation update and a discussion about a piece of news or a general theme that called our attention and that we think might be useful for investors. Our valuation update includes: (1) weekly stock performances, (2) valuation matrix, and (3) selected financials from our earnings models