

Capital Market Development in Bangladesh¹



November, 2023

Research Department
Division-4
(Special Studies and Fiscal Affairs Wing)

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Monthly Report on Capital Market Development: November 2023

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Key Highlights of Capital Market Development: November 2023

- ☞ *Total number of listed securities of DSE and CSE stood at 651 and 612 respectively at the end of November 2023.*
- ☞ *Broad index of DSE and all share price index of CSE decreased to 6223.03 and 18479.52 at the end of November 2023 from 6278.66 and 18589.41 respectively at the end of October 2023.*
- ☞ *DSEX shariah index (DSES) decreased to 1353.21 at the end of November 2023 from 1362.73 at the end of October 2023 whereas CSE shariah index (CSI) increased to 1171.02 at the end of November 2023 from 1170.46 at the end of October 2023.*
- ☞ *The market capitalization of DSE and CSE decreased to BDT 7718.17 billion and BDT 7679.39 billion at the end of November 2023 from BDT 7842.67 billion and BDT 7783.74 billion respectively at the end of October 2023.*
- ☞ *Total turnover value of traded securities of DSE and CSE decreased to BDT 94.98 billion and BDT 1.74 billion during November 2023 from BDT 100.69 billion and BDT 14.44 billion respectively during October 2023.*
- ☞ *The price-earning (P/E) ratio of DSE and CSE stood at 14.53 and 13.90 at the end of November 2023 which were 14.52 and 14.35 respectively at the end of October 2023.*

Capital Market Development in Bangladesh November, 2023

Capital market acts as the bridge of long term financing for the industrial development of a country through investment in shares, debentures, bonds, mutual funds, treasury bills, etc. and the turnover of capital market contributes to the economic activities of the country. Capital market in Bangladesh consists of two full-fledged stock exchanges- Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Bangladesh Securities and Exchange Commission (BSEC), as watchdog, regulates these stock exchanges of the country.

At the end of November 2023, broad index of DSE and all share price index of CSE were 0.89 percent and 0.59 percent lower respectively than that of the previous month. During November 2023, total turnover value of traded securities of DSE and CSE were 5.67 percent and 87.95 percent lower respectively than that of the previous month.

The status of some of the important indicators of DSE and CSE for the months from November 2022 to onwards is given in Table-1.

Table-1: Status of Some Important Indicators of DSE and CSE

End of Month	Number of listed Securities		Issued capital and Debentures (Billion BDT)		Total Market ² Capitalization (Billion BDT)		Total Turnover (Billion BDT)		Major Indices				Price/Earning Ratio ³		Yield ⁴	
	DSE	CSE	DSE	CSE	DSE	CSE	DSE	CSE	DSE		CSE		DSE	CSE	DSE	CSE
									Broad Index	Shariah index	All Share Price Index	Shariah index				
Nov-23	651	612	4268.58	4284.95	7718.17	7679.39	94.98	1.74	6223.03	1353.21	18479.52	1171.02	14.53	13.90	3.68	3.79
Oct-23	653	615	4354.57	4376.54	7842.67	7783.74	100.69	14.44	6278.66	1362.73	18589.41	1170.46	14.52	14.35	3.69	3.76
Sep-23	652	614	4292.12	4313.77	7766.36	7718.92	113.06	7.91	6284.63	1359.60	18580.58	1167.70	14.35	18.74	3.64	3.55
Aug-23	652	614	4266.26	4255.27	7748.98	7668.47	96.52	0.24	6299.50	1372.52	18633.18	1175.12	14.39	13.94	3.65	3.55
Jul-23	654	616	4311.41	4301.76	7800.01	7717.18	171.28	3.27	6324.81	1370.92	18683.43	1171.83	14.44	14.08	3.67	3.54
Jun-23	653	615	4177.78	4166.96	7702.32	7577.86	146.80	13.80	6344.09	1377.00	18702.20	1176.32	14.34	14.16	3.67	3.26
May-23	653	615	4166.78	4162.11	7708.91	7587.00	184.62	3.23	6339.74	1377.00	18714.52	1175.39	14.50	14.27	3.69	3.48
Apr-23	652	614	4128.51	4117.41	7656.91	7503.88	102.96	1.37	6262.69	1359.83	18451.91	1161.04	14.35	14.54	3.73	3.50
Mar-23	654	616	4118.94	4128.24	7620.28	7482.34	94.06	3.22	6206.80	1349.33	18288.34	1148.75	14.24	14.25	3.76	3.51
Feb-23	655	617	4133.24	4140.85	7628.27	7484.19	86.29	2.03	6216.95	1359.66	18326.02	1158.44	14.33	14.54	3.88	3.62
Jan-23	657	619	4141.55	4147.75	7654.72	7534.33	117.27	2.84	6267.05	1366.01	18513.67	1172.71	14.40	14.48	3.86	3.53
Dec-22	656	618	4117.16	3662.73	7609.37	7414.38	72.31	2.87	6206.81	1358.84	18328.02	1160.95	14.10	14.35	3.93	3.59
Nov-22	656	618	4112.93	4096.77	7642.41	7436.13	163.27	3.59	6235.95	1370.18	18408.51	1169.88	14.50	16.26	3.92	3.58

