

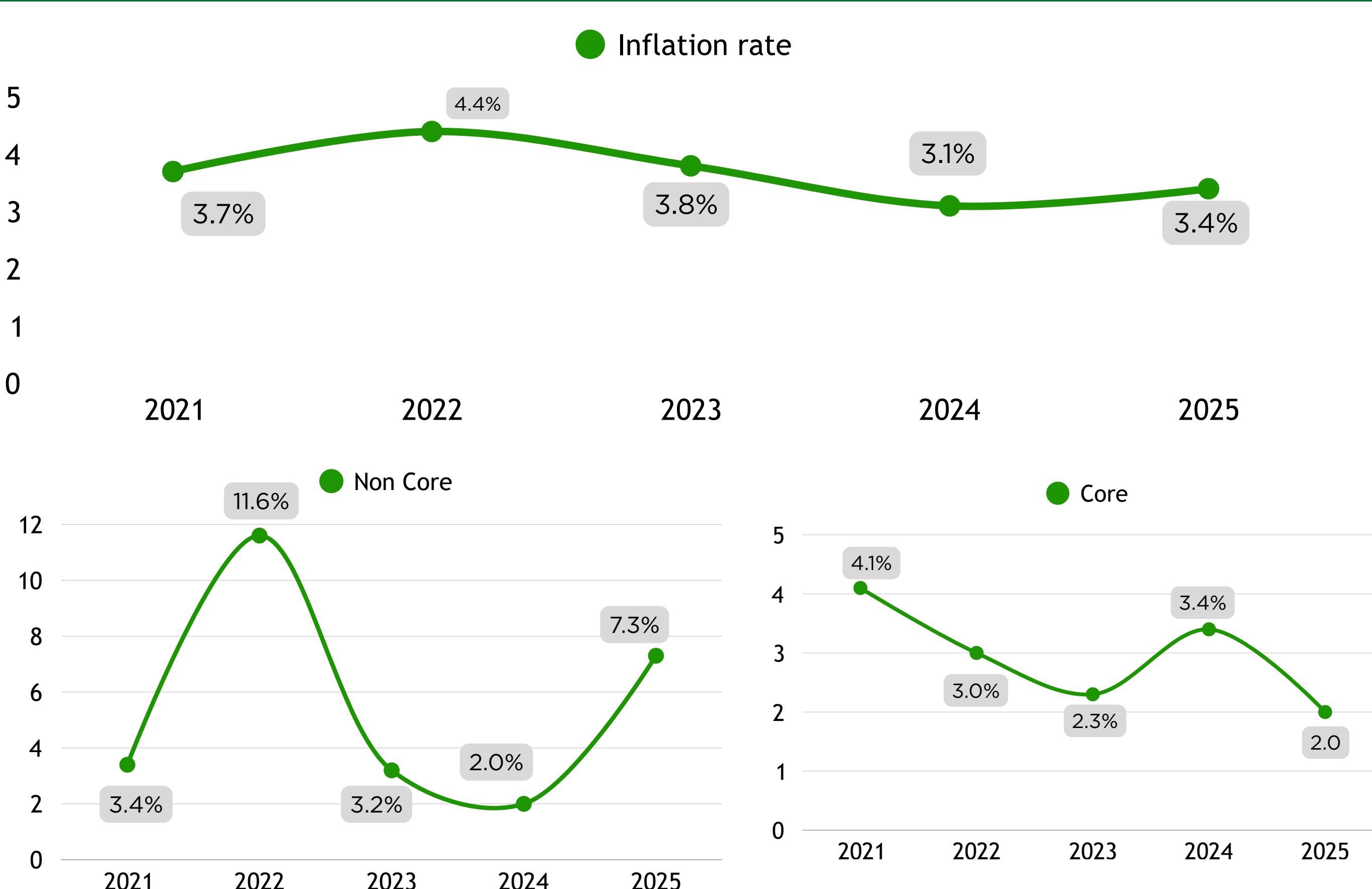
Liquidity Analysis Surge

An analysis of key financial indicators revealing a market flush with funds.

