

# Inside the Market

## DSE Equity Market Review 2025

*How structural reform, liquidity, and behavior reshaped the DSE in 2025*

The Dar es Salaam Stock Exchange (DSE) underwent a structural transformation in 2025, driven by mid-year trading rule reforms and a subsequent shift in market behavior. New rules, effective June 2, 2025, including the adoption of a VWAP-based closing price, tightened block trade regulations, and tiered daily price limits, altered the mechanics of trading and improved liquidity and pricing efficiency. These changes quickly influenced trading patterns. Overall equity turnover increased in the second half, price discovery improved as previously dormant counters began to move, and investor confidence rose.

Several counters re-rated as liquidity improved, with market prices increasingly reflecting fundamentals rather than structural discounts. CRDB Bank emerged as the liquidity powerhouse, accounting for the majority of trading activity by year-end, while stocks such as TBL, TCC, and VODA experienced renewed, trading activity. This report provides an in-depth review of 2025 market performance, examining how structural reforms reshaped market liquidity, price formation, and investor behavior across representative stocks.

### Signals investors noticed in 2025 and are watching in 2026:

- Stocks such as TBL, TCC, and VODA experienced renewed, trading activity.
- Rapid price appreciation raised questions about whether the rally reflected structural repricing or emerging signs of overheating.
- MKCB declared its dividend after a six year drought, signaling a potential turning point in Shareholder returns.
- Trading activity became increasingly concentrated in banking and Financial Service stocks.
- Post - Rights Issue Effects for TCCL
- Notable Increase in Local Buyer Participation in the Market

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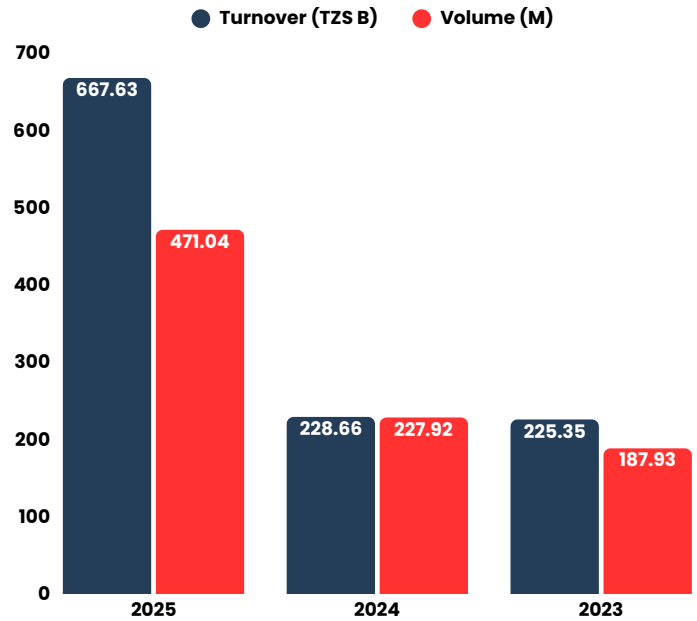
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### Liquidity and Market Activity:

Market liquidity on the DSE expanded sharply in 2025, marking a clear break from the flat conditions observed in prior years. Total equity turnover rose from TZS 228.7 billion in 2024 to TZS 667.6 billion in 2025, an increase of approximately 192%. Over the same period, trading volume increased from 227.9 million shares to 471.0 million shares, representing growth of about 107%.

This simultaneous expansion in both value and volume indicates that the increase in activity was driven not only by higher prices, but also by a broader increase in market participation and trading frequency.

By contrast, activity in 2023 and 2024 remained largely flat, underscoring that 2025 represents a structural shift in market liquidity rather than a continuation of prior trends.