Note: BDT= Bangladeshi Currency (Taka)

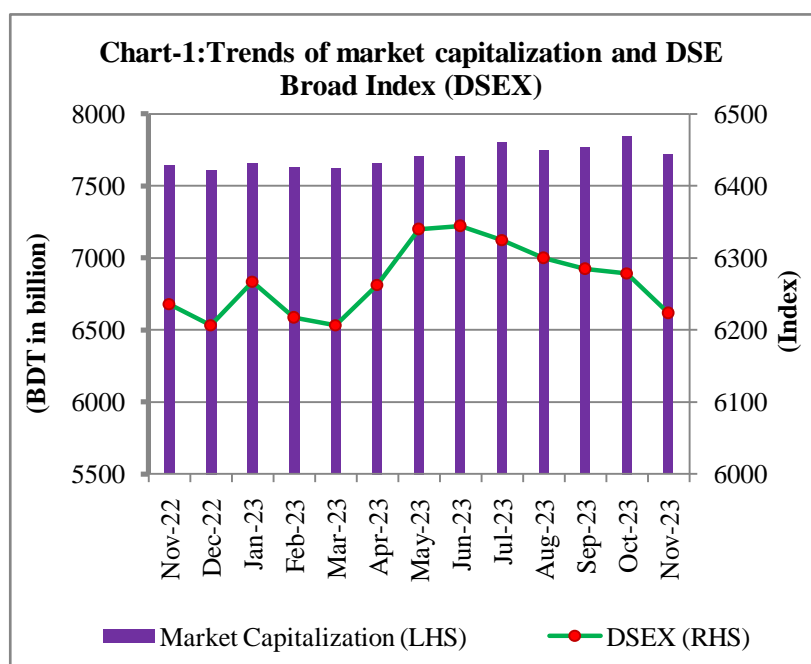
²Total market capitalization of DSE includes companies, mutual funds, corporate bonds, govt. treasury bonds and debentures whereas total market capitalization of CSE does not include debentures.

$$^3 \frac{P}{E} = \frac{\text{closing price}}{\text{earning per share}};$$

$$^4 \text{Yield} = \frac{\text{dividend per share}}{\text{closing price}} \times 100$$

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 651 at the end of November 2023. Among the listed securities, there were 355 companies, 37 mutual funds, 238 government bonds, 8 debentures and 13 corporate bonds. The number of companies consists of 35 banks, 23 financial institutions, 57 insurance companies, and 240 other companies. DSE broad index (DSEX) stood at 6223.03 at the end of November 2023 which was 0.89 percent and 0.21 percent lower respectively than that of the previous month and the same month of the preceding year. The market



Source: Dhaka Stock Exchange

capitalization of DSE stood at BDT 7718.17 billion at the end of November 2023 which was 1.59 percent lower than that of the previous month but 0.99 percent higher than that of the same month of the previous year. The trends of market capitalization and DSE broad index (DSEX) are shown in Chart-1. The ratio of market capitalization of DSE to GDP (at current market prices) decreased to 17.39 percent at the end of November 2023 which was 17.67 percent at the end of October 2023 and 17.22 percent at the end of the corresponding month of the previous year (Table-2).