Prepared by: CRDB Brokerage and Advisory Services Unit



Inflation



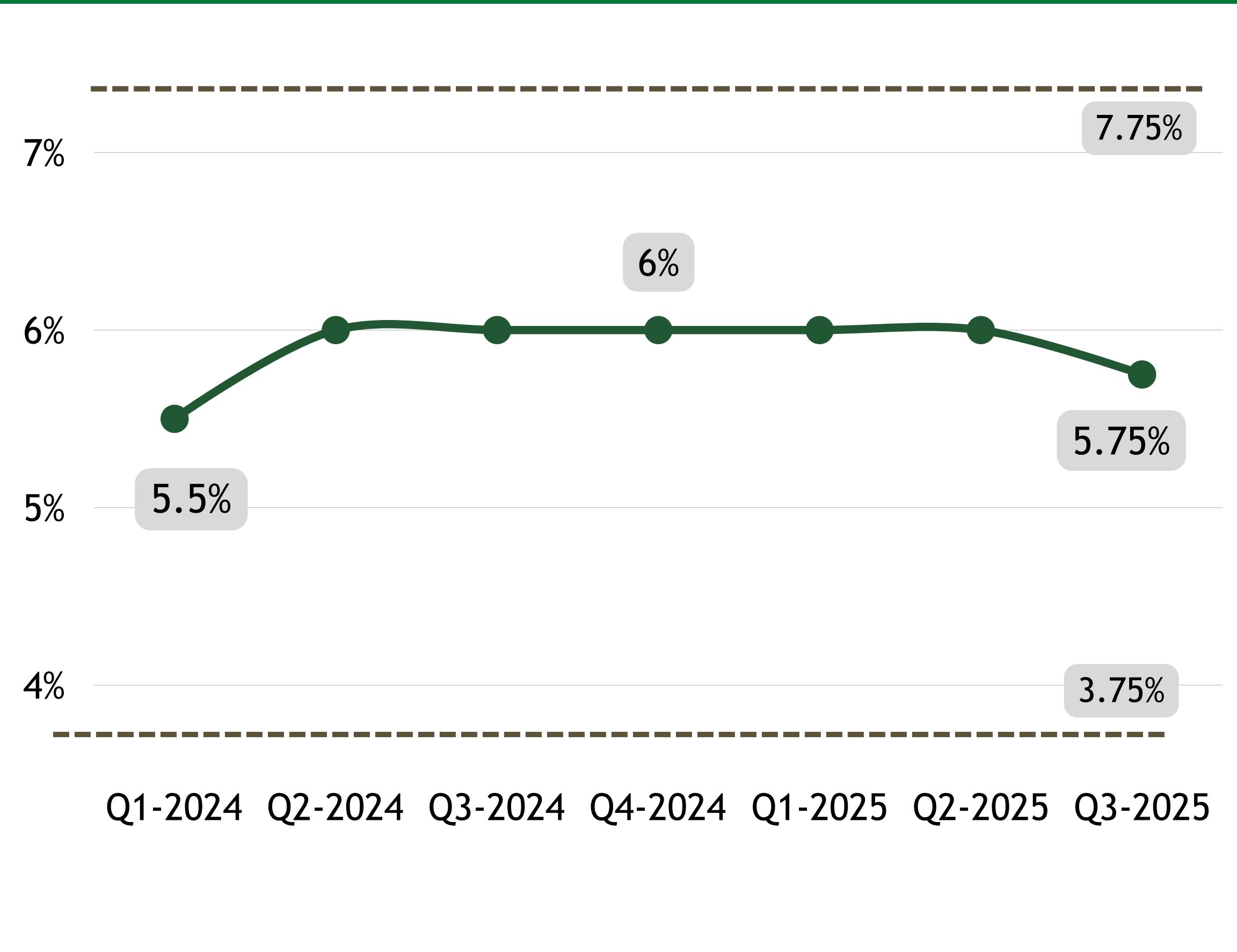
- Inflation remains well anchored at 3.4% in 2025, supported by a steady decline in core inflation to 2.0%.
- However, non-core inflation has picked up to 7.3%, reflecting renewed pressures from food and energy components.