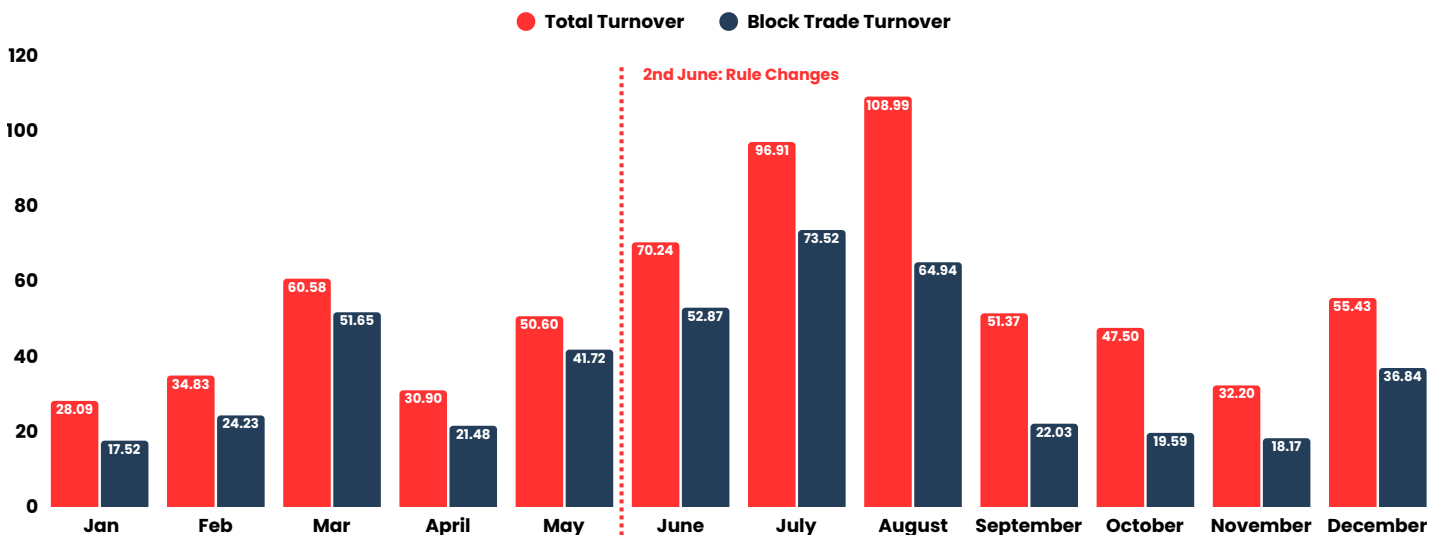


Liquidity on the DSE improved materially following the mid-year rule changes, though the transition was not linear. Turnover in the first half of 2025 was heavily skewed by a small number of large block trades, particularly in March through June, which inflated headline activity without reflecting broad market participation.

Immediately following the reforms in June, turnover temporarily dipped as the market adjusted to the new trading mechanics. However, activity rebounded strongly in July and August, which recorded the highest monthly turnovers of the year, driven by increased participation in liquid counters rather than purely negotiated trades.

By the fourth quarter, turnover normalized at lower levels, but with a reduced reliance on block trades and a higher share of on-market trading, suggesting a shift from episodic institutional transactions toward a more continuous and transparent trading environment.

### Turnover (TZS B)

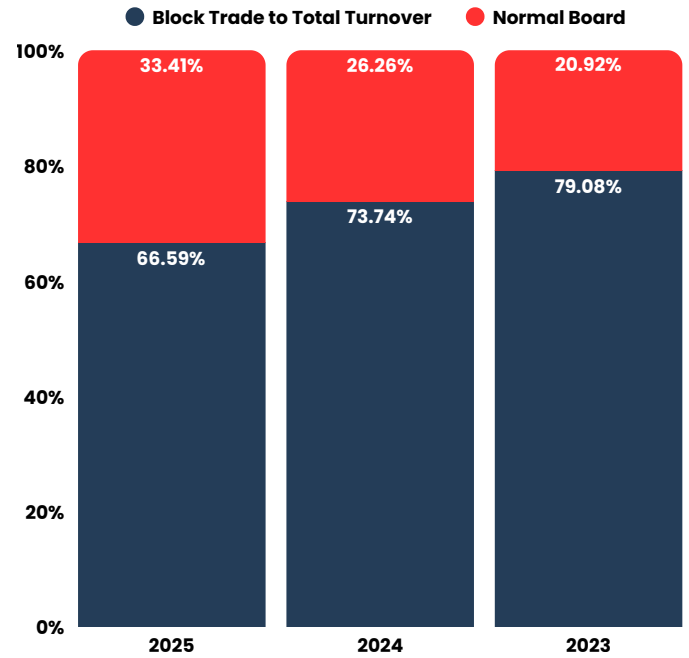


### Block Trades vs Normal Board Activity

Historically, the majority of trading on the DSE has occurred through negotiated block trades rather than through the normal order-driven market. Between 2023 and 2024, block trades accounted for between 70% and 80% of total turnover, limiting price transparency and weakening visible price discovery.