Table-2:Ratio of Market Capitalization to GDP⁵

End of Period	Ratio of Market Capitalization to GDP
November-2023	17.39
October-2023	17.67
September-2023	17.49
August-2023	17.46
July-2023	17.57
June-2023	17.35
May-2023	17.37
April-2023	17.25
March-2023	17.17
February-2023	17.18
January-2023	17.24
December-2022	17.14
November-2022	17.22

Source: Own calculation by the officials of RD,BB

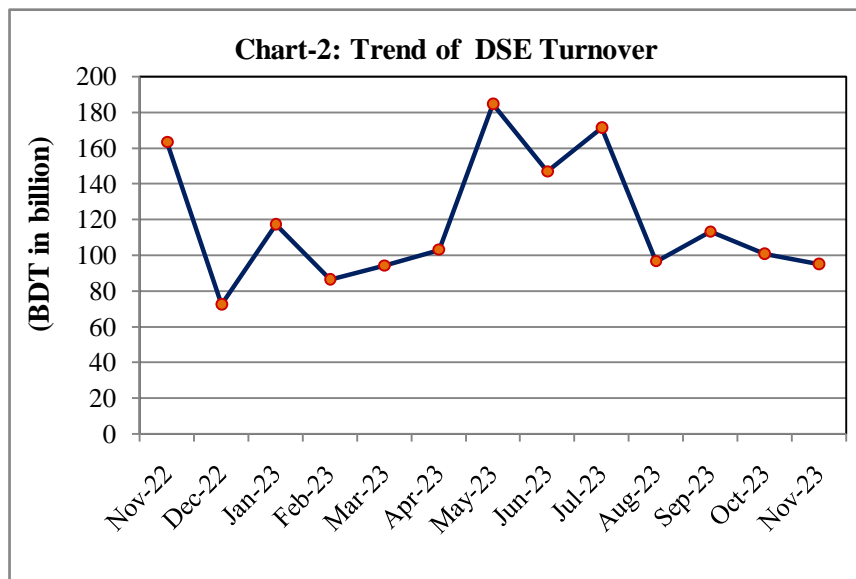
⁵The ratio of market capitalization to GDP is calculated as market capitalization divided by provisional GDP of FY23 at current market prices multiplied by 100 [Example: (7718.17/44392.73) x100 = 17.39 for November 2023]. It may be noted that the provisional GDP of FY23 has been taken from National Accounts Statistics published recently by BBS.

During November 2023, value of total turnover of the traded securities of DSE stood at BDT 94.98 billion which was 5.67 percent and 41.83 percent lower respectively than that of the previous month and the same month of the previous year. The trend of total turnover in the DSE is shown in Chart-2.

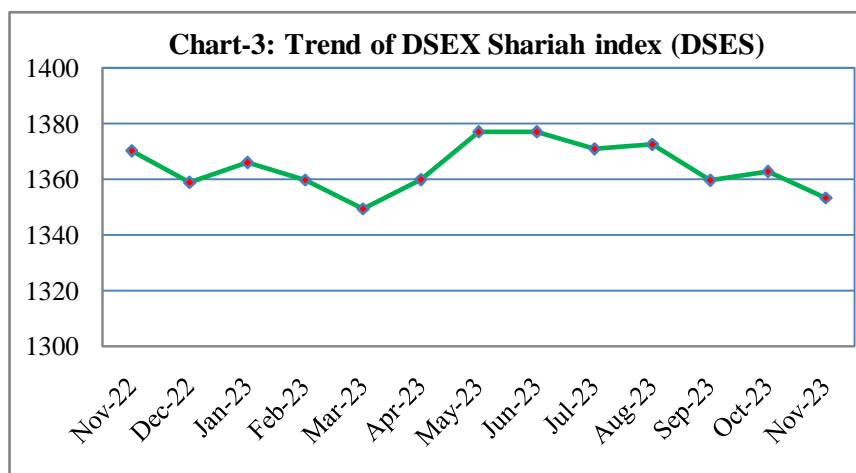
At the end of November 2023, DSEX shariah index (DSES) stood at 1353.21 which was 0.70 percent and 1.24 percent lower than that of the previous month and the same month of the previous year. The trend of the DSEX shariah index (DSES) is shown in Chart-3.