Credit to the private sector



Sector	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025
Agriculture	41.6	37.2	36.3	29.8	29.8	30.2	31.8
Mining and quarrying	5	5.8	12.7	14.4	24.1	21.3	26.2
Transport & communication	19	23.1	35.1	39.2	27.9	25.7	21.6
Building & construction	14.8	14.5	22.4	23.8	25.6	25.7	18.9
Personal	13.9	13.1	9.4	14.7	13.6	13.7	13.1
Trade	1.3	4.6	5.4	7	21.7	22.5	13
Manufacturing	18	16.9	10.9	7.7	7.3	2.5	6.3
Hotels & restaurants	-30.6	-28.2	-24.8	-10.5	22.9	20.8	0.8

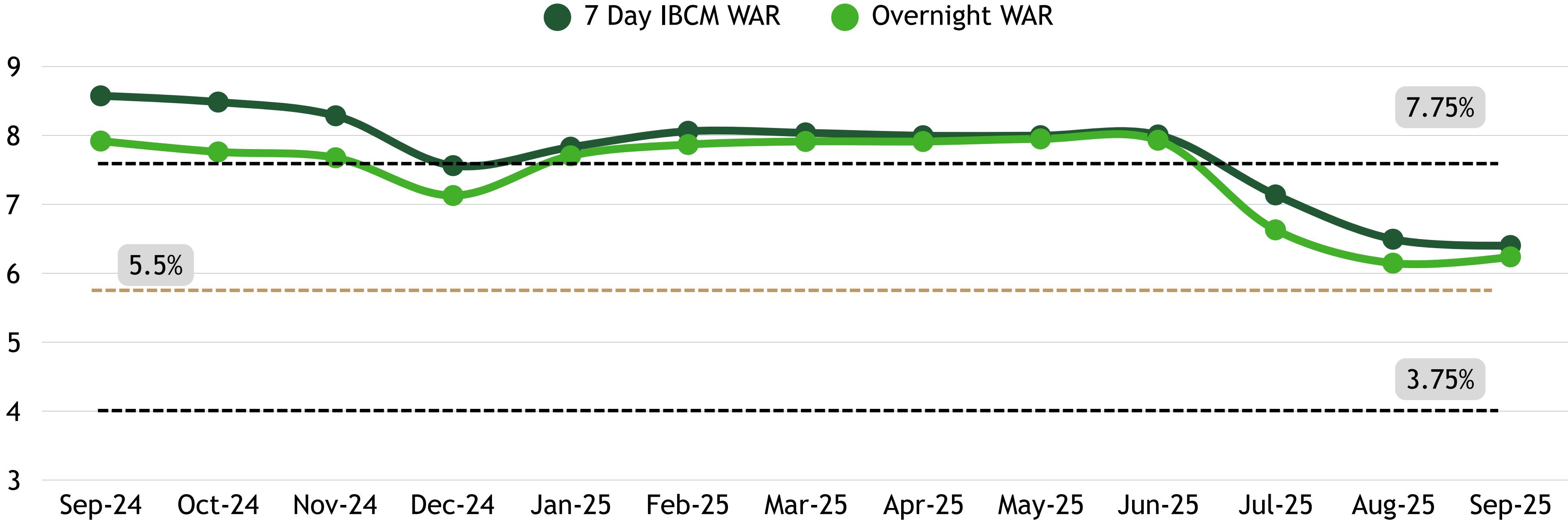
The Central Bank's Accommodative Stance



CBR CORRIDOR

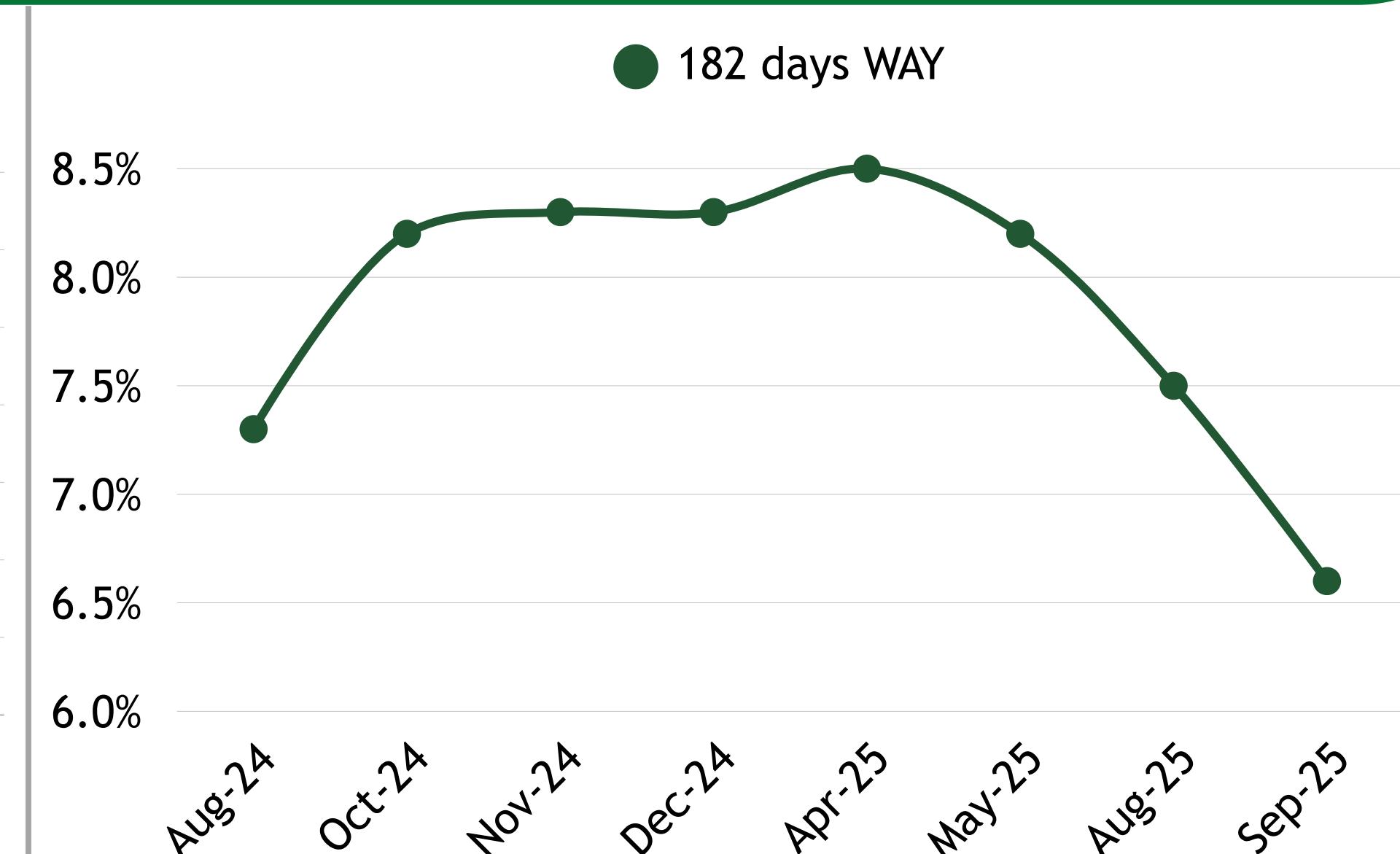