In 2025, this pattern began to shift. The share of turnover executed through block trades declined to approximately 67%, while normal board trading rose to over 33% of total activity. Although block trades remain dominant, the direction of change is significant.

This shift reflects a gradual movement of liquidity from private negotiation toward the visible market, improving transparency, strengthening price signals, and contributing to the emergence of more continuous and responsive price behavior.



### Local Vs Foreign Investor Activity

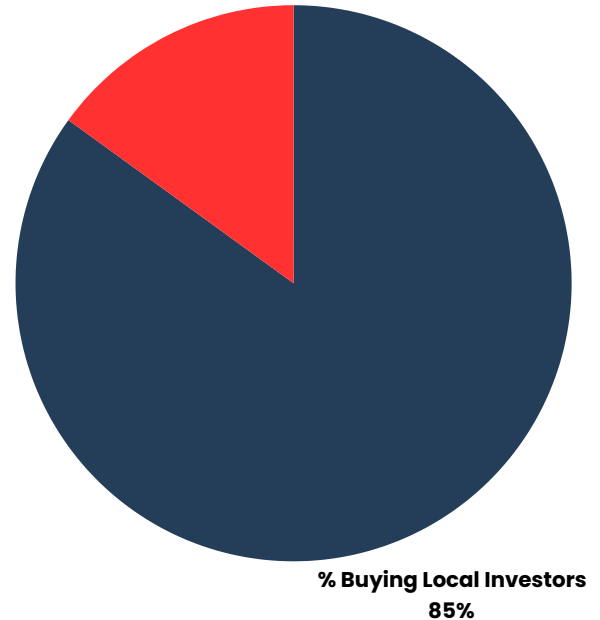
Trading activity in 2025 was driven primarily by domestic investors. Local participants accounted for approximately 85% of buying activity during the year, underscoring that the market’s repricing was largely domestically funded rather than driven by foreign inflows.

On the sell side, foreign investors were more active, accounting for roughly 40% of selling activity, suggesting that foreign participation during the year was oriented more toward profit-taking or rebalancing than toward initiating new positions.

This pattern indicates that the 2025 market expansion was internally driven, with domestic capital playing the dominant role in absorbing supply and supporting price discovery.

The absence of aggressive foreign buying also suggests that valuation expansion was not fueled by speculative external flows, but rather by a normalization of local risk appetite and confidence.

% Buying Foreign Investors  
15%



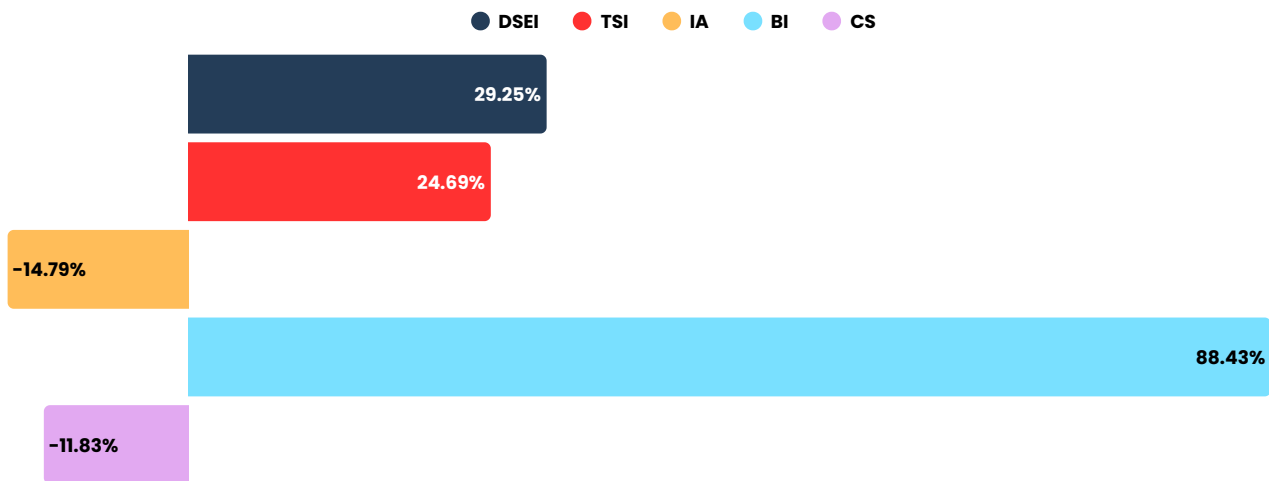
*“2025 was a domestic repricing cycle, not a foreign inflow story.”*