The price-earning (P/E) ratio of all securities of DSE stood at 14.53 at the end of November 2023 which was 14.52 at the end of October 2023 and 14.50 at the end of November 2022.

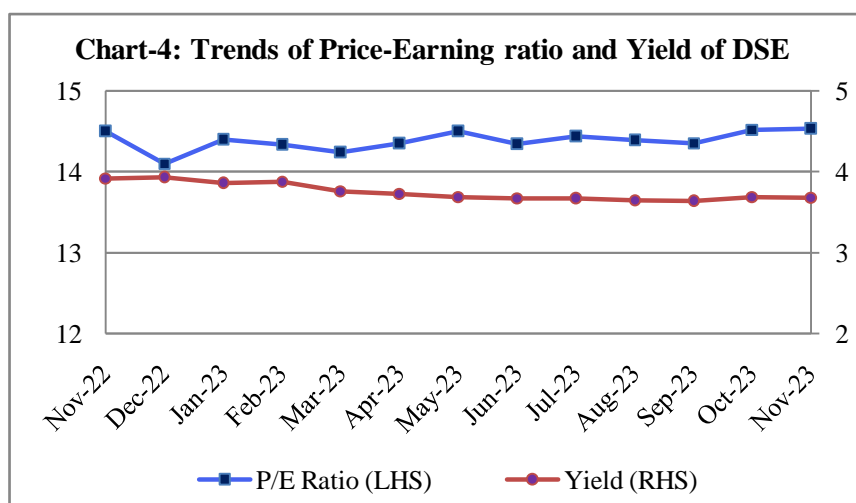
The yield of all securities of DSE stood at 3.68 at the end of November 2023 which was 3.69 at the end of October 2023 and 3.92 at the end of November 2022. Trends of price-earnings ratio and yield of DSE are shown in Chart-4.



Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

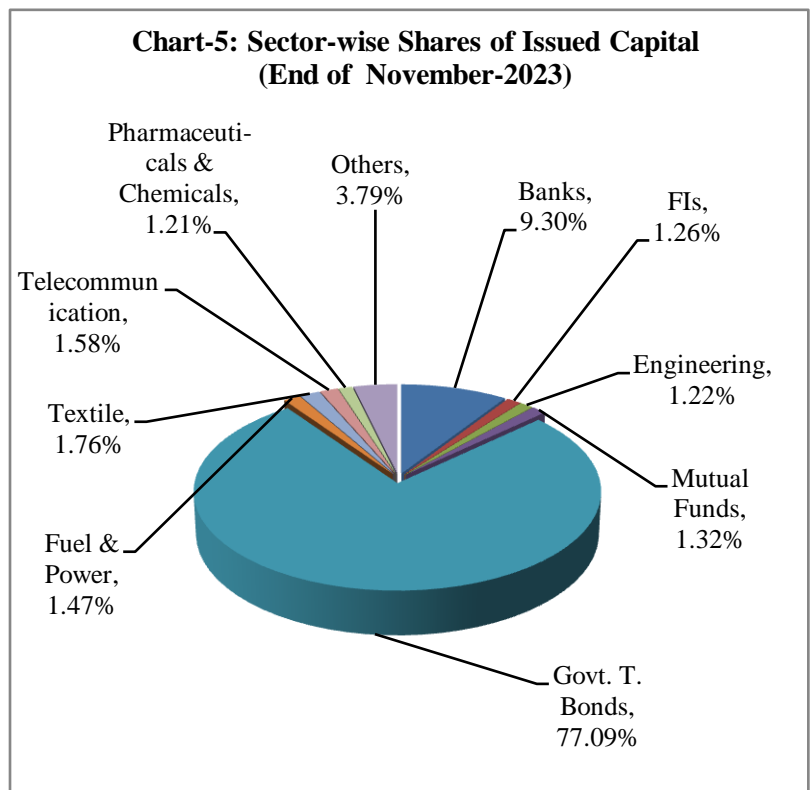


Source: Dhaka Stock Exchange

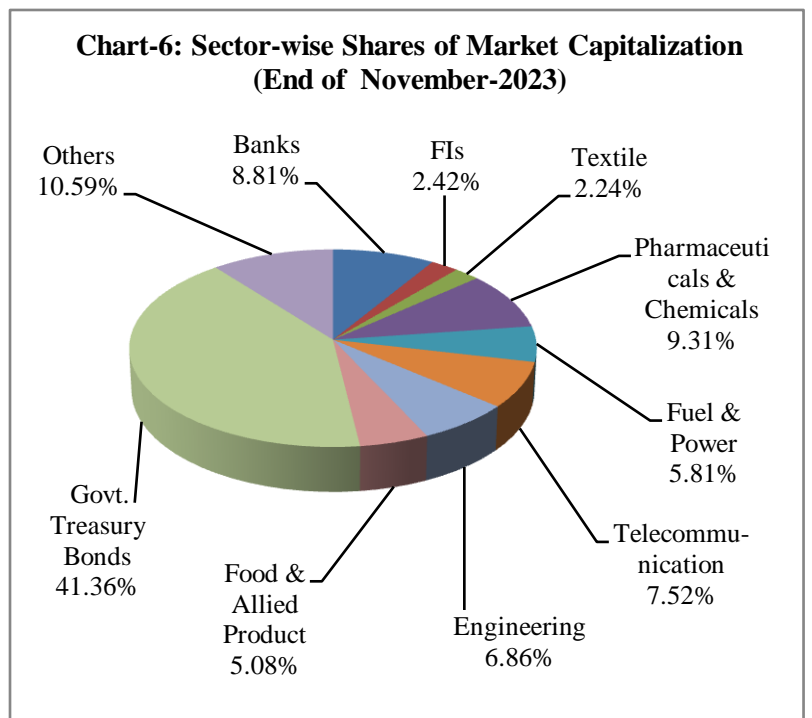
Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE decreased to BDT 4268.58 billion at the end of November 2023 from BDT 4354.57 billion at the end of October 2023 but increased as compared to BDT 4112.93 billion at the end of November 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market as usual in terms of issued capital at the end of November 2023 which alone occupied around 77.09 percent of the issued capital. Of the remaining sectors: 9.30 percent was issued by banks, 1.76 percent by textile, 1.58 percent by telecommunication, 1.47 percent by fuel & power, 1.32 percent by mutual funds, 1.26 percent by financial institutions (FIs), 1.22 percent by engineering, 1.21 percent by pharmaceuticals & chemicals and 3.79 percent by others (Chart-5).

The total amount of market capitalization of DSE decreased to BDT 7718.17 billion at the end of November 2023 from BDT 7842.67 billion at the end of October 2023 but increased as compared to BDT 7642.41 billion at the end of November 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded the highest contribution 41.36 percent of market capitalization followed by pharmaceuticals & chemicals 9.31 percent, banks 8.81 percent, telecommunication 7.52 percent, engineering 6.86 percent, fuel & power 5.81 percent, food & allied product 5.08 percent, financial institutions 2.42 percent, textile 2.24 percent and others 10.59 percent (Chart-6). It may be mentioned that debentures are not included in the sector-wise market capitalization of all listed securities because these products are not currently being traded in the market.