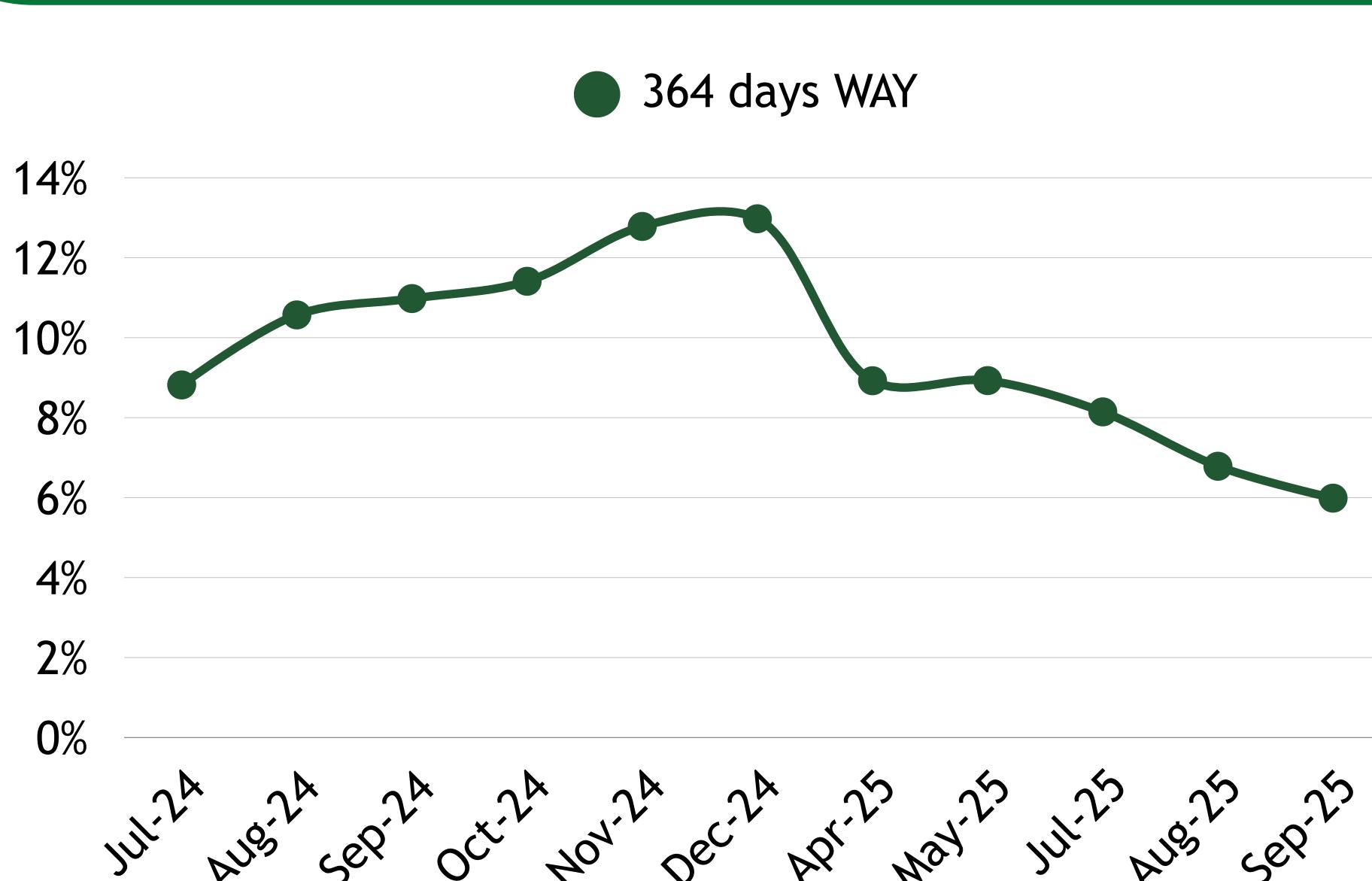
- The Central Bank Rate (CBR) serves as the primary tool for the Bank of Tanzania to signal its monetary policy.
- The BoT reduced the CBR to 5.75% for Q3-2025 and targets the 7-day interbank rate (IBCM) inside a ±200 bps corridor around that policy rate.