## Market Performance

**Market Indices and Breadth:** The overall market gained ground in 2025, with both the All Share Index (DSEI) and the Tanzania Domestic Index (TSI) posting strong gains of approximately 29% and 25%, respectively. These headline returns, however, mask significant dispersion beneath the surface.

Performance was heavily concentrated in the banking sector, which rose by over 88% during the year, accounting for the majority of the index-level gains. By contrast, the Industrial and Consumer Services indices declined by approximately 15% and 12%, respectively.

While the number of active stocks increased after the June reforms, indicating some improvement in market breadth, returns remained narrowly concentrated in a small set of liquid banking names.



## Market Capitalization

Market valuation expanded strongly over the course of 2025, reflecting both rising prices and renewed investor confidence. Total market capitalization increased from approximately TZS 17.8 trillion at the start of the year to TZS 24.0 trillion by year-end, representing growth of about 34%.

Domestic market capitalization also rose materially, increasing by roughly 27% from TZS 12.2 trillion to TZS 15.6 trillion. This confirms that the market’s expansion was not limited to trading activity alone, but translated into a broad revaluation of listed companies.

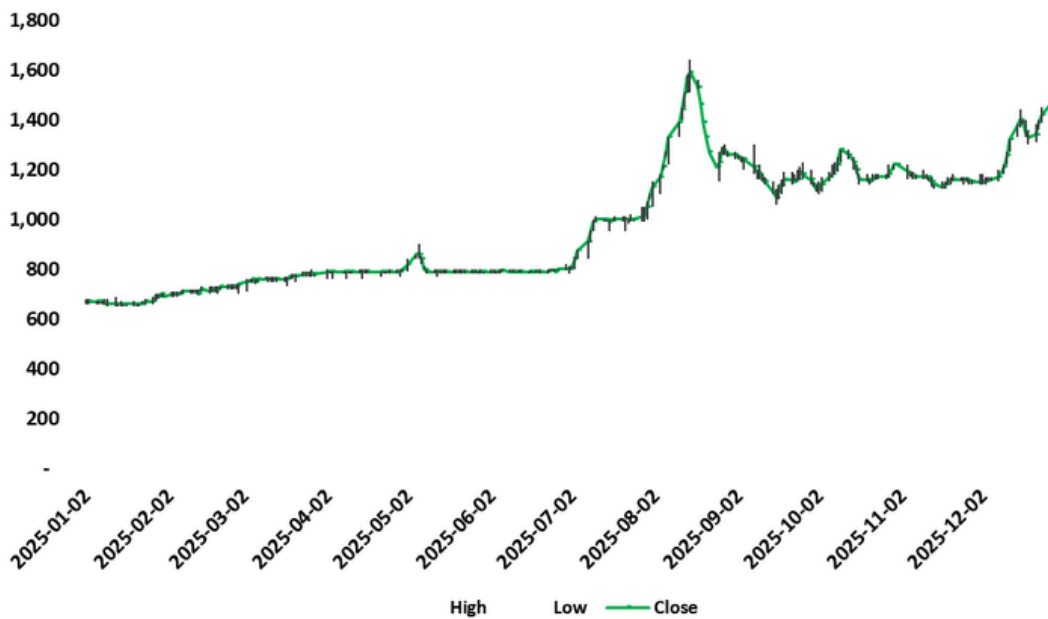
The stronger growth in total market capitalization relative to the domestic segment suggests that cross-listed and foreign-domiciled counters contributed meaningfully to overall market value gains, even as domestic stocks led trading activity.