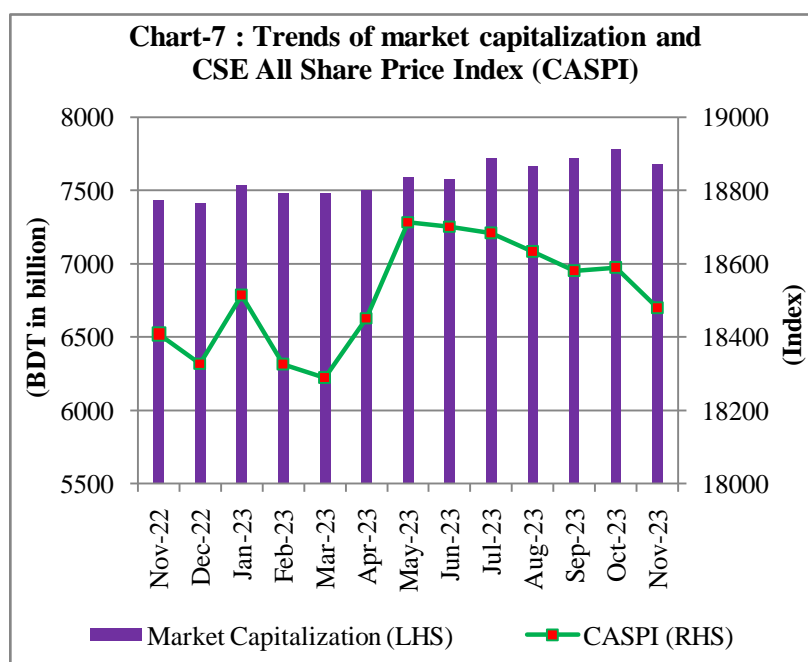
Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 612 at the end of November 2023. The total amount of issued capital decreased to BDT 4284.95 billion at the end of November 2023 from BDT 4376.54 billion at the end of October 2023 but increased as compared to BDT 4096.77 billion at the end of the same month of the previous year. All share price index of CSE (CASPI) stood at 18479.52 at the end of November 2023 which was 0.59 percent lower than that of the previous month but 0.39 percent higher than that of the same month of the previous year. CSE shariah index (CSI) increased to 1171.02 at the end of



Source: Chittagong Stock Exchange

November 2023 from 1170.46 at the end of the previous month and 1169.88 at the end of the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7679.39 billion at the end of November 2023 which was 1.34 percent lower than that of October 2023 but 3.27 percent higher than that of November 2022 respectively. The trends of market capitalization and all share price index of the CSE are shown in Chart-7.

During the month of November 2023, value of total turnover of traded securities of CSE decreased to BDT 1.74 billion from BDT 14.44 billion during October 2023 and BDT 3.59 billion during the same month of the previous year. Price-earnings (P/E) ratio of all securities of CSE stood at 13.90 at the end of November 2023 which was 14.35 at the end of October 2023 and 16.26 at the end of November 2022. The yield was 3.79 at the end of November 2023 which was 3.76 at the end of October 2023 and 3.58 at the end of November 2022.

Recent Steps for Developing Capital Market

- Bangladesh Bank issued a circular on 31 August 2023 regarding the investment in capital market by the bank company. The circular stated that previously bank companies were directed to include all types of shares, debentures, corporate bonds, mutual fund units and other capital market instruments in their capital market investment portfolios on both solo and consolidated basis. However, an amendment has been brought in August 2023 where bonds, debentures and Shariah-based instruments are excluded from banks' prescribed investment limits. Moreover, the formats for capital market investment disclosures have been updated in accordance with both solo and consolidated basis (the detailed information can be seen from the web link: <https://www.bb.org.bd/en/index.php/mediaroom/circular>).
- The Bangladesh Securities and Exchange Commission (BSEC) issued certain directions on 30 November 2023 concerning the shifting and placement of “Issuer of Z-category equity securities” and

“Clearing Day” for settlement. The BSEC instructs the Dhaka Stock Exchange Limited, Chittagong Stock Exchange PLC, and Central Depository Bangladesh Limited to transfer promptly any listed equity security to the "Z-category" and categorize the associated security in accordance with regulations. Similarly, they are also directed to shift or transfer securities that had not been previously shifted or transferred following instructions issued after the Commission's Order on 01 September 2020. The directive restricts sponsors or directors (excluding bank, insurance company and non-bank financial institution) of "Z-category Company" from transacting shares without prior approval of the Commission. The Clearing Day for Z-category contracts, excluding spot market contracts or those categorized as Delivery Versus Payment "DVP," is set as the third day following the Trading Day. This directive will be effective from 28 February 2024 and will repeal the Commission's former orders dated 15 January 2008 and 1 September 2020. (the detailed information is given on the web link: https://sec.gov.bd/slaws/Directive_30.11.2023.pdf)