Interbank Market Pulse



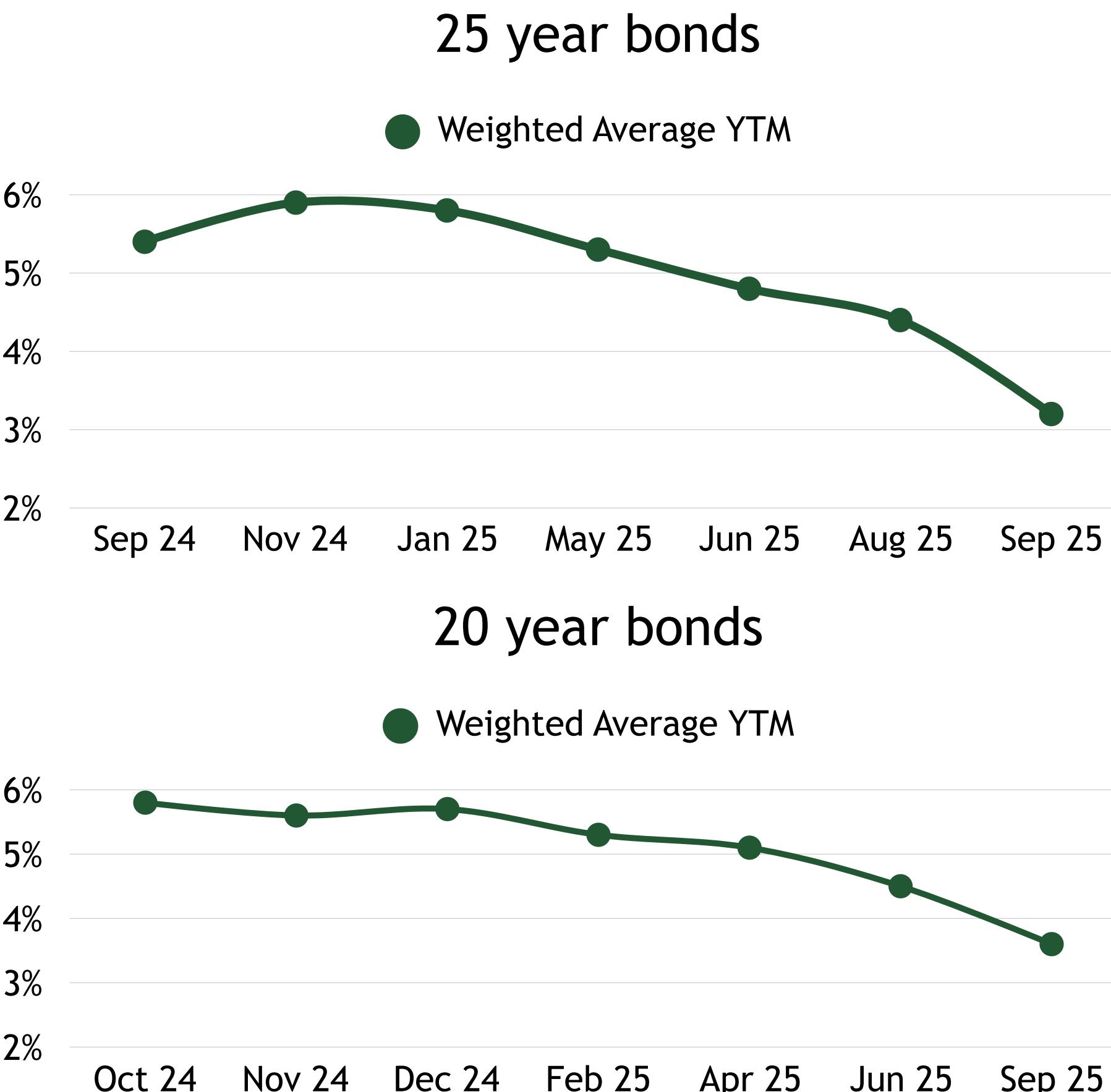
The Interbank Cash Market (IBCM) reflects excess liquidity in the banking system as both the 7-day and Overnight rates have eased steadily since mid-2025, settling within the CBR corridor. This signals that banks hold ample funds, borrowing costs have dropped, and overall market liquidity is highly accommodative.

Treasury Bill Yields Trending Downward



- T-bill yields are trending down across the board. The 364-day collapsed ~700 bps since December.
- 182 day shows a clear downtrend as yields slid to 6.56% on 17 Sep 2025 from 8.47% in Apr 2025.
- About 190 bps lower. We now have a front-end inversion. 364-day < 182-day.

Bond yields fell across maturities



Broad-based demand:

- Yields on 20- and 25-year bonds have dropped by more than 200 bps in the past year, showing strong investor appetite and ample liquidity.