## Performance of Selected Counters

To illustrate the impact of the rule changes on liquidity, pricing efficiency, and investor behavior, we examine five specific DSE-listed counters: CRDB Bank, DSE Plc, and TBL (Tanzania Breweries)

These were chosen for their diversity (large bank, the Exchange itself, blue-chip industrials, and their notable 2025 activity. For each, we compare first-half (pre-rule) and second-half (post-rule) performance in turnover, price movement, and investor responsiveness.

### CRDB Bank Plc (CRDB) – The Market Bellwether



**Turnover & Liquidity** :CRDB was the most actively traded counter throughout 2025, and its dominance increased following the mid-year reforms. Even prior to June, CRDB accounted for a substantial share of market activity, reflecting strong investor interest and its role as the market’s primary liquidity anchor.

Following the introduction of the new trading rules, CRDB’s trading velocity accelerated further. Tighter block trade thresholds and improved on-market execution led a greater share of CRDB transactions to be reflected on the normal board, increasing both visible turnover and price responsiveness.

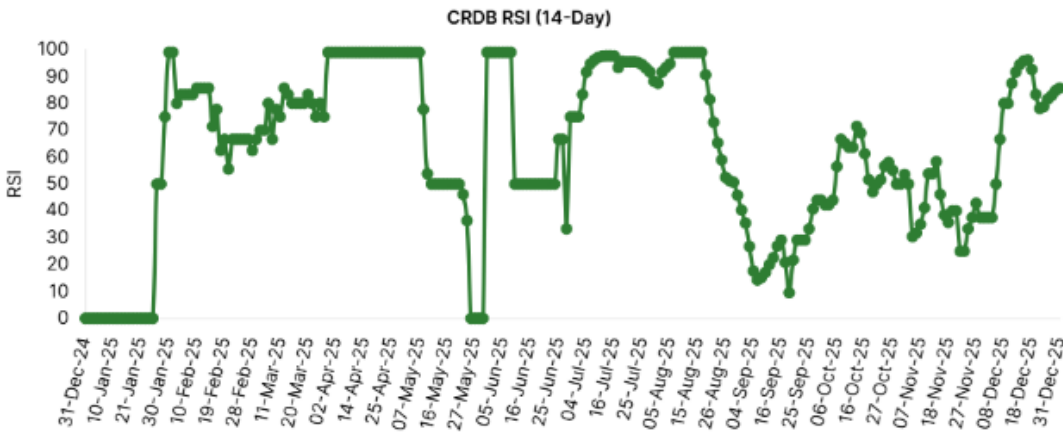
By the fourth quarter, CRDB consistently accounted for a large proportion of daily market activity, underscoring the extent to which liquidity, both retail and institutional, had become concentrated in a small number of highly accessible stocks. This concentration reflects both investor preference for liquid counters and the still-evolving breadth of the market.

### Price Behavior and Technical Signals

Technical indicators became increasingly informative in 2025 as trading activity and price continuity improved. CRDB's 14-day RSI exhibits three distinct phases over the year.

The first quarter was characterized by sustained momentum, with RSI frequently remaining above 70, reflecting persistent buying pressure and strong trend formation. This was followed by a sharp correction and consolidation phase during mid-year, as RSI fell sharply and subsequently stabilized in a lower range, indicating profit-taking and supply absorption.

In the final quarter, momentum resumed, with RSI once again rising into overbought territory, suggesting renewed accumulation rather than speculative exhaustion. This pattern is consistent with a structural repricing process, in which prices adjust in stages rather than through a single, unstable spike.

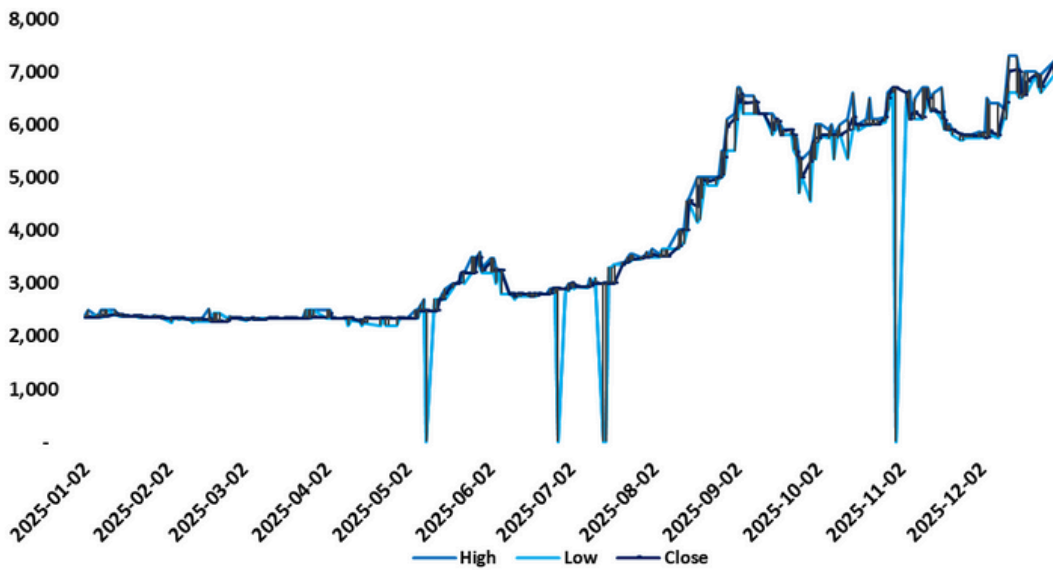


CRDB's price action in 2025 exhibited a clear and persistent uptrend. The 50-day moving average crossed above the 200-day moving average early in the year and remained above it throughout, forming a classic bullish trend structure.

Following a strong rally into mid-year, the price experienced a moderate correction, during which it consolidated around the 50-day moving average. Importantly, the price did not break below the longer-term 200-day average, indicating that the underlying trend remained intact.

The subsequent resumption of upward momentum in the final quarter suggests that the mid-year pullback represented a healthy consolidation rather than a trend reversal. This behavior is consistent with a gradual repricing process supported by sustained investor demand.

### DSE Plc as a Market Infrastructure Asset



DSE Plc differs fundamentally from other listed companies in that it is not simply a market participant, but the operator of the market itself. Its revenues and earnings are directly linked to trading activity, listings, and the overall functioning of the exchange.

As a result, structural reforms implemented at the market level effectively act as economic **“corporate actions”** for DSE Plc. Changes to trading rules, settlement cycles, pricing mechanisms, and participation thresholds alter the exchange’s operating environment in the same way that a major operational or strategic change would affect a conventional firm.

The mid-2025 trading reforms therefore represented not merely a regulatory adjustment, but a structural enhancement to DSE Plc’s business model. By improving liquidity, transparency, and price discovery, the reforms expanded the effective size, usability, and revenue-generating capacity of the exchange. This helps explain why DSE Plc’s share price responded disproportionately to the reforms and why its gains were concentrated in the second half of the year.

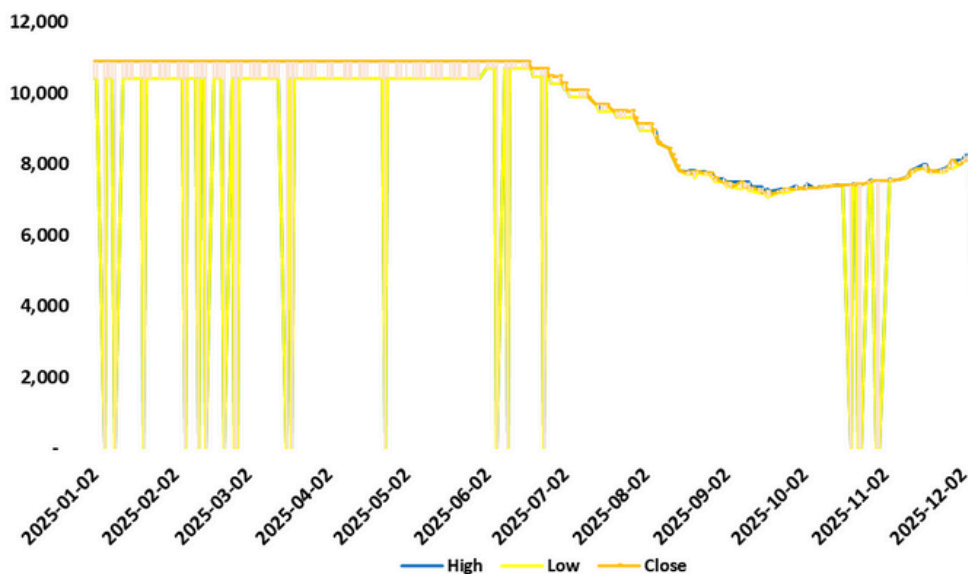
### On Valuation and Book Value

DSE Plc’s book value per share stood at approximately TZS **1,428.69** at year-end. That has led some investors to worry that the stock is trading “too expensively” relative to book.