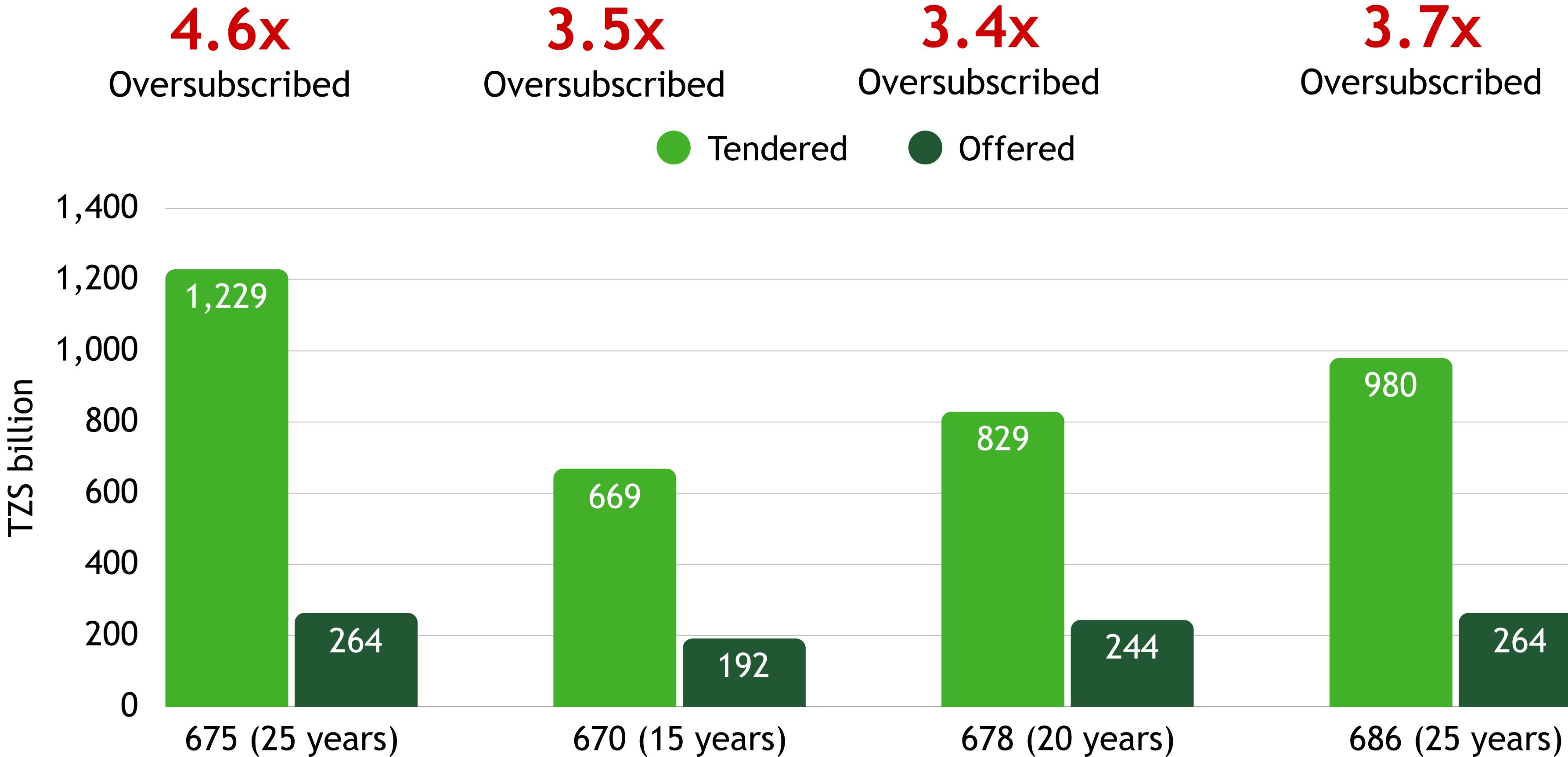
Lower borrowing costs:

- The government benefits from reduced financing costs as issuance clears at progressively lower yields.

Investor gains:

- Falling yields create scope for capital gains, rewarding investors willing to hold duration.

Bonds oversubscription



Sustainable or not?

Base case: near-term sustainable.

- With the CBR at 5.75% and inflation remaining low, liquidity conditions are supportive.
- Regular issuance and strong investor demand suggest the market can absorb supply without putting upward pressure on yields.

What to look out for:

- FX pressures that could prompt the BoT to drain liquidity or steer rates higher.
- A heavier fiscal calendar in H1 2026 or larger accepted amounts at government auctions that may push cut-offs upward.
- A potential policy shift next quarter if inflation rises or IFEM liquidity tightens.



Opportunities



Fixed income

- Corporate bond issuances are offering attractive returns, presenting opportunities for investors seeking yield.

Equity market

- The market is undergoing a repricing phase on key counters after a strong bull run.
- Keep an eye on counters that have historically outperformed in the second half of the year.

New products

- Growing opportunities in Index Funds and ETFs, providing diversified and efficient exposure to the market.

QIA

Thank You



CRDB Brokerage

&

Advisory

Services Unit

DEPARTMENT OF TREASURY AND CAPITAL MARKETS

BROKERAGE_SERVICES@crdbbank.co.tz