That concern makes sense if one thinks of DSE Plc as a conventional operating company. But the exchange is not just another company, it is market infrastructure. And infrastructure does not derive its value primarily from what sits on its balance sheet, but from what it enables.

The exchange’s most valuable assets are not its buildings or its capital base, but its position at the center of the financial system, its regulatory role, its network effects, and its ability to scale with market participation. None of these appear in book value, yet all of them determine the exchange’s long-term economic value.

### Tanzania Breweries Ltd (TBL)



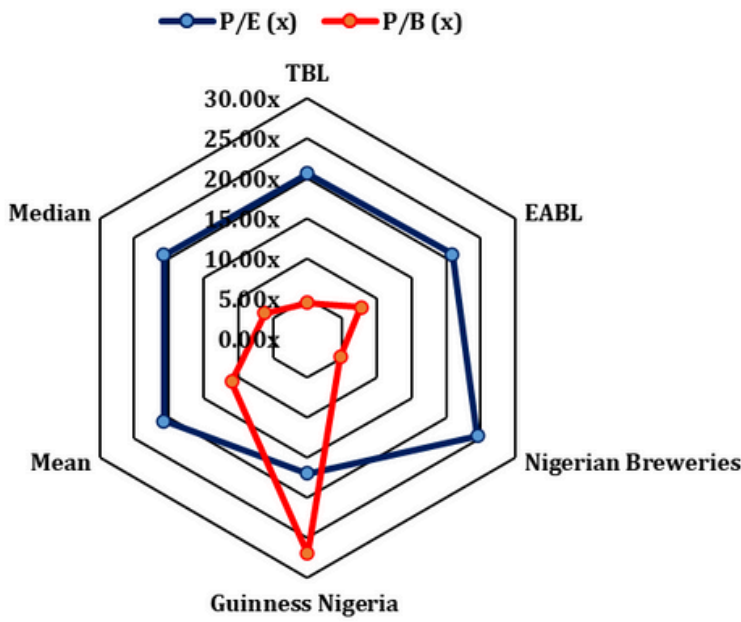
Headline prices show periods of decline followed by partial recovery, the more striking feature is the discontinuous nature of trading.

In the first half of the year, prior to the reforms, TBL traded infrequently, with long stretches of no trading activity and occasional isolated price prints. This resulted in a discontinuous price series driven more by illiquidity than by changing fundamentals.

Following the implementation of the reforms in June, improved transparency and visibility coincided with a shift in investor focus toward income-generating stocks. TBL’s dividend yield, estimated at approximately 14–16% in the second half of the year, became a key catalyst for renewed investor interest. The attractiveness of this yield appears to have initiated the subsequent upward movement in the share price.

#### Relative Valuation

Company	P/E (x)	P/B (x)
TBL	20.55x	4.39x
EABL	20.89x	7.68x
Nigerian Breweries	24.48x	4.73x
Guinness Nigeria	16.90x	26.93x
<b>Mean</b>	<b>20.71x</b>	<b>10.93x</b>
<b>Median</b>	<b>20.72x</b>	<b>6.21x</b>

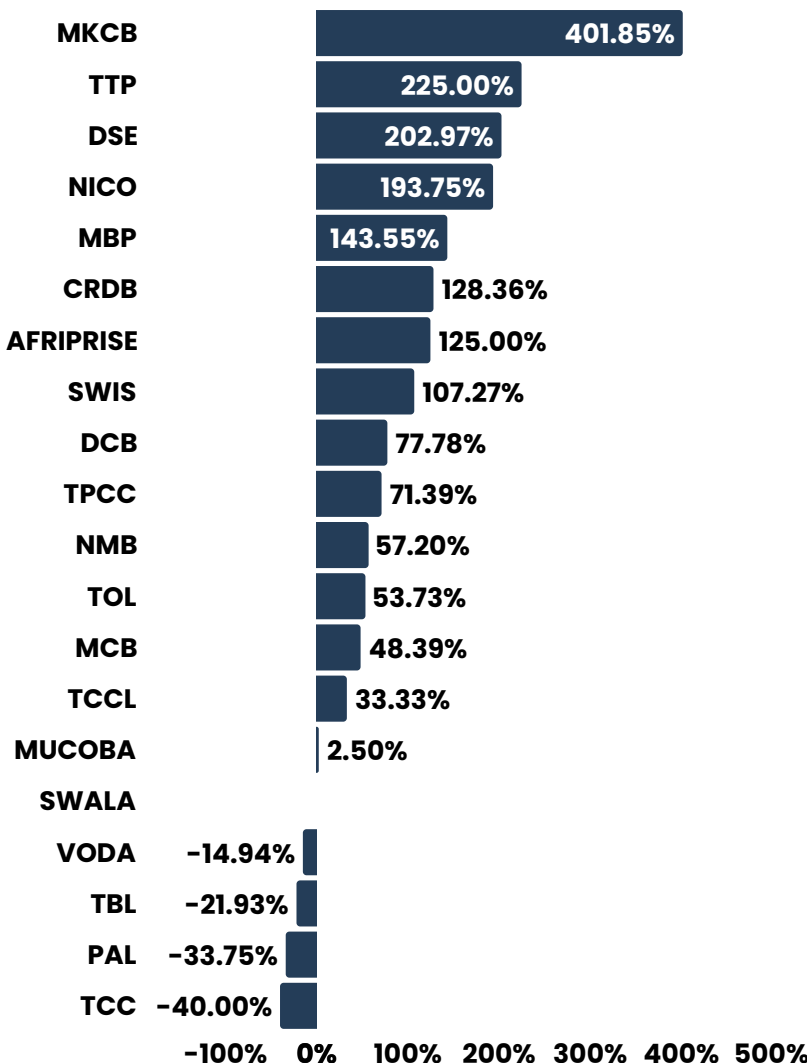


TBL trades broadly in line with regional peers on earnings, with a P/E of 20.6x versus a peer median of 20.7x.

On a book value basis, TBL trades at 4.4x, below the peer median of 6.2x and well below Guinness Nigeria, which skews the group average.

This suggests that TBL's recent repricing reflects normalization toward peer levels rather than a move into overvaluation.

### Share Price Performance For DSE Local Listed Companies 2025



#### Dispersion

Returns in 2025 were highly dispersed, with performance ranging from over +400% to below -40%, reflecting a market driven by repricing and normalization rather than broad-based growth.

#### Repricing vs Growth

Large gains in certain stocks largely reflect repricing from illiquid or undervalued starting points rather than equivalent changes in underlying business performance.

#### Liquidity Effect

Stocks that became more tradable after the reforms experienced the strongest price responses, while less liquid counters continued to lag.

#### Interpretation Caution

High percentage gains should not be interpreted mechanically as superior fundamentals, just as low or negative returns do not necessarily reflect deteriorating business conditions.

## Market Valuation and Structural Outlook

Despite strong performance in 2025, the DSE remains modestly valued relative to regional peers. The DSEI All Share Index trades at approximately 7.7x earnings, broadly in line with Kenya (7.1x), Uganda (6.8x), and Rwanda (8.1x), and below South Africa (9.3x). This suggests that the market's repricing reflected normalization toward regional valuation levels rather than valuation excess.

The 2025 rally was driven primarily by structural reforms that improved price discovery and transparency, including the adoption of VWAP-based closing prices and tighter block trade rules. These changes enhanced the quality of pricing and reduced hidden liquidity, allowing valuation signals to transmit more effectively into market prices.

Looking ahead, the transition to a T+2 settlement cycle in 2026 represents the next phase of market modernization. Shorter settlement improves capital efficiency, and aligns the DSE more closely with international market standards.

With valuations remaining moderate and market infrastructure continuing to improve, the DSE enters 2026 in a healthier and more investable state. However, future returns are likely to be driven increasingly by earnings growth and dividend sustainability rather than further structural re-rating.